

## DIRECTORS' COMMENTARY

*All information below excludes joint ventures, unless otherwise stated*

### CEO'S STATEMENT

*“NEPI Rockcastle had a very good first half of year 2022. With Covid-19 restrictions lifted, trading quickly picked up and tenant sales exceeded 2019 levels. The customers reverting to pre-pandemic habits are the primary reason for this increase, although high inflation partly contributed to it. Net Operating Income (NOI) was higher than in H1 2019 on a like-for-like (LFL) basis, while vacancies dropped below 4%, highlighting the quality of the Group's properties and asset management. These positive results were reflected also in a higher fair value of the investment property portfolio.*

*A notable strategic action during the period was the €500 million green bond issue in January; this significantly increased the average maturity of the Company's debt and lowered the average cost of funding, a remarkable achievement in the context of rising interest rates and more restrictive funding market. Other notable milestone was the approval for the relocation of the parent company to the Netherlands, which will enhance the Group's standing and benefit shareholders in the long run. The balance sheet is exceptionally strong, with a 31.3% loan-to-value (LTV) ratio and more than €1 billion in liquidity.*

*The overall economic climate continues to be challenging. Inflation is at multi-decade highs, interest rates are increasing and the war in our region's neighbourhood shows no sign of abating. Even in this context, I am confident that NEPI Rockcastle will continue to grow, both organically and through its significant development pipeline.”*

Rüdiger Dany, Chief Executive Officer (CEO)

### BUSINESS HIGHLIGHTS

- Finance costs decreased by 11% from H1 2021 to H1 2022, mainly due to the repayment of five loans totalling €242 million in 2021 and a €500 million green bond issued in January 2022. The proceeds from the bond issue were used to repurchase another €500 million bond maturing in 2023, which carried a higher coupon.
- Covid-19 trading restrictions in Central and Eastern Europe (CEE) were lifted during January and February 2022, and the Company's gross lettable area (GLA) was fully operational throughout H1 2022. Despite a recent uptick in the number of infections, the introduction of new restrictions in CEE seems unlikely.
- The military conflict in Ukraine has not had a direct impact on NEPI Rockcastle's operations. However, it has indirectly contributed to a deteriorating macroeconomic environment in the region where the Group operates. High energy costs, inflation and central banks' interest rate rises are putting pressure on the cost of living, which may weaken consumers' spending power. This may affect overall consumption and the retail sector in the second half (H2) of 2022.
- Footfall in H1 2022 was 136 million, 28.2% higher than H1 2021 and 12.2% lower than H1 2019. It continued to recover throughout H1 2022 and achieved 93% of 2019 levels in June, in LFL properties.
- Tenant sales have fully recovered and surpassed pre-pandemic levels. In H1 2022, turnover was 45% higher than H1 2021 and 8% higher than H1 2019 (LFL, excluding hypermarkets). Monthly sales have exceeded 2019 levels every month since March. The average basket size was 27% higher in H1 2022 compared to H1 2019, which is more than the cumulative inflation over the period.
- The collection rate for H1 2022 reported revenues was 96% on 30 June 2022 and reached approximately 98% by mid-August. Collection of financial year 2021 (FY 2021) reported revenues was 100%. The considerable improvement in tenants' trading and the lifting of restrictions required a limited amount of rent concessions.
- European Public Real Estate Association (EPRA) occupancy rate was 96.6% on 30 June 2022, up from 96.0% on 31 December 2021.
- The Group has a strong liquidity position of €1.07 billion on 30 June 2022, including cash and cash equivalents of €450 million and undrawn available credit facilities of €620 million.
- There are no significant debt maturities in 2022 or 2023.
- On 30 June 2022, the property portfolio was independently valued by external appraisers, resulting in a fair value gain in relation to investment property of €59.2 million (+1% compared to 31 December 2021). This is a confirmation of portfolio quality and significant improvements in trading conditions.
- The LTV ratio was 31.3% on 30 June 2022, below the 35% strategic threshold.
- BBB investment grade credit rating by S&P and Fitch, reaffirmed by S&P in July 2022.
- EPRA Net Reinstatement Value (NRV) per share was €6.64, a 2% increase compared to €6.51 on 31 December 2021, which was mostly due to the property portfolio's positive revaluation.
- The Company continued to focus on sustainability. On 30 June 2022, 85% of assets (by GLA) were Building Research Establishment Environmental Assessment Method (BREEAM) certified very good and excellent, while another 12% are being certified, a process expected to be completed by the end of 2022.
- Distributable earnings per share (DEPS) for the first six months (H1 2022) to 30 June 2022 were 22.83 euro cents, 29.4% higher than in H1 2021.
- NOI in H1 2022 was €196 million, 27% higher than in H1 2021. Excluding the impact of the disposal of two Serbian properties (completed in July 2021), NOI was 29% higher in H1 2022 compared to H1 2021. This growth was mostly driven by the decrease in Covid-19 related discounts from €36 million in H1 2021 to insignificant level of discounts in H1 2022. Moreover, a net gain of €2.1 million was recognised due to the reversal of Covid-19 related discounts accrued in 2021 but not subsequently granted. These positive effects were partly offset by an increase in unrecoverable property operating expenses of €6.4 million (179% relative to H1 2021), triggered mainly by higher utilities costs.
- To enhance its business profile, NEPI Rockcastle strengthened its internal structure in the area of environmental, social and corporate governance (ESG) function and the newly created procurement function. Additionally, from quarter four (Q4) 2021, the Group initiated a plan to internalise property management, accounting and other activities in some countries. The process should be completed by mid-2024 and will generate additional corporate expenses but also reduce third party fees, which are currently impacting NOI. The effect in H1 2022 was an increase of administrative expenses by €6.6 million (71%) compared to H1 2021.
- Despite NOI in H1 2022 being closer to H1 2019, the DEPS for H1 2022 is 21.3% lower. Besides the effect of higher administrative expenses, this is primarily due to the higher levels of liquidity maintained during Covid-19 pandemic, by not reinvesting the proceeds from disposals of the Romanian office portfolio and Serbian properties. Moreover, as the property portfolio has matured, the financing losses incurred during development phases have been utilised. The properties now reached taxable profits, leading to higher corporate income tax than in H1 2019.

**DIRECTORS' COMMENTARY** » continued

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- The ESG risk rating assigned by third party firm Sustainalytics was reaffirmed as “Low”. The rating improved to 10.5/100 as of August 2022, from 11.4/100 as of December 2021. The rating positions NEPI Rockcastle among the Top 15 rated companies in its category.
- The appeal filed by NEPI Rockcastle against the arbitral tribunal's decision relating to the discontinued acquisition of Serenada and Krokus Shopping Centres in Poland is ongoing. No amounts have been paid out. As a result, the Group may incur additional interest during the set-aside period, computed in accordance with the Polish law (at the Polish notional interest rate).

Tenant sales in H1 2022 were 45% higher than H1 2021, and 8% higher than H1 2019, in LFL properties, excluding hypermarkets. The pace of growth accelerated in quarter two (Q2) 2022, when turnover was 16% above Q2 2019 (in Q1 2022 it was 1% below Q1 2019). The fact that sales have already exceeded pre-pandemic levels, while footfall lags slightly behind, is attributable to the large increase in average basket size (+27% in H1 2022 compared to H1 2019). This growth is partly due to higher inflation, but the trend preceded inflation rises and is in the Company's view, a structural change in consumers' behaviour.

Almost all retail categories recorded higher tenant sales in H1 2022 compared to H1 2019. The only exceptions are Fashion (0%, but with a 37% increase on H1 2021) and Entertainment (-17% compared to H1 2019, but 207% higher than H1 2021). The best performing categories in H1 2022 were Health & Beauty (+28% compared to H1 2019) and Electronics (+22% compared to H1 2019).

**OPERATING PERFORMANCE**
**Status of trading restrictions and government measures**

Throughout H1 2022, all GLA was operational, except for Slovakian leisure and entertainment, which opened on 18 January 2022. Other restrictions, such as vaccination certification or mandatory mask wearing, were gradually lifted from February 2022. Since the end of March, there were no trading restrictions in any countries where NEPI Rockcastle operates.

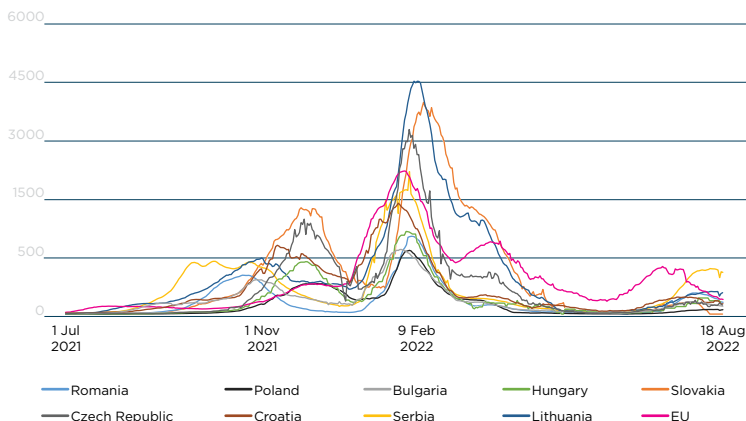
Infections in CEE peaked during February, fell abruptly and remained very low until the end of June. Despite infections increasing over the summer, current levels are much lower than previous peaks. More importantly, due to higher immunity (caused by vaccination or prior infection) and the prevalence of milder variants, the number of severe medical cases continues to be lower than previous waves.

All tenants are currently operating without restrictions and have reverted to regular, business-as-usual terms in the lease agreements.

At present, there is no reason to anticipate the introduction of new Covid-19 restrictions in CEE.

**Daily new confirmed Covid-19 cases per million people**

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.



Source: Johns Hopkins University CSSE Covid-19 Data

**Trading update**

Since the beginning of the year, footfall has continuously improved, recording a lower shortfall each month compared to the corresponding month in 2019. Over H1 2022, footfall was 12.2% lower than that in H1 2019, while in June 2022 it reached 93% of June 2019 level.

**Leasing activity**

In H1 2022, the Group signed 433 new leases and lease extensions for a total area of 97,000m<sup>2</sup>. There were 228 new leases, accounting for 47,300m<sup>2</sup> (2.4% of total GLA), which helped reduce overall vacancy. Almost half of the new GLA (47%) was let to international tenants, some entering the market for the first time. This demonstrates that retailers are interested in investing and expanding in the CEE region and the appeal of Nepi Rockcastle's large and regionally dominant portfolio. By 30 June 2022, 70% of the leases expiring in 2022 had already been renewed, increasing to 80% by mid-August.

**DEVELOPMENT UPDATE**

During H1 2022, NEPI Rockcastle invested approximately €50 million in development costs and capital expenditure (capex). Construction is ongoing at Promenada Bucharest extension, Promenada Craiova and Vulcan Residence. All three projects remain on schedule. The Group has applied for building permits at Promenada Plovdiv, Galati Retail Park and the planned photovoltaic plants. The total investment value of projects under construction, or permitting, is approximately €665 million of which €184 million was spent by 30 June 2022.

The Company will continue to invest in developments contributing to growth and improving long-term portfolio prospects. The total planned development and capex for H2 2022 is in the range of €110-115 million.

**CORPORATE GOVERNANCE**
**Appointment of permanent CEO, permanent CFO and COO, change of company secretary**

As announced on 27 May 2022, Rüdiger Dany (interim CEO) and Eliza Predoiu (interim Chief Financial Officer (CFO)) have been permanently confirmed in their respective roles, with effect from 1 June 2022.

The Board has also appointed Executive Director Marek Noetzel as Chief Operations Officer (COO) with effect from 1 June 2022. Mr Noetzel has been active in the Polish retail real estate market since 2002, joined Rockcastle Global Real Estate in 2016 and was appointed as an Executive Director of NEPI Rockcastle on 15 May 2017. Previously, he was responsible for the asset management of the Group's properties in Poland, Hungary, Slovakia, Czech Republic and Lithuania.

As announced on 18 May 2022, Mr Philippe Vanderhoven, Head of Corporate Services at Fiduciare Jean-Marc Faber, was appointed as company secretary with effect from 17 May 2022, replacing Cornelius Eduard Cassell following the Company's relocation to Luxembourg.

**DIRECTORS' COMMENTARY** » continued

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**Relocation of parent company**

On 10 May 2022, NEPI Rockcastle's shareholders voted in favour of migrating from the Isle of Man to the Netherlands, via Luxembourg. The relocation received over 99% approval from voting shareholders. Therefore, the Group has, with effect from 10 May 2022, established a registered office, place of effective management and central administration in Luxembourg as a public limited liability company (société anonyme). The relocation to the Netherlands is expected to be completed on or around 6 September.

**Appointment of new auditor**

The Company's audit rotation policy involves regularly scheduling tenders from the top audit firms. In 2022, NEPI Rockcastle appointed Ernst & Young as its new external auditor. The previous tender occurred in 2018. Ernst & Young's mandate has commenced with the review of the Interim Condensed Consolidated Financial Statements for H1 2022 (available on: <https://nepirockcastle.com/wp-content/uploads/2022/08/Interim-Financial-Report-H1-2022.pdf>).

**ACCOUNTING, AUDIT AND VALUATION MATTERS**
**Valuation**

NEPI Rockcastle fair values its portfolio biannually. 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 total portfolio
Colliers International	Romania	36%
Jones Lang LaSalle	Bulgaria, Croatia, Czech Republic, Hungary, Serbia, Slovakia	32%
Cushman & Wakefield	Hungary, Lithuania, Poland	32%

The appraisals were performed when the pandemic's impact on retail had greatly diminished. Hence, compared to the valuations on 31 December 2021, on the whole, the external appraisers increased estimated rental values and held capitalisation rates substantially stable.

For H1 2022, the Company recognised a fair value gain in relation to the investment property portfolio of €59.2 million.

**EPRA Indicators**

	30 June 2022	31 December 2021	30 June 2021
EPRA Earnings (€ thousand)	139,335	210,159	107,187
EPRA Earnings per share (€ cents per share)	22.88	34.51	17.60
EPRA Net Initial Yield ('NIY')	6.70%	6.75%	6.75%
EPRA topped-up NIY	6.75%	6.79%	6.78%
EPRA vacancy rate	3.40%	4.00%	4.40%
EPRA Net Reinstatement Value ('NRV') (€ per share)	6.64	6.51	6.50
EPRA Net Tangible Assets ('NTA') (€ per share)	6.61	6.48	6.47
EPRA Net Disposal Value ('NDV') (€ per share)	6.38	5.82	5.78
EPRA Cost ratio (including direct vacancy cost)^	12.5%	8.3%	8.6%
EPRA Cost ratio (excluding direct vacancy cost)^	12.3%	8.2%	8.5%
EPRA loan-to-value (LTV)	31.7%	-	-

*^ The increase in the EPRA cost ratio is due to the higher level of administrative expenses in the period explained above and higher net service charges, as a result of net utility costs rising.*

**CASH MANAGEMENT AND DEBT**

On 30 June 2022, the Company maintained a strong liquidity profile, with €450 million in cash and €620 million in undrawn committed credit facilities. NEPI Rockcastle's LTV\* (interest bearing debt less cash, divided by investment property) was 31.3%, comfortably below the 35% threshold.

On June 2022, ratios for unsecured loans and bonds showed ample headroom compared to covenants:

- Solvency ratio: 38% actual compared to 60% maximum.
- Consolidated coverage ratio: 4.78 actual compared to minimum of 2.0.
- Unsecured consolidated total assets/unsecured consolidated total debt: 265% actual compared to 150% minimum.

The average interest rate, including hedging, was 2.4% for H1 2022. On 30 June 2022, fixed-coupon bonds represented 87% of NEPI Rockcastle's outstanding debt. Of the remaining long-term debt exposed to Euribor, 62% was hedged with interest rate caps and 38% with interest rate swaps.

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

In January 2022, the Group issued its second green €500 million unsecured eight-year Eurobond, carrying a 2% fixed coupon, with an issue price of 98.713%. The bond's interest rate was partially pre-hedged via a swap instrument. When the bond was issued, the interest rate swap position was closed for a profit of €4.1 million, reflected in the Fair value adjustments of derivatives in accordance with IFRS. For the purpose of distribution, the profit on interest rate swap will be amortised over the bond maturity, impacting the cost of funding.

The proceeds from the eight-year Eurobond were used for liability management, to repay a €500 million bond maturing in 2023. The repurchase of this 2023 bond was made at market price during January and February 2022, with the premium on the bond's carrying amount (amounting to €22 million) recognised in the Statement of Comprehensive Income.

In H1 2022, NEPI Rockcastle extended the contractual maturities related to unsecured committed revolving credit facilities as follows:

- the revolving credit facility from BRD-Groupe Société Générale and Garanti Bank was extended for one year, until July 2025, with the maximum principal available maintained at €170 million, and
- the revolving credit facility from ING Bank was extended for one year, until July 2025, with the maximum principal available maintained at €100 million.

Depending on market conditions, the Group may initiate a repurchase of issued bonds or shares during the upcoming reporting periods.

**DIVIDEND DECLARATION**

The Board of Directors noted the DEPS for the period of 22.83 euro cents. NEPI Rockcastle's strong liquidity position supports a pay-out ratio of 100% of distributable earnings and the Board of Directors will consider the declaration of a dividend for H1 2022, following completion of the relocation to the Netherlands (estimated to occur on, or around, 6 September 2022). A further announcement in respect of any dividend declaration will be released in due course.

*\*The reported gearing ratio (LTV) excludes the €33 million right-of-use assets and associated lease liabilities as at 30 June 2022.*

**DIRECTORS' COMMENTARY** » continued

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**OUTLOOK**

Based on the operational recovery H1 2022, NEPI Rockcastle revises the guidance released in February 2022, expecting that DEPS for the year will be approximately 33% higher than the 2021 DEPS of 34.42 euro cents per share (previous guidance of at least 24%).

This guidance does not reflect the potential impact of possible future events that could affect the Company's operations and results. Examples of macro events that, in case they occur, may lead to different outcomes than envisaged under the current guidance include: 1) a continuing inflation rise in CEE countries, with a disruptive impact on the disposable incomes and retail consumption; 2) an energy crisis in the upcoming cold season leading to rationing measures and/or higher energy prices; 3) the escalation of the war in Ukraine in a way that threatens the Company's business in CEE; 4) a resurgence of the Covid-19 pandemic, triggered by new virus variants, which may push governments in CEE to introduce new restrictions on trading and movement.

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)

23 August 2022

**BASIS OF PREPARATION**

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2022 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 prepared in accordance with IFRS have been reviewed by EY Luxembourg, a non JSE accredited auditor, who expressed an unmodified review report thereon, with an electronic copy available on <https://nepirockcastle.com/wp-content/uploads/2022/08/Interim-Financial-Report-H1-2022.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 JSE granted the Company dispensation from the requirement to appoint an audit firm accredited with the JSE upon migration to Luxembourg, for a

limited period of up to four months. As such, EY Luxembourg has prepared a limited review report for the Company's Interim Condensed Consolidated Financial Statements for the six months ending 30 June 2022 which does not extend to a review of the specific measures required by JSE relating to the inclusion of headline earnings per share calculated in accordance with the Headline Earnings Circular 1/2019 issued by SAICA and auditor confirmation that the interim results have been prepared in accordance with the JSE Listings Requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. This information has been published as supplementary information and is excluded from the limited review report prepared by the EY Luxembourg.

The accounting policies are consistent with those applied for the preparation of the Annual Consolidated Financial Statements as at 31 December 2021.

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 2022, 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

**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 2022	31 Dec 2021 <sup>*,**</sup>
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>6 152 877</b>	<b>6 027 271</b>
Investment property	5 950 480	5 841 676
— Investment property in use	5 748 623	5 670 776
— Investment property under development	201 857	170 900
Goodwill	76 804	76 804
Deferred tax assets	45 970	48 669
Investments in joint ventures	26 441	23 659
Long-term loans granted to joint ventures	23 128	22 466
Other long-term assets	9 895	9 455
Derivative financial assets at fair value through profit or loss	20 159	4 542
<b>Current assets</b>	<b>539 940</b>	<b>569 117</b>
Trade and other receivables	76 839	60 972
Inventory property	13 466	9 522
Cash and cash equivalents	449 635	498 623
<b>Assets held for sale</b>	<b>15 600</b>	<b>1 752</b>
<b>TOTAL ASSETS</b>	<b>6 708 417</b>	<b>6 598 140</b>
<b>EQUITY AND LIABILITIES</b>		
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3 782 794</b>	<b>3 720 242</b>
<b>Equity attributable to equity holders</b>	<b>3 782 794</b>	<b>3 714 922</b>
Share capital	6 090	6 090
Share premium	3 200 061	3 550 061
Other reserves	(4 827)	(3 384)
Accumulated profit	581 470	162 155
<b>Non-controlling interest</b>	<b>-</b>	<b>5 320</b>
<b>Total liabilities</b>	<b>2 925 623</b>	<b>2 877 898</b>
<b>Non-current liabilities</b>	<b>2 731 163</b>	<b>2 716 314</b>
Bank loans	292 923	297 155
Bonds	1 975 653	1 977 191
Deferred tax liabilities	396 075	371 366
Lease liabilities*	32 234	32 779
Other long-term liabilities	33 310	34 612
Derivative financial liabilities at fair value through profit or loss	968	3 211
<b>Current liabilities</b>	<b>192 796</b>	<b>161 584</b>
Trade and other payables	119 894	104 969
Provisions for litigations**	37 304	37 304
Bank loans	8 247	7 431
Bonds	26 519	11 048
Lease liabilities*	832	832
<b>Liabilities held for sale</b>	<b>1 664</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6 708 417</b>	<b>6 598 140</b>
Net Asset Value per share (euro)	6.21	6.10
EPRA Net Reinstatement Value per share (euro)***	6.64	6.51
Number of shares for Net Asset Value/EPRA Net Reinstatement Value per share	608 994 907	608 994 907

\*At 31 December 2021, “Lease liabilities” were presented in line “Other long-term liabilities”. At 30 June 2022, these are presented on separate lines within “Non-current liabilities” (long term portion) and “Current liabilities” (short term portion), with corresponding comparatives re-classed accordingly.

\*\* At 31 December 2021, “Provision for litigations” were presented in line “Trade and other payables”. At 30 June 2022, these are presented on a separate line, with corresponding comparative re-classed accordingly.

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

**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 2022	30 Jun 2021 <sup>^</sup>
<b>Net rental and related income*</b>	<b>196 303</b>	<b>154 919</b>
Gross rental income	204 197	173 887
Service charge income	99 460	72 508
Property operating expenses	(109 444)	(76 086)
Partial forgiveness of receivables (Covid-19 forgiveness)	2 090	(15 390)
Administrative expenses	(16 001)	(9 359)
<b>EBIT**</b>	<b>180 302</b>	<b>145 560</b>
Fair value adjustments of investment property	59 199	25 453
Foreign exchange loss	(164)	(385)
<b>Profit before net finance costs and other items</b>	<b>239 337</b>	<b>170 628</b>
Finance income	1 215	702
Finance costs	(28 629)	(32 032)
Bank charges, commissions, and fees	(2 615)	(2 422)
Fair value adjustments of derivatives	21 792	2 306
Losses on extinguishment of financial instruments	(21 925)	-
Share of profit of joint ventures	2 781	848
<b>Profit before tax</b>	<b>211 956</b>	<b>140 030</b>
<b>Income tax expense</b>	<b>(40 819)</b>	<b>(18 417)</b>
Current tax expense	(11 820)	(4 742)
Deferred tax expense	(28 999)	(13 675)
<b>Profit after tax</b>	<b>171 137</b>	<b>121 613</b>
<b>Total comprehensive income for the period</b>	<b>171 137</b>	<b>121 613</b>
<b>Profit attributable to:</b>		
Non-controlling interest	106	44
Equity holders	171 031	121 569
<b>Total comprehensive income attributable to:</b>		
Non-controlling interest	106	44
Equity holders	171 031	121 569
Weighted average number of shares in issue	608 994 907	608 994 907
Diluted weighted average number of shares in issue	608 994 907	608 994 907
Basic/diluted earnings per share attributable to equity holders (euro cents)	28.08	19.96

\*Out of the total rental and related income for the six-month period ended 30 June 2021, €2.4 million relates to two Serbian entities disposed of on July 2021.

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

<sup>^</sup>Subheadings "Net finance costs" and "Other items" shown in the Statement of comprehensive income at 30 June 2021 were removed in this Statement of comprehensive income, to ease understanding

**INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
*All amounts in €'000 unless otherwise stated*

<b>INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Accumulated profit</b>	<b>Non-controlling interest</b>	<b>Total</b>
<b>Balance at 1 January 2021</b>	<b>6 090</b>	<b>3 550 061</b>	<b>(6 456)</b>	<b>137 373</b>	<b>5 255</b>	<b>3 692 323</b>
<b>Transactions with owners</b>	<b>-</b>	<b>(1 500 000)</b>	<b>(190)</b>	<b>1 397 203</b>	<b>-</b>	<b>(102 987)</b>
— Share premium reduction <sup>^</sup>	-	(1 500 000)	-	1 500 000	-	-
— Shares purchased for LTSIP <sup>*</sup>	-	-	(1 978)	-	-	(1 978)
— Share based payment expense	-	-	1 788	-	-	1 788
— Earnings distribution	-	-	-	(102 797)	-	(102 797)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121 569</b>	<b>44</b>	<b>121 613</b>
— Profit for the period	-	-	-	121 569	44	121 613
<b>Balance at 30 June 2021/1 July 2021</b>	<b>6 090</b>	<b>2 050 061</b>	<b>(6 646)</b>	<b>1 656 145</b>	<b>5 299</b>	<b>3 710 949</b>
<b>Transactions with owners</b>	<b>-</b>	<b>1 500 000</b>	<b>3 262</b>	<b>(1 607 425)</b>	<b>-</b>	<b>(104 163)</b>
— Share premium increase <sup>^</sup>	-	1 500 000	-	(1 500 000)	-	-
— Share based payment expense	-	-	3 262	-	-	3 262
— Earnings distribution	-	-	-	(107 425)	-	(107 425)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113 435</b>	<b>21</b>	<b>113 456</b>
— Profit for the period	-	-	-	113 435	21	113 456
<b>Balance at 31 December 2021/1 January 2022</b>	<b>6 090</b>	<b>3 550 061</b>	<b>(3 384)</b>	<b>162 155</b>	<b>5 320</b>	<b>3 720 242</b>
<b>Transactions with owners</b>	<b>-</b>	<b>(350 000)</b>	<b>(1 443)</b>	<b>248 284</b>	<b>(5 426)</b>	<b>(108 585)</b>
— Share premium reduction <sup>^^</sup>	-	(350 000)	-	350 000	-	-
— Shares purchased for LTSIP <sup>*</sup>	-	-	(2 852)	-	-	(2 852)
— Share based payment expense	-	-	1 409	-	-	1 409
— Earnings distribution	-	-	-	(102 189)	-	(102 189)
— Acquisition of Non-controlling interest	-	-	-	473	(5 426)	(4 953)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>171 031</b>	<b>106</b>	<b>171 137</b>
— Profit for the period	-	-	-	171 031	106	171 137
<b>Balance at 30 June 2022</b>	<b>6 090</b>	<b>3 200 061</b>	<b>(4 827)</b>	<b>581 470</b>	<b>-</b>	<b>3 782 794</b>

<sup>\*</sup>LTSIP = debt free Long-Term Share Incentive Plan with a vesting component.

<sup>^</sup> Share premium movement - In June 2021, the Group transferred €1,500,000 thousand from share premium to accumulated profit, in accordance with Isle of Man company law. After a thorough reassessment, the Company decided to maintain the reserves as they were accounted for previously to the transfer from June, and thus, unwound the respective transfer in December 2021.

<sup>^^</sup> During 2022, €350,000 thousand were transferred from share premium to accumulated profit, to ensure positive retained earnings at stand-alone parent company level.

**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 2022	30 Jun 2021
<b>Profit per IFRS Statement of comprehensive income attributable to equity holders</b>	<b>171 031</b>	<b>121 569</b>
<b>Accounting specific adjustments</b>	<b>(31 973)</b>	<b>(14 160)</b>
Fair value adjustments of investment property for controlled subsidiaries	(59 199)	(25 453)
Depreciation in relation to property, plant, and intangible assets, of an administrative nature	698	403
Fair value adjustments of derivatives	(21 792)	(2 306)
Losses on extinguishment of financial instruments	21 925	-
Amortisation of financial assets	(975)	(181)
Deferred tax expense for controlled subsidiaries	28 999	13 675
<b>Adjustments related to joint ventures:</b>	<b>(1 636)</b>	<b>(282)</b>
Fair value adjustment of investment property for joint ventures	(1 632)	(283)
Fair value adjustments of derivatives	(325)	(144)
Deferred tax expense for joint ventures	321	145
<b>Adjustments related to non-controlling interest:</b>	<b>7</b>	<b>(16)</b>
Fair value adjustment of investment property for non-controlling interest	-	(24)
Deferred tax income for non-controlling interest	7	8
<b>Antecedent earnings</b>	<b>-</b>	<b>-</b>
<b>Distributable earnings</b>	<b>139 058</b>	<b>107 409</b>
Number of shares outstanding at end of period	608 994 907	608 994 907
<b>Distributable earnings per share (euro cents)</b>	<b>22.83</b>	<b>17.64</b>
<b>Distribution declared</b>	<b>-</b>	<b>107 409</b>
<b>Distribution declared per share (euro cents)</b>	<b>-</b>	<b>17.64</b>
<b>Earnings not distributed*</b>	<b>139 058</b>	<b>-</b>
<b>Earnings not distributed per share (euro cents)*</b>	<b>22.83</b>	<b>-</b>
Number of shares entitled to distribution	608 994 907	608 994 907

\* The Board of Directors noted the distributable earnings per share for the period of 22.83 euro cents. NEPI Rockcastle's strong liquidity position supports a pay-out ratio of 100% of distributable earnings and the Board of Directors will consider the declaration of a dividend for H1 2022, following completion of the relocation to the Netherlands (estimated to occur on, or around, 6 September 2022). A further announcement in respect of any dividend declaration will be released in due course.



**INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

All amounts in €'000 unless otherwise stated

<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
<b>Cash flows from operating activities</b>	<b>150 632</b>	<b>107 924</b>
Expenditure on investment property under development*	(45 892)	(19 396)
Acquisition of investment property and land	(18 439)	-
Proceeds from disposal of assets held for sale	-	2 395
Other investments	-	768
<b>Cash flows used in investing activities</b>	<b>(64 331)</b>	<b>(16 233)</b>
Payment to acquire shares for LTSIP**	(2 852)	(2 020)
Acquisition of non-controlling interest	(9 377)	-
<b>Net movements in bank loans, bonds and other long-term liabilities</b>	<b>(20 226)</b>	<b>(246 677)</b>
Repayment of bank loans	(3 864)	(246 677)
Cash received from pre-hedge instrument	4 075	-
Repayment of bonds	(492 078)	-
Premium paid on repurchase of bond	(21 925)	-
Proceeds from bonds	493 566	-
<b>Other payments</b>	<b>(102 734)</b>	<b>(103 361)</b>
Repayments of lease liabilities	(545)	(280)
Premium paid on acquisitions of derivatives	-	(284)
Earnings distribution	(102 189)	(102 797)
<b>Cash flows used in financing activities</b>	<b>(135 189)</b>	<b>(352 058)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(48 888)</b>	<b>(260 367)</b>
Cash and cash equivalents brought forward	498 623	643 297
Cash and cash equivalents classified as held for sale	(100)	(2 691)
Cash and cash equivalents carried forward	<b>449 635</b>	<b>380 239</b>

\* Expenditure on investment property under development also includes the VAT cash inflow relating to development projects of €1,256 thousand.

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

<b>RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
<b>Profit for the period attributable to equity holders</b>	<b>171 031</b>	<b>121 569</b>
Fair value adjustments of investment property	(59 199)	(25 453)
Tax effects of adjustments for controlled subsidiaries	8 522	4 171
Fair value adjustment of investment property for joint ventures	(1 632)	(283)
Tax effects of adjustments for joint ventures	261	45
<b>HEADLINE EARNINGS</b>	<b>118 983</b>	<b>100 049</b>
Weighted average number of shares in issue	608 994 907	608 994 907
Diluted weighted average number of shares in issue	608 994 907	608 994 907
Headline earnings per share (euro cents)	19.54	16.43
Diluted headline earnings per share (euro cents)	19.54	16.43

<b>LEASE EXPIRY PROFILE</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>≥2031</b>	<b>Total</b>
Total based on rental income	2.2%	15.3%	18.7%	19.2%	15.7%	13.3%	6.0%	1.7%	1.2%	6.7%	100%
Total based on rented area	1.3%	13.3%	17.2%	18.1%	16.4%	12.8%	6.9%	2.7%	2.0%	9.3%	100%

**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 2022	31 Dec 2021
Net Asset Value (per the Statement of financial position)	3 782 794	3 714 922
Deferred tax liabilities for controlled subsidiaries	397 666	371 366
Deferred tax assets for controlled subsidiaries	(45 970)	(48 669)
Goodwill	(76 804)	(76 804)
Derivative financial assets at fair value through profit or loss	(20 159)	(4 542)
Derivative financial liabilities at fair value through profit or loss	968	3 211
Deferred tax liabilities for joint ventures	5 867	5 547
Derivatives at fair value through profit or loss for joint ventures	75	399
<b>EPRA Net Reinstatement Value</b>	<b>4 044 437</b>	<b>3 965 430</b>
Number of shares	608 994 907	608 994 907
<b>Net Asset Value per share (euro)</b>	<b>6.21</b>	<b>6.10</b>
<b>EPRA Net Reinstatement Value per share (euro)</b>	<b>6.64</b>	<b>6.51</b>

SEGMENTAL ANALYSIS	Retail	Office	Industrial	Residential	Corporate	Total
<b>Six months ended 30 June 2022</b>						
Net rental and related income	192 617	2 735	951	-	-	196 303
Gross rental and service charge income	298 659	3 837	1 161	-	-	303 657
Property operating expenses	(108 132)	(1 102)	(210)	-	-	(109 444)
Partial forgiveness of receivables (Covid-19 forgiveness)	2 090	-	-	-	-	2 090
Profit/(Loss) before Net finance costs and other items	244 218	2 621	1 258	(37)	(8 723)	239 337
Total Assets	6 251 578	76 064	20 082	16 484	344 209	6 708 417
Total Liabilities	800 373	2 776	2 197	2 183	2 118 094	2 925 623
<b>Year ended 31 December 2021</b>						
Net rental and related income	340 048	5 188	1 655	-	-	346 891
Gross rental and service charge income	527 450	7 163	2 106	-	-	536 719
Property operating expenses	(169 649)	(1 963)	(451)	-	-	(172 063)
Partial forgiveness of receivables (Covid-19 forgiveness)	(17 753)	(12)	-	-	-	(17 765)
Profit/(Loss) before Net finance costs and other items	362 693	1 549	2 890	(120)	(46 380)	320 632
Total Assets	6 119 363	75 337	19 585	10 868	372 987	6 598 140
Total Liabilities	763 572	2 706	2 001	249	2 109 370	2 877 898
<b>Six months ended 30 June 2021</b>						
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