BUSINESS UPDATE

NEPI Rockcastle N.V. Incorporated and registered in the Netherlands
Registration number: 87488329
Share code: NRP ISIN: NL0015000RT3 (**"NEPI Rockcastle"** or **"the Company"** or **"the Group"**)

NEPI ROCKCASTLE

ACQUISITIONS AND OPERATIONAL IMPROVEMENTS FUEL A 12.6% INCREASE IN NET OPERATING INCOME

NEPI Rockcastle achieved a robust 12.6% increase in net operating income (NOI) to €152 million in the first quarter (Q1) 2025 versus Q1 2024, driven mainly by the two large acquisitions in Poland in the second half of 2024 as well as several active asset management initiatives on existing portfolio. On a like-for-like (LFL) basis NOI was up 5%. A reduction in the rate of inflation led to a smaller base rental uplift from rent indexation versus the previous year. This was offset by various active asset management measures such as unit rightsizing and tenant curation. Short-term income and improvements in cost recovery also contributed to NOI growth.

Tenant sales continued to grow at an average rate above inflation for the period, increasing by 3.7% in Q1 2025 versus the same period last year (LFL excluding hypermarkets). The average basket size increased by 9.7%, driven by the relatively larger average basket size of consumer spending in the new acquisitions, in addition to the continued trend of higher spend per visitor over recent years. Easter fell later in 2025 than in 2024 in some of the countries of the portfolio, which impacted year-on-year variations in both tenant sales and footfall (-0.7% LFL).

Rüdiger Dany, NEPI Rockcastle's CEO, *said "Driving growth in NOI through earnings accretive acquisitions has been a highlight of our strategy in recent years and the strong results in Q1 validate the positive impact of the two major investments made in Poland in 2024. At the same time, we continue to proactively manage our portfolio, regularly refreshing the tenant mix and improving the layout of our properties, to meet consumers' evolving preferences. Alternative revenue sources, such as energy, parking and media sales revenue, are growing faster than rents, which were indexed by a lower percentage compared to previous years due to a decline in inflation. The strength of our markets, and our dominant position as the largest owner, developer and operator of retail real estate in Central and Eastern Europe, is evidenced by consistently high occupancy and continued demand for space across the portfolio from international retailers.*

The start of 2025 was marked by global economic uncertainties and political instability in our region. Such conditions create both risks and opportunities, and with our robust balance sheet and strong asset base, we are well prepared to handle the volatility and continue with our strategy of sustainable growth."

EPRA retail vacancy was 1.7% on 31 March 2025, with overall portfolio EPRA vacancy of 2.0%. Rent collection for Q1 2025 was 98% (99.7% for the 2024 full year) at the end of April 2025.

STRONG BALANCE SHEET WITH LOW LTV (31.2%) AND SIGNIFICANT LIQUIDITY RESOURCES

The Group had almost €1.2 billion in cash and available committed credit facilities on 31 March 2025. It has no significant debt maturities before October 2026.

The loan-to-value ratio (LTV) was 31.2% as of 31 March 2025, comfortably below the Company's 35% strategic threshold (estimated LTV of 32.9% as of end of April 2025, following the payment of dividend for the second half of 2024).

The value of the investment portfolio was €7.9 billion as at 31 March 2025, almost the same as in December 2024. No property valuations were performed during Q1 2025. In line with the Company's policy, independent valuations are carried out twice a year and are included in the half-year and year-end financial reports.

OPERATING PERFORMANCE

Trading update

Footfall was marginally lower (by 0.7% LFL) in Q1 2025 compared to Q1 2024. LFL tenant sales (excluding hypermarkets) increased by 3.7%. All product categories recorded higher sales, except Electronics (-2.5%) and Sporting Goods (-0.5%). The best performing categories were Health & Beauty (+10.9%) and Fashion Complements (+10.8%). Fashion, the largest segment, saw sales increase by 0.8%, due to changes in the Easter sales season for some of the portfolio countries and an unusually warm winter.

The average basket size grew by 9.7% between Q1 2024 and Q1 2025, despite lower inflation. Part of the increase is due to the properties acquired in 2024 having a significantly larger basket than the portfolio average (unlike footfall and tenant sales, the average basket is not measured on a LFL basis).

Leasing activity

In Q1 2025, the Group signed 411 new leases and lease renewals, for more than 96,500m^2, of which 21% by gross lettable area (GLA) are new leases. Strong demand from international retailers looking to expand in the CEE markets was apparent by their 74% share of newly leased GLA.

Significant new leases signed in Q1 2025 include Zara (Arena Centar and Retail Park, Croatia), Avitela (Ozas Shopping and Entertainment Centre, Lithuania), Mohito (Serdika Center, Bulgaria), Boss (Silesia City Center, Poland) and Lego (Bonarka City Center, Poland).

New units opened in Q1 2025 include Reserved (Arena Mall, Hungary), Mr. D.I.Y. (Focus Mall Piotrkow Trybunalski, Poland), JD (Silesia City Center, Poland), Chic Chic (Promenada Bucharest, Romania) and Boss (Arena Centar and Retail Park, Croatia).

DEVELOPMENT UPDATE

Lease terms were signed or agreed for 68% of the additional retail GLA of Promenada Bucharest, which is scheduled to open in Q1 2027. Works for all other development projects under construction, including the redevelopment of Bonarka City Center and the refurbishment of Arena Mall Budapest, are on schedule and within budget.

The extension of Pogoria Shopping Centre (Dąbrowa Górnicza, Poland) started in January 2025. Completion is expected in Q1 2026. Lease terms are in place for 90% of the additional 4,800m^2 GLA.

The building permit for Promenada Plovdiv, a 60,500m^2 GLA retail project in Bulgaria's second largest city, is expected to be obtained in Q3 2025. The estimated completion is in Q3 2027. Lease terms for 40% of the GLA have already been agreed, evidencing strong interest from retailers. Additionally, permitting is ongoing for the development of Galati Retail Park, a mixed-use scheme in Galati, Romania. The expected date for obtaining the building permit is in Q3 2025, and the anticipated opening date is in Q4 2026.

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The second phase of the Company's green energy project, which involves installing photovoltaic panels outside Romania with a total installed power capacity of 15 MW in 23 of the Group's properties, is ongoing. There are 16 power facilities under construction (in Poland, Bulgaria, Hungary and Croatia), while seven others are fully permitted and in the procurement process (in Slovakia and Czech Republic).

The third phase of the green energy project involves developing two greenfield photovoltaic plants of large capacity in Romania (159 MW), for which the sites were identified and secured in 2024, with construction works well underway for the first plant (54 MW) and to be started in the second part of the year for the second plant.

NEPI Rockcastle's development pipeline under construction or permitting totals almost €788 million (including extensions and redevelopments of existing assets together with the green energy investments), of which €250 million had been spent by 31 March 2025.

CASH MANAGEMENT AND DEBT

As of 31 March 2025, NEPI Rockcastle has a very strong liquidity profile, with more than €500 million in cash and €670 million in undrawn committed credit facilities. The Group's gearing ratio (interest bearing debt less cash, divided by investment property) was 31.2%, comfortably below the 35% strategic threshold. Following the payment of the dividend for the second half of 2024, made in April 2025, the Group's liquidity amounts to over €1 billion, while LTV is 32.9%.

As of 31 March 2025, the ratios for unsecured loans and bonds showed ample headroom compared to covenants, as follows:

- Solvency Ratio: 0.38 actual compared to maximum 0.60 requirement;
- Consolidated Coverage Ratio: 4.89 actual compared to minimum 2.00 requirement; and
- Unencumbered consolidated total assets/unsecured consolidated total debt: 266% actual compared to minimum 150% requirement.

The Q1 2025 average cost of debt was 3.2%. As of March 2025, the balance exposed to variable interest rate corresponds to the IFC loan and represents 14% of the total outstanding debt.

OUTLOOK

The Board reaffirms its guidance released in February 2025 that distributable earnings per share for the year will be approximately 1.5% higher than 2024 distributable earnings per share, with no change in the Company's current 90% dividend payout ratio.

This guidance does not consider the impact of greater political instability in the region or major macroeconomic disruption and assumes that current trading trends continue. This guidance can be modified, or withdrawn, in the future if material changes occur. 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)

16 May 2025

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