

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

JSE share code: NEP BVB share code: NEP

ISIN: IM00B23XCH02

(“NEPI” or “the Company”)



ACQUISITION OF ARENA CENTAR

INTRODUCTION

Shareholders are advised that, on 4 November 2016, NEPI, through its subsidiary NE Property Cooperatief UA (“the Buyer”), concluded an agreement to acquire all the issued shares in, and shareholders’ claims against, Granit Polus Laniste d.o.o. (“Laniste”) from Lobularia Ventures Limited (“the Seller”) and repay Laniste’s entire outstanding debt (“the Transaction”).

Laniste wholly owns a shopping mall of 62,100m² of GLA situated in Zagreb, Croatia, that opened in November 2010, named Arena Centar (“the Property”) and adjacent additional land plots of approximately 4.4 ha.

RATIONALE FOR THE TRANSACTION

Arena Centar is the largest shopping centre in Zagreb and benefits from an excellent location, next to the national arena (the largest indoor sports and concert hall in Croatia), on the main highway linking the city with the Adriatic coast. The area has developed significantly in recent years with the opening of several new retail units and new residential developments, and is well connected with the city centre and the rest of the city.

Zagreb has approximately 790,000 inhabitants, and is the capital city of Croatia (with a population of approximately 4.2 million inhabitants) as well as its largest city.

Arena Centar has an extensive catchment area that comprises substantially all of the metropolitan area of Zagreb, with a population of approximately 1.4 million in a 45-minute driving radius.

There are six modern shopping centres in Zagreb, with total GLA of over 315,000m², and several non-modern shopping centres and retail galleries, with a total GLA of approximately 100,000m². Arena Centar is the dominant modern shopping centre in the city, due to its size, location and strong tenant mix.

The centre is 94.5% let. It contains numerous international fashion brands, such as Adidas, Armani Exchange, Bata, Benetton, Bershka, C&A, Champion, Cropp, Converse, Deichmann, Desigual, Ecco, Guess, H&M, House, Intersport, Levi’s, Massimo Dutti, Mohito, Mango, Napapijri, New Yorker, Nike, Nine West, Office Shoes, Orsay, Pepe Jeans, Pull&Bear, Reebok, Replay, Reserved, S. Oliver, Sport Vision, Springfield, Stradivarius, Tally Weijl, Takko, Terranova, Tom Tailor, Tommy Hilfiger, Timberland, US Polo Assn, Yves Rocher, Zara and Zara Home. Other tenants include an Interspar hypermarket, a ten-screen CineStar multiplex (which includes an IMAX hall), several international fast food brands, including Burger King, KFC and McDonalds, and various other international and national tenants such as Apple, DM, Elipso, Hewlett Packard, JYSK, Kiehl’s, L’Occitane, Lego, Nivea, Pandora, Samsonite, Samsung, Sony and Swarovski.

The additional land plots acquired can be used for a future extension of the centre and can also support a variety of stand-alone developments, due to the highly favourable zoning parameters.

SALIENT TERMS OF THE TRANSACTION

The Transaction was completed on 4 November 2016 (“Effective Date”).

The aggregate purchase price for the Transaction is EUR237.5 million (“Purchase Price”) and was settled from NEPI’s existing cash resources.

The purchase agreement for the Transaction contains typical warranties.

There are no outstanding conditions precedent.

DETAILS OF THE PROPERTY

The details of the Property, including the valuation, effective as at 4 November 2016, attributed by NEPI, are as follows:

Property description	Location	Sector	Monthly weighted average rental per m²	Rentable area (GLA)	Purchase price	Valuation	Estimated passing rent
			(EUR)	(m²)	(EUR' million)	(EUR' million)	(EUR' million)
Arena Centar	Zagreb, Croatia	Retail	20.5	62 100	218.5	218.5	15.3
Additional land plots (4.4 ha)	Zagreb, Croatia	Development land	N/A	N/A	19	19	N/A

*The purchase price reflects the price for the acquisition of the issued shares in and shareholder’s claims against Laniste and settlement of debt, as noted above, whilst the valuation amount reflects the value attributed to the Property by the directors of the Company. The directors of the Company are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No 47 of 2000.

CATEGORISATION OF THE TRANSACTION

The Transaction is classified as a category 2 transaction in terms of paragraph 9.5(a) of the Listings Requirements of the JSE Limited (and accordingly does not require approval by NEPI’s shareholders).

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