

Warning: The listing of NEPI on the JSE will be a secondary listing on Alt^x. The primary listing of NEPI is on AIM and the requirements of AIM will prevail. Investing in NEPI involves risk. The JSE does not guarantee the viability or success of NEPI. NEPI has been granted permission by the JSE not to retain a Designated Adviser as NEPI has a Nomad in the UK. The Nomad's responsibilities under the AIM Rules are owed solely to the LSE and are not owed to the company or to any director of the company or any other person. NEPI will retain a sponsor in relation to the secondary listing on Alt^x. Except in relation to the German SPVs, NEPI has also been granted exemption from issuing a profit forecast as required by the JSE Listings Requirements.



NEW EUROPE PROPERTY INVESTMENTS PLC

(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, registration number 2009/000025/10)
AIM share code: NEPI JSE share code: NEP ISIN: IM00B23XCH02
(“NEPI” or “the company”)

PRE-LISTING STATEMENT

prepared in terms of the JSE Listings Requirements relating to the secondary listing on the JSE of 28,150,000 ordinary shares in NEPI already listed on AIM.

Proposed listing date:

09:00 on Friday, 17 April 2009

The definitions contained on page 5 of the pre-listing statement have been used on this cover page.

This pre-listing statement is not an invitation to the public to subscribe for or an offer to the public to purchase NEPI shares. It is issued in compliance with the JSE Listings Requirements for the purpose of giving information to the public with regard to NEPI. This document does not constitute an offer to the public in accordance with the provisions of Section 85 of the United Kingdom Financial Services and Markets Act 2000 as amended by the Prospectus Regulations 2005 or Section 142 of the South African Companies Act 1973 (the “Act”) and is not a prospectus as defined in the AIM Rules for Companies or the Act.

The JSE has granted NEPI a secondary listing by way of an introduction of all the NEPI shares in issue, on the “Alt^x” sector of the JSE under the abbreviated name “NEPI” JSE share code “NEP” and ISIN IM00B23XCH02 with effect from the commencement of trade on Friday, 17 April 2009. This will be a Foreign Inward Listing.

Immediately following the secondary listing, the authorised share capital of NEPI will comprise 150,000,000 ordinary shares at a par value of €0.01 each and the issued share capital will comprise 28,150,000 ordinary shares with a par value of €0.01 each. The share premium will amount to €52,487,190.

NEPI shares will only be traded on the JSE as dematerialised shares and accordingly all shareholders who elect to receive certificated shares will have to dematerialise their certificated shares should they wish to trade on the JSE. Conversion to dematerialised shares could take up to 10 days.

The directors of the company, whose names are given in paragraph 8 on page 24 of this pre-listing statement, accept, collectively and individually, full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, they have made all reasonable enquiries to ascertain such facts and that this pre-listing statement contains all information required by the JSE Listings Requirements.

The corporate advisor and sponsor, independent reporting accountants, auditors, Nomad, valuers and transfer secretaries, whose names are included in this pre-listing statement, have given and have not, prior to issue, withdrawn their written consent to the inclusion of their names in the capacities stated and, where applicable, to their reports being included in this pre-listing statement.

An abridged version of this pre-listing statement will be released on SENS and RNS on Wednesday, 8 April 2009.

Corporate advisor and sponsor

JAVACAPITAL

AIM nominated advisor and broker

Smith & Williamson Corporate Finance

Reporting accountants and auditors

KPMG

Date of issue: 8 April 2009

This pre-listing statement is available in English only. Copies may be obtained from the registered offices of NEPI, the South African transfer secretaries, the Nomad and Java Capital, whose addresses are set out in the Corporate Information section of this pre-listing statement.

CORPORATE INFORMATION

Registered office

Falcon Cliff, Palace Road
Douglas,
Isle of Man, IM2 4LB

Auditors

KPMG Audit LLC
(Registration number: 617L)
Heritage Court, 41 Athol Street,
Douglas,
Isle of Man, IM99 1HN
(Postal address as above)

Valuers (in respect of the Romanian portfolio)

DTZ Echinox Consulting S.R.L.
(Registration number: 14860064)
Floresca II Business Centre 40-44,
Banu Antonache Street, 3rd Floor,
Bucharest, Romania
(Postal address as above)

Valuers (in respect of the German portfolio)

Dr. Lübke GmbH
(Registration number: HRB 50134)
Baseler Str. 10
D-60329, Frankfurt,
Germany
(Postal address as above)

Independent reporting accountants

KPMG Inc.
(Registration number: 1999/021543/21)
85 Empire Road, Parktown,
Johannesburg, 2193
(Private Bag 9, Parkview, 2122)

South African transfer secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number: 2004/003647/07)
Ground Floor, 70 Marshall Street,
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Corporate advisor and sponsor

Java Capital (Proprietary) Limited
(Registration number: 2002/031862/07)
2 Arnold Road Rosebank, Johannesburg, 2196
(PO Box 2087, Parklands, 2121)

Nominated advisor and broker in the UK

Smith & Williamson Corporate Finance Limited
(Registration number: 4533970)
25 Moorgate,
London, EC2R 6AY
(Postal address as above)

Investment advisor

NEPI Investment Management Limited
(Registration number: 1420749)
Midocean Chambers
PO Box 805, Road Town,
Tortola, British Virgin Islands
(Falcon Cliff, Palace Road, Douglas,
Isle of Man, IM2 4LB)

Secretary

Andrew Mackenzie Dawson
(Fellow of the Chartered Institute of Secretaries and
Administrators)
Pound Cottage, Pound Lane, Santon, Isle of Man
IM4 1EW
British Isles
(Falcon Cliff, Palace Road, Douglas,
Isle of Man, IM2 4LB)

CREST settlement agent

Computershare Investor Services (Channel Islands)
Limited
(Registration number: 75505)
PO Box 83, Ordnance House, 31 Pier Road,
St Helier Jersey, JE4 8PW
(Postal address as above)

Isle of Man administrator and registrar

Maitland Services Limited
(Registered number: 050622C)
Falcon Cliff, Palace Road,
Douglas,
Isle of Man, IM2 4LB
(Postal address as above)

South African representative authorised to accept service of due process and notices

Andries de Lange
4th Floor, Rivonia Village, 3 Mutual Road, Rivonia, Johannesburg
(PO Box 2555, Rivonia, 2128)

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SALIENT FEATURES

The information set out in this section of the pre-listing statement is only an overview and is not intended to be comprehensive. It should be read in conjunction with the information contained in the definitions as well as other sections of this pre-listing statement.

1. INTRODUCTION

NEPI was incorporated on 23 July 2007 in the Isle of Man. The company was established to invest primarily in the high quality office, retail and industrial property market initially in Romania. In addition, NEPI acquired the German portfolio and will consider investment opportunities in other Central and Eastern European countries that are recent entrants of the EU or are considered to be on the accession path. The company's objective is to provide shareholders with an opportunity to invest in a dividend paying, long term closed-ended fund that could serve as a vehicle for investors seeking emerging European investment exposure that yields stable absolute returns and portfolio diversification. The company has an investment advisory agreement with its investment advisor, NEPM, which is expected to be in place for at least 20 years unless the agreement is terminated due to poor performance or otherwise as per paragraph 12 of **Annexure 1**.

2. LISTING ON AIM

NEPI's shares were admitted to trading on the AIM market of the LSE on 22 August 2007. At the time of admission, NEPI issued 12,877,200 shares at €2 per share thereby raising €25.7 million of capital, before listing expenses. A further 13,917,800 shares were issued on 14 December 2007 at €2 per share pursuant to the capital commitments made by the investors at the time of admission, in order to raise a further €27.8 million of capital, before issue expenses.

3. PURPOSE OF THE SECONDARY LISTING

The main purposes of the secondary listing on Alt^x are to:

- provide an additional source of capital to fund the growth aspirations of NEPI;
- enhance potential investors' awareness of NEPI;
- improve the depth and spread of the shareholder base of NEPI, thereby improving liquidity in the trading of its securities;
- provide South African investors, both institutional and private, the opportunity to participate directly in the income streams and future capital growth of NEPI; and
- provide investors with an additional market for trading NEPI shares.

Additionally, in terms of the current South African tax legislation, the secondary listing will result in NEPI's dividends being exempt from South African income tax for South African resident shareholders.

In compliance with the JSE Listings Requirements, the purposes of this pre-listing statement are to:

- provide potential investors with the relevant information regarding NEPI, its property portfolio and its directors and management;
- provide potential investors with details of NEPI's strategy and vision; and
- enable NEPI to obtain a secondary listing of its entire issued share capital on Alt^x and set out the salient dates and terms of the secondary listing.

4. DETAILS OF LISTING

4.1 Important dates and times

	2009
Anticipated listing date on JSE (09:00)	Friday, 17 April
Accounts at CSDP or broker updated and credited in respect of dematerialised shareholders on	Friday, 17 April

4.2 *Listing on JSE*

The JSE has granted its approval to list the AIM listed shares on Alt^x on Friday, 17 April 2009.

5. FURTHER COPIES OF THE PRE-LISTING STATEMENT

Copies of the pre-listing statement may be obtained during business hours from 08h30 until 17h00 at the following places:

New Europe Property Investments plc
Falcon Cliff, Palace Road, Douglas, Isle of Man, IM2 4LB

Java Capital (Proprietary) Limited
2 Arnold Road, Rosebank, Johannesburg, 2196

Smith & Williamson Corporate Finance Limited
25 Moorgate, London, EC2R 6AY

Computershare Investor Services (Proprietary) Limited
Ground Floor, 70 Marshall Street, Johannesburg, 2001

DEFINITIONS

In this pre-listing statement and the annexures hereto, unless the context indicates otherwise, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa* and the words in the first column have the meanings stated opposite them in the second column, as follows:

“ 2006 Isle of Man Companies’ Act ”	the Isle of Man Companies’ Act 2006 (as amended);
“ administrator ”	Maitland Services Limited (registered number 050622C), a company incorporated under the laws of the Isle of Man, full details of whom are set out on the inside front cover of this pre-listing statement;
“ administration agreement ”	the agreement dated 15 August 2007 between the company and the administrator as described in paragraph 2 of Annexure 21 of this pre-listing statement;
“ admission ”	the first admission of the NEPI shares issued to trading and the commencement of dealing therein on AIM on 22 August 2007;
“ AIM ”	the AIM market of the London Stock Exchange;
“ AIM listed shares ”	the 28,150,000 NEPI shares currently listed on AIM;
“ AIM placing agreement ”	the agreement dated 15 August 2007 between the company, the directors, the investment advisor and Smith & Williamson relating to the placing by Smith & Williamson on behalf of the company of up to 12,877,200 NEPI shares at the time of NEPI’s admission to trading on AIM;
“ AIM Rules ”	the rules of the London Stock Exchange from time to time which govern the admission to trading on and the operation of AIM;
“ Alt^x ”	the Alternative Exchange of the JSE;
“ Alpha Bank ”	Alpha Bank Romania SA (registration number J40/28415/1993), with its headquarters at Bucharest District 1, 237B Calea Dorobantilor;
“ Articles of Association ”	the Articles of Association of NEPI;
“ auditors ”	KPMG Audit LLC (registration number 617L), full details of whom are set out in the inside front cover of this pre-listing statement;
“ Avrig 35 S.R.L. ”	S.C. Avrig 35 S.R.L. (registration number 12218956), a Romanian real estate company duly incorporated in terms of the laws of Romania with its headquarters at Bucharest District 1, 59 Berthelot St. and owned by CEERES;
“ Avrig 35 Group ”	the trading name of Central Eastern European Investment Fund (registration number 112753), a company duly incorporated in terms of the laws of Cyprus which owns 100 percent of CEERES and Oceanis International B.V., with its headquarters at Themistokli Dervi, 3 Julia House PC 1066 Nicosia;
“ the board ” or “ the directors ”	the board of directors of NEPI;
“ BoE Stockbrokers ”	BoE Stockbrokers (Proprietary) Limited (registration number 1996019589/07), a private company registered and incorporated in terms of the laws of South Africa;
“ BOMA ”	the Building Owners and Managers Association;
“ business day ”	any day other than a Saturday, Sunday or official public holiday in the UK and/or Romania;
“ Capital Property Fund ”	Capital Property Fund, a portfolio in the Capital Property Trust Scheme;

“Capital Property Trust Scheme”	Capital Property Trust Scheme, a collective investment scheme in property registered as such in terms of the Collective Investment Schemes Control Act, 2002 (as amended) and managed by PFM;
“CBD”	central business district;
“CEERES”	Central Eastern European Real Estate Shareholdings BV (registration number 04047437), a company incorporated and registered in terms of the laws of the Netherlands, with its headquarters at 2642 ES Delt, Martinus Nijhofflaan 2;
“certificated shares”	shares in respect of which physical share certificates are issued;
“CIREF Europe”	CIREF Europe Limited (registration number 1402118), a company incorporated in terms of the laws of the British Virgin Islands with its business address at Harbour House, Waterfront Drive, Roadtown, British Virgin islands;
“CIREF Europe Management Limited”	CIREF Europe Management Limited (registration number 450901), a company incorporated in terms of the laws of Ireland with its business address at 31-33 The Triangle, Ranelagh, Dublin 6, Ireland;
“CIREF NEPI Holdings Limited”	CIREF NEPI Holdings Limited (registration number HE 227426), a company incorporated in terms of the laws of Cyprus;
“Class A properties”	refers to properties characterised as having an excellent location and access, attracting high quality tenants and which are managed professionally;
“Class B properties”	refers to properties that have good locations, access and construction, with high standards of tenants;
“common monetary area”	collectively, South Africa, the Kingdoms of Swaziland and Lesotho and the Republic of Namibia;
“Companies Act” or “the Act”	the South African Companies Act (Act 61 of 1973), as amended;
“CPI”	consumer price index;
“CREST”	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holdings of shares in uncertificated form in respect of which Euroclear is the operator, in accordance with which securities may be held and transferred in uncertificated form;
“CREST Regulations”	the Isle of Man Uncertificated Securities Regulations 2006;
“CSDP”	a Central Securities Depository Participant appointed by a shareholder for purposes of, and in regard to, dematerialisation and to hold and administer securities or an interest in securities on behalf of a shareholder;
“dematerialisation”	the process whereby certificated shares are converted to an electronic form as uncertificated shares and recorded in the sub-register of shareholders maintained by a CSDP or broker;
“dematerialised shareholders”	NEPI shareholders who hold shares in dematerialised (uncertificated) form through Strate;
“dematerialised shares”	shares which have been dematerialised and incorporated in the Strate system;
“Designated Adviser”	a Designated Adviser as contemplated in Rule 21.13 of the JSE Listings Requirements;
“Diversified”	Diversified Property Fund Limited (registration number 2005/029685/06), a company incorporated in terms of the laws of South Africa and a wholly-owned subsidiary of Resilient;

“Diversified Properties 2”	Diversified Properties 2 (Proprietary) Limited (registration number 2004/022817/07), a private company incorporated in terms of the laws of South Africa and a wholly-owned subsidiary of Diversified;
“effective wholly-owned subsidiary”	a limited liability company incorporated in Romania, that is economically wholly-owned by NEPI and in which at least one share is required by Romanian company law to be held by another shareholder;
“emigrant”	an emigrant from South Africa whose address is outside the common monetary area;
“EU”	European Union;
“Euribor”	in relation to any loan denominated in Euro: (a) the applicable screen rate; or (b) (if no screen rate is available for the interest period of that loan), the arithmetic mean of the rates as supplied to the lender at his request quoted by the relevant reference banks to leading banks in the European interbank market;
“Euro” or “€”	the lawful common currency from time to time of participating member states of the EU;
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST;
“Eurohypo AG”	Eurohypo Aktiengesellschaft (registration number HRB 45701), a company incorporated in terms of the laws of Germany, with its headquarters at Helfman-Park 5, 65760, Eschbom, Germany;
“Exchange Control Regulations”	the Exchange Control Regulations of South Africa issued under the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“Flamingo acquisition”	the acquisition of four property letting enterprises held by NEPI Bucharest One S.R.L., in terms of the agreements between Flamingo International S.A. and NEPI Bucharest One S.R.L. and Flanco International S.R.L. and NEPI Bucharest One S.R.L., respectively, both dated 19 October 2007, further details of which are provided in paragraph 6.1 of this pre-listing statement;
“Flamingo International S.A.”	S.C. Flamingo International S.A. (registration number 11937104), a company incorporated in terms of the laws of Romania, with its registered office located at Bucharest, 121 Bdul Nicolae Titulescu, District 1;
“Flamingo portfolio”	the property letting enterprises held by NEPI Bucharest One S.R.L. as further described in paragraph 1 of Annexure 4 ;
“Flanco International S.R.L.”	S.C. Flanco International S.R.L. (registration number 6549491), a company incorporated in terms of the laws of Romania, with its registered office located at Bucharest, 66-67 Biharia Street, District 1, Romania;
“Financial Services Authority” or “FSA”	the UK Financial Services Authority;
“Fortress”	Fortress Asset Managers (Proprietary) Limited (registration number 2001/015523/07), a private company incorporated in terms of the laws of South Africa and a wholly-owned subsidiary of Diversified;
“FSMA”	the UK Financial Services and Markets Act 2000 (as amended);
“GBP” or “£” or “Pounds Sterling”	Great British Pound, the legal currency of the UK;
“GDP”	gross domestic product;
“General Building Management S.R.L.”	S.C. General Building Management S.R.L. (registration number 16702565), an effective wholly-owned subsidiary of NEPI, incorporated in terms of the laws of Romania and acquired from CEERES and Oceanis International B.V.;

“General Investment S.R.L.”	S.C. General Investment S.R.L. (registration number 1528785), an effective wholly-owned subsidiary of NEPI, incorporated in terms of the laws of Romania and acquired from CEERES and Oceanis International B.V.;
“German acquisition”	the acquisition of six property letting enterprises in Germany by the German SPVs, the details of which are described further in paragraph 6.4 of the pre-listing statement and in paragraph 4 of Annexure 4 ;
“German SPVs”	collectively, Premium Portfolio Ltd & Co KG (registration number HRA 44553) and Premium Portfolio 2 Ltd & Co KG (registration number HRA44554), companies in which NEPI and CIREF Europe each hold 50 percent of the issued shares and companies incorporated in terms of the laws of Germany, holding the German portfolio;
“German portfolio”	the property letting enterprises held by the German SPVs as further described in paragraph 4 of Annexure 4 ;
“German SPVs vendors”	the vendors of the property letting enterprises acquired by the German SPVs, pursuant to the German acquisition, as detailed in paragraph 4 of Annexure 5 ;
“Gross Return”	consolidated gross rental income from investments;
“group” or “NEPI group”	collectively, NEPI and its subsidiaries; the structure of ownership of which is depicted in paragraph 4.2 of this pre-listing statement;
“Hi-Lo Sisteme de Depozitare”	S.C. Hi-Lo Sisteme de Depozitare S.R.L. (registration number 17049238), a limited liability company registered and incorporated in terms of the laws of Romania with its registered office located at Rasnov, 1A Campului Street Brasov County, Romania;
“IFRS”	International Financial Reporting Standards;
“independent reporting accountants” or “reporting accountants”	KPMG Inc. (registration number 1999/021543/21), full details of whom are set out on the inside front cover of this pre-listing statement;
“Investec Bank Limited”	Investec Bank Limited (registration number 1969/004763/06), a public company incorporated and registered in terms of the laws of South Africa and listed on the JSE;
“investment advisory agreement”	the agreement dated 15 August 2007 between NEPI and NEPM as described more fully in Annexure 1 of this pre-listing statement;
“investment advisor” or “NEPM”	NEPI Investment Management Limited (registration number 1420749), a company incorporated in terms of the laws of the British Virgin Islands and its subsidiaries;
“Isle of Man Trust”	a trust domiciled in the Isle of Man which trust may from time to time hold shares in pursuance of the investment advisor incentive scheme;
“Java Capital”	Java Capital (Proprietary) Limited (registration number 2002/031862/07), corporate advisor and sponsor, full details of whom are set out on the inside front cover of this pre-listing statement;
“JSE”	JSE Limited (registration number 2005/022939/06), licensed as an exchange under the Securities Services Act (Act 36 of 2004), and a public company incorporated in terms of the laws of South Africa;
“JSE Listings Requirements”	the JSE Listings Requirements, as issued by the JSE from time to time;
“King Code”	the Code of Corporate Practices and Conduct in South Africa representing the principles of good corporate governance as laid out in the King Report as amended or replaced from time to time;
“last practicable date”	the last trading date before the practical finalisation of this pre-listing statement, being Thursday, 30 March 2009;

“listing date”	Friday, 17 April 2009, being the date of initial admission to listing of NEPI’s shares on the JSE;
“London Stock Exchange” or “LSE”	the London Stock Exchange plc;
“m²”	square metres;
“NEPI” or “the company”	New Europe Property Investments plc (registered number 001211V), incorporated and registered in in terms of the laws of the Isle of Man, listed on AIM and to be listed on the JSE;
“NEP (BVI)”	New Europe Property (BVI) Limited (registration number 1420748), a wholly-owned subsidiary of NEPI, incorporated in terms of the laws of the British Virgin Islands;
“NEPI Bucharest One S.R.L.”	S.C. NEPI Bucharest One S.R.L. (registration number 22449940), an effective wholly-owned subsidiary of NEPI, incorporated in terms of the laws of Romania;
“NEPI Bucharest Two S.R.L.”	S.C. NEPI Bucharest Two S.R.L. (registration number 22859664), an effective wholly-owned subsidiary of NEPI, incorporated in terms of the laws of Romania;
“NE Property Cooperatief U.A.”	NE Property Cooperatief U.A. (registration number 34285470), a wholly-owned subsidiary of NEPI, incorporated in terms of the laws of the Netherlands;
“New Europe Property N.V.”	New Europe Property N.V. (registration number 102850), a wholly-owned subsidiary of NEPI, incorporated in terms of the laws of Netherlands Antilles;
“NEPI Investment Management (Cyprus) Limited”	NEPI Investment Management (Cyprus) Limited (registration number HE205327), a wholly-owned subsidiary of NEPI Investment Management Limited, incorporated in terms of the laws of Cyprus, with its headquarters in Arch Makariou III, 199, Neocleous House, P.C. 3030, Limassol, Cyprus;
“NEPI Investment Management S.A.”	NEPI Investment Management S.A. (registration number J40/16378/2007), a wholly-owned subsidiary of NEPI Investment Management Limited, incorporated in terms of the laws of Romania with its registered office at Bucharest, 39 Grigore Mora Street, second floor, District 1, Romania;
“NEPI shares” or “shares”	the issued ordinary shares of €0.01 each in the share capital of NEPI;
“NEPI Trust”	NEPI Trust, a trust established in the Isle of Man, which trust may from time to time facilitate the sale and purchase of shares;
“net asset value” or “NAV”	the net asset value of the company from time to time based on the IFRS underlying values;
“Nomad” or “nominated advisor” or “Smith & Williamson”	Smith & Williamson Corporate Finance Limited (registration number 4533970), being the company’s nominated advisor for the purposes of the AIM Rules whose responsibilities under the AIM Rules are owed solely to the LSE and are not owed to NEPI or to any director of NEPI or any other person, full details of whom are set out on the inside front cover of this pre-listing statement;
“Nominated advisor and broker agreement”	the agreement dated 15 August 2007 between NEPI and Smith & Williamson as described in paragraph 3 of Annexure 19 ;
“non-resident”	a person whose registered address is outside the common monetary area and who is not an emigrant;
“Nord LB AG”	Norddeutsche Landesbank Girozentrale (registration number DE115646025), incorporated in terms of the laws of Germany, with its headquarters at Immob. Bk. Inland 1, Friedrichwall 10, 30159 Hannover Germany;
“Oceanis International B.V.”	Oceanis International B.V., a Dutch legal entity (registration number 24184331), incorporated and registered in terms of the laws of the Netherlands, with its headquarters at 2 Martinus Nijhofflaan, 2642 ES Delft, Netherlands;

“PFM”	Property Fund Managers Limited (registration number 1980/009531/06), a wholly-owned subsidiary of Diversified, incorporated in terms of the laws of South Africa and the registered manager of Capital Property Fund;
“pre-listing statement”	this pre-listing statement and its annexures thereto, dated 8 April 2009, which have been prepared in compliance with the JSE Listings Requirements;
“property management partnerships”	partnerships established under Romanian law pursuant to partnership agreements concluded between NEPI Investment Management S.R.L. (the “General Partner”) and NEPI Bucharest One S.R.L., or NEPI Bucharest Two S.R.L., or General Investment S.R.L., or General Building Management S.R.L., in terms of which the General Partner is responsible for supervising the effective functioning of the Romanian portfolio and managing, supervising, monitoring the performance and compliance of tenants under their respective lease agreements concluded in relation to the Romanian portfolio;
“property portfolio” or “NEPI property portfolio”	the entire property portfolio currently held by NEPI comprising collectively, the Raiffeisen portfolio, the German portfolio, the Flamingo portfolio and the Rasnov industrial facility as further described in Annexure 4 ;
“R” or “Rand” or “ZAR”	the South African Rand, the lawful currency of South Africa;
“Raiffeisen acquisition”	collectively, the acquisition of General Investment S.R.L. and General Building Management S.R.L., in terms of the agreement between CEERES, Oceanis International B.V., NE Property Cooperatief U.A., NEPI Investment Management S.A., General Investment S.R.L. and General Building Management S.R.L. dated 8 February 2008, as described in paragraph 6.3 of the pre-listing statement;
“Raiffeisen portfolio”	collectively, the property letting enterprises held by General Investment S.R.L. and General Building Management S.R.L. as further described in paragraph 2 of Annexure 4 ;
“Rasnov industrial facility acquisition”	the acquisition of the Rasnov industrial facility in terms of the agreement between Hi-Lo Systeme de Depozitare and NEPI Bucharest Two S.R.L. dated 9 January 2008, as described in paragraph 6.2 of the pre-listing statement;
“Rasnov industrial facility”	the property letting enterprise acquired by NEPI Bucharest Two S.R.L. from Hi-Lo Systeme de Depozitare as further described in paragraph 3 of Annexures 4 and 5 ;
“rentable area”	the rentable area as determined in line with guidelines set out by BOMA;
“Resilient”	Resilient Property Income Fund Limited (registration number 2002/016851/06), a public company listed on the JSE and incorporated in terms of the laws of South Africa;
“RNS”	Regulatory News Service of the LSE;
“Romanian portfolio”	collectively, the property letting enterprises held by NEPI Bucharest One S.R.L., NEPI Bucharest Two S.R.L., General Investment S.R.L. and General Building Management S.R.L. in respect of 23 immovable properties as further described in Annexure 4 ;
“Romanian government”	the government of Romania;
“RON”	new Romanian Leu, the lawful currency of Romania;
“SARB”	South African Reserve Bank;
“screen rate”	in relation to Euribor, the percentage rate per annum determined by the Banking Federation of the European Union for the relevant periods and displayed on the appropriate page of the Reuters screen;
“secondary listing”	the secondary listing of NEPI on Alt ^x ;

“SENS”	Securities Exchange News Service of the JSE;
“shareholders” or “NEPI shareholders”	holders of NEPI shares;
“South Africa”	the Republic of South Africa;
“South African government”	the government of South Africa;
“South African transfer secretaries” or “Computershare SA”	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a private company incorporated in terms of the laws of South Africa and the South African transfer secretaries to NEPI;
“SPV”	special purpose vehicle;
“Strate”	Strate Limited (registration number 1998/022242/06), a private company which is registered in terms of the Securities Services Act, 2004 (as amended), responsible for the electronic settlement system of the JSE;
“transaction costs”	the costs and expenses incurred or to be incurred in respect of the secondary listing, as set out in Annexure 18 ;
“transfer secretaries”	collectively, Computershare SA and Computershare Investor Services (Channel Islands) Limited;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“valuers”	collectively, DTZ Echinox Consulting S.R.L and Dr. Lübke GmbH, full details of whom are set out in the inside front cover of this pre-listing statement and whose reports on the Romanian portfolio and German portfolio are set out in Annexure 6 and Annexure 7 , respectively; and
“working capital facility agreement”	the agreement dated 15 August 2007 between NEP (BVI) and the investment advisor as described in paragraph 4 of Annexure 19 .

PRE-LISTING STATEMENT

1. INTRODUCTION AND PURPOSE

NEPI was incorporated on 23 July 2007 in the Isle of Man. The company was established to invest primarily in the high quality office, retail and industrial property market initially in Romania. In addition, NEPI acquired the German portfolio and will consider investment opportunities in other Central and Eastern European countries that are recent entrants of the EU or are considered to be on the accession path. The company's objective is to provide shareholders with an opportunity to invest in a dividend paying, long term closed-ended fund that could serve as a vehicle for investors seeking emerging European investment exposure that yields stable absolute returns and portfolio diversification.

NEPI's shares were admitted to trading on the AIM market of the LSE on 22 August 2007. At the time of admission, NEPI issued 12,877,200 shares at €2 per share thereby raising €25.7 million of capital, before listing expenses. A further 13,917,800 shares were issued on 14 December 2007 at €2 per share pursuant to the capital commitments made by the investors at the time of admission, in order to raise a further €27.8 million of capital, before issue expenses.

The investment advisor, NEPM, provides investment advisory services to the group on the terms of the investment advisory agreement, further details of which are set out in **Annexure 1** of this pre-listing statement. The investment advisory agreement is expected to be in place for at least 20 years unless the agreement is terminated due to poor performance or otherwise as per paragraph 12 of **Annexure 1**. Together with NEPM, NEPI will provide a base from which to create an attractive investment on Alt^x.

The main purposes of the secondary listing on Alt^x are to:

- provide an additional source of capital to fund the growth aspirations of NEPI;
- enhance potential investors' awareness of NEPI;
- improve the depth and spread of the shareholder base of NEPI, thereby improving liquidity in the trading of its securities;
- provide South African investors, both institutional and private, the opportunity to participate directly in the income streams and future capital growth of NEPI; and
- provide investors with an additional market for trading NEPI shares.

Additionally, in terms of the current South African tax legislation, the secondary listing will result in NEPI's dividends being exempt from South African income tax for South African resident shareholders.

In compliance with the JSE Listings Requirements, the purposes of this pre-listing statement are to:

- provide potential investors with the relevant information regarding NEPI, its property portfolio and its directors and management;
- provide potential investors with details of NEPI's strategy and vision; and
- enable NEPI to obtain a secondary listing of its entire issued share capital on Alt^x and set out the salient dates and terms of the secondary listing.

2. OBJECTIVES AND FUTURE PROSPECTS

The group has initially focused primarily on investing in Romania. The group's investments include investments in income-producing high quality office, retail and industrial properties. Industrial properties are considered to include properties which are used for logistics purposes. These types of investments include, but are not be limited to, sale and leaseback transactions and acquisitions of single properties or portfolios of properties. Investment opportunities will also be sought in development property (which may include establishing joint ventures with developers) to the extent to which these investments can be structured to allocate the majority of the development risk and/or risks related to leasing the assets to the developer or another third party. Up to 5 percent of the group's investments may be in land which is yet to be developed and up to a further 5 percent of the group's investments may be in assets that are not income-producing at the time of acquisition, but which can be converted and/or refurbished post acquisition to become income-producing. The group also considers investment opportunities elsewhere in Central and Eastern Europe. The company will seek to achieve a wide exposure to different tenants so as to diversify risk. Investments are made with a view to holding the investments in the long term and for the purpose of optimising income in a sustainable manner.

As indicated in the sectoral spread analysis below, the majority of the property portfolio is exposed to the retail, industrial and office sectors in Romania. In addition, the group acquired the German portfolio.

Good economic performance during the last five years has had a positive impact on the demand for high quality property in Romania. As a result the development market has attracted large regional developers and investors, some of which are starting to deliver their second investment-grade office, retail and industrial projects.

At the end of 2008, the total amount of Bucharest's modern Class A properties and Class B properties stood at approximately 1,230,000m². In terms of space per inhabitant Bucharest has from two to three times less quality office space than other markets in Central and Eastern Europe.

With increasing purchasing power and consumption, the Romanian retail market is attracting intense interest from retailers, developers and investors. With a nationwide average of 0.037m²/inhabitant compared to a European average of 0.170m²/inhabitant, Romania is substantially undersupplied in retail offerings. In response to the acute shortage of modern retail provisions, local and international developers are developing over 30 projects throughout Romania which is set to triple the current levels.

The industrial real estate segment is still an emerging market with limited modern schemes, most of them developed on a "built-to-suit" basis. Total modern industrial stock in Bucharest at the end of 2007 was estimated at approximately 720,000m². In terms of stock per inhabitant, Bucharest has from two to five times less industrial stock than other capital markets in Central and Eastern Europe.

Yields have compressed dramatically from 2002 to 2008, although prime yields have still remained above those in other Central and Eastern European markets and Western markets. For example, prime office yields have dropped from 12.5 percent in 2003 to between 6 and 7 percent during 2007. Nevertheless, the debt crisis has increased the cost of funding and reduced the demand from investors for Romanian properties – as a result there is upward pressure on yields. The group considers this to be a positive trend in the short term as it should lead to improved investment opportunities.

2. PROFIT FORECAST EXEMPTION

In terms of paragraph 21.3(f) of the JSE Listings Requirements, an entity applying for a listing on the Alt^x must publish a profit forecast for the remainder of the financial year during which it will list and one full financial year thereafter unless an exemption is obtained from the JSE. As it is not market practice in the United Kingdom for companies to publish profit forecasts, NEPI has been exempted from having to publish the requisite forecast information by the JSE Issuer Services Division and accordingly no profit forecast has been included in this pre-listing statement, save in respect of the German SPVs, details of which are provided in paragraph 9.2 of this pre-listing statement.

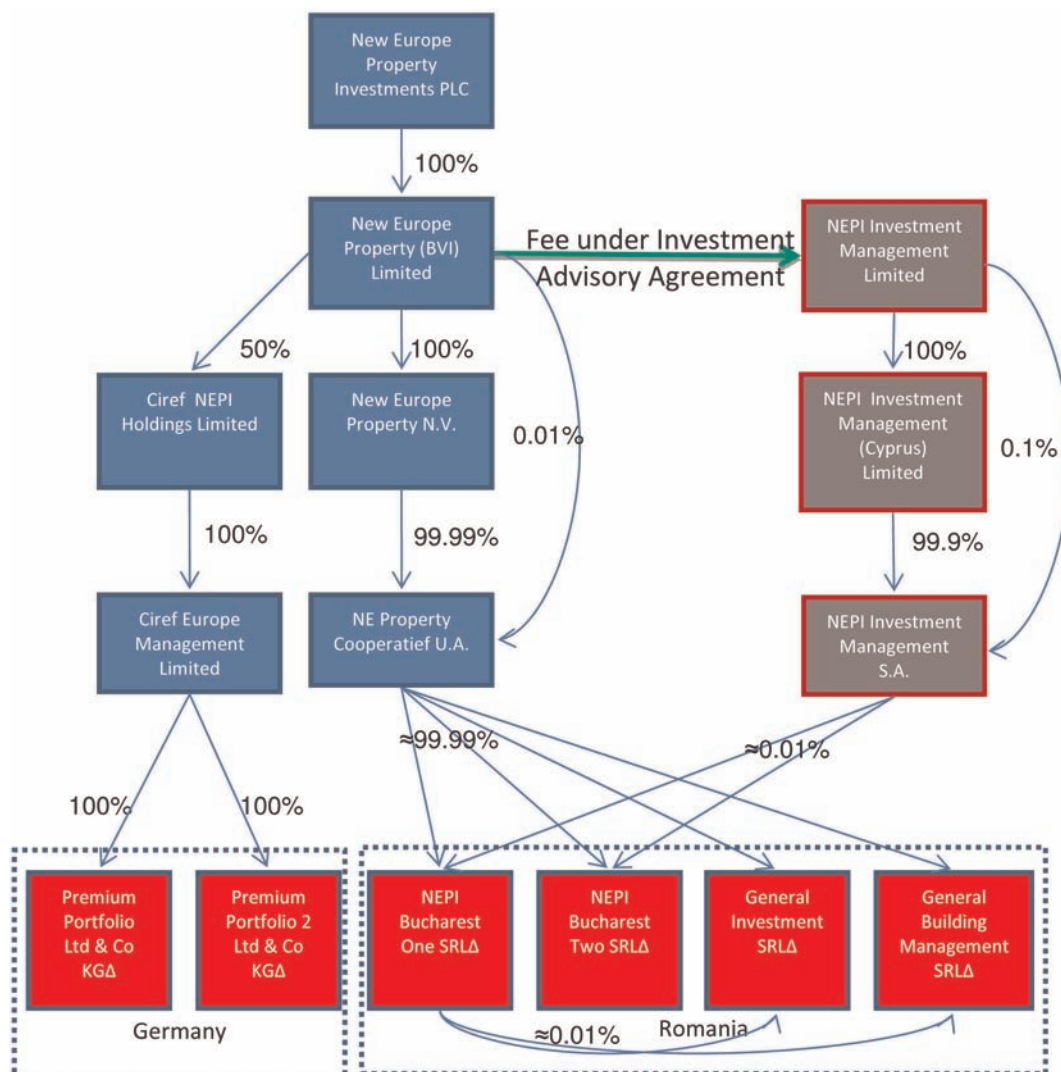
4. INCORPORATION, HISTORY AND STRUCTURE OF THE BUSINESS

4.1 Incorporation and history

NEPI was incorporated on 23 July 2007 in the Isle of Man and admitted to trading on AIM on 22 August 2007. Other than as described in paragraph 3 of **Annexure 15**, no alterations to NEPI's authorised capital have been undertaken since incorporation. A brief history of the group is set out in paragraph 1 of this pre-listing statement.

4.2 Statutory group structure

NEPI owns its property portfolio indirectly via a combination of wholly-owned and jointly held subsidiaries and joint ventures as follows:



△ This is a property holding company

Details of the respective names, dates and places of incorporation, issued capital, shares held by NEPI and the main business of the subsidiaries are detailed in **Annexure 2**. All of the properties held by the property holding companies are actively managed in partnership with NEPI Investment Management SA. The holding of NEPI shares by Investment Management SA in the Romanian property holding companies is required for Romanian statutory purposes.

4.3 Management of NEPI

NEPI's success depends to a significant extent on the investment advisor, in terms of the investment advisory agreement and property management partnerships. NEPM's responsibilities as investment advisor include identifying, analysing, and managing investments that meet the company's investment criteria and implementing investments effectively. In addition, NEPM will take responsibility for financial reporting and compliance in terms of the JSE Listings Requirements (subject to review and monitoring by the NEPI board and audit committee).

4.4 Investment advisor

The investment advisor provides investment advisory services to the group on the terms of the investment advisory agreement, further details of which are set out in **Annexure 1** and management services in terms of the partnerships with the property holding companies. The investment advisory agreement is a long term contract and is terminable on one year's notice only after an initial period of 20 years unless the agreement is terminated due to poor performance or otherwise as per paragraph 12 of **Annexure 1**.

The investment advisor performs, *inter alia*, the following functions: (i) sourcing investment opportunities and presenting them to the board; (ii) conducting investment analysis and assessments in relation to potential or existing investments; (iii) recommending disposal strategies for each investment; (iv) recommending a debt strategy for each investment (if required), including the presentation of a lending term sheet for consideration and approval by the board; and (v) negotiation of the finance documents with the lender selected by the board.

The investment advisor is responsible for all of its own ongoing running costs and expenses unless the group agrees to reimburse the investment advisor for certain of its costs. The group has agreed to reimburse the investment advisor for travelling costs incurred in respect of a potential investment but only after a letter of intent or similar document has been signed in respect of such potential investment. The investment advisor is not responsible for the costs of the local property managers or any professional third party fees (agents commission, legal fees, independent valuers fees etc) arising from sourcing investments or raising debt funding for the purchase of investments.

Fortress has a 50 percent interest in the issued share capital of the investment advisor. Mr Martin Slabbert and Mr Victor Semionov, key individuals of NEPM, are indirectly interested in 25 percent and 5 percent, respectively, in NEPM. Mr Slabbert also serves on NEPI's board of directors. The remaining 20 percent of the investment advisor's issued share capital is held by the Avrig 35 Group, of which Mr Edwin Warmerdam, director of NEPM, is the chief financial officer.

Pursuant to the investment advisory agreement, the investment advisor is paid a monthly advisory fee of 1 percent per annum of the daily average market capitalisation of NEPI, in consideration for performing investment advisory services for the group, whether itself or through sub-contractors. The investment advisor is also entitled to an annual performance fee from the group of an amount equal to 20 percent of the declarable dividend arising from investment income in respect of the financial year under consideration to the extent that this exceeds an annual 10 percent return on the aggregate capital invested in the company as at the relevant date.

In terms of the property management partnership agreements, the General Partner, NEPM, participates in the profits or losses of the property management partnerships to the extent of 1 percent. Under the investment advisory agreement the net benefit received by NEPM is capped to the fees payable under the investment advisory agreement, with the result that profits derived from the property management partnerships together with annual management fees under the investment advisory agreement cannot exceed 1 percent of market capitalisation, unless otherwise agreed between the parties to the agreements.

The company has agreed to provide up to 5 percent of its issued share capital from time to time for purchase by, or on behalf of, the directors, officers and employees of the investment advisor at the prevailing market price at the relevant time in order to align their interests with those of the company's shareholders. The company makes available loans to or for the benefit of the designated directors, officers and employees at a commercial rate of interest for a term of ten years to assist them in purchasing the shares. The company has a security interest over the shares issued. Further information on the incentive scheme is set out in **Annexure 3**.

NEPM's registered office is situated at Midocean Chambers, PO Box 805, Road Town, Tortola, British Virgin Islands. Details about the directors of NEPM are set out in paragraph 8 below. NEPM does not perform asset management functions for any other property entities.

NEPM's physical address is 13 Charles de Gaulle Square, 2nd Floor, Bucharest, Romania.

5. THE PORTFOLIO

5.1 The property portfolio

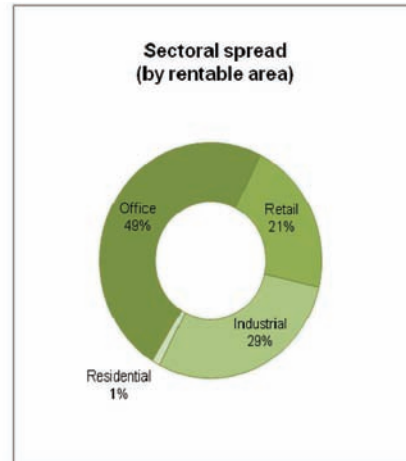
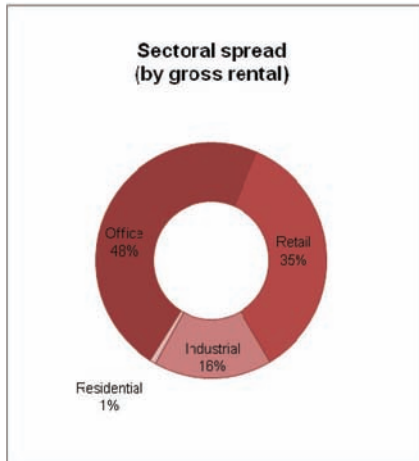
The group's property portfolio is valued at approximately €86,022,450 and consists of 29 properties with a rentable area of 87,056m². A detailed list of the property portfolio appears in **Annexure 4** to this pre-listing statement. The Romanian portfolio was valued by DTZ Echinox Consulting S.R.L. and their summary valuation report is presented in **Annexure 6**. The German portfolio was valued by Dr. Lübke GmbH and their summary valuation report is presented in **Annexure 7**.

5.1.1 *Analysis of the property portfolio*

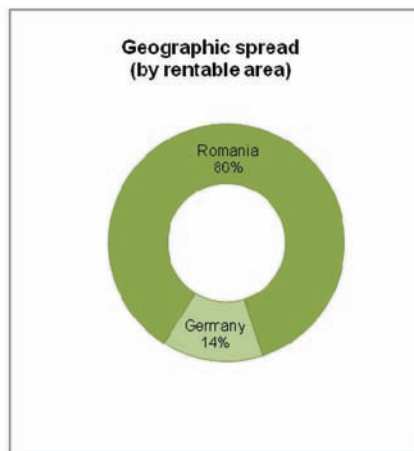
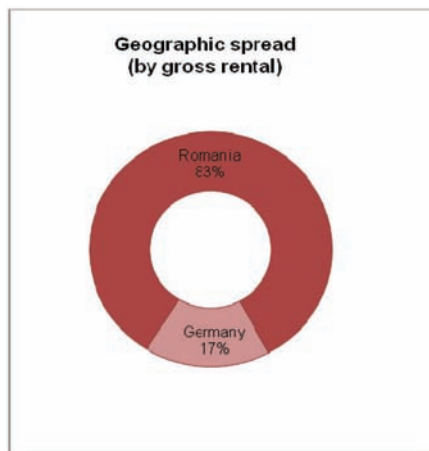
An analysis of the property portfolio in respect of sectoral, geographic and tenant spread as well as lease expiry profile is provided in the pie charts below.

Gross rentals as utilised in the graphs below have been extracted from the current leases. Income in relation to vacant space and premises under renovation in the Raiffeisen portfolio has been excluded for the purposes of this analysis.

Sectoral spread



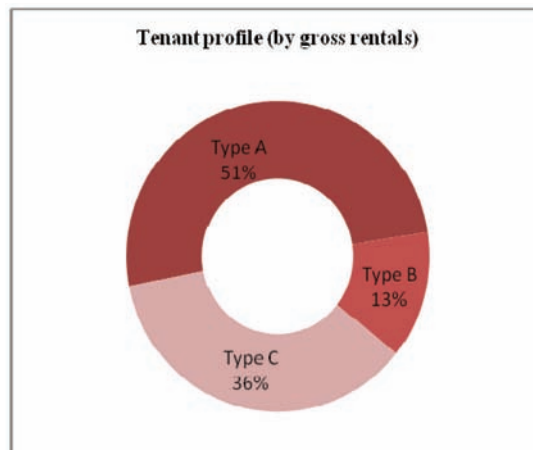
Geographic spread



Tenant spread

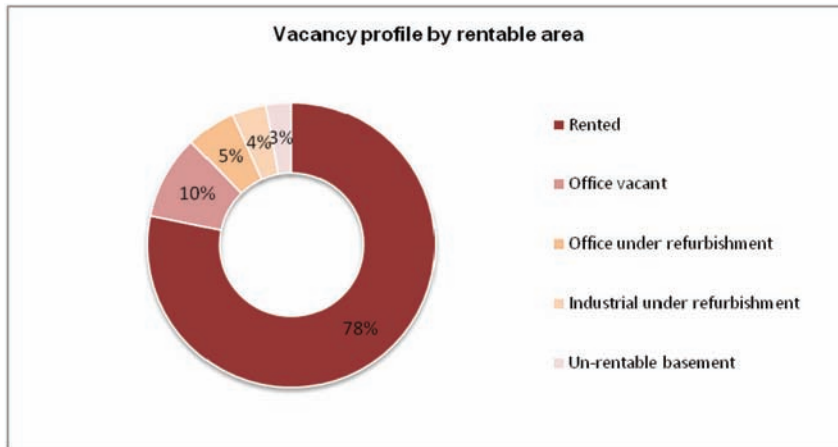
For the tenant profile graph below, the following key is applicable:

- A. Large international and national tenants, large listed tenants and government or smaller tenants in respect of which rental guarantees are issued. These include, *inter alia*, Raiffeisen Bank, Piraeus Bank, Banca Comerciala Romana, Rewe and Plus;
- B. Smaller international and national tenants, smaller listed tenants, major franchisees and medium to large professional firms or other smaller tenants in respect of which rental guarantees are issued. The smaller tenants in respect of which rental guarantees are issued include, *inter alia*, Flamingo and Takko and approximately 35 tenants from the Raiffeisen portfolio for which the vendor has provided a rental guarantee valid for 48 months from the 8 February 2008;
- C. Other tenants. This comprises approximately 101 tenants, of which 98 tenants are located in Germany and three tenants are located in Romania.



Vacancy profile

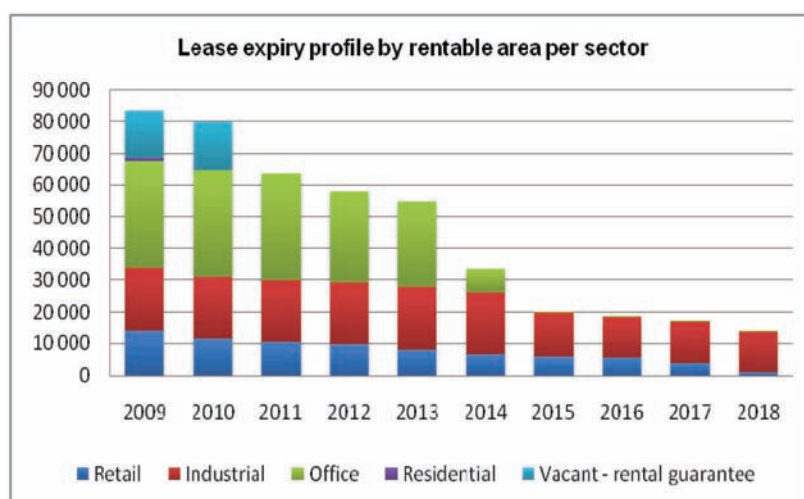
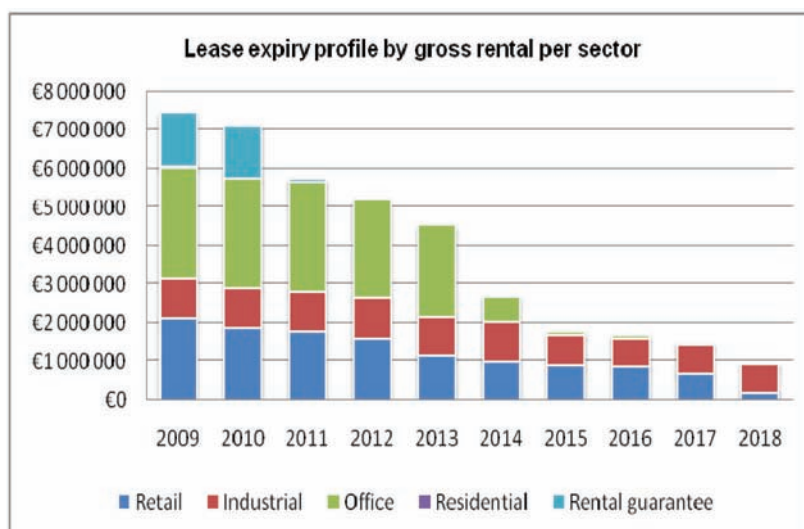
The vacancy profile indicated below reflects the vacancy percentage in terms of current rentable area by sector.



Lease expiry profile

The lease expiry profile indicated in the charts below is expressed in terms of contracted gross rentals and contracted rentable area of the total portfolio and of each sector (for purposes of this analysis the expiry dates are considered to be the first day when each respective tenant has the right to terminate the relevant lease agreement). The contracted rental forecast below excludes contracted rental escalations.

Expiry profile – total portfolio



The rental guarantee in relation to the vacant space in the Raiffeisen portfolio consists of monthly payments by the vendor and is based on an estimated value of the vacant space of €12.65 million. The rental guarantee will cease in February 2011. Newly signed leases in relation to the vacant space are capitalised at a predetermined rate and deducted from the initial estimated prepaid value. As the prepayment amount attracts a higher return than the new lease capitalisation rate, the new rental income will disproportionately reduce rental guarantee payments by the vendor.

Rental escalations and rental per square metre

Rental escalations in Romania

Out of the total contracted rent in Romania, 95.2 percent of the rental income is indexed annually with European CPI. (Agreements differ in relation to the bases of the European CPI – escalation could be EU15 CPI, EU27 CPI or Euro area CPI. CPI could be either annual CPI or average annual CPI. Historically these bases differed from one another within a range of a few basis points). 2.5 percent of the contracted rent in Romania is indexed annually with an agreed amount per square metre. This is generally higher than the European CPI. 2.2 percent of the rental income is not indexed. For 2008, the European CPI was 2.2 percent. Escalations in the rental agreements with Raiffeisen Bank are capped at 3 percent per annum.

Rental escalations in Germany

Out of the total contracted rent in Germany, 83.2 percent is indexed. The indexation is based on the German CPI while the indexation mechanism varies from tenant to tenant. A typical lease is indexed with 65 percent of the German CPI which is done after the cumulative inflation exceeds a certain threshold, usually 10 percent. For 2008, German CPI was 1.1 percent.

The weighted average rental per square metre in the property portfolio for the year ended 31 December 2008 is presented in the table below.

Sector	Romania €/m ²	Germany €/m ²	Total €/m ²
Retail	20.43	9.01	12.65
Office	7.25	13.19	7.48
Industrial	4.34	–	4.34
Residential	–	5.13	5.13
Total	7.30	9.17	7.63

The average annualised property yield in the property portfolio (based on existing leases) is 7.7 percent.

6. THE ACQUISITIONS

The following acquisitions have been effected by the group to date, each of which is described below. Details of the vendors from whom the properties and/or shares were purchased, are provided in **Annexure 5**.

6.1 The Flamingo acquisition

NEPI Bucharest One S.R.L. acquired three properties from Flamingo International S.A. and one property from Flanco International S.A. on 19 October 2007 for an aggregate consideration (including transaction costs) of approximately €11.8 million. The amount was fully funded from the company's cash resources.

Details of the four properties acquired by NEPI Bucharest One S.R.L. are as follows:

- Premises with a rentable area of 1,044m², located in the corner of a residential building in a prime central location on Boulevard Elisibeta in Bucharest were purchased for €5.0 million.
- Premises with a rentable area of 200m² and located on the ground floor of a residential building in a prime central location in Bacau were purchased for €0.7 million.
- Premises with a rentable area of 193m² and located on the ground floor of a residential building in a prime central area in Iasi were purchased for €0.8 million.
- A property with a rentable area of 3,380m², located within walking distance of the Brasov central business district and high-rise residential areas, just off the Bucharest-Brasov highway, was purchased for €4.9 million.

DTZ Echinox Consulting S.R.L.'s independent valuation report of the Romanian portfolio, of which the Flamingo portfolio forms part, is provided in **Annexure 6**.

6.2 Rasnov industrial facility acquisition

NEPI Bucharest Two S.R.L. acquired an industrial facility in Rasnov County from Hi-Lo Systeme de Depozitare on 13 December 2007 for approximately €15.2 million. The property comprises 23,040m² of rentable area. As at 31 December 2008, 3,400m² of the Rasnov Industrial facility was vacant due to refurbishments which were taking place. The purchase price of the rentable area which is currently being rented of 19,640m² was €13.2 million. The price for the rentable area of 3,400m² under refurbishment was dependent on the net rental to be generated by such space. NEPI had payment obligations to Hi-Lo Systeme de Depozitare that were dependent on a number of conditions, including *inter alia*, the completion by Hi-Lo Systeme de Depozitare of the refurbishment of the vacant space and the introduction of an acceptable tenant by 12 December 2008. As at 12 December 2008, the refurbishment of the vacant space was still ongoing with the result that the group had no obligation to make any further payments to Hi-Lo Systeme de Depozitare in relation to the vacant space.

The industrial facility is currently being rented to the Picanol Group, an international group specialising in the development, production and sales of weaving machines and technology for the textile industry and Hi-Lo Systeme de Depozitare, a subsidiary of UK's second largest manufacturer of pallet racking and heavy duty shelving systems. The remaining lease periods for Picanol and Hi-Lo Systeme de Depozitare were in excess of 6 years and 14 years respectively as at 31 December 2008.

The Hi-Lo Systeme de Depozitare group was recently acquired by Constructor Group AS, a leading pan-European manufacturer and provider of industrial and commercial storage solutions. Constructor Group AS had indicated that it wishes to replace Hi-Lo Systeme de Depozitare's holding company as rental guarantor. If agreed, this is likely to lead to a release of a two year rental guarantee held by NEPI in the form of an interest free cash deposit.

Further details of the Rasnov industrial facility are provided in **Annexure 4**.

DTZ Echinox Consulting S.R.L.'s independent valuation report of the Romanian portfolio, of which the Rasnov industrial facility forms part, is provided in **Annexure 6**.

6.3 The Raiffeisen acquisition

The company concluded an agreement on 8 February 2008 to acquire two companies, namely General Investment S.R.L. and General Building Management S.R.L. which together own a portfolio of 18 properties situated in various cities in Romania, for a total maximum purchase price of approximately €46.3 million. The buildings comprise 47,380m² of rentable area, of which 32,975m² is currently subject to lease agreements, as well as 4,800m² of space which is currently under refurbishment. The vendors, details of which are set out below, are responsible for the costs of refurbishment and granted NEPI extensive income guarantees over 36 months in respect of vacant space and rental guarantees over 48 months in respect of certain small tenants as detailed under the "Tenant spread" in paragraph 5.1.1 above

The vendors of the companies were CEERES and Oceanis International B.V. (subsidiaries of the Avrig 35 Group which is also a 20 percent shareholder in NEPM). One of the Avrig 35 Group's directors, Edwin Warmerdam, is also a director of NEPM. Only the independent directors of NEPM advised the company on the transaction. Dan Pascariu, one of the company's directors, is also a minority shareholder in the Avrig 35 Group. Mr Pascariu did not participate in the board discussions on the transaction and abstained from voting on the transaction.

The final purchase price payable is dependent on the net rental income generated by the properties. Of the total debt free purchase price of approximately €46.3 million, €42.3 million was paid on completion of the acquisition and the balance, to the extent relevant, is payable on and subject to the satisfaction of certain conditions by the vendor. After 36 months from the date of acquisition three possibilities exist. Firstly, if the vendor has provided leases in terms of which rentals exceed 75 percent of the initially estimated rentals for the vacant space, NEPI will have to make a further payment proportionate to the rental revenues in excess of the initially agreed amount, but up to a maximum of €4 million. Secondly, if the vendor has provided leases in terms of which rentals amounting to less than 75 percent of the initially estimated rental prices for the vacant space, the vendor will have to reimburse NEPI an amount proportionate to the shortfall in rental revenue as compared to the initially estimated amount, but up to a maximum of €2 million. Thirdly, if exactly 75 percent of the estimated rental figure is achieved, the price adjustment mechanism will not be triggered.

Of the consideration paid on completion of the acquisition, approximately €14 million was funded by a pre-existing seven year loan from Eurohypo AG to General Investment S.R.L., and the balance of €28.3 million from the company's cash resources. The deferred element of the consideration payable (a maximum of approximately €4 million) will be met using either the company's own cash resources or bank finance which the company is confident it will be able to obtain prior to such deferred consideration becoming due. The effective date of the transaction was 1 January 2008.

DTZ Echinox Consulting S.R.L.'s independent valuation report of the Romanian portfolio, of which the Raiffeisen portfolio forms part, is provided in **Annexure 6**.

6.4 The German acquisition

The company concluded an agreement on 8 April 2008 for NEP (BVI) to acquire 50 percent of the issued share capital of CIREF NEPI Holdings Limited. CIREF NEPI Holdings Limited in turn acquired the share capital of CIREF Europe Management Limited. CIREF Europe Management Limited became the partner in two German SPVs on 8 April 2008, which jointly acquired a portfolio comprising four retail centres, a medical office facility and a mixed use retail and residential property (the "German portfolio") for a total consideration of €16.9 million, net of acquisition costs and including €14.9 million of debt (of which approximately €0.9 million is vendor financed).

The retail centres are situated in Leipzig, Bruckmuehl, Eilenberg and Frankfurt (all in Germany). The shopping centre in Leipzig has a total site area of 12,712m² with a rentable area of 5,864m² with 300 parking bays. The Bruckmuehl property has a total site area of 15,941m² and the building has a rentable area of 5,889m² with 200 parking bays. The Eilenberg property has a total site area of 15,000m² and the building has a rentable area of 3,727m² with 200 parking bays. The Frankfurt property has a total site area of 1,652m² and rentable area of 1,088m². The medical centre is located in Munich in Germany. The six storey building has a total site area of 491m² with a rentable area of 2,027m². The mixed retail and residential property is located in Moelln and has a site area of 10,111m², a rentable area of 5,510m² and 150 parking bays.

The vendor of the properties agreed to provide a loan by deferring payment of €1.7 million of the purchase price for 100 percent of the German portfolio (i.e. approximately €0.9 million of the price payable by the company) for a period of five years. €1.2 million of the loan is interest free while the remaining €0.5 million bears interest at a rate of 6 percent. The balance of the price payable by the company was paid to the vendor in cash, funded in part by a seven year loan of €14 million from Nord LB AG. The total net annual rent for the German portfolio is expected to be approximately €2.4 million (the company's share therefore being €1.2 million), representing a yield on purchase price of approximately 7.22 percent.

Dr. Lübke GmbH's independent valuation report of the German portfolio is provided in **Annexure 7**.

7. PROSPECTS

As indicated in the sectoral spread analysis above, the majority of the property portfolio is exposed to the office, retail and industrial sectors of Romania.

The group's investments include investments in income-producing high quality office, retail and industrial properties. The types of investments made by NEPI include, but are not be limited to, sale and leaseback transactions and acquisitions of single properties or portfolios of properties. Investment opportunities are also sought in development property (which may include establishing joint ventures with developers) to the extent to which these investments can be structured to allocate the majority of the development risk and/or risks related to leasing the assets to the developer or another third party. Up to 5 percent of the group's investments may be in land which is yet to be developed and up to a further 5 percent of the group's investments may be in assets that are not income-producing at the time of acquisition, but which can be converted and/or refurbished post acquisition so as to become income-producing.

Although the group's initial investment focus has been mainly in Romania, the group also acquired the German portfolio and considers investment opportunities elsewhere in Central and Eastern Europe. The company will seek to achieve a wide exposure to different tenants so as to diversify risk. Investments are made with a view to holding the investments in the long term and for the purpose of optimising income in a sustainable manner.

The company has established a solid base and is seeking to take advantage of unique investment opportunities that are crystallising in its markets due to the economic difficulties that started to unfold in the latter half of 2008.

The investment advisor believes this is an advantageous time to operate a real estate fund primarily targeted at Romania for the following reasons:

- the relative immaturity of the Romanian property market provides an excellent opportunity for real estate investment and the active management of assets to increase their value;
- the occurrence of the 'debt crisis' has improved the investment environment in Romania and Europe as a whole, in that fewer investors are currently active in the real estate market;
- Romania is experiencing high demand for sophisticated office, retail and industrial property on a scale which significantly outstrips current supply;
- strong economic performance in Romania has attracted regional developers and investors;
- the recent accession of Romania to the EU has encouraged economic stability and will continue to support economic growth and convergence of Romania's economy towards European standards;
- there is an expected boom in public investment in Romania due to access to EU funding;
- there is progress with institutional reforms including infrastructure and banking reforms and a sell-off of non-core properties in entities that were privatised;
- rental agreements are hard currency (Euro) based, at yields that are attractive by comparison to other European countries;
- rental escalations in Romania are currently higher than Euro denominated Western European countries; and
- there are rising inflows of foreign direct investment into Romania.

The company also intends to invest in other emerging European countries or other countries that offer Euro based rentals where appropriate.

Overview of the Romanian real estate investment market

In the context of the global credit squeeze, the unfolding global economic difficulties and rising financing costs, a number of large investors that dominated the central and east European investment market (including the Romanian market) over the past few years have reduced their investment programs or have in some cases announced disposal programs for their portfolios. As a result, there is an abundance of development projects and income producing assets

available for investment relative to the number of investors interested in these. However, the lack of favourable financing on one hand and the mismatch between buyers' and sellers' expectations on the other has resulted in a "wait and see" approach by many investors and property owners. The resulting transaction inactivity creates uncertainty concerning the value of the assets. However, acquisition yields are generally accepted to have expanded across all sectors of the market, especially for secondary properties for which it is more difficult to secure debt financing.

Despite the current economic slowdown, Romanian GDP growth is forecast to remain positive in 2009 after a record estimated increase of 7.1 percent in 2008. The Romanian property market is expected to exhibit strong fundamentals, except for the residential market. Firstly, most Romanian cities continue to lack adequate property infrastructure with industrial, retail and office stock per inhabitant in Romania significantly below that of its neighbouring countries and the European average. Secondly, many developers have suspended their existing projects and postponed their development pipelines mainly due to problems with funding.

Some developers are expanding their property management capacities anticipating longer holding periods for operational properties. Even taking into account a probable slowdown in demand, the constrained supply is expected to maintain a favourable supply-demand balance for property owners, especially in prime locations.

Office premises

At the end of 2008, the rentable area in Bucharest's modern Class A and B properties stood at approximately 1,230,000m². In terms of space per inhabitant Bucharest has from two to three times less quality office space than other markets in Central and Eastern Europe. Parking represents a problem, particularly in the CBD area. The parking ratio ranges between 1/40m² and 1/100m² and some older buildings have no parking at all.

Prime office rental levels in Bucharest which range between €20/m²/month and €22/m²/month are on par with, if not slightly in excess of, other major emerging European city prime rental levels, with vacancy rates being somewhat lower.

Retail property

With a nationwide average of 0.037m²/inhabitant compared to a European average of 0.170m²/inhabitant Romania is substantially undersupplied in retail offerings. In response to the acute shortage of modern retail provisions, local and international developers are developing over 30 projects throughout Romania which is set to triple the current levels.

Prime rental levels are high compared to other emerging European markets. Monthly rentals in shopping centres vary between €30/m² and €70/m² with top rentals in upcoming centres being €100/m² for in-line boutiques. Prime retail streets also command rentals higher than in other emerging European markets with monthly rentals between €80/m² and €120/m². Secondary streets command rentals of between €40/m² and €60/m².

Industrial facilities

The industrial real estate segment is still an emerging market with limited modern schemes, most of these developed on a "built-to-suit" basis. Total modern industrial stock in Bucharest at the end of 2008 was estimated at approximately 720,000m². In terms of stock per inhabitant, Bucharest has between two and five times less industrial stock than other capital markets in Central and Eastern Europe

Demand for industrial properties is driven by international and domestic companies operating in the logistics, storage, wholesale, fast moving consumer goods and manufacturing sectors. Demand for logistics facilities continues to be high relative to interest in warehouse and production properties. Prime monthly rentals during 2008 ranged between €4.25/m² and €4.5/m².

Romanian background

Romania is situated in South-Eastern Europe, just north of the Balkan Peninsula. With an area of 238,391km², Romania is the second largest country in Central and Eastern Europe and the twelfth largest in Europe. Romania borders Hungary and Serbia to the west, the Ukraine and Moldova to the northeast, Bulgaria to the south, and has a stretch of sea coast along the Black Sea also to the west.

Romania has a population of approximately 21.7 million people making it the seventh largest country by population in the EU. 55 percent of Romania's population live in urban areas. The country has 46 cities with populations of more than 50,000 inhabitants including ten cities with populations of more than 200,000 inhabitants. Bucharest is the largest city with an official population of 1.9 million people.

History and political structure

Formerly a Communist one-party system, Romania became a parliamentary republic with a multiple-party democracy after the December 1989 revolution. Presidents are elected for five-year terms while the bicameral Parliament is elected for four-year terms. The latest elections, held in November 2004, brought to power the centre-right sector of the political spectrum. The current coalition government is led by the National Liberal Party and the Hungarian Democratic Union. The President, Traian Basescu, is the former leader of the Democratic Party.

Romania is divided into 41 counties as well as the municipality of Bucharest, which has its own administrative unit. Each county is administered by a county council responsible for local affairs, as well as a prefect who is appointed by the central Romanian government but cannot be a member of any political party. Alongside the county structure, Romania is also divided into eight development regions that do not have administrative structures, but are used for co-ordinating regional development projects and for statistical purposes.

Overview of the Romanian economy

At the end of the 1980s, the Romanian economic system was one of the most tightly controlled and centralised of the former communist countries. The collapse of the communist system in 1989 resulted in a Romanian industry with no real knowledge of market economy or management. This led to the collapse of industry and agriculture, which relied heavily on central planning.

The new Romanian government introduced structural changes for a swift transition to a market economy, by turning some state enterprises into commercial companies and by starting a free market for products. It took approximately ten years for these changes to achieve sufficient critical mass to generate healthy economic growth from 2000 onwards.

At an average of 6.2 percent per annum, economic growth has been high over the last eight years, The supply of domestic credit had made a major contribution to the expansion of the Romanian economy with growth rates exceeding 30 percent per annum and reaching a peak of 62% in 2007. When compared to other European countries, domestic lending as a percentage of GDP still remains low and until the end of 2008, Romania appeared relatively resilient to the global credit crunch. However, following the collapse of Lehman Brothers in September 2008 and the ensuing sharp rise in risk aversion, the deleveraging race spilled over into the Romanian banking system. Consequently, the currency, after eight years of real appreciation depreciated abruptly while exports, the majority of which go to European Union, fell. Economic growth dropped from 9.1 percent in the third quarter of 2008 to 2.9 percent in the fourth quarter of 2008. Inflation remained high throughout 2008 at 6.4 percent and is considered to be the main obstacle in Romania meeting its target for adoption of the Euro in 2014.

The recovery of the debt markets is considered crucial in the recovery of the economy. Whilst exports represent 25 percent of GDP, Romania is much less dependent on the export market compared to other European countries. Public spending supported by EU funding is also expected to fuel the recovery.

In addition to its EU membership, Romania is a member of the World Trade Organization, the Central European Free Trade Agreement and the North Atlantic Treaty Organisation.

Key growth factors

In the context of its preparations for EU membership, Romania has made progress with institutional reforms. Privatisation is nearly complete, and the infrastructure and banking reforms are well advanced. Goods markets and merchandise trade have also been liberalised. Public investment is expected to experience a boom fuelled by inflows from the EU budget (some of the most important criteria for allocation of a large part of the budget represent the number of inhabitants and the GDP per capita; Romania is very well positioned in relation to both of these criteria). Private investment activity is expected to remain strong, as new and modernised production facilities commence operations, supported by rising inflows of foreign direct investment.

The Romanian government has taken several other steps to improve the business environment, including new approval procedures and registration procedures as well as the adoption of laws that are designed to protect creditors and customers.

Romania benefits from a strategic geographic situation, an educated low-cost labour pool, a dynamic enterprise sector and good energy and agricultural resources.

German property market

Germany is the largest EU country in terms of population and GDP and has a mature real estate market with clearly distinguishable submarkets.

The liquidity squeeze claimed its toll on the German property market. Leveraged investors are under pressure to sell, while the once cash rich (and modestly leveraged) German open ended funds experienced cash outflows in the last quarter of 2008 and are not expected to become active buyers in the short run. As a result the investment volumes in 2008 have decreased compared to the previous year, while the transaction yields have increased. The economic slowdown in Germany is expected generally to increase vacancy rates.

8. DIRECTORS AND EXECUTIVE MANAGEMENT

The directors of NEPI and NEPM, as well as a summary of their *curricula vitae* are set out below. The directorships held by each of the directors over the five preceding years and partnerships in which they were partners are detailed in **Annexure 8**.

Details of directors' remuneration, directors' interests and declarations are set out in **Annexure 8**. Details of directors' borrowing powers are set out in paragraph 11 of **Annexure 17**.

The board comprises three independent non-executive directors and two non-independent non-executive director. There is no chief executive officer or financial director, these functions being performed by NEPM, as investment advisor to the company, with Martin Slabbert fulfilling the role of managing director and Victor Semionov fulfilling the role of financial director.

Names, age and nationality	Business address	Qualification	Role and/or function	Occupation
NEPI				
Corneliu Dan Pascariu (58) (Romanian)	23-25 Ghetarilor Street, RO-014106, Bucharest-1, Romania	MBA	Independent Non-Executive Chairman	Director of companies
Desmond de Beer (48) (South African)	4th Floor, Rivonia Village, 3 Mutual Road, Rivonia, Johannesburg, South Africa	BProc, MAP	Non-Executive Director	Managing director of Resilient
Dewald Lambertus Joubert (36) (South African)	C/o Maitland Advisory (IoM) Ltd, Falcon Cliff Palace Road, Douglas, Isle of Man	BCom, LLB, Adv Cert Tax – UP	Independent Non-Executive Director	Lawyer
Martin Johannes Christoffel Slabbert (38) (South African)	13 Charles de Gaulle Square, Bucharest, Romania	BCom, LLB (cum laude), MCom (cum laude), Dip FMI CF (England and Wales)	Non-Executive Director	Corporate financier
Michael John Mills (61) (British)	Maple Heath, Parsonage Lane, Farnham Common, Slough, SL2 3NZ England	BSc, FCA (Fellow of the Institute of Chartered Accountants in England and Wales)	Independent Non-Executive Director	Director of companies
NEPM				
Andries de Lange (35) (South African)	4th Floor, Rivonia Village, 3 Mutual Road, Rivonia, Johannesburg, South Africa	BCom, BCompt(Hons), CA(SA), CFA	Independent Non-Executive Director	Financial director of Diversified
Edwin Warmerdam (41) (Dutch)	13 Charles de Gaulle Square, Bucharest, Romania	Bsb (Small Business), FB	Independent Non-Executive Director	Chief financial officer of Avrig 35 Group
Jeffrey Nathan Zidel (58) (South African)	4th Floor, Rivonia Village, 3 Mutual Road, Rivonia, Johannesburg, South Africa	–	Independent Non-Executive Director	Property developer
Martin Johannes Christoffel Slabbert (38) (South African)	13 Charles de Gaulle Square, Bucharest, Romania	BCom, LLB (cum laude), MCom (cum laude), Dip FMI CF (England and Wales)	Managing Director	Corporate financier
Victor Semionov (31) (Romanian and Moldovan)	13 Charles de Gaulle Square, Bucharest, Romania	BCom	Financial Director	Corporate financier

NEPI directors

Dan Pascariu

Dan Pascariu is a senior figure in the Romanian financial industry. He started his career with the Romanian Bank for Foreign Trade in 1973, becoming its chairman and chief executive office in 1990. Between 1994 and 1996 he was the chief executive officer of Banca Bucuresti, a newly created banking institution by Alpha Credit Bank of Greece and European Bank for Reconstruction and Development as well as chairman of the board of Creditanstalt Financial Advisors, the investment banking arm of Creditanstalt Bankverein of Austria.

From 1998 to June 2007 he was the chairman and chief executive officer of the Bank Austria Creditanstalt banking subsidiary in Romania. Following the merger with the local subsidiary of Unicredit, since June 2007 he has been the non-executive chairman of the board of Unicredit Tiriac Bank. Mr Pascariu is also non-executive board member of the leasing, investment banking and building society subsidiaries of the Unicredit Group in Romania.

Mr Pascariu was the founder and first president of the Romanian Banking Association between 1991 and 1994, as well as a co-founder and associate professor at the Romanian Banking Institute. Mr Pascariu's other current directorships include the boards of CAIB Securities SA, CAIB Financial Advisers Limited, HVB Banca Pentru Locuinte SA, HVB Leasing Limited, The Rompetrol Group Limited and Heritage Restaurant SA.

Des de Beer

Des de Beer has significant property investment and management experience. He spent several years in the banking industry, first with Barclays Bank in South Africa where he was initially appointed to the executive development programme, and subsequently as bond manager at Barclays Trust in 1988. From 1989 he was employed by the Nedbank Group in various property finance related positions, culminating in his appointment as General Manager Corporate Equity and his membership of the executive committee at Nedcor Investment Bank Ltd ("NIB"). Since 2003 Mr De Beer has been the managing director of Resilient Property Income Fund Limited (listed on the JSE in South Africa). Mr De Beer is also director of the asset management company of JSE listed Capital Property Fund and non-executive director of JSE listed Pangbourne Properties Limited. Mr De Beer holds a BProc and a MAP from the Wits Graduate School of Business. He is also an alternate director of the investment advisor.

Dewald Joubert

Dewald Joubert is an admitted South African advocate. His corporate experience relates to advising multinational groups on international tax and corporate governance matters. In addition to his position on the board of the company, he also currently serves as an independent non-executive director on the board of AngloGold Ashanti Holdings plc.

Previously he served on the board of Pangea Diamondfields plc and on the boards of key operating and investment holding subsidiaries of the Dimension Data Group and the Nampak Group, where he participated in oversight of treasury and trading operations. He worked with the South African Revenue Services between 1996 and 1998, Arthur Andersen's tax practice in South Africa between 1999 and 2000 and thereafter practiced tax law as a registered legal practitioner out of the Maitland Group's Isle of Man office, where he was a director of the firm from 2006.

Mr Joubert currently works as an independent consultant to the Maitland Group after joining a private investment group in July 2008. He holds a Bachelor of Commerce and Laws.

Martin Slabbert

Martin Slabbert has 12 years' of experience within the finance industry where he initially gained experience in mergers and acquisitions, turn-around and financial restructuring through positions at Arthur Andersen and HSBC Investments Services (South Africa) (Proprietary) Limited and HSBC corporate finance in Johannesburg. In 2001, Mr Slabbert joined the Nedbank Group via Nedcor Investment Bank Limited ("NIB") and held the positions of senior vice president for shareholders' funds and member of the executive committee at NIB, and later general manager in the capital management cluster of the Nedbank Group. His focus was on the restructuring and disposal of non-core assets, mitigation of large bank exposures and investment banking transactions. This included an instrumental role in the turn around of Premier Foods Limited as group chief financial officer during a one year secondment from the Nedbank Group in 2004.

Mr Slabbert left the Nedbank Group during 2005 and joined Deloitte Central Europe where he was a partner of the Financial Advisory Services practice up until the end of December 2006. He headed up the corporate finance practice in the Deloitte Balkans region and he headed up the Deloitte Central Europe corporate finance industry sector teams. Mr Slabbert left Deloitte to pursue his own interests and is a co-founder of NEPI.

Michael Mills

Michael Mills is an experienced public company chairman and managing director with significant operating and financial experience. A chartered accountant, he has worked across a range of sectors including technology, engineering, service and distribution, paper and packaging and food and textiles. He has had considerable involvement in merger and acquisition activity, turnarounds and rescues in the public sector and has held senior financial roles in BTR plc and Bunzl plc as well as five years in private equity as a director of Apax Partners.

Mr Mills' recent positions include, amongst others, chairman of Advance Value Realisation Limited, non-executive director of Ultrasis plc, managing director of Atlas Medical Recruitment Limited, chairman of Athanor Capital Partners Limited, chairman of Legacy Distribution Group Inc. and chief executive officer of Drew Scientific Group plc.

NEPM directors

Andries de Lange

Andries de Lange spent four years with the Industrial Development Corporation of South Africa before joining Nedbank where he was involved in private equity and a number of equity and debt restructurings. Mr de Lange joined PFM (managers of Capital Property Fund) in 2004 and is a director of Resilient, Diversified and PFM.

Edwin Warmerdam

Edwin Warmerdam started his career at PricewaterhouseCoopers in the Netherlands in 1991. In 1998, he moved to PricewaterhouseCoopers in Romania as tax partner. In March 2007, Mr Warmerdam joined the Avrig 35 Group, a group of Romanian real estate developers, as chief financial officer. Mr Warmerdam holds a Bachelor of Small Business from the Haarlem Business School and is a member of the Federation of Dutch Tax Consultants and the International Fiscal Association.

Jeff Zidel

A former South African Property Owners' Association regional chairman and three times past president of the Roodepoort Chamber of Commerce, Mr Zidel has been a property developer and investor for over 30 years and is currently one of the largest retail property investors in Lesotho. Mr Zidel is currently a director of Resilient, a public company listed on the JSE.

Martin Slabbert

As detailed above Mr Slabbert is also a non-executive director of NEPI.

Victor Semionov

Victor Semionov has eight years of experience with the corporate finance practice of Deloitte in Romania and Moldova where he was involved in more than 30 transactions covering fund raisings, restructurings, acquisitions, mergers and sales of distressed or expanding businesses with an aggregate transaction value in excess of €7 billion. Mr Semionov holds a number of corporate finance qualifications.

9. FINANCIAL INFORMATION AND PROFIT FORECAST

9.1 Historical financial information

Annexure 9 contains the audited historical financial information of NEPI for the year ending 31 December 2008 published on 12 February 2009 and for the period from 23 July 2007 (date of incorporation) to 31 December 2007.

Annexure 10 contains the reporting accountants' report on the historical financial information of General Investment S.R.L. for the year ended 31 December 2007.

Annexure 11 contains the historical financial information of General Investment S.R.L. for the year period ended 31 December 2007.

Annexure 12 contains the reporting accountants' report on the historical financial information of General Building Management S.R.L. for the year ended 31 December 2007.

Annexure 13 contains the historical financial information of General Building Management S.R.L. for the year ended 31 December 2007.

9.2 Profit forecast for German SPVs

Set out below is the profit forecast in respect of the German SPVs for the period commencing 1 August 2008 and ending 31 July 2009. The forecast must be read in conjunction with the reporting accountants' report thereon reproduced in **Annexure 14** hereto. The profit forecast presented below represents NEPI's share of the joint venture with CIREF Europe. The investment has been proportionally consolidated by NEPI.

Income statement	Forecast for the 12 months ending 31 July 2009 €
Rental income	1,298,825
Recoverable costs	114,734
Other income	–
Contracted rental income and recoverable costs	1,413,559
Total property related expenses	(242,702)
Property related expenses	(190,749)
Other expenses	(51,953)
Asset management fee and administrative charges	(26,833)
Net operating income	1,144,024
Finance income	41,170
Finance cost	(789,197)
Net finance costs	(748,027)
Profit before taxation	395,997
Taxation	–
Profit after taxation	395,997

The forecast income statement has been prepared in accordance with the company's accounting policies and in compliance with IFRS.

The forecast income statement is the sole responsibility of NEPI's directors.

The profit forecast is based *inter alia* on the following assumptions:

Rental income

- Only contracted rental income was taken into account.
- Throughout the forecast period, the rental income has been adjusted in accordance with the contractual arrangements.
- The monthly rent derived from residential contracts has been assumed to remain constant during the forecast period.

Recoverable costs

- The recoverable costs have been computed as a percentage of the operating costs based on the contractual arrangements with the tenants.

Property related expenses

- Property related expenses have been based on historical data and forecast expenses provided by the property managers.

Other expenses

- Other expenses have been assumed to be incurred at 4 percent of rental income.

Asset management fee and administrative charges

- Expenses in relation to the structure holding the properties are estimated to be €2,000 per month plus an additional amount of €2,833 per month starting 1 July 2009.

Net finance costs

- Net finance costs are computed as the difference between finance costs and finance revenues. Finance costs include interest on Nord LB loan, interest on vendor finance and amortisation of the arrangement fee.
- Interest payable on the Nord LB AG loan was computed as the annual interest rate (fixed at 5.17 percent for the term of the loan) applied to the outstanding balance of the loan.
- Interest on vendor finance was computed at an annual interest rate of 6 percent applied to NEPI's portion on the interest-bearing vendor finance of €250,000 plus 4.6 percent applied to the present value of the interest free vendor finance of €479,164 (€479,164 represents the present value of the five year interest free vendor finance of €600,000 by applying a discount rate of 4.6 percent equal to the interest rate on the deposit account).
- The arrangement fee of €218,000 on the Nord LB loan is amortised over the life of the loan of seven years.
- An interest rate of 4.6 percent was assumed for the forecast period in relation to the deposit with Nord LB (€895,000 was deposited with Nord LB to secure the final instalment on the German acquisitions. The final instalment is payable 5 years from the acquisition date).

Taxation

- Under the current holding structure the tax liability is expected to be nil.

The assumptions on which the profit forecast is based are considered by the directors to be reasonable and conservative.

10. MAJOR SHAREHOLDERS AND CAPITAL STRUCTURE

Details of the shareholders holding in excess of 5 percent of the issued share capital as well as the capital structure before and after the secondary listing are included in **Annexure 15** to this pre-listing statement.

Save as disclosed in paragraph 4 of **Annexure 15**, there have been no alterations to the share capital of the company since the company's incorporation.

The salient terms of the Articles of Association are included in **Annexure 17**.

11. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS

A summary of the SARB Exchange Control Regulations relating to the acquisition of NEPI shares after the secondary listing of the company's shares on the Alt^x is provided below.

NEPI is a foreign entity as defined in Exchange Control circular D441 dated 17 September 2004. As such, upon the listing of the company's shares on Alt^x, the Exchange Control Regulations provided for in the aforementioned circular, as amended by the Medium-Term Budget Policy Statement by the South African Minister of Finance on 26 October 2004, will apply to the acquisition of NEPI shares by South African residents.

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt in regard hereto, please consult your professional advisor or authorised dealer:

11.1 South African individuals

South African individuals will be able to acquire shares of foreign entities that are listed on the JSE, such as NEPI will be, without restriction. Such shares are on the South African register and are Rand-denominated. Consequently, an acquisition of NEPI shares by a South African individual will not affect such individual's offshore investment allowance of R2,000,000. South African individuals need not take any administrative actions and can instruct their broker to buy and sell NEPI shares on their behalf as they would with any other listed security on the JSE. Should a South African individual acquire shares on the UK register which are Euro denominated such person's offshore investment allowance would be affected.

11.2 South African institutional investors

South African retirement funds, long-term insurers, collective investment scheme management companies and investment managers who have registered with the SARB Exchange Control Department as institutional investors for exchange control purposes are entitled to a foreign portfolio investment allowance.

11.3 Member brokers of the JSE

In terms of Section H(E) of the SARB Exchange Control Rulings, a special dispensation was provided to local brokers to facilitate the trading in shares of foreign companies. South African brokers are now allowed, as a book building exercise, to purchase NEPI shares offshore and to transfer them to NEPI's South African share register. This special dispensation is confined to shares of inward listed companies and brokers may warehouse such shares for a maximum period of 30 days only.

11.4 South African corporate entities, trusts, partnerships and banks

South African corporate entities, trusts, partnerships and banks are permitted to participate without restriction in inward listed (foreign) instruments on the JSE, as is the case with NEPI.

11.5 Non-residents of the common monetary area

Non-residents of the common monetary area may acquire NEPI shares on Alt^x, provided that payment is received in foreign currency from a non-resident account.

Non-residents of the common monetary area may sell NEPI shares on Alt^x and repatriate the proceeds without restriction.

However, former residents of the common monetary area who have emigrated may not use blocked funds to acquire NEPI shares.

11.6 Movement of NEPI shares between registers

NEPI shares are fully fungible and may be transferred between the South African and Isle of Man registers. Eligible South African shareholders may only acquire NEPI shares, via the JSE, that are already on the South African share register maintained by NEPI's South African transfer secretaries. Member brokers of the JSE may acquire NEPI shares on foreign exchanges and transfer them to the South African share register as described in paragraph 11.3 above. Non-residents are not subject to the SARB Exchange Control Regulations and may freely transfer NEPI shares between registers.

11.7 Sale and repurchase agreement ("repurchase agreement")

In order to facilitate the inward listing of NEPI, in terms of the Exchange Control Regulations, a sale and repurchase agreement will be implemented whereby NEPI's South African shareholders ("repurchase shareholders") will dispose of some 91 percent of their shareholdings ("warehoused shares") to the NEPI Trust at a price of €1.02 (with no recourse, directly or indirectly, to South Africa).

The purchase price payable by the NEPI Trust in respect of the warehoused shares will be converted to South African Rands, repatriated to South Africa and deposited and pooled in an interest bearing bank account opened with Investec Bank Limited ("the repatriated proceeds").

Following the sale, the repatriated proceeds will be accounted for in terms of SARB's Cross Border Foreign Exchange Transaction Reporting System. The repurchase shareholders will be required to use the repatriated proceeds to buy back the warehoused shares on the JSE in South African Rands immediately after the inward listing of NEPI has been effected.

11.8 Capital raising

Subsequent to the inward listing, SARB are agreeable to the placement of up to 1,200,000 NEPI shares on the JSE.

12. MATERIAL CHANGES

The directors report that there have been no material changes in the business of the company or the trading objectives of the company and/or its subsidiaries since incorporation nor has there been any material change in the assets or liabilities of the company or any subsidiary or any material change in the financial or trading position of the group, between the end of the most recent financial year for which audited year end financial statements have been published, being 31 December 2008 and the date of this pre-listing statement.

13. PROPERTY AND SUBSIDIARIES ACQUIRED OR TO BE ACQUIRED

Details of the material immovable properties and/or subsidiaries and/or business undertakings which have been acquired by the company and/or any of its subsidiaries since incorporation of the company are set out in **Annexure 4**.

Details of the company's subsidiaries are set out in **Annexure 2**.

The names and addresses of the vendors in respect of any such assets acquired by the company and/or its subsidiaries and the consideration received or to be received by each of them is detailed in **Annexure 5**.

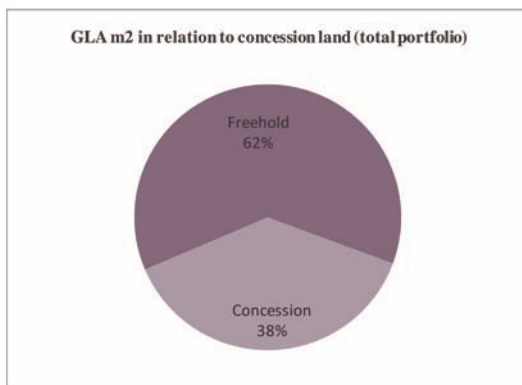
14. PROPERTY AND SUBSIDIARIES DISPOSED OF OR TO BE DISPOSED OF

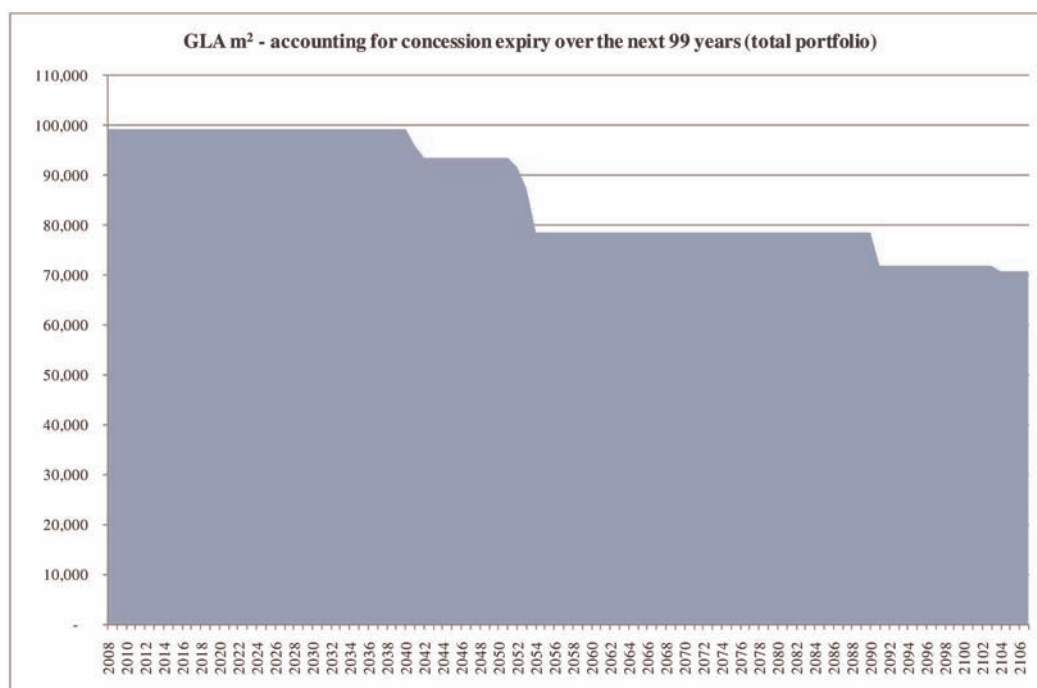
No material properties or subsidiaries or business undertakings have been disposed of since incorporation or are intended to be disposed of in the first six months after the commencement of the secondary listing.

15. IMMOVABLE PROPERTY LEASES AND CONCESSIONS

NEPI Bucharest One S.R.L. has a 15 year lease on a terrace of 140m² adjacent to one of its properties.

General Investment S.R.L. and General Building Management S.R.L. hold some buildings on concession land (where the land is owned by the town hall but leased at favourable rentals for a certain period). Premium Portfolio 2 Ltd. & Co KG holds the property in Frankfurt on concession land. The first graph below sets out the rentable area in relation to concession land and freehold land while the second graph below sets out the expiry profile of the rentable area in relation to concession land over the next 99 years assuming no extension of concession. Concessions in Romania may generally be extended by mutual agreement for a maximum term equal to half the term of the original concession period, which should not exceed 49 years, without going to public tender. Certain concessions entered into since the publication of law 219/1998 published in the official gazette of Romania, Part 1, no 459 of 30 November 1998 ("law 219/1998"), requires improvements to be returned to the Romanian government without compensation at the end of the concession period. This occurs where a concession was granted on condition that the concession holder improved the property. General Building Management S.R.L. has concluded one concession agreement subsequent to the publication of law 219/1998, on the basis that General Building Management S.R.L. improves the property. This concession was granted in relation to the parking space of the property held in Zalau. Further information is available in Note 10 of **Annexure 11** and Note 11 of **Annexure 13**.





The table below sets out the remaining period on the concession land.

	GLA (m ²)	Remaining period (years)
Alexandria	975	32
Alba Iulia	2,367	33
Baia Mare	2,406	32
Brasov	6,719	82
Buzau	2,423	44
Craiova	2,486	45
Deva	1,865	44
Galati	2,815	45
Sf Gheorghe	2,349	Life of building
Slobozia	1,908	43
Zalau	3,460	45
Constanta	6,796	Life of building
Frankfurt	1,088	95

16. LOANS AND BORROWING POWERS

Save as disclosed in **Annexure 16**, the company and/or any of its subsidiaries have not advanced or received any material loans or other loan capital.

NEPI has undertaken no off-balance sheet financing at 31 December 2008 or at the date of this pre-listing statement.

At the last practicable date there were no material inter-company loans or other financial transactions between any members of the group other than as disclosed in Note 3 of **Annexure 9**.

As set out more fully in paragraph 20.11 of **Annexure 17**, the borrowing powers of the company and its subsidiaries exercisable by their respective directors are unlimited and, accordingly, have not been exceeded since incorporation. There are no exchange control or other restrictions on the borrowing powers of the company or any of its subsidiaries.

17. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in paragraph 6.2 above, Note 19 of **Annexure 9**, Note 25 of **Annexure 11** and Note 23 of **Annexure 13**, there are no other capital commitments, lease payments and/or contingent liabilities of the company at 31 December 2008. There have been no material changes to the capital commitments, lease payments and contingent liabilities of the company since that date.

18. SHARES ISSUED OTHERWISE THAN FOR CASH

Save as detailed below, in respect of shares issued in pursuance of the investment advisor incentive scheme, no shares were issued or agreed to be issued by the company or any of its subsidiaries since incorporation otherwise than for cash.

On 5 June 2008, the company issued an additional 1,355,000 shares, at an issue price of €2.18 per share, to certain directors and employees of NEPM and to the Isle of Man Trust (pending allocation to directors or employees), pursuant to the investment advisor incentive scheme. The new shares were admitted to trading on AIM on 6 June 2008.

The salient terms of the investment advisor incentive scheme are provided in **Annexure 3**.

19. OPTIONS AND PREFERENTIAL RIGHTS IN RESPECT OF SHARES

There are no preferential conversion, redemption and/or exchange rights in respect of any of the shares or other securities.

Save as disclosed in the investment advisor incentive scheme, the salient features of which are set out in **Annexure 3**, there are no contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe¹ for any shares in the company or its subsidiaries.

20. ADEQUACY OF CAPITAL

The directors are of the opinion that the issued share capital of the group and the working capital resources of the group are adequate for its current and foreseeable future requirements, that is for at least 12 months from the date of issue of this pre-listing statement.

21. DIVIDENDS

It is the company's intention to distribute to shareholders at least 90 percent of its revenue profits on a semi-annual basis, subject to compliance with the relevant laws which govern the group's subsidiaries. Capital profits derived from asset disposals will be re-invested. The company expects to declare dividends in Euros, the group's functional currency and to pay dividends in either Euros or the Rand equivalent thereof depending on the country in which NEPI's shares are held. The group does not enter into any hedging arrangements in connection with any dividend payments.

To date, the directors of NEPI have declared and paid a dividend of €1.24 per share in respect of the period ended 31 December 2007 and a dividend of €0.07 per share in respect of the six month period ended 30 June 2008.

There are no arrangements in terms of which future dividends are waived or agreed to be waived.

The shares listed on Alt^x will rank *pari passu* with existing shares in issue.

There are no fixed dates on which entitlement to dividends arises.

In terms of section 10(1)(k)(ii)(bb) of the South African Income Tax Act, 1962 (Act 58 of 1962), as amended, at the date of issue of this pre-listing statement, any foreign dividend received by or accrued to a SA resident will be exempt for income tax purposes if the amount of foreign dividend was declared by a dual-listed company where more than 10 percent of the shares of the company are collectively held by SA residents.

22. PRELIMINARY AND LISTING EXPENSES

The preliminary expenses that are expected to be incurred or have been provided for in connection with the secondary listing on Alt^x are set out in **Annexure 18** to this pre-listing statement.

Other than those referred to in **Annexure 18**, there were no preliminary expenses incurred by NEPI in relation to the secondary listing since incorporation.

23. MATERIAL CONTRACTS

Material contracts which have been entered into by the company since incorporation, other than in the ordinary course of business, are the:

- Investment advisory agreement;

¹ Subscribing for shares includes acquiring them from a person to whom they were allotted or they were agreed to be allotted with a view to his/her offering them for sale.

- AIM placing agreement;
- Administration agreement;
- Nominated advisor and broker agreement;
- Working capital facility agreement; and
- acquisition agreements.

Details of the above mentioned material contracts are provided in **Annexure 1** and **Annexure 19** and in paragraph 6 of this pre-listing statement.

Other than as disclosed in paragraph 6 above and in this paragraph, as at the date of this pre-listing statement no other material contracts had been entered into at any time, either verbally or in writing by NEPI or its subsidiaries, containing an obligation or settlement that is material to NEPI or its subsidiaries.

The sale and repurchase agreement detailed in paragraph 11.7 of the pre-listing statement, was concluded between the repurchase shareholders and the NEPI Trust. As neither NEPI nor any of its subsidiaries are a party to the sale and repurchase agreement, the sale and repurchase agreement is not a material contract as contemplated by the JSE Listings Requirements.

Except for the investment advisory agreement, the company is not subject to any other management or royalty agreements. The company has not paid any material technical or secretarial fees since incorporation.

Other than disclosed in **Annexure 1**, the company has not paid any commission or consideration other than in the normal course of business, since incorporation.

24. LITIGATION STATEMENT

The company is not aware of any proceedings that would have a material effect on the financial position of the company or the companies or businesses which have been acquired or which are pending or threatened against the company or such companies or businesses.

There are some outstanding land claims (or restitution claims) in relation to the General Investment S.R.L. properties held under concession agreements, which concession agreements are further detailed in paragraph 15 above.

The restitution claims were filed by various individuals before February 2002 (the deadline for filing such claims) under Law No. 10/2001. The restitution claims existed at the time NEPI acquired the shares of General Investment S.R.L. and General Building Management S.R.L. The claims were made to the local city halls (being competent to decide on this matter by law) who decided whether to restitute the land in kind or to grant compensation in cash or by delivery of similar land in alternate locations. In most instances compensation was granted in cash or by delivering similar land in alternate locations. However, in certain cases, this did not occur and accordingly restitution was granted where a building had been erected, as is the position with certain properties held by General Investment S.R.L.

The land claims, if successful would result in an individual becoming the new land owner and effectively grantor of the concession. This may result in a renegotiation of the concession agreement with NEPI having to pay higher concession rentals to the new owner of the land. However, the vendors of General Investment S.R.L. have provided extensive warranties to NEPI in terms of the acquisition agreement. The warranties provide that the vendors will compensate NEPI for any loss due to restitution claims including re-imbursing NEPI for higher rentals under the concessions. Consequently, it is not anticipated that the restitution claims will have a material effect on the financial position of the company or General Investment S.R.L.

Restitution claims have been made in respect of the following properties:

Property name	Claim status
Alexandria	Unresolved claim
Alba Iulia	Restitution <i>in rem</i> in respect of 144m ² out of 1,251m ² was granted
Baia Mare	Unresolved claim
Brasov	Unresolved claim
Buzau	Unresolved claim
Craiova	Restitution <i>in rem</i> in respect of 76m ² out of 1,407m ² was granted
Deva	Unresolved claim
Sf Gheorghe	Restitution <i>in rem</i> in respect of 1,071m ² out of 1,180m ² was granted

25. GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW

The group does not benefit from government protection or investment encouragement law in the jurisdictions in which it operates.

26. ADVISORS' AND PROMOTERS' INTERESTS

None of the company's advisors, whose names are set out on the inside front cover, hold any shares in or have agreed to acquire any shares in the company at the date of this pre-listing statement.

Since incorporation, the company has not transacted with or paid nor has it proposed to pay any promoter or any partnership, syndicate or other association of which a promoter would benefit as a member.

27. LISTING STATEMENT

The JSE has granted NEPI approval for the secondary listing of 28,150,000 NEPI shares with effect from the commencement of business on Friday, 17 April 2009 on Alt^x under the abbreviated name "NEPI", JSE code "NEP" and ISIN IM00B23XCH02. It is anticipated that the secondary listing will be effective as from the commencement of trade of the JSE on Friday, 17 April 2009.

There are currently 28,150,000 NEPI shares listed on the AIM market of the LSE.

28. COMMISSIONS

No commissions, discounts or brokerages have been paid nor have any other special terms been granted since incorporation of the company in connection with the issue or sale of any securities, shares or debentures in the capital of the company, except as otherwise disclosed in paragraph 3 of **Annexure 19**.

There have been no commissions paid or payable in respect of underwriting since incorporation.

29. CONSENTS

Each of the company's corporate advisor and sponsor, independent reporting accountants, Nomad, transfer secretaries, valuers and auditors have consented in writing to act in the capacities stated and to their names appearing in this pre-listing statement and have not withdrawn their consent prior to the publication of this pre-listing statement.

The independent reporting accountants have consented to the inclusion of their reports in the form and context in which they are included in the pre-listing statement, which consent has not been withdrawn prior to the publication of this pre-listing statement.

30. CORPORATE RELATIONSHIPS

30.1 Lock-in arrangements

At the time of admission of the company to trading on AIM, Diversified Properties 2, Capital Property Fund, Mrs Madelein Slabbert, Mr Jacques van Wyk, Maxtrade Seven (Proprietary) Limited (100 percent owned by Mr Jeffrey Zidel) and certain other parties (the "locked-in parties") undertook not to dispose of any interest in their 7,785,200 shares in aggregate (representing approximately 68.3 percent of the issued share capital of the company on admission to AIM) for a minimum period of 12 months following admission except in the very limited circumstances allowed by the AIM Rules. The lock-in arrangements also applied to the shares which were subsequently acquired by the previously named individuals and therefore applied to in aggregate 18,302,500 shares held by the parties above, which represented approximately 65 percent of the issued share capital of the company.

Further, Diversified Properties 2, Capital Property Fund, Mrs Slabbert, Mr van Wyk, Maxtrade Seven (Proprietary) Limited and certain other parties undertook not to dispose of any interest in such shares for a further period of 12 months from the end of such lock-in period otherwise than through the company's broker, subject to the broker's terms being competitive to the terms being offered by other brokers and the sale price being at least equivalent to the price that can be obtained elsewhere.

In terms of paragraph 21.3(g) of the JSE Listings Requirements, where an entity is applying for a listing, the entity's auditors or attorneys must hold in trust 50 percent of the shareholding of each director from the date of listing. The shares are to be held in trust until the publication of audited results for one full financial year after

listing, whereafter 50 percent of these shares may be released and the balance one year later. As a result of the lock-in arrangements described above and in accordance with paragraph 18.8 of the JSE Listings Requirements, compliance with paragraph 21.3(g) is not required.

30.2 Conflicts management

The company, NEP (BVI) and the investment advisor have sought to avoid conflicts by making the investment advisory agreement mutually exclusive. Mr Slabbert is a director of both NEPI and NEPM and has an indirect interest in 25 percent of the issued share capital of NEPM. Immediately after secondary listing, Mr Slabbert's wife will hold 0.7 percent of the shares in NEPI. Accordingly, Mr Slabbert will not vote at board meetings of the company in respect of arrangements relating to the appointment of the investment advisor or the terms of the investment advisory agreement.

In the event that any other potential conflicts of interest arise, the board will be notified and will deal with the conflict(s) on a case-by-case basis.

31. CORPORATE GOVERNANCE

The board comprises three independent non-executive directors and two non-independent non-executive directors. The directors recognise the importance of sound corporate governance and comply with the Quoted Companies Alliance Corporate Governance Guidelines for AIM companies, to the extent they feel is appropriate for a company of its size. In particular, the directors are responsible for overseeing the effectiveness of the internal controls of the company designed to ensure that the assets of the company are safeguarded, that proper accounting records are maintained and that the financial information on which business decisions are made and which is issued for publication is reliable.

As stated previously, the company's primary listing is on AIM and the company complies with the principles of the Quoted Companies Alliance Corporate Governance Guidelines for AIM companies to the extent the directors feel is appropriate for a company of its size. With the exception of complying with paragraph 7.F.6(g) of the JSE Listings Requirements, which requires NEPI to appoint a remuneration committee, NEPI complies with the provisions relating to the King Code as set out paragraphs 7.F.6(a) to 7.F.6(g) of the JSE Listings Requirements.

Further details of the company's corporate governance statement are set out in **Annexure 20**.

32. TRADING HISTORY OF NEPI SHARES ON AIM

The trading history of NEPI shares on AIM is set out in **Annexure 21**.

33. EXEMPTION FROM CERTAIN PROVISIONS OF THE JSE LISTINGS REQUIREMENTS

33.1 Exemption from appointment as Designated Adviser

In terms of paragraph 21.3(a) of the JSE Listings Requirements, an entity applying for a listing on the Alt^x must appoint a Designated Adviser. In agreement with the JSE and in accordance with paragraph 18.7 of the JSE Listings Requirements, NEPI has been permitted to appoint a Sponsor as required in terms of 2.2 of the JSE Listings Requirements, given that NEPI has an appointed Nomad, Smith & Williamson, in the United Kingdom whose responsibilities under the AIM Rules are owed solely to the LSE.

33.2 Exemption from publishing a profit forecast

In terms of paragraph 21.3(f) of the JSE Listings Requirements, an entity applying for a listing on the Alt^x must publish a profit forecast for the remainder of the financial year during which it will list and one full financial year thereafter unless an exemption is obtained from the JSE. As it is not market practice in the United Kingdom for companies to publish profit forecasts, NEPI has been exempted from having to publish the requisite forecast information by the JSE and accordingly no profit forecast has been included in this pre-listing statement, save in respect of the German SPVs, details of which are provided in paragraph 9.2 of this pre-listing statement.

34. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are set out in paragraph 8 of this pre-listing statement;

- collectively and individually accept full responsibility for the accuracy of the information given;
- certify that to the best of their knowledge and belief there are no facts the omission of which would make any statement false or misleading;

- have made all reasonable enquiries in this regard; and
- certify that, to the best of their knowledge and belief, this pre-listing statement contains all information required by the JSE Listings Requirements.

35. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Java Capital's offices at 2 Arnold Road, Rosebank, 2196 and at NEPI's registered office at any time during normal business hours from 08h30 to 17h00 for a period of 21 days from the date of issue of this pre-listing statement:

- the Articles of Association of the company and its subsidiaries;
- the signed reports by the independent reporting accountants, the texts of which are set out in **Annexures 10, 12 and 14**;
- the written consents referred to in paragraph 29 above;
- summary valuation reports as set out in **Annexures 6 and 7**;
- detailed valuation reports undertaken by the valuers;
- the material contracts listed in paragraph 23 of this pre-listing statement;
- the directors' resolution in relation to the secondary listing of the company;
- the audited annual financial statements of NEPI for the year ended 31 December 2008 and for the period from 23 July 2007 (date of incorporation) to 31 December 2007;
- the audited annual financial statements of General Investment S.R.L. and General Building Management S.R.L. for the 12 month period ended 31 December 2007;
- service contracts referred to in **Annexure 22**;
- the AIM admission document;
- copies of this pre-listing statement; and
- a signed copy of this pre-listing statement.

SIGNED AT BUCHAREST ON 30 MARCH 2009 BY OR ON BEHALF OF ALL OF THE DIRECTORS OF NEW EUROPE PROPERTY INVESTMENTS PLC

Martin Johannes Christoffel Slabbert
Director

Desmond de Beer
Director

Corneliu Dan Pascariu
Director

Dewald Lambertus Joubert
Director

Michael John Mills
Director

INVESTMENT ADVISORY AGREEMENT

The provisions of the investment advisory agreement, which include *inter alia*, those detailed below, have been accepted by the JSE on the basis that the provisions have been previously accepted by AIM, the exchange on which NEPI has its primary listing.

1. The company, NEP (BVI) and the investment advisor are parties to an investment advisory agreement dated 15 August 2007 pursuant to which the company funds investments which NEP (BVI) wishes to make acting on recommendations from the investment advisor.
2. Under the terms of the investment advisory agreement, the investment advisor provides certain investment advisory services to NEP (BVI). The investment advisor has responsibility for: (i) sourcing investment opportunities and presenting same to NEP (BVI); (ii) conducting investment analysis and assessments in relation to potential investments or existing investments; (iii) recommending a disposal strategy for each investment; (iv) recommending a debt strategy for each investment (if required), including the presentation of a lending term sheet for consideration and approval by NEP (BVI); and (v) negotiating the finance documents and loan closing with the lender selected by NEP (BVI).
3. NEP (BVI) may also delegate the following functions to the investment advisor: (i) supervising and monitoring the local property managers; (ii) providing or sourcing information required by the company for its financial reports and other communication to shareholders; (iii) approving the terms of leases; and (iv) implementing and monitoring financial controls (including cash) at the company's group level.
4. NEP (BVI) must give full consideration to all investment proposals submitted to it by the investment advisor but is not be under any obligation to implement in full or in part any proposal submitted by the investment advisor and makes its own independent investment decisions. NEP (BVI) has no power to consider investment proposals other than those being recommended by the investment advisor unless separately agreed or unless third party proposals are made *via* the investment advisor to NEP (BVI).
5. The investment advisor is entitled to the following fees from NEP (BVI):
 - 5.1 an advisory fee of 1 percent per annum of the daily average market capitalisation of the company, calculated and payable monthly in arrears on the seventh business day of the next calendar month; plus
 - 5.1 an annual performance fee equal to 20 percent of the gross dividend declarable that exceeds an annual 10 percent return on the capital contributions of the shareholders of the company and payable on the last business day of the 14th month following the end of the financial year end to which the fee relates, adjusted and subject to set off as provided below.
6. The gross dividend is regarded as the theoretical maximum dividend which the company could have paid in any one year on income it received from investments (i.e. excluding gains on the realisation of an investment). Capital contributions of shareholders of the company at any time are regarded as the aggregate subscription proceeds of the company's shares less capital raising costs (including legal, regulatory and other general expenses).
7. Where dividends declared and paid are less than the gross dividend, the difference is added to the shareholders' capital contribution amount referred to above. Where the inverse is the case, the difference is deducted from the capital contribution amount.
8. Additional capital contributions are weighted (over 365 days) when received during the year.
9. If in any year the dividend yield (the gross dividend declarable divided by the capital contributions) is less than 10 percent ("Dividend Shortfall") then NEP (BVI) will claw back any performance fee accrued in the previous year (if any and limited to only the previous year) to the extent required to achieve a 10 percent dividend yield in respect of the year under consideration. The claw back will be paid by setting off the amount due against the accrued performance fee not yet paid.

10. The investment advisor is responsible for all of its ongoing running costs and expenses for acting as investment advisor unless NEP (BVI) agrees to reimburse the investment advisor for certain of its costs. The investment advisor is not responsible for the costs of the local property managers or any professional third party fees (agents commission, legal fees, independent valuers fees etc) arising from sourcing investments or raising debt funding for the purchase of investments. NEP (BVI) has agreed to reimburse the investment advisor for its travelling costs in respect of a potential investment but only after a letter of intent or similar document has been signed.
11. The investment advisor did not raise a promoter's fee in relation to launching the company but instead was entitled to recover from the company all costs associated with incorporating and setting up the company, NEP (BVI) and the investment advisor and all of their respective subsidiaries including but not limited to all legal, regulatory and governmental fees, travel costs and other disbursements, as well as all such costs associated with the negotiation and documentation of the investment advisory agreement and with the company's admission to trading on AIM.
12. The investment advisory agreement commenced on NEPI's admission to AIM and continues indefinitely until terminated. The agreement cannot be terminated for a period of 20 years unless:
 - 12.1 a party materially breaches any material provision of the agreement and does not remedy such breach within 30 days after service of notice requiring such breach to be remedied; or
 - 12.2 a party commits persistent breaches of the agreement the overall effect of which is material and does not remedy such breaches within 30 days after service of notice requiring such breaches to be remedied; or
 - 12.3 a party to the agreement enters into liquidation (except for voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other parties, such approval not to be unreasonably withheld or delayed) or any bankruptcy or other insolvency proceedings or an administrator, receiver or any similar officer of a party is appointed; or
 - 12.4 the company and NEP (BVI) serve written notice on the investment advisor terminating the agreement immediately at any time within three months after it has been finally determined that there has been a poor performance by the investment advisor. The investment advisor is regarded as having performed poorly when the annual performance of the company under performs the total return benchmark by more than 30 percent over any recent period in excess of 24 months following an initial period of 24 months. The total return benchmark is taken to mean the average performance weighted by market capitalisation in relation to Gross Return and movements in the values of investments of companies (including the company) which are identified by an expert as comparable to the company, provided that where such benchmark cannot be reasonably found or if the number of such comparable companies is less than five, a benchmark shall be constructed by the expert comparing the weighted average performance in relation to Gross Return and movements in value of similar investments in the relevant area weighted on the same basis as the investments of the company from time to time over the same period as to country, asset class, asset type, asset quality and timing of investments; or
 - 12.5 the investment advisor terminates the agreement on three months' written notice to the company and NEP (BVI) where the company is subject to a takeover bid which is declared or becomes unconditional in all respects provided that the notice is given within six months after the takeover bid becoming unconditional in all respects.
13. The agreement may be terminated after the 20 year period by any party at any time giving one year's written notice to the other parties of termination and that notice expires after a period of 20 years has elapsed from the date of the agreement.
14. The company and NEP (BVI) (where relevant) have made the following undertakings to the investment advisor pursuant to the agreement:
 - 14.1 to implement the investment advisor incentive scheme;
 - 14.2 to make available all cash raised and all returns on investments, gains on disposals of investments, less budgeted costs, taxes and distributions in the ordinary course in accordance with the dividend policy of the company, to NEP (BVI) for investment;
 - 14.3 not to make dividend declarations, dividend payments or any other distributions to shareholders out of gains realised on the disposal of investments or on the revaluation of investments;
 - 14.4 not to transfer shares in NEP (BVI) or to agree to the issue of new NEP (BVI) shares unless the prior written consent (not to be unreasonably withheld) of the investment advisor has been obtained;
 - 14.5 not to enter into agreements substantially similar to the investment advisory agreement with any third party without the prior written consent of the investment advisor (acting in its sole discretion); and

- 14.6 not to materially amend the investment guidelines of NEP (BVI) without the prior written consent (not to be unreasonably withheld) of the investment advisor.
15. Pursuant to the investment advisory agreement the investment advisor may appoint one member to the board of each of the company and NEP (BVI). That director will also sit on the investment committee of NEP (BVI), if such investment committee is established. That director must be a director or officer of the investment advisor's group and may not receive directorship fees. The investment advisor may have an observer present at the board meetings of the company and NEP (BVI).
16. The investment advisor is required to be consulted should NEP (BVI) wish to explore investment opportunities outside the investment guidelines and the investment advisor shall also be the investment advisor in respect of such activities unless the parties agree otherwise.
17. In the case of a dispute regarding the poor performance of the investment advisor or the fees payable to the investment advisor, the parties will agree on the appointment of an expert to identify the total return benchmark or calculate the fees payable to the investment advisor. If no agreement is reached as to the appointment of the expert any party may request the Institute of Chartered Accountants of England and Wales to appoint an expert. The expert is not an arbitrator and the parties may still refer the findings of the expert to arbitration. All other disputes arising from the agreement will be referred to arbitration.

DETAILS OF SUBSIDIARIES OF NEPI

The following table indicates the subsidiaries of NEPI as at the last practicable date:

Subsidiary	Place, date of incorporation and registration number	Date became a subsidiary	Nature of business	Issued share capital (€)	Effective holding by NEPI (%)	Amount owing by subsidiary or joint venture (€)
New Europe Property (BVI) Limited	British Virgin Islands 24 July 2007 Reg. No. 1420748	24 July 2007	Holding company	*	100	51,555,471
New Europe Property N.V.	Netherlands Antilles 20 September 2007 Reg. No. 102850	20 September 2007	Holding company	2,000	100	–
NE Property Cooperatief U.A.	Netherlands 23 October 2007 Reg. No. 34285470	22 October 2007	Holding company	10,000	100	–
CIREF NEPI Holdings Limited	Cyprus 14 April 2008 Reg. No. HE227426	14 April 2008	Holding company	*	50	–
CIREF Europe Management Limited	Ireland 18 December 2007 Reg. No. 45090	18 December 2007	Holding company	*	50	–
NEPI Bucharest One S.R.L.	Romania 24 September 2007 Reg. No. 22449940	24 September 2007	Investment company	3,844,554	100	–
NEPI Bucharest Two S.R.L.	Romania 4 December 2007 Reg. No. 22859664	4 December 2007	Investment company	2,755,554	100	–
Premium Portfolio Ltd & Co KG **	Germany 17 January 2008 Reg. No. HRA44553	8 April 2008	Investment company	*	50	–
Premium Portfolio 2 Ltd & Co KG **	Germany 17 January 2008 Reg. No. HRA44554	8 April 2008	Investment company	*	50	–
General Investment S.R.L.	Romania 13 March 2003 Reg. No. 15286785	8 February 2008	Investment company	25,792,431	100	–
General Building Management S.R.L.	Romania 24 August 2004 Reg. No. 16702575	8 February 2008	Investment company	1,405,631	100	–

* Less than €1

** These are partnerships under German law

The amounts owing by subsidiaries are unsecured, bear interest at rates agreed from time to time and terms of repayment have not been determined.

SALIENT FEATURES OF INVESTMENT ADVISOR INCENTIVE SCHEME

The following sets out the broad principles of the investment advisor incentive scheme (the “scheme”) to which the company is a party.

1. The purpose of the scheme is to align the interests of directors, officers and employees of the investment advisor with those of shareholders of the company. This is achieved by the company making available loans to allow shares to be purchased by or on behalf of participants in the scheme (“participants”), the repayment of which loans can be made in part out of the dividends payable on the shares, thus allowing the participants to benefit from the income and capital growth of the company from the time of issue of the shares.
2. The company has made shares available for offer for subscription by or on behalf of participants. The total number of shares held within or available under the scheme is approximately 5 percent of the total number of shares in issue. As and when the number of shares held within or available under the scheme falls below 4.9 percent of the company’s issued share capital from time to time (for example because participants repay loans and remove shares from the scheme as permitted, or where the company undertakes a capital raising) further shares will be made available by the company for offer for subscription by or on behalf of participants.
3. The number of shares offered to or for the benefit of particular participants under the scheme is decided by the board of the investment advisor and notified to the company.
4. The company offers to or for the benefit of each participant so notified to it by the investment advisor the immediate right to subscribe for the relevant number of shares at their then market value together with a loan to allow the shares to be purchased by or on behalf of such participant (a “loan”).
5. The date that such loan is granted and subscription takes place (which will be shortly after the date of the offer) is the “subscription date”. Each loan carries interest at the weighted average rate at which the company is able to borrow money from its bankers from time to time. Interest is payable on the loans on the same dates on which dividends are paid on the shares. Each loan shall be repaid in full together with interest ten years after its relevant subscription date, but can be repaid earlier.
6. Pending repayment of the loan in respect of the shares subscribed by or on behalf of a participant on a particular subscription date, the dividends on such shares will be applied towards payment of interest on that loan. If the dividend amount on the shares in respect of which such loan was made and is outstanding exceeds the amount required for the interest payment then due in respect of such loan, the excess will be paid to the participant. If such dividend amount is less than such interest amount, the shortfall will be paid by the participant to the company.
7. The company shall have a pledge, lien or other security interest over the shares held in the scheme by or on behalf of a participant. This security interest will secure the repayment of all principal and interest in respect of any loan made by the company to or for the benefit of that participant under the scheme (whether such principal or interest relates to a loan to purchase those particular shares or not). Such security interest will be released at the option of the participant in respect of a participant’s shares subscribed on a particular subscription date as to a cumulative amount of 20 percent on or after the first anniversary of that subscription date, as to a cumulative amount of 40 percent on or after the second anniversary of that subscription date, as to a cumulative amount of 60 percent on or after the third anniversary of that subscription date and so on so that it shall have been released over all the shares subscribed on a subscription date on the fifth anniversary of that subscription date, provided in each case that such release shall only occur to the extent that at the relevant anniversary or such later date when the option is exercised at least such cumulative percentage of the principal and interest under the loan applicable to the shares subscribed by such participant on such subscription date shall have been repaid.
8. To the extent that any loan and/or interest is not repaid in full on its due date the company will enforce its security interest over such number of shares held by or for the benefit of the relevant participant under the scheme as is necessary to compensate the company in full for any such unpaid amounts plus costs (using for these purposes the lower of the subscription price of the relevant shares and their then market value) and shall at its discretion either sell such shares and retain the proceeds or cancel them. The company’s recourse against the participant in such circumstances, however, shall not extend beyond the shares over which the company has a security interest.

9. Appropriate provisions apply where a participant leaves the scheme/the investment advisor. Broadly these provide that if the participant dies or leaves, then the company will have a call option over any shares over which the company has a security interest under 8 above, except that the call option will not apply to the extent that the participant is entitled under 8 above to have the security interest released and does so by paying off the relevant portion of the loan and interest within a short period after leaving. The price payable under such call option will be the amount of the loan and interest outstanding in respect of the unreleased shares and such price will be applied by the company to repay such loan and interest.
10. The broad terms of the scheme were approved by the company's shareholders prior to admission on the AIM market of LSE. The company's shareholder approval delegated to the board the power to settle, agree and amend the detailed rules of the scheme reflecting the above general principles, with such amendments as the board may in its absolute discretion see fit.

DETAILS OF THE PROPERTY PORTFOLIO

1. THE FLAMINGO PORTFOLIO

The properties listed below were acquired in the name of NEPI Bucharest One S.R.L.

Property name	Property description	Property address	Region	Sector	Weighted average rental per m ²	Rentable area (m ²)	Vacancy (%)	Acquisition cost (€)	Valuation (€)	Difference between valuation amount and acquisition cost (€) ¹
Bucuresti	Topographic no. 7617/1/2/2, registered with Brasov Land Register no. 36652	Brasov, 105 Calea Bucharesti St., Brasov County	Bucuresti	Retail	56.30	838	0	5,212,403	5,950,000	737,597
Bacau	Cadastral no.76/A/0/2/2/2, registered with Land Register no. 24542	Store 48, Bacau, 5 Nicolae Balescu Street., block 5, entrance A, ground floor, County Bacău	Bacau	Retail/office	41.47	150	0	698,084	710,000	11,916
Iasi	Cadastral no. 1250/1 registered with lafli Land Register no. 18181	Iasi, 4 Strapungerrri Stefan cel Mare St., building 3, County Iasi	Iasi	Retail/office	37.27	193	0	836,754	870,000	33,246
Brasov	Cadastrals no. 648/0;1 and cadastral no. 648/1;1, registered with individual Land Register no. 2990 of Bucharest	23 Bd. Regina Elisabeta at the junction with 2-4 Beldiman St., Burcharest District 5	Brasov	Retail	9.74	3,380	0	5,054,973	5,170,000	115,063
Total						4,561		11,802,179	12,700,000	897,821

1. The difference between the valuation amounts and acquisition costs is due to the execution of the acquisitions below market value.

2. THE RAIFFEISEN PORTFOLIO

The acquisition cost for each property held in the Raiffeisen portfolio is not recorded below because NEPI had purchased the properties through the acquisition of General Investment S.R.L. and General Building Management S.R.L., as detailed in paragraph 6.3 of the pre-listing statement. The total acquisition cost for the two companies, General Investment S.R.L. and General Building Management S.R.L., holding the properties was €42,638,705. The total valuation amount of the properties listed below in respect of the Raiffeisen portfolio was calculated by DTZ Echinox Consulting S.R.L. as €43,630,000. The difference between the total valuation amount and the acquisition cost amounts to €991,295 which is the result of potential adjustments to the purchase price as explained further in paragraph 6.3 of the pre-listing statement. With the exception of the Zalau property, General Investment S.R.L. holds all the properties listed below.

Property name	Property description	Property address	Region	Sector	Weighted average rental per m ²	Rentable area (m ²)	Vacancy (%)	Valuation (€)
Alba Iulia	Topographical number 1839/I/2/I, inscribed in the Land Book no. 31697 of Alba Iulia, consisted of land plot no. 1 with a total area of 2238,55 sqm, basement with the area of 611,83 sqm, ground floor of 723,07 sqm, mezzanine of 612,10 sqm and quota + 3,50 with area of 291,55 sqm, quota of 52,70% from common indivisible land and 659/1251 sqm the Romanian State, registered in the Land Book no. 24139 Alba Iulia	29 I.C. Bratianu St., Alba Iulia	Alba Iulia	Retail/office	7.03	2,367	32	1,850,000
Alexandria	Cadastral no. 718, inscribed in the Land Book no. 1311/N of Alexandria, Teleorman County, consisted of the land with the area of 1733.40 sqm in documents, 1760.52 sqm from measurements and the construction built on this land (bank offices)	Av. Al. Colfescu nr. 63 Alexandria	Alexandria	Retail/office	7.00	975	0	810,000

Property name	Property description	Property address	Region	Sector	Weighted average rental per m ²	Rentable area (m ²)	Vacancy (%)	Valuation (€)
Baia Mare	Inscribed in the Land Book no. 11403 of Baia Mare, Maramures County, consisted of: – cadastral no. 1587/5 – land with the area of 95 sqm, owned by the State; – Cadastral no. 1580/5 – land with the area of 1787 sqm, owned by the State; – Cadastral no. 1588/13 – arable land with the area of 118 sqm, owned by the State; – Bank office building according to sheet B from the Land Book, based on the registration made on February 2nd 1997, according to the decision no. 2178	18 Unirii St., Baia Mare	Baia Mare	Retail/office	6.58	2,406	24	1,930,000
Brasov	Topographical number 8859/2/1/1/4, inscribed in the Land Book no. 31398 of Brasov, consisted of construction in execution – bank office and hotel B+D+G+9F together with the right of concession over the land with the area of 2255 sqm that is property of Romanian State	3 M. Kogalniceanu St., Brasov	Brasov	Retail/office	7.07	6,719	57	6,870,000
Buzau	Topographical no. 3656 inscribed in the Land Book no. 6251 – 6252 of Buzau: constructional land yards with constructions: building C1 – commercial spaces P+2 together with the concession right over the land with the area of 759 sqm that is property of the Town Hall of Buzau – topographical no. 7300 inscribed in the Land Book no. 6251 – 6252 of Buzau: 8.2 sqm necessary for the construction of the way of access for the persons with a locomotors disability, located in Buzau, 2 Nicolae Bălcescu Blvd., Buzau County.	2 N. Bălcescu St., Buzau	Buzau	Retail/office	6.65	2,423	11	2,040,000
Calarasi	Inscribed in the Land Book no. 1493 of Calarasi, consisted of: – Cadastral number 911/-,1,1 – 58.10 sqm – 1st floor, made up of 2 offices and lobby together with the ownership on the parts of the building in common use and indivisible quota of 133.82 sqm from the land where the construction is built; – Cadastral number 911/-2,1 – 209.50 sqm – 2nd floor, made up of offices: the meeting room, IT office, office and 2 balconies, together with the ownership on the parts of the building being in common use and indivisible quota of 133.82 sqm from the land where the construction is built; – Cadastral number 912 – 175.82 sqm – constructional land yards and constructions made up of building C1 – bank office, commercial spaces, ground floor composed of archive, operating room and toilets; 1st floor – 4 offices, lobby and toilets; 2nd floor – 3 offices, archive, lobby, toilets.	27 Progresului St., bl. BBB, Calarasi	Calarasi	Retail/office	6.29	1,422	0	1,200,000
Constanta	Cadastral number 3247, inscribed in the Land Book no. 20135 of Constanta, consisted of construction of bank office, transformer station, pumping station, together with the use right for the land with the area of 2,500 sqm, inscribed in the Land Book no. 228	51 Traian St., Constanta	Constanta	Retail/office	6.59	6,796	28	6,720,000
Craiova	Cadastral no. 5943 – building with two blocks. Construction: A: B+G+2F. At the basement: warehousing spaces, ventilation system, power generator, mechanical workhouse. At the ground floor: lobby, offices and the bank's cashier office. At the 1st floor: offices, access spaces and toilets. At the 2nd floor: 2 offices, secretarial office, 3 rooms, lobbies and access spaces. Construction B G+2F. At the ground floor: vestibule, staircase, inquiry office. At the 1st floor: staircase, waiting room, lobby, bathroom, room, and balcony. At the 2nd floor: staircase, lobby, bathroom, room, inscribed in the Land Book no. 5868 of Craiova, Dolj County cadastral no. 5942/2, consisted of land plot of 273 sqm, with the destination of "constructional yards", inscribed in the Land Book no. 45653 of Craiova, Dolj County cadastral no. 5942/1, consisted of land plot of 1058.13 sqm, inscribed in the Land Book no. 51603 of Craiova, Dolj County property of the City Hall and concessioned by GI for a 49 year period	15b Fratii Buzesti St., Craiova	Craiova	Retail/office	7.02	2,486	8	2,740,000

Property name	Property description	Property address	Region	Sector	Weighted average rental per m ²	Rentable area (m ²)	Vacancy (%)	Valuation (€)
Deva	Inscribed in the Land Book no. 1035/a of Deva, Hunedoara County, consisted of: – topographical no. 1302 – 1309/1 – land with the area 1300 sqm, owned by the State – Topographical no. 1302 – 1309/1/ii – apartment no. 2, composed of staircase, elevator case, treasury antechamber, access yard to treasury antechamber, treasury room, values deposit, ventilation central, staircase, lobby, archive with the built area of 369,23 sqm, from which 272.58 sqm usable area and afferent quota of common parts – Topographical no. 1302 – 1309/1/iv – apartment no. 4 composed of 2 entrance halls, doorman office, toilet, closed, 2 staircases, 3 accountancy offices, operating service, inquiry offices, 3 toilets, elevator case, locker room, with the built area of 599.80 sqm, from which 489.13 sqm usable area and afferent quota from common parts – topographical no. 1302 – 1309/1/vi – Apartment no. 6 composed of staircase, lobby, telephone exchange, inspectors offices, IT offices, with area of 374.48 sqm, from which 256.51 sqm usable area and afferent quota from common parts – Topographical no. 1302 – 1309/1/viii – apartment no. 8 composed of staircase, lobby, legal office, 2 manager's offices, 2 toilets, meeting room and closet, with built area of 362.02 sqm, from which 211.18 sqm usable area and afferent quota of common parts	18 Iuliu Maniu St., Deva	Deva	Retail/office	7.04	1,860	0	1,680,000
Galati	Cadastral no. 4649, inscribed in the Land Book no. 9439 N of Galati, Galati County, consisted of: – land with concrete construction, concrete terrace roof, with 5 floors and ground floor: ground floor (working area of 531.95 sqm) – 10 lobbies, 2 rooms, one security room, 2 auxiliary rooms, archive, administration, cafeteria, 2 warehouses, 2 workshops, 2 garages, 4 toilets, 3 rooms, 4 stairs, elevator. The 1st floor (working area of 521.60 sqm) – 2 offices, 1 auxiliary room, 5 lobbies, 2 saloons, 4 toilets, 2 rooms, 1 inquiry office, 1 terrace, 1 elevator, 4 interior stairs. The 2nd floor (working area of 332.66 sqm) – 1 room, 3 toilets, 9 offices, 5 lobbies, 1 auxiliary room, 1 elevator, 2 interior stairs, terrace. The 4th floor (working area of 334.40 sqm) – 1 saloon, 1 computing office, 4 rooms, 8 lobbies, 2 toilets, 2 auxiliary rooms, 1 meeting room, 2 bathrooms, 1 elevator, 2 interior stairs. The 5th floor (working area of 39.54 sqm) – heating plant, lobby, elevator, interior stairs, terrace, pergola terrace	31 Brailei St., Galati	Galati	Retail/office	6.91	2,815	34	2,840,000
Resita	Topographical number R203/3/P/4, inscribed in the Land Book no. 8335 of Resita Romana, consisted of unit no. 4 – “Romarta” Shop with warehouse, reception, elevator, with an area of 382.00 sqm, Romarta warehouse – 17.10 sqm, concrete platform – 6.30 sqm and 85.60 sqm own property topographical number R203/3/Et. 1/8, inscribed in the Land Book no. 8336 of Resita Romana, consisted of unit no. 8 – “Romarta” Shop with room for sale activity, retouching studio, locker rooms, toilet, elevator with a total area of 503.80 sqm, together with the area of 130.65 sqm own property;	4, 1 Decembrie 1918 St., Resita	Resita	Retail/office	7.01	1,322	0	1,170,000
Sf Gheorghe	Topographical number 164/165, inscribed in the Land Book no. 988 of Sf. Gheorghe, Covasna County, consisted of yard and bank office with a area of 145 sqm. G+2+M with the area of 1071 sqm, together with the concession right over the land with the area of 1216 sqm	33-37, 1 Decembrie 1918 St., Sf. Gheorghe	Sf Gheorghe	Retail/office	6.88	2,349	18	1,860,000
Sibiu	Cadastral no. 3236/9/II/I, inscribed in the Land Book no. 49182 of Sibiu, Sibiu County, real estate (P+M) of a total area of 845.50 sqm Indivisible share of the land afferent to the building has an area on 102.2 sqm and it's the property of the Romanian State. The common indivisible share quota of 1/2 inscribed in the Land Book no. 36782 of Sibiu are: foundation (basal structure), separating walls, roves, concrete floor, terrace, utilities supply (pipes).	69, 1 Decembrie 1918 St.,	Sibiu	Retail/office	12.76	900	0	1,170,000

Property name	Property description	Property address	Region	Sector	Weighted average rental per m ²	Rentable area (m ²)	Vacancy (%)	Valuation (€)
Slatina	Inscribed in the Land Book no. 10972 of Slatina consisted of: – Cadastral no. 1257 composed of constructional land with the area of 1300 sqm in documents and 1318.87 in measurements, owned by S.C. GENERAL INVESTMENT S.R.L., with the neighbours: N – Marinescu N.; S – N. Bălcescu St.; E – T. Vladimirescu St.; W – Ciobanu Gheorghe, and Block 1: administrative office – built area of 987.20 sqm; steel concrete construction with brick walls; tile roof; basement; ground floor, 1st floor and 2nd floor. Block 2: doorman office: built area of 27.22 sqm, brick walls on concrete foundation covered with tiles Block 3: garages and heating plant, built area of 112.88 sqm, built with bricks covered by tiles, consisted of two garages, toilet, heating plant. inscribed in the Land Book no. 10972 of Slatina consisted of: – Cadastral no. 1257/2 – land with the area of 1400 sqm in documents and 1477.80 in measurements, owned by S.C. GENERAL INVESTMENT S.R.L., with the neighbours: N – Iova Laura and Iova Radu; S – S.C. GENERAL INVESTMENT S.R.L.; E – T. Vladimirescu St.; W – Ciobanu Gheorghe;	1 T. Vladimirescu St., Slatina	Slatina	Retail/office	6.87	2,767	31	1,990,000
Slobozia	Inscribed in the Land Book no. 6391/N of Slobozia, consisted of: – Cadastral no. 594/-/1/1 – leasehold land with the area of 381.94 sqm and building 1: semi-basement with built area of 713.87 sqm – Cadastral no. 594/0/1 – leasehold land with the area of 353.65 sqm and building 1: ground floor with built area of 661.00 sqm – Cadastral no. 594/1/1 – leasehold with area of 317.46 sqm and building 1: 1st floor with built area 598.31 sqm – Cadastral no. 594/2/1 – leasehold with area of 18.71 sqm and building 1: 2nd floor with built area 39.07 sqm	13 Chimiei St., Slobozia	Slobozia	Retail/office	6.33	1,908	8	1,410,000
Targoviste	Topographical number 1675, inscribed in the Land Book no. 1580 of Targoviste, Dambovitza County, consisted of constructional land yards with the area of 1223.24 sqm and building C1 – bank office with built area of 731.78 sqm	227 Calea Domneasca St., Targoviste	Targoviste	Retail/office	6.26	2,371	28	1,830,000
Tg Mures	Inscribed in the Land Book no. 3045 Tg. Mures, with topographical no. 1163/1/2 consisted of constructional land with the area of 821 sqm and the building house with basement, ground floor and 2 floors, built with bricks with tile roof, consisted of: 27 rooms, 6 kitchen, 3 food closets, 4 bathrooms, 2 antechambers, 1 hallway, 8 toilets, 2 washing rooms, 1 stair in the basement and courtyard, building attained by the sale contract authenticated under no. 22790/1993 by the past State Notary of Mures County tabulated according to the decision no. 33392/December 27th 1993 and based on the following documents: authorization no. 1083/1994 and signed statements no. 1515/1997 and no. 1631/1998. The building Block B garage, with topographical no. 1163/1/3/1/B and 1163/2/B, inscribed in the Land Book no. 3651/B, with 5 lodges located in the building's courtyard with quota of 68.40/521 sqm of afferent land (total area of 521 sqm in Collective Land Book no. 3651); note: the staircase, the uncovered porch from the entrance, the access to the basement with circulation spaces, partition walls between the apartments, public installations and branch pipes, the land under the buildings and the courtyard with quota of 27/72 part and 45/72 part, both inscribed in the Collective Land Book no. 3651 of Mures, located in Targu Mures, 4 Bolyai St., Mures County, are in forced joint possession.	2 Bolyai St., Tg. Mures	Tg Mures	Retail/office	8.67	2,034	62	1,680,000

Property name	Property description	Property address	Region	Sector	Weighted average rental per m ²	Rentable area (m ²)	Vacancy (%)	Valuation (€)
Zalau	Cadastral no. 4820, inscribed in the Land Book no. 2869/N of Zalau, Salaj County, consisted of the land with the area of 656 sqm owned by GI and the construction built on this land (Centru de Afaceri S+P+3E) with cadastral no. 1996, inscribed in the Land Book no. 574/N of Zalau, Salaj County, consisted of the land with the area of 2242 sqm property of the City Hall of Zalau and concessioned by GI	19 Unirii St., Zalau	Zalau	Retail/office	13,46	3,460	73	3,840,000
Total						47,380		43,630,000

3. RASNOV INDUSTRIAL FACILITY

The property listed below was acquired in the name of NEPI Bucharest Two S.R.L.

Property name	Property description	Property address	Region	Sector	Weighted average rental per m ²	Rentable area (m ²)	Vacancy (%)	Acquisition cost (€)	Valuation (€)	Difference between valuation amount and acquisition cost (€) ²
Rasnov industrial facility	Topography no's 3955/1/2, 3956/2/1/2, 3956/2/1/1, 39656/3/1/1/2, 3957/3954/b/1/2, 3958/3954/b/1/2 in Land Book no. 14828 Topographical no. 3955/1/1/ in Land Book no. 14629 Topographical no. 3955/1/1/11 in Land Book no. 14630 Topographical no. 3955/1/1/12 in Land Book no. 14631 Topographical no. 3955/1/1/13 in Land Book no. 14632 Topographical no. 3955/1/1/14 in Land Book no. 14633 Topographical no. 3955/1/1/15 in Land Book no. 14634 Topographical no. 3955/1/1/19 in Land Book no. 12836 Topographical no. 3955/1/1/1 in Land Book no. 14664 Topographical no. 3955/1/1/2 in Land Book no. 14685	1A Campului Street, Rasnov, Brasov County	Rasnov	Industrial	4.02	23,040	15	13,404,198	12,900,000	(504,198)

2. The difference between the valuation amount and acquisition cost is explained by a higher yield used by the valuer compared to the yield paid at acquisition. In addition, the valuation amount does not take into account the favourable transaction structure. Hi-Lo Sisteme de Depozitare provided a rental guarantee equivalent to 24 months of rent and service charges.

4. THE GERMAN PORTFOLIO

The Munich, Bruchmuehl and Eilenberg properties were acquired in the name of Premium Portfolio Ltd and Co KG.

The Leipzig, Moelln and Frankfurt properties were acquired in the name of Premium Portfolio 2 Ltd & Co KG.

The group has a 50% interest in the German portfolio.

Property name	Property description	Property address	Region	Sector	Weighted average rental per m ²	Rentable area (m ²)	Vacancy (%)	Acquisition cost (€)	Valuation (€)	Difference between valuation amount and acquisition cost (€) ³
Leipzig	Land register extract 3046 of Mockau Land Register Plot no. 96/11, 96/14, 96/16	Mockauerstraße 123, 04357 Leipzig	Leipzig	Retail	10.41	5,864	0	9,283,927	8,959,900	(324,027)
Munich	Land register extract 118637756 of Giesing Land Register Plot no. 13529/2	Silberhornstraße 7 + Tegernseer Platz 5, 81541 München	Munich	Office/medical suites	14.34	2,027	4	7,147,577	6,210,100	(937,477)
Moelln	Land register extract 6399 of Moelln Land Register Plot no. 18/9, 193	Wasserkrüger Weg 127a + b, 23879 Mölln	Moelln	Retail	6.01	5,510	6	5,886,006	5,567,600	(318,406)
Bruckmuehl	Land register extract 148/5464 of Rosenheim/Bad Aibling Land Register Plot no. 3208/3	Pettenkofersstraße 15a, 83052 Bruckmühl	Bruckmuehl	Retail	7.07	5,889	0	7,048,541	6,399,000	(649,541)
Eilenberg	Land register extract 3881 of Eilenberg Land Register Plot no. 2/206	Grenzstraße 34-35, 04838 Eilenburg	Eilenberg	Retail	9.00	3,727	0	4,815,984	3,913,300	(902,684)
Frankfurt	Plot no. 1/1, 1/4, 1/7, 1/8	Battonnstraße 10-24 + Allerheiligenstraße 7, 60313 Frankfurt	Frankfurt	Retail	14.50	1,088	0	2,268,002	2,535,000	364,698
Total						24,105		36,450,037	33,584,900	(2,865,137)

3. The difference between the valuation amount and acquisition cost is due mainly to the provision of expenses for refurbishment and repairs which were assumed by the valuer to be higher than those estimated by the company (and significantly higher than those incurred in the previous years) and the influence of the credit crisis on the real estate market in Germany.

The acquisition costs reflected in the table above indicate the full purchase price paid to the vendor by the joint venture with CIREF Europe. Through its interest in the joint venture, NEPI indirectly holds 50 percent of the properties that were purchased. Also, NEPI paid an additional fee to CIREF Europe of €135,000 for procuring the deal, which is not reflected in the above amounts.

The weighted average rental per m² was calculated as at the last practicable date.

All of the abovementioned properties are freehold with the exception of the properties detailed in paragraph 15 of the pre-listing statement.

Other than as specified in **Annexure 16**, none of the properties have been ceded or pledged.

The total amount of fees payable in respect of the Flamingo acquisition, Rasnov industrial facility acquisition and German acquisition was €1,313,267 for agent's commissions, €1,003,451 for land register fees and €581,122 for notary and conveyancing fees. There were no agent's commissions, land register or notary or conveyancing fees payable in respect of the Raiffeisen acquisition as this transaction involved the acquisition of shares.

The group has four loan facilities: with Eurohypo AG in relation to General Investment S.R.L., with Alpha Bank in relation to NEPI Bucharest One S.R.L. and NEPI Bucharest Two S.R.L. and with Nord LB AG in relation to the German SPVs, further details of which are set out in **Annexure 16**.

DETAILS OF ACQUISITIONS AND VENDORS

The immovable properties and subsidiaries acquired by NEPI since incorporation are detailed in the tables below, together with the names and addresses of the vendors of the immovable properties and/or securities purchased by NEPI and/or its subsidiaries and the consideration paid by the vendors during the three year period preceding the secondary listing.

1. THE FLAMINGO PORTFOLIO

No. purchased ¹	Particulars of property purchased ¹	Name of vendor	Address of vendor	Names of beneficial shareholders of vendor	Date of acquisition by NEPI and/or its subsidiary	Price paid to vendor (€)	Goodwill paid and manner in which accounted for	Date of acquisition by the vendor	Cost of asset to vendor (if purchased within preceding 3 years)	Amount paid for goodwill by vendor
1	Brasov, 105 Calea Bucharesti St., Brasov County	Flanco International S.R.L.	66-77, Biharia Street, Bucharest 1, Romania	Flamingo International S.A.	19 October 2007	4,894,597	None paid – asset deal	1 September 2005	€1.9 million + 19% vat	None paid – asset deal
2	Store 48, Bacău, 5 Nicolae Balescu Street, block 5, entrance A, ground floor, County Bacău	Flanco International S.R.L.	66-77, Biharia Street, Bucharest 1, Romania	Flamingo International S.A.	19 October 2007	675,941	None paid – asset deal	23 February 2004	N/A	N/A
3	Iasi, 4 Strapungerri Stefan cel Mare St., building 3, County Iasi	Flanco International S.R.L.	66-77, Biharia Street, Bucharest 1, Romania	Flamingo International S.A.	19 October 2007	810,213	None paid – asset deal	25 April 2001	N/A	N/A

Particulars of property purchased ¹	No. purchased ¹	Name of vendor	Address of vendor	Names of beneficial shareholders of vendor	Date of acquisition by NEPI and/or its subsidiary	Price paid to vendor (€)	Goodwill paid and manner in which accounted for	Date of acquisition by the vendor	Cost of asset to vendor	
									(if purchased within preceding 3 years)	Amount paid for goodwill by vendor
23 Bd. Regina Elisabeta at the junction with 2-4 Beldiman St., Bucharest District 5	4	Flamingo International S.A.	121, Bdul Nicolae Titulescu, Bucharest 1, Romania	Daniel Cîncă Dragos QVT Fund LP Flanco Holding LTD Hansa IDA Euopa Aktisia Fond Gustavus Capital Asset Management AB Bank Austria Creditanstalt AG Other shareholders	19 October 2007	5,047,068	None paid – asset deal	29 May 2003	N/A	N/A

1. The properties were acquired by NEPI Bucharest One S.R.L.

2. THE RAIFFEISEN PORTFOLIO

Particulars of property purchased ²	No. purchased ²	Name of vendor	Address of vendor	Names of beneficial shareholders of vendor	Date of acquisition by NEPI and/or its subsidiary	Price paid to vendor (€)*
All of the shares in General Investment S.R.L.	1	CEERES and Oceanis International BV	13 Charles de Gaulle Square, Bucharest 1, 011857 Romania	Avrig Group	1 January 2008	24,240,125
All of the shares in General Building Management S.R.L.	2	CEERES and Oceanis International BV	13 Charles de Gaulle Square, Bucharest 1, 011857 Romania	Avrig Group	1 January 2008	4,003,457

² The entire share capital was acquired by NE Property Cooperatief U.A.

* The acquisition included the transfer of a loan facility in favour of General Investment S.R.L. for an amount of €14.6 million, as well as a price mechanism by which the purchase price can be adjusted upwards by a maximum price of €4 million, depending on the new leases obtained by the vendor for the vacant space for which NEPI made a prepayment.

† The date of acquisition by the vendor, the cost of the property to each vendor and the amount paid for goodwill by each vendor could not be obtained due to inaccessibility to the prior vendor.

Dan Pascariu, non-executive member of the board, was also a member of the board of the Avrig 35 Group (“Avrig”), the beneficial shareholder of the vendors of the General Investment S.R.L. and General Building Management S.R.L. companies. Mr Pascariu abstained from decisions in relation to this transaction. Mr Pascariu holds 6.4 percent of the shares in the Avrig 35 Group, the holding company of the vendors.

Edwin Warmerdam is a director of NEPM and also a director of the Avrig 35 Group, the beneficial shareholder of the vendors of the General Investment S.R.L. and General Building Management S.R.L. companies. As such, he abstained from decisions in relation to this transaction. Mr Warmerdam holds 4 percent of the shares in the Avrig 35 Group, the holding company of the vendors.

3. RASNOV INDUSTRIAL FACILITY

Particulars of property purchased ²	Name of vendor	Address of vendor	Names of beneficial shareholders of vendor	Date of acquisition by NEPI and/or its subsidiary	Price paid to vendor (€)▲	Goodwill paid and manner in which accounted for	Date of acquisition by the vendor	Cost of asset to vendor (if purchased within preceding 3 years)	Amount paid for goodwill by vendor
1	Rasnov, 1A Campului Street, Brasov County	1A Campului Street, Rasnov, Brasov County	Unknown	13 December 2007	€13.2 million	None paid – asset deal	22 September 2005	€1.9 million	None paid – asset deal

² The property was acquired by NEPI Bucharest Two S.R.L.

▲ NEPI Bucharest Two S.R.L. acquired an industrial facility in Rasnov County from Hi-Lo Sisteme de Depozitare on 13 December 2007 for approximately €15.2 million. The property comprises 23,040m² of lettable area out of which an area of 3,375m² is under refurbishment. The purchase price of the rented space of 19,665m² is €13.2 million. The price for the space of 3,375m² under refurbishment is dependent on the net rental to be generated by such space. In the event that the space is not rented by 12 December 2008, the minimum agreed price for the space under refurbishment (assuming the refurbishment is completed) is €1,567,742, subject to a rental guarantee from Hi-Lo Sisteme de Depozitare at €3/m²/month.

4. THE GERMAN PORTFOLIO

No.	Particulars of property purchased	Name of vendor	Address of vendor	Date of acquisition by NEPI and/or its subsidiary	Price paid to vendor (€)
1	Leipzig ⁵	Bernd Schumacher	Tegernseerplatz 5, 81541 München, Germany	15 May 2008	8,596,220
2	Munich ⁴	Bernd Schumacher	Tegernseerplatz 5, 81541 München, Germany	15 May 2008	6,618,120
3	Moelln ⁵	Günter Schütt	Dorotheenstr 29, 23564 Lübeck, Germany	7 April 2008	5,450,000
4	Bruckmuhl ⁴	Bernd Schumacher	Tegernseerplatz 5, 81541 München, Germany	15 May 2008	6,526,420
5	Eilenberg ⁴	Bernd Schumacher	Tegernseerplatz 5, 81541 München, Germany	15 May 2008	4,459,240
6	Frankfurt ⁵	Kuhlmann GmbH	Hässelackerstr. 12, 69198 Schriesheim, Germany	15 May 2008	2,100,000

⁴ The property was acquired by Premium Portfolio Ltd & Co KG.

⁵ The property was acquired by Premium Portfolio 2 Ltd & Co KG.

†† The date of acquisition by the vendor, the cost of the property to each vendor and the amount paid for goodwill by each vendor could not be obtained due to inaccessibility to the prior vendor.

Notes:

All the amounts above due to vendors were payable in cash.

When the group purchased the industrial facility at Rasnov, *via* NEPI Bucharest Two S.R.L., a portion of the purchase price was withheld by NEPI pending completion of certain refurbishment work by the vendor and the vendor meeting financial covenants. The vendors of the Flamingo portfolio, Raiffeisen portfolio and the German portfolio have not provided guarantees in respect of book debts or other assets.

None of the acquisition agreements entered into with the vendors listed above preclude the vendors from carrying on business in competition with the NEPI group, or impose any restrictions on the vendors, nor has any cash been paid in respect of restraints of trade.

The vendor of General Investment S.R.L. and General Building Management S.R.L. provided guarantees against any undisclosed tax liabilities in these companies.

With respect to the Flamingo portfolio, the Rasnov Industrial facility and the German portfolio, liability for taxation to the date of acquisition is the responsibility of the relevant vendors.

INDEPENDENT VALUATION OF THE ROMANIAN PORTFOLIO

“31 March 2009

The Board of Directors
New Europe Property Investments PLC
Falcon Cliff, Palace Road
Douglas
Isle of Man IM2 4LB

Dear Sirs,

INDEPENDENT VALUERS' REPORT OF THE ROMANIAN PORTFOLIO VALUED ON BEHALF OF NEW EUROPE PROPERTY INVESTMENTS PLC (“NEPI”)

In accordance with your initial instructions dated 15 April 2008 (“initial instructions”), we were requested to value a portfolio of 23 properties located throughout Romania, which collectively comprises the real estate portfolio owned by NEPI in Romania (“Romanian portfolio”). We valued the 11 freehold and 12 effective freehold interests (freehold for constructions and leasehold for land) in the Romanian portfolio, as at 31 March 2008, based on your initial instructions, the specific details of which are described in the report no CV. 2008.0278 from 14 May 2008.

In accordance with your further instructions dated 15 November 2008, we have re-valued the Romanian portfolio owned by NEPI, as at 31 December 2008 (“the date of the valuation”).

1. BASIS OF VALUATION

The valuation is based on the market value.

Market value means the best price, at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

- 1.1 a willing seller and a willing buyer in an open market;
- 1.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale;
- 1.3 that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

2. VALUE CALCULATION

- 2.1 The calculation of the market value of this property has been based on income capitalisation. This is the fundamental basis on which income-producing property is traded on the market. This is also due to there being strong supporting evidence of this rate evidenced by sales on the market.
- 2.2 The discounted cashflow value has also been calculated as a check to ensure that the value calculated is consistent with market norms and expectations.
- 2.3 The considerations for the capitalised valuations are as follows:
 - 2.3.1 capitalising the net contractual income derived from the property for a period of 1 year in advance;
 - 2.3.2 a perpetual vacancy of 3-6 months has been applied notwithstanding the current vacancy levels;
 - 2.3.3 assessed on a case-by-case basis the income lost due to refurbishments for existing or new tenants;
 - 2.3.4 all operating, property and management expenses were given due consideration;
 - 2.3.5 various provisions for contingencies were deducted; and

- 2.3.6 applying a factor to the operational net income as defined in Section 13 of the JSE Listings Requirements as “annual rental income less any expenses directly attributable to that building (including property management fees) but before interest, head office costs, any general management fees or taxation”.

3. BRIEF DESCRIPTION

Each property is described in its individual valuation report. The Romanian portfolio comprises various large B-class office buildings, offices located at the ground floor and mezzanine of blocks of flats, retail units and an industrial site.

In respect of each property, the current net annual rental and the estimated future net annual rentals at specified dates and for specified periods are included in each individual property’s valuation report.

4. LEASE COMMENTS

All rentals detailed in this report are from existing contractual leases.

For the Raiffeisen portfolio (which forms part of the Romanian portfolio) the areas provided by the client in the tenancy schedule and used in our calculations is the BOMA area; in Romania there is not yet a generally accepted measurement standard. BOMA American measurement standard has recently become more frequently used on the occupational market in Romania

For the Raiffeisen portfolio the leasing contracts for the analysed building have used BOMA standard; consequently all calculations and Estimated Rental Values (“ERV’s”) are based on this area.

5. OTHER COMMENTS

To our knowledge there are no contractual arrangements on the property other than the leases and concessions as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the property.

Our valuation excludes any amounts of Value-added Tax, transfer duty, or duty on share in the event of a company transaction.

6. CAVEATS

6.1 Related party leases

There are no intra-group leases on the property whereby parties related to NEPI occupy any part of the properties.

6.2 Source of information and verification

Information on the property has been provided to us by the current owners and their managers.

6.3 Full disclosure

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to ourselves.

We have to the best of our ability researched the market as well as taken all reasonable steps to check income against contractual lease agreements and rent rolls and expenditure against historical expense invoices. These were compared to the market to accurately represent this property’s income capability.

6.4 Leases

Our valuation has been based upon the details in respect of the proposed and existing leases and option terms and rentals supplied to us by the developers and managing agents, which I have examined.

6.5 Lessee’s credibility

In arriving at our valuation, cognizance has been taken of the lessee’s security and rating.

6.6 Mortgage bonds, loans, etc.

The property has been valued as if wholly owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the property.

6.7 **Calculation of areas**

All areas quoted within the valuation report are those stated in the information provided by the client.

6.8 **Structural condition**

The property has been valued in its existing state. We have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have I arranged for the testing of any electrical or other services.

6.9 **Current state of development**

The properties are all constructed, however some of the buildings are currently under renovation.

6.10 **Town planning**

To the best of our knowledge full town planning approval, including obtaining zoning certificates for most of the properties, has been achieved on all the properties and all the properties have been checked to ensure that they comply with town planning regulations.

6.11 **Options**

To the best of our knowledge, there are no options to purchase any property held by any party.

The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for these properties.

7. **MARKET VALUE**

We are of the opinion that the aggregate Market Value of the subject properties, which comprise the Romanian portfolio, as at 31 December 2008 is **€69,230,000 (Sixty Nine Million Two Hundred and Thirty Thousand Euro)** exclusive of V.A.T.

We trust that we have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully,

Tim Wilkinson BSc (Hons) MRICS

Director of Commercial Agency

For and on behalf of

DTZ Echinox Consulting

Floresca II Business Centre 40-44,

Banu Antonache Street, 3rd Floor

Bucharest

Romania”

SCHEDULE OF PROPERTIES IN THE ROMANIAN PORTFOLIO

The following key is applicable to the schedule of properties below:

CN = Cadastral Number
CF = Carte Funciara (Cadastral Book)
BS = Basement
DBS = Demi-Basement
F = Floor
GF = Ground Floor
M = Mezzanine

Property No.	Property Name	Physical Address	Registered Legal Description	Property Description and Use	Rentable Area m ²	Age of building (year(s) of construction)	Building Grade	Freehold and Leasehold	Tenure of leasehold (land concession to NEPI)	Valuation (€)
1.	Alba Iulia	Piata IC Bratianu nr. 20, Alba Iulia	CN 1839/1/2/I in CF 31697	BS+GF+3.5m level+M office building used as bank branch or office facility with annexes; the 1st floor belongs to the state and is not included in the valuation	2,367	1994-2000	Good condition	Freehold for the building and leasehold for the land	Till 2042	1,850,000
2.	Brasov	Str. Mihail Kogalniceanu nr. 3, Brasov	CN 8859/2/1/14 in CF 31398	BS+DBS+GF+9F building used as bank branch or office facility with annexes; currently the bank uses the first 5 levels; the remaining levels are currently under renovation (they were designed initially to accommodate a hotel)	6,719	1991-1997	Partially under refurbishment	Freehold for the building and leasehold for the land	Till 2091	6,870,000
3.	Buzau	Bd. Nicolae Bălcescu nr. 2, Buzau, Buzau County	CN 3536, 7300 in CF 6251-6252	BS+GF+2F office building used as bank branch or office facility with annexes	2,423	1993-1994	Good condition, refurbished in 2004	Freehold for the building and leasehold for the land	Till 2053	2,040,000
4.	Calarasi	Str. Progresului nr. 27, Calarasi, Calarasi County	CN 912/-,0,1; 912/-,1,1; 912/-,2,1 in CF 1493	GF+2F office building used as bank branch or office facility with annexes	1,422	1983-1994	Good condition, refurbished in 2004	Freehold	N/A	1,200,000
5.	Resita	Piata 1 Dec 1918 nr. 4, Resita, Caras Severin County	CN R203/3/P/4, R203/3/et. 1/8 in CF 8335, 8336	GF+M of a 9 storey block of flats – initially used as retail; from 1994 – used as bank branch.	1,322	1982	Good condition	Freehold	N/A	1,170,000
6.	Constanta	Str. Traian nr. 51, Constanta, Constanta County	CN 23247 in CF 20135	4 underground levels + GF+3F used as bank branch or office facility with annexes.	6,796	1994-1997	Good condition	Freehold for the building and leasehold for the land	Life of building	6,720,000
7.	Sf Gheorghe	Str. 1Dec 1918 nr. 33-37, Sf Gheorghe, Covasna County	CN 164, 165 in CF 988	BS + GF+2F+M used as bank branch or office facility with annexes	2,349	1997	Good condition	Freehold for the building and leasehold for the land	Life of building	1,860,000
8.	Targoviste	Str. Calea Domneasca nr. 227, Targoviste, Dambovita County	CN 1675 in CF 1580 with annexes.	BS+GF+2F used as bank branch or office facility	2,371	1994	Good condition	Freehold	N/A	1,830,000
9.	Craiova	Str. Fratii Buzesti nr. 17, Craiova, Dolj County	CN 5943 in CF 5868	BS+GF+2F – body A – used as bank branch; GF+2F – body B – used as offices (initially used as guest house)	2,486	1991-1993	Good condition	Freehold for the building and leasehold for the land	Till 2054	2,740,000
10.	Galati	Str. Brailei nr. 31, Galati, Galati County	CN 4649 in CF 9439	BS+GF+3F used as bank branch or office facility with annexes.	2,815	1995	Good condition	Freehold for the building and leasehold for the land	Till 2054	2,840,000
11.	Deva	Str. Iuliu Maniu nr. 18, Deva, Hunedoara County	CN 1302-1309/1; 1302-1309/1/II; 1302-1309/1/IV; 1302-1309/1/VII in CF 1035/A	B+GF+2F office building used as bank branch or office facility with annexes	1,860	1998	Good condition	Freehold for the building and leasehold for the land	Till 2053	1,680,000

Property No.	Property Name	Physical Address	Registered Legal Description	Property Description and Use	Rentable Area m ²	Age of building (year(s) of construction)	Building Grade	Freehold and Leasehold	Tenure of leasehold (land concession to NEPI)	Valuation (€)
12.	Slobozia	Bd. Chimiei nr. 13, Slobozia, Ialomita County	CN 594/-1/1; 594/0/1; 594/-1/1; 594/2/1 in CF 6391N	BS+GF+2F office building used as bank branch or office facility with annexes	1,908	1994-1998	Good condition – refurbished in 2005	Freehold for the building and leasehold for the land	Till 2052	1,410,000
13.	Baia Mare	Bd. Unirii nr. 18, Baia Mare, Maramures County	CN 1587/5, 1580/5, 1588/13 in CF 11403	BS+GF+2F office building used as bank branch or office facility with annexes	2,406	1995	Good condition	Freehold for the building and leasehold for the land	Till 2041	1,930,000
14.	Targu Mures	Str. Bolyai Farcas nr.2, Targu Mures, Mures County	CN 1163/1/3/1/B, 1163/2/B, 1163/1/2 in CF 3651B, 3045	BS+GF+2F – old building with initial residential use; currently under refurbishment	2,034	1935	Under renovation	Freehold	N/A	1,680,000
15.	Slatina	Str. Tudor Vladimirescu nr. 1-3, Slatina, Olt County	CN 1257; 1257/2 in CF 2382, 10972	BS+GF+2F office building used as bank branch or office facility with annexes	2,767	1997	Good condition	Freehold	N/A	1,990,000
16.	Alexandria	Str. Av Al. Colfescu nr. 63, Alexandria, Teleorman County	CN 718 in CF 1311/N	BS+GF+1F office building used as bank branch or office facility with annexes	975	1997	Good condition	Freehold for the building and leasehold for the land	Till 2041	810,000
17.	Sibiu	Piata 1 Decembrie 1918, Bl. 69, Sibiu, Sibiu County	CN 1161; 5211; 3075 in CF 2945/N, 17640/N, 10508/N	GF+M used as offices of a block of flats	900	Unknown (estimated late 1980's)	Partially under renovation	Freehold	N/A	1,170,000
18.	Zalau	Str. Unirii nr. 19, Zalau, Salaj County	CN 922; 1996; 202/2/1/A/1/B 1 in CF 2945/N, 17640/N, 10508/N	BS+GF+3F office building	3,460	2006-2007	Good condition	Freehold for the building and leasehold for the land	Till 2054	3,840,000
19.	Bucuresti	Bd. Regina Elisabeta nr. 23, sector 5, Bucharest	CN 648/0; 1 648/-1/1 in CF 2990	BS+GF of and old block of flats used as commercial unit	838	Unknown (estimated 1950 – 1960)	Partially under renovation	Freehold	N/A	5,950,000
20.	Brasov (Flanco)	Calea Bucuresti nr. 105, Brasov, Brasov County	CN 7617/1/2/2 in CF 36652	GF+IF used as retail store.	3,380	2002	Good condition	Freehold	N/A	5,170,000
21.	Bacau	Str. N. Bălcescu nr. 5, bl. 5, sc. A, GF, Bacau, Bacau County	CN 76/A;0;2/2/2 in CF 24542	BS+GF offices located on a GF+8F block of flats, under refurbishment	150	1996	Good condition	Freehold	N/A	710,000
22.	Iasi	Bd. Stefan cel Mare nr. 4, sc A, Gf and mezzanine, Iasi, Iasi County	CN 1250	GF+M used as offices on a GF+8F block of flats, under refurbishment	193	1961	Good condition	Freehold	N/A	870,000
23.	Rasnov	Str. Campului nr. 1A, Rasnov, Brasov County	Provided in detailed valuation report	Industrial site – former Fabrica de Scule	23,040	1974-1978	Partially under renovation	Freehold	N/A	12,900,000
Total					74,981					69,230,000

INDEPENDENT VALUATION OF THE GERMAN PORTFOLIO

“31 March 2009
The Board of Directors
New Europe Property Investments PLC
Falcon Cliff, Palace Road
Douglas
Isle of Man IM2 4LB

Dear Sirs,

INDEPENDENT VALUERS’ REPORT OF THE GERMAN PORTFOLIO VALUED ON BEHALF OF NEW EUROPE PROPERTY INVESTMENTS PLC (“NEPI”)

1. INSTRUCTION

- 1.1 We have been instructed to carry out a market valuation of a portfolio of certain of the properties currently owned by NEPI in Germany (“the German portfolio”).
- 1.2 In accordance with your initial instructions the inspections of the properties were carried out between 08 May 2008 and 02 June 2008, in order to provide a market valuation of each of the properties at 08 May 2008.
- 1.3 In accordance with your further instructions dated 15 November 2008, we have re-valued the German portfolio owned by NEPI, as at 31 December 2008 (“the date of the valuation”).
- 1.4 This summary valuation report has been prepared for inclusion in the pre-listing statement to shareholders of NEPI as required in terms of the provisions of Section 13: Property Companies, of the Listings Requirements of the JSE Limited.

2. DEFINITION OF MARKET VALUE

Market value means the best price at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

- 2.1 a willing seller and a willing buyer acting at arm’s length, wherein each party acted knowledgeably, prudently and without compulsion;
- 2.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale;
- 2.3 that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

3. VALUE CALCULATION

In determining the market value of the various properties, we have adopted the discounted cash flow method of valuation. The net income derived from the properties is discounted at market related rates after consideration of the tenant profile, lease duration and aspects of the properties. The discount rate is linked to the base rate or long bond yield rate, to which a risk premium for property is added in order to reflect a discount rate indicative of the return an investor would require for and investment in fixed property.

4. SOURCE AND VERIFICATION OF INFORMATION

- 4.1 The valuations of the properties have been based on information obtained from NEPI, from a physical external inspection of the properties as well as detailed research on property sales and lettings within the areas in which the properties are situated.
- 4.2 Where appropriate, we have satisfied ourselves that the information on which we have based our valuations is accurate.

5. VALUATION ASSUMPTIONS

- 5.1 Provision has been made for the letting up of space presently vacant within a sensible time frame at the then estimated market rental and for the adjustment of passing rentals, upon lease renewal, upwards or downwards, in cases where such rentals differ from our estimates of current market rentals for comparable space.
- 5.2 Our estimates of current market rentals are based on our research of the latest available market letting transactions in the areas where the properties are situated. Where such information is either unavailable or of limited application we have relied on our general knowledge of the market and have also, where appropriate, had regard to rental statistics published by recognised organisations.
- 5.3 It is assumed that the properties would be transacted as a portfolio in future in the meaning of a share deal.

6. PROPERTIES HELD BY NEPI

The valued properties of the German portfolio are:

- 6.1 Silberhornstraße 7 + Tegernseer Platz 5, 81541 München
- 6.2 Mockauerstraße 123, 04357 Leipzig
- 6.3 Pettenkofenstraße 15a, 83052 Bruckmühl
- 6.4 Grenzstraße 34-35, 04838 Eilenburg
- 6.5 Wasserkrüger Weg 127a + b, 23879 Mölln
- 6.6 Battonnstraße 10-24 + Allerheiligenstraße 7, 60313 Frankfurt

7. MATERIAL CONTRAVENTION OF STATUTORY REQUIREMENTS

We have no information about any material contravention of any statutory requirement relating to the properties and therefore assume that the properties are free from material contravention of material requirements.

8. INTRA-GROUP LEASES

To the best of our knowledge there are no intra-group leases with regard to the portfolio.

9. QUALIFICATIONS

- 9.1 The valuations in respect of the properties contain no material qualifications, which have an adverse effect on the values thereof.
- 9.2 Furthermore, the Lettable Areas used in our cash-flows and quoted within the Valuation Report are as supplied by NEPI and are assumed to be correct.

10. BENEFICIAL INTERESTS OF DIRECTORS

No instruction has been received by us from the directors of NEPI to provide separate valuations of any of the properties for the purpose of quantifying any benefit or detriment arising from contractual arrangements and/or options in respect thereof.

11. OPTIONS FOR PARTY TO PURCHASE

We are not aware of any agreements in terms of which any party has an option to acquire any of the properties or any shareholding or other interest therein.

12. STATUTORY REQUIREMENTS, TOWN PLANNING RESTRICTIONS AND CONDITIONS

- 12.1 The Town Planning requirements vary from property to property. To the best of our knowledge, there are no material contraventions of any town planning requirements or statutory requirements.
- 12.2 Lost income due to time delays has been taken into account by way of provisions for vacancies prior to premises being let.

12.3 Where appropriate, ongoing revenue and capital expense items relating to refurbishments have been taken into account.

12.4 All figures within the valuation report exclude VAT at 19 %.

13. VALUATION

13.1 We are of the opinion that the aggregate value of the properties comprising the German portfolio is, at the date of valuation, **33,584,900 Euro (in words: thirty-three million five-hundred-eighty-four thousand and nine-hundred Euro)**.

13.2 A summary of the individual valuations and details of each of the properties is attached.

14. CAVEATS TO THE VALUATIONS

14.1 *Mortgage bonds, loans etc.*

The properties have been valued with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges.

14.2 *Contamination*

Our valuation assumes that a formal environmental assessment is not required and further that none of the properties are environmentally impaired or contaminated, unless otherwise stated in our report.

14.3 *Calculation of areas*

The rental areas quoted within the Valuation Reports are as supplied by NEPI and are assumed to be correct.

14.4 *Structural condition*

The properties have been valued in their existing state. In the event of its ownership or use changing in such a manner that the local authority will require the upgrading of the premises to comply with fire protection and other regulations, it may be necessary to reduce the valuation by the amount covering the cost of such compliance.

We have not carried out structural surveys of the properties, nor inspected those areas, which were covered, unexposed or inaccessible, neither have we arranged for the testing of electrical, plumbing or other services. The properties were inspected externally only. The valuations assume that the services and structures are in a satisfactory state of repair and condition, unless otherwise stated in our report. The valuations further assume that the properties have been erected in accordance with the relevant Building and Town Planning Regulations.

We have assumed that no deleterious or hazardous materials or techniques were used in the construction of the buildings nor have since been incorporated.

14.5 *Statutory notice and unlawful use*

To the best of our knowledge the properties and their values are unaffected by any statutory notice, and that neither the properties nor their conditions, nor their uses, nor their intended uses, are or will be unlawful.

We trust that we have satisfactory complied with all your instructions.

Yours faithfully,

for **DR. LÜBKE GMBH**

Marcus Badmann

Certified real estate appraiser CIS HypZert (F)

Publicly appointed and sworn-in expert in real estate valuation”

SCHEDULE OF PROPERTIES OF THE GERMAN PORTFOLIO

Property No.	Property Name	Physical Address	Registered Legal Description	Property Description and Use	Rentable Area m ²	Age of building (year(s) of construction)	Building Grade	Freehold and Leasehold	Tenure of leasehold (land concession to NEPI)	Valuation (€)
1.	Munich	Silberhornstraße 7 + Tegernseer Platz 5, 81541 München	Land register extract 118637756 of Giesing Land Register Plot no. 13529/2	Office/ medical suites	2,027	1995 ¹	A	Freehold	N/A	6,210,100
2.	Leipzig	Mockauerstraße 123, 04357 Leipzig	Land register extract 3046 of Mockau Land Register Plot no. 96/11, 96/14, 96/16	Retail	5,864	Unknown	B	Freehold	N/A	8,959,900
3.	Bruckmuehl	Pettenkofersstraße 15a, 83052 Bruckmühl	Land register extract 148/5464 of Rosenheim/ Bad Aibling Land Register Plot no. 3208/3	Retail	5,889	1996 ¹	B	Freehold	N/A	6,399,000
4.	Eilenberg	Grenzstraße 34-35, 04838 Eilenburg	Land register extract 3881 of Eilenberg Land Register Plot no. 2/206	Retail	3,727	1993 ¹	C	Freehold	N/A	3,913,300
5.	Moelln	Wasserkrüger Weg 127a + b, 23879 Mölln	Land register extract 6399 of Moelln Land Register Plot no. 18/9, 193	Retail	5,510	1991 ²	A	Freehold	N/A	5,567,600
6.	Frankfurt	Battonnstraße 10-24 + Allerheiligenstraße 7, 60313 Frankfurt	Plot no. 1/1, 1/4, 1/7, 1/8	Retail	1,088	2008 ¹	A	Leasehold	96 years	2,535,000
Total					24,105					33,584,900

1 Source: Estimation based on inspection of the building

2 Source: Technical Due Diligence by Consulting Partners Hamburg

PROMOTER AND DIRECTORS' INTERESTS

1. DIRECTORS' INTERESTS IN SECURITIES

At the date of secondary listing, the directors of the company and NEPM will hold beneficially, directly and indirectly, the following interests:

NEPI directors

Directors	Beneficially held		Total	%
	Directly	Indirectly		
Michael Mills	–	–	–	–
Dewald Joubert	–	–	–	–
Martin Slabbert	–	–	–§	–
Dan Pascariu	–	–	–	–
Des de Beer	–	– [^]	– [†]	–
Total	–	–	–	–

NEPM directors

Directors	Beneficially held		Total	%
	Directly	Indirectly		
Martin Slabbert	–	–	–§	–
Victor Semionov	–	300,000	300,000*	1.07
Andries de Lange	10,000	– [▲]	10,000 [†]	0.04
Jeff Zidel	–	– [▲]	– [†]	–
Edwin Warmerdam	–	–	–	–
Total	10,000	300,000	310,000	1.11

[^] Mr de Beer is a beneficiary of the Suni Trust, owns 50 percent of Optimprops 3 (Proprietary) Limited and directly and indirectly holds 3.42 percent of Resilient and 0.6 percent of Capital. Resilient has an 18.99% shareholding in Capital and holds 100 percent of Diversified which in turn holds 100 percent of Diversified Properties 2. The Suni Trust, Optimprops 3 (Proprietary) Limited and Diversified Properties 2 have an interest in 153,381 shares, 131,374 shares and 657,314 shares, respectively, *via* a Rand denominated investment in BoE Stockbrokers.

[†] In order to facilitate the secondary listing, Messrs de Beer, de Lange and Zidel entered into a sale and repurchase agreement with the NEPI Trust as detailed in paragraph 11.7 of the pre-listing statement. Pursuant to the repurchase agreement, shortly after the date of secondary listing, Messrs de Beer, de Lange and Zidel will re-acquire 2,545,093 shares, 81,998 shares and 897,417 shares, respectively and consequently hold, directly and indirectly, beneficial interests in NEPI of 9.93%, 0.35% and 3.50%, respectively.

§ Mr Slabbert's wife has an interest in 17,561 shares *via* a Rand denominated investment in BoE Stockbrokers. Immediately after the secondary listing, Mr Slabbert's wife will re-acquire 179,939 shares pursuant to the repurchase agreement.

* To ensure that the interests of investors are aligned with those of the investment advisor, 300,000 NEPI shares were allocated to Victor Semionov at €2.18 per share in pursuance of the investment advisor incentive scheme on the terms and conditions specified in **Annexure 3**.

▲ Messrs de Lange and Zidel have an interest in 8,002 shares and 87,532 shares, respectively, *via* a Rand denominated investment in BoE Stockbrokers.

Immediately after the secondary listing, the directors of the company and NEPM will hold beneficially, directly and indirectly, the following interests:

NEPI directors

Directors	Beneficially held		Total	%
	Directly	Indirectly		
Michael Mills	–	–	–	–
Dewald Joubert	–	–	–	–
Martin Slabbert	–	197,500	197,500§	0.70
Dan Pascariu	–	–	–	–
Des de Beer	–	2,793,478 [^]	2,793,478 [†]	9.93
Total	–	2,990,978	2,990,978	10.63

Directors	Beneficially held		Total	%
	Directly	Indirectly		
Martin Slabbert	–	197,500	197,500 [§]	0.70
Victor Semionov	–	300,000	300,000 [*]	1.07
Andries de Lange	100,000	–	100,000 [†]	0.35
Jeff Zidel	–	985,000	985,000 [†]	3.50
Edwin Warmerdam	–	–	–	–
Total	100,000	1,482,500	1,582,500	5.62

[^] Refer to the note above.

[†] Refer to the note above.

[§] Refer to the note above.

^{*} Refer to the note above.

Other than the shares which were issued in terms of the investment advisor incentive scheme as detailed in paragraph 18 of the pre-listing statement and under the repurchase agreement, there have been no changes in the directors' interests between the end of the last financial year and the date of this pre-listing statement and no director has traded in NEPI shares.

The company secretary has not been allotted any shares.

2. DIRECTORS' DECLARATIONS

Save as disclosed in respect of Dan Pascariu below, the following signed declarations have been made by each director as required in terms of Schedule 21 of the JSE Listings Requirements:

- there have been no bankruptcies, insolvencies or individual involuntary compromise arrangements to which any of the directors has been subject or receiverships of any asset(s) of any of the directors;
- the directors have not acted as a director of any company with an executive function at the time or within the 12 months preceding any of the following events taking place: receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with its creditors generally or any class of creditors;
- the directors have not been partners of any partnership at the time of or within 12 months of any of the following events taking place: compulsory liquidations, administrations or partnership voluntary arrangements or receiverships;
- the directors have not been the subject of public criticisms by statutory or regulatory authorities (including recognised professional bodies) and have not been disqualified by a court from acting as directors of a company or from acting in the management or conduct of the affairs of any company; and
- there have been no offences involving dishonesty.

A civil case brought against Mr Pascariu in Romania has been pending since 1996. The case relates to a dispute over the payment of an amount authorised by a customer of the Romanian Bank for Foreign Trade and made by the bank on behalf of its client. Mr Pascariu was at the time the Chief Executive Officer of the Romanian Bank for Foreign Trade and the civil case was brought against him in this capacity alongside a number of other executives of the bank who had direct operational responsibility over the relevant client account. Legal advice sought has indicated that Mr Pascariu discharged his duties properly at the time and that the charges brought are without foundation.

3. DIRECTORS' INTERESTS IN TRANSACTIONS

Other than disclosed in paragraph 2 of **Annexure 5**, the directors of the company had no beneficial interest in transactions entered into by the company:

- during the current or the immediately preceding financial year; or
- since incorporation which remain in any respect outstanding or unperformed.

4. DIRECTORS' INTERESTS IN PROPERTY ACQUIRED OR TO BE ACQUIRED

Save as disclosed in paragraph 2 of **Annexure 5**, no director of NEPI or NEPM has had any material beneficial interest, direct or indirect, in the promotion of the company or in any property acquired or proposed to be acquired by the company since incorporation and no amount has been paid during this period, or is proposed to be paid to any director.

5. DIRECTORS' EMOLUMENTS

The emoluments of NEPI's directors for the period ended 31 December 2008 are set out in the table below.

Director	Basic salaries €000	Directors' fees €000	Other Fees ^Δ €000	Expense allowances €000	Pension scheme contributions €000	Other material benefits €000	Commission, gain or profit-sharing arrangements €000	Bonuses and other performance payments €000	Total €000
Peter Gray	–	29,389	–	–	–	–	–	–	29,389
Des de Beer	–	3,349	–	–	–	–	–	–	3,349
Michael Mills	–	19,907	2,609 ^Δ	–	–	–	–	–	22,516
Dewald Joubert	–	25,125	–	–	–	–	–	–	25,125
Martin Slabbert [†]	–	–	–	–	–	–	–	–	–
Dan Pascariu	–	22,516	–	–	–	–	–	–	22,516
	–	100,286	2,609	–	–	–	–	–	102,895

^Δ "Other fees" comprises management, consulting, technical or other fees paid for such services rendered, directly or indirectly, whether to NEPI, its subsidiaries or associates and includes emoluments received from entities that provide advisory services to the company.

[^] Relates to VAT of €2,609.

[†] Mr Slabbert is an executive director of the investment advisor and does not receive a salary or director's fee from NEPI.

Des de Beer was appointed as a non-executive director to the board with effect from 21 October 2008 and is entitled to an annual director's fee of £18,000. The director's fee was prorated for the 2008 financial year and was payable by NEPI.

Except for fees paid for services as directors, no emoluments have been paid or accrued as payable during the last financial year or have been proposed to be paid to any of the directors in terms of any of the following categories:

- management, consulting, technical or other fees paid for such services rendered, directly or indirectly, whether to NEPI, its subsidiaries or associates, including emoluments received or receivable from NEPI;
- basic salary;
- bonuses and performance related payments;
- sums paid by way of expense allowance;
- any other material benefits received;
- contributions paid under any pension scheme; or
- any commission, gain or profit-sharing arrangement;

Mr Slabbert does not receive a salary or director's fees from NEPI or NEPM. Mr Slabbert has an indirect interest in NEPM by means of a 25% shareholding in NEPM and preference shares issued by NEPM that entitles the holder to a preferred distribution of €150,000 per annum.

No amount has been paid or is payable to any third party in lieu of directors' fees.

There will be no variation in the remuneration receivable by any of the directors as a consequence of the secondary listing.

No loans have been made by NEPI to any of its directors or managers and the company has not furnished any security on behalf of any of its directors or managers.

No amount has been paid to any director of the company in cash or securities or otherwise to induce him to become or to qualify him as a director.

Other than as disclosed in paragraph 3 of this annexure, no director or promoter has had any material beneficial interest, direct or indirect, in NEPI or in any material acquisition of the company and no amount has been paid since incorporation, or is proposed to be paid to any promoter.

6. PROMOTERS' INTERESTS

No amount of cash or securities have been paid or any benefit given since acquisition or is proposed to be paid or given to any promoter, not being a director.

7. DIRECTORS' OTHER DIRECTORSHIPS AND PARTNERSHIPS

The table below lists the other directorships held by the directors or the partnerships in which they have been partners over the five years preceding this pre-listing statement:

Director	Current directorships/partnerships	Past directorships/partnerships
Michael Mills	<p>Atlas Medical Resources Limited City and Merchant Group plc Marble Arch Capital plc New Europe Property (BVI) Limited Pentavia Limited Ultrasis plc World Food Heroes Limited</p>	<p>Advance Value Realisation Company Limited Athanor Capital Partners Limited China Growth Trust plc Drew Scientific Group plc International British Schools plc Intramezzo Limited Learning Angles Limited Legacy Distribution Group Inc (US) Onestop Logistics Limited RMR Design Associates Limited S Daniels plc Talent Group plc (formerly RMR plc) Zenith International Limited All Square Foods Limited Big T (Tea) Limited Bilash Foods Limited Brash Brothers Limited Copak Vendona Limited Daniels Foods Limited Daniels Group Limited Eurogran International Limited Eurogran A/S Eurogran Danmark A/S Eurogran France S.A. Eurogran Hungary KFT Eurogran Nordic A.B. Get Fresh Limited Globekirk Limited Intsys Limited Ismail & Company Limited Johnson's Fresh Products Limited Johnson's Freshly Squeezed Juice Limited Juice Limited Kent Seal Foods Limited S Daniels Quest Trustees Limited S Daniels Dried Fruit Limited Sun-Ripe Limited The New Covent Garden Soup Company Limited The Beverage Company Limited (formerly Daniels Foods Limited)</p>
Dewald Joubert	<p>AngloGold Ashanti Holdings Plc (LSE listed debt securities) AngloGold Ashanti International Services Limited AngloGold Finance Australia Limited Attventure International Limited Bleustar Limited Capfin Partners Limited Carmi Investments Limited Efidium Limited First Anchorage Company Limited First Anchorage Investments Limited First Mainsail Company Limited Heliette Limited Juxta Limited Lindfield Limited Mergon Investments International Limited</p>	<p>Amplats (IOM) Limited Anglo American International (I.O.M.) Limited Birchman Group Limited BoE Protected Equity Fund Limited Clemente Business Limited Corozal Limited Dimension Data Commerce Centre Limited Dimension Data Finance Limited Dimension Data Global Management Services Limited Discus Holdings Limited Discus Limited Echo Delta (Holdings) PCC Limited Elgria Limited Engen International Marketing Limited (closed) Engen Petroleum International Limited</p>

Director	Current directorships/partnerships	Past directorships/partnerships
	Mergon Property Holdings Limited	Engen Petroleum DR Congo (IOM) Limited (closed)
	Mergon Property Investments 1 Limited	Entre-acte Limited
	Mergon Property Investments 2 Limited	Fireside Limited
	Mergon Property Investments 3 Limited	Glanvill Limited
	Mergon Property Investments 4 Limited	Henley Settlement Limited (closed)
	Mergon Services Limited	JCI (Isle of Man) Limited
	Migration Investments Limited	JCI East African Exploration Company Limited
	New Europe Property (BVI) Limited	Maitland Advisory (IOM) Limited
	Northern Worldwide Limited	Maitland Asset Management (IOM) Limited
	Pangea Diamondfields Plc.	Marbras (Guernsey) Limited
	Perianth Limited	Merinos Leasing Limited
	Samax Resources Limited	Meyers Investments Limited
	Woodland Investment Company (Proprietary) Limited	Millennium Publishers Limited
		Mining & Services Limited
		Mittonic Limited (closed)
		Montbrun Limited
		Nampak International Limited
		Napoleon Leasing Limited
		Nilofar Investments Limited
		Nordberg Limited
		Ocean Dive Adventures Limited
		Oil Consultants Limited (closed)
		Oranmore Investments Limited
		Orinocov Limited
		Orion Sporting and Leisure Limited
		Overture Limited
		Pentavana Limited
		Perianth Limited
		Planum Holdings Limited
		Private Ventures Limited
		Profuse Limited
		Protea Leasing Limited
		Pyramus Limited
		Quinnasette Limited
		R T Speed Limited
		Raufard Limited
		Regional Aircraft Leasing Limited
		Renaissance Holdings Limited
		Sable Kensington Limited
		SafeTech 1 Limited (closed)
		Science & Technology Limited (closed)
		Sherburn Limited
		Shweir Limited
		Spindle Limited
		St. Pauls Investments Limited
		Starcross Investments Limited
		Stratton Services Limited (closed)
		Sundiamond Limited
		Swaton Limited
		Tabayin Holdings Inc
		Thilo Limited
		Timbal Limited
		Tintern Limited
		Tontine Inc
		TPA Remarketing Services Limited
		Trenowth Limited
		Tubus Installations Limited (closed)

Director	Current directorships/partnerships	Past directorships/partnerships
		Turboprop Remarketing Services Limited Two Tree Limited Utilities Management Limited (closed) Vannin Energy Limited Vannin Leasing Limited Wardvale Properties Limited (closed) Ware Limited Whitton Limited (closed) Wilfram Limited Willow Lane Limited Wydire Holdings Limited Zacopani Limited Zeedijk Handelmaatschappij NV Zietzig Limited
Martin Slabbert	General Building Management SRL General Investment SRL NE Property Cooperatief U.A. NEPI Bucharest One SRL NEPI Bucharest Two SRL NEPI Investment Management Limited NEPI Investment Management (Cyprus) Limited New Europe Property (BVI) Limited Third Way Capital SRL	Deloitte Central Europe Established Investments (Proprietary) Limited National Cerial Holdings (Proprietary) Limited National Cerial Investments (Proprietary) Limited Premier Foods Limited Virgin Active (South Africa) (Proprietary) Limited
Dan Pascariu	CAIB Securities SA CAIB Financial Advisers Limited Heritage Restaurant SA HVB Banca Pentru Locuinte SA HVB Leasing Limited New Europe Property (BVI) Limited The Rompetrol Group Limited Unicredit Tiriac Bank SA	Bank Austria Creditanstalt SA HVB Bank Romania SA HVB Tiriac Bank Romania SA Rompetrol SA Transfond SA
Des de Beer	Beaulieu College Properties (Proprietary) Limited Beaulieu College (Proprietary) Limited Beaulieu School Properties (Proprietary) Limited Boudoir Properties CC Diversified Properties (Proprietary) Limited Diversified Properties 2 (Proprietary) Limited Diversified Property Fund Limited Fortress Asset Managers (Proprietary) Limited Hollyrood Investments (Proprietary) Limited Indian Gold Investments (Proprietary) Limited Kyalami Preparatory Holdings (Proprietary) Limited Kyalami Preparatory School (Proprietary) Limited New Heights 471 (Proprietary) Limited NMGP Holdings (Proprietary) Limited Optimprops 3 (Proprietary) Limited Pangbourne Properties Limited Property Fund Managers Limited Pure Diamond Investments (Proprietary) Limited Resilient Capital (Proprietary) Limited Resilient Properties (Proprietary) Limited Resilient Properties 2 (Proprietary) Limited Resilient Property Income Fund Limited Resilient Property Management (Proprietary) Limited Southern Palace Investments 19 (Proprietary) Limited	Acucap Investments (Proprietary) Limited Acucap Properties Limited Acucap Property Management (Proprietary) Limited Amber Peek Investments (Proprietary) Limited Autumn Wizard Trading (Proprietary) Limited Bardesgra CC Casadobe Props 75 (Proprietary) Limited King Bee Properties (Proprietary) Limited Sunset Bay Home Owners Association Sycom Property Fund Managers Limited Tiradeprops 152 (Proprietary) Limited

HISTORICAL FINANCIAL INFORMATION OF NEPI

New Europe Property Investments plc was incorporated on 23 July 2007 and admitted to the AIM market of the London Stock Exchange on 22 August 2007.

The company is managed by NEPI Investment Management Limited and invests primarily in the high quality office, retail and industrial property market initially in Romania, although in due course in other Central and Eastern European countries.

The immediate objective of the group was to create a diversified property related rental income stream that would provide its shareholders with stable absolute returns. The group achieved this by following its two acquisitions in 2007 (the Flamingo portfolio and Rasnov Industrial Facility) with two further acquisitions concluded by April 2008 (the Raiffeisen portfolio and the German SPVs). As a result, the group has now invested €86.8 million in Romania and Germany, has exposure to 29 properties and more than 160 tenants. The acquisition of the Raiffeisen portfolio was consolidated for the full period and the German SPV's were proportionately consolidated with effect from 14 April 2008.

The group achieved a distributable earnings per share of 14.27 Euro cents in respect of the 2008 financial year (2007 financial period: 1.24 Euro cents). The cash balances at the beginning of the 2008 financial year stood the group in good stead to make the acquisitions of the Raiffeisen portfolio and the German portfolio.

The net asset value and net asset value per share as at 31 December 2008 equates to €51,397,909 (2007: €53,053,019) and €1.92 per share (2007: €1.98 per share), respectively. The company reported an adjusted net asset value per share (after adjusting for loans in respect of the investment advisor incentive scheme, goodwill and deferred taxation) at 31 December 2008 of €55,834,728 (2007: €53,110,286) and €1.98 per share (2007: €1.98)

Set out below are extracts from the audited financial statements of NEPI for the year ended 31 December 2008, published on 12 February 2009. The financial statements are the responsibility of NEPI's directors. The financial statements from which the information below was extracted, were audited by KPMG LLC in accordance with International Financial Reporting Standards. Dispensation has been granted by the JSE from providing a new audit opinion to be signed by an accountant and auditor registered in terms of the Auditing Profession Act No 26 of 2005, as required by paragraph 8.46 of the JSE Listings Requirements. Dispensation was granted on the basis that the JSE was satisfied that the results included an appropriate sign off from the auditor. The independent auditors, KPMG LLC, issued an unqualified opinion on 11 February 2009 to the members of NEPI which provided that the financial statements gave a true and fair view, in accordance with IFRS, of the state of the group's and company's affairs as at 31 December 2008 and the group's profit for the year then ended.

There has been no material change in the nature of the business of NEPI, nor has there been any material change in the nature of property and any change in policy regarding the use thereof since the year ended 31 December 2008.

BALANCE SHEET

	Note	Group 31 Dec 2008 €	Group 31 Dec 2007 €
ASSETS			
Non-current assets		87,533,635	21,718,364
Investment property	6	85,142,170	21,718,364
Investment property at fair value		78,627,504	21,718,364
Investment property under development		6,514,666	
Goodwill	7	2,386,463	–
Investments in subsidiaries	3	–	–
Loans to subsidiaries	3	–	–
Financial assets at fair value through profit or loss	11	5,002	–
Current assets		6,190,203	33,793,900
Trade and other receivables	8	1,771,356	142,793
Cash and cash equivalents		4,418,847	33,651,107
TOTAL ASSETS		93,723,838	55,512,264
EQUITY AND LIABILITIES			
Total equity attributable to equity holders		51,397,909	53,053,519
Share capital	9	267,950	267,950
Share premium	9	52,487,190	52,487,190
Share based payment reserve	10	81,841	–
Currency translation reserve		(757,686)	22,633
Accumulated (loss)/profit		(681,386)	275,746
Non-current liabilities		37,195,489	56,767
Loans and borrowings	11	32,750,804	–
Financial liabilities at fair value through profit or loss	11	575,303	–
Deferred tax liabilities	13	3,869,382	56,767
Current liabilities		5,130,440	2,401,978
Trade and other payables	12	3,268,082	2,401,978
Loans and borrowings	11	1,862,358	–
TOTAL EQUITY AND LIABILITIES		93,723,838	55,512,264
NAV per share	16	1.92	1.98
Adjusted NAV per share (28,150,000 shares)	16	1.98	1.98

INCOME STATEMENT

	Note	Group 31 Dec 2008 €	Group 31 Dec 2007* €
Net rental and related income		6,315,183	322,017
Contractual rental income and expense recoveries		7,713,486	343,790
Property operating expenses		(1,398,303)	(21,773)
Share based payments		(81,841)	–
Investment advisory fees		(571,137)	(101,528)
Administrative expenses		(498,656)	(142,107)
Foreign exchange gain		1,144,227	–
Fair value adjustment on investment property		(1,671,077)	–
Profit before net finance expense		4,636,699	78,382
Finance income		275,930	329,854
Finance expense		(2,239,250)	(74,492)
Net finance (expense)/income	17	(1,963,320)	255,362
Earnings before tax		2,673,379	333,744
Tax	13	(1,204,029)	(57,998)
Earnings after tax		1,469,350	275,746
Basic weighted average earnings per share (€ cents)	14	5.48	1.88
Diluted weighted average earnings per share (€ cents)	14	5.33	1.88
Distributable earnings per share (€ cents)	14	14.72	1.24
Headline earnings per share (€ cents)	15	7.76	N/A
Diluted headline earnings per share (€ cents)	15	7.54	N/A

* Note 23

STATEMENT OF CHANGES IN EQUITY – GROUP

	Share capital €	Share premium €	Share based payments reserve €	Currency translation reserve €	Retained earnings €	Total €
Opening balance 23 July 2007	–	–	–	–	–	–
Issue of shares	267,950	53,322,050	–	–	–	53,590,000
– 12 877 200 shares on 23/08/2007	128,772	25,625,628	–	–	–	25,754,400
– 13 917 800 shares on 14/12/2007	139,178	27,696,422	–	–	–	27,835,600
Total recognised income and expense	–	(834,860)	–	22,633	275,746	(536,481)
– currency translation reserve				22,633		22,633
– issue costs recognised directly to equity	–	(834,860)	–	–	–	(834,860)
– profit for the period	–	–	–	–	275,746	275,746
Closing balance 31 December 2007	267,950	52,487,190	–	22,633	275,746	53,053,519
Opening balance 1 January 2007	267,950	52,487,190	–	22,633	275,746	53,053,519
Share based payments reserve	–	–	81,841	–	–	81,841
Dividend distribution	–	–	–	–	(2,426,482)	(2,426,482)
Total recognised income and expense	–	–	–	(780,319)	1,469,350	689,031
– currency translation reserve	–	–	–	(780,319)	–	(780,319)
– profit for the year	–	–	–	–	1,469,350	1,469,350
Closing balance 31 December 2008	267,950	52,487,190	81,841	(757,686)	(681,386)	51,397,909

CASH FLOW STATEMENT

	Group 31 Dec 2008 €	Group 31 Dec 2007* €
OPERATING ACTIVITIES		
Earnings after tax	1,469,350	275,746
<i>Adjustments:</i>		
Fair value of derivative instruments	570,301	–
Fair value adjustments on investment property	1,671,077	–
Share based payments	81,841	–
Net finance expense	1,963,320	(255,362)
Foreign exchange gain	(1,144,227)	–
Corporate tax charge and deferred tax	1,204,029	57,998
Operating profit before changes in working capital	5,815,691	8,382
Increase in trade and other receivables	(1,219,480)	(142,793)
(Decrease)/increase in trade and other payables	(430,680)	2,401,978
Interest paid	(839,299)	(74,492)
Interest received	275,930	329,854
Income tax paid	–	(1,231)
Cash flows from operating activities	3,602,162	2,591,698
INVESTING ACTIVITIES		
Acquisition of investment property	(22,465,661)	(21,718,364)
Payments for acquisition of subsidiaries less cash acquired	(27,198,062)	–
Cash flows from investing activities	(49,663,723)	(21,718,364)
FINANCING ACTIVITIES		
Proceeds from share issuance	–	52,755,140
Proceeds from bank borrowings	20,348,000	–
Repayment of borrowings	(1,177,853)	–
Payment of dividends	(2,426,482)	–
Cash flows from financing activities	16,743,665	52,755,140
Net (decrease)/increase in cash and cash equivalents	(29,317,896)	33,628,474
Cash and cash equivalents brought forward	33,651,107	–
Translation effect on cash and cash equivalents	85,636	22,633
Cash and cash equivalents carried forward	4,418,847	33,651,107

* Note 23

Notes to the consolidated financial statements

1. GENERAL

New Europe Property Investments PLC is a company incorporated in the Isle of Man on 23 July 2007. The Company is listed on the AIM market of the London Stock Exchange. The Group includes the Company and its wholly-owned subsidiaries as set out under “Basis of consolidation” in note 2.3 below.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Isle of Man law and International Financial Reporting Standards (“IFRS”). The principal accounting policies set out below have been applied.

2.1 Basis of preparation

The consolidated financial statements (financial statements) are prepared on the historical-cost basis, except for investment property, derivatives and financial instruments designated as financial instruments at fair value through profit or loss, which are measured at fair value.

The financial statements are prepared on the going-concern basis and are presented in Euros (“€”) unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

2.2 Statement of compliance

The annual financial statements have been consistently prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board and the requirements of relevant Isle of Man company law.

2.3 Basis of consolidation

Subsidiaries

The Group’s consolidated financial statements incorporate the assets, liabilities, operating results and cash flows of the Company and its subsidiaries. The results of subsidiaries acquired, disposed of or incorporated during the period are included from the effective dates of acquisition or incorporation and up to the effective dates of disposal or the period end.

Subsidiaries are those entities over which the Group has the ability, either directly or indirectly, to govern the financial and operating policies so as to obtain benefits from their activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

The accounting policies of the subsidiaries are consistent with those of the holding Company.

In the Company’s separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Jointly-controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operation. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, as well as the expenses that the Group incurs and its share of the income that it earns from the joint operation.

2.4 **Investment property**

Investment properties are those held either to earn rental income or for capital appreciation or both.

The cost of investment property comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition investment properties are measured at fair value. Fair values are determined annually by external independent professional valuers with appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. Valuations are done on the open market value basis and the valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of the methods. Gains or losses arising from changes in the fair values are included in profit or loss for the period in which they arise. Unrealised gains, net of deferred tax, are transferred to a non-distributable reserve in the statement of changes in equity. Unrealised losses, net of deferred tax, are transferred to a non-distributable reserve to the extent that the decrease does not exceed the amount held in the non-distributable reserve.

2.5 **Goodwill**

Goodwill arises on acquisition of subsidiaries and joint ventures.

Goodwill represents the amount paid in excess over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquired entity. When the excess is negative (negative goodwill) it is recognised directly in the income statement.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

2.6 **Financial instruments**

Financial instruments include cash and cash equivalents, investments in property, trade and other receivables, trade and other payables and derivatives financial instruments. The Group holds derivative financial instruments to hedge its interest rate risk exposures.

2.6.1 **Recognition**

Financial instruments are initially measured at fair value, which, except for financial instruments at fair value through profit or loss and derivatives, include directly attributable transaction costs.

Subsequent to initial recognition, financial instruments are measured as is set out below:

Cash and cash equivalents	– Carried at fair value.
Investments	– Designated as available for sale and carried at fair value, being the quoted bid price at the balance sheet date, with changes therein recognised directly in equity.
Trade and other receivables	– Stated at amortised cost using the effective interest rate method net of impairment losses.
Trade and other payables	– Carried at amortised cost using the effective interest rate method.
Financial liabilities	– Non-derivative financial liabilities, not at fair value through profit and loss, are measured at amortised cost using the effective interest rate method.
Derivative financial instruments	– Carried at fair value with changes therein recognised in profit or loss. Hedge accounting is not applied.

2.6.2 *Derecognition*

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised where:

- the contractual rights to receive cash flows from the asset have expired;
- the Group or Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.6.3 *Offset*

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Group and/or Company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 **Cash and cash equivalents**

Cash and cash equivalents include cash balances, call deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management, are included as a component of cash and cash equivalents for the purpose of the Cash Flow Statement.

2.8 **Share capital and share premium**

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, are shown as a deduction in equity from the proceeds.

2.9 **Share based payment**

The fair value of shares granted to key individuals is recognised as an expense, with a corresponding increase in equity, over the period that the participants become unconditionally entitled to the shares. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest.

The fair value measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility of similar listed companies), expected life of the instrument (considered as vesting period), and the risk free interest rate (based on government bonds).

2.10 **Other reserves**

2.10.1 Share based payment reserve

The fair value of shares granted to key individuals is recognised in equity, as explained in note 2.9.

2.10.2 Currency translation reserves

The consolidated financial statements require translation of foreign operations' figures. Exchange differences arising, if any, are classified as equity and transferred to the Group's currency translation reserve.

2.10.3 Retained earnings

The balance on the Income Statement is transferred to retained earnings at the end of each financial period.

2.11 Revenue

Revenue comprises rental income and recovery of expenses, excluding VAT. Lease incentives granted are recognised as an integral part of the total rental income over the lease period.

2.12 Expenses

Property operating expenses and administrative expenses are recognised on an accruals basis.

2.13 Dividend distribution income

Dividend/distribution income is recognised in the Income Statement on the date the Group or Company's right to receive payment is established.

2.14 Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Balance Sheet liability method, based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The tax expense incurred by the Group reflects income tax incurred on profits from operations in the subsidiary in the Netherlands Antilles and deferred tax accrued in the Romanian subsidiaries of the Group.

2.15 Segmental reporting

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

2.16 Related parties

Related parties in the case of the Group include any shareholder who is able to exert a significant influence on the operating policies of the Group. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Group are also considered to be related parties.

2.17 Earnings per share

The Group presents basic and diluted earnings per share. Basic earnings per share are calculated by dividing profit for the year attributable to equity holders by the weighted average number of shares in issue during the year.

Diluted earnings per share is determined by adjusting the profit for the year and the weighted average number of shares in issue for the effects of all dilutive potential ordinary shares, which comprises the share incentive scheme shares.

2.18 Distributable earnings per share

The Group presents distributable earnings per share, in accordance with its dividend policy.

Distributable earnings per share are calculated by dividing the distributable profit (earnings plus deferred tax, less/plus fair value increases/decreases, less/plus capital gains/losses on disposal, plus interest due from participants in the share incentive scheme and other adjustments that the board may consider necessary) for the period by the number of shares in issue at the end of the period.

2.19 Headline earnings per share

The Group presents basic and diluted headline earnings per share.

Headline earnings is an additional earnings number which is permitted by IAS 33. The starting point is earnings as determined in IAS 33, excluding “separately identifiable re-measurements” (as defined), net of related tax (both current and deferred) and minority interest, other than re-measurements specifically included in headline earnings (“included re-measurements”, as defined).

A re-measurement is an amount recognised in the income statement relating to any change (whether realised or unrealised) in the carrying amount of an asset or liability that arose after the initial recognition of such asset or liability. A re-measurement may be recognised in the income statement either when the re-measurement occurs or subsequently. This latter situation occurs when re-measurements are initially recorded in equity (in accordance with the relevant IFRS) and subsequently included or recycled in the income statement.

2.20 Foreign exchange

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations are expressed in € using exchange rates prevailing on the Balance Sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group’s currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURES

The Company has an investment of €0.01 in New Europe Property (BVI) Limited, representing one share. The Company also has indirect holdings in the other companies listed in the table below.

Subsidiaries and joint ventures (country of Incorporation) As at 31 Dec 2008	Incorporation/ Date became subsidiary or joint venture	Principal activity	Effective interest 31 Dec 2008	Effective Investment € 31 Dec 2008	Amount owing by subsidiary or joint venture Investment € 31 Dec 2008
New Europe Property (BVI) Limited (British Virgin Islands)	Jul 2007	holding company	100%	*	51,555,472
New Europe Property NV (Netherlands Antilles)	Sep 2007	holding company	100%	2,000	–
NE Property Cooperatief U.A. (Netherlands)	Oct 2007	holding company	100%	10,000	–
– NEPI Bucharest One SRL (Romania)	Sep 2007	investment vehicle	100%	3,844,554	–
– NEPI Bucharest Two SRL (Romania)	Dec 2007	investment vehicle	100%	2,755,554	–
– General Investment S.R.L (Romania)	Mar 2003/ Jan 2008	investment vehicle	100%	25,792,431	–

Subsidiaries and joint ventures (country of Incorporation) As at 31 December 2008	Incorporation/ Date became subsidiary or joint venture	Principal activity	Effective interest 31 Dec 2008	Effective Investment € 31 Dec 2008	Amount owing by subsidiary or joint venture Investment € 31 Dec 2008
– General Building Management S.R.L. (Romania)	Aug 2004/ Jan 2008	investment vehicle	100%	1,405,631	–
– CIREF NEPI Holdings Limited (Cyprus)	Apr 2008/ Apr 2008	holding company	50%	*	–
– CIREF Europe Management Limited (Ireland)	Dec 2007/ Apr 2008	holding company	50%	*	–
– Premium Portfolio Ltd & Co KG (Germany)	Jan 2008/ Apr 2008	investment vehicle	50%	*	–
– Premium Portfolio 2 Ltd & Co KG (Germany)	Jan 2008/ Apr 2008	investment vehicle	50%	*	–

Subsidiaries and joint ventures (country of Incorporation) As at 31 December 2007	Incorporation/ Date became subsidiary or joint venture	Principal activity	Effective interest 31 Dec 2007	Effective Investment € 31 Dec 2007	Amount owing by subsidiary or joint venture Investment € 31 Dec 2007
New Europe Property (BVI) Limited (British Virgin Islands)	Jul 2007	holding company	100%	*	52,777,774
New Europe Property NV (Netherlands Antilles)	Sep 2007	holding company	100%	2,000	–
– NE Property Cooperatief U.A. (Netherlands)	Oct 2007	holding company	100%	10,000	–
– NEPI Bucharest One SRL (Romania)	Sep 2007	investment vehicle	100%	3,844,554	–
– NEPI Bucharest Two SRL (Romania)	Dec 2007	investment vehicle	100%	2,755,554	–

*less than €1

The amounts owing by subsidiaries and joint ventures are unsecured, bear interest at rates agreed from time to time and terms of repayment have not been determined.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- credit risk,
- liquidity risk,
- market risk,
- currency risk, and
- interest rate risk,

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has delegated the responsibility for developing and monitoring the Group's risk management policies to the Audit Committee. The Committee reports to the Board of Directors on its activities. The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The fair values of all financial instruments are substantially the same as the carrying amounts reflected on the Balance Sheet.

4.1 Credit risk

Credit risk is the risk of financial loss to the Group if a tenant or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from tenants.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The Group's wide-spread customer base reduces credit risk. The majority of rental income is derived from retail properties situated in Romania, but there is no concentration of credit risk.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered. When available, the Group's review includes external ratings.

Trade and other receivables relate mainly to the Group's tenants and deposits with municipalities. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, industry, size of business and existence of previous financial difficulties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as is set out below.

	Group 2008 €	Group 2007 €
Tenant receivables	611,324	142,793
VAT recoverable	517,815	
– Cash and cash equivalents	4,418,847	33,651,107
Total	5,547,986	33,793,900

The aging of all trade receivables at the reporting date was less than 90 days and all are assessed as being low risk. Aging of trade receivables/ Past due but not impaired:

	Group 2008 €	Group 2007 €
0 – 30 days	455,057	135,554
30 – 60 days	115,790	7,239
60 – 90 days	40,477	–
Total	611,324	142,793

The Group believes that no impairment allowance is necessary in respect of trade receivables as a comprehensive analysis of outstanding amounts is performed on a regular basis.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

4.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group receives rental income on a monthly basis. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The contractual cash flows of financial liabilities are considered to be equal to the carrying amount. The contractual maturities of financial liabilities are all considered to be within six months or less.

4.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, property prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There is a risk that a relative lack of market evidence means property valuations may be based on sentiment rather than current prices. Given the lack of activity, current prices may be considered by the valuers to be driven by forced sellers and those not needing to sell might achieve a higher price with an orderly sale over a period of time. However, there is also evidence that even orderly sellers might accept lower prices than 'market' on the grounds that an orderly sale process takes time and prices are expected to fall in the first half of 2009.

4.4 Currency risk

The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the functional currency of the Group which is euro. The currencies giving rise to this risk are Romanian New Leu ("RON") and Great Britain Pound ("GBP").

The Group does not hedge the monthly payments denominated in foreign currencies.

In respect of monetary assets and liabilities held in currencies other than €, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Details of the Group's foreign currency exposure on unsettled balances is as is set out below.

	31 Dec 2008 €		31 Dec 2007 €	
	Group		Group	
	RON exposure	GBP exposure	RON exposure	GBP exposure
Trade and other receivables	853,761		110,374	
Cash and cash equivalents	859,184		3,950	2,040
Trade and other payables	(270,825)	(65,010)	(374,226)	(44,159)
Balance sheet exposure	1,442,120	(65,010)	(259,902)	(42,119)
	Average rate		Reporting date spot rate	
	2008	2007	31 Dec 2008	31 Dec 2007
RON/€	3.6827	3.3337	3.9852	3.6102
GBP/€	0.7449	0.6835	0.9680	0.7353

Sensitivity analysis

A 10 percent strengthening of the € against the RON and GBP at 31 December would have increased (decreased) equity and profit or loss by the amounts shown in the table below. This analysis assumes that all other variables, in particular interest rates, remain constant.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

	Equity 31 Dec 2008 €	Profit or Loss 31 Dec 2008 €	Equity 31 Dec 2007 €	Profit or Loss 31 Dec 2007 €
RON	(131,102)	–	7,199	–
GBP	5,910	5,910	5,728	5,728

A 10 percent weakening of the € against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

4.5 Interest rate risk

The Group is subject to interest rate risk on loans and cash balances held. At the reporting date, the interest rate profile of the Group's interest bearing financial assets was as is set out in the table below. The Group policy in relation to interest rate risk is to hedge that risk through the use of derivative financial instruments. As of 31 December 2008 the Group held an interest rate swap and an interest rate cap as further disclosed in note 11. The interest bearing loans and borrowings bear interest rates as disclosed in Note 11.

31 December 2008	Group 31 Dec 2008 €	Interest rate
Cash in bank	2,323,736	0%
Overnight deposit	792,125	6.75%
Security deposit	1,301,407	3.25%
Petty cash	1,579	0%
Credit facility in relation to the Råflnov Industrial Facility	(4,593,000)	3.523%
Credit facility in relation to the Flanco Portfolio	(1,100,000)	2.634%
Total	(1,274,153)	

31 December 2007	Group 31 Dec 2007 €	Interest rate
Cash	951,107	0.00%
Cash deposit	32,700,000	4.89%
Total	33,651,107	

Sensitivity analysis for interest bearing financial instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

31 December 2008	Profit or loss 100bp increase €	Profit or loss 100bp decrease €	Equity 100bp increase €	Equity 100bp decrease €
Cash in bank	–	–	–	–
Overnight deposit	7,921	(7,921)	7,921	(7,921)
Security deposit	13,014	(13,014)	13,014	(13,014)
Petty cash	–	–	–	–
Credit facility in relation to the Råflnov Industrial Facility	(45,930)	45,930	(45,930)	45,930
Credit facility in relation to the Flanco Portfolio	(11,000)	11,000	(11,000)	11,000
TOTAL	(35,995)	35,995	(35,995)	35,905

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

31 December 2007	Profit or loss 100bp increase €	Profit or loss 100bp decrease €	Equity 100bp increase €	Equity 100bp decrease €
Cash and cash equivalents	76,930	(76,930)	76,930	(76,930)

5. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base of equity so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors also monitors the level of distributions to shareholders. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6. INVESTMENT PROPERTY

	Group 31 Dec 2008 €	Group 31 Dec 2007 €
Movement in investment property is as follows:		
Carrying value at beginning of period	21,718,364	–
– Additions from business combination	36,473,582	–
– Assets under development acquired through business combination	6,514,666	–
– Additions	22,106,635	21,718,364
Fair value adjustment	(1,671,077)	–
Carrying value at period end	85,142,170	21,718,364

Investment property is carried at fair value which is assessed on an annual basis. The Group obtained independent appraisal reports from DTZ Echinox Consulting S.R.L and Dr Lubke GmbH which are members of RICS (Royal Institution of Chartered Surveyors). The fair value of investment property is based on the year end appraisal reports except for the property located in Constanta for which the put option value is deemed to be the fair value. The Group has the right to sell the Constanta property back to the seller (has a put option on Constanta building). It is estimated that the sale will be concluded by the end of May 2009 for a price of €5,764,300.

A fair value adjustment was made in accordance with the Group accounting policies to assess fair values on an annual basis.

The current book value of assets under development includes two buildings under refurbishment in Constanta and Brasov, part of the portfolio held by General Investment S.R.L.

The Group's investment properties at the end of the reporting period included office, retail and industrial properties and an immaterial amount of residential property in Germany.

A register of investment property is included on pages 48 to 50 of the 2008 annual report.

7. GOODWILL

The Group acquired two subsidiaries (General Investment S.R.L. and General Building Management S.R.L.) with effect from 1 January 2008. The total consideration paid in cash amounted to €28,212,078.

At the acquisition date, the investment property held by the two acquired companies was adjusted to reflect its fair value, which was determined as follows:

- capitalisation of net operating rental income generated by the rented space to Raiffeisen Bank S.A. (based on rents payable under the existing lease agreements) at a yield of 7.5%;
- capitalisation of net operating rental income generated by the rented space to other tenants (based on rents payable under the existing lease agreements) at a yield of 8%;
- capitalisation of 75% of the potential operating rental income generated by the vacant spaces (based on market rents) at an average yield of 8%.

7. GOODWILL (continued)

The acquisition had the following effect on the Group's assets:

	Recognised values on acquisition €	Fair value adjustments €	Pre-acquisition carrying amounts €
Investment property	36,473,582	15,429,654	21,043,928
Investment property under development	6,165,001	2,428,510	3,736,491
Trade and other receivables	399,158	–	399,158
Cash and cash equivalents	1,014,015	(682,382)	1,696,397
Provisions for risk and charges	–	429,926	(429,926)
Property revaluation reserve	–	6,651,633	(6,651,633)
Interest bearing borrowings	(14,043,065)	–	(14,043,065)
Deferred tax liabilities	(2,886,859)	(2,886,859)	–
Tenant deposits	(84,521)	–	(84,521)
Accounts payable	(1,211,696)	(62,874)	(1,148,822)
Net identifiable assets and liabilities	25,825,615	21,307,608	4,518,007
Goodwill on acquisition	2,386,463		
Consideration paid satisfied in cash	28,212,078		
Cash acquired	(1,014,016)		
Net cash outflow on acquisition date	27,198,062		

The application of International Financial Reporting Standards (IFRS) for business combinations often requires the recognition of deferred tax liabilities. In turn this leads to goodwill recognition on the property investment business.

At the acquisition of General Investment S.R.L. (“GI”) and General Building Management S.R.L. (“GBM”) goodwill resulted as the share purchase price exceeded the net asset values of the companies. The deferred tax recognised on the balance sheets of the acquired companies lowered their net asset values to a value below the shares’ acquisition price.

Such deferred tax accounts for the tax to be incurred should the properties be disposed at market values in excess of their historic acquisition cost. The Group considers the deferred tax unlikely to be realised as it is a long term holder of investments and any potential sale of the properties could be executed as a sale of shares of the two acquired companies or otherwise by means of individual spin off.

The properties’ revaluation by DTZ Echinox Consulting S.R.L. as at 31 December 2008 did not result in a devaluation of the property portfolio of GI and GBM and as a result the deferred tax liability did not decrease. As the board maintains its view that the deferred tax is unlikely to be realised, the goodwill should be maintained as it does not exceed the deferred tax.

8. TRADE AND OTHER RECEIVABLES

	Group 31 Dec 2008 €	Group 31 Dec 2007 €
Tenant receivables	611,324	142,793
Deferred borrowing costs	119,535	–
Advance payments	123,959	–
Prepaid property expenses	107,342	–
Deferred JSE listing costs	134,866	–
VAT receivable	646,113	–
Other receivables	28,217	–
Carrying value at period end	1,771,356	142,793

9. SHARE CAPITAL AND SHARE PREMIUM

	Share capital €0.01/share	Share premium €
<i>Authorised on 23 August 2007</i>		
150,000,000 ordinary shares of €0.01 each	1,500,000	–
<i>Issued during the year</i>		
26,795,000 ordinary shares at €0.01 each*	267,950	53,322,050
Listing cost	–	(834 860)
Brought forward from 31 December 2007	267,950	52,487,190
Carried forward as at 31 December 2008	267,950	52,487,190*

* The issued share capital figure presented excludes shares issued in terms of the share based payment scheme set out in note 10.

The ordinary shares carry the right to vote at general meetings, the right to dividends and the right to the surplus assets of the Group on a winding-up.

The ordinary shares carry pre-emption rights as well as transfer rights as indicated in the Company's Admission Document published at the time of admission to the AIM Market of the London Stock Exchange.

10. SHARE BASED PAYMENTS

On 6 June 2008 the Group implemented a share incentive scheme that entitles key individuals to acquire shares in the Company.

The purpose of the scheme is to align the interests of directors and key individuals of the Investment Advisor with those of shareholders of the Company. This is achieved by the Company making loans available to allow shares to be purchased by participants in the scheme, the repayment of which can be made in part out of the dividends payable on the shares.

20 percent of the shares initially subscribed for by each participant vest annually.

The Company offers to each participant the immediate right to subscribe for the relevant number of shares at their then market value together with a loan to fund such subscription. Each loan carries interest at the weighted average rate at which the Company is able to borrow money from its bankers. Each loan is repayable in full together with interest ten years after its relevant subscription date, but can be repaid earlier.

The Company's recourse against each participant is limited to the shares issued in terms of the scheme. The Company has security interests over the shares held in the scheme by each participant. The security interests secure the repayment of all principal and interest in respect of each loan made by the Company to each participant under the scheme.

Pending repayment of the loan in respect of the shares subscribed for by a participant, the dividends on such shares will be applied towards payment of interest on that loan. If the dividend amount on the shares exceeds the amount required for the interest payment then the excess will be paid to the participant otherwise the shortfall will be paid by the participant to the Company.

The Group has accounted for the scheme as a share option scheme.

1,355,000 shares were issued as part of the share based payments scheme, at a price of €2.18 each. There were no shares in issue at the end of the previous financial year and there were approximately 35,000 shares available for issue in terms of the scheme as at 31 December 2008.

The Group is entitled to interest of €100,807 in respect of the loans granted to participants using the Group's weighted average cost of debt capital. The interest will be settled from dividend distributions and was not accrued in the Income Statement.

10. SHARE BASED PAYMENTS (continued)

Assumptions used in relation to the shares issued pursuant to the scheme	6 Jun 08
Fair value at grant date (per share)	€0.451
Share price at grant date	€2.25
Weighted average exercise price	€2.18
Expected volatility (weighted average)	10%
Expected dividend	0.07%
Option life	5 years
Risk free interest rate (based on government bond)	4.79%

The amount of €81,841 represents the *pro rata* amount of the fair value of the options at grant date, in relation to the 208 days of the reporting period during which the share scheme shares were in issue.

11. LOANS AND BORROWINGS

During the period, the Group contracted bank loan facilities for the Premium and Flanco Portfolios and the Råflnov Industrial Facility for an aggregate amount of €28,895,000. Of that amount, €9,207,000 was available for draw-down as at 31 December 2008. In relation to the Raiffeisen Portfolio a loan amount of €15,000,000 has been taken over as a result of the acquisition of General Investment S.R.L. and General Building Management S.R.L.

The facility agreements concluded in relation to the Premium Portfolio bear interest at a fixed rate of 5.17% as a result of a swap concluded with the respective bank fixing the reference rate of the loan.

The facility agreements concluded in relation to the Flanco Portfolio and Råflnov Industrial Facility bear interest at a floating rate of one month Euribor plus 1.9% p.a. and 2.5% p.a., respectively. The Group has capped its Euribor interest rate risk to 4.7% by purchasing a derivative financial instrument to cover a notional amount of €7.6 million related to floating interest rate loan facilities concluded in relation to the Flanco Portfolio and Råflnov Industrial Facility. As of 31 December 2008 the fair value of the derivative financial instrument amounted to €5,002.

The Raiffeisen loan bears interest at a fixed rate of 6.23% per annum.

In addition to the bank loans, the Group also obtained financing from the vendors of the German portfolio amounting to €853,281 for a period of five years. Of this amount €250,000 bears interest at a fixed interest rate of 6% p.a. while the balance does not attract interest.

The repayment profile of the group's outstanding loans is set out in the table below.

Loans and borrowings	Due within one year €	Due within two to five years €	Due after five years €
Flanco Portfolio and Råflnov Industrial Facility revolving credit facilities	–	5,693,000	–
Premium Portfolio bank loan	140,135	13,873,374	–
Raiffeisen Portfolio	1,096,063	4,149,213	8,181,936
Vendor finance	–	853,281	–
Accrued interest on Flanco Portfolio and Råflnov Industrial Facility revolving credit facilities	22,362	–	–
Accrued interest on Premium Portfolio loan	386,536	–	–
Accrued interest on Raiffeisen Portfolio loan	213,615	–	–
Accrued interest on vendor finance	3,647	–	–
Total	1,862,358	24,568,868	8,181,936

As a result of the loan contract concluded for the Raiffeisen Portfolio, first ranking security interests were created over the real estate properties of General Investment S.R.L. in favour of the bank together with a prohibition to sell, encumber or lease the real estate properties, through mortgage agreements concluded for each individual property. In addition the following security agreements have been concluded in relation to the loan:

- Pledge agreement over the bank accounts of General Investment S.R.L.;
- General security agreement over the assets owned by General Investment S.R.L.;
- Assignment of rental receivable to the bank;
- Personal guarantee agreement between the bank (as lender) and the Company (as first guarantor).

11. LOANS AND BORROWINGS (continued)

Covenants

- Debt service cover ratio minimum 120%.
- Loan to value ratio maximum 70%.

The Flanco Portfolio and Rasnov Industrial Facility loans have been secured as follows:

- Mortgage over the land and building located in Rasnov and the land and buildings in the Flanco portfolio;
- Pledge agreement over the bank accounts of NEPI Bucharest One S.R.L. and NEPI Bucharest Two S.R.L. opened with the respective bank.;
- Real movable security over the shares of NEPI Bucharest One S.R.L. and NEPI Bucharest Two S.R.L.; and
- Corporate guarantee issued by the Company.

Covenants

- Loan to value ratio maximum 60% in case of Nepi Bucharest Two S.R.L; and
- Loan to value ratio maximum 65% in case of Nepi Bucharest One S.R.L.

12. TRADE AND OTHER PAYABLES

	Group 31 Dec 2008 €	Group 31 Dec 2007 €
Payable for assets under construction	344,730	2,139,139
Property related payables	109,109	147,492
Advances from tenants	771,235	73,410
Administrative and secretarial accrued expenses	245,055	–
Accrued management fee	220,591	33,804
Taxes and other related liabilities	–	(9,622)
Tenant deposit	1,558,708	17,755
Payments received in advance other than rent	18,654	–
Accrued expenses	–	–
	3,268,082	2,401,978

13. CORPORATE TAX EXPENSE AND DEFERRED TAX

	Group 31 Dec 2008 €	Group 31 Dec 2007 €
Current year tax	–	1,231
Deferred tax expense	1,204,029	56,767
Tax expense	1,204,029	57,998
Deferred tax acquired in business combinations	2,886,859	–
Effect of translation differences	(278,273)	–
Deferred tax brought forward	56,767	–
Deferred tax carried forward	3,869,382	56,767

Group subsidiaries are subject to corporate tax on an annual basis.

The Romanian subsidiaries carried forward aggregate prior year fiscal losses amounting to €2,991,513.

The German subsidiaries have not accrued any taxable profits since the commencement of business on 15 April 2008.

13. CORPORATE TAX EXPENSE AND DEFERRED TAX (continued)

Reconciliation of tax rate

	Group 31 Dec 2008 €	Group 31 Dec 2007 €
Profit before tax	1,469,3650	333,744
Isle of Man income tax at 0%	–	–
Effect of higher rates on overseas earnings	–	1,231
Total charge per income statement	–	1,231
Effective tax rate	0.0%	0.4%

14. EARNINGS PER SHARE

The calculation of basic earnings per share as at 31 Dec 2008 was based on the profit attributable to ordinary equity holders of €1,469,350 (2007: €275,746) and the weighted average number of 26,795,000 (2007: €14,686,514) ordinary shares in issue during the period (excluding the share scheme shares).

The calculation of diluted earnings per share as at 31 December 2008 was based on the profit attributable to ordinary equity holders of € 1,469,350 (2007: €275,746) and the weighted average number of 27,568,206 (2007: 14,686,514) ordinary shares in issue during the period (including the share scheme shares).

The calculation of distributable earnings per share was based on earnings after tax adjusted as shown in the table below to arrive at the distributable earnings of €4,144,350 (2007: €332,513) and the number of shares in issue at 31 Dec 2008:

	Group 31 Dec 2008 €	Group 31 Dec 2007 €
Earnings after tax	1,469,350	275,746
Unrealised foreign exchange gains	(1,144,227)	–
Share based payment fair value	81,841	–
Interest receivable from key employees	100,807	–
Fair value adjustments on investment property	1,671,077	–
Net change in fair value of financial assets and liabilities	699,301	–
Amortisation of the premium paid for derivative instrument	(24,963)	–
Share issue cum distribution	87,728	–
Deferred tax expense /(income)	1,204,029	56,767
Distributable earnings	4,144,943	332,513
Number of shares in issue at end of period	28,150,000	26,795,000
Distributable earnings per share (€ cents)	14.72	1.24

Date	Event	Number of shares	% of period	Weighted average
01/01/2008	existing shares	26,795,000	43.01%	11,525,521
06/06/2008	share issue*	28,150,000	56.99%	16,042,685
31/12/2008	period end			27,568,206

* 1,355,000 shares were issued as part of the share option scheme and are accounted for as treasury shares.

15. HEADLINE EARNINGS PER SHARE

The calculation of headline earnings per share as at 31 Dec 2008 was based on headline earnings of €2,165,767 and the weighted average number of 26,795,000 ordinary shares in issue during the period (excluding the share scheme shares).

The calculation of diluted headline earnings per share as at 31 December 2008 was based on headline earnings of €2,165,767 and the weighted average number of 27,568,206 ordinary shares in issue during the period (including the share scheme shares).

15. HEADLINE EARNINGS PER SHARE (continued)

	Group 31 Dec 2008 €	
	Gross	Net
Distributable Earnings	4,144,943	4,144,943
Interest receivable from key employees	(100,807)	(100,807)
Deferred tax	(1,204,029)	(1,204,029)
Amortisation of the premium paid for derivative instrument	24,963	24,963
Net change in fair value of financial assets and liabilities	(699,301)	(699,301)
Share issue cum distribution	(87,728)	(87,728)
Headline earnings	2,078,041	2,078,041
Shares in issue at period end	26,795,000	26,795,000
Headline earnings per share (€ cents)	7.76	7.76

16. NET ASSET VALUE PER SHARE

	Group 31 Dec 2008 €	Group 31 Dec 2007 €
Net assets value in balance sheet	51,397,909	53,053,519
Value of loans in relation to share incentive scheme shares issued	2,953,900	–
Deferred tax	3,869,382	56,767
Goodwill	(2,386,463)	–
Adjusted net asset value	55,834,728	53,110,286
Number of shares in issue at end of period	28,150,000	26,795,000
Net asset value per share (26,795,000 shares)	1.92	1.98
Adjusted net asset value per share	1.98	1.98

17. NET FINANCIAL ITEMS

	Group 31 Dec 2008 €	Group 31 Dec 2007 €
Interest income on bank deposits	275,930	329,854
Finance income	275,930	329,854
Interest expense on financial liabilities measured at amortised cost	(1,539,949)	(74,492)
Net changes of financial instruments at fair value through profit or loss	(699,301)	–
Finance expense	(2,239,950)	(74,492)
Net finance (expense)/income recognised in income statement	(1,963,320)	255,362

18. SEGMENT REPORTING

The Group operates only one business segment, which is the rental of commercial property. As the rental income derived during the period from rental of residential units accounts for less than 1% of total gross rental income, this does not represent a separate business segment.

On a primary basis, the Group operates in the following geographical areas of Europe:

- Romania
- Germany

The Group's primary format for segmental reporting is based on geographic segments. The above geographic areas represent separate geographic segments.

18. SEGMENT REPORTING (continued)

From 15 April 2008, the Group commenced operations in a second geographic segment as a result of its joint acquisition of six properties in Germany. The Group's segmental revenue and results for the period are presented below.

	Romania 2008 €	Germany 2008 €	Consolidated 2008 €
Recoveries and contractual rental income	6,722,272	991,214	7,713,486
Property operating expenses	(1,237,952)	(160,351)	(1,398,303)
Foreign exchange gain	1,144,227	–	1,144,227
Fair value adjustments	27,260	(1,698,337)	(1,671,077)
Segment result	6,655,807	(867,474)	5,788,333
Share based payments	–	–	(81,841)
Investment Advisor management fee	–	–	(571,137)
Administrative expenses	–	–	(498,656)
Finance income	–	–	275,930
Finance expense	–	–	(2,239,250)
Deferred tax expense	–	–	(1,204,029)
Net profit for the period	–	–	1,469,350
Segment assets	69,583,998	22,291,907	91,875,905
Unallocated assets			1,847,932
Total assets	69,583,998	22,291,907	93,723,838
Segment liabilities	22,279,425	15,266,370	37,545,795
Unallocated liabilities			4,780,134
Total liabilities	22,279,425	15,266,370	42,325,929

19. CONTINGENT ASSETS AND LIABILITIES

The Group had outstanding payment obligations to Hi-Lo in respect of the 3,400 square meters of vacant space at the Rasnov Industrial facility, obligations which were dependent on a number of items, including the completion by Hi-Lo of the refurbishment of the vacant space by 12 December 2008 and the introduction of an acceptable tenant by the same date. Hi-Lo was acquired by Constructor Group AS and proposed that a subsidiary of its new parent company rent the vacant space and proposed a final payment of €2,351,613 subject to finalising an acceptable lease agreement on this basis. In addition, Hi-Lo notified the Group of the completion of the renovation on 11 December 2008. The Group commissioned an independent inspection of the vacant space on 12 December 2008 and found that the renovation was not complete. It commissioned a second independent review on 16 December 2008 that confirmed the first inspection. It is not clear when the renovation will be complete and when the vacant space will be ready for occupation. The Group has been advised that the consequence of the non-completion is that no further payments are due to Hi-Lo in respect of the property and has consequently not provided for further payments to Hi-Lo.

Guarantees

The Group's policy is to provide financial guarantees to subsidiaries to the extent required in the normal course of business.

The Company issued two corporate letters of guarantee to Nepi Bucharest One S.R.L. and Nepi Bucharest Two S.R.L. in relation to the Flanco Portfolio and Râflnov Industrial Facility credit facilities.(see note 12)

20. OPERATING LEASE RENTALS

Contractual rental income from tenants is detailed in the table below.

	Group 31 Dec 2008 €	Group 31 Dec 2007 €
Within one year	7,467,409	2,119,063
Within two to five years	22,651,253	8,864,610
More than five years	12,697,626	12,040,281

21. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's management, represented by the Investment Advisor, discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates, as well as the application of these policies and estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the preliminary financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 4 "Financial risk management", and Note 7 "Goodwill".

22. RELATED PARTY TRANSACTIONS

Identity of related parties with whom material transactions have occurred

The subsidiaries and Directors are related parties.

Material related party transactions

Loans to and investments in subsidiaries are set out in note 3. Fees paid to directors during the current and prior period are set out in the table below. No other payments were made to directors, except for re-imbursements of travel and accommodation costs.

Director	Payment for 2008 €	Payment for 2007 €
Peter Francis Gray – <i>Non-executive Chairman</i>	29,389	13,037
Desmond de Beer – <i>Non-executive Director</i>	3,349	N/A
Michael John Mills – <i>Non-executive Director</i>	22,516	10,665
Dewald Lambertus Joubert – <i>Non-executive Director</i>	25,125*	10,665*
Martin Johannes Christoffel Slabbert – <i>Non-executive Director</i>	_**	_**
Corneliu Dan Pascariu – <i>Non-executive Director</i>	<u>22,516</u>	<u>2,040</u>

* includes VAT of €2,609 in relation to 2008.

** Mr. Slabbert is an executive director of the Investment Advisor and does not receive a salary or directors' fee from NEPI.

As part of the Investment Advisor share incentive scheme, 600,000 shares were issued to an entity in which Martin Slabbert has an indirect interest as a beneficiary via a trust arrangement, and these shares were at year end in the process of being transferred to a trustee that will hold the respective shares on an unallocated basis. No other directors were awarded shares as part of the Investment Advisor share incentive scheme.

Fees paid to the Investment Advisor amounted to €571,137 for the period ended 31 December 2008.

Pursuant to the investment advisory agreement, the Investment Advisor is paid a monthly advisory fee of one percent per annum of the daily average market capitalisation of NEPI, in consideration for performing investment advisory services for the Group, whether itself or through sub-contractors. The Investment Advisor is also entitled to an annual performance fee from the Group of an amount equal to 20 percent of the declarable dividend arising from investment income in respect of the financial year under consideration to the extent that this exceeds an annual 10 percent return on the aggregate capital invested in the company as at the relevant date.

23. COMPARATIVE PERIOD

The comparative period is the period from 23 July 2007 (date of incorporation) to 31 December 2007.

24. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

Amendment to IFRS 2 Share-based Payment (effective from 1 January 2009)

The Group has not determined yet determined the potential effect of the amendment.

Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2009)

As the revised Standard should not be applied to business combinations prior to the date of adoption, the revised Standard is expected to have no impact on the financial statements with respect to business combinations that occur before the date of adoption of the revised Standard.

IFRS 8 Operating Segments (effective from 1 January 2009)

The Standard will have no effect on the profit or loss or equity. However, the Group expects the new Standard to significantly alter the presentation and disclosure of its operating segments in the consolidated financial statements.

Revised IAS 1 Presentation of Financial Statements (effective from 1 January 2009)

The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 consolidated financial statements.

Revised IAS 23 Borrowing Costs (effective from 1 January 2009)

The Group has not yet completed its analysis of the impact of the revised Standard.

Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)

Revised IAS 27 is not relevant to the Group's operations as the Group does not have any interests in subsidiaries that will be affected by the revisions to the Standard.

Amendments to IAS 32 Financial Instruments: Presentation, and IAS 1, Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

The amendments are not relevant to the Group's financial statements as none of the Group entities have in the past issued puttable instruments that would be affected by the amendments.

Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 July 2009)

The amendments to IAS 39 are not relevant to the Group's operations as the Group does not apply hedge accounting.

IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008)

The Group does not expect the Interpretation to have any impact on the consolidated financial statements.

IFRIC 15 Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009)

IFRIC 15 is not relevant to the Group's operations as the Group does not provide real estate construction services or develop real estate for sale.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008)

IFRIC 16 is not relevant to the Group's operations as the Group has not designated any hedges of a net investment in a foreign operation

IFRIC 17 Distributions of Non-cash Assets to Owners (effective prospectively for annual periods beginning on or after 15 July 2009)

As the Interpretation is applicable only from the date of application, it will not impact on the financial statements for periods prior to the date of adoption of the interpretation. Further, since it relates to future dividends that will be at the discretion of the board of directors/shareholders it is not possible to determine the effects of application in advance.

25. SUBSEQUENT EVENTS

The Group has the right, in the form of a put option, to sell back the Constanta property to the vendor. The Group has exercised this option and expects payment by May 2009.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL INFORMATION OF GENERAL INVESTMENT S.R.L. FOR THE YEAR ENDED 31 DECEMBER 2007

“The Directors
New Europe Property Investments Plc
Falcon Cliff, Palace Road
Douglas
Isle of Man IM2 4LB

31 March 2009

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF GENERAL INVESTMENT S.R.L.

Introduction

At your request, we present our Reporting Accountants' Report on the Historical Financial Information of General Investment S.R.L. (“the Company”), which is incorporated in Romania, for the year ended 31 December 2007 (“Historical Financial Information”), only for the purposes of complying with the Listings Requirements of the JSE Limited (the “JSE Listings Requirements”) and for inclusion in the pre-listing statement of New Europe Property Investments plc (“NEPI”) dated on or about 2 April 2009.

Responsibility of the directors

The directors of NEPI are responsible for the compilation, contents and preparation of the pre-listing statement in accordance with the JSE Listings Requirements. The directors are also responsible for the preparation and fair presentation of the Historical Financial Information of the Company, on the basis as indicated in Note 1 of Annexure 11 contained therein to which this Independent Reporting Accountants' Report relates.

Responsibility of the Independent Reporting Accountants

Our responsibility is to express an audit opinion on the Historical Financial Information included in Annexure 11 to the pre-listing statement.

Historical financial information for the year ended 31 December 2007

Introduction

We have audited the Historical Financial Information attached as Annexure 11 to the pre-listing statement prepared in accordance with International Financial Reporting Standards.

Responsibility of the Independent Reporting Accountants' on the Historical Financial Information

We conducted our audits of the Historical Financial Information in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the abovementioned Historical Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Historical Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for

the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, including the assumptions management has made about the International Financial Reporting Standards and interpretations expected to be effective, and the policies to be adopted, when the Company prepares its first complete set of financial statements in accordance with International Financial Reporting Standards for the year ended 31 December 2008 as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The evidence included that previously obtained by us in the conduct of our audit of the financial statements of the Company underlying the Historical Financial Information.

Opinion on Historical Financial Information

In our opinion, the Historical Financial Information included in the pre-listing statement has been prepared, in all material respects, in accordance with the basis set out in Note 1 of Annexure 11, including assumptions management has made about the International Financial Reporting Standards and interpretations expected to be effective, and the policies to be adopted, when the Company prepares its first complete set of financial statements in accordance with International Financial Reporting Standards as at 31 December 2008.

Yours faithfully

KPMG Inc.

Per Dwight Thompson
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

HISTORICAL FINANCIAL INFORMATION OF GENERAL INVESTMENT S.R.L. FOR THE YEAR ENDED 31 DECEMBER 2007

Set out below are extracts from the financial statements of General Investment S.R.L. for the year ended 31 December 2007. These extracts are the responsibility of the directors of General Investment S.R.L.

General Investment S.R.L. (the “Company”) was incorporated on 11 March 2003 as a limited liability company headquartered at 59 General Berthlot St, Bucharest, District 1. As of incorporation, the sole shareholder of the Company was Azimut Grup S.R.L., a Romanian limited liability company.

On 28 November 2003, Azimut Grup S.R.L. transferred all shares in the Company to the current shareholders, Central European Real Estate Shareholdings BV (at that time F&C International BV) and Oceanis International BV.

On 19 December 2003, the Company acquired 100% of the share capital of Leasing Danubius (“Danubius”) whereby the Company acquired 6,078,873 shares in Danubius from Raiffeisen Bank SA.

On 23 March 2004, the Company merged with Danubius, its wholly-owned subsidiary.

Following the merger with Danubius, the Company owned 16 real estate properties which are rented. Detailed information about the real estate properties rented are presented in Note 10.

There has been no material change in the nature of the business of General Investment S.R.L., nor has there been any material change in the nature of property and any change in policy regarding the use thereof during the year ended 31 December 2007.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007
Gross rental and related income	4	3,134,028
Property operating expenses	6	(1,084,724)
Net rental and related income		2,049,304
Valuation gains on investment property	10	118,529
Administrative expenses	5	(595,465)
Operating profit before net finance income		1,572,368
Finance income		1,310,800
Finance expense		(869,883)
Net financing income	7	440,917
Profit before income tax		2,013,285
Income tax expense	8	288,042
Profit for the year		1,725,243
Earnings per share (Euros)	9	140.95
Diluted earnings per share (Euros)	9	140.95
Dividend per share		–

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007
ASSETS		
Property, plant and equipment	11	3,290
Intangible assets	12	16,228
Investment property	10	30,542,529
Investment property under development	10	3,535,230
Total non-current assets		34,097,277
Trade and other receivables	13	1,597,267
Income tax receivable		51,663
Cash and cash equivalents	14	1,657,285
Total current assets		3,306,215
Total assets		37,403,492
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	15	3,021
Legal reserve	16	171,500
Retained earnings		21,837,262
Translation reserve	16	(1,727,713)
Total equity attributable to equity holders of the Company		20,284,070
LIABILITIES		
Interest-bearing borrowings	17	13,218,462
Deferred tax liability	18	1,986,882
Other non-current liabilities	19	36,049
Total non-current liabilities		15,241,393
Interest-bearing borrowings	17	826,008
Income tax payable		
Trade and other payables	20	1,052,021
Total current liabilities		1,878,029
Total liabilities		17,119,422
Total equity and liabilities		37,403,492

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital	Retained earnings	Reserves	Translation reserve	Total
Balance at 1 January 2007	3,021	20,112,019	171,500	(320,798)	19,965,742
Profit for the year	–	1,725,243	–	–	1,725,243
Translation reserve		–		(1,406,915)	(1,406,915)
Total recognised income and expense for the year		1,725,243		(1,406,915)	318,328
Balance at 31 December 2007	3,021	21,837,262	171,500	(1,727,713)	20,284,070

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007
Operating activities:		
Profit for the year		1,725,243
<i>Adjustments for:</i>		
Depreciation and amortisation		28,634
Profit from disposal of property plant and equipment		(226)
Valuation gain on investment property		(118,529)
Interest expense		864,072
Interest income		(159,595)
Foreign exchange differences on loans and valuation of investment property		(1,077,348)
Income tax expense		288,042
Operating cash flow before changes in working capital		1,550,293
Increase in trade and other receivables		(105,732)
Increase in trade and other payables		705,252
Cash generated from operations		2,149,813
Interest paid		(1,075,957)
Income tax paid	21	(125,505)
Cash retained from operations		948,351
Cash flows from investing activities:		
Acquisition of investment property under development		(1,165,397)
Acquisition of intangible assets		(25,726)
Proceeds from sale of property, plant and equipment		11,461
Loans granted		(129,116)
Proceeds from loan reimbursements		1,639,641
Cash inflow from investing activities		330,863
Cash flows from financing activities:		
Proceeds from borrowings		1,000,000
Repayment of borrowings		(899,329)
Cash inflow from financing activities		100,671
Net increase in cash and cash equivalents		1,379,885
Cash and cash equivalents as at 1 January 2007		454,031
Effect of translation on cash and cash equivalents		(176,631)
Cash and cash equivalents as at 31 December 2007	14	1,657,285

NOTE 1 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) its interpretations adopted by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB. These are not the statutory accounts of the Company, nor are the financial statements intended for the statutory filing purposes.

(b) Basis of preparation

The financial statements have been prepared under the historical cost basis except for investment property which is measured at fair value.

(c) Functional and presentation currency

Functional currency

As at 31 December 2007, the management has assessed the functional currency of the Company as being the local currency (“lei”) since the Company is subject to conditions and risk of the Romanian real estate market.

Presentation currency

The management of the Company has decided to adopt EUR as presentation currency for the purpose of presenting the financial statements in accordance with IFRS.

The balance sheet items have been translated into EUR by dividing the lei amounts at the National Bank of Romania (“NBR”) official exchange rates as at the date of each balance sheet, as set out below:

	31 December 2007
lei/1 EUR	3.6102

The income statement items for the year ended 31 December 2007 were translated using the average lei/EUR during the year of 3.3373 lei/EUR. The translation of the balance sheet and statement of income items into the presentation currency gave rise to a translation reserve as defined in note 2(b)(iii). Cash flows are translated using appropriate average exchange rates.

Components of equity are not retranslated, but recorded in EUR from the initial translation into the presentation currency.

Such computations and presentation of amounts in EUR should not be considered as a representation that the lei amounts have been or could be converted into EUR at these rates or any other rates.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3 “Financial risk management”, Note 10 “Investment property” and Note 26 “Fiscal Environment”.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements of the Company are set out below. The accounting policies have been consistently applied by the Company.

(a) **Foreign currency**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity accounts.

(b) **Financial instruments**

(i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, interest bearing borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as follows

Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less impairment losses. An impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the collection terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the impairment loss is determined based on management risk assessment of the receivables recoverability.

Cash and cash equivalents are stated at fair value based on the relevant exchange rates at the balance sheet date. Cash and cash equivalents comprise cash balances and bank deposits. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included with borrowings in current liabilities. Bank overdrafts that are repayable on demand and form an integral part of the Company cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other payables are stated at their amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received.

Interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The transaction costs incurred in issuing the liability are amortised over the life of the loan.

After initial recognition, Interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as interest expense over the period of the borrowings on an effective interest basis.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company obligations specified in the contract expire or are discharged or cancelled.

(ii) *Derivative financial instruments*

The Company does not hold derivative financial instruments to hedge its interest rate risk exposure.

(iii) *Shareholder's equity*

Ordinary share capital

Ordinary shares are classified as equity. All shares rank equally with regard to the Company's residual assets.

Translation reserve

In translating the preliminary financial statements into EUR, all resulting exchange differences are recorded in equity. The differences arise on the translation of income and expense items at the average exchange rate for the period, assets and liabilities at the exchange rate at the balance sheet date and on components of equity that are not retranslated.

Dividends

Dividends are treated as an appropriation of profit in the period in which they are declared and approved by the Shareholders. The only profit available for distribution is the profit recorded in the Romanian statutory accounts, which differs from the result in these financial statements, prepared in accordance with IFRS, due to the differences between the applicable Romanian Accounting Standards and IFRS.

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date.

(c) **Investment property**

Investment property are those properties which are held either to earn rental income or for capital appreciation or for both. Investment property is accounted for in accordance with the fair value model as described in IAS 40 "Investment properties". Property that is being constructed or developed for future use as investment property is classified as investment property under development and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

(d) **Property, plant and equipment**

(i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) *Depreciation*

Depreciation is charged on a straight-line basis so as to write off the cost of property, plant and equipment to their residual value over the expected useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Furniture and office equipment 3 – 8 years

The useful lives, residual values and methods of depreciation are reassessed annually.

(e) **Lease assets**

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. The asset acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

(f) **Intangible assets**

Computer licenses and software

Expenditure to acquire licenses and computer software is capitalised and amortised using the straight-line method over their useful lives, normally up to 3 years.

(g) **Impairment of assets**

(i) *Financial assets*

The carrying amounts of the Company's financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Financial assets are considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows.

An impairment loss in respect of financial assets is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) *Non-financial assets*

The carrying amounts of non-financial assets, except deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. If any such indication exists then the asset's recoverable amount is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment stated at revaluated amount in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revaluated amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) **Provisions**

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(i) **Revenue**

Rental income

Revenue includes gross rental income and service charge earned from investment properties. The Company's rental contracts with tenants are for a contract period between two and ten years (major part 10 years) and are structured as operating leases. The majority of contracts require fixed minimum lease payments and are denominated in EURO. Rental income from investment property leased out under operating lease is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Finance income

Finance income comprises interest income on funds invested and net foreign currency gains from translation of transactions in foreign currencies to the functional currency of the Company. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(j) **Expenses**

(i) *Property operating expense*

Service costs for service contracts entered into and property operating expenses are expensed as incurred.

(ii) *Finance expense*

Finance expense comprise interest expense on borrowings, bank charges and net foreign currency losses from translation of transactions in foreign currencies to the functional currency of the Company. All borrowing costs are recognised in profit or loss using the effective interest method.

(iii) *Lease payments*

Leases in terms of which the company does not assume the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(k) **Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable calculated on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

At 31 December 2007 the enacted tax rate expected to apply to the period when the deferred tax asset is realized or the deferred tax liability is settled is 16%.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The effect on deferred tax of any changes in tax rates is charged to the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(l) **Related parties**

Parties are considered related when one party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly control or significantly influence the other party.

(m) **Employee benefits**

(i) *Short-term service benefits*

Short-term employee benefits include wages, salaries, bonuses and social security contributions. Short-term employee benefits are recognised as expense when services are rendered. The accruals for employee entitlements to salaries, annual leave and bonuses represents the amounts which the company has a present obligation to pay as a result of employee services provided to balance sheet date.

(ii) *Defined contribution plans*

The Company, in the normal course of business makes payments to the Romanian State funds on behalf of its Romanian employees for pension, health care and unemployment benefit. All employees of the Company are members and are also legally obliged to make defined contributions to the Romanian State pension plan. All relevant contributions to the Romanian State pension plan are recognised as an expense in the income statement as incurred. The Company does not have any further obligations.

The Company does not operate any independent pension scheme and, consequently, have no obligation in respect of pensions. The Company does not operate any other post retirement benefit plan. The Company has no obligation to provide further services to current or former employees.

(n) **Earnings per share**

Earnings per share is calculated by dividing profit for the year by the weighted average number of shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year by the weighted average number of shares in issue during the year adjusted for the potential dilutive impact or any outstanding shareholder options.

(o) **Standards, interpretations and amendments to published standards that are effective for annual periods beginning on 1 January 2007**

As at 1 January 2007, the Company adopted the following standards, interpretations and amendments:

- IFRS 7 Financial Instruments: Disclosures. The Standard requires increased disclosure about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks.
- Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures. As a complementary amendment arising from IFRS 7 (see above), the Standard requires increased disclosure in respect of the Company's capital.
- IFRIC 11 – IFRS 2 Group and Treasury Share Transactions (effective from 1 March 2007). The Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's Parent, should be accounted for as cash-settled or equity-settled in the entity's Financial Statements. The interpretation is not relevant for the Company's operations.

(p) **Standards, interpretations and amendments to published standards that are not yet effective**

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but which the Group has not early adopted. The new standards, interpretations and amendments are as follows:

- Amendments to IFRS 2 'Share-based Payment' (effective from 1 January 2009) and IFRIC 11 IFRS 2 'Group and Treasury Share Transactions' (effective from annual periods beginning on or after 1 March 2007). It requires the attribution of cash-settled share-based payments granted by a parent to suppliers of goods and services (including employees) of a subsidiary in the financial statements of the subsidiary. Amendment to IFRS 2 is currently not relevant to the Company's operations because the Company does not have any share-based compensation plans. IFRIC 11 is currently not relevant to the Company's operations as the Company has not entered into any share-based payments arrangements;
- Revised IFRS 3 'Business Combinations' (effective from annual periods beginning on or after 1 July 2009). The revised Standard also includes a number of other potentially significant changes including:
 - All items of consideration transferred by the acquirer are recognised and measured at fair value as of the acquisition date, including contingent consideration;

- Transaction costs are not included in the acquisition accounting;
- The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill), or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree;
- Acquisitions of additional non-controlling equity interests after the business combination must be accounted for as equity transactions.

Revised IFRS 3 is not relevant to the Company's operations.

- IFRS 8 'Operating segments' (effective from 1 January 2009). The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of any entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

This standard which becomes mandatory for the Company's 2009 Financial Statements is not expected to have any impact on future Financial Statements.

- Revised IAS 1, 'Presentation of Financial Statements' (effective from 1 January 2009). The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Company is currently evaluating whether to present a single statement of comprehensive income, or two separate statements.
- Revised IAS 23, 'Borrowing costs' (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Company is currently applying the provisions of this standard for investment property under construction.
- Revised IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 1 July 2009). The revised Standard amends the accounting for non-controlling interest, the loss of control of a subsidiary and the allocation of profit and loss and other comprehensive income between the controlling and non-controlling interest. The revised standard is not relevant to the Company's Financial Statements.
- Amendments to IAS 32 'Financial Instruments: Presentation and IAS 1, Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2009). The amendments introduce an exemption to the principle otherwise applied in IAS 32 for the classification of the instruments as equity and allow certain puttable instruments issued by an entity that would normally be classified as liabilities to be classified as equity if and only if they meet certain conditions. The amendments are not relevant to the Company's financial statements.
- IFRIC 12 'Service Concession Arrangements' (effective from 1 January 2008). The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12 is not relevant to the Company's operations.
- IFRIC 13 'Customer Loyalty Programmes' (effective for annual periods beginning on or after 1 July 2008). The Interpretation explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem those award credits. Such entities are required to allocate some of the proceeds of the initial sale to the award credits and recognise these proceeds as revenue only when they have fulfilled their obligations. This interpretation is not relevant to the Company operations.
- IFRIC 14 IAS 19 'The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions' (effective for annual periods beginning on or after 1 January 2008). The Interpretation stipulates that no additional liability need to be recognised by the employer under IFRIC 14 unless the contributions that are payable under the minimum funding requirements cannot be returned to the Company. The Company has no pension fund and this interpretation is not relevant to the Company's Financial Statement.

(q) Fair value of financial instruments

The estimated fair value of financial instruments, consisting of cash, deposits, receivables, payables and obligations under debt instruments, are considered to be equal to the carrying value reflected on the balance sheet.

Fair values have been determined for measurement and/ or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Cash and cash equivalents

The fair values of cash and cash equivalents approximate current value due to the short term maturity of these financial assets.

Interest bearing borrowings

The fair values of interest bearing borrowings are based on the quoted market price for the same or similar borrowings or on the current rates available for borrowings with the same maturity profile, effective interest rate and similar cash flows.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of the consideration to be paid in the future for goods and services received.

Derivatives

The fair value of derivatives is based on their mark to market valuations.

NOTE 3 – FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- foreign currency risk
- interest rate risk
- market risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks.

Risk management framework

The management of the Company has overall responsibility for developing and monitoring Company's risk management policies in their specified areas.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a tenant or counterparty to a financial instrument fails to meet its financial obligations and arises principally from the Company's receivables from tenants, and cash and cash equivalents.

The credit risk of cash and cash equivalents is addressed by ensuring that reputable financial institutions are utilised for investment and cash management purposes.

The Company's exposure to credit risks is influenced by the characteristics of each tenant. Management closely monitors its exposure to credit risk on a regular basis and believes that there are no significant concentrations of credit risk since rental receivables are collected monthly and quarterly in advance.

The maximum exposure to credit risk at the reporting date was:

	2007
Trade receivables	255,287
Other receivables	366,077
Loans receivable including interest accrued	975,903
Trade and other receivable (note 13)	1,597,267
Cash and cash equivalents (note 14)	1,657,285
	3,254,552

The ageing of trade and other receivables at the reporting date was:

	31 December 2007	
	Gross	Impairment
Between 0 – 30 days	255,287	–
Between 121 – 365 days	1,341,980	–
	1,597,267	–

(c) **Foreign currency risk**

The Company is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the functional currency of the Company. The currency giving rise to this risk is primarily the EUR

The Company does not hedge the monthly payments denominated in EUR.

The local currency experienced a steady depreciation compared to EUR (the lei – EUR exchange rate was 3.6102 at 31 December 2007 compared to 3.3817 at 31 December 2006).

In respect of monetary assets and liabilities held in currencies other than lei, the Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Details of the Company's foreign currency exposure is as follows:

	31 December 2007	
	lei	EUR
Trade and other receivables	621,364	975,903
Income tax receivable	51,663	–
Cash and cash equivalents	255,924	1,401,361
Trade and other payables	(422,146)	–
Other non-current liabilities	(36,049)	–
Interest-bearing borrowings	–	(14,044,470)
Balance sheet exposure	470,756	(11,667,206)

	Average rate		Reporting date spot rate	
	2007	31 December 2007		
Lei EURO	3.3337	3.6102		

Sensitivity analysis

A 10 percent strengthening of the lei against the EUR at 31 December 2007 would have increased profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit
EUR	1,166,721

A 10 percent weakening of the lei against the EUR at 31 December 2007 would have had the equal but opposite effect to the amounts shown above for the above currencies, on the basis that all other variables remain constant.

(d) **Interest rate risk**

The Company's income and cash flows are not impacted by changes in market interest rates on borrowings since the interest rates on borrowings are fixed (see note 17).

At the reporting date the Company's interest-bearing financial instruments were:

	Carrying amount 2007
Fixed rate instruments	
Financial assets	771,735
Financial liabilities	(14,044,470)
Total	(13,272,735)

Fair values versus carrying amounts

There are no material differences between the fair value and the carrying value of the Company's financial assets and liabilities.

	31 December 2007	
	Fair Value	Carrying Amount
Trade and other receivables	1,597,267	1,597,267
Cash and cash equivalents	1,657,285	1,657,285
Interest-bearing loans and borrowings	(14,044,470)	(14,044,470)
Trade and other payables	(422,146)	(422,146)
Total	(11,212,064)	(11,212,064)

(e) **Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holding in financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable numbers while optimising the return.

There is currently uncertainty in the commercial property market which, combined with a lack of available finance, is causing decreases in both property transaction activity and valuations. Whilst this is principally being felt in the UK currently, and particularly in non-prime property, it is likely to impact other markets in the near future.

There is a risk that a relative lack of market evidence means property valuations may be based on sentiment rather than current prices. Given the lack of activity, current prices may be considered by the valuers to be driven by forced sellers and those not needing to sell might achieve a higher price with an orderly sale over a period of time. However, there is also evidence that even orderly sellers might accept lower prices than 'market' on the grounds that an orderly sale process takes time and prices are expected to move down in the first half of 2008.

(f) **Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that as far as possible that it always has sufficient liquidity to meet its liabilities as they fall due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's position.

	31 December 2007
Current assets	
Monetary assets in lei	928,951
Monetary assets in foreign currency	2,377,264
	3,306,215
Liabilities	
Monetary liabilities in lei	458,195
Monetary liabilities in foreign currency	14,044,470
	14,502,665
Net monetary position in lei	470,756
Net monetary position in foreign currency	(11,667,206)

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

31 December 2007

LIQUIDITY RISK

Non-derivative financial	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2– 5 years	More than 5 years
Liabilities							
Interest-bearing borrowings	14,044,470	18,939,820	849,173	849,173	1,698,346	6,793,384	8,749,744
Other non-current liabilities	36,049	36,049	–	–	–	–	36,049
Trade and other payables	422,146	422,146	422,146	–	–	–	–
Total	14,502,665	19,398,015	1,271,319	849,173	1,698,346	6,793,384	8,785,793

NOTE 4 – NET RENTAL AND RELATED INCOME

	Note	2007
Gross rental revenue	(a)	2,469,203
Service charge revenue	(b)	226,382
Revenue from refurbishment works	(c)	353,883
Other revenues		84,560
Gross rental and other related income		3,134,028
Property operating expenses (note 6)		(1,084,724)
Net rental and related income		2,049,304

- (a) Gross rental revenue includes rental income from investment property under operating leases. Operating lease contracts term vary between 2 and 10 years (mainly 10 years).
- (b) According to the lease contracts, directly attributable costs (such as utilities) and part of the operational costs are recharged to the tenants at a fixed amount. Such expenses include maintenance, security services, cleaning services and other operational costs as detailed in note 6 below:
- (c) Revenue from refurbishment works represents income recognised in relation to refurbishment contract concluded with Avrig 35 SRL for the office space rented by Raiffeisen Bank branches.

NOTE 5 – ADMINISTRATIVE EXPENSES

	2007
Payroll cost	194,323
Other taxes	196,158
Other expenses	204,984
	595,465

NOTE 6 – PROPERTY OPERATING EXPENSES

	2007
Building taxes	331,160
Maintenance and repairs	277,390
Utilities	226,382
Property management services	160,362
Insurance	61,216
Rent expense	28,214
	1,084,724

NOTE 7 – NET FINANCE INCOME

	2007
Interest income	159,595
Net foreign exchange gains	1,151,205
Total finance income	1,310,800
Bank charges	(5,811)
Interest expense	(864,072)
Total finance expense	(869,883)
Net financing income	440,917

NOTE 8 – INCOME TAX EXPENSE

Income tax expense for the year ended 31 December 2007 is presented below:

	2007
Current tax	–
Deferred tax	288,042
	288,042

A reconciliation of the effective tax rate is presented below:

		2007
Profit for the year		1,725,243
Income tax expense		288,042
Profit before income tax		2,013,285
Income tax using domestic tax rate	16%	322,126
Non-deductible expenses	0%	6,647
Other differences	(2)%	(40,731)
Income tax in the income statement	14%	288,042

The company has computed tax losses of 476,450 which have been taken into account in the calculation of deferred tax.

NOTE 9 – EARNINGS PER SHARE

Earnings per share and diluted earnings per share are based on the weighted average of 12,240 shares in issue during the year. There are no instruments in issue which would have a dilutory effect.

NOTE 10 – INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER DEVELOPMENT

Investment property

	31 December 2007
Balance at 1 January 2007	30,424,000
Change in fair value	118,529
Balance at 31 December 2007	30,542,529

Investment property comprises 16 office buildings located within the country as detailed below:

Location	Rentable area	Rented area	Vacant area	Fair value at 31 December 2006	Fair value at 31 December 2007
1. Alba Iulia	2,366	1,607	759	1,583,000	1,785,849
2. Alexandria	975	975	–	751,000	894,896
3. Baia Mare	2,407	1,832	575	1,777,000	1,837,399
4. Brasov	3,320	2,886	434	3,580,000	2,856,516
5. Buzau	2,422	2,162	260	1,762,000	1,991,589
6. Calarasi	1,421	1,421	0	1,020,000	1,183,905
7. Constanta	5,397	4,863	534	4,781,000	4,402,311
8. Craiova	2,486	2,296	190	2,506,000	2,228,615
9. Deva	1,860	1,860	–	1,263,000	1,717,155
10. Galati	2,814	1,848	966	2,618,000	2,133,905
11. Resita	1,322	1,322	–	1,078,000	1,215,675
12. Sf Gheorghe	2,349	1,922	427	1,432,000	1,889,869
13. Slatina	2,767	1,923	844	1,815,000	2,068,621
14. Slobozia	1,907	1,745	162	1,291,000	1,529,118
15. Targoviste	2,373	1,703	670	1,606,000	1,668,639
16. Tg Mures	2,033	147	1,886	1,561,000	1,138,467
	38,219	30,512	7,707	30,424,000	30,542,529

Out of the total rented area, 25,551 square meters are rented by Raiffeissen Bank SA for its local branches. The remaining rented area is occupied by various other tenants. The lease contract for the local branches of Raiffeissen Bank SA is concluded over a period of 10 years (until 2014) whilst the remaining lease agreements cover a period of 2 – 3 years on average.

The properties are encumbered to secure interest bearing borrowings or €14,043,065 (seen Note 17).

The fair value of the investment property as at 31 December 2006 has been determined by an independent professionally qualified appraiser (DTZ Echinnox) and has been assessed by way of capitalisation of net operating rental income (based upon the rents payable under the existing lease agreements and average market rental values) at yields of 7.5 % (for the lease agreement with Raiffeissen Bank SA) and approximately 9% for the remaining lease agreements and vacant space.

As at 31 December 2007, the investment property is presented at fair value as determined in the shares selling purchase agreement concluded in February 2008 between Central European Real Estate Shareholdings BV and Oceanis International BV as sellers and NEPI Plc through two subsidiaries (NE Property Cooperatief UA and NEPI Investment Management SA) as buyer. The fair value of the investment property has been determined as follows:

- capitalisation of net operating rental income generated by the rented space to Raiffeissen Bank SA (based on rents payable under the existing lease agreements) at an yield of 7.5%;
- capitalisation of net operating rental income generated by the rented space to other tenants (based on rents payable under the existing lease agreements) at an yield of 8%;
- capitalisation of potential operating rental income generated by the vacant spaces (based on market rents) at an average yield of 8% and discounted at 75%.

Eleven investment properties are located on concession land (See Note 24). Concessions entered into since the publication of law 219/1998 and therefore governed by that law requires improvements to be returned to the Romanian government

without compensation at the end of the concession period where a concession was granted on condition that the concession holder improves the property. Further, durations of concessions granted subsequent to the publication of law 219/1998 may not exceed 49 years (with a maximum extension by mutual agreement of 25 years without going to public tender). 9 concession agreements were amended or renewed subsequent to the publication of law 219/1998. Should these concessions be governed by law 219/1998, 3 of the concession agreements would possibly qualify as return assets (as defined in terms of law 219/1998). This would have an estimated negative impact on fair value of approximately EUR 135,000. However, since these agreements have been granted prior to the publication of the law it is considered not to be governed by law 219/1998 and therefore not as return assets and accordingly, the company's management has not adjusted fair value in respect of this.

The impact on fair value due to the relative duration of the concession agreements has been taken into account in determining the fair value as at acquisition and at the time of the valuation by DTZ Echinox.

Investment property under development

Balance at 1 January 2007	2,529,962
Additions	1,165,397
Translation adjustment	(160,129)
Balance at 31 December 2007	3,535,230

Investment property under development comprises an office building under construction in Brasov which will have a rentable area of 3 400 square meters and vacant space under refurbishment in the property located in Constanta.

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

Fixtures and fittings

COST

Balance at 1 January 2007	56,076
Disposals	(49,114)
Translation adjustment	(3,549)
Balance at 31 December 2007	3,413

ACCUMULATED DEPRECIATION

Balance at 1 January 2007	(31,297)
Depreciation for the year	(6,299)
Disposals	37,879
Translation adjustment	(406)
Balance at 31 December 2007	(123)
Carrying Value as at 1 January 2007	24,779
Carrying Value as at 31 December 2007	3,290

NOTE 12 – TANGIBLE ASSETS

Computer software and licenses

Cost

Balance at 1 January 2007	60,283
Additions	25,726
Translation loss	(3,816)
Balance at 31 December 2007	82,193
Accumulated amortisation	
Balance at 1 January 2007	(53,999)
Amortised for the year	(22,335)
Translation loss	10,369
	65,965
Carrying value at 31 December 2007	16,228

NOTE 13 – TRADE AND OTHER RECEIVABLES

	31 December 2007
Trade receivables	255,287
Loan receivable – principal ⁽¹⁾	771,735
Accrued interest on loan receivable ⁽¹⁾	204,168
Owing on sale of shares	312,891
Other receivables ⁽²⁾	53,186
	1,597,267

⁽¹⁾ Represents a loan granted by the Company to Central Eastern European Real Estate Shareholdings BV in 2006 for a period of 12 months in relation to an acquisition of a plot of land in Bucharest. The loan bears an interest of 7% per year payable yearly or at the end of the loan contract. A partial collection of loan balance has been made during 2007. The loan and related interest has been collected in full in 2008.

⁽²⁾ Other receivables represent the consideration to be received from Central Eastern European Real Estate Shareholdings BV in relation to the sale of shares in Azimut Grup SRL in 2006. The receivable has been collected in full in 2008

NOTE 14 – CASH AND CASH EQUIVALENTS

	31 December 2007
Cash and bank in local currency	247,677
Cash and bank in foreign currency	1,401,361
Other cash and cash equivalents	8,247
	1,657,285

Cash and cash equivalents are pledged to secure interest bearing borrowings (see Note 17).

NOTE 15 – SHARE CAPITAL

The nominal value of the registered and issued share capital is 12,240 lei and was fully paid as at 31 December 2007. At 31 December 2007 the share capital structure and the ownership of registered shares is as follows:

	Number of shares	%
Central European Real Estate Shareholdings BV	11,628	95
Oceanis International BV	612	5
	12,240	100

NOTE 16 – RESERVES

Legal

Under Romanian law a transfer to a legal reserve is required out of profit for the year. The transfer should be made at 5% of income before tax, until the reserve has reached 20% of the share capital. The reserve cannot be distributed to the shareholders, but can be used to absorb operating losses.

Translation reserve

The translation reserve comprises exchange differences arising on the translation of the financial statements from the functional currency to the presentation currency.

NOTE 17 – INTEREST-BEARING BORROWINGS

	31 December 2007
Non-current liabilities	
Interest-bearing borrowings – principal	14,043,065
Finance lease liabilities	1,405
	14,044,470
Current portion included in current liabilities	826,008
	826,008
Non-current interest-bearing borrowings	13,218,462

On 23 August 2006, the Company concluded a loan agreement with Eurohypo Aktiengesellschaft (“Eurohypo”) for a loan facility totalling EUR 15,000,000. The purpose of the loan was to refinance the loan entered into with Raiffeissen Bank Romania SA in 2003 amounting to EUR 11,729,000. The loan has been fully drawn as follows:

- On 23 August 2006, EUR 14,000,000 at a fixed interest rate of 6.198%;
- On 20 December 2007, EUR 1,000,000 at a fixed interest rate of 6.58%;

The loans are repayable in quarterly instalments over a period of 8 years.

As a result of the loan contract concluded with Eurohypo, first ranking interests were created over the real estate properties of the Company in favour of Eurohypo together with the interdiction to sell, encumber and lease the real estate properties, through mortgage agreements with concluded for each individual property. In addition the following security agreements have been concluded in relation to the loan contract:

- Shares pledge agreement on Company shares whereby the Company shareholders shall continue to execute their voting rights in the Company in a manner that will not negatively affect the rights of the lender, would not lead to transformation, merger or take over of the Company, would not limit the rights of the lender to transfer Company shares;
- Pledge agreement over the bank accounts;
- General security agreement over the Company assets
- Assignment of rental receivable to Eurohypo;
- Personal guarantee agreement between Eurohypo as lender, F&C International BV as first guarantor, Oceanis International BV as second guarantor, CEEIF Central Eastern European Investment Fund Limited as third guarantor, the Company as debtor and General Building Management as guarantee Company whereby, the guarantors warrant with all their assets the execution by the Company of its obligations under the loan agreement. Following the shares sale/purchase agreement concluded in February 2008, the guarantees have been transferred to NEPI Plc;

The repayment schedule of interest-bearing borrowings is summarised below:

	2007
2008	826,008
2009	885,092
2010 and over	12,333,370
	14,044,470

NOTE 18 – DEFERRED TAX

Deferred tax liabilities, calculated by applying the statutory income tax rate of 16% to the differences between the tax base of assets and liabilities and the values reported in the accompanying financial statements are detailed below:

Arising on	Temporary differences 2007	Deferred tax liability 2007
Investment property	12,464,537	(1,994,326)
Trade and other payables	429,926	(68,788)
Tax losses	(476,450)	76,232
	12,418,013	(1,986,882)

	31 December 2006	Recognised in the income statement	31 December 2007
Investment property	1,628,890	365,436	1,994,326
Trade and other payables	69,950	(1,162)	68,788
Tax losses		(76,232)	(76,232)
Deferred tax liability	1,698,840	288,042	1,986,882

NOTE 19 – OTHER LONG-TERM LIABILITIES

Other long-term liabilities comprise rental guarantees received from tenants under the rental contracts concluded for the leased spaces.

NOTE 20 – TRADE AND OTHER PAYABLES

	31 December 2007
Trade payables	306,361
Deferred revenue	629,875
VAT payable	109,095
Other payables	6,690
	1,052,021

NOTE 21 – INCOME TAX PAID

	2007
Income tax payable at beginning of year	68,704
Charged to income statement during the year	–
Translation adjustment	5,138
Income tax receivable at end of the year	51,663
	125,505

NOTE 22 – RENTAL INCOME

The potential future minimum lease income, estimated by the management, to be received under current lease agreements at 31 December 2007 is as follows:

	2007
Within one year	2,681,776
Between one and five years	10,373,950
After five years	2,697,246
	15,752,972

NOTE 23 – TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company has entered into agreements with the shareholders and related parties as disclosed below.

(a) Due from related parties	Type of transaction	31 December 2007
General Building Management SRL (trade and other receivables)	Rent	2,244
Flexxelf SRL (trade and other receivables)	Rent	529
Flextrans SRL (trade and other receivables)	Transportation	–
Flexxelf SRL (trade and other receivables)	Construction works	–
Central Eastern European Real Estate Shareholdings BV (trade and other receivables)	Loan receivable	975,903
Central Eastern European Real Estate Shareholdings BV (trade and other receivables)	Sale of shares	312,891
Avrig 35 SRL (trade and other receivables)	Rent	6,398
Strategic Asset Management SRL (trade and other receivables)	Rent	15,486
Total due from related parties		1,313,451
(b) Due to related parties	Type of transaction	31 December 2007
Azimut Grup SRL (trade and other payables)	Rent	4,749
Avrig 35 SRL (trade and other payables)	Repairs	3,364
Flexxelf SRL (trade and other payables)	Refurbishment works	–
General Building Management SRL (trade and other payables)	Rent	–
Avrig 35 SRL (trade and other payables) – advance payment	Refurbishment works	116,026
Strategic Asset Management SRL (trade and other payables)	Services	80,079
Total due to related parties		204,218
(c) Sales to related parties		2007
Avrig 35 SRL (other revenues)		5,816
Avrig 35 SRL (refurbishment works)		353,883
Strategic Asset Management SRL (rental revenues)		17,180
General Building Management SRL (rental revenues)		2,186
Total sales to related parties		379,065
(b) Purchases		2007
Avrig 35 SRL (services)		6,672
Azimut Grup SRL (services)		4,317
Flexxelf SRL (repairs and maintenance services)		81,326
Flexxelf SRL (acquisition of property, plant and equipment)		93,165
Strategic Asset Management SRL (services)		183,281
Total purchases from related parties		368,761

NOTE 24 – CONCESSIONS

The Company has concluded over the years a number of 12 operational lease agreements (concessions) with the local City Halls for the plots of land on which the properties are erected. The lease agreements are detailed below:

	Surface	Renewal date (year)	Ending date (year)	Annual fee (EUR) paid in advance
Alexandria	520	1992	2041	–
Alba Iulia	659	1993	2042	3,110
Baia Mare	2,000	2004	2041	2,387
Brasov	2,255	1992	2091	246
Buzau	1,089	2004	2053	990
Craiova	1,058	2005	2054	9,328
Deva	820	2004	2053	986
Galati	1,239	2005	2054	3,642
Sf Gheorghe	1,216	N/A	N/A	412
Slobozia	1,047	2003	2052	1,054
Slatina	1,400	1994	N/A	–
Constanta	2,500	N/A	N/A	974
	15,803			23,129

The fees payable in future for these concessions are as follows:

Less than one year	23,129
Between one and five years	115,650
More than five years	936,274
Total	1,075,053

NOTE 25 – CAPITAL COMMITMENTS AND CONTINGENCIES

The Company's capital commitments in respect of its construction projects (building located in Brasov) as at 31 December 2007 which have been authorised and contracted for amount to EUR 327 000.

The real estate properties are recorded in the statutory accounts at revalued amounts as determined by an independent valuer at 31 December 2006. The related revaluation reserve which has been recorded directly in equity is lei 24,014 thousand (EUR 6,652 thousand). In case the revaluation reserve is distributed to the shareholders an income tax of EUR 1,064 computed using the tax rate of 16% is payable upon such distribution.

NOTE 26 – FISCAL ENVIRONMENT

On 1 January 2007 Romania became a member of the European Union and therefore has to apply detailed and complex rules on the basis of the EU Treaties, Regulations and Directives. The Company has to conform to EU legislation from 1 January 2007 and, therefore, it has prepared to apply the changes arising from the EU legislation. These changes have been implemented, however the tax authorities have up to 5 years to audit the way these changes were implemented.

Interpretation of the text and practical implementation procedures of the newly enforced EU tax regulations could vary, and there is a risk that certain transactions could be viewed differently by the tax authorities as compared to the Company's treatment.

Furthermore, the Romanian Government has a number of agencies that are authorised to conduct audits of companies operating in Romania. These audits are similar in nature to tax audits performed by tax authorities in many countries, but may extend not only to tax matters but to other legal and regulatory matters in which the applicable agency may be interested. It is likely that the Company will continue to be subject to regular audits as new laws and regulations are issued.

Tax returns are subject to review and correction by the tax authorities for a period generally of five years subsequent to their filing.

Consequently, the Company's tax liabilities arising from this date prior to 31 December 2007 are still subject to such review. Management believes that it has adequately provided for tax and other liabilities due to the state in the accompanying financial statements; however, the risk remains that Romanian Authorities could take differing positions with regard to the interpretation of these issues. The Fiscal Code provides that transactions between group entities should observe the market value, i.e. should be performed at arm's length. Otherwise, the Romanian tax authorities could reassess the fiscal position of the entity in order to reflect the real profits that are deemed to be taxable in Romania.

NOTE 27 – POST BALANCE SHEET EVENTS

Effective from 1 January 2008, following a share sales and purchase agreement concluded in February 2008 between Central Eastern European Real Estate Shareholdings BV and Oceanis International BV as sellers and NE Property Cooperatief UA and NEPI Investment Management SA (subsidiaries of NEPI Plc) as purchasers, 100% of the share capital of the Company has been sold to NE Property Cooperatief UA and NEPI Investment Management SA.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF GENERAL BUILDING MANAGEMENT S.R.L. FOR THE YEAR ENDED 31 DECEMBER 2007

“The Directors
New Europe Property Investments Plc
Falcon Cliff, Palace Road
Douglas
Isle of Man IM2 4LB
31 March 2009

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF GENERAL BUILDING MANAGEMENT S.R.L

Introduction

At your request, we present our Reporting Accountants' Report on the Historical Financial Information of General Building Management S.R.L (“the Company”), which is incorporated in Romania, for the year ended 31 December 2007 (“Historical Financial Information”), only for the purposes of complying with the Listings Requirements of the JSE Limited (the “JSE Listings Requirements”) and for inclusion in the pre-listing statement or New Europe Property Investments plc (“NEPI”) dated 2 April 2009.

Responsibility of the directors

The directors of NEPI are responsible for the compilation, contents and preparation of the pre-listing statement in accordance with the JSE Listings Requirements. The directors are also responsible for the preparation and fair presentation of the Historical Financial Information of the Company, on the basis as indicated in Note 1 of Annexure 13 contained therein to which this Independent Reporting Accountants' Report relates.

Responsibility of the Independent Reporting Accountants

Our responsibility is to express an audit opinion on the Historical Financial Information included in Annexure 13 to the prelisting statement.

Historical financial information for the year ended 31 December 2007

Introduction

We have audited the Historical Financial Information attached as Annexure 13 to the pre-listing statement prepared in accordance with International Financial Reporting Standards.

Responsibility of the Independent Reporting Accountants' on the Historical Financial Information

We conducted our audits of the Historical Financial Information in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the abovementioned Historical Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Historical Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for

the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, including the assumptions management has made about the International Financial Reporting Standards and interpretations expected to be effective, and the policies to be adopted, when the Company prepares its first complete set of financial statements in accordance with International Financial Reporting Standards for the year ended 31 December 2008 as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The evidence included that previously obtained by us in the conduct of our audit of the financial statements of the Company underlying the Historical Financial Information.

Opinion on Historical Financial Information

In our opinion, the Historical Financial Information included in the pre-listing statement has been prepared, in all material respects, in accordance with the basis set out in Note 1 of Annexure 13, including assumptions management has made about the International Financial Reporting Standards and interpretations expected to be effective, and the policies to be adopted, when the Company prepares its first complete set of financial statements in accordance with International Financial Reporting Standards as at 31 December 2008.

Yours faithfully

KPMG Inc.
Per Dwight Thompson
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

HISTORICAL FINANCIAL INFORMATION OF GENERAL BUILDING MANAGEMENT S.R.L. FOR THE YEAR ENDED 31 DECEMBER 2007

Set out below are extracts from the financial statements of General Building Management S.R.L. for the year ended 31 December 2007. These extracts are the responsibility of the directors of General Building Management S.R.L.

General Building Management S.R.L. (the "Company") was incorporated on 24 August 2004 under the name Creative Minds S.R.L. In 2005, the name of the Company was changed to General Building Management S.R.L. The Company's headquarters is in Bucharest, District 1, 13 Charles de Gaulle Square, 1st floor, room 21.

The Company's activity involves leasing and sub-leasing of own and rented properties and sale/purchase of real estate properties.

There has been no material change in the nature of the business of General Building Management S.R.L., nor has there been any material change in the nature of property and any change in policy regarding the use thereof during the period ended 31 December 2007.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007
Gross rental and related income	4	162,064
Property operating expenses	6	(75,549)
Net rental and related income		86,515
Valuation gain on investment property		12,723
Administrative expenses	5	(39,118)
Operating profit before net finance income		60,120
Finance income	7	239,009
Finance expense	7	(218,891)
Net finance income	7	20,118
Profit before income tax		80,238
Income tax expense	8	(34,070)
Profit for the year		46,168
Earnings per share (Euros)	9	2,97
Diluted earnings per share (Euros)	9	2,97
Dividend per share		–

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007
ASSETS		
Intangible assets	10	9,788
Investment property	11	4,094,681
Total non-current assets		4,104,469
Trade and other receivables	12	2,739
Income tax receivable		726
Cash and cash equivalents	13	39,112
Total current assets		42,577
Total assets		4,147,046
EQUITY AND LIABILITIES		
EQUITY		
Share capital	14	44,040
Retained earnings		1,185,976
Translation reserve	15	(79,004)
Total equity attributable to equity holders of the Company		1,151,012
LIABILITIES		
Deferred tax liability	17	256,831
Other non-current liabilities	18	5,024
Total non-current liabilities		261,855
Interest-bearing borrowings	16	2,666,620
Trade and other payables	19	67,559
Total current liabilities		2,734,179
Total liabilities		2,996,034
Total equity and liabilities		4,147,046

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital	Retained earnings	Translation reserve	Total
Balance at 1 January 2007	44,040	1,139,808	1,097	1,184,945
Profit for the year		46,168		46,168
Translation loss			(80,101)	(80,101)
Total recognised income and expense for the year		46,168	(80,101)	(33,933)
Balance at 31 December 2007	44,040	1,185,976	(79,004)	1,151,012

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007
Operating activities:		
Profit for the period		46,168
<i>Adjustments for:</i>		
Amortisation		1,861
Valuation gain on investment property		(12,723)
Interest expense		218,249
Interest income		(208)
Foreign exchange differences on loans and valuation of investment property		(238,316)
Income tax expense		34,070
Operating cash flow before changes in working capital		49,101
Increase in trade and other receivables		284,847
Increase in trade and other payables		24,296
Cash generated from the operations		358,244
Income tax paid	20	(787)
Cash retained from operations		357,457
Cash flows from investing activities:		
Acquisition of investment property		(394,802)
Acquisition of intangible assets		(5,981)
Interest received		208
Cash outflow from investing activities		(400,575)
Cash flows from financing activities:		
Proceeds from borrowings		177,323
Repayment of borrowings		(94,967)
Cash inflow from financing activities		82,356
Net increase in cash and cash equivalents		39,238
Cash and cash equivalents as at 1 January 2007		3,387
Effect of translation on cash and cash equivalents		(3,513)
Cash and cash equivalents as at 31 December 2007	13	39,112

NOTE 1 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) its interpretations adopted by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

These are not the statutory accounts of the Company, nor are the financial statements intended for the statutory filing purposes.

(b) Basis of preparation

The financial statements have been prepared under the historical cost basis except for investment property which is measured at fair value.

(c) Functional and presentation currency

Functional currency

As 31 December 2006 and 31 December 2007, the management has assessed the functional currency of the Company as being the local currency (“lei” or “RON”) since the Company is subject to conditions and risk of the Romanian real estate market.

Presentation currency

The management of the Company has decided to adopt EUR as presentation currency for the purpose of presenting the financial statements in accordance with IFRS.

The balance sheet items have been translated into EUR by dividing the lei amounts at the National Bank of Romania (“NBR”) official exchange rates as at the date of each balance sheet, as set out below:

	31 December 2007
lei/1 EUR	3.6102

The income statement items for the year ended 31 December 2007 were translated using the average lei/EUR during the year of 3.3373 lei/EUR. The translation of the balance sheet and statement of income items into the presentation currency gave rise to a translation reserve as defined in note 2(b)(iii). Cash flows are translated using appropriate average exchange rates.

Components of equity are not retranslated, but recorded in EUR from the initial translation into the presentation currency.

Such computations and presentation of amounts in EUR should not be considered as a representation that the lei amounts have been or could be converted into EUR at these rates or any other rates.

(d) Use of estimates and judgments

The preparation of the preliminary financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3 “Financial risk management” Note 11 “Investment property” and Note 25 “Fiscal Environment”.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements of the Company are set out below. The accounting policies have been consistently applied by the Company.

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity accounts.

(b) Financial instruments

(i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, interest bearing borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as follows:

Trade and other receivables subsequently measured at amortised cost using the effective interest method, less impairment losses. An impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the collection terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the impairment loss is determined based on management risk assessment of the receivables recoverability.

Cash and cash equivalents are stated at fair value based on the relevant exchange rates at the balance sheet date. Cash and cash equivalents comprise cash balances and bank deposits. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included with borrowings in current liabilities. Bank overdrafts that are repayable on demand and form an integral part of the Company cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other payables are stated at their amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received.

Interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The transaction costs incurred in issuing the liability are amortised over the life of the loan.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as interest expense over the period of the borrowings on an effective interest basis.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company obligations specified in the contract expire or are discharged or cancelled.

(ii) *Derivative financial instruments*

The Company does not hold derivative financial instruments to hedge its interest rate risk exposure.

Shareholder's equity

Ordinary share capital

Ordinary shares are classified as equity. All shares rank equally with regard to the Company's residual assets.

Translation reserve

In translating the preliminary financial statements into EUR, all resulting exchange differences are recorded in equity. The differences arise on the translation of income and expense items at the average exchange rate for the period, assets and liabilities at the exchange rate at the balance sheet date and on components of equity that are not retranslated.

Dividends

Dividends are treated as an appropriation of profit in the period in which they are declared and approved by the Shareholders. The only profit available for distribution is the profit recorded in the Romanian statutory accounts, which differs from the result in these financial statements, prepared in accordance with IFRS, due to the differences between the applicable Romanian Accounting Standards and IFRS.

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date.

(c) **Investment property**

Investment property are those properties which are held either to earn rental income or for capital appreciation or for both. Investment property is accounted for in accordance with the fair value model as described in IAS 40 "Investment properties". Property that is being constructed or developed for future use as investment property is classified as investment property under development and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

(d) **Intangible assets**

Computer licenses and software

Expenditure to acquire licenses and computer software is capitalised and amortised using the straight-line method over their useful lives, normally up to 3 years.

(e) **Impairment of assets**

(i) *Financial assets*

The carrying amounts of the Company's financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Financial assets are considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows.

An impairment loss in respect of financial assets is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) *Non financial assets*

The carrying amounts of non financial assets, except deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. If any such indication exists then

the asset's recoverable amount is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment stated at revaluated amount in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revaluated amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(g) Revenue

Rental income

Revenue includes gross rental income and service charge earned from investment properties. The Company's rental contracts with tenants are for a contract period between two and seven years (major part 7 years) and are structured as operating leases. The majority of contracts require fixed minimum lease payments and are denominated in EURO. Rental income from investment property leased out under operating lease is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Finance income

Finance income comprises interest income on funds invested and net foreign currency gains from translation of transactions in foreign currencies to the functional currency of the Company. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(h) Expenses

(i) Property operating expense

Service costs for service contracts entered into and property operating expenses are expensed as incurred.

(ii) Finance expense

Finance expense comprises interest expense on borrowings, bank charges and net foreign currency losses from translation of transactions in foreign currencies to the functional currency of the Company. All borrowing costs are recognised in profit or loss using the effective interest method.

(iii) Lease payments

Leases in terms of which the company does not assure the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(i) **Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable calculated on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

At 31 December 2007 and 2006 the enacted tax rate expected to apply to the period when the deferred tax asset is realized or the deferred tax liability is settled is 16%.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The effect on deferred tax of any changes in tax rates is charged to the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(j) **Related parties**

Parties are considered related when one party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly control or significantly influence the other party.

(k) **Employee benefits**

(ii) *Short term service benefits*

Short-term employee benefits include wages, salaries, bonuses and social security contributions. Short-term employee benefits are recognised as expense when services are rendered. The accruals for employee entitlements, salaries and bonuses represent the amounts which the company has a present obligation to pay as a result of the employee services provided to balance sheet date.

(ii) *Defined contribution plans*

The Company, in the normal course of business makes payments to the Romanian State funds on behalf of its Romanian employees for pension, health care and unemployment benefit. All employees of the Company are members and are also legally obliged to make defined contributions to the Romanian State pension plan. All relevant contributions to the Romanian State pension plan are recognised as an expense in the income statement as incurred. The Company does not have any further obligations.

The Company does not operate any independent pension scheme and, consequently, have no obligation in respect of pensions. The Company does not operate any other post retirement benefit plan. The Company has no obligation to provide further services to current or former employees.

(l) **Earnings per share**

Earnings per share is calculated by dividing profit for the year by the weighted average number of shares in issue during the year.

Diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of shares in issue during the year adjusted by the potential dilutive impact of any outstanding shareholder options.

(m) Standards, interpretations and amendments to published standards that are effective for annual periods beginning on 1 January 2007

As at 1 January 2007, the Company adopted the following standards, interpretations and amendments.

- IFRS 7 Financial Instruments: Disclosures. The Standard requires increased disclosure about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks.
- Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures. As a complementary amendment arising from IFRS 7 (see above), the Standard requires increased disclosure in respect of the Company's capital.
- IFRIC 11 – IFRS 2 Group and Treasury Share Transactions (effective from 1 March 2007). The Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's parent should be accounted for as cash-settled or equity-settled in the entity's Financial Statements. The interpretation is not relevant for the Company's operations.

(n) Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but which the Group has not early adopted. The new standards, interpretations and amendments are as follows:

- Amendments to IFRS 2 'Share-based Payment' (effective from 1 January 2009) and IFRIC 11 IFRS 2 'Group and Treasury Share Transactions' (effective from annual periods beginning on or after 1 March 2007). It requires the attribution of cash-settled share-based payments granted by a parent to suppliers of goods and services (including employees) of a subsidiary in the financial statements of the subsidiary. Amendment to IFRS 2 is currently not relevant to the Company's operations because the Company does not have any share-based compensation plans. IFRIC 11 is currently not relevant to the Company's operations as the Company has not entered into any share-based payments arrangements;
- Revised IFRS 3 'Business Combinations' (effective from annual periods beginning on or after 1 July 2009). The revised Standard also includes a number of other potentially significant changes including:
 - All items of consideration transferred by the acquirer are recognised and measured at fair value as of the acquisition date, including contingent consideration;
 - Transaction costs are not included in the acquisition accounting;
 - The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill), or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree;
 - Acquisitions of additional non-controlling equity interests after the business combination must be accounted for as equity transactions.

Revised IFRS 3 is not relevant to the Company's operations.

- IFRS 8 'Operating segments' (effective from 1 January 2009). The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of any entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.
- This standard which becomes mandatory for the Company's 2009 Financial Statements is not expected to have any impact on the Financial Statements.
- Revised IAS 1, 'Presentation of Financial Statements' (effective from 1 January 2009). The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Company is currently evaluating whether to present a single statement of comprehensive income, or two separate statements.
- Revised IAS 23, 'Borrowing costs' (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The revised Standard is not relevant to the Company's Financial Statements.

- Revised IAS 27 ‘Consolidated and Separate Financial Statements’ (effective for annual periods beginning on or after 1 July 2009). The revised Standard amends the accounting for non-controlling interest, the loss of control of a subsidiary and the allocation of profit and loss and other comprehensive income between the controlling and non-controlling interest. The revised Standard is not relevant to the Company’s Financial Statements.
- Amendments to IAS 32 ‘Financial Instruments: Presentation and IAS 1, Presentation of Financial Statements’ (effective for annual periods beginning on or after 1 January 2009). The amendments introduce an exemption to the principle otherwise applied in IAS 32 for the classification of the instruments as equity and allow certain puttable instruments issued by an entity that would normally be classified as liabilities to be classified as equity if and only if they meet certain conditions. The amendments are not relevant to the Company’s financial statements.
- IFRIC 12 ‘Service Concession Arrangements’ (effective from 1 January 2008). The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12 is not relevant to the Company’s operations.
- IFRIC 13 ‘Customer Loyalty Programmes’ (effective for annual periods beginning on or after 1 July 2008). The Interpretation explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their obligations to provide free or discounted goods or services (‘awards’) to customers who redeem those award credits. Such entities are required to allocate some of the proceeds of the initial sale to the award credits and recognise these proceeds as revenue only when they have fulfilled their obligations. This interpretation is not relevant to the Company operations.
- IFRIC 14 IAS 19 ‘The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions’ (effective for annual periods beginning on or after 1 January 2008). The Interpretation stipulates that no additional liability need to be recognised by the employer under IFRIC 14 unless the contributions that are payable under the minimum funding requirements cannot be returned to the Company. The Company has no pension plan and this interpretation is consequently not relevant to the Company’s Financial Statement.

(o) **Fair value of financial instruments**

The estimated fair value of financial instruments, consisting of cash, deposits, receivables, payables and obligations under debt instruments, are considered to be equal to the carrying value reflected on the balance sheet.

Fair values have been determined for measurement and/ or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Cash and cash equivalents

The fair value of cash and cash equivalents approximates carrying value due to the short term maturity of these financial assets.

Interest-bearing borrowings

The fair value of interest-bearing borrowings is based on the quoted market price for the same or similar borrowings or on the same maturity profile and effective interest rate with similar cash flow.

Trade and other payables

The fair value of trade and other payables is estimated at the present value of the consideration to be paid in the future for goods and services received.

Derivatives

The fair value of swap derivatives contracts is based on their mark to market price.

NOTE 3 – FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- foreign currency risk
- interest rate risk
- market risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks.

Risk management framework

The management of the Company has overall responsibility for developing and monitoring Company's risk management policies in their specified areas.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a tenant or counterparty to a financial instrument fails to meet its financial obligations and arises principally from the Company's receivables from tenants and cash and cash equivalents. The credit risk of cash and cash equivalents is addressed by ensuring that reputable financial institutions are utilised for investment and cash management purposes. The Company's exposure to credit risk is influenced by the characteristics of each tenant. Management closely monitors its exposure to credit risk on a regular basis and believes there are no significant concentrations of credit risk since rental receivables are collected monthly and quarterly in advance.

(ii) *Exposure to credit risk*

The maximum exposure to credit risk at the reporting date was:

	2007
Trade receivables	2,439
Other receivables	300
Trade and other receivables (Note 12)	2,739
Cash and cash equivalents (Note 13)	39,112
Total	41,851

The ageing of trade and other receivables at the reporting date was:

	31 December 2007	
	Gross	Impairment
Between 0 – 30 days	2,739	–
Total	2,739	–

(c) **Foreign currency risk**

The Company does not have any transactions or balances in currencies other than functional currency of the Company (lei).

(d) **Interest rate risk**

The Company's income and cash flows are not impacted by changes in market interest rates on borrowings since the interest rates on borrowings are fixed (see note 16).

At the reporting date the Company's interest-bearing financial instruments were:

	Carrying amount
	2007
Fixed rate instruments	
Financial assets	–
Financial liabilities	(2,318,127)
	(2,318,127)

(e) **Fair values versus carrying amounts**

There are no material differences between the fair value and the carrying value of the Company's financial assets and liabilities.

	31 December 2007	
	Fair value	Carrying amount
Trade and other receivables	2,739	2,739
Cash and cash equivalents	39,112	39,112
Interest-bearing borrowings	(2,666,620)	(2,666,620)
Other long-term liabilities	(5,024)	(5,024)
Trade and other payables	(67,559)	(67,559)
	(2,697,352)	(2,697,352)

(f) **Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holding in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return.

There is currently uncertainty in the commercial property market which, combined with a lack of available finance, is causing decreases in both property transaction activity and valuations. Whilst this is principally being felt in the UK currently, and particularly in non-prime property, it is likely to impact other markets in the near future.

There is a risk that a relative lack of market evidence means property valuations may be based on sentiment rather than current prices. Given the lack of activity, current prices may be considered by the valuers to be driven by forced sellers and those not needing to sell might achieve a higher price with an orderly sale over a period of time. However, there is also evidence that even orderly sellers might accept lower prices than 'market' on the grounds that an orderly sale process takes time and prices are expected to move down in the first half of 2008.

(g) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that as far as possible that it always has sufficient liquidity to meet its liabilities as they fall due under both normal and stressed conditions without incurring unacceptable losses or causing damage to the Company's position.

31 December 2007

Current assets

Monetary assets in lei	41,851
	41,851

Liabilities

Monetary liabilities in lei	(2,739,203)
	(2,739,203)
Net monetary position in lei	(2,697,352)

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

31 December 2007

LIQUIDITY RISK

Non-derivative financial	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2– 5 years	More than 5 years
Liabilities							
Interest-bearing borrowings	2,666,620	2,666,620	2,666,620	–	–	–	–
– Other non-current liabilities	5,024	5,024				5,024	
Trade and other payables	67,559	67,559	67,559	–	–		–
	2,739,203	2,739,203	2,734,179	–	–	5,024	–

NOTE 4 – NET RENTAL AND RELATED INCOME

	Note	2007
Gross rental revenue	(a)	143,509
Revenue from services		2,036
Other revenues	(b)	16,519
Gross rental and other related income		162,064
Property operating expenses (Note 6)		(75,549)
Net rental and related income		86,515

(a) Gross rental revenue includes rental income from investment property under operating leases. Operating lease contracts term vary between 2 and 7 years (mainly 7 years).

(b) According to the lease contracts, directly attributable costs (such as utilities) are recharged to the tenants at cost.

NOTE 5 – ADMINISTRATIVE EXPENSES

	2007
Other taxes	26,845
Payroll costs	9,217
Other expenses	3,056
	39,118

NOTE 6 – PROPERTY OPERATING EXPENSES

	2007
Building taxes	24,086
Utilities	26,364
Other services	25,099
	75,549

NOTE 7 – NET FINANCING INCOME

	2007
Interest income	208
Net foreign exchange gains	238,801
Total finance income	239,009
Bank charges	(642)
Interest expenses	(218,249)
Total finance expense	(218,891)
Net finance income	20,118

NOTE 8 – INCOME TAX EXPENSE

Income tax expense for the year ended 31 December 2007 is presented below:

	2007
Current tax	
– Deferred tax	(34,070)
	(34,070)

A reconciliation of the effective tax rate is presented below:

		2007
Profit for the year		46,168
Income tax expense		34,070
Profit before income tax		80,238
Income tax using domestic tax rate	16%	12,838
Non-deductible expenses	7%	5,796
Other differences	19%	15,436
Income tax in the income statement	42%	34,070

The company has computed tax losses of EUR174,231 which have been taken into account in the calculation of deferred tax.

NOTE 9 – EARNINGS PER SHARE

Earnings per share and diluted earnings per share are based on the weighted average of 15,520 issued shares in issue during the year. There are no instruments in issue which have a dilutive effect.

NOTE 10 – INTANGIBLE ASSETS

Computer licenses and software

Cost	
Balance at 1 January 2007	9,078
Additions	5,529
Translation adjustment	(575)
Balance at 31 December 2007	14,032
Accumulated amortisation	
Balance at 1 January 2007	(2,970)
Amortised for the year	(1,861)
Translation adjustment	587
Balance at 31 December 2007	(4,222)
Carrying value at 31 December 2007	9,788

NOTE 11 – INVESTMENT PROPERTY

	31 December 2007
Balance at 1 January 2007	3,717,000
Additions to investment property	364,958
Change in fair value	12,723
Balance at 31 December 2007	4,094,681

Investment property comprises one office building located in Zalau with a total rentable area of 3,460 square meters out of which 941 square meters are rented and the remaining area is vacant

The main tenant is Raiffeissen Bank SA for a surface of 830 square meters. The remaining rented area is occupied by other various tenants. The lease contract for the local branch of Raiffeissen Bank SA is concluded over a period of 7 years (until 2014) whilst the remaining lease agreements cover a period of 2 – 4 years in average.

The property is encumbered to secure interest bearing borrowings granted by Eurohypo AG to General Investment S.R.L., a related party (See Note 22).

The fair value of the investment property as at 31 December 2006 has been determined by an independent professionally qualified appraiser (DTZ Echinox) and has been assessed by way of capitalisation of net operating rental income (based upon the rents payable under the existing lease agreements and average market rental values) at yields of 7.5 % (for the lease agreement with Raiffeissen Bank SA) and approximately 9% for the remaining lease agreements and vacant space.

As at 31 December 2007, the investment property is presented at fair value as determined in the shares selling purchase agreement concluded in February 2008 between Central European Real Estate Shareholdings BV and Oceanis International BV as sellers and NEPI Plc through two subsidiaries (NE Property Cooperatief UA and NEPI Investment Management SA) as buyer. The fair value of the investment property has been determined as follows:

- capitalisation of net operating rental income generated by the rented space to Raiffeissen Bank SA (based on rents payable under the existing lease agreements) at an yield of 7.5%;
- capitalisation of net operating rental income generated by the rented space to other tenants (based on rents payable under the existing lease agreements) at an yield of 8%;
- capitalisation of potential operating rental income generated by the vacant spaces (based on market rents) at an average yield of 8% and discounted at 75%.

Concessions entered into since the publication of law 219/1998 and therefore governed by this law requires improvements to be returned to the Romanian government without compensation at the end of the concession period where a concession was granted on condition that the concession holder improves the property. Further, durations of concessions granted subsequent to the publication of law 219/1998 may not exceed 49 years (with a maximum extension by mutual agreement of 25 years without going to public tender). Such a concession was granted in relation to the parking space of the property held in Zalau.

The impact on fair value due to the relative duration of the concession agreements, has been taken into account in estimating fair value as at acquisition and at the time of valuation by DTZ Echinox.

NOTE 12 – TRADE AND OTHER RECEIVABLES

Trade receivables	2,439
Other receivables	300
	2,739

NOTE 13 – CASH AND CASH EQUIVALENTS

	31 December 2007
Cash and bank in local currency	38,923
Other cash and cash equivalents	189
	39,112

The cash and cash equivalents are pledged to secure interest-bearing borrowings granted by Eurohypo AG to General Investment S.R.L., a related party (See Note 22).

NOTE 14 – SHARE CAPITAL

The nominal value of the registered and issued share capital is 155,200 lei and was fully paid as at 31 December 2007. At 31 December 2007 the share capital structure and the ownership of registered shares is as follows:

	Number of shares	Shareholding %
Central European Real Estate Shareholdings BV	15,519	99.994
Oceanis International BV	1	0.006
	15,520	100.000

NOTE 15 – TRANSLATION RESERVE

The translation reserve comprises exchange differences arising on the translation of the financial statements from the functional currency to the presentation currency of the Company.

NOTE 16 – INTEREST-BEARING BORROWINGS

	31 December 2007
Non-current liabilities	
Loans from non financial institutions – principal	2,318,127
Loans from non financial institutions – interest accrued	348,493
	2,666,620
Short-term portion included in current liabilities	
Loans from non financial institutions – principal	2,318,127
Loans from non financial institutions– interest accrued	348,493
	2,666,620
Non-current interest-bearing borrowings	–

The Company has concluded two loan agreements as follows:

- A loan agreement concluded with Central European Real Estate Shareholdings BV in July 2005, subsequently amended in December 2005. The total available amount for the loan is 2,450,000 EUR with drawings available in EUR, USD or lei. The loan bears an interest rate of 9% per year and is not secured. The balance as at 31 December 2007 is EUR 1,676,870 (31 December 2006: 1,645,791) including interest accrued amounting to EUR 156,232 at 31 December 2007 (31 December 2006: EUR 106,322).
- A loan agreement concluded with Avrig 35 SRL in March 2005, subsequently amended in January and June 2006 for a total amount of 2,880,000 lei. The total amount drawn as at 31 December 2006 and 31 December 2007 is 2,879,099 lei. The loan bears an interest rate of 9% per year and is not secured. The balance as at 31 December 2007 is EUR 989,751 (31 December 2006: EUR 901,661) including interest accrued amounting to EUR 192,260 at 31 December 2007 (31 December 2006: EUR 50,284),

NOTE 17 – DEFERRED TAX LIABILITIES

Deferred tax liabilities, calculated by applying the statutory income tax rate of 16% to the differences between the tax base of assets and liabilities and the values reported in the accompanying financial statements are detailed below:

Arising on	Temporary differences	Deferred tax liability
	2007	2007
Investment property	1,779,426	(284,708)
Tax losses	(174,231)	27,877
Deferred tax liability	1,605,195	(256,831)

	1 January 2007	Recognised in the income	31 December 2007
Investment property	222,761	61,947	284,708
Tax losses	–	(27,877)	(27,877)
Deferred tax liability	222,761	34,070	256,831

NOTE 18 – OTHER LONG-TERM LIABILITIES

Other long-term liabilities comprise of rental guarantees received from tenants under the rental contracts concluded for leased spaces.

NOTE 19 – TRADE AND OTHER PAYABLES

	31 December 2007
Trade payables	9,215
Deferred revenue	43,449
Other payables	14,895
	67,559

NOTE 20 – INCOME TAX PAID

Income tax owing at 1 January 2007	–
Charged to income statement	–
– Translation adjustment	61
Income tax prepaid at 31 December 2007	726
	787

NOTE 21 – RENTAL INCOME

The potential future minimum lease income, estimated by the management, to be received under current lease agreements at 31 December 2007 is as follows:

	2007
Within one year	224,320
Between one and five years	844,462
After five years	174,329
	1,243,111

NOTE 22 – TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company has entered into transactions with the shareholders and other related parties as disclosed below.

(a) Due from related parties	Type of transaction	31 December 2007
General Investment SRL (trade and other receivables)	Rent advance	–
Flexxelf SRL (investment property)	Advances paid	4,909
Strategic Asset Management SRL (trade and other receivables)	Services	1,103
Total due from related parties		6,012

(b) Due to related parties	Type of transaction	31 December 2007
Azimut Grup SRL (trade and other payables)	Rent	599
Avrig 35 SRL (Interest-bearings borrowings)	Loan	989,751
Avrig 35 SRL (trade and other payables)	Rent	359
Central Eastern European Real Estate Shareholdings BV (Interest-bearings loans and borrowings)	Loan	1,676,870
Flexxelf SRL (trade and other payables)	Refurbishment works	–
General Investment SRL (trade and other payables)	Rent	2,244
General Business Management (trade and other payables)	Rent	2,983
Valkiria Invest SRL (trade and other payables)	Rent	423
Strategic Asset Management (trade and other payables)	Services	211
Total due to related parties		2,673,440

(c) Sales to related parties	2007
Strategic Asset Management SRL	967

(d) Purchases	2007
Avrig 35 SRL (interest expense)	101,013
Avrig 35 SRL (rent expense)	643
Azimut Grup SRL (rent expense)	201
Valkiria Invest SRL (rent expense)	3,861
Central Eastern European Real Estate Shareholdings BV (interest expense)	117,233
Flexxelf SRL (services)	288
Flexxelf SRL (investment property acquisition)	72,910
Strategic Asset Management SRL (services)	2,120
General Investment SRL (services)	2,186
General Business Management SRL (services)	538
Total purchases from related parties	300,993

In addition to the above transactions, the investment property and cash and cash equivalents are encumbered in favour of Eurohypo AG to secure interest-bearing borrowings granted by Eurohypo AG to General Investment S.R.L., a related party.

NOTE 23 –CONTINGENCIES

As a result of the loan agreement concluded by General Investment SRL with Eurohypo AG, there is a first rank mortgage on the property owned in favour of Eurohypo AG. In addition, the following security agreements have been concluded in relation to the loan contract:

- Shares pledge agreement on Company shares whereby the Company shareholders shall continue to execute their voting rights in the Company in a manner that will not negatively affect the rights of the lender, would not lead to transformation, merger or take over of the Company, would not limit the rights of the lender to transfer Company shares;
- Pledge agreement over the bank accounts;
- General security agreement over the Company's assets; and
- Assignment of rental receivable to Eurohypo.

NOTE 24 – CONCESSIONS

In 2005, the Company concluded a concession agreement with Zalau City Hall whereby it acquired the right to use a plot of land of 2,242 square meters to build a parking place and an office building. The term of the concession is 49 years and the total value payable under the concession is EUR 67 000.

NOTE 25 – FISCAL ENVIRONMENT

On 1 January 2007 Romania became a member of the European Union and therefore has to apply detailed and complex rules on the basis of the EU Treaties, Regulations and Directives. The Company has to conform to EU legislation from 1 January 2007 and, therefore, it has prepared to apply the changes arising from the EU legislation. These changes have been implemented, however the tax authorities have up to 5 years to audit the way these changes were implemented.

Interpretation of the text and practical implementation procedures of the newly enforced EU tax regulations could vary, and there is a risk that certain transactions could be viewed differently by the tax authorities as compared to the Company's treatment.

Furthermore, the Romanian Government has a number of agencies that are authorised to conduct audits of companies operating in Romania. These audits are similar in nature to tax audits performed by tax authorities in many countries, but may extend not only to tax matters but to other legal and regulatory matters in which the applicable agency may be interested. It is likely that the Company will continue to be subject to regular audits as new laws and regulations are issued.

Tax returns are subject to review and correction by the tax authorities for a period generally of five years subsequent to their filing. The tax returns of the Company have been audited by the tax authorities once up to 31 December 2007.

Consequently, the Company's tax liabilities arising prior to this date to 31 December 2007 are still subject to such review. Management believes that it has adequately provided for tax and other liabilities due to the state in the accompanying financial statements; however, the risk remains that Romanian Authorities could take differing positions with regard to the interpretation of these issues. The Fiscal Code provides that transactions between group entities should observe the market value, i.e. should be performed at arm's length. Otherwise, the Romanian tax authorities could reassess the fiscal position of the entity in order to reflect the real profits that are deemed to be taxable in Romania.

NOTE 26 – POST BALANCE SHEET EVENTS

Effective from 1 January 2008, following a share sales and purchase agreement concluded in February 2008 between Central Eastern European Real Estate Shareholdings BV and Oceanis International BV as sellers and NE Property Cooperatief UA and NEPI Investment Management SA (subsidiaries of NEPI Plc) as purchasers, 100% of the share capital of the Company has been sold to NE Property Cooperatief UA and NEPI Investment Management SA.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE PROFIT FORECAST OF THE GERMAN SPVs

"The Directors
 New Europe Property Investments plc
 Falcon Cliff, Palace Road
 Douglas
 Isle of Man IM2 4LB

31 March 2009

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' AND AUDITORS' ASSURANCE REPORT ON THE FORECAST INFORMATION OF THE GERMAN SPVS

New Europe Property Investments plc ("NEPI") has acquired a portfolio of properties in Germany by way of the German SPVs.

We have examined the profit forecasts and the related assumptions of the German SPVs on a "stand alone" basis for the 12 months ending 31 July 2009, amounting to an attributable net profit after tax of Euro 395 997 as set out in paragraph 9.2 to this prelisting statement to be dated on or about 2 April 2009.

We have also examined the forecast vacancy profiles, by sector and by gross lettable area of NEPI ("forecast vacancy profiles") for properties, and the forecast contract expiry profile for the properties ("lease expiry profile") based on existing lease agreements as set out in Annexure 4 paragraph 4 of the prelisting statement.

The report and the conclusion contained herein are provided solely for the benefit of the board of directors and the prospective shareholders of NEPI for the purpose of their consideration of the listing of NEPI. This letter is not addressed to and may not be relied upon by any other third party for any purpose whatsoever.

Directors' responsibility

The directors of NEPI are responsible for the forecast, including the assumptions set out in paragraph 9.2, on which it is based, and for the financial information from which it has been prepared. This responsibility, arising from compliance with the JSE Listings Requirements, includes:

- determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the forecasts;
- whether the forecasts have been properly compiled on the basis stated; and
- whether the forecast information is presented on a basis consistent with the accounting policies of NEPI.

Reporting accountant's responsibility

Our responsibility is to provide a limited assurance report on the forecast prepared for the purpose of complying with the JSE Listings Requirements and for inclusion in the pre-listing statement. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to the *Examination of Prospective Financial Information*. This standard requires us to obtain sufficient appropriate evidence as to whether:

- management's best-estimate assumptions on which the forecasts are based are not unreasonable and are consistent with the purpose of the information;
- the forecast information is properly prepared on the basis of the assumptions;
- the forecast information is properly presented and all material assumptions are adequately disclosed; and
- the forecast information is prepared and presented on a basis consistent with the accounting policies of NEPI.

In a limited assurance engagement, the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Information and sources of information

In arriving at our conclusion, we have relied upon forecast financial information prepared by the management of NEPI and other information from various public, financial and industry sources.

The principal sources of information used in arriving at our conclusion are as follows:

- the historical financial information of selected underlying properties in the German portfolio;
- management prepared forecasts for the twelve months ending 31 July 2009 in respect of the German SPVs;
- discussions with the directors of NEPI regarding the forecast presented;
- discussions with directors of NEPI regarding the prevailing market and economic conditions;
- valuation reports, prepared by the independent valuer appointed by NEPI, in respect of the properties;
- lease agreements for a sample of the properties held under such leases; and
- term sheets and loan agreements from Nord/LB.

Procedures

In arriving at our conclusion we have performed the following procedures:

Rental income

Contracted rental income

Contracted rental income comprises 100% of the total forecast revenue.

The forecast contracted rental income streams as contained in the profit forecast model were selected for a sample of properties and agreed to the underlying lease agreements. The total coverage obtained was 70% of the forecast contracted rental income.

The forecast rental income was determined with reference to existing rental agreements on a property by property basis.

Expenses

For a sample of properties, forecast expenses were compared to historical expenses. Explanations were obtained for any significant variances. The total expenses tested amounted to 70% of the total forecast expenses.

Loans

The value of the loans and the interest rate used to calculate the interest expense was compared to the loan agreement from Nord/LB.

Security deposit

The value of the security deposit and the interest rate used to calculate interest income was compared to the loan term agreement from Nord/LB.

Portfolio expenses

The forecast listing, finance raising, interest payable, company costs, property management fees and other portfolio expenses were assessed for reasonableness and, where applicable, recalculated. Certain expenses were also compared to similar expenses of other funds in order to assess their reasonableness.

Material expenditure items

The detailed forecast expenditure was examined to ensure that all material expenditure items, as required by paragraphs 13.14(f) of the JSE Listings Requirements, were disclosed. The material expenditure item disclosed related to Property related expenses.

Application of accounting policies

We ascertained that the accounting policies as set out in Annexure 9 to the pre-listing statement, to be applied by NEPI in the future were applied consistently in arriving at forecast income. Variances and principles were primarily discussed with the directors of NEPI.

Model review

In order to ensure that the forecast model for the property income and expenses was accurate and reliable we performed a high level review to determine the consistency and mathematical accuracy of the model.

Lease expiry profile

We reviewed the individual property worksheets to ascertain that the lease expiry profile included in the forecast model was derived from the correct sources.

For a sample of the properties, we agreed the dates of expiry of the individual leases reflected in the individual property worksheets to the signed lease agreements and found them to be in agreement.

We compared the lease expiry profile in the lease agreements to the lease expiry profile in the forecast model and found them to be in agreement.

Accuracy of the information

We have relied upon and assumed the accuracy and completeness of the information provided to us in writing, or obtained through discussions with the management of NEPI and the independent valuer. While our work has involved an analysis of the historical financial information and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with International Auditing Standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us, in respect of NEPI's listing.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that:

- the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast information;
- the forecast information has not been properly compiled on the basis stated;
- the forecast has not been properly presented and all material assumptions are not adequately disclosed; and
- the forecast information is not presented on a basis consistent with the accounting policies of NEPI.

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material. Accordingly no assurance is expressed regarding the achievability of the forecast.

Yours faithfully

KPMG Inc.

Per Mickey Bove

Chartered Accountant (SA)

Registered Auditor

Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg”

CAPITAL STRUCTURE

1. FOUNDERS OF NEPI

The founders of NEPI are Mr Martin Slabbert and Mr Victor Semionov. Details of Mr Slabbert's and Mr Semionov's shareholdings are provided in paragraph 1 of **Annexure 8** above.

2. MAJOR SHAREHOLDERS OF NEPI

Set out below are the names of shareholders who, insofar as is known to the company, will (directly or indirectly) beneficially hold 5 percent or more of the issued shares of NEPI immediately before the secondary listing.

Beneficial holder	Number of shares at last practicable date	% of shares in issue at last practicable date
The NEPI Trust	24,382,915	86.62
Total	24,382,915	86.62

Set out below are the names of shareholders who, insofar as is known to the company, will (directly or indirectly) beneficially hold 5 percent or more of the issued shares of NEPI immediately after the secondary listing.

Beneficial holder	Number of shares after secondary listing	% of shares in issue after secondary listing
Capital Property Fund	6,155,000	21.87
Diversified Properties 2	7,392,500	26.26
The Suni Trust	1,725,000	6.13
Optimprops 3 (Proprietary) Limited	1,596,300	5.67
Cobernet Properties (Proprietary) Limited	1,477,500	5.25
RCG Trade & Finance (Proprietary) Limited	1,477,500	5.25
Chataprop Holdings 50 (Proprietary) Limited	1,477,500	5.25
Total	21,301,300	75.67

Controlling shareholder of NEPI

At the date of the secondary listing, the NEPI Trust will control NEPI *via* its ownership of 86.62% of NEPI shares.

Immediately after the secondary listing and in terms of paragraph 11.7 of the pre-listing statement, Diversified Properties 2 and Capital Property Fund will between them hold 48.13% of NEPI's shares.

3. AUTHORISED AND ISSUED SHARE CAPITAL

The authorised and issued share capital of the company immediately before and after the secondary listing is as follows:

	Euro
<i>Authorised</i>	
150,000,000 ordinary shares of €0.01 each	1,500,000
<i>Issued</i>	
28,150,000 ordinary shares of €0.01 each	267,950
Share premium	52,487,190
Total share capital and premium after write off of expenses of €834,860 against the share premium account in respect of the primary listing on AIM	52,755,140

- All the authorised and issued shares are of the same class and rank *pari passu* in every respect.
- The shares as reflected above were created and issued in terms of NEPI's Articles of Association.
- In accordance with the company's Articles of Association, during any vote at any general meeting every person present in person or by proxy (or, if a body corporate duly represented by an authorised representative) shall, on a show of hands, have one vote and, on a poll, every member present in person or by proxy shall have one vote for each share of which he is the holder.
- Any variation in rights attaching to shares will require the consent of shareholders in a general meeting in accordance with the company's Articles of Association.
- The unissued shares will be under the control of the directors subject to the provisions of the 2006 Isle of Man Companies' Act and the Rules and Requirements of the JSE.
- The shares of the company are listed on the AIM market of the LSE.
- Except as referred to below in paragraph 4 of this annexure, no offer has been made for the subscription or sale of shares nor have any shares been issued, since incorporation of NEPI up to the date of issue of this pre-listing statement, either by NEPI or its subsidiaries.
- At the date of this pre-listing statement, the company had no loan capital outstanding.
- There has been no sub-division or consolidation of shares since incorporation.
- All dividends shall be paid to those members whose names are on the register at the date at which such dividend shall be declared, or at such other date as the company by resolution or the board may determine, notwithstanding any subsequent transfer or transmission of shares.
- In accordance with the company's Articles of Association, if the company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that nearly all the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively.
- On incorporation of the company on 23 July 2007, the company's share capital was not divided into authorised and issued shares. On 14 August 2007 an extraordinary general meeting of the company was held at which the sole shareholder of the company, Mr Joubert adopted new Articles of Association for the company. The new Articles of Association established an authorised share capital of 150,000,000 shares of €0.01 each. There have been no alterations to the authorised shares of NEPI up to the date of issue of this pre-listing statement.
- The special resolutions for the creation of the share capital of NEPI have been duly passed by the requisite majority of members. The requisite directors' resolutions have been passed authorising the issue of the shares in NEPI.
- There have been no repurchase of shares by NEPI or its subsidiaries since incorporation of the relevant companies.
- There are no shares held in treasury.

4. ALTERATION OF SHARE CAPITAL

Details of NEPI shares issued or to be issued since incorporation are set out below.

Date of issue	Number of NEPI ordinary shares issued	Price at which NEPI ordinary shares were or are to be issued (€)	Party to whom NEPI shares were or are to be issued	Reason for the issue
22 August 2007	12,877,200	2.00	Refer to major shareholders above.	Listing on AIM
14 December 2007	13,917,800 ¹	2.00	Refer to major shareholders above.	Private placing
5 June 2008	1,355,000 ²	2.18	Victor Semionov and the Isle of Man Trust	Investment advisor share incentive scheme

¹ These shares were issued in proportion to existing shareholders' shareholdings.

² These shares were issued pursuant to the investment advisor incentive scheme as detailed in paragraph 18 of the pre-listing statement.

Save for the share premium created as a result of the above mentioned share issues, there has been no amount payable by way of a premium or receivable by way of a discount on any shares issued by the company since incorporation.

There have been no issues or offers of securities by NEPI's subsidiaries within the three years preceding the date of this pre-listing statement.

MATERIAL LOANS AND BORROWINGS

1. MATERIAL LOANS TO THE GROUP

The following secured loan facilities have been granted by the following financial institutions:

Financial institution	Borrower	Period of loan	Facility amount (€)	Drawdown amount (€)	Details of security	Conversion or redemption rights	Interest rate
Eurohypo AG	General Investment S.R.L.	To 31 August 2014	15,000,000	13,216,241	Mortgage over immovable property owned by General Investment S.R.L.	None	Fixed at 6.23%
Alpha Bank	NEPI Bucharest One S.R.L.	To 31 October 2013	7,300,000	1,100,000	Mortgage over immovable property owned by NEPI Bucharest One S.R.L. located in Rasnov	None	Interest rate of Euribor payable on the last business day of each month plus a margin of 2.5% p.a.
Alpha Bank	NEPI Bucharest Two S.R.L.	To 31 April 2011	7,600,000	4,683,867	Mortgage over immovable property owned by NEPI Bucharest Two S.R.L. located in Rasnov	None	Interest rate of Euribor payable on the last business day of each month plus a margin of 1.9% p.a.
Nord LB AG	Premium Portfolio Ltd. & Co KG and Premium Portfolio 2 Ltd & Co KG	To 31 October 2015	27,990,000	27,990,000*	Mortgage over immovable property owned by the German SPVs	None	Fixed at 5.17%

* of this balance, only 50 percent relates to NEPI as a result of the joint venture with CIREF Europe.

Further details of the loan facilities are set out in Note 11 of **Annexure 9** and as follows:

Eurohypo AG Facility

A seven year loan of €15 million was originally advanced to General Investment S.R.L. in 2006.

The loan is repayable by way of annual instalments of €399,347.

General Investment S.R.L. may not re-borrow any part of the loan.

Alpha Bank Facility

In respect of NEPI Bucharest One S.R.L.:

The loan facility was advanced to NEPI Bucharest One S.R.L. in two tranches being “Sublimit 1” and “Sublimit 2”.

- Sublimit 1 was designated for the purposes of re/financing the Flamingo Portfolio acquisition costs (without VAT) and reimbursement of shareholders loans.
- Sublimit 2 was designated for the purposes of re/financing the Flamingo Portfolio acquisition costs (without VAT), reimbursement of shareholders loans as well as current working capital needs.
- The total amount available under Sublimit 1 is €6,200,000 which is available for withdrawal over a period of 12 months upon signing of agreement.
- The total amount available under Sublimit 2 is €1,100,000 which is available as a revolving facility over the agreement period.
- The term of the loan is 60 months for both sublimits.
- Sublimit 1 is repayable by way of a bullet repayment at the end of the loan.
- Sublimit 2 is repayable anytime but no later than on maturity of Sublimit 1.

In respect of NEPI Bucharest Two S.R.L.:

The loan facility was advanced to NEPI Bucharest Two S.R.L. in two tranches being “Sublimit 1” and “Sublimit 2”.

- Sublimit 1 was designated for the purposes of re/financing the acquisition costs (without VAT) of property acquired from Hi-Lo Sisteme de Depozitare.
- Sublimit 2 was designated for the purposes of re/financing the acquisition costs (without VAT) of property from Hi-Lo Sisteme de Depozitare as well as general purposes needs.
- The total amount available under Sublimit 1 is €6,460,000 which was activated in the following manner:
 - €3,932,000 upon signing the credit agreement;
 - €1,265,000 upon payment of the purchase price related to the additional areas rented by Psicontrol Mechatronics S.R.L.;
 - €603,000 upon payment of the purchase price related to the additional areas rented by Hi-Lo Sisteme de Depozitare; and
 - €660,000 upon payment of the purchase price related to vacant areas.
- The total amount available under Sublimit 2 is €1,440,000 which was activated in the following manner:
 - €751,000 upon signing the credit agreement;
 - €162,000 upon payment of the purchase price related to the additional areas rented by Psicontrol Mechatronics S.R.L.;
 - €111,800 upon payment of the purchase price related to the additional areas rented by Hi-Lo Sisteme de Depozitare; and
 - €115,200 upon payment of the purchase price related to vacant areas.
- The term of the loan is 36 months for both sublimits.
- Sublimit 1 is repayable by way of a bullet repayment at the end of the loan.
- Sublimit 2 is repayable anytime but no later than on maturity of Sublimit 2.

Nord LB AG Facility

The term of the loan is 7 years, with an annual amortisation of 1% in year 1 and 2, 1.5% from year 3 to year 5 and 2% from year 6 to year 7.

The interest rate relating the loan facility is Euribor (swapped for fixed 4.2%) plus a margin of 97 basis points.

Notes:

None of the aforementioned loans are convertible to NEPI shares.

The Eurohypo AG borrowings arose in respect of the Raiffeisen acquisition, the Alpha Bank borrowings arose in respect of the Rasnov industrial facility acquisition and Flamingo acquisition and the Nord LB AG borrowings arose in respect of the German acquisition.

2. MATERIAL LOANS BY THE GROUP

Other than as disclosed in **Annexure 2**, no material loans have been advanced by any company in the group to any other company in the group. No material loans have been advanced by the company or its subsidiaries to any third party outside of the group.

3. DEBENTURES

No debentures have been created in terms of any trust deed or otherwise by the company or any subsidiary or issued by way of conversion or replacement of debentures previously issued.

SALIENT FEATURES OF THE ARTICLES OF ASSOCIATION

APPOINTMENT, QUALIFICATION, REMUNERATION AND BORROWING POWERS OF DIRECTORS

The Articles of Association of the company contain, inter alia, provisions with the effect of providing for the appointment, qualification, remuneration and borrowing powers, interests of directors and dividends as set out below.

*In line with the requirements of the JSE, certain provisions of the Articles of Association were amended by receiving shareholder approval from the requisite majority of NEPI shareholders at an annual general meeting held on the 12 March 2009 (the “**amendments**”). As provided in paragraph 35 of the pre-listing statement, the Articles of Association will remain open for inspection for a period of 21 days from the date of issue of the pre-listing statement and shareholders should refer to the Articles of Association for a full appreciation of the amendments. The extracts below have been underlined to reflect the amendments relevant to such extracts.*

For the purposes of this annexure “Uncertificated Regulations” means the Isle of Man Uncertificated Securities Regulations 2006.

1. VOTES OF MEMBERS

Subject to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting every member who (being an individual) is present in person or by proxy shall on a show of hands have one vote and on a poll every member present in person or by proxy shall have one vote for each share of which he is the holder.

2. DIVIDENDS

- 2.1 Subject to the provisions of the Articles, the company may, subject to the satisfaction of the solvency test (as defined in section 49 of the 2006 Act), by resolution declare that out of profits available for distribution in accordance with Isle of Man law dividends be paid to members according to their respective rights and interests in the profits of the company available for distribution. However, no dividend shall exceed the amount recommended by the board.
- 2.2 All dividends, interest or other sum payable and unclaimed for twelve months after having become payable may be invested or otherwise made use of by the board for the benefit of the company until claimed and the company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having become due for payment shall (if the board so resolves) be forfeited and shall revert to the company.
- 2.3 All dividends and interest shall be paid (subject to any lien of the company) to those members whose names shall be on the register at the date at which such dividend shall be declared or at the date at which such interest shall be payable respectively, or at such other date as the company by resolution or the board may determine, notwithstanding any subsequent transfer or transmission of shares.

3. GENERAL MEETINGS

- 3.1 The board shall convene in each year a general meeting of the members of the company called the annual general meeting; any annual general meeting shall be held at such time and place as the board may determine
- 3.2 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 3.3 The board may convene an extraordinary general meeting whenever it thinks fit. At any meeting convened on such requisition (or any meeting requisitioned pursuant to section 620(2) of the 2006 Act) no business shall be transacted except that stated by the requisition or proposed by the board. If there are not sufficient members of the board to convene a general meeting, any director or any member of the company may call a general meeting.

- 3.4 Any annual general meeting and an extraordinary general meeting convened for the passing of a special resolution or a resolution appointing a person as a director shall be convened by not less than twenty-one clear days' notice in writing. Other extraordinary general meetings shall be convened by not less than fourteen clear days' notice in writing. Notwithstanding that a meeting is convened by shorter notice than that specified in the Articles, it shall be deemed to have been properly convened if it is so agreed by all the members entitled to attend and vote at the meeting.
- 3.5 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a Chairman which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, three persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member, or one person entitled to attend and to vote on the business to be transacted, being a member holding not less than one-tenth of the issued share capital of the company and being present in person or by proxy, shall be a quorum. The provisions of section 620(4) of the 2006 Act are excluded. If within fifteen minutes (or such longer interval not exceeding one hour as the Chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned to later on the same day, to the same day in the next week at the same time and place, or to such other day and at such time and place as the Chairman (or, in default, the board) may determine, being not less than fourteen nor more than twenty-eight days thereafter. If at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting one member present in person or by proxy shall be a quorum. If no such quorum is present or, if during the adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved. The company shall give at least seven clear days' notice of any meeting adjourned through lack of quorum (where such meeting is adjourned to a day being not less than fourteen nor more than twenty-eight days thereafter).

4. VARIATION OF RIGHTS

Subject to the provisions of the 2006 Act, if at any time the share capital of the company is divided into shares of different classes any of the rights for the time being attached to any share or class of shares in the company (and notwithstanding that the company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in par value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles (but not otherwise). This paragraph shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied. Subject to the terms of issue or the rights attached to any shares the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the board resolving that a class of shares is to become or cease to be a share or class of shares or a renounceable right of allotment of a share, title to which is permitted to be transferred by means of a relevant system in accordance with the Uncertificated Regulations.

5. ALTERATION OF CAPITAL

- 5.1 The **company** in general meeting may from time to time by resolution:
- (a) increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;
 - (b) consolidate and/or divide, re-designate or redenominate or convert all or any of its share capital into shares of larger or smaller par value, into shares having a purchase price of another currency, or into different classes of shares than its existing shares;
 - (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;
 - (d) sub-divide its shares or any of them into shares of smaller par value and may by such resolution determine that as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the company has power to attach to unissued or new shares but so that the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

- (e) convert any shares into stock and re-convert any stock into shares of any denomination, or into shares of no par value;
- (f) convert all of its ordinary or preference share capital consisting of shares having a par value into share capital constituted by shares of no par value;
- (g) convert its share capital constituted either by ordinary or preference shares of no par value into share capital consisting of shares having a par value; and
- (h) convert any shares in the capital of the company to shares of a different class, whether in issue or not, and (without limiting the generality of the foregoing) convert ordinary shares or preference shares to redeemable preference shares.

5.2 Subject to compliance with the solvency test (as defined in section 49 of the 2006 Act) and to any rights for the time being attached to any shares, the company may by special resolution reduce its share capital, any share premium account or any undistributable reserve in any manner.

6. PRE-EMPTION RIGHTS

6.1 Subject as indicated in the paragraph below, and unless the company shall by special resolution otherwise direct, unissued shares in the capital of the company shall only be allotted for cash in accordance with the following provisions:

- (a) all shares to be allotted (the “offer shares”) shall first be offered to the members of the company who the directors determine can be offered such shares without the company incurring securities offering compliance costs which, in the opinion of the directors, would be burdensome given the number of members in the relevant jurisdiction in relation to which such compliance costs would be incurred (the “relevant members”);
- (b) the offer to relevant members set out in sub-paragraph (a) above (the “offer”) shall be made in proportion to the existing holdings of shares of relevant members;
- (c) the offer shall be made by written notice (the “offer notice”) from the directors specifying the number and price of the offer shares and shall invite each relevant member to state in writing within a period, not being less than 14 (fourteen) days, whether they are willing to accept any offer shares and, if so, the maximum number of offer shares they are willing to take;
- (d) at the expiration of the time specified for acceptance in the offer notice the directors shall allocate the offer shares to or amongst the relevant members who shall have notified to the directors of their willingness to take any of the offer shares but so that no relevant member shall be obliged to take more than the maximum number of shares notified by him under sub-paragraph (c) above; and
- (e) if any offer shares remain unallocated after the offer, the directors shall be entitled to allot, grant options over or otherwise dispose of those shares to such persons on such terms and in such manner as they think fit save that those shares shall not be disposed of on terms which are more favourable to their subscribers than the terms on which they were offered to the relevant members.

6.2 The provisions of paragraphs 6.1 (a) to (e) shall be disappplied in respect of any allotments of equity securities of the company in an aggregate nominal amount not exceeding 10 percent of the company’s total nominal issued share capital at 13 May 2008 and such disapplication applies to the earlier of (i) eighteen months from 13 May 2008 and (ii) the end of the next annual general meeting of the company.

6.3 The provisions of paragraphs 6.1 (a) to (e) above shall not, for the avoidance of doubt, apply to the allotment of any shares for a consideration other than cash, and, accordingly, the directors may allot or otherwise dispose of any unissued shares in the capital of the company for a consideration other than cash to such persons at such times and generally on such terms as they may think fit (except that shareholder approval is required for non-cash allotments in excess of 30 percent of the company’s enlarged issued share capital in any 12 month period). The provisions of paragraphs 6.1 (a) to (e) above shall also not apply to any shares issued pursuant to an employee share scheme including the scheme for directors, officers and employees of the Investment Adviser described in Part V and in paragraph 12 below. Nor do such provisions apply to shares allotted pursuant to the Placing or pursuant to the Second Tranche Placing. Finally such provisions do not apply to the first £12,500 of nominal value of equity securities issued after 8 August 2007 in addition to those described within the foregoing exceptions.

7. TRANSFER OF SHARES

- 7.1 Each member may transfer all or any of his shares in the case of certificated shares by instrument of transfer in writing in any usual form or in any form approved by the board or in the case of uncertificated shares with a written instrument in accordance with the Uncertificated Regulations. The Articles are consistent with CREST membership. Any written instrument shall contain the business or residential address of the transferee and be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the company's register of members as the holder of the share.
- 7.2 No transfer of any share shall be made:
- (a) to a minor; or
 - (b) to a bankrupt; or
 - (c) to any person who is, or may be, suffering from mental disorder and either:
 - (i) has been admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 2003 (an Act of Parliament) or any similar statute relating to mental health (whether in the United Kingdom, the Isle of Man or elsewhere); or
 - (ii) an order has been made by any court having jurisdiction (whether in the United Kingdom, the Isle of Man or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person to exercise powers with respect to his property or affairs, and the directors shall refuse to register the purported transfer of a share to any such person.
- 7.3 The board may in its absolute discretion and without giving any reason refuse to register any transfer of a certificated share unless:
- (a) it is in respect of a share which is fully paid up;
 - (b) it is in respect of a share on which the company has no lien;
 - (c) it is in respect of only one class of shares;
 - (d) it is in favour of a single transferee or not more than four joint transferees;
 - (e) it is duly stamped (if so required);
 - (f) it is delivered for registration to the registered agent of the company, or such other person as the board may from time to time appoint, accompanied (except in the case of a transfer where a certificate has not been required to be issued) by the certificate for the shares to which it relates and such other evidence as the board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so. All authorities to sign instruments of transfer granted by members for the purpose of transferring shares which may be lodged, produced or exhibited with or to the company at any of its Office or overseas branch office, shall as between the company and the grantor of such authorities be deemed to continue and remain in full force and effect and the company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the company's office at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notice the company shall be entitled to give effect to any instrument of transfer signed under the authority to sign and certified by any officer of the company as being in order, before the giving and lodging of such notice; and
 - (g) the holding of such share would not result in a regulatory, pecuniary, legal, taxation or material administrative disadvantage for the company or its shareholders as a whole including, but not limited to, where such a disadvantage would arise out of the transfer of any share to a Prohibited Person (as defined below), provided that the board's discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis.
- 7.4 The board shall refuse to register any transfer of shares which is:
- (a) not made (i) in accordance with Regulation S, (ii) pursuant to registration under the US Securities Act or (iii) pursuant to an available exemption from registration under the US Securities Act; or
 - (b) made by "qualified purchasers" (as defined in the US Investment Company Act) to "US persons" (as defined in Regulation S) who are not "qualified purchasers".

- 7.5 The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the board may from time to time determine (subject to the Uncertificated Regulations in the case of any shares of a class which is a Participating Security as defined below). Notice of closure of the register of members of the company shall be given in accordance with the requirements of the 2006 Act.
- 7.6 The board shall register a transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share which is a share or class of shares or a renounceable right of allotment of a share (“Participating Security”), title to which is permitted to be transferred by means of a relevant uncertificated system in accordance with the Uncertificated Regulations held in uncertificated form in accordance with the Uncertificated Regulations, except that the board may refuse (subject to any relevant requirements applicable to the recognised investment exchange(s) to which the shares of the company are admitted) to register any such transfer or renunciation which is in favour of more than four persons jointly or in any other circumstance permitted by the Uncertificated Regulations.

8. COMPULSORY TRANSFER OF SHARES

- 8.1 If it shall come to the notice of the board that any shares are or may be owned or held directly or beneficially by:
- (a) any person in breach of any law or requirement of any country or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the board, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the board to be relevant) would in the reasonable opinion of the board, cause a pecuniary or tax disadvantage to the company or any other holder of shares or other securities of the company which it or they might not otherwise have suffered or incurred; or
 - (b) any person that is an employee benefit plan subject to Title I of the US Employee Retirement Income Security Act of 2004, as amended (“ERISA”), or other plan subject to Section 49205 of the US Internal Revenue Code of 2006, as amended, and in the opinion of the board the assets of the company may be considered “plan assets” within the meaning of Section 3(42) of ERISA; or
 - (c) any person to whom a transfer of shares or whose ownership or holding of any shares might in the opinion of the board require registration of the company as an investment company under the US Investment Company Act; or
 - (d) any “United States person” (as defined in Section 9520(c) of the US Internal Revenue Code of 2006, as amended) and such person’s shareholding amounts to ten percent or more of the shares, unless otherwise approved by the board (collectively, a “Prohibited Person”), the board may serve written notice (hereinafter called a “Transfer Notice”) upon the person (or any one of such persons whose shares are registered in joint names) appearing in the register as the holder (the “Vendor”) of any of the shares concerned (the “Relevant Shares”) requiring the Vendor within ten days (or such extended time as in all the circumstances the board consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the board, would not fall within sub-paragraphs 8.1 (a), (b), (c) or (d) above (such a person being hereinafter called an “Eligible Transferee”). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Shares to which it relates pursuant to the provisions referred to in this paragraph or the paragraph below, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.
- 8.2 If within ten days after the giving of a Transfer Notice (or such extended time as in the circumstances the board consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the board, the company may sell the Relevant Shares on behalf of the holder thereof by instructing a London Stock Exchange member firm to sell them at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale the board may authorise in writing any officer or employee of the company to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the purchaser and in relation to an uncertificated share may require the Operator to convert the share into certificated form and an instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the company’s costs of the sale, shall be paid by the company to the Vendor or, if reasonable enquiries have failed to establish the

location of the Vendor, into a trust account at a bank designated by the company, the associated costs of which shall be borne by such trust account. The company may register or cause the registration of the transferee as holder of the Relevant Shares and thereupon the transferee shall become absolutely entitled thereto.

- 8.3 A person who becomes aware that he falls, or is likely to fall, within any of the sub-paragraphs 8.1 (a), (b), (c) or (d) above, shall forthwith, unless he has already received a Transfer Notice pursuant to the above provisions either transfer the shares to one or more Eligible Transferees or give a request in writing to the board for the issue of a Transfer Notice in accordance with the above. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.
- 8.4 Subject to the provisions of the Articles, the board shall, unless any director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the board to serve a Transfer Notice in respect thereof. The board may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holders of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than ten clear days after service of the notice requiring the same) as may be specified by the board in the said notice, the board may, in its absolute discretion, treat any share held by such a holder or joint holders or person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle them to service a Transfer Notice in respect thereof.
- 8.5 The board will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by the provisions referred to in paragraphs (8.1), (8.2) or (8.4) above may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or indirect beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the board at the relevant date provided that the said powers have been exercised in good faith.

9. DISCLOSURE OF INTERESTS

Every person who is to his knowledge interested in the voting rights of 3 per cent. or more of the issued shares of any relevant class of shares in the capital of the company, shall without delay, give to the company notice in writing of the following information:

- (a) the amount of shares of the relevant class in which he was to his knowledge directly or indirectly interested immediately after the obligation arose and the percentage of voting rights in the company held through those shares (and/or any other direct or indirect holding of qualifying financial instruments in such shares); and
- (b) the following information: (i) the identity and address of each registered holder of those shares (and person(s) entitled to exercise voting rights on behalf of such registered holder, if applicable) and the amount of shares then held by each such holder; (ii) the chain of controlled undertakings through which voting rights are effectively held, if applicable; (iii) the date on which the threshold was reached or crossed; and (iv) in respect of any notification of voting rights arising from the holding of qualifying financial instruments by that shareholder, the following shall be required:
- (A) the resulting situation in terms of voting rights;
- (B) if applicable, the chain of controlled undertakings through which qualifying financial instruments are effectively held;
- (C) the date on which the threshold was reached or crossed;
- (D) for qualifying financial instruments with an exercise period, an indication of the date or time period where shares will or can be acquired, if applicable;
- (E) the date of maturity or expiration of the qualifying financial instrument;
- (F) the identity of the holder; and
- (G) the name of the underlying issuer of such qualifying financial instrument.

10. SUSPENSION OF RIGHTS

The board may at any time serve a notice ("Information Notice") upon a member requiring the member to disclose to the board in writing within such period (being no less than ten days and not more than thirty days) as may be specified

in the notice, information relating to any beneficial interest of any third party or any other interest of any kind whatsoever which a third party may have in relation to any or all shares registered in the member's name. If a member has been issued with an Information Notice and has failed in relation to any shares the subject of the Information Notice ("relevant shares") to furnish any information required by such notice within the time period specified therein, then the board may at any time following fourteen days from the expiry of the date on which the information required to be furnished pursuant to the relevant Information Notice is due to be received by the board, serve on the relevant holder a notice (in this paragraph called a "disenfranchisement notice") whereupon the following sanctions shall apply:

10.1 **Voting**

the member shall not with effect from the service of the disenfranchisement notice be entitled in respect of the relevant shares to be present or to vote (either in person or by representative or proxy) at any general meeting of the company or at any separate meeting of the holders of any class of shares of the company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

10.2 **Dividends and transfers**

where the relevant shares represent at least 0.25 percent in par value of their class:

- (i) any dividend or other money payable in respect of the relevant shares shall be withheld by the company, which shall not have any obligation to pay interest on it and the member shall not be entitled to elect pursuant to the Articles to receive shares instead of that dividend; and
- (ii) subject in the case of uncertificated shares to the relevant Uncertificated Regulations no transfer, other than an approved transfer, of any relevant shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required pursuant to the relevant Information Notice and the member provides to the satisfaction of the board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

11. **BORROWING POWERS**

Subject to the other provisions of the Articles and the 2006 Act, the directors may exercise all the powers of the company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the company or of any third party.

12. **RETURN OF CAPITAL**

- 12.1 If the company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that as nearly as may be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively, subject to the rights attached to any shares which may be issued on special terms or conditions.
- 12.2 If the company is wound up the liquidator may, with the sanction of a special resolution of the company and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the company and may for that purpose value any assets and determine how the division shall be carried out as between the members or different classes of members.
- 12.3 Any such division may be otherwise than in accordance with the existing rights of the members but if any division is resolved otherwise than in accordance with such rights the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to section 222 of the Isle of Man Companies Act 2031, as amended.
- 12.4 The liquidator may with the like sanction vest the whole or any part of the whole of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine but no member shall be compelled to accept any assets on which there is a liability.

12.5 A special resolution sanctioning a transfer or sale to another company duly passed pursuant to section 222 of the Isle of Man Companies Act 2031 to 2004, as amended, may in the like manner authorise the distribution of any shares or other consideration receivable by the liquidator among the members otherwise than in accordance with their existing rights and any such determination shall be binding on all the members, subject to the right of dissent and consequential rights conferred by the said section.

13. NUMBER OF DIRECTORS

Subject to paragraph 15 below, unless and until otherwise determined by the company by resolution the number of directors (other than any alternate directors) shall be not less than four nor more than twelve. A majority of the directors shall at all times be resident outside the United Kingdom.

14. POWER OF COMPANY TO APPOINT DIRECTORS

Subject to the provisions of the Articles, the company may by resolution appoint a person who is willing to act to be a director, either to fill a vacancy, or as an addition to the existing board, and may also determine the rotation in which any additional directors are to retire, but the total number of directors shall not exceed any maximum number fixed in accordance with the Articles.

15. POWER OF BOARD TO APPOINT DIRECTORS

Without prejudice to the power of the company to appoint any person to be a director the board shall have power at any time to appoint any person who is willing to act as a director, either to fill a vacancy or as an addition to the existing board, but the total number of directors shall not exceed any maximum number fixed in accordance with the Articles. Any director so appointed shall hold office only until the annual general meeting of the company next following such appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of directors who are to retire by rotation at that meeting. If not re-appointed at such annual general meeting, he shall vacate office at the conclusion thereof.

16. ELIGIBILITY OF NEW DIRECTORS

No person other than a director retiring at the meeting (whether by rotation or otherwise) shall be appointed or re-appointed a director at any general meeting unless:

16.1 he is recommended by the board; or

16.2 not less than seven nor more than thirty-five clear days before the date appointed for the meeting notice duly executed by a member (other than the person to be proposed) qualified to vote at the meeting has been given to the company (by being lodged at the Office) of the intention to propose that person for appointment or re-appointment stating the particulars which would if he were so appointed or re-appointed be required to be included in the company's register of directors together with notice executed by that person of his willingness to be appointed or re-appointed."

17. NO RETIREMENT ON ACCOUNT OF AGE

No person shall be or become incapable of being appointed or re-appointed a director by reason of his having attained the age of seventy or any other age, nor shall any special notice be required in connection with the appointment, re-appointment or the approval of the appointment of such person. No director shall vacate his office at any time by reason of the fact that he has attained the age of seventy or any other age.

18. RETIREMENT BY ROTATION

At every annual general meeting one third of the directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third shall retire from office by rotation provided that if there is only one director who is subject to retirement by rotation, he shall retire.

19. MEETINGS OF THE BOARD

Meetings of the board or of committees of the directors shall be held outside of the United Kingdom.

20. DIRECTORS' INTERESTS, FEES AND INDEMNITY

- 20.1 A director who to his knowledge is in any way (directly or indirectly) interested in any contract, arrangement, transaction or proposal with the company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract, arrangement, transaction or proposal is first considered if he knows his interest then exists or, in any other case, at the first meeting of the board after he knows that he is or has become so interested.
- 20.2 Except as provided below, a director shall not vote on or be counted in the quorum in relation to any resolution of the board or of a committee of the board concerning any contract, arrangement, transaction or any proposal whatsoever to which the company is or is to be a party and in which (together with any interest of any person connected with him within the meaning of section 346 of the UK Companies Act 1985) he has (directly or indirectly) an interest which is material (other than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through the company) or a duty which conflicts with the interests of the company unless his duty or interest arises only because the resolution relates to one of the matters set out in the following sub-paragraphs in which case he shall be entitled to vote and be counted in the quorum:
- (a) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the company or any of its subsidiaries;
 - (b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part either alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (c) where the company or any of its subsidiaries is offering securities in which offer the director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;
 - (d) relating to another company in which he and any persons connected with him (within the meaning of section 346 of the UK Companies Act 1985) do not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the UK Companies Act 1985) representing 1 per cent. or more of either any class of the equity share capital, or the voting rights, in such company;
 - (e) relating to an arrangement for the benefit of the employees of the company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
 - (f) concerning insurance which the company proposes to maintain or purchase for the benefit of directors or for the benefit of persons including directors.
- 20.3 An interest of a person who is, for any purpose of the 2006 Act (excluding any such modification thereof not in force when the Articles became binding on the company), connected with a director shall be treated as an interest of the director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director otherwise has.
- 20.4 A director shall not vote or be counted in the quorum on any resolution of the board or committee of the board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the company or any company in which the company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or termination of two or more directors to offices or places of profit with the company or any company in which the company is interested, such proposals may be divided and a separate resolution considered in relation to each director. In such case each of the directors concerned (if not otherwise debarred from voting under these Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- 20.5 The directors (other than alternate directors) shall be entitled to receive by way of fees for their services as directors such sum as the board may from time to time determine (not exceeding £200,000 per annum or such other sum as the company in general meeting shall from time to time determine). Such sum (unless otherwise directed by the resolution of the company by which it is voted) shall be divided among the directors in such proportions and in such manner as the board may determine or in default of such determination, equally (except that in such event any director holding office for less than the whole of the relevant period in respect of which the fees are paid shall

only rank in such division in proportion to the time during such period for which he holds office). Any fees payable pursuant to the above paragraph shall be distinct from salary, remuneration or other amounts payable to a director pursuant to any other provisions the Articles and shall accrue from day to day.

- 20.6 Each director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as director, including any expenses incurred in attending meetings of the board or any committee of the board or general meetings or separate meetings of the holders of any class of shares or of debentures of the company.
- 20.7 If by arrangement with the board any director shall perform or render any special duties or services outside his ordinary duties as a director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of a lump sum or by way of salary, commission, participation in profits or otherwise) as the board may from time to time determine.
- 20.8 The salary or remuneration of any director appointed to hold any employment or executive office in accordance with the provisions of these Articles may be either a fixed sum of money or may altogether or in part be governed by business done or profits made or otherwise determined by the board and may be in addition to or in lieu of any fee payable to him for his services as director pursuant to the Articles.
- 20.9 Subject to the provisions of the 2006 Act, the company may indemnify every director, alternate director or other officer of the company (other than an auditor) to the fullest extent permitted law.

21. REGISTER OF MEMBERS

The company shall cause to be kept a register of members pursuant to section 62 of the 2006 Act.

EXPENSES OF THE SECONDARY LISTING

	(€)	(R)
Corporate advisor and sponsor fees payable to Java Capital	78,247	1,000,000
Nomad fees payable to Smith & Williamson	16,157*	206,480
Legal counsel for review of circular	1,077§	13,765
Legal counsel for amendment to Articles of Association	2,073‡	26,498
Fees payable to Investec Bank Limited	500,000	6,390,000
Fees payable to Edward Nathan Sonnenberg Inc.	19,562	250,000
Legal counsel for establishment of the NEPI Trust	12,925^	165,184
Fees payable to the transfer secretaries	2,739	35,000
Secretarial fees payable to Maitland Services Limited	679†	8,672
Valuation fees payable to DTZ Echinox Consulting S.R.L.	34,000	434,520
Valuation fees payable to Dr. Lübke GmbH	30,000	383,400
Reporting accountants' fees payable to KPMG Inc.	28,169	360,000
Auditors' fees payable to KPMG Romania	10,000	127,800
JSE – Documentation fee	3,126	39,950
– Listing fees	7,426	94,900
– Rulings	268	3,420
– Articles of Association	364	4,650
Printing	5,477	70,000
Total	752,288	9,614,240

* The fee payable to the Nomad was quoted as £15,000.

§ The fee payable to the legal counsel in the UK was quoted as £1,000 for providing a review of the pre-listing statement.

‡ The fee payable to the legal counsel in the Isle of Man was quoted as £1,925 for drafting the amendments to NEPI's Articles of Association as required by the JSE.

^ The fee payable to the legal counsel in the Isle of Man was quoted as £12,000 for establishing the NEPI Trust.

† The fee payable to Maitland Services Limited was quoted as £639.

Notes:

A rand/euro exchange rate of R12.78 = €1 was used in the calculation of the above expenses, which was the closing mid-price as at the last practicable date (Source: Bloomberg).

A euro/pound sterling exchange rate of €1.07 = £1 was used in the calculation of the above expenses, which was the closing mid-price as at the last practicable date (Source: Bloomberg).

MATERIAL CONTRACTS

In addition to the Investment Advisory Agreement as described in **Annexure 1**, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the company since its incorporation and are, or may be, material:

1. A placing agreement dated 15 August 2007 between the company, the directors, Smith & Williamson, and the investment advisor, under which Smith & Williamson had agreed to act as agent for the company pursuant to the placing of shares on AIM.

The agreement contained certain representations and warranties given by the company, the directors, and the investment advisor in favour of Smith & Williamson as to the accuracy of the information contained in the agreement and other matters relating to the company and its business. The agreement also contained an indemnity from the company, the directors and the investment advisor against any claim, action, demand, proceedings, awards, judgment, loss, damage, liability, expense and tax which may be brought against or directly or indirectly suffered or incurred by Smith & Williamson in the performance of its obligations under the placing agreement. The obligations of Smith & Williamson under the agreement were conditional on certain matters and events including, *inter alia*, admission taking place and effect on or before 22 August 2007. The placing agreement may have been terminated before admission by Smith & Williamson, in its sole discretion, on a number of grounds, including in the event of a material failure on the part of the company or the directors to comply with their obligations under the placing agreement and/or a material breach of warranty.

2. An administration agreement dated 15 August 2007 between the company and Maitland Services Limited (“Maitland”) whereby Maitland was appointed to act as administrator and registrar of the company and to provide a company secretary. The administrator is entitled to receive an annual retainer fee of £1,500 from the company and a time spent based fee for preparation of interim and annual reports for the company.

The administrator is entitled to reimbursement of reasonable expenses properly incurred by the administrator in carrying out its duties (including the fees of any CREST provider). The agreement contains an indemnity in favour of the administrator against third-party claims against it, relating to the performance of its duties. The agreement may be terminated in certain agreed circumstances, including, *inter alia*, if one of the parties commits a material breach of the agreement or goes into liquidation or either party giving 60 days’ written notice to the other.

3. A nominated advisor and broker agreement dated 15 August 2007 between the company and Smith & Williamson pursuant to which Smith & Williamson agreed, following the placing referred to above, to act as nominated advisor and broker to the company for the purposes of the AIM Rules for an annual fee of £35,000 plus VAT payable in advance in four equal quarterly instalments. The agreement may be terminated by either party on three months’ prior written notice and contains certain indemnities given by the company in favour of Smith & Williamson.
4. A working capital facility agreement dated 15 August 2007 between NEP (BVI) and the investment advisor pursuant to which the company provided an unsecured loan facility, on a draw-down basis, of up to a maximum of €225,000 to the investment advisor for the purpose of enabling the investment advisor to meet its initial working capital requirements. Each advance under the loan bore interest at an effective rate equal to six month Euribor plus three percent and was repayable by the investment advisor on demand after a term of 24 months. NEP (BVI) was entitled to set-off any amounts owing by the investment advisor to the company under the working capital facility agreement against any advisory fees due and payable by NEP (BVI) to the investment advisor under the investment advisory agreement.

CORPORATE GOVERNANCE STATEMENT

The board comprises three independent non-executive directors and two non-independent non-executive director. The directors recognise the importance of sound corporate governance and complies with the Quoted Companies Alliance Corporate Governance Guidelines for AIM-listed companies to the extent appropriate for a company of its size. The Corporate Governance Guidance for AIM, published by the Quoted Companies Alliance (“QCA”) is based on the UK Combined Code for Corporate Governance while taking into account practical issues pertaining to smaller companies. AIM-listed companies do not have to comply with the Combined Code, but the QCA guidelines assist AIM companies to develop a good corporate governance culture within a simpler and less time consuming framework.

1. BOARD OF DIRECTORS

The company has no executive directors or employees. The executive and day-to-day management of the group is provided by the investment advisor and other third parties whose roles and responsibilities are clearly defined in the investment advisory agreement and other relevant agreements.

While the board delegates responsibility, the directors retain accountability for the functions of its delegates and are responsible for the systems of internal controls that are designed to ensure that the assets of the group are safeguarded.

The board, *inter alia*, monitors and reviews the performance of the investment advisor, compliance with the terms of the investment advisory agreement. In addition, the directors provide strategic advice, oversight, act as the final decision making body in relation to all investment an/or divestment decisions and ensure that commercial risks and financing needs are properly considered and that the company’s public obligations are adhered to.

The directors’ varied backgrounds and experience give NEPI a good mix of the knowledge and expertise necessary to manage the business effectively. Further to this, a clear division of responsibilities at board level is in place to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The board aims to meet formally at least four times a year and regular contact is made between the board and the investment advisor. A schedule of board meetings and attendance during the course of the 2008 financial year is set out in the table below.

Date of Board meeting	Peter Gray	Dewald Joubert	Michael Mills	Dan Pascariu	Martin Slabbert	Desmond de Beer*
22-Feb-08	P	P	P	P	P	n/a
10-Mar-08	P	P	P	P	P	n/a
18-Apr-08	A	P	P	P	P	n/a
10-Jun-08	A	P	A	A	P	n/a
18-Jun-08	P	P	P	A	P	n/a
23-Jul-08	P	P	A	P	P	n/a
25-Aug-08	P	P	A	P	P	n/a
24-Nov-08	P	P	P	P	P	P*

*Mr De Beer was appointed on 21 October 2008

P: Present/participated

A: Absent/apology

2. AUDIT COMMITTEE

The board established the audit committee to ensure the good operation of financial practices throughout the group. The audit committee comprises two directors, Mr Dewald Joubert (Chairman) and Mr Michael Mills. The audit

committee meets at least twice a year and is responsible for ensuring that the financial performance of the company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies. The audit committee sets the principles for recommending the use of the external auditors for non-audit purposes. It also meets with the auditors and discusses and reviews the accounts, the audit procedures and the group's internal controls.

The board has delegated the responsibility for developing and monitoring the group's risk management policies to the audit committee. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

3. COMMUNICATION WITH SHAREHOLDERS

The board recognises that it is accountable to shareholders for the performance and activities of the group. NEPI communicates with its shareholders principally through its website and the annual report.

Annual general meetings of the company give the directors the opportunity to report to shareholders on current and proposed operations and enable shareholders to express their views on the group's business activities.

4. INTERNAL CONTROLS

The directors are responsible for establishing and maintaining the group's internal controls and for reviewing their effectiveness. Financial, operational and compliance procedures are designed to safeguard the group's assets and are regularly reviewed by the board. The internal control system is an ongoing process for identifying, evaluating and managing the significant risks faced by the group, providing reasonable, if not absolute, assurance against material misstatement or loss.

TRADING HISTORY OF NEPI SHARES ON AIM

The high, low and closing prices of NEPI's shares on AIM and the aggregated monthly volumes traded since admission in August 2007 were as follows:

	High (Euro cents per share)	Low (Euro cents per share)	Close (Euro cents per share)	Aggregate volume
Monthly				
2007				
August	–	–	210	–
September	–	–	210	–
October	–	–	210	–
November	–	–	210	–
December	225	210	225	20,000
January	–	–	225	–
February	–	–	225	–
March	–	–	225	–
April	–	–	225	–
May	–	–	225	–
June	–	–	225	–
July	–	–	225	–
August	–	–	225	–
September	–	–	225	–
October	–	–	225	–
November	–	–	175	–
December	210	175	175	1,000
2008				
January	–	–	175	–
February	–	–	175	–
March	–	–	175	–

Up to the last practicable date, only two share trades had been executed on the AIM market on 11 December 2007 and 31 December 2008.

Although NEPI's share price decreased in November 2008 to €1.75, this change is not supported by a trade but reflects the market maker's markdown.

SERVICE CONTRACTS

1. SERVICE CONTRACTS

1.1 Service and restraint contract entered into between NEPI and Michael Mills dated 13 August 2007.

1.1.1 ***Commencement date and duration***

1.1.1.1 *Commencement date*

13 August 2007

1.1.1.2 *Duration*

Appointed as director indefinitely, subject to earlier termination if not re-elected when required to retire by rotation in terms of the company's Articles of Association.

1.1.1.3 *Notice period*

Either party may terminate on no less than three calendar month's prior written notice to the other party.

1.1.1.4 *Capacity, function and duties*

The director has been appointed as a non-executive director of NEPI, which appointment includes all related duties, functions and services.

1.1.2 ***Restraint of trade***

The non-executive will not, during his appointment as director, accept any appointment in a business competing with or similar to that of the company or the group of which it is the holding company, without the prior written consent of the board.

1.2 Service and restraint contract entered into between NEPI and Dewald Joubert dated 23 July 2007.

1.2.1 ***Commencement date and duration***

1.2.1.1 *Commencement date*

23 July 2007

1.2.1.2 *Duration*

Appointed as director indefinitely, subject to earlier termination if not re-elected when required to retire by rotation in terms of the company's Articles of Association.

1.2.1.3 *Notice period*

Either party may terminate on no less than three calendar month's prior written notice to the other party.

1.2.1.4 *Capacity, function and duties*

The director has been appointed as a non-executive director of NEPI, which appointment includes all related duties, functions and services.

1.2.2 ***Restraint of trade***

The non-executive will not, during his appointment as director, accept any appointment in a business competing with or similar to that of the company or the group of which it is the holding company, without the prior written consent of the board.

1.3 Service and restraint contract entered into between NEPI and Martin Slabbert dated 14 August 2007.

1.3.1 ***Commencement date and duration***

1.3.1.1 *Commencement date*

14 August 2007

1.3.1.2 *Duration*

Appointed as director indefinitely, subject to earlier termination if not re-elected when required to retire by rotation in terms of the company's Articles of Association.

1.3.1.3 *Notice period*

Either party may terminate on no less than three calendar month's prior written notice to the other party.

1.3.1.4 *Capacity, function and duties*

The director has been appointed as a non-executive director of NEPI, which appointment includes all related duties, functions and services.

1.3.2 ***Restraint of trade***

The non-executive will not, during his appointment as director, accept any appointment in a business competing with or similar to that of the company or the group of which it is the holding company, without the prior written consent of the board.

1.4 Service and restraint contract entered into between NEPI and Dan Pascariu dated 26 November 2007.

1.4.1 ***Commencement date and duration***

1.4.1.1 *Commencement date*

26 November 2007

1.4.1.2 *Duration*

Appointed as director indefinitely, subject to earlier termination if not re-elected when required to retire by rotation in terms of the company's Articles of Association.

1.4.1.3 *Notice period*

Either party may terminate on no less than three calendar month's prior written notice to the other party.

1.4.1.4 *Capacity, function and duties*

The director has been appointed as a non-executive director of NEPI, which appointment includes all related duties, functions and services.

1.4.2 ***Restraint of trade***

The non-executive will not, during his appointment as director, accept any appointment in a business competing with or similar to that of the company or the group of which it is the holding company, without the prior written consent of the board.

1.5 Service and restraint contract entered into between NEPI and Des de Beer dated 21 October 2008.

1.5.1 ***Commencement date and duration***

1.5.1.1 *Commencement date*

21 October 2008

1.5.1.2 *Duration*

Appointed as director indefinitely, subject to earlier termination if not re-elected when required to retire by rotation in terms of the company's Articles of Association.

1.5.1.3 *Notice period*

Either party may terminate on no less than three calendar month's prior written notice to the other party.

1.5.1.4 *Capacity, function and duties*

The director has been appointed as a non-executive director of NEPI, which appointment includes all related duties, functions and services.

1.5.2 ***Restraint of trade***

The non-executive will not, during his appointment as director, accept any appointment in a business competing with or similar to that of the company or the group of which it is the holding company, without the prior written consent of the board.

