

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

DIRECTORS' COMMENTARY

DISTRIBUTABLE EARNINGS

The Company achieved 14.16 euro cents in recurring distributable earnings per share for the period ended 30 June 2014, which is in line with the earnings guidance issued on 5 February 2014. This represents a 19% improvement in recurring income per share when compared to the six months ended 30 June 2013 (11.87 euro cents per share).

DISTRIBUTION

The Board approved the 2014 half year distribution at 14.87 euro cents per share, an increase of 15% over the comparable prior period and in line with the guidance issued on 5 February 2014. The balance of retained distributable earnings carried forward from prior financial periods is €5.1 million. This amount will be considered for distribution in the subsequent financial periods.

OPTION TO RECEIVE CAPITAL RETURN

Shareholders have the option to receive their distribution as either cash or an issue of shares fully-paid up at a ratio of 2.332 new shares for each 100 shares held.

A circular containing details of this resolution, accompanied by announcements on the Stock Exchange News Service (SENS) of the Johannesburg Stock Exchange (JSE), the Regulatory News Service (RNS) of the London Stock Exchange (LSE) and the Bucharest Stock Exchange (BVB), will be issued in due course.

ACQUISITIONS, DEVELOPMENTS AND EXTENSIONS

The Group has made significant progress in the construction and leasing of developments commenced prior to 31 December 2013. Mega Mall (Bucharest), Vulcan Value Centre (Bucharest) and Shopping City Targu Jiu retail developments are substantially let and should be completed as scheduled. A strip mall was completed and opened in Vaslui (Romania) and Phase I of The Office (Cluj-Napoca) is nearing completion at a lower cost than originally estimated. A building permit has been received for the Piata Victoriei office development (Bucharest) and construction will begin in a few weeks.

Extension works to the Group's retail assets in Constanta, Deva and Severin are subject to the completion of permitting and achievement of Board mandated pre-leasing requirements. It is expected that construction will commence in 2014, after the opening of Vulcan Value Centre and Shopping City Targu Jiu. The Company has acquired land in Timisoara and has entered into a binding agreement to purchase a plot in Piata Neamt. The Group is currently pursuing a number of retail

acquisition opportunities of substantial value. As at 30 June 2014 NEPI's outstanding commitment to its development pipeline is estimated to be €105 million (in addition to €183 million that had been incurred as at 30 June 2014). This compares to cash and listed property securities of €164 million. As at the date of this report, a further €170 million of development opportunities have been secured, but not committed to.

Mega Mall: Construction of a 70,700m² GLA mall, close to the national football stadium in Bucharest's densely populated eastern area, is progressing well and should open as scheduled in the second quarter of 2015. Of the planned GLA, 85% has signed leases or is in the process of lease finalisation. Secured anchor tenants include Altex, Carrefour, C&A, CCC, Cinema City, Bersika, Deichmann, H&M, Koton, LC Waikiki, Mango, Marks & Spencer, New Yorker, Pull & Bear, Stradivarius, Word Class Fitness and Zara, and there is an ongoing dialogue with additional anchor tenants who have indicated an interest to lease space. The Company is in discussions to acquire the holding of its development partner and broad commercial terms have been agreed, but remain subject to the approval of Erste Bank and documentation.

Shopping City Targu Jiu: Lease agreements have been concluded with tenants for more than 80% of the planned 26,800m² GLA, including Carrefour (anchor hypermarket), Altex, Benvenuti, CCC, Cinema City, Cosmo, Claire's, Deichmann, dm, Gatta, H&M, Marionnaud, Mucco, Noriel, Orange, Orsay, Topshop, Vodafone and Yves Rocher. Construction is progressing well and the planned opening is 16 October 2014.

Vulcan Value Centre: The development of this 25,200m² GLA value centre in south-west Bucharest is progressing well. More than 90% has been let to international and national tenants, including Carrefour, C&A, Deichmann, dm, Domino, Hervis, H&M, Jysk, Lems, Noriel and Takko. The planned opening is 4 September 2014.

The Office Cluj-Napoca: In February 2013 the Group commenced the first of three phases of a joint-venture office development situated in the city centre of Cluj-Napoca. This will include up to 54,400m² of A-grade office GLA. Cluj is in the north-west of Romania and is the country's second largest city by population. Construction of Phase I, comprising 21,358m² of GLA, was substantially completed by June 2014. Phase I should be substantially let by the end of the 2014.

Shopping City Timisoara: Timisoara is the third largest city in Romania and is home to various universities. The city benefits from a robust economy based on automotive component manufacturing, regional offices for multinational companies and a strong IT&C sector. The city offers a skilled labour force at relatively low costs combined with close proximity to Western Europe.

The Company has acquired an 18 ha plot for development in south-west Timisoara, adjacent to a 4 ha plot acquired by Dedeman, one of the country's leading DIY businesses. The site benefits from a catchment area of approximately 570,000 people within a 45-minute drive, and has excellent visibility and accessibility due to its 550m frontage on the city's major north-south boulevard. Across from the site is a densely populated residential neighbourhood housing 20,000 inhabitants within walking distance. Although there is a large modern 59,000m² GLA shopping centre in north Timisoara, the city has the lowest retail density of the five largest Romanian cities and the demand for rentable space is very high.

The aforementioned boulevard leads to Novi Sad and Belgrade in Serbia. Its citizens travel across the border to shop.

Permitting is progressing well and NEPI plans to develop a phased regional mall with a GLA of up to 80,000m². Construction of the first phase will commence once permitting is in place and pre-leasing requirements have been achieved.

Piata Neamt: The Company has secured a 7.4 ha plot in the west of Piata Neamt, the capital of Neamt county in Romania. The city has a population of approximately 85,000 people, with 245,000 inhabitants within a 45-minute drive. The site is located in the most densely populated area, with good vehicular access from two main roads, including one that crosses the city and leads to Bacau. The site has good street frontage and access on both sides and a bus station in front. NEPI is evaluating the development of a 29,000m² GLA regional mall on the site.

OTHER HIGHLIGHTS

As at 30 June 2014 the Adjusted Net Asset Value (NAV) increased by 25% compared to 30 June 2013. The vacancy level is 1.39% without accounting for investment properties held for sale, which include excess land not planned for further extensions, three street retail assets and the regional office portfolio (compared to 1.18% at 31 December 2013). Non-recoverable tenant income for the period was €51,641, which is equivalent to 0.12% of contractual rental income and expense recoveries.

CASH MANAGEMENT AND DEBT

The Group's debt ratio (interest bearing debt less cash divided by investment property and listed property securities) decreased to 16% from 22.5% (31 December 2013). The Company has a target debt ratio of 30%, subject to an upper limit of 35%. The average interest rate (including hedging costs) of the debt was 4.98% during this period. The Group ended the half year with €164 million in cash and listed property securities, and will continue to hold relatively large cash balances and

liquid resources to fund its development pipeline and to take advantage of new investment opportunities when they arise.

In addition to the cash balances, NEPI has an undrawn, secured revolving facility with UniCredit Tiriac Bank of €9.5 million.

PROSPECTS

The acquisition, development and extension pipeline, as well as the further opportunities detailed above, ensures that the Group is well placed to pursue further attractive growth in its recurring distributable earnings in the second half of 2014 and beyond. The Group will continue to focus on opportunities that lead to, and take decisions with a view to, maximising long-term, recurring distributable earnings per share, even if these cause a reduction in short-term year-on-year per share distribution growth.

By order of the Board of Directors,

Martin Slabbert Victor Semionov
 Chief Executive Officer Finance Director
 30 July 2014

Transfer secretaries and settlement agent

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Directors

Dan Pascariu (Chairman)*, Martin Slabbert (Chief Executive Officer), Alexandru Morar*, Desmond de Beer*, Dewald Joubert*, Jeffrey Zidel*, Michael Mills*, Tiberiu Smaranda*, Victor Semionov (Finance Director)

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All amounts in € '000 unless otherwise stated

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Pro forma Unaudited 30 Jun 2014	Pro forma Unaudited 31 Dec 2013	Pro forma Unaudited 30 Jun 2013	IFRS Unaudited 30 Jun 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 30 Jun 2013
ASSETS						
Non-current assets	969 882	920 924	548 769	942 330	898 040	524 180
Investment property	911 817	872 465	509 879	841 970	807 465	447 778
Investment property at fair value	729 158	758 623	459 636	674 269	703 811	405 226
Investment property under development	182 659	113 842	50 243	167 701	103 654	42 552
Goodwill	16 218	16 218	17 326	16 218	16 218	17 272
Investments in joint ventures	-	-	-	4 356	5 055	3 989
Long-term loans granted to joint ventures	-	-	-	37 966	37 064	32 651
Other long-term assets	41 252	29 831	21 402	41 225	29 828	22 328
Financial assets at fair value through profit or loss	595	2 410	162	595	2 410	162
Current assets	240 531	149 920	151 899	234 625	143 168	145 732
Trade and other receivables	40 999	31 443	21 750	39 341	28 036	18 382
Financial investments at fair value through profit or loss	33 838	61 079	60 833	33 838	61 079	60 833
Cash and cash equivalents	130 674	55 837	69 316	126 426	52 492	66 517
Investment property held for sale	35 020	1 561	-	35 020	1 561	-
Total assets	1 210 413	1 070 844	700 668	1 176 955	1 041 208	669 912
EQUITY AND LIABILITIES						
Total equity attributable to equity holders	828 541	712 236	473 426	828 541	712 236	473 426
Share capital	2 139	1 947	1 510	2 139	1 947	1 510
Share premium	693 807	611 949	416 164	693 807	611 949	416 164
Share-based payment reserve	34 232	23 852	13 660	34 232	23 852	13 660
Currency translation reserve	(1 229)	(1 229)	(1 229)	(1 229)	(1 229)	(1 229)
Accumulated profit	102 203	76 595	43 321	102 203	76 595	43 321
Non-controlling interest	(2 611)	(878)	-	(2 611)	(878)	-
Total liabilities	381 872	358 608	227 242	348 414	328 972	196 486
Non-current liabilities	260 237	244 542	133 514	242 328	232 260	107 833
Loans and borrowings	196 431	185 624	101 931	179 550	173 568	77 865
Deferred tax liabilities	51 447	50 160	24 750	51 889	50 678	24 178
Other long-term liabilities	6 858	4 059	1 609	6 650	4 059	1 609
Financial liabilities at fair value through profit or loss	5 501	4 699	5 224	4 239	3 955	4 181
Current liabilities	121 635	114 066	93 728	106 086	96 712	88 653
Trade and other payables	32 952	29 974	15 538	31 441	28 807	14 167
Loans and borrowings	87 196	80 512	75 119	73 166	64 466	71 519
Tenant deposits	1 487	3 580	3 071	1 479	3 439	2 967
Total equity and liabilities	1 210 413	1 070 844	700 668	1 176 955	1 041 208	669 912

RECONCILIATION OF NET ASSET VALUE TO ADJUSTED NET ASSET VALUE

	Pro forma Unaudited 30 Jun 2014	Pro forma Unaudited 31 Dec 2013	Pro forma Unaudited 30 Jun 2013	IFRS Unaudited 30 Jun 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 30 Jun 2013
Net Asset Value per the Statement of financial position	828 541	712 236	473 426	828 541	712 236	473 426
Loans in respect of the Initial Share Scheme	11 574	11 574	12 483	11 574	11 574	12 483
Deferred tax liabilities	51 447	50 160	24 750	51 889	50 678	24 750
Goodwill	(16 218)	(16 218)	(17 326)	(16 218)	(16 218)	(17 326)
Deferred tax liabilities for joint ventures	-	-	-	(442)	(518)	-
Adjusted net asset value	875 344	757 752	493 333	875 344	757 752	493 333
Net asset value per share	3.76	3.56	3.07	3.76	3.56	3.07
Adjusted net asset value per share	3.89	3.70	3.10	3.89	3.70	3.10
Number of shares for net asset value per share purposes	220 412 304	199 836 882	154 174 551	220 412 304	199 836 882	154 174 551
Number of shares for adjusted net asset value per share purposes	225 119 658	204 544 236	159 277 789	225 119 658	204 544 236	159 277 789

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	IFRS Unaudited 30 Jun 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 30 Jun 2013
Cash flows from operating activities	15 830	26 823	9 633
Cash flows from financing activities	89 622	293 677	15 830
Cash flows used in investing activities	(31 518)	(353 288)	(44 226)
Net increase/(decrease) in cash and cash equivalents	73 934	(32 788)	(18 763)
Cash and cash equivalents brought forward	52 492	85 280	85 280
Cash and cash equivalents carried forward	126 426	52 492	66 517

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (same amounts for Pro forma and IFRS)

	Share capital	Share premium	Share-based payment reserve	Currency translation reserve	Accumulated profit	Non-controlling interest	Total
Balance at 1 January 2013	1 353	355 027	15 492	(1 229)	22 980	-	393 623
Transactions with owners	157	61 137	(1 832)	-	(1 380)	-	58 082
- Issue of shares	149	58 262	-	-	-	-	58 411
- Share-based payment reserve	-	-	868	-	-	-	868
- Sale of shares issued under the Initial Share Scheme	-	183	-	-	-	-	183
- Sale of shares issued under the Current Share Scheme	1	343	(344)	-	-	-	-
- Vesting of shares issued under the Current Share Scheme	7	2 349	(2 356)	-	-	-	-
- Earnings distribution	-	-	-	-	(1 380)	-	(1 380)
Total comprehensive income	-	-	-	-	21 721	-	21 721
- Profit for the period	-	-	-	-	21 721	-	21 721
Balance at 30 June 2013	1 510	416 164	13 660	(1 229)	43 321	-	473 426
Balance at 1 July 2013	1 510	416 164	13 660	(1 229)	43 321	-	473 426
Transactions with owners	437	195 785	10 192	-	(2 469)	-	203 945
- Issue of shares	430	193 429	-	-	-	-	193 859
- Share-based payment reserve	-	-	10 519	-	-	-	10 519
- Sale of shares issued under the Initial Share Scheme	4	1 077	-	-	-	-	1 081
- Sale of shares issued under the Current Share Scheme	-	146	(146)	-	-	-	-
- Vesting of shares issued under the Initial Share Scheme	-	955	-	-	-	-	955
- Vesting of shares issued under the Current Share Scheme	3	1 133	(1 136)	-	-	-	-
- Earnings distribution	-	-	-	-	(2 469)	-	(2 469)
Total comprehensive income	-	-	-	-	35 743	(878)	34 865
- Profit for the period	-	-	-	-	35 743	(878)	34 865
Balance at 31 December 2013	1 947	611 949	23 852	(1 229)	76 595	(878)	712 236
Balance at 1 January 2014	1 947	611 949	23 852	(1 229)	76 595	(878)	712 236
Transactions with owners	192	81 858	10 380	-	(4 747)	-	87 683
- Issue of shares	185	79 502	-	-	-	-	79 687
- Share-based payment reserve	-	-	11 882	-	-	-	11 882
- Sale of shares issued under the Current Share Scheme	-	41	(41)	-	-	-	-
- Vesting of shares issued under the Initial Share Scheme	-	861	-	-	-	-	861
- Vesting of shares issued under the Current Share Scheme	7	2 315	(2 322)	-	-	-	-
- Earnings distribution	-	-	-	-	(4 747)	-	(4 747)
Total comprehensive income	-	-	-	-	30 355	(1 733)	28 622
- Profit for the period	-	-	-	-	30 355	(1 733)	28 622
Balance at 30 June 2014	2 139	693 807	34 232	(1 229)	102 203	(2 611)	828 541

BANK LOANS AND BORROWINGS REPAYMENT PROFILE (same amounts for Pro forma and IFRS)

	Outstanding amount	Available for drawdown	2014	2015	2016	2017	2018 and beyond
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