DIRECTORS’ COMMENTARY

CEO STATEMENT

“The Company continued to perform strongly in the first half (H1) of this year delivering a year-on-year rise of 13.5% in net operating income (NOI), amid clear signs that the economic outlook for our core Central and Eastern European markets is stabilising and consumer confidence is improving. Tenant sales increased across all retail categories in our shopping centres, underlining the attractiveness of our locations and the resilience of the CEE consumer. Base rents and turnover rents are going up, while recoveries of operating costs and occupancy cost ratio (OCR) remains at sustainable levels.

Strong underlying rental growth resulted in higher NOI forecasts and, in turn, higher valuations. NEPI Rockcastle’s portfolio was valued at €7 billion, contributing to a conservative loan-to-value ratio of 32.2%. We continue to be very prudent in our liability management and secured the resources to repay the €500 million bond maturing in November 2024 almost a year in advance. This sound financial position enables the Company to continue distributing 90% of earnings as dividends and the better-than-expected results led us to upgrade our guidance for this year’s growth in distributable earnings per share from 4% to 5.5%.”

Rüdiger Dany, Chief Executive Officer (CEO)

BUSINESS HIGHLIGHTS

Distributable earnings per share increased by 5.6% in the first half-year

- Distributable earnings per share (‘DEPS’) were 30.12 eurocents for the six months to 30 June 2024, 5.6% higher than in H1 2023.
- The Board has declared a dividend of 27.11 eurocents per share for H1 2024, corresponding to a 90% dividend pay-out ratio, to be settled in cash, as capital repayment (default option). Shareholders may also elect for the settlement of the same dividend amount as ordinary cash distribution out of distributable profits. Alternatively, subject to the receipt of the relevant regulatory approvals, shareholders may elect to receive an amount of 27.11 euro cents per share, corresponding to a 90% pay-out ratio, as a return of capital by way of an issue of new shares, each credited as fully paid up (scrip issue), based on the ratio that 27.11 euro cents per share bears to the scrip reference price.

Higher rents (including turnover rent) and lower operating expenses drive up NOI by 13.5% (10% LFL)

- NOI increased 13.5% to €274 million in H1 2024 (H1 2023: €241 million). On a like-for-like (‘LFL’) basis, NOI was 10% higher in H1 2024 compared to H1 2023, excluding the impact of developments completed after 30 June 2023 (Promenada Craiova and photovoltaic plants) and the industrial property sold in January 2024 (Otopeni Warehouse and Logistics).
- Property operating expenses decreased by 3.3% between H1 2023 and H1 2024, driven by lower energy costs and operational efficiencies. The recovery rate increased from 93% to 94%.

Footfall stabilised but tenant sales continue to grow robustly

- Footfall in H1 2024 was 1% higher than H1 2023, in LFL properties.
- Tenant sales in H1 2024 increased by 8.7% compared to H1 2023 (LFL, excluding hypermarkets). The average basket size was 8.2% higher over the same period.
- The collection rate for H1 2024 reported revenues reached 97% by end of July.
- European Public Real Estate Association (‘EPRA’) occupancy rate was 97.7% on 30 June 2024 (for retail properties).

Bond repayment needs met well in advance through unsecured funding. Loan-to-value ratio (‘LTV’) of 32.2% remains conservative

- The Group had a strong liquidity position of almost €1.3 billion on 30 June 2024, consisting of cash and cash equivalents of €672 million and undrawn available credit facilities of €620 million.
- Available cash, which includes €387 million representing the first tranche of a green financing agreement with the IFC, more than covers the repayment of a €500 million bond maturing in November 2024. Except for this bond, the Company has no significant debt maturities until October 2026.
- On 30 June 2024, the property portfolio was independently valued by external appraisers, resulting in a fair value gain of €134 million (+2% compared to 31 December 2023). The valuation uplift is the result of stronger operational performance of our shopping centres.
- LTV was 32.2% on 30 June 2024, the same as of 31 December 2023 and comfortably below the 35% strategic threshold.
- The Group has an investment grade credit rating of BBB+ from Fitch (stable outlook) and BBB from S&P (stable outlook).
- EPRA Net Reinstatement Value (‘NRV’) per share was €7.23, a 3.6% increase on 31 December 2023.
- In July 2024, the Group entered into a binding agreement to sell its only retail asset in Serbia, Promenada Novi Sad, for a consideration of €177 million (book value: €145.6 million) payable on the completion date. The difference between the transaction value less transaction costs (including tax effect) and the book value represents a premium on disposal (estimated 18% premium to book value). The transaction, which is conditional on fulfilment of customary approvals and conditions precedent, is expected to be completed by the end of 2024. The net proceeds from the disposal will be used to fund NEPI Rockcastle’s pipeline of acquisitions and developments.

OPERATING PERFORMANCE

Trading update

After a small increase in first quarter (‘Q1’) of 2024 (+2% vs Q1 2023), footfall stabilised in second quarter (‘Q2’), at levels close to the same months in 2023 (on a LFL basis). The month-on-month variances were less than +/-0.5% in each of April, May and June. This relative stability is a welcome sign that economic uncertainties are not impacting adversely on visits to NEPI Rockcastle’s properties.

The average basket size continued to grow robustly (+8.2% in H1 2024 vs H1 2023), reinforcing the trend that started in the aftermath of the Covid-19 pandemic, of people paying fewer visits to shopping centres but spending more per visit. It also reflects improving consumer confidence in our region after a period of relatively high inflation and economic insecurity.

DIRECTORS' COMMENTARY » continued

The combination of the above resulted in H1 2024 LFL tenant sales that were 8.7% higher than H1 2023. This growth easily outpaced inflation, which has seen a decline in 2024. Tenant sales improved in all retail categories, with Health & Beauty (+16.2%) and Services (+13.7%) being the strongest performers. Sales in the largest segment, Fashion, were 7.4% higher.

Strong tenant sales helped to keep occupancy cost ratio ('OCR') at the same level (12.9%, excluding hypermarkets) as in H1 2023, despite rents and tenants' contributions to operating expenses increasing.

Leasing activity

The Group signed 559 new leases and lease extensions for a total area of 127,950m² in H1 2024. There were 203 new leases, accounting for 46,700m², of which 73% were signed with international retailers, attracted to the growth potential that the CEE markets offer.

The average rental uplift in H1 2024 was 3.6% above indexation, underpinned by continued strong demand for space in the Group's shopping centres, in turn leading to higher rents. EPRA retail vacancy was 2.3% in H1 2024.

Significant new leases signed in H1 2024 include Half Price (Solaris Shopping Centre), New Yorker (Pogoria Shopping Centre), Fashion & Friends (Arena Centar), Stradivarius (Karolinka Shopping Centre), Zara Home (Serdika Center), JD (Ozas Shopping and Entertainment Centre), Rituals (Mega Mall), Chanel (Forum Gdansk).

New units opened in H1 2024 include Primark (Arena Mall), Peek & Cloppenburg (Paradise Center), Martes (Pogoria Shopping Centre), Stay Fit Gym (Shopping City Sibiu), Action (Galeria Mlyny), Victoria's Secret (Mega Mall).

DEVELOPMENT UPDATE

NEPI Rockcastle invested approximately €70 million in development costs and capital expenditure ('capex') in H1 2024.

Works at development projects under construction are on schedule and within budget. The extension of Promenada Bucharest is expected to open in Q4 2026. Lease terms were agreed for 66% of the additional GLA. The 7,400m² extension of Ploiesti Shopping City is due to open by the end of 2024, with lease terms agreed for 96% of the additional GLA. Works on the refurbishment of Arena Mall Budapest started in April 2024 and will be completed in Q2 2028. Lease terms were agreed for 90% of the refurbished GLA.

The building permit for Promenada Mall Plovdiv, a 60,500m² GLA greenfield development in Bulgaria's second largest city, is expected to be obtained in Q4 2024, with construction starting before the year end. Completion is estimated in Q4 2026. The strong interest from retailers has resulted in NEPI Rockcastle already agreeing lease terms for 47% of the GLA.

After the success of the Group's first residential project, Vulcan Residential (82% of the units already sold by 30 June 2024), NEPI Rockcastle intends to start developing two new residential projects in the major Romanian cities of Brasov and Craiova. The development land is owned by the Group and is adjacent to its retail properties in the two cities. The projects are currently under permitting with completion estimated in Q4 2026.

The installation of photovoltaic panels in 27 retail locations in Romania owned by the Group is now complete. This is the first phase of an ambitious green energy project, that has already produced revenues of €4.1 million in H1 2024 (on a total investment of €34 million). The second phase, involving the roll-out of the same concept in 24 locations outside Romania owned by the Group for a total investment of €15 million, is under various stages of permitting.

In addition, the Group plans to invest approximately €100 million in greenfield, ready-to-build photovoltaic projects in several new locations in Romania, to expand its green energy generating capacity and increase the coverage of electricity consumption needs of its tenants.

The first installations are expected to become operational by the end of 2026 and contribute an additional 159 MW power to the Group's own production capacity. This ambitious project will provide coverage for 80% of the Romanian portfolio energy consumption while reducing the carbon footprint by 36%.

The total cost of projects under construction, or permitting, is €817 million (of which €230 million has already been invested). The planned development and capex for second half of 2024 is approximately €108 million.

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 location and category of the property being assessed.

Appraiser	Locations	Percentage of portfolio
Colliers International	Romania, Bulgaria	48%
Jones Lang LaSalle (JLL)	Poland, Lithuania	29%
Cushman & Wakefield	Hungary, Croatia, Czech Republic, Slovakia	23%

The Company recognised a fair value gain in relation to the investment property portfolio for H1 2024 of €134 million.

DIRECTORS’ COMMENTARY » continued

EPRA Indicators

	30 Jun 2024	31 Dec 2023	30 Jun 2023
EPRA Earnings (€ thousand)*	199,964	362,861	177,599
EPRA Earnings per share (€ cents per share)*	30.26	55.96	27.93
EPRA Net Initial Yield (‘NIY’)**	6.95%	6.94%	7.00%
EPRA topped-up NIY**	6.99%	6.97%	7.08%
EPRA vacancy rate	2.70%	2.20%	2.80%
EPRA Net Reinstatement Value (‘NRV’) (€ per share)	7.23	6.98	6.92
EPRA Net Tangible Assets (‘NTA’) (€ per share)	7.20	6.95	6.89
EPRA Net Disposal Value (‘NDV’) (€ per share)	6.66	6.52	6.59
EPRA Cost ratio (including direct vacancy cost)	9.1%	10.2%	9.6%
EPRA Cost ratio (excluding direct vacancy cost)	9.0%	10.1%	9.4%
EPRA loan-to-value (LTV)	32.4%	33.0%	34.7%

**At 31 December 2023, the non-recurring profit from sale of inventory property was adjusted in the section “Company specific adjustments”. At 30 June 2024, the non-recurring profit from sale of inventory property is presented in “EPRA Earnings” section, to enhance presentation, with the corresponding comparative changed accordingly.*
***Does not include investment property held for sale.*

Funding and liability management

The Company maintained very strong liquidity, with €672 million in cash and €620 million in undrawn committed credit facilities on 30 June 2024 (adjusted for the repayment of the bond maturing in November 2024, liquidity amounts to approximately €800 million). NEPI Rockcastle’s LTV (interest bearing debt less cash, divided by investment property) was 32.2%, comfortably below the 35% strategic threshold.

At the end of June 2024, ratios for unsecured loans and bonds showed ample headroom compared to covenants and were:

- Solvency ratio: 0.40 actual compared to 0.60 maximum.
- Consolidated coverage ratio: 5.68 actual compared to minimum of 2.
- Unencumbered consolidated total assets/unsecured consolidated total debt: 251% actual compared to 150% minimum.

The average interest rate of the Group’s debt, including hedging, was approximately 2.9% during first half of 2024 (30 June 2023: 2.5%). Considering the interest income resulting from the placement of the excess liquidity from the disbursed tranche of the IFC loan, the net average interest rate for Group’s debt was 2.6%. Unsecured debt represented 87% of total debt as at 30 June 2024. The un-hedged balance exposed to variable interest rate corresponds to the disbursed tranche of the IFC loan and represents 12% of the total outstanding debt. Management continually monitors the interest rate market for opportunities to hedge the variable interest rate exposure.

The Group has a long-term corporate credit rating of BBB+ (stable outlook) from Fitch Ratings and BBB (stable outlook) from Standard & Poor’s Rating Services.

In February 2024, the Group extended the maturity of its revolving credit facility with Raiffeisen Bank International until January 2027 and increased the maximum limit to €200 million, with Erste Group Bank joining the facility. Consequently, as at 30 June 2024, the Group’s revolving credit facilities’ capacity amounts to €620 million (31 December 2023: €570 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 mid-February 2024. In April 2024, NEPI Rockcastle signed a €58 million increase to the €387 million facility, bringing the total to €445 million. The disbursement of the additional €58 million is planned for third quarter of 2024. The facility has been put in place for the repayment of the upcoming bond maturing in November 2024.

CHANGE TO THE BOARD OF DIRECTORS, APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms. Jeanine Holscher was appointed as an Independent non-Executive Director of NEPI Rockcastle at the Annual General Meeting of Shareholders held on 14 May 2024. Ms. Holscher possesses over 25 years of leadership experience spanning retail, travel, services industries, and international strategy consulting. Ms. Holscher brings a wealth of leadership experience, having served in various high-profile roles within the retail and service sectors.

MARKET CONTEXT AND OPPORTUNITIES

Resilient economic growth and increasing household consumption in CEE is fuelling demand from international retailers looking for space in NEPI Rockcastle’s core operating markets. The Group is the CEE’s dominant owner, operator and developer of shopping centres in terms of scale and exposure. It continues to be well placed to take advantage of its growing appeal to international retailers as well as pursuing attractive acquisition opportunities in the region.

The retail sector in CEE continues to be one of the highest yielding real estate asset classes on the back of robust operational fundamentals. NEPI Rockcastle will continue to invest in its existing properties and enhance operations to improve asset performance. Attractive merger and acquisition opportunities will be highly complementary to NEPI Rockcastle’s growth story supported by the region’s fundamental growth prospects.

Opportunities for the Group to further optimise its capital structure while, strategically, widening its shareholder base may arise when taking into consideration the current growth context and increasing interest in NEPI Rockcastle from analysts and potential debt and equity providers in several markets. The Group continuously evaluates its financing options, including debt and equity, to support its future growth and assesses market opportunities as they arise.

DIRECTORS' COMMENTARY » continued

DIVIDEND DECLARATION

The Board has declared a dividend of 27.11 euro cents per share for H1 2024, corresponding to a 90% dividend pay-out ratio, to be settled in cash, as a capital repayment (default option). Shareholders can also elect for the settlement of the same dividend amount as a cash dividend out of distributable profits.

Alternatively, subject to the receipt of the relevant regulatory approvals, shareholders may elect to receive an amount of 27.11 euro cents per share, corresponding to a 90% pay-out ratio, as a return of capital by way of an issue of new shares, each credited as fully paid up (scrip issue), based on the ratio that 27.11 euro cents per share bears to the scrip reference price.

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

A circular containing full details of the election being offered to shareholders, accompanied by announcements on the Stock Exchange News Service (SENS) of the JSE, A2X and Euronext Amsterdam will be issued once the relevant regulatory approvals have been obtained.

OUTLOOK

The Company is on track for robust growth in 2024, based on the strong operational results. The Board has revised the guidance released in February 2024 and now expects DEPS for the year to be approximately 5.5% higher than the DEPS of 56.98 cents per share in 2023.

This guidance does not consider any impact of potential geopolitical instability, or major macroeconomic disruptions, and assumes current trading trends continue. In particular, it does not factor in an escalation of the military conflict currently going on in Ukraine that might affect the CEE markets. This guidance can be modified or withdrawn in the future if material changes unfold. This guidance has not been reviewed or reported on by NEPI Rockcastle's auditors and is the responsibility of the Board of Directors.

By order of the Board of Directors

Rüdiger Dany
Chief Executive Officer (CEO)

Eliza Predoiu
Chief Financial Officer (CFO)

20 August 2024

BASIS OF PREPARATION

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024 have been prepared in accordance with the International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

They have been reviewed by EY South Africa who expressed an unmodified review report thereon, with an electronic copy available on https://nepirockcastle.com/wp-content/uploads/2024/08/Interim-Financial-Report-H1-2024.pdf. A copy of the auditors review report is available for inspection at the Company's registered office together with the reviewed Interim Condensed Consolidated Financial Statements identified in the auditors review report. The auditor's review report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's review engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office.

The accounting policies are consistent with those applied for the preparation of the Annual Consolidated Financial Statements as at 31 December 2023.

The directors are responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements, which give a true and fair view on the state of affairs of the Group for the six months ended 30 June 2024, as well as on the comparative periods presented.

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

EPRA MEASURES

EPRA Cost ratio: The purpose of the EPRA Cost ratio is to reflectthe 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 fair value adjustments of investment property, profits or losses on investment property disposals and related tax adjustment for losses on disposals, gains on acquisition of subsidiaries, acquisition costs, fair value and net result on sale of financial investments at fair value through profit or loss and deferred tax expense

EPRA Earnings Per Share: EPRA Earnings divided by the number of shares outstanding at the period or year-end

EPRA Net Reinstatement Value (EPRA NRV): Highlights the value of net assets on a long-term basis. It is computed as the net assets per the statement of financial position, excluding the goodwill, deferred taxation net balance and mark-to-market of interest rate derivatives (which represents assets and liabilities not expected to crystallise in normal course of business)

EPRA Net Tangible Assets (EPRA NTA): Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax

EPRA Net Disposal Value (EPRA NDV): Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax

EPRA Net Initial Yield: Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the portfolio

EPRA 'topped-up' Yield: EPRA Net Initial Yield adjusted in respect of the annualised rent free at the balance sheet date

EPRA Vacancy Rate: Vacancy rate computed based on estimated rental value of vacant space compared to the estimated rental value of the entire property

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

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30 Jun 2024	31 Dec 2023
ASSETS		
Non-current assets	**7 192 556**	**6 993 897**
Investment property	7 022 738	6 824 990
— Investment property in use	6 778 750	6 627 247
— Investment property under development	243 988	197 743
Goodwill	76 804	76 804
Deferred tax assets	63 576	63 555
Other long-term assets	15 801	16 307
Derivative financial assets at fair value through profit or loss	13 637	12 241
Current assets	**806 409**	**458 577**
Trade and other receivables	119 002	93 465
Inventory property	7 329	17 266
Cash and cash equivalents	671 602	338 519
Derivative financial assets at fair value through profit or loss	8 476	9 327
Assets held for sale	**156 246**	**160 915**
TOTAL ASSETS	**8 155 211**	**7 613 389**
EQUITY AND LIABILITIES		
TOTAL SHAREHOLDERS' EQUITY	**4 433 315**	**4 304 761**
Equity attributable to equity holders	**4 433 315**	**4 304 761**
Share capital	6 608	6 608
Share premium	3 030 444	3 137 063
Other reserves	(9 751)	(7 637)
Accumulated profit	1 406 014	1 168 727
Total liabilities	**3 721 896**	**3 308 628**
Non-current liabilities	**2 999 295**	**2 582 925**
Bank loans	897 279	517 898
Bonds	1 488 011	1 485 621
Deferred tax liabilities	507 797	471 691
Lease liabilities	53 996	54 974
Loans from third parties	16 667	16 667
Other long-term liabilities	35 545	36 074
Current liabilities	**720 576**	**722 037**
Trade and other payables	133 677	154 333
Income tax payable	25 919	20 187
Bank loans	16 312	15 823
Bonds	526 390	513 410
Lease liabilities	1 546	1 546
Loans from third parties	16 732	16 738
Liabilities directly associated with assets held for sale	**2 025**	**3 666**
TOTAL EQUITY AND LIABILITIES	**8 155 211**	**7 613 389**
Net Asset Value per share (euro)	6.71	6.51
EPRA Net Reinstatement Value per share (euro)*	7.23	6.98
Number of shares for Net Asset Value/EPRA Net Reinstatement Value	660 826 020	660 826 020

**EPRA Net Reinstatement Value per share (alternative performance measure) is Net Asset Value per share (alternative performance measure) adjusted for the effect of non-monetary balance sheet items, such as deferred tax, goodwill and interest rate derivatives.*

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Jun 2024	30 Jun 2023
Net rental and related income	**273 713**	**241 178**
Gross rental income	278 463	250 963
Service charge income	129 308	133 009
Property operating expenses	(138 112)	(142 794)
Revenue from energy activity	4 054	-
Administrative expenses	(16 476)	(14 265)
Revenues from sales of inventory property	14 167	-
Cost of sales of inventory property	(10 248)	-
EBIT*	**261 156**	**226 913**
Fair value adjustments of investment property	133 926	103 713
Foreign exchange loss	(109)	(169)
Gain on disposal of assets held for sale	386	1 637
Profit before net finance costs and other items	**395 359**	**332 094**
Finance income	8 990	3 095
Finance costs	(46 328)	(34 124)
Bank charges, commissions, and fees	(2 306)	(1 286)
Fair value adjustments of derivatives	(366)	(2 794)
Profit before tax	**355 349**	**296 985**
Income tax expense	**(55 274)**	**(37 436)**
Current tax expense	(17 520)	(16 830)
Deferred tax expense	(37 754)	(20 606)
Profit after tax	**300 075**	**259 549**
Total comprehensive income for the year	**300 075**	**259 549**
Profit attributable to:		
Equity holders of the parent	300 075	259 549
Total comprehensive income attributable to:		
Equity holders of the parent	300 075	259 549
Basic weighted average number of shares	659 308 213	619 549 161
Diluted weighted average number of shares	660 826 020	620 614 293
Basic earnings per share (euro cents) attributable to equity holders	45.51	41.89
Diluted earnings per share (euro cents) attributable to equity holders	45.41	41.82

** 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 (Depreciation and Amortisation are included in Administrative expenses).*

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Other reserves	Accumulated profit	Total
Balance at 1 January 2023	**6 070**	**3 190 735**	**(4 656)**	**706 572**	**3 898 721**
Transactions with owners	**288**	**(18 300)**	**(3 032)**	**(7 670)**	**(28 714)**
— Share capital movements*	18 231	(18 231)	-	-	-
— Earnings distribution – capital repayment**	(18 231)	-	-	-	(18 231)
— Earnings distribution – dividend out of accumulated profit**	-	-	-	(7 670)	(7 670)
— Earnings distribution – impact of foreign exchange hedges**	-	219	-	-	219
— Earnings distribution – scrip issue**	288	(288)	-	-	-
— Shares purchased for LTSIP***	-	-	(5 032)	-	(5 032)
— Share based payment expense	-	-	2 000	-	2 000
Total comprehensive income	**-**	**-**	**-**	**259 549**	**259 549**
— Profit for the period	-	-	-	259 549	259 549
Balance at 30 June 2023 / 1 July 2023	**6 358**	**3 172 435**	**(7 688)**	**958 451**	**4 129 556**
Transactions with owners	**250**	**(35 372)**	**51**	**(6 976)**	**(42 047)**
— Share capital movements*	35 009	(35 009)	-	-	-
— Earnings distribution – capital repayment**	(35 009)	-	-	-	(35 009)
— Earnings distribution – dividend out of accumulated profit**	-	-	-	(6 976)	(6 976)
— Earnings distribution – impact of foreign exchange hedges**	-	(113)	-	-	(113)
— Earnings distribution – scrip issue**	250	(250)	-	-	-
— Shares purchased for LTSIP***	-	-	(126)	-	(126)
— LTSIP reserve release	-	-	177	-	177
Total comprehensive income	**-**	**-**	**-**	**217 252**	**217 252**
— Profit for the period	-	-	-	217 252	217 252
Balance at 31 December 2023 / 1 January 2024	**6 608**	**3 137 063**	**(7 637)**	**1 168 727**	**4 304 761**
Transactions with owners	**-**	**(106 619)**	**(2 114)**	**(62 788)**	**(171 521)**
— Share capital movements*	106 448	(106 448)	-	-	-
— Earnings distribution – capital repayment**	(106 448)	-	-	-	(106 448)
— Earnings distribution – dividend out of accumulated profit**	-	-	-	(62 788)	(62 788)
— Earnings distribution – impact of foreign exchange hedges**	-	(171)	-	-	(171)
— Shares purchased for LTSIP***	-	-	(5 154)	-	(5 154)
— Share based payment expense	-	-	3 040	-	3 040
Total comprehensive income	**-**	**-**	**-**	**300 075**	**300 075**
— Profit for the period	-	-	-	300 075	300 075
Balance at 30 June 2024	**6 608**	**3 030 444**	**(9 751)**	**1 406 014**	**4 433 315**

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

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

RECONCILIATION OF PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS	30 Jun 2024	30 Jun 2023
Profit per IFRS Interim condensed consolidated statement of comprehensive income attributable to equity holders of the parent	**300 075**	**259 549**
Accounting specific adjustments	**(101 031)**	**(78 189)**
Fair value adjustments of investment property	(133 926)	(103 713)
Depreciation and amortisation expense (in relation to property, plant and equipment of an administrative nature)	836	729
Fair value adjustments of derivatives	366	2 794
Amortisation of financial assets	(1 756)	(1 308)
Deferred tax expense	37 754	20 606
Profit from inventory property sale	(3 919)	-
Gain on disposal of assets held for sale	(386)	(1 637)
Antecedent earnings	**-**	**4 340**
Distributable earnings	**199 044**	**181 360**
Number of shares entitled to interim distribution	660 826 020	635 830 268
Distributable earnings per share (euro cents)	**30.12**	**28.52**
Distribution declared	**179 140**	**163 224**
Distribution declared per share (euro cents)*	**27.11**	**25.67**
Earnings not distributed	**19 904**	**18 136**
Earnings not distributed per share (euro cents)	**3.01**	**2.85**
Number of shares entitled to distribution	**660 826 020**	**635 830 268**

** Distributable earnings per share is prepared on a basis that is consistent with SA REIT funds from operations (SA REIT FFO) as set out in the SA REIT Association's Best Practice Recommendations Second Edition.*

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	30 Jun 2024	30 Jun 2023
Net cash flows from operating activities	**199 728**	**203 790**
Expenditure on investment property under development*	(70 366)	(72 688)
Settlements of deferred consideration for prior years acquisitions	-	(1 858)
Proceeds from disposal of assets held for sale	4 403	9 142
Net cash flows used in investing activities	**(65 963)**	**(65 404)**
Payment to acquire shares for LTSIP	(5 154)	(5 032)
Net movements in bank loans, bonds and other long-term liabilities	**379 801**	**(7 506)**
Proceeds from bank loans	387 987	200 000
Repayment of bank loans (including revolving credit facilities)	(8 186)	(207 506)
Other payments	**(171 296)**	**(29 230)**
Repayments of lease liabilities	(978)	(668)
Premium paid on acquisitions of derivatives	(911)	(2 880)
Earnings distribution - Capital repayment and dividend out of accumulated profit**	(169 407)	(25 682)
Net cash flows from / (used in) financing activities	**203 351**	**(41 768)**
Net increase in cash and cash equivalents	**337 116**	**96 618**
Cash and cash equivalents brought forward	338 519	250 631
Cash and cash equivalents carried forward before the adjustment for held for sale assets	**675 635**	**347 249**
Cash and cash equivalents classified as held for sale	(4 033)	-
Cash and cash equivalents carried forward	**671 602**	**347 249**

** Includes also capital expenditure for the existing in use properties.*
*** The Company offers 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.*

RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS	30 Jun 2024	30 Jun 2023
Profit for the period attributable to equity holders of the parent	**300 075**	**259 549**
Fair value adjustments of investment property	(133 926)	(103 713)
Gain on disposal of assets held for sale	(386)	(1 637)
Tax effects of adjustments for investment property and gain on disposal of assets held for sale	22 088	16 220
Headline Earnings	**187 851**	**170 419**
Basic weighted average number of shares	659 308 213	619 549 161
Diluted weighted average number of shares	660 826 020	620 614 293
Headline earnings per share (euro cents)	28.49	27.51
Diluted headline earnings per share (euro cents)	28.43	27.46

LEASE EXPIRY	2024	2025	2026	2027	2028	2029	2030	2031	2032	>=2033	Total
Total based on rental income	2.6%	16.0%	16.2%	13.9%	13.0%	14.6%	6.1%	1.9%	1.5%	14.2%	100.0%
Total based on rented area	1.5%	11.3%	13.8%	12.5%	12.6%	13.7%	6.2%	2.5%	2.2%	23.7%	100.0%

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

RECONCILIATION OF IFRS NET ASSET VALUE TO EPRA NET REINSTATEMENT VALUE	30 Jun 2024	31 Dec 2023
Net Asset Value (per the Statement of financial position)	4 433 315	4 304 761
Deferred tax liabilities	507 797	472 348
Deferred tax assets	(64 238)	(65 885)
Goodwill	(76 804)	(76 804)
Derivative financial assets at fair value through profit or loss	(22 113)	(21 568)
EPRA Net reinstatement value	**4 777 957**	**4 612 852**
Number of shares	660 826 020	660 826 020
Net asset value per share (euro)	**6.71**	**6.51**
EPRA Net reinstatement value per share (euro)	**7.23**	**6.98**

SEGMENTAL ANALYSIS	Romania	Poland	Hungary	Slovakia	Bulgaria	Croatia	Czech Republic	Lithuania	Serbia	Total Segments	Unallocated	Total
Six months ended 30 June 2024												
Net rental and related income	**111 533**	**63 574**	**18 911**	**20 194**	**23 926**	**11 866**	**6 474**	**7 370**	**7 253**	**271 101**	**2 612**	**273 713**
Gross rental and service charge income	159 477	104 084	27 659	29 540	33 695	17 151	10 968	10 233	10 791	**403 598**	4 173	**407 771**
Property operating expenses	(51 998)	(40 510)	(8 748)	(9 346)	(9 769)	(5 285)	(4 494)	(2 863)	(3 538)	**(136 551)**	(1 561)	**(138 112)**
Revenue from energy activity	4 054	-	-	-	-	-	-	-	-	**4 054**	-	**4 054**
Profit before net finance costs and other items	**168 146**	**96 166**	**1 604**	**29 056**	**58 938**	**14 483**	**6 502**	**15 516**	**7 106**	**397 517**	**(2 158)**	**395 359**
Six months ended 30 June 2023												
Net rental and related income	**94 298**	**55 405**	**19 104**	**18 509**	**20 438**	**10 989**	**6 208**	**6 688**	**6 465**	**238 104**	**3 074**	**241 178**
Gross rental and service charge income	151 326	93 654	29 068	29 699	29 877	16 460	9 781	9 900	9 587	**379 352**	4 620	**383 972**
Property operating expenses	(57 028)	(38 249)	(9 964)	(11 190)	(9 439)	(5 471)	(3 573)	(3 212)	(3 122)	**(141 248)**	(1 546)	**(142 794)**
Profit before net finance costs and other items	**186 708**	**26 158**	**6 213**	**29 965**	**47 677**	**18 858**	**8 957**	**5 822**	**6 647**	**337 005**	**(4 911)**	**332 094**
Six months ended 30 June 2024												
Investment property*	2 808 858	1 860 803	560 506	535 323	539 340	292 270	180 910	166 342	-	**6 944 352**	78 386	**7 022 738**
Year ended 31 December 2023												
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**

** The right-of-use assets of €55.5 million, representing long-term land concessions associated to part of the Group's properties located in Poland are included in the above fair values.*
*** 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.*