

NEPI ROCKCASTLE N.V.
(formerly NEPI ROCKCASTLE S.A.)
Incorporated in the Netherlands
Registration number: 87488329
Share code: NRP
ISIN: NL0015000RT3
("NEPI Rockcastle" or "the Company")



CIRCULAR TO NEPI ROCKCASTLE SHAREHOLDERS IN RESPECT OF AN ELECTION TO RECEIVE A CAPITAL REPAYMENT, ORDINARY CASH DISTRIBUTION OR SCRIP DIVIDEND

Shareholders are referred to NEPI Rockcastle's consolidated financial results for the year ended 31 December 2022, published on Tuesday, 21 February 2023, wherein shareholders were advised that the board of directors had declared a final dividend of 27.85 euro cents per share for the six months ended 31 December 2022 ("**final dividend**"), corresponding to a 95% dividend pay-out ratio.

The board of directors of the Company has resolved to offer to NEPI Rockcastle shareholders the election to receive the final dividend:

- (i) via a reduction and repayment in cash of the nominal value per share ("**capital repayment**"), by way of amendments to the articles of association of the Company ("**the Articles**"), as approved by shareholders at the extraordinary general meeting held on 16 November 2022; or
- (ii) as an ordinary cash distribution out of distributable profits ("**ordinary cash distribution**").

As an alternative, shareholders may elect to receive a distribution of 29.32 euro cents per share, corresponding to a 100% dividend pay-out ratio and representing a 5.3% premium to the final dividend, as a return of capital by way of an issue of new shares with a nominal value of €0.01 each credited as fully paid up ("**scrip dividend**").

A circular in this regard was posted today and is available on the Company's website at <https://nepirockcastle.com/wp-content/uploads/2023/02/NEPI-Rockcastle-Shareholders-in-Respect-of-the-Final-Dividend-for-the-Six-Months-Ended-31-December-2022.pdf>.

The election is available in respect of all or part of a shareholder's shareholdings as at Friday, 17 March 2023.

The capital repayment will be paid to shareholders unless they elect to receive either the ordinary cash distribution or the scrip dividend. This differs from the default option applicable to previous elections offered by the Company. Therefore, NEPI Rockcastle shareholders who wish to receive either the ordinary cash distribution or the scrip dividend must ensure that their elections are lodged in accordance with the "Salient Dates and Times" set out below. The election by a shareholder of one option implies an opt-out of the other option(s).

The rationale for offering two alternatives as to how cash is received, namely as a capital repayment or an ordinary cash distribution, is to reduce the compliance costs of claiming tax refunds. The rationale for the scrip dividend is to offer shareholders the opportunity to increase their shareholding in NEPI Rockcastle and to retain flexibility regarding the Company's cash resources.

Capital repayment

Shareholders receiving the capital repayment (the default) will receive an amount of 27.85 euro cents per share in cash, as a repayment of the nominal value of their shares. The aggregate amount by which the nominal value of ordinary shares is reduced will be partly paid to shareholders opting (or opting by default) to receive the capital repayment, such part representing the total of all distributions opted (or opted by default) to be received as a capital repayment by shareholders. The remaining balance will be added back to the share premium reserve.

Shareholders who hold shares traded on the JSE and/or A2X will receive the capital repayment in South African Rand ("**ZAR**"), converted from Euro at a ZAR:EUR conversion rate to be announced on Tuesday, 7 March 2023 ("**the announced exchange rate**"). Shareholders who hold NEPI Rockcastle shares traded on Euronext Amsterdam will receive the capital repayment in Euro.

Ordinary cash distribution

Shareholders who elect to receive the ordinary cash distribution will receive an amount of 27.85 euro cents per share in cash. The ordinary cash distribution will be paid out of the Company's distributable profits.

Shareholders who hold shares traded on the JSE and/or A2X will receive the ordinary cash distribution in ZAR, converted from Euro at the announced exchange rate. Shareholders who hold NEPI Rockcastle shares traded on Euronext Amsterdam will receive the ordinary cash distribution in Euro.

Scrip dividend

New NEPI Rockcastle shares to be issued pursuant to the scrip dividend are to be funded by way of a reduction of the Company's share premium account.

The number of shares to which a shareholder electing to receive the scrip dividend is entitled will be determined with reference to the ratio that 29.32 euro cents per share bears to a scrip reference price. The scrip reference price will be calculated based on a 3% discount to the five-day volume weighted average traded price (less the final dividend of 27.85 euro cents per share) of NEPI Rockcastle shares on the JSE, to be announced on Tuesday, 7 March 2023 ("**scrip reference price**"). For NEPI Rockcastle shares traded on Euronext Amsterdam, the scrip reference price will be converted to Euro at the announced exchange rate.

The Company reserves the right to reduce the number of new NEPI Rockcastle shares issued to electing shareholders in terms of the scrip dividend, on a *pro rata* basis, with any such reduction to be announced on or before Tuesday, 7 March 2023. In such circumstance, shareholders will receive the balance of their final dividend in cash as a capital repayment of 27.85 euro cents per share.

NEPI Rockcastle reserves the right to reduce the number of new NEPI Rockcastle shares issued to an electing shareholder in respect of the scrip dividend if the issue of such shareholder's full allocation of new NEPI Rockcastle shares would result in that shareholder (individually or together with any shareholders deemed to be acting in concert with such shareholder) having an interest in NEPI Rockcastle shares that would ordinarily require the shareholder (or group of shareholders) to make a mandatory takeover offer pursuant to any applicable takeover, capital market or equivalent legislation. In such circumstances, the shareholder will receive the balance of their entitlement in cash as a capital repayment of 27.85 euro cents per share.

The allocation of new NEPI Rockcastle shares will be such that shareholders who elect to receive the scrip dividend will not be allocated a fraction of a new NEPI Rockcastle share. Any entitlement to receive a fraction of a NEPI Rockcastle share will be rounded down to the nearest whole number, with a cash payment ("**cash payment**") made to the relevant shareholder in respect of the fraction. The cash payment due to shareholders will be determined with reference to the weighted average traded price of NEPI Rockcastle shares on the JSE on Wednesday, 15 March 2023, less 10% (converted to Euro at the announced exchange rate in respect of those shares traded on Euronext Amsterdam) which amount will be announced on Thursday, 16 March 2023 before 11:00am South African time.

As at the date of this announcement, the Company has 607,000,000 ordinary shares of €0.01 each in issue.

SALIENT DATES AND TIMES

For shareholders holding shares traded on the JSE and/or A2X

	2023
Announcement on SENS and ANS regarding an election to receive either a capital repayment, an ordinary cash distribution or scrip dividend, and issue of circular	Tuesday, 28 February
Announcement on SENS and ANS of the scrip reference price, scrip ratio and exchange rate before 11:00am South African time	Tuesday, 7 March
Last day to trade on the JSE and A2X in order to be eligible for the capital repayment, ordinary cash distribution or scrip dividend	Tuesday, 14 March
Shares commence trading on the JSE and A2X <i>ex</i> the final dividend	Wednesday, 15 March
Announcement on SENS and ANS of cash payment applicable to fractional entitlements before 11:00am South African time	Thursday, 16 March

Record date for receipt of the capital repayment, ordinary cash distribution or scrip dividend	Friday, 17 March
Ordinary cash distribution and scrip dividend elections to be made no later than 12:00pm South African time	Friday, 31 March
Announcement on SENS and ANS of the date of the amendment of the Articles to facilitate the capital repayment and confirmation of the number of new NEPI Rockcastle shares issued pursuant to the scrip dividend	Tuesday, 4 April
Amendment of Articles to reflect increase paid up from the Company's share premium account, and subsequent reduction of the nominal value per share	Wednesday, 5 April
Payment of capital repayment and ordinary cash distribution; CSDP/broker accounts credited/updated and new NEPI Rockcastle shares listed on the JSE and A2X	Thursday, 6 April

Notes:

1. The above dates and times are subject to change. Any changes will be released on SENS and ANS and the website of the Company at www.nepirockcastle.com.
2. For the avoidance of doubt, only those shareholders who hold NEPI Rockcastle shares on the record date will receive the capital repayment, or be entitled to elect to receive the ordinary cash distribution or scrip dividend.
3. **Shareholders electing the scrip dividend alternative are alerted to the fact that the new NEPI Rockcastle shares will be listed and settled on Thursday, 6 April 2023 and that these new shares can only be traded from that date. This differs from the conventional one-day-after-record-date settlement process.**
4. Transfers of shares between the Euronext Amsterdam and the JSE or A2X may not take place between Tuesday, 7 March 2023 and Friday, 17 March 2023, both days inclusive. Accordingly, the above dates and times will apply in respect of all shares traded on the JSE and A2X at the commencement of trade from Tuesday, 7 March 2023.
5. Shares may not be dematerialised or rematerialised between Wednesday, 15 March 2023 and Friday, 17 March 2023, both days inclusive.

For shareholders holding shares traded on Euronext Amsterdam

2023

Announcement on the Company's website regarding an election to receive either a capital repayment, an ordinary cash distribution or a scrip dividend, and issue of circular	Tuesday, 28 February
Announcement on the Company's website of the scrip reference price, scrip ratio and exchange rate before 10:00am Central European Time	Tuesday, 7 March
Last day to trade on Euronext Amsterdam in order to be eligible for the capital repayment, ordinary cash distribution or scrip dividend	Wednesday, 15 March
Shares commence trading on Euronext Amsterdam <i>ex</i> the final dividend	Thursday, 16 March
Distribution of the Technical Information Memorandum	Thursday, 16 March
Record date for receipt of the capital repayment, ordinary cash distribution or scrip dividend	Friday, 17 March
Start of election period	Monday, 20 March
Accounts at Euroclear Nederland of the Admitted Institutions will be credited with dividend rights	Monday, 20 March
Close of election period	Friday, 31 March

Announcement on the Company's website of the date of the amendment of the Articles to facilitate the capital repayment and confirmation of the number of new NEPI Rockcastle shares issued pursuant to the scrip dividend

Tuesday, 4 April

Amendment of Articles to reflect increase paid up from the Company's share premium account, and subsequent reduction of the nominal value per share

Wednesday, 5 April

Payment of capital repayment and ordinary cash distribution; broker/custodian accounts credited/updated and new NEPI Rockcastle shares listed on Euronext Amsterdam

Thursday, 6 April

Notes:

1. The above dates and times are subject to change. Any changes will be released on the website of the Company at www.nepirockcastle.com
2. For the avoidance of doubt, only those shareholders who hold NEPI Rockcastle shares on the record date will receive the capital repayment, or be entitled to elect to receive the ordinary cash distribution or scrip dividend.
3. **Shareholders electing the scrip dividend alternative are alerted to the fact that the new NEPI Rockcastle shares will be listed and settled on Thursday, 6 April 2023 and that these new shares can only be traded from that date. This differs from the conventional one-day-after-record-date settlement process.**
4. Transfers of shares between the Euronext Amsterdam and the JSE or A2X may not take place between Tuesday, 7 March 2023 and Friday, 17 March 2023, both days inclusive. Accordingly, the above dates and times will apply in respect of all shares traded on Euronext Amsterdam at the commencement of trade from Tuesday, 7 March 2023.

TAX IMPLICATIONS

The commentary below does not constitute tax advice and is intended only as a high-level guide. Shareholders should consult their own professional advisers to confirm their tax position vis-à-vis any distribution declared by the Company. The Company takes no responsibility for the submission of claims to any tax authority for or on behalf of any shareholder, for liaising with any tax authority for or on behalf of any shareholder in respect of any such claims, or for the outcome of any such claims. Claims to any tax authority are the sole responsibility of the shareholder concerned.

For shareholders residing outside of South Africa, the distribution (of the final dividend or scrip dividend) may have other legal or tax implications and such shareholders are advised to obtain appropriate advice from their professional advisers in this regard.

Capital repayment

Shareholders receiving the capital repayment (the default) will receive an amount of 27.85 euro cents per share as a repayment of the nominal value of their shares, paid from share capital for Dutch tax purposes. No Dutch dividend tax will be withheld on these capital repayments paid to shareholders.

For South African shareholders, the capital repayment should be treated as a return of capital (because from a Dutch standpoint it is treated as repayment of capital), therefore no South African dividend tax should apply. The capital repayment will reduce the shares' tax base, resulting in a potentially higher capital gain in the future when the shares are sold. Insofar as the repayment exceeds the shares' tax base, it may immediately result in capital gains tax.

Ordinary cash distribution

Dutch tax implications

Main rule

The Company must withhold 15% Dutch dividend tax on the ordinary cash distribution, leaving a distribution amount per share net of Dutch dividend tax. The Dutch dividend tax will be remitted to the Dutch tax authorities on behalf of the recipient of the ordinary cash distribution. Where required, a dividend note will be issued.

Refund procedure

The beneficial owner of the ordinary cash distribution may be entitled to a partial or full refund of the Dutch dividend tax on the basis of Dutch domestic law or a tax treaty that the Netherlands has concluded with the country of tax residence of the shareholder. Information on the refund can be found on the website of the Dutch tax authorities: <http://www.belastingdienst.nl/refunddividendtax>. Depending on your specific situation, you must either fill out a form and send it to the Dutch tax authorities (address is noted on the form) or register electronically and request the refund electronically. It is noted that most countries provide for some form of relief of double taxation, but usually not more than the tax that the Netherlands is allowed to levy on the basis of the applicable tax treaty. Foreign shareholders are therefore encouraged to request a refund to which they are entitled on the basis of the applicable tax treaty concluded with the Netherlands (if any).

Reduction or exemption at source

A shareholder, not being a natural person, who beneficially owns an interest in the nominal paid up share capital of the Company of 5% or more (a “**Substantial Interest**”), or a shareholder who beneficially owned a Substantial Interest in the Company for at least 12 months and still owns shares that formed part of to such Substantial Interest, may be entitled to a reduction or exemption at source. Such shareholder is advised to liaise with its own tax advisor to determine its possible entitlement to a reduction or exemption.

South African tax implications

General

Ordinary cash distributions received from a foreign (non-resident) company in respect of a share that is listed on the JSE are regarded as foreign dividends for South African income tax and dividends withholding tax purposes.

As a general rule, 20% South African dividends withholding tax (“**SADWT**”) will be withheld by the regulated intermediary in South Africa (“**CSDP**”) on the ordinary cash distribution, leaving a distribution amount per share net of SADWT. This could be different if:

- a shareholder qualifies for an exemption from SADWT on the basis of South African domestic law; and
- the formal requirements to apply such exemption from SADWT are satisfied (insofar as applicable).

In order to qualify for any exemption from SADWT the beneficial owner of the ordinary cash distribution must provide the following documentation to the CSDP:

- a written declaration that the ordinary cash distribution is exempt from SADWT in terms of South African domestic law; and
- a written undertaking to inform the regulated intermediary in writing should the circumstances affecting the applicable exemption change, or should the beneficial owner cease to be the beneficial owner,

by the date determined by the CSDP, or where no date is determined, by the date of payment of the ordinary cash distribution.

The requirements in order to qualify for an exemption or rebate of SADWT in terms of a tax treaty are dealt with below.

Tax implications for corporate shareholders

Where the South African resident beneficial owner of the ordinary cash distribution is a company, the ordinary cash distribution will be exempt from SADWT in terms of domestic law, provided the documentary requirements set out above are complied with.

Tax implications for non-corporate shareholders

Where the South African resident beneficial owner of the ordinary cash distribution is a non-corporate shareholder, the ordinary cash distribution may be exempt from SADWT in terms of domestic law. Where the ordinary cash distribution does not qualify for one of the domestic exemptions, SADWT will be suffered at an initial rate of 20%. One would then consider the application of the rebate mechanism described below in order to determine the final amount of tax payable.

Rebate on SADWT suffered

A rebate on non-refundable foreign taxes imposed on the ordinary cash distribution paid is available to reduce the SADWT liability. This rebate is calculated with reference to the dividend withholding tax (“**DWHT**”) rate to which all qualifying companies resident in South Africa and all qualifying individual persons resident in South Africa are entitled in terms of the tax treaty concluded between the Netherlands and South Africa (“**NL-SA treaty**”) (and not the standard rate of 15% DWHT). The applicable rate of DWHT should be determined with reference to the analysis set out above.

The rebate will be limited to the SADWT imposed.

Where the ordinary cash distribution is exempt from DWHT in terms of Dutch domestic law as a result of the shareholder holding 5% or more of NEPI Rockcastle’s shares, no rebate will be available.

The CSDP is responsible for withholding SADWT from the ordinary cash distribution payable to shareholders holding shares trading on the JSE or A2X and paying such amounts to the South African Revenue Service. In order to apply a rebate, the CSDP must be satisfied:

- that DWHT was applied; and
- that the relevant shareholder qualifies for a reduced rate of DWHT.

The rebate for foreign taxes is determined in ZAR by translating the foreign currency amount using the same rate used to translate the foreign dividend.

Refund mechanism

Where the above results in shareholders holding shares trading on the JSE or A2X who are not exempt from SADWT suffering more than an aggregate 20% dividends withholding tax, such shareholders are advised to follow the procedures set out above in order to claim a refund in terms of the NL-SA treaty.

The maximum dividends withholding tax to be suffered by a South African shareholder will be 20%. Whether or not there is a refund due to the shareholder should be determined with reference to the specific facts applicable to that shareholder.

Where a CSDP is satisfied that a particular shareholder has suffered 15% DWHT, which is not recoverable by that shareholder from the Dutch tax authority, such CSDP should withhold 5% SADWT (being the 20% SADWT less 15% DWT), unless a specific South African domestic exemption applies and the required documentation as set out above has been provided to the CSDP.

Issuance of new NEPI Rockcastle shares as a scrip dividend

Dutch tax implications

The issuance of additional shares in NEPI Rockcastle shares pursuant to the scrip dividend will be paid up from the Company's share premium account. Such transaction is not subject to Dutch DWHT.

South African tax implications

The issuance of additional shares in NEPI Rockcastle itself is not a dividend in terms of South African domestic law, deriving such meaning from its treatment under Dutch law, and should therefore not be subject to SADWT. In terms of SA domestic law, the issuance of additional shares in NEPI Rockcastle should also not constitute a foreign return of capital for South African tax purposes.

The base cost of the additional NEPI Rockcastle shares received by the shareholders will be deemed to be nil for South African capital gains tax purposes. As the fractional cash payment arises pursuant to the disposal of shares on behalf of shareholders, the fractional cash payment must be disclosed by South African shareholders in their tax returns as proceeds for capital gains tax purposes, or gross income (depending on whether the shareholder holds his/her shares in income or capital account) in relation to the disposal of shares which have no base cost or tax cost. Shareholders are advised to obtain appropriate advice from their professional advisor regarding the tax consequences of receipt of both shares in terms of the scrip dividend and any fractional cash payment.

For further information please contact:

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