



NEW EUROPE PROPERTY INVESTMENTS PLC

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2014

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
Registered office: 2nd Floor, Anglo International House, Lord Street, Douglas, Isle of Man, IM1 4LN
AIM share code: NEPI BVB share code: NEP JSE share code: NEP ISIN: IM00B23XCH02 ('NEPI', 'the Group' or 'the Company')

The Company is required to publish financial results for the three months ended 31 March 2014 in terms of the rules of the Romanian Financial Supervisory Authority ('RFS') and the Rule Book of the Bucharest Stock Exchange ('BVB'). Accordingly, this announcement presents the unaudited condensed consolidated financial results of the Group in respect of the financial period from 1 January 2014 to 31 March 2014 in a form compliant with the requirements of the RFS and the BVB.

CONSOLIDATED STATEMENTS OF INCOME

	<i>Pro forma</i> Unaudited 31 Mar 2014	<i>Pro forma</i> Unaudited 31 Dec 2013	<i>Pro forma</i> Unaudited 31 Mar 2013	IFRS Unaudited 31 Mar 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 31 Mar 2013
Net rental and related income	15 522	45 188	9 867	14 624	41 420	7 548
Contractual rental income and expense recoveries	21 228	60 927	13 210	19 763	55 322	9 897
Property operating expenses	(5 706)	(15 739)	(3 343)	(5 139)	(13 902)	(2 349)
Administrative expenses	(587)	(2 452)	(630)	(536)	(2 180)	(561)
Acquisition fees	(107)	(4 986)	(429)	(107)	(4 986)	(426)
Fair value adjustments of investment property	–	19 913	–	–	19 787	–
Fair value gains of financial investments at fair value through profit or loss	(150)	970	3 205	(150)	970	3 205
Net result on sale of financial investments	–	586	–	–	586	–
Dividends received from financial investments	803	2 906	887	803	2 906	887
Share-based payment expense	(3)	(955)	(10)	(3)	(955)	(10)
Foreign exchange (loss)/gain	(833)	(290)	35	(847)	(238)	41
Gain on acquisition of subsidiaries	1 400	5 547	–	1 400	5 547	–
Gain on disposal of investment property held for sale	–	527	–	–	527	–
Impairment of goodwill	–	(816)	–	–	(816)	–
Profit before net finance (expense)/income	16 045	66 138	12 925	15 184	62 568	10 684
Net finance (expense)/income	(2 707)	(1 816)	(826)	(1 516)	1 784	658
Finance income	464	5 300	1 944	1 385	7 514	2 372
Finance expense	(3 171)	(7 116)	(2 770)	(2 901)	(5 730)	(1 714)
Share of (loss)/profit of joint ventures	–	–	–	(368)	1 241	120
Profit before tax	13 338	64 322	12 099	13 300	65 593	11 462
Deferred tax expense	(573)	(7 736)	(388)	(535)	(9 007)	(274)
Profit after tax	12 765	56 586	11 711	12 765	56 586	11 188
Non-controlling interest	515	878	–	515	878	–
Profit for the period attributable to equity holders	13 280	57 464	11 711	13 280	57 464	11 188

RECONCILIATION OF PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS

	<i>Pro forma</i> Unaudited 31 Mar 2014	<i>Pro forma</i> Unaudited 31 Dec 2013	<i>Pro forma</i> Unaudited 31 Mar 2013	IFRS Unaudited 31 Mar 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 31 Mar 2013
Profit for the period attributable to equity holders	13 280	57 464	11 711	13 280	57 464	11 188
Unrealised foreign exchange (gain)/loss	868	256	(34)	868	256	(41)
Acquisition fees	107	4 986	429	107	4 986	426
Share-based payment expense	3	955	10	3	955	10
Accrued interest on share-based payments	141	563	141	141	563	141
Fair value adjustments of investment property	–	(19 913)	–	–	(19 787)	–
Fair value gains of financial investments at fair value through profit or loss	150	(970)	(3 205)	150	(970)	(3 205)
Financial assets at fair value	1 262	(2 040)	(1 145)	1 230	(1 157)	(837)
Amortisation of financial assets	(184)	(476)	(99)	(184)	(476)	(99)
Net result on sale of listed securities	–	(586)	–	–	(586)	–
Dividends received from listed securities investments	(803)	(2 906)	(887)	(803)	(2 906)	(887)
Accrued income from financial investments at fair value through profit or loss	1 016	4 364	1 127	1 016	4 364	1 127
Gain on disposal of investment property held for sale	–	(527)	–	–	(527)	–
Gain on acquisition of subsidiaries	(1 400)	(5 547)	–	(1 400)	(5 547)	–
Deferred tax expense	573	7 736	388	535	9 007	274
Impairment of goodwill	–	816	–	–	816	–
Shares issued <i>cum</i> distribution	–	3 577	–	–	3 577	–
Adjustments related to The Lakeview acquisition	–	–	–	–	–	523
Profit for the period	–	–	–	–	–	77
Deferred tax expense	–	–	–	–	–	–
Adjustments related to joint ventures	–	–	–	–	(126)	–
Fair value adjustments of investment property	–	–	–	–	–	6
Unrealised foreign exchange loss	–	–	–	–	–	3
Acquisition fees	–	–	–	–	–	–
Financial assets at fair value	–	–	–	32	(883)	(308)
Deferred tax expense	–	–	–	38	(1 271)	38
Adjustments related to non-controlling interest	–	–	–	–	–	–
Fair value adjustments of investment property	–	1	–	–	1	–
Deferred tax expense	–	(108)	–	–	(108)	–
Acquisition fees	–	(275)	–	–	(275)	–
Distributable earnings for the period	15 013	47 370	8 436	15 013	47 370	8 436
Distribution from reserves	–	1 574	–	–	1 574	–
Less: distribution declared	–	(48 944)	–	–	(48 944)	–
Interim distribution	–	(20 594)	–	–	(20 594)	–
Final distribution	–	(28 350)	–	–	(28 350)	–
Earnings not distributed	15 013	–	8 436	15 013	–	8 436
Number of shares entitled to distribution	204 544 236	204 544 236	144 362 152	204 544 236	204 544 236	144 362 152
Distributable earnings per share (euro cents)	7.34	25.79	5.84	7.34	25.79	5.84
Distribution from reserves per share (euro cents)	–	1.00	–	–	1.00	–
Less: distribution declared per share (euro cents)	–	(26.79)	–	–	(26.79)	–
Interim distribution per share (euro cents)	–	(12.93)	–	–	(12.93)	–
Final distribution per share (euro cents)	–	(13.86)	–	–	(13.86)	–
Earnings per share not distributed (euro cents)	7.34	–	5.84	7.34	–	5.84

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

All amounts in € '000 unless otherwise stated

	<i>Pro forma</i> Unaudited 31 Mar 2014	<i>Pro forma</i> Unaudited 31 Dec 2013	<i>Pro forma</i> Unaudited 31 Mar 2013	IFRS Unaudited 31 Mar 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 31 Mar 2013
ASSETS						
Non-current assets	933 624	920 924	523 571	910 017	898 040	439 578
Investment property	886 003	872 465	484 808	818 560	807 465	361 237
Investment property at fair value	760 789	758 623	457 318	705 920	703 811	339 895
Investment property under development	125 214	113 842	27 490	112 640	103 654	21 342
Goodwill	16 218	16 218	17 326	16 218	16 218	13 135
Investments in subsidiaries	–	–	–	–	–	8 600
Investments in joint ventures	–	–	–	5 124	5 055	3 644
Long term loans granted to joint ventures	–	–	–	38 714	37 064	30 627
Other long-term assets	30 117	29 831	21 367	30 115	29 828	22 265
Financial assets at fair value through profit or loss	1 286	2 410	70	1 286	2 410	70
Current assets	166 740	149 920	134 753	156 424	143 168	176 684
Trade and other receivables	34 672	31 443	22 771	33 047	28 036	15 597
Financial investments at fair value through profit or loss	30 649	61 079	72 773	30 649	61 079	72 773
Cash and cash equivalents	99 858	55 837	10 544	91 167	52 492	59 649
Investment property held for sale	1 561	1 561	28 665	1 561	1 561	28 665
Total assets	1 100 364	1 070 844	658 324	1 066 441	1 041 208	616 262
EQUITY AND LIABILITIES						
Equity attributable to equity holders	724 494	712 236	405 613	724 494	712 236	405 090
Share capital	1 947	1 947	1 354	1 947	1 947	1 354
Share premium	612 064	611 949	355 620	612 064	611 949	355 620
Share-based payment reserve	23 746	23 852	15 369	23 746	23 852	15 369
Currency translation reserve	(1 229)	(1 229)	(1 229)	(1 229)	(1 229)	(1 229)
Accumulated profit	89 360	76 595	34 499	89 360	76 595	33 976
Non-controlling interest	(1 394)	(878)	–	(1 394)	(878)	–
Total liabilities	375 870	358 508	252 711	341 947	328 972	211 172
Non-current liabilities	257 669	244 542	138 299	240 113	232 260	110 160
Loans and borrowings	195 235	185 624	104 874	178 080	173 568	83 060
Deferred tax liabilities	50 733	50 160	26 846	51 213	50 678	21 841
Other long-term liabilities	6 864	4 059	–	6 759	4 059	–
Financial liabilities at fair value through profit or loss	4 837	4 699	6 579	4 061	3 955	5 259
Current liabilities	118 201	114 066	114 412	101 834	96 712	101 012
Trade and other payables	28 411	29 974	17 216	25 790	28 807	12 319
Loans and borrowings	88 513	80 512	94 143	74 773	64 466	86 049
Tenant deposits	1 277	3 580	3 053	1 271	3 439	2 644
Total equity and liabilities	1 100 364	1 070 844	658 324	1 066 441	1 041 208	616 262

RECONCILIATION OF NET ASSET VALUE TO ADJUSTED NET ASSET VALUE

	<i>Pro forma</i> Unaudited 31 Mar 2014	<i>Pro forma</i> Unaudited 31 Dec 2013	<i>Pro forma</i> Unaudited 31 Mar 2013	IFRS Unaudited 31 Mar 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 31 Mar 2013
Net asset value per the statement of financial position	724 494	712 236	405 613	724 494	712 236	405 090
Loans in respect of the Initial Share Scheme	11 574	11 574	12 483	11 574	11 574	12 483
Deferred tax liabilities	50 733	50 160	26 846	51 213	50 678	21 841
Goodwill	(16 218)	(16 218)	(17 326)	(16 218)	(16 218)	(13 135)
Deferred tax liabilities for joint ventures	–	–	–	(480)	(518)	–
Adjusted net asset value	770 583	757 752	427 616	770 583	757 752	426 279
Net asset value per share (euro)	3.63	3.56	2.91	3.63	3.56	2.91
Adjusted net asset value per share (euro)	3.77	3.70	2.96	3.77	3.70	2.95
Number of shares for net asset value per share purposes	199 836 882	199 836 882	139 258 914	199 836 882	199 836 882	139 258 914
Number of shares for adjusted net asset value per share purposes	204 544 236	204 544 236	144 362 152	204 544 236	204 544 236	144 362 152

KEY PERFORMANCE INDICATORS

	<i>Pro forma</i> Unaudited 31 Mar 2014	<i>Pro forma</i> Unaudited 31 Mar 2013	IFRS Unaudited 31 Mar 2014	IFRS Unaudited 31 Mar 2013
Current liquidity ratio	1.41	1.18	1.54	1.75
Gearing ratio (debt to equity)	27%	26%	25%	21%
Tenant's receivable turnover	7.48 days	13.57 days	7.54 days	10.86 days
Return on investment property	8% per annum	8% per annum	8% per annum	8% per annum

BASIS OF PREPARATION

These unaudited condensed consolidated quarterly financial results (the 'IFRS Statements') for the three months ended 31 March 2014 have been prepared in accordance with the recognition and measurement criteria of the International Financial Reporting Standards ('IFRS') and its interpretations adopted by the International Accounting Board ('IASB'). The accounting policies which have been applied are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2013.

As the Group is focusing on being consistent on those areas of reporting that are seen to be of most relevance to investors and on providing a meaningful basis of comparison for users of the financial information, it has prepared an unaudited *pro forma* statement of financial position and an unaudited *pro forma* statement of income (the '*pro forma* statements'). The main difference between the *pro forma* statements and the IFRS statements is that the *pro forma* statements are prepared using the proportionate consolidation method for the investments in joint ventures, while the IFRS statements use the equity method for accounting for these investments (as a result of the adoption of IFRS 11 'Joint Arrangements' effective 1 January 2013). The *pro forma* statements for the three months ended 31 March 2013 include the financial position and results of the Lakeview acquisition.

The unaudited *pro forma* statement of financial position and the unaudited *pro forma* statement of income have been prepared by and are the responsibility of the directors of NEPI. Due to their nature, the unaudited *pro forma* statements of financial position and income may not fairly reflect the financial position and results of the Group after the differences set out above.

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