

RATING ACTION COMMENTARY

Fitch Affirms NEPI Rockcastle at 'BBB+', Outlook Stable

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Fitch Ratings - Warsaw - 13 Oct 2025: Fitch Ratings has affirmed NEPI Rockcastle N.V.'s (NEPI) Long-Term Issuer Default Rating (IDR) and senior unsecured rating at 'BBB+'. The Outlook on the IDR is Stable. Fitch has also affirmed the 'BBB+' senior unsecured rating of the bonds issued by NE Property B.V., which are guaranteed by NEPI.

NEPI's ratings reflect the solid operating performance of its central and eastern European (CEE) retail property portfolio, supported by consumer spending growth, effective asset management and recent acquisitions and developments. The portfolio benefits from high occupancy, stable footfall and rising tenants' sales, albeit with a rising occupancy cost ratio.

The affirmation also reflects NEPI's low net debt/EBITDA and comfortable net interest coverage, despite refinancing low-coupon debt with higher prevailing rates. NEPI has sufficient liquidity to refinance its remaining EUR250 million October 2026 bond maturity.

KEY RATING DRIVERS

Unsecured Bonds Refinancings: In September 2025 NEPI successfully issued its new eight-year EUR500 million bond at a 3.875% coupon. The proceeds were used to prepay 50% of each of the EUR500 million 2026 and 2027 unsecured bonds. We expect the company will address repayment of the remaining EUR250 million of the 2026 bond comfortably before its maturity. NEPI has liquidity headroom including its readily available cash (end-1H25: EUR373 million) and access to EUR690 million of undrawn revolving credit facilities.

Acquisitions Support Development-Led Expansion: NEPI's development pipeline of income-producing assets totals around EUR750 million. Promenada Mall in Bucharest (55,400 sqm of new space) remains NEPI's key project under construction. The project, with completion scheduled for 1Q27, is almost 70% pre-let, and has total capex of EUR290 million. Two new projects in Plovdiv (Bulgaria; 60,500 sqm) and Galati (Romania

62,500 sqm), already 40% and 64% pre-let respectively, are in the permitting phase and the company expects them to be launched in 2026-2027.

NEPI's acquisitions focus on dominant, flagship shopping centres. This strategy attracts top retail brands, who often concentrate on the most successful shopping centres in their respective catchment areas. In 4Q24 NEPI acquired two malls in Poland, Magnolia Park in Wrocław and Silesia City Centre in Katowice, for nearly EUR760 million, yielding gross passing rent of EUR25 million and EUR30 million, respectively.

Green Energy Capex: NEPI plans to spend EUR110 million on photovoltaic projects during 2025-2026, including greenfield farms in Romania. In 2025, 54MW of capacity will be opened, and 105MW substantially developed in 2026. When finished, together with smaller installations on properties' rooftops, the company will have 212MW of installed capacity covering 45% of its electricity needs. We expect this to yield EUR25 million-30 million of income annually when completed and will help meet the company's emissions reduction targets.

Leasing Activity Staying Steady: In 1H25 NEPI signed 727 lease agreements (1H24: 559) covering 7% of total space (1H24: 6%). Renewals and re-lettings achieved an average rent uplift of 5.3% (1H24: 3.6%), on top of indexed passing rents. With typical lease lengths of three to five years, the portfolio's weighted average lease term to earliest break stayed above three years (end-2024: 3.5 years). Retail vacancy by rent was low at 1.6% (end-1H24: 2.3%).

Low Tenant Concentration: NEPI's top 10 tenant concentration is steady and represents around 25% of total rent. LPP (Polish affordable and quality fashion retailer) remains the biggest tenant at 5% of NEPI's rent, followed by Inditex's fashion brands (4%), Carrefour (3.5%), Auchan (3%) and other well-known international and regional retailers.

Ongoing Expansion: Reported net rental income rose 11.9% in 1H25 to EUR302 million, from EUR270 million in 1H24. Like-for-like net rental income - excluding the Magnolia and Silesia acquisitions and the Promenada Novi Sad disposal - increased 4.2%. This was supported by 9% growth in Poland (34% of portfolio by value) and 2.6% in Romania (35%). Hungary (7% of portfolio) was the only market to decline (1%), reflecting refurbishment and re-tenanting at Arena Mall, one of NEPI's two assets there.

Tenants' Sales Rising: Tenants' like-for-like sales grew 3.9% year on year in 1H25 (1H24: 8.7%), outpacing inflation, helped by a 9.7% rise in the average basket size. Stronger tenants' sales supported a rising occupancy cost ratio of 13.1%. The fastest-growing retail

categories were entertainment (up 11.7%) and health and beauty (10.2%), accounting for 2.7% and 13.1% of tenants' sales, respectively. Fashion (41% of tenants' sales) rose 0.7%. Sales declined in sporting goods (down 2.3%) and electronics (2.1%), which together make up 11.3% of tenants' sales. Footfall was essentially flat (down 0.2%).

Strong Financial Profile: We expect NEPI's net debt/EBITDA to remain below 5.1x until 2028 (2024 and 2023: 4.9x) comfortably below the negative rating sensitivity of 7.0x, which reflects the portfolio's net initial yield of around 7.5%. We forecast net interest cover to reduce to 5.6x in 2025 and further to 5.1x in 2028, as the existing lower-coupon debt is gradually refinanced at prevailing rates. The end-1H25 Fitch-calculated loan-to-value ratio was 33%, below the NEPI-calculated strategic threshold of 35%.

PEER ANALYSIS

NEPI's peers include Globe Trade Centre S.A. (GTC, B/Rating Watch Negative) with its EUR2.4 billion portfolio, which benefits from diversification across asset classes with offices (52% of market value), retail (29%) and residential-for-rent in Germany (19%), and Globalworth Real Estate Investments Limited (BBB-/Stable), whose office-focused portfolio is valued at EUR2.5 billion.

NEPI's country risk exposure is the most similar to GTC's, with a presence in eight countries and over 50% of exposure in 'A-' or above jurisdictions. Globalworth's portfolio is almost equally split between Poland (A-/Negative) and Romania (BBB-/Negative). Fitch believes the NEPI's portfolio quality is comparable or slightly better than Globalworth's and GTC's portfolios.

The smaller (EUR1.3 billion, pro forma for the Galio Group takeover) portfolio of Akropolis Group, UAB (BB+/Stable) consists mainly of flagship shopping centres similar to NEPI's but is concentrated on the Baltic region: 60% in Lithuania (A/Stable) and 37% in Latvia (A-/Stable). Other retail-focused central and eastern European rated peers include Romania-focused MAS Plc (BB-/Rating Watch Negative) with a EUR1 billion portfolio and Supernova Invest GmbH (BBB-/Stable) with EUR1.5 billion, owning mainly convenience-led shopping centres and retail parks.

NEPI's Fitch-forecast net debt/EBITDA below 5.1x during 2025-2028 compares favourably with Globalworth's net debt/EBITDA at 8.1x-8.5x during 2025-2028 and GTC's forecast adjusted net debt/EBITDA at 11.5x for 2025, before gradually falling to 7.6x in 2028. Fitch expects Akropolis's net debt/rental-derived EBITDA to be below 5.5x until 2028 after the

acquisition of Galio Group, but its rating is constrained by its asset, tenant and geographic concentrations.

KEY ASSUMPTIONS

Fitch's Key Assumptions Within Our Rating Case for the Issuer:

- Rent changes arising from acquisitions, disposals or developments coming on-stream annualised rather than accounted on a part-year basis
- Like-for-like gross rent increase of 1% in 2H25 and around 2% annually until 2028, due to indexation and rental uplifts on renewed leases
- Around EUR650 million of development capex between 2025 and 2028, EUR50 million annually spent on non-income-producing maintenance and total EUR110 million expensed on green energy projects during 2025-2026
- No acquisitions
- No equity increases; dividend payments at 90% of Fitch-calculated funds from operations during 2025-2028 with no scrip alternative
- New debt at an all-in cost of 4%

RATING SENSITIVITIES

Factors That Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Material expansion in new or existing non-investment-grade countries, either through expansion or through downgrades
- Significant deterioration of operating metrics on a sustained basis, such as higher vacancies
- Increase in leverage with such metrics as loan to value (adjusted net debt/investment properties) consistently exceeding 40% or net debt/EBITDA surpassing 7.0x on a sustained basis
- Net interest cover below 2.5x

- A liquidity score below 1.25x on a sustained basis

Factors That Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Fitch does not expect an upgrade of NEPI to the 'A' rating category, given the retail-focused portfolio and mix of central and eastern European countries,

LIQUIDITY AND DEBT STRUCTURE

At end-1H25 NEPI had EUR373 million of readily available cash (after excluding restricted EUR13 million held on reserve accounts pledged to the secured loans) and access to EUR690 million of available revolving credit facilities (RCFs), all maturing in 2028. The company has no large debt maturities within the next 12 months, only around EUR18 million of loan amortisations. In September 2025 NEPI issued the new EUR500 million 3.875%-coupon unsecured bonds maturing in 2033. The proceeds were used to tender 50% of the EUR500 million bond maturing in October 2026 and 50% of the EUR500 million July 2027 issue.

NEPI's debt is predominantly unsecured. At end-1H25 NEPI's unencumbered investment property pool was valued at EUR6.6 billion (85% of total income-producing assets, by value). Its unencumbered income-producing investment properties/unsecured debt was 2.6x.

ISSUER PROFILE

NEPI is a retail-focused property company with an income-producing portfolio of regionally dominant shopping centres spread over eight central and eastern European countries, valued at EUR7.7 billion at end-June 2025.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			PRIOR ⚡
NEPI Rockcastle N.V.	LT IDR	BBB+ Rating Outlook Stable		BBB+ Rating Outlook Stable
	Affirmed			
senior unsecured	LT	BBB+	Affirmed	BBB+
NE Property B.V.				
senior unsecured	LT	BBB+	Affirmed	BBB+

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub. 03 Aug 2024\)](#)
(including rating assumption sensitivity)

[Corporate Rating Criteria \(pub. 27 Jun 2025\)](#) (including rating assumption sensitivity)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub. 27 Jun 2025\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

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NE Property B.V.

EU Issued, UK Endorsed

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