

NEPI Rockcastle N.V.
(formerly NEPI Rockcastle S.A.)
Incorporated and registered in the Netherlands
Registration number 87488329
Share code: NRP
ISIN: NL0015000RT3



(“NEPI Rockcastle” or “the Group” or “the Company”)

SHORT-FORM ANNOUNCEMENT: REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

“NEPI Rockcastle’s net operating income surged to a record level last year, driven by strong tenant turnover and base rental growth. This was underpinned by the resilience of CEE consumers and their willingness to spend on average, greater amounts per visit, coming out of the pandemic. The performance was even more remarkable as it was achieved against a challenging economic background, marked by high inflation, rising interest rates and the energy crisis triggered by the war in Ukraine.

Despite the opaque economic outlook, we do not anticipate the momentum of NEPI Rockcastle’s growth slowing this year. The major investments we made in 2022, particularly the acquisition of the high -performing, dominant, Forum Gdansk and Copernicus shopping centres in the Polish market, will significantly contribute to operating income in the months ahead. The completion of our development projects scheduled for this year will also generate additional income.

Consumers have a strong preference for visiting shopping centres in CEE, which generally play a much more important role in local economies and communities than in Western Europe, where high street retail is more present. This also tends to mean inflation has less of an impact on spending in our CEE shopping centres than in malls in other European regions. Tenant demand for the Group’s retail space is very strong. Many international retailers entered new markets or expanded their presence in CEE countries by opening new stores in NEPI Rockcastle’s shopping centres.

Our lease agreements have built-in inflation protection through indexation and property operating expenses are tightly under control, particularly for energy, where our renewable solar power output is ramping up.

We also have a solid liquidity position, with a safe level of debt. NEPI Rockcastle’s loan-to-value (LTV) ratio stands at 35.7%, after the significant investments made in 2022. We will continue to maintain a robust and efficient capital structure, designed to ensure that the Company has enough liquidity to support growth and can meet its obligations at all times.

Excellent operating performance translated into a valuation uplift of the Group’s property portfolio, which outweighed the rise in yields.

We continued to make our business more sustainable this year. We adopted a revised and more comprehensive ESG strategy in 2022 and have a dedicated team to deliver it, together with all our employees and in cooperation with tenants and other partners. We have already met some of our objectives, such as the installation of photovoltaic plants in 10 locations (20 more to be completed in 2023) and BREEAM certification (Excellent or Very Good) for all eligible assets.

The business recovered completely after the two years of the Covid-19 pandemic, which shows the resilience of physical retail in CEE, the quality of the Group’s properties and the great work of our team. We remain positive about the prospects for the business in 2023.”

Rüdiger Dany, Chief Executive Officer (CEO)

DISTRIBUTABLE EARNINGS

Distributable earnings per share for the second half of 2022 were 29.32 euro cents, which, combined with the interim DEPS of 22.83 euro cents, produces an annual DEPS of 52.15 euro cents, 51.5% higher than in 2021 (34.42 euro cents). DEPS for H2 2022 include a non-recurring positive impact of 3.51 euro cents from the reversal of a provision with litigation related to the discontinued acquisition of Serenada and Krokus shopping centres in Poland, recognised in 2021. On a recurring basis, i.e. excluding the impact of accounting for these litigation claims, DEPS for 2022 were 48.68 euro cents, 20% higher than for 2021 (40.55 euro cents).

DIVIDEND DECLARATION

The Board has declared a dividend of 27.85 euro cents per share for H2 2022, corresponding to a 95% dividend pay-out ratio, to be settled as capital repayment (default option). The shareholders can also elect for the settlement of the same dividend amount as ordinary cash distribution out of distributable profits.

As an alternative, the shareholders may elect to receive a dividend of 29.32 euro cents, corresponding to a 100% pay out ratio, as a return of capital by way of an issue of new shares.

A circular containing full details of the election being offered to shareholders, accompanied by announcements on the Stock Exchange News Service (SENS) of the JSE, A2X and Euronext Amsterdam will be issued in due course.

FULL-YEAR 2022 RESULTS HIGHLIGHTS

- Net rental and related income (referred to as ‘Net Operating Income’ or ‘NOI’) was up 17% from 2021 at approximately €405 million (excluding the share from joint venture shown separately in the financial statements for the first eight months).
- Gross rental income increased by 14.3%, from €369 million in 2021 to €422 million in 2022 driven by rental uplifts, higher occupancy and significantly higher tenant sales.
- The collection rate also recovered to pre-pandemic levels: 98% of 2022 reported revenues were collected as of 31 December 2022, increasing to over 99% by the end of January 2023.
- Investment property as of 31 December 2022 was valued at €6.6 billion, compared to €5.8 billion at the end of 2021. The increase is due to the acquisitions made during the year, the investments in developments and capital expenditures (‘capex’), as well as to the uplift in the value of properties of €142 million for 2022. The revaluation reflects the significant improvement in trading conditions compared to previous year and the quality and resilience of the Group’s property portfolio.
- Loan-to-value (LTV) was 35.7% as of 31 December 2022, a safe level and comfortably within debt covenants. The Company intends to reduce the LTV below 35%, its strategic threshold, within the upcoming 12-18 months.
- Liquidity position as of 31 December 2022 was €671 million, including €251 million in cash and €420 million in undrawn committed credit facilities. The decrease of cash balance during 2022 was mainly the result of investments made in quarter four (Q4).

INDEPENDENT AUDITOR'S REVIEW REPORT

The review report on the Group's preliminary condensed consolidated financial statements has been issued by Ernst & Young Inc. (EY South Africa), a JSE accredited auditor, who expressed an unmodified review report thereon.

The consolidated and separate financial statements for the year ended 31 December 2022 are scheduled for publication on 22 March 2023, together with the annual integrated report. The audit report on the consolidated and separate financial statements is expected to be issued by Ernst & Young Inc. (EY South Africa) together with Ernst & Young Accountants LLP (EY Netherlands).

A copy of the review report, together with the underlying reviewed preliminary condensed consolidated financial statements is available on the Company's website at:

[https://nepirockcastle.com/wp-content/uploads/2023/02/Reviewed Preliminary Financial Statements 2022.pdf](https://nepirockcastle.com/wp-content/uploads/2023/02/Reviewed_Preliminary_Financial_Statements_2022.pdf)

SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the board of directors of NEPI Rockcastle. This short-form announcement is only a summary of the information in the full announcement and does not contain complete details. Any investment decision by investors and/or shareholders should be based on consideration of the reviewed preliminary condensed consolidated financial statements, released on SENS, published on the Company's website at:

[https://nepirockcastle.com/wp-content/uploads/2023/02/Reviewed Preliminary Financial Statements 2022.pdf](https://nepirockcastle.com/wp-content/uploads/2023/02/Reviewed_Preliminary_Financial_Statements_2022.pdf)

and on the long-form announcement reviewed preliminary condensed consolidated financial statements available on the Company's website at:

[https://nepirockcastle.com/wp-content/uploads/2023/02/Reviewed Preliminary Condensed Consolidated Financial Results H2 2022.pdf](https://nepirockcastle.com/wp-content/uploads/2023/02/Reviewed_Preliminary_Condensed_Consolidated_Financial_Results_H2_2022.pdf)

and on the JSE's website at: <https://senspdf.jse.co.za/documents/2023/JSE/isse/NRPE/H22022.pdf>.

The full announcement is also available for inspection at the registered offices of the Company (Claude Debussylaan 7-29, Tribes Offices SOM Building 3rd Floor, 1082MC Amsterdam, Netherlands) and at the offices of the JSE sponsor, Java Capital (6th Floor, 1 Park Lane, Wierda Valley, Sandton, 2196) at no charge during normal business hours from Tuesday, 21 February 2023 to Tuesday, 28 February 2023.

For further information please contact:

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