

# CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

(Incorporated and registered in the Isle of Man with registered number 001211V)

(Registered as an external company with limited liability under the laws of South Africa, Reg No 2009/00025/10)

JSE share code: NEP BVB share code: NEP  
AIM share code: NEPI ISIN code: IMO0B23XCH02  
("NEPI", "the Group" or "the Company")

## DIRECTORS' COMMENTARY

### 1 DISTRIBUTABLE EARNINGS

The Group has achieved consolidated distributable earnings of 9.77 euro cents per share and accordingly, the Board declared an interim dividend of 9.77 euro cents per share in respect of the six month period ended 30 June 2011. This strong performance represents a 17% increase over the 8.35 euro cents per share distributed for the comparable prior interim period.

### 2 OTHER HIGHLIGHTS

On 20 June 2011, the Company was admitted to trading on the regulated market of the Bucharest Stock Exchange. The Bucharest Stock Exchange is a regulated European market that makes the Company's shares accessible to Romanian investors, including Romanian institutional investors. Although the Romanian institutions do not have high levels of capital under management yet, this is expected to significantly change over time. Further, the regulated nature of the Bucharest Stock Exchange paves the way for a potential listing on a major European exchange.

In June 2011, the Company raised €28.8 million through a private placement that was heavily oversubscribed. The proceeds will be used to fund the Group's investment and development pipeline. This private placement extended the Company's shareholder base.

Liquidity in the trading of the Company's shares has further improved during this period.

### 3 PROPERTY ACQUISITIONS AND DEVELOPMENT

As reported in the 2010 Annual Report following the year-end, the Group has acquired land adjacent to Carrefour Property's operating property in Ploiesti and has reached preliminary agreement with Carrefour Property to redevelop the combined properties into a 50,000 m<sup>2</sup> regional shopping centre. Since then Carrefour Property's board has approved the transaction and significant progress has been made in securing bank financing and agreeing pre-leases with tenants.

The Group also acquired land adjacent to its retail asset in Brasov that borders a Carrefour hypermarket. The combined property is being redeveloped into a 5,300 m<sup>2</sup> strip mall. Tenants have been secured and the re-development is under way.

During the period, the Group exercised its option to acquire a 7,000 m<sup>2</sup> underperforming Galleria linked to Retail Park Auchan Pitesti that will be redeveloped into a value centre. As a significant step in the redevelopment plan, the Group concluded an agreement with Auchan to extend the hypermarket area by a further 3,500 m<sup>2</sup>, of which 1,042 m<sup>2</sup> is related to the acquired Galleria. This extension will result in this hypermarket being one of the largest in Romania outside of the capital city. It is expected that this will strengthen Auchan's leading position in the Pitesti area and contribute to the re-generation of the Galleria.

The Group finalised and opened the first phase of the extension of Promenada Mall Braila consisting of a 10 screen Cinema City complex and a large entertainment area including an ice rink (Cinema City is the largest cinema operator in Central and Eastern Europe). Further extensions and re-configurations are ongoing and are expected to include the addition of several large international fashion retailers.

In June 2011, the Group finalised the refurbishment of the Brasov office building and is currently in negotiations with three potential tenants to lease the refurbished property.

### 4 DEBT

In April 2011, the Group repaid the €6.8 million Alpha Bank loan facility that was due for repayment and replaced this in June 2011 with a €9.5 million revolving facility from Unicredit Bank. The new revolving facility carries an interest rate of 1 month Euribor plus 3.0% and matures on 31 May 2012 when, at the Group's option, the facility is convertible into a term loan repayable on 31 December 2014. The new facility remains undrawn.

### 5 PROSPECTS

NEPI's property portfolio continues to perform well supported by the length of its lease profile and tenants with strong corporate covenants. The Group is actively pursuing further acquisition and investment opportunities and is in negotiations to conclude three transactions, which include a sizeable office acquisition, a land acquisition and a joint venture shopping centre development.

By order of the Board

Martin Slabbert  
Chief executive officer

Victor Semionov  
Financial director

10 August 2011

### Registered office

2nd Floor, Anglo International House, Lord Street, Douglas, Isle of Man, IM1 4LN

### Transfer secretaries and settlement agent

Computershare Investor Services (Proprietary) Limited,  
70 Marshall Street, Johannesburg, 2001, South Africa  
(PO Box 61051, Marshalltown, 2107, South Africa)  
Computershare Investor Services (Jersey) Limited, 2nd floor,  
Queensway House, Hilgrove Street, St Helier, JE1 1ES, Jersey

### Directors

Dan Pascariu (Chairman)\*, Desmond de Beer\*, Michael Mills\*,  
Dewald Joubert\*, Jeffrey Zidel\*, Victor Semionov (Financial director),  
Martin Slabbert (Chief executive officer)

\*Independent non-executive director \*Non-executive director

### For further information please contact

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Martin Slabbert +40 74 432 8882

### Nominated Adviser and Broker

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### South African Sponsor

Java Capital +27 11 283 0042

### Romanian Advisor

Intercapital Invest SA  
Razvan Pasol +40 21 222 8731

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Jun 11 €	Audited 31 Dec 10 €	Unaudited 30 Jun 10 €
<b>ASSETS</b>			
Non-current assets	345 483 741	328 991 707	211 084 981
Investment property	321 839 207	313 755 281	196 914 767
Investment property at fair value	307 077 251	300 899 292	189 752 881
Investment property under development	14 761 956	12 855 989	7 161 886
Goodwill	13 849 887	13 849 887	12 790 551
Financial assets at fair value through profit or loss	3 706 983	1 386 539	1 379 663
Loans	6 087 664	-	-
Current assets	39 578 986	31 185 529	27 932 073
Trade and other receivables	4 139 975	7 338 247	4 465 634
Cash and cash equivalents	35 439 011	23 847 282	23 466 439
<b>Total assets</b>	<b>385 062 727</b>	<b>360 177 236</b>	<b>239 017 054</b>
<b>EQUITY AND LIABILITIES</b>			
Total equity attributable to equity holders	190 900 189	155 087 026	114 862 261
Share capital	808 328	712 686	562 686
Share premium	188 019 113	159 308 324	119 042 233
Share based payment reserve	7 179 934	759 550	542 246
Currency translation reserve	(3 108 678)	(2 964 825)	(3 318 045)
Accumulated loss	(1 998 508)	(2 728 709)	(1 966 859)
<b>Total liabilities</b>	<b>194 162 538</b>	<b>205 090 210</b>	<b>124 154 793</b>
Non-current liabilities	181 677 497	185 374 433	116 257 774
Interest bearing borrowings	165 139 885	168 564 379	105 223 417
Deferred tax liabilities	15 586 362	15 586 362	9 952 647
Financial liabilities at fair value through profit or loss	951 250	1 223 692	1 081 710
Current liabilities	12 485 041	19 715 777	7 897 019
Trade and other payables	5 143 621	7 656 857	6 335 216
Loans and borrowings	5 114 911	9 847 153	1 561 803
Tenant deposits	2 226 509	2 211 767	-
<b>Total equity and liabilities</b>	<b>385 062 727</b>	<b>360 177 236</b>	<b>239 017 054</b>
<b>Net asset value per share</b>	<b>2.30</b>	<b>2.18</b>	<b>2.04</b>
<b>Adjusted net asset value per share</b>	<b>2.33</b>	<b>2.22</b>	<b>2.03</b>

## ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30 Jun 11 €	Audited 31 Dec 10 €	Unaudited 30 Jun 10 €
Cash flows from operating activities*	8 755 571	3 335 524	1 872 019
Cash flows from financing activities	11 708 126	53 813 129	18 346 688
Cash flows from investing activities	(8 955 636)	(45 441 330)	(8 697 486)
<b>Net increase in cash and cash equivalents</b>	<b>11 508 061</b>	<b>11 707 323</b>	<b>11 521 221</b>
Cash and cash equivalents brought forward	23 847 282	12 276 543	12 276 543
Translation effect on cash and cash equivalents	83 668	(136 584)	(331 325)
<b>Cash and cash equivalents carried forward</b>	<b>35 439 011</b>	<b>23 847 282</b>	<b>23 466 439</b>

\*Includes interest paid on bank borrowings in amount of €3 947 973 for the six months ended 30 June 2011, €5 542 335 for the year ended 31 December 2010 and €2 989 403 for the six months ended 30 June 2010

## STATEMENT OF CHANGES IN EQUITY

	Share capital €	Share premium €	Share based payments reserve €	Currency translation reserve €	Accumulated loss €	Total €
<b>Group unaudited</b>						
<b>Opening balance 1 January 2010</b>	386 247	76 731 744	234 900	(2 650 069)	(1 983 359)	72 719 463
Transactions with owners	176 439	42 310 489	307 346	-	(2 917 202)	39 877 072
- issue of shares	176 439	42 532 625	-	-	-	42 709 064
- issue cost recognised to equity	-	(222 136)	-	-	-	(222 136)
- share based payment reserve	-	-	307 346	-	-	307 346
- dividend distribution	-	-	-	-	(2 917 202)	(2 917 202)
Total comprehensive income	-	-	-	(667 976)	2 933 702	2 265 726
- other comprehensive income	-	-	-	(667 976)	-	(667 976)
- profit for the period	-	-	-	-	2 933 702	2 933 702
<b>Balance at 30 June 2010</b>	562 686	119 042 233	542 246	(3 318 045)	(1 966 859)	114 862 261
<b>Opening balance 1 July 2010</b>	562 686	119 042 233	542 246	(3 318 045)	(1 966 859)	114 862 261
Transactions with owners	150 000	40 266 091	217 304	-	(4 739 492)	35 893 903
- issue of shares	150 000	40 417 268	-	-	-	40 567 268
- issue cost recognised to equity	-	(151 177)	-	-	-	(151 177)
- share based payment reserve	-	-	217 304	-	-	217 304
- dividend distribution	-	-	-	-	(4 739 492)	(4 739 492)
Total comprehensive income	-	-	-	353 220	3 977 642	4 330 862
- other comprehensive income	-	-	-	353 220	-	353 220
- profit for the period	-	-	-	-	3 977 642	3 977 642
<b>Balance at 31 December 2010</b>	712 686	159 308 324	759 550	(2 964 825)	(2 728 709)	155 087 026
<b>Opening balance 1 January 2011</b>	712 686	159 308 324	759 550	(2 964 825)	(2 728 709)	155 087 026
Transactions with owners	95 642	28 710 789	6 420 384	-	(6 431 499)	28 795 316
- issue of shares	95 642	28 734 126	-	-	-	28 829 768
- issue cost recognised to equity	-	(23 337)	-	-	-	(23 337)
- share based payment reserve	-	-	6 420 384	-	-	6 420 384
- dividend distribution	-	-	-	-	(6 431 499)	(6 431 499)
Total comprehensive income	-	-	-	(143 853)	7 161 700	7 017 847
- other comprehensive income	-	-	-	(143 853)	-	(143 853)
- profit for the period	-	-	-	-	7 161 700	7 161 700
<b>Balance at 30 June 2011</b>	<b>808 328</b>	<b>188 019 113</b>	<b>7 179 934</b>	<b>(3 108 678)</b>	<b>(1 998 508)</b>	<b>190 900 189</b>

## BANK LOANS AND BORROWINGS AS AT 30 JUNE 2011

	Facility amount €	Outstanding amount €	Available for drawdown €	Interest rate	Hedge
<b>Group unaudited</b>					
Nepi Bucharest One SRL	6 200 000	6 200 000	-	1M Euribor+4.5%	1M Euribor capped at 2.25%
General Investment SRL	15 000 000	10 892 282	-	Fixed at 6.23%	-
Nepi Bucharest Two and Unique Delamode SRL	9 500 000	-	9 500 000	1M Euribor+3%	1M Euribor capped at 2.25%
Premium Portfolio	13 995 000	13 448 858	-	Fixed at 5.17%	-
Promenada Mall	40 000 000	40 000 000	-	3M Euribor+3.0%	3M Euribor capped at 2.25%
Promenada Mall	28 813 000	28 813 000	-	1M Euribor+4.0%	1M Euribor capped at 2.25%
Retail Park Auchan Pitesti	77 000 000	70 269 270	-	3M Euribor+2.5%	3M Euribor capped at 2.00%
<b>Total</b>	<b>190 508 000</b>	<b>169 623 410</b>	<b>9 500 000</b>		

## BANK LOANS REPAYMENT PROFILE

	2011 €	2012 €	2013 €	2014 €	2015 €	Total €
<b>Borrower</b>						
Nepi Bucharest One SRL	-	-	6 200 000	-	-	6 200 000
General Investment SRL	508 422	1 064 641	1 137 283	8 181 936	-	10 892 282
Nepi Bucharest Two and/or Unique Delamode SRL	-	-	-	-	-	-
Premium Portfolio	117 943	241 105	334 550	12 755 260	-	13 448 858
Promenada Mall	-	2 155 653	2 155 654	35 688 693	-	40 000 000
Promenada Mall	-	2 204 195	1 887 251	2 247 414	22 474 140	28 813 000
Retail Park Auchan Pitesti	2 484 875	4 399 692	63 384 703	-	-	70 269 270
<b>Total</b>	<b>3 111 240</b>	<b>10 065 286</b>	<b>75 099 441</b>	<b>58 873 303</b>	<b>22 474 140</b>	<b>169 623 410</b>

## CONSOLIDATED STATEMENT OF INCOME

	Unaudited 30 Jun 11 €	Audited 31 Dec 10 €	Unaudited 30 Jun 10 €
<b>Net rental and related income</b>	<b>11 996 800</b>	<b>16 224 196</b>	<b>7 797 115</b>
Contractual rental income and expense recoveries	16 184 734	21 269 338	10 126 772
Property operating expenses	(4 187 934)	(5 045 142)	(2 329 657)
Share based payments	(440 384)	(524 650)	(307 346)
Foreign exchange gain	227 552	178 175	421 927
Investment advisory fees	-	(703 323)	(679 627)
Administrative expenses	(813 007)	(1 991 478)	(461 517)
Fair value adjustment on investment property	-	1 111 927	-
<b>Profit before net finance expense</b>	<b>10 970 961</b>	<b>14 294 847</b>	<b>6 770 552</b>
<b>Net finance expense</b>	<b>(3 809 261)</b>	<b>(5 906 809)</b>	<b>(3 827 037)</b>
Finance income	143 453	581 765	196 896
Finance expense	(3 952 714)	(6 488 574)	(4 023 933)
<b>Profit before tax</b>	<b>7 161 700</b>	<b>8 388 038</b>	<b>2 943 515</b>
Tax	-	(1 476 694)	(9 813)
<b>Profit for the period attributable to equity holders</b>	<b>7 161 700</b>	<b>6 911 344</b>	<b>2 933 702</b>
Weighted average number of shares in issue	75 963 602	52 388 748	47 255 904
Diluted weighted average number of shares in issue	81 628 632	56 334 549	49 444 271
Basic weighted average earnings per share (euro cents)	9.43	13.19	6.21
Diluted weighted average earnings per share (euro cents)	8.77	12.27	5.93
Distributable earnings per share (euro cents)	9.77	17.61	8.35
Headline earnings per share (euro cents)	9.43	11.07	7.62
Diluted headline earnings per share (euro cents)	8.77	10.29	7.28

## RECONCILIATION OF PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS

	Unaudited 30 Jun 11 €	Audited 31 Dec 10 €	Unaudited 30 Jun 10 €
<b>Profit for the period attributable to equity holders</b>	<b>7 161 700</b>	<b>6 911 344</b>	<b>2 933 702</b>
Unrealised foreign exchange loss	(227 552)	(178 175)	(421 927)
Acquisition fees	-	831 369	332 839
Share based payment fair value			