INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

NEPI ROCKCASTLE

NEPI Rockcastle plc Incorporated and registered in the Isle of Man
Registered number 014178V
Share code: NRP ISIN: IM00BDD7WV31 ("**NEPI Rockcastle**"or "**the Company**" or "**the Group**")

DIRECTORS' COMMENTARY

All information below excludes joint ventures, unless otherwise stated

CEO'S STATEMENT

"After a difficult first quarter, Q2 saw our business fully reopening, driven by good progress in vaccinations and a decline in Covid-19 cases in all CEE countries. Most trading restrictions have been lifted and all GLA is operational. The risk of new restrictions remains, as the spread of new virus variants elsewhere in the world and the slowdown in vaccinations in some CEE countries create the possibility of a new surge in Covid-19 cases during the second half of the year.

Recent trading data is very encouraging and points to a quick recovery. Tenant sales since reopening came very close to 2019 levels and rebounded faster than after the summer reopening of 2020. Retailers and customers adapted to the new circumstances which made the impact of restrictions in 2021 less severe than in 2020. There were no material tenant bankruptcies; occupancy reached 95.6% on 30 June 2021, and a positive trend is expected to continue as retailers are expanding to take advantage of the economic rebound.

More than 99% of reported revenues for FY 2020 have been collected, while significant progress is being made with tenant negotiations for 2021, leading to a collection rate for H1 2021 reported revenues of 94% at mid-August. After repaying secured bank loans of €242 million in H1 2021, available liquidity is close to €1 billion. NEPI Rockcastle will pay 100% of its H1 2021 earnings as dividends, in cash, confirming the strength of the Company's balance sheet.

The Group recently announced several changes to the Board of Directors and executive management team. These are being implemented in an orderly fashion, while maintaining the continuity of the Group's strategy and operations. I have full confidence that the future leadership team will build on the Company's established strengths and consolidate its position as one of CEE's premier real estate operators." Alex Morar, CEO

BUSINESS HIGHLIGHTS

Distributable earnings

- Distributable earnings per share ('DEPS') for the first six months ('H1') ended 30 June 2021 were 17.64 euro cents, 10.3% lower than in H1 2020.
- Net Operating Income ('NOI') in H1 2021 was €155 million, 3% lower than in H1 2020. Excluding the impact of the disposal of the Romanian office portfolio (completed in August 2020), NOI was 4% higher in H1 2021 vs H1 2020. The total value of Covid-19 related discounts granted in H1 2021 was €36.1 million (€47.9 million in H1 2020), while the average number of "closed" days for non-essential stores was 60 (58 "closed" days in H1 2020).
- Other factors contributing to the DEPS decrease include higher finance costs due to maintaining additional liquidity compared to H1 2020.
- The Board of Directors declared a dividend of 17.64 euro cents per share for H1 2021, corresponding to 100% of the distributable earnings per share for this period. The distribution will be paid in cash on 16 September 2021, and further detailed announcements will follow.

Operational highlights

- After a first quarter marked by significant trading restrictions, Covid-19 infection rates in the second quarter ('Q2') declined across Central and Eastern Europe ('CEE'). During May and June 2021 all remaining trading restrictions were lifted and on 30 June 100% of the Group's Gross Lettable Area ('GLA') was operational.
- Vaccination roll-out accelerated during Q2 but recently slowed as new Covid-19 cases dropped to low levels. Most CEE countries had between 35% and 55% of their population fully vaccinated at mid-August. There are no indications yet of a significant pick-up in Covid-19 cases in CEE.
- Footfall in H1 2021 was 106 million, 5.3% higher than in H1 2020 and 31.6% lower than in H1 2019 (considering like-for-like properties comparable in all three periods, footfall in H1 2021 was 77.6 million, 2.2% higher than in H1 2020 and 34.3% lower than in H1 2019). Since the reopening of cinemas and food courts, footfall recovered significantly and reached 90% of 2019 levels in the second half of June.
- Tenant sales recovered even faster than footfall, indicating an increase in the average basket size. Turnover in H1 2021 was 28.1% higher than in H1 2020 and 23.1% lower than in H1 2019 (on a property like-for-like basis, excluding hypermarkets and entertainment). In May and June, when there were no trading restrictions, tenant sales were only 0.4% lower than in the corresponding period of 2019.
- By the end of July, the Group signed 2,400 addenda to lease agreements, representing 71% of rent concessions for H1 2021. The general approach was to commence negotiations on rent concessions after reopening, based on tenants' performance data.
- Collection rate of over 99% for FY 2020 income and 88% for H1 2021 reported revenues (net of concessions granted) as of 30 June 2021. The collection rate for H1 2021 improved to 94% at mid-August.
- EPRA occupancy rate was 95.6% on 30 June 2021.

Financial highlights

- The Group had a strong liquidity position of €950 million on 30 June 2021, including cash and cash equivalents of €380 million and undrawn available credit facilities of €570 million. During H1 2021, the Group repaid five of its secured bank loans from Slovakia and Poland, totalling €242 million. Total liquidity increased to €1.1 billion at 31 July.
- A green unsecured financing agreement of €73.5 million was signed with the International Finance Corporation ('IFC'), for a seven-year maturity. The loan was drawn in July 2021.
- There are no significant debt maturities in 2021 and 2022.
- As of 30 June 2021, the property portfolio was independently valued by external appraisers, resulting in a fair value gain in relation to the investment property portfolio (including Serbian properties held for sale) of €25.5 million (+0.4% relative to property portfolio value at 31 December 2020). This appreciation was driven by increasing NOI and stable yields, signaling a potential shift towards a positive valuation cycle.
- The loan-to-value ratio ('LTV') was 31.8% at 30 June 2021, below the 35% strategic threshold.
- EPRA Net Reinstatement Value per share was €6.50, a 0.8% increase compared to €6.45 on 31 December 2020, mostly due to the positive revaluation of the property portfolio.
- Environmental, Social and Corporate Governance ('ESG') Risk Rating from Sustainalytics improved to 11.4/100 (July 2021) from 12.5/100 (end of 2020); the Group maintained its position as one of the top five rated real estate management companies by Sustainalytics.
- In July 2021, the Group disposed of two Serbian retail properties for a transaction value of €60.8 million (cash proceeds of €60.4 million).

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DIRECTORS' COMMENTARY » continued

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OPERATING PERFORMANCE

Status of trading restrictions and government measures

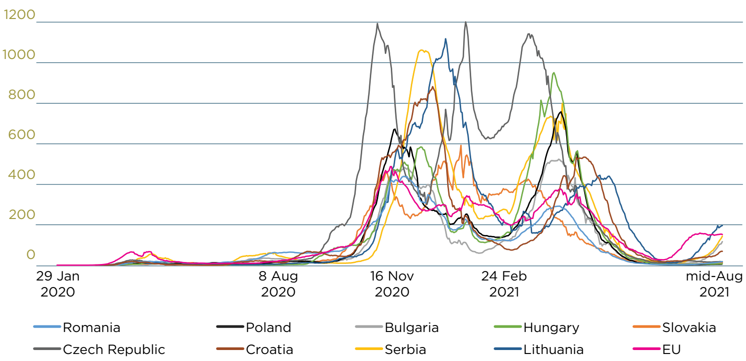
Most CEE countries were at the peak of the Covid-19 pandemic during the first months of 2021, when the number of new infections reached all-time highs. Governments responded by implementing severe restrictions on movement and trading to curb contagion. The restrictions had a significant impact on the operation of the Group's shopping centres. In April, the vaccination programme was accelerated and new cases dropped, leading to the gradual relaxation of restrictions. By 30 June 2021, all portfolio properties were fully operational. Currently the only restrictions affecting shopping centres relate to capacity limits for cinemas and restaurants in certain countries.

On average, throughout H1 2021, non-essential stores were closed for 60 days (approximately 33% of the period), with the longest cumulative periods in Czech Republic (130 days), Slovakia and Lithuania (109 days). Romania and Croatia did not impose generalised closings of non-essential stores in 2021 (only trading restrictions were applied).

The strong decline in new infections (see Chart 1) that started in March-April 2021, together with a similar evolution of the number of fatalities, enabled a full reopening of CEE economies. The evolution was accompanied and facilitated by a pick-up in the vaccination programme (see Chart 2). However, the combination of low infection rates and reopening seems to have decreased concerns about Covid-19 risks, which resulted in a slowdown of the vaccination progress over the last few months. Governments are discussing new measures to encourage more people to get vaccinated, including restrictions for the unvaccinated, which may indirectly affect the Group's business.

Daily new confirmed Covid-19 cases per million people (Chart 1)

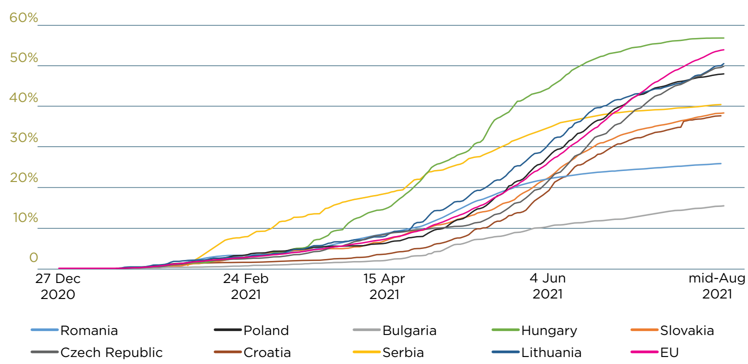
Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.



Source: Johns Hopkins University CSSE Covid-19 Data

Share of population fully vaccinated against Covid-19 (Chart 2)

Total number of people who received all doses prescribed by the vaccination protocol, divided by the total population of the country.



Source: Official data collated by Our World in Data

Tenant support

By the end of July, 71% of the rent concessions for H1 2021 had been agreed. The Group continues to negotiate with those tenants whose operations were disrupted by the trading restrictions imposed during the first part of 2021. After reopening, trading data is being used to inform those negotiations, in accordance with the principles of linking rental concessions to tenant performance and targeting support at the most affected categories.

Trading update

Once restrictions were lifted, the rebound in footfall was stronger than in 2020. In the Group's largest markets, footfall over the last two weeks of June was close to 2019 levels (-1.5% in Romania, -10% in Poland). Countries that restricted movement for longer, such as Hungary or Slovakia, have seen slower progress.

As in 2020, tenant sales outperformed footfall in terms of the comparison with pre-pandemic times. Since mid-May 2021, when most restrictions were lifted, tenant sales are getting closer to 2019 levels. Overall throughout H1 2021 the least affected retail categories were Sporting Goods (-7% vs H1 2019, +45% vs H1 2020) and Health & Beauty (-11% vs H1 2019, +20% vs H1 2020). At the other end of the range, Food and Services categories had 30% lower sales compared to H1 2019 (+26% vs H1 2020).

By country, relative performance depended on the length and severity of restrictions. Serbia was the only country with better turnovers than in 2019 (+8%, and +30% vs H1 2020), while in Romania tenant sales decreased by only 11% vs H1 2019 (+63% vs H1 2020). Slovakia had one of the longest lockdowns of non-essential stores and was the most affected country, with a 50% drop in turnover in H1 2021 vs H1 2019 (-21% vs H1 2020).

Leasing activity

In H1 2021, the Group signed 672 new leases and lease extensions for a total area of 138,000m² (6.8% of GLA). New leases nearly matched the level reached in H1 2019 (232 vs 256, excluding developments). Half of the total GLA signed was rented by international tenants, including some entering a new market. This reconfirms the retailers' interest to invest and expand in CEE and the appeal of the Group's portfolio.

Omnichannel/Retail transformation

The lifting of Covid-19 restrictions generated not only the recovery of footfall and tenant turnover, but also a partial reversal of some of customers' purchase habits created by the pandemic. As per Global Data, in CEE markets the share of e-commerce in total retail is 7.8%, still small compared to Western Europe. The impressive 30% e-commerce growth in 2020 is forecast to slow down to an average of 14% over the next 3 years, keeping the e-commerce share below 10%, while physical retail will continue to grow at a healthy rate of 4%.

Customer behaviour evolved through the pandemic, with most shoppers expecting now a seamless omnichannel experience. Tenants' capability to operate in an omnichannel world also increased significantly. Most food court tenants have enrolled in food delivery platforms, hypermarkets have been activating shop assistant/loyalty and pick-up services, and many other retailers have started selling online in various forms.

NEPI Rockcastle's digital strategy is focused on three main areas, aiming to meet the new customer expectations:

1. Rewarding loyal customers, with loyalty apps now available across four countries, and intensifying direct to consumer communication by leveraging on a larger customer database.

2. Merging online and offline campaigns, encouraging customer interaction with shopping centers both during the visit and from home. Initiatives such as the Live Streaming event for kids in

DIRECTORS' COMMENTARY » continued

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Promenada Mall Bucharest on 1 June, the Easter and Women Day campaigns with website gamification for in-store rewards, as well as the digitization of promotional catalogues in Poland, Slovakia and Bulgaria have been well received by the customers.

3. Increasing convenience in the Group's shopping locations and building on customers' habit to use digital tools, by offering pick-up locations for online sales, additional services via dedicated apps, pick-up points for ride sharing or electric charging stations.

DEVELOPMENT UPDATE

During H1 2021, NEPI Rockcastle invested approximately €25 million as development costs and capital expenditure. Significant progress was made with the permitting and pre-development works on Promenada Mall Bucharest extension and Promenada Craiova. The Group obtained the building permit and started the construction works for a residential project in Bucharest, next to Vulcan Value Centre. Refurbishment and upgrade works continued in Bonarka City Center, where several major anchor tenants were signed for the area currently being redeveloped, in Ozas Shopping and Entertainment Centre, where the swimming pool and the first stage of O'Leary's entertainment centre opened, and in Focus Mall Zielona Gora.

The Group will continue to invest in developments contributing to growth and improving long-term portfolio prospects. The total planned development and capital expenditure for H2 2021 is €110 million.

ACQUISITIONS AND DISPOSALS

The Group sold two properties in Serbia, Kragujevac Plaza and Krusevac Shopping Park (including extension plots), in line with its strategy to focus on core dominant properties in countries with investment grade credit rating. The sale agreement was signed in June and completed in July. The transaction value was €60.8 million (€60.4 million cash proceeds received in July), at a premium to book value.

One of the Group's subsidiaries is involved in ongoing arbitration proceedings, as described in the Group financial statements for the year ended 31 December 2020. Further updates will be provided when the proceedings are finalised.

CORPORATE GOVERNANCE

Changes to the Board of Directors

As announced on 23 July 2021, George Aase has taken over from Robert Emslie as Chairman of the Board, effective 18 August 2021. Mr. Emslie had previously announced his intention to retire from the Board as of that same date. Mr. Aase has been an Independent non-Executive Director of NEPI Rockcastle since 2018 and has served as Chairman of the Audit Committee and member of the Nomination and Remuneration Committees. He is an experienced CFO and non-executive in publicly traded real estate firms, technology companies and Fortune 100 U.S. multinational industrial firms. Mr. Aase's core specialties include corporate finance, capital markets, IPO transactions, debt financing, international financial operations, international finance and controlling, and investor relations, with 12 years' experience in the European commercial real estate sector. He led two major initial public offerings in London and Frankfurt. Mr. Aase also possesses extensive financing and debt restructuring experience and has managed various portfolios connected with major acquisitions and underwriting. He has a strong background and real estate network in Central Eastern Europe countries, including Czech Republic, Poland, Romania and Slovakia.

The Group also announced the appointment of two new Independent non-Executive Directors, effective 18 August 2021.

Ana Maria Mihaescu has 30 years of banking and finance experience. Ms. Mihaescu worked for the International Finance Corporation for 20 years, most recently as IFC's Regional Manager for Central and Eastern Europe. In this role, she was responsible for the origination of new business and supervising a portfolio of over $2 billion, with large exposures in Poland, Romania, Bulgaria and Hungary. She also represented the IFC on the boards of investee companies, banks, leasing companies and private equity funds. Prior to this role, Ms. Mihaescu was the first Country Manager for IFC in Romania. Ms. Mihaescu is an alumnus of the Bucharest Academy of Economic Studies and received a certificate for the International Directors Program from INSEAD.

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 adviser 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. In both roles, his responsibilities included investment in and development of the retail sector in CEE. Since 2000, Mr. Lurie has coordinated and participated in numerous landmark multibillion transactions across various jurisdictions. Mr. Lurie graduated as an Economics Major with Highest Honours from Princeton University, has an MBA from the Wharton School, University of Pennsylvania and is a member of the International Council of Shopping Centres ('ICSC').

Management succession planning

Alexandru Morar (CEO) and Mirela Covasa (CFO), being in their 15th and 10th year of service with the Company, respectively, have approached the Board to implement a succession plan for their positions as they intend to pursue other entrepreneurial opportunities. The two executives and the Board have agreed to implement a management succession plan over the period leading up to the Company's year-end results, which includes identifying suitable candidates for the CEO and CFO roles and handover of their projects and responsibilities. The executives remain committed over this transition period and confident in the Company's prospects, ensuring consistency in the implementation of the approved strategy and the running development and optimization projects and initiatives. The two executives' date of departure is as yet undetermined, and a further announcement will be released when appropriate.

The Board, through its Nomination Committee, has started a process to identify suitable candidates for the CEO and CFO roles. These changes at executive level do not represent a shift in the Company's strategy, which remains focused on sustainable growth and delivering further value for its shareholders.

Appointment of Chief Operations Officer

Rudiger Dany has been contracted by the Company as of 6 July 2021 and was appointed as Chief Operations Officer ('COO') of NEPI Rockcastle effective 18 August 2021. Mr. Dany has extensive professional experience of more than 30 years in retail, commercial real estate, leasing and asset management. He worked in international environments across Europe (including Germany, Poland, Slovakia, Czech Republic, Greece, Turkey, Lithuania, Serbia, Romania), for some of the largest international retail and real estate companies including ECE, Atrium and Multi Corporation. Mr. Dany held various senior management positions such as Executive Member and COO of Atrium Group and Multi Corporation, Senior Managing Director Poland, Czech Republic, Slovakia and Managing Director Czech Republic, Slovakia, Romania for ECE Projektmanagement.

DIRECTORS' COMMENTARY » continued

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In these positions he was responsible for strategy setting, business transformation, asset development, greenfield projects, optimization of the operating assets, support of mergers and acquisitions, team leadership for the country and regional organizations. During his tenure with Multi Corporation (affiliated with Blackstone), Mr. Dany played an important role in optimizing 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.

ACCOUNTING, AUDIT AND VALUATION MATTERS

Accounting of Covid-19 impact

During H1 2021, the Group results reflected rent concessions worth €36.1 million, as follows:

Covid-19 discounts recognised in H1 2021, by type	€ million
Rent and service charge reliefs (including marketing fees) imposed by governments (Poland)	16.8
Discounts granted as partial forgiveness of receivables	15.4
Variable discounts contingent upon tenant's performance (negative turnover rent)	2.8
Discounts granted as lease incentives, subject to straight-lining	1.3
Total Covid-19 discounts for the period (on a cash basis, straight-lining effect excluded)	**36.3**
Straight-lining effect of the discounts granted after signing of the addendums (in 2020 and 2021)	(0.2)
Statement of comprehensive income impact in H1 2021	**36.1**

As of 30 June 2021, tenant receivables amounted to €43.8 million (VAT included, net of provisions), of which €23.9 million were overdue. This balance is adjusted for provisions and concessions, either imposed by law or negotiated. The collection rate for H1 2021, adjusted for concessions granted, was 88% as of 30 June 2021, and increased to 94% at mid-August 2021. The Group expects to collect the full outstanding tenant receivable balance.

External Independent Auditor's Review report

An unmodified review report on the Group's Interim Condensed Consolidated Financial Statements has been issued by PricewaterhouseCoopers ('PwC') Isle of Man, after having reviewed and obtained the necessary documentation from PwC local offices in jurisdictions where the Group operates through subsidiaries. The local PwC offices review the interim financial information of the relevant subsidiaries and issue their interoffice review reports to PwC Isle of Man.

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 property being assessed.

Appraiser	Locations	Percentage of total portfolio
Colliers International	Romania	35%
Jones Lang LaSalle	Bulgaria, Croatia, Czech Republic, Hungary, Serbia, Slovakia	33%
Cushman & Wakefield	Hungary, Lithuania, Poland	32%

The property appraisals continued to be performed in the context of the Covid-19 pandemic. Similar to the valuations as of 31 December 2020, property markets remain functional, with transaction volumes and other relevant evidence at levels where an adequate quantum of markets evidence exists upon which to base opinions of value. The external appraisers substantially preserved the discount rates and exit yields unchanged from December 2020 valuation, adjusting the short-term cash flows to factor in each property performance.

Country*	Investment property December 2020** *(€ thousands)*	Investment property June 2021** *(€ thousands)*	Fair value gain/(loss) H1 2021 *(€ thousands)*
Romania	2,026,644	2,050,289	11,669
Poland	1,386,995	1,392,774	(60)
Hungary	577,200	575,300	(2,330)
Slovakia	523,644	527,864	3,544
Bulgaria	486,807	492,887	5,611
Croatia	262,330	263,190	850
Serbia***	191,949	193,528	1,714
Czech Republic	171,000	174,300	2,485
Lithuania	141,980	144,795	2,228
Total	**5,768,549**	**5,814,927**	**25,711**

** Excludes joint ventures, other non-core properties held for sale and right-of-use assets with total impact in fair value of €(0.2) million*
*** Includes capital expenditures incurred*
**** Includes Serbian retail portfolio held for sale*

EPRA INDICATORS

	30 June 2021	31 December 2020	30 June 2020
EPRA Earnings (€ thousand)	107,187	240,770	123,710
EPRA Earnings per share (€ cents per share)	17.60	39.81	20.59
EPRA Net Initial Yield ('NIY')	6.75%	6.70%	6.83%
EPRA topped-up NIY	6.78%	6.75%	6.89%
EPRA vacancy rate	4.40%	4.30%	4.20%
EPRA Net Reinstatement Value ('NRV') (€ per share)*	6.50	6.45	6.65
EPRA Net Tangible Assets ('NTA') (€ per share)*	6.47	6.42	6.59
EPRA Net Disposal Value ('NDV') (€ per share)*	5.78	5.79	6.13
EPRA Cost ratio (including direct vacancy cost)	8.6%	10.5%	7.3%
EPRA Cost ratio (excluding direct vacancy cost)	8.5%	10.3%	7.0%

**NRV, NTA and NDV measures implemented effective from 1 January 2020; the comparative measures have been restated/computed in line with the current EPRA guidance. For the Group, EPRA NRV corresponds to former EPRA NAV and EPRA NDV corresponds to former EPRA NNNAV.*

DIRECTORS' COMMENTARY » continued

All information below excludes joint ventures, unless otherwise stated

CASH MANAGEMENT AND DEBT

As of 30 June 2021, the Group maintained a strong liquidity profile, with €380 million in cash and €570 million in undrawn committed credit facilities. NEPI Rockcastle's LTV* (interest bearing debt less cash, divided by investment property) was 31.8%, comfortably below the 35% threshold.

As of 30 June 2021, ratios for unsecured loans and bonds showed ample headroom compared to covenants:

- Solvency Ratio: 38% actual, vs requirement of maximum 60%;
- Consolidated Coverage Ratio: 4.16 actual, vs requirement of minimum 2; and
- Unsecured consolidated total assets/unsecured consolidated total debt: 271% actual, vs requirement of minimum 150%.

The average interest rate, including hedging costs, was 2.4% for H1 2021. Exposure to variable interest rates is 99% covered by hedges.

The Group is currently assigned a long-term corporate credit rating of BBB (negative outlook) from Standard & Poor's Rating Services and BBB (stable outlook) from Fitch Ratings.

In the first half of 2021, NEPI Rockcastle renegotiated the contractual terms 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 three years, until July 2024, with the maximum principal available reduced to €120 million;
- the revolving credit facility from ING Bank was extended for three years, until July 2024, with the maximum principal available maintained at €100 million;
- the Group also changed the contractual terms of the revolving credit facility from a four-bank syndicate by increasing the available principal to €200 million.

All revolving credit facilities now have embedded two one-year extension options each, and are sustainability-linked.

**The reported gearing ratio (LTV) excludes the €33.3 million right-of-use assets and associated lease liabilities as at 30 June 2021.*

In June 2021, the Group repaid five of its secured loans in Poland and Slovakia, amounting to €242 million, and concluded a green unsecured financing agreement with International Finance Corporation, for 7 years, which was drawn in July 2021.

DIVIDEND DECLARATION

The Board has declared a dividend of 17.64 euro cents per share for H1 2021, corresponding to 100% of the distributable earnings per share for this period. This decision is in line with NEPI Rockcastle's policy of distributing at least 90% of distributable earnings. The distribution will be paid in cash on 16 September 2021, and further detailed announcements will follow.

OUTLOOK

The outlook for the second half of 2021 is optimistic given the observable economic recovery. Consumer sentiment continues to improve in CEE, with retailers expected to benefit from a rebound in the economic activity in the second half of the year.

Uncertainty remains in relation to the future restrictions on the Group's operations and distributable earnings per share, therefore NEPI Rockcastle will not provide earnings guidance for 2021. Further updates will be provided when the Group will be able to reliably estimate the effects of the current situation.

By order of the Board of Directors

Alex Morar
Chief Executive Officer (CEO)

Mirela Covasa
Chief Financial Officer (CFO)

18 August 2021

BASIS OF PREPARATION

The reviewed Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 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.

The Interim Condensed Consolidated Financial Statements have been reviewed by PwC Isle of Man, who have expressed an unmodified review report thereon. 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 form the Company's registered office. An electronic copy of the reviewed Interim Condensed Consolidated Financial Statements accompanied by the auditors' review report can be found on the Company's website: www.nepirockcastle.com

The accounting policies are consistent with those applied for the preparation of the Annual Consolidated Financial Statements as at 31 December 2020.

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 2021, 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 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 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

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 2021	31 Dec 2020
ASSETS		
Non-current assets	**5 953 550**	**5 966 723**
Investment property	5 789 382	5 802 398
- Investment property in use	5 568 768	5 591 463
- Investment property under development	220 614	210 935
Goodwill	76 804	76 804
Deferred tax assets	33 836	34 678
Investments in joint ventures	22 605	21 757
Long-term loans granted to joint ventures	21 852	22 620
Other long-term assets	7 043	7 447
Derivative financial assets at fair value through profit or loss	2 028	1 019
Current assets	**445 610**	**702 681**
Trade and other receivables	65 371	59 384
Cash and cash equivalents	380 239	643 297
Assets held for sale	**64 244**	**1 752**
TOTAL ASSETS	**6 463 404**	**6 671 156**
EQUITY AND LIABILITIES		
TOTAL SHAREHOLDERS' EQUITY	**3 710 949**	**3 692 323**
Equity attributable to equity holders	**3 705 650**	**3 687 068**
Share capital	6 090	6 090
Share premium	2 050 061	3 550 061
Other reserves	(6 646)	(6 456)
Accumulated profit	1 656 145	137 373
Non-controlling interest	**5 299**	**5 255**
Total liabilities	**2 752 455**	**2 978 833**
Non-current liabilities	**2 631 269**	**2 621 386**
Bank loans	228 738	232 635
Bonds	1 973 284	1 969 385
Deferred tax liabilities	353 568	341 324
Other long-term liabilities	71 830	72 612
Derivative financial liabilities at fair value through profit or loss	3 849	5 430
Current liabilities	**119 676**	**357 447**
Trade and other payables	90 830	96 595
Bank loans	7 088	249 952
Bonds	21 758	10 900
Liabilities held for sale	**1 510**	-
TOTAL EQUITY AND LIABILITIES	**6 463 404**	**6 671 156**
Net Asset Value per share (euro)	6.08	6.05
EPRA Net Reinstatement Value per share (euro)	6.50	6.45
Number of shares for Net Asset Value/EPRA Net Reinstatement Value per share	608 994 907	608 994 907

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All amounts in €'000 unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Jun 2021	30 Jun 2020
Net rental and related income*	**154 919**	**160 257**
Gross rental income	173 887	193 159
Service charge income	72 508	81 565
Property operating expenses	(76 086)	(77 588)
Partial forgiveness of receivables (Covid-19 forgiveness)	(15 390)	(36 879)
Administrative expenses	(9 359)	(10 588)
EBITDA**	**145 560**	**149 669**
Net result from financial investments	**-**	**(103 253)**
Income from financial investments at fair value through profit or loss	-	5 517
Fair value loss and net result on sale of financial investments at fair value through profit or loss	-	(108 770)
Fair value adjustments of investment property	25 453	(236 572)
Foreign exchange loss	(385)	(1 032)
Profit/(Loss) before net finance costs and other items	**170 628**	**(191 188)**
Net finance costs	**(33 752)**	**(26 044)**
Finance income	702	926
Finance costs	(32 032)	(25 877)
Bank charges, commissions and fees	(2 422)	(1 093)
Other items	**3 154**	**(11 774)**
Fair value adjustments of derivatives and losses on extinguishment of financial instruments	2 306	(10 302)
Share of profit/(loss) of joint ventures	848	(1 472)
Profit/(Loss) before tax	**140 030**	**(229 006)**
Income tax (expense)/credit	**(18 417)**	**21 984**
Current tax expense	(4 742)	(4 895)
Deferred tax (expense)/income	(13 675)	26 879
Profit/(Loss) after tax	**121 613**	**(207 022)**
Total comprehensive income/(loss) for the period	**121 613**	**(207 022)**
Profit/(Loss) attributable to:		
Non-controlling interest	44	(468)
Equity holders	121 569	(206 554)
Total comprehensive income/(loss) attributable to:		
Non-controlling interest	44	(468)
Equity holders	121 569	(206 554)
Weighted average number of shares in issue***	608 994 907	626 116 549
Diluted weighted average number of shares in issue***	608 994 907	626 116 549
Basic/diluted earnings/(loss) per share attributable to equity holders (euro cents)	19.96	(32.99)

** Out of the total rental and related income for the six-month period ended 30 June 2020, €11.1 million relates to the Romanian office portfolio disposed of on 27 August 2020.*
*** EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) represents the Group's Operating profit, defined as Net rental and related income less Administrative expenses.*
**** Weighted average number of shares has been adjusted for June 2020 period presented in respect of the 'capitalisation issue' on 21 September 2020, as required by IAS 33 Earnings per Share.*

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Other reserves	Accumulated profit	Non-controlling interest	Total
Balance at 1 January 2020	**5 998**	**3 625 348**	**(3 627)**	**462 953**	**6 208**	**4 096 880**
Transactions with owners	**11**	**(11)**	**(2 829)**	**(150 660)**	**-**	**(153 489)**
— Issue of shares^	11	(11)	-	-	-	-
— Shares purchased for LTSIP*	-	-	(3 696)	-	-	(3 696)
— Share based payment expense	-	-	867	-	-	867
— Earnings distribution	-	-	-	(150 660)	-	(150 660)
Total comprehensive loss	**-**	**-**	**-**	**(206 554)**	**(468)**	**(207 022)**
— Loss for the period	-	-	-	(206 554)	(468)	(207 022)
Balance at 30 June 2020/1 July 2020	**6 009**	**3 625 337**	**(6 456)**	**105 739**	**5 740**	**3 736 369**
Transactions with owners	**81**	**(75 276)**	**-**	**-**	**-**	**(75 195)**
— Issue of shares^	258	(258)	-	-	-	-
— Repurchase of shares^	(177)	(75 018)	-	-	-	(75 195)
Total comprehensive income	-	-	-	**31 634**	**(485)**	**31 149**
— Profit for the period	-	-	-	31 634	(485)	31 149
Balance at 31 December 2020/1 January 2021	**6 090**	**3 550 061**	**(6 456)**	**137 373**	**5 255**	**3 692 323**
Transactions with owners	**-**	**(1 500 000)**	**(190)**	**1 397 203**	**-**	**(102 987)**
— Share premium reduction^^	-	(1 500 000)	-	1 500 000	-	-
— Shares purchased for LTSIP*	-	-	(2 020)	-	-	(2 020)
— Share based payment expense	-	-	1 830	-	-	1 830
— Earnings distribution	-	-	-	(102 797)	-	(102 797)
Total comprehensive income	**-**	**-**	**-**	**121 569**	**44**	**121 613**
— Profit for the period	-	-	-	121 569	44	121 613
Balance at 30 June 2021	**6 090**	**2 050 061**	**(6 646)**	**1 656 145**	**5 299**	**3 710 949**

** LTSIP = debt free Long-Term Share Incentive Plan with a vesting component.*
^ On 6 April 2020 the Group issued 1,123,932 ordinary shares at €7.32/share (share capital €0.01/share);
^ 25,791,534 ordinary shares at €4.2920/shares (share capital €0.01/share) were issued in respect of 'capitalisation issue' on 21 September 2020;
^ 17,717,760 ordinary shares representing 2.95% of the Company's issued share capital were repurchased between 23 November 2020 and 4 December 2020 from the proceeds received from the disposal of URW shares of approximately €75 million. Subsequently, the repurchased shares were cancelled. The shares were repurchased at an average share price of €4.25 (share capital €0.01/share).
^^ Share premium reduction – On 7 June 2021, the Group transferred €1,500,000 thousand from share premium to accumulated profit, in accordance with Isle of Man company law. The transfer was performed to strengthen the accumulated profit position, which was impacted at the merger date (July 2017), when the accumulated profits of former NEPI and former Rockcastle were recognised into the share premium of the newly merged company, NEPI Rockcastle.

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RECONCILIATION OF PROFIT/(LOSS) FOR THE PERIOD TO DISTRIBUTABLE EARNINGS	30 June 2021	30 June 2020
Profit/(Loss) per IFRS Statement of comprehensive income attributable to equity holders	**121 569**	**(206 554)**
Accounting specific adjustments	**(14 160)**	**324 722**
Fair value adjustments of investment property for controlled subsidiaries	(25 453)	236 572
Fair value loss and net result on sale of financial investments at fair value through profit or loss	-	108 770
Depreciation in relation to property, plant and equipment of an administrative nature	403	285
Fair value adjustments of derivatives and losses on extinguishment of financial instruments	(2 306)	10 302
Amortisation of financial assets	(181)	(430)
Deferred tax expense/(income) for controlled subsidiaries	13 675	(26 879)
Income from financial investments at fair value through profit or loss	-	(5 517)
Adjustments related to joint ventures:	**(282)**	**1 986**
Fair value adjustment of investment property for joint ventures	(283)	2 137
Fair value adjustments of derivatives and losses on extinguishment of financial instruments for joint ventures	(144)	(29)
Deferred tax expense/(income) for joint ventures	145	(122)
Adjustments related to non-controlling interest:	**(16)**	**(487)**
Fair value adjustment of investment property for non-controlling interest	(24)	(622)
Deferred tax income for non-controlling interest	8	135
Antecedent earnings	-	**120**
Distributable earnings	**107 409**	**118 168**
Number of shares outstanding at end of period	608 994 907	600 921 133
Distributable earnings per share (euro cents)	**17.64**	**19.66**
Distribution declared	**107 409**	-
Distribution declared per share (euro cents)	**17.64**	-
Earnings not distributed	**-**	**118 168**
Earnings not distributed per share (euro cents)	**-**	**19.66**
Number of shares entitled to distribution	608 994 907	600 921 133

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	30 Jun 2021	30 Jun 2020
Profit/(Loss) after tax	**121 613**	**(207 022)**
Adjustments	25 198	355 504
Changes in working capital	(17 179)	(56 834)
Net interest and coupon paid	(16 623)	(24 817)
Other operating payments	(5 085)	(3 135)
Cash flows from operating activities	**107 924**	**63 696**
Expediture on investment property under development*	(19 396)	(76 586)
Proceeds from disposal of assets held for sale	2 395	2 839
Cash flows from cash collateral/equity derivative collateral	-	(45 485)
Income from financial investments at fair value through profit or loss	-	5 517
Other investments	768	(844)
Cash flows used in investing activities	**(16 233)**	**(114 559)**
Payment to acquire shares under LTSIP**	(2 020)	(3 696)
Earnings distribution	(102 797)	(150 660)
Net movements in bank loans, bonds and other long-term liabilities	(246 677)	140 517
Other payments	(564)	(795)
Cash flows used in financing activities	**(352 058)**	**(14 634)**
Net decrease in cash and cash equivalents	**(260 367)**	**(65 497)**
Cash and cash equivalents brought forward	643 297	212 919
Cash and cash equivalents classified as held for sale	(2 691)	(9 276)
Cash and cash equivalents carried forward	**380 239**	**138 146**

** Expenditure on investment property under development also includes the VAT cash inflow relating to development projects of €5,475 thousand.*
*** LTSIP = debt free Long-Term Share Incentive Plan with a vesting component.*

RECONCILIATION OF PROFIT/(LOSS) FOR THE PERIOD/YEAR TO HEADLINE EARNINGS	30 Jun 2021	30 Jun 2020
Profit/(Loss) for the period attributable to equity holders	**121 569**	**(206 554)**
Fair value adjustments of investment property for controlled subsidiaries	(25 453)	236 572
Tax effects of adjustments for controlled subsidiaries	4 171	(37 971)
Fair value adjustments of investment property for joint ventures	(283)	2 137
Tax effects of adjustments for joint ventures	45	(343)
Headline earnings/(loss)	**100 049**	**(6 159)**
Weighted average number of shares in issue*	608 994 907	626 116 549
Diluted weighted average number of shares in issue*	608 994 907	626 116 549
Headline earnings/(loss) per share (euro cents)	16.43	(0.98)
Diluted headline earnings/(loss) per share (euro cents)	16.43	(0.98)

** Weighted average number of shares has been adjusted for June 2020 in respect of the 'capitalisation issue' on 21 September 2020, as required by IAS 33 Earnings per Share.*

LEASE EXPIRY PROFILE	2021	2022	2023	2024	2025	2026	2027	2028	2029	≥2030	Total
Total based on rental income	2.1%	13.5%	15.6%	17.1%	18.7%	15.7%	5.6%	3.0%	1.7%	7.0%	100%
Total based on rented area	1.4%	11.1%	15.9%	16.1%	16.2%	15.0%	6.2%	4.4%	2.7%	11.0%	100%

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RECONCILIATION OF IFRS NET ASSET VALUE TO EPRA NET REINSTATEMENT VALUE	30 Jun 2021	31 Dec 2020
Net Asset Value (per the Statement of financial position)	**3 705 650**	**3 687 068**
Deferred tax liabilities for controlled subsidiaries	354 159	341 324
Deferred tax assets for controlled subsidiaries	(33 836)	(34 678)
Goodwill	(76 804)	(76 804)
Derivative financial assets at fair value through profit or loss	(2 028)	(1 019)
Derivative financial liabilities at fair value through profit or loss	3 849	5 430
Deferred tax liabilities for joint ventures	5 631	5 487
Derivatives at fair value through profit or loss for joint ventures	543	688
EPRA Net Reinstatement Value	**3 957 164**	**3 927 496**
Number of shares	608 994 907	608 994 907
Net Asset Value per share (euro)	**6.08**	**6.05**
EPRA Net Reinstatement Value per share (euro)	**6.50**	**6.45**

SEGMENTAL ANALYSIS	Retail	Office	Industrial	Corporate	Total
Six months ended 30 June 2021					
Net rental and related income	151 355	2 753	811	-	154 919
Gross rental and service charge income	241 667	3 658	1 070	-	246 395
Property operating expenses	(74 929)	(898)	(259)	-	(76 086)
Partial forgiveness of receivables (Covid-19 forgiveness)	(15 383)	(7)	-	-	(15 390)
Profit/(Loss) before Net finance costs and other items	172 670	153	1 278	(3 473)	170 628
Total Assets	6 137 846	76 813	19 363	229 382	6 463 404
Total Liabilities	739 305	2 824	3 204	2 007 122	2 752 455
Year ended 31 December 2020					
Net rental and related income*	300 656	20 530	1 778	-	322 964
Gross rental and service charge income	505 969	28 396	2 130	-	536 495
Property operating expenses	(158 269)	(7 861)	(352)	-	(166 482)
Partial forgiveness of receivables (Covid-19 forgiveness)	(47 044)	(5)	-	-	(47 049)
(Loss)/Profit before Net finance costs and other items	(55 087)	18 371	1 371	(95 387)	(130 732)
Total Assets	6 098 585	84 997	19 179	468 395	6 671 156
Total Liabilities	973 957	3 361	3 164	1 998 351	2 978 833
Six months ended 30 June 2020					
Net rental and related income*	144 990	14 379	888	-	160 257
Gross rental and service charge income	253 681	19 996	1 047	-	274 724
Property operating expenses	(71 992)	(5 437)	(159)	-	(77 588)
Partial forgiveness of receivables (Covid-19 forgiveness)	(36 699)	(180)	-	-	(36 879)
(Loss)/Profit before Net finance costs and other items	(93 789)	13 092	654	(111 145)	(191 188)
Total Assets	6 114 893	419 341	18 502	162 288	6 715 024
Total Liabilities	982 334	47 282	2 814	1 946 225	2 978 655

** Out of the total rental and related income associated to the Office segment, as at December 2020 €14.2 million relates to the Romanian office portfolio disposed of on 27 August 2020, respectively €11.1 million as at June 2020.*