



NEW EUROPE PROPERTY INVESTMENTS PLC

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 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 30 September 2014 in a form compliant with the requirements of the RFS and the BVB.

All amounts in € '000 unless otherwise stated

CONSOLIDATED STATEMENTS OF INCOME

	Pro forma Unaudited 30 Sep 2014	Pro forma Unaudited 31 Dec 2013	Pro forma Unaudited 30 Sep 2013	IFRS Unaudited 30 Sep 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 30 Sep 2013
Net rental and related income	45 873	45 188	30 918	42 935	41 420	27 997
Contractual rental income and expense recoveries	64 510	60 927	41 869	60 052	55 322	37 628
Property operating expenses	(18 637)	(15 739)	(10 951)	(17 117)	(13 902)	(9 631)
Administrative expenses	(1 928)	(2 452)	(1 536)	(1 897)	(2 180)	(1 338)
Acquisition fees	(826)	(4 986)	(2 349)	(826)	(4 986)	(2 349)
Fair value adjustment of investment property	–	19 913	–	–	19 787	–
Fair value gains of financial investments at fair value through profit or loss	2 307	970	660	2 307	970	660
Net result on sale of financial investments	–	586	586	–	586	586
Dividends received from financial investments	2 417	2 906	1 940	2 417	2 906	1 940
Share-based payment expense	(665)	(955)	(972)	(665)	(955)	(972)
Foreign exchange loss	(59)	(290)	(412)	(72)	(238)	(426)
Gain on acquisition of subsidiaries	1 400	5 547	5 547	1 400	5 547	5 547
Gain on disposal of investment property held for sale	–	527	527	–	527	527
Impairment of goodwill	–	(816)	–	–	(816)	–
Profit before net finance (expense)/income	48 519	66 138	34 909	45 599	62 568	32 172
Net finance (expense)/income	(4 422)	(1 816)	(732)	(168)	1 784	1 680
Finance income	2 456	5 300	4 979	5 283	7 514	6 335
Finance expense	(6 878)	(7 116)	(5 711)	(5 451)	(5 730)	(4 655)
Share of (loss)/profit of joint ventures	–	–	–	(1 447)	1 241	261
Profit before tax	44 097	64 322	34 177	43 984	65 593	34 113
Deferred tax (expense)/income	(1 840)	(7 736)	1 767	(1 727)	(9 007)	1 831
Profit after tax	42 257	56 586	35 944	42 257	56 586	35 944
Non-controlling interest	3 097	878	–	3 097	878	–
Profit for the period attributable to equity holders	45 354	57 464	35 944	45 354	57 464	35 944
Weighted average number of shares in issue	214 793 968	163 836 991	153 884 459	214 793 968	163 836 991	153 884 459
Diluted weighted average number of shares in issue	219 392 598	168 827 400	158 968 751	219 392 598	168 827 400	158 968 751
Basic weighted average earnings per share (euro cents)	21.12	35.07	24.05	21.12	35.07	24.05
Diluted weighted average earnings per share (euro cents)	20.67	34.04	23.08	20.67	34.04	23.08
Distributable earnings per share (euro cents)	21.63	25.79	18.67	21.63	25.79	18.67
Headline earnings per share (euro cents)	20.46	21.58	20.11	20.46	21.58	20.11
Diluted headline earnings per share (euro cents)	20.03	20.94	19.46	20.03	20.94	19.46

RECONCILIATION OF PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS

	Pro forma Unaudited 30 Sep 2014	Pro forma Unaudited 31 Dec 2013	Pro forma Unaudited 30 Sep 2013	IFRS Unaudited 30 Sep 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 30 Sep 2013
Profit for the period attributable to equity holders	45 354	57 464	35 944	45 354	57 464	35 944
Unrealised foreign exchange loss	37	256	220	37	256	219
Acquisition fees	826	4 986	2 349	826	4 986	2 349
Share-based payment expense	665	955	972	665	955	972
Accrued interest on share-based payments	425	563	424	425	563	424
Fair value adjustments of investment property	–	(19 913)	–	–	(19 787)	–
Fair value gains of financial investments at fair value through profit or loss	(2 307)	(970)	(660)	(2 307)	(970)	(660)
Fair value adjustment of financial assets and liabilities	2 850	(2 040)	(2 635)	2 241	(1 157)	(1 766)
Amortisation of financial assets	(550)	(476)	(306)	(550)	(476)	(306)
Net result on sale of financial investments	–	(586)	(586)	–	(586)	(586)
Dividends received from financial investments	(2 417)	(2 906)	(1 940)	(2 417)	(2 906)	(1 940)
Accrued dividend from financial investments	2 041	4 364	3 755	2 041	4 364	3 755
Gain on disposal of investment property held for sale	–	(527)	(527)	–	(527)	(527)
Gain on acquisition of subsidiaries	(1 400)	(5 547)	(5 547)	(1 400)	(5 547)	(5 547)
Deferred tax expense/(income)	1 840	7 736	(1 767)	1 727	9 007	(1 831)
Impairment of goodwill	–	816	–	–	816	–
Shares issued cum distribution	2 445	3 577	2 497	2 445	3 577	2 497
Adjustments related to joint ventures						
Fair value adjustment of investment property	–	–	–	–	(126)	–
Fair value adjustment of financial assets and liabilities	–	–	–	609	(883)	(869)
Deferred tax expense/(income)	–	–	–	113	(1 271)	64
Unrealised foreign exchange loss	–	–	–	–	–	1
Adjustments related to non-controlling interest						
Fair value adjustments of investment property	–	1	–	–	1	–
Deferred tax income	–	(108)	–	–	(108)	–
Acquisition fees	–	(275)	–	–	(275)	–
Distributable earnings for the period	49 809	47 370	32 193	49 809	47 370	32 193
Distribution from reserves	1 593	1 574	1 692	1 593	1 574	1 692
Less: distribution declared	(33 475)	(48 944)	(20 595)	(33 475)	(48 944)	(20 595)
Interim distribution	(33 475)	(20 594)	(20 595)	(33 475)	(20 594)	(20 595)
Final distribution	–	(28 350)	–	–	(28 350)	–
Earnings not distributed	17 927	–	13 290	17 927	–	13 290
Number of shares entitled to distribution	240 161 543	204 544 236	195 523 392	240 161 543	204 544 236	195 523 392
Distributable earnings per share (euro cents)	21.63	25.79	18.67	21.63	25.79	18.67
Distribution from reserves per share (euro cents)	0.71	1.00	1.06	0.71	1.00	1.06
Less: distribution declared per share (euro cents)	(14.87)	(26.79)	(12.93)	(14.87)	(26.79)	(12.93)
Interim distribution per share (euro cents)	(14.87)	(12.93)	(12.93)	(14.87)	(12.93)	(12.93)
Final distribution per share (euro cents)	–	(13.86)	–	–	(13.86)	–
Earnings per share not distributed (euro cents)	7.46	–	6.80	7.46	–	6.80

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Pro forma Unaudited 30 Sep 2014	Pro forma Unaudited 31 Dec 2013	Pro forma Unaudited 30 Sep 2013	IFRS Unaudited 30 Sep 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 30 Sep 2013
ASSETS						
Non-current assets	1 019 856	920 924	797 392	991 708	898 040	773 612
Investment property	965 775	872 465	736 950	894 219	807 465	674 736
Investment property at fair value	794 355	758 623	609 636	726 396	703 811	555 052
Investment property under development	171 424	113 842	127 314	167 823	103 654	119 684
Goodwill	16 218	16 218	28 933	16 218	16 218	28 933
Investments in joint ventures	–	–	–	4 046	5 055	4 075
Long term loans granted to joint ventures	–	–	–	39 368	37 064	34 362
Other long-term assets	37 519	29 831	29 846	37 517	29 828	29 843
Financial assets at fair value through profit or loss	340	2 410	1 663	340	2 410	1 663
Current assets	221 189	148 359	148 758	216 368	141 607	142 245
Trade and other receivables	40 528	31 443	30 254	38 996	28 036	26 949
Financial investments at fair value through profit or loss	32 937	61 079	60 554	32 937	61 079	60 554
Cash and cash equivalents	147 724	55 837	57 950	144 435	52 492	54 742
Investment property held for sale	35 018	1 561	1 076	35 018	1 561	1 076
Total assets	1 276 063	1 070 844	947 226	1 243 094	1 041 208	916 933
EQUITY AND LIABILITIES						
Equity attributable to equity holders	944 155	712 236	641 761	944 155	712 236	641 761
Share capital	2 306	1 947	1 855	2 306	1 947	1 855
Share premium	797 975	611 949	561 762	797 975	611 949	561 762
Share-based payment reserve	31 876	23 852	24 297	31 876	23 852	24 297
Currency translation reserve	(1 229)	(1 229)	(1 229)	(1 229)	(1 229)	(1 229)
Accumulated profit	117 202	76 595	55 076	117 202	76 595	55 076
Non-controlling interest	(3 975)	(878)	–	(3 975)	(878)	–
Total liabilities	331 908	358 608	305 465	298 939	328 972	275 172
Non-current liabilities	255 193	244 542	198 416	237 364	232 260	172 037
Loans and borrowings	190 326	185 624	156 628	173 718	173 568	131 825
Deferred tax liabilities	52 001	50 160	35 323	52 405	50 678	34 505
Other long-term liabilities	7 386	4 059	1 609	7 115	4 059	1 609
Financial liabilities at fair value through profit or loss	5 480	4 699	4 856	4 126	3 955	4 098
Current liabilities	76 715	114 066	107 049	61 575	96 712	103 135
Trade and other payables	38 118	29 974	28 899	36 631	28 807	28 044
Loans and borrowings	36 839	80 512	74 855	23 190	64 466	71 903
Tenant deposits	1 758	3 580	3 295	1 754	3 439	3 188
Total equity and liabilities	1 276 063	1 070 844	947 226	1 243 094	1 041 208	916 933

RECONCILIATION OF NET ASSET VALUE TO ADJUSTED NET ASSET VALUE

	Pro forma Unaudited 30 Sep 2014	Pro forma Unaudited 31 Dec 2013	Pro forma Unaudited 30 Sep 2013	IFRS Unaudited 30 Sep 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 30 Sep 2013
Net asset value per the statement of financial position	944 155	712 236	641 761	944 155	712 236	641 761
Loans in respect of the Initial Share Scheme	9 132	11 574	11 599	9 132	11 574	11 599
Deferred tax liabilities	52 001	50 160	35 323	52 405	50 678	34 506
Goodwill	(16 218)	(16 218)	(28 933)	(16 218)	(16 218)	(28 933)
Deferred tax (asset)/liabilities for joint ventures	–	–	–	(404)	(518)	817
Adjusted net asset value	989 070	757 752	659 750	989 070	757 752	659 750
Net asset value per share (euro)	3.99	3.56	3.36	3.99	3.56	3.36
Adjusted net asset value per share (euro)	4.12	3.70	3.37	4.12	3.70	3.37
Number of shares for net asset value per share purposes	236 549 491	199 836 882	190 804 302	236 549 491	199 836 882	190 804 302
Number of shares for adjusted net asset value per share purposes	240 161 543	204 544 236	195 523 392	240 161 543	204 544 236	195 523 392

KEY PERFORMANCE INDICATORS

	Pro forma Unaudited 30 Sep 2014	IFRS Unaudited 30 Sep 2014	Pro forma Unaudited 30 Sep 2013
Current liquidity ratio	3.34	4.08	1.40
Gearing ratio (long term debt to equity)	20%	18%	24%
Tenant's receivable turnover	5.31 days	4.96 days	15.46 days
Return on investment property	7.7% per annum	7.9% per annum	7% per annum

BASIS OF PREPARATION

These unaudited condensed consolidated financial results (the 'IFRS Statements') for the nine months ended 30 September 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 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.

The condensed consolidated financial results prepared in accordance with IFRS, the *pro forma* statement of financial position and the *pro forma* statement of income have not been reviewed or reported on by the Group's external