

NEPI Rockcastle N.V.
Incorporated in the Netherlands
Registration number: 87488329
Share code: NRP
ISIN: NL0015000RT3



("NEPI Rockcastle" or "the Group" or "the Company")

REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

"In 2023 NEPI Rockcastle generated the highest distributable earnings per share (DEPS) in its history, exceeding the previous record set in 2019. This marks not only a complete recovery from the effects of the Covid-19 pandemic, but also a sustainable step-up in performance determined by continuing investments in our portfolio. Throughout the year we updated our guidance to the upside as we took note of the strong results coming in. Even so, the 17% increase in recurring DEPS achieved (9.3% on a nominal basis) exceeded our latest update.

The bedrock of our results is the operational performance of the property portfolio. Several factors explain the jump in Net Operating Income (NOI) by 21% year-on-year to €491 million. The acquisitions made in late-2022 contributed significantly to performance as did a 13% increase in like-for-like NOI. Inflation protection through the indexation clauses embedded in our lease agreements has served NEPI Rockcastle well during the high inflationary environment in CEE over the past two years. Active asset management achieved rental uplifts averaging 8% above indexation on new lettings and renewals. The growth in turnover rents and short-term income outpaced that of base rents in 2023. The recovery of operating expenses through tenant contributions improved, leading to lower unrecovered costs than in 2022.

The Company's robust results were underpinned by strong sales from our tenants and a confident CEE consumer. We saw a significant improvement in all key trading data, with tenant sales up 12.6% and consumer spend per basket rising 7.8%, while footfall was 4.6% higher. The strong trading performance has helped to maintain balance between the Company's and our tenants' results, reflected in a stable occupancy cost ratio (OCR) of 12.2%. The drop in vacancy to 2.2% further proves the appeal of our properties for retailers.

We continued to strengthen our balance sheet to protect against macroeconomic risks and ensure the resources for future growth. To this end, we offered shareholders the option for scrip dividends, which increased liquidity and reduced the loan to value ratio (LTV) to 32.2%, well below our upper threshold of 35%. We also contracted a €387 million unsecured green loan from the International Finance Corporation (IFC) to enable the redemption of bonds maturing in November 2024 irrespective of the conditions in the capital markets. The strong operating performance of our properties led to a valuation uplift of €165 million, overcoming a negative shift in market yields.

Sustainable growth remains a key focus for NEPI Rockcastle. In 2023 we delivered Promenada Craiova in southern Romania, the largest new retail scheme to open in CEE in 2023, and completed the Group's first residential project, both on time and on budget. Sustainability lies at the core of our operations and developments and we are making significant progress to reduce emissions and increase the energy efficiency of our assets, as part of a comprehensive sustainability strategy launched in 2022. The shining example of our progress in this area is the fact that we are now producing solar energy at 27 of our Romanian properties. NEPI Rockcastle has delivered remarkable results in 2023. The markets that we operate in are forecast to have some of the strongest GDP growth in Europe in 2024, which bodes well not only for consumer confidence and the performance of our tenants, but also for NEPI Rockcastle's continued growth."

Rüdiger Dany, Chief Executive Officer (CEO)

DISTRIBUTABLE EARNINGS

Distributable earnings per share (DEPS) for the second half (H2) of 2023 was 28.46 euro cents, which, when combined with the interim DEPS of 28.52 euro cents, results in annual DEPS of 56.98 euro cents, 9.3% higher than in 2022 (52.15 euro cents).

DEPS for 2022 included the non-recurring positive impact of 3.51 euro cents from the reversal of a provision for litigation related to the discontinued acquisition of the 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 2023 were 17.1% higher than for 2022.

DIVIDEND DECLARATION

The Board has declared a dividend of 25.61 euro cents per share for H2 2023, corresponding to a 90% dividend pay-out ratio, to be settled as capital repayment (default option). NEPI Rockcastle shareholders can also elect for the settlement of the same dividend amount as ordinary cash dividend out of distributable profits.

In line with Dutch legislation, the capital repayment will be paid to shareholders unless they elect to receive the ordinary cash distribution option.

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

PROSPECTS AND EARNINGS GUIDANCE

Distributable earnings per share for 2024 are expected to be approximately 4% higher than the 2023 distributable earnings per share of 56.98 euro cents, with no change in the company's current 90% dividend payout ratio. This guidance does not consider the impact of potential further political instability in the region, or systemic macroeconomic disruptions, and assumes a continuation of the trading trends observed to date. This guidance can be modified or withdrawn in the future if material changes unfold.

This guidance has not been reviewed or reported on by NEPI Rockcastle's auditors and is the responsibility of the Board of Directors.

KEY FINANCIAL INFORMATION

	31 Dec 2023	31 Dec 2022	% Change
Net rental and related income (€ thousand)	491,209	404,565	21%
Distributable earnings (€ thousand)	369,444	317,055	17%
Distributable earnings per share (€ cents)	56.98	52.15	9.3%
Distribution declared (€ thousand)	332,500	308,155	7.9%
Distribution declared per share (€ cents)	51.28	50.68	1.18%
Basic earnings per share (€ cents)	75.31	71.60	5.18%
Diluted earnings per share (€ cents)	75.18	71.51	5.13%
Headline earnings per share (€ cents)	52.72	51.53	2.31%
Diluted headline earnings per share (€ cents)	52.63	51.47	2.25%
EPRA Earnings (€ thousand)	365,593	317,870	15.01%
EPRA Earnings per share (€ cents per share)	56.38	52.29	7.82%
EPRA Net Initial Yield ('NIY')	6.94%	6.80%	2.06%
EPRA topped-up NIY	6.97%	6.86%	1.6%
EPRA vacancy rate	2.2%	2.7%	(18.52%)
EPRA Net Reinstatement Value ('NRV') (€ per share)	6.98	6.84	2%
EPRA Net Tangible Assets ('NTA') (€ per share)	6.95	6.81	2.06%
EPRA Net Disposal Value ('NDV') (€ per share)	6.52	6.58	(0.91%)
EPRA Cost ratio (including direct vacancy cost)	10.2%	11.7%	(12.82%)
EPRA Cost ratio (excluding direct vacancy cost)	10.1%	11.6%	(12.93%)

FULL-YEAR 2023 RESULTS HIGHLIGHTS

- Net rental and related income (referred to as 'Net Operating Income' or 'NOI') was up 21% from 2022 at €491 million. Like-for-like (LFL) NOI growth was 13% excluding the impact from the three acquisitions made in 2022.

- Gross rental income increased by 21%, from €422 million in 2022 to €510 million in 2023. Base rent was up 18%, driven by indexation, rental uplifts and higher occupancy. Strong tenant sales led to a 29% increase in overage and turnover rent, while short-term income grew by 26%.
- The collection rate was 98% of 2023 reported revenues as of 31 December 2023, increasing to over 99% by mid-February 2024.
- Investment property as of 31 December 2023 was valued at €6.8 billion, compared to €6.6 billion at the end of 2022. The increase is due to investments in developments, as well as positive fair value adjustments of €165 million. Investment property held for sale were €152 million on 31 December 2023 (up from €19 million at the end of 2022), bringing the total value of the Group's portfolio to €6.9 billion.
- The Group's liquidity position as of 31 December 2023 was €909 million, including €339 million in cash and €570 million in undrawn committed credit facilities.
- Loan-to-value (LTV) was 32.2% as of 31 December 2023, comfortably below the strategic upper threshold of 35%.

INDEPENDENT AUDITOR'S REVIEW REPORT

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

The consolidated and separate financial statements for the year ended 31 December 2023 are scheduled for publication on 20 March 2024, 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 condensed consolidated financial statements is available on the Company's website at:

https://nepirockcastle.com/wp-content/uploads/2024/02/Reviewed_Financial_Statements_2023.pdf

This results announcement is the responsibility of the Board of Directors of NEPI Rockcastle. This results 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 condensed consolidated financial statements published on the Company's website at:

https://nepirockcastle.com/wp-content/uploads/2024/02/Reviewed_Financial_Statements_2023.pdf

and on the full announcement of the reviewed condensed consolidated financial statements available on the Company's website at:

https://nepirockcastle.com/wp-content/uploads/2024/02/Reviewed_Condensed_Consolidated_Financial_Results_H2_2023.pdf

and on the JSE's website at: <https://senspdf.jse.co.za/documents/2024/JSE/isse/NRPE/H22023.pdf>.

The full announcement is also available for inspection at the registered offices of the Company (Strawinskylaan 563, WTC Zuidas, Tower Ten, 5th Floor, 1077 XX 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, 20 February 2024 to Wednesday, 28 February 2024.

Stakeholders may follow the results presentation via webcast or conference call on Wednesday, 21 February 2024, 09:00 Central European time / 10:00 South Africa time. Webcast registration link and dial-in details are available on the home page of the Company's website, <https://nepirockcastle.com/>.

For further information please contact:

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