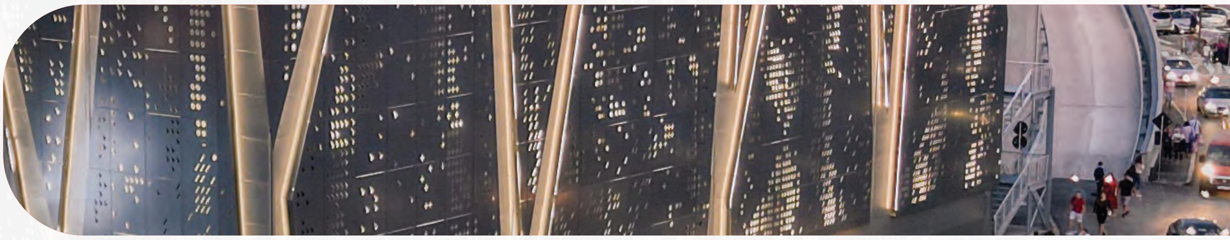
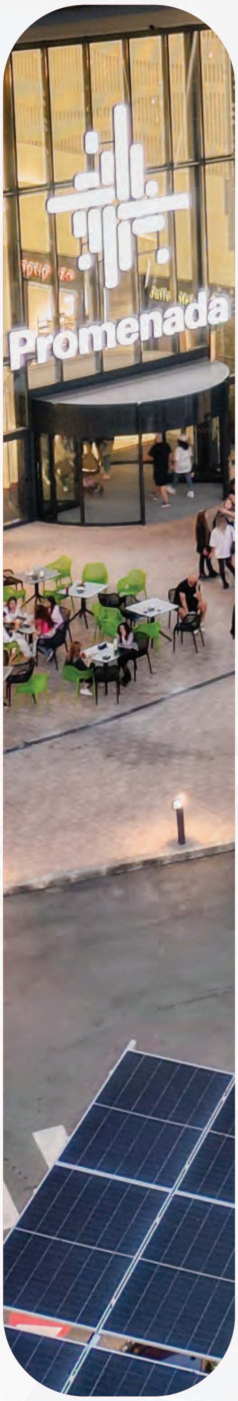
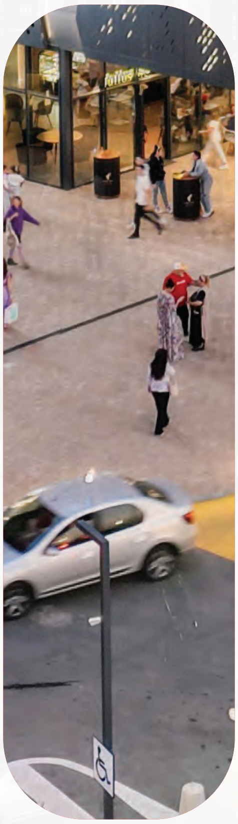
NEPI ROCKCASTLE







Integrated report and financial statements

ANNUAL REPORT 2023

NEPI ROCKCASTLE

EXCELLENCE. INNOVATION. EXPERIENCE.

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This document is the PDF/printed version of the 2023 Annual Report of NEPI Rockcastle N.V. and has been prepared for ease of use. The 2023 Annual Report was made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op het financieel toezicht), and was filed with Netherlands Authority for the Financial Markets in European single electronic reporting format (the ESEF package). The ESEF package is available on the Company's website and includes a human readable XHTML version of the 2023 Annual Report. In case of any discrepancies between this PDF version and the ESEF package, the latter prevails.

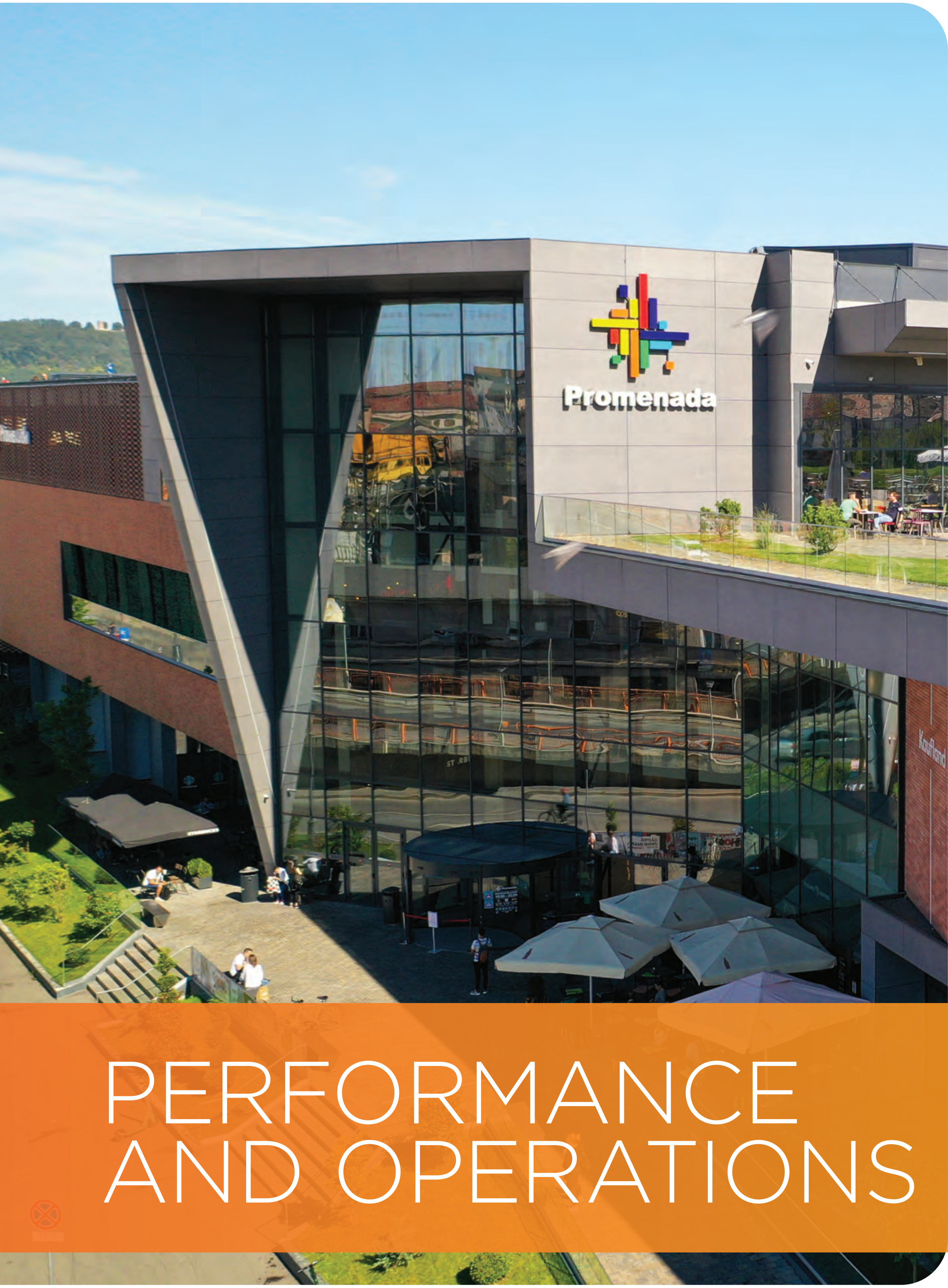
Visit our website

www.nepirockcastle.com

for more information about us and our business

The terms 'NEPI Rockcastle', the 'Group', the 'Company', 'we', 'our' and 'us' refer to NEPI Rockcastle N.V. and, as applicable, its subsidiaries and/or interests in joint ventures and associates.

The chapters Executive Board of Directors, Corporate governance, Risk Management & Compliance, Sustainability report, Analysis of shareholders and share trading and Beneficial shareholding of Directors are part of the report of the management report within the meaning of article 2:391 of the Dutch Civil Code.



PERFORMANCE AND OPERATIONS

PHOTO: PROMENADA SIBIU

Company Profile

NEPI Rockcastle is the premier owner and operator of shopping centres in Central and Eastern Europe (CEE), with a presence in nine countries and an investment portfolio of standing properties of €6.8 billion[1].

The Group benefits from a highly-skilled internal management team which combines asset management, development, investment, leasing and financial expertise. Geographically diverse management skills allow NEPI Rockcastle to pursue CEE property opportunities efficiently, benefiting from a strategic advantage in the acquisition, development and management of properties.

NEPI Rockcastle owns and operates 56[1] retail properties which attracted more than 337 million visits in 2023.

With Group level management of tenant relationships and a focus on cross-country collaboration, the Group is the leading strategic partner for major retailers in the CEE countries.

The Group's financial strategy includes maintaining a profile of adequate liquidity, conservative LTV, and a diverse debt structure, which combines secured and unsecured bank debt with unsecured bonds listed on the Irish Stock Exchange. 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.

NEPI Rockcastle's shares are listed on the Johannesburg Stock Exchange (JSE), Euronext Amsterdam (Euronext) and A2X. NEPI Rockcastle uses distribution per share as its key performance measure for trading statement purposes, in accordance with the JSE Listings Requirements.

[1] Includes Promenada Novi Sad (retail) and Otopeni Warehouse (industrial) classified as properties held for sale.

BBB (Standard & Poor's)/ **BBB+** (Fitch) investment grade credit rating
Stable outlook

Gold Award for compliance with Best Practices Recommendations (BPR) for financial reporting

Silver Award for compliance with Best Practices Recommendations for sustainability reporting (sBPR)

Top 10 Sustainalytics rated Real Estate Management companies (**negligible risk - 7.8/100**)

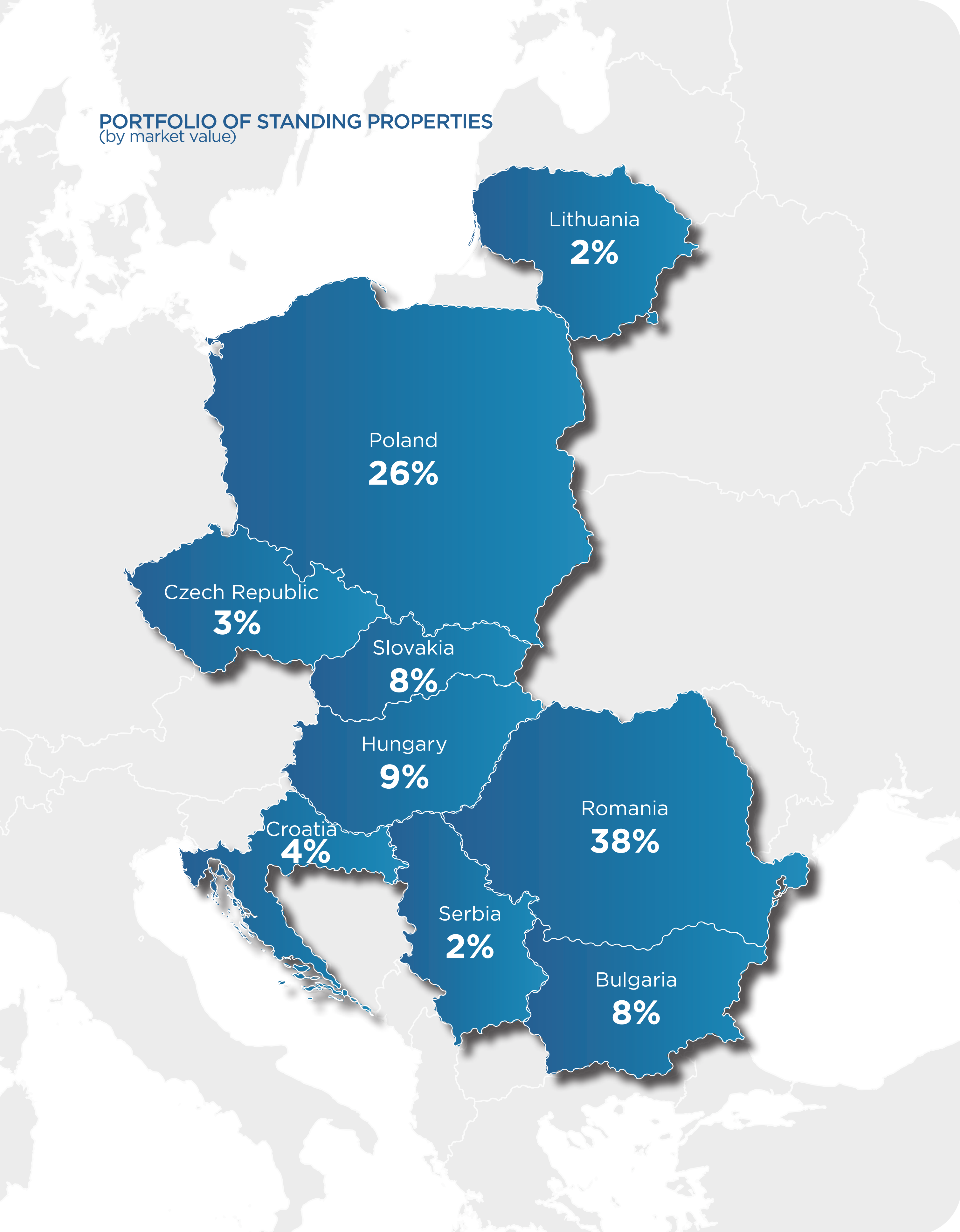
AAA ESG rating "leader" among 78 companies in the real estate management and services industry

Prime Label Corporate Responsibility awarded by ISS ESG

CDP B- rated for taking coordinated management on environmental impact and carbon disclosures

PHOTO: MAMMUT SHOPPING CENTRE

PORTFOLIO OF STANDING PROPERTIES
(by market value)



2.2 million
m² GLA of income-producing properties

€6.8 billion
investment portfolio of standing properties[1]

337 million
visits in 2023

168,800m²
GLA of ongoing developments, extensions and refurbishments

99%
collection rate[2]

97.8%
EPRA occupancy rate

601
employees

[1] Includes Promenada Novi Sad and Otopeni Warehouse classified as properties held for sale
[2] Collection rate as of mid-February 2024

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 to 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.

19 March 2024

RÜDIGER DANY
Chief Executive Officer

PHOTO: PROMENADA CRAIOVA

Chairman's statement

NEPI Rockcastle's results in 2023 exceeded expectations yet again, setting a new record for earnings per share. The key driver was the operational performance of our properties, where we saw a solid increase in Net Operating Income (NOI) across all the countries, underpinned by rising footfall and tenant sales. The quality of the Group's assets was confirmed by the strong interest shown by both retailers and consumers, as evidenced by higher occupancy and an increased number of visitors.

This year's performance was supported by a more favorable macroeconomic environment in Central and Eastern Europe (CEE) than anticipated at the start of 2023. Although economic growth slowed down due to high inflation and restrictive monetary policies prevalent throughout the period, the region managed to avoid a recession and continued to outpace the Western European economies. Inflation rates began to decline, and together with falling energy and commodities prices, the stage has been set for more relaxed monetary conditions in 2024. Additionally, consumption habits in CEE continue to support traditional retail. Customers in our region were relatively undeterred by high inflation, compared to their western peers, while online retail penetration rates remain low.

Active asset management, delivered through an integrated in-house platform, has helped NEPI Rockcastle outperform most of its peers across a wide range of Key Performance Indicators (KPIs). A sustainable growth mindset drives both the day-to-day operation of our properties and the investments we make in developments or acquisitions of existing assets with strong potential. The acquisitions made in 2022 and the developments completed in 2023 have already made a notable impact on results. We will continue to look for such opportunities to grow the business through accretive investments as well as organically.

Financially, we continued to secure the resources for future growth, all the while being mindful of the challenges ahead. Our balance sheet is as strong as ever. For the last two half-years, we have given our shareholders the opportunity to acquire new shares via a scrip dividend, a proposition that has been taken up by a large majority. We also prepared the Group for the next material debt maturity, that of the bond issue expiring November 2024, by contracting a green loan from a syndicate led by IFC. The valuation of the Group's portfolio continued to increase, which was rare among our peers in 2023. The conclusion from the above is that the Group remains in a very solid financial position, with conservative leverage and no major unfunded obligation coming due in the near future.

ESG remains of utmost importance to the Company, and we continued to make significant progress in achieving major reductions in the Group's emissions and carbon footprint. Sustainability is now closely connected with our financing, all new facilities having green features. We completed the installation of solar panels in almost all Romanian properties and started to produce green energy for a significant portion of our needs. The Company's efforts are supported by a dedicated Sustainability Committee at the Board level.

I would like to thank my fellow Board members, management and the entire NEPI Rockcastle team for another year of great results and achievements. I am confident there will be more to come.

19 March 2024

GEORGE AASE
Chairman
George Elling Aase

PHOTO: FORUM GDANSK SHOPPING CENTER

Directors' report

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 63,700m^2 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.

PHOTO: MAMMUT SHOPPING CENTRE

- 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.

PHOTO: CITY PARK

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 100,600m^2, 5% of total GLA) in 2023. International tenants accounted for 57% of new leases signed. Another 846 leases (188,100m^2 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 53,700m^2 GLA and a retail park of 10,000m^2 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 18,300m^2), 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 ctatements dated 19 February 2024 has been issued by Ernst & Young Inc. (EY South Africa), who expressed an unmodified review report thereon.

The auditors' reports on the consolidated and separate financial statements for the year ended 31 December 2023, published with the integrated annual report, have been issued by Ernst & Young Accountants LLP (EY Netherlands) as statutory auditor, and Ernst & Young Inc. as JSE auditor. They expressed unmodified auditors' reports thereon.

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.

The Group continually evaluates its financing options, including debt and equity capital raising alternatives, to support its future growth. NEPI Rockcastle will assess market opportunities as they arise, while keeping in mind the strategic objective to broaden its shareholder base and maintain an optimal capital structure.

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 dividend 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 has been issued on 27 February 2024, with the dividend settlement scheduled for 12 April 2024.

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.

19 March 2024

PHOTO: FOCUS MALL ZIELONA GORA

Strong strategic positioning

Pillar 1 – Growth		Pillar 2 – Sustainability	
	Preserve a high-quality portfolio of dominant assets		Foster a strong financial discipline, including adequate liquidity, conservative LTV and a diverse debt structure, to support growth directions
	Delivering on development pipeline, positively contributing to the property portfolio and income generation		Focus on ESG, to deliver on sustainable and responsible growth
	Expanding and strengthening the portfolio Net Operating Income		

PRESERVE A HIGH-QUALITY PORTFOLIO OF DOMINANT ASSETS

Active property management of the Group assets creates significant growth opportunities. Capitalising on its comprehensive in-house expertise in the CEE retail markets, the Group delivers year on year best-in-class results, such as high collection and occupancy rates, reasonable tenant occupancy cost, growing tenant sales and footfall. Preventive maintenance decreases long-term capital expenditure, service charge levels, non-recoverable expenses and maintains the portfolio in good shape. With a broad platform across nine CEE countries, the Group manages to adapt its business to the changing consumer preferences and to build strong, trust-based relationships with leading retailers.

DELIVERING ON THE DEVELOPMENT PIPELINE

NEPI Rockcastle pursues low-risk development, redevelopment and extension opportunities, in a non-speculative, phased manner. Construction costs are committed to on a gradual basis, in line with leasing milestones, but at the same time secured to mitigate the inflationary trends and the supply chains recent challenges. Delivering on its strategy, the Group has close to 170,000m^2 GLA under construction or permitting, translating to a €652 million pipeline to be delivered during 2024-2028.

EXPANDING AND STRENGTHENING THE PORTFOLIO NET OPERATING INCOME

The Group is committed to invest selectively in assets that meet its rigorous investment criteria. Pursued retail assets must already be or have the potential to become dominant. Size is critical to achieve a comprehensive offering and an optimum tenant mix, including a large proportion of food and fashion anchors and substantial leisure and entertainment area. Good location, access, visibility, design and technical specifications, as well as a potential for extension, reduce the threat of significant competition and enable the asset's dominance in its catchment area. Based on consistently delivering against its strategic focus, the Group added €36 million Net Operating Income to the property portfolio in 2023, from its acquisitions completed in late 2022 in Poland and Romania.

FINANCIAL STABILITY

The Group financing strategy relies on maintaining a strong financial discipline, revolving around an adequate liquidity, conservative LTV, and a diverse debt structure, to support business growth. Growth is funded through a combination of secured and unsecured bank debt with unsecured bonds. The Group prioritises its investment grade credit rating and its green portfolio profile, to maintain diversity and optionality in its financing sources, and optimise the cost of debt. Delivering on its financing strategy during 2023, the Group kept a LTV level of 32.2%,below the strategic threshold of 35% and comfortably within debt covenants, while ensuring an adequate maturity profile, with all significant debt maturities covered until the end of 2025.

ESG FOCUS

NEPI Rockcastle makes a commitment to invest into initiatives that will not only enable it to meet ESG goals, but will also generate a positive bottom-line impact, recognising the synergies between responsible citizenship and profitability. The Group formulated a dedicated sustainability strategy, focused on three main directions: investing in healthy and sustainable buildings, be a trusted partner for stakeholders and creating an attractive, professional and ethical work environment.

In line with its strategic directions, the Group continued its commitment to keep a BREEAM-certified retail and office portfolio and planned significant investment in on-site renewable energy production that started in 2022, continued in 2023 and will be carried forward into 2024 and beyond.

PHOTO: PARADISE CENTER

Value creation through the six capitals

CAPITAL INPUTS

Financial capital

- €2.6 billion debt as at 31 December 2023
- €3.1 billion equity (share capital and share premium) as at 31 December 2023

Human capital

- Dedicated team of professionals across:
  - asset and property management
  - finance and treasury
  - investment
  - development
- Strong leadership team
- On the ground management teams

Intellectual capital

- Strong brand name and reputation
- Operating systems and processes
- Robust Corporate Governance
- Access to capital (debt and equity)

Social and Relationship capital

- Engaged stakeholder relationships
- Investor roadshows
- Active monitoring of legislative and regulatory changes
- Community support projects

Manufactured capital

- Local property portfolio
- Local investments

Natural capital

- Energy
- Water
- Land
- Raw materials

OUTCOMES

- Loan-to-value ratio of 32.2%, below the 35% strategic threshold and comfortably within debt covenants
- Average cost of funding of 2.5% (2022: 2.3%)
- €387 million 5-year unsecured green loan concluded in December 2023 to be used for the management of bond issue maturing in November 2024
- €346 million extension of revolving credit facilities maturing in 2024 and 2025
- €265 million cash resources resulting from scrip dividend take-up
- €116 million extension of secured loans maturing in 2024
- Investment grade credit rating reaffirmed at BBB+ by Fitch (stable outlook) and BBB by S&P (stable outlook) in the year

- 601 employees, highly engaged in developing and implementing organisation's strategy
- Sector specific specialists across asset management, finance and deal making
- Professional development and training, through 29,392 hours of trainings attended in 2023 by 515 employees
- Best in class operational and financial performance

- Access to CEE acquisition pipeline
- Strong partnership with CEE retailers
- 99% collection rate
- Excellent operating performance translated into a valuation uplift of the property portfolio

- Resources dedicated to manage stakeholder relations
- EPRA Gold Award and EPRA Silver Award for compliance with Best Practices Recommendations for financial reporting and for sustainability reporting, respectively
- Part of Top 10 Sustainalytics rated companies in Real Estate Management (negligible risk - 7.8/100)
- Health-focused campaigns hosted in more than 90% of the shopping centres across all 9 countries, allowing visitors to access key health information
- MSCI AAA ESG rating leader among 78 companies in the real estate management and services industry

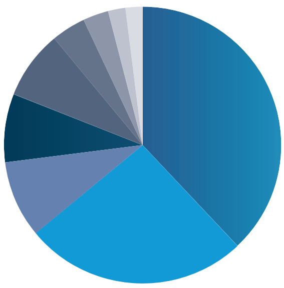
- €6.8 billion investment portfolio of standing properties[1] and €7 billion investment property[1], including developments ongoing
- Promenada Craiova completed development, the largest retail asset to open in the CEE region in 2023, €652 million pipeline to be delivered during 2024-2028
- Over 337 million visitors across 56 communities
- Modern, high-quality assets (over 95% of the properties are less than 15 years old)
- Dominant regional malls with city centre location
- Flagship destinations, located in densely populated areas with strong economics

- Green Finance Framework and Sustainability-linked Finance Framework in place
- 97% of eligible portfolio (excluding strip centres and industrial) is BREEAM certified with a minimum of "Very Good", as of mid-March 2024
- 78% of the Group's energy consumption comes from renewable energy sources
- Photovoltaic panels installed across 27 Romanian assets in 2023
- Highly efficient LED lighting covering 91% of common and service areas

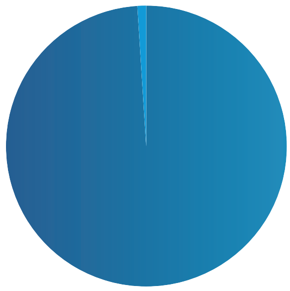
[1] Includes Promenada Novi Sad and Otopeni Warehouse classifed as properties held for sale

Portfolio at a glance

GEOGRAPHICAL PROPERTY PORTFOLIO PROFILE



SECTORIAL PROPERTY PORTFOLIO PROFILE



Geographical property portfolio profile by passing rent: Romania - 39%, Poland - 26%, Bulgaria - 9%, Slovakia - 8%, Hungary - 7%, Croatia - 4%, Lithuania 3%, Czech Republic - 2% and Serbia - 2%.
Geographical property portfolio profile by rentable area: Romania - 43%, Poland - 26%, Bulgaria - 8%, Slovakia - 6%, Hungary - 6%, Croatia - 3%, Czech Republic - 3%, Lithuania 3% and Serbia - 2%.

Sectoral property portfolio profile by passing rent: Retail - 98%, Office - 1% and Industrial - <1%.

Sectoral property portfolio profile by rentable area: Retail - 97%, Office - 2% and Industrial - 1%.

KEY PROPERTY INFORMATION

	Group 31 Dec 2023	Group 31 Dec 2022
Total number of properties	**62**	**62**
Income producing properties[1]	60	59
Greenfield developments	2	3
Extentions to existing properties	6	3
Fair value of properties (million)[1]	6,976	6,596
Annualised property yield (by passing rent)	7.4%	7.2%
Lettable area (thousand)	**2,408**	**2,408**
Income producing properties[1]	2,239	2,169
Greenfield developments and extentions (estimated)	169	239
Weighted average unexpierd lease term (years) up to maturity[2]	**4.5**	**4.4**
Weighted average unexpierd lease term (years) up to first break[3]	**3.2**	**3.1**
Weigted average rent	**19.0**	**18.0**

1 *Includes Promenada Novi Sad and Otopeni Warehouse classifed as properties held for sale*
2 *Figures computed based on contractual lease maturity date*
3 *Figures computed up to first break option date*

Detailed property schedule is included in this report at pages 330-331

OVERVIEW OF VALUATION YIELDS

Appraiser	Country	Segment	Number of properties	Prime Yield 31 Dec 2023[1]	Capitalisation rate 31 Dec 2023[2]
Colliers International	Romania	Retail	28	7.25%	7.50%
Colliers International	Romania	Industrial	2	7.50%	9.50%
Cushman & Wakefield	Poland	Retail	14	6.00%	6.75%
Cushman & Wakefield	Slovakia	Retail	5	6.50%	7.25%
Cushman & Wakefield	Slovakia	Office	1	6.00%	9.00%
Cushman & Wakefield	Czech Republic	Retail	2	5.75%	7.25%
Colliers International	Bulgaria	Retail	2	7.75%	7.75%
Colliers International	Bulgaria	Office	1	7.75%	7.75%
Cushman & Wakefield	Serbia	Retail	1	8.25%	9.00%
Cushman & Wakefield	Hungary	Retail	2	6.50%	6.75%
Cushman & Wakefield	Croatia	Retail	1	7.25%	7.75%
Cushman & Wakefield	Lithuania	Retail	1	7.20%	8.00%

1 Source: Colliers International, Cushman & Wakefield, Q4 2023

2 Percentages represent averages weighted by Market Values and rounded to the closest 25 bps

RENTAL ESCALATIONS

Out of the total operational GLA as at the year end, the weighted average rental escalation (related to indexation) by rentable area is presented below:

TOTAL	**3.7%**
Retail	3.7%
Office	3.6%
Industrial	5.4%

The majority of the leases are subject to indexation based on 12-month average rate of change of the European Consumer Price Index (EU CPI).

VACANCY PROFILE

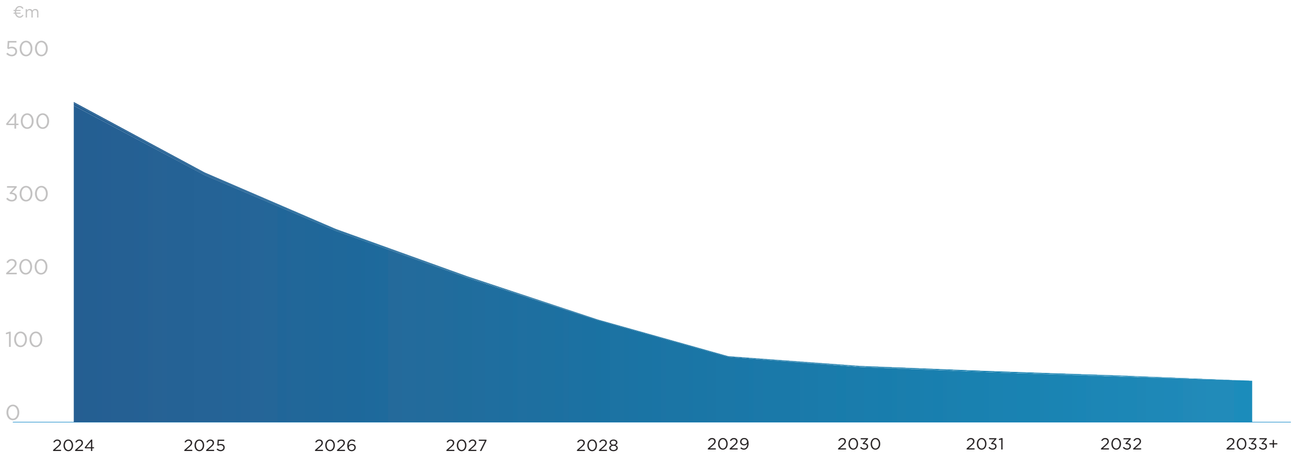
EPRA vacancy rate is calculated by dividing the estimated rental value of vacant space (€/annum) by estimated rental value of the property (€/annum).

The EPRA vacancy rate for income-producing properties at the end of 2023 was 2.2% (excluding non-core property), split as follows: retail 2.1%, office 7.6% and industrial 18.6%.

Portfolio at a glance

» continued

CONTRACTUAL GROSS RENTALS[1]



EXPIRY PROFILE[1]

Year	% of expiry by gross rentals	% of expiry by rentable area
2024	10.1%	6.7%
2025	19.8%	14.4%
2026	15.8%	14.2%
2027	13.2%	12.2%
2028	12.2%	12.1%
2029	10.3%	10.7%
2030	2.8%	3.5%
2031	1.5%	2.1%
2032	1.2%	2.0%
>=2033	13.1%	22.1%
Total	**100.0%**	**100.0%**

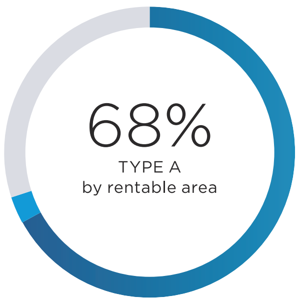
[1] Figures computed based on contractual lease maturity date

TENANT PROFILE

Type A: Large international and national tenants, large listed tenants, government and major franchises (companies with assets and/ or turnovers in excess of €200 million).

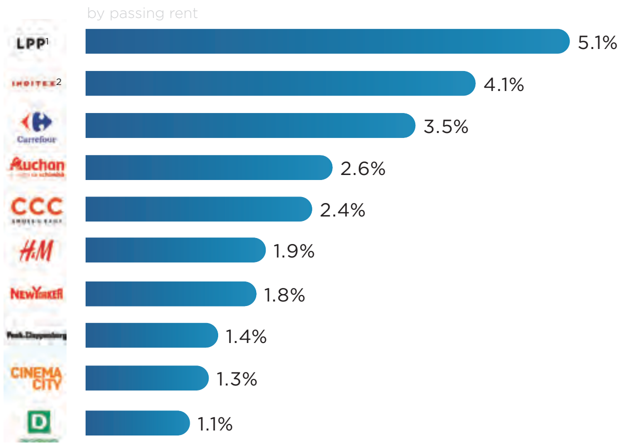
Type B: Smaller international and national tenants, smaller listed tenants and medium to large professional firms (companies with assets and/ or turnovers ranging from €100 to €200 million).

Type C: Other tenants **(5,304 total number)**



TOP 10 RETAIL TENANTS

The top 10 retail tenants accounted for 25.2% of the annualised passing rent of the Group as at 31 December 2023. Tenant concentration risk is very low, as shown by the graph below:



[1] Cropp Town, House, Mohito, Reserved, Sinsay
[2] Bershka, Massimo Dutti, Oysho, Pull and Bear, Stradivarius, Lefties and Zara
For turnover only tenants, the percentage above includes the fixed rent advance payments only.

PHOTO: PROMENADA SIBIU

Romania

RETAIL

With a total of 28 regional malls and community centres, the Group is the largest owner of retail space in the country. In 2023 the Group completed the development of Promenada Craiova, a 63,700m² 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 greenfield development to open in the CEE region in 2023, with some notable "firsts" - first Lefties store in the CEE region, first Peek&Cloppenburg, Massimo Dutti, flagship locations of Inditex brands, Nike, Modivo, JD Sports and Sizeer. Solar energy is produced at 27 of NEPI Rockcastle's Romanian properties, ensuring ca. 25% of those assets' energy needs.

934,300m²
GLA of retail income-producing properties

2,547m
Property value

99.1%
EPRA occupancy rate

28
retail income-producing properties

191.1m
Passing rent

PHOTO: MEGA MALL

Romania

» continued

RETAIL

Mega Mall
Bucharest

GLA	75,900m²
Valuation	€322.3 million
Passing rent	€21.7 million
EPRA Occupancy	98.6%

City Park
Constanta

GLA	51,900m²
Valuation	€229.6 million
Passing rent	€16.2 million
EPRA Occupancy	99.6%

Promenada Bucharest
Bucharest

GLA	39,300m²
Valuation	€201 million
Passing rent	€14.5 million
EPRA Occupancy	99.2%

Promenada Craiova
Craiova

GLA	63,700m²
Valuation	€157.9 million
Passing rent	€10.3 million
EPRA Occupancy	98.6%

Shopping City Sibiu
Sibiu

GLA	83,700m²
Valuation	€151.8 million
Passing rent	€12.7 million
EPRA Occupancy	98.1%

Shopping City Timisoara
Timisoara

GLA	57,000m²
Valuation	€146.4 million
Passing rent	€11.5 million
EPRA Occupancy	99.4%

Shopping City Galati
Galati

GLA	49,200m²
Valuation	€144.9 million
Passing rent	€10.9 million
EPRA Occupancy	98.5%

Ploiesti Shopping City
Ploiesti

GLA	46,800m²
Valuation	€139.5 million
Passing rent	€10 million
EPRA Occupancy	99.8%

Romania

» continued

RETAIL

Promenada Sibiu
Sibiu

GLA	42,500m²
Valuation	€116.2 million
Passing rent	€9.3 million
EPRA Occupancy	97.8%

Iris Titan Shopping Center
Bucharest

GLA	43,100m²
Valuation	€112.7 million
Passing rent	€9.7 million
EPRA Occupancy	100.0%

Shopping City Targu Mures
Targu Mures

GLA	40,200m²
Valuation	€103.3 million
Passing rent	€8 million
EPRA Occupancy	99.7%

Shopping City Deva
Deva

GLA	50,700m²
Valuation	€99.7 million
Passing rent	€8 million
EPRA Occupancy	100.0%

Braila Mall
Braila

GLA	52,900m²
Valuation	€96.7 million
Passing rent	€7.8 million
EPRA Occupancy	99.6%

Vulcan Value Centre
Bucharest

GLA	25,000m²
Valuation	€79.1 million
Passing rent	€5.7 million
EPRA Occupancy	99.2%

Shopping City Buzau
Buzau

GLA	23,700m²
Valuation	€69.5 million
Passing rent	€5 million
EPRA Occupancy	99.1%

Shopping City Satu Mare
Satu Mare

GLA	29,400m²
Valuation	€65.4 million
Passing rent	€5.1 million
EPRA Occupancy	97.6%

Romania

» continued

RETAIL

Shopping City Piatra Neamt
Piatra Neamt

GLA	28,000m²
Valuation	€64.7 million
Passing rent	€4.9 million
EPRA Occupancy	99.7%

Shopping City Ramnicu Valcea
Ramnicu Valcea

GLA	29,200m²
Valuation	€63.3 million
Passing rent	€4.8 million
EPRA Occupancy	98.6%

Shopping City Targu Jiu
Targu Jiu

GLA	27,200m²
Valuation	€61 million
Passing rent	€4.8 million
EPRA Occupancy	99.4%

Severin Shopping Center
Drobeta Turnu Severin

GLA	23,200m²
Valuation	€46.3 million
Passing rent	€3.5 million
EPRA Occupancy	99.1%

PItesti Retail Park
Pitesti

GLA	21,500m²
Valuation	€27.1 million
Passing rent	€2.7 million
EPRA Occupancy	98.0%

Regional strip centres
Alba-Iulia, Alexandria, Brasov, Petrosani, Sfantu Gheorghe, Sighisoara, Vaslui

GLA	30,200m²
Valuation	€48.9 million
Passing rent	€4 million
EPRA Occupancy	99.5%

PHOTO: PLATAN SHOPPING CENTRE

Poland

RETAIL

The Group has built a dominant portfolio in Poland, the largest real estate market in the CEE region, currently including 14 regional malls. In 2022, the Group acquired two shopping centres in Poland - Forum Gdansk Shopping Center (63,500m²) and Copernicus Shopping Centre (48,000m²).

In 2023, NEPI Rockcastle completed a significant redevelopment of Aura Centrum hosting local and international retailers, new stores of CCC, Sinsay and Ochnik were opened.

Galeria Wolomin Retail Park extension (extra 2,800m² GLA) was ongoing in 2023 and new stores were opened for clients in 2024.

In 2023 the redevelopment of Bonarka City Center continued, focusing on remodeling of retail space, improving internal communication and modernisation of common areas in the southwestern part of the centre, including the opening of new H&M, Martes Sport and Vistula stores after renovation and enlargement.

592,900m²
GLA of retail income-producing properties

1,758m
Property value[1]

97.8%
EPRA occupancy rate

130.1m
Passing rent

14
retail income-producing properties

[1] Excludes impact of €56.5 million related to right-of-use assets, representing long-term land concessions for the Group Polish properties contracted from local government.

PHOTO: FORUM GDANSK SHOPPING CENTER

Poland

» continued

RETAIL

Bonarka City Center
Krakow

GLA	76,300m²
Valuation	€398 million
Passing rent	€24.3 million
EPRA Occupancy	97.6%

Forum Gdansk Shopping Center
Gdansk

GLA	63,500m²
Valuation	€296.2 million
Passing rent	€18.7 million
EPRA Occupancy	97.9%

Focus Mall Zielona Gora
Zielona Gora

GLA	44,100m²
Valuation	€160.8 million
Passing rent	€11 million
EPRA Occupancy	95.1%

Karolinka Shopping Centre
Opole

GLA	67,500m²
Valuation	€159.5 million
Passing rent	€11.5 million
EPRA Occupancy	99.1%

Galeria Warminska
Olsztyn

GLA	42,900m²
Valuation	€159.5 million
Passing rent	€11 million
EPRA Occupancy	99.8%

Copernicus Shopping Centre
Torun

GLA	48,000m²
Valuation	€123.5 million
Passing rent	€9.9 million
EPRA Occupancy	99.2%

Alfa Centrum Bialystok
Bialystok

GLA	37,200m²
Valuation	€90.1 million
Passing rent	€7.8 million
EPRA Occupancy	97.2%

Solaris Shopping Centre
Opole

GLA	26,400m²
Valuation	€77 million
Passing rent	€6.4 million
EPRA Occupancy	97.3%

Poland

RETAIL

Pogoria Shopping Centre
Dabrowa Gornicza

GLA	37,700m²
Valuation	€62.2 million
Passing rent	€5.8 million
EPRA Occupancy	97.1%

Platan Shopping Centre
Zabrze

GLA	39,900m²
Valuation	€58.4 million
Passing rent	€5.4 million
EPRA Occupancy	96.0%

Aura Centrum
Olsztyn

GLA	25,400m²
Valuation	€57.4 million
Passing rent	€5.8 million
EPRA Occupancy	99.3%

Galeria Wolomin
Wolomin

GLA	30,700m²
Valuation	€50.5 million
Passing rent	€4.5 million
EPRA Occupancy	97.7%

Focus Mall Piotrkow Trybunalski
Piotrkow Trybunalski

GLA	35,100m^2
Valuation	€39.6 million
Passing rent	€5 million
EPRA Occupancy	97.5%

Galeria Tomaszow
Tomaszow Mazowiecki

GLA	18,200m^2
Valuation	€25.4 million
Passing rent	€3 million
EPRA Occupancy	99.8%

PHOTO: PLATAN SHOPPING CENTRE

Hungary

RETAIL

The Group owns Arena Mall, the second largest shopping centre in Budapest and Mammut Shopping Centre, which makes it the largest retail owner in Budapest.

New major openings in 2023 include flagship store of Sport Direct (the brand's largest store outside the UK) in Arena Mall and openings of Gravity and H&M stores after extensions, as well as new community garden and co-working space in Mammut Shopping Centre. Also in Arena Mall, preparations for the opening of the first Primark store in Hungary are ongoing.

123,300m²
GLA of retail income-producing properties

571m
Property value

94.2%
EPRA occupancy rate

36.4m
Passing rent

2
retail income-producing properties

Arena Mall
Budapest

GLA	65,900m²
Valuation	€305.6 million
Passing rent	€20.2 million
EPRA Occupancy	96.0%

Mammut Shopping Centre
Budapest

GLA	57,400m²
Valuation	€265.3 million
Passing rent	€16.2 million
EPRA Occupancy	92.3%

PHOTO: ARENA MALL

Slovakia

RETAIL

NEPI Rockcastle holds a strong competitive position in Slovakia, being the largest retail landlord in the country. The Group owns five regional malls/community centres, and one office building situated in Slovakia's second largest city, Kosice. In 2023, CCC Group prolonged their contracts across the whole Slovak portfolio and decided to upgrade the stores to the most current design in course of 2023 and 2024. Preparation works started to accommodate LPP Group brands in Kosice, Zilina, Prievidza and Piestany with openings scheduled for 2024.

117,300m²
GLA of retail income-producing properties

525m
Property value

95.2%
EPRA occupancy rate

36.1m
Passing rent

5
retail income-producing properties

PHOTO: AUPARK KOSICE

Slovakia

» continued

RETAIL

Aupark Kosice Mall
Kosice

GLA	33,100m^2
Valuation	€174.6 million
Passing rent	€11.5 million
EPRA Occupancy	94.7%

Galeria Mlyny
Nitra

GLA	32,500m^2
Valuation	€133.7 million
Passing rent	€9 million
EPRA Occupancy	93.2%

Aupark Zilina
Zilina

GLA	25,100m^2
Valuation	€133.2 million
Passing rent	€9.3 million
EPRA Occupancy	97.5%

Aupark Shopping Center Piestany
Piestany

GLA	10,300m^2
Valuation	€43.1 million
Passing rent	€2.8 million
EPRA Occupancy	94.3%

Korzo Shopping Centrum
Prievidza

GLA	16,300m²
Valuation	€40.5 million
Passing rent	€3.5 million
EPRA Occupancy	97.9%

PHOTO: AUPARK ZILINA

Bulgaria

RETAIL

The Group owns Paradise Center, the largest retail centre in the country and Serdika Center, a modern shopping centre benefiting from an excellent location in Sofia together with Serdika Office, a Class A office situated atop the shopping centre. Paradise Center reconfirmed its position as the most successful shopping center in the country by attracting new brands and concepts like Peek&Cloppenburg (handed over in 2023), Mango, Douglas (flagship store), H&M Home and upsized Bershka.

135,300m²
GLA of retail income-producing properties

473m
Property value

100%
EPRA occupancy rate

38.3m
Passing rent

2
retail income-producing properties

Paradise Center
Sofia

GLA	83,100m²
Valuation	€284.5 million
Passing rent	€23.4 million
EPRA Occupancy	100.0%

Serdika Center
Sofia

GLA	52,200m²
Valuation	€188.3 million
Passing rent	€14.9 million
EPRA Occupancy	100.0%

PHOTO: SERDIKA CENTER

Croatia

RETAIL

The Group owns the largest shopping destination in Zagreb, Arena Centar and Retail Park, comprising of a shopping mall of 67,300m² and an adjacent retail park of 8,000m². An adjacent land of 4.4ha is available for future development opportunities. In 2023, Sinsay relocated in the shopping centre allowing further upsizing and remodelling of the remaining LPP brands present in Arena, to the newest concepts in the market.

75,300m²
GLA of retail income-producing properties

282m
Property value

92.4%
EPRA occupancy rate

20.7m
Passing rent

1
retail income-producing property

PHOTO: ARENA CENTAR

Czech Republic

RETAIL

The Group owns two dominant malls in the Czech Republic: Forum Usti nad Labem and Forum Liberec Shopping Centre, both situated in the northern part of the country.

After the complete refurbishment of Forum Liberec Shopping Centre, the tenant mix was significantly improved: opening of four LPP brands in the newest concepts (Reserved, Sinsay, Cropp and Mohito), opening CCC, Eobuwie and KFC. In 2023, 2,260m² GLA of office space was signed and handed over.

Forum Usti nad Labem enjoyed solid performance, attracting interest of well-known international brands like Rituals, Douglas and JD Sports who secured space in the project and will open during 2024.

74,200m²
GLA of retail income-producing properties

180m
Property value

97.0%
EPRA occupancy rate

12.1m
Passing rent

2
retail income-producing properties

Forum Liberec Shopping Centre
Liberec

GLA	46,400m^2
Valuation	€90.5 million
Passing rent	€5.9 million
EPRA Occupancy	96.0%

Forum Usti nad Labem
Usti nad Labem

GLA	27,800m^2
Valuation	€89.3 million
Passing rent	€6.2 million
EPRA Occupancy	98.1%

PHOTO: FORUM LIBEREC SHOPPING CENTRE

Lithuania

RETAIL

The Group owns Ozas Shopping and Entertainment Centre, a 61,700m² GLA mall with a strong fashion and entertainment-oriented tenant mix, benefiting from an excellent location in Vilnius.

Since the acquisition, the asset was increased to 68,400m² GLA while opening Adventica family entertainment park and a swimming pool. In 2023 the agreement with GYM+ fitness was signed with planned opening in 2024.

68,400m²
GLA of retail income-producing properties

156m
Property value

100%
EPRA occupancy rate

14.0m
Passing rent

1
retail income-producing property

PHOTO: OZAS SHOPPING AND ENTERTAINMENT CENTRE

Serbia

RETAIL

The Group owns Promenada Novi Sad, a shopping centre of 49,200m², in a prime location in the country's second largest city. The property faced the first renewal waves in 2023 and with a very good performance and ending with high occupancy rate.

In December 2023, the Group entered into a letter of intent for the sale of the property. The transaction is planned to be completed in 2024.

49,200m²
GLA of retail income-producing properties

146m
Property value

100%
EPRA occupancy rate

12.3m
Passing rent

1
retail income-producing property

PHOTO: PROMENADA NOVI SAD

Office

Serdika Office and Aupark Kosice Tower are the two office properties owned by the Group, both integrated with the shopping malls creating synergies with the retail component.

41,300m²
GLA of income-producing properties

67m
Property value

92.4%
EPRA occupancy rate

4.2m
Passing rent

Serdika Office
Sofia, Bulgaria

GLA	28,500m²
Valuation	€45.7 million
Passing rent	€2.5 million
EPRA Occupancy	89.7%

Aupark Kosice Tower
Kosice, Slovakia

GLA	12,800m²
Valuation	€20.9 million
Passing rent	€1.7 million
EPRA Occupancy	98.9%

Industrial

The Group owns two industrial properties: Rasnov Industrial Facility (Brasov county) and Otopeni Warehouse which was sold after year end, in January 2024.

27,300m^2
GLA of income-producing properties

18m
Property value

81.4%
EPRA occupancy rate

1.7m
Passing rent

Rasnov Industrial Facility
Rasnov, Romania

GLA	23,000m^2
Valuation	€12.4 million
Passing rent	€1.2 million
EPRA Occupancy	72.9%

Otopeni Warehouse
Otopeni, Romania (sold in January 2024)

GLA	4,300m^2
Valuation	€5.6 million
Passing rent	€0.5 million
EPRA Occupancy	98.6%

Development and extensions pipeline

NEPI Rockcastle will continue to invest in developments contributing to growth and improving long-term portfolio prospects, proactively monitoring and revising the development pipeline in line with its evolving objectives and constraints. The total investment value of projects under construction or permitting, is approximately €652 million of which €192 million was spent by 31 December 2023. During 2024, the Group estimates to invest €178 million in development and capital expenditure related to its ongoing projects and will consider new development opportunities depending on how market circumstances evolve.

DEVELOPMENTS AND EXTENSIONS MAP

	GLA of development
Developments under construction	**75,100**
Promenada Bucharest	55,400
Bonarka City Center	4,700
Ploiesti Shopping City	7,400
Galeria Wolomin	2,800
Pogoria Shopping Centre	4,800
Arena Mall	N/A
Developments under permitting and pre-leasing	**93,700**
Promenada Plovdiv	60,500
Galati Retail Park	33,200
Total developments under construction, pre-leasing and permitting	**168,800**

RENDER: PROMENADA BUCHAREST

Development and extensions pipeline

» continued

Promenada Bucharest - extension
Bucharest, Romania

The Group intends to add 55,400m² of retail and office GLA by the end of 2026. Construction permits have been obtained and the works on the underground parking have started.

Ownership	100%
Lettable area - property in use	39,300m²
Estimated lettable area - retail	32,000m²
Estimated lettable area - office	23,400m²
Target opening	Q4 2026

Bonarka City Center - refurbishment
Krakow, Poland

A refurbishment which includes the extension by 4,700m² of GLA. The estimated completion date is in the second quarter of 2025.

Ownership	100%
Lettable area - property in use	76,300m²
Estimated lettable area	4,700m²
Target opening	Q2 2025

Pogoria Shopping Centre - extension
Dabrowa Gornicza, Poland

A refurbishment which includes the extension by 4,800m² of GLA. The estimated completion date is in the second quarter of 2025.

Ownership	100%
Lettable area - property in use	37,700m²
Estimated lettable area	4,800m²
Target opening	Q2 2025

Galeria Wołomin Retail Park – extension
Wolomin, Poland

The extension of Galeria Wolomin Retail Park with additional 2,800m² GLA completed in Q1 2024.

Ownership	100%
Lettable area - property in use	30,700m²
Estimated lettable area	2,800m²
Target opening	Q1 2024

Ploiesti Shopping City - extension
Ploiesti, Romania

A refurbishment which includes the extension by 7,400m² of GLA of the existing shopping centre by fourth quarter of 2024.

Ownership	100%
Lettable area - property in use	46,800m²
Estimated lettable area	7,400m²
Target opening	Q4 2024

Arena Mall - refurbishment
Budapest, Hungary

Refurbishment of the actual space to be completed by second quarter of 2028.

Ownership	100%
Lettable area - property in use	65,900m²
Estimated lettable area	n/a
Target opening	Q2 2028

EPRA Performance measures

amounts in € thousand

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 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%
EPRA Loan-to-value (LTV)	33%	36.8%

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)[1]	**27.93**	**22.88**
EPRA Earnings per Share (EPS final)[1]	**28.45**	**29.41**
EPRA Earnings per Share (EPS)[1]	**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**

1 *Adjusted for interim and final number of shares*

EPRA Performance measures

» continued

amounts in € thousand

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 (*EPRA_BPR_Guidelines*)

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 Performance measures

» continued

amounts in € thousand

EPRA NIY AND "TOPPED-UP" NIY

The EPRA Net Initial Yield (NIY) is calculated as the annualised rental income based on passing cash rents, less non-recoverable 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[1]	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[2]	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%**

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

2 *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%**

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%
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)[1]	**10.2%**	**11.7%**
EPRA Cost ratio (excluding direct vacancy costs)[1]	**10.1%**	**11.6%**

1 *EPRA cost ratio decreased due to higher gross rental income and slightly lower unrecovered operating costs, which offsets the increase in the administrative expenses. Gross rental income increase is driven from the three acquisitions made in 2022, indexation, rental uplifts, and higher occupancy*

EPRA Performance measures

» continued

amounts in € thousand

EPRA LOAN-TO-VALUE (EPRA LTV)

The LTV ratio is an important metric that assesses the lending risk a lender bears by providing a loan as per the borrower's requirement and it shows the relation of debt to the fair value of the assets. NEPI Rockcastle has chosen to disclose, amoung other indicators, the EPRA LTV ratio, calculated in accordance with EPRA Best Practices Recommendations.

There are a few changes compared to existing LTVs. One of the main ones is that the current net receivables/ payables amount is included in the calculation of EPRA LTV. Another change involves the EPRA LTV to be calculated on a proportionate consolidation basis. This implies that the EPRA LTV includes the Groups share in the net debt and net assets of joint venture or material associates. As the Group is not part of any joint venture agreement, this requirement of the EPRA LTV does not impact the calculation.

EPRA LTV Metric	31-Dec-23	31-Dec-22
Include:		
Borrowings from Financial Institutions	567,126	608,008
Bond loans	1,999,031	1,992,971
Net payables	60,868	69,506
Exclude:		
Cash and cash equivalents	(338,519)	(250,631)
Net Debt (a)	**2,288,506**	**2,419,854**
Include:		
Investment properties at fair value	6,570,727	6,294,593
Assets held for sale	160,915	18,685
Properties under development	197,743	264,344
Total Property Value (b)	**6,929,385**	**6,577,622**
LTV (a/b)	**33%**	**36.8%**

RENDER: PARADISE ENTER

CORPORATE INSIGHTS

PHOTO: PROMENADA SIBIU

Executive Board of Directors

RÜDIGER DANY (61)
Chief Executive Officer

BSc
Rüdiger Dany has extensive professional experience in international environments across Europe for some of the largest international retail and real estate companies including ECE, Atrium and Multi Corporation. During his tenure with Multi Corporation (affiliated with Blackstone), Mr Dany played an important role in optimising and expanding their property management portfolio for institutional investors. As a Board Member and COO of Multi, his major achievement was the value enhancement of Blackstone's property portfolio and the successful opening of new shopping centres, developments and extensions of existing shopping centres. Mr Dany has also driven the creation of an innovation group within Multi to elaborate business opportunities by using modern PropTech tools, both B2B and B2C. Mr Rüdiger Dany was appointed as an Executive Director and Chief Operating Officer on 18 August 2021, and as Interim Chief Executive Officer on 1 February 2022. He was confirmed as CEO on a permanent basis on 1 June 2022.

ELIZA PREDOIU (39)
Chief Financial Officer

BCom, ACCA
Eliza Predoiu has diverse finance and real estate expertise, including nine years in the Company. She has proven expertise in multi-million funding projects, complex business transactions and integration processes of mergers, systems and controls. Prior to joining NEPI, she was Deputy Manager at PricewaterhouseCoopers, where she spent six years handling local and cross-border audit assignments and advisory projects in the Romanian and Cypriot offices. Mrs Predoiu joined the Company in 2014 and was promoted as Deputy Chief Financial Officer in 2018. She was appointed as Interim Chief Financial Officer on 1 February 2022 and from 1 June 2022 she was confirmed in her role on a permanent basis.

MAREK NOETZEL (45)
Chief Operating Officer

MSc, MRICS
Marek Noetzel has been active on the Polish retail real estate market since 2002, gaining his professional experience at Cushman & Wakefield. As Head of the Retail department, he was responsible for commercialisation, development, asset management, investment and financial consultancy services, working for multiple international and national clients. Mr Noetzel joined Rockcastle in 2016 and played an important role in establishing the office in Poland and expanding operations abroad. He was appointed as an Executive Director of NEPI Rockcastle on 15 May 2017, in this current role he has been responsible for the asset management of Company's properties in Poland, Hungary, Slovakia, Czech Republic and Lithuania. He was appointed as Chief Operating Officer effective from 1 June 2022.

PHOTO: PROMENADA BUCHAREST

Corporate governance

The Board governs the Group based on sound principles of ethical leadership, business, social and environmental sustainability, equitable stakeholder engagement. Through its governance process, the Board monitors compliance with the King IV Report on Corporate Governance in South Africa (King IV), Dutch Corporate Governance code, Johannesburg Stock Exchange (JSE) Listings Requirements, Euronext Amsterdam Rule Books, A2X guidelines and the Dutch Civil Code (Burgerlijk Wetboek).

The Board is satisfied with the corporate governance arrangements implemented at Group level and compliance with the codes of reference during 2023, therefore confirms that the company has operated in line with the relevant laws and regulations and NEPI Rockcastle's Articles of Association.

PHOTO: FORUM GDANSK SHOPPING CENTRE

Corporate governance

CORPORATE GOVERNANCE FRAMEWORK

Based on King IV and Dutch governance codes, the Group governance framework comprehensively covers key governance areas and core principles:

- leadership, ethics, corporate citizenship and sustainability
- strategy, performance and reporting
- governing structure and delegation of authority
- functional areas governance
- stakeholders relationship management including organisation of general shareholders meetings
- misconduct and irregularities management
- takeover guidelines

PHOTO: FORUM LIBEREC

Leadership, ethics, corporate citizenship and sustainability

- The Board leads ethically and effectively
- The Board supports an ethical culture
- The Board ensures that the organisation is a responsible corporate citizen and a sustainable business

Strategy, performance and reporting

- The Board ensures that the organisation's purpose, strategy, business model, performance, risk management and sustainable development are all aligned and contribute to the value-creation process
- The Board ensures that communication is truthful, enabling stakeholders to assess performance and its short-, medium-, and long-term prospects

Governing structure and delegation of authority

- The Board is the custodian of corporate governance
- The Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence, necessary to discharge its governance role objectively and effectively
- The Board ensures that its arrangements for delegation promote independent judgement, contribute to a balance of power and to the effective discharge of its duties
- The Board ensures that the evaluation of its own performance and that of its Committees, of its Chair and individual members, supports continuous improvement
- The Board ensures that the appointment of, and delegation to management, contribute to role clarity and effective exercise of authority and responsibility

Functional areas governance

- The Board governs risk in order to support the organisation in setting and achieving its strategic objectives
- The Board oversees technology and information systems to ensure they enable the achievement of strategic objectives
- The Board supervises compliance with applicable laws, regulations and internal guidelines
- The Board ensures that the organisation remunerates fairly, responsibly and transparently, so as to promote the achievement of objectives in the short-, medium- and long-term
- The Board ensures that assurance services and functions work in synergy to enable effective control environment, proper risk mitigation, integrity and reliability of information and reports

Stakeholders relationship management including organisation of general shareholders' meetings

- The Board adopts a stakeholder-inclusive approach balancing the needs, interests and expectations of stakeholders, with the best interest of the organisation, over time
- Organisational provisions regarding general meetings are included in the Company's Articles of Association and are strictly complied with, under the Board's supervision

Misconduct and irregularities management

- The Board adopts a formal procedure for the management of misconduct and irregularities and oversees compliance

Takeover internal guidelines

- The Board defines internal guidelines to be followed in case of potential takeover attempts

Core leadership principles at Board level

The Board adopts best practice governance policies designed to align the interests of the Board and management with those of the stakeholders, and promote the highest standards of ethical behaviour and risk management. The members of the Board individually and collectively cultivate a strong set of values and lead by example.

Integrity

- Directors act in good faith and in the best interests of the organisation
- Directors avoid conflicts of interest. In case a conflict cannot be avoided, it needs to be disclosed to the whole Board and proactively managed as determined by the Board, subject to legal provisions
- Directors act ethically, beyond mere legal compliance
- Directors set the tone for an ethical organisational culture

Competence

- Directors ensure they are sufficiently knowledgeable about the organisation, industry and funds it uses and affects, as well as key laws, rules, codes and standards
- Directors act with due care, skill and diligence, and take reasonable steps to be informed about matters they are required to make decisions about
- Directors continuously develop their ability to lead effectively

Accountability

- Directors acknowledge their responsibility for decisions, policies and steering mechanisms they employ in the governing of the Group
- Directors are willing to answer for the execution of their responsibilities towards the Group

Transparency and confidentiality

- Directors exercise their governance role and responsibilities transparently
- Directors keep information confidential, do not disclose such information to third parties without proper and specific authority, or unless there is a legal or professional duty to do so
- Confidential information is not used to the personal advantage of Directors or any third parties

Strategic oversight

In carrying out their oversight role, the Board actively engages in setting the long-term strategic goals of the organisation, reviews and approves business strategies, corporate financial objectives, financial and funding plans (ensuring consistency with strategic goals) and monitors the Group's performance in executing such strategies.

The Group has a robust strategic framework for long-term value creation, that has been reviewed and endorsed by the Board. The Board is essential in helping the Company articulate and pursue its purpose, with a focus on addressing issues increasingly important to investors, communities it operates in, clients and consumers. The Board strongly believes that the Company's ability to design a strong long-term strategy and to manage environmental, social and governance matters, demonstrates the good governance ultimately required to achieve sustainable growth and to secure the mere existence of the Company in the long-term.

The Group's strategy is designed and proposed by the management team and adopted by the Board. It is structured around major strategic directions, with each of the directions further drilled down to more granular objectives. The Board takes an active role in monitoring how the Company is achieving its strategic objectives.

Role of the Board

The Board assumes collective responsibility for directing, governing and controlling the Group, while providing effective corporate governance, promoting an ethical corporate culture and overseeing that the organisation is a responsible corporate citizen. Furthermore, the Board acts as a link between the stakeholders and the Group by ensuring transparent and effective communication.

A clear division of responsibilities at Board level is in place to ensure a balance of power and authority, including between the roles of Chairman, Lead Independent Director and Chief Executive Officer, roles which are clearly defined and segregated. This was designed to ensure that, either at Board or management level, no individual can hold single and unlimited control over significant decision making processes. The Board delegates to management the authority and responsibility for day-to-day affairs and operations while reviewing management's performance.

The Board meets regularly, at least four times a year, and is responsible for setting the Group's strategy, approving major matters, governing risk management processes and monitoring the overall Group performance. Moreover, the Board oversees the overall effectiveness of the internal controls framework, which is designed to ensure that assets are appropriately safeguarded, operations are run efficiently, effectively and economically, proper accounting records are maintained, the published financial information is reliable, laws and regulations are complied with.

No external advisors attend Board meetings on a regular basis, but they can be invited on an ad-hoc basis for various topics, as the Chairman deems necessary.

The Board holds two fundamental roles: decision making and oversight.

The **decision-making role** is exercised through the formulation or approval of fundamental policies and strategic goals and the approval of significant actions in relation to implementing the Group's strategy.

The **oversight role** concerns the review of significant management decisions, monitoring performance, overseeing the adequacy of systems and internal controls, supervising the implementation of aligned policies in key areas across the Group.

More precisely, in line with the Articles of Association and the Corporate Governance Framework, the Board has the following key responsibilities:

- establishes a framework for the delegation of authority to Executive Directors and subsequent lines of management
- adopts the Group's strategy and budget based on management's proposal
- steers the Group in achieving its core targets including the execution of the investment and development strategy and monitors performance
- makes strategic decisions regarding significant financing transactions, following CFO's recommendation
- oversees equity management
- monitors the financial performance of the business, including its going concern and viability, reviews the financial and operational results and approves the financial statements and the Group Annual Report
- facilitates effective communication and engagement with key stakeholders
- ensures that the Group's IT systems are integrated and support the delivering of the business strategy and internal processes
- ensures that management fosters a culture of ethical conduct and oversees that management has implemented proper policies and procedures to guide the Group's operations across significant processes
- provides oversight of enterprise risk management and approves the Group's Risk Policy and Risk Appetite
- ensures an effective, risk-based internal audit and monitors the effectiveness of the internal controls
- oversees that the combined assurance model covers effectively the organisation's significant risks and material matters, through a combination of:
  - » line functions that own and manage risks on a daily basis;
  - » specialist functions that facilitate and oversee risk management and compliance;
  - » internal auditors;
  - » independent external assurance service providers, e.g., external auditors; and
  - » other external assurance providers, such as sustainability and credit rating agencies

The Chairman of the Board is an Independent non-Executive Director who acts as a link between the Board and the executive management. According to the Group's Corporate Governance Framework, the Chairman:

- cannot be appointed as member or Chair of the Audit Committee or of the Risk and Compliance Committee
- cannot chair the Remuneration Committee
- must be a member of the Nomination Committee and can chair it as well
- cannot be appointed Chief Executive Officer or as any other Executive Director

PHOTO: ARENA CENTAR

The **Chairman** has the following main responsibilities:

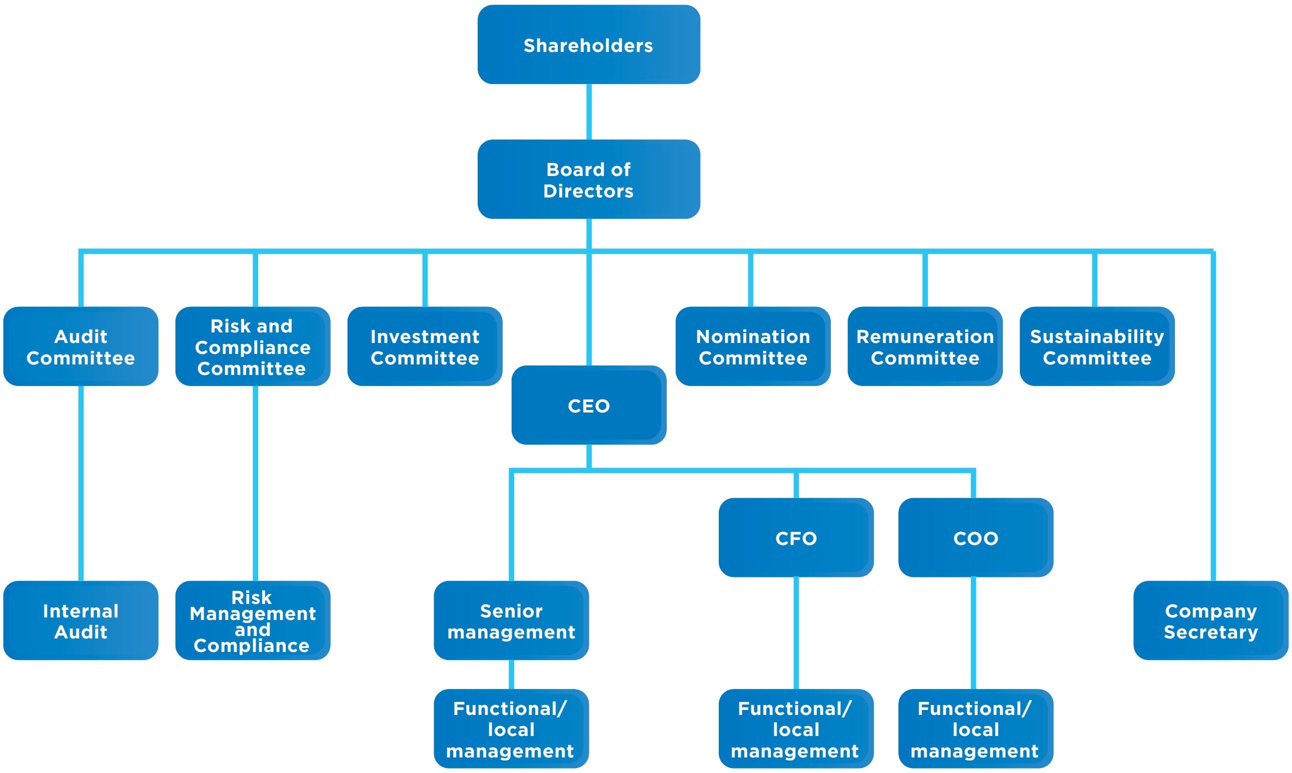
- sets the ethical tone
- fosters corporate governance
- oversees the formal succession plan for Board members
- oversees the performance evaluation process, the onboarding of new Directors and the continuous development of Board members
- takes a lead role in removing non-performing Directors
- ensures that any material misconduct amongst the members of the Board is investigated and properly responded to
- ensures that Directors are mindful of their duties and responsibilities and foster proper functioning of the Board and Committees
- sees that a Lead Independent Director is nominated in order to ensure that the Chairman has the necessary support
- ensures that amicable relationships are maintained with major shareholders and other stakeholders

Supporting the Chairman, the Lead Independent Director has the following responsibilities:

- leads in the absence of the Chairman
- serves as a trusted advisor of the Chairman
- acts as a mediator between the Chairman and other members of the Board, if necessary
- chairs discussions and decision-making by the Board on matters where the Chairman may have a conflict of interest
- leads the performance appraisal of the Chairman.

Group governance structure

The Group's governance structure establishes the fundamental relationships among the Board, Committees and management. The Group is steered by an one tier Board, comprising both non-Executive and Executive Directors. In order to discharge its responsibilities in a proper and professional manner, the Board nominates sub-Committees and delegates some of its responsibilities, while retaining final accountability.



Responsibility for the day-to-day operations of the Group is delegated to the Executive Directors and then further on to the following management levels. An Operational Mandate approved by the Board is in place to ensure that delegation to management contributes to role clarity and to the effective exercise of authority and responsibility.

The **Executive Directors** in the Board are the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO), and they are responsible for:

CEO

- ensures that a long-term strategy, in line with the Group's mission, is developed, advanced to the Board for approval and deployed
- drives the development of the Group, establishes performance goals and allocates resources to ensure growth, achievement of strategic objectives, compliance with applicable laws and regulations and responsible citizenship, as well as ensures that the strategy supports sustainable long value creation

- ensures that a positive and ethical work environment exists and that the policies approved by the Board are implemented
- acts as a chief spokesman for the Group
- fosters communication between the Executive Directors, Management and non-Executive Directors
- maintains investor relations

The CEO is not a member of governing bodies outside the Group, except for private companies managing personal investments.

CFO

- manages the accounting and financial functions of the Group, including the implementation of effective accounting and financial policies
- takes responsibility for financial and fiscal compliance, as well as general reporting of business performance
- oversees the compilation of realistic budgets and their execution, including limiting expenses and analysing variations
- identifies funding requirements and ensures these can be met in a cost-effective manner
- supervises fiscal research, projections, analysis and optimisation
- interacts and maintains relationships with external auditors, regulators, analysts, rating agencies
- maintains investor relations

The CFO is not a member of governing bodies outside the Group, except for private companies managing personal investments.

COO

- drives strategy setting for the Group assets portfolio and ensures implementation, monitoring and performance reporting
- drives opportunity analysis for each asset and proposes potential shifts in an asset's strategy, where required (extend, transform, dispose, restructure)
- contributes to the capital allocation decisions
- continuously assesses the Group's operations, profitability and sustainability, coordinates improvement proposals and the implementation of core initiatives in the Group's assets
- coordinates tenants engagement strategy, optimising returns and monitoring tenants performance and occupancy cost
- ensures swift, efficient and integrated processes and drives necessary performance improvement initiatives across the Group
- drives the setting of a customer-centric culture

The COO is not a member of governing bodies outside the Group, except for private companies managing personal investments.

Board appointments

In accordance with the Articles of Association, Directors are appointed, suspended or removed by the shareholders. Appointment is made based on the Board's binding nomination, which can be deprived of its binding character by the shareholders decision. The Board can suspend Executive Directors, while the suspension can be lifted by the shareholders.

To facilitate the Board's regular refreshing, the Group has a retiring-by-rotation policy, which means that each year, at least one third of Directors retire by rotation and may stand for re-appointment by the shareholders. Therefore, within a three-year period, all Directors retire at least once.

The Board appointments are conducted in a formal and transparent manner following recommendations made by the Nomination Committee to the Board. Candidates' profiles are carefully analysed and the Board considers whether they have the necessary background, experience, competencies, independence and diversity, as set out in the Board Profile Paper and in the Group Diversity Policy. High-profile and experienced recruitment agencies may be used to identify and assess new Director candidates, based on the decision of the Nomination Committee. The candidates' background and references are analysed, and multiple information sources are used for the assessment.

The independence of every newly proposed Director is assessed by the Nomination Committee and presented to the Board, as well as reassessed annually, based on clear criteria defined in the Corporate Governance Framework, formalised and approved by the Board.

A formal onboarding programme is in place when new Directors join the Company, under the close coordination of the Chairman of the Board, with support from the CEO and the Company Secretary. The onboarding programme is designed to help the new Director become familiar with the Group's business, strategy, policies and structure, as well as the operational approach in the Board and Committees activity. The programme covers general financial, social and legal affairs and financial reporting, as well as aspects that are specific to the Group and its business.

NEPI Rockcastle is governed by a one-tier Board structure, which comprises a mix of non-Executive and Executive Directors. Non-Executive Directors are key advisors to management, counselling on the strategic direction, while taking into account business opportunities and the Group's risk appetite.

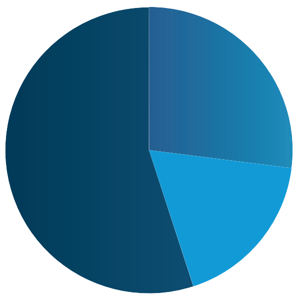
In order to ensure that the Directors' varied backgrounds and experience provide NEPI Rockcastle with an appropriate combination of knowledge and expertise that is necessary to manage the business effectively, the Group developed a Board Profile Paper. The paper describes the competencies, expertise and background expected from the Directors individually, as well as the Committees and the Board, collectively. It also sets out principles of diversity, independence, and representation of Executive versus non-Executive Directors. The Group Diversity Policy was formalised in 2022 to align to Dutch legislation. It applies to the Board and management, and strives to ensure that no team, business function or management level comprises more than 70% of the same gender or age group.

During 2023, 33% of the Executive Directors and 12.5% of the non-Executive Directors were female. New appointments of non-Executive Directors will be made considering the formulated Diversity Policy, with a view to positively contribute to the diversity quota. Management Board (i.e. Executive Directors) composition is in line with the Diversity Policy provisions, therefore no additional short-term measures are envisaged by the Group. Senior management composition, i.e. function leads (described and detailed under ExCo category in the Sustainability Report section of the Annual Report) is in line with the Diversity Policy provisions as well (with 38% female – 62 % male), therefore no additional short-term measures are planned by the Group.

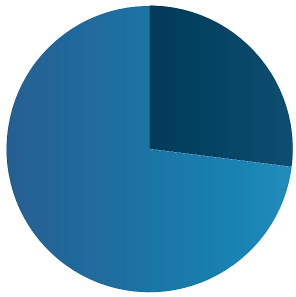
When examining Board composition, the Group approaches diversity in a broad sense, covering factors such as nationality, gender, age, education and work background. The Group defined a diversity matrix, which provides a clear overview and monitors diversity in the Board.

On 31 December 2023, the Board, based on an annual self-assessment of the Group's current set-up and needs, was satisfied with the skill set, mix of knowledge and diversity of culture and background of its Directors.

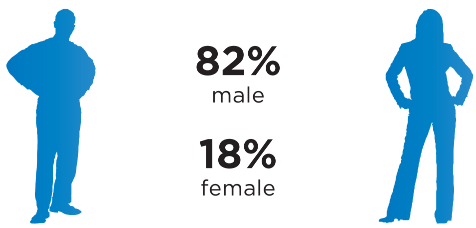
Age



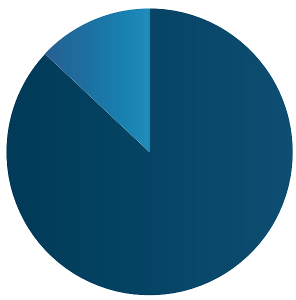
Executive / Non-Executive



Gender



Independence of Non-Executive Directors



Independent non-Executive Directors play a crucial role in acting as a sounding panel to the Executives and the non-Independent, non-Executive Directors, ensuring Board discussions and decisions are conducted in an objective manner and in the best interest of the Group.

Specific guidance provided by King IV and the Dutch Corporate Governance Code has been followed by the Group in establishing, in its Corporate Governance Framework, the criteria for evaluating the Directors' independence on an annual basis.

The following criteria have been used by the Nomination Committee to assess the independence of the Board's non-Executive Directors for 2023. The Director or close family members:

1. have not been an employee or Executive Director of NEPI Rockcastle (including associated companies, in the five years prior to the appointment) or have temporarily performed management duties during the previous twelve months in the absence or incapacity of any Executive Director;
2. have not received personal financial compensation from NEPI Rockcastle or a company associated with it (including by participating in the Group's share incentive scheme), contingent on Group performance and in so far as this is not in the normal course of the business, other than the fixed compensation received for the work performed as a board member;
3. have not had an important business relationship with NEPI Rockcastle or a company associated with it in the year prior to the appointment (note: this includes in any event the case where the board member, or the firm of which he/she is a shareholder, partner, associate or advisor, has acted as advisor to NEPI Rockcastle - consultant, civil notary or lawyer - and the case where the board member is a management board member or an employee of a bank with which NEPI Rockcastle has a lasting and significant relationship);

4. are not a member of the management board of a company in which an Executive Director of NEPI Rockcastle is a supervisory board member;
5. do not have a shareholding in NEPI Rockcastle or have not provided financing, material to his/her wealth, taking into account the shareholding of natural persons or legal entities cooperating with him or her on the basis of an express or tacit, verbal or written agreement;
6. are not an employee, member of the management board (or executive director) or Board of Directors (or supervisory board) – or is not a representative in some other way – of a legal entity that is a significant funding provider (equity or debt), unless the entity is a NEPI Rockcastle Group company; and
7. have not been an external auditor of the Group or a key member of the external audit engagement team during the preceding 3 financial years.

Non-Executive Directors independence assessment for 2023

Director	Criteria 1	Criteria 2	Criteria 3	Criteria 4	Criteria 5	Criteria 6	Criteria 7	Independence assessment
George Aase	√	√	√	√	√	√	√	Independent
Andre van der Veer	√	√	√	√	√	√	√	Independent
Antoine Dijkstra	√	√	√	√	√	√	√	Independent
Andreas Klingen	√	√	√	√	√	√	√	Independent
Ana Maria Mihaescu	√	√	√	√	√	√	√	Independent
Jonathan Lurie	√	√	√	√	√	√	√	Independent
Andries de Lange	√	√	√	√	√	√	√	Independent
Steven Brown	√	√	√	√	√	x	√	non-Independent

The Board members are independent from one another and are able to operate critically vis-à-vis one another. The independence assessment criteria were applied to all non-Executive Directors and only one in eight Directors did not meet all independence criteria. There is only one Director nominated by shareholders that represent more than 10% in the Company's shares and voting rights, Mr Steven Brown, who is also the CEO of Fortress Real Estate Investments Limited. The Board considers that the independence provisions required by the Dutch Corporate Governance Code and King IV were complied with during the non-Executive Directors independence assessment. As a result, Mr Steven Brown is considered a non-Independent non-Executive Director.

The Directors tenure in NEPI Rockcastle is depicted below.

Director	Years of service in NEPI Rockcastle
Andre van der Veer	6.6
Marek Noetzel	6.6
Antoine Dijkstra	6.6
George Aase	5.3
Andreas Klingen	4.7
Steven Brown	3.7
Andries de Lange	3.6
Ana Maria Mihaescu	2.3
Jonathan Lurie	2.3
Rüdiger Dany	2.3
Eliza Predoiu	1.9

The Board of Directors had a stable structure in 2023, with no changes. All Directors were appointed by shareholders in 2022, for a 4-year term of office.

Within this period, the Group also applies a three year rotation period, i.e. every year one third of the appointed Directors retire so that the shareholders have the opportunity to vote on their further reappointment.

Details of the non-Executive Directors background and expertise as of December 2023

George Aase (61)
BSc, CPA

Career

George Aase is an experienced CFO, with expertise gained in publicly traded real estate firms, technology companies and Fortune 100 US multinational industrial firms. He is a highly strategic and business-oriented senior finance executive with extensive experience in leadership roles. His core specialties include corporate finance, capital markets, IPO transactions, debt financing, international financial operations, international finance and controlling and investor relations, with over 12 years' experience in the real estate sector. He led three major initial public offerings in London, Zurich and Frankfurt. Mr Aase also possesses extensive financing and debt restructuring experience and has managed various portfolios connected with major acquisitions and underwriting. Mr Aase was appointed as Independent non-Executive Director on 28 August 2018 and as Chairman of the Board effective 18 August 2021. Mr Aase was re-appointed by the shareholders as an Independent non-Executive Director upon Company migration to the Netherlands in 2022.

Appointments as of 31 December 2023

NEPI Rockcastle

- Chairman of the Board
- Chairman of the Nomination Committee
- Member of the Investment Committee
- Member of the Remuneration Committee

Other listed companies

- SMG European Recovery SPAC – Management position, part time

Andreas Klingen (59)
MBA (RSM)

Career

Mr Klingen has more than 30 years of experience in the financial services sector, most of which is in Banking in Central Eastern Europe and Commonwealth of Independent States (CIS). He held various senior positions within Investment Banking at Lazard, Frankfurt and JP Morgan, London. Thereafter, he became Head of Group Development of Erste Group, Vienna, and Deputy CEO of Erste Bank, Kiev. He has been working as an independent advisor since 2013.

Since 2005, Mr Klingen served as a Supervisory Board member or a non-Executive Director in 14 institutions in 11 countries, including listed and regulated entities. He was appointed as an Independent non-Executive Director of NEPI Rockcastle on 17 April 2019 and as Lead Independent Director effective 28 September 2020. Mr Klingen was re-appointed by the shareholders as an Independent non-Executive Director upon Company migration to the Netherlands in 2022.

Appointments as of 31 December 2023

NEPI Rockcastle

- Lead Independent Director of the Board
- Chairman of the Audit Committee
- Chairman of the Sustainability Committee
- Member of the Nomination Committee

Other listed companies

- None

Antoine Dijkstra (60)
MSc, COL (INSEAD)

Career

Antoine Dijkstra started his career at Credit Agricole in Rotterdam, Paris and Frankfurt. Mr Dijkstra has extensive experience in banking and investment management, with a focus on public sector related entities and financial institutions. He held various board and managing roles within AIG, NIBC (Netherlands), Harcourt Investment Management (Zurich), JP Morgan/Bear Stearns (UK) and Gulf International Bank (Bahrain). Currently he is a senior advisor to several companies, member of the Board of Trustees of SMU University and member of the Executive Committee of Cox School of business in Texas, USA. Mr Dijkstra was appointed as Independent non-Executive Director of NEPI in 2016 and Independent non-Executive Director of NEPI Rockcastle on 15 May 2017. Mr Dijkstra was re-appointed by the shareholders as an Independent non-Executive Director upon Company migration to the Netherlands in 2022.

Appointments as of 31 December 2023

NEPI Rockcastle

- Chairman of the Risk and Compliance Committee
- Member of the Audit Committee
- Member of the Nomination Committee
- Member of the Sustainability Committee

Other listed companies

- None

André van der Veer (56)
BPL, MPL

Career

After completing a Masters' degree in Banking and Economics in 1991, Andre van der Veer joined Rand Merchant Bank (RMB) where he founded the agricultural commodities and derivatives trading group in 1995. He headed the trading, derivatives structuring and proprietary trading teams and in 2003 joined the RMB Equity Global Markets team.

He became Head of RMB Equity Proprietary Trading desk in 2009, with a mandate to invest in debt and equity instruments globally. Mr van der Veer founded Foxhole Capital during 2012 as a family office specialising in global real estate securities in listed and private equity markets. He was a non-Executive Director of Rockcastle from 2014 to 2017, and also the Chair of Rockcastle's Investment Committee. Mr van der Veer was appointed as Independent non-Executive Director of NEPI Rockcastle on 15 May 2017. Mr van der Veer was re-appointed by the shareholders as an Independent non-Executive Director upon Company migration to the Netherlands in 2022.

Appointments as of 31 December 2023

NEPI Rockcastle

- Chairman of the Remuneration Committee
- Chairman of the Investment Committee
- Member of the Audit Committee
- Member of the Risk and Compliance Committee

Other listed companies

- None

Andries de Lange (50)
CA (SA), CFA

Career

After qualifying as a chartered accountant, Mr Andries de Lange joined the Industrial Development Corporation of South Africa Limited and then Nedbank Limited where he gained experience in debt finance, debt and equity restructurings and private equity. He joined Resilient REIT Limited, a South African based property focused company which listed on the JSE in 2004, holding several positions including Financial Director between 2006 and 2011, and thereafter Chief Operating Officer from 2011 until 2020. Starting May 2020, Mr De Lange was appointed non-Independent non-Executive Director in NEPI Rockcastle. Mr de Lange was re-appointed by the shareholders as an Independent non-Executive Director upon Company migration to the Netherlands in 2022.

Appointments as of 31 December 2023

NEPI Rockcastle

- Member of Remuneration Committee
- Member of Nomination Committee

Other listed companies

- None

Steven Brown (43)
CA (SA), CFA

Career

Mr Brown has a strong background in the property industry, commencing as a listed property analyst in 2008 for Corovest. Following this, he joined Standard Bank's Global Markets division in the equity derivatives finance team and thereafter joined the South African real estate division focusing on structured lending and equity transactions. Since 2013, Mr Brown has been involved with a number of listed real estate companies focusing on deal origination and structuring. Mr Brown is currently the Chief Executive Officer and Managing Director of Fortress Real Estate Investments Limited, a company that he joined in December 2015, following the acquisition by Fortress Real Estate Investments Limited of Capital Property Fund. He was appointed as non-Independent non-Executive Director of NEPI Rockcastle on 28 April 2020. Mr Brown was re-appointed by the shareholders as a non-Independent non-Executive Director upon Company migration to the Netherlands in 2022.

Appointments as of 31 December 2023

NEPI Rockcastle

- Member of the Investment Committee
- Member of the Risk and Compliance Committee
- Member of the Sustainability Committee

Other listed companies

- CEO Fortress Real Estate Investments Limited

Ana Maria Mihaescu (68)
BSc, IDP (INSEAD)

Career

Ana Maria Mihaescu has 30 years of banking and finance experience. Ms Mihaescu worked for the International Finance Corporation (IFC) for 20 years, most recently as IFC's Regional Manager for Central and Eastern Europe. She also represented the IFC on the boards of investee companies, banks, leasing companies and private equity funds. Ms Mihaescu was the first Country Manager for IFC in Romania. She is an alumna of the Bucharest Academy of Economic Studies and received a certificate for the International Directors Program from INSEAD. Ms Mihaescu was appointed as an Independent non-Executive Director effective 18 August 2021. Ms Mihaescu was re-appointed by the shareholders as an Independent non-Executive Director upon Company migration to the Netherlands in 2022.

Appointments as of 31 December 2023

NEPI Rockcastle

- Member of the Audit Committee
- Member of the Remuneration Committee
- Member of the Sustainability Committee

Other listed companies

- Non-Executive Director Medlife SA

Jonathan Lurie (47)
CFA

Career

Jonathan Lurie has 20 years of real estate investment experience at leading firms across all major European geographies and asset classes. Mr Lurie is the Managing Partner of Realty Corporation Ltd, a real estate and PropTech investment and advisory firm, and a senior advisor to McKinsey & Co, where he provides strategic advice on real estate transactions, financing, capital allocation, management, and operations, to leading institutional investors and developers globally. Mr Lurie previously held various senior executive positions at Blackstone and was Executive Director and Head of Real Estate Investment Management – Europe for Goldman Sachs. Mr Lurie held management and supervisory board positions in several large-scale European property companies such as OfficeFirst AG (IVG), Multi Corporation, Anticipa, Logicor, Blackstone Property Management, GSW AG (now Deutsche Wohnen AG), Songbird Estates plc (owner of Canary Whart Group plc), Corestate Capital, TLG Immobilien and Round Hill Capital. Mr Lurie graduated as an Economics Major with Highest Honors from Princeton University and has an MBA from the Wharton School, University of Pennsylvania. He is a member of the International Council of Shopping Centers (ICSC). Mr Jonathan Lurie was appointed as an Independent non-Executive Director effective 18 August 2021. Mr Lurie was re-appointed by the shareholders as an Independent non-Executive Director upon Company migration to the Netherlands in 2022.

Appointments as of 31 December 2023

NEPI Rockcastle

- Member of the Investment Committee
- Member of the Risk and Compliance Committee

Other listed companies

- None

Corporate governance

» continued

The Board and Committees 2023 calendar and attendance information

Date	Board of Directors	Investment Committee	Audit Committee	Risk & Compliance Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
10-Feb-23					X	X	
15-Feb-23	X						
17-Feb-23		X		X			
20-Feb-23	X		X				
21-Mar-23	X		X				
10-Mar-23							X
11-May-23				X			
12-May-23		X					
15-May-23			X				
16-May-23	X						
18-Aug-23		X		X			
21-Aug-23	X		X				
3-Oct-23						X	
10-Nov-23				X			X
14-Nov-23		X	X			X	
15-Nov-23	X						
21-Nov-23					X		

Director	Board of Directors	Investment Committee	Audit Committee	Risk & Compliance Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
Rüdiger Dany	100%	100%					
Eliza Predoiu	100%						100%
Marek Pawel Noetzel	100%	100%					
George Aase	100%	100%			100%	100%	
Antoine Dijkstra	100%		100%	100%		100%	100%
Andreas Klingen	100%		100%				100%
Andre van der Veer	100%	100%	100%	100%			
Steven Brown	100%	100%		100%			50%
Andries de Lange	100%				100%	100%	
Ana Maria Mihaescu	100%		100%		100%		50%
Jonathan Lurie	100%	100%		100%			

Development, evaluation and succession planning

In accordance with the Corporate Governance Framework, the Board ensures that its performance, profile, composition, competences and expertise, and those of its Committees, its Chair and individual members, support continued improvement.

The Board Evaluation for 2023 was organised according with the Corporate Governance Framework. The Group has engaged the professional services of the top-tier international consultant Korn Ferry International – which coordinated, alongside the Chairman and the HR Director, the roll-out of a sound and professional process. The process covered engagement with all relevant stakeholders, objectivity and inclusiveness, confidentiality, anonymity and full traceability. The project was planned and delivered to ensure that Board member is able to express views confidentially, hence contributing to the quality of the functioning of the Board overall. The phases of the process were the following:

- individual discussion with the Chairman to clarify scope, approach and content of the review

- assessment questionnaire covering all important Board performance areas in focus
- one-on-one interviews with all the Directors and the Board Secretary
- sharing and acknowledgement of results with all Directors

The evaluation covered the following considerations:

- structure and composition of the Board and Committees, including diversity, expertise and mix of skills
- efficiency and transparency of operations, processes and routines, including the quality of the decision-making process, dynamics, teamwork and collaboration, the display of ethical values, independence, autonomy, objectivity
- Board contribution to key areas such as strategy, performance monitoring, evaluation, compensation and succession, corporate governance and risk management

The Board and Committees activity has been evaluated as rigorous, valuable and aligned to their mandate, the Committees Charters and the Corporate Governance Framework, while no significant improvement areas have been pointed out.

The results have improved as compared to the previous evaluation, and the overall score was above average across the Board. The Chairman's evaluation was also positive, above the average of the overall scores.

Keeping up to date with trends, industry-specifics, regulatory frameworks, economic, social and governance topics, providing inspirational and strategic leadership and contribution, succession for the top management and the Board, are a key priority and the Directors' development programme included dedicated sessions covering such areas.

A formal succession process is in place to ensure the critical executive and board positions and to ensure any changes in the teams compliment the knowledge and experience at Board level. Succession planning includes:

- identifying the knowledge, skills and experience the Board should collectively possess to effectively fulfil its roles and responsibilities
- ensuring an appropriate balance in terms of diversity, expertise and knowledge among the Directors, in accordance with the Board Profile Paper
- identifying qualified individuals suitable for nomination and recommending them to the shareholders at the AGM
- achieving continuity through a smooth succession of Directors (including Board and Committees leadership) that balances perspective and independence with experience and knowledge
- satisfying compliance within the legal and regulatory framework applicable to the Group

Directors' dealings and related party transactions

Dealing in Company's securities by Directors, their associates and key Group employees, is regulated and monitored in accordance with the applicable stock exchange listing requirements, guidelines, legislation, regulations and directives.

To prevent the risk of insider trading and to ensure that none of the restricted persons abuse, and do not place themselves under suspicion of abusing inside privileged information, the Group has adopted a formal Dealing Code, available and communicated to all employees and Directors. The Dealing Code sets out obligations for the Group's Directors, managers, staff and persons closely associated with them, under the Market Abuse Regulation and stock exchange listing requirements and guidelines, regarding clearance to deal and notifications of transactions in the Group's securities. The Group prohibits all Directors and employees from using confidential information, not generally known or available to the public, for personal benefit.

NEPI Rockcastle maintains a closed period from the end of a financial period until publication of the financial results for that period and a prohibited period when sensitive information not yet publicly available is known by the Company's employees or Directors. The Group announces closed and other prohibited periods to its employees and the Company's Directors, and, during such periods, all those with insider knowledge are banned from dealing.

In compliance with JSE Listings Requirements, the Company announces publicly all its Directors' dealings in the Company's securities, through SENS.

Directors' and Directors' associates interests are disclosed in line with the Declaration of Interests Policy. Directors' direct and indirect holdings as of year-end are disclosed in the Annual Report. Moreover, the Group formalised also its Related party transactions policy, in line with JSE Listings Requirements and applicable international accounting standards.

According to the Group Code of Ethics, Board members are alert to conflicts of interest and ethical conduct and should generally refrain from the following:

- engaging in personal business that may compete with the Group
- demanding or accepting substantial gifts from the Group or from any of its employees or partners, for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree
- providing unjustified advantages to third parties at the Group's expense
- taking advantage of business opportunities that the Group would be entitled to
- allowing in any other way the influence of third parties to compromise or override independent judgement
- using confidential information related to the Group for their own personal benefit

- making use of inside information to make a profitable investment
- taking advantage of their position as Directors to earn profit for him/her-self
- making personal use or advantage of an opportunity obtained through the Group

Related party transactions will be entered into, only if beneficial to the Group entities and on the customary market terms that they would have been concluded with an independent party. The Group ensures that identification, negotiation, conclusion of related party transactions by Group entities are governed by:

- fairness
- objectivity
- arm's length principle
- proper record keeping

The Group Code of Ethics and the Declaration of Interests policy apply at all times to the conduct of Directors, personnel, contractors, freelancers and other collaborators, and each are reminded in the context of related party transactions of their obligations to identify, disclose and avoid situations in which personal interests could conflict or even appear to conflict with the interests of the Group.

Potential conflicts of interest related to topics on the agenda are checked at each Board and Committee meeting. Any potential conflict of interest would be declared and discussed in the Board meeting. The Board needs to decide on the measures to be implemented and the degree of further involvement of the respective Director in the matter at hand. Any actual conflict of interest deemed significant by the Board during the year would be disclosed in the Annual Report. Such information considers, but is not limited to, related party transactions and cross-shareholdings.

No actual conflicts of interest have been identified in 2023 and no related party transactions, as defined in the internal policy, have been carried out by the Group entities, besides those detailed in the Related party transactions note (covered by the Remuneration review section).

Company Secretary

The Company Secretary assists the Board in overseeing that the Group complies with statutory and regulatory requirements and ensures that the Board members are informed of their legal responsibilities. More specifically, the Company Secretary is tasked with the following:

- ensures that the procedures for the appointment of Directors are observed and that the process is traceable
- ensures that Board matters such as onboarding of new members, development programmes, training and evaluation are properly organised and any activity or information related to the Board is properly stored
- supports the Chairman in making the Board members aware of significant relevant laws, regulations and codes, as well as circulating emerging information to Group entities
- sees that agenda and materials are distributed in time, that detailed minutes of Board meetings are kept and that Board decisions are distributed, tracked and reported upon in collaboration with the Executive Directors
- ensures that proper procedures are followed at Board level and that the statutory obligations and obligations under the Articles of Association are complied with
- ensures that rules regarding conflict of interest management applicable to the Board, as defined in the Declaration of Interests Policy and Code of Ethics, are observed, and keeps evidence thereof
- provides corporate governance advice to the Board members on governance matters
- generally supports the Chairman of the Board in the organisation of the affairs of the Board
- coordinates and guides the activity of other persons appointed as Secretary of Board Committees

The Board is satisfied with the competence, qualifications, experience and support provided by the Company Secretary in 2023.

Delegation to Committees

Without abdicating accountability, the Board delegates certain functions to certain committees. The following requirements are considered when appointing committee roles, in line with the governance framework:

- the Chairman of the Audit and the Remuneration Committees must be an Independent Director
- the Nomination Committee should only consist of non-Executive Directors, and the majority should be independent
- the Remuneration Committee should consist of non-Executive Directors, in majority independent
- directors who are not members of a Committee may attend meetings to gain/offer information, but will not vote
- the CEO cannot be a member of the Remuneration, Audit or Nomination Committees, but may attend by invitation their meetings

The Board considers the allocation of roles and responsibilities and the composition of membership across committees holistically, to achieve the following:

- effective collaboration through cross-membership between Committees where required, coordinated timing of meetings and avoidance of duplication or fragmented functioning in so far as possible
- where more than one committee has jurisdiction to deal with a specific matter, the role and positioning of each committee in relation to such matter are defined, to ensure complementary rather than competing approaches
- a balanced distribution of power in respect to membership across committees, so that no individual would dominate the decision-making process and no undue reliance would be placed on a single individual

The Board nominated the following Committees, necessary to discharge some of its duties:

Audit Committee
Investment Committee
Remuneration Committee
Risk and Compliance Committee
Nomination Committee
Sustainability Committee

The role of each Committee, together with responsibilities, accountability and operating guidelines, are documented in the Committees Charters.

The Committees Charters are approved by the Board and are reviewed periodically, considering regulatory guidance and industry best practices, to ensure the Board and its Committees are adaptive and responsive to new requirements and continue to practice strong oversight.

The Committee members are appointed by the Board, and any of the members may be removed by the Board, except for the Audit Committee. The Committees activity is reviewed by the Board, to ensure effective discharge of their duties and oversight through an appropriate mix of knowledge, background and independence.

PHOTO: FORUM LIBEREC

Overview of the Committees' mandate and activity in 2023

Audit Committee/5 meetings/100% attendance rate

Independent non-Executive Directors

Andreas Klingen (Chairman)
Andre van der Veer
Antoine Dijkstra
Ana Maria Mihaescu

- oversee the integrated accounting and reporting process, including financial reporting, fiscal compliance and internal controls
- oversee the independence of internal and external auditors
- evaluate and coordinate the internal and external audit process in order to ensure an effective combined assurance model
- deal appropriately with any concerns or complaints relating to accounting practices, the content or auditing of the Group's financial statements, internal controls or any other relevant matters
- assist the Board in carrying out its IT governance role, by obtaining the relevant assurances that IT risks (including IT security) are adequately addressed by the controls in place and by providing oversight over the entire IT management framework

Risk and Compliance Committee/4 meetings/100% attendance rate

Independent non-Executive Directors

Antoine Dijkstra (Chairman)
Andre van der Veer
Jonathan Lurie

Non-Independent non-Executive Directors

Steven Brown

- provide oversight over enterprise risk and compliance management processes
- ensure the Group has implemented an effective approach for risk management, embedded in the day-to-day processes, that will enhance its ability to achieve its strategy and business objectives

Sustainability Committee/2 meetings/80% attendance rate

Independent non-Executive Directors

Andreas Klingen (Chairman)
Antoine Dijkstra
Ana Maria Mihaescu

Non-Independent non-Executive Directors

Steven Brown

Executive Directors

Eliza Predoiu

- oversee the Group's activity and its impact on the environment, social and governance areas
- ensure that the Group is and is seen as a responsible corporate citizen

Remuneration Committee/2 meetings/100% attendance rate

Independent non-Executive Directors

Andre van der Veer (Chairman)
George Aase
Ana Maria Mihaescu
Andries de Lange

- review, endorse and monitor implementation of the Group's Remuneration Policy
- review and recommend to the Board the remuneration to be paid to the non-Executive Directors
- review and recommend to the Board the Executive Directors remuneration, in accordance with the Remuneration Policy and targets achievement
- ensure staff and Directors' remuneration is aligned with market trends and Group strategy

Nomination Committee/3 meetings/100% attendance rate

Independent non-Executive Directors

George Aase (Chairman)
Antoine Dijkstra
Andreas Klingen
Andries de Lange

- identify suitable Board candidates in order to fill vacancies
- ensure there is a succession plan in place for key management and Board members
- formally assess the independence of non-Executive Directors
- assess the composition of the Board sub-Committees on an annual basis or whenever necessary
- arrange the annual performance evaluation for Board and Committees
- oversee training and development arrangements for the Board members

Overview of the Committees' mandate and activity in 2023

Investment Committee/4 meetings/100% attendance rate
Independent non-Executive Directors
Andre van der Veer (Chairman) George Aase Jonathan Lurie
Non-Independent non-Executive Directors
Steven Brown
Executive Directors
Rüdiger Dany Marek Noetzel
• consider potential investments (including mergers and acquisitions, listed securities, capital expenditure for developments or extensions and purchases of land) and disposals, in line with the strategic goals of the Group • approve investments if within its mandate or further recommend to the Board for consideration and approval

Audit Committee

According to the corporate governance requirements and in full alignment with best practices, the Audit Committee:

- consists of at least three Independent non-Executive Directors
- is chaired by an Independent non-Executive Director who is not the Chairman of the Board
- consists of members fully conversant with finance and accounting principles, and who are knowledgeable about the affairs of the Company
- consists of members who must have a fair understanding of International Financial Reporting Standards, internal controls, external and internal audit processes, corporate law, sustainability issues and information technology

The Chairman of the Board may attend meetings by invitation but cannot be nominated as member or Chair.

According to its charter, the Audit Committee is responsible to:

A. In relation to external audit:

- nominate for appointment the external auditors
- review the auditors' fees and terms of engagement, and ensure that the appointment complies with relevant legislation;
- assess the external auditors' independence and objectivity
- review external audit reports to ensure that prompt action is taken by management in all relevant areas
- review any significant disagreement between management and the external auditors
- evaluate the performance of the external auditors and the quality and effectiveness of the audit process
- develop a process to ensure that the Audit Committee receives notice of any irregularities reported to the Independent Regulatory Board for Auditors

B. With respect to financial reporting:

- evaluate the Group Annual Report for reasonability, completeness, consistency and accuracy prior to approval by the Board
- evaluate significant management decisions affecting the financial statements, including changes in accounting policy, resolutions requiring a major element of judgement and the clarity and completeness of proposed disclosures
- oversee compliance with tax regulations, ensure that the Company has implemented a transparent taxation policy and that this is appropriately disclosed, as well as advise management on various decisions related to taxation matters
- in consultation with external and internal auditors, review the integrity of the Group's financial reporting processes
- consider the quality and appropriateness of the Company's accounting policies
- determine whether and how the external auditors should be involved in the review of the content of financial reports published, other than the financial statements
- review complex and/or unusual transactions
- recommend to the Board whether it should issue a going concern statement, based on the assessment provided by the CFO

C. With respect to internal controls:

- gain an understanding of the Group's key risk areas and the internal controls structure
- evaluate whether management is setting the appropriate control culture
- review the effectiveness and efficiency of the internal controls system
- consider how management is held accountable for the security of computer systems, applications and networks, and for setting contingency plans in the event of a disaster, systems breakdown, fraud or misuse
- gain an understanding of whether internal control recommendations made by internal and external auditors have been implemented by management
- prioritise and direct the audit effort to high-risk areas of the business

D. In relation to internal audit:

- review and approve the Internal Audit Charter
- review the effectiveness of the Internal Audit function, its staffing and resources and its capacity to carry out the Annual Audit Plan
- review the activities and organisational structure of the Internal Audit function and ensure no unjustified restrictions or limitations exist and that the Internal Audit function remains independent
- ensure that internal audit activities comply with relevant standards and regulations
- review and approve the risk assessment results and the Annual Audit Plan
- review internal audit reports, including management's action plans to address risk and control deficiencies noted by the Internal Audit function
- monitor the implementation of action plans based on reports provided by the Internal Audit function
- escalate to the Board, if necessary, significant audit findings and control deficiencies which require Board attention and prioritisation

E. With respect to ethical and legal compliance:

- oversee controls implemented to address compliance with applicable laws, regulations and policies
- oversee whistleblowing process and investigation results
- review internal audit reports concerning compliance reviews and investigations
- review management's monitoring of compliance with the Board's guidelines

F. With respect to information technology management:

- ensure that a technology architecture that enables the achievement of strategic and operational objectives has been defined
- oversee that information technology management processes are formalised and that an effective control environment for managing key risks and achieving objectives, as well as preserving information privacy and security, has been designed and implemented
- ensure that proper policies and processes have been implemented to enable ethical and responsible use and disposal of technology and information, both hardware and software
- oversee information security risk, status of mitigating measures, information on attacks and vulnerabilities, based on reports provided by management periodically, but at least twice a year
- oversee that effective mechanisms have been implemented to identify and respond to security incidents
- oversee that monitoring of advancements in technology is in place, including the capturing of potential opportunities and the management of disruptive effects on the organisation and its business model
- ensure that proper value assessments are performed before investing in information and technology

The Board supports and endorses the Audit Committee, which operates independently of management and is free from any organisational impairment.

The Audit Committee assists the Board in fulfilling its responsibilities and has unrestricted access to information, including records, property and personnel of the Group.

The Audit Committee has considered and found:

- the expertise and experience of the Chief Financial Officer are appropriate for the position, and the arrangements for the Finance function are adequate, for the size and complexity of the Group
- the expertise and experience of the Internal Audit Director are appropriate for the position, and the arrangements for the Internal Audit function are adequate given the size and complexity of the Group

The Audit Committee, following the mandate received at the Annual General Meeting, approved the 2023 external auditors' terms of engagement, fees and scope of work at Group level. Based on interactions with the external auditors and the quality of the external auditors' reports, the Audit Committee considered the expertise and independence of the external auditors, including the partner rotation policy, and concluded they are satisfactory.

In order to fulfil its responsibility to monitor the integrity of financial reports issued, the Audit Committee has reviewed the accounting principles, policies and practices adopted during the preparation of financial statements and examined relevant documentation related to the Annual Report. The Committee is comfortable that appropriate financial reporting procedures have been established. The Audit Committee reviewed:

- the clarity of the disclosures included in the financial statements
- the basis for significant estimates and judgements

The Audit Committee monitors the effectiveness of the internal controls system, including controls over financial reporting. The Committee is satisfied with the design and effectiveness of the controls, is comfortable that any weakness may not result in a material financial loss, fraud, corruption or error, and that the Company implemented mechanisms to identify and address such significant weaknesses in due time.

The Audit Committee complied with its Charter, as well as its legal and regulatory responsibilities, and recommended the Annual Report to the Board for approval.

Risk and Compliance Committee

The Risk and Compliance Committee takes a forward-looking view regarding the risks that the Group may face and aims to enable the effective implementation of mitigating measures and overall enterprise risk management.

PHOTO: MEGA MALL

The Risk and Compliance Committee:

- consists of at least three Directors
- is chaired by an Independent non-Executive Director, who is not the Chairman of the Board
- includes members with sufficient knowledge about the affairs of the Group, qualifications and experience to fulfil their duties effectively

The Risk and Compliance Committee assumed the following responsibilities during 2023:

With respect to risk management framework:

- oversee the annual review of the risk management policies, and recommend them for Board's approval
- monitor application of the risk management policy, processes and organisation
- make recommendations to the Board concerning the Group risk appetite and risk profile and monitor that risks are managed within those levels, as approved by the Board
- oversee that the risk management plan is widely disseminated throughout the Group and integrated into day-to-day activities
- acknowledge risk response and implementation status for major risks at Group level
- review the risk section included in the Annual Report
- assess compliance with relevant legislation and regulations, including regulations concerning risk reporting

With respect to the compliance management system:

- oversee the compliance management framework, the review of the compliance policies, and recommend updates for Board's approval
- supervise implementation of the compliance policy, processes and organisation, including rules and mechanisms to ensure compliance with laws, prevention of fraud and corruption and avoidance of conflict of interest

Sustainability Committee

The Sustainability Committee oversees and reports on the Group's organisational ethics, responsible corporate citizenship (including the environment, health and safety, the impact of the Group's activities and of its products and services), sustainable development and stakeholder relationship management. The members of the Committee are knowledgeable and mindful of economic, social and governance matters and the Group's material issues in this regard.

The Committee oversees how the consequences of the Group's activities and outputs affect its status as a responsible corporate citizen. The oversight is performed against targets included in the sustainability strategy, covering the following areas:

- environment, i.e., minimise the effects of the Group through responsible use of resources, controlled pollution and waste disposal, controlled carbon footprint, green buildings, protection of biodiversity
- economy, including the communities support and contribution to creating new jobs
- workplace, including employment equity, diversity and inclusion, fair remuneration, health and safety
- society, including public health and safety, consumer protection, community development and protection of human rights
- governance, including how the Board is steering the Company based on an ethical foundation

The Sustainability Committee endorses the ESG strategy, verifies progress towards the implementation of such strategy and reviews the Group's Sustainability Report. The CFO, as the Executive Director part of the Sustainability Committee, is the executive manager overseeing the overall ESG agenda in the Group, while the CEO is ultimately responsible at Group level to deliver the ESG strategy and monitor implementation.

Remuneration Committee

The Remuneration Committee:

- consists of at least three Directors, the majority of whom must be Independent non-Executive Directors
- is chaired by an Independent non-Executive Director, who is not the Chairman of the Board

The Remuneration Committee assumed the following responsibilities during 2023:

- oversee the review of the Remuneration Policy and principles
- monitor implementation and administration of the Remuneration Policy
- determine remuneration for Executive Directors, in alignment with the Remuneration Policy and targets achievement
- monitor remuneration principles implemented to ensure that employees are properly incentivised based on individual and Group performance
- ensure that the Group's remuneration principles are aligned with the strategy, in order to create long-term value
- recommend the fees to be paid to non-Executive Directors

When determining the Remuneration Policy and practices, the Remuneration Committee is guided by the following principles: clarity, simplicity, risk, predictability, proportionality and alignment to Group culture.

Nomination Committee

The Nomination Committee:

- consists of at least three Directors, the majority of whom must be Independent non-Executive Directors
- is chaired by an Independent non-Executive Director, who may also be the Chairman of the Board

The Nomination Committee is tasked with the following:

- periodically assess the skill set required to competently discharge the Board's duties, considering the Group's strategic direction
- review and make recommendations regarding Board composition, competencies, structure, size and diversity, to ensure that vacancies are filled with suitable candidates, in line with criteria defined in the Board Profile Paper
- develop strategies to address Board diversity
- develop and review Board succession plans, Director induction programmes and continuing development programmes, aiming to maintain an appropriate mix of skills, experience, expertise and diversity
- identify Directors due for retirement by rotation on an annual basis
- arrange the performance evaluation for Board members
- review and make recommendations regarding Board appointments, re-elections and terminations
- prepare a description of the role and skill set required for appointments
- identify suitable candidates to fill Board vacancies
- propose extension of Board appointments
- ensure that, upon appointment, all Directors receive a formal letter of appointment that sets out the duration and responsibilities of the appointment
- review disclosures made by the Group regarding Board appointments, re-elections and terminations

Investment Committee

Members of the Investment Committee must have significant property investment, retail and relevant market knowledge. The Investment Committee Chair must be a non-Executive Director with adequate financial and investment experience.

The senior management of the Group is responsible for identifying new investment opportunities, optimising the performance of existing assets (for example, through refurbishments, extensions and re-tenanting), and, where necessary, proposing the disposal of assets which no longer contribute to the Group's income growth strategy. The CEO will coordinate and monitor all acquisitions, capital expenditures and disposals, and will recommend those which exceed his mandate to the Investment Committee.

The Committee is responsible for formulating the overall investment strategy of the Group and for establishing investment guidelines. The Committee's activity complies with all applicable fiduciary, prudence and due diligence requirements, which experienced investment professionals would utilise, and with all applicable laws, rules and regulations issued by relevant local and international bodies.

The purpose of the Investment Committee is to:

- consider management recommendations for mergers, acquisitions, investments, capital expenditure and disposals, and make proposals to the Board for approval
- authorise transactions that fall within its mandate, analyse and recommend to the Board those that fall outside its mandate
- evaluate and monitor investments performance over time.

The Board and the Committees considered their activity during 2023 and confirm that they are satisfied that they have fulfilled their responsibilities in accordance with their charters and the Corporate Governance Framework.

Stakeholder engagement and relationship management

The Board oversees stakeholder relationship management, while responsibility for the day-to-day execution has been delegated to the Executive Directors and, further on, to line management.

NEPI Rockcastle has a transparent information communication policy, enabling stakeholders to assess the Group's economic value and prospects. The Company encourages proactive engagement with shareholders, including during the Company's semi-annual results presentations and Annual General Meetings, where Directors are available to respond to shareholders' inquiries on how the Board has executed its governance duties.

The Executive Directors have regular discussions on operational trends and financial performance with relevant stakeholders, where they believe this to be in the Group's best interest. No information is shared preferentially only to some stakeholders.

PHOTO: GALERIA WOLOMIN

The Group's Directors ensure that all shareholders are treated equally and equitably, and that management recognises, protects and facilitates the exercise of all shareholders' rights through constant, open and timely communication. The Board seeks to protect the interests of minority shareholders while the Dealing Code and the Related Party Transactions Policy are designed to ensure such protection.

The Group actively manages its relationship with stakeholders and communicates formally in a number of ways:

- news, announcements, press releases are issued in response to events or under routine reporting obligations
- SENS announcements are made for changes in its governance structure, Director, Committees as well as Directors' and associates' dealings
- business updates are published regularly, depicting Company's performance
- the reviewed interim condensed consolidated financial report is published in August each year, outlining performance for the six months ended 30 June. The interim condensed consolidated financial statements included in the report were reviewed by a South African auditor (EY South Africa) and were not reviewed by a Dutch auditor. The results announcement is followed by Results Presentations and investor calls. The presentation and the reports are posted on the Group's website
- the reviewed condensed consolidated financial statements for the year ended 31 December, including detailed management commentary, are published in February each year. These are followed by Results Presentations announced publicly on the corporate website, open to and accessible by any stakeholder
- the Annual Report, including audited consolidated financial statements of the Group and separate financial statements of the Company, is published in March each year, comprising reporting on all relevant matters

The Board is required through the applicable governance codes to provide a fair, balanced and understandable assessment of the Group's position and prospects in its external reporting. The Board considers that this Annual Report and the Audited Consolidated Financial Statements, taken as a whole, meet all requirements and provide the information necessary for shareholders to assess the Directors' governance of the Group.

More details on stakeholder categories and the key engagement mechanisms are included in the Sustainability section of this annual report, page 150.

GENERAL MEETINGS OF SHAREHOLDERS

Meetings

The Company is required to hold an Annual General Meeting no later than the end of June each year. Other General Meetings may be held at the discretion of the Board or to comply with Applicable Listing Requirements.

The Board is responsible for giving notice of General Meetings, ensuring that it is given to all Shareholders entitled to vote and that it complies with the statutory notice period of 42 calendar days and Applicable Listing Requirements. The notice must include the subjects to be discussed, venue and time of the meeting, the requirements for admittance, and the Company's website address. Additional communications can be made in a separate document deposited at the Company's office for inspection, with a reference made in the notice.

General Meetings can be held in Amsterdam or Haarlemmermeer, as chosen by the Board. The Chairman of the Board will chair the general meeting, unless otherwise decided by the Board. Minutes of the meeting will be kept.

The record date for each General Meeting will be determined in accordance with the law and Applicable Listing Requirements to identify voting rights and eligible attendees, and instructions on how to register and exercise rights will be included in the meeting notice.

To attend a General Meeting, a person or their proxy must notify the company in writing at the specified address and by the deadline indicated in the meeting notice, and the proxy must provide written evidence of their authorisation.

Shareholders and/or other persons entitled to attend the General Meeting, who, alone or jointly, meet the requirements set forth in section 2:114a subsection 2 of the Dutch Civil Code will have the right to request the Board to place items on the agenda of the General Meeting, provided the reasons for the request must be stated therein and the request must be received by the Chairman or the Chief Executive Officer in writing at least sixty (60) calendar days before the date of the General Meeting.

Share capital

The authorised capital of the Company amounts to twenty six million euro (€26,000,000) and is divided into two billion six hundred million (2,600,000,000) shares, having a nominal value of one euro cent (€0.01) each. On 31 December 2023 the issued share capital amounted to €6,608,260 divided into 660,826,020 shares. All shares are fully paid. There are currently no limitations either under the Dutch law or the Articles of Association to the transfer of the shares.

During 2023 General Meeting, the shareholders have resolved to authorise the Board to issue shares for cash up to 10% of the issued shares, to repurchase shares up to 10% of the issued shares and to cancel repurchased shares.

Main powers of the General Meeting of Shareholders

The main powers of the General Meetings of Shareholders include:

1. discussion of the board report
2. discussion and adoption of the annual financial statements
3. dividend proposal (if applicable)
4. appointment of Directors (if applicable)
5. appointment of an Independent Auditor (if applicable)
6. adopt amendments to the Articles of Association
7. other subjects presented for discussion or voting by the Board, such as the release of Directors from liability, discussion of the policy on reserves and dividends, authorisation of the Board to issue shares, authorisation of the Board to decide that the Company should acquire own shares.

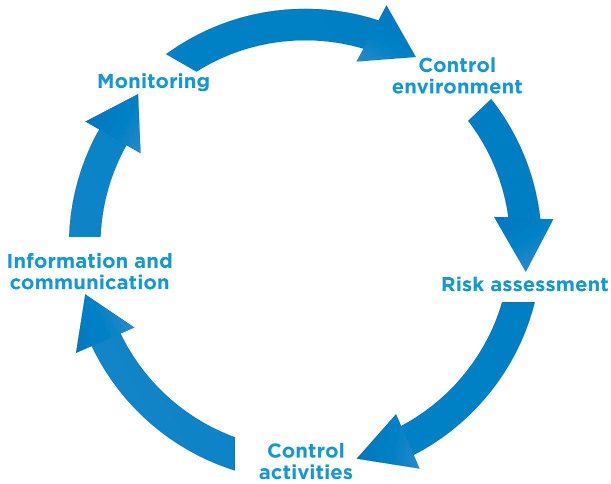
At the General Meeting, each share carries one vote and resolutions must be adopted by an absolute majority, unless a greater majority is required. A quorum of at least three shareholders with 25% voting rights is required, and votes can be cast by electronic means or by mail. If a quorum is not present at a General Meeting, the Board is authorised to call for a new General Meeting where resolutions can be passed regardless of the capital represented in the meeting. The structure of the Company's capital has been presented in this Report, each share carrying a right to vote in accordance with the Articles of Association of the Company and the applicable law. There are no classes of shares; no special restrictions on transfers; no special control rights; no agreements between shareholders which are known to the Company and may result in restrictions on the transfer of securities and/or voting rights; no significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid, and the effects thereof; no agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

INTERNAL CONTROLS AND COMPLIANCE MANAGEMENT SYSTEM

The Group is following the Committee of Sponsoring Organisations of the Treadway Commissions (COSO) principles in defining its internal controls system and enterprise risk management framework.

It applies the three lines of defence approach, with a view to further strengthen the system of internal controls and track compliance with relevant laws and regulations. As such, the system of internal controls is structured on the following lines:

- the first line of defence, line management (senior management, local management), is the function that owns risk and is responsible for operational processes within the Group. Line management is in charge of defining guidelines, implementing and executing internal controls, embedding risk management in the day-to-day operations, comparing performance against targets, monitoring achievement
- the second line of defence has an oversight and compliance monitoring role, and consists of functions such as Compliance, Risk Management and Data Privacy. These functions are primarily involved in monitoring laws, regulations and emerging risks, and providing support and advice to management in ensuring compliance thereof. They monitor and facilitate the implementation of effective risk and compliance management practices and assist the risk owners in reporting adequate risk information. In the consideration of their monitoring role, they recommend new controls or risk mitigating measures to be embedded in current processes and practices
- the third line of defence, Internal Audit, is in charge of providing independent assurance on the effectiveness of the internal controls and risk management, including on how the first two lines discharge their duties.



A risk-based approach, the proportionality principle and segregation of duties are considered when developing all the policies and procedures at Group level, covering:

- efficiency, effectiveness, economy of operations
- safeguarding of assets
- reliability of financial reports
- compliance with laws and regulations

INTERNAL AUDIT

The Group has an inhouse Internal Audit function. The activity of Internal Audit, its mandate, responsibilities and access are regulated through the Internal Audit Charter, endorsed by the Audit Committee and approved by the Board. In accordance with its Audit Charter, Internal Audit reports functionally to the Audit Committee.

Internal Audit is centralised at Group level and has unrestricted access to Company's resources, information and people, to effectively discharge its responsibilities, with no restrictions placed upon the scope of work.

The function carries out independent risk-based audits, under the oversight of the Audit Committee.

The Audit Committee therefore:

- defines the Internal Audit mandate and ensures no unjustified restrictions or limitations exist
- reviews the performance and effectiveness of the Internal Audit function and its capacity to carry out the annual audit plan
- guarantees the independence of the Internal Audit function, through the functional reporting line and the direct unrestricted access

Internal Audit reviews aim to assess the effectiveness of the Group's governance and internal controls, and if they are properly designed to ensure safeguarding of assets, efficiency, economy and effectiveness of operations, adherence to applicable laws and regulations, reliability of financial and operational reporting.

EXTERNAL AUDIT

Ernst & Young Accountants LLP and Ernst & Young Incorporated were appointed as Group independent external auditors in 2022, for a period of three consecutive financial years, under the endorsement of the shareholders. The Group's audit rotation policy is to organise tenders for audit services regularly (every three years, maintaining some flexibility to adjust the timeline based on context), to ensure auditors' independence, as well as verify that audit fees are in line with the market.

The external auditors' scope of work include:

- review by EY South Africa of interim condensed Consolidated Financial Statements of the Group as at 30 June
- audit by EY South Africa of the annual Consolidated Financial Statements of the Group and the standalone financial statements of the Company, prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements
- audit by EY Netherlands of the annual Consolidated Financial Statements of the Group and the standalone financial statements of the Company, prepared in accordance with IFRS as adopted by the European Union and with Title 9 of Book 2 of the Dutch Civil Code
- audit of the financial statements of selected NEPI Rockcastle entities, prepared in accordance with local accounting principles

The fees incurred for audit services are disclosed in the notes to the financial statements. No non-assurance services have been performed.

The Audit Committee and the external auditors have communicated on all matters required by Dutch Standard 260/ International Standard on Auditing No. 260 (Revised) 'Communication of audit matters with those in charge with governance'.

In addition, the external auditor has communicated that in respect of JSE Listings Requirements Paragraph 22.15(h):

- the audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control inspection of the audit firm "(Ernst & Young Inc.)" and on the designated individual auditor during its previous inspection cycle
- the auditors have provided to the Audit Committee the required inspection decision letters, findings report and the proposed remedial action to address the findings at audit firm and individual auditor levels, and have confirmed that there have been no legal or disciplinary proceedings brought against either of the two within the past 7 years
- the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities

In accordance with best practice and the principle of direct, independent communication between the Audit Committee and the external auditors, the Audit Committee was provided with the auditors' report including significant auditing matters and observations related to the internal control environment and management's response. The Audit Committee reviewed the report and discussed the findings directly with the external auditor. The external auditors had private meetings with the Audit Committee, without the management team present and had unrestricted access to communicate privately to the Audit Committee any issue they may have considered necessary.

The external auditors confirmed their independence to the Audit Committee in respect of: relationships between Ernst & Young Accountants LLP, Ernst & Young Inc. and the Group; relationships and investments of individuals employed by Ernst & Young Accountants LLP and Ernst & Young Inc. in the Group; employment of Ernst & Young Accountants LLP and Ernst & Young Inc. staff by the Group; business relationships; other services provided by Ernst & Young Accountants LLP and Ernst & Young Inc. to the Group. The external auditors also confirmed there has been no contingent fees, no services granted by Ernst & Young Accountants LLP and Ernst & Young Inc. to Directors and/or senior management of the Group and no gifts or hospitality. The auditors have additionally confirmed compliance of the firm and individual audit partners with all internal Ernst & Young Accountants LLP and Ernst & Young Inc. independence requirements and rotation policies, as well as relevant regulatory and professional requirements, and have affirmed that their integrity, objectivity and independence have not been compromised.

The Audit Committee is satisfied with the information received based on which it concluded that Ernst & Young Accountants LLP and Ernst & Young Inc. and the audit partners in charge, are independent of the Group.

PHOTO: GALERIA WARMINSKA

Risk Management & Compliance

RISK MANAGEMENT AND COMPLIANCE OVERVIEW

The Group recognises the importance of enterprise risk management and considers risk in both the strategy-setting process and in driving and controlling performance. The Group further acknowledges that risk management is an increasingly important business driver and, together with compliance management, is embedded in all business processes, and is the responsibility of every employee.

Under the Group's three lines of defence approach described in the Corporate Governance section of this report, the Risk Management and Compliance functions share the second line of defence, a symbiosis supporting and strengthening the internal control system by capitalising on alignment and synergies. The Risk Management and Compliance functions are primarily charged with oversight of the risk and compliance management frameworks and processes, while encouraging risk owners to report relevant risk-related information and monitor emerging risks. The Risk Management and Compliance functions work in synergy with risk owners when identifying and implementing new controls or mitigating threats, all facilitating effective risk management. Risk Management and Compliance partners (the "Risk Partners") have been assigned at the level of each business area, aiming to embed risk management and compliance in business processes, to promote risk management and compliance culture among Group personnel, as well as to facilitate collaboration with the Group's Risk Management and Compliance Officer.

RISK MANAGEMENT AND COMPLIANCE FRAMEWORK

NEPI Rockcastle developed a comprehensive framework for the management of risks, to increase overall awareness among personnel and enable the management functions responsible for managing risks to better identify, assess and control risks within their areas. The framework:

- aligns and integrates risk management with strategy and business objective setting
- creates a culture of risk management and periodically increases awareness
- ensures all current and future material risk exposures are identified, assessed, quantified and appropriately managed
- enables compliance with relevant laws and regulations, wherever applicable, through the adoption of best practices
- enables financial stability and sustainable business growth
- fosters an educated approach towards risks and provides a Group-level risk assessment methodology and tools
- integrates the best practice principles set forth under the Committee of Sponsoring Organisations (COSO) framework and International Organisation for Standardisation (ISO) 31000

Group's operations are subject to a wide variety of statutory regulations and standards throughout different jurisdictions, so acting with integrity and observing the legal and ethical frameworks are of utmost importance.

PHOTO: BONARKA CITY CENTER

An overarching compliance framework has been implemented, defining uniform rules and practices applicable to all Group entities which are therefore focused on conducting business activities lawfully and consistent with the Group's compliance obligations.

NEPI Rockcastle is committed to preventing and deterring risks associated to the following areas:

- potential conflicts of interest
- related party transactions which may not be transparent or at arm's length
- confidentiality and observance of professional secrecy
- unopen and incomplete financial reporting or communications
- non-compliance with fiscal regulations within a complex tax environment
- use of privileged information and insider trading
- money-laundering and the financing of terrorism
- inadequate adherence to anticorruption, anti-fraud and competition rules
- inefficient delegation of authority required to maintain the correct balance between flexibility, speed and span of control

The Group's policies and procedures are periodically reviewed and revised to ensure permanent alignment to the applicable legal and regulatory framework as well as a practice to promote a continuously evolving business environment.

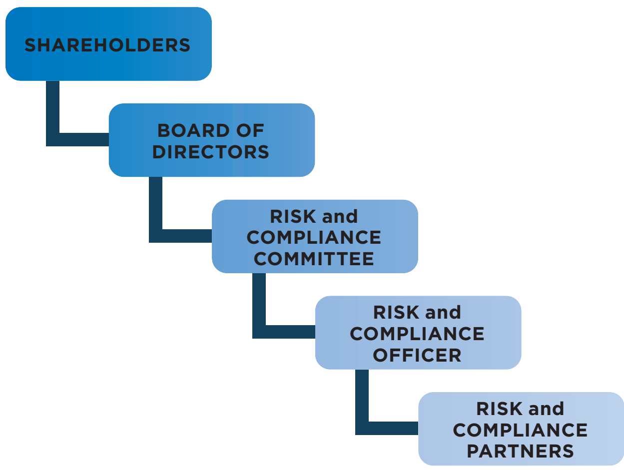
RISK MANAGEMENT STRATEGY AND RISK GOVERNANCE

To ensure the efficient implementation of risk management principles and increase the overall risk-aware culture, the Group focuses its efforts on:

When implementing efficient and sound Risk Management practices, information is key, therefore the Group ensures it is shared and escalated within the business in a transparent manner. To support this, management provides the Risk Management and Compliance Officer, Risk Management and Compliance Committee (the Committee) and Board of Directors with an appropriate level of relevant information, to assess whether current enterprise Risk Management practices are appropriate, facilitating their oversight.

Ensuring the Group's Board of Directors provides oversight of risk management, as well as embedding risk management in strategy and objectives setting, is of paramount importance. Risks are identified and mapped to one or more of the strategic goals. This mapping is revisited annually, once next year's strategy has been set, to facilitate better risk assessment and early impact assessment.

The responsibility for managing risk is shared between management and the Board of Directors assisted by the Committee. The Committee was established to support the Board in exercising oversight over enterprise Risk Management and Compliance processes, ensuring that the Group has implemented an effective approach that will enhance its ability to achieve strategic and business objectives.



The risk management oversight role of the Board and of the Committee is enhanced by the Directors' independence and mix of skills, expertise, and business knowledge. Board oversight (directly or through the Committee) covers scrutinising key management decisions, presenting alternative views, offering sound judgement, challenging organisational biases, acting in cases of wrongdoing. The Board challenges management without assuming the operational role of management.

The detailed responsibilities and duties of the Board and Committee are defined in their respective charters and the Group's Corporate Governance Framework and are presented in the Corporate Governance section of this Annual Report, page 76.

A Risk Management and Compliance Officer, reporting to the Committee, is mandated by the Board of Directors with overseeing compliance and enterprise risk management as a second line of accountability. The Risk Management and Compliance Officer's responsibilities are set forth in its mandate granted by the Board of Directors.

Risk Management & Compliance

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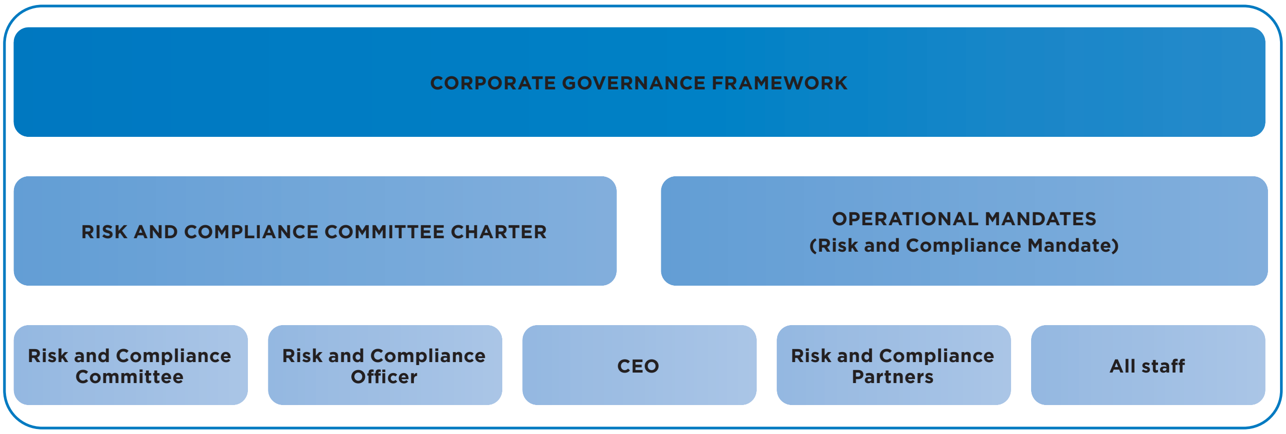

The Board ensures that Risk Management policies and procedures, as well as the Compliance Risk Framework, designed and implemented by the Risk Management and Compliance Officer with the endorsement of the Committee, are:

1. consistent with the Group's strategy and risk appetite; and
2. rely on an enterprise-wide culture that supports appropriate risk awareness, behaviours, and decisions.

The Board will also provide oversight over the implementation of the *General Compliance Policy*, *Code of Ethics*, *Whistleblowing Policy* and overall Risk Management and Compliance system, based on regular reports provided by management, the Risk Management and Compliance Officer and Internal Audit Director.

Management embeds risk management practices into day-to-day operations and ensures that these practices are applied consistently, seeking to (i) build a risk-aware culture, (ii) agree risk management performance targets, (iii) ensure implementation of risk management recommendations and (iv) identify and report incidents, changed circumstances or emerging risks. Based on the risk appetite approved by the Board, management also decides whether to proceed with mitigation strategies and implement contingencies, while the Board directly, and through the Committee, exercises oversight.

Risk and Compliance Partners have been assigned to each area of expertise within the Group, to support the Risk Management and Compliance Officer in identifying and addressing risk triggers. The Risk Partners act as risk ambassadors throughout the Group, being the front office for risk triggers identification. They share their knowledge and expertise, supporting the Risk Management and Compliance Officer in assessing the impact and probability of risk triggers, as well as recommending appropriate mitigation measures to address them.

Every employee has a responsibility to:

1. understand and implement Risk Management processes
2. report inefficient, unnecessary or unworkable Risk Management measures
3. report loss events and near-miss incidents; and
4. cooperate with management on incident investigation

As the Group operates in multiple jurisdictions and has a complex structure comprising a holding and financing entity, operational and management company subsidiaries, the Risk Management and Compliance Officer, in consultation with both management and the Committee has defined a structure of roles and responsibilities at management level, to ensure an effective framework for managing risks for each entity and local jurisdictions it operates in.

In consideration of its power to challenge management on the Risk Management system and based on the reports it receives directly and/or through the Committee, the Board may decide to request independent assurance on the effectiveness of Risk Management processes from external parties (consultants, auditors etc.).

Risk management effectiveness is supported by framework design, operation, monitoring and reporting. Appropriate measures have been implemented so that to ensure such effectiveness:

- the risks associated with the strategy and activities of the Group have been identified and assessed, covering strategic, operational, compliance and reporting risks
- the risk appetite has been defined and needed measures in order to mitigate risks have been implemented
- the risk and compliance management function, as well as the overall internal controls system are in place and effectively operating, while neither significant changes nor major failings occurred during the past financial year
- the material changes in external factors and their impact on the Group's activities have been considered, assessed and monitored, while tailored action plans have been defined with the support of the management, periodically monitored and reported
- the Risk Management and Compliance Officer reports quarterly to the Committee on the evolution of monitored risks and provides a highlight of emerging ones. The Risk Management and Compliance Officer also reports on the overall performance of the Risk Management and Compliance function and may raise any significant trigger risking to

impact Group operations and/or the overall internal control environment

The Group confirms that:

1. this report provides sufficient insights (including if there would have been any failings in the effectiveness of the internal risk management and control systems with regard to internal and external risks), as well as material shortcomings that have been identified and material risks which the company may face, i.e., strategic, operational, compliance and reporting risks, in the consideration of approved risk appetite limits;
2. the most relevant risk triggers the Group encountered in 2023, were all in line with approved Group risk appetite limits, associated business impact and mitigating actions. The occurrence and criticality of these risks were reassessed quarterly and reported to the Risk and Compliance Committee;
3. the internal risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies. NEPI Rockcastle implemented adequate internal controls and review processes, such as a financial reporting calendar and routines, checks and balances in the reporting process, monthly reconciliation and budget versus actual review, quarterly review of the financial statements and results by the Audit Committee.
4. this report includes the material risks, respectively strategic, operational, compliance and reporting risks, as well as the uncertainties, to the extent that they are relevant to the expectation of the Group's continuity for the period of twelve months after the preparation of the report, whereas the overall net risk levels, calculated based on Group's approved risk management methodology, are in line with the approved risk appetite limits and consistent with Group's strategic objectives; and
5. considering current position of the Group, it is appropriate to prepare its financial statements on a going concern basis. Having considered the potential impact of the geo-political conflictual context and the overall macroeconomic environment on the Company's and the wider NEPI Rockcastle Group revenues, profits, cash flows, operations, liquidity position and debt, management concluded that despite the disruptive market events that continued to favour such circumstances during 2023 and subsequent to the year-end, as well as in the consideration of the above mentioned risk categories and approved Group risk appetite, there are no material uncertainties relating to the Group's ability to continue as a going concern.

No major failings in the internal controls system or risk management approach were identified by management in 2023.

RISK MANAGEMENT FRAMEWORK

RISK MANAGEMENT POLICY	• increased risk awareness throughout the Group; • risk strategy and risk culture; • specific responsibilities within the risk management process; and • guidance for management functions to identify, assess and control risks within their areas of responsibility.
RISK APPETITE STATEMENT	• types and amount of risk the Group is willing to take in the context of creating, preserving and realising value; and • rules and principles to be considered in risks undertaking, to maintain alignment to risk appetite.
CRISIS MANAGEMENT AND BUSINESS CONTINUITY FRAMEWORK	• guidance for incident management, to minimise risks and ensure health and safety of personnel, integrity of assets and availability of data; and • rules to handle incidents that interrupt normal operating procedures, to avoid escalation to crisis threatening to have a severe negative impact on Group's financial results, brand, reputation, its relationship with employees, customers and suppliers.
BUSINESS CONTINUITY PLAN	• clear responsibilities and specific workflow during a crisis, to timely resume or restore business operations; • priorities and solutions to address disruptive threats; and • based on the threat and risks analysis, business impact analysis and continuity requirements.

RISK APPETITE

NEPI Rockcastle closely monitors risks with a potential impact on strategic goals, assessed in accordance with the risk evaluation methodology. The Group considers in its periodic assessment risk triggers such as fluctuations in the Group's financial results, changes in political, social, legal, regulatory or economic conditions, inflation, interest rates, fluctuation in exchange rates, deflation, the Group's ability to successfully implement business strategies, future investments and acquisitions, competition.

The Group has developed and approved criteria defining its risk appetite regarding critical activities creating, preserving and realising value. Such critical activities, processes and topics include asset management, leasing, investments, tax structure management, treasury operations, tenant relationship, data privacy, human resources, Know-Your-Partner process.

The Group has set the following financing related targets to ensure risks are managed properly:

- a weighted average debt maturity of at least three years at any given time
- at least 70% of property portfolio should be unencumbered; and
- LTV ratio below 35% (maximum 40% in the short-term)

NEPI Rockcastle has zero tolerance towards risks related to:

- health and safety (for example structural integrity of properties, fire security, serious pollution)
- fraud and corruption
- doing business with clients/partners not carrying out legal and legitimate activities or rejecting transparency
- money laundering and terrorism financing
- serious violation of the Code of Ethics by employees, collaborators or Directors
- damage to reputation materially affecting its ability to attract funding, personnel or relationships with business partners
- non-compliance with material regulatory requirements (for example competition, data privacy)
- exposing the Group and its employees, collaborators or Directors to any criminal liability
- non-compliance with financial reporting standards
- any practices presenting a risk of market abuse as defined by the rules and regulations of the markets where the Group's debt or equity instruments are trading

The Group defines its risk appetite for each material area as follows:

Data Privacy. The Group has zero tolerance towards (i) material regulatory non-compliance, significantly affecting data subjects' rights and liberties; (ii) intrusive, disproportionate or unlawful data processing; (iii) personnel misconduct leading to material reputational and/or financial consequences for the Group.

Taxation. The Group has a low risk tolerance to matters which may trigger in the future a risk of interpretation by the tax authorities as being non-compliant with applicable laws. In this respect, the Group (i) is continuously monitoring the tax legislative developments as well as the European Court of Justice cases on the abuse of EU law, (ii) has a prudent approach on its tax structure and ensures that the Group companies are economically embedded within the structure and are equipped with sufficient functions and activities.

Treasury operations. The Group has a very limited appetite towards investments in listed securities and any actions in respect of listed securities portfolio are taken based on the decision of Investment Committee.

Acquisitions. The Group does not invest in properties that do not fulfil cumulatively specific pre-set criteria, such as country risk, positioning, demographics, GLA, quality, profile of tenants etc.

Construction works. The Group has (i) zero tolerance to any risk that would compromise safety on the construction site and later on during the exploitation of the property; (ii) zero tolerance to using construction materials, installations and equipment that are not fully compliant with applicable laws and regulations and/or that dangerous for the workers, staff or visitors; (iii) very limited tolerance towards making savings in the development budget if by doing so it creates a risk of compromising the quality of the property, while at all times and in any circumstances the safety of property and people should not be at risk; (iv) zero tolerance to starting development works based on non-compliant or incomplete planning or permitting approvals to works that require additional costs in absence of appropriate approvals.

Tenants. The Group has a low appetite towards (i) making compromises to the overall tenants mix quality, accepted only on a short-term basis and in exceptional situations, determined by the social-economic environment, usually triggered by emergency episodes (such as pandemic, calamities etc.) or local/regional particular context; (ii) tenants with a track record of not paying their debts; (iii) accepting tenants that cannot provide adequate creditworthiness documentation. To this end, detailed creditworthiness reviews are performed before signing lease agreements and all tenants are required to provide guarantees, covering rent and operating costs, based on exposure.

Political environment. The Group has (i) a low appetite towards extending its portfolio in jurisdictions that could determine uncertainty and/or delays in executing the Group's strategy; (ii) zero tolerance towards any request or initiative of financial support (sponsorship, donation, any other in-kind benefits etc.) to any political party and/or politically exposed person, as well as to involvement in political issues of the countries where it is present.

IT infrastructure. The Group does not accept (i) operating without having a backup of the Company data material for the operation of its business and disaster recovery of critical IT infrastructure; (ii) risks that would materially impair the reliability of the Group's IT infrastructure; (iii) operating without having in place measures and processes designed to prevent/pro-actively preventing any form of cyber-attacks such as spam, phishing, malware, ransomware campaigns.

Management of the Group's assets. The Group (i) does not accept impairing the state and condition of its properties for the sake of short-term income increase or cost savings; (ii) has a very low appetite towards compromising the long-term prospects and the sustainability of the property for short-terms gains; (iii) accepts the risk of failure in respect of innovative initiatives such as PropTech, retail transformation, etc. as long as the financial impact is within budget and there is no other material impact such as on reputation, non-compliance or health and safety.

Know-your-client/partner. The Group's policy is to work only with clients/partners who carry out legal and legitimate activities and maintain business transparency. The know-your-partner/client process focuses on the assessment of the identity of clients/partners, as well as of their potential involvement in acts of corruption, fraud, terrorism financing, money laundering. The Group's risk assessment methodology is supported by a risk-based approach, which involves the use of evidence-based decision-making to target the risks of money laundering and terrorism financing.

The end-to-end Know Your Customer/Partner Process has been automated, based on the eligibility criteria and risk matrix as defined in the Group Know Your Client/ Partner Procedure.

Competition. According to the Risk Appetite Statement, the Group has zero-tolerance towards risks related to non-compliance with material regulatory requirements concerning competition. Therefore, the Group is committed to high standards of ethical, moral and legal business conduct, as well as to observing antitrust laws promoting free and open competition in the marketplace. Anticompetitive practices are, as a rule, prohibited. An anticompetitive practice is a conduct which severely prevents, restricts, distorts or otherwise affects the competition on the market.

The Group deploys periodical training and awareness campaigns, therefore a dedicated competition compliance program has been implemented at Group level to help collaborators and employees identify such sensitive aspects of their current activity. The competition compliance training sessions focused on general legal requirements in competition area, accepted and unaccepted competitive practices, examples of behaviours that might occur in the daily activities, rules to be observed during potential competition authorities' investigations.

Also, as part of Group's ongoing efforts (i) to enable a unitary approach and common practices at Group level, (ii) to obtain the comfort that tenders follow an ethical, anti-money laundry, anti-corruption and anti-collusion wise process, as well as (iii) to ensure a fair competition between the participants to the tender process and to keep Group entities safe from litigation risk, sanction and/or reputational risks and financial losses, a standard tender process and specific documentation have been implemented and are reviewed periodically.

During normal course of business, all employees/ collaborators of the Group have the obligation and the responsibility to ensure that their actions do not infringe competition compliance rules and requirements.

PHOTO: SHOPPING CITY BUZAU

When determining the risk appetite for a particular risk that does not fall into the zero-tolerance category, the capacity of the Group to absorb the risk in the pursuit of its strategy and business objectives shall be considered, as well as the Group's tolerance. The tolerance represents the acceptable variation in performance in relation to the targets, as they are defined by the Group strategy and further on cascaded based on specific performance indicators per area of activity and per individuals.

Exceptions to risk appetite are extremely rare and always follow the escalation process, while risk undertaking is transparently embedded in the decision-making process.

RISK MANAGEMENT PROCESS AND RESPONSIBILITIES

Before implementing adequate mitigation measures, it is crucial to assess the probability and impact of each risk in relation to the cost of mitigation. Additionally, the Group's risk appetite plays a significant role in decision-making.

For significant risks, a contingency plan is essential. This plan outlines a series of activities that should be executed either before the event occurs or when it happens. These plans serve two critical purposes:

- Mitigation: Contingency plans help manage risks by providing a structured approach to addressing them. They outline specific actions to minimise the impact of adverse events
- Monitoring and Evaluation: Properly executed contingency plans allow for ongoing monitoring of risk treatment progress. They also facilitate the evaluation of residual risk, ensuring that any remaining risk is within acceptable limits

RISK IDENTIFICATION

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GROSS RISK ASSESSMENT

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RISK MITIGATION

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NET RISK ASSESSMENT

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RISK TRACKING AND REPORTING

RISK CONTINGENCY PLANNING, AWARENESS AND TRAINING PROGRAMS

PHOTO: BONARKA CITY CENTER

Risk awareness is essential for all employees. It involves understanding what constitutes a threat and being attuned to specific events or factors that could potentially impact the Group. This heightened awareness enables effective risk identification.

Management plays a critical role in this process. They identify and meticulously document key assessed risks in a Risk Register. Additionally, any emerging risk factors or events are promptly brought to the attention of the Risk Management and Compliance Officer, the Committee and the Board, where appropriate.

In the process of identifying, assessing, responding to and reporting on risks, the Group uses dedicated tools:

Risk Register	Risk Heat Map	Risk and Incidents Reports	Incident and Crisis Management Framework	Business Continuity Arrangements
an automated and auditable inventory that lists the risks identified as relevant and that may impact the achievement of strategy and business objectives, subject to revision on a quarterly basis with the support and active involvement of Risk and Compliance Partners.	developed based on the probability, impact and a combination thereto to assess the severity of the risks, while aligning to existing social-economic context and business strategical trends.	summarising risks and specific incidents monitored by management and reported to the Risk and Compliance Committee together with proposed/ implemented mitigation measures.	specific guidelines to distinguish between incidents and crisis potentially affecting information security, physical security, information systems continuity, personal data integrity and availability, while ensuring personnel health and safety and integrity of assets.	setting clear responsibilities and specific actionable plans applicable in case of crisis, meant to timely resume or restore business operations after disruptive events.

Crisis Communication Management

- set-up a framework to streamline immediate crisis detection, decision-making and response processes
- guidelines to communicate key messages in the context of a communication crisis situation
- a standardised approach as to how personnel should respond in terms of communication in the event of a crisis
- concrete and detailed split of responsibility among stakeholders

Personnel is aware of what constitutes a threat and is sensitive to specific events or factors that could potentially impact the Group. Risk identification consists of determining which threats are likely to affect the Group, therefore risks are documented and monitored through the Risk Register, and reported quarterly to the Committee.

Employees are trained to report incidents of malfunction, suspicious activities, threats or weaknesses potentially affecting health and safety, information security, physical security, information systems continuity, privacy or other relevant areas. If a crisis occurs, the crisis management team will respond according to the *Incident and Crisis Management Policy*, following key principles such as:

- place the highest priority on people safety: employees, clients, visitors, partners, emergency responders and community members, as best practice proves that personnel are more likely to co-operate with the extra demands during a disruptive incident, if their welfare needs are met
- ensure the integrity and safety of property goods and tenants' products for sale
- protect assets and ensure continuity of business processes
- maintain a strong brand reputation
- make decisions and take actions that are consistent with the Group's core values
- comply with all applicable national and international laws, rules and regulations
- make public disclosures that are full, fair, accurate, timely and understandable, regarding the impact of the crisis on Group's facilities, associates, customers, operations and communities
- consider all stakeholders and share relevant information with them, in a timely manner

Senior management is responsible for the design and implementation of effective crisis management strategy, plans, processes and organisation. The Group sets up a Crisis Management Team (CMT), to manage major events and those categorised as crisis. The composition of the CMT and response depend on the scope, nature and (potential) impact. The CMT is authorised to mobilise all internal and external resources that it deems necessary to manage a crisis. External resources include, but are not limited to, law firms, technicians, consultants, public relations companies, third-party logistics, employee assistance providers, etc.

The CMT is accountable for the Group's response to a crisis and for addressing the concerns of staff and key stakeholders, for example NEPI Rockcastle's leadership, investors, key customers, suppliers and government officials.

Risk Management & Compliance

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COMPLIANCE AND RISK MANAGEMENT IN 2023

Key activities performed to enhance compliance and risk management

During 2023, the Group conducted a periodic internal review of the **enterprise Risk Management and Compliance Management system**. As part of this review, the Risk Management and Compliance Framework underwent amendments to ensure a tailored approach to risk assessment and mitigation.
These amendments and overall efforts focused on the review and enhancement of the operation of the internal risk management and control systems, particularly on the following directions:

- testing business continuity arrangements and reviewing the incident and crisis management framework
- training and awareness programmes for all staff, focusing mainly on prevention of corruption, gifts policy, whistleblowing rules and channels, competition law requirements, business continuity essentials and conduct rules
- induction training handbook for new joiners revised to accommodate business continuity related topics and rules on incidents and crisis identification and handling
- definition of specific controls and segregation of duties rules to be embedded in business processes and supporting technology (e.g., optimised leasing process, redesigned Group procurement processes)
- improving the Group Know your Client/Partner Process and assessment tools, in order to optimise data quality and improve monitoring processes
- increasing efficiency of the partnership between Risk Management, Compliance Officer and Risk Partners in order to optimise risk triggers collection and mitigation
- embedding compliance and risk management in key Group projects, especially in the digital transformation and process automation initiatives
- ensuring a more efficient and transparent sponsorship and donation process
- optimise gift vouchers handling process, embedding adequate controls, clear responsibilities split and monitoring framework

The Group **business impact assessment** methodology and the **business continuity arrangements followed the usual annual review process**.

The analysis covered all processes and subprocess, especially new ones, interdependencies between areas and departments, resources, people, assets and suppliers' availability, critical systems and flows. Processes and subprocesses are aligned to top risks, while hypothetical disruptions in critical processes are assessed based on a risk matrix, designed to consider the potential financial impact, as well as the impact on partners, operations, legal/regulatory obligations and reputation exposure of the Group.

A dedicated training and awareness program has been developed for senior management, Risk & Compliance partners and all staff, aiming to increase crisis risk culture, responsiveness and adaptability to incidents and crisis management.

Monitoring the effectiveness of risk management and internal controls system

As part of its ongoing monitoring and enhancement efforts in the area of internal risk management operation and internal controls efficiency, the Group focused in 2023 on the development of:

- the internal regulatory framework
- optimisation and digitalisation of business and support processes, while embedding adequate controls
- testing of its business continuity arrangements
- training and awareness programs
- intensifying collaboration with risk and compliance partners
- interaction of the 2nd and 3rd levels of internal control system

Following a Group-wide fraud and criminal corporate liability risk assessment, the Risk Management and Compliance Officer monitored closely the status of action plans and reported the progress to the Committee on a quarterly basis. The assessment is performed and updated at least annually, based on most relevant fraud risk scenarios and a risk-based approach, where probability and impact are assessed both as gross and net values, i.e., before and after mitigation.

PHOTO: PLOIESTI SHOPPING CITY

Following such assessment, the Company derives the priorities for the following year in terms of key risk areas and expected mitigation effort. General measures, such as increased awareness and training, policy development and periodic updates, revision of job descriptions are derived and prioritised.

The Risk Management and Compliance Officer sets general priorities and key focus areas for the following year, which are included in the Compliance Program, and progress is reported quarterly to the Committee.

The risk management and compliance key priority areas for 2023 are detailed below:

BUSINESS CONDUCT (INTRA-GROUP AND IN RELATION TO EXTERNAL PARTNERS)

- Unethical conduct
- Gifts policy
- Conflict of interests
- Financial Statements and Reporting Fraud
- Sponsorships and donations
- Whistleblowing
- Competition and fair practices

OPERATIONS AND PROCESSES

- Inadequate/insufficient controls
- Know Your Client/Partner process, money-laundering and financing of terrorism
- Information security
- Data Storage
- Transfer Pricing
- Data privacy
- Procurement process management
- Leasing process
- Business continuity

CONTEXTUAL RISK RESPONSE PLAN

- Regional conflictual contexts
- Energy crisis
- Crisis communication management

In addition to ad-hoc meetings that are held whenever needed to consider special matters, to enhance the effectiveness of the risk management process, the **Risk and Compliance Committee** is convening on a quarterly basis. Any incidents and matters which are relevant in determining the level of the effectiveness of the Group's risk management are raised by management, through the Risk and Compliance Officer, to the Committee. Ultimately, the Internal Audit function, as the third line of defence in the internal controls system, assesses the effectiveness of risk management carried out by the first two lines of defence, i.e., compliance and risk management and business management.

Any significant incidents, misalignments between the decision, actions and activities of the Group and its risk appetite or ineffective processes or controls were addressed through appropriate measures, such as revision of existing or implementation of additional policies or procedures.

Training and awareness programs have been organised for new joiners and all staff during 2023, supporting implementation of the new policies and procedures, reminding of Compliance and Risk Management essentials, aiming to raise risk awareness and developing a proactive risk aware culture among Group personnel. Regular posts on internal communication platform covered ethical conduct, gifts policy, whistleblowing values and available channels, and encouraged the Company's tone at the top and speak-up culture. Awareness campaigns on ethics and anti-corruption practices were organised to cover also Group partners, clients and suppliers.

To ensure transparent communication is part of an efficient Risk Management process, **regular alignment workshops** continued in 2023 between functions responsible for the second line of defence (Risk Management and Compliance) and the third line of defence (Internal Audit), promoting an aligned Group-wide approach to preventing risk exposure and increasing the efficiency of overall Risk Management practices. To ensure that strategy and business goals were considered when setting and adjusting the Risk Management system, as well as to enhance the tone at the top culture, **periodical consultations** focusing on projects and initiatives, process optimisation, potential risks and mitigation factors, especially in the context of a changeable socio-economic environment requiring fast strategic decisions and an adaptable risk management approach, continued, between the Risk Management and Compliance Officer, Chief Executive Officer, Chief Financial Officer, Internal Audit Director and Group Legal Counsel, all permanent guests in the Risk & Compliance Committee.

The **Business Continuity Plan** has been successfully tested in 2023, followed by the regular awareness training for Group personnel, as well as dedicated awareness workshops for senior management members and Risk & Compliance partners. Awareness and training, tone from the top promoting a risk culture, timely communication, remain key success factors for an efficient business continuity system management, especially in the current political and economic context. Learning from recent crisis episodes (e.g., pandemics, regional conflicts, energy crisis) where timely reaction proved to be crucial, the Group continued to closely monitor the overall geo-political and economic landscape, while preserving business continuity and agility to react where immediate action is needed. Throughout the difficult and complex context that extended to 2023, the Group's focus has always been to preserve people safety, assets protection, processes continuity, functional partnerships with tenants and suppliers, successful and transparent internal and external communication.

The Group corporate governance framework has been reviewed and adjusted to align to the evolving and demanding legal and regulatory environment, as well as to support the dynamic of internal business optimisation projects and initiatives.

Risk management, Compliance and Internal Audit are involved in Group optimisation and digital transformation projects so that they may recommend the most efficient control approach. Furthermore, Compliance validates all policies and procedures, and ensures coordination of the internal methodological process, enabling it to recommend needed controls and raise potential concerns in a timely manner.

The Risk Management and Compliance Officer ensures all policies and procedures are available to all employees on Group's intranet and are regularly consulted. Relevant changes are shared by the means of internal communication channels, so that all Group existing personnel as well as new joiners may easily become familiar with the internal regulatory framework updates. The Risk Management and Compliance Officer offers guidance and advice to all staff regarding their roles and responsibilities.

Management assesses the risks of material misstatements in the financial statements due to fraud, by continuous evaluation of the design and relevant aspects of the system of internal controls, as well as among others the code of ethics and whistleblowing procedure. Mitigation of the risk of material misstatements in the financial statements is achieved through:

- Implementation of a financial reporting calendar, as well as relevant internal controls, routines, checks and balances in the reporting process
- Ensuring an appropriately sised and experienced finance and reporting team
- Reconciling on a monthly basis, budget and forecast numbers to actuals, with quarterly review performed by the Audit Committee
- Audit Committee's review of significant management estimates and accounting policies
- Development of a single integrated, secure and performant IT architecture for ERP, Budget and Forecasting, Leasing, Procure-to-Pay, Master Data Management and Group Financial and Operational Reporting, delivering digital capability for end-to-end business management
- Periodic internal and external auditors' review

The Group implemented a comprehensive Procurement Policy and a supplier due diligence process, to ensure that responsible purchasing is conducted and that procurement decisions are in the best interest of the Company. Responsible purchasing is aimed at Group level through:

- implementation of sound policies, promoting objectivity and transparency throughout the procurement processes and monitoring of compliance thereto
- implementation of aligned requirements and controls in property management/project management contracts, to ensure that the same principles are applied by outsourced property and project managers
- design of a detailed supplier risk assessment and due diligence, including suppliers green assessment
- win-win partnerships with some Group suppliers, based on sustainable business practices, where the Group and its suppliers may thrive and grow

The Group rolled out a Leasing Policy, to ensure that tenant relationships are managed with professionalism and at high standards across the Group, and that internal controls are implemented, fostering transparency and enabling the achievement of the Company's objectives. A risk assessment and due diligence process are applied when onboarding new tenants and periodical revisions are performed thereafter.

The Board is responsible for the governance and ongoing oversight of internal controls, including information and technology. The Board confirms that processes exist ensuring timely, relevant, accurate and accessible reporting, communication and data storage. To this end, the Board ensures that the Group's IT processes and systems are integrated with the overall business strategy and objectives, monitoring that:

- processes, people and information technology are integrated seamlessly across the Group
- hard and soft infrastructure supports the achievement of the Group's strategy
- proper arrangements are implemented for business continuity and disaster recovery
- proper security measures have been implemented to ensure that confidential data is safeguarded and easily accessible, while complying with the relevant cybersecurity, data protection or other applicable laws and regulations
- proper investments in information technology are made with a view to enable the above

The Board has delegated the responsibility for IT and security to the CEO through the Operational Mandate and the CEO has further cascaded these to the Group Technology Director. Where IT processes are outsourced to third-party service providers, these are governed by service level agreements, with compliance monitored by management.

Appropriate IT security and business continuity management policies have been developed and implemented across the Group.

NEPI Rockcastle demonstrates a strong commitment to cybersecurity. By implementing extensive measures, they aim to safeguard against material data breaches, information leakage, and the loss of critical data.

The Group continued in 2023 its cybersecurity programme, focused on awareness, prevention (through regular training programs for all employees at least on an annual basis) and security by design. The Group implemented and communicated a clear escalation mechanism where any suspected attack can be reported and analysed. The 2023 awareness and prevention program focused on training programs for all employees meant to raise awareness of emerging security threats, key vulnerabilities, Company's policies, procedures and support functions. The Group was the target of cybersecurity attacks during the year, while none had serious consequences due to the safeguards implemented. No attack led to either a significant leakage, loss of personal data and business secrets, or to unavailability of technology and business interruptions in the three years preceding this report date.

With a focus to enhance internal controls, increase efficiency, transparency and traceability, and to operate in a paperless environment (to the extent possible and within current legal constraints in various jurisdictions), the Group has been working on digitalisation and process automation tools across various areas and processes, as a medium-term strategic priority.

The Group implemented and periodically reviews the General Compliance Policy aiming to guide compliance by: (i) setting a clear compliance framework; (ii) promoting consistent, rigorous and comprehensive practices throughout the Group; and (iii) stimulating a culture of compliance, including ethics and integrity.

The Compliance function covers the following responsibilities at Group level:

- advisory: counsels all management levels and personnel on compliance with laws, rules and standards, including keeping them informed on legislative developments and emerging exposure
- education: assists senior management in educating staff on compliance issues
- identification, measurement and assessment of compliance risks: evaluates the compliance risks associated with business activities, including the development of new business practices and new partnerships
- monitoring, testing and reporting: periodically assesses compliance and monitors risks in all jurisdictions and emerging legislation

The Board and the Committee monitored the compliance management system structured on three pillars: (i) build awareness and enable prevention; (ii) deploy sufficient detection and investigation mechanisms; and (iii) implement appropriate response, mitigation and consequence management.

PHOTO: PARADISE CENTER

The Group Risk and Compliance Officer has the following responsibilities:

1. assist the Board of Directors, Risk and Compliance Committee and management in fulfilling their respective risk and compliance responsibilities;
2. set ongoing enterprise risk and compliance management practices suitable for the Group's needs;
3. build and maintain relationships with those responsible for managing risks throughout the Group;
4. report on incidents and severe risks to the CEO and Risk and Compliance Committee;
5. propose, based on the relevant input from management, changes to the Group's risk appetite;
6. develop and periodically review the compliance and risk management framework, methodology and operational processes at Group level, seeking to prevent Group exposure to excessive risks;
7. set the annual Compliance Programme and report periodically to the Risk and Compliance Committee, on the risk and compliance management status;
8. advise about the impact of legal and regulatory changes, as well the best practices and legislative trends;
9. ensure deployment of training and awareness programmes for Group personnel, on a risk-based approach, aiming to develop the risk management culture; and
10. perform periodical compliance checks seeking to ensure that the implemented processes are aligned to the internal and legal framework, as well as that the appropriate controls are in place in order to prevent compliance risk to materialise.

NEPI Rockcastle implemented privacy policies and procedures across the Group, based on a zero tolerance to major information loss or leakage, and these are deployed and monitored by an experienced Data Protection Officer. The Group's approach to privacy includes:

- embedding privacy-by-design principle in core processes
- embedding data privacy clauses in supplier and customer contracts
- providing clear and relevant information to all data subjects regarding their rights and the coordination of processing;
- making sure that data is processed only for the purpose it has been collected
- following the data minimisation principle, as well as the applicable data retention periods
- properly protecting personal data from loss or unauthorised access

No breach resulting in a major leakage, loss or unavailability of personal data occurred in 2023.

The Group's policies and procedures are available to all employees in a shared location, promoted on internal communication channels and periodically acknowledged by the Group personnel. Training and awareness programmes are regularly organised, at least on an annual basis, as further described in the Risk and Compliance section of this annual report, page 104.

Operational compliance is monitored for all companies in the Group and reported to the Risk and Compliance Committee on a quarterly basis. The Group would disclose in the Annual Report if it were to incur material or repeated regulatory penalties, sanctions or fines for breaches of, or non-compliance with, statutory obligations. At the date of this report, there were no material regulatory penalties, sanctions or fines for breach or non-compliance with statutory obligations imposed on Group companies or any of its Directors or officers.

Considering that the Group operates in many countries, through its activities or commercial campaigns and projects it carries out, and in line with the intention to bring more transparency to business processes and clarity on the responsibility split, the sponsorship & donations process has been formalised in a policy and needed controls adequately embedded. An important aspect of Group's commitment to responsible corporate behaviour is to exercise social responsibility through donations and sponsorships wherever it operates. The Group aims to ensure any donation, sponsorship and related funding fully comply with applicable laws, its business ethics principles, as stated in its Code of Ethics, and cannot be perceived by a third party to be for the purpose of corruption.

Sponsorships and donations are part of the Group Corporate and Social Responsibility strategy, and more details are included in pillar 2 of the Sustainability Report, page 150.

In order to efficiently manage operational risk, fraud risk and financial losses, NEPI Rockcastle assesses periodically the way existing and optimised activities, processes and flows are documented and relevant controls are embedded therein. Where the need, process steps, rules and responsibilities are mapped and documented in detail in dedicated internal policies and procedures which are further on implemented and supported by training and awareness campaigns in focus groups.

PLANNED AREAS OF FUTURE FOCUS

Annually, the Risk Management and Compliance Officer performs a risk assessment, to determine the focus areas for the following year and whether there is a need to update the Group internal regulatory framework and refine the Annual Compliance Program.

Considering the instability of the general geo-political landscape, the reasonable concerns regarding inflation ratio and price increase in services and goods sectors, as well as overall unpredictability in most essential areas of interest, the Group decides to concentrate in 2024 on the following key areas:

- increase knowledge and awareness of the risk management culture and particularly crisis management culture
- embed business continuity in all core processes, as well as take a "by design" approach in all projects and initiatives
- avoid unethical practices and encourage partners to act alike

- support core processes of Group-wide uniformisation and digital transformation
- ensure adequate segregation of responsibilities and controls are embedded in the new and revised processes
- increase awareness of money laundering and terrorism financing triggers

Embedding risk management in strategy and business objectives setting as well as in the execution process, is key to successful and effective enterprise risk management, so this goal remains a top priority for the Group. As such, the digitalisation and automation of core processes, accommodating internal controls, segregated roles and action rules, as well as documentation of relevant processes and flows in internal policies and procedures will remain a priority in 2024.

Data governance continues to be a priority also in 2024, aiming to improve the overall data management: ownership responsibilities, storage and archiving rules, adequate labelling and access controls embedded in business processes, monitoring and continuous improvement, partnership with specialised companies in physical storage management in order to safeguard integrity, security and confidentiality of data and information. Such implementation, requiring significant financial and human resources, aims to prevent risk exposure of the Group entities to financial and reputational loss, and to protect the assets of the Group and of its partners.

Information technology and cybersecurity have continued to undergo material mitigation in 2023, managing to address efficiently and significantly most relevant concerns and vulnerabilities. Proper controls and validations have been embedded in the business process to enable centralised decision making for IT software and hardware projects, appoint a dedicated legal partner for IT-related contractual arrangements and enable extended risk assessment of outsourced services as well as used software and systems. This area will remain a focus in 2024, especially (i) the redesign of shopping centres' network infrastructure, given the associated risk exposure to financial and reputational losses triggered by potential incidents, data breaches, impact on Group confidential information and individuals' data, (ii) the implementation of additional tools and features meant to harden existing security defensive environment, as well as (iii) the training an awareness programs intended to increase knowledge and develop detection skills for Group personnel enabling easy identification of unusual conduct targeting to compromise data and information security or integrity.

Increasing risk awareness and encouraging a more proactive instead of reactive risk management culture among Group personnel will remain of utmost importance and will be included on the agenda of the Risk Management and Compliance Officer, the Committee, and the management team for the next years, as a critical success factor in achieving Group's strategic and business objectives. Also, crisis management culture is of particular interest, and employees will be trained to react appropriately when facing a crisis, as this might not only save lives but also increase the efficiency of remedial actions.

Training and awareness programmes remain a focus. Onboarding and annual campaigns are organised for all staff and Directors. Regular awareness campaigns will continue for staff and third-party partners (suppliers and tenants), encouraging them to express legitimate concerns regarding how NEPI Rockcastle's personnel perform their duties and approach them.

KEY RISK AREAS

Unexpected significant developments in the political, economic, financial, regulatory, geopolitical, social or health environments in the jurisdictions the Group operates, may have an impact on Group's assets, financial results, distribution policy, development and extension initiatives and investment/divestment approach.

Key strategic directions are periodically reassessed, ensuring identified risks are aligned to moving business objectives, while adequately and efficiently addressing potential negative impact on Group's activities or correctly weighing the potential opportunities.

Key strategic directions	
Pillar 1 – Growth	
	Preserve a high-quality portfolio of dominant assets
	Delivering on development pipeline, positively contributing to the property portfolio and income generation
	Expanding and strengthening the portfolio Net Operating Income
Pillar 2 – Sustainability	
	Foster a strong financial discipline, including adequate liquidity, conservative LTV, and a diverse debt structure, to support growth directions
	Focus on ESG, to deliver on sustainable and responsible growth

The Group expresses its openness to disclosing relevant information on significant events that could challenge its risk management framework and/or the key mitigating actions, while reasonably preserving information sensitivity and observing confidentiality.

In the risk assessments performed in 2023, the Group focused on the following risk triggers:

- overall economic context (gas/oil crisis, utilities cost increase, inflation ratio escalation, increased prices of goods and services)
- disruption to global supply chains
- potential utilities unavailability causing business interruption
- downsides of caps on energy prices (disturb financial markets' stability, limits on supply etc.)
- potential escalation of overall geo-political landscape

Dedicated action planning followed the risk assessment and relevant measures were implemented to mitigate identified risks.

The key risk areas listed below include the most relevant risk triggers the Group encounters, associated business impact and mitigating actions, as well as anticipated trends. This is not an exhaustive inventory, but instead includes the most relevant ones to the Company's ecosystem. Additional risk factors have not been reflected, despite being monitored, as their occurrence is not likely or their impact significant across the portfolio:

Risk description	Strategic goal impacted	Business impact	Key mitigating actions	Stakeholders impacted
Strategy cluster				
Strategic risks emerge primarily from the critical decisions made by executive management while implementing the business strategy. These decisions must navigate the ever-changing landscape of politics, economics, and social environment. Essentially, strategic risks pose a threat to the Group's ability to achieve its business plan and core corporate objectives, and may even jeopardise the Group's going concern. The Group faces challenges in executing its investments and divestments policy precisely when market conditions are most favorable. Unforeseen fluctuations in real estate, financial markets, and capital markets can disrupt these plans. Adverse market movements have the potential to impact the Group's portfolio value, financial position, liquidity, operating income, and future prospects.				
Limited new capital		Limitations on new capital injection, shortage of financing or re-financing at acceptable cost, adverse changes in macroeconomic conditions or the Group's performance may lead to a rating downgrade and/or unavailability of capital, inability to fund property investments or development program, increased cost of finance.	Cash flow management is performed daily and forecasts for the next year are updated several times a year. Other measures: Spread of sources and maturity of revolving credit facilities, committed but undrawn facilities maintained, continuing and extensive capital market and bank relationship management by the CFO and CEO.	Shareholders Financing partners Employees
Delays in execution of assets rotation strategy		Due to current circumstances (high interest rates, lack of liquidity in the market, many players being pressured to divest for different reasons), divestment process may be hindered by the lack of sufficient pool of buyers and risk of not achieving a pricing that reflects the value of the asset.	The Group is not in the position to be forced to divest assets and the decisions on disposals are driven by strategic considerations and opportunity. Alternative options are available to the Group (several scenarios of disposal, depending on market attractiveness), decisions being made with a view to maximise shareholders value on the long-term. A strong business disposal policy is in place, setting out a structured framework used in decision-making process for disposals. Every decision is approved by the Board and the Board monitors on a quarterly basis compliance and performance.	Shareholders Financing partners
Finance cluster				
The Group constantly monitors its exposure to various financial risks, including interest rate volatility, liquidity, foreign exchange rates, equity markets. Applicable management policies guide these risk management efforts. The Group pays close attention to managing the inherent financial risks of its activity and to the financial instruments it uses. The Group's policy on credit, liquidity, and market risks, including currency and interest rate, as well as the management of those risks, are disclosed in notes 3 and 5 to the financial statements. The Group is subject to various tax regimes in the countries where it operates. In some jurisdictions, there is an increasing burden from compliance and regulatory requirements, as well as a certain degree of unpredictability, which can lead to lower performance.				

Risk description	Strategic goal impacted	Business impact	Key mitigating actions	Stakeholders impacted
Investors demand decrease		Decrease in investor demand for real estate, impacting the NAV and putting pressure on bank covenants.	Owning a portfolio of prime properties diversified across CEE jurisdictions, maintaining strong compliance with financial covenants and performing active asset management is expected to mitigate the severity of the impact on the Group.	Shareholders Financing partners
Liquidity risk		The Group might not be able to meet its financial obligations as they fall due.	NEPI Rockcastle is committed to maintaining its conservative LTV level and a robust liquidity. Company's approach to managing this risk ensures, as far as possible, it will always have enough liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. To ensure this approach is enabled, management prepares budgets, cash flow analyses and forecasts, which enable the Directors to assess the level of financing required for future periods. Budgets and projections are used to assess any future potential investments and are compared to existing funds held on deposit to evaluate the nature, and extent of any future funding requirement. NEPI Rockcastle maintains a flexible approach to developments, enabling it to revise pipeline expenditure and to focus on committed ongoing projects.	Shareholders Tenants Suppliers Employees Local authorities Financing partners
Debt and equity capital markets volatility		Due to uncertainty caused by the geopolitical crisis and macroeconomic evolution, debt and equity capital markets volatility are rather exogenous risks, largely outside Group's control, however they can significantly influence the share price and bond yields.	Continuous assessment of exposures, assessment of liquidity, margin availability and sensitivity and any other appropriate risk measures together with independent supervision by the Risk and Compliance Committee. The Group is maintaining close contact with investors and bond holders. The Tax and Treasury Risk Partner will ensure monitoring, market research and raise potential risk triggers to the Executive Committee, while the decision on mitigation measures stays with the Executive Committee and the Board.	Shareholders Financing partners Employees

Risk description	Strategic goal impacted	Business impact	Key mitigating actions	Stakeholders impacted
Tax risk		The complex and ever-changing international tax environment, national regulatory developments and changes in the way the Group conducts its business mean that there is always an element of tax risk and uncertainty inherent in the Groups operations. Also, changes in local and international fiscal legislation may have a wide variety of impacts on the compliance requirements and the tax position of the Group. Similarly to other multinational groups, NEPI Rockcastle faces significant uncertainty when multiple governments interpret transfer pricing arrangements and the tax treatment of intra-group, cross-border transactions differently. When such situations arise, management aims to seek assurance and resolution for any disputed transactions through appropriate domestic or international dispute resolution procedures.	The Group has a clear tax strategy applied consistently across the Group's subsidiaries with risks and functions clearly defined. All the transfer pricing benchmark analyses are conducted by an external transfer pricing advisor and are aligned across the entire Group. A Transfer Pricing Policy and application Guidelines have been developed in line with OECD guidelines on the application of arm's length principles and domestic laws and has been implemented since 2022. The OECD tax measures and initiatives, European Directives as well as local fiscal legislation are closely monitored, while adequate processes and controls are implemented to ensure fiscal compliance. Also, local and international fiscal legislation is closely monitored, and processes and controls are implemented to ensure fiscal compliance.	Shareholders Tenants Suppliers Employees Local authorities Financing partners
		Operational cluster		
Property development and management activities entail typical risks, such as insufficient building maintenance leading to a degradation of portfolio, health and safety risks, business continuity improperly managed, budgets overrun, improper tenant relationship management, over-reliance on a single third party.				
Utilities cost increase risk		Utilities cost increase might trigger higher operational costs. This may (i) have a direct impact on the Group's NOI, (ii) cause leakage in service charge, (iii) increase tenants' operational costs and create potential issues in the collection process, (iv) negatively impact producers/distributors/suppliers/consumers (e.g., materials, logistics cost increase).	The Group implemented adequate budgeting, more sustainable and more viable alternative energy sources (such as photovoltaic panels in Romania), protective contractual clauses, backup for existing suppliers to prevent potential business interruptions in case they become insolvent (due to costs increase). New digital solutions planned aimed to generate utilities costs savings.	Shareholders Tenants Suppliers Employees Local authorities

Risk description	Strategic goal impacted	Business impact	Key mitigating actions	Stakeholders impacted
Utilities outage risk		The economic context (gas/oil crisis, utilities cost increase, inflation rate increase, disruption in the global supply chains) is challenging. Main concerns: • mandatory heating or cooling limits on offices and shopping centres, in case of severe shortage consumption restrictions imposed by law, potential fines for non-compliance • local blackouts with big impact on prices • possible limitation or interruption of tenants' activity resulting in potential rent concessions • financial efforts caused by implementation of alternative measures and overall utilities cost increase.	The Group undertook dedicated mitigation actions, among which: • efforts to secure the prices for gas and energy for next years • technical set-up ready to face energy limitation by country • diversification of deliveries • on-site production • testing power level in commercial centres, based on restriction plans, to assess compliance with required limits	Shareholders Tenants Suppliers Employees Local authorities
Information security/ cybersecurity risk in shopping centres		Heterogeneous equipment, management software, network and security measures in the shopping centres may lead to information and cybersecurity risks.	The Group continues the upgrade and securing of the shopping centres network: • changing/ redesigning/upgrading network infrastructure • installing a new Wi-Fi system with improved capabilities • securing technical equipment and enrolling in VPN, securing vendor/service provider access to Group systems • providing ticket-based technical support • standardising the network equipment and enabling centralised management • installing software updates and antivirus The project was launched in 2021 and is expected to continue over the next 3 to 4 years, due to availability of network equipment, as well as the significant financial investment required.	Shareholders Tenants Employees

Risk description	Strategic goal impacted	Business impact	Key mitigating actions	Stakeholders impacted
Risk of tenants' default		Tenants' default may lead to bad debts, high vacancy and in the end a reduction in distributable earnings. New risk triggers: overall geo-political context, utilities cost increase, inflation ratio increase, changes in consumer spending behaviour. Litigation with tenants over rent reductions and reliefs might trigger: • alteration of the relation with tenants – decision to reduce business in the Group's locations or to relocate • credit risk – tenants fail to meet their contractual obligations – impact on cashflows and liquidity • additional subsequent regulatory risk (as tenants may file various complaints with various authorities) • financial impact – unpaid rents, litigations related costs, administrative penalties or fines imposed by authorities • operational risk – high vacancy, bad debts • negative media and reputational risk	Detailed creditworthiness reviews are performed before signing lease agreements with tenants. All tenants are required to provide cash deposits or bank letters of guarantee, covering rent and operating costs, based on exposure. The Group maintains close tenant relationships through its internal leasing team, and tenants' performance is monitored regularly by the asset management team. Various indicators such as tenants' turnovers and occupancy cost/affordability are assessed monthly, and measures are implemented on a need basis. The Group has an experienced cash collection team, that follows standardised procedures.	Shareholders Tenants
Legal, Regulatory and Compliance cluster				
As an owner and manager of real estate assets, the Group must comply with relevant laws and regulations, in all countries where it operates. Areas such as corporate law, health and safety, environment, building construction and urban planning, commercial licensing, leases and commercial laws, personal data protection are highly regulated across the Group's portfolio.				

Risk description	Strategic goal impacted	Business impact	Key mitigating actions	Stakeholders impacted
Climate change risk and compliance with emerging sustainability regulations, including external reporting requirements		Potential breaches of relevant environmental legislation might trigger financial and reputation loss, sanctions, negative media, damage to third parties. Neglecting assets' climate adaptation plan may trigger financial and reputational losses.	The Group developed an ESG Strategy, aiming to adapt to and mitigate climate change and provide guidelines for sustainable operations. Assets (except for strip malls and industrial) are BREEAM certified, and the certification process enables the Group to contribute to greener buildings. The Group develops climate adaptation plans for the assets and considers in its budgeting process, specific initiatives aimed to mitigate the exposure to climate risk. The risk assessment and report is prepared, following Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, identifying material risks and opportunities related to climate change, enabling NEPI Rockcastle to assess, evaluate and mitigate risks and identify best opportunities. The results are disclosed in the Sustainability section of the annual report. The Group implemented a platform dedicated to data collection and one of the features of the platform is climate change risk exposure and vulnerability assessment. Group's external reporting is based primarily on the data collected in this platform for all its standing assets. The Group assigned an experienced team to be responsible of the sustainability management and reporting processes. Proper governance is in place (with regular review and oversight by the Sustainability Committee and the Board). Internal reviews and checks and balances by a cross-functional team have been designed to ensure the accuracy of the sustainability reporting.	Shareholders Tenants Suppliers Local authorities
Non-compliance with laws and regulations and non-adherence to good governance practices.		Investing in international markets increases operational, regulatory and other related risks. The Group operates across numerous jurisdictions and is therefore subject to a complex compliance environment, as well as diverse governmental and regulatory changes.	The Group engages experienced and reputable in-house and external legal and specialised advisors. Management continuously monitors compliance with legal requirements. Appropriate policies and procedures set the Group's ethical tone at the top. The Know your Client/Partner policy mitigates money-laundering/terrorism financing and prevents corruption. A Group Risk Management and Compliance Officer, as well as Risk Partners are assigned, while risk management and compliance status is regularly reported to the Risk & Compliance Committee.	Shareholders Financing partners Employees Tenants Suppliers Local authorities

Risk Management & Compliance

Risk description	Strategic goal impacted	Business impact	Key mitigating actions	Stakeholders impacted
Non-compliance with EU General Data Protection Regulation, within complex jurisdictions and local specificities.		Non-compliance with regulatory requirements could lead to fines, penalties, censures, and reputational damage.	The Group has set up a structure and has employed an experienced Data Privacy Officer (DPO) to coordinate data privacy compliance. The Group implemented Data Privacy policies and procedures, as well as regular training and awareness campaigns for all staff. Responsibilities for data privacy were assigned in each jurisdiction. Relevant processes have been scrutinised and as a result the Group implemented measures to ensure compliance, as well as to early identify and address vulnerabilities. Contractual arrangements in relation to outsourcing providers acting as data processors comply with legal requirements and best practices. Platforms and software are assessed to be privacy by-design, pen tests are applied to critical systems/platforms, based on a predefined risk matrix considering the type and volume of personal data processed. A data governance project was launched to harmonise Group practices, meant to also cover privacy risks.	Tenants Shareholders Employees Local authorities
Reputation Risk		Reputation is key to the Group, as a reputation crisis may have a rolling effect on other key risks, such as the ability of the company to raise capital, the volatility of its share price, the trust of the investors, the company's rating and consequently its cost of debt.	A formal role has been assigned at senior management level regarding corporate Public Relations (PR). The Group has appointed a reputable external PR and Investor Relations (IR) firm to support its external communication endeavors. This includes formulating and executing a comprehensive PR strategy and plan. An operational crisis communication manual and a new Crisis Communication Procedure have been implemented at Group level. Reputable PR external support is engaged, while stakeholders' relationship management is conducted proactively by senior management (investor roadshow, presentations etc.)	Shareholders Financing partners Employees Tenants Suppliers Local authorities

The Group declares zero tolerance on most of the risk areas described above, as defined by the Group Risk Appetite Statement, approved by the Board. However, for other specific areas, the risk tolerance is set at a very limited or low level. In 2023, the overall net level of the above-mentioned risks is in line with Group Risk Appetite Statement, while continuous and adequate monitoring of relevant trends and associated mitigation measures is ensured under the wider risk management system.

Also, the Group has not faced any unexpected or unusual material risks and did not undertake any material risk outside its risk appetite and tolerance levels during 2023.

PHOTO: GALARIA TOMASZOW

Remuneration report

The Remuneration Report, which has received approval from the Remuneration Committee, serves to guarantee that the remuneration policy, practices, and performance indicators of NEPI Rockcastle are in alignment with the Board's vision, the Group's core values, and business objectives. The primary objective of the Remuneration Report is to offer a thorough overview of the Group's remuneration strategy and policy applicable to the Directors and staff members.

1. Key principles of remuneration

The Remuneration Report is intended to provide a comprehensive portrayal of the Group's remuneration strategy and policy for Directors and staff.

The Group's remuneration policy is strategically designed to inspire Executive Directors and employees to strive for the Group's growth and success. It is applicable to all staff categories, from the Group's senior and middle management to subject matter experts and non-managerial employees.

The Group's philosophy is rooted in the belief that remuneration serves as the foundation for sustainable economic growth. Simultaneously, it acts as a powerful force in reinforcing NEPI Rockcastle's culture, values, and long-term business strategy.

The Remuneration Policy is targeted at fostering a performance-driven corporate culture, robust enough to compete in a rapidly evolving market – one characterised by turnover, low unemployment, expertise scarcity and increased workforce mobility.

It has been designed to fairly differentiate the reward packages for all employees, in line with roles' complexity, professional experience, competence, and performance achieved.

Remuneration plays a pivotal role in attracting and retaining high-caliber employees in a competitive global market, fostering a strong performance-oriented culture, and motivating the delivery of expected business results.

The Remuneration Committee and management are focused on ensuring that the remuneration strategy:

- underpins the corporate and people strategy and serves as a critical element in employees' motivation and delivery of business results
- is clear, flexible, transparent, and fair, and its implementation is a top priority for the management team; and
- is market competitive by providing an appropriate balance between pay elements, role and performance, motivation, and stability.

The key remuneration principles outlined by the Group remain constant, as they competitively position the Group's policy in the market and serve the business strategy:

Performance-driven pay – The Group's remuneration is influenced by the role and performance of the employee, as well as the performance of the Group. NEPI Rockcastle has implemented a transparent process for establishing short-term and long-term measurable objectives, based on Objectives and Key Results (OKR). This ensures a heightened focus on those crucial business elements and results that are directly linked to business performance and shareholders' return. The process of setting objectives is structured around two significant pillars, which guarantee that business targets together with professional conduct and values are the key elements of robust performance. Each employee and Executive Director establish annual objectives structured as follows:

- Business Objectives: Key Performance Indicators (KPIs) and strategic priorities (with associated OKRs)
- Personal Development Objectives: These are set to enhance skills and competencies that can lead to career progression, consolidation of stronger leadership competency at the Group's level, improvement of productivity, or identification of new strengths and abilities

Objectives set at the start of the year are progressively measured throughout the year, with an expectation of an interim review for proper monitoring. The interim review, although not mandatory, is important to ensure that everyone is aligned with the target and delivering towards the business plan. At the end of the calendar year, objectives are evaluated against results.

Competitive pay – The Group is committed to offering competitive remuneration packages to its employees and Executive Directors, and it observes relevant market benchmarks and reward insights. NEPI Rockcastle ensures that remuneration components are market-aligned, between the median and the maximum of the market for top performers.

Total annual pay – Remuneration is defined as a total annual package and consists of three main components:

- **Fixed Pay**
- **Variable Pay:** Short-term and long-term incentives, which can be delivered in both cash and share awards, as per the Group's incentive plan. The rules of this plan were last approved by shareholders in 2022 ('the New Incentive Plan Rules').
- Individual and Collective **Benefits**

Variable pay as a differentiator – The Group's Remuneration Policy emphasises variable pay structures as enhancers of differentiated total pay, in line with performance, seniority, and complexity of the role, predetermined objectives, and expected impact on the business. This is measured in terms of results delivered and managerial capabilities to develop, lead, and motivate people.

Fair pay – When setting pay levels and packages, the Group aims to achieve internal equality (similar pay for similar roles, levels of complexity, and experience) and external fairness (pay determined considering the market levels and dynamics). NEPI Rockcastle is committed to providing fair pay to all employees and pay-related decisions are free from any discriminatory factors such as age, gender, nationality, social status, social, political or religious convictions, or any other such elements.

Annual pay review process – Remuneration reviews occur annually, coinciding with performance evaluations. Their purpose is to validate that the remuneration process contributes positively to the business and aligns with the performance review framework. The annual review takes into consideration the business results, personal development and individual achievements, as well as external factors such as market circumstances, reward benchmarks, and workforce dynamics.

2. Internal and external factors influencing remuneration related decisions

The Group constantly monitors both internal and external factors that impact its markets, industry, and overall business. This vigilance allows the Group to adapt effectively to the changing context and maintain competitiveness.

Wider external factors

The **NEPI Rockcastle Group** operates in competitive markets which are influenced by a diverse range of factors:

- **Dynamic Macro Environment**: the changing economic and business landscape affects how remuneration is structured and adjusted
- **Turnover Changes**: fluctuations in employee turnover rates impact workforce stability and compensation planning
- **Hybrid and Remote Arrangements**: the shift toward hybrid work models and remote work influences compensation policies and benefits
- **Market Competitiveness**: to attract and retain talent, NEPI Rockcastle must remain competitive in terms of compensation packages
- **Skillset Availability**: the availability of specific skills in the labour market affects recruitment and retention strategies
- **Transparency and Pay Equity**: there is a growing demand for transparency in remuneration practices and ensuring pay equity across roles
- **Geographical Specificity**: NEPI Rockcastle operates in multiple geographies, each with its own unique context and regulations

An essential external factor impacting NEPI Rockcastle's markets, workforce dynamics, and stability—both directly and indirectly—is the ongoing **Ukraine–Russia military conflict**. This conflict establishes a persistent backdrop of unpredictability, necessitating constant vigilance and prioritising employee safety. Given that five of the Group's operational countries share borders with either Russia or Ukraine, the war-induced pressure significantly influences workforce stability, engagement, and focus. Throughout 2023, the Group's commitment to employee safety remained unwavering, maintaining regular communication with the teams to ensure they had access to relevant resources, comfort, and security.

The **migration of skilled professionals**, primarily to Western Europe and more developed regions, remains crucial for talent availability and overall retention. This trend exacerbates the shortage of resources and skills, placing greater pressure on costs and workforce planning.

The shift toward **hybrid, flexible schedules, and remote work** has become the new norm, significantly influencing recruitment decisions. While some companies in our markets have leaned more toward physical presence, the demand for increased flexibility remains strong among employees and candidates. This flexibility extends beyond remote versus in-person work; it encompasses working hours, shorter workweeks, extended remote work during seasonal periods, and adaptable legal frameworks. These factors impact resource availability and may have longer-term effects on resource planning.

Inflation remains a challenge across all the countries where the Group operates. The region faces economic, political, and military instability, rising energy prices, commercial restrictions, and local currency devaluation. Throughout 2023, the annual inflation rates in the Group's countries of operation remained high.

PHOTO: BONARKA CITY CENTER

Moreover, **pay levels** have continued to rise across industries and experience levels in Central and Eastern Europe (CEE). The Group actively monitors reward dynamics in its operating markets, subscribes to reward reports, and engages in targeted review projects for specific markets and role levels. By maintaining constant visibility over benchmarks, NEPI Rockcastle can evaluate market movements. Although 2023 saw significant changes, increases at the regional, industry, and management levels were lower than in the previous year.

Internal priorities and factors related to workforce

Resource planning and workforce scarcity remain critical internal challenges stemming from workforce market dynamics. While the overall staff turnover at the Group level has decreased, indicating increased stability, certain areas of the business still face market challenges.

The primary people-related priorities for the Human Resources (HR) function and the management team were to safeguard the **well-being of the Group's employees** and prepare them for potential crises, particularly in light of the ongoing Ukraine-Russia military conflict. Throughout 2023, business continuity, security, and health and safety measures remained central areas of focus.

Internalisation of Property Management Functions - the ongoing internalisation of property management functions and teams, along with the alignment of practices and processes across the Group's portfolio, remains a critical internal factor impacting people-related dynamics. These streamlined processes have had a positive impact on team dynamics and have resulted in significant operational efficiencies throughout the Group. The internalisation process is still underway and is expected to be completed by 2024.

Strengthening Specialised Capabilities and Teams - in line with NEPI Rockcastle's strategic focus on business growth, digitalisation, technology enablement and sustainability, the Company continued to consolidate its core internal teams. These teams possess expertise in areas such as systems and data analytics, procurement, sustainability and renewable energy.

People Engagement - in the current context, influenced by both external and internal factors, maintaining high levels of employee engagement poses a challenge for employers. However, it also presents significant opportunities to implement people-related initiatives, enhance communication, and design internal motivational and development programs for employees.

During **2023**, the Group conducted its **second Group-wide Employee Engagement Survey** within the past two years. The purpose was to monitor engagement levels among internal teams and gain deeper insights into what factors contribute to employees' satisfaction while working for NEPI Rockcastle.

The results of these surveys have been remarkably positive. The **People Engagement Index**, standing at **82%** as of 2023 (increased versus 2022) reflects a strong and high level of engagement. This positive context fosters team motivation, contributes to a healthy organisational culture, and ensures a professional and safe work environment.

The survey results are transparently communicated and made available to management. They serve as a valuable platform for discussions and action planning. By addressing critical aspects highlighted by staff members, NEPI Rockcastle continues to be rated as a great place to work. The responses and feedback were assessed in an inclusive manner, ensuring data confidentiality and effective interpretation for future planning.

The Remuneration Committee response to internal and external factors

Despite the external factors affecting the environment and the Group's business directly, NEPI Rockcastle effectively mitigated their impact on its results. Overall, the Group's Key Performance Indicators (KPIs) have been delivered above target, resulting in strong achievements for NEPI Rockcastle.

The positive results achieved by NEPI Rockcastle prompted management to make specific decisions regarding remuneration. The Remuneration Committee and the Group's management team jointly recognised that the 2023 performance was the outcome of intensive efforts, effective risk management, and strategic decisions.

3. Engagement with stakeholders and implementing feedback

Executive and non-Executive Directors directly engage with investors, discussing economic context, market factors, challenges, the Group's achievements, results, strategic priorities and remuneration matters. Although not all stakeholders can be reached individually, Directors personally meet with major shareholders to solicit feedback.

At the June 2023 Annual General Meeting (AGM), 67% of shareholders voted in favor of the Remuneration Implementation Report. Shareholders were invited to engage with the Chairman of the Remuneration Committee, regarding remuneration matters. This invitation was extended through an announcement following the results of the Annual General Meeting in June 2023 for the 2022 financial year (*Results of Annual General Meeting*). Furthermore, shareholders were once again invited to engage in discussions with the Chairman of the Remuneration Committee and the Chairman of the Board. The Chairman of the Board had interactions with shareholders in South Africa in February 2024, following the 2023 results presentation. This provided an additional opportunity for direct engagement regarding remuneration matters, as communicated through an announcement at the beginning of 2024 (*NRP Engagement with shareholders on remuneration matters*).

These direct interactions provide a valuable platform for shareholders to express their views and contribute to informed decision-making.

Main areas of feedback received from those shareholders that engaged with the Group on remuneration topics, as well as items pointed out by Institutional Shareholder Services (ISS) Proxy Analysis and Benchmark Policy Voting Recommendations are presented below:

<table>
<tr><th>Feedback Theme</th><th>The Group's Response</th></tr>
<tr><td>Further disclosure on the benchmarking process and reference market used</td><td>
As per the Remuneration policy, the Group uses benchmarks, on a need basis, for both staff, Executive and non-Executive directors. Executive and non-Executives' remuneration undergo benchmarking approximately every 2 to 3 years, while staff may be assessed annually, as needed. Recently, NEPI Rockcastle analysed Executive Directors and non-Executive Directors' pay levels during Q4 2022 and 2023, benefiting from the services of top international reward consultants (Korn Ferry). Employee benchmarking relies on regional and local salary survey data from reputable providers such as Mercer and Hays.
The reference markets for the conducted benchmark are presented below:
<table>
<tr><th>Executives
industry specific refference peers</th><th>Non-Executives
industry specific refference peers</th></tr>
<tr><td>Unibail-Rodamco-Westfield</td><td>Unibail-Rodamco-Westfield</td></tr>
<tr><td>Klépierre</td><td>Klépierre</td></tr>
<tr><td>Land Securities Group</td><td>Hammerson</td></tr>
<tr><td>Growthpoint Properties</td><td>Swiss Prime Site</td></tr>
<tr><td>British Land Company</td><td>AroundTown</td></tr>
<tr><td>Carmila</td><td>Segro</td></tr>
<tr><td>Immofinantz</td><td>Growthpoint Properties</td></tr>
<tr><td>Citycon</td><td>Redefine Properties</td></tr>
<tr><td>CA Immobilien Anlagen</td><td>Fortress</td></tr>
<tr><td>Globalworth Real Estate Investments</td><td>MAS</td></tr>
<tr><td>Deutsche EuroShop</td><td>Hyprop Investments Limited</td></tr>
<tr><td>S Immo</td><td></td></tr>
<tr><td>Mercialys</td><td></td></tr>
</table>
The fixed pay is aimed to be aligned with the market median, while, for strong and top performance, through the variable incentives (STIP and LTIP) the total pay may be set at or above the 75^{th} percentile.
</td></tr>
<tr><td>Further disclosure on the rationale and the application of the Board's discretion of 25%</td><td>
In highly volatile and challenging market conditions, where business operations are impacted and management faces new priorities, relying solely on performance metrics becomes challenging. To address this, the Remuneration Committee temporarily exercised greater discretion over variable pay to ensure effective management incentivisation during this unpredictable period. However, the allocation of variable awards remains anchored in specific results achieved throughout the year, particularly on strategic projects critical for financial and operational KPIs.
In 2023, detailed descriptions of analysed strategic priorities are transparently presented in the Implementation Report, illustrating the direct link between allocated awards and management performance.
Starting 2024, the Remuneration Committee, taking note of the shareholders' feedback, has reduced the maximum threshold for annual strategic priorities from 25% to 15%. The resulting difference will be allocated for 2024 to the Operational Performance NOI and to the Qualitative Factors.
The retained 15% allocation for Strategic Priorities within the STIP provides the necessary flexibility. It allows the Remuneration Committee to incentivise executive management to focus on specific projects or initiatives when external or internal factors impact financial and operational results, necessitating counterbalancing actions.
</td></tr>
<tr><td>Further clarification on the vesting of unvested shares in situations of termination</td><td>The 2022 Remuneration plan allows for accelerated vesting, assessed on a case-by-case basis by the Remuneration Committee. Acceleration criteria vary, including retirement scenarios. Full vesting is not strictly enforced, and decisions consider individual circumstances, contributions, roles, and termination details.</td></tr>
<tr><td>More visibility over the details and traceability of the Sustainability-related KPIs</td><td>Since 2022, sustainability-related KPIs have influenced STIP awards. The Group maintains this practice, providing enhanced visibility into performance measures and outcomes. Detailed information for 2023 is available in the Implementation Report.</td></tr>
</table>

Feedback Theme	The Group's Response
Clarification on whether there are in place any reward-related provisions for change of controls and severance payments on termination of Executive Directors' contracts	The Remuneration Committee affirms that the Group's Remuneration policy does not include provisions or specific clauses related to Change of Controls. Additionally, the policy does not mandate the Company to provide severance payments upon the termination of Executive Directors.
More clarity to be provided on the clawback provisions	The Remuneration Policy and the Rules of the Incentive Plan approved in November 2022 include specific details on the clawback mechanism. Clawback provisions apply to STIP and LTIP awards granted to key staff and Executive Directors. These provisions allow for recouping all or part of the awards (or their value), including distributions received on award shares, in case of gross misconduct, gross negligence, or material error within 2 years of STIP award allocation or LTIP award vesting. The Board handles clawbacks for Executive awards, while Executives manage the process for Key Individuals. In the event of a clawback event: • **Unvested LTIP Shares**: these shares are immediately forfeited if the Participant's contract ends • **Shares or Cash Repayment**: participants must return a number of shares (up to the total allocated, including distributions) or an equivalent cash amount • **Method Combination**: the Board or Executives may use a mix of these methods as appropriate The 5-year Dutch law serves as the maximum timeframe, but 2 years is considered best practice and aligns reasonably with pay levels under the scheme.
More clarity on the STIP and LTIP KPIs calculation – whether the measures included are aligned with the Group's strategy and are auditable.	The Remuneration report comprehensively outlines the STIP and LTIP related KPIs. It provides specific information regarding the weightage assigned to each KPI, along with pay-out ranges and determination scales. The Remuneration Committee confirms that these performance measures within the STIP and LTIP are closely aligned with the Group's strategic priorities. Furthermore, they have a direct impact on the Group's financial and operational performance, as detailed in both the Remuneration and Implementation reports.

The Remuneration Committee actively collaborates with external advisors and reward consultants to stay informed on critical aspects:

1. Overall Market Insights:
   » The Chairman of the Board and/or the Remuneration Committee Chair and members actively participate in dedicated non-executive/reward workshops and cross-industry meetings.
   » These engagements provide valuable intelligence on market trends, best practices, and emerging developments.
2. Group's Business Analysis:
   » NEPI Rockcastle consistently analyses reports issued by external advisors related to the Group's remuneration practices.
   » When necessary, adjustments are implemented based on these insights.
   » Consulting advice is sought for remuneration policy presentation and transparency.

The goal is to align communication and disclosure practices with market best practices, governance frameworks, and shareholder expectations. This proactive approach ensures that the Group remains well-informed and responsive in its remuneration strategies.

Non-Executive Directors Remuneration

No change was made to the non-Executive Directors' (NED) remuneration during 2023.

The most recent adjustment occurred in January 2021. In 2023, the Remuneration Committee reviewed NED fees considering the expanded complexity and responsibilities arising from the company's growth, strategic initiatives, and relocation to the Netherlands. The move broadened the roles of specific Board members and increased their time commitment due to governance frameworks.

To assess market fee levels, an international reward consulting firm, Korn Ferry Netherlands ('The Consultant'), conducted a benchmark analysis. The selected benchmark peers included wider range of real estate, retail, and non-retail companies of similar size and complexity across Western Europe, the United Kingdom and South Africa, as well as selected industry-relevant peer companies.

The benchmark exercise revealed that NEPI Rockcastle's NED fees typically align with or slightly trail the median. The Remuneration Committee, benefitting from the Consultant's experience and advice has formulated a proposal of NED fee increases to be applicable as of 1 January 2024, subject to being approved by the shareholders. Shareholder approval is sought at the upcoming Annual General Meeting.

Proposed increases will align with internal practices for both employees and management. The benchmark will serve as a reference point, with the intention to keep NED fees close to the median of the market. The intention is that fee reviews and benchmarking will not be done frequently.

Remuneration Committee priorities

During 2023, the Remuneration Committee focused on several key priorities:

- Ensuring appropriate reward and motivation for the top management team, emphasising fair and competitive pay aligned with performance
- Supporting the management team amidst challenging market conditions while upholding agreed-upon remuneration principles
- Engaging with shareholders to gather feedback and enhance the existing Remuneration Policy
- Ensuring proper implementation of the Remuneration Policy and Long-Term Incentive Plan, in compliance with Dutch legislation and Corporate Governance standards

The Remuneration Committee's ongoing objectives, processes, and plans remain attuned to business needs, addressing internal and external factors and meeting stakeholder expectations, including those of employees.

Remuneration Committee's priorities	Approach	2023 process
1. Group's Remuneration related priorities		
Ensure remuneration ***motivates*** people for performance while **managing the challenging and unstable business environment of 2023**	The Group reviews variable and fixed remuneration annually. Performance of the business and individual professionals is being assessed. Variable pay is linked to KPIs and overall annual individual performance, while the fixed pay is linked to the complexity of the role.	In the context of the strong performance delivered by the Group and its team, budgets have been distributed in line with business results, set at business function level. Allocation of bonuses is agreed based on competencies, meritocracy, hardship, complexity of projects and strategic decisions managed within a specific business function. Emphasis is placed on determining performance fairly throughout the performance management process, as this links into variable pay. Decisions about the specific level of bonuses for management levels are taken at top management level (i.e., Directors of business functions), while team leaders are encouraged to assess performance and make relevant recommendations to reflect the contribution of individual team members. Variable remuneration for Executive Directors is determined in line with the Remuneration Policy, KPIs and computation algorithm.
Ensure the Group's **remuneration is aligned** to the relevant market and provides internal fairness	The Group frequently consults international independent remuneration experts to ensure a proper understanding of the benchmarks and determine actions to be implemented during the annual remuneration review processes.	The benchmark for the Executive Directors and top management was conducted with one of the top-tier international reward consulting company during 2022 and relevant changes in remuneration have been implemented with effect as of 1 January 2023, as detailed in the Implementation Report. The Group is committed to run such benchmark analysis bi-annually or annually, should the labour market or the international environment be dynamic or rapidly changing. For staff members, the Group consulted general market reward reports and trends on expected salary growth at industry/country/seniority levels. This is a process undertaken as part of the reward and compensation review, depending on the business and personnel immediate needs and decision-making.
Ensure **transparency** of the Group's remuneration policy, pay levels and structures, objectives and adequate link between pay and business performance	The principles and details of Group's remuneration policy, including any changes made or anticipated are publicly presented in the Annual Report. Meetings with management teams are held annually within the remuneration and performance review process to outline, explain and clarify decisions and rationale.	The 2023 Annual Report presents a compelling overview of remuneration for both Executive and non-Executive Directors, as well as principles of remuneration across the staff. Allocation of staff cost budgets was done at business function level, allowing top management team to take a wider responsibility over managing the process of reward review. Individual discussions with team leaders were held by the HR Director and HR team to clarify: • budget allocation • principles of remuneration • reward review and link to performance of teams and individuals

Remuneration report

» continued

Remuneration Committee's priorities	Approach	2023 process
2. Alignment and ethics of pay		
Ensure alignment of all staff remuneration principles and pay structures across all countries in which the Group operates	The same remuneration review process is conducted at Group level and in all countries where NEPI Rockcastle is present. The HR Director ensures the roll out of the process is aligned and the same principles are applied across all countries. The Remuneration Committee is informed about the performance and reward review approach.	The HR function is a centralised function which ensures HR services across the Group. Determination of specific remuneration at the level of a team is done upon consultation with HR reward specialist who provides, for each position within the Group, an analysis of the job level, benchmarking against specific functions and geographies and makes recommendations in respect of appropriate pay levels. This process ensures that same principles of pay are consistently applied across all grades, functions and countries.
Ensure remuneration is determined without discrimination	The HR Director, as mandated by the executive management and Remuneration Committee ensures through detailed reviews of the reward processes that pay levels are set free from any discrimination based on: gender, age, race, religion, nationality, social status, social, political or religious convictions, or any other such elements.	Fixed remuneration is determined based on role, responsibilities, level of competence and experience, while variable remuneration is determined based on performance, impact and contribution. No consideration is given during the hiring, or reward review process, to any other factor that could lead to discrimination, such as gender, age, race, religion, nationality, social status, social, political or religious convictions, or any other such elements. The Remuneration Committee is also reviewing the principles, mechanisms and implementation of reward review, to ensure that only role and performance elements are considered in reward determining decisions. The HR department monitors relative pay of staff to ensure fairness and ethical pay principles are observed.
3. Shareholders' engagement and Corporate Governance		
Ensure shareholders' feedback is observed and discussed	Regular meetings are held with shareholders upon presentation of financial results, where questions received and addressed by Executive and non-Executive Directors cover the entire range of topics, including remuneration. The Remuneration Committee maintains contact with shareholders and discusses feedback with the Board after voting at the Annual General Meeting of Shareholders. All shareholders have been publicly invited to provide their feedback on remuneration matters on 14 June 2023 and 8 January 2024. Replies were provided to those shareholders that engaged on the matter. The Chairman of the Board also engaged in discussions and feedback inquiry on remuneration related matters with major shareholders during February 2024.	
Comply with King IV requirements, Dutch Corporate Governance Code and other relevant corporate governance frameworks	The Board is actively promoting and encouraging management to continuously improve Corporate Governance and alignment with to relevant corporate governance frameworks.	

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4. Key decisions in 2023

Area	Group's decision
Staff remuneration	
Fixed pay	The 2023 pay review has been finalised. The salaries adjustments are applied on a selected basis, after a need and opportunity analysis, and have been determined to: • reflect market levels and conditions as presented in Section 2 (Internal and External Factors Influencing Remuneration Related Decisions) • maintain internal fairness and equity • ensure adequate levels of motivation, engagement and retention in the current market circumstances
Salary and bonus pool	Staff cost budgets were set at business function level, deriving from the Group level budget – to allow for more flexibility and accountability over remuneration-related decisions. The HR reward function, head of functions and CEO supervise the consistent application of remuneration principles across the business. Variable pay decisions are calibrated at Group level with the functional leaders, CEO and HR Director, ensuring consistent application of reward principles.
Executive Directors' Remuneration	
Fixed pay	Significant changes in the structure of the executive management's team have been made over the past two years, which resulted in the appointment, effective 2022, of a new CEO, CFO and COO. After the first year in which the new management team has performed and demonstrated strong performance and leadership, the Remuneration Committee has reviewed the pay levels of the Executive Directors to reflect their contribution and acquired experience in the roles. Moreover, a reward benchmark analysis was conducted to ensure proper alignment with the market levels. Based mainly on the proven capability to drive the strategy and growth of the company, corroborated with the strong performance and seamless transition into the roles of all three Executive Directors, the fixed pay for all three executives has been adjusted effective 1 January 2023.

Executive Director	Position	Annual fixed pay (€) - 2023	Annual fixed pay (€) - 2022
Rüdiger Dany	CEO	675,000	600,000
Eliza Predoiu	CFO	385,000	350,000
Marek Noetzel	COO	385,000	350,000

Area	Group's decision
Variable pay – Short-Term Incentive Plan (STIP)	KPI structure, composition and weighting align the impact over business and are aimed to reward and reflect role's specificity by: • differentiating between roles – different KPIs for different roles • applying different weighting for same KPIs for different roles While the weights between the categories of measures remained unchanged, for 2023, the Short-Term Incentive plan (STIP) determination process included more specific and granular measures under the Qualitative Factors. Moreover, Annual Strategic Priorities category (under the assessment of the Board) has been introduced to provide for more clarity around STIP determination and to clearly reflect the link between delivery of results and strategy and the variable payout to the Executive Directors.

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Area	Group's decision

Variable pay – Short-Term Incentive

Weights and structure 2023 - 2022

Performance measures STIP	2023 vs. 2022	CEO	CFO	COO
Financial performance		**35%**	**40%**	**25%**
Growth in distributable earnings per share[1]	maintained	30%	30%	25%
Maintaining Investment Grade rating	maintained	5%	10%	-
Operational performance		**25%**	**15%**	**40%**
NOI organic growth[1]	maintained	10%	5%	15%
Maximum accepted vacancies[1]	maintained	5%	-	10%
Collection rate[1]	maintained	5%	10%	5%
GRI - gross rental income increase[1]	maintained	5%	-	10%
Debt risk management		**0%**	**10%**	**0%**
Debt maturity (remaining years, excluding RCF)	maintained	-	10%	-
ESG - qualitative factors		**15%**	**10%**	**10%**
2023 Renewable Energy plan implementation (27 installations) Ratings improvement and Methodologies (CRREM implementation)	maintained[2]	10%	10%	5%
Waste management process improvement - to deliver the zero avoidable waste to landfill target until 2025	maintained[2]	5%	-	5%
Annual Strategic Priorities[3]		**25%**	**25%**	**25%**
• Greenfield development and opening of Promenada Craiova • Greenfield development of Vulcan Residential project • Renewable energy business stream development • Management of 2024 and 2025 debt maturities and maintenance of adequate level of revolving credit facilities • Employee Engagement Survey participation and results	maintained[2]	25%	25%	25%
% Total achievement		**100%**	**100%**	**100%**

1 For specific KPIs, sliding scales and metrics were set for minimum/target/maximum level of achievement. Sliding scale and performance incentive zone applies. Sliding scale ranges from 50% for minimum level to 100% for target level and 200% for maximum level.
2 Category maintained – specific projects and measures updated for 2023
3 For 2024 the weight allocated to Annual Strategic Priorities has been reduced to 15%, as a result of continuous engagement with shareholders. The resulting difference will be allocated to the Operational Performance NOI and the Qualitative Factors. The retained 15% allocation for Strategic Annual Priorities provides flexibility and allows the Remuneration Committee to incentivise the executive management to focus on specific projects or initiatives when external or internal factors impact financial and operational results, necessitating counterbalancing actions.

Area	Group's decision
Variable Pay – Long-Term incentive (LTIP) Determination of quantum of LTIP	No changes were made to the LTIP determination mechanism during 2023, as detailed in the Implementation Report. The LTIP determination was based on calculation of 3-years CAGR, with no adjustment being made to the existing mechanism. TSR versus peers, which is Group based, applies similarly to all executive positions. The list of peers has been reviewed and approved by the Remuneration Committee and is disclosed under the Implementation Report section. **No loans were granted to either Executive Directors or staff.**

The **Remuneration Committee** is dedicated to ensuring that NEPI Rockcastle adheres to best practices in remuneration, aligned with sound corporate governance. To achieve this, the Committee will:

- **Monitor Stability**: continuously assess business stability, geopolitical factors (especially the Ukraine-Russia conflict's impact on the global economy), industry trends, market dynamics, and stakeholder expectations
- **Competitive Plans**: maintain competitive Remuneration Policies and Incentive plans that drive strategy implementation and results delivery
- **Value-Driven Measures**: define performance metrics that enhance stakeholder value
- **Transparent Engagement**: engage with stakeholders transparently
- **Benchmarking**: on a need basis, benchmark pay against relevant markets

These efforts ensure NEPI Rockcastle's commitment to excellence in remuneration practices.

5. Remuneration Policy Adoption and Non-Binding Advisory Vote on Implementation Report

The Remuneration Policy received an **impressive 95.95%** binding positive vote during the November 2022 Extraordinary General Meeting. As per Dutch legislation, the Remuneration Policy will undergo review and seek shareholders' approval in 2026 (every four years). At the Annual General Meeting, the Remuneration Policy and the Remuneration Implementation Report will be presented for advisory (non-binding) vote, in line with the JSE Listings Requirements.

NEPI Rockcastle extends an invitation to shareholders to engage with executive management and the Remuneration Committee before the upcoming Annual General Meeting. Any concerns regarding the Implementation Report or the need for clarification on remuneration practices can be addressed during this engagement. Directors remain committed to addressing legitimate objections and concerns.

The Remuneration Committee's diligent consideration ensures that the Remuneration Policy aligns with the business strategy, creating value and harmonising interests with shareholders and other stakeholders.

Andre van der Veer
Remuneration Committee Chairman

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REMUNERATION POLICY

Scope

The Remuneration Policy is centered on the Group's mission, long-term value creation, and business continuity, with a keen focus on stakeholder interests. Key principles drive NEPI Rockcastle's remuneration strategy:

1. **Value Creation by Teams**:
   - » Acknowledging individual and collective achievements
   - » Developing top professionals, fostering innovation, and acquiring new skills
   - » Ensuring team stability by retaining skilled key professionals
2. **Principles Guiding the Policy**:
   - » **Performance-Driven Pay**: rewarding results and contributions
   - » **Competitive Pay**: aligning pay with market standards, business complexity, and relative size
   - » **Total Annual Package**: considering all components of compensation
   - » **Variable Pay**: tying incentives to performance
   - » **Fair Pay**: ensuring equity and transparency
   - » **Annual Pay Review**: regularly assessing and adjusting compensation

To evaluate the effectiveness and ensure sustainability of both the strategy and principles, the Group observes specific fundamentals of implementation:

Clarity - the Group's Remuneration Policy, frameworks, and mechanics prioritise transparency and clarity through effective communication with shareholders and human capital.

Simplicity - the remuneration structure rests on straightforward pillars: fixed pay, benefits, and variable short- and long-term compensation. Determination of variable pay is linked to individual performance (via annual performance reviews) and Group performance (publicly disclosed, with detailed shareholder discussions).

Risk Management - the Remuneration Policy and associated processes proactively address risks of excessive pay or underpay through key controls that include:

- **Validation and Equity**: The Remuneration Policy undergoes validation during review or hiring, considering internal equity, market data, and social consensus.
- **Executive Directors' Pay**: market benchmarking ensures alignment with market standards. Stakeholder involvement is also considered.
- **Internal Pay Ratios**: Ongoing analysis monitors pay progression. Any anomalies trigger discussions within the management and Remuneration Committee.
- **Variable Pay and Performance**: Variable pay is directly linked to performance reviews. Remuneration reviews occur post-performance review to ensure alignment.
- **Group-Level Calibration**: Performance results are calibrated at the Group level for consistency across roles, impact, and seniority.
- **Annual Reward Reviews**: Variable pay awards are discussed annually within the Remuneration Committee, involving the Human Resources Director and CEO.
- **Strategic Alignment**: Individual KPIs and objectives align with business KPIs and strategic direction.
- **Ethical Considerations**: Performance reviews include 360-degree feedback, emphasising behaviours, values, and ethics. Unethical behaviour is addressed before awarding variable pay.
- **ESG Integration**: Environmental, Social, and Governance (ESG) components are embedded in performance reviews for Executive Directors and senior management.

Predictability - the Group's Remuneration Policy and implementation mechanisms prioritise predictability. Total awards are influenced by market trends, internal pay decisions, and the link to individual performance and roles and Group's performance. Sliding scales and performance incentive zones for Executive Directors' core KPIs enhance predictability of maximum variable payouts.

Proportionality - the Remuneration Policy emphasises linking individual awards to strategy delivery and long-term Company performance.

- **Avoiding Poor Performance Rewards** - specific elements prevent rewarding poor performance:
  - » Bonus pools activate at specific achievement rates, subject to Group's management and Remuneration Committee approval
  - » Policy rules exclude rewards for below-expectations performance and enforce consequence management
- **Alignment to Culture** - The Group's core values shape behaviour and drive performance. Remuneration philosophy aligns with these values:
  - » **Integrity**: fair and transparent pay
  - » **Excellence**: linking pay to performance
  - » **Innovation**: adapting to market dynamics
  - » **Collaboration**: engaging stakeholders in remuneration practices

Philosophy	The **Group's Remuneration Policy** has been meticulously crafted to achieve several key objectives: 1. **Equitable Compensation**: the policy aims to provide **fair and market-related compensation** for all employees. This ensures that each individual is remunerated in alignment with their role, competence, performance, and conduct; 2. **Differentiated Reward Packages**: recognising the diverse contributions of employees, the policy tailors reward packages to suit individual circumstances. This differentiation ensures that exceptional performance and innovation are appropriately acknowledged; 3. **Market Anchoring**: compensation is anchored at the market median, ensuring competitiveness within the industry. However, the policy goes beyond mere market alignment. It strategically positions compensation to exceed market levels when employees demonstrate exceptional value creation for stakeholders.				
Principles	Pay for performance	Total annual package approach	Annual remuneration reviews	Competitive and fair pay	Differentiated variable pay
Details	Remuneration is driven by the employees' role and performance review, and the overall performance of the Group. Clear, measurable goals are set for the Group, teams and individual employees.	Remuneration is defined as a total annual package, consisting of fixed pay, variable pay (which can be delivered in cash and/or shares), and individual and collective benefits.	Remuneration reviews are held annually, with the purpose of assessing performance for the past year and defining remuneration packages (performance bonuses, new levels of fixed pay and benefits).	The Group is committed to paying fixed salaries at market level (compared to companies of similar size and complexity), and variable components above market level for high- performing employees. Annual inflation reviews ensure salary levels remain competitive.	The Group has a differentiated variable pay method, based on role, seniority and performance levels.
Company Values	**Excellence**	**Excellence**	**Integrity**	**Integrity**	**Excellence**
	Innovation		**Development**		**Innovation**
	Development		**Communication**		

IMPLEMENTATION AND GOVERNANCE

In accordance with the formal corporate structure, the Remuneration Committee assumes a critical role in overseeing the Remuneration Policy and its implementation and plays a critical role in ensuring equitable compensation practices and transparency within the organisation.

1. **Committee Responsibility**: the Remuneration Committee is entrusted with ensuring that the Remuneration Policy aligns with legal requirements. Their duty extends to proposing the establishment or modification of the policy, which is subsequently presented for approval at the annual general meeting;
2. **Director Compensation**: both Executive and non-Executive Directors fall under the purview of the Remuneration Committee. They propose the remuneration packages for these directors to the Board of Directors;
3. **Voting Mechanisms**:
   » **Mandatory Vote**: as stipulated by Dutch law, the Remuneration Policy undergoes a mandatory vote at least once every four years. The next such vote is scheduled for 2026
   » **Advisory Vote**: The entire Remuneration Policy is subject to a non-binding advisory vote annually during the Annual General Meeting in accordance with the JSE Listings Requirements. The upcoming vote will occur in 2024;
4. **Transparency**: The Remuneration Report, an integral part of the Group's Annual Report, provides full disclosure of the compensation for both Executive and non-Executive Directors. This encompasses all awards, whether directly paid to the executives or to service companies under their control, as well as fees paid to non-Executive Directors.

PHOTO: SHOPPING CITY PIATRA NEAMT

REMUNERATION DESIGN

Pillar	Description	Purpose and link to strategy
Fixed pay **All staff**	Guaranteed and fixed pay, determined by role and responsibilities, experience, competence, qualifications, and expertise. The median of the relevant market is used as a reference point for determining the level of fixed pay. Adjustments can be made for specific circumstances, achievements, and responsibilities. Reviewed annually to ensure internal and external equity, correlation to role and responsibilities (especially in case of role change or competence/qualifications uplift).	The Group aims to remain the dominant commercial real estate investor and operator in Central and Eastern Europe. Hence, its teams should comprise top professionals: qualified, experienced, competent, and motivated. The Group's target is to attract, motivate and reward specific skillsets needed, especially considering a competitive labour market with high scarcity of property and commercial real estate skills and qualifications.
Short-term incentive plan (STIP) **All staff paid in cash**	Variable pay delivered for achievements against short–term objectives set in advance. Variable pay relates to the employees' role. The more senior an employee is, the more they can impact the Group's results; hence the higher proportion of variable pay in their annual package. Under-delivering against objectives leads to no variable pay. Categories of seniority used for staff STIP are: non-managerial, middle management and subject matter experts, and senior management. STIP total variable pay is subject to achievement of business targets and budgets.	NEPI Rockcastle aims to remain among the best performing retail real estate companies in CEE and continue to deliver great results against challenging targets. Variable pay is designed to incentivise individual contribution to business results. The stronger the performance, the higher the variable pay.
Long-term incentive plan (LTIP) **Executive Directors and key staff** **Shares awards**	Annual share awards made to participants based on the Group's achievements of three-year trailing KPIs (internal and external). Quantum of allocation is determined as a percentage of annual fixed pay. Vesting period of three years for Executive Directors (cliff vesting at the end of the 3-year period) and for key staff (tranche vesting over 3 years). For Executive Directors there is a mandatory lock-up period (sales restriction) for an extra 2-year period after vesting, resulting in a total lock-up for 5 years from the date the award is allocated. Although the LTIP is primarily settled through shares as per the above, the NEPI Rockcastle Incentive Plan can allow for LTIP to be settled in cash.	NEPI Rockcastle aims to drive achievement of ambitious strategic priorities and keep senior management and Executive Directors focused on long-term value creation. The Group's long-term interests should be aligned with those of senior management and Executive Directors. A medium- to long-term retention of key professionals is essential to the business.
Benefits **All staff**	Medical services based on subscription or medical insurance, the cost of which is partially or fully covered by the Group. Meal allowance/vouchers as per local legislation. Access to sports facilities – cost of subscription partially covered by the Group. Other wellbeing benefits, including work flexibility and hybrid work.	Healthy, and motivated employees are more efficient and deliver better results. Ensuring stable teams is essential, and the Group can play an important part in educating lifestyle-related habits.

Each element of remuneration is described in more detail below. All Executive Directors are entitled to participate in the Group's long-term and short-term incentive plan.

Fixed pay

The Group's approach to fixed pay balances market alignment, performance, and equity considerations. Please see below more details on **fixed pay:**

Market Positioning:

- The strategic approach is to align the fixed pay for both employees and Executive/non-Executive Directors with the market median. Additionally, for specific critical roles, the aim is to position compensation above the median, reaching up to the 75th percentile. These specific roles are identified by assessing factors such as impact on the NEPI Rockcastle's business and operations, market scarcity, turnover trends, and the unique nature of the roles

Benchmarking:

- To determine appropriate fixed remuneration levels, the Group conducts benchmark against relevant markets. The Group is committed to consulting market benchmarks on a need basis to ensure external equity. For this purpose, NEPI Rockcastle engages top-tier reward consultants with expertise in relevant industries and markets

Annual Review:

- Remuneration undergoes an annual review to validate both internal and external equity. Any necessary adjustments are made based on this assessment
- The Group's policy emphasises the significance of achievements and performance in determining competitive pay. Consequently, salary increases are considered in specific scenarios:
  - » **Change of role and responsibilities** (e.g. promotions)
  - » **External equity**: addressing significant gaps compared to relevant market benchmarks
  - » **Internal equity**: ensuring similar pay for similar roles in comparable geographies
  - » **Labour and pay market dynamics**: responding to significant shifts in the market

Loans and Guarantees:

- The Group does not provide loans or guarantees to either Executive or non-Executive Directors.

Variable pay – STIP

- **Employees** - for employees, the STIP is determined as a proportion of their **annual fixed pay**. Several factors are considered:

- **Role**: the employee's role influences the target bonus rate - this varies based on whether they hold non-managerial, middle management/subject matter expert, or senior management positions
- **Individual Performance**: each employee receives an individual performance rating during the annual evaluation process, typically on a scale of 1 to 5
- **Company Performance**: the STIP also considers the company's performance relative to the bonus pool level and availability
  - » **Financial Performance**: metrics such as growth in distributable earnings per share and investment grade rating
  - » **Operational Performance**: factors like growth in Net Operating Income (NOI), accepted vacancies, collection rate, and gross rental income increase
  - » **Debt Risk Management**: considerations related to debt maturity
  - » **Qualitative Factors**: these include ESG (Environmental, Social, and Governance) strategy-related measures and successful execution of energy-photovoltaic projects
  - » **Annual Strategic Priorities**: alignment with the organisation's strategic directions

- **Executive Directors** - for Executive Directors, the STIP is determined through a clear, measurable algorithm. This algorithm leads to a coefficient that is applied to their annual fixed pay. The algorithm incorporates measures aligned with business KPIs, categorised as follows:

Review and Adaptation - annually, the specific KPIs within the above categories and their weights are reviewed. Adjustments may be made to better reflect the unique roles of Executive Directors or the business key focus areas.

In summary, the STIP ensures that both employees and Executive Directors are incentivised based on performance, strategic priorities, and business success.

Weight distribution of KPIs:

Performance measures STIP	Weight		
	CEO	CFO	COO
Financial performance	35%	40%	25%
Operational performance	25%	15%	40%
Debt risk management	-	10%	-
Qualitative factors	15%	10%	10%
Annual Strategic Priorities (under the assessment of the Board)	25%	25%	25%
Total	**100%**	**100%**	**100%**

The objectives are established for the 12-month financial period currently under review. The achievement rate is calculated based on the specific weights agreed upon for each individual measure.

STIP varies from 100% at target to a maximum of 170%, which is applied to the annual fixed pay.

For specific KPIs such as growth in distributable earnings per share, net operating income, maximum accepted vacancies, collection rate, and gross rental income increase, a sliding scale is applicable. This scale ranges from 50% for the minimum level to 100% for the target level and 200% for the maximum level.

The STIP is paid out if a minimum of 75% of the KPIs are achieved.

Non-Executive Directors are not eligible to participate in the STIP. They receive an annual fee in their capacity as members of the Board of Directors and committees, as approved by shareholders during the Annual General Meeting.

Variable pay – LTIP

The LTIP awards are granted to Executive Directors and key staff in accordance with the NEPI Rockcastle's Incentive Plan. Eligible employees and Executive Directors receive an allocation of restricted shares, which vest as follows:

- **Executive Directors**: the shares fully vest at the end of a three-year period. Afterward, they remain subject to a lock-up period of two years, resulting in a total of five years from allocation before the shares can be freely traded

- **Key Staff**: the shares vest in tranches over a three-year period

For key staff, the allocation amount is determined based on a combination of the employee's fixed pay and STIP, taking into account individual overall annual performance, the role and the business impact.

The LTIP allocation process is finalised between February and March each year, following the completion of the performance review for the previous financial year. Additionally, other LTIP allocations may occur based on factors such as employment, promotion, or retention as part of a remuneration package.

Executive Directors' LTIP award allocation depends on the achievement of both internal and external measures.

The **internal measure** involves assessing the three-year compound annual growth rate of distributable earnings per share relative to an indexation-linked benchmark. The resulting percentage is then multiplied by an internal hurdle factor of 20.

The **external measure** is determined by comparing the **Total Shareholder Return** to a relevant set of peers approved by the Remuneration Committee. The calculation of the respective KPI is as follows:

- If the Group's performance falls within the **top quartile**, **50%** of the annual fixed pay is applicable
- If the Group's performance falls within the **second quartile**, **25%** of the annual fixed pay is applicable
- If the Group's performance falls within the **bottom two quartiles**, the applicable percentage is **zero**

The **LTIP** determination for Executive Directors' performance is approved by the Remuneration Committee and is settled through share awards without any attached loans.

Clawback provisions

According to the Remuneration Policy and the Rules of the Incentive Plan approved and published by the Group, clawback provisions may apply to STIP and LTIP awards granted to key staff and Executive Directors. These provisions allow for the recoupment of all or part of any awards under the STIP or LTIP (or their value), including distributions received on award shares, in specific circumstances:

1. **Gross Misconduct, Gross Negligence, or Material Error**: if any of these events occur or are discovered within 2 years of the allocation of an STIP award or the vesting of LTIP award shares, the clawback provisions apply
2. **Decision-Making Authority**:
   » **Executive Awards**: the Board decides on clawbacks for Executive awards
   » **Key Individuals**: executives are responsible for clawbacks related to Key Individuals
3. **Clawback Event Identification**:
   » **Unvested LTIP Shares**: if a Participant's contract ends, **unvested LTIP shares will be forfeited and lapse immediately**
   » **Shares or Cash Repayment**: participants must return to the company a number of shares equivalent to the total allocated award, including corresponding amounts received as distributions, either in cash or equivalent shares
   » **Method Combination**: the Board or Executives may use a mix of these methods as deemed suitable
4. **External Factors**: new laws, regulations, or social developments may impact the eligibility for awards under the STIP

These provisions ensure accountability and align with responsible corporate governance practices.

Internal pay ratio

When determining the remuneration of Executive Directors, in accordance with the Dutch Corporate Governance Code, the Remuneration Committee takes into account the progression of the internal pay ratio between the pay of the Executive Directors and that of a relevant reference group of employees.

The Company aims to ensure alignment with the principles outlined in the Remuneration Policy. This involves reasonably weighing the position and responsibilities of managing a listed company against reward levels. The goal is to achieve a reasonable proportionality with the salaries and employment conditions of all Company employees and management.

Pay ratios in relevant markets where the Group has teams and operates business and asset portfolios are reviewed. The methodology and the relevant ratios are transparently reported annually in the Implementation Report.

Ratio between fixed and variable pay

The remuneration structure for Executive Directors is carefully designed to cultivate alignment between management and shareholders in both the short- and long-term. It emphasises performance-driven outcomes and its balanced approach ensures a dynamic and motivating compensation framework. For performance delivered in line with internally set targets, **fixed pay** accounts for approximately **30%** of the total compensation, while **variable pay (STIP and LTIP)** accounts for approximately **70%**.

Minimum and maximum levels of variable pay as per the remuneration framework

The remuneration framework for Executive Directors is carefully designed to ensure a performance threshold for variable pay and to define the conditions under which no variable award is granted.

Minimum Levels:

1. **Minimum/Zero STIP**: the cumulative achievement of KPIs must reach 75%. If the achievement falls below this threshold, the STIP award is capped at the equivalent of the Annual Strategic Priorities percentage, as specified in the STIP KPIs table.

2. **Minimum/Zero LTIP Award**:
   » The **cumulative compound annual growth rate (CAGR) over a three-year period** must exceed indexation + 1%. Failure to meet this criterion results in a zero LTIP award for this component of the KPI.
   » The **Total Shareholder Return** of the Company is compared to selected peers. If the Company's position falls outside the first or second quartile, the LTIP award for this component of the KPI is also zero.

Maximum Levels: As part of the framework, a maximum remuneration is designed for extraordinary performance. The Remuneration Committee determines this based on business circumstances:

- For **STIP awards**, the maximum award is capped at **170%** of the annual fixed pay
- For **LTIP awards**, the maximum award is capped at **270%** of the annual fixed pay

Termination of employment

For proper management of risks related to pay and termination of employment, the Remuneration Committee, the CEO and Human Resources Director prioritise the following considerations:

Notice Period:

- For staff, the notice period does not exceed 6 months in any of the jurisdictions where the Company operates
- For Executive Directors, the notice period is 3 months

Fixed Pay and Benefits:

- Fixed pay and benefits are discontinued when employment ceases
- However, applicable benefits may continue to be provided during the notice period

Short-Term Incentive Plan (STIP):

- Entitlement to STIP will lapse upon termination of employment, and no further payments will be made
- On a discretionary basis, the executive management (for staff) and the Remuneration Committee (for Executive Directors) may decide to award a portion of the STIP for the period worked until the termination date

Long-Term Incentive Plan (LTIP):

- Unvested awards under the LTIP shall be forfeited in their entirety and will lapse immediately in the event of a fault (bad leaver) termination
- In the case of a no-fault (good leaver) termination:
  » Executive management (for staff) and the Remuneration Committee (for Executive Directors) have discretion to determine whether unvested awards shall vest as scheduled, on an accelerated basis (all, part, or pro rata), or lapse, as well as to determine the application of lock-up for awarded shares of Executive Directors, as detailed in the Implementation Report for the respective period
  » Upon the death of an employee or Executive Director, all unvested awards vest, and shares are released from lock-up

Severance Pay:

- Severance pay may be granted upon termination of employment as required by law or based on the conditions of termination (fault/no-fault terminations).
- The decision lies with the executive management (for staff) and the Remuneration Committee (for Executive Directors).

Non-Executive Directors' fees

The non-Executive Directors receive compensation based on their role through an annual fee, which is paid on a monthly basis. Any increases in the NED fee are proposed by the Board and these proposals are approved at the Annual General Meeting of Shareholders.

Additionally, the Group covers or reimburses travel, accommodation, and logistics costs incurred by NEDs in relation to the performance of their duties.

Executive Directors' agreements

The remuneration of the Executive Directors is determined by the terms outlined in their services or employment agreements with the Group or its subsidiaries. These agreements are typically indefinite and comply with applicable laws.

The service agreement also includes terms related to an agreement between the Group or a subsidiary and the service company controlled by the Executive Director. These terms are intended to be consistent with the Remuneration Policy. In case of any inconsistency between the services or employment agreement and the Remuneration Policy, the terms of the agreement will prevail.

The Executive Directors' service or employment agreements do not include provisions for pensions or other benefits beyond what is specified in this Remuneration Policy. Any additional pensions or benefits provided will be approved by the Remuneration Committee and disclosed in the Implementation Report on an annual basis.

IMPLEMENTATION REPORT

Executive Directors' remuneration

Variable Pay

The variable pay components tied to the 2023 results (STIP and LTIP) were determined based on performance criteria. In December 2023, the Remuneration Committee reviewed these criteria, considering the preliminary assessed performance. Later, upon final results computation, the Committee validated the variable pay components on 12 February 2024, based on the actual performance for the year.

1. 2023 STIP AWARD DETERMINATION

The 2023 STIP KPIs have been structured in three main categories:

Quantitative KPIs (Financial and Operational performance and Debt Management)

- The quantitative KPIs are designed to link performance within operations (such as NOI Organic Growth, Vacancies, Collection rate, and Gross Rental Income) and financing (including Liquidity and Debt Risk Profile) to the investment profile and distributable earnings for shareholders. The sliding scales apply to specific KPIs that have the potential to significantly impact distributable earnings and the Group's overall performance.
- The financial and operational KPIs have been set in alignment with published guidance and internal budgets. The chosen levels for financial metrics reflect the ambition to maximise growth potential, building on the strong growth achieved during 2022. The 2023 targets represent a normalised growth pace, several years post-Covid-19, when the business was significantly affected. These targets reflect a stabilised business, returning to solid operational and financial results.

Qualitative KPIs

- The decision to introduce ESG qualitative KPIs in remuneration aims to focus the executive management on several critical aspects:
  » Defining a robust Sustainability Strategy that aligns with the Group's long-term goals
  » Monitoring progress against Sustainability Agencies' ratings and adopting relevant methodologies
  » Implementing strategic ESG projects, such as the successful installation of photovoltaic panels across the Romanian portfolio (which is the largest portfolio within the Group)

Annual Strategic Priorities

The Annual Strategic Priorities have a crucial role in the performance delivered each year. These priorities focus on critical projects related to the overall Group's performance and strategy implementation.

This category encompasses four types of projects: **Asset Management, Finance, Business Operations and People and Culture.**

Each year the strategic priorities and expected achievements are discussed, agreed upon, and delivered under the leadership of the Executive Directors. These priorities drive the Group's success and ensure alignment with its long-term goals.

In **2023**, the following **Strategic Priorities** were closely monitored to determine the total quantum of variable pay for executives:

- Greenfield development and opening of Promenada Craiova
- Greenfield development of Vulcan Residence project
- Renewable energy business stream development
- Management of all upcoming 2024 and 2025 loan maturities and maintenance of adequate level of revolving credit facilities
- Employee Engagement Survey participation and results

For 2023, it is important to note that it was the first full year for each executive director in their current roles. For the purpose of determining variable pay in 2023, the total quantum allocated to the Annual Strategic Priorities categories was set at 25%.

Given the discretion of the Remuneration Committee to assess and award pay based on the completion of the Annual Strategic Priorities, and considering the successful delivery against all strategic projects, the Committee has confirmed that the respective 25% will be awarded in full.

Below are the details of the achievements related to the **Annual Strategic Priorities**:

Asset Management

- **Promenada Craiova**: The greenfield development of Promenada Craiova was successfully delivered within the agreed timeline and budget. All leasing-related targets were met and operational KPIs exceeded expectations in areas such as footfall, turnover, and media coverage
- **Vulcan Residence**: Despite challenges in the residential market, credit market tightening, and changes in Romanian taxation for residential assets, the Group's first residential project achieved its sales targets. Out of 254 apartments (total area of 18,300m^2), 186 were sold at initial prices (without any discounts) by mid-February 2024, aligning with pre-agreed targets

Finance

- Management of all upcoming 2024 and 2025 loan maturities (signing of a syndicated unsecured loan agreement of €387 million led by IFC for the management of 2024 bond maturity, €116 million extension of secured loans maturing in 2024,

€346 million extension of revolving credit facilities maturing in 2024 and 2025) which ensures and strengthens a safe balance sheet allowing the Group to focus on growth and pursue opportunities in the market

Business operations

- Licensing one of the Group's subsidiaries to consolidate energy-related activities in Romania is a strategic move. This step not only brings further efficiencies to the Group's operations but also allows NEPI Rockcastle to develop its renewable energy business stream

People and Culture

- The Group's Employee Engagement Survey achieved an impressive **participation rate exceeding 90%**. Moreover, the engagement index increased compared to 2022, reaching a **satisfaction rate of 82%**. This high level of engagement is essential for ensuring teams' performance, motivation, and commitment to contributing to the company's achievements. Detailed discussions of the survey results were held across the Group, and relevant actions have been planned and delivered during 2023 and will continue into 2024

Starting 2024, the Remuneration Committee, taking note of feedback from shareholders, has decided to reduce the maximum threshold for the annul strategic priorities from 25% to 15%. The resulting difference will be allocated for 2024 to the Operational Performance NOI and to the Qualitative Factors. The retained 15% allocation for Strategic Priorities within the STIP provides flexibility. It allows the Remuneration Committee to incentivise the executive management to focus on specific projects or initiatives when external or internal factors impact financial and operational results, necessitating counterbalancing actions.

The overview of STIP measures, targets and results for 2023 are included in the below table illustrating the detailed calculation and outcome of the STIP for Executive Directors:

	STIP COMPUTATION											
Performance measures STIP	**Target**			**Weight**			**Result**			**Achieved**		
	min	**tgt**	**max**	**CEO**	**CFO**	**COO / Executive Director**	**CEO**	**CFO**	**COO**	**CEO**	**CFO**	**COO**
Financial performance				**35%**	**40%**	**25%**				**65%**	**70%**	**50%**
Growth in distributable earnings per share	**4%**	**6%**	**8%**	30%	30%	25%	**9.3%**	**9.3%**	**9.3%**	**60%**	**60%**	50%
Maintaining Investment Grade rating	-	-	-	5%	10%	-	**yes**	**yes**	**-**	**5%**	**10%**	-
Operational performance				**25%**	**15%**	**40%**				**45%**	**26%**	**71%**
NOI organic growth	**5%**	**7%**	**9.0%**	10%	5%	15%	**13%**	**13%**	**13%**	**20%**	**10%**	30%
Maximum accepted vacancies (EPRA overall)	**3.5%**	**2.5%**	**1.5%**	5%	-	10%	**2.2%**	-	**2.2%**	**7%**	**-**	13%
Collection rate (at year-end)	**96%**	**97.25%**	**98.5%**	5%	10%	5%	**98%**	**98%**	**98%**	**8%**	**16%**	8%
GRI - gross rental income increase	**8%**	**10%**	**12%**	5%	-	10%	**21%**	**21%**	**21%**	**10%**	**-**	20%
Debt risk management				**-**	**10%**	**-**				**-**	**10%**	**-**
Debt maturity (remaining years, excluding RCF)	-	over 3 years	-	-	10%	-		**3.6**		**-**	**10%**	-
ESG - qualitative factors				**15%**	**10%**	**10%**				**15%**	**10%**	**10%**
2023 Renewable Energy plan implementation (27 installations) Ratings improvement and Methodologies (CRREM implementation)	-	-	-	10%	10%	5%	Renewable energy deployment plan implementation - 27 out of 28 Photovoltaic Installations were completed in 2023 • GRESB improved to 3* from 2* in Management and 1* in Development • Sustainalytics improved from Low to Negligible risk • EPRA maintained at Silver • CRREM Methodology implemented across all portfolio in line with EU Taxonomy • EU Taxonomy report was prepared and is part of the Sustainability section in the 2023 Annual Report			**10%**	**10%**	5%
Waste management process improvement - to deliver the zero avoidable waste to landfill target until 2025	-	-	-	5%	-	5%	Waste disposal measures taken during 2023: • Environmental audit resulting in defining the waste management strategy to achieve the zero-avoidable-waste-to-landfill by 2025 • Successful implementation of waste collection measures: on site sorting, waste split per relevant fractions, scales to measure the waste • Successful switching from compost to bio-waste management for Romania and Bulgaria portfolio			**5%**	**-**	5%
Annual Strategic Priorities	-	-	-	**25%**	**25%**	**25%**	• Greenfield development and opening of Promenada Craiova • Greenfield development of Vulcan Residential project • Renewable energy business stream development • Management of 2024 and 2025 debt maturities and maintenance of adequate level of revolving credit facilities • Employee Engagement Survey participation and results			**25%**	**25%**	25%
Total	-	-	-	**100%**	**100%**	**100%**				**149.5%**	**141.0%**	**156.0%**
Annual Fixed pay										**675,000**	**385,000**	**385,000**
STIP										**1,009,125**	**542,850**	**600,600**

Payout - KPIs[1] with a sliding scale applied	**Min**	**Target**	**Max**
Growth in distributable earnings per share	50%	100%	200%
NOI organic growth	50%	100%	200%
Maximum accepted vacancies	50%	100%	200%
Collection rate	50%	100%	200%
GRI - gross rental income increase	50%	100%	200%

1 *For specific KPIs, sliding scales and metrics were set for minimum/target/maximum level of achievement*
Sliding scale and performance incentive zone applies. Sliding scale ranges from 50% for minimum level to 100% for target level and 200% for maximum level

Assessment of the STIP KPIs resulted in an overall achievement rate between 141%-156% of a maximum cap of 170%.

The majority of the KPIs have been achieved at target up to maximum levels and sliding scales have been applied.

2. 2023 LTIP AWARD DETERMINATION

The LTIP award determination is based on two measures:

External measure – Total Shareholder Return (TSR) comparison to relevant peers

The TSR is a significant and relevant benchmark for assessing shareholders' performance in relation to the market. While TSR is not directly tied to the individual performance of Executive Directors and the management team, it is heavily influenced by various market conditions. By incorporating TSR into LTIP determinations, the Remuneration Committee aims to align award levels with the performance achieved compared to relevant peers.

	Peer	TSR 2023
1	Immofinanz	81%
	Unibail-Rodamco-Westfield	38%
	CA Immo	30%
	Carmila	27%
2	Klépierre	24%
	NEPI Rockcastle	**22%**
	Deutsche Euroshop	15%
	Mercialys	14%
3	S Immo	0%
	Redefine	-6%
	Hyprop	-7%
	Citycon	-9%
4	Growthpoint	-19%
	MAS Real Estate	-21%
	Globalworth Real Estate Investments	-31%
Min	0	-31%
Third Quartile Marker	1	-8%
Second Quartile Marker	2	14%
First Quartile Marker	3	26%
Max	4	81%
Nepi Rockcastle Quartile		Second Quartile
LTIP remuneration component based on Quartile		25%

Source: Bloomberg. TSR FY2023 calculated in EUR, considers dividends reinvested in security.

Internal measure

The internal measure is the compound annual growth rate of distributable earnings per share relative to an indexation-linked benchmark. The result, as a percentage, is multiplied by an internal hurdle factor of 20.

[CAGR in distribution per share – (Indexation+1pp)] * internal hurdle

- 3-year CAGR in distribution per share (as of 2020 - 2023): 14.04%
- Indexation: 7.3%+ 1% = 8.3%
- Internal hurdle factor is 20
- Overall achievement: 139.8%

The CAGR has a pivotal role in determining the LTIP award. It directly considers the growth rate over consecutive years, aligning executives' interests as shareholders with the company's performance.

LTIP Computation

	Assuming CAGR relative to 2020
Indicator	2023
CAGR	14.04%
Minus (Indexation + 1%)	(8.3%)
	5.74%
Internal hurdle	20
Second quartile for TSR	25%
LTIP award	139.8%

The LTIP corresponding to the 2023 performance has been awarded in March 2024.

Executive Director's shareholding

Executive Directors or entities in which they have an indirect beneficial interest held the following numbers of NEPI Rockcastle shares at 31 December 2023:

Shares held under the Share Purchase Schemes:

Name of Director[1]	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**

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

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**

Single figure remuneration

The total remuneration of Executive Directors for 2023, relative to previous years where applicable, is presented in the table below. This disclosure is aligned with the Dutch Executive Remuneration legal requirements.

All amounts in € thousand

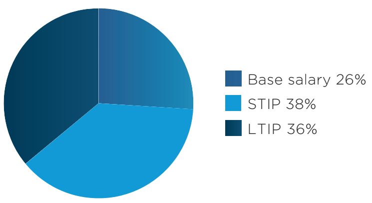
Executive Directors	Years	Directors' fees	Interim period related remuneration (one off)	STIP	LTIP (number of shares)	LTIP (€ thousand equivalent)[1]	Total single figure of remuneration[2]
Rüdiger Dany	**2023**	**675**	**-**	**1,009**	**155,346**	**944**	**2,628**
	2022	517	200	867	161,627	936	**2,519**
Eliza Predoiu	**2023**	**385**		**543**	**88,605**	**538**	**1,466**
	2022	253	150	478	**163,255**	**945**	**1,826**
Marek Noetzel	**2023**	**385**	**-**	**601**	**88,605**	**538**	**1,524**
	2022	329	-	511	**163,255**	945	**1,785**

1 The share price for the LTIP relating to 2023 performance is €6,074 and has been determined as 30-days Volume Weighted Average Price (VWAP) from the 12 February 2024 (date of the approval by the Remuneration Committee)

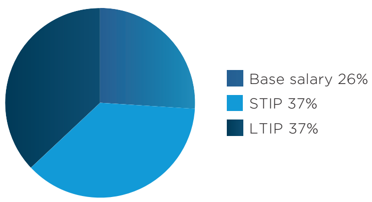
2 All figures represent total cost to Company; there are no other benefits granted to the Directors other than the ones disclosed above

The Weight between the various components of reward for the Executive Directors is as follows:

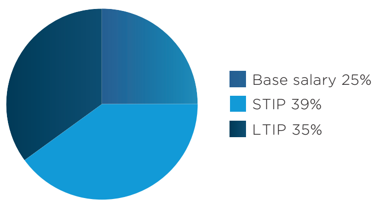
CEO



CFO



COO



Remuneration report

» continued

Internal Pay ratio and comparative information

In line with the guidance provided under the Dutch Corporate Governance Code and the Dutch Civil Code, the CEO pay ratio and five-year average employee compensation are to be disclosed in the annual Remuneration Report.

In line with the Dutch regulatory provisions, the average employee compensation should be computed as total personnel costs reported in the financial statements as "Staff cost" divided by the average headcount.

CEO Pay ratio

	2023	2022	2021	2020	2019	2018
CEO total compensation – LTIP included	2,628	2,519	600	810	2,641	1,698
Employees (excluding Directors) (€ thousand)	11,890	10,671	8,135	7,496	10,719	10,358
Average number of employees[1]	538	454	436	439	441	481
Average employee compensation (€ thousand)[2]	22.1	23.5	18.7	17.1	24.3	21.5
CEO Pay Ratio	118.9	107.2	32.2	47.4	108.7	78.9

1 *Average number of employees calculated as average between total number of employees at the beginning and the end of the calendar year*

2 *Average employee compensation progression reflects the effects of several factors, primarily the pay level of the newly acquired staff throughout the year, in non-managerial positions, whose average salary is below the average pay at the level of the company.Staff costs do not include any LTIP awards, any training, personal development or wellbeing related costs*

CEO Pay ratio – excluding LTIP awards

For consistent comparison and analysis, the Group reviews internally the CEO pay ratio which does not include the LTIP awards neither for the CEO, nor for employees - as LTIP awards are granted to a limited number of staff members. This below ratio also considers the gross personnel costs, excluding the netting effect of the property management income generated by the Group.

	2023	2022	2021	2020	2019	2018
CEO compensation - **LTIP excluded**	1,684	1,583	600	660	1,270	825
Average employee compensation (€ thousand)	54.3	52.9	40.3	39.1	43.6	38.9
CEO Pay ratio	31.0	29.9	14.9	16.9	29.1	21.2

Management pay ratio

The pay ratio between the CEO and senior management, as well as middle management and subject matter experts, considering base salary and incentive opportunities (both STIP and LTIP) range from 3 to 26 in comparison to a range of 3 to 27 in 2022.

This progression demonstrates stability and alignment of pay, encompassing total compensation packages, across various management levels.

PHOTO: CITY PARK

Non-Executive Directors' fees

No Changes in the non-Executive Directors Fees took place during 2023.

Actual	Member/Chairman	2023 Annual remuneration
Board of Directors	Member	48,000
Board of Directors	Chairman	72,000
Board of Directors	Lead Independent Director	5,000
Audit Committee	Member	11,000
Audit Committee	Chairman	18,000
Risk and Compliance Committee	Member	9,000
Risk and Compliance Committee	Chairman	15,000
Investment Committee	Member	11,000
Investment Committee	Chairman	18,000
Remuneration Committee	Member	8,000
Remuneration Committee	Chairman	12,000
Nomination Committee	Member	7,000
Nomination Committee	Chairman	11,000
Sustainability Committee	Member	7,000
Sustainability Committee	Chairman	11,000

The 2023 non-Executive Directors annual fees are set out below:

Actual	Member/ Chairman	Annual remuneration	Andre van der Veer	Andries de Lange	Antoine Dijkstra	Steven Brown	George Aase	Andreas Klingen	Ana Maria Mihaescu	Jonathan Lurie	Total
Board of Directors	Member	48,000	48,000	48,000	48,000	48,000	-	53,000	48,000	48,000	341,000
Board of Directors	Chairman	72,000	-	-	-	-	72,000	-	-	-	72,000
Audit Committee	Member	11,000	11,000	-	11,000	-	-	-	11,000	-	33,000
Audit Committee	Chairman	18,000	-	-	-	-	-	18,000	-	-	18,000
Risk and Compliance Committee	Member	9,000	9,000	-	-	9,000	-	-	-	9,000	27,000
Risk and Compliance Committee	Chairman	15,000	-	-	15,000	-	-	-	-	-	15,000
Investment Committee	Member	11,000	-	-	-	11,000	11,000	-	-	11,000	33,000
Investment Committee	Chairman	18,000	18,000	-	-	-	-	-	-	-	18,000
Remuneration Committee	Member	8,000	-	8,000	-	-	8,000	-	8,000	-	24,000
Remuneration Committee	Chairman	12,000	12,000	-	-	-	-	-	-	-	12,000
Nomination Committee	Member	7,000	-	7,000	7,000	-	-	7,000	-	-	21,000
Nomination Committee	Chairman	11,000	-	-	-	-	11,000	-	-	-	11,000
Sustainability Committee	Member	7,000	-	-	7,000	7,000	-	-	7,000	-	21,000
Sustainability Committee	Chairman	11,000	-	-	-	-	-	11,000	-	-	11,000
Annual fee			**98,000**	**63,000**	**88,000**	**75,000**	**102,000**	**89,000**	**74,000**	**68,000**	**657,000**

No change was made to the non-Executive Directors' (NED) remuneration during 2023.

The most recent adjustment occurred in January 2021. In 2023, the Remuneration Committee reviewed NED fees considering the expanded complexity and responsibilities arising from the company's growth, strategic initiatives, and relocation to the Netherlands. The move broadened the roles of specific Board members and increased their time commitment due to governance frameworks.

The Board intends to propose an update of non-Executive Directors annual fees levels and structure starting 2024. These proposed increases adhere to internal practices for employees and management, market benchmarks, inflationary trends, and prevailing rates across the markets where the NEDs operate. Additionally, third-party benchmarks have contributed to informing this proposal.

The intention is that future fee reviews will not be frequent and will be conducted on a need basis.

Shareholders will have the opportunity to vote on this proposal during the upcoming Annual Shareholders Meeting, and detailed information will be provided in the meeting notice.

Comparative table over remuneration and Group's performance

In line with guidance provided under the Dutch Corporate Governance Code and the Dutch Civil Code, the table below presents the comparative between the performance of the Company, the remuneration of each Director and the average employee compensation (excluding directors) from 2018 to 2023 financial years.

Group performance	2023	2022	2021	2020	2019	2018
Distributable earnings per share (euro cents)	56.98	52.15	34.42	38.42	56.33	52.86
Net Operating Income (€ thousand)	491,209	404,565	346,891	322,964	400,738	346,070
CEO total compensation – LTIP included	2,628	2,519	600	810	2,641	1,698
Average employee compensation[1] (€ thousand)	22.1	23.5	18.7	17.1	24.3	21.5
Average employee compensation[2] (€ thousand)	54.3	52.9	40.3	39.1	43.6	38.9

1 Calculated based on personnel costs as per the financial statements
2 Calculated based on gross personnel costs, excluding the netting effect of the property management income generated by the Group

All amounts in € thousand

Director	Position	2023	2022	2021	2020	2019	2018
Rüdiger Dany	Chief Executive Officer	2,628	2,519				
Rüdiger Dany	Former Chief Operating Officer			1,400			
Eliza Predoiu	Chief Financial Officer	1,467	1,826				
Marek Noetzel	Chief Operating Officer	1,524	1,785				
Marek Noetzel	Former Executive Director			600	405	970	769
Alex Morar	Former Chief Executive Officer		188	600	810	2,641	1,697
Mirela Covasa	Former Chief Financial Officer		147	400	540	1,784	1,334
Spiro Noussis	Former Executive Director (former co-Chief Executive Officer)						655
Nick Matulovich	Former Executive Director						505
George Aase	Chairman	102	102	112	88	62	25
Antoine Dijkstra	Non-Executive Director	88	88	104	86	72	61
Andre van der Veer	Non-Executive Director	98	98	116	108	109	83
Andreas Klingen	Non-Executive Director	89	89	103	81	48	
Steven Brown	Non-Executive Director	75	75	84	47		
Andries de Lange	Non-Executive Director	63	63	74	40		
Jonathan Lurie	Non-Executive Director	68	68	25			
Ana Maria Mihaescu	Non-Executive Director	74	74	27			
Robert Emslie	Former non-Executive Director/ Former Chairman			78	132	141	105
Desmond de Beer	Former non-Executive Director				36	73	60
Dan Pascariu	Former non-Executive Director/ Former Chairman						55
Michael Mills	Former non-Executive Director						42
Sipho Vuso Majija	Former non-Executive Director				27	65	25

Non-Binding Advisory Vote on the Implementation Report

This implementation report is subject to a non-binding advisory vote by shareholders at the Annual General Meeting of Shareholders to be held in 2024.

PHOTO: OZAS SHOPPING AND ENTERTAINMENT CENTRE

Sustainability report

INTRODUCTION

Message from the CEO

The critical state of our planet and the need for everyone to play their part in driving positive change continued to be a focus in 2023. Ensuring that NEPI Rockcastle contributes to making the world more sustainable is one of our key objectives. With the Group's core values guiding our decisions, we once again made good progress in addressing the changing climate crisis. At NEPI Rockcastle, we understand that to secure a thriving future for our business, we need to generate a positive impact on communities, future talent, and the environment. This can only be achieved by going beyond simple mitigation, towards a restoring and regenerating mindset.

We pledge to remain devoted to improving our habitats and activities, to make a significant leap towards emissions reduction, to act with integrity and respect towards people, communities, and nature. Our shopping centers continue to deliver convenience, inclusion, and accessibility, enabling the communities to use them not only for shopping, but equally for socialising, education, healthcare, and this remains core to our vision.

Sustainability is embedded in our business decisions. We see sustainability and profitability going hand in hand and believe that in today's business landscape one can no longer look towards the future without considering both. The production of renewable energy, an endeavour we commenced in 2022 and continued to invest in throughout 2023, is one such example where the environmental and financial objectives are perfectly aligned.

Our sustainability strategy can be defined as focusing on sustainable buildings and partnerships, as well as creating an attractive, professional, and ethical work environment. It represents the foundation of everything we do and guides our efforts to reduce the environmental impact and increase the future socio-economic performance of our business.

In implementing that strategy, we continued to reduce emissions, energy intensity and use of district heating in our properties, as well as to support the communities in which we operate. We have revised and re-set our targets in accordance with the SBTi (Science Based Targets initiative) methodology and have defined more ambitious KPIs for our standing portfolio. We continued to certify our properties based on BREEAM, illustrating the commitment to greener cities in the region where NEPI Rockcastle operates.

While I am proud of where the sustainability journey has taken us so far, continued effort is still required to achieve our ambitious goals. By continuing to apply a sustainable mindset to all actions, I am confident that we will do our part to ensure a greener and safer tomorrow for the future generations.

Rüdiger Dany, CEO, NEPI Rockcastle

PHOTO: SERDIKA CENTER

Executive summary

The Group has demonstrated its commitment to sustainability through addressing the most significant challenges and opportunities facing its business, industry and society. As a leader in the CEE Region, with presence in nine countries, developing, owning, and managing shopping centers, industrial and office buildings, the Group's sustainability strategy has established a sector-leading approach for creating resilience, positive impact, and meeting stakeholders' requirements, all while adhering to its core values.

With increasingly recognised concerns across a broad spectrum of Environmental, Social, and Governance (ESG) topics, the landscape in which NEPI Rockcastle operates is continuously evolving. Market trends and regulations are advancing towards greater pressure for the management and reporting of sustainability and climate-related issues. These trends are particularly relevant for the real estate industry, given its notably high carbon footprint and sustainability impacts. Against this backdrop, the Group has defined its sustainability strategy, core pillars, and material issues in line with relevant international climate-related disclosure recommendations and standards.

Group's sustainability strategy and its green funding strategy are intertwined, working in tandem to drive positive change. Notably, the Group has elevated the ambition level for its financing framework, and as of 2023, it aligns its reporting with the requirements of the EU Taxonomy, serving as catalysts to advance its sustainable business model.

NEPI Rockcastle's sustainability performance report for 2023 outlines management's approach to various Environmental, Social, and Governance topics, structured under three pillars.

- **Pillar one: Invest in healthy and sustainable buildings** extensively covers environmental topics, with a special focus on climate change
- **Pillar two: Be a trusted partner for our stakeholders**, focuses on social topics pertaining to the Company's sites, operations, value chain (tenants, customers, suppliers), and the wider community
- **Pillar three: Create an attractive, professional and ethical work environment**, outlines the governance, human rights and workforce management approach

Throughout 2023, the Group continued its commitment to maintaining a BREEAM-certified standing portfolio, increasing use of electricity from renewable sources, based on on-site production or sourcing, and launching initiatives to further improve energy efficiency. As a result, compared to 2022, the Group achieved a 31% reduction in carbon emissions from operations (scope 1 and 2), a 15% reduction in carbon emissions from scope 3 (tenants' energy consumption), and 19% reduction in total emissions, marking significant progress toward its goal of achieving net-zero emissions by 2050.

The Group advanced in monitoring and enhancing its environmental and socio-economic performance, invested in its teams through training and development programs, surveyed customers in order to refine its customer experience approach and hosted community events throughout the entire portfolio.

Investments in 2023 covered initiatives implemented across operational assets, aiming to reduce emissions, enable efficient use of energy, promote biodiversity, consume water resources responsibly, encourage sustainable mobility. These were supported by buildings improvements, including those recommended during the BREEAM certification process.

In 2023, the Group received the Silver Award from the Polish Council of Shopping Centers (PRCH) for "Strategy and ESG activities" - the Jury emphasised "the wide range and comprehensiveness of the ESG activities carried out, the ambitious goals and the spectacular tree planting campaign".

The Company committed to the Science Based Targets initiative (**SBTi**) by redefining its decarbonisation targets in line with science and the globally recognised SBTi methodology. Validation by SBTi is ongoing.

SCIENCE BASED TARGETS

To better identify and address climate change issues, NEPI Rockcastle comprehensively analysed the climate-related risks and opportunities in its portfolio. This was grounded in the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and considered the recently issued IFRS S2 Climate-related Disclosure Standard, planned to replace TCFD recommendations as a market reference from 2024 onwards.

This report covers the impact of the entire portfolio of 60 buildings, across nine countries in the CEE region. It aligns with the Global Reporting Initiative (GRI) – Comprehensive, the European Public Real Estate Association Sustainability Best Practices Recommendations (EPRA sBPR) and the EU Non-Financial Reporting Directive (NFRD) laid down in the Dutch Decree on disclosure of non-financial information. The alignment with these, including TCFD and relevant United Nations Sustainable Development Goals (UN SDGs), is presented in the Framework mapping chapter of this report, page 232.

Absolute performance in 2023

18
Average annual carbon intensity kg CO_2e/m^2

97%
BREEAM Certification[2]

91%
Assets equipped with highly efficient LED lighting[1]

27
Photovoltaic installations in Romania

78%
Share of renewable electricity in total electricity

88%
Assets[3] accessible via public transportation

[1] Common and service areas
[2] By GLA for eligible portfolio (excluding industrial and strip centres). As of December 2023, a number of shopping centers were under recertification process with preassessments completed. Assessments were completed by the external assessors as of 19 March 2024
[3] Excluding industrial portfolio, distance 0 to 1.5 km to the public transportation network

Progress in 2023 compared to 2022[4]

-19%
CO2 emissions

-6%
Energy intensity[5]

-3%
Energy use

-2%
Waste recycling rate

+11%
Share of renewable electricity in total electricity

-11%
Water intensity / 1000 visitors

[4] +/- refers to increase or decrease compared to 2022, absolute performance
[5] total energy consumed / GFA

GROUP SUSTAINABILITY STRATEGY

Sustainability governance

The Group continued to maintain its position as ESG leader in the CEE real estate market, validated by strong benchmark ratings. The Group is committed to reducing emissions and energy intensity and to reaching the set targets by 2030. This includes evolving processes and data quality, maintaining the support of the investors, tenants, customers, partners, the communities, and its employees. Appropriate and sustained governance is of paramount importance in steering the sustainability efforts.

The Sustainability Committee, comprising Executive and non-Executive Directors of the Board of Directors, actively oversees the development and implementation of durable, long-lasting policies, and monitors the progress made by the Group against the targets included in the sustainability strategy. The Executive Directors regularly engage in dialogue with the Board on key sustainability aspects and ensure that the long-term strategy enables growth in a sustainable and responsible manner, considering the risks and opportunities associated with key environmental (including climate change), social and governance matters.

The sustainability strategy is monitored at the highest level by the executive management, i.e. by the CFO, as the Executive Director part of the Sustainability Committee, and ultimately by the CEO. The Company appointed a Group Head of Sustainability to lead the execution, track progress of implementation of sustainable initiatives, and report on the status of meeting the set targets.

The Group Head of Sustainability reports to the CEO and works closely with internal and external stakeholders. The Group Head of Sustainability has regular contact with the Sustainability Committee, having the primary responsibility to advance the sustainability agenda and to prioritise focused and concerted actions across the portfolio. The Sustainability Data Analyst is responsible for the data collection and analysis for the entire Group, using a specialised data collection platform called Deepki. In 2023, a Sustainability Manager joined the sustainability team, coordinating the risk and opportunities assessment process, as well as implementation of development and operational procedures across the Group.

The Group Head of Property Management is tasked with championing the environmental program in the assets, closely monitoring progress towards targets, implementing energy efficiency programs and obtaining BREEAM certification. On a local level, each asset and center management team is responsible for maintaining the buildings, proposing and executing action plans and CAPEX investments, regularly reporting and tracking the environmental data.

As part of the Group's business transformation, the Group Head of Energy joined the team, with the mandate to design and implement an integrated energy strategy for the entire portfolio. The energy team is developing, coordinating, and implementing strategies and policies to reduce consumption of energy from non-renewable sources and to increase return on investment from on-and-off-site production of renewable electricity.

Specific KPIs have been defined and embedded in the annual performance assessment for key management levels, from the Executive Directors downwards to center management teams, to link environmental and climate performance to personal performance measures and remuneration.

The ESG strategy recognises the responsibility on the management level and integration of physical climate change into regular risk assessment and business operations. In line with the strategy, NEPI Rockcastle is committed to prepare a climate adaptation plan for each asset.

Policies and procedures

The Group has implemented comprehensive policies to lay out ESG principles and responsibilities. An annual review of all Group policies is undertaken to ensure compliance with laws and regulations, incorporate learnings and feedback, facilitate business evolution and transformation, and align with best practices embodied in relevant Environmental Management Systems standards. The main purpose of these policies and procedures is to ensure that each asset within the NEPI Rockcastle portfolio complies with regulations and internationally recognised best-practice frameworks.

PHOTO: MEGA MALL

Policy / Procedure / Manual	Description
Environmental Policy	Includes the Group's overarching commitment to operate based on sustainable practices. It ensures compliance and continually improves environmental performance, outlining the Group's commitment to achieve effective environmental management, ensuring adequate risk mitigation, cost saving, and social responsibility.
Sustainable Development Policy	Sets minimum standards for new construction, extension, and redevelopment (planned to be be rolled out in 2024).
Climate adaptation plan	Sets out the Group's commitment to implement mitigation measures addressing the climate change risks on an asset level, based on the climate scenarios and the risks and opportunities analysis.
BREEAM Certification Manual	Supports Development and Asset Management teams in managing the BREEAM certification process.
Sustainability Communication Policy	Aims to enable Group stakeholders to raise questions and concerns related to Environmental, Social and Governance, so that the Group can address queries and concerns. The policy has been drafted in 2023, approved and implemented beginning of 2024.
Sustainable Procurement Policy	Regulates the Group's approach in the supply chain, addressing the economic, environmental and social impact.
Group Procurement Procedure	Provides a framework to ensure that the principles defined in the Group's Environment and the Sustainable Procurement are embedded in the procurement process.
Sponsorships & Donations Policy	Transparently details the end-to-end sponsorship/donations assessment and approval process.
Human Rights Umbrella Policy	Sets out the commitment to international social and labour standards, in alignment with the International Labour Organisation core principles. The policy has been drafted in 2023 and has been approved beginning of 2024.
Diversity and Inclusion Policy and Diversity and Inclusion employee regulation	These are intended to facilitate effective communication and consultation between the employer and staff, concerning equal opportunities and diversity, promoting inclusion and a fair approach.
Remuneration Policy	Group's Remuneration policy and the Implementation Report are disclosed in detail in the Remuneration section of the annual report, page 126.
Code of Ethics	Defines core principles and expected behaviour related to the following: equal employment and non-discrimination, environmental compliance, health, safety and labour conditions, human rights, drugs and alcohol, conflicts of interest, gifts, entertainment, corruption practices, lobbying and political involvement, fraud, antitrust.
Whistleblowing Policy	Intended to enable employees and external parties to raise serious concerns so that the Group can investigate, address and correct misconduct.
General Compliance Policy	Sets an aligned compliance framework, promoting consistent, rigorous, and comprehensive practices throughout the Group, stimulating a culture of compliance, including ethics and integrity.

PHOTO: GALERIA WARMINSKA

Sustainability risks and opportunities

Managing risks and seizing opportunities ensures NEPI Rockcastle's resilience amidst the climate crisis and escalating ESG concerns. The conventional financial risk management approach is augmented by environmental, social, and governance considerations, expanding the concept of financial value. Stakeholders nowadays require proactive responses to environmental, social, governance risks and opportunities which are re-shaping the business strategy.

This section focuses on broader Environmental, Social, and Governance concerns, associated risks, their transformative impact on the real estate industry and how the Company approaches mitigation measures.

Risk area	Description of potential impact of the risk	Management approach to mitigate risks and seize opportunities
Event-driven (acute) physical risks	Extreme weather events have the potential to cause direct damage to assets or indirect supply-chain disruption (resulting from flood, storm, or wildfire). Materialisation of these risks require costly mitigation actions and can lead to changes in assets valuation. Furthermore, insurance may become more costly or even unavailable in case assets are exposed to significant physical climate-related risks.	NEPI Rockcastle assesses acute physical risks and plans adaptation activities to make its properties more resilient to extreme weather conditions. The adaptation plans are based on the results of climate risk assessment conducted in 2023, which will be further developed for the most pressing physical hazards, that the Company monitors via its Sustainability reporting platform, Deepki.
Chronic physical risks / climate adaptation challenges	Long-term shifts in climate patterns (e.g., temperature changes, water scarcity, drought) can affect buildings operations and increase operating costs. They can also affect assets valuations and drive significant adaptation and investment needs. Negative effects include heat stress, which impairs physical and mental performance. Heat can also damage materials (e.g., through deformation) and thus lead to the impairment of infrastructure.	NEPI Rockcastle plans adaptation measures addressing chronic physical risks, based on the results of the climate risk assessment prepared in 2023. Such measures are prioritised based on the climate change risks assessment and the geographical distribution of the Group's portfolio.
Sustainability performance	Real estate assets generate significant environmental impacts, including resource consumption (energy and water), waste generation, and impact on people's health. There is growing pressure to improve buildings' sustainability performance, including enhancing resource efficiency and adopting circular economy principles.	The Company is committed to enhance the sustainability performance of its buildings from both a structural and operational standpoint. The BREEAM methodology is used to evaluate and certify the sustainability of the portfolio. During construction, the Company carries out the life-cycle assessment (LCA), which considers several environmental impacts and the global warming potential from a whole life-cycle perspective.
Carbon footprint	Buildings generate significant carbon footprint, both during construction and in operation. Therefore, the real industry sector is affected by growing regulatory pressure to reduce GHG emissions and decarbonise operations. On the other hand, this is also related to energy market risk (resulting from the transformation of the energy sector), which entails volatility of prices and limited availability of energy from various sources – which can impair achieving strategic decarbonisation goals.	Reducing GHG emissions is one of the key focus areas in NEPI Rockcastle's strategy. This is addressed by shifting to lower-emission energy sources including on-site renewable electricity production and reducing gas and district heating consumption. In 2023, the Company revised its decarbonisation targets in accordance with SBTi, a globally recognised methodology. These are under validation by SBTi.
Energy performance	Real estate assets require significant energy for development and operations, which makes energy management a significant industry issue (more recently due to energy pricing volatility, electricity price increases, and energy-related regulations are becoming more stringent).	NEPI Rockcastle is committed to improving the energy efficiency of its assets. Energy performance considerations are integrated into property investment analysis and technical due diligence in the acquisition process. Energy efficiency improvements and related capital investment are a crucial part of NEPI Rockcastle's operational strategy.
Water management	Growing water scarcity (expected to increase due to climate change), waste of the water and operating costs show the importance of careful water management. In retail properties, water is consumed mainly by restaurants for food processing and through use in restroom areas by the visitors. Poor water management in these areas can negatively affect operating costs, environmental impact, and the Group's reputation.	NEPI Rockcastle is consciously prioritising water management in its assets. Risk mitigation practices include prevention of excessive water use, careful monitoring and reducing potable water consumption, reusing where feasible and using grey water where possible. Going forward, the Company aims to develop a formal water management plan, as well as develop a protocol of action to reduce risks to shopping centers workers and visitors during water stress events.

Risk area	Description of potential impact of the risk	Management approach to mitigate risks and seize opportunities
Resource and energy dependency	The real estate sector traditionally demands significant natural resources, including energy. Amongst other, the scarcity of resources, and the growth of population/market pressure/local conditions, may increase prices. Assets that require more raw materials and resources to build and operate are exposed to these cost pressures with potential impact on their valuation, or even license to operate.	NEPI Rockcastle is committed to reducing resource and energy dependency of its assets to enhance the Company's climate resilience, independence, and competitiveness. With significant investment in on-site photovoltaics the Company is shifting to lower-emission energy sources and decentralised energy production. This contributes significantly to the Group's sustainability targets, but also enables the Company to become less energy-dependent and more resilient in front of future regulations and market changes. Other potential measures include securing alternative water supply, improving waste management and adopting circular economy principles.
Management of tenants and suppliers sustainability impacts	As the largest listed owner, developer and manager of shopping centres in CEE, the Company can be an agent of change and drive sustainable practices in its supply chain (first level) as well as educate and raise awareness of its suppliers, to positively influence their decision making. A significant part of real estate sustainability impacts is generated by tenants' operations and activities. Still, real estate owners can play an important role in influencing the sustainability impacts of their tenants.	NEPI Rockcastle has developed, in consultation with relevant stakeholders, the Environmental Policy and the Sustainable Procurement Policy. These reflect the commitment to achieve effective environmental management and efficient property maintenance in its assets. In relation to tenants, the Company introduced the 'Green Appendix', aiming to promote alignment with circular economy, energy efficiency and climate change mitigation best practices, as well as developed various awareness campaigns.
Waste management	Waste generated by tenants and customers is a significant sustainability issue for the real estate industry. Poor waste management increases demand for raw materials, adds to the carbon footprint and generates increasing costs.	NEPI Rockcastle is committed to contributing to a circular economy and promoting environmentally responsible behaviours. The Company enables and encourages recycling and is adopting data collection and monitoring processes to reduce the avoidable waste going to landfill.
Regulatory environment and compliance	A fast growing environmental concerns and climate targets set by the EU imply more stringent regulations to limit GHG emissions, e.g., carbon tax, energy efficiency targets, construction code changes. Fast-evolving regulatory environment may lead to significant non-compliance risk, potentially leading to fines, penalties, or reputational issues.	NEPI Rockcastle's climate long-term target is to achieve net zero carbon emissions by 2050, through energy efficiency improvements and investment into renewable energy sources. The Company is continuously monitoring the regulatory landscape, developing capabilities and tools to support climate-related risk analysis and make agile reporting adjustments.
Legal liability and management accountability	Given the climate-related physical and transition challenges companies risk being sued for: • greenwashing (unsubstantiated claims of sustainable actions); • damages due to climatic physical risks whose materialisation could have been prevented but the company failed to do so: • failure to transform towards sustainable operations and development	The Company is committed to continuous risk analysis and sustainability-related disclosure enhancement. Data collection procedure and process scrutinised and improved on an on-going basis to adapt to requirements while improving the level of control. In the context of legal liability, NEPI Rockcastle is monitoring litigation trends and is actively mitigating the risks of greenwashing and non-compliance. To raise awareness regarding the adverse consequences and hazards associated with greenwashing, a training campaign is scheduled for 2024.
Technology risks related to transition to low-carbon economy	Transition to low-carbon economy entails risks related to availability and prices of relevant technologies, including innovative building management systems, low-emission energy sources, and climate change adaptation solutions. This relates to stranded asset risk, uncertainty of technology availability and transition viability in case of assets with a higher carbon footprint and sustainability impact.	To address transition technology-related challenges, NEPI Rockcastle regularly monitors relevant technological developments and conducts assessment of climate change adaptation and mitigation solutions. The Company introduces innovative solutions in pilot projects with support from best-in-class external advisors and experienced professionals.
Material downward changes in market valuation of properties, insurance cost and availability	Exposure to significant physical, or transition climate-related risks may lead to changes in valuation, higher cost or even non-availability of insurance coverage for the assets. This may have a potential impact on the financial position, credit rating and access to capital.	The Company's strategy focuses on reduction of carbon footprint and sustainability impacts of its properties, as well as climate change adaptation measures. NEPI Rockcastle aims to develop and enhance capabilities to analyse and manage climate-related risks, evaluate and certify the sustainability performance of its properties and prepare transparent and extensive disclosures. These measures mitigate risks related to change in valuation and insurance cost.

Risk area	Description of potential impact of the risk	Management approach to mitigate risks and seize opportunities
Uncertainty of market and consumer trends and supply chain risk	Consumers are increasingly conscious of their sustainability impacts. Trends towards more responsible consumption are also reinforced by the unfolding cost-of-living crisis (due to higher energy prices, inflationary pressures and increasing interest rates). Supply chains are also prone to unpredictable economic shifts and technological advancements.	NEPI Rockcastle is committed to regular and continuous engagement with all relevant stakeholders, to monitor market trends, and to adapt its strategy to help navigate uncertainties in the dynamic landscape. The Group secures key resources in due time based on longer-term supplier contracts and builds partnerships with core suppliers.
Reputational risk	Growing environmental and climate awareness translates into growing expectations and regulatory pressure for non-financial climate-related reporting. Stakeholders and investors expect companies to identify, assess, prioritise, and monitor climate-related risks and are increasingly including climate risks into their investment decisions. Failing to meet these expectations may affect a company's reputation.	NEPI Rockcastle's ambition is to maintain its reputation for excellent sustainability performance, effective climate risk management, transparent, best-in-class climate-related reporting. This involves continuous engagement with stakeholders, careful monitoring of market trends and expectations, with support from external experts with relevant experience in climate change management.

While some of the risks have a greater potential to affect the Group's resources and operations, such as climate change, resources scarcity, volatility in emerging markets, waste management, and circularity, there are other risks that are rated as moderate or low in the Company's context and locations, such as loss of biodiversity and natural disasters. The Group also recognises opportunities such as increased access to the sustainable financing market, costs reduction following circular economy approach or following the implementation of resource efficiency measures.

Climate change risks and opportunities

As part of its enhanced risk management approach, the Company performed a comprehensive analysis of climate-related risks and opportunities in its portfolio, in alignment with the TCFD recommendations and following principles defined in the IFRS S2 Climate-related Disclosure Standard (IFRS S2). The Company is working towards full compliance with IFRS S2 Standard in its climate-related disclosures, to be achieved in 2025.

Climate-related physical and transition risks refer to the potential negative effects of climate change on a company. Physical risks are resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climate patterns (chronic physical risk). These risks could carry financial implications for an entity, such as costs resulting from direct damage to assets or indirect effects following supply-chain disruption. The entity's financial performance could also be affected by changes in water availability, quality of the services or equipment, as well as extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs and employee health and safety.

Transition risks and opportunities were determined based on market trends using data sets from recognised institutions, benchmark analyses and interviews with selected internal stakeholders. The risks were rated and prioritised by combining the potential likelihood with their estimated impact.

In the short- term, the energy and climate performance of the Group's assets was identified as both the most relevant risk and opportunity. In terms of risk, increased costs due to high energy demand and price fluctuations, decreased access to capital due to stakeholder concerns regarding climate performance, planning and communication, compliance with carbon-related legislation were prioritised by the Group. As for the opportunities, green buildings offer potential prospects of new income streams. Going forward the Group will continue to monitor the performance of its assets based on the identified risks and opportunities and the investment needs.

The Company plans to further strengthen its capacity and to refine its approach to identifying and managing climate change risks and opportunities, as well as to continue with transparent and above-average climate-related disclosures. The planned work aiming compliance with IFRS S2 disclosure standard will focus on assessing the current and anticipated effects of climate change-related opportunities on (1) the Company's business model and value chain, (2) the Company's strategy and decision-making, (3) the financial position, financial performance and cash flows (for the reporting period and anticipated over the short-, medium- and long-term), (4) the resilience of the Company's strategy and business model taking into account identified climate-related risks, changes, developments, uncertainties and opportunities (including the focus on strengthening the methodology for climate-related scenario analysis).

The relevant climate-related risks were incorporated into the Group-wide risk management processes and enterprise risk management system, described in detail in the Risk Management section of this report, page 104.

The full TCFD report (including the scenario analysis) is available on the corporate website under the link: *TCFD report*.

Materiality assessment

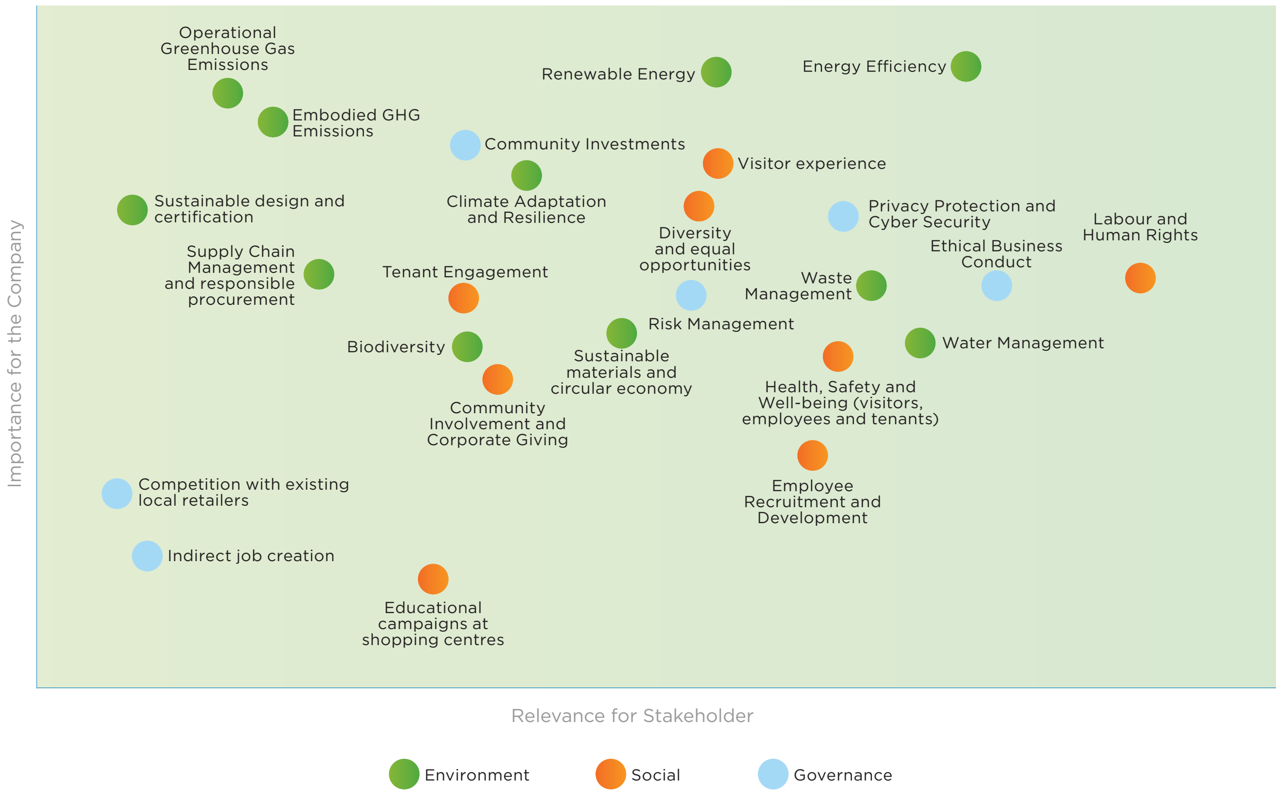
In 2022, NEPI Rockcastle conducted a thorough materiality assessment to identify key sustainability priorities. Using the GRI standard, topics critical to the Company's sustainability were assessed and prioritised. Same focus continued in 2023, while a double materiality assessment is planned for 2024, aligning with the Corporate Social Reporting Directive requirements.

A Group-wide employee survey was rolled out as part of the materiality assessment performed in 2022, to gather the internal perspective on most significant impacts. The survey results were further calibrated in a focus group with representatives from key areas in the Company, calibrated with key owners in the management team, presented to the Sustainability Committee for consideration and approval, then sent to the Board for final endorsement.

The Group identified and prioritised its key focus items of medium and high risks and opportunities on which to base its short- and medium-term priorities. Understanding the context in which NEPI Rockcastle operates allowed a more focused review of the topics to be considered in the materiality assessment. The following aspects were considered:

- NEPI Rockcastle's material topics
- Industry and geographies-relevant topics
- Best practices in the real estate industry
- Main concerns voiced by the investment community
- Primary ESG risks and opportunities, including climate change
- Potential changes in legislation in the countries where the Company operates

The matrix below reflects the outcomes of the 2022 materiality assessment while during 2023 NEPI Rockcastle continued to address same material topics, reprioritising some of the most pressing issues.



Sustainability business model

Considering the materiality assessment and including the climate change risks and opportunities assessment, with a continuous focus on the achievement of positive impact, the Group has formalised its sustainability strategy, in order to have a more concerted plan, addressing sustainability goals, setting more granular KPIs that remain measurable and improve progress monitoring. The sustainability strategy contributes directly to 10 out of 17 UN SDGs and it has been approved by the Board of Directors, with a strong focus on the communities and sustainable cities objectives.

Sustainability strategy pillars	Invest in healthy and sustainable buildings	Be a trusted partner for our stakeholders	Create an attractive, professional, and ethical work environment
Key focus areas	Reduce emissions from operations and development	Advance community support and corporate social responsibility	
	Use renewable energy (purchase or produce)	Optimize customer engagement level	
	Increase energy efficiency	Enhance collaboration on sustainable tenant initiatives and operations	
	Reduce avoidable waste from operations to zero and avoid disposing to landfill	Support local employment and communities	Ensure compliance with regulations, policies and procedures
	Avoid waste of water	Increase visitors satisfaction	Provide an attractive place to work and develop
	Ensure transition to a circular economy and resources conservation	Advocate and support decarbonisation in the supply chain	Promote well-being and positive engagement
	Certify the assets portfolio	Promote digitalisation and efficiency	
	Protect natural resources and biodiversity	Promote sourcing from local suppliers	
	Implement innovative sustainable mobility solutions	Assess sustainability in the supply chain	

Stakeholder input

We consider continuous communication with stakeholders that is grounded in integrity, impartiality, and transparency, a fundamental process of remaining a sustainable business.

The sustained stakeholder engagement and updated materiality analysis shape the foundation for the Company's ESG priorities. Details of stakeholder governance at Board level are included in the Corporate Governance chapter of this annual report, page 78.

PHOTO: POGORIA SHOPPING CENTRE

Stakeholder	Overview	Form of engagement
Shareholders	The Group is committed to providing all shareholders with timely and equal access to relevant information through open, honest, and transparent communication. The Group engages with shareholders on a wide range of topics, including remuneration, strategy, risk management, corporate governance.	Investors roadshows Annual/extraordinary general meeting Investor presentations and one-on-one meetings Annual reports, business strategy updates, condensed financial results, corporate website updates
Employees	NEPI Rockcastle maintains professional working relationships with its employees, while at the same time fostering a culture of collaboration, encouraging new ideas, proactivity, and ownership.	Performance reviews Engagement survey Training and development opportunities Internal communication hub 'SPOT' Friday Talks with key members of the management team
Tenants	The Group maintained a high occupancy rate and stable rent levels across the portfolio, while adopting a fair and equitable approach to the tenants, aimed at ensuring the long-term success of the retail ecosystem.	On and off-site meetings Tenant engagement survey Green lease appendix Retailer day event
Visitors and community	NEPI Rockcastle, as a good corporate citizen, always considers the impact of its projects and operations on society, the community and the environment.	Customer engagement survey Info desk local support Community events
Analysts and investors	The Group holds semi-annual results presentations and participates in industry conferences. Information is provided through analyst presentations, road shows, annual and interim reports. NEPI Rockcastle openly addresses analysts' questions concerning all aspects of the business and communicates frequently during the year to answer queries.	Bi-annual investor presentations Investor meetings Investor roadshows Annual reports, business strategy updates, condensed financial results, corporate website updates
Suppliers	NEPI Rockcastle maintains professional relationships with all its suppliers and ensures they understand performance standards and requirements, also in the aspect of sustainability. Where possible, NEPI Rockcastle defines service level agreements or terms of reference in its relationships with suppliers, which include performance expectations and deliverables.	Know your Partner due diligence Ethics and awareness campaigns Sustainability commitment with business partners
Financing partners	The Group maintains relationships with banks, financial institutions and bondholders, and keeps open communication with its financing partners. Compliance with loan covenants is closely monitored by finance management and the Audit Committee and reported according to the applicable financing agreements.	Green Finance Framework Sustainability-linked Finance Framework Annual and Sustainability reports One on one meetings Bilateral reporting Green bond report
Government and local authorities	NEPI Rockcastle endeavours to build mutually beneficial relationships with governments in the jurisdictions where the Group operates, acknowledging that the Group is a major taxpayer and that it creates job opportunities both during project development and afterwards, in the operational stage. NEPI Rockcastle engages with local authorities both directly and via its property managers and external consultants.	Local permits and certifications Compliance with regulatory framework

INVEST IN HEALTHY AND SUSTAINABLE BUILDINGS (PILLAR 1)

Overview

Climate change and environmental issues have become a growing global concern. More frequent extreme weather events are causing damage to buildings and infrastructure while changing climate conditions lead to increased adaptation costs and investment requirements. Concurrently, countries and organisations are intensifying efforts to limit their carbon emissions to align with the Paris Agreement, reduce environmental impacts and address sustainability challenges. Transition to climate neutrality is the centrepiece of the European Green Deal. Given that buildings in the EU are responsible for 40% of energy consumption and 36% of carbon emissions, the real estate sector plays a pivotal role in climate policy, facing significant regulatory pressure to reduce its carbon footprint and environmental impact.

Acknowledging the transition challenges, including those related to the fast-evolving regulatory environment, the Company has the ambition to transform them into business opportunities. The Group has already undertaken active efforts to improve the sustainability, resource efficiency, and energy performance of the buildings, also by engaging with tenants and business partners.

While important steps have been made on the path to climate neutrality, NEPI Rockcastle acknowledges that there is still a long way to go.

The Group aims to reduce the use of primary energy, greenhouse gas emissions, potable water, non-recycled waste output, and pollution, through specific targets and active management. NEPI Rockcastle strives to maintain a high standard in its assets, including green building certifications (with a commitment to have 100% of the eligible standing portfolio certified before annual sustainability reporting) and maintaining biodiversity in the surrounding areas.

In 2023, the Company committed to the Science Based Targets initiative (SBTi) and redefined its decarbonisation targets in line with science and the globally recognised SBTi methodology. Proposed targets are under the validation by SBTi.

PHOTO: PROMENADA CRAIOVA

The following table provides a summary of the Group's sustainability targets indicating their planned completion date, status at the end of 2023, compared to 2022 and to 2019, as base year.

Targets valid until end of 2023[1]	End year (set to be delivered)	UN SDG	KPI measurement	Progress in 2023 compared to 2022	Progress in 2023 compared to 2019 baseline
Increase energy efficiency by 20%	2024	12 13	% MWh % Energy intensity	3% reduction in consumption 6% decrease in intensity	5% reduction in consumption 9% decrease in intensity
Produce renewable energy for own consumption	2030	7 13	on-site renewable production capacity	27 assets in Romania with solar panels installed in 2023	27 assets in Romania with solar panels installed in 2023
Reach a waste recycling rate of 60% from operations	2025	11	% Waste recycled/total waste produced during operations % of recycled waste per visitor	46% of waste was recycled in 2023 2% decrease in recycling rate	33% of waste was recycled in 2019 37% increase in recycling rate
Achieve zero avoidable waste to landfill from operations	2025	11	Remove avoidable waste going to landfill	Introduction of the waste segregation process and equipment, diverting waste from landfill	Implementation of waste reduction programs and switch the focus onto recycling and circular economy
Decrease (potable) water consumption by 15%	2024	6	% water consumption % water intensity	2% increase in the total water consumption 11% decrease of water consumption per visitor	3% decrease in the total water consumption 7% decrease of water consumption per visitor
Reduce emissions from operations by 70%	2030	13	Operations carbon footprint ($MtCO_2e$)	31% reduction in emissions from own operations (scope 1 and 2) 19% reduction in emissions from total operations (Scope 1, 2 and 3)	80% reduction in emissions from own operations (scope 1 and 2) 57% reduction in emissions from total operations (scope 1, 2 and 3)
Reduce embodied emissions from new constructions by 30%	2030	13	Construction carbon footprint ($MtCO_2e$)	LCA carried out for assets under development with full commitment to analyse and address recommendations. Sustainable development policy defined, enabling measurement and active management of emissions in the construction process	Integration of sustainable solutions in the design and execution process. Introduction of LCA and BREEAM New Construction certification.
Continue BREEAM In-Use buildings certification, with a minimum of "Very Good" and above	Ongoing	11	Number of certified assets	97% of eligible[2] portfolio has been certified	51% of eligible[2] portfolio has been certified
Implement a Biodiversity Action Plan for all properties in operation and under development	2025	15	Number of assets with a Biodiversity Action Plan	Specific ecology reports and habitat management action plans for BREEAM certified assets	Compliance with applicable laws during construction and refurbishment. Implementation of initiatives towards the conservation and improvement of biodiversity

1 *The reference year for evaluating the progress on environmental targets was established by the Company as 2019 – this provides a representative picture of regular operations, prior to the impact of the Covid-19 pandemic, which altered some results during the 2020-2022 period*

2 *Excluding strip centres and industrial. KPI calculated as of the report publishing date, 20 March 2024. Promenada Craiova, opened in 2023, was certified under BREEAM New Construction*

The Group's sustainability targets were revised in 2023, during the SBTi validation process, aiming to establish more ambitious goals.

Targets valid from 2024 onwards[1]	End year (set to be delivered)	Base year	UN SDG	KPI measurement	Aspiration for 2030
Reduce energy intensity in common areas by 30%	2030	2022	12, 13	kWh/m²	Operate an energy efficient portfolio
Reduce scope 1 and 2 GHG emissions per m² from operational energy use by 80%	2030	2019	13	MTCO2e/ m²	Act for low carbon future SCIENCE BASED TARGETS
Reduce absolute scope 3 GHG emissions from operations (within Category 3 and 13) by 25%	2030	2022	11, 13	MTCO2e	Stakeholders engagement for low carbon future SCIENCE BASED TARGETS
Produce renewable energy for own consumption	2030	2019	7, 13	on-site renewable production capacity	Path to net zero
Reduce embodied emissions from new constructions by 30%	2030	2019	11	Construction carbon footprint	Contribute to circular economy
Reach a waste recycling rate of 60% from operations	2025	2019	11	% Waste recycled/ total waste produced during operations % of recycled waste per visitor	Operate a zero end-waste business
Achieve zero avoidable waste to landfill from operations	2025	2019	12	Remove avoidable waste going to landfill	Operate a zero end-waste business
Decrease (potable) water consumption by 15%	2024	2019	6	% water consumption % water intensity	Develop shopping centers of the future
Continue BREEAM In-Use buildings certification, with a minimum of "Very Good" and above	Ongoing	2019	11	Number of certified assets	Be a recognised leader in environmental performance
Implement a Biodiversity Action Plan for all properties in operation and under development	2025	2019	15	Number of assets with a Biodiversity action plan	Respect the natural habitat and resources.

1 *As described on page 163, the Company joined SBTi and refined some of its targets. Following the process, starting with 2024, new or updated targets will be applicable. Initial targets remain with 2019 baseline, while the newly established targets will utilise 2022 as the reference year to monitor progress and assess advancements moving forward.*

The Board of Directors recognises the importance of committing capital expenditure towards environmentally responsible practices that contribute to the Group's long-term sustainability goals. Consequently, a budget of €5.23 million has been approved for 2024 to cover a range of sustainability investments in the operating assets. These investments include the certification of the portfolio (BREEAM) and the implementation of recommended measures, adaptation and expansion of the Building Management System (BMS) alongside smart metering, improvement of Energy Performance Certificate levels to target A/B ratings, monitoring of CO_2 emissions and air quality, enhancement of waste and water management processes, energy efficiency initiatives, improving customer service and sustainable mobility options, and the enhancement of green areas and biodiversity.

Data collection and reporting process

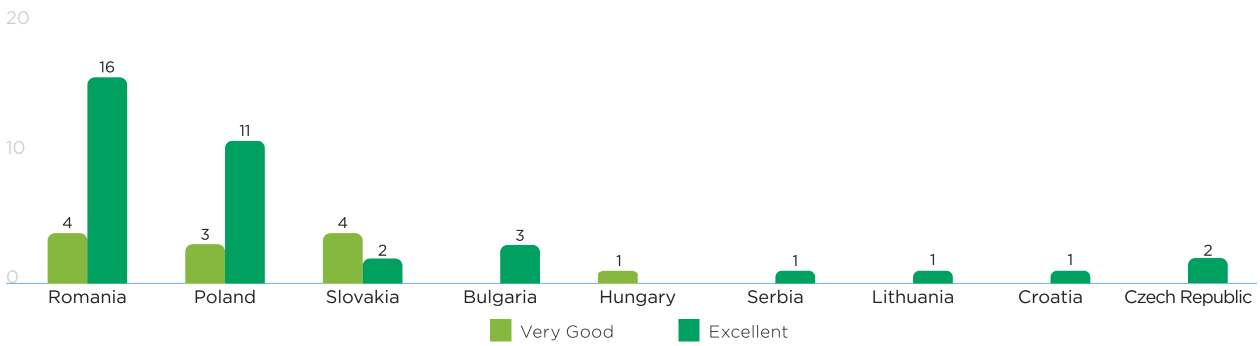
The Group uses an online data collection platform (Deepki) covering its entire reporting scope, aimed at automating and improving the reliability and quality of the data. The tool was selected for its ability to enable smoother monitoring and reporting. Consumption data for energy, waste and water is collected on a monthly basis at asset level, verified and analysed at corporate level. An annual report on the data, key insights, lessons learned, and the main investments required to meet annual targets is compiled under the supervision of the Group Head of Sustainability and presented to the Sustainability Committee.

Assets certification

The Company is committed to enhancing the sustainability performance of its buildings from both a structural and operational standpoint. This can be achieved by evaluating and certifying the buildings sustainability based on BREEAM methodology, covering various aspects such as climate change, energy and water use, health and well-being, pollution, transportation, materials, waste management, ecology and biodiversity, management processes.

As of 19 March 2024, 97% of the eligible portfolio was BREEAM certified (strip malls and industrial assets have been excluded) and the Group is committed to continue the certification of its eligible portfolio in the following years. The excluded buildings, i.e. industrial and strip centers, not prioritised for certification by the Group due to their low materiality, represent approximately 3% of the total portfolio by GLA. The BREEAM New Construction Certification was initiated for the shopping centers in the development pipeline.

BREEAM (asset performance) Breakdown by number of properties



BREEAM (management performance) Breakdown by number of properties

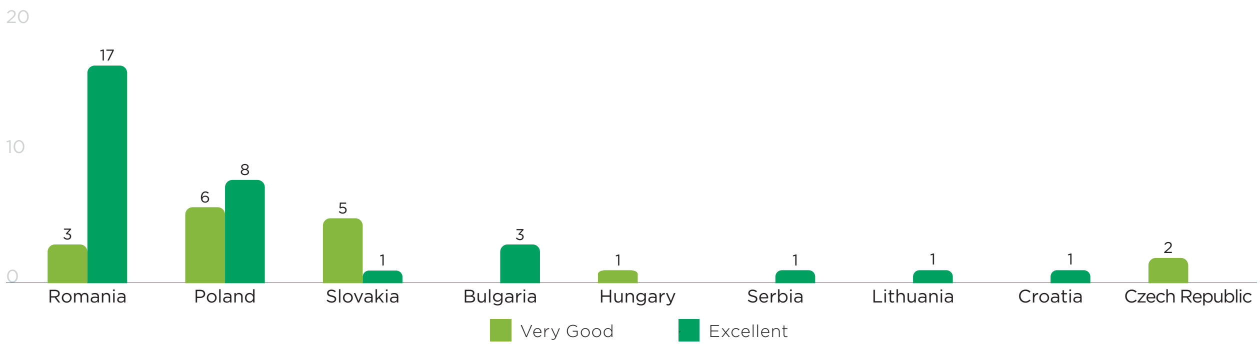


PHOTO: PROMENADA MALL

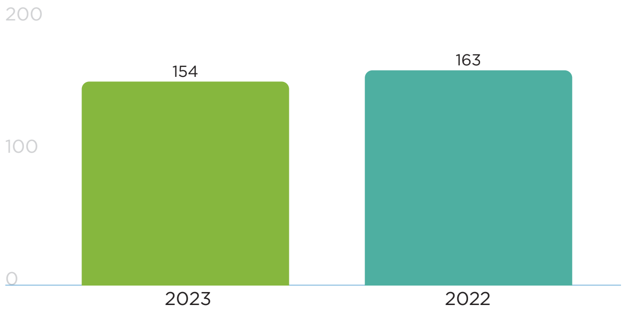
Energy management

Real estate assets require significant energy for their development and operations, which makes energy management a relevant industry issue. The energy is needed for asset's heating, ventilating, air conditioning, water heating, lighting, equipment, and represents a significant operating cost. Recent energy pricing volatility, as well as emergent energy regulations, have showcased the importance of energy management.

Energy performance considerations need to be integrated into property investment analysis and at NEPI Rockcastle these are part of the technical due diligence in operations and during the acquisition process. Energy efficiency improvements and related capital investment are also a crucial part of the operational strategy. The Group continues to invest in innovative ways to reduce energy use and this is done by collaboration between the property management and sustainability departments who collectively identify opportunities for energy intensity reduction.

In 2023, the Company revised its targets in line with SBTi and as a result, one of the targets is related to energy intensity reduction, as detailed on page 164.

Energy intensity [kWh/m²/year]



Evolution of energy intensity for Retail Portfolio [kWh/m²/year]

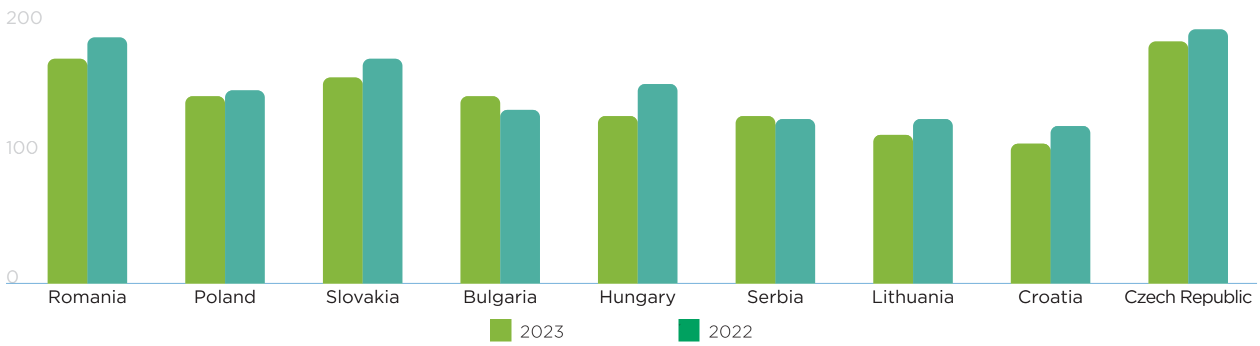
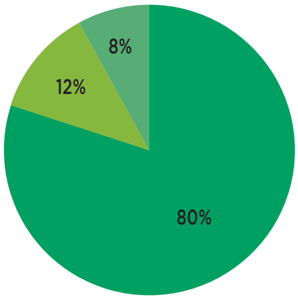


PHOTO: PROMENADA CRAIOVA

2023 Energy mix at group level



[1] NEPI Rockcastle includes in fuel the use of natural gas.

In 2023, NEPI Rockcastle achieved 3% absolute reduction in energy consumption compared to the previous year. The Property Management department has continued to deploy best practices and know-how across the portfolio to improve energy performance. Locally, the on-site teams achieved reduction of gas (reported as fuel), district heating, cooling and electricity consumption through various measures, i.e. by adjusting indoor temperatures to reduce the need for air conditioning or heating. The transition from traditional lighting to LED that began in 2018 continued to be prioritised in 2023, consequently LED lights covered 91% of the common areas by year end. Installation of occupancy lighting controls and sensors in the technical areas and parking as well as low-temperature water systems in restrooms continued.

In 2023, investments totalling €4.4 million were allocated to various sustainability initiatives. These included the installation of green roofs, occupancy and illumination sensors utilising external light sources, implementation of smart meters to facilitate efficient data collection, overall enhancements in building infrastructure (including initiatives recommended following BREEAM certification), application of special foil on glass façades and roofs to mitigate overheating, replacement of revolving doors to improve airtightness, upgrades to LED lighting and HVAC equipment, implementation of energy recovery systems, and installation of motion sensors in escalators and elevators.

The Company focused on exploring the use of artificial intelligence, by piloting projects in two assets: Karolinka Shopping Centre in Opole, Poland, and Aupark Zilina, Slovakia. This marked the first implementation of robust control mechanisms and automated equipment usage, based on integration of IoT technology into the Building Management Systems. Following promising results, the Company plans to expand this feature to nine assets in Poland and one in Croatia in 2024, with further extension across the portfolio starting 2025.

NEPI Rockcastle maintains in 2024 and beyond its commitment to furthering energy efficiency initiatives in order to achieve decarbonisation targets.

Sustainable resources management

With a clear vision of improving the long-term sustainability in its operations, the Group continued to invest in the sustainable development of its portfolio, in clean and sustainable technologies, adopted policies that address environmental and social challenges, and engaged in more proactive stakeholder discussions.

Sustainable resource management prioritises use of resources in a way that meets current needs without compromising the ability of future generations to meet theirs. It emphasises conservation, efficiency and minimising environmental impact to maintain long-term ecological balance.

The Group complies with environmental regulations and standards, and regularly monitors its compliance with applicable legislation and norms. All properties operate in accordance with local environmental laws, and compliance is monitored and verified by environmental protection agencies. NEPI Rockcastle encourages its partners to provide feedback, including reporting non-compliance or any potential environmental risks. During 2023, the Group has not faced environmental any non-compliance issues resulting in material fines.

In the real estate industry, the circular economy contributes to the sustainable resource management and involves designing, developing, and managing buildings to minimise waste, while promoting reuse and prioritising use of sustainable materials. It aims to create a closed loop system where resources are reused or regenerated, reducing the environmental impact of construction and operations. One good example that the Group introduced in 2023, is the cooperation with BRDA and Cyrkl in Alfa Mall, Białystok, Poland, details described further below, in the Waste Management section, page 171.

Water management

NEPI Rockcastle properties are generally connected to the public water and sewage networks. Water is consumed in the Group properties mainly by the food processors and through the use in restroom areas by visitors of the shopping centres. Prevention of waste of water, careful monitoring of consumption, leak detection and signalling, are the main measures integrated in the properties to address water efficiency and scarcity risks.

NEPI Rockcastle, responsible for water use in common areas, has implemented measures to improve water use efficiency and will continue actively managing this resource.

Category	Management Activities
Landlord water – customers and staff activity	• Low water use infrastructure implemented (waterless or low flush urinals) • Diffusers installed on water taps to reduce flow • Studies performed to check if underground water can be used for specific operations • Rainwater collected and reused for irrigations, equipment cooling and other activities • Staff training on sustainability
Landlord water – operations, cleaning, security	• Proactive maintenance and revisions schedule • Sustainability standard defines water efficiency and water quality measures • Water treatment plants for those properties where the used water is discharged into a natural stream of water • Leak prevention and monitoring systems (including sensors and alerts) installed • Targets defined, compliance monitored and audits performed • Irrigation systems humidity sensors implemented
Tenant water	• House rules and Green Lease appendix • Sustainability fit out guide defines water efficiency measures
Water law compliance	• Regular water analysis performed to ensure water quality, assess risks (including exposure to Legionella contamination) and to evaluate the integrity of water distribution systems • Hydrocarbon/oil separators installed in parking areas • Grease separators for all properties and individual grease separators for food processing tenants

PHOTO: CITY PARK

In 2023, the Company has taken further measures to address the water scarcity and drought risk through its water conservation program. This includes capturing rainwater for landscaping, installing automatic flush toilets and low-temperature systems in restrooms, reducing at the same time energy consumption. Going forward, the Company is also considering measures such as reusing grey water, improving irrigation systems and rainwater retention on the site, as well as using plants that have low watering needs.

The Group has set a target in 2019 to decrease water consumption by 15% by the end of 2024 and plans to revise this target during 2024, based on analysis of the data available, efficiency of measures put in place and results up to date.

Complementary to water consumption management, another aspect addressed by NEPI Rockcastle is the management of the impact of water discharge. NEPI Rockcastle operations are non-industrial and therefore the volume of water consumed may be considered equal to the volume of water discharged, with a negligible difference for rainwater.

Rigorous implementation of the Environmental Policy at Group level includes regular maintenance programs, use of efficient equipment and strict internal procedures, to ensure that the properties are permanently in compliance with water quality regulations. The Group's water discharge process is not considered a high-risk pollution factor, with all properties following the relevant laws and regulations. Due to a few cities technical restrictions on takeover capacity, some of the NEPI Rockcastle's properties are not connected to the public sewage system, therefore discharge used water into a natural stream. Strictly on and around these sites, biogenesis does not include any plant or animal species protected by the current regulations. In these locations, the wastewater is discharged after being treated in on-site wastewater plants, under the supervision of environmental authorities. The Group takes responsibility and minimises as much as possible the effects of its activities, by regularly monitoring the water quality, both before reaching the plant and after treatment, before discharge.

Waste Management

As a manager and developer of shopping centers, the regular business activities result in using a significant quantity of resources and producing various types of waste (both in the common and tenants' areas). The Group resource-use targets are designed to focus attention on reducing waste both directly, through the management of waste generated in the assets, and indirectly, through the engagement with partners within the value chain. NEPI Rockcastle is committed to contributing to a circular economy and encourages recycling in order to reduce the amount of avoidable waste going to landfill.

The Group has defined its zero-avoidable waste to landfill plan, and is applying strict selective collection procedures, creating efficient flows to increase the share of recyclable waste, modernising waste sorting areas while promoting environmentally responsible behaviour, educating tenants and visitors through concerted campaigns. The Group continuously engages with tenants and business partners to encourage them to join in this initiative, build awareness and boost support.

Key activities focused on installation of selective waste disposal bins, bringing in further elements that help to divert waste from landfill and ensuring higher recycling rates. The Company successfully completed a pilot for a measuring system, to better track and analyse waste generated by tenants and visitors. The program has been implemented in 15 assets in Romania and will be extended further to all Romanian properties during 2024.

City Park, Constanta, Romania, together with Constanta Restart, Act for Tomorrow, Zoom Beach NGOs and over 300 volunteers, launched an initiative to clean the nearby beach. This resulted in the collection of 6,500 kg of waste (plastic bottles, metal cans, plastic straws, cups, cigarettes, paper). The mall developed a dedicated recycling project with Neversea (the biggest music festival on the Romanian seaside). More than 5,500 empty plastic bottles were collected based on a mechanism where for every empty bottle returned, a fresh bottle of water would be offered. The main purpose, besides cleaning the nature, was to educate people and make them aware of the damage waste can cause to the environment in the long-term. Three schools and one local University attended this year's edition.

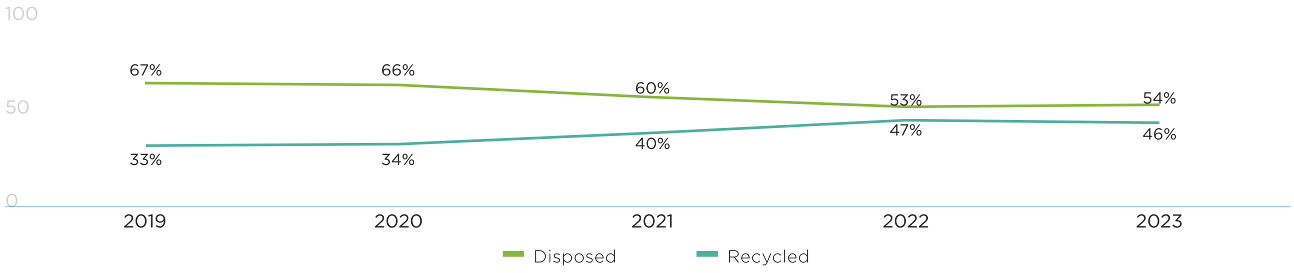
In 14 Polish assets, NEPI Rockcastle organised a campaign dedicated to upcycling. During the workshops, 3,000 bags were created from 1,000m^2 advertising banners. Platan Shopping Centre, Zabrze, and Focus Mall Piotrkow Trybunalski, in Poland, introduced waste disposal bins for small electronics. In Alfa, Bialystok, Poland, the team engaged the Cyrkl and BRDA NGO who organised a collection by 14 other local NGOs of waste from fit out works. In total, 1.7t of materials were diverted from landfill and given to charitable organisations to reuse.

NEPI Rockcastle's "Waste Responsible" campaign was held in several shopping centers across Poland, including Aura Centrum, Alfa Centrum Bialystok, Galeria Wolomin, Galeria Tomaszow, Focus Mall Piotrkow Trybunalski, Solaris Shopping Centre, and Forum Gdansk Shopping Center. In collaboration with local waste management facilities and companies, engaging activities and educational demonstrations were organised to educate customers and tenants on their shared responsibilities in waste management. The initiative aimed to change consumer habits, encouraging the treatment of waste as recyclable materials. Educational games showcased waste segregation practices and the operation of waste collection chambers. Additionally, customers participated in electro-waste collection, receiving a plant in return. The campaign attracted almost 5,000 people and resulted in collection of over 2 tonnes of electro-waste.

NEPI Rockcastle has prepared a movie with instructions how to sort waste for one of its Polish assets and plans to share it with the tenants, as a pilot for the waste management enactment program.

Category	Management Activities
Landlord waste – visitors and staff activity	• Segregated bins on common indoor and external areas • Promotion of reusable items (bags, cups, bottles etc.) • Staff training on sustainability • Pilot with "Cyrkl" for the optimisation of waste management in the asset
Landlord waste – operations, cleaning, security	• Adoption of low waste/reduced packaging products • Signage and engagement on segregation; each asset being equipped with the segregation areas for proper recycling compliance • 100% diversion of avoidable waste from landfill target • Operations waste recycling rate target set at 60% • Sustainability standards adopted for resource efficiency and landfill diversion • Waste management strategy (under preparation)
Tenant waste and compliance with laws and legislations	• Sustainability fit out guide that specifies resource efficiency and landfill diversion • Furniture and equipment reuse partner engaged in Poland • House rules and green lease appendix • Dedicated waste facilities in the food courts and engagement on food waste reduction • Encourage adoption of low waste/reduced packaging products

Waste mangement evolution



Portfolio decarbonisation

Carbon reduction approach

Real estate industry generates a significant carbon footprint, both during asset construction and in operation, therefore, reducing GHG emissions is one of the key focus areas in NEPI Rockcastle's strategy. A carbon reduction pathway has been established for the Group and is endorsed by the Board, encompassing development and redevelopment, operations, engagement with key stakeholders, management of own offices and employees business travel. In 2023, the Company committed to align its key targets with Science Based Targets initiative (SBTi), therefore focused on the calculation of extended Scope 3 GHG emissions and on redefining the decarbonisation targets. The Company submitted its targets in December 2023 and is expecting to have them validated and included in the revised strategy in Q1 2024. The detailed targets are described in the Pillar 1 Overview section, page 163.

The carbon pathway outlines how NEPI Rockcastle intends to reach its climate goals of reducing operations carbon footprint by 2030:

- for scope 1 and 2, by 80%, compared to 2019
- for scope 3 in categories 3 and 13, by 25% compared to 2022

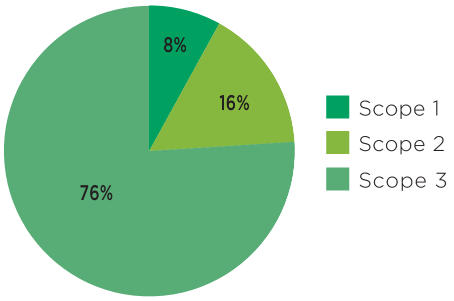
As development of new assets plays an important part in the Group's strategy, embedded carbon is set to be reduced by 30% by 2030.

The targets will be achieved by shifting to lower-emission energy sources including to on-site renewable energy production and by reducing gas and district heating consumption. The on-site renewable energy production contributes significantly to the Group's sustainability targets to reduce its carbon footprint.

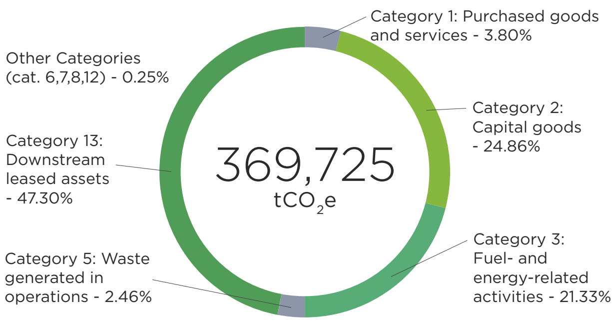
In 2023, the Group decreased its carbon footprint in operations (scope 1, 2 and 3) by 19% compared to 2022, based on the 11% increase in the renewable energy share and reduction of electricity and district heating consumption across its portfolio.

The Group uses the GHG protocol to track emissions and calculation factors provided in the Measurabl platform (until June 2023) and Deepki platform (starting July 2023). It allocates in Scope 1 gas consumption, in Scope 2 electricity, heating and cooling for common areas and in Scope 3, the energy consumed by tenants. Besides the emissions already included in scope 3, NEPI Rockcastle discharges gas emissions generated by the HVAC equipment in its properties. Equipment is regularly checked, and such emissions are kept under control and verified according to the law, while non-compliance with maximum thresholds has not been reported. The Group is committed to investing in new technologies that minimise negative impact on the environment.

2023 emissions breakdown by scope

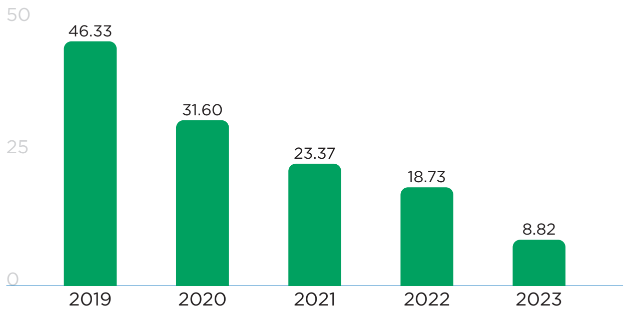


Employing a comprehensive methodology during the SBTi target setting process, the Group has calculated 9 categories of Scope 3 emissions, related to upstream and downstream activities for 2022, in line with the GHG Protocol. The calculation validated that the most important source of emissions in Scope 3 are downstream leased assets (category 13) which constitute almost 47,30% of Scope 3 emissions. The second-largest emission sources are emissions stemming from capital expenditure (category 2) and emissions related to fuel and energy related activities (category 3), which make up to 24,86% and 21,33% respectively. Purchased goods and services (category 1) and waste generated in operations (category 5) constitute 3,80% and 2,46% respectively, of Scope 3 emissions. The remaining categories are not material, as they contribute to less than 0,30% of the emissions.



When it comes to the emissions directly in the Group's span of control (scope 1 and 2), a clear reduction pathway has been achieved since 2019.

Portfolio carbon intensity performance [Kg/m², scope 1 and 2]



NEPI Rockcastle continues to apply the Carbon Risk Real Estate Monitor methodology and tool to monitor and adjust its portfolio alignment with the Paris Agreement and assess carbon-related risks. The tool provides the real estate industry with transparent science-based decarbonisation pathways, is used by the Group to identify assets at risk of becoming stranded and was key in prioritising decarbonisation efforts and investment. The asset-level analysis helps the Group better identify and financially prioritise its short- to medium- to long-term decarbonisation actions, to align with the decarbonisation pathway. The Group identified as a major challenge the discontinuation of gas use in the assets, as well as limiting the emissions generated from district heating based on fossil fuels. Mitigation measures such as investing into own production of energy from renewable sources or potential entering into PPAs (power purchase agreements) are in short- to medium-term focus.

In 2024 the Company plans to prioritise efforts that will improve energy efficiency and reduce emissions, enabling the achievement of the decarbonisation targets and ensuring alignment with EU Taxonomy.

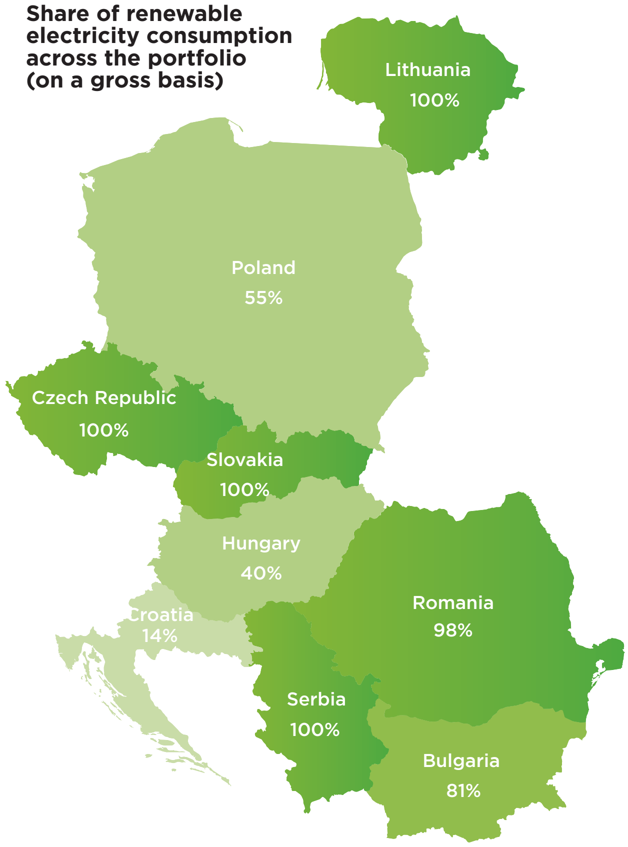
Renewable electricity production and purchase

The onsite renewable photovoltaic installations continued to be a valuable initiative on the NEPI Rockcastle's pathway to reach Net Zero. The Group progressed in the journey started in 2022 in Romania, when it has invested €3.9 million and rolled out photovoltaic panels in 10 assets. In 2023, the Group further invested €30 million into on-site renewable electricity production. As a result, 27 assets are equipped to produce renewable electricity, with one more to be completed in 2024.

The cumulative capacity will ensure an installed power of up to 40 MW, covering 25-30% of the total energy used in the respective assets. The total investment is estimated at €37 million and is expected to significantly reduce the assets' carbon footprint, reduce costs for traditional energy, enable energy-independence, prepare the assets be resilient in front of future regulations and changes in the energy markets. The Group has also installed photovoltaic panels in Ozas, Lithuania, with a production capacity of 480 kWh, estimated to cover up to 10% of the electricity need for the common area and analyses further expansion by 2.5 MWh in 2024.

The Group has accelerated its transition towards sourcing electricity from renewable sources ("green electricity"), as certified based on the mechanism of Guarantees of Origin, defined by the 2009/28/ EC European Directive.

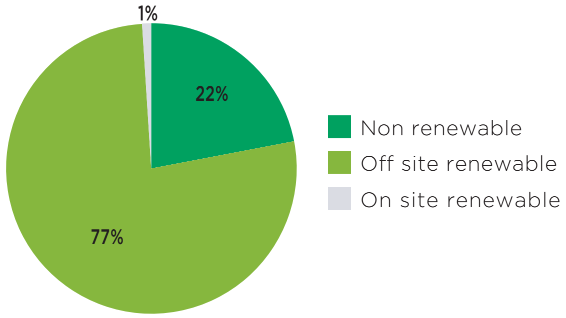
Share of renewable electricity consumption across the portfolio (on a gross basis)



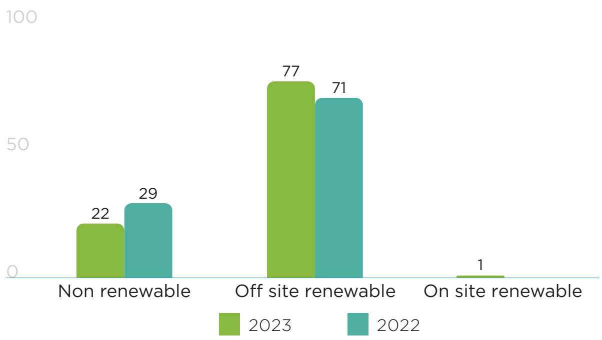
The Group is currently assessing the economic prospects of investing into off-site photovoltaic power plants, to cover the remaining consumption via VPPAs (Virtual Power Purchase Agreements) and to install photovoltaics in the rest of the commercial centres in its portfolio.

The Group is committed to extend the use of green electricity to shopping Centre tenants as well, through defining contractual requirements to source green electricity in leased areas, an initiative further described in the section dedicated to Green Leases and tenant commitments, page 186.

2023 Electricity mix



Evolution of electricity mix



Case study: photovoltaics installation in Craiova

The new mall that opened its doors for the customers in October 2023, comprises of 63,700m^2 of retail GLA, with a commercial gallery, a hypermarket, cinema, playgrounds, coffee shops and food court with open air terrace integrated into the outdoor events area for the local community to enjoy. The investment of €7 million in sustainable development and environmental protection includes photovoltaic panels installed on the building roof and car park, with the capacity to produce in total 5.7 MW and to generate 5,701 MWh/year. This will cover 40% of electricity needs of the building, resulting in a carbon footprint reduction of 1,214.36 tons CO_2/year.

Stimulate sustainable mobility

As part of the sustainability strategy and its decarbonisation initiative, NEPI Rockcastle aims to address indirect emissions from transportation and is therefore setting a long-term vision on the evolution of mobility trends.

To promote low-emission sustainable mobility, the Group, in partnership with Enel and Tesla, has developed a network of electric car charging stations in Romania, Bulgaria and Poland. Part of this network, Tesla opened its biggest hub in Poland in Bonarka City Center, Kraków. In 2023, the Company conducted a feasibility review aimed at evaluating the installation of its own car charging stations.

The Group is making sure that the assets are well connected to the public transportation network and all future development plans are evaluating proximity to public transportation. 88% of the Group's standing asset portfolio (excluding industrial), is connected to public transportation within a reasonable distance. NEPI Rockcastle is committed to improving the on-site facilities for bike parking and bike repair stations, promote car-sharing solutions and adapt to innovations like electric bike charging stations.

Assets (excluding industrial) with sustainable transportation facilities

Share of assets equipped with charging facilities for electric vehicles	75%
Number of car park spaces with EV charging points	412
Number of assets with public transport access	51
Number of assets with bike parking	54

PHOTO: PROMENADA CRAIOVA

Climate change adaptation

Climate change impacts the real estate industry through frequent or severe extreme weather events and long-term climate shifts. These events can directly damage assets, requiring costly mitigation and increasing insurance costs. Although long-term climate shifts may not directly affect asset integrity, they can disrupt building operations and raise operating costs. Heat stress, particularly in non-airconditioned or outdoor areas, can impair both physical and mental performance. Climate-related risks can impact asset valuation, requiring significant adaptation and investment, therefore developing and implementing a comprehensive climate change adaptation strategy is crucial for long-term value creation.

NEPI Rockcastle is undertaking climate change adaptation measures to increase the climate resilience of its properties. An overarching climate change adaptation plan was prepared in 2023 for the entire portfolio, and dedicated plans at property level are to be completed in 2024 – 2025 period. Adaptation measures include installing cooling systems suitable for future needs, implementing passive cooling methods, increasing green area coverage, and installing green roofs or walls. Additionally, measures such as designing raised first floors, using flood-resistant materials, installing technical equipment on higher floors, implementing fire-resistant materials and alarm systems, and rainwater collection systems, address the risks of extreme weather events. Flood risk assessments are conducted for each property as part of BREEAM assessment and fire emergency action plans are developed.

Biodiversity and ecology

NEPI Rockcastle is committed to a unified approach to conserving and enhancing biodiversity, mitigating negative impacts near its assets. Environmental due diligence is integrated into property acquisition decisions, while environmental permits are obtained and materially complied with in the construction process, in line with applicable laws.

The Group is committed to retaining and improving the biodiversity around the assets and its local communities. NEPI Rockcastle will develop a Biodiversity Strategy by 2025 based on the TNFD (The Taskforce on Nature-Related Financial Disclosures) methodology, and will set specific targets and objectives for each asset. In 2023, the Group initiated the development of this strategy by conducting a biodiversity-related hazard assessment. As nature-related dependencies and impacts are location specific, the Group has identified relevant risks for each of its asset.

The biodiversity risk assessment was performed using WWF Biodiversity Risk Filter, a tool recommended in TNFD guidance. As a result, the Group captured the biodiversity risk matrix for its entire portfolio, as a baseline in the development of its strategy.

To ensure the strategy is science-based and effective in mitigating potential impacts on nature, the Group will consult with biodiversity and ecology experts, including conservation groups, governmental organisations, research institutions. On-site biodiversity assessments will inform action plans to improve or enhance local ecosystems.

Creation of urban meadows and green spaces such as green roofs and green walls will be considered, as part of the strategy. Some of the assets have already installed hotels for insects, birdhouses or hedgehog boxes as well as apiaries, to promote local biodiversity, and such initiatives will continue 2024 onwards.

The onsite teams ensure that biodiversity is well managed and monitored during day-to-day operations, while the sustainability team monitors the application of the biodiversity policy and strategy and provides the local teams with the necessary support.

Sustainable construction management

The development of buildings consumes significant resources and can have a major impact on the environment. To address these environmental and climate concerns in a socially responsible manner and better manage the Company's impact, NEPI Rockcastle has defined a Sustainable Development Policy. The policy references best practices such as improved operational energy efficiency and installation of renewable sources of energy, lower embodied carbon, circular economy principles, biodiversity protection. A Sustainable Development Minimum Standard is under preparation, under the Sustainable Development Policy umbrella and both documents will be implemented into the design and construction process in 2024.

The Sustainable Development Minimum Standard (SDMS) describes in detail the requirements that new buildings must meet in the following areas of impact:

- Green certification
- Sustainable design
- Physical climate risk and climate adaptation
- EU Taxonomy alignment
- Energy efficiency
- Net zero carbon and GHG emissions
- Low/zero carbon technologies
- Pollution
- Sustainable procurement
- Sustainable materials
- Circular economy design
- Waste Management
- Water Management
- Biodiversity and habitat
- Transportation
- Health and wellbeing
- Social risk assessment
- Safe and responsible construction practices

Design optimisation is a crucial aspect in reducing construction and demolition waste, therefore designers must work closely together during the design stage, towards waste minimisation. Most of the construction contracts are 'design and build', therefore contractors are responsible end to end of the site operations. Each contractor is responsible for waste management, so there is an intrinsic focus on recycling, minimisation, and sorting of waste. Communication with tenants during the fit-out design stage is important, to allow early agreement on layouts and minimise repeated modifications, demolition, and waste.

The SDMS aims to ensure that each new built asset within NEPI Rockcastle portfolio is complying with relevant regulations and internationally recognised best-practice frameworks such as the EU Taxonomy, TCFD or TNFD, while also aiming to contribute to reaching NEPI Rockcastle's decarbonisation strategy and strategic objectives defined by the Group.

Case study: Promenada Craiova – development (Craiova, Romania)

Promenada Craiova, NEPI Rockcastle's flagship development project in 2023, is a property with a vision of long-term impact based on mindful resource utilisation. The shopping center incorporates cutting-edge environmental technologies, fosters social inclusivity, enhances local community employment and engagement.

Promenada Craiova displays advanced sustainable practices, including the following energy-efficient design and integrated technologies:

- Photovoltaic panels installed on the roof and car park, with the capacity to produce 5.7 MW, covering 40% of electricity building needs
- Efficient air distribution and recirculation, contributing to resource conservation
- Utilising heat pumps and photovoltaic systems, contributing to a more sustainable energy mix
- Efficient rooftop control systems
- LED lighting and sensor-based control, contributing to energy efficiency
- Localised hot water systems and insulated pipes, minimising energy loss
- Skylight air pillows, providing insulation and preventing overheating

The asset is designed to achieve energy consumption of less than 114 kWh/m^2/year and carbon emissions under 14.3 kg CO_2.

The following objectives have been accomplished during the construction process:

- Integration of renewable energy sources in the building's energy supply
- Consideration of the entire life cycle of the building, including materials, construction, operation, and end-of-life phases as well as whole-building environmental impact evaluation
- Use of recycled materials and promotion of circular economy practices
- Adoption of eco-friendly construction materials and techniques through ISO14001 and BES6001 certifications
- Requesting the Environmental Product Declaration (EPD) for most materials

Aiming to encourage sustainable transportation, the mall is equipped with:

- 2 switchboards that can accommodate 140 bays for electrical cars with fast charging infrastructure, as well as 8 supercharger stations specifically designed for Tesla vehicles
- 80 bikes parking places

PHOTO: PROMENADA CRAIOVA

BE A TRUSTED PARTNER FOR OUR STAKEHOLDERS (PILLAR 2)

Overview

As the premier owner and operator of shopping centres in the CEE, the Group aims to be a trusted business partner for the key local stakeholders and to create positive experience for its communities.

Visitors	Communities	Value chain
NEPI Rockcastle welcomed over 337 million visitors in 2023	The Group operates in the heart of communities clustered around its retail portfolio in 9 countries	With over 8,100 lease contracts in place and more than 13,000 suppliers, NEPI Rockcastle strives to make a difference in its value chain
The shopping centres owned and managed by NEPI Rockcastle have proven to be more than a popular destination. The malls are offering a well-rounded tenant mix, comprehensive amenities, and top-notch services, all to meet customers' needs. The Group continuously gathers customer insights through surveys to stay informed of evolving needs, ensuring that offerings are in line with the latest trends and demands. This commitment to understand and serve the customers keeps the assets future-proof.	NEPI Rockcastle owns and operates shopping centres that play a crucial function in the communities. The Company strives to create beneficial influence going beyond simple retail. The malls serve as community core, offering jobs, access to education, and promoting community engagement. They are not only a place for shopping but also a dynamic and essential economic component of the local community.	NEPI Rockcastle aims to provide attractive spaces for retailers to sell their products and services, allowing business owners to meet with their clients in one convenient location. The teams are committed to improving collaboration and exchanging knowledge on sustainable business practices. The Group's green lease provisions serve as the cornerstone for promoting joint efforts in environmental consciousness and reducing the assets overall environmental impact.

Achievements in figures

KPI	
Countries covered through consumer surveys	9 countries
Sustainability survey rolled amongst assets visitors	14 assets
NGOs with long-term support	20
Percentage of external partners made aware of ethical business practices	100%
Percentage of new suppliers[1] for which ethical business practices have been communicated	100%
Suppliers scrutinised from a sustainability perspective[1]	128
Safety incidents with serious consequences	0

1 *Strategic suppliers participating in regional tenders*

Actionable targets

- Embed relevant controls in the business processes, so that to enable proper and transparent due diligence and compliance process (with a focus on ESG assessment)
- In compliance with the procurement procedure, perform vendor sustainability assessment for all suppliers invited to regional tenders (as part of the supplier selection process)
- In compliance with the procurement procedure and anti-money laundering procedure, perform KYC review for all tenants and suppliers (based on the business defined rules)
- Incorporate social responsibility into strategy
- Create centers that are a benchmark for local value creation
- Promote sustainability among tenants and commonly create sustainable operations in the centers
- Compliance awareness campaigns covering 100% of suppliers and tenants
- Implement fair competition rules and increase awareness both internally and externally
- Zero health and safety incidents in the operational properties

Health and safety

Health and safety in our properties is a top priority, with the Group implementing comprehensive organisational and technical measures to meet legal standards across all jurisdictions. The Risk and Compliance Committee ensures continuous operational compliance, focusing on fire safety, hygiene, environmental safety permits and authorisations.

The property management team proactively maintains high health and safety standards, conducting regular assessments of air and water quality, asbestos, air pollution, Legionnaire's disease risks, and the maintenance of technical, safety, and fire extinguishing systems. This includes ventilation cleaning, HVAC and fire system repairs, and thorough building inspections. Remote CCTV monitoring, specialised security services for each asset, and the consideration of a round-the-clock designated fireman role are all measures to enhance safety. Regular evacuation drills, mandatory antiterrorism procedures for security staff, and safety protocols for tenants during fit-out works reinforce the Group's commitment to safety.

Security measures extend to protecting sensitive areas like management offices and technical rooms, alongside the maintenance of CCTV systems. The Group collaborates with local emergency services and provides 24/7 access to critical documents and systems to ensure preparedness for emergencies. Training programs, conducted by external safety specialists, focus on the security environment of the shopping centers and operational procedures, guaranteeing adherence to legal and best safety practices.

Visitors and communities

Knowing our customer

NEPI Rockcastle expanded its Marketing department in 2022 to leverage its regional presence for enhanced consumer insight, mall positioning, and go-to-market efforts. The department established a three-pillar regional marketing structure, enabling a consistent approach to understanding consumers, and creating synergies for effective shopper engagement.

In 2023, NEPI Rockcastle conducted customer satisfaction surveys across all the Group's operational assets in nine countries. These surveys utilised the same methodology in each country, aiming to gather information on various aspects, including consumer habits when visiting shopping malls, consumer groups or motivational segments, the consumer perception of NEPI Rockcastle's malls (including the Net Promoter Score) compared to competitors, the awareness and use of NEPI Rockcastle's digital engagement platforms.

These studies were instrumental in categorising the Group's assets into three clusters, thereby facilitating the sharing of best practices across multiple malls to better serve consumers.

The long-term sustainable value of customer engagement surveys lies in the creation of a positive experience and brand reputation, which are critical for the success and longevity of a business. These surveys provide valuable insights into consumer preferences, behaviours, and needs, which are used to optimise the shopping center's offerings, services, and improve customer satisfaction. The outcome enables NEPI Rockcastle to identify areas for improvement and implement corrective measures to address customer complaints, ultimately leading to enhanced customer loyalty and retention. Additionally, they allow the Group to assess the effectiveness of marketing, and community engagement campaigns, thereby making data-driven decisions to better approach consumers and address communities needs.

PHOTO: BEACH WASTE COLLECTION, CITY PARK

Sustainability report

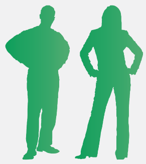
» continued

Engaging with customers and demonstrating commitment leads to an enhanced experience, resulting in increased footfall, sales, and profitability. The consumer studies conducted in 2023 provide an overview of the consumer profile, needs and expectations across the nine countries.

19%	12%	25%	17%	16%	11%

Status seekers/ show off; Convivials; Mall familyists/ enthusiasts; Convinience/ smart shoppers; Responsible achivers; Pragmatical-functional shoppers

40% male



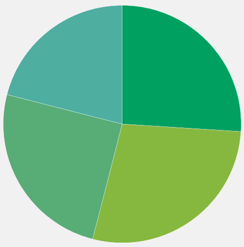
60% female

17%	28%	30%	25%

18-25 years; 26-35 years; 36-45 years; 46+ years

37 years
average age

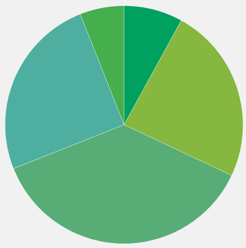
FREQUENCY OF VISIT



- Several times a week 26%
- Once a week 28%
- 2-3 times per month 25%
- Less often 21%

1.4
average time spent per week

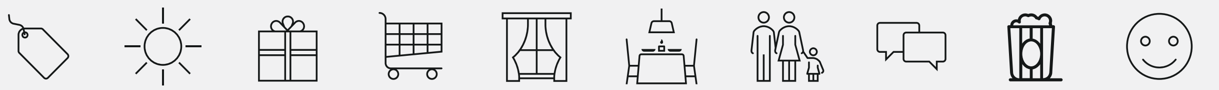
VISIT DURATION



- More than 3h 8%
- Between 2h-3h 24%
- Between 1h-2h 37%
- Between 30'-60' 25%
- Less then 30' 5%

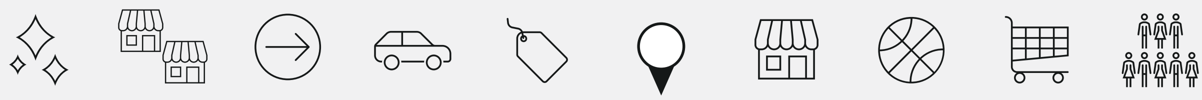
101
average min

TOP 10 OCCASIONS TO VISIT MALL (MULTIPLE CHOICE, MAX 5 - MOST FREQUENT OCCASIONS)



47%	43%	42%	40%	24%	22%	21%	18%	18%	18%
Shopping in discounts period	Shopping for a new season	Buying gifts	Shopping from hyper/ supermarket	Window shopping	Lunch/ coffee with family/ friends	Spending time with family	Have fun with friends	Cinema movie	Escape from everyday stress

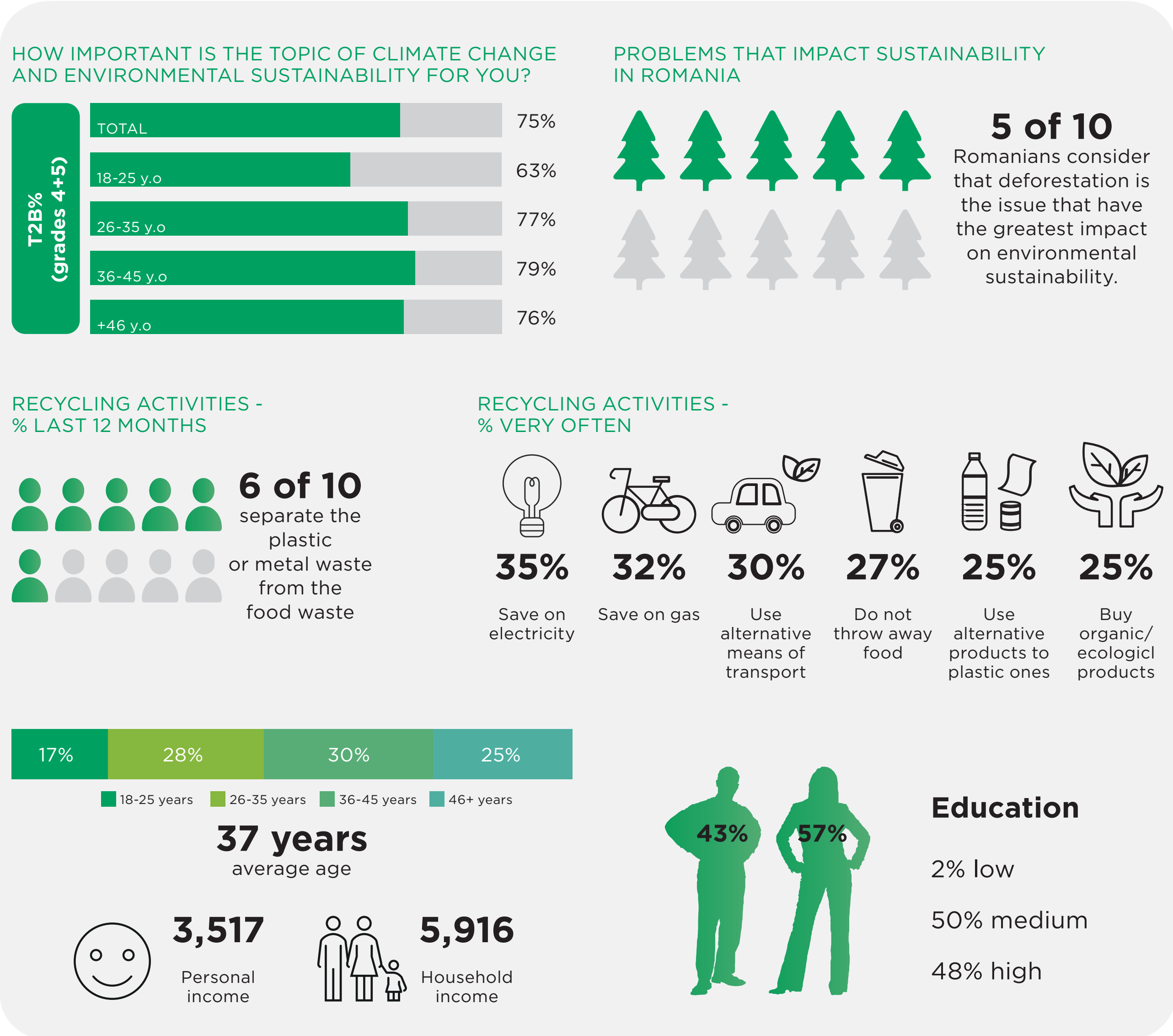
TOP 10 IMPORTANT ATTRIBUTES ON A MALL (AVERAGE SCORE - 1=NOT IMPORTANT AT ALL AND 5=VERY IMPORTANT)



4.4	4.2	4.2	4.2	4.1	4.0	4.0	4.0	3.9	3.9
Cleanliness	Stores diversity	Well organised	Available parking	Promotions and offers	Proximity	Exclusive stores	Diversity of sport stores	Hyper/ supermarket within the mall	To be less crowded

20040 respondents from Romania, Bulgaria, Czech Republic, Croatia, Lithuania, Poland, Serbia, Slovakia, Hungary

Additionally, in November 2023, the Company conducted its inaugural Sustainability Perception study across 14 assets in Romania. The survey was tailored to explore key sustainability issues that are top-of-mind for Romanian shoppers. The findings revealed that 75% of Romanians consider sustainability a major concern, with the highest level of interest found among individuals aged 35–45, of whom 79% consider sustainability significant. Deforestation emerged as the primary concern voiced by respondents. For further insights, refer to the infographic below.



The Group intends to extend this research methodology in 2024 to identify the most relevant sustainability topics across countries. This initiative aims to shape the strategic direction of sustainability efforts and better serve the communities in which the Group operates.

Social media and digital presence

The Group's Corporate LinkedIn page serves as a platform for maintaining a strong digital presence and engaging with external stakeholders and peers. Audience expanded from 7,000 at the beginning of 2023 to 10,000 by December 2023. Content shared on LinkedIn includes updates on operational and developmental activities, with a focus on sharing best practices and news related to sustainability initiatives, all under **#responsibletogether** and **#strongertogether**.

Moreover, the Group is committed to providing visitors with the highest standard of service in its assets. Various measures are in place to ensure customer satisfaction, including addressing questions and inquiries on social networks and supporting customers with their most frequent requests. NEPI Rockcastle has introduced two applications, SPOT and sAPPort, to facilitate easy access to all solutions offered in the assets.

SPOT is a mobile application-based loyalty program utilising OCR technology, designed to foster long-term relationships and engagement with customers visiting the Group's assets. It incentivises users to increase the frequency and value of their purchases by offering attractive prizes and unique benefits.

sAPPort is a mobile application implemented to enable providing various services and facilities for customers, including technical assistance, services for parents with children and for seniors, thereby enhancing visitors' experience.

Initiative description	2022	2023
Percentage of customers feedback on social media accessed and addressed[1]	Not measured	95%
Number[2] of centers with SPOT App	29	48
Number[2] of centers with SAPPORT App	12	12
% of centers with website dedicated to sustainability activities in the assets	Not measured	36

1 *All Income producing retail properties except from Serbia*

2 *Income producing retail properties only*

Communities Engagement

As a leading investor and developer of commercial real estate in the CEE, NEPI Rockcastle holds the responsibility to drive positive change towards a healthier, more sustainable, and prosperous future for both visitors and local communities.

A key focus of the Group's sustainability strategy is to create sustainable commercial spaces that prioritise decarbonisation, energy efficiency, circular economy principles, biodiversity preservation, and renewable energy adoption, while also supporting local economies, fostering sustainable lifestyle, and raising awareness among visitors.

Strategic, long-term partnerships with local and global organisations play a crucial role in understanding community needs, identifying shared priorities, and coordinating efforts to achieve meaningful outcomes. The Group supports local charities and non-governmental organisations (NGOs) that contribute to the holistic development of communities.

Under the **#responsibletogether** platform, the umbrella for the Group's social responsibility initiatives, NEPI Rockcastle continued to implement a diverse range of projects in 2023, aligning with its community engagement strategy across three directions: health, education, and environment.

Initiative description	2023
Percentage of centers that promoted health and well being	100%
Percentage of centers that organised an event supporting local charity	100%
Percentage of centers that organised sport events	80%

Provide education to build a better future

NEPI Rockcastle firmly believes that education is the key to creating a better world and is committed to investing in educational programs for children, parents and senior members of the communities. In 2023, the Company's commitment to investing in educational initiatives underscored its dedication to building stronger communities. Recognising the importance of tailored education, NEPI Rockcastle aligned its programs with the specific needs of local communities, covering diverse fields such as science, parenting, technology, road safety, and cultural preservation.

Throughout the year, the Company has organised educational projects in 80% of the shopping centres, with a primary focus on Romania, Slovakia, and Poland. Notably, the "Empty Classroom" initiative in Romania marked its third year, aiming to provide underprivileged children with access to well-equipped libraries, promoting love for reading and learning. Collaborating with World Vision Romania, we hosted a series of engaging events featuring music, film, and journalism, complemented by the distribution of audio books and school supplies across 12 shopping centers. As a result, over 16,000 children and 1,400 teachers from 41 schools across 23 counties benefited from this endeavour.

Additionally, NEPI Rockcastle supported Educational Fairs in over 10 shopping centres in Romania, offering children valuable insights into future career opportunities.

Promoting health and safety initiatives in the communities

In 2023, NEPI Rockcastle prioritised health education, launching scalable projects aimed at addressing community health needs, from prevention to intervention. These initiatives were designed to support the growth and development of the communities where the Company operates. By fostering well-informed and connected communities, NEPI Rockcastle facilitated sustainable engagement, working collaboratively to empower communities and to promote responsible and active societal engagement. Health-focused campaigns were conducted in more than 90% of the shopping centers across all 9 countries.

Blood donation awareness campaigns were a significant focus, conducted in partnership with various NGOs, including the Red Cross. Free health examinations, including blood pressure and glucose level measurements, as well as first aid trainings were organised in nearly all shopping centers. Notably, Shopping City Timisoara and Shopping City Sibiu saw substantial participation in initiatives such as blood glucose level measurement and cancer prevention campaigns.

Mental health initiatives were also prioritised, with a focus on wellbeing and support for specific mental health disorders. Collaborating with local authorities and NGOs, NEPI Rockcastle launched projects such as the Mammut Help Point in Budapest, Hungary, and the Life Plan Academy in Poland. These initiatives aimed to provide free mental health guidance and workshops to enhance the mental resilience of young people.

NEPI Rockcastle promoted inclusivity and accessibility for individuals with disabilities. Projects such as the STEP-HEAR orientation system at City Park in Constanta, Romania, and the implementation of "Quiet Hours" at various locations in Poland and in Lithuania, demonstrated the Company's commitment to creating inclusive environments.

In 2022, Copernicus Shopping Centre, a property from Poland, underwent the audit 'Building with No Barriers', to obtain certification demonstrating its readiness to accommodate visitors with disabilities. Following the audit, various enhancements were identified and implemented throughout 2023. These included adapting toilets for people with disabilities by adjusting handrails, installing tilting mirrors, and incorporating an alarm system connected to the center's security monitoring. Additionally, improvements were made to the food court elevator, with the installation of a voice message system and Braille markings. External stairs were also enhanced with the addition of barriers and ramps to ensure accessibility, including a dedicated ramp for smaller strollers. These efforts reflect NEPI Rockcastle's commitment to fostering inclusive environments across its properties.

In line with our commitment to sustainability, all Polish assets were equipped with the "Airly" system in 2023, measuring air quality parameters to combat pollution effectively. Investments in nanotechnology air filtration systems further exemplify dedication to ensuring cleaner and healthier environments across our properties.

PHOTO: PICASSO EXHIBITION, PROMENADA BUCHAREST

Promoting local economies and employment opportunities within communities

NEPI Rockcastle prioritises the development of resilient and sustainable local economies to foster community well-being. Recognising the significance of shopping centers as catalysts for local economic growth, the Group evaluates the long-term benefits of its assets' operations on local communities. These benefits include the creation of both direct and indirect employment opportunities, generating tax revenue for local authorities, and stimulating economic activity. Moreover, by adopting a holistic approach that addresses the social and economic dimensions in the operations and during the development, the Group contributes to the sustainable growth potential of surrounding regions.

In line with its commitment to promoting local employment, NEPI Rockcastle ensures that its operations across all countries prioritise hiring local personnel, even during the tendering process for new services.

Promoting environmental awareness and education

NEPI Rockcastle places a strong emphasis on environmental resilience and education, employing innovative practices to foster positive impacts within local communities. Since 2017, Promenada Bucharest in Romania has been hosting the Green Tech Film Festival, the country's pioneering event of its kind. This festival combines exhibitions showcasing green technologies, conferences featuring sustainability pioneers, and a curated selection of documentaries on green technology. The 2023 edition featured an interactive space for both children and parents, offering eco-entertainment and sustainable activities driven by artificial intelligence, access to documentaries focusing on recycling and nature conservation, and a sustainable exhibition crafted from cans. With over 400 participants, the festival aimed to raise awareness and engagement regarding the importance of sustainability and environmental protection.

The Waste Responsible action took place in 14 shopping centers across Poland, aiming to educate customers about responsible consumption and production. Further details on this event can be found under pillar 1, Waste Management approach, on page 171.

We Rework Upcycling Workshops were organised in all 14 Polish centers, where customers crafted bags and accessories from recycled materials. Participants engaged in sewing reusable, fashionable shopper bags using former advertising banners from the centers. The workshops also provided education on circularity, upcycling, and zero waste. Tenants joined the campaign by donating their banners. Through this initiative, approximately 1,000m^2 of former banners were transformed into nearly 3,000 shopping bags, promoting the message that waste can be repurposed into practical and reusable products.

In 2023, the second edition of The Circular Guide was launched to promote the idea of a circular economy. This publication highlights specific examples of sustainable living choices that support a circular economy, emphasising product composition, manufacturing processes, eco-design, and innovative recycling solutions. NEPI Rockcastle aims to educate customers about the circular economy and encourage responsible purchasing decisions through this guide, which was made available during Circular Week and promoted through various channels.

Mega Mall in Bucharest, Romania, introduced the Museum of Climate Changes in collaboration with Act for Tomorrow, an NGO focused on educating children on sustainability. Over 9,000 children visited the museum within one month, prompting the local government and ministries to propose NEPI Rockcastle as a partner in creating a national movement to raise awareness about climate change and environmental education.

The summer campaign organised by Arena Centar in Zagreb, Croatia, focused on eco-awareness and environmental consciousness. The event featured a beach setup, including a whale made of recycled bottles, and an area dedicated to waste and recycling. Plastic bottles collected during the event were repurposed to create Christmas decorations.

Sponsorships and donations

NEPI Rockcastle is a supporter and promoter of the cultural heritage in its countries, and supports prime art and culture initiatives, complementary to its three strategic directions in the CSR strategy.
Along these lines, the Group brought its contribution in organising two landmark art exhibitions honouring Picasso and Constantin Brancusi in Romania.
Recognising the cultural and educational impact, NEPI Rockcastle displayed in three Romanian malls art-work inspired by Picasso, where over 630,000 people experienced the artist's world and learned about contemporary Romanian artists influenced by his movement.
In relation to Constantin Brancusi, one of the most remarkable Romanian artists, the Group was one of the sponsors of the Brancusi Exhibition. The exhibition, with massive national and international media coverage, was organised in Timisoara, one of the three European Capitals of Culture in 2023, and it attracted over 130,000 visitors.

NEPI Rockcastle formalised its Sponsorship Policy, committing not to support entities or projects that conflict with the Group's values, negatively impact the environment, health, or safety, promote tobacco or alcohol industries, endorse violence or terrorism, engage in unethical practices like money laundering or corruption, or support political parties, campaigns, or projects. While acknowledging its societal role, which may involve sponsorships and donations as part of responsible corporate citizenship, the Group explicitly excludes allocating support for political parties in any form, including payments, donations, sponsorships, or other in-kind benefits.

Sustainability in the value chain

Sustainable procurement practices

The Group intends to build partnerships with its suppliers, values and encourages fair competitive practices, while promoting, where possible, local sourcing.

NEPI Rockcastle strongly believes in collaborating with partners sharing its values, based on a win-win partnership governed by probity and integrity. These are covered in the Code of Ethics, Anti Money Laundering and Counterterrorism Policy, Sustainable Procurement Policy, Sustainability Commitment for NEPI Rockcastle's Business Partners.

An overarching Compliance Statement has been published on the Group's corporate website - *Compliance Statement*, accessible to all stakeholders, summarising the main principles and rules defined in the Group's Compliance Framework.

The Sustainable Procurement Policy was designed to ensure that NEPI Rockcastle can positively influence its upstream value chain and that suppliers implement aligned sustainable principles in their line of business. The following principles of sustainable procurement are at the core of the policy:

- choosing products and services with a lower environmental impact
- making sure that procurement is approached in an ethical manner
- reasonably reviewing that major suppliers are aware of and comply with key sustainability principles, in order to understand the impact of their products on environment and communities
- implementing new strategies to avoid unnecessary consumption and proactively managing demand
- encouraging innovation in sustainable products and services

Advocating responsible practices in the supply chain

Collaborating with more than 13,000 suppliers across its portfolio, the Group is convinced that it can positively influence sustainability in its supply chain, based on concerted efforts.

The Group commits to influence business partners to join efforts and share similar ambitions around positive environmental impact, climate change mitigation, carbon footprint reduction, circularity, ethics, social responsibility, exemplary respect for human rights. The Sustainability Commitment for NEPI Rockcastle's Business Partners is one step towards this ambitious target and is published on the corporate website, accessible to all business partners, *NEPI Rockcastle Business Partner Sustainability commitment*.

The Group implemented dedicated sustainability clauses in suppliers' contracts, whereas the supplier warrants that it observes the principles and values in the Sustainability Commitment and furthermore, that it will take necessary measures to ensure that its personnel, as well as its main subcontractors, suppliers and collaborators, are complying with such principles.

Starting 2022, the Group has implemented a tool (Green Assessment Form) to assess suppliers' practices and approach to sustainability, by evaluating key environmental, social and governance practices.


PHOTO: ART EXHIBITION, ARENA CENTAR

In 2023, it prioritised a year-end review for selected key suppliers across all jurisdictions and core operations (construction and asset management). In parallel, a similar assessment process was carried out as part of the suppliers selection and evaluation process organised on a regional level for concluding service agreements with strategic vendors in asset management.

Based on such assessment, suppliers are assigned one of 'Dark green', 'Medium green' or 'Light green' labels.

The shades of green labelling system categorises suppliers based on their sustainability practices, by rating their key environmental, human rights and governance practices. 'Dark green' signifies outstanding environmental and social responsibility, showcasing excellence and leadership. 'Medium green' denotes commitment to and reasonable performance in sustainability initiatives. 'Light green' indicates a basic level of sustainability practices, serving as a starting point for environmental and social responsibility.

The Group aims to limit its interactions with 'Light green' suppliers, as well as to promote and advocate greener practices among its 'Medium green' suppliers.

	Number of suppliers evaluated	Dark green	Medium green	Light Green
Suppliers participating in tenders carried out regionally	93	70%	23%	7%
Out of which supplier contracts signed with	22	75%	17%	8%
Year-end review of portfolio suppliers	35	49%	46%	5%

The Group plans to increase year on year the percentage of suppliers scrutinised from a sustainability perspective and will leverage on necessary technology to this end.

Sustainability engagement with tenants

Real estate assets exert significant sustainability impacts through resource consumption, waste, and by influencing the well-being of the occupants. These impacts are often a result of tenant activities, however, real estate owners have a crucial role in mitigating them. Proactive management can enhance asset value, boost tenant satisfaction and demand, reduce operating costs, and mitigate regulatory risks.

Scope 3 emissions are those that the Company is indirectly responsible for and has no full control over. As part of these, the emissions from downstream leasing activity are key in reducing the total emissions from operations. NEPI Rockcastle defined an SBTi-approved target to reduce Scope 3 emissions associated with the tenant's energy consumption by 25% until 2030 from 2022 baseline.

In 2023, the emissions from downstream leasing activity amounted to 62,335 tCO_2e, representing 76% of the Group's reported emissions (market-based approach).

The Group progressed with implementing green clauses in the house rules and lease agreements, in all countries where it operates. Some core environmental clauses were already covered in the current lease agreements, while for others the Group has initiated discussions with key tenants, to identify common grounds regarding sustainability efforts. These covered:

- access to tenant-controlled utility data
- recommending operational parameters and performance targets for the tenants (for example HVAC set point/landlord override, installation of occupancy sensors and LEDs, auxiliary HVAC hours, prohibited use of volatile organic compounds)
- collaboration for obtaining the green buildings certification (for example recycling, green areas maintenance, pest control)
- common effort to promote sustainable means of transportation
- integration of sustainability considerations into design and fit out

83% of the lease agreements in place across the Group are currently covered by green clauses, either through the house rules or as part of the contract itself. 90% of the 1,307 leases concluded or extended during 2023 have been covered by green clauses.

Considering the notable contribution of Scope 3 emissions to the overall Group's carbon footprint, the Company also plans to implement a dedicated program to support the tenants improve their energy consumption.

Moreover, NEPI Rockcastle undertakes widespread education campaigns, awareness building activities and regular dialogue with the main tenants, aimed to align approach to sustainability performance and exchange ideas and experience. In the 'Retail Days' organised in 2023, where major retailers were invited, dialogue covered also major sustainability initiatives and best practices exchange.

The Group proactively engages with its tenants not only in terms of signing the green lease appendix, but also by encouraging and exchanging best practices on corporate level and promoting the adoption of science-based targets for bigger Groups. NEPI Rockcastle noted that several international tenants have also set targets in accordance with SBTi methodology, including their commitment to collaborating with business partners and landlords who are on the same trajectory. The Group's commitment to sustainability not only benefits the environment, but also enhances the resilience and competitiveness of its tenants and contributes to broader industry-wide transformation towards a more sustainable future.

PHOTO: MUSEUM OF CLIMATE CHANGES, MEGA MALL

CREATE AN ATTRACTIVE, PROFESSIONAL AND ETHICAL WORK ENVIRONMENT (PILLAR 3)

Overview

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

This report covers the Group's approach for managing its employees as defined by local laws across all jurisdictions.

Indicator description	Achievements in 2023
Recognised and exemplary employer	100% rate of access to training by the Group employees
	1% of employees (ExCo team) involved with business strategy creation
	75% of employees satisfied with the Wellbeing and Flexibility program promoted by the Group
Promote ethical business practices	100% of employees have been made aware of ethical business practices
Promote charitable activities	Approx. 70%[1] of employees from Shopping Centers teams took part in charitable initiatives or community events

1 Percentage estimated taking into consideration that mainly people in positions such as Marketing, Administrative and Center Managers were participating

The risk assessment performed in 2023 at Group level as part of the enterprise risk management as well as the EU Taxonomy due diligence review, covered potential noncompliance with ILO principles and employment legal frameworks in the workforce management processes. HR, Compliance and Sustainability functions coordinate the relevant Group processes in a centralised manner, ensuring efficient and timely monitoring and common practices. Legal teams are continuously monitoring local legislation, so that the Group may timely identify and align its internal regulatory framework to legislative requirements. Employee handbooks are in place where the law requires.

PHOTO:PROMENADA BUCHAREST

Strategic actionable targets

The Group continued rolling out the sustainability strategy and prioritised its focus on people and their integrity. For 2023 the Group has set specific targets to assess the Group's adherence to the International Labour Organisation (ILO) policies and has derived specific action plans for 2024 and onwards, to ensure the best social standards are implemented and enforced.

Objective/ Commitment	Actions / KPIs	Term
Ensure compliance with regulations, policies and procedures	Timely monitoring, reporting, alignment and or remediation	
	Enable consequence management	
	Increase Whistleblowing awareness among Group personnel or external partners and encourage reporting of legitimate concerns	Permanent
	Align to International Labor Organisation principles	Medium-term
	Review and implement updates to Diversity and Inclusion Policy	
	Engage in certifying the Group with EDGE certification to validate its diversity practices	
Maintain ethical relationships with authorities, government representatives, politically exposed persons, and enforce anti-corruption rules	Raise awareness among Group personnel regarding Group's gifts policy, especially in relation to public officials/politically exposed persons (100% of workforce to be covered)	Permanent
	Deploy awareness campaigns focused on ethical business conduct principles embraced by the Group (100% of workforce to be covered)	
Review social risks and address social challenges	Evaluate and address social and employee related risks to mitigate workplace conflicts, discrimination, harassment, and boost employee morale.	
	Implementation of regular training programs and clear polices as well as open communication practices (100% of workforce to be covered)	Permanent
	Measurement of engagement level with the organisation	

Ethical conduct

The Group undertakes to preserve ethical principles and conduct, build on robust governance, focus on promoting integrity as one of the Group's core values.

The Group's continued success depends on employing highly qualified people and establishing a working environment free from discrimination, harassment, intimidation, or coercion based on race, religion, gender, age, nationality, or disability. Therefore, the Group employees are regularly coached to treat everyone fairly, to avoid unethical practices, to treat all persons with respect and consideration, to demonstrate integrity and honesty in order to inspire confidence and trust, both internally and outside the Company.

The Group's employees, operations and service providers are based in different countries, however the fundamental conventions of the ILO are ratified and human rights standards are enforced by national and European regulations. In 2023, the Group carried out a due diligence assessment of the minimum safeguards in line with the EU Taxonomy.

The assessment focused on analysing the ILO principles and sustainability ratings requirements, in the context of the Group's operating model (with a focus on workforce, own and in the supply chain).

The gaps were analysed, and the following risks were prioritised:

- protection of employees personal data
- forced labour and overtime
- fair wages and working time
- freedom of association

All the above are already addressed through various measures implemented by the Company (for example data protection policy, employee internal regulations, employment contracts templates). To further formalise its commitment to protecting human rights, the Group prepared an ILO Umbrella Policy, published in the first quarter of 2024, meant to complement its already implemented Diversity and Inclusion Policy (that had, as well, been supplemented with further clarifications around the practices in place at Group level so that to facilitate employee-level engagement). In relation to the supply chain, the Group concluded that the Business Partner Sustainability Commitment, the sustainability and health & safety clauses implemented in the supplier contract templates and the sustainability supplier assessment performed through the Green Assessment Form (as detailed in pillar two of this report), address the human rights risks associated with its suppliers practices.

Creating awareness on internal codes, policies and ethical standards

The Group reviewed its Enterprise Risk Management and Compliance arrangements, in line with efforts to ensure a one size fits all approach regarding risk assessment and mitigation at Group level. Areas relevant from an ESG perspective covered:

- training and awareness programmes for all staff, focusing mainly on prevention of corruption, gifts policy, whistleblowing rules, competition law requirements, business continuity essentials and conduct rules
- training and awareness program for senior management, Risk & Compliance partners and all staff, aiming to increase overall crisis risk culture, responsiveness and adaptability to incidents and crisis management
- ensuring a more efficient and transparent sponsorship and donation process
- dedicated competition compliance program aiming to help collaborators and employees identify sensitive, risk prone areas in their current activity
- Group-wide fraud and criminal corporate liability risk assessment

During 2023, the Group further developed and built awareness on the following, as part of its commitment to the highest ethical standards:

- Code of Ethics
- Whistleblowing Policy
- Compliance Policy
- Declaration of Interests Policy
- Risk Management Policy
- Sponsorship and Donations Procedure
- Group Procurement Procedure
- Competition law

The policies above address at length the company's focus on integrity, avoidance of conflict-of-interests, anti-bribery and anti-corruption, compliance with gifts policy and defined monetary limits, transparent and ethical conduct. Periodical awareness and training campaigns throughout the year addressed, besides the above core priorities, also soft behaviour aspects such as: excellence, teamwork and communication, innovation and learning. Furthermore, the awareness campaigns reminded employees of all policies and procedures regulating the core business processes, with a focus on adequate segregation of duties, efficient risk management and controls processes.

As the Group places paramount importance on ethical behaviour, same values are embedded in the 360-feedback survey, part of the annual evaluation process. The core values are constantly reinforced by the Group's Executive Directors, translated into practice based on the 'Tone from the Top' principle and embedded in various trainings, workshops, awareness campaigns, throughout the year.

The personnel is encouraged to disclose any potential conflict of interest, in the annual conflict of interest campaign, as well as whenever such situation may occur. Disclosures are assessed by the Risk and Compliance Department, who also suggests adequate preventive or mitigation measures so that to ensure that personal interests of employees do not conflict with Group's interests.

Annually and whenever the case throughout the year, the Directors in the Board are also disclosing their potential conflicts of interest, as well as directorships and ownerships in other undertakings, with the aim to ensure transparency and independence are preserved.

Awareness and training campaigns covering all employees, key collaborators, tenants, and suppliers were organised during 2023, in all jurisdictions and resulted in a participation rate of 100%, both at Board of Directors and employee level.

The Risk and Compliance Officer and the Compliance function provide advice and guidance to all employees. Questions, grievances, potential risks or uncertainties may be directed through dedicated communication channels, to promote transparency and raise employees' awareness, as well as provide advice, guidance and support. The requests for advice are treated confidentially, tracked and answered in a timely manner. When it comes to sustainability compliance, the Risk and Compliance Officer supports the Group Head of Sustainability in setting the overall framework, in the risk assessment and prioritisation process, in the definition of training and awareness campaigns, as well as in embedding sustainability across business processes and overall enterprise risk management.

The Group has an open-door policy and supports a speak-up culture. Employees are encouraged to share their concerns, suggestions or complaints with their line manager, Risk and Compliance, Internal Audit. To promote full transparency, as well as to provide a mechanism to report concerns, NEPI Rockcastle has implemented the Whistleblowing Policy, provided several convenient reporting channels, while guaranteeing non-retaliation and confidentiality. The reporting channels available to both employees and external parties, and allowing also anonymous reporting, are the following: online portal available on the Group's corporate website and 24/7 hotline reachable from all countries relevant to the Group in local language.

Both channels are monitored by an independent third-party service provider and each report is documented and submitted to the Chairman of the Board, Chair of the Audit Committee, Internal Audit Director, CFO and CEO.

The Company encourages the potential whistleblowers to disclose their identity by enforcing its non-retaliation policy and guaranteeing confidentiality wherever reasonably possible. Even though disclosing the whistleblowers' identity supports the efficiency and effectiveness of the investigation process, by allowing the investigation team to obtain clarifications, follow up, and provide information on the status of the investigation, complaints made anonymously are considered and analysed with the same degree of diligence.

The Whistleblowing Policy and reporting channels are communicated to all employees by the Risk and

Compliance department on an annual basis and are available on the Group's website. The Group received tip-offs in 2023 from both inside and outside of the Company, in several jurisdictions, concerning specific operational matters. The channels used by the whistleblowers were, in their order of use: the online portal, information/e-mail to Internal Audit, e-mail to Risk and Compliance. The tip-offs received, including types of alleged misconduct, procedures performed, conclusions and recommendations are categorised, traced, and reported periodically to the Audit Committee.

Based on the above, the Group considers the Code of Ethics as well as all Compliance-related policies (as referenced and detailed in the beginning of this chapter) have been effectively implemented across all jurisdictions. No material breaches of these policies have been confirmed during 2023.

More details on the Compliance Management System and Group's arrangements for all the above are included in the Risk and Compliance Management section of this Annual Report, page 104.

PHOTO: PARDISE CENTER

Diversity and inclusion

The Group supports the principles of gender diversity at Board level and throughout the company. With 601 employees and over 11 nationalities, the Company focuses on fostering the growth and creativity with the unique offer provided by such a diverse group of people. The Group formalised its Diversity and Inclusion Policy in 2022, in line with the Dutch legislation, covering its approach and commitment to diversity in the Board and all staff levels. In 2023 the approach to diversity was reviewed with the support of external advisors, to close any gaps and enable smoother implementation, effectiveness, and monitoring.

The main role of a diversity and inclusion policy is to create a workplace culture that respects all employees, regardless of their differences. The policy aims to support the stand the Group takes in relation to ensuring strong diversity practices and inclusive behaviour, further highlighting the commitment to build a strong workforce and encourage diversity of mind. Aside from diversity, criteria such as expertise, knowledge and competence will continue to inform the recruitment process.

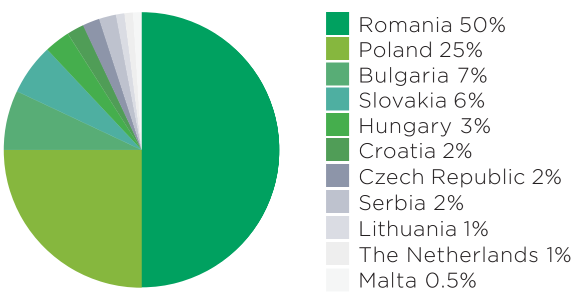
The total Group's workforce is currently predominantly female (67 – 33 ratio), while at top management level, the ratio is 38% women to 62% men. The share of women within the top 100 positions is balanced and has varied over the past years from 48% in 2022 to 46% in 2023, evolution being influenced partly by the internalisation process during 2022 and 2023.

The tables in this section depict the gender mix in different staff categories across the Group.

The numbers are in line with the general demographic distribution and the one of the workforces profiled for the specific functions, departments, professions, and roles.

Permanent contracts		Temporary contracts		Full time		Part-time	
F	M	F	M	F	M	F	M
376	181	28	16	396	191	8	6

% of employees by country



Details of gender distribution across the Group are presented below:

Level	Gender	Number	Distribution
Senior Management (ExCo, functions leads)	F	3	38%
	M	5	62%
Middle management and subject matter experts	F	115	60%
	M	76	40%
Non-managerial	F	286	71%
	M	116	29%

EPRA Code: Diversity-EMP

With various percentages of women and men across the teams, a tolerant, diverse, inclusive, and engaging culture is encouraged to ensure the Group can attract skilled and strong professionals. The Group recognises that a balanced distribution enhances team dynamics and increases productivity, therefore it is committed to aspire to reach a good distribution of roles between male and female.

Ratio of basic salary and remuneration across genders

A key measure of diversity and equity is the pay ratio by gender. The Group monitors the salary ratio of women and men for each category of management, each department and team, as well as regions and countries.

At Group level, for the 2023 salary packages, across geographies and functions, the woman to man pay ratio by management levels, determined by reference to fixed gross salary, varies between 0.88 - 0.96 and is broken down as follows:

- Senior Management – 0.96
- Middle Management and Subject Matter Experts (including Top 100) – 0.90
- Non - managerial – 0.88

Indicator	2022	2023
Senior Management[1]	0.95	0.96
Top 100[2]	0.93	0.89
Middle Management and Subject Matter Experts	0.92	0.92
Other staff	0.88	0.88

EPRA indicator: Diversity-Pay.

1 EXCO corporate management team
2 Top 100 = Top 100 highest salary range within company

Age diversity

The Group encourages diversity across age, based on the experience, maturity, needs, and skillset required to deliver the business strategy, helping to increase innovation and creative problem-solving. Each of the four generations below has different strengths, preferences, and work styles that are determined by the world in which they grew up, their life stage, and their professional experience.

Generation		Headcount	Average age	Percentage (%)
Generation Z	up to 24 Y	19	22.8	3
Millennials	25-34 Y	159	30.1	27
Generation X	35-49 Y	367	40.8	61
Baby Boomers	50-65 Y	56	55.3	9
Total		**601**	**38.7**	

No discrimination incidents were reported during 2023.

Employee engagement

Freedom of association

In line with local legislation, both in Romania and in Poland, the Company took the initiative to communicate and raise awareness on employee's social dialogue, by inviting the employees to organise and engage in consultation with the employer. In Romania, no such group of representatives was formed due to limited interest expressed by employees. In Poland, representatives of employees have been selected to the extent required by law. The purpose is to facilitate consultancy and compliance with employee rights within the organisation, while implementing internal regulations such as Work Regulations, Remuneration Regulations and Remote Working Regulations. The Polish group is functional and relevant interaction and consultation is ongoing.

During 2023, an employee union was created in Romania, however, it has not yet reached the minimum number of members to operate as a representative union for all employees. Upon formation, the respective union engages, under the limited mandate, with the management. Management remains committed to continue the social dialogue under the specific legal frameworks, within the relevant scope of discussions and actions.

Considering the relatively small number of employees spread across different geographies in the region where the Group operates, together with the HR policies around remuneration, retention, development, selection, as well as the Code of Ethics provisions governing the business, the Group did not consider, nor has it been (on legal grounds) required by employees to implement a collective bargaining agreement.

The Group remains committed to complying with the social dialogue legislation and to respect the freedom of association of employees.

Employees benefits

To ensure reward and compensation are aligned with the market, the Group relies on market data from experienced providers.

The benefits package applies to all employees across the Group, with no differentiation based on geography or full-time/part-time working schedule, and consists of:

- Flexible return-to-work schedule for employees returning from maternity/parental leave
- Flexible working program
- work from home up to 6 days per month
- short Fridays subject to specific internal guidelines
- one-off allowance for parents upon childbirth
- one-off allowance for other family events
- employee well-being initiatives such as: participation in sport events, subsidizing gym subscription, employee health insurance and private subscriptions to medical services
- social gatherings and parties for both employees and their children at Christmas
- paid days off, on top of annual leave and statutory holidays, to allow people to bridge through longer weekends around Easter, Christmas, or New Year's Eve
- paid trainings, business certifications and access to business events
- healthy food and drinks at work
- gifts and wellbeing workshops for special days (Women's Day, Easter, Spring Day)

7,904 days were granted in 2023 for parental/childcare leave, across all countries, in line with the applicable labour laws.

The Group implemented a wellbeing platform in 2022 and since then, it offers podcasts, blogs and workshops with the aim to increase employee engagement. In 2023, over 120 online resources were available to all Group employees to support a healthy and balanced lifestyle.

Key features of the platform include:

- repository of wellbeing resources and programs (videos, articles, physical therapy exercises, financial education, do it yourself projects)
- access to various workshops and challenges
- possibility to upload own materials
- a gamified experience where users can gather points, reach the next level and earn prizes

Sport challenges across the Group

As a company initiative to encourage healthy lifestyle, taking place for several years, employees of the Group are encouraged and financiallysupported to attend marathons held in Spring and Autumn in Bucharest and Amsterdam.

The "Step Challenge" was organised in 2023, aimed to challenge the team spirit, resilience and healthy habits of employees, as well as increase employee engagement.

Highlights of "Step Challenge":

14 mixed teams with 10 members each, virtually "visited" some of the shopping centers across CEE in a challenge to walk 3,500,000 steps, around 2,700 km

The virtual journey started in Forum Gdansk Shopping Center (Poland), went through 8 of the shopping centres in differentcountries, and reached Promenada Craiova (Romania) on its grand opening day

Over 5 weeks, 140 employees, more than 37,000,000 steps. Participating employees received public recognition and rewards for their commitment and amazing results

The challenge was an engagement experience company-wide, fully digitalised, resulting in a boost of energy and team spirit, rewards and celebration.

People engagement, retention and development

Engagement and retention

Engagement and retention of key employees are two interlinked essential elements for the efficiencyand continuity of the business. Retention of staffis a challenging mandate for the Group's leadership in the context of evolving landscape of work and workforce, as well as a difficultand competitive labour market in CEE. The market is still facing significantmigration of labour force towards Western Europe. A large part of the workforce has shifted towards more flexibleand rather non-typical career options for progression, with shorter time in roles and change of career direction more frequently. The shift towards entrepreneurship and remote working was still felt during 2023 and represented one of the reasons for turnover or challenges in attracting talent.

To keep employees engaged, NEPI Rockcastle considers that being transparent, creating opportunities for people to understand the Company purpose, strategy, and performance, is essential in encouraging employees to feel proud they work and represent NEPI Rockcastle. During 2023, the Group continued to strengthen management communication, in both regular meetings, internal conferences, as well as through strategy discussions and business updates.

The leadership engagement through Friday Talks platform continued and represented one of the most relevant communication channels.

The internal communication platform SPOT continued to be the place to share information and create communities. SPOT brings together information that used to be spread across differentlocations, from messages from CEO, to strategy and financialupdates, internal policies awareness campaigns, news on the Group's portfolio and its employees, marketing campaigns in the shopping centres, wellbeing events, guidance regarding the performance management process, training opportunities. Approximately 170 posts were published in 2023, enabling people to stay informed and participate in different challenges.

Employee engagement survey

During 2023, NEPI Rockcastle carried out the second edition of the engagement and employee satisfaction survey.

The People Engagement Index increased by 1%, reaching 82% in 2023. The survey generated a response rate of 93% (4% higher than in 2022), demonstrating once again the engagement of the employees to speak up and communicate their needs and feedback.

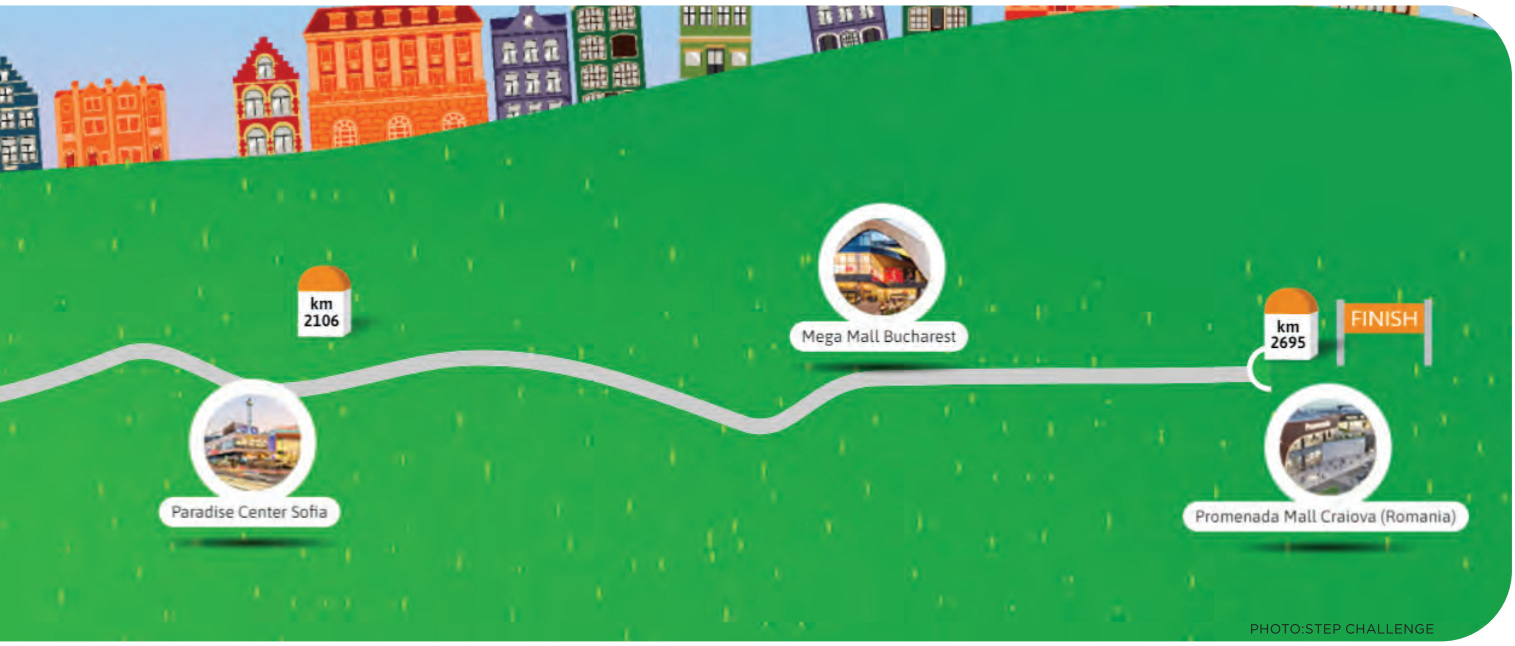
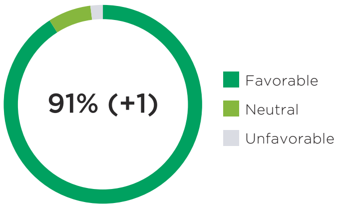


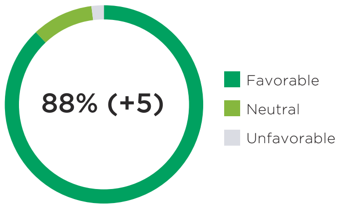
PHOTO:STEP CHALLENGE

All categories measured in the survey increased in scores versus 2022:

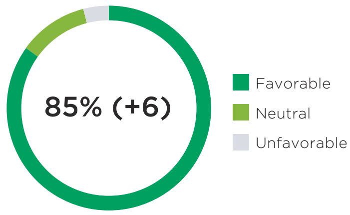
My leadership and contribution



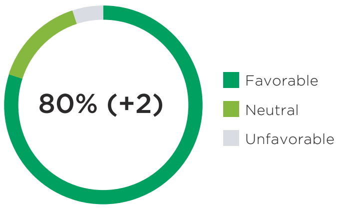
Collaboration, inclusion and diversity



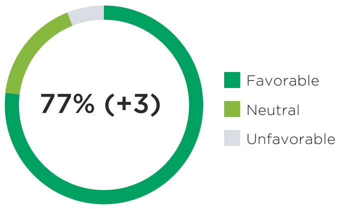
Growth and development



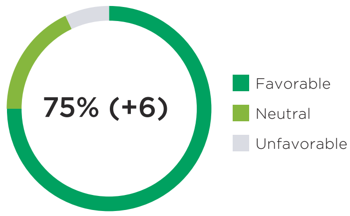
Recognition



Leadership, direction and alignment



Wellbeing and flexibility



Focus groups and de-brief discussions were organised, with the aim to understand main triggers of engagement. These resulted into action plans at business unit, department or group level, implemented during 2023 or planned for 2024.

The results of the survey, as well as the focus groups, indicated three organisational strengths:

- working together as a team and supporting the colleagues in need
- taking responsibility and accountability over work
- valuing and respecting the Company and its people

Although the actions undertaken during 2022 translated into a higher engagement score, more is needed to address some priority areas, such as stress level, employee recognition and top-down communication over strategy.

The key engagement priorities addressed in 2023:

- **Wellbeing and flexibility** – Support people in identifying sources of stress and build ways to reduce and manage stress to improve wellbeing:
  - » managing stress and workload virtual workshops
  - » "Step Challenge"
  - » continue with Flexible Working – hybrid work, flexiblehours, short Fridays
- **Leadership, direction and alignment** – Increase top-down communication and transparency over NEPI Rockcastle strategy, business priorities and achievements. Continue to advance with the Group's integration of all business functions to increase communication, teamwork, and collaboration:
  - » enforce regular/thematic/by business line Friday Talks with top management team (Group strategy for the next 3 years; business updates, key projects, achievements, new developments; changes at Group level)
  - » team business events/workshops for: Asset Management, Leasing, Property management, Centre management, Legal and Compliance, HR, Finance and Accounting, Marketing, ExCo
- **Recognition** – Further emphasise the importance of recognition, build the needed skills to provide recognition and tailor motivation:
  - » continue with people management program for team leaders - "Leading teams" aimed at managerial level with focus on how to give feedback, how to manage stress, recognise and motivate people
  - » recognition programmes: NEPI Rockcastle Rulz AWARDS for Marketing and Leasing teams

The next engagement survey will be organised during Q2 2024 as it remains a priority for the Group to retain, engage and motivate its employees.

Recruitment and selection

One of the most important pillars of a strong and successful people organisation is the structure and quality of the team. Having the right people in the right place, with the appropriate skillset, is a business imperative for leadership as well as a core HR responsibility. The CEE labour market continues to be competitive and challenging in terms of workforce. Therefore, the recruitment and selection process remained a strategic area of focus for the business and one where the Group invests time and resources to both attract and retain talent.

To serve all markets in which the Group has teams, the Company uses its wide network of hiring managers (including external partners and agencies) to scan the markets, source the most appropriate candidates, recruit and onboard the necessary competencies. The Group's HR team uses people analytics to make decisions in relation to the personnel strategy (including Hogan assessment, California Psychological Inventory (CPI), Thomas – DISC). The data is stored in the HR administrative internal system and has, over years, started to show valuable insights about the structure of the teams, the competencies, and the skillset both in place and needed.

As the Group is transforming, integrating, and consolidating as a mature business, the teams are growing, and new competencies are required. The Group reinforced, as part of the recruitment process, an approach which requires management to support the hiring decision with a solid business case, role profile, impact on the organisation and return on the investment. This allowed to leverage more and better on internal available resources and support career growth of existing personnel.

After the 2022 successful onboarding of new Group leaders coordinating functions such as Marketing, Asset Management, Property Management, Sustainability and Procurement, the Group continued to strengthen the management team, by bringing new competences in Energy, Digital, Processes and Systems, Regional HR, to take the business further and ensure sustainable growth.

Employee hiring

The recruitment activity was intensive during 2023. 159 people have joined NEPI Rockcastle, either in new positions, replacement or as part of local management team internalisation.

34 new employees joined the Group as part of the internalisation that the Group initiated in 2022 and continued in 2023.

In this respect, for all the assets in the portfolio where the asset management and local operations were externalised to third parties, the Group has strategically decided to internalise teams and processes.

The process of internalisation will continue in 2024 as part of a revised business model aligned across all jurisdictions.

Alongside the internalisation, the Group further progressed on integrating its operations and business model, to consolidate teams and streamline processes.

Internalisation, integration, and newly created teams are people-intensive processes, engaging a high number of people in the hiring and onboarding processes. These are critical to ensure integration from a cultural, as well as from an operational perspective.

Employee Turnover

Monitoring employee turnover is particularly important and represents a priority for both HR and team leaders across the Group. While monitoring internal turnover, NEPI Rockcastle is engaged in understanding the dynamics of the market and reading into the social aspects or any related symptoms that influence turnover, apart from the internal factors.

In 2023, the labour market dynamics and staff turnover continued to be affected by employees changing preferences towards remote working, entrepreneurial careers, and package-driven decision.

Inflation was again a critical element of the increased dynamic on the labour market in 2023, which, although reduced versus the previous financial year, still remained at high levels.


PHOTO: PARADISE CENTER

For 2023, the blended voluntary turnover rate across all jurisdictions was 7.4%, while the non-voluntary rate was 3.5%. The non-voluntary turnover is related to the Group's performance-focused approach and consequence management processes, as strong performance and delivery against the role is essential for building a long-term career within the Company. NEPI Rockcastle encourages management to empower strong performance and not to tolerate lack of commitment or compromising on values and business integrity.

In managing retention, the Group focused on supporting employees in finding the appropriate work-life balance and integrating their professional and personal responsibilities. Such efforts led to more engaged, motivated, and committed employees and increased attractiveness of NEPI Rockcastle as employer. Both the team managers and HR engage in discussions with leavers in the most relevant cases, in order to determine areas for improvement and reduce the risk of losing talent to the market.

The group also operates a career transition programme for specific cases of involuntary termination. The initiative aims to support through:

- individual career discussions with the HR team
- assistance in accessing professional services, such as coaching or placement agency engagement

	New employees				Employee turnover			
	2022		2023		2022		2023	
Gender								
Female	61	68%	116	73%	57	69%	47	76%
Male	29	32%	43	27%	26	31%	15	24%
Age								
<30	21	23%	48	30%	10	12%	9	15%
30-50	64	71%	97	61%	69	83%	49	79%
>50	5	6%	14	9%	4	5%	4	6%
Total	**90**		**159**		**83**		**62**	

Employee turnover details

Management level		Number of leavers	Headcount as at 31 Dec 2023	%
Senior management (functions leads)[1]	Voluntary	0	8	-
	Non-voluntary	1		12.5%
Middle management and subject matter experts	Voluntary	4	191	2.1%
	Non-voluntary	7		3.7%
Non-managerial	Voluntary	38	402	9.5%
	Non-voluntary	12		3%
Total		**62**	**601**	**10.9%**

EPRA Indicator: EMP-Turnover

1 *TOP management includes ExCo members*

Professional development and training

One of the key pillars of NEPI Rockcastle's people strategy and value proposition is the constant investment into people development. Over the past few years, NEPI Rockcastle has invested gradually more and more resources and focused on growing strategic leadership and technical competencies in its teams, hence strengthening the overall value and skillset.

The professional development activities have evolved both in structure and in numbers, reaching 29,392 hours in 2023 vs 24,587 in 2022, in average 6 days/employee (overall) and 7.1 days per trained employee, for a total of 515 employees actively engaged.

In an unpredictable and fast paced business environment, the competencies and skills of the Group's teams represented a critical success factor. Professional development and training allow employees to acquire new skills, improve existing ones and perform better on their jobs, be great leaders and remain motivated in the workplace.

HR and team managers encourage employees career development and transition to different roles and teams, to allow for professional development and growth opportunities. This process includes individual career discussions, exploration of skills, competencies, and areas of interest, alongside identification of relevant openings. A varied range of transitions have been made possible throughout 2023, from roles within the marketing, accounting, and administrative teams to areas like digital & technology, systems and applications, leasing, asset, digital marketing, and social media.

The Professional Development Strategy is mainly driven by business priorities and people development needs. The business strategy is cascaded into learning plans, by closely identifying the skills and competencies needed to deliver the strategy and then providing the right people with the right skillset.

During 2023 the HR and leadership team continued to guide the Professional Development Strategy based on the three important business and people imperatives:

1. Integration of business across the Group;
2. Growth of business by preparing for the evolving landscape of work and workforce;
3. Engagement of people, communication, and transparency around business information.

A thorough development needs analysis was carried out, based on the employees personal development plans, discussions with the managers about the strategic agenda and team objectives, 360 feedback and engagement survey results. This analysis resulted in several relevant development priorities, such as various technical skills, communication, leadership, persuasion and influence, negotiation, planning and project management, problem solving, self-management, teamwork, public speaking, coaching.

Professional development is structured at NEPI Rockcastle as blended learning, so it combines both training programmes and other learning contexts such as conferences, coaching, business meetings, networking and industry events, participation in Group-wide people initiatives, peer learning, internal communication.

Some of the core programmes rolled in 2023 were designed around the need to further consolidate the succession pipeline for the centre management function and to raise the level of the team management skills:

- The Leadership Journey for Centre Managers – the second edition was delivered for 20 centre managers after the positive feedback during the 2022 pilot with planned follow-up in 2024
- Leading Teams - more than 45 people managers participated
- Managing Stress and Workload – almost 60 people participated
- Process Communication Model (PCM) – 43 high potentials attended the programme during 2023

The Leadership Journey for Centre Managers was structured around 4 modules, 8 days of blended learning across 5 months, in 3 locations (Sofia, Vilnius, Zagreb). The purpose was to equip centre managers with the right skills to effectively navigate and lead in the face of digital transformation by:

- laying a common understanding of the Group's business
- getting on-board with the market trends and industry insights
- developing a deeper understanding of the customer, learn to master communication and negotiation skills

Additionally, the programme envisaged to transform the Group's team leaders mindset into an innovative one, taking their people management skills to the next level and thus, preparing the leaders for succession.

The competencies the Group was looking to develop included: business acumen, technical skills (finance, reporting, property), consumer understanding and profiling, commercial relationships and communication, negotiation skills, leadership - self (growth mindset and entrepreneurship) and others (leading by SMART objectives, motivation, and delegation).

2023 was the second year that the Leading Teams programme was delivered as a strategic line in the learning plan, resulting from the People Engagement survey. The theme consisting of people's need to feel more motivated, recognised and supported by their leaders with empathy and growth mindset remained key. To help team managers in these challenging mandates to lead people, the Group created a practical training programme aimed to bring a visible impact into the participants and their teams development.

The program targeted all people managers, aiming to:

- understand the manager role inside the organisation
- develop managers' feedback skills. From feedback to feed-forward
- develop trust and collaboration. Empower People
- drive motivation
- manage stress and workload through proper delegation

Apart from the programs mentioned above, several other were designed and delivered throughout the year, alongside other learning initiatives:

- Managing Interpersonal Relationships
- Advanced Communication Skills
- Negotiation and Influencing Skills
- Managing Difficult Conversations
- Communicate and Collaborate
- Coaching
- Leadership Communication
- Team Cooperation and Stress Management
- Impactful Presentations
- Stress Management and Resilience
- Planning and Time Management
- Project Management
- Technical skills – functional courses for marketing, digital, finance, reporting, accounting, procurement, sustainability, compliance, sales

Change management - business strategy and business integration events

A strategic business priority in 2023 was to progress with operations integration across the Group, which led to several levels of transformation both in processes, teams, and roles. To support the communication and the understanding of this transformation, a series of change management events were organised over a period of four months. 18 Integration Team Events and two Leadership Strategy Workshops took place, with more than 360 people in Romania, Poland, The Netherlands, Croatia, Czech Republic, Slovakia, Lithuania attending.

During in average 2 days, teams spent quality time together having a blended type agenda, covering the business strategy, structure, processes, while focusing also on people agenda: leadership, team collaboration, diversity and inclusion, social interaction and relationship building. The integration events were enhanced by group coaching sessions, sport competitions such as golfing, boxing, biking and business simulations, to allow development of situational leadership, crisis management skills, collaboration, sustainability and resilience.

Functional training

The development of the Group's operations, the integration agenda, the digital transformation journey, and the alignment of processes raised further challenges on the resources and skills front. The Group comprehended the need to build or strengthen competencies in the organisation, such as sustainability, marketing, procurement, systems and data transformation.

These priorities, as well as the ongoing need to keep employees updated on the technical matters, resulted into approximately 9,000 hours of technical training. This aimed to increase knowledge and expertise on a range of different topics: asset management, compliance and risk, digital, sustainability, procurement, Microsoft Office, finance and accounting, IFRS, laws and regulations, marketing, Power BI, English and Romanian languages.

20 employees from the marketing team across the Group attended the Fundamentals of Marketing and Communication module delivered by the IAA School. The programme was structured like a limited MBA and was addressed to young professionals with maximum 3 years of experience in marketing or communication. The programme lasted 6 months and was split into 20 virtual sessions with a focus on basic knowledge and skills.

Moreover, all employees have been trained during 2023 on topics such as cybersecurity, risk management, data protection, sustainability. Such trainings are regularly organised, and participation is typically mandatory for all employees.

PHOTO: MAMMUT SHOPPING CENTRE

Conferences and business events

To keep up with trends in the real estate industry, employees attended conferences and events where global thinkers and elitist community of world-changers were delivering business insights. These are an important part of the Group's development strategy, as not only they provide opportunities for networking, but they are also one of the best ways of keeping management updated with latest trends and relevant insights in the relevant sectors, industries and topics. Some of these were:

- MAPIC - International retail property market event
- The Shopping Center Forum
- EXPO REAL - International Trade Fair for Property and Investment
- MIPIM – The Leading Property Market event
- Brand Minds Bucharest
- IAA Global Conference – Human Creativity for Societal Change
- Credit Risk Management Conference
- European Compliance and Ethics Conference
- Deloitte Tax Conference
- Money Motion FinTech Conference
- CREtech London conference - Global Innovation in Real Estate
- RetailCon Prague
- CEE Real Estate Conference
- Romania ESG Forum
- CEE Property Forum Vienna
- European Public Real Estate Association Conference
- Intersolar Europe Conference
- GoTech World Bucharest Conference
- The Central & Eastern European Forum
- Property Forum London
- CIPS Excellence in Procurement

Development programme category	Development programme	Competencies developed
Customised programmes, soft skills and hard-skills	• Planning to Success • Presentation, Reasoning and Show • Managing Interpersonal Relationships • Think on Your Feet (Advanced Communication Skills) • Negotiate to Win • Communicate and Influence to Win • Performance Management Cycle • Managing Difficult Conversations • Managing Stress and Workload • SDI Training • Human Trends & Workforce • Developing your Story • Rights, Obligations and Responsibilities of directors in conducting business • Successful Sales • Employee Experience • Excel (beginners, medium, advanced levels) • Marketing and Communication Fundamentals • PR & Communication Management • IFRS Updates • Business English • Romanian Language Classes • Power BI Training • Project Management • FIDIC: The Practical Use of the 2017 FIDIC Conditions of Contract with Highlights of the 1999 First Editions • Climate Fresk • Internal Audit • CSRD/Taxonomy workshop • ESG and Data Management in Real Estate • Financial Management • Business Finance • Digital Consumer Trends • Real Estate Development • ESG Academy - the way to decarbonisation and sustainable business • Strategies to Succeed • Organisation of Business Processes • Trends and Changes in Corporate Reporting and Regulations • News in Tax Regulations in 2024 and other current affairs • Global Minimum Tax • Google Analytics 4 • Privacy and Cybersecurity • Tax-Legal Aspects in e-Commerce • A new law on the protection of persons, submitting signals or publicly disclosure information about violations • Double Tax Treaty • Technical Training on Book buildings • Putting Climate Ambition into practice - implementing Net Zero • Streamlining ESG Data	• Communication Skills • Negotiation Skills • Presentation Skills • Productivity • Flexibility • Open-mindedness • Marketing and Consumer trends • Influencing Skills • Planning Skills • Language Skills • Time Management • Resilience Skills • Tax and Accounting • Reporting • Law • Sustainability

Development programme category	Development programme	Competencies developed
Certifications and Conferences	• Information Privacy Technologist Certification • ACCA Certification • GDPR certification • Procurement Operations Certification (Specialist, Manager, Executive levels) • Professional conferences, relevant for different employee functions (Brand Minds, Compliance, Governance, Risk, MAPIC, MIPIM, EXPO Real, RetailCon, Tax Conference, Money Motion Fintech Conference, The Central & Eastern European Forum, IAA Global Conference, GoTech World Bucharest, Intersolar Europe Conference, Data in ESG, Property Forum London, etc.)	• Data Protection • Financial and Tax Skills • Compliance • Protection against money laundering • Technical competencies depending on the function: marketing, advertising, procurement, risk, business and digital skills, finance and tax, real estate, sustainability, facility management, energy, procurement
Coaching	• Individual Coaching Programme	• Building Relationship and Resilience • Flexibility and Adaptability • Solution Focused Practice • Managing Stress
Leadership	• The Leadership Journey for Centre Managers • Leading Teams • Process Communication Model - PCM • Executive Presence • Finance for Executives	• Business Acumen • Technical Skills: finance, reporting, property • Consumer Understanding and Profiling • Commercial Relationships and Communication • Whole Leadership: self (growth mindset and intrapreneurship) and others (leading by objectives, coaching and mentoring, delegation) • People Management • Tailored Communication Skills to Individual Needs • Analytical Skills, Corporate Finance

Training for Executive and non-Executive Directors

Regular updates relevant for the activity of the Board and its Committees have been organised in 2023, covering topics such as renewable energy in Real Estate, risk, sustainability, compliance, regulatory frameworks, taxation, advanced leadership, human trends and workforce of the future, executive presence.

Sustainability training programs

The Group is striving to equip individuals and teams with the knowledge and skills to address environmental, social and economic challenges. Regular sustainability trainings cover topics such as emissions reduction, renewable energy and energy efficiency, waste management and sustainable practices to promote a more environmentally conscious society as well as encourage employees to deliver set goals and targets. Manuals and practical materials and discussions related to sustainability topics are drafted regularly and shared with the teams. In 2023 the following initiatives were rolled out:

- Board of Directors Sustainability training, covering the most pressing challenges for the Board of Directors
- EU Taxonomy workshop
- Risks and opportunities (TCFD workshop)
- Sustainability in the assets – practical perspective
- BREEAM certification manual
- Energy efficiency and intensity workshops
- Waste management and circular economy workshops
- Sustainability 101 online training accessible for all employees

Moreover, in 2023, Sustainability and HR participated in the ‘Climate Fresk’ workshop and facilitator training, enabling them to raise awareness among Company employees on causes and consequences of climate change, empowering them to act. The ‘Climate Fresk’ program will be disseminated in the organisation starting 2024.

HR, Internal Audit and Sustainability participated in workshops focused on people topics including diversity and inclusion, human rights, and employee well-being, to advance the Group’s Diversity and Inclusion and Human Rights Frameworks in 2023 and 2024.

Employees development facts and figures

	2022	2023
Total number of hours of training attended	**24,587**	**29,392**
Total number of soft-skills training hours	4,213	5,228.5
Total number of hard-skills training hours	5,697	9,061
Total number of Coaching on the job hours	5,429	3,928.5
Total number of hours for Conferences and Business events	9,101	11,016
Total number of trained employees	**410**	**515**
Average number of training hours per trained employee	60	57.1
Average training days/trained employee	**7.5**	**7.1**

EPRA indicator: EMP-training

Employee training and development (h/employee)

	Units of measure	Indicator	2022	2023
Employee Development	Women	hours/ employee	54.9	46.8
	Men	hours/ employee	60.4	45.5

EPRA indicator: EMP-training

Way forward in professional development and training

Professional development and training will remain a priority in 2024, as this is not only a critical way to support business performance and succession planning, but one of the differentiators and engagement triggers for employees.

Leadership capabilities, commercial skill set, digitalisation, sustainability, with a focus on renewable energy production and sourcing, business model, will be on top of the training list in 2024.

2024 training and development agenda will include implementation of coaching, as a leadership tool to manage teams and grow talent, ensure succession pipeline and business development.

Technical competencies remain critical and especially in the areas of technology, systems, digitalisation, data analytics and asset management the Group will ensure proper exposure and training of the relevant teams.

PHOTO: FORUM GDANSK SHOPPING CENTER

Performance management process

The high performing culture NEPI Rockcastle aims to build is grounded on the quality and thoroughness of the performance management process. The Group has implemented a process that is round, complete and focuses on delivering results against objectives, while maintaining professional conduct and superior management capabilities.

Alignment of personal interests and objectives to the objectives and strategic priorities of the business sits at the core of this process.

At individual level, the performance management process is built around the Objectives and Key Results (OKRs) methodology, to manage performance, set business objectives and monitor progress towards results. This methodology enhanced focus, productivity, efficiency, alignment of objectives to strategy. It was also an opportunity for the manager and employee to assess the achievement of the business, commercial and strategic objectives during the previous year and discuss areas for future development.

The process is fully digitalised, and data is stored in a platform integrated within the Company's internal communication portal "Spot", which serves as repository for individual performance goals and facilitates communication between manager and team members.

The performance review is an annual solid and continuous process, structured in five cyclic steps:

Objectives and Key Results	All employees discuss and agree the set of key objectives, KPIs, strategic priorities (with OKRs associated) and personal development aspirations. Once agreed, the annual Objectives Plan is validated and confirmed by the Manager.
Mid-year check-in	Managers and team members document a mid-year check-in, as a formal review of objectives and completion level. This is an opportunity for employees to monitor progress towards results, to identify elements of challenge or change, agree specific interventions and actions to overcome matters that could prevent achievement of objectives.
Year-end review	Covers two important elements: 1. 360 feedback review**,** applicable for managerial and senior-expert roles, designed to help the employees understand the impact of their behaviour, attitude, and engagement. This review is behavioural, aimed at assessing people's behaviour and management capabilities, as well as the adherence to the Group's values and principles. The results are considered by the manager as part of the overall annual performance evaluation; 2. Performance feedback – the employee and the manager discuss and document their view on the level of achievement of the annual plan, discuss areas of improvement and development, results of 360 feedback and conclude on the annual performance rating.
Calibration meetings	HR together with the relevant Group Heads of functions and the CEO review the outcomes and calibrate results across the Group, functions, levels of seniority. The calibration meetings are meant to ensure same performance standards are applied and that the overall performance ratings distribution at Group level is healthy and balanced. Bonus, awarded on a discretionary basis, is aligned across the firm and is set in line with the performance rating, while the salary is calibrated in line with the role, career move, promotion and based on external reward market dynamic.
Communication	The final performance rating, potential role update, alongside the respective reward (bonus, salary increase) are communicated to each employee. Specific outputs of the process, the areas for development are taken forward in the following year's objectives plan, as a remediation or personal/professional development plan.

2023 Performance Review facts and figures

535 members of staff took part (either reviewed and / or providing feedback) in the Annual Performance Review. Overall, the Group reached a balanced score distribution, indicating healthy and well differentiated feedback. Details are also included in the Remuneration Report, page 126.

44 % of staff taking part in the annual performance review received 360 feedback. Scores increased in some critical competencies which have been addressed throughout 2023 by trainings and business events.

Employees health, safety and labour conditions

The Group prioritises employee safety and health. Each employee is made aware of the Group's applicable guidelines and follow all applicable safety procedures and programs, while supervisors are responsible for ensuring that all reasonable safeguards and precautions are taken in the workplace.

Measures are taken to ensure that the laws and guidelines are followed and that a proper work environment is maintained at all times. The Group will not accept in any of its properties or in relation to any supplier, practices such as forced labour or child labour.

Employees training on occupational health and safety is provided in all jurisdictions, in line with the local legislation.

During 2023, the Romanian Labour Authority performed a regular inspection which resulted in few recommendations for further updates to the internal processes. As a result, the Company has revised some of the existing processes, implemented all necessary measures and reported back to the Authority.

If an employee has safety concerns, these can be reported to the Health and Safety co-ordinator or they can use the whistleblowing channels. No complaints have been recorded on potential issues related to health and safety labour conditions and there were no accidents at work, no reported occupational diseases and no deaths. Consequently, no days of sick leave or absenteeism have been reported due to accidents at work or occupational hazards.

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SUSTAINABLE FINANCING

Overview

NEPI Rockcastle participates in and affiliates to external benchmarks and initiatives via recognised, leading rating agencies and international organisations, to showcase its commitment to transparent and consistent reporting, comparison to peers, enhancing the credibility of its sustainability strategy and performance.

EPRA

Gold Award for compliance with its Best Practices Recommendations (BPR) for financial reporting

Silver Award for compliance with its Best Practices Recommendations for sustainability reporting (sBPR)

SUSTAINALYTICS

ESG Risk rated as **Negligible** (score 7.8/100)
Rank 21/1044 Real Estate Industry

MSCI

AAA ESG rating "leader" (on a scale of AAA-CCC)

ISS ESG

Prime Label Corporate Responsibility

CDP DISCLOSER 2023

CDP B-
CDP Climate Change B List
(score on scale A to D-)

Taking coordinated management on climate issues

2023 GRESB Standing Investment Benchmark Report

NEPI Rockcastle

GRESB Rating ★★★

Participantion & Score: 59 (2020), 70 (2021), 70 (2022), 81 (2023)

Peer Comparison: 8th — Europe | Retail: Retail Centers: Shopping Center | Listed — Out of 12

2023 GRESB Development Benchmark Report

NEPI Rockcastle

GRESB Rating ★★★

Participantion & Score: 53 (2020), 67 (2021), 71 (2022), 90 (2023)

Peer Comparison: 3rd — Europe | Retail: Retail Centers — Out of 6

Green and Sustainability-linked funding strategy

In June 2020, the Group implemented its inaugural Green Finance Framework and committed to use proceeds from green financing instruments to finance or refinance existing and future projects which improve the environmental performance of the Group's property portfolio. The Framework followed the principles of the International Capital Markets Association, Green Bond Principles 2018 and Loan Market Association, Green Loan Principles 2020, and benefitted from a positive Second Party Opinion from Sustainalytics, a leading independent global provider of ESG and corporate governance research and ratings.

In June 2023, the Group updated its Green Finance Framework, receiving a Second Party Opinion issued by ISS Corporate Solutions. The update of the framework serves primarily to strengthen the environmental sustainability of eligible assets, enhancing the eligibility criteria to cater for future alignment with the substantial contribution criteria of the EU-Taxonomy. Going forward, both newly issued, and currently outstanding bonds will be governed by the updated 2023 framework, with allocation to a single portfolio of assets fully in line with the updated, more ambitious eligibility criteria. The 2023 revised Framework is aligned with ICMA Green Bond Principles 2021 and the LMA Green Loan Principles 2023.

Issuance in green format ensures additional transparency for debt investors on the use and impact of funds. The objective of green labelled funding issued under the framework is to support NEPI Rockcastle's transition towards more sustainable real estate, in line with one of the Group's strategic pillars, "Invest in healthy and sustainable buildings".

€1 billion green bonds have been issued under the Green Finance Framework (€500 million in July 2020, and another €500 million in January 2022). Moreover, two green loan agreements concluded with IFC (one in June 2021 and one in December 2023) have same undertakings as per this framework.

The Group continued to increase the share of green financing in its total debt, year on year.

The full document is published on the corporate website: *Green Financing Framework June 2023*.

The latest Green Bond Report is published on the corporate website: *NRP Green Bond Allocation and Impact Report 2023*.

Sustainability report

In October 2023, NEPI Rockcastle took a pioneering step by launching its Sustainability-linked Financing Framework (SLFF). This represents a holistic approach to sustainable financing, by linking the financial instruments directly to the sustainability KPIs. The full document is published on the corporate website: *Sustainability Linked Financing Framework October 2023*.

The SLFF is an alternative to the green funding approach, and the following unsecured loan facilities have been concluded under this ambitious framework:

- €387 million loan with IFC, a member of the World Bank
- €196 million revolving credit facility with Raiffeisen Bank International and Erste Group
- €150 million revolving credit facility with a club of 3 banks (Citi, Deutsche Bank and HSBC)

NEPI Rockcastle has set sustainability as a strategic priority both at the core of its operations and its corporate financing. The recently contracted unsecured green loan arranged by IFC has specific clauses that reinforce the Group's commitment to strengthening operations and development pipeline in a sustainable way, aimed at reducing greenhouse gas emissions and increasing energy efficiency in the Group's property portfolio.

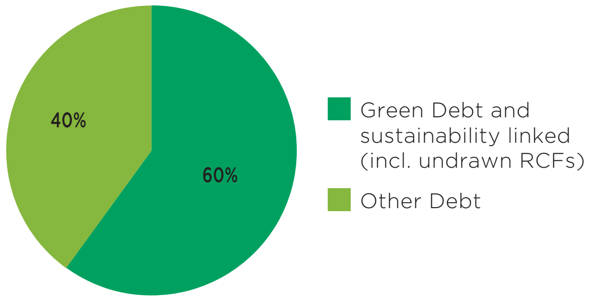
This senior unsecured facility is innovatively structured as a green loan with sustainability-linked features, making it the first of its kind for NEPI Rockcastle.

By leveraging the Group's long-standing partnership with IFC, NEPI Rockcastle has strengthened its position as a frontrunner in sustainable finance in the CEE region. This successful financing project is once again confirming NEPI Rockcastle's positive role in building a sustainable regional private sector in the CEE region.

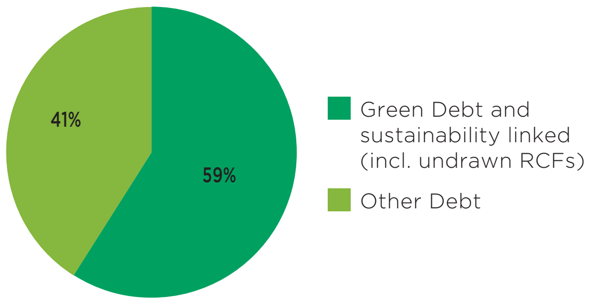
Separately from the Green and Sustainability-linked Finance frameworks, but in line with the Company's commitment for sustainable business, three bilateral loans in Romania were concluded in green format and secured on the following properties: Ploiesti Shopping City, Mega Mall and Promenada Sibiu. All three financed properties hold BREEAM In-Use Excellent certifications and Class A energy performance certificates.

Apart from the two revolving credit facilities that are concluded based on the newly launched SLFF of the Group, two more revolving credit facilities are linked to the stainability rating provided by Sustainalytics.

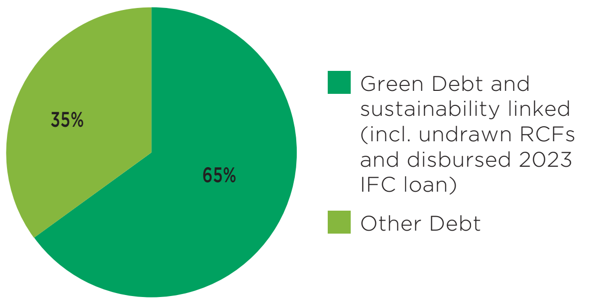
% of Green financing ouf of total financing as at 31 Dec 2023



% of Green financing ouf of total financing as at 31 Dec 2022



% of Green financing ouf of total financing as at 29 Feb 2024



EU Taxonomy Report

Eligibility and alignment to the EU Taxonomy

Context

The European Union established the EU Taxonomy to help drive capital towards financing the EU environmental transition. The taxonomy is a unified classification system meant to provide investors and policymakers with appropriate definitions on which economic activities can be considered environmentally sustainable. Consequently, all economic activities listed in the scope of the Taxonomy Regulation (i.e. "eligible" activities) are to be screened for their environmental impacts, based on the environmental criteria ("Technical Screening Criteria") defined in the Taxonomy Delegated Acts.

NEPI Rockcastle is required to report on its activities eligibility and alignment to EU Taxonomy. In compiling the analysis and deriving the relevant disclosures, the following was addressed:

- The activity substantially contributes to at least one of the six environmental objectives, as defined in the regulation:
  - » Climate change mitigation;
  - » Climate change adaptation;
  - » The sustainable use and protection of water and marine resources;
  - » The transition to a circular economy;
  - » Pollution prevention and control; and
  - » The protection and restoration of biodiversity and ecosystems
- The activity does no significant harm to any of the other five environmental objectives
- The Group complies with the minimum safeguards defined in the taxonomy

Disclosure on alignment is currently required for the first two environmental objectives (climate change mitigation and adaptation). Starting 2024, alignment to the other 4 environmental objectives needs to be disclosed as well.

Eligibility of NEPI Rockcastle's activities in line with the EU Taxonomy

Based on the Climate Delegated Act, NEPI Rockcastle has determined three main eligible activities:

- **CCM 7.1: Construction of new buildings:** buildings that NEPI Rockcastle develops with a purpose to sell
- **CCM 7.7: Acquisition and ownership of the buildings:** buildings that NEPI Rockcastle owns and operates, including those under development or redevelopment that do not exceed "major renovation" threshold
- **CCM 7.6: Installation, maintenance, and repair of renewable energy technologies:** installation of photovoltaic panels and auxiliary equipment on the roof or carports in shopping malls

NEPI Rockcastle has concluded that under the Environmental Delegated Act published by the European Commission at the end of 2023, the **CE3.1. Construction of new buildings** qualifies as an eligible economic activity that significantly contributes to the objective of transitioning to a circular economy. This aligns with **CCM 7.1 activity**, therefore additional analysis and disclosure is not required for 2023.

2023 results of NEPI Rockcastle share of eligible activities

	Turnover (€ thousand)	CAPEX (€ thousand)	OPEX (€ thousand)
Eligible activities	774,280	199,463	32,900
Non-eligible activities	-	-	-
Total	774,280	199,463	32,900

KPIs calculation methodology

Allocation rules to the denominators

As defined in the Delegated Regulation, total turnover and total CAPEX have been determined in accordance with International Financial Reporting Standards (IFRS) applied to NEPI Rockcastle's activities and in line with financial statements:

- Total turnover = Gross rental income + Service charge income + Revenues from sales of inventory property
- Total CAPEX = Capital expenditure on investment properties in use + Additions from construction of investment property under development + Additions from construction of inventory property

Operating expenditure (OPEX) as defined by the EU Taxonomy relates to "building renovation measures, short-term lease, maintenance and repair, and any other direct expenditure relating to the day-to-day servicing" of Group's assets. Therefore, for the purpose of reporting on Operating expenditure as defined above, NEPI Rockcastle considered the share of property operating expenses recognised in the consolidated statement of comprehensive income which encompasses the non-capitalised costs incurred for the general maintenance and repairs of buildings.

While these relate to the eligible activity of acquiring and owning buildings, service charge expenses incurred for operating NEPI Rockcastle Group's assets — such as utility expenses, cleaning and security expenses, property related taxes, property management and marketing fees, while significant, are not included in the OPEX KPI, based on the definition provided in the EU Taxonomy.

For the same reason, payroll and other general expenses, which are usually categorised as OPEX and contribute to the Group's activity of acquiring and owning buildings, are not included either.

- Total OPEX = OPEX for maintenance + OPEX for repairs

Allocation rules to the numerators: determining eligible activities

In determination of the eligible share of Turnover (numerator), the revenue categories considered by the Group according to the Delegated Acts' definitions of activities were all revenues from acquisition and ownership of buildings and revenues from property development (revenues from construction of new buildings for sale).

For the CAPEX numerator, all costs are considered eligible, as these are associated with the following eligible activities:

- acquisition and ownership of shopping centers
- installation, maintenance, and repair of renewable energy technologies
- construction of buildings for sale (residential units)

The eligible share of OPEX (numerator) is considered to cover the same scope of OPEX categories as for the OPEX denominator, these being specifically listed in the Delegated Regulation scoping the expenses to consider.

Alignment of NEPI Rockcastle's activities with the EU Taxonomy

Once eligible activities have been assessed, screening and disclosure of the share of environmentally sustainable or "aligned" activities was performed. The resulting share of aligned activities in the company's Turnover, CAPEX and OPEX are disclosed.

Results of the Group's share of aligned activities

Economic activity	% Turnover	% CAPEX	% OPEX
CCM 7.1 Construction of new buildings	-	-	-
CCM 7.6: Installation, maintenance, and repair of renewable energy technologies	-	11	-
CCM 7.7: Acquisition and ownership of buildings	28	6	27

To avoid double counting and ensure accuracy:

- the total amount of CAPEX, OPEX and Turnover have been reconciled to the financial statements
- the standing portfolio was initially assessed under CCM 7.7. Buildings failing to meet the criteria outlined in 7.7 have been identified and evaluated under activity CCM 7.6
- economic activities have been assessed for substantial contribution to climate change mitigation only

PHOTO: ARENA CENTAR

Substantial contribution to climate change mitigation

To qualify as substantially contributing to climate change mitigation for each of its eligible activities, across its portfolio, NEPI Rockcastle must meet the following criteria:

Substantial contribution to climate change mitigation

7.1 Construction of new buildings	7.6 Installation, maintenance and repair of renewable energy technologies	7.7 Acquisition and ownership of buildings
The Primary Energy Demand (PED), is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirement		For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A
AND		**OR**
Airtightness and thermal integrity tests are performed	The activity consists in installation of on-site renewable energy technologies such as solar photovoltaic systems	For buildings built before 31 December 2020, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) For buildings built after 31 December 2020, the building needs to meet the criteria specified in the category 7.1. Construction of new building, that are relevant at the time of the acquisition or the construction
AND		**AND**
Lifecycle Global Warming Potential of the building is calculated for each stage		Where the building is a large non-residential building, it is efficiently operated through energy performance monitoring and assessment

New Construction

In accordance with the taxonomy, new construction is defined as development of building projects for later sale or construction on a fee or contract basis. The 2023 assessment under technical screening criteria was conducted for the completed and under construction projects. For each investment a dedicated EU Taxonomy assessment report was prepared.

Based on the EU Taxonomy assessment, the conclusion is that projects that met the definition of New Construction according EU Taxonomy did not meet the alignment criteria, following the assessment of the substantial contribution technical screening criteria above.

Acquisition and ownership

In accordance with the EU Taxonomy, the definition of the acquisition and ownership means buying real estate and exercising ownership of the real estate.

NEPI Rockcastle uses EPCs (Energy Performance Certificates), as a criterion to determine the alignment of owned buildings built before December 2020. For assets located in Poland, the Company compares Primary Energy Demand against the benchmark provided by Ministry of Economic Development and Technology, as there is no A-F EPC classification available. The requirements related to efficient operation through energy performance monitoring and assessment is covered through the energy consumption monitoring tool, implementation of Building Management Systems in all buildings, internal manuals, maintenance contracts.

Buildings built after 31 December 2020 were assessed based on the criteria specified for category 7.1., Construction of new buildings.

Substantial contribution to climate change adaptation

According to FAQ 2022/C 385/01 of the European Commission, there are two types of activities that can make substantial contribution to climate change adaptation: adaptation activities and enabling economic activities. NEPI Rockcastle considers as eligible and aligned with this objective only the CAPEX associated with adaptation plans meant to reduce the most important (material and medium to high risk related) physical climate change risks. The Company performed the climate change risk analysis and vulnerability assessment in compliance with Appendix A of the Taxonomy Delegated Acts. In 2024 detailed adaptation plans with specific measures will be developed, therefore, in 2023, no CAPEX related to adaptation activities has been reported.

Do no significant harm (DNSH) criteria

Adaptation to climate change

Pursuant to the release of the Climate Delegated Act specifying DNSH criteria on adaptation to climate change, NEPI Rockcastle has conducted climate change risk assessment analysis covering all of Group's assets, as described on page 159.

As a result of the climate hazard and vulnerability assessment, general adaptation measures were identified. In 2024 a detailed action plan will be prepared, covering properties recognised as the ones potentially most at risk from climate change and business perspective.

Other objectives

For projects classified in ownership of buildings (7.7), there are no DNSH criteria other than the one on climate change adaptation. For construction of new buildings (7.1), the analysis of the compliance with other DNSH criteria than climate change adaptation has been done at project level. As no CAPEX has been reported to substantially contribute to the objective of climate-change adaptation, the DNSH for climate-change mitigation has not been screened in 2023. For projects classified in installation, maintenance, and repair of renewable energy technologies (7.6.), a Climate adaptation report was prepared.

Minimum safeguards

The Group is committed to minimise the risk of violating the basic human and labour rights defined by UN (United Nations), the ILO and the OECD and to comply with the Minimum Safeguards as described in Taxonomy Regulation.

The safeguards implemented at Group level to cover the minimum safeguards are further detailed below.

Policies and procedures are available to all personnel, in every country and entity. These are posted on the Group's unified engagement and communication platform, while key aspects such as the Code of Ethics, the Whistleblowing Policy, the Compliance Statement, and the Sustainability Commitment are available to all stakeholders, on the Group corporate website. Comprehensive details on the Compliance Management Program are disclosed in the Risk Management and Compliance section of the Annual Report and in Pillar 3 of this Sustainability Report, page 188.

In 2023 the Group engaged with an external consultant and conducted a detailed due diligence process covering the minimum safeguards, including ILO Declaration on Fundamental Human Rights, in order to assess its compliance with the EU Taxonomy Regulation. As an outcome, the ILO Umbrella Policy was established, in line with the International Labour Standards, and tailored to the Company and its business model. This policy provides a unified framework that addresses and integrates the key principles and requirements outlined in the standards into the Company's operations and practices.

Human rights

The Company is strictly committed to upholding all fundamental individual rights and labour rights protection, as well as safeguarding the health, safety, and wellbeing of its employees. Internal procedures are in place to anticipate, identify and prevent any infringement on employees' human rights and freedoms. These include, for instance, clear rules against any form of discrimination along with anti-harassment and anti-bullying practices, including a whistleblowing hotline accessible 24/7 to all employees and external stakeholders. The Group stands against racism, discrimination, and bias of any kind, striving to ensure that everyone feels equally welcome. These principles are encompassed also in the Group Code of Ethics. The Group has a zero-tolerance principle for violation of these rules, makes sure to cultivate a sound work environment in which employees thrive, is committed to ensure equal opportunities, diversity and inclusion across the business as detailed in the D&I Policy and Charter.

Additionally, the Group is keen on being an enabler of the protection of human rights in its value chain, as described in Pillar 2, Sustainability in the value chain section, on page 178.

Bribery/Corruption

To combat bribery and corruption, NEPI Rockcastle has implemented robust internal controls and a strong compliance program, aimed at preventing and detecting such practices. A comprehensive compliance assessment and fraud and corruption risk assessment is conducted annually, which covers bribery and corruption risks across all processes and value chain. Internal anti-corruption guidelines have been established and regularly communicated through awareness focused compliance programs, aimed to ensure employees understand and adhere to principles that discourage corrupt practices (both active and passive corruption practices), in all jurisdictions where the Group operates. By educating its workforce, the Company aims to empower employees to recognise, resist, and report instances of bribery, ultimately creating a work environment that is resilient against corrupt practices and aligned with ethical standards. Comprehensive details on the Compliance Management System and the compliance program are disclosed in the Risk and Compliance Section, page 104 and in Pillars two and three of the Sustainability report, pages 178 and 188.

Taxation

The Company places significant emphasis on adopting and implementing robust tax risk management strategies as an integral component of its overall governance and risk management framework. Recognising the intricate nature of tax governance and compliance, the Company ensures that these elements are given due attention in its oversight mechanisms.

The Board of Directors plays a pivotal role in this process. Tax risk management strategies have been adopted and are regularly monitored. These strategies are designed to identify and evaluate financial, regulatory, and reputational risks associated with taxation. By proactively monitoring, addressing and reporting tax-related risks, the Company ensures compliance with regulatory requirements.

The Company has also implemented adequate policies and procedures to ensure taxation risks are monitored and properly addressed, given its multi-jurisdictional operating model. These have been compiled in line with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Also, the additional guidance provided by OECD through various papers (e.g., Transfer Pricing Guidance on Financial Transactions issued in February 2020, Guidance on the Transfer Pricing Implications on the Covid-19 Pandemic issued in December 2020) is considered when establishing / reviewing transfer prices.

The Audit Committee, as a sub-Committee of the Board is tasked to oversee compliance with fiscal regulations. More details on task risk management are included in the Risk and Compliance Section, page 104.

Fair Competition

NEPI Rockcastle recognises and prioritised as part of its risk management and compliance program, its commitment to fair competition practices, in line with local legislation in each jurisdiction and internationally recognised best practice guidelines. Legal and regulatory landscape evolution is constantly monitored, and appropriate measures are taken to ensure compliance. The Company organises regular training and communication programs, at all staff levels, meant to raise awareness of fair competition best practices, legal and regulatory requirements. By instilling a strong understanding of compliance obligations at all organisational levels, the Company aims to create a workforce and leadership team that is vigilant, ethically aligned, and collectively committed to fair and equitable business practices, in relation to tenants, suppliers and direct competitors, in the market it operates.

Comprehensive details on the Compliance Management System and the compliance program are disclosed in the Risk and Compliance Section in the Annual Report.

KPIs reporting

After completing the above analyses, NEPI Rockcastle determined the following share or eligible and aligned Turnover, CAPEX and OPEX.

PHOTO: PROMENADA BUCHAREST

Turnover

In 2023, total Group turnover, as defined above, amounted to €774,280 thousand, with 100% eligible and 28% EU Taxonomy-aligned.

Financial year 2023		**Year**		**Substantial contribution criteria**						**DNSH criteria (“Does Not Significantly Harm”)**									
Economic Activities (1)	**Code (2)**	**Turnover (3)**	**Proportion of Turnover, year 2023 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy- aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)**	**Category enabling activity (19)**	**Category transi- tional activity (20)**
Text		*KEUR*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy -aligned)																			
Acquisition and ownership of buildings	**CCM 7.7**	217,688	28%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	N/A	N/A	N/A	N/A	Y	N/A		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		217,688	28%	100%	0%	0%	0%	0%	0%		Y					Y	N/A		
Of which enabling		0,0	0%	0%	0%	0%	0%	0%	0%								N/A	E	
Of which transitional		0,0	0%	0%													N/A		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	**CCM 7.7**	546,784	71%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
Construction of new buildings	**CCM 7.1 /CE 3.1**	9,808	1%	EL	N/EL	N/EL	N/EL	EL	N/EL								N/A		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		556,592	72%														N/A		
A. Turnover of Taxonomy-eligible activ ities (A.1+A.2)		774,280	100%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		0	0%																
Total		**774,280**	**100%**																

Extent of eligibility and alignment for each environmental objective

	Proportion of Turnover/Total Turnover	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	28%	99%
CCA	0%	0%
WTR	0%	0%
CE	0%	1%
PPC	0%	0%
BIO	0%	0%

CAPEX

CAPEX, as defined above, amounted to €199,463 thousand in 2023, with 100% eligible and 17% EU Taxonomy - aligned.

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	**Code (2)**	**CapEx (3)**	**Proportion of CapEx, year 2023 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy- aligned (A.1.) or -eligible (A.2.) CapEx, year 2022 (18)**	**Category enabling activity (19)**	**Category transi- tional activity (20)**
Text		*KEUR*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy -aligned)																			
Acquisition and ownership of buildings	**CCM 7.7**	12,364	6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	N/A	N/A	N/A	N/A	Y	N/A	E	
Installation, maintenance and repair of renewable energy technologies	**CCM 7.6**	21,335	11%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y					Y	N/A		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		33,699	17%	100%	0%	0%	0%	0%	0%		Y					Y	N/A		
Of which enabling		21,335	11%	0%	0%	0%	0%	0%	0%		Y					Y	N/A	E	
Of which transitional		-	0%	0%													N/A		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	**CCM 7.7**	161,502	81%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
Construction of new buildings	**CCM 7.1 /CE 3.1**	4,262	2%	EL	N/EL	N/EL	N/EL	EL	N/EL								N/A		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		165,764	83%														N/A		
A. CapEx of Taxonomy- eligible activities (A.1+A.2)		199,463	100%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy- non-eligible activities		0	0%																
Total		**199,463**	**100%**																

Extent of eligibility and alignment for each environmental objective

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	17%	98%
CCA	0%	0%
WTR	0%	0%
CE	0%	2%
PPC	0%	0%
BIO	0%	0%

OPEX

In 2023, OPEX, as defined above, amounted to €32,900 thousand, with 100% taxonomy eligible and 27% EU Taxonomy-aligned.

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	**Code (2)**	**OpEx (3)**	**Proportion of OpEx, year 2023 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy- aligned (A.1.) or -eligible (A.2.) OpEx, year 2022 (18)**	**Category enabling activity (19)**	**Category transi- tional activity (20)**
Text		*KEUR*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy -aligned)																			
Acquisition and ownership of buildings	**CCM 7.7**	8,829	27%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	N/A	N/A	N/A	N/A	Y	N/A		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		8,829	27%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	N/A	N/A	N/A	Y	N/A		
Of which enabling		-	0%	0%	0%	0%	0%	0%	0%								N/A	E	
Of which transitional		-	0%	0%													N/A		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	**CCM 7.7**	24,071	73%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		24,071	73%														N/A		
A. OpEx of Taxonomy- eligible activities (A.1+A.2)		32,900	100%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy- non-eligible activities		0	0%																
Total		**32,900**	**100%**																

Extent of eligibility and alignment for each environmental objective

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	27%	100%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

EPRA Sustainability Performance Measures

EPRA Indicator	Units of measure	Indicator		2023	2022	% (2023-2022)
Elec-Abs	MWh	Electricity	**Retail**	**506,873.14**	**521,543.04**	**-3%**
			Romania	200,921.28	202,501.43	-1%
			Poland	136,132.78	144,234.53	-6%
			Slovakia	24,298.46	25,530.41	-5%
			Bulgaria	43,597.23	41,166.17	6%
			Hungary	31,157.41	34,496.08	-10%
			Serbia	18,036.13	17,693.88	2%
			Lithuania	14,235.37	15,937.65	-11%
			Croatia	22,153.03	22,700.69	-2%
			Czech Republic	16,341.46	17,282.21	-5%
			Office	**2,516.05**	**3,263.80**	**-23%**
			Slovakia	1,254.00	1,230.94	2%
			Bulgaria	1,262.05	2,032.85	-38%
			Industrial	**3,034.46**	**4,017.21**	**-24%**
			Romania	3,034.46	4,017.21	-24%
			Total	**512,423.65**	**528,824.05**	**-3%**
		Share of Renewable Electricity	**Retail**	**78%**	**71%**	**10%**
			Romania	98%	83%	19%
			Poland	55%	34%	61%
			Slovakia	100%	100%	0%
			Bulgaria	80%	92%	-13%
			Hungary	40%	44%	-9%
			Serbia	100%	100%	0%
			Lithuania	100%	100%	0%
			Croatia	14%	100%	-86%
			Czech Republic	100%	100%	0%
			Office	**100%**	**85%**	**17%**
			Slovakia	100%	100%	0%
			Bulgaria	100%	76%	31%
			Industrial	**100%**	**49%**	**103%**
			Romania	100%	49%	103%
			Total	**78%**	**71%**	**11%**
Elec-LFL	MWh	Electricity	**Retail**	**432,481.14**	**448,400.25**	**-4%**
			Romania	174,680.18	179,595.70	-3%
			Poland	87,981.87	93,997.47	-6%
			Slovakia	24,298.46	25,530.41	-5%
			Bulgaria	43,597.23	41,166.17	6%
			Hungary	31,157.41	34,496.08	-10%
			Serbia	18,036.13	17,693.88	2%
			Lithuania	14,235.37	15,937.65	-11%
			Croatia	22,153.03	22,700.69	-2%
			Czech Republic	16,341.46	17,282.21	-5%
			Office	**2,516.05**	**3,263.80**	**-23%**

EPRA Indicator	Units of measure	Indicator		2023	2022	% (2023-2022)
			Slovakia	1,254.00	1,230.94	2%
			Bulgaria	1,262.05	2,032.85	-38%
			Industrial	**3,034.46**	**4,017.21**	**-24%**
			Romania	3,034.46	4,017.21	-24%
			Total	**438,031.65**	**455,681.25**	**-4%**
		Share of Renewable Electricity	**Retail**	**80%**	**76%**	**6%**
			Romania	95%	83%	14%
			Poland	66%	41%	60%
			Slovakia	100%	100%	0%
			Bulgaria	80%	92%	-13%
			Hungary	40%	44%	-9%
			Serbia	100%	100%	0%
			Lithuania	100%	100%	0%
			Croatia	14%	100%	-86%
			Czech Republic	100%	100%	0%
			Office	**100%**	**85%**	**17%**
			Slovakia	100%	100%	0%
			Bulgaria	100%	76%	31%
			Industrial	**100%**	**49%**	**103%**
			Romania	100%	49%	103%
			Total	**81%**	**76%**	**6%**
DH&C-Abs	MWh	District heating and cooling	**Retail**	**46,791.13**	**52,127.62**	**-10%**
			Romania	-	-	-
			Poland	23,820.46	26,542.67	-10%
			Slovakia	10,254.53	12,221.76	-16%
			Bulgaria	979.30	959.90	2%
			Hungary	-	-	-
			Serbia	-	-	-
			Lithuania	3,249.25	3,640.88	-11%
			Croatia	-	-	-
			Czech Republic	8,487.58	8,762.41	-3%
			Office	**2,417.77**	**2,959.31**	**-18%**
			Slovakia	1,183.67	1,240.31	-5%
			Bulgaria	1,234.10	1,719.00	-28%
			Industrial	**-**	**-**	**-**
			Romania	-	-	-
			Total	**49,208.90**	**55,086.93**	**-11%**
DH&C-LFL	MWh	District heating and cooling	**Retail**	**38,098.79**	**42,711.95**	**-11%**
			Romania	-	-	-
			Poland	15,128.13	17,127.00	-12%
			Slovakia	10,254.53	12,221.76	-16%
			Bulgaria	979.30	959.90	2%
			Hungary	-	-	-
			Serbia	-	-	-
			Lithuania	3,249.25	3,640.88	-11%
			Croatia	-	-	-

EPRA Indicator	Units of measure	Indicator		2023	2022	% (2023-2022)
			Czech Republic	8,487.58	8,762.41	-3%
			Office	**2,417.77**	**2,959.31**	**-18%**
			Slovakia	1,183.67	1,240.31	-5%
			Bulgaria	1,234.10	1,719.00	-28%
			Industrial	**-**	**-**	**-**
			Romania	-	-	-
			Total	**40,516.56**	**45,671.26**	**-11%**
Fuels-Abs	MWh	Fuel	**Retail**	**70,543.56**	**66,655.69**	**6%**
			Romania	34,998.84	38,147.33	-8%
			Poland	12,410.92	1,055.60	1076%
			Slovakia	6,292.43	7,777.06	-19%
			Bulgaria	6,238.51	5,230.73	19%
			Hungary	5,254.76	8,707.69	-40%
			Serbia	1,523.24	1,461.74	4%
			Lithuania	638.65	690.44	-8%
			Croatia	3,186.20	3,585.09	-11%
			Czech Republic	-	-	-
			Office	**8.21**	**175.07**	**-95%**
			Slovakia	8.21	175.07	-95%
			Bulgaria	-	-	-
			Industrial	**8,259.33**	**9,401.64**	**-12%**
			Romania	8,259.33	9,401.64	-12%
			Total	**78,811.10**	**76,232.40**	**3%**
Fuel-LFL	MWh	Fuel	**Retail**	**66,407.52**	**62,100.01**	**7%**
			Romania	31,490.22	34,227.69	-8%
			Poland	11,783.50	419.56	2709%
			Slovakia	6,292.43	7,777.06	-19%
			Bulgaria	6,238.51	5,230.73	19%
			Hungary	5,254.76	8,707.69	-40%
			Serbia	1,523.24	1,461.74	4%
			Lithuania	638.65	690.44	-8%
			Croatia	3,186.20	3,585.09	-11%
			Czech Republic	-	-	-
			Office	**8.21**	**175.07**	**-95%**
			Slovakia	8.21	175.07	-95%
			Bulgaria	-	-	-
			Industrial	**8,259.33**	**9,401.64**	**-12%**
			Romania	8,259.33	9,401.64	-12%
			Total	**74,675.06**	**71,676.72**	**4%**
Energy-Int	kWh / m² / year	Energy intensity	**Retail**	**152.87**	**162.10**	**-6%**
			Romania	174.34	191.89	-9%
			Poland	145.65	149.58	-3%
			Slovakia	158.67	176.40	-10%
			Bulgaria	146.17	136.94	7%
			Hungary	130.26	154.80	-16%
			Serbia	130.90	128.19	2%

EPRA Indicator	Units of measure	Indicator		2023	2022	% (2023-2022)
			Lithuania	114.60	128.17	-11%
			Croatia	118.02	122.43	-4%
			Czech Republic	187.92	197.13	-5%
			Office	**99.74**	**110.42**	**-10%**
			Slovakia	132.22	143.06	-8%
			Bulgaria	80.39	95.12	-15%
			Industrial	**393.37**	**467.39**	**-16%**
			Romania	393.37	467.39	-16%
			Total	**153.84**	**163.47**	**-6%**
Energy-Int	kWh / 1,000 visitors / year	Energy intensity	**Retail**	**1,847.47**	**2,176.91**	**-15%**
			Romania	1,812.82	2,076.17	-13%
			Poland	1,897.00	2,633.43	-28%
			Slovakia	1,276.58	1,539.63	-17%
			Bulgaria	2,804.44	2,894.07	-3%
			Hungary	1,650.30	1,827.58	-10%
			Serbia	1,932.19	1,980.05	-2%
			Lithuania	3,013.56	3,653.35	-18%
			Croatia	3,028.81	2,955.29	2%
			Czech Republic	1,229.88	1,350.01	-9%
			Office	**-**	**-**	**-**
			Slovakia	-	-	-
			Bulgaria	-	-	-
			Industrial	**-**	**-**	**-**
			Romania	-	-	-
			Total	**1,847.47**	**2,176.91**	**-15%**
GHG-Dir-Abs	$MTCO_2e$	Scope 1	**Retail**	**6,426.55**	**5,015.66**	**28%**
			Romania	1,458.60	1,582.14	-8%
			Poland	2,097.54	-	100%
			Slovakia	676.47	827.85	-18%
			Bulgaria	797.15	593.01	34%
			Hungary	796.17	1,347.10	-41%
			Serbia	57.50	55.18	4%
			Lithuania	-	-	-
			Croatia	543.12	610.37	-11%
			Czech Republic	-	-	-
			Office	**1.51**	**31.36**	**-95%**
			Slovakia	1.51	31.36	-95%
			Bulgaria	-	-	-
			Industrial	**-**	**-**	**-**
			Romania	-	-	-
			Total	**6,428.06**	**5,047.02**	**27%**
GHG-Dir-LFL	$MTCO_2e$	Scope 1	**Retail**	**6,257.61**	**4,807.45**	**30%**
			Romania	1,289.66	1,373.93	-6%
			Poland	2,097.54	-	100%
			Slovakia	676.47	827.85	-18%
			Bulgaria	797.15	593.01	34%

EPRA Indicator	Units of measure	Indicator		2023	2022	% (2023-2022)
			Hungary	796.17	1,347.10	-41%
			Serbia	57.50	55.18	4%
			Lithuania	-	-	-
			Croatia	543.12	610.37	-11%
			Czech Republic	-	-	-
			Office	**1.51**	**31.36**	**-95%**
			Slovakia	1.51	31.36	-95%
			Bulgaria	-	-	-
			Industrial	**-**	**-**	**-**
			Romania	-	-	-
			Total	**6,259.12**	**4,838.81**	**29%**
GHG-Indir-Abs	$MTCO_2e$	Scope 2	**Retail**	**12,691.72**	**22,836.69**	**-44%**
			Romania	-	748.23	-100%
			Poland	2,230.60	14,722.41	-85%
			Slovakia	1,750.76	2,086.62	-16%
			Bulgaria	1,735.32	803.47	116%
			Hungary	2,356.19	2,358.36	0%
			Serbia	-	-	0%
			Lithuania	554.74	621.61	-11%
			Croatia	2,615.02	-	100%
			Czech Republic	1,449.09	1,496.01	-3%
			Office	**285.75**	**343.02**	**-17%**
			Slovakia	202.09	211.76	-5%
			Bulgaria	83.66	131.27	-36%
			Industrial	**-**	**-**	**-**
			Romania	-	-	-
			Total	**12,977.47**	**23,179.72**	**-44%**
GHG-Indir-LFL	$MTCO_2e$	Scope 2	**Retail**	**11,738.97**	**12,926.26**	**-9%**
			Romania	-	632.09	-100%
			Poland	1,277.85	4,928.12	-74%
			Slovakia	1,750.76	2,086.62	-16%
			Bulgaria	1,735.32	803.47	116%
			Hungary	2,356.19	2,358.36	0%
			Serbia	-	-	0%
			Lithuania	554.74	621.61	-11%
			Croatia	2,615.02	-	100%
			Czech Republic	1,449.09	1,496.01	-3%
			Office	**285.75**	**343.02**	**-17%**
			Slovakia	202.09	211.76	-5%
			Bulgaria	83.66	131.27	-36%
			Industrial	**-**	**-**	**-**
			Romania	-	-	-
			Total	**12,024.72**	**13,269.29**	**-9%**
GHG-Indir-Abs	$MTCO_2e$	Scope 3	**Retail**	**60,688.15**	**70,349.77**	**-14%**
			Romania	6,234.88	14,124.96	-56%
			Poland	42,348.34	50,188.65	-16%

EPRA Indicator	Units of measure	Indicator		2023	2022	% (2023-2022)
			Slovakia	481.15	601.84	-20%
			Bulgaria	3,219.35	1,485.08	117%
			Hungary	3,294.45	3,559.32	-7%
			Serbia	222.73	213.73	4%
			Lithuania	117.49	127.02	-8%
			Croatia	4,769.75	49.17	9600%
			Czech Republic	-	-	0%
			Office	**127.03**	**407.65**	**-69%**
			Slovakia	-	-	0%
			Bulgaria	127.03	407.65	-69%
			Industrial	**1,519.47**	**2,284.85**	**-33%**
			Romania	1,519.47	2,284.85	-33%
			Total	**62,334.65**	**73,042.27**	**-15%**
GHG-Indir-LFL	$MTCO_2e$	Scope 3	**Retail**	**38,737.62**	**50,216.10**	**-23%**
			Romania	5,781.80	12,393.13	-53%
			Poland	20,850.89	31,786.80	-34%
			Slovakia	481.15	601.84	-20%
			Bulgaria	3,219.35	1,485.08	117%
			Hungary	3,294.45	3,559.32	-7%
			Serbia	222.73	213.73	4%
			Lithuania	117.49	127.02	-8%
			Croatia	4,769.75	49.17	9600%
			Czech Republic	-	-	0%
			Office	**127.03**	**407.65**	**-69%**
			Slovakia	-	-	0%
			Bulgaria	127.03	407.65	-69%
			Industrial	**1,519.47**	**2,284.85**	**-33%**
			Romania	1,519.47	2,284.85	-33%
			Total	**40,384.12**	**52,908.60**	**-24%**
GHG-Int	kg CO_2e / 1,000 visitors / year	GHG emissions intensity - Scope 1, 2, 3 emissions	**Retail**	**236.20**	**333.86**	**-29%**
			Romania	59.12	141.97	-58%
			Poland	513.71	994.80	-48%
			Slovakia	90.90	118.91	-24%
			Bulgaria	317.44	176.10	80%
			Hungary	292.19	307.31	-5%
			Serbia	27.68	27.80	0%
			Lithuania	111.78	134.94	-17%
			Croatia	947.63	74.15	1178%
			Czech Republic	71.78	77.54	-7%
			Office	**-**	**-**	**-**
			Slovakia	-	-	-
			Bulgaria	-	-	-
			Industrial	**-**	**-**	**-**
			Romania	-	-	-
			Total	**236.20**	**333.86**	**-29%**

EPRA Indicator	Units of measure	Indicator		2023	2022	% (2023-2022)
GHG-Int	kg CO_2e / m^2 / year	GHG emissions intensity - Scope 1, 2, 3 emissions	**Retail**	**18.32**	**23.36**	**-22%**
			Romania	5.01	11.38	-56%
			Poland	37.54	54.85	-32%
			Slovakia	10.47	12.68	-17%
			Bulgaria	16.55	8.33	99%
			Hungary	22.21	25.06	-11%
			Serbia	1.88	1.80	4%
			Lithuania	4.25	4.73	-10%
			Croatia	36.93	3.07	1102%
			Czech Republic	10.48	10.82	-3%
			Office	**8.36**	**13.50**	**-38%**
			Slovakia	11.01	13.14	-16%
			Bulgaria	6.79	13.66	-50%
			Industrial	**52.92**	**79.58**	**-33%**
			Romania	52.92	79.58	-33%
			Total	**18.44**	**23.61**	**-22%**
Water-Abs	m^3	Water consumption	**Retail**	**1,947,756.51**	**1,914,449.83**	**2%**
			Romania	898,413.42	855,650.29	5%
			Poland	421,925.66	431,763.35	-2%
			Slovakia	105,640.98	115,283.44	-8%
			Bulgaria	148,996.00	147,795.00	1%
			Hungary	135,567.00	135,013.00	0%
			Serbia	62,930.00	56,790.00	11%
			Lithuania	50,100.00	49,518.00	1%
			Croatia	42,058.45	42,052.77	0%
			Czech Republic	82,125.00	80,583.99	2%
			Office	**8,353.24**	**8,546.36**	**-2%**
			Slovakia	2,734.24	1,327.36	106%
			Bulgaria	5,619.00	7,219.00	-22%
			Industrial	**12,878.00**	**12,967.00**	**-1%**
			Romania	12,878.00	12,967.00	-1%
			Total	**1,968,987.75**	**1,935,963.19**	**2%**
	m^3	Groundwater	**Retail**	**1%**	**1%**	**-26%**
			Romania	1%	1%	-50%
			Poland	-	-	-
			Slovakia	0%	4%	-88%
			Bulgaria	2%	3%	-25%
			Hungary	-	-	-
			Serbia	-	-	-
			Lithuania	-	-	-
			Croatia	31%	26%	22%
			Czech Republic	-	-	-
			Office	**-**	**-**	**-**
			Slovakia	-	-	-
			Bulgaria	-	-	-
			Industrial	**21%**	**16%**	**31%**

Sustainability report

» continued

EPRA Indicator	Units of measure	Indicator		2023	2022	% (2023-2022)
			Romania	21%	16%	31%
			Total	**1%**	**2%**	**-23%**
Water-LFL	m^3	Water consumption	**Retail**	**1,657,584.77**	**1,621,063.29**	**2%**
			Romania	787,011.42	739,900.79	6%
			Poland	243,155.92	254,126.30	-4%
			Slovakia	105,640.98	115,283.44	-8%
			Bulgaria	148,996.00	147,795.00	1%
			Hungary	135,567.00	135,013.00	0%
			Serbia	62,930.00	56,790.00	11%
			Lithuania	50,100.00	49,518.00	1%
			Croatia	42,058.45	42,052.77	0%
			Czech Republic	82,125.00	80,583.99	2%
			Office	**8,353.24**	**8,546.36**	**-2%**
			Slovakia	2,734.24	1,327.36	106%
			Bulgaria	5,619.00	7,219.00	-22%
			Industrial	**12,878.00**	**12,967.00**	**-1%**
			Romania	12,878.00	12,967.00	-1%
			Total	**1,678,816.01**	**1,642,576.65**	**2%**
	m^3	Groundwater	**Retail**	**1%**	**2%**	**-27%**
			Romania	1%	1%	-51%
			Poland	-	-	-
			Slovakia	0%	4%	-88%
			Bulgaria	2%	3%	-25%
			Hungary	-	-	-
			Serbia	-	-	-
			Lithuania	-	-	-
			Croatia	31%	26%	22%
			Czech Republic	-	-	-
			Office	**-**	**-**	**-**
			Slovakia	-	-	-
			Bulgaria	-	-	-
			Industrial	**21%**	**16%**	**31%**
			Romania	21%	16%	31%
			Total	**1%**	**2%**	**-23%**
Water-Int	m^3 / m^2 /year	Water Intensity	**Retail**	**0.45**	**0.46**	**-2%**
			Romania	0.59	0.59	-1%
			Poland	0.34	0.36	-7%
			Slovakia	0.38	0.42	-8%
			Bulgaria	0.43	0.43	0%
			Hungary	0.47	0.47	0%
			Serbia	0.42	0.38	11%
			Lithuania	0.32	0.31	1%
			Croatia	0.20	0.20	0%
			Czech Republic	0.59	0.58	2%
			Office	**0.17**	**0.15**	**14%**
			Slovakia	0.01	0.00	106%

EPRA Indicator	Units of measure	Indicator		2023	2022	% (2023-2022)
			Bulgaria	0.02	0.02	-23%
			Industrial	**0.45**	**0.45**	**-1%**
			Romania	0.45	0.45	-1%
			Total	**0.44**	**0.45**	**-2%**
Water-Int	m³ / 1,000 visitors / year	Water Intensity	**Retail**	**5.76**	**6.51**	**-11%**
			Romania	6.90	7.38	-6%
			Poland	4.64	6.62	-30%
			Slovakia	3.30	3.90	-15%
			Bulgaria	8.22	9.03	-9%
			Hungary	6.14	5.71	8%
			Serbia	6.22	5.87	6%
			Lithuania	8.33	8.93	-7%
			Croatia	5.03	4.73	6%
			Czech Republic	4.07	4.18	-3%
			Office	**-**	**-**	**-**
			Slovakia	-	-	-
			Bulgaria	-	-	-
			Industrial	**-**	**-**	**-**
			Romania	-	-	-
			Total	**5.76**	**6.51**	**-11%**
Waste-Abs	MT	Total Waste	**Retail**	**27,074.83**	**26,396.23**	**3%**
			Romania	11,368.96	10,955.28	4%
			Poland	6,471.73	6,265.17	3%
			Slovakia	1,753.65	1,611.61	9%
			Bulgaria	2,718.41	2,723.09	0%
			Hungary	1,347.20	1,489.93	-10%
			Serbia	803.48	634.39	27%
			Lithuania	760.87	764.28	0%
			Croatia	1,054.05	1,058.30	0%
			Czech Republic	796.48	894.18	-11%
			Office	**4.70**	**9.27**	**-49%**
			Slovakia	2.90	9.27	-69%
			Bulgaria	1.80	-	100%
			Industrial	**22.12**	**14.82**	**49%**
			Romania	22.12	14.82	49%
			Total	**27,101.65**	**26,420.32**	**3%**
	%	Recycled Waste	**Retail**	**46%**	**47%**	**-2%**
			Romania	50%	51%	-1%
			Poland	48%	50%	-5%
			Slovakia	47%	53%	-12%
			Bulgaria	26%	24%	7%
			Hungary	41%	43%	-3%
			Serbia	32%	35%	-8%
			Lithuania	32%	30%	7%
			Croatia	70%	67%	4%
			Czech Republic	37%	41%	-9%

EPRA Indicator	Units of measure	Indicator		2023	2022	% (2023-2022)
			Office	**88%**	**72%**	**24%**
			Slovakia	81%	72%	13%
			Bulgaria	100%	0%	100%
			Industrial	**-**	**-**	**-**
			Romania	-	-	-
			Total	**46%**	**47%**	**-2%**
	%	Landfill Waste	**Retail**	**54%**	**53%**	**2%**
	%	Landfill Waste	Romania	50%	49%	1%
	%	Landfill Waste	Poland	52%	50%	5%
	%	Landfill Waste	Slovakia	53%	47%	13%
	%	Landfill Waste	Bulgaria	74%	76%	-2%
	%	Landfill Waste	Hungary	59%	57%	2%
	%	Landfill Waste	Serbia	68%	65%	4%
	%	Landfill Waste	Lithuania	68%	70%	-3%
	%	Landfill Waste	Croatia	30%	33%	-9%
	%	Landfill Waste	Czech Republic	63%	59%	6%
	%	Landfill Waste	**Office**	**12%**	**28%**	**-59%**
	%	Landfill Waste	Slovakia	19%	28%	-34%
	%	Landfill Waste	Bulgaria	0%	100%	-100%
	%	Landfill Waste	**Industrial**	**100%**	**100%**	**0%**
	%	Landfill Waste	Romania	100%	100%	0%
	%	Landfill Waste	**Total**	**54%**	**53%**	**2%**
Waste-LFL	MT	Total Waste	**Retail**	**23,426.36**	**23,207.85**	**1%**
Waste-LFL	MT	Total Waste	Romania	9,816.85	9,753.14	1%
Waste-LFL	MT	Total Waste	Poland	4,375.37	4,278.93	2%
Waste-LFL	MT	Total Waste	Slovakia	1,753.65	1,611.61	9%
Waste-LFL	MT	Total Waste	Bulgaria	2,718.41	2,723.09	0%
Waste-LFL	MT	Total Waste	Hungary	1,347.20	1,489.93	-10%
Waste-LFL	MT	Total Waste	Serbia	803.48	634.39	27%
Waste-LFL	MT	Total Waste	Lithuania	760.87	764.28	0%
Waste-LFL	MT	Total Waste	Croatia	1,054.05	1,058.30	0%
Waste-LFL	MT	Total Waste	Czech Republic	796.48	894.18	-11%
Waste-LFL	MT	Total Waste	**Office**	**4.70**	**9.27**	**-49%**
Waste-LFL	MT	Total Waste	Slovakia	2.90	9.27	-69%
Waste-LFL	MT	Total Waste	Bulgaria	1.80	-	100%
Waste-LFL	MT	Total Waste	**Industrial**	**22.12**	**14.82**	**49%**
Waste-LFL	MT	Total Waste	Romania	22.12	14.82	49%
Waste-LFL	MT	Total Waste	**Total**	**23,453.18**	**23,231.94**	**1%**
Waste-LFL	%	Recycled Waste	**Retail**	**43%**	**44%**	**-4%**
Waste-LFL	%	Recycled Waste	Romania	49%	50%	-3%
Waste-LFL	%	Recycled Waste	Poland	35%	39%	-9%
Waste-LFL	%	Recycled Waste	Slovakia	47%	53%	-12%
Waste-LFL	%	Recycled Waste	Bulgaria	26%	24%	7%
Waste-LFL	%	Recycled Waste	Hungary	41%	43%	-3%
Waste-LFL	%	Recycled Waste	Serbia	32%	35%	-8%
Waste-LFL	%	Recycled Waste	Lithuania	32%	30%	7%

EPRA Indicator	Units of measure	Indicator		2023	2022	% (2023-2022)
			Croatia	70%	67%	4%
			Czech Republic	37%	41%	-9%
			Office	**88%**	**72%**	**24%**
			Slovakia	81%	72%	13%
			Bulgaria	100%	0%	100%
			Industrial	**-**	**-**	**-**
			Romania	-	-	-
			Total	**42%**	**44%**	**-4%**
	%	Landfill Waste	**Retail**	**57%**	**56%**	**3%**
			Romania	51%	50%	3%
			Poland	65%	61%	6%
			Slovakia	53%	47%	13%
			Bulgaria	74%	76%	-2%
			Hungary	59%	57%	2%
			Serbia	68%	65%	4%
			Lithuania	68%	70%	-3%
			Croatia	30%	33%	-9%
			Czech Republic	63%	59%	6%
			Office	**12%**	**28%**	**-59%**
			Slovakia	19%	28%	-34%
			Bulgaria	0%	100%	-100%
			Industrial	**100%**	**100%**	**0%**
			Romania	100%	100%	0%
			Total	**58%**	**56%**	**3%**
Cert-Tot	%	BREEAM In-Use Breakdown by GLA	Romania	100%	100%	0%
			Poland	100%	100%	0%
			Slovakia	100%	100%	0%
			Bulgaria	100%	100%	0%
			Hungary	53%	100%	-47%
			Serbia	100%	100%	0%
			Lithuania	100%	100%	0%
			Croatia	100%	100%	0%
			Czech Republic	100%	100%	0%
			Total	**97%**	**100%**	**-3%**

Development

EPRA Indicator	Unit of measurement	2023	2022	(% 2023-2022)
Elec-Abs	MWH	631	606	4%
Energy-Int[1]	kWh/m²/year	6.3	3.3	90%
GHG-Indir-Abs	MT CO_2e	265	203	30%
Water-Abs	m²	11,104	7,417	50%

The projects covered: Promenada Craiova, Promenada Bucharest and Vulcan Residence Bucharest for construction stage up to December 2023.

1 *Calculation based on energy consumed during development*

Own operations – corporate offices

EPRA Indicator	Unit of measurement	2023	2022	(% 2023-2022)
Elec-Abs	MWH	458	344	33%
District Heating-Abs	MWH	44	58	-24%
Fuel-Abs	MWH	93	181	-49%
Energy-Int	kWh/m²/year	226	221	2%
GHG-Indir-Abs	MT CO2e	168	179	-6%
Water-Abs	m²	1,090	1,255	-13%

Own operations cover offices in Warsaw and Bucharest.

PHOTO: PROMENADA CRAIOVA

Employee Health and Safety

Indicator	Country	2023[1]
Injury Rate (per 100,000 hours worked)	Romania	0
	Poland	0
	Slovakia	0
	Bulgaria	0
	Hungary	0
	Serbia	0
	Lithuania	0
	Croatia	0
	Czech Republic	0
	Group Total	0
Lost day rate (per 100,000 hours worked)	Romania	0
	Poland	0
	Slovakia	0
	Bulgaria	0
	Hungary	0
	Serbia	0
	Lithuania	0
	Croatia	0
	Czech Republic	0
	Group Total	0
Absentee Rate (based on days of absence)	Romania	3.04
	Poland	1.14
	Slovakia	0.80
	Bulgaria	1.73
	Hungary	0.29
	Serbia	0.38
	Lithuania	0
	Croatia	1.48
	Czech Republic	0.08
	Group Average	0.82
Fatalities (total number)	Romania	0
	Poland	0
	Slovakia	0
	Bulgaria	0
	Hungary	0
	Serbia	0
	Lithuania	0
	Croatia	0
	Czech Republic	0
	Group Total	0

EPRA Indicator: H&S-Emp.

1 2022 data not measured

Sustainability report

» continued

Community Engagement

Percentage of centers that organised local initiatives

Territory	2023	2022
Romania	100%	100%
Poland	100%	100%
Bulgaria	100%	100%
Slovakia	100%	100%
Chechia	100%	100%
Lithuania	100%	100%
Croatia	100%	100%
Serbia	100%	100%
Group Total	**100%**	**100%**

EPRA code COM-ENG

Proportion of employees who have completed their performance appraisal

Indicator	2023	2022
All employees	89%	88%

EPRA indicator: Emp-Dev. Achievement rate of the 2023 performance review appraisal, compared to the 2022 performance review

PHOTO: FORUM GDANSK SHOPPING CENTER

Qualifying notes in line with EPRA sBPR

Organisational boundaries

NEPI Rockcastle reports on 100% of the assets (60 in total) under its operational and financial control.

The data reported covers 60 income producing properties and all of its staff against the defined impacts and targets, as detailed on page 28-59. The portfolio comprises of 56 retail properties, 2 office buildings and 2 industrial properties, where the Group has operational and financial control. For more details, please see Property Schedule (page 330).

Control is understood as the legal capacity to monitor and make decisions on supply chain management, utilities consumption and facilities management. This excludes any area over which the tenant has full control in terms of contracting, monitoring consumption and payment. The Group is making efforts to collect data from the tenants – fully controlled areas, for a broader perspective on its environmental impacts.

Center and Technical Managers monitor utility consumption (energy and water) and waste on the asset level while the Sustainability Analyst at the corporate level verifies Group-wide figures on a monthly basis. The Group uses Deepki to standardise its monthly reporting of energy, water and waste data. The platform enables data analysis at portfolio level, embeds climate factors and allows shopping center performance benchmarking. Social data related to human resources is monitored using an information system, enabling standardised and structured management of data based on a single source. Community engagement partnerships (with suppliers and NGOs) are monitored in structured data files and an annual review is in place, engaging local teams, Regional Marketing and Sustainability Department.

Coverage and Estimations

The Group incorporates in this report data pertaining to every environmental aspect across all properties under its control, as delineated in the organisational boundaries.

The Group has made a concerted effort to collect information on utilities and waste consumption at its properties, including tenant fully controlled areas. Some tenant-controlled areas are still left out, due to insufficient data. The Group plans to continue to increase the coverage of the information reported, thus demonstrating commitment to sustainability, environmental and energy performance, both on the portfolio and corporate level. In the meantime, for calculation of intensity factors, those areas fully controlled by tenants, where the Group was not yet able to have reliable data, were excluded both from consumption and from the gross floor area, and was estimated as presented below.

The consumption reported includes all utilities that the Company purchased as landlord (i.e. those consumed in the common areas and those consumed in the tenants areas for which NEPI Rockcastle is responsible for sourcing and tracking). There are still some limited cases where the Group does not have access to tenant managed utilities and these represent the following % calculated based on total areas:

- 6% for electricity
- 5% for fuel
- 1% for district heating

Based on the available tenant data and Company's estimations, total energy not covered and managed by the tenants is approximately 65,000MWh.

Water (both tap and groundwater) is covered 100% by landlord reporting.

PHOTO: PROMENADA BUCHAREST

Sustainability report

» continued

BREEAM Certification KPI is calculated for the whole portfolio, excluding retail parks and industrial. This indicator covers therefore 97% of the portfolio by area.

In some assets, where the waste is being tracked in m^3 based on local practices, a reconversion rate to metric tons (as required by reporting standards) was used, as follows:

- 0.35 for compressed waste
- 0.15 for non-compressed waste

Section	Reporting Scope rules	Scope & coverage rate
All energy related KPIs	All assets under NEPI Rockcastle's operational control are included in scope. All exclusions and estimations are reported in the "Coverage and Estimations"	Scope 60/60 owned and managed shopping centers Portfolio coverage rate: 100%
All GHG related KPIs	All assets under NEPI Rockcastle's operational control are included in scope. The Company accounts for all emissions coming from owned and tracked energy usage. All exclusions and estimations are reported in the "Coverage and Estimations"	Scope 60/60 owned and managed shopping centers Portfolio coverage rate: 100%
All water related KPIs	All assets under NEPI Rockcastle's operational control are included in scope.	Scope 60/60 owned and managed shopping centers Portfolio coverage rate: 100%
All waste related KPIs	All assets under NEPI Rockcastle's operational control are included in scope. Strip malls and industrial excluded as the waste disposal data is not available to the Company.	Scope 52/60 owned and managed shopping centers Portfolio coverage rate: 87% (98% of floor area)
BREEAM certification KPIs	All eligible[1] assets under NEPI Rockcastle's operational control are included in the scope.	Scope 51/60 owned and managed shopping centers Portfolio coverage rate: 97%[1]
All photovoltaic KPIs	All assets under NEPI Rockcastle's operational control are included in the scope.	Scope 60/60 owned and managed shopping centers Portfolio coverage rate: 100%
All accessibility KPIs	All assets under NEPI Rockcastle's operational control are included in the scope.	Scope 60/60 owned and managed shopping centers Portfolio coverage rate: 100%

1 Excluding industrial and strip malls.

Changes to last year's report

	Changes from 2022 Annual Report[1]		
	2022 Reported	2022 Corrected	Change
Electricity (MWh)	496,089	528,824	32,735
Renewable Electricity (MWh)	369,338	373,929	4,591
Fuel (MWh)	74,617	76,232	1,615
District Heating (MWh)	49,243	55,087	5,844
Water (m^3)	1,791,935	1,935,963	144,029
Waste (MT)	24,358	26,420	2,063
GHG Scope 1, 2 and 3 ($MTCO_2e$)	92,982	101,269	8,287

1 Figures without own operations and development

- Most of the changes are due to the addition of 3 properties to the Company's portfolio in the end of 2022 (Forum Gdansk Shopping Center, Copernicus Shopping Centre and Ploiesti Shopping City). To allow proper comparability, data was diligently collected and incorporated spanning previous years for those three properties and is included in the above tables
- The remaining changes in energy covering electricity, renewable electricity, fuel, district heating and cooling come from data being reconciled with invoices and information that was not available at the time of 2022 reporting
- The remaining changes in water consumption come from data being reconciled with invoices and

information that was not available at the time of 2022 reporting

- The changes in waste disposal come from:
  - » data being reconciled using new reconciliation factors and information that was not available at the time of 2022 reporting;
  - » Additional waste disposed for Ozas Shopping and Entertainment Centre, Lithuania, based on data provided by the processor after completing the 2022 reporting cycle
- The changes in CO_2e are caused by the differences in energy consumption

Third-Party Assurance

NEPI Rockcastle has not sought out third-party assurance for this report.

Boundaries

As described on page 229.

Normalisation

NEPI Rockcastle has normalised its data by using gross floor area (adjusted with GLA tenant controlled for which data is not fully collected from tenants yet) and number of visitors as denominators. This means that, for example, energy intensity is calculated per m^2 and per 1,000 visitors.

Gross floor area covers built area including underground, technical spaces, terraces, and multilevel parking. Exterior parking area was not included.

Segmentation

Data on environmental and energy performance has been broken down based on property type (retail, office, industrial), as well as the nine different countries where NEPI Rockcastle operates.

Narrative on performance

Explanatory details on past performance and planned initiatives are included in the respective sections of this Sustainability report.

Location EPRA sustainability performance

The EPRA index (Framework Alignment section, page 235) gives detailed information on the location of each reported item in the annual report.

Reporting period

The reporting period is 1 January 2023 – 31 December 2023. Comparative data on a gross and like-for-like basis is included for each type of utility.

PHOTO: SHOPPING CITY TARGU JIU

Framework mapping (GRI, EPRA, UN SDGs)

NEPI Rockcastle is committed to continuously enhancing its practices, and adhering to internationally accepted standards that facilitates this endeavor. In this report, the Group has adopted and implemented the framework guidelines and standards set forth by EPRA and GRI. The report has been prepared in accordance with EPRA's sBPR and GRI Comprehensive standards. The table below provides an index of the standards to which the Group aligns, along with references to the corresponding data locations in this report.

Global Reporting Initiative

GRI (Global Reporting Initiative) Standard	Reference	Comments/ other references
GRI 101. Foundation 2016		
GRI 102. General Contents 2016		
1. Organisational profile		
102-1. Name of the organisation	Front cover	
102-2. Activities, brands, products, and services	6	
102-3. Location of headquarters	252, 334	
102-4. Location of operations	8	
102-5. Ownership and legal form	242	
102-6. Markets served	24-59	
102-7. Scale of the organisation	14-17, 64-70	
102-8. Information on employees and other workers	192-197	
102-9. Supply chain	24-59, 185-186	
102-10. Significant changes to the organisation and its supply chain	24-59, 185	
102-11. Precautionary principle or approach	247	
102-12. External initiatives	237-240	
102-13. Membership of associations	7, 237-240	
2. Strategy		
102-14. Statement from senior management decision-makers	10-12, 20-21, 150	
102-15. Key impacts, risks, and opportunities	116-124, 157-159	
3. Integrity and ethics		
102-16. Values, principles, standards, and norms of behaviour	137, 190-191	
102-17. Mechanisms for advice and concerns about ethics	190-191	
4. Governance		
102-18. Governance structure	82-83	
102-19. Delegating authority	80-83, 92-93	
102-20. Executive-level responsibility for economic, environmental, and social topics	154	
102-21. Consulting stakeholders on economic, environmental, and social topics	160-162	
102-22. Composition of the highest governance body and its committees	84-95	
102-23. Chair of the highest governance body	82, 86	
102-24. Nominating and selecting the highest governance body	83-84	
102-25. Conflicts of interest	91-92	
102-26. Role of highest governance body in setting purpose, values, and strategy	80-82	
102-27. Collective knowledge of highest governance body	84	
102-28. Evaluating the highest governance body's performance	90-91	
102-29. Identifying and managing economic, environmental, and social impacts	154-162	
102-30. Effectiveness of risk management processes	107	

GRI (Global Reporting Initiative) Standard	Reference	Comments/ other references
102-31. Review of economic, environmental, and social topics	80, 98, 154-162	
102-32. Highest governance body's role in sustainability reporting	98, 154	
102-33. Communicating critical concerns	190-191	
102-34. Nature and total number of critical concerns	190-191	
102-35. Remuneration policies	136-138	
102-36. Process for determining remuneration	142-144	
102-37. Stakeholders' involvement in remuneration	126-148	
102-38. Annual total compensation ratio	145-147	
102-39. Percentage increase in annual total compensation ratio	145-147	
5. Participation of stakeholders		
102-40. List of stakeholder groups	162	
102-41. Collective bargaining agreements	193	
102-42. Identifying and selecting stakeholders	160-162	
102-43. Approach to stakeholder engagement	79, 81, 160-162	
102-44. Key topics and concerns raised	160-162	
6. Reporting practice		
102-45. Entities included in the Consolidated Financial Statements	254-256	
102-46. Defining report content and topic Boundaries	229	
102-47. List of material topics	160-161	
102-48. Restatements of information	GRI content index	There have been no restatements of information.
102-49. Changes in reporting	248, 284, 287, 302, 313	Changes in presentation to enhance presentation
102-50. Reporting period	Front cover	
102-51. Date of most recent report	Front cover	
102-52. Reporting cycle	Front cover	
102-53. Contact point for questions regarding the report		
102-54. Claims of reporting in accordance with the GRI Standards	151, 232-235	
102-55. GRI content index	232-235	
102-56. External assurance	18, 320-329	The Sustainability report is not subject to external assurance review.
GRI 201: Economic Performance 2016		
103-1 103-2 103-3 Management Approach	14-19, 22-23	
201-1 Direct economic value generated and distributed	14-19, 22-23	
201-2 Financial implications and other risks and opportunities due to climate change	123, 159	
201-3 Defined benefit plan obligations and other retirement plans	GRI content index	NEPI Rockcastle has not implemented a defined benefit plan or other retirement plan.
201-4 Financial assistance received from government	GRI content index	No financial assistance received in 2023
GRI 302. Energy 2016		
103-1 103-2 103-3 Management Approach	168-169	
302-1 Energy consumption within the organisation	152-153, 168-169, 215-218, 226	
302-2 Energy consumption outside of the organisation	152-153, 168-169, 215-218, 226	

GRI (Global Reporting Initiative) Standard	Reference	Comments/ other references
302-3 Energy intensity	217-218	
302-4 Reduction of energy consumption	168-169, 215-218	
302-5 Reduction in energy requirements of products and services	168-169	
GRI 303. Water and effluents 2018		
103-1 103-2 103-3 Management Approach	169-171	
303-1 Interactions with water as a shared resource	169-171	
303-2 Management of water discharge-related impacts	169-171, 221-223	
303-3 Water Withdrawal	169-171, 221-223	
303-4 Water discharge	169-171, 221-223	
303-5 Water consumption	169-171, 221-223	
GRI 305. Emissions 2016		
103-1 103-2 103-3 Management Approach	172-175	
305-1 Direct (Scope 1) GHG emissions	218-219	
305-2 Energy indirect (Scope 2) GHG emissions	219	
305-3 Other indirect (Scope 3) GHG emissions	219-220	
305-4 GHG emissions intensity	220-221	
305-5 Reduction of GHG emissions	172-175, 218-221	
305-6 Emissions of ozone-depleting substances	GRI content index	Immaterial in Group's context
305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	GRI content index	Immaterial in Group's context
GRI 306. Waste 2020		
103-1 103-2 103-3 Management Approach	171	
306-1 Waste generation and significant waste-related impacts	171-172, 223-225	
306-2 Management of significant waste-related impacts	171-172, 223-225	
306-3 Waste generated	223-225	
306-4 Waste diverted from disposal	223-225	
306-5 Waste directed to disposal	223-225	
GRI 307. Environmental compliance 2016		
307-1 Non-compliance with environmental laws and regulations	158, 169	
GRI 308. Supplier environmental assessment		
103-1 103-2 103-3 Management Approach	185-186	
308-1. New suppliers/providers that were screened using environmental criteria	186	
308-2 Negative environmental impacts in the supply chain and actions taken	185-186	
GRI 401. Employment 2016		
103-1 103-2 103-3 Management Approach	193-197	
401-1 New employee hires and employee turnover	196-197	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	193	
401-3 Parental leave	193	
GRI 403. Occupational health and safety 2018		
403-1 Occupational health and safety management system	178-179, 203-204, 227	

GRI (Global Reporting Initiative) Standard	Reference	Comments/ other references
403-2 Hazard identification, risk assessment, and incident investigation	178-179, 203-204	
403-3 Occupational health services	203-204	
403-4 Worker participation, consultation, and communication on occupational health and safety	203-204	
403-5 Worker training on occupational health and safety	203-204	
403-6 Promotion of worker health	203-204	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	203-204	
403-8 Workers covered by an occupational health and safety management system	203-204	
403-9 Work-related injuries	203-204, 227	
403-10 Work-related ill health	203-204, 227	
GRI 404. Training and education 2016		
103-1 103-2 103-3 Management Approach	198	
404-1 Average hours of training per year per employee	202	
404-2 Programs for upgrading employee skills and transition assistance programs	198-202	
404-3 Percentage of employees receiving regular performance and career development reviews	203	
GRI 405. Diversity and equal opportunity 2016		
103-1 103-2 103-3 Management Approach	192-193	
405-1 Diversity of governance bodies and employees	83-84, 192-193	
405-2 Ratio of basic salary and remuneration of women to men	192	
GRI 406. Non-discrimination 2016		
103-1 103-2 103-3 Management Approach	192	
406-1 Incidents of discrimination and corrective actions taken	192-193	
GRI 413. Local communities 2016		
103-1 103-2 103-3 Management Approach	178-179	
413-1 Operations with local community engagement, impact assessments, and development programs	178-184	
412-2 Operations with significant actual and potential negative impacts on local communities	178-184	
414-1 New suppliers that were screened using social criteria	186	
419-1 Non-compliance with the laws and regulations in the social and economic area	189	

EPRA reference table

EPRA Performance Measure	Definition	Reference
EPRA Sustainability Performance Measures - Environment		
Elec-Abs:	Total amount of electricity consumed. It includes electricity from renewable and non-renewable sources, whether imported or generated on site. This accounts for CTP's corporate offices.	215
Elec-LFL:	The consistency of the electricity consumption in the operation. A like-for-like comparison of 2023 and 2022.	215-216
DH&C-Abs:	Total amount of indirect energy consumed from district heating or cooling systems. In this instance, 'indirect' means energy generated off-site and typically bought from an external energy supplier.	216-217
DH&C-LFL:	The consistency of the district heating and cooling consumption in the operation. A like-for-like comparison of 2023 and 2022.	217
Fuels-Abs:	Total amount of fuel used from direct (renewable and non-renewable) sources ('direct' meaning that the fuel is combusted on-site).	217

EPRA Performance Measure	Definition	Reference
Fuels-LFL:	The consistency of the fuel consumption in the operation. A like-for-like comparison of 2023 and 2022.	217
Energy-Int:	Consumption of direct and indirect energy normalised by an appropriate denominator.	217-218
GHG-Dir-Abs:	Total amount of direct greenhouse gas emissions generated ('direct' meaning that GHG emissions are generated on site through combustion of the energy source/ fuel). This calculation includes use of natural gas in offices, car fuel, as well as jet fuel.	218
GHG-Indir-Abs:	Total amount of indirect greenhouse gas emissions generated ('indirect' meaning that GHG emissions are generated off-site during combustion of the energy source).	219, 220
GHG-Int:	Emissions of direct and indirect GHGs normalised by an appropriate denominator.	220-221
Water-Abs:	Total amount of water consumed within the corporate offices over the full reporting year.	221
Water-LFL:	The consistency of the water consumption in the operation. A like-for-like comparison of 2023 and 2022.	222
Water-Int:	Consumption of water normalised by an appropriate denominator	222-233
Waste-Abs:	The total amount of waste produced and disposed of	223
Waste-LFL:	The consistency of the waste production in the operation. A like-for-like comparison of 2023 and 2022.	224-225
Cert-Tot:	Total number of assets that have formally obtained sustainability certification, rating, or labelling at the end of the reporting year.	225
EPRA Sustainability Performance Measures - Social		
Diversity-Emp:	The percentage of male and female employees in the organisation's governance bodies and other significant employee categories.	83-84
Diversity-Pay:	Ratio of the basic salary and/or remuneration of women to men.	192
Emp-Training:	The average number of hours employees have undertaken.	202
Emp-Dev:	Percentage of total employees who have received regular performance and career development reviews	228
Emp-Turnover:	The total number and rate of new employee hires and employee turnover.	197
H&S-Emp:	The occupational health and safety performance with relation to our direct employees.	203-204, 227
H&S-Asset:	The proportion of assets controlled by The Group for which health and safety impacts have been reviewed	178-179
H&S-Comp:	Incidents of non-compliance with regulations and/or voluntary standard concerning the health and safety impacts of assets assessed	178-179
Comty-Eng:	Percentage of assets under operational control that have implemented local community engagement, impact assessments and/or development programmes.	228
EPRA Sustainability Performance Measures - Governance		
Gov-Board:	The composition of the highest governance body	83-89
Gov-Select:	The nomination and selection process for the highest governance body and its members, and the criteria used to guide the nomination and selection process.	83-85
Gov-Col:	The processes for the highest governance body to ensure conflicts of interest are avoided and managed.	91-92

Task Force on Climate-related Financial Disclosures

A separate TCFD report has been compiled and is available on the Group's website, *TCFD report*. This report also includes the mapping of disclosures to TCFD requirements, to ensure complete disclosures are made.

United Nations Sustainable Development Goals (SDGs)

NEPI Rockcastle is able to contribute positively towards the United Nations Sustainable Development Goals. The Global Goals are a set of 17 interlinked goals adopted by the United Nations General Assembly in 2015, with the aim of ending poverty, protecting the planet, and ensuring peace and prosperity for all by the year 2030.

The areas in which NEPI Rockcastle makes a positive difference include:

Goal	Description (as per UN public information)	Mapping
Goal 3: Good health and wellbeing	To ensure healthy lives and promote well-being for all at all ages	Certifying buildings based on BREEAM methodology Various studies such as sound, lighting, legionella disease, meant to ensure occupants health and wellbeing
Goal 4: Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Education initiatives in the Group's properties Financial support for education of the communities
Goal 6: Clean water and sanitation	More efficient use and management of water are critical to addressing the growing demand for water, threats to water security and the increasing frequency and severity of droughts and floods resulting from climate change.	Reducing water consumption through use of more evolved technology and equipment Monitoring and taking measures to improve the discharged water quality Encouraging use of rainwater
Goal 7: Affordable and clean energy	Encourage public and private investments in energy technologies. Promote better regulatory frameworks and innovative business models to transform the world's energy systems	Investing in Solar Panels Purchasing energy from renewable sources Boosting the utilisation of clean energy sources Adopting LED lighting to reduce energy consumption Providing charging facilities for electric vehicles Establishing a system for tracking, monitoring and optimising resource use
Goal 8: Decent work and economic growth	Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs and stimulate the economy, while not harming the environment. Job opportunities and decent working conditions are advocated.	Investing and supporting the development initiatives in the local communities Supporting new job opportunities during both construction and operation of the centres Ensuring fair and safe working conditions for employees and collaborators, while asking the same from significant suppliers
Goal 9: Industry, innovation, and infrastructure	Technological progress is the foundation of efforts to achieve environmental objectives, such as increased resource and energy efficiency.	Renovation, extension or development of properties giving importance to the materials, equipment and technologies used Digitalising internal processes and implementing automation

Goal	Description (as per UN public information)	Mapping
Goal 11: Sustainable cities and communities	Rapid urbanisation challenges, such as the safe removal and management of solid waste within cities, can be overcome in ways that allow them to continue to thrive and grow, while improving resource use and reducing pollution and poverty.	Implementing a selective waste collection system in order to significantly reduce landfill waste Encouraging tenants and visitors to adopt sustainable habits
Goal 12: Responsible consumption and production	Economic and social progress over the last century has been accompanied by environmental degradation that is endangering the very systems on which our future development and very survival depend. Sustainable consumption and production refer to "the use of services and related products, which respond to basic needs and bring a better quality of life while minimising the use of natural resources and toxic materials as well as the emissions of waste and pollutants over the life cycle of the service or product so as not to jeopardise the needs of future generations".	Implementation and optimisation of a consumption monitoring system for all properties Encouraging and actively participating in environmental initiatives aimed at social responsibility and awareness Consultation with local communities as integrated part of the development process Implementation of a Sustainable Procurement Policy Implementation of the sustainable commitment with business partners
Goal 13: Climate action	Climate change is a global challenge that does not respect national borders. It is an issue that requires solutions that need to be coordinated at the international level to help developing countries move towards a low-carbon economy.	Reviewing legal and technical requirements and planning the development of photovoltaic installations Reducing the carbon footprint by implementing energy-efficient systems that reduce use of resources Implementing an aligned methodology for calculating the carbon footprint and reducing greenhouse gas emissions at Group level Adhering to non-governmental organisations aimed at improving, streamlining and developing a sustainable construction process Assessing and minimising the effects of climate-related risks and natural calamities on our communities
Goal 15: Life on land	Deforestation and desertification caused by human activities and climate change pose major challenges to sustainable development and have affected the lives and livelihoods of millions of people in the fight against poverty.	Outlining a Biodiversity Strategy at Group level. Performing ecological impact analysis and reporting on habitat and biodiversity for all operating locations (according to BREEAM standard).

Source: Sustainable development goals

Best practice approach

An essential strategy for NEPI Rockcastle to maintain its leading position in the market is to align with and implement leading ESG frameworks while adopting best practices. The table below illustrates:

- Current best practices implemented by the Group, with a firm commitment to ongoing development until full implementation
- Organisations with which the Group has established relations or shares common goals for sustainable operations

Framework name	How it adds value to NEPI Rockcastle
Recommendations, disclosure best practices	
Global Reporting Initiative (GRI)	Provides guidance on how to communicate impacts on issues such as climate change, human rights and corruption. It is the most widely adopted standard on ESG reporting and helps NEPI Rockcastle to provide its stakeholders with a sustainability report that communicates relevant topics to them.The 2022 Annual Report is prepared in accordance with the GRI Standards: Comprehensive.
EPRA Sustainability Best Practices Recommendations Guidelines	EPRA has established Best Practice Recommendation Guidelines (EPRA BPR), which focus on the key measures of 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 SBPRs provide a consistent way of measuring sustainability performance. Through their European focus and alignment to frameworks such as the GRI and TCFD, they support the Group speak a common language.
Carbon Risk Real Estate Monitor (CRREM)	CRREM gives clear science-based decarbonisation and energy reduction pathways for each country and asset class. It helps NEPI Rockcastle set targets for each asset and Paris-align with the 1.5-degree scenario. The Group strives to adhere to the pathways and increase the percentage of Paris-aligned buildings. NEPI Rockcastle adopted CRREM in 2022 to track portfolio performance with this widely adopted tool.
Task Force on Climate Related Financial Disclosure (TCFD)	NEPI Rockcastle performed a comprehensive analysis of climate-related risks and opportunities in its portfolio, in alignment with the TCFD recommendations and following principles defined in the IFRS S2 Climate-related Disclosure Standard (IFRS S2). The Company is working towards full compliance with IFRS S2 Standard in its climate-related disclosures, to be achieved in 2025.
EU Taxonomy	The EU Taxonomy is a framework developed by the European Union to facilitate sustainable finance by providing a common language and classification system for identifying environmentally sustainable economic activities. It aims to guide investors, companies, and policymakers toward sustainable investment decisions and activities that contribute to environmental objectives, particularly those related to climate change mitigation and adaptation. This framework provides a comprehensive approach to defining and promoting environmentally sustainable economic activities, with the goal of driving investment toward a more sustainable and resilient future. NEPI Rockcastle commenced reporting under the EU Taxonomy Criteria from 2023 reporting period.
Ratings	
Sustainalytics	In July 2023, Sustainalytics, a leading independent global provider of ESG and corporate governance research and ratings, reaffirmed NEPI Rockcastle's ESG Risk rating as "Low Risk". The Company's ESG Risk Rating improved to 11.4/100 from 12.5/100 at the end of 2023. The rating positions NEPI Rockcastle among the top ten rated companies in its subindustry, Real Estate Management Companies.
Global Real Estate Sustainability Benchmark (GRESB)	GRESB's main objective is to challenge real estate companies to achieve their highest environmental and social performance. NEPI Rockcastle participates annually in the GRESB assessment
Carbon disclosure project (CDP)	CDP runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.
Partnerships and adherences	
International Finance Corporation (IFC)	IFC supports investments and projects in the real estate sector and provides advisory services regarding employment, consumer spending and tax revenues. One of the main investment criteria for IFC is the compliance and consistency of the projects with the IFC investment policy and its environmental and safety standards.
United Nations Sustainable Development Goals (UNSDGs)	The Sustainable Development Goals (SDGs) were established by the United Nations in 2015 as the new global sustainable development agenda for 2030. These goals are achieved effectively when all countries, as well as the public and private sector, are striving towards the same objectives. NEPI Rockcastle uses the SDGs as a foundation and reference for their more specific ESG approach. The Group also actively urges its peers to adopt the SDGs

Framework name		How it adds value to NEPI Rockcastle
US Green Building Council		NEPI Rockcastle initiated the procedures for adhering to the criteria required to be a member of the USGBC in 2020. The procedures were finalised in early January 2022, the Company will continue this partnership through 2023 as well. USGBC is one of the representative non-profit organisations that support the development of prosperous, healthy and resilient communities throughout the transformation of the built environment. The main objective of USGBC is to transform the way buildings and communities are designed, built, and operated, enabling a socially responsible, healthy, and prosperous environment that improves the quality of life. Within the USGBC, NEPI Rockcastle, through its Gold Member status, consolidates its leading position in the real estate retail industry by transforming properties in the field of sustainable construction development, thus reducing the impact on the environment.
European Council of Shopping Places (ECSP)		The European Council of Shopping Places is the European retail association that provides a unified voice for an industry that designs, creates, finances, develops and manages places anchored in the retail area.
Measurabl		Measurabl is one of the world's widely adopted ESG data management platforms for commercial real estate. The platform provides advanced features such as automated utility data collection, building and portfolio performance benchmarking and advanced reporting functionalities. The platform is used by NEPI Rockcastle to track environmental data. Use of this platform was discontinued in 2023, when it was replaced wih Deepki platform.
Deepki		Platform enabling real estate players to collect energy, water and waste consumption data, and use data intelligence to improve assets' environmental performance, support net zero efforts and measure results.
Indexes		
FTSE4GOOD		Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. In the indicative index weight data prepared as of 2023, NEPI Rockcastle was reflected as a constituent, demonstrating strong ESG commitment. (Source: Bloomberg Index Constituents)

Glossary

BREEAM	Building Research Establishment Environmental Assessment Method	Method of environmental assessment for buildings that was developed by the Building Research Establishment (UK).
CRREM	Carbon Risk Real Estate Monitor	Tool that enables the companies to monitor the carbon risk based on the data collection for the entire building.
EMS	Environmental Management System	A management tool that allows businesses to roll out processes that help mitigate adverse environmental impacts. The ISO 14001 standard sets out specificationsand guidelines for the implementation of EMS and definesthe principles, procedures and criteria governing environmental audits.
EPRA	European Public Real Estate Association	The European Public Real Estate Association is the representation for the publicly traded European real estate sector. It provides information to the investors and stakeholders on improvement made by the Company in operating and promotes best practices.
GBA	Gross built area	Total built area of the shopping centre, excluding external parking space.
GLA	Gross leasable area	Total area that is leased to the tenants, without kiosks, common area.
GHG	Green House Gasses	Gas that absorbs and emits the radiant energy within the thermal rage causing the greenhouse effect.
GRESB	Global Real Estate Sustainability Benchmark	Non-profit organisation set to assess the environmental and social performance of the real estate companies.
GRI	Global Reporting Initiative	Sustainability reporting standard
Net Zero Carbon		Achieving an overall balance between emissions produced and emissions taken out of the atmosphere.
Physical risk		Business risk posed by the physical effects of climate change, for example high temperatures, flooding, storm damage and fires.
SBTi	Science Based Target initiative	The Science Based Targets initiative provides a robust framework for companies to set ambitious emissions reduction targets that are consistent with the goals of the Paris Agreement, thereby contributing to global efforts to mitigate climate change.

Scope 1 emissions	Refer to direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity, such as emissions from combustion of fuels in owned or controlled boilers, and other equipment. These emissions are typically accounted for within an organisation's operational boundaries and are considered part of their carbon footprint.
Scope 2 emissions	Refer to indirect greenhouse gas emissions associated with the generation of electricity, heating, cooling, or acquired by an organisation. These emissions occur from the generation of electricity and heat off-site, but are consumed by the organisation. They are considered indirect because they are not emitted directly by the organisation's own operations but are a result of the organisation's energy consumption.
Scope 3 emissions	Scope 3 emissions refer to all indirect greenhouse gas emissions that occur in the value chain of an organisation, including both upstream and downstream activities that are not included in Scope 1 or Scope 2 emissions. These emissions are associated with sources such as purchased goods and services, business travel, employee commuting, waste disposal, and other activities related to the organisation's operations but occurring outside its direct control and involve a wide range of activities across the entire value chain.
Transitional risk	Business risk posed by regulatory and policy changes implemented to tackle climate change.

PHOTO: SHOPPING CITY TARGU MURES

Analysis of shareholders and share trading

Shareholder spread in terms of the JSE Listing Requirements	Number of shareholders	Number of shares held	Holding percentage (%)
Public	9,430	405,891,242	61.42
Non-public	2	250,630,211	37.93
Directors and employees	39	2,511,472	0.38
Other	-	1,793,095	0.27
Total	**9,471**	**660,826,020**	**100.00**

Size of holding	Number of shareholders	Number of shares held	Holding percentage (%)
1 to 2 500 shares	7,041	3,877,467	0.59
2 501 to 10 000 shares	920	4,649,662	0.70
10 001 to 100 000 shares	1,014	35,394,498	5.36
100 001 to 1 000 000 shares	406	136,912,398	20.72
1 000 001 to 3 500 000 shares	58	105,404,507	15.95
More than 3 500 000 shares	32	372,794,393	56.41
Other	-	1,793,095	0.27
Total	**9,471**	**660,826,020**	**100.00**

Registered shareholders owning 3% or more of issued shares	Number of shares held	Holding percentage (%)
2023		
Fortress Real Estate Investments Limited	160,135,676	24.23
Public Investment Corporation	90,494,535	13.69
State Street Bank and Trust Company (Custodian)	49,936,301	7.56
JP Morgan (Custodian)	35,827,457	5.42
Total	**336,393,969**	**50.91**
2022		
Fortress Real Estate Investments Limited	144,008,793	23.72
Public Investment Corporation	79,289,033	13.06
State Street Bank and Trust Company (Custodian)	38,829,828	6.40
JP Morgan (Custodian)	27,336,689	4.50
Eskom Pension & Provident Fund	19,302,795	3.18
Total	**308,767,138**	**50.87**

Beneficial shareholding of 3% or more of issued shares	Number of shares controlled	Holding percentage (%)
2023		
Fortress Real Estate Investments Limited	160,135,676	24.23
Public Investment Corporation	90,494,535	13.69
Total	**250,630,211**	**37.93**
2022		
Fortress Real Estate Investments Limited	144,008,793	23.72
Public Investment Corporation	79,289,033	13.06
Eskom Pension & Provident Fund	19,302,795	3.18
Total	**242,600,621**	**39.97**

Beneficial shareholding of Directors

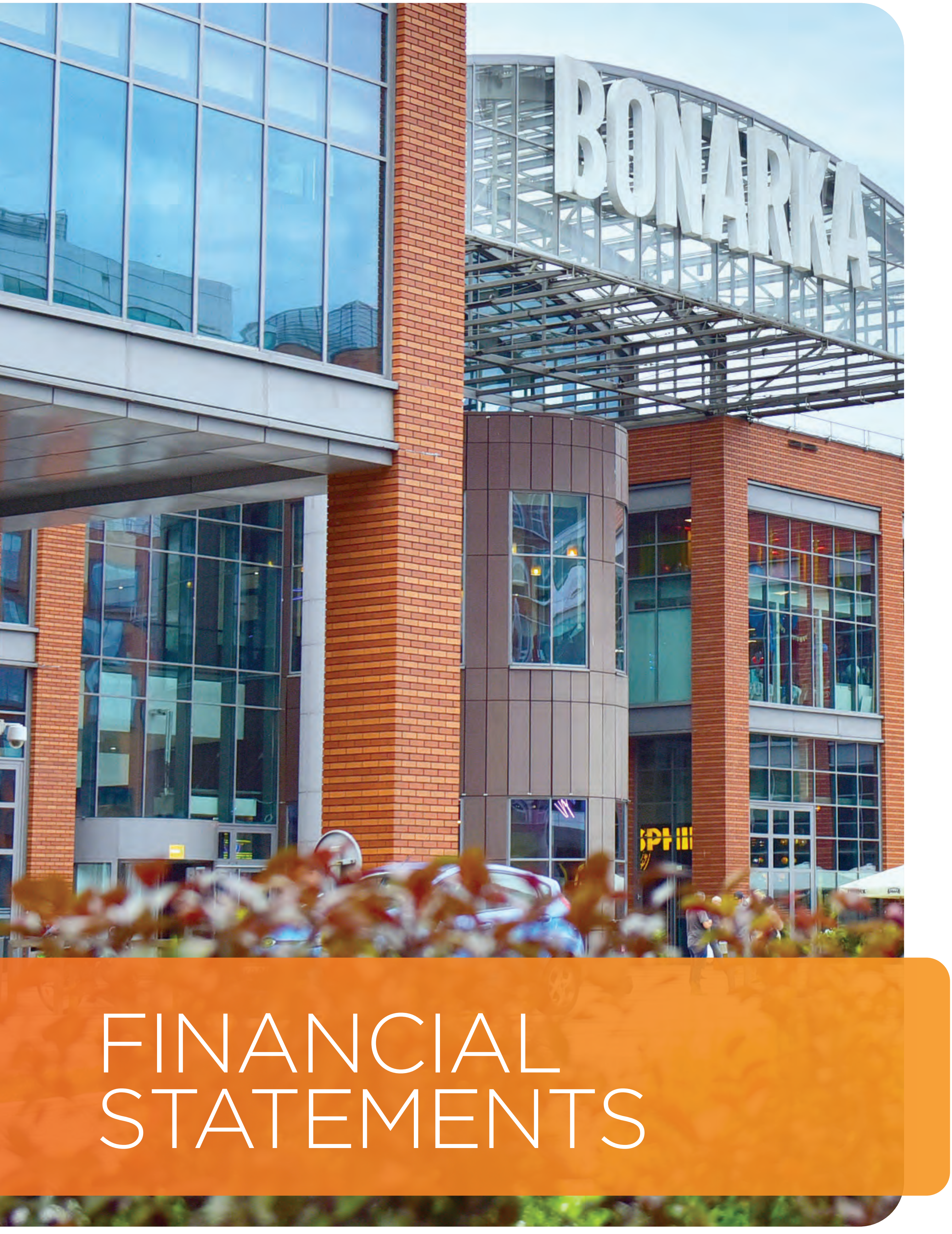
At 31 December 2023	Direct	Indirect	Associates	Total Shares Held	Holdings percentage (%)
Rüdiger Dany	145,682	170,692	-	316,374	0.05
Eliza Predoiu	204,653	-	-	204,653	0.03
Marek Noetzel	440,127	-	-	440,127	0.07
George Aase	11,118	-	-	11,118	-
Antoine Dijkstra	4,936	-	-	4,936	-
Andreas Klingen	-	-	-	-	-
Andre van der Veer	63,001	-	9,403	72,404	0.01
Steven Brown	-	-	-	-	-
Andries de Lange	-	254,594	-	254,594	0.04
Ana Maria Mihaescu	-	-	-	-	-
Jonathan Lurie	-	-	-	-	-
Total	**869,517**	**425,286**	**9,403**	**1,304,206**	**0.20**

At 31 December 2022	Direct	Indirect	Associates	Total Shares Held	Holdings percentage (%)
Rüdiger Dany	137,945	-	-	137,945	0.02
Eliza Predoiu	41,398	-	-	41,398	0.01
Marek Noetzel	276,872	-	-	276,872	0.05
George Aase	10,000	-	-	10,000	-
Antoine Dijkstra	4,693	-	-	4,693	-
Andreas Klingen	-	-	-	-	-
Andre van der Veer	55,000	-	8,458	63,458	0.01
Steven Brown	-	-	-	-	-
Andries de Lange	-	205,246	-	205,246	0.03
Ana Maria Mihaescu	-	-	-	-	-
Jonathan Lurie	-	-	-	-	-
Total	**525,908**	**205,246**	**8,458**	**739,612**	**0.12**

In between the year-end and the publication of this annual report, 332,556 shares have been allocated to the Executive Directors, as follows: 155,346 shares to Rüdiger Dany and 88,605 shares to Eliza Predoiu and Marek Noetzel respectively. For further details on the share based incentive plan and their allocation subsequent to the year-end, please refer to the Remuneration report section.

None of the shares held by the Executive and non-Executive Directors are subject to security, guarantee, collateral and they are not encumbered in any way, except for 88,358 shares held by Marek Noetzel, which are pledged as security for the loan under Share Purchase Scheme.

For the Executive Directors shareholding as a result of the share-based incentive programme as at 31 December 2023, please refer to Note 39 of the Financial Statements.



FINANCIAL STATEMENTS

PHOTO: PROMENADA SIBIU

Statement of Directors' responsibilities

The Directors are responsible for preparing the Financial Statements in accordance with applicable laws and regulations.

The Directors have prepared the Financial Statements in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, International Financial Reporting Standards ('IFRS') as adopted by the European Union and with Title 9 of Book 2 of the Dutch Civil Code.

In preparing the Financial Statements, the Directors are responsible for:

- selecting suitable accounting policies and then applying them consistently;
- stating whether they have been prepared in accordance with IFRSs;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

Each of the directors, whose names are stated below, hereby confirm that:

- the annual Financial Statements set out on pages 248 to 315 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

With reference to Section 5:25c paragraph 2, sub c of the Financial Markets Supervision Act (Wet op het financieel toezicht), the Board declares that to the best of its knowledge:

- The financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of NEPI Rockcastle N.V. and of the companies included in the consolidation taken as a whole;
- The directors' report provides a true and fair view of the situation on the balance sheet date and of the developments during the financial year of NEPI Rockcastle N.V. and of its affiliated companies whose information has been included in the financial statements, together with a description of the main risks NEPI Rockcastle N.V. faces.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

The Financial Statements on pages 248 to 315 were approved by the Board of Directors on 19 March 2024, authorised for publication on 20 March 2024 and signed on its behalf by:

Rüdiger Dany

Chief Executive Officer

Eliza Predoiu

Chief Financial Officer

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	8	6,627,247	6,331,793
– Investment property under development	9	197,743	264,344
Goodwill	11	76,804	76,804
Deferred tax assets	24	63,555	54,679
Other long-term assets	10	16,307	11,050
Derivative financial assets at fair value through profit or loss	19	12,241	25,585
Current assets		**458,577**	**367,300**
Trade and other receivables	12	93,465	85,496
Inventory property	15	17,266	20,694
Cash and cash equivalents	13	338,519	250,631
Derivative financial assets at fair value through profit or loss	19	9,327	10,479
Assets held for sale	14	**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	16	6,608	6,070
Share premium	16	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	18	517,898	546,744
Bonds	18	1,485,621	1,978,708
Deferred tax liabilities	24	471,691	419,554
Lease liabilities	23	54,974	36,368
Loans from third parties	22	16,667	33,333
Other long-term liabilities	21	36,074	37,666
Current liabilities		**722,037**	**198,028**
Trade and other payables	20	154,333	136,670
Income tax payable[1]		20,187	18,332
Bank loans	18	15,823	11,157
Bonds	18	513,410	14,263
Lease liabilities	23	1,546	832
Loans from third parties	22	16,738	16,774
Liabilities directly associated with assets held for sale	14	**3,666**	**1,118**
TOTAL EQUITY AND LIABILITIES		**7,613,389**	**7,150,240**
Net Asset Value per share (euro)	25	6.51	6.42
EPRA Net Reinstatement Value per share (euro)[2]	25	6.98	6.84
Number of shares for Net Asset Value/EPRA Net Reinstatement Value		660,826,020	607,000,000

1 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.

2 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.

Consolidated Statement of comprehensive income

in € thousand	Note	31 Dec 2023	31 Dec 2022
Gross rental income	26	510,103	422,051
Service charge income	26	254,369	199,812
Property operating expenses	26	(273,263)	(219,388)
Partial forgiveness of receivables (Covid-19 forgiveness)		-	2,090
Net rental and related income	26	**491,209**	**404,565**
Administrative expenses	27	(33,369)	(30,381)
Reversal of litigation claim	28	-	21,304
Revenues from sales of inventory property		9,808	-
Cost of sales of inventory property		(7,076)	-
EBIT[1]		**460,572**	**395,488**
Fair value adjustments of investment property	29	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	30	6,891	3,511
Finance costs	30	(69,052)	(56,802)
Bank charges, commissions, and fees	30	(3,297)	(4,298)
Fair value adjustments of derivatives	31	(17,376)	37,946
Losses on extinguishment of financial instruments	31	-	(21,925)
Share of profit of joint ventures	35	-	3,280
Profit before tax		**546,662**	**501,607**
Income tax expense		**(69,861)**	**(66,334)**
Current tax expense	24	(28,334)	(23,068)
Deferred tax expense	24	(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	32	633,150,875	607,756,809
Diluted weighted average number of shares	32	634,211,475	608,529,063
Basic earnings per share (euro cents) attributable to equity holders	32	75.31	71.60
Diluted earnings per share (euro cents) attributable to equity holders	32	75.18	71.51

1 *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 and less Reversal of litigation claim (Depreciation and Amortisation are included in Administrative expenses).*

Consolidated Statement of changes in equity

in € thousand	Note	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[1]		-	(350,000)	-	350,000	-	-
– Repurchase of shares		(20)	(9,326)	-	-	-	(9,346)
– Shares purchased for LTSIP[2]	3.15	-	-	(2,852)	-	-	(2,852)
– Share based payment expense	3.15	-	-	1,472	-	-	1,472
– LTSIP reserve release		-	-	108	-	-	108
– Earnings distribution		-	-	-	(241,223)	-	(241,223)
– Acquisition of Non-controlling interest	34	-	-	-	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[3]	16	53,240	(53,240)	-	-	-	-
– Earnings distribution – capital repayment[4]	16	(53,240)	-	-	-	-	(53,240)
– Earnings distribution – dividend out of accumulated profit[4]	16	-	-	-	(14,646)	-	(14,646)
– Earnings distribution – impact of foreign exchange hedges[4]	16	-	106	-	-	-	106
– Earnings distribution – scrip issue[4]	16	538	(538)	-	-	-	-
– Shares purchased for LTSIP[2]	3.15	-	-	(5,158)	-	-	(5,158)
– Share based payment expense	3.15	-	-	2,000	-	-	2,000
– LTSIP reserve release	3.15	-	-	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**

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

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

3 *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. For further details, please refer to Note 16.*

4 *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. For further details on distribution options impacting the reporting period, please refer to Note 16.*
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.

Consolidated Statement of cash flows

in € thousand	Note	31 Dec 2023	31 Dec 2022
CASH FLOWS FROM OPERATIONS	37	**459,078**	**375,362**
Interest paid on loans and borrowings	18	(31,678)	(5,972)
Interest paid on lease liabilities	23	(804)	(577)
Bond coupon paid	18	(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[1]		(193,048)	(142,941)
Acquisition of investment property and land	34	-	(316,998)
Acquisition of the remaining 50% stake in joint venture	34	-	(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	17	(5,158)	(2,852)
Sale of unvested shares under LTSIP	17	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	18	200,000	260,000
Proceeds from bonds	18	-	493,566
Repayment of bank loans (including revolving credit facilities)	18	(214,815)	(25,563)
Repurchase of bonds	18	-	(496,020)
Premium paid on repurchase of bond	31	-	(21,925)
Cash received from pre-hedge instrument		-	4,075
Repayment of other long-term liabilities	21	-	(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	22	(16,666)	-
Earnings distribution - Capital repayment and dividend out of accumulated profit[2]	16	(67,780)	(241,223)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(107,864)**	**(53,040)**
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	13	**338,519**	**250,631**

1 *Includes also capital expenditure for the existing in use properties*

2 *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. For further details on distribution options impacting the reporting period, please refer to Note 16. 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 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 Consolidated Financial Statements and the Company's Separate Financial Statements are collectively referred to as the Financial Statements. The Financial Statements for the year ended 31 December 2023 were approved by the Board of Directors on 19 March 2024 and authorised for publication on 20 March 2024.

2. BASIS OF PREPARATION

a. Statement of compliance

The Consolidated Financial Statements have been consistently prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, International Financial Reporting Standards ('IFRS') as adopted by the European Union and with Title 9 of Book 2 of the Dutch Civil Code. They comprise the Company and its subsidiaries, as detailed in "Basis of consolidation" in Note 3.2.

The material accounting policies applied in the preparation of these Consolidated Financial Statements are set out below in Note 3 and 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 Consolidated Financial Statements as at 31 December 2023, except as indicated below:

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Group revisited the accounting policy information disclosures to ensure compliance with the amended standard. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

- **IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)**

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two Model Rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. However, this legislation does not apply to the Group as its consolidated revenue has not been higher than €750 million for two consecutive years.

Management has prepared the financial statements on a going concern basis. Having considered the potential impact of the military 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.

Climate related matters

Climate change has a major impact on the economy, requiring increasing awareness of its consequences on the financial and non-financial performance of companies. Climate-related matters aspects have also become increasingly important for the real estate industry. The Group's strategy is based on adopting climate-resilient activities and on reducing the carbon emissions resulting from its operations.

NEPI Rockcastle aims to contribute to a more sustainable environment by reducing the carbon footprint of its buildings, meeting stringent green building standards for new constructions, redevelopment, refurbishment projects and integrating the renewable energy production in the core of NEPI Rockcastle's business strategy.

A carbon reduction pathway has been established and is endorsed by the Board of Directors, encompassing development and redevelopment, operations, engagement with key stakeholders, management of own offices and employees' business travel. The carbon pathway outlines how NEPI Rockcastle plans to reduce its greenhouse gas emissions and reach its climate goals of reducing operations carbon footprint by 70% and embedded carbon by 30% by 2030. This serves as a roadmap for transitioning the organization and the assets portfolio to a low-carbon economy.

The implementation of these initiatives has an impact on the Group's financial statements, mainly through its investment strategy and the implementation of costs incurred with the aim to address sustainability related targets and environmental challenges.

Valuation of investment properties

The value of investment properties is positively impacted by the certification of all of Group's shopping malls with the Building Research Establishment Environmental Assessment Method (BREEAM) In-Use certificates, attesting their recognition as environmentally friendly.
In addition, the Group incurred capital expenditure aimed to anticipate regulatory developments and adapt to changes in demand for more sustainable spaces. These investments include, among others, installation of LED technology in lighting systems, installation of more efficient air-conditioning systems, the implementation of smart systems such as metering and high-performance building management systems, which are meant to enable collecting data from the assets, facilitating decisions on modernization, retrofitting or adjustments to the equipment parameters.

During 2023, NEPI Rockcastle accelerated the installation of photovoltaic panels in Romania, with 35MW of power-generating capacity being installed in 27 properties, covering approximately 25% of those properties' consumption needs. Following the successful roll-out in Romania, management is assessing the opportunity to expand the development of photovoltaic plants in other geographies.
The above information was provided to and was considered by the Group's appraisers in their valuation process.

Funding activity

In 2023, The Group has launched its Sustainability-Linked Finance Framework (the "Framework") as an alternative green funding approach, the new IFC loan concluded in December 2023 and the revolving facilities extended in December 2023 and February 2024 were based on this ambitious framework. The Framework can be applied for bilateral financing agreements such as Sustainability-Linked term loans, revolving credit facilities, etc.

As disclosed in Note 18, 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 funding has been secured at competitive pricing in the current market conditions, with reference to the Euribor rate. The Group also extended a sustainability-linked €150 million revolving credit facility (RCF) with Deutsche Bank, Citi, and HSBC, during December 2023.

Under the previously published Green Finance Framework, NEPI Rockcastle has issued €1 billion green bonds. The Group has committed to use proceeds from green bonds to finance or refinance existing and future projects which improve the environmental performance of the Group's property portfolio, which translate into allocating all resources to environmentally sustainable assets (buildings certified as BREEAM "excellent" or "very good"). Going forward, both newly issued and currently outstanding bonds will be governed under the updated framework, with allocation to a single portfolio of assets, in alignment with the more rigorous eligibility criteria in the framework.

b. Basis of measurement

The Consolidated Financial Statements are prepared on the historical cost basis, except for investment property in use, land for investment property under development, and interest rate derivatives, which are measured at fair value.

c. Use of estimates and judgements

The preparation of Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and associated assumptions are based on experience and other factors believed to be reasonable under the circumstances and enable judgements to be made about the carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period when the estimate is revised and future periods if applicable.

d. Presentation

The Consolidated Financial Statements are presented in thousands of Euros ("€'000s"), rounded off to the nearest thousand, unless stated otherwise.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been consistently applied to all periods presented.

3.1 Foreign currency translation

a. Functional and presentation currency

The Consolidated Financial Statements are presented in Euro ("€", "EUR") thousands unless otherwise stated, which is NEPI Rockcastle's functional and presentation currency. The assessment of the functional currency of the Group is presented in Note 4 – Significant Accounting Estimates and Judgements in Applying Accounting Policies.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re–measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year–end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3.2 Basis of consolidation

Subsidiaries

The Consolidated Financial Statements incorporate the assets, liabilities, operating results and cash flows of the Company and its subsidiaries.
Subsidiaries are all entities controlled by the Company. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date the control commences until the date the control ceases.

These Consolidated Financial Statements include the Company and the fully consolidated subsidiaries, as set out below:

No	Subsidiary	Country of incorporation	Principal activity	Effective interest 2023 (%)	Effective interest 2022 (%)
1	ACE3 Sp. z o.o.	Poland	Property-owning	100	100
2	Arena Center Zagreb d.o.o.	Croatia	Property-owning	100	100
3	AUPARK Kosice SC, s.r.o.	Slovakia	Services	100	100
4	AUPARK Kosice, spol. s.r.o.	Slovakia	Property-owning	100	100
5	AUPARK Piestany SC, s.r.o.	Slovakia	Services	100	100
6	AUPARK Piestany, spol. s.r.o.	Slovakia	Property-owning	100	100
7	AUPARK Tower Kosice, s.r.o.	Slovakia	Property-owning	100	100
8	AUPARK Žilina SC a.s.	Slovakia	Services	100	100
9	AUPARK Žilina, spol. s.r.o.	Slovakia	Property-owning	100	100
10	Aurora Mall Buzau SRL	Romania	Property-owning	100	100
11	Białystok Property Sp. z o.o.	Poland	Property-owning	100	100
12	Bonarka City Center Sp. z o.o.	Poland	Property-owning	100	100

No	Subsidiary	Country of incorporation	Principal activity	Effective interest 2023 (%)	Effective interest 2022 (%)
13	Braila Promenada Mall SRL	Romania	Property-owning	100	100
14	Brasov Shopping City SRL	Romania	Property-owning	100	100
15	Bulfeld EOOD	Bulgaria	Property-owning	100	100
16	CEE Property Bulgaria EOOD	Bulgaria	Property-owning	100	100
17	CHP 1 Sp. z o.o.	Poland	Services	100	100
18	City Park Constanta SRL	Romania	Property-owning	100	100
19	Constanta Shopping City SRL	Romania	Property-owning	100	100
20	Copernicus Property Sp. z o.o. (former Atrium Copernicus Sp. Zo.o)	Poland	Property-owning	100	100
21	Deva Shopping City SRL	Romania	Property-owning	100	100
22	ECP Security Holdings Limited (wound up in 2023)	Isle of Man	Holding	-	100
23	Energit Sp. z o.o.	Poland	Services	100	100
24	E-Power Supply d.o.o. Beograd	Serbia	Services	100	100
25	E-power supply EOOD	Bulgaria	Services	100	100
26	E-power supply management d.o.o.	Croatia	Services	100	100
27	E-Power Supply s.r.o.	Slovakia	Services	100	100
28	Expo Real Estate Project SRL	Romania	Services	100	100
29	Festival Shopping Center SRL	Romania	Property-owning	100	100
30	Floreasca Center SRL	Romania	Holding	100	100
31	FORUM Usti s.r.o.	Czech Republic	Property-owning	100	100
32	Galati Shopping City SRL	Romania	Property-owning	100	100
33	General Building Management SRL	Romania	Property-owning	100	100
34	General Investment SRL	Romania	Property-owning	100	100
35	Gontar Sp. z o.o.	Poland	Property-owning	100	100
36	Forum Gdansk Property Sp. zo.o.	Poland	Property-owning	100	100
37	HANSA Immobilien EOOD	Bulgaria	Property-owning	100	100
38	INLOGIS VI s.r.o. (sold in 2023)	Slovakia	Property-owning	-	100
39	Iris Titan Shopping Center SRL	Romania	Property-owning	100	100
40	Karolinka Property Sp. z o.o.	Poland	Property-owning	100	100
41	Liberec Property s.r.o.	Czech Republic	Property-owning	100	100
42	Mammut Zrt	Hungary	Property-owning	100	100
43	Mammut Management Kft	Hungary	Services	100	100
44	Mammut Real Estate Kft	Hungary	Property-owning	100	100
45	Marapi Sp. z o.o.	Poland	Property-owning	100	100
46	Marketing Advisers SRL (merged with Nepi Investment Management in 2023)	Romania	Services	-	100
47	Mega Mall Bucuresti SRL	Romania	Property-owning	100	100
48	Milvus Sp. z o.o.	Poland	Property-owning	100	100
49	Mlyny a.s.	Slovakia	Property-owning	100	100
50	Monarda Sp. z o.o.	Poland	Property-owning	100	100
51	NE Property B.V.	Netherlands	Holding	100	100
52	NEPI Bucharest One SRL	Romania	Property-owning	100	100
53	NEPI Bucharest Two SRL	Romania	Property-owning	100	100
54	NEPI Croatia Management d.o.o.	Croatia	Services	100	100
55	NEPI Czech Management s.r.o.	Czech Republic	Services	100	100
56	Nepi Four Real Estate Solutions SRL	Romania	Holding	100	100
57	NEPI Investment Management SRL	Romania	Services	100	100
58	NEPI Project Four EOOD	Bulgaria	Property-owning	100	100
59	NEPI Project One EOOD	Bulgaria	Property-owning	100	100
60	NEPI Project Three EOOD	Bulgaria	Services	100	100
61	NEPI Project Two EOOD	Bulgaria	Holding	100	100

No	Subsidiary	Country of incorporation	Principal activity	Effective interest 2023 (%)	Effective interest 2022 (%)
62	NEPI Real Estate Development d.o.o.	Serbia	Services	100	100
63	NEPI Real Estate Project One d.o.o.	Serbia	Property-owning	100	100
64	NEPI Rockcastle Hungary Kft.	Hungary	Services	100	100
65	NEPI Rockcastle Lithuania UAB	Lithuania	Services	100	100
66	Nepi Seventeen Land Development SRL	Romania	Services	100	100
67	NEPI Six Development SRL	Romania	Services	100	100
68	Nepi Sixteen Real Estate Investment SRL	Romania	Holding	100	100
69	Nepi Slovak Centres One a.s.	Slovakia	Services	100	100
70	NEPI Slovakia Management s.r.o.	Slovakia	Services	100	100
71	NEPI Ten Development Solutions SRL	Romania	Property-owning	100	100
72	Nepi Twenty Real Estate Development SRL	Romania	Services	100	100
73	Nepi Twenty-One Investment Estate SRL	Romania	Services	100	100
74	Nepi Twenty-Three Investment Solutions SRL	Romania	Property-owning	100	100
75	NEPIOM Ltd	Malta	Holding	100	100
76	New Energy Management SRL	Romania	Services	100	100
77	Nobilia Sp. z o.o.	Poland	Services	100	100
78	NRE Sibiu Shopping City SRL	Romania	Property-owning	100	100
79	Olsztyn Property Sp. z o.o.	Poland	Property-owning	100	100
80	Otopeni Warehouse and Logistics SRL	Romania	Property-owning	100	100
81	Piotrków Property Sp. z o.o.	Poland	Property-owning	100	100
82	Platan Property Sp. z o.o.	Poland	Property-owning	100	100
83	Ploiesti Shopping City SRL	Romania	Property-owning	100	100
84	Pogoria Property Sp. z o.o.	Poland	Property-owning	100	100
85	Promenada Mall Bucuresti SRL	Romania	Property-owning	100	100
86	Ramnicu Valcea Shopping City SRL	Romania	Property-owning	100	100
87	Real Estate Asset Management SRL	Romania	Services	100	100
88	Retail Park Pitesti SRL	Romania	Property-owning	100	100
89	Rockcastle Europe Limited	Mauritius	Holding	100	100
90	Rockcastle Global Real Estate Holdings B.V. (merged with NE Property B.V. in 2023)	Netherlands	Holding	-	100
91	Rockcastle Poland Sp. z o.o.	Poland	Services	100	100
92	Satu Mare Shopping City SRL	Romania	Property-owning	100	100
93	SCP s.r.o.	Slovakia	Property-owning	100	100
94	Serenada Property Sp. z o.o. (wound up in 2023)	Poland	Services	-	100
95	Severin Shopping Center SRL	Romania	Property-owning	100	100
96	Shopping City Piatra Neamt SRL	Romania	Property-owning	100	100
97	Sibiu Shopping City 2 SRL	Romania	Property-owning	100	100
98	Shopping City Timisoara SRL	Romania	Property-owning	100	100
99	ShoppingSpot sp. z o.o.	Polonia	Services	100	100
100	Sofia Commercial Centre EOOD	Bulgaria	Services	100	100
101	Stichting NEPI Rockcastle Incentive Plan Foundation.	Poland	Services	100	-
102	Symmetry Arena Kft	Hungary	Property-owning	100	100
103	Targu Jiu Development SRL	Romania	Property-owning	100	100
104	Targu Mures Shopping City SRL	Romania	Property-owning	100	100
105	Tummam Kft	Hungary	Property-owning	100	100
106	Uždaroji akcinė bendrovė Ozantis	Lithuania	Property-owning	100	100
107	Vulcan Residential Park SRL	Romania	Property-owning	100	100
108	Vulcan Value Centre SRL	Romania	Property-owning	100	100
109	Zielona Góra Property Sp. z o.o.	Poland	Property-owning	100	100

3.3 Investment property in use

Investment property is held to earn rental income, capital appreciation or both.

The cost of investment property acquired by any other means than a business combination consists of the purchase price and directly attributable expenditure.

Subsequent expenditure relating to investment property is capitalised when future economic benefits from the use of the asset are probable and the cost of the item can be measured reliably. All other subsequent expenditure is recognised as an expense during the period it is incurred.

After initial recognition, investment property in use is measured at fair value. Fair value is determined semi-annually by external, independent professional valuers, with appropriate and recognised qualifications and recent experience in the location and category of property being valued. Valuations are based on the income method, respectively, the applied method used for all investment property in use is discounted cash flow ("DCF").

Gains or losses arising from changes in the fair values are included in the Statement of comprehensive income for the period during which they arise. Unrealised gains or losses, net of deferred tax, are non-distributable.

Lease incentives, such as rent-free periods, discounts during the lease or payment of fit-out works for the benefit of the tenants, are part of value of the investment property and 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.

3.4 Investment property under development

Property that is being constructed or developed for future use as investment property is classified as investment property under development and carried at cost until construction or development is complete, or its fair value can be reliably determined.

The land on which investment property is constructed or developed is carried at fair value, which is determined semi-annually by external, independent professional valuers, with appropriate and recognised qualifications and recent experience in the location and category of property being valued. Valuations are performed using the market comparable approach or residual approach.

Gains or losses arising from changes in the fair values are included in the Statement of comprehensive income during the period when they arise. Unrealised gains or losses, net of deferred tax, are non-distributable.

3.5 Assets classified as held for sale

An investment property or a group of assets including an investment property (disposal group) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case:

- the assets must be available for immediate sale in their present condition;
- the Group must be committed to sell;
- there must be a plan to locate a buyer; and
- it is highly probable that a sale will be completed within one year from the date of classification.

On re-classification as held for sale, investment property that is measured at fair value continues to be measured in this way.

An investment property or disposal group classified as held for sale is presented separately in the Statement of financial position as assets or liabilities classified as held for sale.

3.6 Goodwill

Goodwill arises upon business combination and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities, and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and it is represented by the individual properties.

3.7 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non–financial assets, other than goodwill and intangible assets with infinitive useful life, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date, if indicators of reversal exist.

3.8 Financial assets

3.8.1 Classification

In line with IFRS 9 “Financial instruments”, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt instruments financial assets depends on: (i) the Group’s business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

For financial assets measured at fair value through profit or loss (“FVTPL”), gains and losses are recorded in profit or loss.

3.8.2 Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group have transferred substantially all the risks and rewards of ownership.

3.8.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price.

a. Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (“SPPI”) are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the Statement of comprehensive income. Financial assets measured at amortised cost (“AC”) comprise cash and cash equivalents, loans to participants in the Share Purchase Scheme, long term receivables and trade and other receivables (excluding prepaid expenses).

b. Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period.

3.8.4 Impairment – credit loss allowance for Expected Credit Losses (“ECL”)

In line with IFRS 9 “Financial instruments”, the Group assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost. The Group measures ECL and recognises credit loss allowance on an annual basis. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of any loss is recognised in the Statement of comprehensive income (profit or loss). Debt instruments measured at amortised cost are presented in the balance sheet net of the allowance for ECL.

ECLs are recognised for loans granted in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Expected credit losses for trade receivables are recognised using the simplified approach. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

3.8.5 Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

3.8.6 Write-off

Financial assets are written-off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. Indicators that there is no reasonable expectation of recovery include, among others, insolvency or significant financial difficulties of the tenant, default on payment terms and vacation or abandonment of the leased premises. Impaired trade and other receivables are derecognised when all reasonable efforts to collect the amounts outstanding have failed and they are assessed as uncollectable.

3.8.7 Modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate, change in the currency denomination.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a significant increase in credit risk has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assess whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate and recognises a modification gain or loss in profit or loss.

Specific valuation techniques used to value financial assets include:

- The use of quoted market prices or dealer quotes for similar instruments (for financial assets/liabilities at fair value through profit or loss);
- Discounted cash flow analysis (for the remaining financial instruments).

3.9 Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and classified and subsequently measured at amortised cost, except for financial liabilities at FVTPL: this classification is applied to interest rate derivatives and other financial liabilities designated as such at initial recognition.

3.10 Borrowings (bonds and bank loans)

Borrowings are recognised initially at the fair value of the liability (determined using the prevailing market rate of interest if significantly different from the transaction price) and net of transaction costs incurred. In subsequent periods, borrowings are subsequently carried at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in Statement of comprehensive income over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowings are removed from the balance sheet when the obligation specified in the contract is extinguished (i.e. discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of comprehensive income.

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognised in Statement of comprehensive income.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use (such as properties developed for future sale, capital appreciation or rental income) are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash balances, cash deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest (SPPI), and (ii) they are not designated at FVTPL.

3.12 Trade receivables

Trade receivables are amounts due from customers for rental and service charge income from tenants in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value, generally at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses.

Trade receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

3.13 Inventory property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value (“NRV”). Principally, this is residential property that the Group develops and intends to sell on completion of development.

The commencement of development with a plan or a prior agreement to sell represents a change in use and accordingly the project is transferred from investment property to inventory property.

Costs incurred in inventory property include:

- freehold and leasehold rights for land;
- amounts paid to contractors for development; and
- planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

3.14 Share capital and share premium

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

The consideration paid, including any directly attributable incremental costs (net of income taxes for the purchases of the Company’s equity instruments by any of the Group’s subsidiaries, as a result of a share buy-back or for a share-based incentive plan) is presented within “Other reserves”, until the shares are cancelled or reissued. Where such ordinary shares are cancelled, their nominal value is debited to Share capital, with the corresponding difference up to their purchase price (including any attributable incremental cost, net of taxes) debited from Share premium. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Group. Usually, shares are purchased for the debt-free Long-Term Share Incentive Plan (Note 3.15 (b)).

3.15 Share-based payments

To date, NEPI Rockcastle has initiated two types of incentive programs that offered share-based payments in exchange for services provided to it by its directors and employees (equity-settled transactions), which are detailed below.

a. Purchase Offers with a vesting component – Share Purchase Scheme ("NRP SPS")

This program was put in place before the 2017 merger of the former groups New Europe Property Investments plc ("NEPI") and Rockcastle Global Real Estate Company Ltd ("Rockcastle"). Under this program, participants were granted loans to acquire shares in the Company at fair value at the grant date. These loans were classified as "loans to participants in the incentive plan" and included in Other long-term assets (Note 10). The loans are carried at amortised cost and the accrued interest is recognised as finance income in the Statement of Comprehensive Income. The costs under this program are nil.

b. Debt free Long-Term Share Incentive Plan with a vesting component ("LTSIP")

This program was put in place after the 2017 merger of the former groups NEPI and Rockcastle. Under this incentive plan, shares may be issued by the Group to executive directors and other key personnel for no cash consideration. Awards under this plan are at the discretion of the Board of Directors and are based on the performance of the Group and the employees. The costs related to the LTSIP are measured based on the fair value of the shares at the grant date and are recognized over the vesting period.

The costs are presented as part of the Administrative expenses in the Statement of comprehensive income and within Other reserves in the Statement of changes in equity.

3.16 Accumulated profit

The balance on the Statement of comprehensive income is transferred to accumulated profit at the end of each financial period. Distributions paid in cash are deducted from accumulated profit. Distributions for which shareholders elected to receive a return of capital are accounted for as an issue of share capital with a corresponding deduction from the share premium account.

3.17 Revenue

Revenue is recognised at the fair value of the consideration received or receivable. Revenue comprises rental and related income and recovery of expenses, excluding VAT.

Rental income

Rental income receivable from operating leases is recognised on a straight-line basis over the duration of the lease, except for variable lease payments which are recognized when they arise.

Contractually agreed and signed concessions granted to, and obtained from, tenants are treated according to IFRS 16 "Leases". IFRS 16 defines "lease modification" as a change in scope, or consideration, of the lease, not part of the original terms and conditions, such as rent discounts, lease extensions, increase in variable rent (overage/turnover), introduction of break options, etc. Lease modifications are recognised prospectively over the new lease term and accounted for by the Group from the date the modification is contractually agreed and signed by both parties. Agreed lease modifications are recognised as lease incentives from the date the modification was signed. Such modifications are straight-lined over the new lease term and recognised in the Consolidated Statement of comprehensive income as a reduction of Gross rental income.

Service charges income from tenants

Revenue from service and property management charges is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services.

As specified in the lease agreements, the Group has the primary responsibility for providing services to tenants (electricity, water and gas utilities, interior and exterior cleaning, security, maintenance, repairs, etc). The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Group allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis. In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

The Group negotiates directly with the suppliers all contracts for services provided to tenants. These contracts are concluded between the Group subsidiaries which own the properties and the direct supplier. As the Group sometimes uses the same providers for services across most of its portfolio, it can negotiate better prices through the economies of scale. The Group is considered principal in these transactions, in terms of the IFRS 15 requirements.

The Group negotiates and pays all expenses incurred by the tenants and then re-invoices these costs to them as defined in the contractual clauses included in the lease agreements. A flat fee is charged monthly during the year. This fee is estimated based on the previous year's actual costs, with an annual service charge reconciliation performed based on current year's actual costs incurred by the Group. For contracts terminated during the year, the Group estimates the service charge to be collected based on the current budget and last year's actual costs.

Revenue from sales of residential property

Revenue is recognised when the performance obligation associated with the sale is completed. The transaction price comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts.

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. The Group's sales contracts qualify as unconditional exchange of contracts, which occurs when legal title transfers to the customer. Payments are usually received on the date when contracts are signed or with several days delay.

3.18 Property operating and administrative expenses

Property operating expenses and administrative expenses are recognised on an accrual basis.

3.19 Earnings distribution

A distribution is recorded as a liability and deducted from equity in the period in which it is declared and approved. Any distribution declared after the reporting period and before the financial statements are authorised for issue is disclosed in Note 16.

3.20 Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Current income tax and liabilities are measured at the amount expected to be recovered from, or paid to, taxation authorities. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is determined using the liability method and is based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries that are unlikely to reverse in the foreseeable future.

A deferred tax asset is recognised based on the assumption that it is probable that future taxable profits will be available against which it can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The current tax expense incurred by the Group reflects tax accrued in the subsidiaries of the Group located in Bulgaria, Croatia, Czech Republic, Hungary, Lithuania, Malta, Poland, Romania, Serbia, Slovakia, and the Netherlands.

3.21 Segment reporting

In accordance with IFRS 8, operating segments are identified on the basis of the internal reporting used by management when evaluating performance and allocating resources.

The Group has a homogeneous asset base (real estate properties), with similar economic characteristics, which provide similar nature of services, i.e. leasing of its properties, that generate rental income.

The Group's Chief Operating Decision Makers (CODM) are the executive directors, and they take decisions based on detailed reports. These are prepared regularly and are presented to the Board of Directors, which approves the results and gives guidance on the subsequent strategy to be undertaken.

In particular, the financial information in respect of investment property is provided to the Board of Directors focuses primarily on net rentals (including rental income, service charge income and property operating expenses) and valuation gains and losses.

The operating segments for management purposes are the individual properties. For reporting purposes, the Group aggregates the retail properties (shopping malls and retail centres) on country level and presents the financial information on the following geographic reportable segments: Bulgaria, Croatia, Czech Republic, Hungary, Lithuania, Poland, Romania, Serbia, Slovakia.

In addition, the Group's CODM closely follow changes in distributable earnings to its shareholders as a measure of profitability and as a result of successful implementation of the Group's strategy. Distributable earnings per share is calculated in terms of the SA REIT Association's Best Practice Recommendations Second Edition.

3.22 Investment property acquisitions and business combinations

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired. More specifically the following criteria, which indicate an acquisition of a business, are considered: the number of properties acquired, the extent to which strategic management processes and operation processes are acquired and the complexity of the processes acquired. In line with amended IFRS 3 since 1 January 2020 the Group may also apply optional concentration test.

Business combinations are accounted for using the acquisition method. When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

Transactions with non-controlling interests, where control is maintained, are accounted for as transactions within equity. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in the accumulated profit reserve.

3.23 Leases where the Group is a lessee

The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets for all leases, except for short-term leases and leases of low-value assets. The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date.

Lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments. The present value of lease payments is recognised by discounting the contractual lease payments using the interest rate implicit in the lease, representing the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3.24 Standards issued but not yet effective and not early adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU. This amendment is not expected to have a material impact on the Group.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The Group is currently assessing the impact of the amendments.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU. Management does not expect that the adoption of these amendments will have a significant impact on the Group's financial statements.

IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments have not yet been endorsed by the EU. Management does not expect that the adoption of these amendments will have a significant impact on the Group's financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group's management discusses with the Audit Committee the development, selection and disclosure of the Group's material accounting policies, as well as their application.

The estimates and associated assumptions are based on historical experience and various other factors which are considered reasonable under the circumstances. These are used to make judgements about the carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period when the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both.

Judgements that have the most significant effect on the amounts recognised in the Consolidated Financial Statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are detailed below.

Valuation of investment property

Investment property is stated at its fair value based on valuation reports prepared by international appraisers as at 30 June and 31 December each year. Valuations are based on discounted cash flow projections based on reliable estimates of future cash flows, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. These are supported by the terms of any existing lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition.

In preparing the valuation reports on the Group's investment property, the external appraisers excluded distressed sales when considering comparable sales prices (used for valuation of plots of land held for development). Management reviewed the appraisers' assumptions relating to the discounted cash flow models used in the valuations and confirmed that factors such as the discount rate applied have been appropriately determined considering the market conditions at the end of the reporting period.

Valuations of the income generating properties are based on cash flow statements, in which the present value of net operating income during a ten-year period and the residual value of the property at the end of the period are calculated.

Forecasts of net operating income are based on leases signed at the time of the valuation date, the estimated rental values for existing leases when they expire and the estimated achievable rental values of the existing vacancies. The value of long-term vacancies is estimated based on the properties' location and condition. The valuers' assessments of non-recoverable expenses are based on their experience of comparable properties and historical costs provided by the Group.

The discount rates used are nominal returns on total capital before tax and vary between 7.90% and 11.95% (2022: 7.30% and 11.95%). The required rates of return are based on assessments of the market's required returns for similar properties. The discount rate is set individually for each property and is based on the condition and location, the stability of the tenants and lease duration.

Further information relating to sensitivity of material accounting estimates used in the valuation of investment property is presented in Note 8.

Functional currency

In assessing the functional currency of the Group, including the Company and its subsidiaries, management considers factors such as the local currencies of the countries where the Group operates, as well as the currency that mainly influences rental prices for its properties, the currency that mostly influences labour, material and other costs of providing its services, the currency in which funding is accessed by the Group.

Although the competitive forces and regulations that determine the sales prices of goods and services are present in the countries which use different currencies than EUR, the macroeconomic developments in these countries to some extent is influenced by the eurozone. In addition, in real estate, leases agreements in the countries where the Group operates, as well as the financing of properties are generally denominated in EUR.

The Group predominately concludes its lease agreements in Euro (or, if these contracts are not concluded in Euro, they are indexed to the Euro exchange rate), even if invoiced in local currencies. Agreements for construction and development of investment properties are negotiated and concluded in EUR. Administrative and corporate expenses, such as advisory fees, audit fees, valuation fees, asset management fees are mostly negotiated and contracted in EUR. Salary and other employee related costs, although denominated in local currencies, are benchmarked to EUR.

Financing contracted by the Group, which include bonds, unsecured credit facilities and secured bank loans is denominated and settled in EUR. Interest paid on bank loans is linked to Euribor. Intra-group funding for property development is also denominated and settled in EUR.

In terms of transactions on the real estate market, acquisitions and sales of properties are negotiated and contracted in EUR in all jurisdictions the Group operate, due to the active international investors in those markets. This is also substantiated in external valuation reports, as valuations of properties are prepared in EUR.

In conclusion, management assessed that EUR is the functional currency for the Group, including the Company and its subsidiaries.

Current and deferred tax expense

The Group is subject to income taxes on taxable profits of its companies' operating in all jurisdictions. The calculation of the Group's tax charge and provisions for income taxes necessarily involves a degree of estimation and judgment in evaluating the nature of its companies' transactions and their respective tax treatment.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group has exposure to the following risks due to its use of financial instruments: credit, liquidity, and market, including currency and interest rate. This note presents information about the Group's exposure to each, as well as its objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has delegated the responsibility for developing this framework to the Risk Committee. This Committee reports to the Board of Directors on its activities, oversees how management monitors compliance policies and procedures, and reviews the adequacy of the framework regarding the risks faced.

The Group's policies are established to identify and analyse the risks it may encounter by performing its activities, to set appropriate limits and controls, and to monitor risks and adherence to limits. These policies and systems are reviewed regularly to reflect changes in market conditions and Group activities.

Impact of macroeconomic and geopolitical uncertainty

The Groups operations remain unaffected by the military conflicts in any significant way. All the markets where NEPI Rockcastle operates are outside the conflict areas and continue to function normally. The indirect macroeconomic effects that the conflicts had in the CEE region, such as the increase in energy and other commodities costs, did not have a significant impact in the current year, as the local economies adapted to the new context. Nevertheless, due to ongoing uncertainty in geopolitical landscape and volatility in the financial markets, the Group continues to closely monitor development in all market conditions.

As part of appropriate risk management measures, and identifying and managing risk, management has considered possible events and conditions for the purpose of identifying whether these events and conditions affect or may affect the future performance of the Group.

The following risks were assessed:

Surge in operational costs due to increased energy prices

The increase in energy prices in 2023 had minimal direct effect on NEPI Rockcastle, as its operations are not energy intensive. Moreover, the majority of energy costs incurred by the Group are passed on to its tenants, which were able to absorb the increased energy costs due to the strong growth in sales in substantially all jurisdictions of operation. The occupancy cost ratio of Group's tenants has been consistent over the last periods. As the photovoltaic projects in Romania are substantially completed, NEPI Rockcastle will produce solar energy using photovoltaic panels installed on the rooftops of the Group's properties. This will further contribute to mitigation of the risk of increased energy costs, as well as contribute to a faster transition of the group to green energy use, with a positive impact on the value of its assets.

Impact on credit risk tenant receivable

NEPI Rockcastle did not experience any significant change in the collection rate of its receivables from tenants in 2023 as compared to previous periods, there were no important client losses due to bankruptcies or financial difficulties. In fact, the tenant receivables collection pattern and tenant discipline has not changed since the end of the pandemic, with majority of receivables paid within the contracted payment period. The increasing tenant sales have proved to be a continuous trend since the pandemic, throughout 2022 and 2023 and there are indications that this trend will continue in near future. The Group regularly consults retailers to gain insight into their performance and assess their financial robustness.

Disruptions in the Group's development program

The current macroeconomic context had an effect on the price fluctuations and changes in availability of construction materials, components and services, which are required by the Group for its pipeline related to development and extension of its planned projects. NEPI Rockcastle has an in-house development team, which controls the construction process, which is in its turn monitored by the Investment Committee. As a general rule, development projects are entered into in a phased manner, allowing management the possibility to put certain construction projects on hold if circumstances, such as availability or price of resources, require it. Also, the development team usually enters into fixed price contracts with suppliers when ordering components for committed projects going into construction, thus allowing to mitigate potential spikes in material prices.

Refinancing risk and impact on loan covenants

Global financial markets continued to experience disruptions, including increased volatility and diminished liquidity and credit availability. NEPI Rockcastle is in constant contact with its current and prospective financing partners. As disclosed in Note 18 Borrowings, in December 2023 the Group successfully concluded several funding extensions and agreements, including a €387 million green unsecured sustainability-linked loan facility, syndicated by the International Finance Corporation (IFC). These agreements ensure that the Group not only has access to ample liquidity but also will have no material debt maturities until the end of 2025. The Group is also closely monitoring its loan covenants, which currently show ample headroom for all existing loan arrangements, while also ensuring that future compliance with covenants will be achieved based on current and future financing arrangements and forecast results.

Broader economic impact in the jurisdictions where the Group operates

The uncertain macroeconomic outlook, with high inflation can ultimately affect the labour market and purchasing power of consumers, which can in turn impact Group operations and valuation of its properties. The diversified nature of Group's portfolio, with 60 assets across 9 CEE countries and thousands of tenants from across the retail industry spectrum, mitigates risks associated with adverse changes in macroeconomic conditions (inflation, increased costs). Rents paid by the top ten tenants represented 25.2% of the Group' revenues in the year ended 31 December 2023. Furthermore, the annual rent indexation mechanism (HICP EU27), which is used by the Group in all of its leases with its tenants, provides the Group with an economic hedge against inflation. The Group's main tenants are leading companies in their sectors and all tenants are subject to a financial review before signing leases with the Group.

Valuers included in their valuations assumptions factors resulting from the indirect impact of the current macroeconomic environment, through:

- increased valuation yields (weighted average of 15 bps);
- adjusting future cash flows with risk premia, to account for additional unrecoverable expenses and potential collection difficulties (on average 0.5%);
- indexing the future cash flows with projected inflation rates for the next period (in the range of 2.1% - 2.2%).

More details on valuation assumptions and inputs are provided in Notes 8 and 9.

5.1 Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from tenants and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is set out below:

Credit exposure on financial instruments	Note	31 Dec 2023	31 Dec 2022
in € thousand			
Tenant receivables	12	71,721	59,691
Cash and cash equivalents	13	338,519	250,631
Financial assets at fair value through profit or loss[1]	19	21,568	36,064
Loans to participants in the Share Purchase Scheme[2]	10, 17	3,451	4,205
Total		**435,259**	**350,591**

1 *Includes both long-term and short-term financial assets at fair value through profit or loss*
2 *Presented in line Other long-term assets in the Statement of financial position*

Out of the above maximum credit exposure, the balance of Loans to participants in the Share Purchase Scheme is not considered to present credit risk as these are guaranteed with the Company's shares held as security (see details in Note 17).

When monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, the industry they work in, business size and previous financial difficulties.

The exposure to credit risk is mainly influenced by the tenant's individual characteristics. The Group's widespread customer base reduces credit risk. The majority of rental income 68%, (31 December 2022: 67%) is derived from type A tenants (large international and national tenants; large listed tenants; government and major franchisees and companies with assets and/or turnovers exceeding €200 million), and there is no concentration of credit risk with respect to trade debtors: top 10 tenants account for 25.2% of the rental income as at 31 December 2023 (31 December 2022: 24.8%).

Management has established a credit policy where new customers are analysed individually for creditworthiness before standard payment terms and conditions are offered. When available, the analysis includes external ratings.

The Group establishes an allowance for impairment based on a simplified expected credit loss model in respect of Trade and other receivables. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The carrying value of financial assets approximates their fair value. The Group's exposure to credit risk associated cash and cash equivalents is limited through using financial institutions of good standing for investment and cash handling purposes.

An overview of the tenant receivables net of impairment provision is set out below:

in € thousand	Note	31 Dec 2023	31 Dec 2022
Tenant receivables – gross		82,422	69,033
Less: Impairment provisions		(10,701)	(9,342)
TENANT RECEIVABLES - NET OF IMPAIRMENT PROVISION	12	**71,721**	**59,691**

Reconciliation of impairment provisions is set out below:

Movement of provisions for doubtful debtors	31 Dec 2023	31 Dec 2022
in € thousand		
Carrying value at beginning of the year	**(9,342)**	**(7,282)**
Additional provision from properties acquired during the year	-	(2,489)
Additional expected credit losses	(5,485)	(2,841)
Write-off of receivables	1,900	986
Recovery of previously expected credit losses	2,366	2,182
Transfers to assets held for sale	100	-
Foreign exchange gain	(240)	102
Carrying value	**(10,701)**	**(9,342)**

The expected loss rates are based on the historical payment profiles of tenants and the corresponding historical credit losses, adjusting for forward looking macroeconomic data. For example, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in a customer segment, the historical default rates are adjusted upwards. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the provision for doubtful debtors as at 31 December 2023 was determined as follows for trade receivables:

31 December 2023	Current	0-30 days	31-60 days	61-90 days	>90 days	Total
in € thousand						
Expected loss rate	0%	2%	7%	81%	96%	
Gross carrying amount – trade receivables	60,458	9,299	1,979	332	10,354	**82,422**
PROVISION FOR DOUBTFUL DEBTORS	**(219)**	**(172)**	**(135)**	**(268)**	**(9,907)**	**(10,701)**

The impairment provision for trade receivables as at 31 December 2022 is set out below:

31 December 2022	Current	0-30 days	31-60 days	61-90 days	>90 days	Total
in € thousand						
Expected loss rate	0%	1%	5%	24%	89%	
Gross carrying amount – trade receivables	48,148	8,685	1,483	529	10,188	**69,033**
PROVISION FOR DOUBTFUL DEBTORS	**(74)**	**(56)**	**(67)**	**(128)**	**(9,017)**	**(9,342)**

The maturity profile of the Financial assets at fair value through profit or loss is disclosed below:

31 December 2023	3-12 months	1-5 years	over 5 years	Total
in € thousand				
Financial assets at fair value through profit or loss	2,626	18,942	-	**21,568**

31 December 2022	3-12 months	1-5 years	over 5 years	Total
in € thousand				
Financial assets at fair value through profit or loss	-	25,958	10,106	**36,064**

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the expected credit losses are immaterial.

For purposes of liquidity management, the Group has various deposit accounts and negotiated current account agreements with several banks. The arrangements in place result in an optimized mix between flexibility and reduced interest charges or best interest offered. The banks' credit ratings, as well as exposure per each bank are constantly monitored. At 31 December 2023, 97% of the Group's cash was held with investment-grade rated banks (31 December 2022: 95%), as detailed below:

Cash and cash equivalents	31 Dec 2023	31 Dec 2022
Held with banks as rated by Moody's		
A1	49%	7%
A2	10%	30%
A3	10%	15%
Aa3	8%	8%
Baa1	19%	35%
Baa2	1%	-
Held with not rated banks	3%	5%
Total	**100%**	**100%**

5.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when due. The Group's approach to managing this risk ensures, as far as possible, it will always have enough liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. To ensure this occurs, the Group prepares budgets, cash flow analyses and forecasts, which enable the Directors to assess the level of financing required for future periods. Budgets and projections are used to assess any future potential investments and are compared to existing funds held on deposit to evaluate the nature, and extent of any future funding requirements.

Further reference to bank loan maturity analysis is made in Note 18.

The table below presents undiscounted cash flows for all financial liabilities, computed at the contractual rates:

31 Dec 2023	Note	under 3 months	3-12 months	1-5 years	over 5 years	Total undiscounted cash flows	Total carrying amount
in € thousand							
Bonds (including estimated future interest)	18	30,076	527,589	1,087,805	509,430	**2,154,900**	**1,999,031**
Bank loans (including estimated future interest)	18	13,730	35,226	406,034	236,408	**691,398**	**533,721**
Loans from third parties (including estimated future interest)	22	611	18,264	17,715	-	**36,590**	**33,405**
Trade and other payables	20	128,388	25,945	-	-	**154,333**	**154,333**
Income tax payable	20	7,837	12,350	-	-	**20,187**	**20,187**
Other long-term liabilities	21	-	-	26,034	10,040	**36,074**	**36,074**
Lease liabilities (including estimated future interest)	23	1,545	-	6,181	97,503	**105,229**	**56,520**
Total		**182,187**	**619,374**	**1,543,769**	**853,381**	**3,198,711**	**2,833,271**

31 Dec 2022	Note	under 3 months	3–12 months	1–5 years	over 5 years	Total undiscounted cash flows	Total carying amount
in € thousand							
Bonds (including estimated future interest)	18	30,707	28,539	1,616,496	518,081	**2,193,823**	**1,992,971**
Bank loans (including estimated future interest)	18	9,232	22,974	393,592	211,739	**637,537**	**557,901**
Loans from third parties (including estimated future interest)	22	908	19,080	36,518	-	**56,506**	**50,107**
Trade and other payables	20	24,185	112,485	-	-	**136,670**	**136,670**
Income tax payable	20	6,815	11,517	-	-	**18,332**	**18,332**
Other long-term liabilities	21	-	-	31,303	6,363	**37,666**	**37,666**
Lease liabilities (including estimated future interest)	23	832	-	4,506	67,036	**72,374**	**37,200**
Total		**72,679**	**194,595**	**2,082,415**	**803,219**	**3,152,908**	**2,830,847**

5.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or equity prices will affect the Group's fair value or future cash flows of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising returns. The carrying value of financial assets and liabilities approximates their fair value, except for the carrying value of bonds.

5.3.1 Currency risk

Group's current assets and liabilities are exposed to foreign currency risk on purchases and receivables denominated in Romanian leu (RON), Polish zloty (PLN), Bulgarian Lev (BGN), Hungarian forint (HUF), Serbian dinar (RSD), Czech crown (CZK) and South African rand (ZAR). Cash inflows received in other currencies than Euro are converted to Euro using the spot rate available on the collection date. The amount converted to Euro is the net amount of cash inflow in a foreign currency and the estimated cash outflow in the same currency. The Group applies this policy to control its currency exposures in respect of monetary assets and liabilities denominated in currencies other than EUR. Sensitivities of profit or loss to reasonably possible changes in exchange rates applied at the financial position date relative to the local currency of the respective Group entities, with all other variables such as interest rates held constant, are immaterial.

5.3.2 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on loans, borrowings and cash balances held. Group policy is to substantially hedge this risk through the use of derivative financial instruments. As at 31 December 2023 and 31 December 2022, the Group held interest rate instruments in the form of interest rate swaps and interest rate caps, as further disclosed in Note 19.

in € thousand	31 Dec 2023	31 Dec 2022
Bank loans	**533,721**	**557,901**
– Rate capped	432,653	330,000
– Rate swapped	112,793	114,928
– Variable rate[1]	-	115,333
Accrued interest on loans and deferred loan costs	(11,725)	(2,360)

1 *The balance exposed to variable rate as of 31 December 2022 relate to a portion of the outstanding revolving credit facilities disbursed at year-end and represents less than 5% of the total outstanding debt*

Sensitivity analysis for interest bearing financial instruments

A change of 100 basis points (bps) in interest rates would have increased/(decreased) equity and profit for the year as shown below. Calculations are based on the cash and loans and borrowings balances outstanding at the respective balance sheet dates as of 31 December 2023 and respectively 31 December 2022. Cash and loans and borrowings balances are subject to change over the year. This analysis assumes that all other variables, particularly foreign currency rates, remain constant. All sensitivity analysis calculations presented below are before tax.

The benchmark rate for the bank loans with an outstanding amount of €533,721 thousand as at 31 December 2023 (2022: €557,901 thousand) is Euribor 3 months; if this rate is less than zero, Euribor shall be deemed to be zero. There are no plans to discontinue Euribor.

Loans and borrowings with fixed or swapped interest rates are not affected by market changes in interest rates.

in € thousand	Note	31 Dec 2023	31 Dec 2022
Loans to participants in the Share Purchase Scheme (including accrued interest)	10	3,451	4,205
Loans and borrowings (variable or capped rate)		(432,653)	(445,333)
Total		**(429,202)**	**(441,128)**

31 Dec 2023	Profit or loss 100bps increase	Profit or loss 100bps decrease	Equity 100bps increase	Equity 100bps decrease
in € thousand				
Loans to participants in the Share Purchase Scheme (including accrued interest)	35	(35)	35	(35)
Loans and borrowings (variable or capped rate)[1]	-	-	-	-
Total	**35**	**(35)**	**35**	**(35)**

1 *Calculation is based considering loans' specifics and the allocated hedges (CAPs) net of tax.*

31 Dec 2022	Profit or loss 100bps increase	Profit or loss 100bps decrease	Equity 100bps increase	Equity 100bps decrease
in € thousand				
Loans to participants in the Share Purchase Scheme (including accrued interest)	42	(42)	42	(42)
Loans and borrowings (variable or capped rate)[1]	(856)	1,130	(856)	1,130
Total	**(814)**	**1,088**	**(814)**	**1,088**

1 *Calculation is based considering loans' specifics and the allocated hedges (CAPs) net of tax.*

5.4 Fair value of financial instruments

To estimate the fair value of individual classes of financial instruments, the following methods and assumptions are used:

Cash and cash equivalents
The book value of cash approximates their fair value, as these financial instruments have a short maturity.

Receivables and payables
The book value of short-term receivables and payables approximates their fair value, as these financial instruments have a short maturity.

Short-term loans
The book value approximates their fair value, as these instruments have a floating interest rate and a short maturity.

Long-term loans
The fair value of long-term loans as at 31 December 2023 is €583,146 thousand (2022 – €614,903 thousand). The valuation model of fair value of bank loans considers the present value of expected payments, discounted using risk adjusted discount rate. The Group has determined that all of its Interest-bearing loans and borrowings from financial institutions are classified within Level 2 of the fair value hierarchy. To determine the fair value of such instruments, management used a valuation technique in which all significant inputs were based on observable market data.

Bonds
The fair value of bonds outstanding as at 31 December 2023 is presented in Note 18.

Derivatives
The fair value of derivatives is based on fair value quotes from counterparty banks and are disclosed in Note 19.

6. INTERNAL CONTROLS TO MANAGE RISKS

The Board of Directors is responsible for the Group's system of internal control and for reviewing its effectiveness. This system is designed to mitigate rather than eliminate the risk of failure to meet business objectives, and can only provide reasonable, not absolute, assurance against material misstatement or loss.

The key features of the Group's system of internal control include:

- Strategic and business planning: the Group prepares, and agrees, a business plan each year, to which the performance of the business is regularly monitored;

- Investment appraisal: capital projects, major contracts and business and property acquisitions are reviewed in detail and approved by the Investment Committee, and/or the Board of Directors where appropriate, in accordance with delegated authority limits;
- Financial monitoring: profitability, cash flow and capital expenditure are closely monitored, and key financial information is reported to the Board of Directors regularly, including explanations of variances between actual and budgeted performance; and
- Systems of control procedures and delegated authority: clearly defined guidelines and approval limits exist for capital and operating expenditure and other key business transactions and decisions.

7. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure it complies with its quantitative banking covenants and maintains a strong credit rating. During the year, no changes were made in the objectives, policies or processes.

Capital is primarily monitored using the gearing ratio (Loan-to-value or "LTV"), which was 32.2% (31 December 2022: 35.7%). The Group's strategic LTV threshold is 35%. The ratio is computed as interest bearing debt less lease liabilities less cash, divided by investment property (including investment property held for sale) and excludes the right-of-use assets. Loan-to-value is a non IFRS measure.

The Group's policy is to maintain a strong capital base of equity so as to maintain investor, creditor and market confidence and to sustain future business development. In particular, the Group monitors the Debt/ Debt + Equity ratio, a non IFRS measure, calculated as interest bearing debt less lease liabilities less cash, divided by interest bearing debt less lease liabilities less cash and shareholders' equity. The Debt/ Debt + Equity ratio targeted by the Group is a maximum 40%. As at 31 December 2023, the Debt/ Debt + Equity ratio was 34.1% (31 December 2022: 37.6%). The Board of Directors also monitors the level of distributions to shareholders. Neither the Company, nor its subsidiaries, are subject to externally imposed capital requirements, except that the Group's subsidiaries are subject to compliance with bonds and bank borrowings' covenants, as presented in Note 18.

The Group ensures it retains comfortable levels of access to liquidity to finance the Group's ongoing operations and further investment opportunities.

8. INVESTMENT PROPERTY IN USE

Movement in investment property in use	Note	31 Dec 2023	31 Dec 2022
in € thousand			
Carrying value at beginning of year		**6,331,793**	**5,670,776**
Additions from asset deals	34	-	367,769
Additions from the acquisition of the remaining 50% stake in joint venture	34	-	104,287
Capital expenditure		44,982	37,449
Transferred from investment property under development	9	214,177	13,690
Fair value adjustments	29	168,185	134,234
Remeasurement of right-of-use assets		20,062	-
Additions to the right-of-use assets from acquired assets	34	-	3,843
Fair value adjustment of right-of-use asset	29	(742)	(255)
Investment property reclassified as held for sale	14.1	(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 section Other information, Glossary.

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 is presented in the table below:

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

Segment	Valuation technique	Estimated market rental value	Discount rate	Capitalisation rate for terminal value
		(yearly amount in '000 €)	(%)	(%)
Czech Republic	Discounted cash flow	6,737 - 6,748 (6,743)[1]	9.35%	7.25%
Serbia	Discounted cash flow	13,321	11.10%	9.00%
Lithuania	Discounted cash flow	12,767	10.00%	7.90%

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

1 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%

Exit rate variance

Country	(50 bps)	(25 bps)	25 bps	50 bps
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%**

9. INVESTMENT PROPERTY UNDER DEVELOPMENT

Movement in investment property under development		31 Dec 2023	31 Dec 2022
in € thousand	Note		
Carrying value at beginning of year		**264,344**	**170,900**
Additions from the acquisition of the remaining 50% stake in joint venture	34	-	1,700
Additions from asset deals (acquisition of land for development)	34	-	18,201
Additions from construction in progress		150,219	98,634
Fair value adjustments	29	(2,643)	8,917
Assets which became operational and were transferred to Investment property in use	8	(214,177)	(13,690)
Investment property under development reclassified as held for sale	14.1	-	(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 is 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	31 Dec 2023	31 Dec 2022
in € thousand		
Land (at fair value)	104,316	157,609
Construction works (at cost)	93,427	106,735
Total	**197,743**	**264,344**

10. OTHER LONG-TERM ASSETS

Other long-term assets are classified below:

in € thousand	31 Dec 2023	31 Dec 2022
Loans to participants under the Share Purchase Scheme	3,451	4,205
Property, plant, and equipment	4,745	3,780
Intangible assets	5,613	3,065
Non-current receivables	2,498	-
Total	**16,307**	**11,050**

11. GOODWILL

The Group recognised goodwill for the following business acquisitions:

in € thousand	Balance at 31 Dec 2023	Balance at 31 Dec 2022
Pitesti Retail Park (Romania)	1,671	1,671
Internalisation of NEPI Investment Management (Romania)	5,882	5,882
Aupark Kosice Mall (Slovakia)	5,189	5,189
Iris Titan Shopping Center (Romania)	934	934
Forum Usti nad Labem (Czech Republic)	5,646	5,646
Shopping City Sibiu (Romania)	9,850	9,850
Korzo Shopping Centrum (Slovakia)	2,899	2,899
Aupark Shopping Center Piestany (Slovakia)	1,585	1,585
Arena Centar and Retail Park (Croatia)	13,512	13,512
Energit (Poland)	6,976	6,976
Paradise Center (Bulgaria)	9,311	9,311
Arena Mall (Hungary)	7,905	7,905
Galeria Mlyny (Slovakia)	5,444	5,444
Total	**76,804**	**76,804**

There were no movements of goodwill in 2023 and 2022.

According to the Group's accounting policies based on IFRS, goodwill is tested at least annually for impairment or whenever there is an indication that it may be impaired. The lowest level within the Group at which the goodwill is allocated and monitored for internal management purposes is the CGU, represented by each individual property. CGUs to which the goodwill has been allocated were tested for impairment by comparing their net asset value with the recoverable value, which is the higher of value in use and fair value less cost to sell.

Goodwill from recognition of deferred taxes at the date of the business combination

All the goodwill summarised in the table above, with the exception of NEPI Investment Management and Energit, resulted from business combinations, as the difference between the deferred tax liability recognised in the balance sheet of the business acquired and the expected tax to be paid in case of a future disposal.

As a consequence, impairment tests performed on this type of goodwill at each reporting date consist in comparing its carrying amount with the amounts expected to arise from deferred taxes payable, should a disposal occur, at the level of each CGU.

As a result of this test in 2023, no impairment arose in respect to the goodwill from recognition of deferred taxes at the date of the business combination (31 December 2022: nil).

Goodwill from management and energy trading companies

Goodwill arising at the level of management company, NEPI Investment Management, is monitored at the level of this subsidiary, which employs part of the Group's key management and charges management fees to property operating companies.

The recoverable amount of NEPI Investment Management and Energit is represented by their value in use, determined based on the DCF derived from the five-year financial budgets for these two entities approved by management. Cash flows beyond the five-year period were extrapolated using the estimated cash flow of year 5. The discount rate used was based on the weighted average cost of capital in the specific geography of the two entities.

As a result of this test, no impairment arose in connection with the above two entities.

12. TRADE AND OTHER RECEIVABLES

in € thousand	Note	31 Dec 2023	31 Dec 2022
Tenant receivables (net of ECL)	5.1	71,721	59,691
VAT receivable		7,510	11,287
Prepaid property expenses		4,915	9,447
Other receivables		8,956	4,989
Other prepaid fees		363	82
Total		**93,465**	**85,496**

13. CASH AND CASH EQUIVALENTS

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

14. 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**

14.1 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	8	151,210	-
Transfer from investment property under development	9	-	20,318
Additions during the period		10	21
Fair value adjustments	29	(330)	(1,195)
Disposals		(17,736)	(2,230)
CARRYING VALUE		**151,820**	**18,666**

15. INVENTORY PROPERTY

The Group has a residential property development that it intends to sell on completion. The residential project is held as inventory property and is measured at the lower of cost and net realisable value ("NRV").

The commencement of development with a plan or a prior agreement to sell represents a change in use and accordingly the project is transferred from investment property to inventory property.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

The Group has a residential property development that was completed in 2023 and the sale of its units (apartments) started in December 2023.

in € thousand	31 Dec 2023	31 Dec 2022
Inventory property	17,266	20,694

16. SHARE CAPITAL AND SHARE PREMIUM

In February 2023, the Board has declared a final distribution of 27.85 euro cents per share for the six months ended 31 December 2022, corresponding to a 95% dividend pay-out ratio, to be received as capital repayment (to be settled from Share capital). Shareholders could have also elected the settlement of the same dividend amount as ordinary cash distribution out of distributable profits (to be settled from Accumulated profit).

As an alternative, the shareholders were given the option to elect to receive a dividend of 29.32 euro cents, corresponding to a 100% pay-out ratio, as a scrip issue (issue of new shares).

The results of the election by NEPI Rockcastle shareholders and their Euro equivalent have been summarised below:

Final distribution for 2022: elections	Number of NEPI Rockcastle shares election	Final distribution per share (euro cents)	EUR equivalent out of the final distribution (thousand)
Capital repayment	65,460,053	27.85	18,231
Dividend out of accumulated profit	27,541,128	27.85	7,670
Scrip issue	513,998,819	29.32	150,704
Impact of foreign exchange hedges[1]	-	-	(219)
Total	**607,000,000**		**176,386**

1 *For the distribution to be settled as capital repayment and dividend out of accumulated profit, the Group entered into foreign exchange forward agreements to hedge the ZAR: EUR movement. As a result of these hedges, the cash outflow resulted from the cash settlement was €219 thousand less than the nominal exposure. This amount was reflected in the Share premium.*

In August 2023, the Board has declared a distribution of 25.67 euro cents per share for the six months ended 30 June 2023, corresponding to a 95% dividend pay-out ratio, to be received as capital repayment (to be settled from Share capital). Shareholders could have also elected the settlement of the same dividend amount as ordinary cash distribution out distributable profits (to be settled from Accumulated profit).

As an alternative, the shareholders were given the option to elect to receive a dividend of 27.10 euro cents, corresponding to a 100% pay-out ratio, as a scrip issue (issue of new shares).The results of the election by NEPI Rockcastle shareholders and their Euro equivalent have been summarised below:

Interim distribution for 2023: elections	Number of NEPI Rockcastle shares election	Final distribution per share (euro cents)	EUR equivalent out of the final distribution (thousand)
Capital repayment	136,383,373	25.67	35,010
Dividend out of accumulated profit	27,174,378	25.67	6,976
Scrip issue	472,272,517	27.10	127,986
Impact of foreign exchange hedges[1]	-	-	112
Total	**635,830,268**		**170,084**

1 *For the distribution to be settled as capital repayment and dividend out of accumulated profit, the Group entered into foreign exchange forward agreements to hedge the ZAR: EUR movement. As a result of these hedges, the cash outflow resulted from the cash settlement was €112 thousand less than the nominal exposure. This amount was reflected in the Share premium.*

As a result of the above elections for the settlement of the final distribution for 2022 and the interim distribution for 2023, the impact in the Share capital and Share premium reserves has been set out below:

Movement of ordinary shares	Number of shares	Share capital	Share premium
in € thousand			
Balance at 1 January 2023	**607,000,000**	**6,070**	**3,190,735**
Share capital increase[1]	-	434,990	(434,990)
Share capital decrease[1]	-	(381,750)	381,750
Capital repayment paid to shareholders	-	(53,240)	-
Impact of foreign exchange hedges	-	-	106
Theoretical effect of scrip issue settlement through share premium[2]	-	-	(278,690)
Theoretical effect of issue of shares as a result of scrip issue election[2]	53,826,020	538	278,152
Carried forward as at 31 December 2023	**660,826,020**	**6,608**	**3,137,063**

1 *Before each distribution period, the parent Company amended its Articles of Association, as approved by the shareholders through Extraordinary General Meeting voting (in November 2022) and Annual General Meeting voting (in June 2023), by increasing the nominal value of an ordinary share with 0.35 euro cents. After each distribution, the Company amended its Articles of Association by decreasing the nominal value of the shares with 0.35 euro cents. The net impact of such adjustment, as reflected by the capital repayment paid to shareholders amounted to €53,240 thousand.*

2 *The substance of a scrip issue is the one of a distribution from share premium followed by an immediate reinvestment in the shares. Pursuant to the elections of distribution settlement via a scrip issue, a total number of 53,826,020 shares have been issued on the market, for an average share price of €5.17. Theoretical effect of scrip issue was presented above for a better understanding of the movements in the Statement of Changes in Equity.*

Ordinary shares carry the right to vote at general meetings, to distribution and to the surplus assets of the Group on winding-up.

17. SHARE-BASED PAYMENTS

The Group has implemented incentive plans to reward performance and align the interests of executive directors and key individuals with those of the shareholders.

The aim of the Group's incentive plan ("Incentive Plan") is to motivate directors and employees to meet the Group's short-term and long-term objectives by giving such participants an opportunity to receive performance-based Awards (in cash or shares), on short-term (immediate settlement in cash or shares) or long-term (shares with a vesting component). The Board determines which executive directors are eligible to participate in the Incentive Plan, and the allocation of incentives, based on key performance indicators. The executive directors determine which key employees are eligible to participate in the Incentive Plan, and the allocation of incentives is discretionary, based on key performance indicators and other considerations regarding the employees' performance.

To date, NEPI Rockcastle has initiated two types of incentive programs that offered share-based payments in exchange for services provided to it by its directors and employees (equity-settled transactions), which are detailed below.

a. Purchase Offers ("SPS")

Under this program, loans were granted to participants in the share purchase schemes (the "Share Purchase Scheme" or "SPS") to buy shares, the repayment of which could be made in part out of the distribution payable in relation to the shares (the "NRP SPS"). Of the shares initially subscribed for, 20% vested annually. The Group offered each participant the immediate right to subscribe for the permitted number of shares at their market value, less a maximum discount of 5%, together with a loan to fund the purchase. Each loan carried interest at the weighted average rate that the Group can borrow money. Loans are payable in full, together with interest, ten years after its subscription date, but could be repaid earlier. The Company has security interests that ensure the repayment of the principal and interest on the loan given to participants. The NRP SPS is a full recourse scheme (i.e., recourse in relation to loans granted is not limited to shares issued). Pending repayment of the loan, the distributions on such shares are used to repay loan interest. Any excess distribution after interest payment is used to repay the loan.

No shares were issued during 2023 and 2022 under the NRP SPS.

The number of shares outstanding and the loans to participants under the Share Purchase Scheme as at the year-end are summarised below:

NRP SPS	31 Dec 2023	31 Dec 2022
Number of shares outstanding, collateralizing the Loans to participants under the Share Purchase Scheme	550,990	657,276
Loans to participants under the Share Purchase Scheme (in € thousand)	3,451	4,205

b. Debt free Long-Term Share Incentive Plan with a vesting component ("LTSIP")

Under this incentive plan, shares are awarded by the Group to executive directors and other key employees for no cash consideration. For key employees, shares are awarded to participants on condition of employment in the Group for the next three years (vesting period), with shares being vested proportionally over each year of the corresponding vesting periods (tranche vesting). For executive directors, shares are awarded subject to a full vesting of them at the end of three years (cliff vesting) plus a further two-year lock-up period, during which the vested shares cannot be disposed of by the directors. Shares awarded under LTSIP cannot be disposed of or otherwise encumbered up to their respective vesting dates.

The number of shares granted but unvested at 31 December 2023 and their fair value at grant date are summarised below:

LTSIP	31 Dec 2023	31 Dec 2022
Number of shares granted but unvested at year-end	1,308,834	817,822
Fair value at the grant date (€ thousand)	7,543	4,734

The number of shares and their fair value at grant date are presented below. The fair value was calculated using the share price on the date of acquisition of shares allocated to LTSIP.

LTSIP	31 Dec 2023	31 Dec 2022
Number of shares granted during the year	882,537	530,000
Fair value at the grant date (€ thousand)	5,158	3,074

The maximum number of shares which could be offered for subscription under the Incentive Plan is 5% of the issued share capital of the Company at the end of any financial year prior to each award, provided that such number shall not exceed 30,449,745 shares. The number of shares that remained available for issue in terms of the Incentive Plan were as follows:

	31 Dec 2023	31 Dec 2022
Number of shares that remain available for issue at year-end	27,444,043	28,226,835

18. 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.

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 the mid-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	Type	Payable in less than 1 year	Payable in 1-5 years	Payable over 5 years	Total
in € thousand					
Netherlands	Unsecured fixed coupon bonds	498,980	1,000,000	500,000	**1,998,980**
Netherlands	Unsecured loans	-	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	Type	Payable in less than 1 year	Payable in 1-5 years	Payable over 5 years	Total
in € thousand					
Netherlands	Unsecured fixed coupon bonds	-	1,498,980	500,000	**1,998,980**
Netherlands	Revolving facilities	-	200,000	-	**200,000**
Netherlands	Unsecured loans	-	-	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[1]
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[1]	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**

1 *The tables above do not contain interest bearing loans from third parties in amount of €33,333 thousand and the associated finance cost (Note 22). The above finance costs do not include interest capitalized on developments of €5,085 thousand (Note 9), interest capitalized on inventory of €316 thousand and interest on lease liabilities related to the right of use assets of €804 thousand (Note 23).*

in € thousand	Bank loans	Bonds	Total[1]
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**

1 *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 (Note 22). The above finance costs also do not include interest capitalized on developments of €3,513 thousand (refer to Note 9), and interest on lease liabilities related to the right-of-use assets of €577 thousand (Note 23).

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: 6.2); and
- Unsecured Ratio: 269% (31 December 2022: 251%).

19. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group uses mainly derivative instruments to hedge variable interest rate (Euribor) exposure. Their fair value is summarised below:

in € thousand	31 Dec 2023	31 Dec 2022
Derivative financial assets – long term	12,241	25,585
Derivative financial assets – short term	9,327	10,479

The above financial assets and liabilities consist of interest rate caps and fixed interest rate swaps which are not designated as cash flow hedges. The fair value was categorised in Level 2 of the fair value hierarchy.

The derivative financial assets and liabilities classification to non-current or current sections of the Statement of financial position is driven by the contractual maturities of the instruments.

At 31 December 2023, €433 million of debt exposed to Euribor was hedged with interest rate caps and €113 million with interest rate swaps.

20. TRADE AND OTHER PAYABLES

in € thousand	31 Dec 2023	31 Dec 2022
Property related payables[1]	65,674	61,835
Advances from tenants	49,453	43,710
Advances from residential customers	3,474	-
Payable for assets under construction	17,892	16,973
Accrued administrative expenses	14,192	5,246
Tenant security deposits	2,824	2,635
Deferred consideration on acquisitions of subsidiaries and asset deals	824	6,271
Total	**154,333**	**136,670**

1 *At 31 December 2022, "Income tax payable" (with a carrying amount of €18,332 thousand) were presented in line "Property related payables". At December 2023, these are presented on separate line within "Current liabilities" in the Statement of Financial Position", with corresponding comparative re-classified accordingly, to enhance presentation.*

21. OTHER LONG-TERM LIABILITIES

in € thousand	31 Dec 2023	31 Dec 2022
Tenant security deposits	35,011	32,990
Advances from residential customers	-	3,427
Other long-term payables	1,063	1,249
Total	**36,074**	**37,666**

22. LOANS FROM THIRD PARTY

As part of the deal for the acquisition of Forum Gdansk Sp. z o.o. (made in 2022), the Group obtained vendor financing in the form of a three-year unsecured loan from the seller, for part of the purchase price amounting to €50,000 thousand, bearing an interest rate of 6.5%. One third of the loan principal is repayable at each anniversary of the loan until maturity, however the loan can be repaid by the Group at any time at its own discretion. The fair value of the loan is substantially in line with its carrying amount.

This section sets out the movements in loans from third parties for the periods presented.

in € thousand	Loans from third parties
Loans from third parties as at 31 December 2022	**50,107**
Out of which short term	**16,774**
Cash payments of principal	(16,666)
Cash payments of interest	(3,250)
Interest expense	3,214
Loans from third parties as at 31 December 2023	**33,405**
Out of which short term	**16,738**

in € thousand	Loans from third parties
Loans from third parties as at 31 December 2021	**-**
Out of which short term	**-**
Loan taken over following subsidiary acquisition	50,000
Interest expense	107
Loans from third parties as at 31 December 2022	**50,107**
Out of which short term	**16,774**

23. LEASE LIABILITIES

The Group recognises the right-of-use assets from leases of land plots on which its Polish properties are located, commissioned from the local authorities. The correspondent lease liabilities are recognised by discounting the contractual lease payments using the interest rate implicit in the lease, representing the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The contractual lease agreements are signed for the period of 99 years with extension option by the lessee. The agreements include fixed payment terms subject to adjustment due to revaluation of land, such revaluation can be done by the lessor not more often than every three years.

Reconciliation of lease liabilities

in € thousand	Note	31 Dec 2023	31 Dec 2022
Carrying value of the lease liabilities		**37,200**	**33,611**
Out of which short term		**832**	**832**
Additions to lease liabilities from acquired assets		-	3,843
Remeasurement of lease liability		20,062	-
Interest expense	30	804	577
Lease liability payment		(1,546)	(832)
Lease liabilities		**56,520**	**37,200**
Out of which short term		**1,546**	**832**

24. CORPORATE TAX CHARGE AND DEFERRED TAX

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent they relate to business combination or items recognised directly to equity. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which temporary differences can be utilised.

in € thousand	31 Dec 2023	31 Dec 2022
Current tax expense	28,334	23,068
Deferred tax expense	41,527	43,266
INCOME TAX EXPENSE	**69,861**	**66,334**
Deferred tax brought forward	364,875	322,697
Other adjustments (included in the disposal proceeds) - with P&L effect	61	23
Deferred tax balance transferred to Held for sale (HFS) assets - no P&L effect	1,673	(1,111)
Deferred tax expense	41,527	43,266
Net deferred tax liability carried forward, out of which:	**408,136**	**364,875**
Deferred tax asset (other than related to HFS portfolio)[1]	(63,555)	(54,679)
Deferred tax liability (other than related to HFS portfolio)[1]	471,691	419,554

1 Deferred tax assets and liabilities presented in this table, in net amount of €31,517 thousand (2022: €40,978 thousand), have been offset at the level of the Group entities.

Net deferred tax liability results from the following types of differences:

in € thousand	31 Dec 2023	31 Dec 2022
Fiscal losses	235,502	249,282
Other deductible temporary differences[1]	248,973	241,514
Deferred tax asset	**95,072**	**95,657**
Net deferred tax asset related to HFS portfolio	(2,330)	-
Deferred tax asset adjusted for HFS	**92,742**	**-**
Temporary differences between accounting and fiscal value of investment property	(3,234,900)	(2,983,715)
Other taxable temporary differences[1]	(29,024)	(22,649)
Deferred tax liability	**(501,536)**	**(460,532)**
Net deferred tax liability related to HFS portfolio	658	**-**
Deferred tax liability adjusted for HFS	**(500,878)**	**-**
Net deferred tax liability	**(408,136)**	**(364,875)**

1 Other deductible and taxable temporary differences include mainly prepayments and accruals, deferred income and allowances for doubtful debts.

The deferred tax balance as at 31 December 2023 is the net effect of deferred tax assets resulted mainly from fiscal losses and deferred tax liabilities resulted from differences between the fiscal base and the accounting base of assets and liabilities, mainly investment property. Deferred tax liabilities are not expected to be settled within the following five years from the reporting date.

Deferred tax liabilities, which are a non-cash item, result directly from the fair value revaluation of the investment property and other local tax adjustments (e.g., local tax depreciation charges, non-capitalisation of certain items, foreign exchange impact given that tax value is recorded in local currency, etc.) which diminishes the tax value of the investment property.

in € thousand	Consolidated Statement of financial position		Consolidated Statement of comprehensive income	
Deferred tax liability (net)	**31-Dec-23**	**31-Dec-22**	**31-Dec-23**	**31-Dec-22**
Valuation of investment property at fair value	(496,027)	(456,232)	(39,737)	(49,221)
Recognised unused tax losses	47,804	49,934	(2,130)	(7,338)
Deferred tax balance transferred to HFS (no P&L impact)	(1,673)	-	-	-
Deductible/Taxable temporary differences	41,760	41,423	340	13,293
TOTAL	**(408,136)**	**(364,875)**	**(41,527)**	**(43,266)**

The Group is liable for taxation on taxable profits in the following jurisdictions at the rates below:

Corporate income tax rates	31 Dec 2023	31 Dec 2022
Netherlands	25.8%	25.8%
Romania	16%	16%
Poland	19%	19%
Slovakia	21%	21%
Serbia	15%	15%
Czech Republic[1]	19%	19%
Croatia	18%	18%
Bulgaria	10%	10%
Hungary	9%	9%
Lithuania	15%	15%
Malta	35%	35%

1 *The corporate income tax rate for the Czech Republic has been changed to 21% starting 1 January 2024.*

A reconciliation between the current year income tax charge (current and deferred tax) and the Group consolidated profit/(loss) before tax for the years 2023 and 2022 is presented below:

Profit Before Tax Reconciliation *in € thousand*	31 Dec 2023	31 Dec 2022
Consolidated Profit Before Tax	546,662	501,607
Weighted tax rate on consolidated Profit Before Tax	14.49%	14.91%
Group income tax charge based on Group weighted tax rate	(79,227)	(74,771)
Effect in corporate income tax resulting from the following items:		
Group share in earnings from companies accounted for under equity method	-	489
Effect of gains/(losses) at Holding level without tax impact (including release of provision for litigation claim)	-	6,583
Tax expense in Holdings (inter-companies) not included in Profit before tax of the Group for consolidation	-	(3,862)
Effects in changes in foreign exchange rates[1]	1,367	5,221
Recognition of Deferred Tax Asset previously unrecognised[1]	6,650	645
Changes in the liabilities for uncertain tax positions[1]	4,635	(5,784)
Utilisation of previously unrecognised temporary differences[1]	746	5,872
Tax rate differences inter-company transactions[1]	(2,587)	6,160
Refund of minimum tax for Polish entities related to previous years	-	342
Deferred tax assets released due to fiscal losses expired and/or not utilised in the current year or expected to expire without being utilised in future periods (release of Deferred Tax Asset not related to current year)	(1,320)	(2,821)
Release of deferred tax asset recognised for prior year tax losses	-	(4,550)
Increase of Deferred Tax Liability due to change of tax rate in Czech Republic (from 19% in 2023 to 21% starting 2024)	(591)	-
Others	466	142
Total Group tax expense	**(69,861)**	**(66,334)**
Effective tax rate (Group consolidated Profit Before Tax)	**13%**	**13%**

1 *In 2022, the amounts included under these lines were presented cumulatively on line "Tax value adjustments in local jurisdictions related to previous years (including foreign exchange impact on non-financial tax base and statutory adjustments)". In 2023, these items are presented on separate lines, to enhance presentation.*

The Group accounts for deferred taxes assuming the theoretical future disposals of properties in the form of asset deals, triggering the full corporate income tax rate in each jurisdiction in which the Group owns property. In practice, if the Group would be in the position to dispose of certain assets, these disposals will most probably be conducted via share deals, as assets are held in separate SPVs, significantly reducing the effective tax rate on potential capital gains.

Group subsidiaries are subject to corporate tax on an annual basis. The Group carries forward aggregate fiscal losses of €314,243 thousand (31 December 2022: €249,282 thousand), which are mainly available for up to seven years to offset against any future taxable profits of the companies in which the losses arose. The notable exception is the Netherlands where, starting 1 January 2022 tax losses available as at 31 December 2021 may be used for an indefinite amount of time to offset against 50% of the future taxable profits of the Dutch companies. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine recognisable deferred tax assets, based on the likely timing and the level of future taxable profits and future tax planning strategies. Deferred tax assets have not been recognised for fiscal losses of €78,780 thousand (31 December 2022: €40,754 thousand) as these could have been used only to offset the taxable profits of certain companies in the Group, and there is uncertainty whether these companies will either generate sufficient taxable profit in the future.

The expiry dates for these losses are as follows:

in € thousand	31 Dec 2023	31 Dec 2022
2023	-	5,619
2024	11,062	4,271
2025	17,385	2,457
2026	5,053	6,906
2027	17,120	1,347
2028	5,105	2,712
2029	8,818	17,442
2030 and later	14,237	-
Total	**78,780**	**40,754**

The Group does not withhold taxes on distribution paid.

25. NET ASSET VALUE PER SHARE

in € thousand, unless otherwise stated	Note	31 Dec 2023	31 Dec 2022
Net Asset Value (per the Statement of financial position)		4,304,761	3,898,721
Deferred tax liabilities		472,348	420,665
Deferred tax assets		(65,885)	(54,679)
Goodwill		(76,804)	(76,804)
Derivative financial assets at fair value through profit or loss		(21,568)	(36,064)
EPRA Net Reinstatement Value		**4,612,852**	**4,151,839**
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	32	660,826,020	607,000,000

26. 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[1]	(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)**

1 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[1]**	**31 Dec 2023[2]**	**31 Dec 2022[1]**	**31 Dec 2022[2]**
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**

1 Figures computed based on contractual lease maturity date.
2 Figures computed up to first break option date.

The breakdown of the net rental and related income by country is disclosed in Note 36.

27. ADMINISTRATIVE EXPENSES

in € thousand	Note	31 Dec 2023	31 Dec 2022
Staff costs[1]		(11,890)	(10,671)
Directors' remuneration	39	(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)**

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

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

28. EXPENSES WITH LITIGATION CLAIM

in € thousand	31 Dec 2023	31 Dec 2022
Gain from reversal of litigation claim	-	21,304

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

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

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

29. FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTY

in € thousand	Note	31 Dec 2023	31 Dec 2022
Fair value adjustments of investment property in use	8	168,185	134,234
Fair value adjustments of investment property under development	9	(2,643)	8,917
Fair value adjustments of investment property held for sale	14.1	(330)	(1,195)
Fair value adjustments of right-of-use assets	8	(742)	(255)
Total		**164,470**	**141,701**

30. NET FINANCE COSTS

in € thousand	Note	31 Dec 2023	31 Dec 2022
Interest income on loans granted to joint ventures		-	889
Interest on Loan to participants under Share Purchase Scheme		96	100
Interest on bank deposits		6,795	2,522
Finance income		**6,891**	**3,511**
Bonds borrowing costs[1]	18	(51,042)	(51,941)
Interest expense on bank borrowings	18	(31,343)	(7,204)
Interest rate derivatives settlements	18	11,950	-
Interest expense on borrowings from third parties	22	(3,214)	(593)
Interest expense on lease liabilities	23	(804)	(577)
Interest expense capitalised on developments and inventory property		5,401	3,513
Finance costs		**(69,052)**	**(56,802)**
Bank charges, commissions, and fees		**(3,297)**	**(4,298)**
Total		**(65,458)**	**(57,589)**

1 Bonds borrowing costs include coupon, amortisation of borrowing costs and debt discount, using the effective interest approach.

31. FAIR VALUE ADJUSTMENTS OF DERIVATIVES AND LOSSES ON EXTINGUISHMENT OF FINANCIAL INSTRUMENTS

The fair value adjustments of derivatives include the fair value loss of €17,376 thousand (31 December 2022: gain of €37,946 thousand, including a fair value gain of €4.1 million from pre-hedging €250 million of the bond issued in January 2022) from existing interest rate caps and swaps.

At 31 December 2022, losses on extinguishment of financial instruments included the premium paid on repurchase of bond notes due in 2023 of €21,925 thousand (refer to Note 18).

32. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the year ended 31 December 2023 was based on the profit attributable to equity holders of the parent of €476,801 thousand (31 December 2022: €435,167 thousand) and the weighted average number of shares.

in € thousand, unless otherwise stated	31 Dec 2023	31 Dec 2022
Profit for the year attributable to 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**
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

Weighted and diluted weighted average number of shares for basic and diluted earnings per share purposes are detailed below:

2023	Event	Number of shares	Cumulative number of shares after equity-related transactions	% of period	Weighted average
01/01/2023	Opening balance	607,000,000	607,000,000	26%	158,420,330
06/04/2023	Return of capital	28,830,268	635,830,268	50%	319,661,920
06/10/2023	Return of capital	24,995,752	660,826,020	24%	156,129,225
31/12/2023	Diluted weighted average number of shares				634,211,475
	Effect of unvested shares under LTSIP				(1,060,600)
	Basic weighted average number of shares				633,150,875

2022	Event	Number of shares	Cumulative number of shares after equity-related transactions	% of period	Weighted average
01/01/2022	Opening balance	608,994,907	608,994,907	77%	466,784,558
07/10/2022	Repurchase of shares[1]	(1,994,907)	607,000,000	23%	141,744,505
31/12/2022	Diluted weighted average number of shares				608,529,063
	Effect of unvested shares under LTSIP				(772,254)
	Basic weighted average number of shares				607,756,809

1 *The shares were repurchased between 29 September and 12 October 2022 from the cash available within the Company. Subsequently, the repurchased shares were cancelled.*

33. 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	Note	31 Dec 2023	31 Dec 2022
in € thousand, unless otherwise stated			
Profit for the year attributable to equity holders of the parent		476,801	435,167
Fair value adjustments of investment property	29	(164,470)	(141,701)
Gain on disposal of assets held for sale	14	(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

34. SIGNIFICANT ASSET DEALS

No acquisitions were made during 2023.

Acquisitions performed during 2022

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

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

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

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

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

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

in € thousand

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

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

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

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

in € thousand

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

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

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

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

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

in € thousand

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

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

35. JOINT VENTURES

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

The “Share of profit of joint ventures” line on the Consolidated Statement of comprehensive income represents 50% of the line “Profit for the year attributable to equity holders”, as presented below for the period in 2022 where Ploiesti Shopping City was a joint venture (up to 1 September 2022).

Statement of comprehensive income

in € thousand	Ploiesti Shopping City 31 Dec 2022
Revenue from rent and recoveries	8,648
Property operating expenses	(2,689)
Partial forgiveness of receivables (Covid-19 forgiveness)	48
Administrative expenses	(176)
Fair value adjustment investment property	3,264
Foreign exchange loss	(122)
Profit before net finance costs and other items	**8,973**
Finance income	85
Finance costs	(2,452)
Bank charges, commissions, and fees	6
Fair value adjustments of derivatives and losses on extinguishment of financial instruments	814
Profit before tax	**7,426**
Income tax expense	(866)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS	**6,560**
Share of profit of joint venture (50% of the Profit of the period)	**3,280**

36. 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)
Revenues from sales of inventory property	-	-	-	-	-	-	-	-	-	-	9,808	9,808
Cost of sales of inventory property	-	-	-	-	-	-	-	-	-	-	(7,076)	(7,076)
EBIT[1]	**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**
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**

1 *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 per country 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[1]	**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 (loss)/gain	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**
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**

1 *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 consolidated statement of financial position, is presented below:

Segment per country assets and liabilities 31 Dec 2023 *in € thousand*	**Note**	**Romania**	**Poland[1]**	**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	8	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	9	148,215	5,016	5,306	1,023	30,383	7,130	10	660	-	**197,743**	-	**197,743**
Investment property held for sale	14.1	610	-	-	-	-	-	-	-	145,600	**146,210**	5,610	**151,820**
Inventory property	15	-	-	-	-	-	-	-	-	-	**-**	17,266	**17,266**

1 *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 per country assets and liabilities 31 Dec 2022 *in € thousand*	**Note**	**Romania**	**Poland[1]**	**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	8	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	9	212,928	1,934	5,300	983	27,343	7,790	-	330	7,700	**264,308**	36	**264,344**
Investment property held for sale	14.1	8,066	-	-	10,600	-	-	-	-	-	**18,666**	-	**18,666**
Inventory property	15	-	-	-	-	-	-	-	-	-	**-**	20,694	**20,694**

1 **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	9	125,439	17,015	4,146	-	1,924	-	1,375	344	-	**150,243**	(24)	**150,219**
Capital expenditure	8	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	9	83,861	13,536	-	20	1,058	-	159	-	-	**98,634**	-	**98,634**
Capital expenditure	8	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[1]

	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	-
Earnings not distributed per share final (euro cents)	2.85	1.47
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**

1 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.

37. 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	29	(164,470)	(141,701)
Foreign exchange loss/(gain)		1,187	(1,585)
Gain on disposal of assets held for sale	14	(5,641)	(1,121)
Net finance costs	30	65,458	57,589
Fair value adjustments of derivatives	31	17,376	(37,946)
Losses on extinguishment of financial instruments	31	-	21,925
Deferred tax expense	24	41,527	43,266
Current tax expense	24	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	28	-	(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**

38. 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.

39. RELATED PARTY TRANSACTIONS

Identity of related parties with whom material transactions have occurred

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

Material related party transactions

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

Transactions with joint ventures are presented in Note 35.

	31 Dec 2023			31 Dec 2022			
in € thousand	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 Chief Executive Officer and from 1 June 2022 he was confirmed in his role on a permanent basis.

2 Ms Eliza Predoiu was appointed as interim Chief Financial Officer 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[1]
Marek Noetzel	88,358	88,358
Total	**88,358**	**88,358**

1 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 0.2% 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 2022: 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 the shares awarded in March 2024, as detailed in the Remuneration section of this Annual Report, on pages 126. Other than as set out in note 39(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 are related parties of former management.

40. SUBSEQUENT EVENTS

As presented in the Note 14 Assets held for sale and Note 18 Borrowings, the Group entered into the following transactions 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 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 Consolidated Financial Statements which are likely to have a material effect on the financial information contained in this report.

Separate Statement of financial position

in € thousand	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets		**3,275,836**	**3,274,758**
Investments in subsidiaries	45	3,272,385	3,270,553
Other long-term assets	46	3,451	4,205
Current assets		**40,118**	**10,517**
Trade and other receivables	47	25,368	8,028
Cash and cash equivalents	48	14,750	2,489
TOTAL ASSETS		**3,315,954**	**3,285,275**
EQUITY AND LIABILITIES			
TOTAL SHAREHOLDERS' EQUITY		**3,304,327**	**3,280,497**
Share capital	16	6,608	6,070
Share premium	16	3,137,063	3,190,735
Merger reserve		25,188	25,188
Other reserves	49	(7,637)	(4,656)
Accumulated profit		143,105	63,160
Total liabilities		**11,627**	**4,778**
Current liabilities		**11,627**	**4,778**
Trade and other payables	51	4,005	2,048
Income tax payable[1]		7,622	2,730
TOTAL EQUITY AND LIABILITIES		**3,315,954**	**3,285,275**

1 *At 31 December 2022, "Income tax payable" (with a carrying amount of €2,730 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.*

Separate Statement of comprehensive income

in € thousand	Note	31 Dec 2023	31 Dec 2022
Interest income	54	507	1,803
Guarantee fee income	54	21,540	21,535
Dividend income		80,000	5,000
Strategic asset management income		5,374	4,008
Administrative expenses	53	(7,814)	(10,416)
Foreign exchange gain/(loss)		(92)	(32)
Fair value adjustment of derivatives		-	12,715
Interest expense	54	-	(1,256)
Other finance expense	54	(32)	(37)
Reversal of impairment for loans granted to subsidiaries		-	82
Profit before tax		**99,483**	**33,402**
Income tax expense		(4,892)	(2,730)
Profit after tax		**94,591**	**30,672**
Total comprehensive income for the year		**94,591**	**30,672**

Separate Statement of changes in equity

in € thousand	Note	Share capital	Share premium	Other reserves	Merger reserve	Accumulated profit/ (deficit)	Total
Balance at 1 January 2022		**6,090**	**3,550,061**	**(3,384)**	**25,188**	**(76,289)**	**3,501,666**
Transactions with owners		**(20)**	**(359,326)**	**(1,272)**	-	**108,777**	**(251,841)**
– Share premium reduction[1]		-	(350,000)	-	-	350,000	-
– Repurchase of shares	16	(20)	(9,326)	-	-	-	(9,346)
– Shares purchased for LTSIP[2]		-	-	(2,852)	-	-	(2,852)
– Shares vested in LTSIP		-	-	1,472	-	-	1,472
– LTSIP reserve release		-	-	108	-	-	108
– Earnings distribution	16	-	-	-	-	(241,223)	(241,223)
Total comprehensive income		-	-	-	-	**30,672**	**30,672**
– Profit for the year		-	-	-	-	30,672	30,672
BALANCE AT 31 DECEMBER 2022		**6,070**	**3,190,735**	**(4,656)**	**25,188**	**63,160**	**3,280,497**
Transactions with owners		**538**	**(53,672)**	**(2,981)**	**-**	**(14,646)**	**(70,761)**
– Share capital movements[3]	16	53,240	(53,240)	-	-	-	-
– Earnings distribution – capital repayment[4]	16	(53,240)	-	-	-	-	(53,240)
– Earnings distribution – dividend out of accumulated profit[4]	16	-	-	-	-	(14,646)	(14,646)
– Earnings distribution – impact of foreign exchange hedges[4]	16	-	106	-	-	-	106
– Earnings distribution – scrip issue[4]	16	538	(538)	-	-	-	-
– Shares purchased for LTSIP[2]		-	-	(5,158)	-	-	(5,158)
– Shares vested in LTSIP		-	-	2,000	-	-	2,000
– LTSIP reserve release		-	-	177	-	-	177
Total comprehensive income		**-**	**-**	**-**	**-**	**94,591**	**94,591**
– Profit for the year		-	-	-	-	94,591	94,591
Balance at 31 December 2023		**6,608**	**3,137,063**	**(7,637)**	**25,188**	**143,105**	**3,304,327**

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

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

3 *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. For further details, please refer to Note 16.*

4 *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. For further details on distribution options impacting the reporting period, please refer to Note 16.*
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.

Separate Statement of cash flows

in € thousand	Note	31 Dec 2023	31 Dec 2022
OPERATING ACTIVITIES			
Profit after tax		94,591	30,672
Adjustments		**(75,323)**	**(15,545)**
Dividend income		(80,000)	(5,000)
Income tax expense		4,892	2,730
Share based payment expense		168	-
Foreign exchange (gain)/ loss		92	32
Reversal of impairment of loans to subsidiaries		-	(82)
Net finance income	54	(475)	(510)
Fair value adjustment of interest rate derivative financial assets and liabilities		-	(12,715)
Changes in working capital			
(Increase)/ decrease in trade and other receivables		(16,581)	17,496
Increase in trade and other payables		1,925	390
Cash received from pre-hedge instrument		-	4,075
Proceeds from sale of derivatives	50	-	13,182
Interest received		410	10
Dividend received		80,000	5,000
Interest paid		-	(43)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**85,022**	**55,237**
INVESTING ACTIVITIES			
Proceeds from disposal of participations in subsidiaries	45	-	91,219
NET CASH FLOWS FROM INVESTING ACTIVITIES		**-**	**91,219**
FINANCING ACTIVITIES			
Repurchase of shares	16	-	(9,346)
Payment to acquire shares for LTSIP[1]	49	(5,158)	(2,744)
LTIP reserve release		177	-
Proceeds from Loans from subsidiaries	45	-	100,000
Earnings distribution - Capital repayment and dividend out of accumulated profit	16	(67,780)	(241,223)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(72,761)**	**(153,313)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**12,261**	**(6,857)**
Cash and cash equivalents brought forward	48	2,489	9,346
CASH AND CASH EQUIVALENTS CARRIED FORWARD		**14,750**	**2,489**

1 *LTSIP = Debt free long-term share incentive plan with a vesting component.*

41. BASIS OF PREPARATION

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, International Financial Reporting Standards ('IFRS') as adopted by the European Union and with Title 9 of Book 2 of the Dutch Civil Code.

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the Consolidated Financial Statements. For an appropriate interpretation, the Company financial statements of NEPI Rockcastle N.V. should be read in conjunction with the Consolidated Financial Statements.

The separate financial statements are presented in Euro ("€", "EUR") thousands unless otherwise stated, which is the Company's functional and presentation currency.

The Company's separate financial statements include intra-group balances and transactions, investments in subsidiaries and any gains and losses or income and expenses arising from intra-group transactions. The Company's investments in subsidiaries are subject to impairment testing annually, if indicators of impairment exist.

Management has prepared the 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 Company's ability to continue as a going concern.

42. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been consistently applied to all periods presented.

The following accounting policies presented in the Consolidated Financial Statements are relevant for the Company only financial statements:

3.8. Financial assets

3.11. Cash and cash equivalents

3.16. Accumulated profit

3.19. Earnings distribution

3.24. Standards issued but not yet effective and not early adopted

42.1 Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and classified and subsequently measured at amortised cost, except for financial liabilities at FVTPL: this classification is applied to interest rate derivatives and other financial liabilities designated as such at initial recognition.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Guarantee fee income represent the premium received for the guarantee granted by the Company to its subsidiary and is recognised in the income statement in Guarantee fee income line on a straight line basis over the life of the guarantee.

42.2 Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. At each reporting period investments in subsidiaries are assessed subject to any indicators of impairment. The impairment test itself is carried when such indicators exist. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

42.3 Trade receivables

Trade receivables are recognised initially at fair value, generally at the amount of consideration that is unconditional. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

42.4 Administrative expenses

Administrative expenses are recognised on an accrual basis.

42.5 Dividend income

Dividends are recognised as income in the Statement of comprehensive income when the Company's right to receive payment is established.

42.6 Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method.

42.7 Taxation

Current income tax and liabilities are measured at the amount expected to be recovered from, or paid to, taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date. Current income tax relating to items recognised directly in equity is recognised directly in equity and not in the Statement of comprehensive income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Output Value Added Tax (VAT) related to sales is payable to tax authorities on either the collection of receivables from customers or the delivery of services to customers depending on which occurs first. Input VAT is generally recoverable against output VAT upon receipt of the invoice. VAT relating to sales and purchases is recognised in the Statement of financial position on a net basis and is disclosed separately as an asset or liability, as the case may be. Where provision has been made for impairment of receivables, the loss is recorded for the gross amount of the debt, including VAT.

42.8 Share-based payments

To date, NEPI Rockcastle has initiated two types of incentive programs that offered share-based payments in exchange for services provided to it by its directors and employees (equity-settled transactions), which are detailed below:

a. Purchase Offers with a vesting component – Share Purchase Scheme ("NRP SPS")

This program was put in place before the 2017 merger of the former groups New Europe Property Investments plc ("NEPI") and Rockcastle Global Real Estate Company Ltd ("Rockcastle"). Under this program, participants were granted loans to acquire shares in the Company at fair value at the grant date. These loans were classified as "loan to participants in the incentive plan" and included in Other long-term assets (Note 46). The loans are carried at amortised cost and the accrued interest is recognised as finance income in the Statement of comprehensive income. The costs under this program are nil.

b. Debt free Long-Term Share Incentive Plan with a vesting component ("LTSIP")

This program was put in place after the 2017 merger of the former groups NEPI and Rockcastle. Under this incentive plan, shares may be issued by the Company to executive directors and other key personnel for no cash consideration. Awards under this plan are at the discretion of the Board of Directors and are based on the performance of the Group and the employees. The costs related to the LTSIP are measured based on the fair value of the shares at the grant date and are recognized in the Company's financial statements over the vesting period as an increase in the investment in the subsidiaries, as the employees receiving the awards are providing services to the subsidiaries of the Company. The correspondent credit is recognised in Other reserves in the Statement of changes in equity.

In the accounts of the subsidiaries, an expense for the grant date fair value of the award is recognised over the vesting period, with the credit recognised in equity. The credit to equity is treated as a capital contribution, because the Company is compensating the subsidiaries' employees with no recharge to the subsidiaries.

43. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The estimates and associated assumptions are based on historical experience and various other factors which are considered reasonable under the circumstances. These are used to make judgements about the carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period when the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both.

Judgements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are detailed below.

Impairment of investments in subsidiaries

The Company has an investment in a Nepiom Limited that acts as intermediary holding and financing vehicle. That entity has an investment in NE Property B.V. which holds investments in all the operating subsidiaries of the Group. Its consolidated net assets value consists mainly of investment properties at fair value, as well as other items for which the carrying amount is considered to approximate fair value (loans, working capital items), therefore it is used as a recoverable amount in the impairment calculation. When the investments in subsidiaries are higher than the subsidiaries net assets value, the carrying value of that investment is reduced.

44. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company has exposure to the following risks due to its use of financial instruments: credit, liquidity, and market, including currency and interest rate. This note presents information about the Company's exposure to each, as well as its objectives, policies and processes for measuring and managing risk.

The fair value of all financial instruments is substantially in line with their carrying amounts as reflected on the Statement of financial position.

44.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's group receivables, cash and cash equivalents, and financial guarantees.

The exposure to credit risk at the reporting date is set out below:

Credit exposure on financial instruments excluding exposure to guarantees granted	Note	31 Dec 2023	31 Dec 2022
in € thousand			
Loans to participants in Share Purchase Scheme (including accrued interest)	49	3,451	4,205
Trade and other receivables	47	25,368	8,028
Cash and cash equivalents	48	14,750	2,489
Total		**43,569**	**14,722**

Included in the "Trade and other receivables" above, there is an annual guarantee fee that the Company charges to one of its indirect subsidiaries, NE Property BV ("**NEBV**"), for its role as a guarantor under the external financing agreements concluded by NEBV, namely issued fixed coupon bonds and unsecured revolving credit facilities. At 31 December 2023, the balance of guarantee fee receivable from NEBV was of €21,540 thousand (31 December 2022: €5,445 thousand). The Company has assessed the liability for financial guarantees as at 31 December 2023 in accordance with the accounting policy and concluded that the amount is immaterial.

In accordance with the Group's external unsecured financing agreements, the Company has guaranteed the due and punctual payment of all sums from time to time payable by NEBV under those agreements in case of non-payment by the latter. The value of NEBV liabilities (excluding future interest) towards its creditors under above mentioned financing agreements at 31 December 2023 was of €2,072,501 thousand (31 December 2022: €2,198,980 thousand).

The Company has assessed the fair value of the liability for financial guarantee at inception being immaterial. As at 31 December 2023 the respective financial liability has been measured in accordance with the accounting policy at the higher of Expected Credit Loss allowance and amount initially recognized. The ECL allowance amount was determined to be immaterial considering the total exposure for amounts guaranteed and NEBV's credit risk.

For cash and cash equivalents, the banks' credit ratings, as well as exposure per each bank are constantly monitored at the level of the Group. At 31 December 2023,97% of the Company's cash was held with investment-grade rated banks (31 December 2022: 78%):

Cash and cash equivalents	31 Dec 2023	31 Dec 2022
Held with investment-grade rated banks (rated by Moody's)		
A1	97%	-
A2	-	40%
Aa3	-	38%
Held with not rated banks	3%	22%
Total	**100%**	**100%**

The balance of loans to participants in the Share Purchase Scheme is not considered to present credit risk as these are guaranteed with shares (see details in Note 49).

44.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when due. The Company's approach to managing this risk ensures, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. To ensure this occurs, the Company prepares budgets, cash flow analyses and forecasts, which enable the Directors to assess the level of financing required for future periods. Budgets and projections are used to assess any future potential investments and are compared to existing funds to evaluate the nature, and extent of any future funding requirements. All financial liabilities are due within 12 months.

Ability to meet financial obligation when due is influenced by the fact that the Company has guaranteed the due and punctual payment of all sums from time to time payable by NEBV under those agreements in case of non-payment by the latter, as described in Note 44.1. The undiscounted cash flows which the Company is exposed to amounts to €2,238,538 thousand (2022: €2,505,727 thousand) which becomes payable on demand only upon default by NEBV.

44.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or equity prices will affect the Company's fair value or future cash flows of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising returns. The carrying value of financial assets and liabilities approximates their fair value.

44.3.1 Currency risk

Company's current assets and liabilities are exposed to foreign currency risk on purchases and receivables denominated in South African rand (ZAR). Cash inflows received in other currencies than Euro are converted to Euro using the spot rate available on the collection date. The amount converted to Euro is the net amount of cash inflow in a foreign currency and the estimated cash outflow in the same currency. The Company applies this policy to control its exposures in respect of monetary assets and liabilities denominated in currencies other than the one cash inflows are received in. Sensitivities of profit or loss to reasonably possible changes in exchange rates applied at the financial position date relative to currencies other than EUR, with all other variables such as interest rates held constant, are immaterial.

44.3.2 Interest rate risk

Sensitivity analysis for interest bearing financial instruments

A change of 100 basis points (bps) in interest rates would have increased/(decreased) equity and profit for the years presented below. Calculations are based on the cash and loans balances outstanding at the respective balance sheet dates. Cash and loans balances are subject to change over the year. This analysis assumes that all other variables, particularly foreign currency rates, remain constant. All sensitivity analysis calculations presented below are before tax.

in € thousand	31 Dec 2023	31 Dec 2022
Loans to participants in the Share Purchase Scheme (including accrued interest)	3,451	4,205
Total	**3,451**	**4,205**

31 Dec 2023	Profit or loss 100bps increase	Profit or loss 100bps decrease	Equity 100bps increase	Equity 100bps decrease
in € thousand				
Loans to participants in the Share Purchase Scheme (including accrued interest)	35	(35)	35	(35)
Total	**35**	**(35)**	**35**	**(35)**

31 Dec 2022	Profit or loss 100bps increase	Profit or loss 100bps decrease	Equity 100bps increase	Equity 100bps decrease
in € thousand				
Loans to participants in the Share Purchase Scheme (including accrued interest)	42	(42)	42	(42)
Total	**42**	**(42)**	**42**	**(42)**

45. INVESTMENTS IN AND LOANS TO SUBSIDIARIES

At 31 December 2023 and 31 December 2022, the Company held 100% ownership in Nepiom Limited, a company incorporated in Malta. Investments in subsidiaries are stated at cost less accumulated impairment losses.

As described below, during 2022, as a result of the offset between the existing loan receivable from and loan payable to Nepiom, a portion of the remaining loan receivable was assigned and transferred to NEBV, a wholly owned subsidiary of Nepiom, partly through a loan note from NEBV (€100.5 million) and partly through an increase in equity of NEBV in form of a B-share (€91.2 million). The resulting participation in NEBV was subsequently extinguished by repayment of the B-share in cash by NEBV.

The movements in investment in subsidiaries are presented below:

in € thousand	31 Dec 2023	31 Dec 2022
Balance as at the beginning of the year	**3,270,553**	**3,269,080**
Investment in NEBV B-share (non-cash)	-	91,219
Repayment of existing participation in NEBV (B-share)	-	(91,219)
Additions from LTSIP[1]	1,832	1,473
Balance as at the end of the year	**3,272,385**	**3,270,553**

1 The costs related to the LTSIP recognised in the Company's financial statements as an increase in the investment in the subsidiaries, as disclosed in in Note 42.8.

There were no indicators of impairment in investment in subsidiary as at 31 December 2023.

The Company has given loans to subsidiaries which were fully repaid during 2022. Movements in the loan granted to subsidiary are presented below:

in € thousand	31 Dec 2023	31 Dec 2022
Balance as at the beginning of the year	**-**	**298,468**
Accrued interest	-	1,695
Non-cash repayment (settlement with loan payable) (Note 52)	-	(209,025)
Loan capitalised to investment in subsidiary (non-cash)	-	(91,219)
Impairment reversal/ (expense)	-	81
Balance as at the end of the year	**-**	**-**

During 2022, the loan receivable from Nepiom was reduced by way of an offset with the outstanding amount of the loan payable to Nepiom disclosed in note 52. Following the offset, the remaining portion of the loan was assigned and transferred to NEBV, partly through a loan note from NEBV (€100.5 million) and partly through an increase in equity of NEBV in form of a B-share (€91.2 million). The loan note receivable from NEBV was subsequently fully extinguished by way of an offset against the loan payable to NEBV, disclosed in Note 52.

No securities or guarantees have been granted for loans to subsidiaries. Interest rates on the loan granted to subsidiaries was 2.03% per annum during 2022.

46. OTHER LONG-TERM ASSETS

in € thousand	31 Dec 2023	31 Dec 2022
Loans to participants in the Share Purchase Scheme	3,451	4,205

47. TRADE AND OTHER RECEIVABLES

in € thousand	31 Dec 2023	31 Dec 2022
VAT receivable	221	231
Guarantee fee receivables from subsidiaries	21,540	5,443
Strategic asset management fee receivable from subsidiaries	1,223	-
Withholding Tax Receivable	-	2,284
Other receivables from subsidiaries	121	32
Prepaid income tax	2,071	-
Other prepaid fees	192	38
Total	**25,368**	**8,028**

48. CASH AND CASH EQUIVALENTS

Cash and cash equivalents by currency	31 Dec 2023	31 Dec 2022
in € thousand		
EUR	13,859	1,875
ZAR	891	614
Total	**14,750**	**2,489**

Cash and cash equivalents by type	31 Dec 2023	31 Dec 2022
in € thousand		
Current accounts	4,750	2,489
Deposits	10,000	-
Total	**14,750**	**2,489**

49. SHARE-BASED PAYMENTS

The NEPI Rockcastle Group has incentive plans to reward performance and align the interests of executive directors and key individuals with those of the shareholders.

NEPI Rockcastle Group's current incentive plan ("Incentive Plan") was approved by Company's shareholders at an EGM dated 16 November 2022. The Incentive Plan replaces the initial plan that was approved at the merger between NEPI and Rockcastle. The aim of the plan is to incentivise directors and employees to meet the Group's short-term and long-term objectives by giving such participants an opportunity to receive performance-based Awards (in cash or shares), on short-term (immediate settlement in cash or shares) or long-term (shares with a vesting component). The Board determines which executive directors are eligible to participate in the Incentive Plan, and the allocation of incentives, based on key performance indicators. The executive directors determine which key employees are eligible to participate in the Incentive Plan, and the allocation of incentives is discretionary, based on key performance indicators and other considerations regarding the employees' performance.

To date, NEPI Rockcastle has initiated two types of incentive programs that offered share-based payments in exchange for services provided to it by its directors and employees (equity-settled transactions), which are detailed below.

a. Purchase Offers ("SPS")

Under this program, loans were granted to participants in the share purchase schemes (the "Share Purchase Scheme" or "SPS") to buy shares, the repayment of which could be made in part out of the distribution payable in relation to the shares (the "NRP SPS"). Of the shares initially subscribed for, 20% vested annually. The Group offered each participant the immediate right to subscribe for the permitted number of shares at their market value, less a maximum discount of 5%, together with a loan to fund the purchase. Each loan carried interest at the weighted average rate that the Group can borrow money. Loans are payable in full, together with interest, ten years after its subscription date, but could be repaid earlier. The Company has security interests that ensure the repayment of the principal and interest on the loan given to participants. The NRP SPS is a full recourse scheme (i.e., recourse in relation to loans granted is not limited to shares issued). Pending repayment of the loan, the distributions on such shares are used to repay loan interest. Any excess distribution after interest payment is used to repay the loan.

No shares were issued during 2023 and 2022 under the NRP SPS.

The number of shares outstanding and the loans to participants under the Share Purchase Scheme as at the year-end are summarised below:

NRP SPS	31 Dec 2023	31 Dec 2022
Number of shares outstanding, collateralizing the Loans to participants under the Share Purchase Scheme	550,990	657,276
Loans to participants under the Share Purchase Scheme (in € thousand)	3,451	4,205

b. Debt free Long-Term Share Incentive Plan with a vesting component ("LTSIP")

Under this incentive plan, shares are awarded by the Group to executive directors and other key employees for no cash consideration. For key employees, shares are awarded to participants on condition of employment in the Group for the next three years (vesting period), with shares being vested proportionally over each year of the corresponding vesting periods (tranche vesting). For executive directors, shares are awarded subject to a full vesting of them at the end of three years (cliff vesting) plus a further two-year lock-up period, during which the vested shares cannot be disposed of by the directors. Shares awarded under LTSIP cannot be disposed of or otherwise encumbered up to their respective vesting dates.

The number of shares granted but unvested at 31 December 2023 and their fair value at grant date are summarised below:

LTSIP	31 Dec 2023	31 Dec 2022
Number of shares granted but unvested at year-end	1,308,834	817,822
Fair value at the grant date (in € thousand)	7,543	4,734

The number of shares and their fair value at grant date are presented below. The fair value was calculated using the share price on the date of acquisition of shares allocated to LTSIP.

LTSIP	31 Dec 2023	31 Dec 2022
Number of shares granted during the year	161,627	137,945
Fair value at the grant date (in € thousand)	945	838

The maximum number of shares which could be offered for subscription under the Incentive Plan is 5% of the issued share capital of the Company at the end of any financial year prior to each award, provided that such number shall not exceed 30,449,745 shares. The number of shares that remained available for issue in terms of the Incentive Plan were as follows:

	31 Dec 2023	31 Dec 2022
Number of shares that remain available for issue at year-end	27,444,043	28,226,835

The costs related to the LTSIP are measured based on the fair value of the shares at the grant date and are recognized in the Company's financial statements over the vesting period as an increase in the investment in the subsidiaries, as the employees receiving the awards are providing services to the subsidiaries of the Company. The correspondent credit is recognised in Other reserves in the Statement of changes in equity.

In the accounts of the subsidiaries, an expense for the grant date fair value of the award is recognised over the vesting period, with the credit recognised in equity. The credit to equity is treated as a capital contribution, because the Company is compensating the subsidiaries' employees with no recharge to the subsidiaries.

50. DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

On 29 July 2022, the Company concluded a sale and purchase agreement with NEBV to sell the economic ownership of all its outstanding interest rate caps for €13,182 thousand representing the fair value of those caps. The Company remains the legal counterparty under the interest rate caps in relation to the contacting banks until the expiration of the instruments. Any amount received from the banks under the sold hedge instruments is to be transferred immediately to NEBV and respectively, any amount due to the banks under the instruments is to be recovered by the Company from NEBV, according to the sale agreement.

51. TRADE AND OTHER PAYABLES

in € thousand	31 Dec 2023	31 Dec 2022[1]
Accrued administrative expenses	4,005	2,048
Total	**4,005**	**2,048**

1 At 31 December 2022, "Income tax payable" (with a carrying amount of €2,730 thousand) were presented in line "Property related payables". At December 2023, these are presented on separate line within "Current liabilities" in the Statement of Financial Position", with corresponding comparative re-classified accordingly, to enhance presentation.

52. LOANS FROM SUBSIDIARIES

During 2022, the entire outstanding amount of the loan payable to Nepiom was offset against the outstanding amount of the loan receivable from Nepiom.

In March 2022, the Company received a loan from its indirect subsidiary, NEBV, in amount of €100,000 thousand, which was subsequently extinguished through a setoff against the existing loan note from NEBV disclosed in Note 45.

The interest rate on the loans from Nepiom and NEBV was 3.8% per annum.

Movements in loan payables during the year are presented below:

in € thousand	Note	31 Dec 2023	31 Dec 2022
Opening balance		**-**	**107,811**
Cash proceeds		-	100,000
Interest expense		-	1,214
Set off against existing loans receivable (non-cash)	45	-	(209,025)
Closing balance		**-**	**-**

53. ADMINISTRATIVE EXPENSES

in € thousand	Note	31 Dec 2023	31 Dec 2022
Staff costs		-	(124)
Directors' remuneration	56	(1,082)	(1,852)
Share based payment expense		(168)	-
Audit and other assurance services		(826)	(688)
Advisory services		(1,808)	(4,092)
Travel and accommodation		(493)	(526)
Companies' administration		(2,665)	(2,537)
Stock exchange expenses		(772)	(597)
Total		**(7,814)**	**(10,416)**

Out of the above administrative expenses, fees related to EY, as the Company's auditors, are summarised below:

31 Dec 2023	Ernst and Young Accountants LLP	Other EY network	Non-EY network
in € thousand			
Audit of financial statements	(289)	(465)	-
Other assurance procedures	-	(72)	-
Total	**(289)**	**(537)**	**-**

31 Dec 2022	Ernst and Young Accountants LLP	Other EY network	Non-EY network
in € thousand			
Audit of financial statements	(240)	(243)	(4)
Other assurance procedures	-	(177)	(24)
Total	**(240)**	**(420)**	**(28)**

During 2022, prior to the relocation from the Isle of Man, the Company had eleven directors and three employees. After the relocation, the Company had eleven directors and no employees.

54. INTEREST AND OTHER FINANCE INCOME/(EXPENSE)

in € thousand	31 Dec 2023	31 Dec 2022
Interest on Share Purchase Scheme	97	99
Interest on bank deposits	410	10
Interest income from subsidiaries	-	1,694
Guarantee fee income	21,540	21,535
Finance income	**22,047**	**23,338**
Bank charges	(32)	(37)
Interest expense on loans from subsidiaries	-	(1,256)
Finance costs	**(32)**	**(1,293)**
Total	**22,015**	**22,045**

55. RECONCILIATION BETWEEN COMPANY AND CONSOLIDATED INFORMATION

In accordance with article 2:389 of Dutch Civil Code, the reconciliation of equity is as follows:

in € thousand	31 Dec 2023	31 Dec 2022
Total Company equity	**3,304,327**	**3,280,497**
Accumulated profit of subsidiaries	1,000,434	618,224
Total consolidated Group equity	**4,304,761**	**3,898,721**

The reconciliation of net result is presented below:

in € thousand	31 Dec 2023	31 Dec 2022
Company net profit	**94,591**	**30,672**
Eliminated intercompany transactions	(105,530)	(29,449)
Results of subsidiaries, net of intercompany transactions	487,740	433,944
Consolidated profit after tax attributable to equity holders	**476,801**	**435,167**

56. RELATED PARTY TRANSACTIONS

Identity of related parties with whom material transactions have occurred

The subsidiaries and Directors are related parties for the Company.

Material related party transactions

Details of loans to/ from, and investments in, subsidiaries are set out in Note 45 and Note 52. Other related party transactions include guarantee fee income and strategic asset management fees charged by the Company to its indirect subsidiary, NEBV, and are detailed in Note 44.1, Note 51, and Note 54.

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

in € thousand	31 Dec 2023 Directors' fees	31 Dec 2023 Performance related remuneration	31 Dec 2022 Directors' fees	31 Dec 2022 2022 performance related remuneration	31 Dec 2022 2021 performance related remuneration	31 Dec 2022 Interim period related remuneration
Rüdiger Dany[1]	70	101	343	-	200	200
Eliza Predoiu[2]	70	54	63	-	-	-
Marek Noetzel[3]	70	60	137	-	225	-
Alex Morar[4]	-	-	15	-	-	-
Mirela Covasa[5]	-	-	12	-	-	-
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	**867**	**215**	**1,227**	**-**	**425**	**200**

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 Chief Executive Officer and from 1 June 2022 he was confirmed in his role on a permanent basis.

2 Ms Eliza Predoiu was appointed as interim Chief Financial Officer 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.

Information on shares held by the Directors in the Group SPS and LTSIP is disclosed in note 17.

57. SUBSEQUENT EVENTS

The Board proposes to add the Profit after tax to Accumulated profit.

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). Shareholders can also elect for the settlement of the same dividend amount as an ordinary cash distribution out of distributable profits.

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

The Directors are not aware of any other subsequent events from 31 December 2023 and up to the date of signing these financial statements which are likely to have a material effect on the financial information contained in this report.

OTHER INFORMATION

PHOTO: PARADISE CENTER

Provisions in the Articles of Association relating to profit

Pursuant to article 26 of the Articles of Association of the Company, the Board may appropriate the profits realised during a financial year to form reserves or distribute them to shareholders, subject to applicable law. To the extent permitted by applicable law all sums standing to reserves may be applied from time to time, at the discretion of the Board, for any other purpose to which the profits of the Company may properly be applied. Pending such application, the reserves may either be employed in the business of the Company or be invested in such investments as the Board thinks fit so that it shall not be necessary to keep any investment constituting the reserve separate or distinct from any other investment of the Company. A proposal to pay a distribution will be dealt with as a separate agenda item at the General Meeting. Distributions from the Company's distributable reserves are made pursuant to a resolution of the Board and will not require a resolution from the General Meeting. The Company's policy on reserves and dividends shall be determined and can be amended by the Board. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting under a separate agenda item.

PHOTO: GALERIA WARMINSKA

Independent Auditors' reports

To: the shareholders and the board of directors of NEPI ROCKCASTLE N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2023 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2023 of NEPI ROCKCASTLE N.V. based in Amsterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of NEPI ROCKCASTLE N.V. as at 31 December 2023, and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU–IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the consolidated and separate statement of financial position as at 31 December 2023
- the following statements for 2023: the consolidated and separate statements of comprehensive income, changes in equity and cash flows
- the notes comprising material accounting policy information and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of NEPI ROCKCASTLE N.V. (the company or the group) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

NEPI ROCKCASTLE N.V. is a multinational owner and operator of shopping centers in Central and Eastern Europe, with presence in nine countries and an investment portfolio of €6.8 billion.

The group is structured in components, and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group, as set out in our Key Audit Matter, and in our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€66 million (2022: €60 million)
Benchmark applied	1.5% of total shareholders' equity as at 31 December 2023
Explanation	We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. We consider total equity an important metric for the financial position of the company. We determined materiality consistent with previous year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee of the board of directors (hereinafter: the audit committee) that misstatements in excess of €3.3 million which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

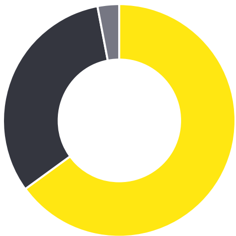
NEPI ROCKCASTLE N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. Following our assessment of the risk of material misstatement to NEPI ROCKCASTLE N.V.'s financial statements, we have selected 25 components which required an audit of the complete financial information (Full Scope components). Additionally, we selected 29 components requiring audit procedures on specific account balances or specified audit procedures on significant accounts that we considered had the potential for the greatest impact on the financial statements (Specific or Specified Scope components). Furthermore, we performed centralized review procedures on an additional 9 components. For the remaining components, we performed selected other procedures, including analytical review to respond to potential risks of material misstatements to the financial statements that we identified.

We sent instructions to component auditors, covering the significant areas and the information required to be reported to us. Based on our risk assessment, we determined the level of involvement in component audits. We have visited the component team in Romania, reviewed key local working papers and conclusions, met with local management teams and obtained an understanding of key processes. We interacted regularly with the component team during various stages of the audit, and evaluated the reporting from component auditors. Together, the full, specific, and review scope procedures represent 99% of the group's investment properties, and 99% of total rental revenues.

INVESTMENT PROPERTIES



RENTAL INCOME

Full scope   Specific or specified scope   Review scope   Other procedures

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the real estate industry. We included specialists in the areas of IT audit, forensics, and income tax and have made use of our own experts in the area of valuations of real estate in the various countries of operations.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO2 footprint. The board of directors summarized the company's commitments and obligations in relation to climate change and reported in the 'Directors' Report' and the 'Sustainability Report' how the company is addressing climate-related and environmental risks.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the Company's commitments and (constructive) obligations, are taken into account in estimates and significant assumptions. Furthermore, we read the annual report and considered whether there is any material inconsistency between the non-financial information and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgments, estimates or significant assumptions as at 31 December 2023.

To: the shareholders and the board of directors of NEPI ROCKCASTLE N.V.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the board of directors' process for responding to the risks of fraud and monitoring the system of internal control, as well as the outcomes.

We refer to the risk management & compliance section of the annual report for the board of directors' risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of ethics, whistleblowing policy and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets, and bribery and corruption, in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 4. 'Significant accounting estimates and judgements in applying accounting policies' of the notes to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks, we presumed that there are risks of fraud in revenue recognition from investment properties. We considered the risk of recognition of gross rental income and service charge income, including lease incentives and indexations, in the correct period. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk. These procedures included use of correlation related data analytics, reconciliation of rent rolls to reported revenue, and analysis of underlying lease agreements, for terms and conditions that would have an impact on revenue recognition.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources and regional directors, and the Board of Directors.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of directors, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. In case of potential non-compliance with laws and regulations that may have a material effect on the financial statements, we assessed whether the company has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting and, where relevant, whether the company implemented remediation plans. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
As disclosed in section 'Statement of compliance' in Note 2 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism. We considered whether the board of directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated our key audit matter to the audit committee. The key audit matter is not a comprehensive reflection of all matters discussed.

Valuation of investment property in use

Risk	The investment property in use of NEPI ROCKCASTLE N.V. comprises of income generating assets in Central and Eastern Europe (''CEE''). The total investment property in use as at 31 December 2023 amounts to €6.6 billion (2022: €6.3 billion) representing 87% (2022: 89%) of total assets. The portfolio consists mainly of retail properties. As disclosed in section 'Valuation of investment property' in Note 4 to the financial statements, the fair value of investment property in use is determined by management's external appraisers using the Income method. The Income method involves assumptions of the following inputs to the valuation: estimated rental value from the properties, including an exit, or terminal value, discount rate and capitalisation rate for these cash flows. The valuation of investment property in use has been identified as a key audit matter, considering its inherently judgmental nature and its significance to the financial statements as a whole. Specialist expertise is required to value the investment properties in use and requires the use of significant judgement in relation to the stated assumptions used as inputs to the valuation. The use of different valuation inputs could produce significantly different estimates of fair value. In the current financial year, the macroeconomic environment in Europe — characterised by high inflation, interest rate hikes, and geopolitical instability — have resulted in increased judgement being applied by management's external appraisers relating to the assumptions used in the valuation of investment properties and thus required significant audit attention, as disclosed in Note 5 to the financial statements. The disclosures are set out in the consolidated financial statements in Note 8 to the financial statements.
Our audit approach	Our audit procedures included, among others, the following: • We obtained an understanding and evaluated management's internal process for determining the fair value of investment property in use; • We evaluated whether the Income method used by management's external appraisers is appropriate in the context of generally accepted property valuation techniques in the real estate market and EU-IFRSs; • We assessed the competence, capability and objectivity of management's external appraisers, referring to their qualifications, relevant industry experience and certification by the Royal Institution of Chartered Surveyors ("RICS"); • We engaged our own valuation specialists, who have experience and understanding of the local markets, to assess the reasonability of valuation of the investment property in use. This included evaluating the assumptions made by management in determining the discount rate and capitalisation rate, particularly in light of the effects of the current macroeconomic market conditions in Europe on market-related assumptions. We carried this out by assessing and, where possible, testing the reasonability of assumptions against independent market data; • We assessed the reasonability of the estimated rental value used by management's external appraisers by agreeing a sample of the inputs used by the external appraisers with contractual documentation and rent roll data; • We evaluated the appropriateness of the disclosures in terms of the requirements of IAS 40, Investment Property and IFRS 13, Fair Value Measurement which includes evaluating the sensitivity of the assumptions on the fair value of the investment property in use.
Key observations	Based on our procedures performed, we consider the valuation of investment property in use and related disclosures in the financial statements reasonable in the context of EU-IFRSs.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub–section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The Board of Directors is responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub–section 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

Engagement

We were engaged by the Audit Committee as auditor of NEPI ROCKCASTLE N.V. on 6 September 2022, as of the audit for the year 2022 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

NEPI ROCKCASTLE N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by NEPI ROCKCASTLE N.V. complies in all material respects with the RTS on ESEF.

The board of directors is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the board of directors combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the Company's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - » Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - » Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of the Board of Directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The audit committee assists the board of directors in fulfilling its responsibilities for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, the Netherlands, 20 March 2024

Ernst & Young Accountants LLP

Signed by M. J. Noordhoff

Independent Auditor's Report

To the Shareholders of NEPI Rockcastle N.V.

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of NEPI Rockcastle N.V and its subsidiaries ('the group') set out on pages 248 to 315, which comprise of the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter applies solely to the audit of the consolidated financial statements.

Key Audit Matter	How the matter was addressed in the audit
The investment property in use of NEPI Rockcastle N.V. comprises of income generating assets in Central and Eastern Europe (''CEE''). The total investment property in use as at 31 December 2023 amounts to €6.6 billion (2022: €6.3 billion) representing 87% (2022: 89%) of total assets. The portfolio consists mainly of retail properties. As disclosed in section 'Valuation of investment property' in Note 4 to the consolidated financial statements, the fair value of investment property in use is determined by management's external appraisers using the income approach applying the discounted cash flow ("DCF") method. The DCF method involves assumptions of the following inputs to the valuation: estimated market rental value from the properties, including an exit, or terminal value, discount rate and capitalisation rate for these cash flows. The valuation of investment property in use has been identified as a key audit matter, considering its inherently judgmental nature and its significance to the financial statements as a whole. Specialist expertise is required to value the investment property in use and requires the use of significant judgement in relation to the stated assumptions used as inputs to the valuation. The use of different valuation inputs could produce significantly different estimates of fair value. In the current financial year, the macroeconomic environment in Europe — characterised by high inflation, interest rate hikes, and geopolitical instability — have resulted in increased judgement being applied by management's external appraisers relating to the assumptions used in the valuation of investment properties and thus required significant audit attention. The disclosures are set out in the consolidated financial statements in Note 8.	Our audit procedures included, among others, the following: • We obtained an understanding and evaluated management's internal process for determining the fair value of investment property in use; • We evaluated whether the valuation technique used by management's external appraisers is appropriate in the context of generally accepted property valuation techniques in the real estate market and International Financial Reporting Standards; • We assessed the competence, capability and objectivity of management's external appraisers, referring to their qualifications, relevant industry experience and certification by the Royal Institution of Chartered Surveyors ("RICS"); • We engaged our internal valuation specialists, who have experience and understanding of the local markets, to assess the reasonability of management's valuation of the investment property in use. This included evaluating the assumptions made by management in determining the discount rate and capitalisation rate, particularly in light of the effects of the current macroeconomic market conditions in Europe on market-related assumptions. We carried this out by assessing and, where possible, testing the reasonability of assumptions against independent market data; • We assessed the reasonability of the estimated market rental value used by management's external appraisers by agreeing a sample of the inputs used by the external appraisers with contractual documentation and rent roll data; • We evaluated the appropriateness of the disclosures in terms of the requirements of IAS 40, Investment Property and IFRS 13, Fair Value Measurement which includes evaluating the sensitivity of the assumptions on the fair value of the investment property in use.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 335 pages document titled "NEPI Rockcastle Annual Report 2023", which includes the Directors' report and the Statement of Directors' responsibilities. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

» continued

To the Shareholders of NEPI Rockcastle N.V.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards**,** and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of NEPI Rockcastle N.V. for two years.

Ernst & Young Inc.
Director – Gerhardus J van Deventer CA(SA)
Registered Auditor

20 March 2024

102 Rivonia Road
Sandton
South Africa

Schedule of properties

Properties located in Hungary, Lithuania, Poland, Croatia, Czech Republic, Serbia and Slovakia have been fair valued by Cushman and Wakefield. Properties located in Romania and Bulgaria have been fair valued by Colliers International.

	Property name	Year opened/ acquired	Extension/ Refurbishment	Type	Location
	INCOME PRODUCING PROPERTIES AND HELD FOR SALE				
	INCOME PRODUCING PROPERTIES				
	RETAIL				
1	Bonarka City Center ^	2009/2016	2020/2021/2022/2023	Super-Regional Mall	Poland
2	Mega Mall	2015	2019	Super-Regional Mall	Romania
3	Arena Mall	2007/2017		Super-Regional Mall	Hungary
4	Forum Gdansk Shopping Center	2018/2022		Lifestyle Centre	Poland
5	Paradise Center	2013/2017	2019/2020/2021	Super-Regional Mall	Bulgaria
6	Arena Centar And Retail Park	2010/2016/2019	2019	Super-Regional Mall	Croatia
7	Mammut Shopping Centre^^	1998-2001/2018		Regional Mall	Hungary
8	City Park	2008/2013	2015/2016	Regional Mall	Romania
9	Promenada Bucharest	2013/2014	2022	Lifestyle Centre	Romania
10	Serdika Center	2010/2017		Regional Mall	Bulgaria
11	Aupark Kosice Mall	2011/2014		Regional Mall	Slovakia
12	Focus Mall Zielona Gora	2008/2016	2021	Regional Mall	Poland
13	Karolinka Shopping Centre	2008/2015	2019	Regional Mall	Poland
14	Galeria Warminska	2014/2016		Regional Mall	Poland
15	Promenada Craiova	2023		Regional Mall	Romania
16	Ozas Shopping and Entertainment Centre	2009/2018	2020	Regional Mall	Lithuania
17	Shopping City Sibiu	2006/2016	2019	Super-Regional Mall	Romania
18	Shopping City Timisoara	2015-2016		Regional Mall	Romania
19	Shopping City Galati	2013	2017	Regional Mall	Romania
20	Ploiesti Shopping City	2012/2022		Regional Mall	Romania
21	Galeria Mlyny	2009/2018		Regional Mall	Slovakia
22	Aupark Zilina	2010/2013		Regional Mall	Slovakia
23	Copernicus Shopping Centre	2005/2015/2022		Regional Mall	Poland
24	Promenada Sibiu	2019		Regional Mall	Romania
25	Iris Titan Shopping Center	2008/2015		Community Centre	Romania
26	Shopping City Targu Mures	2020		Regional Mall	Romania
27	Shopping City Deva	2007/2013	2015	Regional Mall	Romania
28	Braila Mall	2008/2009	2011/2012/2016/2019	Regional Mall	Romania
29	Forum Liberec Shopping Centre	2009/2016	2019/2020	Regional Mall	Czech Republic
30	Alfa Centrum Bialystok	2008/2017		Regional Mall	Poland
31	Forum Ústí nad Labem	2009/2016	2019	Regional Mall	Czech Republic
32	Vulcan Value Centre	2014	2020	Community Centre	Romania
33	Solaris Shopping Centre	2009/2015	2019	Regional Mall	Poland
34	Shopping City Buzau	2008/2014	2019/2020	Regional Mall	Romania
35	Shopping City Satu Mare	2018		Regional Mall	Romania
36	Shopping City Piatra Neamt	2016		Regional Mall	Romania
37	Shopping City Ramnicu Valcea	2017	2023	Regional Mall	Romania
38	Pogoria Shopping Centre	2008/2015	2019	Regional Mall	Poland
39	Shopping City Targu Jiu	2014		Regional Mall	Romania
40	Platan Shopping Centre	2003/2015	2018	Regional Mall	Poland
41	Aura Centrum	2005/2018		Regional Mall	Poland
42	Galeria Wolomin	2016	2017/2022	Regional Mall	Poland
43	Severin Shopping Center	2009/2013	2015/2016	Regional Mall	Romania
44	Aupark Shopping Center Piestany	2010/2016		Community Centre	Slovakia
45	Korzo Shopping Centrum	2010-2011/2016		Community Centre	Slovakia
46	Focus Mall Piotrkow Trybunalski	2009/2016		Regional Mall	Poland
47	Pitesti Retail Park	2007/2010	2011	Community Centre	Romania
48	Galeria Tomaszow	2016		Regional Mall	Poland
49-55	Regional strip centres	2007-2014	2018/2019	Strip Centres	Romania
	OFFICE				
56	Serdika Office	2011/2017		Office	Bulgaria
57	Aupark Kosice Tower	2012/2014		Office	Slovakia
	INDUSTRIAL				
58	Rasnov Industrial Facility	2007		Industrial	Romania
	HELD FOR SALE				
59	Promenada Novi Sad	2018		Regional Mall	Serbia
60	Otopeni Warehouse	2010		Industrial	Romania

The Schedule of properties excludes non-core property held for sale with a market value of €0.6 million, from Romania.
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 not included in the above fair values.
**Annualised passing rent was computed based on the contractual rents effective as of 31 December 2023. This amount includes €3.2 million additional variable rent of a permanent nature related to Romanian properties. This €3.2 million are not included in EPRA NIY and "topped-up" NIY.*
^ Auchan, a major tenant, owns their premises of 20,600m². Total GLA of the property including this premises is 96,900m².
^^ The centre offers 61,200m² of total GLA, out of which 57,400m² owned by the Group.

		Type	Location
	TOTAL DEVELOPMENTS AND LAND BANK		
	RETAIL DEVELOPMENTS UNDER CONSTRUCTION		
9	Promenada Bucharest	Extension	Romania
1	Bonarka City Center ^	Refurbishment	Poland
20	Ploiesti Shopping City	Extension	Romania
42	Galeria Wolomin	Extension	Poland
38	Pogoria Shopping Centre^	Extension	Poland
3	Arena Mall^	Refurbishment	Hungary
	DEVELOPMENTS UNDER PERMITTING AND PRE-LEASING*		
61	Promenada Plovdiv	New development	Bulgaria
62	Galati Retail Park	New development	Romania
	Land held for developments		

^ Refurbishment and extension costs are allocated on the existing properties, which are presented above in the Schedule of income producing properties. The properties (including the refurbishment costs) are subject to fair valuation at half year and year-end.
** Amounts included in this schedule are estimates and may vary according to permitting, pre-leasing and final configuration of the completed development projects.*

Ownership	GLA m²	Valuation/ Cost to date €m	Annualised Passing Rent* €m	Average rental €/ m²/ month	EPRA Occupancy
	2,238,800	**6,721.9**	**497.0**	**19.0**	**97.8%**
	2,185,300	**6,570.7**	**484.2**	**19.0**	**97.8%**
	2,121,000	**6,491.7**	**478.8**	**19.2**	**97.9%**
100%	76,300	398.0	24.3	27.2	97.6%
100%	75,900	322.3	21.7	24.2	98.6%
100%	65,900	305.6	20.2	26.1	96.0%
100%	63,500	296.2	18.7	25.5	97.9%
100%	83,100	284.5	23.4	23.5	100.0%
100%	75,300	281.8	20.7	24.2	92.4%
100%	57,400	265.3	16.2	26.0	92.3%
100%	51,900	229.6	16.2	26.1	99.6%
100%	39,300	201.0	14.5	31.0	99.2%
100%	52,200	188.3	14.9	23.8	100.0%
100%	33,100	174.6	11.5	30.5	94.7%
100%	44,100	160.8	11.0	21.9	95.1%
100%	67,500	159.5	11.5	14.3	99.1%
100%	42,900	159.5	11.0	21.5	99.8%
100%	63,700	157.9	10.3	13.8	98.6%
100%	68,400	155.9	14.0	17.1	100.0%
100%	83,700	151.8	12.7	12.8	98.1%
100%	57,000	146.4	11.5	16.9	99.4%
100%	49,200	144.9	10.9	18.8	98.5%
100%	46,800	139.5	10.0	17.9	99.8%
100%	32,500	133.7	9.0	25.2	93.2%
100%	25,100	133.2	9.3	31.8	97.5%
100%	48,000	123.5	9.9	17.3	99.2%
100%	42,500	116.2	9.3	18.8	97.8%
100%	43,100	112.7	9.7	18.8	100.0%
100%	40,200	103.3	8.0	16.7	99.7%
100%	50,700	99.7	8.0	13.1	100.0%
100%	52,900	96.7	7.8	12.3	99.6%
100%	46,400	90.5	5.9	11.0	96.0%
100%	37,200	90.1	7.8	18.1	97.2%
100%	27,800	89.3	6.2	18.8	98.1%
100%	25,000	79.1	5.7	19.1	99.2%
100%	26,400	77.0	6.4	20.6	97.3%
100%	23,700	69.5	5.0	17.8	99.1%
100%	29,400	65.4	5.1	14.7	97.6%
100%	28,000	64.7	4.9	14.6	99.7%
100%	29,200	63.3	4.8	13.8	98.6%
100%	37,700	62.2	5.8	13.1	97.1%
100%	27,200	61.0	4.8	14.8	99.4%
100%	39,900	58.4	5.4	11.5	96.0%
100%	25,400	57.4	5.8	19.3	99.3%
100%	30,700	50.5	4.5	12.4	97.7%
100%	23,200	46.3	3.5	12.7	99.1%
100%	10,300	43.1	2.8	23.9	94.3%
100%	16,300	40.5	3.5	18.1	97.9%
100%	35,100	39.6	5.0	12.3	97.5%
100%	21,500	27.1	2.7	10.5	98.0%
100%	18,200	25.4	3.0	13.8	99.8%
100%	30,200	48.9	4.0	11.0	99.5%
	41,300	**66.6**	**4.2**	**12.7**	**92.4%**
100%	28,500	45.7	2.5	14.0	89.7%
100%	12,800	20.9	1.7	11.1	98.9%
	23,000	**12.4**	**1.2**	**6.0**	**72.9%**
100%	23,000	12.4	1.2	6.0	72.9%
	53,500	**151.2**	**12.8**	**20.6**	**99.9%**
100%	49,200	145.6	12.3	21.6	100.0%
100%	4,300	5.6	0.5	9.8	98.6%

Ownership	GLA of existing property m²	GLA of development m²	Valuation/Cost to date €m
	296,700	**168,800**	**198**
	296,700	**75,100**	**106**
100%	39,300	55,400	102
100%	76,300	4,700	-
100%	46,800	7,400	0.4
100%	30,700	2,800	3
100%	37,700	4,800	-
100%	65,900	-	-
	-	**93,700**	**57**
100%	-	60,500	30
100%	-	33,200	27
			35

Glossary

Collection rate: operational performance indicator computed as cash collected relative to the Gross rental income and Service charge income as recognised in the Consolidated Financial Statements (adjusted for accruals and 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 authorisations 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 associated to right of use assets– 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

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	JSE Auditors **Ernst & Young Inc.** 102 Rivonia Road Sandton, Private Bag X14 Sandton, Johannesburg 2146, South Africa
JSE Sponsor	**Java Capital** 6A Sandown Valley Crescent, Sandton, 2196, JHB

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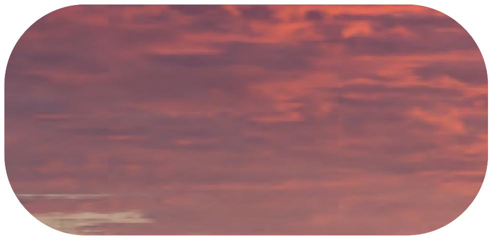

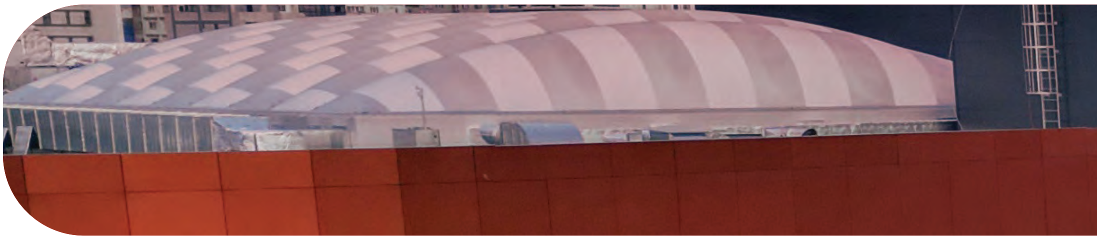

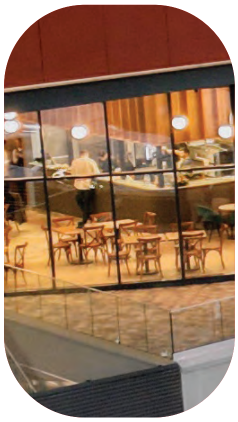

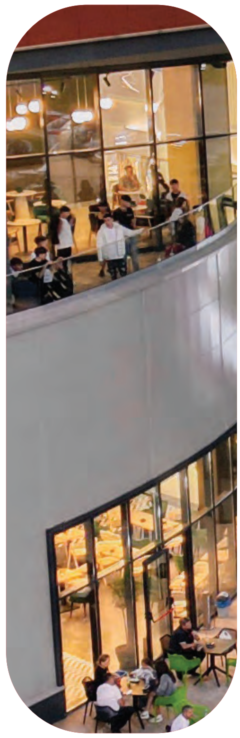

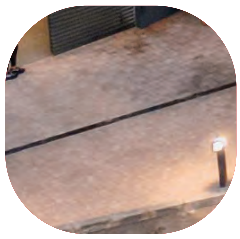

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