NEPI ROCKCASTLE

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

NEPI Rockcastle plc is incorporated and registered in the Isle of Man with registered number 014178V
Registered office: 2nd Floor, 30 Athol Street Douglas, Isle of Man, IM1 1JB
JSE share code: NRP Euronext share code: NRP ISIN: IM00BDD7WV31 ('NEPI Rockcastle', 'the Group' or 'the Company')

DIRECTORS' COMMENTARY

All financial information below is based on IFRS (and excludes joint ventures).

In the first half of 2018, NEPI Rockcastle continued to focus on consolidating the Group's operations across nine Central and Eastern European (CEE) countries, through pro-active management, refurbishment and extension of owned properties, as well as greenfield development and selective acquisition of high quality assets.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Portfolio valued at €5.3 billion, compared to €4.9 billion at the end of 2017, with retail properties delivering like-for-like growth in net rental income of 4.1% compared to the six months ended 30 June 2017.
- Three dominant centres were acquired, one of which provided entry into the attractive Lithuanian market.
- Major new centres in Serbia and Romania on track to open in the second half of 2018.
- Direct property portfolio delivered like-for-like tenants' turnover increase of 7.7%, with EPRA vacancy rate of 3.8% and a collection rate of 99.9%.
- Net listed securities portfolio represents 6.3% of total assets, down from 10% as at 31 December 2017, in line with previously announced strategy.
- Strong balance sheet: loan-to-value ratio of 28% below the Group's target of 35% and conservative in comparison to real-estate peers in Europe.
- Investment grade credit ratings from all three major credit rating agencies (Moody's, Standard & Poor's and Fitch).
- Distributable earnings per share for the first half of 2018 of 26.49 euro cents, 12.9% higher than the combined distribution of New Europe Property Investments plc (NEPI) and Rockcastle Global Real Estate Company Limited (Rockcastle) for the six-month period ended 30 June 2017. This increase is due to the effect of acquisitions and developments finalised in 2017 being concentrated in the second half of the year.
- EPRA NAV per share reached €7.14, 6% higher than the combined NEPI and Rockcastle EPRA NAV per share of €6.74 as at 30 June 2017.

"NEPI Rockcastle delivered strong operational performance in H1 and we continue to implement our strategy as CEE's premier owner and operator of shopping centres", said Alex Morar, CEO.

"During the first half of the year we have consolidated our portfolio in existing markets through further acquisitions of high-quality retail properties and asset management initiatives, while expanding into the affluent Baltic states with our first deal in Lithuania. With our focus on dominant retail assets in the high-growth markets of the CEE region, we continue to reinforce our standing as a partner of choice for both international and regional retailers. We are confident that NEPI Rockcastle is well placed to maintain its leading position in our markets, and to continue to create value for its shareholders."

Net rental income (€ thousand)	H1 2018	H1 2017 (combined)	Growth (%)	Like-for-like growth (%)
Retail	151,925	115,253	31.8%	4.1%
Office	11,713	10,204	14.8%	1.6%
Industrial	997	925	7.8%	7.8%
TOTAL	**164,635**	**126,382**	**30.3%**	**4.0%**

NEPI Rockcastle has joined the European Public Real Estate Association (EPRA) and started reporting EPRA indicators, with the aim of enhancing its disclosure and aligning to industry standards.

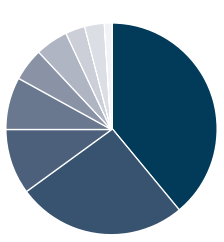
	30 June 2018
Total portfolio valuation (€ thousand)	5,324,194
EPRA Earnings (€ thousand)	164,104
EPRA Earnings per Share (€ cents per share)	28.40
EPRA Net Asset Value (€ per share)	7.14
EPRA Net Initial Yield (NIY) (%)	6.70%
EPRA 'topped-up' NIY (%)	6.77%
EPRA Vacancy rate (%)	3.8%

Leasing activity was strong in the first half of 2018, with retailers seeking to expand into CEE due to increased consumption across the region. The Group consolidated its position as strategic partner for major retailers targeting the CEE countries, and tenant relationships are managed at Group level with a focus on cross-country collaboration. The Group benefits from exposure to a large number of tenants and retail concepts and offers a wide regional platform for their expansion.

During H1 2018 the Group signed 360 new lease agreements covering over 107,000m² of GLA, of which 242 leases (54,000m²) for units located in existing shopping centres (excluding extensions of lease agreements) and 118 leases (53,000m² GLA) in relation to projects under development.

GEOGRAPHIC DIVERSIFICATION AND ACQUISITIONS OF INVESTMENT PROPERTY

The geographic diversification by market value as at 30 June 2018 is presented below:



NEPI Rockcastle has made three acquisitions since December 2017 for a total consideration of €311 million, at a weighted average yield of 7.2%. The acquisitions fit the Group's strategy of investing in dominant, centrally located assets with significant growth potential. These acquisitions include Ozas Shopping and Entertainment Centre in Vilnius, the Company's first mall in Lithuania, a high-growth investment-grade country. The other two acquisitions consolidated the Group's leading positions in Slovakia (Galeria Mlyny) and Poland (Aura Centrum). Details of the property acquisitions completed during the period are provided below. The location and effective date are included in brackets. Population figures are estimates.

Ozas Shopping and Entertainment Centre (Vilnius, Lithuania - 31 May 2018)
Ozas is a 62,300m² GLA modern shopping centre with a strong fashion and entertainment-oriented tenant mix, benefitting from an excellent location in Vilnius. The top five tenants by rented area are Maxima, H&M, Zara, Multikino and Peek&Cloppenburg.

Vilnius, the capital city of Lithuania, has a population of 574,000 residents, with 432,000 inhabitants within a 15-minute drive from Ozas. The acquisition of Ozas marked the Group's entry point into the Baltic region, one of the most developed areas in CEE with an affluent and highly educated population.

The expansion into the Baltics further enhances the geographic diversification of the Group, consolidating NEPI Rockcastle's market position in CEE and its ability to leverage its best-in-class operating platform.

Galeria Mlyny Shopping Centre (Nitra, Slovakia - 31 May 2018)
With a GLA of over 33,200m², Galeria Mlyny is the largest and most central shopping and entertainment destination in Nitra, Slovakia. Footfall exceeded 9 million in the last year. The top five tenants by rented area are H&M, Billa, Mlyny Cinemas, C&A and New Yorker.

The city is inhabited by approximately 79,000 people and is the capital of the Nitra region, populated by over 689,000 people. It is an important university and industrial centre. Approximately 356,000 inhabitants are within a 30-minute drive from the shopping centre.

The acquisition of Galeria Mlyny strengthens the Company's competitive position in Slovakia, NEPI Rockcastle becoming the largest retail landlord in the country. The Group envisages several asset management initiatives, including enhancements to the tenant mix and improvements to common areas. Although the transaction was completed in July 2018, and thus it is not reflected in the results for the six months ended 30 June 2018, the economic effective date of the acquisition was 31 May 2018.

Aura Centrum (Olsztyn, Poland - 30 May 2018)
Aura Centrum is a prominent shopping and entertainment destination in the heart of Olsztyn city centre, with 25,400m² GLA. The shopping centre attracts 5.5 million people on an annual basis. The top five tenants by rented area are Kino Helios, H&M, Carrefour, Reserved and New Yorker.

Olsztyn is located in north-eastern Poland and is the capital of the Warmian-Masurian province. The city has 173,000 inhabitants, whilst the province's population is over 1.4 million people. It is a popular tourist destination due to its rich history and picturesque medieval old town and is considered one of the best places in Poland to live and work. The shopping centre is within a 15-minute drive for over 180,000 inhabitants.

The acquisition of Aura Centrum creates regional synergies for NEPI Rockcastle, which also owns Galeria Warmińska, the dominant shopping centre in Olsztyn. Consolidation of these properties allows for a more bespoke positioning of the two centres and a tailoring of the offering to their respective customers in the regional catchment area.

Serenada and Krokus Shopping Centres (Krakow, Poland)
NEPI Rockcastle entered into an agreement in October 2017 to acquire Serenada and Krokus Shopping Centres, which will be effective subject to satisfaction or waiver of a number of conditions precedent, which were expected to occur in Q3 2018. The timelines relating to the zoning condition precedent have shifted and the transaction is now expected to conclude in Q4 2018.

The shopping centres have a current GLA of 68,900m² and the envisaged extension will result in a single integrated shopping centre with a GLA of over 100,000m² with a planned completion date in 2021.

The acquisition consolidates the Group's position as one of the largest retail landlords in Poland. Krakow, Poland's second largest city, has a population of 767,000 residents, with 336,000 inhabitants within a 15-minute drive of the two shopping centres.

DEVELOPMENTS AND EXTENSIONS

The Group is one of the most active developers in CEE, specializing in developments of large dominant shopping malls. The development pipeline includes the largest retail schemes to be opened this year in Serbia (Novi Sad) and Romania (Satu Mare) and several other greenfield and brownfield projects.

The Group invests strategically in developments that strengthen the property portfolio and contribute to growth in distributable earnings per share. NEPI Rockcastle has a development pipeline of over €1.3 billion (including redevelopments and extensions, estimated at cost), of which €259 million were spent by 30 June 2018.

A key focus of the Group is to redevelop and extend existing cash generative assets, for which there is retailer and consumer demand and which therefore carry a lower development risk.

Size and opening dates below are estimates dependent on various external factors.

Promenada Novi Sad (Serbia)
The project is the largest retail development in Serbia outside of Belgrade and will become one of the landmark shopping centres in the country. It is located in the inner city centre of Novi Sad, the second largest city in Serbia, with 319,000 inhabitants. The shopping mall's first phase of 48,900m² GLA is scheduled to open for trading in November 2018, a record time given the project's size and complexity.

Tenant demand is very strong with various international brands joining the scheme, such as Armani Exchange, Calvin Klein, Cineplexx, LC Waikiki, LPP (Cropp, House, Mohito, Reserved, Sinsay), New Yorker and Inditex (Zara, Massimo Dutti, Bershka, Oysho, Pull&Bear, Stradivarius, Zara Home).

Satu Mare Shopping City (Romania)
The Group is working towards opening the only modern shopping and entertainment destination in Satu Mare in December 2018. Satu Mare has a population of 123,000 inhabitants, with 182,000 people living within 30-minute drive of Satu Mare Shopping City. It is located in the north-west of Romania near the border with Hungary. The centre will have 29,100m² GLA (as a first phase) and will include tenants such as Carrefour, CCC, Cineplexx, Deichmann, Douglas, Hervis, Intersport, KFC, LC Waikiki, New Yorker, Orsay, Reserved and Smyk.

Platan Shopping Centre extension (Poland)
Extension and refurbishment works will increase the shopping centre's GLA to 36,700m² and include the construction of a multi-level car park. The extension of 14,000m² GLA is scheduled to open in October 2018. The centre is located in the city of Zabrze which has 175,000 inhabitants. Several international brands have been signed, including Cropp, House, KIK, Pepco, Planet Cinema, Reserved and Smyk.

Solaris Shopping Centre extension (Poland)
Works for the 9,000m² GLA extension, including the development of a 300 bay multi-level basement car park and a new town square in front of the centre's main entrance, are progressing. The extension is scheduled to be completed in Q1 2019. The centre, located in the city of Opole, which has 128,000 inhabitants, will have a total GLA of over 26,000m² after the extension.

Festival Sibiu (Romania)
Works have started on a 42,200m² GLA development of Festival mall, the second NEPI Rockcastle asset in Sibiu which will complement the Group's other retail property in the city (Shopping City Sibiu). Festival has an excellent location within walking distance from both Sibiu's historical city centre and the main train station.

Sibiu has a population of 170,000 residents and is one of the most vibrant economic centres in Romania. The city has a high rate of foreign investments, is an important university centre and is visited by a large number of tourists (400,000 in 2017).

Several tenants have been signed, including: CineGold, Inditex (Zara, Bershka, Massimo Dutti, Oysho, Pull & Bear, Stradivarius), Kaufland (their first unit in a shopping mall in Romania) and New Yorker. Opening is planned for the end of 2019. Together with Shopping City Sibiu, Festival will give the Group a unique position in one of Romania's most dynamic cities.

Aurora Mall Buzau extension and refurbishment (Romania)
The necessary permits and approvals for the development of an extension of Aurora Mall in Buzau, Romania, were obtained in August 2018. Following the extension and refurbishment, the centre will have a GLA of 23,400m² and will serve a catchment area of 250,000 inhabitants within a 30-minute drive. The extension will include a new Cinema City multiplex with 6 screens and a new food-court area with an exterior terrace. The development is expected to be finalised in the first half of 2019.

Aurora Mall is the only modern shopping mall within a 70km radius and perfectly complements the Group's presence in this region of Romania. The Group also has dominant properties in the nearby cities of Ploiesti, Braila and Galati.

Shopping City Targu Mures (Romania)
Zoning has been obtained and permitting is underway for the construction of a 33,600m² (phase I) GLA regional, new generation shopping centre in Targu Mures (140,000 inhabitants). Targu Mures is a historical town in the heart of Transylvania, with a strong industrial base and an important university centre. The Group's shopping centre will be the second to open in the city, although its superior location and design is expected to make it dominant in the city and its surroundings. Site preparation has started and construction is envisaged to commence by the end of 2018. Tenant demand is strong and Carrefour has already signed a lease agreement for 10,000m² GLA.

Plovdiv (Bulgaria)
During the first half of 2018, the Group completed the acquisition of a land plot of over 2.9 ha in Plovdiv (the 2nd largest city in Bulgaria), adjacent to another recently acquired plot. NEPI Rockcastle currently owns over 6.5 ha in the city and is planning a 59,500m² GLA shopping mall. Tenant interest is high and permitting efforts are ongoing with works targeted to commence in the second quarter of 2019. The mall is estimated to become the dominant shopping centre in Plovdiv, which is currently underserved by modern retail.

Arena Zagreb – retail park development (Croatia)
The Group will start developing a 8,000m² GLA retail park adjacent to its shopping mall in Zagreb, Croatia. Permitting for the development is ongoing. The retail park will bring additional large-format tenants to the mall, creating a complete offering that will contribute to making Arena the premier retail destination in Zagreb. Several tenants have already shown interest in the project. It is expected that the works will be finalised by the end of Q1 2019.

Focus Mall Zielona Gora (Poland)
The Group has commenced construction of multilevel parking, which is the first phase of the redevelopment and extension of Focus Mall Zielona Gora. Once completed, construction of the second phase, a 15,000m² GLA extension of the mall, will commence. The extension is scheduled to open in Q1 2020.

Other extensions
The Group is undertaking other extensions of existing properties in Poland (e.g. Pogoria Dabrowa Gornicza) and Romania (e.g. Sighisoara) that will generate additional areas of up to 1,000m² GLA at each project.

VALUATION

NEPI Rockcastle updates the valuation of its property portfolio twice a year. Fair value is determined by external, independent professional valuers with appropriate and recognised qualifications, and recent experience in the locations and category of properties being valued. Valuations for each property in all categories (Investment property in use, Investment property held for sale and Land held for developments), as at 30 June 2018 were performed by Cushman&Wakefield and Jones Lang LaSalle.

CHANGES TO THE BOARD OF DIRECTORS

Following the merger of NEPI and Rockcastle in July 2017, Mr. Alex Morar and Mr. Spiro Noussis were appointed as joint Chief Executive Officers of NEPI Rockcastle. The joint CEOs have since worked together to implement the Company's strategy. As announced on 12 June 2018, Mr. Morar has been appointed as the sole Chief Executive Officer of NEPI Rockcastle, and will, in this capacity, further integrate the business of the Group. To facilitate the Group's transition to a sole-CEO structure, Mr. Noussis will remain as an executive director of the Group until December 2018, after which he will pursue other opportunities.

As announced on 12 July 2018, Mr. Dan Pascariu retired from his position as non-executive director and Chairman with effect from 28 August 2018. The Board has appointed Mr. Robert Reinhardt Emslie as the new independent non-executive Chairman of the Company.

Mr. Michael Mills will also be retiring from his professional activity. The Group warmly thanks Mr. Pascariu and Mr. Mills for their substantial contribution to the Company since the inception of NEPI in 2007.

Mr. Nick Matulovich did not offer himself for re-election at the Company's annual general meeting held on 28 August 2018 (AGM). Mr. Matulovich will work with the Group until February 2019 to ensure a smooth transition in his areas of responsibility. The Company thanks Mr. Matulovich for his contribution as Executive Director.

All other existing Board members were re-elected at the AGM, including Mr. Sipho Vuso Majija, who was appointed by the Board as a non-independent non-executive director of the Group with effect from 6 June 2018. Mr. Majija has 13 years' experience in property and asset management, and is an executive director of Fortress, NEPI Rockcastle's largest shareholder.

Mr. George Aase, who was recommended for appointment by the Board, was also appointed as a director at the AGM. Mr. Aase has extensive experience in leadership roles, with core specialties including corporate finance, capital markets, international finance and controlling and more than 12 years of experience in the real estate sector.

HALF-YEAR DISTRIBUTION

The Board of Directors declares a distribution of 26.49 euro cents per share for the first half of 2018, which will be paid in cash in September 2018. An announcement in this respect will be issued on the Stock Exchange News Service (SENS) of the JSE and Euronext Amsterdam in due course.

CASH MANAGEMENT AND DEBT

During the year, the Group extended its €250 million unsecured revolving facilities from ING, Societe Generale and Garanti Bank for a period of three years.

NEPI Rockcastle benefits from a diversified funding base. The Company's loan-to-value (interest bearing debt less cash divided by investment property and net listed securities) was 28%, below the gearing ratio target of 35%.

The weighted average interest rate, including hedging costs, was 2.3% during the six month period ended 30 June 2018. 45% of the Euribor-linked debt was hedged with interest rate caps and 55% with interest rate swaps.

The Group had a strong liquidity profile at 30 June 2018, with over €120 million in cash, €300 million in available unsecured revolving facilities and €382 million net available in the listed security portfolio.

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

PROSPECTS AND EARNINGS GUIDANCE

The Group pursues a sizeable development and acquisition pipeline, while maintaining a key focus on a strong liquidity profile and balance sheet. With a quality asset base and operating platform, the Group is best positioned to remain the leading CEE real estate investor.

Distributable earnings per share for the year ended 31 December 2018 are expected to be approximately 10% higher than the 2017 distribution of 48.26 euro cents per share. This guidance remains based on the assumptions that a stable macroeconomic environment prevails, no major corporate failures occur and that planned developments and acquisitions remain on schedule.

This forecast has not been audited or reviewed by NEPI Rockcastle's auditors and is the responsibility of the Board.

By order of the Board of Directors

Alex Morar
Chief Executive Officer

Mirela Covasa
Chief Financial Officer

29 August 2018

EPRA DEFINITIONS

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 Assets (EPRA NAV): Net assets per the statement of financial position, excluding the goodwill, deferred taxation net balance and mark-to-market of interest rate derivatives.

EPRA NAV Per Share: EPRA NAV divided by the number of shares outstanding at the period or year-end.

EPRA Vacancy Ratio: vacancy ratio computed based on estimated rental value of vacant space compared to the estimated rental value of the entire property.

NEPI Rockcastle Results Presentation June 2018 will be available on the Company's website starting with 29 August 2018. For additional queries in this respect, please contact office@nepirockcastle.com

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All amounts in €'000 unless otherwise stated

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30 Jun 2018	31 Dec 2017	30 Jun 2017
ASSETS			
Non-current assets	**5 527 537**	**5 127 197**	**2 847 257**
Investment property	5 324 194	4 927 509	2 708 396
Investment property in use	5 022 792	4 725 093	2 501 001
Investment property under development	301 402	202 416	181 395
Advances for investment property	-	-	26 000
Goodwill	82 582	82 582	58 390
Deferred tax assets	14 148	12 490	-
Investments in joint ventures	45 827	40 856	38 475
Long-term loans granted to joint ventures	20 546	25 792	30 556
Other long-term assets	26 516	36 175	10 844
Interest rate derivatives financial assets at fair value through profit or loss	13 724	1 793	596
Current assets	**573 436**	**860 366**	**81 814**
Trade and other receivables	69 780	60 793	34 871
Financial investments at fair value through profit or loss	300 115	326 565	6 721
Equity derivative collateral	76 811	265 541	-
Financial assets at fair value through profit or loss	6 161	11 923	-
Cash and cash equivalents	120 569	195 544	40 222
Investment property held for sale	**10 270**	**10 238**	**11 780**
Total assets	**6 111 243**	**5 997 801**	**2 940 851**
EQUITY AND LIABILITIES			
Total equity attributable to equity holders	**3 920 458**	**3 914 719**	**2 025 675**
Share capital	5 778	5 778	3 340
Share premium	3 625 568	3 625 568	1 439 703
Share-based payment reserve	-	-	4 797
Currency translation reserve	-	-	(1 229)
Accumulated profit	288 633	282 897	579 064
Non-controlling interest	479	476	-
Total liabilities	**2 190 785**	**2 083 082**	**915 176**
Non-current liabilities	**1 966 739**	**1 937 282**	**768 773**
Bank loans	728 788	734 493	171 165
Bonds	890 912	889 917	395 628
Deferred tax liabilities	302 571	271 105	184 072
Other long-term liabilities	40 869	37 089	17 908
Interest rate derivatives financial liabilities at fair value through profit or loss	3 599	4 678	-
Current liabilities	**224 046**	**145 800**	**146 403**
Trade and other payables	123 595	113 553	60 272
Financial liabilities at fair value through profit or loss	1 239	10 934	-
Bank loans	91 678	10 568	82 738
Bonds	7 534	10 745	3 393
Total equity and liabilities	**6 111 243**	**5 997 801**	**2 940 851**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Share-based payment reserve	Currency translation reserve	Accumulated profit	Non-controlling interest	Total
Balance at 1 January 2017	**3 215**	**1 368 171**	**4 797**	**(1 229)**	**439 598**	**-**	**1 814 552**
Transactions with owners	125	71 532	-	-	(15 425)	-	56 232
- Issue of shares	125	71 514	-	-	-	-	71 639
- Sale of shares issued under the Initial Share Scheme	-	18	-	-	-	-	18
- Earnings distribution	-	-	-	-	(15 425)	-	(15 425)
- Profit for the period	-	-	-	-	154 891	-	154 891
Total comprehensive income	-	-	-	-	154 891	-	154 891
Balance at 30 June 2017	**3 340**	**1 439 703**	**4 797**	**(1 229)**	**579 064**	**-**	**2 025 675**
Balance at 1 July 2017	**3 340**	**1 439 703**	**4 797**	**(1 229)**	**579 064**	**-**	**2 025 675**
Transactions with owners	2 438	2 185 865	(4 797)	1 229	438 418	196	2 623 349
- Issue of shares	389	324 082	-	-	-	-	324 471
- Issue of shares for the acquisition of Rockcastle	2 049	2 747 950	(4 797)	1 229	(424 152)	196	2 322 475
- Transfer of goodwill impairment on acquisition of Rockcastle Group to share premium	-	(886 167)	-	-	886 167	-	-
- Earnings distribution	-	-	-	-	(23 597)	-	(23 597)
Total comprehensive income	-	-	-	-	(734 585)	280	(734 305)
- Impairment of goodwill	-	-	-	-	(886 167)	-	(886 167)
- Profit for the period excluding impairment of goodwill	-	-	-	-	151 582	280	151 862
Balance at 31 December 2017	**5 778**	**3 625 568**	**-**	**-**	**282 897**	**476**	**3 914 719**
Balance at 1 January 2018	**5 778**	**3 625 568**	**-**	**-**	**282 897**	**476**	**3 914 719**
Transactions with owners	-	-	-	-	(143 306)	-	(143 306)
- Earnings distribution	-	-	-	-	(143 306)	-	(143 306)
- Profit for the period	-	-	-	-	149 042	3	149 045
Total comprehensive income	-	-	-	-	149 042	3	149 045
Balance at 30 June 2018	**5 778**	**3 625 568**	**-**	**-**	**288 633**	**479**	**3 920 458**

RECONCILIATION OF PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS	30 Jun 2018	31 Dec 2017	30 Jun 2017
Profit/(Loss) for the period attributable to equity holders	**149 042**	**(579 694)**	**154 891**
Reverse indirect result	**(13 409)**	776 019	(78 498)
Foreign exchange loss	1 157	1 255	13
Acquisition fees	3 241	10 681	1 523
Fair value adjustments of investment property	(86 143)	(162 022)	(92 171)
Gain on disposal of investment property	-	(9)	(695)
Fair value and net result on sale of financial investments at fair value through profit or loss	72 091	24 112	(89)
Income from financial investments at fair value through profit or loss	(29 564)	(18 084)	(363)
Fair value adjustment of Interest rate derivatives financial assets and liabilities	(94)	(500)	(236)
Deferred tax expense	27 916	46 199	25 208
Impairment of goodwill	-	886 167	-
Adjustments related to joint ventures			
Fair value adjustments of investment property for joint ventures	(3 108)	(14 344)	(13 875)
Fair value adjustment of Interest rate derivatives financial assets and liabilities for joint ventures	(92)	(439)	(310)
Deferred tax expense for joint ventures	1 176	2 903	2 424
Foreign exchange loss for joint ventures	11	100	73
Company specific adjustments	**17 408**	**17 004**	**(778)**
Amortisation of financial assets	(911)	(1 807)	(881)
Realised foreign exchange loss	(476)	(769)	(79)
Realised foreign exchange gain/(loss) for joint ventures	(2)	3	1
Accrued income from financial investments at fair value through profit or loss	18 733	19 803	181
Fair value adjustment of Investment property for non-controlling interest	15	(392)	-
Deferred tax expense for non-controlling interest	49	166	-
Antecedent dividend	-	6 861	1 277
Antecedent dividend - Rockcastle distribution Jun 2017	-	49 531	49 531
Distributable earnings	**153 041**	**269 721**	**126 438**
Less: Distribution declared	(153 041)	(269 721)	(126 438)
Interim distribution*	(153 041)	(126 438)	(126 438)
Final distribution	-	(143 283)	-
Earnings not distributed	-	-	-
Number of shares entitled to interim distribution*	577 800 734	538 953 794	538 953 794
Number of shares entitled to final distribution	-	577 800 734	-
Distributable earnings per share (euro cents)	**26.49**	**48.26**	**23.46**
Less: Distribution declared per share (euro cents)	(26.49)	(48.26)	(23.46)
Interim distribution per share (euro cents)*	(26.49)	(23.46)	(23.46)
Final distribution per share (euro cents)	-	(24.80)	-
Earnings not distributed (euro cents)	-	-	-

** Interim distribution, interim distribution per share and number of shares entitled to interim distribution computed on a combined basis for H1 2017.*

BUSINESS COMBINATIONS	Ozas Shopping and Entertainment Centre 31 May 2018	Aura Centrum 30 May 2018	Total
Investment property	124 829	64 935	189 764
Investment property under development	576	-	576
Current assets	2 818	1 268	4 086
Current liabilities	(3 746)	(1 084)	(4 830)
Non current liabilities	(560)	-	(560)
Deferred tax liabilities	(1 893)	-	(1 893)
Total identifiable net assets at fair value	**122 024**	**65 119**	**187 143**
Total consideration payable	**122 024**	**65 119**	**187 143**
Payable to sellers	(2 420)	(1 187)	(3 607)
Total consideration paid	**119 604**	**63 932**	**183 536**
Profit after tax for the period after acquisition	4 298	6 117	10 415
Recoveries and contractual rental income for the period after acquisition	1 166	621	1 787

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Jun 2018	31 Dec 2017	30 Jun 2017
Net rental and related income	**164 635**	**232 085**	**90 981**
Revenues from rent and expense recoveries	236 243	336 977	128 911
Property operating expenses	(71 608)	(104 892)	(37 930)
Administrative expenses	(8 979)	(15 191)	(7 300)
EBITDA	**155 656**	**216 894**	**83 681**
Net result from financial investments	**(42 527)**	**(6 028)**	**452**
Income from financial investments at fair value through profit or loss	29 564	18 084	363
Fair value and net result on sale of financial investments at fair value through profit or loss	(72 091)	(24 112)	89
Acquisition fees	(3 241)	(10 681)	(1 523)
Fair value adjustments of investment property	86 143	162 022	92 171
Foreign exchange loss	(1 157)	(1 255)	(13)
Gain on disposal of investment property	-	9	695
Profit before net finance expense	**194 874**	**360 961**	**175 463**
Net finance expense	**(18 963)**	**(22 906)**	**(8 179)**
Finance income	1 386	2 567	1 411
Finance expense	(20 349)	(25 473)	(9 590)
Fair value adjustment of Interest rate derivatives financial assets and liabilities	94	500	236
Share of profit of joint ventures	4 971	16 068	13 686
Impairment of goodwill*	-	(886 167)	-
Profit/(Loss) before tax	**180 976**	**(531 544)**	**181 206**
Income tax	**(31 931)**	**(47 870)**	**(26 315)**
Current tax expense	(4 015)	(1 671)	(1 107)
Deferred tax expense	(27 916)	(46 199)	(25 208)
Profit/(Loss) after tax	**149 045**	**(579 414)**	**154 891**
Total comprehensive profit/(loss) for the period	**149 045**	**(579 414)**	**154 891**
Non-controlling interest	(3)	(280)	-
Profit/(Loss) for the period attributable to equity holders	**149 042**	**(579 694)**	**154 891**
Profit for the period attributable to equity holders excluding impairment of goodwill	**149 042**	**306 473**	**154 891**
Weighted average number of shares in issue	577 800 734	436 806 684	328 304 103
Diluted weighted average number of shares in issue	577 800 734	436 809 203	328 309 197
Basic earnings/(loss) per share (euro cents)	25.79	(132.71)	47.18
Diluted earnings/(loss) per share (euro cents)	25.79	(132.71)	47.18
Basic earnings per share (euro cents) excluding impairment of goodwill	25.79	70.16	47.18
Diluted earnings per share (euro cents) excluding impairment of goodwill	25.79	70.16	47.18

*** Impairment of goodwill arising from the merger with Rockcastle, computed as the difference between Rockcastle's market capitalisation and its net asset value at merger date.**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	30 Jun 2018	31 Dec 2017	30 Jun 2017
Profit/(Loss) after tax	149 045	(579 414)	154 891
Adjustments	8 341	801 695	(59 047)
Interest and coupon paid	(22 089)	(24 034)	(18 202)
Changes in working capital	(21 603)	14 829	(10 422)
Cash flows from operating activities	**113 694**	**213 076**	**67 220**
Proceeds from issue of shares	-	396 128	71 657
Earnings distribution	(143 306)	(39 022)	(15 425)
Net movements in bank loans and bonds	75 367	422 048	(70 650)
Other proceeds / payments	(12 845)	196	-
Cash flows used in financing activities	**(80 784)**	**779 350**	**(14 418)**
Investments in acquisitions and developments	(288 926)	(947 245)	(69 778)
Net cash flow from financial investments/assets at fair value through profit or loss	170 833	102 712	9 178
Other investments	10 208	(369)	-
Cash flows used in investing activities	**(107 885)**	**(844 902)**	**(60 600)**
Net (decrease) / increase in cash and cash equivalents	**(74 975)**	**147 524**	**(7 798)**
Cash and cash equivalents brought forward	195 544	48 020	48 020
Cash and cash equivalents carried forward	**120 569**	**195 544**	**40 222**

RECONCILIATION OF PROFIT FOR THE YEAR TO HEADLINE EARNINGS	30 Jun 2018	31 Dec 2017	30 Jun 2017
Profit/(Loss) for the period attributable to equity holders	**149 042**	**(579 694)**	**154 891**
Fair value adjustments of investment property	(86 143)	(162 022)	(92 171)
Gain on disposal of investment property	-	(9)	(695)
Impairment of goodwill	-	886 167	-
Tax effects of adjustments	13 258	27 089	15 417
Fair value adjustments of investment property for joint ventures	(3 108)	(20 928)	(13 875)
Tax effect of adjustments for joint ventures	497	2 295	2 220
Headline earnings	**73 546**	**152 898**	**65 787**
Weighted average number of shares in issue	577 800 734	436 806 684	328 304 103
Diluted weighted average number of shares in issue	577 800 734	436 809 203	328 309 197
Headline earnings per share (euro cents)	12.73	35.00	20.04
Diluted headline earnings per share (euro cents)	12.73	35.00	20.04

RECONCILIATION OF NET ASSET VALUE TO EPRA NET ASSET VALUE	30 Jun 2018	31 Dec 2017	30 Jun 2017
Net Asset Value per the Statement of financial position	3 920 458	3 914 719	2 025 675
Deferred tax liabilities	302 571	271 105	184 072
Deferred tax assets	(14 148)	(12 490)	-
Goodwill	(82 582)	(82 582)	(58 390)
Deferred tax liabilities for joint ventures	10 032	8 856	8 376
Interest rate derivatives financial assets at fair value through profit or loss	(13 724)	(1 793)	(596)
Interest rate derivatives financial liabilities at fair value through profit or loss	3 599	4 678	-
EPRA NAV	**4 126 206**	**4 102 493**	**2 159 137**
EPRA NAV per share (euro)	**7.14**	**7.10**	**6.46**
Net Asset Value per share (euro)	**6.79**	**6.78**	**6.06**
Number of shares for Net Asset Value per share	577 800 734	577 800 734	334 027 068
Number of shares for EPRA NAV per share	577 800 734	577 800 734	334 027 068

SEGMENTAL ANALYSIS	Retail	Office	Industrial	Corporate	Total
Six months ended 30 June 2018					
Revenues from rent and expense recoveries	214 275	20 860	1 108	-	236 243
Profit before Net finance expense	230 927	9 795	545	(46 393)	194 874
Total Assets	5 180 492	452 435	16 240	462 076	6 111 243
Total Liabilities	1 144 265	52 445	2 623	991 452	2 190 785
Year ended 31 December 2017					
Revenues from rent and expense recoveries	299 862	35 089	2 026	-	336 977
Profit before Net finance expense	340 084	37 584	2 205	(18 912)	360 961
Total Assets	4 762 373	461 738	16 906	756 784	5 997 801
Total Liabilities	1 103 047	53 076	2 567	924 392	2 083 082
Six months ended 30 June 2017					
Revenues from rent and expense recoveries	111 661	16 219	1 031	-	128 911
Profit before Net finance expense	157 897	17 955	739	(1 128)	175 463
Total Assets	2 486 407	404 506	15 944	33 994	2 940 851
Total Liabilities	378 854	56 650	2 476	477 196	915 176

LEASE EXPIRY PROFILE	2018	2019	2020	2021	2022	2023	2024	2025	2026	≥2027	Total
Total based on rental income	2.5%	14.0%	20.1%	15.2%	11.8%	12.8%	6.6%	2.6%	2.6%	11.8%	100%
Total based on rented area	1.8%	10.3%	16.3%	14.5%	10.9%	12.8%	6.5%	3.7%	4.7%	18.5%	100%

DEBT REPAYMENT PROFILE	Lender	Type	Secured/Unsecured	Ownership	Outstanding amount*	Available for drawdown	2018	2019	2020	2021	2022	2023	2024
Aupark Kosice Mall & Tower	Tatra Banka	Term loan	Secured	100%	91 184	-	2 763	5 526	82 895	-	-	-	-
Aupark Zilina	VUB	Term loan	Secured	100%	61 512	-	1 190	2 462	2 548	2 636	52 676	-	-
Aupark Piestany	Komercni Banka	Term loan	Secured	100%	18 909	-	198	396	396	17 919	-	-	-
Ploiesti Shopping City (joint venture)	BRD - Societe Generale	Term loan	Secured	50%	13 596	-	548	1 095	1 095	1 095	1 095	1 095	7 573
The Office, Cluj-Napoca (joint venture)	Raiffeisen Bank	Term loan	Secured	50%	30 424	-	975	1 950	1 950	1 950	23 599	-	-
Karolinka Shopping Centre	PBB/Helaba/ING	Term loan	Secured	100%	87 200	-	436	872	872	85 020	-	-	-
Pogoria Shopping Centre	PBB/Helaba/ING	Term loan	Secured	100%	44 900	-	225	449	449	43 777	-	-	-
Platan Shopping Centre	PBB/Helaba/ING	Term loan	Secured	100%	31 500	-	158	315	315	30 712	-	-	-
Focus Park Zielona Gora	PBB/Helaba/ING	Term loan	Secured	100%	67 145	-	336	671	671	65 467	-	-	-
Solaris Shopping Centre	ING	Term loan	Secured	100%	34 800	-	-	-	34 800	-	-	-	-
Bonarka City Center	ING/BerlinHyp/NN	Term loan	Secured	100%	188 416	-	483	965	186 968	-	-	-	-
Forum Liberec Shopping Centre	Erste Bank	Term loan	Secured	100%	41 000	-	-	308	410	410	564	615	38 693
Galeria Warminska	Berlin Hyp	Term loan	Secured	100%	76 000	-	-	-	-	-	380	1 520	74 100
NE Property Cooperatief	Public	Fixed coupon bonds	Unsecured	100%	900 000	-	-	-	-	400 000	-	-	500 000
NE Property Cooperatief	Raiffeisen Bank	Revolving facility	Unsecured	100%	80 000	50 000	80 000	-	-	-	-	-	-
NE Property Cooperatief	ING	Revolving facility	Unsecured	100%	-	100 000	-	-	-	-	-	-	-
NE Property Cooperatief	Societe Generale/Garanti Bank	Revolving facility	Unsecured	100%	-	150 000	-	-	-	-	-	-	-
Total					**1 766 586**	**300 000**	**87 312**	**15 009**	**313 369**	**648 986**	**78 314**	**3 230**	**620 366**

** The outstanding amounts represent the principal payable on bank loans and bonds, and does not include accrued interest or capitalised finance raising costs.*

BASIS OF PREPARATION

In accordance with IFRS 3 – Business Combinations, the merger between NEPI and Rockcastle was classified as a purchase of Rockcastle by NEPI, with NEPI Rockcastle being assessed in substance as a continuation of NEPI. Consequently, in these consolidated financial statements and in accordance with IFRS, NEPI Rockcastle presents the results of the former NEPI Group before the merger date (11 July 2017), and the results of the combined Group from the merger date onwards. The comparatives are the audited consolidated financial results of NEPI Rockcastle for the year ended 31 December 2017 and the unaudited consolidated financial results of NEPI for the six months ended 30 June 2017. These unaudited condensed consolidated financial results for the six months ended 30 June 2018 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports. These require interim reports to be prepared in accordance with, and containing the information required by IAS 34: Interim Financial Reporting, as well as the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. The accounting policies which have been applied are consistent with those used in the preparation of the Group's financial statements for the year ended 31 December 2017. These financial results have not been reviewed or reported on by the Group's auditors. The Directors confirm that the Unaudited Condensed Consolidated Financial Statements give a true and fair view of the state of affairs of the Group for the six months period ended 30 June 2018 as well as the comparative periods presented.

The listed securities portfolio is measured at fair value being the quoted closing price at the reporting date and is categorized as a Level 1 investment, according to IFRS 13 - Fair value measurement. Realised and unrealised gains and losses arising from changes in the fair value of these investments are recognised in profit or loss in the period in which they arise. Attributable transaction costs are recognised in the statement of comprehensive income as incurred. The listed securities portfolio includes physical shares with a fair value of €300.1 million presented as Financial investments at fair value through profit or loss within the Consolidated Statement of Financial Position. The equity derivative collateral of €76.8 million represents the cash held at Prime Brokers and provides the Group with gross exposure to equity derivative swaps. The Group's equity derivatives swaps have a net fair value of €4.9 million from Financial assets at fair value through profit or loss of €6.1 million and Financial liabilities at fair value through profit or loss of €1.2 million. Within the Consolidated Statement of Comprehensive Income, the Income from financial investments at fair value through profit or loss of €29.6 million includes the gross income from dividends that the Group earns on the gross exposure netted off with the interest expense on the gross liability. The Fair value and net result on sale of financial investments shows the change in fair value of the financial instruments as well as the net result on sales of such instruments.