

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 9 of this circular have been used in this front cover section.

If you are in any doubt as to the action you should take, please consult your CSDP, stockbroker, banker, legal advisor, accountant or other professional advisor immediately.

Action required

Subject to the restrictions set out below, if you have disposed of all your shares in NEPI, then this circular (and the letter of allocation or provisional allotment letter) should be handed to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected. Neither this circular nor any letter of allocation or provisional allotment letter should be distributed, forwarded to or transmitted in or into or from any jurisdiction where to do so might constitute a violation of local securities laws or regulations (except in the absolute discretion of the company and Smith & Williamson pursuant to any exemption from such laws or regulations). A recipient of this circular who proposes to send this circular or the letter of allocation or provisional allotment letter into an Excluded Territory should refer to paragraph 15 of this circular.

NEPI shareholders are referred to page 7 of the circular, which sets out the detailed action required of them in respect of this circular.

NEPI does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the details of this circular.



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")

CIRCULAR TO NEPI SHAREHOLDERS

relating to:

- **a rights offer to NEPI shareholders of a total of 15 000 000 new NEPI shares at an issue price of R26.00 or EUR2.67 each in the ratio of 24.21943 new NEPI shares for every 100 NEPI shares held on Friday, 26 November 2010;**

and enclosing:

- **a form of instruction for NEPI shareholders (for use by certificated shareholders on the SA register only).**

Rights offer opens (in respect of shareholders on the SA register) at 09:00 on	Monday, 29 November 2010
Rights offer opens (in respect of shareholders on the UK register) at 08:00 on	Monday, 29 November 2010
Rights offer closes (in respect of shareholders on the SA register) at 12:00 on	Friday, 17 December 2010
Rights offer closes (in respect of shareholders on the UK register) at 10:00 on	Friday, 17 December 2010

Corporate advisor, legal advisor as to South African law and JSE sponsor

JAVACAPITAL

Legal advisor as to Isle of Man law

Consilium

**Nominated advisor and broker in the UK
Smith & Williamson Corporate Finance**

**Independent reporting accountants
and auditors**

KPMG

29 November 2010

This circular is only available in English. Copies of this circular may be obtained at the company's South African transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 and at the company's UK transfer secretaries, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES (from Monday, 29 November 2010 to Friday, 17 December 2010). It will also be available on the website of the company [www.nepi.uk.com] as from Monday, 29 November 2010 and at the office of the company's nominated adviser and broker in the UK, Smith & Williamson Corporate Finance Limited, 25 Moorgate, London EC2R 6AY.

If you hold NEPI shares on the SA share register, the rights that are represented by the form of instruction in respect of the letters of allocation are valuable and may be sold on the JSE. Letters of allocation can, however, only be traded in dematerialised form and accordingly, all letters of allocation have been issued in dematerialised form.

If you hold NEPI shares on the UK share register, subject to the company and Smith & Williamson being satisfied as to compliance with, or the availability of an exemption from, applicable legislation or regulations, entitlements under the rights offer will be contained in a provisional allotment letter which may not be renounced or dealt in nil paid except in order to satisfy *bona fide* market claims in accordance with the instructions set out in such provisional allotment letter. No nil paid or fully paid rights will be listed or admitted to trading on any stock exchange in the UK. All references to nil paid and fully paid rights in relation to qualifying shareholders on the UK share register are references to an entitlement to the offer but are not a reference to a tradable security.

The rights offer shares, upon their issue, will rank *pari passu* with all other shares of the same class.

There are no convertibility or redemption provisions relating to the rights offer shares.

The allocation of rights offer shares will be such that only whole numbers of rights offer shares will be issued and shareholders will be entitled to rounded numbers of rights offer shares based on the conventional rounding principle.

Excess shares may ONLY be applied for by shareholders on the SA register.

The rights offer may be affected by the laws of the relevant jurisdictions of foreign shareholders. Such foreign shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions in relation to all aspects of this circular that may affect them, including the rights offer. It is the responsibility of any foreign shareholder to satisfy himself/herself as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with the rights offer, including the obtaining of any governmental, exchange control or other consent or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction. Accordingly, neither this circular nor any letter of allocation or provisional allotment letter, should be distributed, forwarded or transmitted by any recipient of such documents in, into or from any of the Excluded Territories (except where the company and Smith & Williamson are satisfied in their absolute discretion that such distribution or transmission can be made pursuant to an exemption from or otherwise without infringing any registration or other legal requirements that would otherwise affect the rights offer in any such territory). The rights offer is governed by the laws of the Isle of Man, United Kingdom and South Africa and is subject to any applicable laws and regulations, including the exchange control regulations. Any foreign shareholder who is in doubt as to his/her position, including without limitation, his/her tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay. In this regard, the attention of foreign shareholders is drawn to paragraph 14 of this circular which sets out in detail the position of foreign shareholders.

A copy of this circular, form of instruction and other documents referred to in paragraph 8 of this circular have been registered with the Registrar of Companies on 12 November 2010, as required by section 146A of the Companies Act (Act 61 of 1973), as amended.

The offer of new NEPI shares to which this document relates does not constitute an offer to the public within the meaning of section 85 FSMA. Therefore this document is not an approved prospectus for the purposes of, and as defined in, section 85 FSMA and/or the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. This document has not been approved by the FSA or by any other authority which could be a competent authority for the purposes of the Prospectus Rules.

Application has been made to the London Stock Exchange for the admission of the new NEPI shares to trading on AIM. No application has been or will be made to the London Stock Exchange for the admission of the nil paid rights to AIM. There will therefore be no dealings on AIM in the nil paid rights under the rights offer. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the new NEPI shares to the Official List. A prospective investor should be aware of the potential risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Smith & Williamson by FSMA or the regulatory regime established thereunder, neither Smith & Williamson nor any of its directors, officers, employees, agents or affiliates accepts any responsibility whatsoever and makes no representation or warranty, express or implied, as to the contents of this circular, including its accuracy or completeness or otherwise as to the company, the nil paid rights, the fully paid rights, the new NEPI shares or the rights offer. Smith & Williamson accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this circular and/or the rights offer.

Smith & Williamson is acting for the company and is not acting for anyone else in connection with the rights offer and will not regard any other person (whether or not a recipient of this circular) as a client in relation to the rights offer and will not be responsible to anyone other than the company for providing the protections afforded to its clients, nor for providing advice in connection with the rights offer or any other matter, transaction or arrangement referred to herein.

GENERAL

The rights offer is being made in accordance with the Companies Act and is only addressed to persons to whom it may lawfully be made. By subscribing for any rights offer shares, you will be deemed to have represented and agreed that (a) you are not (and any person for whom you are acting is not) (i) resident in any jurisdiction in which such offer would be unlawful or (ii) a person to whom the rights offer may not lawfully be made and (b) you have received all necessary information required to make an informed investment decision.

EXCEPT AS OTHERWISE STATED HEREIN THE RIGHTS OFFER DESCRIBED IN THIS CIRCULAR IS NOT BEING MADE TO PERSONS IN THE EXCLUDED TERRITORIES. THIS CIRCULAR DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SELL OR ISSUE, OR ANY SOLICITATION OF ANY OFFER TO ACQUIRE NIL PAID RIGHTS, FULLY PAID RIGHTS OR NEW NEPI SHARES OR TO TAKE UP ENTITLEMENTS TO NIL PAID RIGHTS IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION WOULD BE UNLAWFUL. NONE OF THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS, THE LETTERS OF ALLOCATION OR THE PROVISIONAL ALLOTMENT LETTERS OR THE NEW NEPI SHARES WILL BE REGISTERED UNDER THE SECURITIES LAWS OF ANY EXCLUDED TERRITORY AND NONE OF THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS, THE LETTERS OF ALLOCATION OR THE PROVISIONAL ALLOTMENT LETTERS OR THE NEW NEPI SHARES WILL QUALIFY FOR DISTRIBUTION UNDER ANY OF THE RELEVANT SECURITIES LAWS OF ANY EXCLUDED TERRITORY (OTHER THAN PURSUANT TO ANY APPLICABLE EXCEPTIONS AS AGREED WITH THE COMPANY AND SMITH & WILLIAMSON). ACCORDINGLY, THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS, THE LETTERS OF ALLOCATION, THE PROVISIONAL ALLOTMENT LETTERS AND THE NEW NEPI SHARES (SUBJECT TO CERTAIN EXCEPTIONS) MAY NOT BE OFFERED, SOLD, PLEDGED, TAKEN UP, EXERCISED, RESOLD, RENOUNCED, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, INTO OR WITHIN ANY OF THE EXCLUDED TERRITORIES. SHAREHOLDERS WITH REGISTERED ADDRESSES IN ANY OF THE EXCLUDED TERRITORIES ARE REFERRED TO PARAGRAPH 15 OF THIS CIRCULAR. NONE OF NEW EUROPE PROPERTY INVESTMENTS PLC AND ITS ADVISERS ACCEPT ANY RESPONSIBILITY FOR ANY VIOLATION BY ANY PERSON, WHETHER OR NOT A PROSPECTIVE PARTICIPANT IN THE RIGHTS OFFER, OF ANY SUCH RESTRICTIONS.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM AND THE EUROPEAN ECONOMIC AREA

In relation to each member state of the EEA which has implemented the Prospectus Directive (each a “**relevant member state**”), including the UK, with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the “**relevant implementation date**”) no nil paid rights, fully paid rights or new NEPI shares have been offered or will be offered pursuant to the rights offer to the public in that member state prior to the publication of a prospectus in relation to the nil paid rights, fully paid rights or new NEPI shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive. However with effect from and including the relevant implementation date, offers of nil paid rights, fully paid rights or new NEPI shares may be made to the public in that relevant member state without the requirement to publish a prospectus:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual net turnover of more than €50 million, as shown in its last annual or consolidated accounts;
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of nil paid rights, fully paid rights or new NEPI shares shall result in a requirement for the publication by NEPI of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose the expression “an offer of any nil paid rights, fully paid rights or new NEPI shares to the public” in relation to any nil paid rights, fully paid rights or new NEPI shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the rights offer and any nil paid rights, fully paid rights or new NEPI shares to be offered so as to enable an investor to decide to acquire any nil paid rights, fully paid rights or new NEPI shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

In the case of any nil paid rights, fully paid rights or new NEPI shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the nil paid rights, fully paid rights or new NEPI shares acquired by it in the rights offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any nil paid rights, fully paid rights or new NEPI shares to the public other than their offer or resale in a relevant member state to qualified investors as defined in the Prospectus Directive or in circumstances in which the prior consent of the company and Smith & Williamson has been obtained to each such proposed offer or resale.

If and to the extent that the company (with the consent of Smith & Williamson) shall elect to extend offers of any nil paid rights, fully paid rights or new NEPI shares to the public in any relevant member state without the publication of a prospectus, reliance upon the preceding provisions of this section, the company (with the consent of Smith & Williamson) may impose such additional terms or restrictions with respect to such offer as it may in its absolute discretion determine to ensure it is made in accordance with such provisions. In particular, any such offer may only be made on the basis of provisional allotment letters that are not renounceable, either nil paid or fully paid.

For the purposes of this provision the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

In addition this document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, NEPI shares in any jurisdiction outside South Africa in which such offer or solicitation is unlawful. In particular the new NEPI shares offered by this document have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "**Securities Act**") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia or Japan. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States of America (or any of its territories or possessions), Canada, Australia or Japan, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country where such distribution may lead to a breach of any legal or regulatory requirement.

CORPORATE INFORMATION

Registered office in the Isle of Man

2nd Floor, Anglo International House
Lord Street
Douglas
Isle of Man, IM1 4LN

Corporate advisor, legal advisor as to South African law and JSE sponsor

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

Legal adviser as to Isle of Man Law

Consilium Limited
(Registration number 003570V)
2nd Floor, Anglo International House
Lord Street
Douglas
Isle of Man, IM1 4LN
(Postal address as above)

Auditors

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

Company secretary

Cornelius Eduard Cassell
2nd Floor, Anglo International House
Lord Street
Douglas
Isle of Man, IM1 4LN
(Postal address as above)

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)

UK receiving agent

Computershare Investor Services PLC
(Registration number 03498808)
Corporate Actions Projects
Bristol, BS99 6AH
(Postal address as above)

Place and date of incorporation

Incorporated in the Isle of Man on 23 July 2007

Registered office in South Africa

4th Floor
Rivonia Village
Rivonia Boulevard
Rivonia, 2191

Nominated advisor and broker in the UK

Smith & Williamson Corporate Finance Limited
(Registration number 4533970)
25 Moorgate
London, EC2R 6AY
(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)

Isle of Man administrator and registrar

Sabre Fiduciary Limited
(Registration number 124715C)
2nd Floor, Anglo International House
Lord Street
Douglas
Isle of Man, IM1 4LN
(Postal address as above)

UK transfer secretaries

Computershare Investor Services (Jersey) Limited
(Registration number 75505)
Queensway House
Hilgrove Street
St Helier
Jersey, JE1 IES
(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, 2128
(PO Box 2555, Rivonia, 2128)

Bankers

The Royal Bank of Scotland International Limited
(Registration number 2304)
Royal Bank House
2 Victoria Street
Douglas
Isle of Man
(PO Box 151, Douglas, Isle of Man, IM99 1NJ)

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IMPORTANT DATES AND TIMES

FOR SHAREHOLDERS ON THE SA REGISTER

2010

Finalisation announcement released on SENS	Friday, 12 November
Last day to trade in NEPI shares in order to participate in the rights offer on	Friday, 19 November
Listing and trading of letters of allocation on the JSE on	Monday, 22 November
NEPI shares commence trading on the JSE ex-rights offer entitlement on	Monday, 22 November
Record date for determination of shareholders entitled to participate in the rights offer (initial record date) on	Friday, 26 November
Rights offer opens at 09:00 on	Monday, 29 November
Rights offer circular and form of instruction posted to shareholders, where applicable, on	Monday, 29 November
Dematerialised shareholders will have their accounts at their CSDP or broker automatically credited with their entitlement on	Monday, 29 November
Certificated shareholders on the SA register will have their entitlement credited to a nominee account held with the South African transfer secretaries on	Monday, 29 November
Last day to trade letters of allocation on the JSE on	Thursday, 9 December
Maximum number of rights offer shares listed and trading therein commences on the JSE on	Friday, 10 December
Rights offer closes at 12:00 on (see note 2)	Friday, 17 December
Record date for letters of allocation (final record date) on	Friday, 17 December
New NEPI shares issued on	Monday, 20 December
Dematerialised shareholders' accounts updated and debited by CSDP or broker with new NEPI shares on	Monday, 20 December
Results of rights offer announced on SENS on	Monday, 20 December
Results of rights offer announced in the press on	Tuesday, 21 December
Certificates posted to certificated shareholders (in respect of the rights offer shares) on or about	Wednesday, 22 December
Refunds (if any) to certificated shareholders in respect of unsuccessful applications made on or about	Wednesday, 22 December
New NEPI shares issued in respect of successful excess shares applications for dematerialised shareholders and certificated shareholders on or about	Wednesday, 22 December
Dematerialised shareholders' accounts updated and debited by their CSDP or broker (in respect of successful excess shares applications) and certificates posted to certificated shareholders (in respect of successful excess shares applications) on or about	Wednesday, 22 December

Notes:

1. All times indicated are South African times.
2. Dematerialised shareholders are required to inform their CSDP or broker of their instructions in terms of the rights offer in the manner and time stipulated in the agreement governing the relationship between the shareholder and its CSDP or broker.
3. Share certificates may not be dematerialised or rematerialised between Monday, 22 November 2010 and Friday, 26 November 2010, both days inclusive.
4. Transfers between the SA register and the UK register may not take place between Tuesday, 16 November 2010 and Friday, 26 November 2010, both days inclusive.
5. Dematerialised shareholders will have their accounts at their CSDP or broker automatically credited with their rights and certificated shareholders will have their rights credited to a nominee account at Computershare Investor Services (Proprietary) Limited.
6. CSDPs effect payment in respect of dematerialised shareholders on a delivery-versus-payment method.

FOR SHAREHOLDERS ON THE UK REGISTER

Each of the times and dates in the table below is indicative only and may be subject to change.

2010

NEPI shares marked “ex-rights” by the London Stock Exchange at 8.00 a.m.	Monday, 22 November
Record date for entitlements under the rights offer	Friday, 26 November
Dispatch of provisional allotment letters and rights offer circular published	Monday, 29 November
Latest time and date for acceptance and payment in full at 10.00 a.m.	Friday, 17 December
Dealing in new NEPI shares commence on AIM as soon as possible after 8.00 a.m.	Monday, 20 December
Expected dispatch of definitive share certificates for the new NEPI shares in certificated form for shareholders on the UK register	Wednesday, 29 December

Note:

(1) References to times in this timetable are to London time unless otherwise stated.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 9 of this circular apply to this section.

1. SHAREHOLDERS RECORDED ON THE SA REGISTER

1.1 Dematerialised shareholders

If you hold NEPI shares in dematerialised form (including where you have elected own-name registration) you will not receive a printed form of instruction.

Your CSDP or broker will contact you to ascertain:

- whether you wish to follow all or some of your rights in terms of the rights offer and in respect of how many rights offer shares;
- whether you wish your CSDP or broker to endeavour to procure the sale of your rights on the JSE on your behalf and if so, in respect of how many rights;
- whether you wish to renounce your rights and if so, how many rights you wish to renounce and the details of the renouncee; or
- whether you wish for your rights in respect of the rights offer to lapse.

Your CSDP or broker will credit your account with the number of rights to which you are entitled in terms of the rights offer.

If you do not hear from your CSDP or broker, you should contact them and furnish them with your instructions. If your CSDP or broker does not obtain instructions from you, they are obliged to act in terms of the custody agreement entered into between you and them.

1.2 Certificated shareholders

A form of instruction is enclosed for use by certificated shareholders only. The rights in respect of such form are negotiable and can be sold on the JSE.

If you hold your NEPI shares in certificated form and you wish to subscribe for some or all of the rights offer shares allocated to you, you must complete the form of instruction enclosed herewith in accordance with the instructions contained therein and lodge it, together with payment for the amount due in respect thereof, with the transfer secretaries, whose details are set out on the inside front cover of this circular, by not later than 12:00 on Friday, 17 December 2010.

If you do not wish to subscribe for all of the rights offer shares allocated to you, you may sell or renounce your rights or allow them to lapse. In such event, you must complete the relevant section of the form of instruction and return it to the South African transfer secretaries to be received not later than 12:00 on Thursday, 9 December 2010, if you wish to sell, and by no later than 12:00 on Friday, 17 December 2010, if you renounce your rights.

If you intend to allow your rights to lapse, you need not take any action.

1.3 If you have disposed of your shares

If you have disposed of your NEPI shares, please forward this circular to the purchaser of such shares or to the stockbroker or agent through whom the disposal was effected (but not if the purchaser or transferee is in the United States or the Excluded Territories, subject to certain exceptions as may be agreed with the company and Smith & Williamson).

2. SHAREHOLDERS RECORDED ON THE UK REGISTER

- 2.1 If you are a qualifying shareholder (whether or not your shares are held in certificate or uncertificated form), unless you have a registered address in the United States or the Excluded Territories, you will be sent a provisional allotment letter on or around 29 November 2010. If you wish to accept the rights offer, you must complete the provisional allotment letter enclosed herewith in accordance with the instructions contained therein and lodge it, together with payment for the amount due in respect thereof, with the UK receiving agent, whose details are set out on page 3 of this circular, by not later than 10:00 (UK time) on Friday, 17 December 2010.

If you have sold or otherwise transferred all your NEPI shares (other than ex-rights) on AIM prior to the date on which the NEPI shares were marked “ex-rights” by the London Stock Exchange, the purchaser or transferee of your NEPI shares may be entitled to participate in the rights offer in your place. In this case, please contact Computershare Investor Services PLC and return this document and the provisional allotment letter to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH together with a covering letter. Computershare Investor Services PLC will arrange for this document to be sent, together, if you are a qualifying shareholder, with the provisional allotment letter to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer is or was made, for delivery to the purchaser or transferee (but not if the purchaser or transferee is in the United States or any other of the Excluded Territories, subject to certain exceptions as may be agreed with the company and Smith & Williamson).

- 2.2 The latest time and date for acceptance under the rights offer will, unless otherwise announced by the company to a Regulatory Information Service, be 10:00 (UK time) on 17 December 2010. The procedure for acceptance and payment is set out in paragraph 13.2 of this circular and will also be set out in the provisional allotment letter that will be sent to qualifying shareholders on the UK register.

Note:

If you are in any doubt as to the action you should take, please consult your CSDP, stockbroker, banker, legal advisor, accountant or other professional advisor immediately.

NEPI does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the rights offer.

DEFINITIONS AND INTERPRETATIONS

In this circular and the annexures hereto, unless a contrary intention is indicated, an expression which denotes a gender includes the other gender, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa*, and the expressions set out in the first column bear the meanings assigned to them in the second column:

“ administrator ”	Sabre Fiduciary Limited (Registration number 124715C), a company incorporated in terms of the laws of the Isle of Man, full details of whom are set out on page 3 of this circular;
“ AIM ”	the AIM market of the London Stock Exchange;
“ 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;
“ articles of association ” or “ articles ”	the articles of association of NEPI;
“ business day ”	any day other than a Saturday, Sunday or official public holiday in South Africa, the United Kingdom or the Isle of Man;
“ certificated form ” or “ certificated shares ”	a share or other security which is not in uncertificated form (that is, not in CREST or Strate);
“ certificated shareholders ”	shareholders holding certificated NEPI shares;
“ the/this circular ”	all documents and annexures bound herein, dated 29 November 2010;
“ common monetary area ”	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“ Companies Act ”	the South African Companies Act (Act 61 of 1973), as amended;
“ 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;
“ 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 Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended, of the UK;
“ 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;
“ dematerialised shares ”	NEPI shares which have been incorporated into the Strate system, title to which is no longer represented by physical documents of title;
“ dematerialised shareholders ”	NEPI shareholders who hold shares in dematerialised (uncertificated) form through Strate;
“ directors ” or “ the board ”	the board of directors of NEPI;
“ documents of title ”	share certificates and/or certified transfer deeds and/or balance receipts or any other documents of title in respect of NEPI shares;
“ EEA ”	European Economic Area;
“ emigrant ”	an emigrant from South Africa whose address is outside the common monetary area;
“ EU ”	European Union;

“EUR” or “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 in terms of the laws of England and Wales and the operator of CREST;
“Exchange Control Regulations”	the Exchange Control Regulations of South Africa issued under the Currency and Exchanges Act (Act 9 of 1933), as amended;
“Excluded Territories”	Canada, Australia and Japan and any EEA member state, including the UK and any other jurisdiction where the extension or availability of the rights offer (and any transaction contemplated thereby) would breach any applicable law;
“final record date”	the record date for determining the person to whom the rights offer shares will be issued, being Friday, 17 December 2010;
“foreign shareholder”	with reference to shareholders on the SA register, a shareholder who is not a resident of South Africa;
“form of instruction”	the form of instruction in respect of the letter of allocation reflecting the entitlement of certificated shareholders on the SA register to subscribe for new NEPI shares in terms of the rights offer and on which certificated shareholders on the SA register should indicate whether they wish to take up, sell or renounce all or some of their rights, which form is enclosed in this circular;
“FSA”	the Financial Services Authority in the UK;
“FSMA”	the Financial Services and Markets Act 2000 of the UK;
“fully paid rights”	rights to acquire the new NEPI shares, fully paid;
“IFRS”	International Financial Reporting Standards;
“independent reporting accountants”	KPMG Inc. (Registration number 1999/021543/21), a limited partnership incorporated in terms of the laws of South Africa ;
“initial record date”	the record date for determination of shareholders on the SA register entitled to participate in the rights offer, being Friday, 26 November 2010;
“investment advisor internalisation”	the acquisition by NEPI of the company’s then external investment advisor, NEPI IML, as set out in greater detail in paragraph 19.4 of this circular;
“JSE”	the JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in terms of the laws of South Africa and licensed as an exchange under the Securities Services Act, 2004;
“JSE Listings Requirements”	the JSE Listings Requirements, as amended from time to time;
“last practicable date”	the last practical date prior to finalisation of this circular, being Wednesday, 3 November 2010;
“letters of allocation”	renounceable (nil) paid letters of allocation to be issued to NEPI shareholders on the SA share register, in electronic form, conferring the right to subscribe and pay for a <i>pro rata</i> portion of the allotment of new NEPI shares in terms of the rights offer and which are also referred to in this circular in respect of holders of certificated NEPI shares as the form of instruction;
“London Stock Exchange” or “LSE”	the London Stock Exchange plc;
“memorandum”	the memorandum of association of the company;
“Money Laundering Regulations”	the Money Laundering Regulations 2007 of the UK;
“NEPI” or “the company”	New Europe Property Investments plc (Registration number 001211V), a company incorporated and registered in terms of the laws of the Isle of Man, listed on AIM and the JSE;
“NEPI group” or “group”	collectively, NEPI and its subsidiaries;
“NEPI IML” or “investment advisor”	NEPI Investment Management Limited (Registration number 1420749), a company incorporated in terms of the laws of the British Virgin Islands and its subsidiaries;

“NEPI shareholders” or “shareholders”	holders of NEPI shares;
“NEPI shares” or “shares”	ordinary shares in the share capital of NEPI with a par value of €0.01 each;
“nil paid rights”	rights to acquire new NEPI shares, nil paid;
“non-resident”	a person not ordinarily resident in South Africa;
“Official List”	the official list of the UK Listing Authority;
“provisional allotment letter”	the form of provisional allotment letter to be issued to qualifying shareholders by the company in respect of the nil paid rights, pursuant to the rights offer;
“Prospectus Rules”	the Prospectus Rules made by the UK Listing Authority pursuant to Part VI of the FSMA;
“qualifying shareholder”	shareholders on the UK register who are holders of NEPI shares on the register of members of the company at the UK record date;
“Rand” or “R” or “ZAR”	the South African Rand, the lawful currency of South Africa;
“Registrar of Companies”	the Registrar of Companies in South Africa;
“Regulatory Information Service” or “RIS”	one of the Regulatory Information Services authorised by the London Stock Exchange to receive, process and disseminate information in respect of AIM listed companies;
“RGTS/RTGS”	Real-time gross settlement system;
“right” or “entitlement”	the entitlement to rights offer shares in terms of the rights offer;
“rights offer”	the offer by NEPI to NEPI shareholders to subscribe at an issue price per share of R26.00 or EUR2.67 for 24.21943 rights offer shares for every 100 NEPI shares held by them on the initial record date, which is the subject of this circular;
“rights offer shares” or “new NEPI shares”	up to 15 000 000 NEPI shares to be issued by the company pursuant to the rights offer;
“SENS”	the Securities Exchange News Service, being the news service operated by the JSE;
“SA share register” or “SA register”	the share register maintained on behalf of the company in South Africa by Computershare SA;
“Smith & Williamson” or “nominated advisor and broker in the UK”	Smith & Williamson Corporate Finance Limited (Registration number 4533970), being the company’s nominated advisor for the purposes of the AIM Rules;
“South Africa” or “SA”	the Republic 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;
“Strate”	Strate Limited (Registration number 1998/022242/06), a public company incorporated in terms of the laws of South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system on the JSE;
“UK record date”	Friday, 26 November 2010;
“UK share register” or “UK register”	the share register maintained on behalf of the company in Jersey by Computershare Jersey;
“UK transfer secretaries” or “Computershare Jersey”	Computershare Investor Services (Jersey) Limited (Registration number 75505), a company incorporated in terms of the laws of Jersey;

“uncertificated form” or
“in uncertificated form”

recorded on the register of members as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations may be transferred by means of CREST;

“United Kingdom” or **“UK”**

the United Kingdom of Great Britain and Northern Ireland;

“US” or **“United States”**

United States of America, its territories and possessions, any state of the United States and the District of Columbia; and

“VAT”

value added taxation, in terms of the Value Added Tax Act (Act 89 of 1991), as amended, of South Africa.



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")

Directors

Corneliu Dan Pascariu (*Chairman*)[^]
Martin Johannes Christoffel Slabbert (*Chief Executive Officer*)
Victor Semionov (*Financial Director*)
Desmond de Beer*
Dewald Lambertus Joubert[^]
Michael John Mills[^]
Jeffrey Nathan Zidel[^]
* Non-executive
[^] Independent non-executive

CIRCULAR TO NEPI SHAREHOLDERS

1. INTRODUCTION

- 1.1 It was announced on 21 September 2010 on SENS and RIS that it was the intention of NEPI to undertake a rights offer to NEPI shareholders in order to raise approximately EUR40 million.
- 1.2 The purpose of this circular is to advise NEPI shareholders of the terms and conditions of the rights offer and provide shareholders with information in relation to the rights offer and instructions on participation in the rights offer.

2. PURPOSE AND RATIONALE OF THE RIGHTS OFFER

The proceeds from the rights offer are expected to be used to fund potential acquisitions which NEPI is in the process of negotiating. Should the acquisitions not be completed, the proceeds from the rights offer will be used to repay existing borrowings.

3. NATURE OF BUSINESS AND PROSPECTS OF THE GROUP

- 3.1 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 holds a portfolio of investment properties in Germany 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.
- 3.2 Despite continued macroeconomic weakness in Romania, NEPI's property portfolio continues to perform well supported by the predominance of long-term leases and tenants with strong corporate covenants. The company established a solid property portfolio and investment pipeline in Romania and in the opinion of the directors the prospects of the group are positive as the company is well positioned to continue expanding its retail asset base in Romania.

4. TERMS OF THE RIGHTS OFFER

In terms of the rights offer:

- 4.1 NEPI shareholders (other than (subject to certain exceptions) those in the United States or any of the other Excluded Territories) will be offered 24.21943 new NEPI shares for every 100 NEPI shares held by them on the initial record date for participation in the rights offer;

- 4.2 the subscription price for rights offer shares is EUR2.67 for shareholders on the UK share register and R26.00 for shareholders on the SA register, calculated using a ZAR:EUR exchange rate of R9.75:€1.00.

5. UNDERWRITING

The rights offer is not being underwritten.

6. EXCESS SHARES APPLICATION

NEPI shareholders on the SA register will have the right to apply for any excess rights offer shares not taken up by other shareholders and any such excess shares will be attributed equitably based on the number of shares held by the shareholder concerned and the number of excess shares applied for, taking cognisance of the number of shares and rights held by the shareholder prior to such allocation, including those taken up as a result of the rights offer, and the number of excess rights applied for by such shareholder.

7. UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

7.1 The table below sets out the unaudited *pro forma* financial effects of the rights offer based on NEPI's unaudited interim consolidated statement of comprehensive income for the six months ended 30 June 2010 and NEPI's unaudited interim consolidated statement of financial position as at 30 June 2010. These financial effects are the responsibility of the directors of NEPI and they have been prepared for illustrative purposes only, in order to provide information about the financial results and the financial position of NEPI assuming that the rights offer had been implemented on 1 January 2010 and 30 June 2010, respectively.

7.2 The unaudited *pro forma* consolidated statement of comprehensive income and the unaudited *pro forma* consolidated statement of financial position of the NEPI group for the six months ended 30 June 2010 and the explanatory notes thereto are set out in **Annexure 1** to this circular and should be read in conjunction with the independent reporting accountants' assurance report thereon reproduced in **Annexure 2**.

7.3 Due to its nature, the unaudited *pro forma* financial information (collectively, the unaudited *pro forma* financial effects, the unaudited *pro forma* consolidated statement of comprehensive income and the unaudited *pro forma* consolidated statement of financial position) may not give a fair reflection of NEPI's financial position, changes in equity, results of operations and cash flows subsequent to the rights offer.

7.4 The unaudited *pro forma* financial information has been prepared in accordance with the accounting policies of the NEPI group that were used in the preparation of the unaudited interim results for the six months ended 30 June 2010.

7.5 The table below reflects the unaudited *pro forma* financial effects of the rights offer on a NEPI shareholder:

	Before the rights offer ¹	After the rights offer	Change after the rights offer (%)
Basic weighted average earnings per share (EUR cents)	6.21	6.63	6.8
Diluted weighted average earnings per share (EUR cents)	5.93	6.40	7.9
Distributable earnings per share (EUR cents)	8.35	8.27	(1.0)
Headline earnings per share (EUR cents)	7.62	7.70	1.0
Diluted headline earnings per share (EUR cents)	7.28	7.44	2.2
Net asset value per share (EUR)	2.04	2.17	6.4
Adjusted net asset value per share (EUR)	2.03	2.15	5.9
Net tangible asset value per share (EUR)	1.81	1.99	9.9
Weighted average number of shares in issue	47 255 904	62 255 904	31.7
Diluted weighted average number of shares in issue	49 444 271	64 444 271	30.3
Number of shares in issue for net asset value and net tangible asset value per share purposes	56 268 704	71 268 704	26.7
Number of shares in issue for adjusted net asset value per share purposes	61 933 734	76 933 734	24.2

Notes and assumptions:

1. The figures set out in the "Before the rights offer" column above have been extracted from the unaudited interim consolidated statement of comprehensive income for the six months ended 30 June 2010 and the unaudited interim consolidated statement of financial position as at 30 June 2010.
2. The rights offer is assumed to have been implemented on 1 January 2010 for basic weighted average earnings, diluted weighted average earnings, distributable earnings, headline earnings and diluted headline earnings per share purposes and on 30 June 2010 for net asset value, adjusted net asset value and net tangible asset value per share purposes.
3. 15 000 000 rights offer shares are assumed to be issued pursuant to the rights offer, thereby raising capital of €40 million.
4. Although the proceeds of the rights offer are intended to be used to finance yield enhancing investment opportunities in direct property in Romania, there are no firm commitments at the date of this circular to deploy the proceeds which will be received from the rights offer. Accordingly, there is no factually supportable financial information regarding potential investments. Consequently, it has been assumed that the net proceeds of the rights offer (after payment of estimated costs of approximately €148 000) have been utilised to partially repay loans and borrowings of approximately €39.85 million.
5. Finance expense is assumed to be reduced as a result of the repayment of approximately €39.85 million of loans and borrowings at the beginning of the six months ended 30 June 2010. A cost of debt of 5.99%, (being the interest rate on the loans which are assumed to be repaid), is assumed to apply throughout the six months ended 30 June 2010.
6. Estimated costs related to the rights offer of approximately €148 000 have been written off against share premium.
7. A ZAR:EUR exchange rate of R9.75:€1.00 is assumed to apply.
8. All statement of comprehensive income adjustments have a continuing effect.

8. REGISTRATION OF THE RIGHTS OFFER DOCUMENTS

A signed copy of this circular, together with copies of the form of instruction, have been registered by the Registrar of Companies in terms of section 146A of the Companies Act, accompanied by:

- 8.1 the written consents referred to in paragraph 23 of this circular;
- 8.2 copies of all documents required and approved by the JSE, including a copy of the letter from the JSE confirming its approval of such documents; and
- 8.3 where applicable, the original powers of attorney granted by the directors of NEPI.

9. ENTITLEMENT

- 9.1 NEPI shareholders who are permitted to participate in the rights offer will receive the right to subscribe for 24,21943 NEPI shares for every 100 NEPI shares held on the initial record date and the UK record date (being Friday, 26 November 2010).
- 9.2 NEPI shareholders who are permitted to participate in the rights offer and who hold less than 100 shares or who do not hold a multiple of 100 shares, will be entitled, in respect of such holdings, to participate in the rights offer in accordance with **Annexure 5**.
- 9.3 The allocation of rights offer shares will be such that shareholders who are permitted to participate in the rights offer will not be allocated a fraction of a rights offer share and as such any entitlement to receive a fraction of a rights offer share which:
 - 9.3.1 is less than one-half of a rights offer share, will be rounded down to the nearest whole number; and
 - 9.3.2 is equal to or greater than one-half of a rights offer share but less than a whole rights offer share, will be rounded up to the nearest whole number.
- 9.4 Certificated shareholders on the SA share register will have their rights credited to a nominee account in electronic form, which will be administered by the South African transfer secretaries on their behalf. The enclosed form of instruction reflects the number of shares for which the certificated shareholder on the SA register is entitled to subscribe. The procedure to be followed by certificated shareholders on the SA register for the acceptance, sale or renunciation of their rights is reflected on the form of instruction.
- 9.5 Dematerialised shareholders on the SA share register will have their rights to subscribe for rights offer shares credited in electronic form to their account held by their appointed CSDP or broker. The CSDP or broker will advise dematerialised shareholders on the SA register of the procedure to be followed and the timing for the acceptance, sale, renunciation or lapsing of such rights.
- 9.6 The letters of allocation to which the forms of instruction relate are negotiable and can be traded on the JSE.
- 9.7 The nil paid rights to which the provisional allotment letters relate will not be negotiable in the capital market. No application has been or will be made for the admission of the nil paid rights to trading on AIM and accordingly there will be no dealings in any nil paid rights on AIM.

10. JSE LISTING

The JSE has granted listings for the letters of allocation and the rights offer shares as follows:

- 10.1 letters of allocation in respect of 15 000 000 new NEPI shares will be listed from the commencement of business on Monday, 22 November 2010 to close of business on Thursday, 9 December 2010, both days inclusive under the JSE code: NEPN and ISIN: ZAE000151833; and
- 10.2 15 000 000 new NEPI shares will be listed with effect from the commencement of business on Monday, 20 December 2010. In the event that not all rights offer shares are taken up under the rights offer (including pursuant to excess share applications as referred to in paragraph 6 above) application will be made to the JSE to make an appropriate adjustment to the number of rights offer shares listed.

11. ADMISSION TO TRADING ON AIM

Application has been made to the LSE for the admission to trading on AIM of up to 15 000 000 new NEPI shares. It is expected that dealings in new NEPI shares, fully paid will commence on Monday, 20 December 2010. No application has been or will be made for the admission of the nil paid rights to trading on AIM and accordingly there will be no dealings on AIM in any nil paid rights to new NEPI shares.

12. SOUTH AFRICAN LAW AND ISLE OF MAN LAW

All transactions arising from the provisions of this circular and the form of instruction shall be governed by and be subject to the laws of South Africa and the Isle of Man (and in the event of any conflict, such conflict will be resolved in accordance with recognised and established principles of conflict of laws).

13. PROCEDURE FOR ACCEPTANCE, RENUNCIATION AND SALE OF RIGHTS

13.1 Shareholders on the SA register

13.1.1 *Certificated shareholders*

13.1.1.1 *Acceptance*

Full details of the procedure for acceptance of the rights offer by certificated shareholders are contained in the form of instruction enclosed with this circular. It should be noted that:

- acceptances are irrevocable and may not be withdrawn;
- acceptances may be made only by means of the enclosed form of instruction;
- any instruction to sell or renounce all or part of the rights may only be made by means of the form of instruction;
- the properly completed form of instruction and a cheque or banker's draft in the currency of South Africa in payment of the subscription price payable for the relevant new NEPI shares must be received by Computershare SA by no later than 12:00 on Friday, 17 December 2010. All acceptances of the rights offer sent by post by the beneficial holders will be accepted provided the envelope is received no later than 12:00 on Friday, 17 December 2010. No late postal acceptances will be accepted;
- the form of instruction to take up the rights in question will be regarded as complete only when the cheque or banker's draft has been cleared for payment;
- such payment will constitute an irrevocable acceptance of the rights offer upon the terms and conditions set out in this circular and in the form of instruction once the cheque or banker's draft has been cleared for payment; and
- if any form of instruction is not received as set out above, the rights offer will be deemed to have been declined and the right to subscribe for the rights offer shares in terms of the form of instruction will lapse regardless of who holds it.

13.1.1.2 *Renunciation or sale of rights*

NEPI has issued all letters of allocation in dematerialised form and the electronic record for certificated shareholders is being maintained by Computershare SA. This has made it possible for certificated shareholders to enjoy the same rights and opportunities as dematerialised shareholders.

Certificated shareholders not wishing to subscribe for all or some of the new NEPI shares allocated to them as reflected in the form of instruction, may sell or renounce all or some of their rights or allow them to lapse.

Certificated shareholders who wish to sell all or some of the rights allocated to them as reflected in the form of instruction, must complete the relevant section of the form of instruction and return it to the South African transfer secretaries in accordance with the instructions contained therein, to be received by no later than 12:00 on Thursday, 9 December 2010.

Computershare SA will endeavour to procure the sale of the rights on the JSE on behalf of such certificated shareholders and will remit the proceeds in accordance with the payment instructions reflected in the form of instruction, net of brokerage charges and associated expenses. Neither the South African transfer secretaries nor the company nor any broker appointed by it will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sales, the price obtained or any failure to sell such rights. References in this paragraph to a certificated shareholder include references to the person or persons executing the form of instruction and any person or persons on whose behalf such person or persons executing the form of instruction is/are acting. In the event of more than one person executing the form of instruction, the provisions of this paragraph shall apply to them, jointly and severally.

Certificated shareholders who do not wish to sell all or some of the rights to the new NEPI shares allocated to them as reflected in the form of instruction, and who do not wish to subscribe for new NEPI shares offered in terms of the form of instruction, but who wish to renounce their rights, must complete the relevant section of the form of instruction and return it to the South African transfer secretaries in accordance with the instructions contained therein to be received by no later than 12:00 on Friday, 17 December 2010.

Certificated shareholders who wish to subscribe for only a portion of the new NEPI shares allocated to them must indicate the number of new NEPI shares for which they wish to subscribe on the form of instruction.

If by 12:00 on Friday, 17 December 2010, certificated shareholders do nothing in response to this rights offer, their rights will lapse.

13.1.1.3 *Payment*

The amount due on acceptance of the rights offer is payable in South African Rand.

13.1.1.4 *Payment terms*

A cheque (crossed “not transferable” and with the words “or bearer” deleted) or a banker’s draft (drawn on a registered bank) payable to “**NEPI – Rights Offer**” for the amounts payable, in Rands, together with a duly completed form of instruction, must be lodged by certificated shareholders and/or their renounees, by no later than 12:00 on Friday, 17 December 2010, in accordance with the instructions contained in the form of instruction and clearly marked “**NEPI – Rights Offer**”, must be lodged by certificated shareholders with the South African transfer secretaries as follows:

<i>delivered to:</i>	<i>or</i>	<i>posted to:</i>
Computershare Investor Services (Proprietary) Limited Ground Floor 70 Marshall Street Johannesburg, 2001		Computershare Investor Services (Proprietary) Limited PO Box 61763 Marshalltown, 2107

so as to reach the South African transfer secretaries by no later than 12:00 (South African time) on Friday, 17 December 2010.

13.1.1.5 *NEPI share certificates*

Certificates in respect of new NEPI shares will be posted by registered post by the South African transfer secretaries, at the risk of the certificated shareholders concerned, on or about Wednesday, 22 December 2010. As NEPI uses the “certified transfer deeds and other temporary documents of title” procedure approved by the JSE, only “block” certificates will be issued in respect of new NEPI shares.

Certificated shareholders receiving new NEPI shares in certificated format must note that such shares cannot trade on the JSE until they have been dematerialised. This could take between one and ten days.

13.1.1.6 *Transaction costs*

Certificated shareholders wishing to sell all or some of their rights will be liable to pay a cost of R131.10 (all inclusive) for trades less than or equal to R40 000 and R115.00 plus 0.25% of the value of trades plus VAT for amounts greater than R40 000.

13.1.2 **Dematerialised shareholders**

13.1.2.1 *Acceptance, renunciation or sale of rights*

The CSDP or broker appointed by dematerialised shareholders is obliged to contact such shareholders to ascertain:

- whether such dematerialised shareholders wish to follow their rights in terms of the rights offer or renounce their rights and in respect of how many new NEPI shares; or
- if such dematerialised shareholders do not wish to follow all or any of their rights, whether they wish to sell their rights and how many of their rights they wish to sell.

If you are not contacted by your CSDP or broker, you should contact your CSDP or broker and furnish them with your instruction. Should a CSDP or broker not obtain instructions from a dematerialised shareholder, they are obliged to act in terms of the mandate granted to them by such dematerialised shareholder, or if the mandate is silent in this regard, they are obliged not to accept the rights on behalf of such shareholder.

13.1.2.2 *Payment*

Your CSDP or broker will effect payment directly on your behalf, in Rand, on Monday, 20 December 2010 on a delivery-versus-payment basis.

13.1.2.3 *New NEPI shares*

Dematerialised shareholders will have their accounts credited with the new NEPI shares subscribed for in terms of the rights offer, on Monday, 20 December 2010.

13.2 **Shareholders on the UK register**

13.2.1 **Action to be taken in relation to nil paid rights represented by provisional allotment letters**

13.2.1.1 *General*

Each provisional allotment letter will set out:

- 13.2.1.1.1 the holding of NEPI shares on which a qualifying shareholder's entitlement to new NEPI shares has been based;
- 13.2.1.1.2 the aggregate number of new NEPI shares which have been provisionally allotted to such qualifying shareholder;
- 13.2.1.1.3 instructions regarding acceptances and payment for the new NEPI shares; and.
- 13.2.1.1.4 the circumstances in which a qualifying shareholder will receive his entitlement to new NEPI shares in uncertificated form in CREST.

On the basis that provisional allotment letters are posted (other than (subject to certain exceptions) to qualifying shareholders with registered addresses in the United States or any of the other Excluded Territories) on 29 November 2010 the latest time and date for acceptance and payment in full will be 10.00 a.m. on 17 December 2010.

If the rights offer is delayed so that provisional allotment letters cannot be despatched on 29 November 2010, the expected timetable as set out on page 6 of this document will be adjusted accordingly and the revised dates will be set out in the provisional allotment letters and announced through a Regulatory Information Service. References to dates and times in this document should be read as subject to any such adjustment.

The maximum number of new NEPI shares that a qualifying shareholder may take up is up to that which is set out in the relevant provisional allotment letter which has been provisionally allotted to that qualifying shareholder. The minimum number of new NEPI shares a qualifying shareholder may take up is one.

13.2.1.2 *Procedure for acceptance and payment*

13.2.1.2.1 Qualifying shareholders who wish to accept in full

Holders of provisional allotment letters who wish to take up all of their entitlements must sign in box 4 on page 1 of the provisional allotment letter and return the provisional allotment letter, in accordance with the instructions thereon, by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE or by post to the company's UK receiving agent, Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH, so as to arrive as soon as possible and in any event so as to be received not later than 10.00 a.m. on 17 December 2010. If you post your provisional allotment letter within the UK by first class post, it is recommended that you allow at least seven days for delivery. A reply paid envelope for use in the UK will be enclosed with the provisional allotment letter for this purpose.

Holders of provisional allotment letters who wish to pay by cheque or banker's draft must make them payable to "New Europe Property Investments PLC rights offer" and crossed "A/C payee only", for the full amount payable on acceptance, and return it with the provisional allotment letter duly completed in accordance with the instructions above so as to be received not later than 10.00 a.m. on 17 December 2010.

13.2.1.2.2 Qualifying shareholders who wish to accept in part

Holders of provisional allotment letters who wish to take up some but not all of their rights should sign box 5 on page 1 of the original provisional allotment letter and return it by hand (during normal business hours only) or post to the company's UK receiving agent, Computershare Investor Services PLC, together with a covering letter confirming the number of new NEPI shares in respect of which they would like to take up their entitlement under the rights offer.

Those holders of provisional allotment letters who wish to pay by cheque or banker's draft must enclose with such provisional allotment letter a cheque or banker's draft for the appropriate amount payable to "New Europe Property Investments PLC rights offer" and crossed "A/C payee only" to pay for this number of shares and in this case, the provisional allotment letter and cheque or banker's draft must be received by Computershare Investor Services PLC by 10.00 a.m. on 17 December 2010.

13.2.1.2.3 Company's discretion as to validity of acceptances

If payment is not received in full by 10.00 a.m. on 17 December 2010, the provisional allotment will (unless the company has exercised its right to treat as valid an acceptance as set out below) be deemed to have been declined and may be transferred or re-allotted for the benefit of the company or it will simply lapse. The company may, with the agreement of Smith & Williamson, but shall not be obliged to, treat as valid applications in respect of which remittances are received prior to 10.00 a.m. on 17 December 2010 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of new NEPI shares to be acquired and accompanied by an undertaking by that person to lodge the relevant provisional allotment letter duly completed in due course. The company also reserves the right, with the agreement of Smith & Williamson, to treat a provisional allotment letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

13.2.1.2.4 Payments

All payments must be in Euros and must be made by a holder of a provisional allotment letter either by cheque or banker's draft and not a combination thereof. Computershare Investor Services PLC will not accept electronic transfers of funds from holders of a provisional allotment letter and will only accept cheques and banker's drafts.

Cheques or banker's drafts should be made payable to "New Europe Property Investments PLC rights offer" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the UK or Isle of Man/Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited and must bear the appropriate sort code in the top right hand corner. Cheques must be drawn on the personal account of the individual investor to which they have sole or joint title to the funds. Cheques drawn on most major high street banks and building societies in the UK will be satisfactory. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society of the bank has confirmed the name of the account holder by stamping or endorsing the building society cheque or banker's draft to such effect. The account name should be the same as that shown on the application form. All documents, cheques or banker's drafts sent through the post will be sent at the risk of the drawer. The company reserves the right to instruct Computershare Investor Services PLC to seek special clearance of cheques and banker's drafts to allow the company to obtain value for remittances at the earliest opportunity. Cheques or banker's drafts will be presented for payment upon receipt. No interest will be allowed on payments made before they are due (whether by cheque, banker's draft or electronic transfer of funds) and any interest on such payments will accrue to the benefit of the company. It is a term of the rights offer that cheques shall be honoured on first presentation and the company may elect to treat as invalid acceptances in respect of which cheques are not so honoured or acceptances accompanied by cheques which the company has reason to suspect will not be paid. Payment by BACS, CHAPS and electronic transfer will not be accepted.

13.2.1.3 *Money Laundering Regulations*

If the value of your application exceeds €15,000 (the approximate equivalent of £12,500) (or is one of a series of linked applications, the aggregate value of which exceeds that amount) and either you do not pay from an account in your own name (whether by cheque, banker's draft or by electronic transfer of funds), or and/or the account from which payment is to be made is not held within an institution that is authorised in the UK by the FSA under FSMA or that is an EU authorised credit institution, as defined in Article 1 of the Banking Consolidation Directive (2000/12/EEC), as referred to in the verification of identity requirements of the Money Laundering Regulations, such regulations will apply. Computershare Investor Services PLC and the company are entitled to require, at their absolute discretion, verification of identity from any person lodging a provisional allotment letter (the "applicant") including, without limitation, any person who either tenders payments by way of a cheque or banker's draft drawn on an account in the name of a person or persons other than the applicant, who transfers funds from the account of a person or persons other than the applicant or who appears to Computershare Investor Services PLC or the company to be acting on behalf of some other person. Submission of a provisional allotment letter with the appropriate remittance will constitute a warranty by the applicant in favour of Computershare Investor Services PLC and the company that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the applicant to provide promptly to Computershare Investor Services PLC and the company such information as may be specified by Computershare Investor Services PLC and the company as being required for the purpose of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Computershare Investor Services PLC and the company as to identity, in respect of any new NEPI shares which would otherwise be treated as taken up in accordance with the procedure for acceptance and payment set out in this document, Computershare Investor Services PLC

and the company may, after consultation with Smith & Williamson and having taken into account their representations, retain the relevant provisional allotment letter lodged by an applicant for new NEPI shares and/or the cheque, banker's draft or other remittance relating to it but not enter the new NEPI shares to which it relates on the register of members or issue any share certificate in respect of them. If evidence of identity satisfactory to Computershare Investor Services PLC and/or the company has not been provided within a reasonable time, then the acceptance will not be valid but will be without prejudice to the right of the company to take proceedings to recover any loss suffered by it as a result of the failure of the applicant to provide satisfactory evidence. In that case the application monies (without interest) will be returned to the bank or building society account from which payment was made.

Computershare Investor Services PLC and/or the company shall be entitled, at its sole discretion, to determine whether the verification of identity requirements apply to any applicant and whether such requirements have been satisfied and none of Computershare Investor Services PLC, the company or Smith & Williamson will be liable to any person for any loss incurred as a result of the exercise of such discretion.

The following guidance is provided in order to reduce the likelihood of difficulties, delays and potential rejection of an application (but does not limit the right of Computershare Investor Services PLC and/or the company to require verification of identity as stated above).

- (a) Applicants are requested if possible to make their payment by their own cheque. If this is not practicable and an applicant uses a cheque drawn by a building society or a banker's draft, the applicant should:
- write the applicant's name and address on the back of the building society cheque or banker's draft and, in the case of an individual, record his date of birth against his name; and
 - if a building society cheque or banker's draft is used, ask the building society or bank to print on the cheque the full name and account number of the person whose building society or bank account is being debited or to write those details on the back of the cheque and add their stamp.
- (b) If an application is delivered by hand, the applicant should ensure that he has with him evidence of identity bearing his photograph, for example, a valid full passport together with evidence of his address.

If you are making an application as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), irrespective of the value of the application, Computershare Investor Services PLC and/or the company are obliged to take reasonable measures to establish the identity of the person or persons on whose behalf the application is being made. If the application is lodged with payment by an agent which is an organization required to comply with the EU Money Laundering Directive (91/308/EEC), or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Singapore, South Africa, Switzerland, Turkey and the United States), the agent should provide with the application written confirmation that it has that status and that it has obtained and recorded evidence of the identity of the person for whom it acts (indicating whether or not the agent has dealt with such person face to face) together with original evidence of identity of the person for whom it acts.

All enquiries in relation to the provisional allotment letter should be addressed to Computershare Investor Services PLC.

Applicants making an application as agent should specify on the provisional allotment letter if they are a UK or EU regulated person or institution.

13.2.1.4 *Dealings in nil paid rights*

Application has not been nor will it be made for the admission of nil paid rights to trading on AIM. Accordingly there will be no dealings on AIM in the nil paid rights represented by provisional allotment letters and the same will not be negotiable (nil paid) on the capital market.

13.2.1.5 *Dealings in fully paid rights*

Fully paid provisional allotment letters will not be sent to qualifying shareholders who take up their entitlements to new NEPI shares. Accordingly there will be no dealings on AIM in fully paid rights represented by provisional allotment letters and the same will not be negotiable (fully paid) on the capital market.

After 20 December 2010, the new NEPI shares will be in registered form and transferable in the usual way (see paragraph 11 of this document). Pending the issue of share certificates and CREST accounts being credited with the new NEPI shares, transfers of new NEPI shares will be certified by Computershare Investor Services PLC against the register.

13.2.1.6 *Renunciation and splitting of provisional allotment letters*

The provisional allotment letters may not be renounced, transferred or split except in order to satisfy *bona fide* market claims.

13.2.1.7 *Registration in names of qualifying shareholders*

A qualifying shareholder who wishes to have all the new NEPI shares to which he is entitled registered in his name must accept and make payment for such allotment in accordance with the provisions set out in this document and the provisional allotment letter.

13.2.1.8 *Deposit of nil paid rights or fully paid rights into CREST*

Neither the nil paid rights nor fully paid rights represented by a provisional allotment letter may be converted into uncertificated form, that is, deposited into CREST. However, where a qualifying shareholder's existing shares are held in CREST, any new NEPI shares in respect of which such shareholder takes up his entitlement under the rights offer will be credited to such shareholder's CREST account unless and except in the event of the unavailability of the system or the relevant CREST account for any reason in which case the right is reserved by the company to issue the relevant new NEPI shares in certificated form.

13.2.1.9 *Issue of new NEPI shares in definitive form*

Definitive share certificates in respect of new NEPI shares to be held in certificated form are expected to be despatched by post by 29 December 2010 to accepting qualifying shareholders whose existing shares are not held in CREST, at their registered address unless lodging agent's details have been completed on page 1 of the provisional allotment letter. After despatch of definitive share certificates, provisional allotment letters will cease to be valid for any purpose whatsoever. Pending the issue of definitive share certificates and CREST accounts being credited with the new NEPI shares, transfers of new NEPI shares will be certified by Computershare Investor Services PLC against the register.

13.3 **Procedure in respect of new ordinary shares not taken up**

If an entitlement to new NEPI shares is not validly taken up in accordance with the procedure laid down for acceptance and payment in this document, then that provisional allotment will be deemed to have been declined and may be sold or re-allotted for the benefit of the company or simply lapse.

14. EXCHANGE CONTROL REGULATIONS

The following summary is intended only as a guide and is therefore not a comprehensive statement of the Exchange Control Regulations applicable to shareholders on the SA register. NEPI shareholders who are in any doubt as to the appropriate course of action to take should consult their professional advisors.

The new NEPI shares to be issued pursuant to the rights offer are not freely transferable from South Africa and must be dealt with in terms of the South African Exchange Control Regulations.

NEPI shareholders who are not resident in the common monetary area should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to follow their rights in terms of the rights offer.

14.1 **Non-residents of the common monetary area**

In terms of the Exchange Control Regulations of South Africa and upon specific approval by the South African Reserve Bank, non-residents, excluding former residents, of the common monetary area will be allowed to:

- take up rights allocated to them in terms of the rights offer;
- purchase rights on the JSE; and
- subscribe for the new NEPI shares in terms of the rights offer,

provided payment is received in foreign currency through normal banking channels or in Rand from a non-resident account.

Share certificates issued pursuant to the application must be endorsed “non-resident”.

In respect of NEPI shareholders taking up their rights in terms of the rights offer:

- a “non-resident” endorsement will be applied to forms of instruction issued to non-resident certificated shareholders; or
- a “non-resident” annotation will appear in the CSDP or broker’s register for non-resident dematerialised shareholders.

All applications by non-residents for the above purposes must be made through a South African authorised dealer.

Where rights are sold on the JSE on behalf of non-residents, the proceeds of such sale are freely remittable through a South African authorised dealer in foreign exchange.

14.2 **Former residents of the common monetary area (“emigrants”)**

Where a right in terms of the rights offer falls due to an emigrant, which right is based on shares blocked in terms of South African Exchange Control Regulations, then only blocked funds may be used to:

- take up rights allocated to such emigrant in terms of the rights offer;
- purchase rights on the JSE; and
- subscribe for new NEPI shares in terms of the rights offer.

Applications by emigrants using blocked Rands for the above purposes must be made through the South African authorised dealer controlling their blocked assets. NEPI share certificates issued pursuant to blocked Rand transactions must be endorsed “non-resident” and placed under the control of the authorised dealer through whom the payment was made.

In respect of NEPI shareholders taking up their rights in terms of the rights offer:

- a “non-resident” endorsement will be applied to forms of instruction issued to non-resident certificated shareholders; or
- a “non-resident” annotation will appear in the CSDP or broker’s register for non-resident dematerialised shareholders.

Where rights are sold on the JSE on behalf of emigrants, which rights are based on an investment which is blocked in terms of the South African Exchange Control Regulations, the proceeds of such sales will be credited to the blocked Rand accounts of the NEPI shareholders concerned.

Non-resident and emigrant dematerialised shareholders will have all aspects relating to exchange control managed by their CSDP or broker.

15. FOREIGN SHAREHOLDERS

15.1 **Introduction**

Foreign shareholders on the SA share register may be affected by the rights offer, having regard to prevailing laws in their relevant jurisdictions. Such foreign shareholders should inform themselves about and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this circular that may affect them, including the rights offer. It is the responsibility of each foreign shareholder to satisfy himself/herself as to the full observation of the laws and regulatory requirements of the relevant foreign jurisdiction in connection with the rights offer, including the obtaining of any governmental, exchange or other consents or the making of any filing which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction.

Any foreign shareholder who is in doubt as to its position with respect to the rights offer in any jurisdiction, including, without limitation, his/her tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay. Foreign shareholders are reminded that they may dispose of their NEPI shares prior to the last date to trade, in which case they will not participate in the rights offer.

Foreign shareholders accordingly must take their own advice on whether they are entitled, after the rights offer, to continue beneficially to hold any NEPI shares distributed to them and take the appropriate action in accordance with that advice.

15.2 General

The comments set out in this paragraph 15 are intended as a general guide only and any foreign shareholder who is in doubt as to his/her position should consult his/her professional adviser without delay.

This paragraph 15 sets out the restrictions applicable to foreign shareholders who have registered addresses outside South Africa, who are citizens or residents of countries other than South Africa or who are persons (including without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside South Africa or who hold NEPI shares for the account of any such person.

New NEPI shares will be provisionally allotted to all NEPI shareholders. However provisional allotment letters and/or letters of allocation have not been and will not be sent to, and rights to subscribe for new NEPI shares will not be credited in electronic form to any accounts with an appointed CSDP or broker of, any NEPI shareholders with addresses in, or who are otherwise known to the company to be residents of, any Excluded Territories or to their agent or intermediary except where the company and Smith & Williamson are satisfied in their absolute discretion that such action would not result in a contravention of any registration or other legal requirement in such jurisdiction.

Neither the receipt of this circular and/or any letter of allocation or provisional allotment letter nor the receipt of any rights to subscribe for new NEPI shares in electronic form to an account with an appointed CSDP or broker, shall constitute an invitation or offer to a person in any of those jurisdictions in which it would be illegal to make an invitation or offer and in those circumstances, this circular and/or a letter of allocation or provisional allotment letter must be treated as sent for information only and should not be copied or redistributed. Accordingly, no person in any territory outside South Africa who receives a copy of this circular and/or a letter of allocation or provisional allotment letter or any rights to subscribe for new NEPI shares in electronic form to an account with an appointed CSDP or broker, should treat the same as constituting any invitation or offer to him/her or use or deal with any letter of allocation or provisional allotment letter or rights to subscribe for new NEPI shares held in electronic form, unless and except to the extent that such an invitation or offer can be made or any letter of allocation or provisional allotment letter or rights to subscribe for new NEPI shares held in electronic form can be used or dealt with lawfully, without contravention of any registration or other legal or regulatory requirements.

Accordingly, any person (including without limitation, any custodian, nominee and trustee) who receives a copy of this circular and/or a letter of allocation or provisional allotment letter or any rights to subscribe for new NEPI shares in electronic form to an account with an appointed CSDP or broker, should not in connection with the rights offer, distribute or send the same in, into or from, or transfer any nil paid rights or fully paid rights in, into or from, any of the Excluded Territories. If a letter of allocation or provisional allotment letter or any rights to subscribe for new NEPI shares in electronic form is received by any person in such territory, or by his/her agent or nominee, he/she must not seek to take up the rights comprised therein or in this circular or renounce the letter of allocation or provisional allotment letter or transfer any rights to subscribe for new NEPI shares held in electronic form, unless the company and Smith & Williamson determine in their absolute discretion that such actions would not violate applicable legal or regulatory requirements.

Any person (including without limitations, custodians, nominees and trustees) who does forward this circular and/or a letter of allocation or provisional allotment letter in, into or from any Excluded Territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 15.

The company and Smith & Williamson reserve the right to treat as invalid any acceptance or purported acceptance (whether by the qualifying shareholder originally entitled thereto or any renounee or transferee of nil paid rights or fully paid rights) of a letter of allocation or provisional allotment letter or any rights to subscribe for new NEPI shares credited in electronic form to an account with an appointed CSDP or broker and any renunciation or purported renunciation of a letter of allocation or provisional allotment letter or any rights to subscribe for new NEPI shares credited in electronic form to an account with an appointed CSDP or broker, which:

- 15.2.1 appears to the company or Smith & Williamson or their agents in their absolute discretion to have been executed, effected or despatched from any Excluded Territory or in a manner which may involve a breach of the laws or regulations of any jurisdiction;
- 15.2.2 in the case of a letter of allocation or provisional allotment letter provides an address for delivery of any share certificates which is in any of the Excluded Territories;
- 15.2.3 in the case of any rights to subscribe for new NEPI shares credited in electronic form to an account with an appointed CSDP or broker, provides an address for the account holder or any other person accepting an entitlement to the new NEPI shares which is in any of the Excluded Territories; or
- 15.2.4 the company or Smith & Williamson or their agents believe may violate applicable legal or regulatory requirements.

Notwithstanding any other provision of this circular and/or a letter of allocation or provisional allotment letter, the company and Smith & Williamson reserve the right in their absolute discretion to permit any NEPI shareholder to take up his/her rights, and in connection therewith may impose such additional conditions or restrictions, including without limitation any stipulation that any letter of allocation or provisional allotment letter shall not be renounceable, as they may in their absolute discretion deem fit, if the company and Smith & Williamson are satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. If the company and/or Smith & Williamson are so satisfied, the company will arrange for a letter of allocation or provisional allotment letter as appropriate.

15.3 Representations of foreign shareholders

Any person accepting or renouncing a letter of allocation or provisional allotment letter or requesting registration of the new NEPI shares comprised therein represents and warrants to the company and to Smith & Williamson that, except where proof has been provided to the company's satisfaction that such person's use of the letter of allocation or provisional allotment letter will not result in the contravention of any applicable legal requirement in any jurisdiction:

- 15.3.1 such person is not accepting and/or renouncing the letter of allocation or provisional allotment letter, nil paid rights, fully paid rights or new NEPI shares from within any of the Excluded Territories;
- 15.3.2 such person is not in any of the Excluded Territories;
- 15.3.3 such person is not acting on a non-discretionary basis for a person resident in any Excluded Territory at the time the instruction to accept or renounce was given; and
- 15.3.4 such person is not acquiring new NEPI shares with a view to the offer, resale, transfer, delivery or distribution directly or indirectly, of any such new NEPI shares into any Excluded Territory.

The company and Smith & Williamson reserve the right in their absolute discretion to treat as invalid any acceptance or purported acceptance of a letter of allocation or provisional allotment letter or any rights to subscribe for new NEPI shares credited in electronic form to an account with an appointed CSDP or broker or the renunciation or purported renunciation of a letter of allocation or provisional allotment letter or any rights to subscribe for new NEPI shares credited in electronic form to an account with an appointed CSDP or broker, if it purports in any such case to modify or exclude the representation or warranty required by this paragraph.

16. TAX CONSEQUENCES OF THE RIGHTS OFFER

The directors of the company are of the opinion that the purchase, holding and disposal of the letters of allocation or provisional allotment letters or rights offer shares should, for taxation purposes, be treated according to the usual rules relating to the categorisation of an asset and its return as capital or revenue and accordingly NEPI shareholders are advised to consult their professional advisers regarding the tax consequences of the rights offer.

17. JURISDICTION

The distribution of this circular and/or accompanying documents and/or the transfer of the new NEPI shares and/or the rights to subscribe for new NEPI shares in jurisdictions other than South Africa, the Isle of Man and the United Kingdom may be restricted by law and failure to comply with any of those restrictions may constitute a violation of the laws of any such jurisdiction in which it is illegal to make such a rights offer. In such circumstances, this circular, the form of instruction and provisional allotment letter are sent for information purposes only.

18. SHARE CAPITAL OF THE COMPANY

Provided below is information relating to the authorised and issued share capital of the company and share premium.

18.1 NEPI's share capital

The authorised and issued share capital of NEPI before the rights offer, as at the last practicable date, is as follows:

Before the rights offer:	EUR
Share capital	
<i>Authorised</i>	
150 000 000 ordinary shares of €0.01 each	1 500 000
<i>Issued share capital</i>	
61 933 734 ordinary shares of €0.01 each	619 337
Share premium	126 657 691
Total	127 277 028

Assuming that all of the rights shares will be subscribed for, the authorised and issued share capital of NEPI after the rights offer will be as follows:

After the rights offer:	EUR
Share capital	
<i>Authorised</i>	
150 000 000 ordinary shares of €0.01 each	1 500 000
<i>Issued share capital</i>	
76 933 734 ordinary shares of €0.01 each	769 337
Share premium	166 355 956
Total	167 125 333

For purposes of the consolidated financial statements, shares which were issued as part of the share incentive scheme were accounted for as treasury shares in accordance with IFRS. Accordingly, the issued share capital included in the consolidated financial statements prepared in accordance with IFRS is lower than presented above.

18.2 The share price and volume history of NEPI shares on the JSE:

18.2.1 in the twelve months preceding the last practicable date;

18.2.2 in each quarter over the preceding two years; and

18.2.3 in the thirty days preceding the last practicable date,

are set out in **Annexure 3**.

19. INFORMATION RELATING TO DIRECTORS

19.1 Directors' ages, roles, qualifications and business addresses

The table below sets out information pertaining to the current directors of NEPI and its material subsidiaries.

Director	Age	Role	Qualification	Business address
Corneliu Dan Pascariu	60	Independent non-executive Chairman	MBA	23-25 Ghetarilor Street RO-014106, Bucharest-1, Romania
Martin Johannes Christoffel Slabbert	39	Chief Executive Officer	BCom, LLB (cum laude), MCom (cum laude), Dip FMI, CF (England and Wales)	4-6 Daniel Danielopolu Street 4th Floor, Bucharest, Romania
Victor Semionov	33	Financial Director	BCom	4-6 Daniel Danielopolu Street 4th Floor, Bucharest, Romania
Desmond de Beer	50	Non-executive director	BProc, MAP	4th Floor, Rivonia Village 3 Mutual Road, Rivonia Johannesburg, South Africa
Dewald Lambertus Joubert	37	Independent non-executive director	BCom, LLB, Adv Cert Tax – UP	25 Athol Street, Douglas Isle of Man, IM2 1LB
Michael John Mills	63	Independent non-executive director	BSc, FCA (Fellow of the Institute of Chartered Accountants in England and Wales)	Maple Heath, Parsonage Lane Farnham Common, Slough SL2 3NZ England
Jeffrey Nathan Zidel	59	Independent non-executive Director	–	4th Floor, Rivonia Village 3 Mutual Road, Rivonia Johannesburg, South Africa

19.2 Directors' remuneration

There will be no variation in the remuneration payable to directors as a consequence of the rights offer.

19.3 Directors' interests in NEPI shares

The interests of the directors in the issued share capital of NEPI, at the last practicable date and the end of the preceding financial year being 31 December 2009, are set out below:

Beneficial holdings of directors as at the last practicable date	Direct holdings	Indirect holdings	Total holdings	Percentage of issued shares (%)
Desmond de Beer	–	3 698 297	3 698 297	5.97
Jeffrey Zidel	–	1 134 574	1 134 574	1.83
Martin Slabbert	–	4 294 038	4 294 038	6.93
Victor Semionov	–	940 206	940 206	1.52
Total		10 067 115	10 067 115	16.25

Beneficial holdings of directors as at 31 December 2009	Direct holdings	Indirect holdings	Total holdings	Percentage of issued shares (%)
Desmond de Beer	–	3 362 953	3 362 953	8.27
Jeffrey Zidel	–	1 046 615	1 046 615	2.58
Martin Slabbert	–	197 500	197 500	0.48
Total		4 607 068	4 607 068	11.33

Other than as described in 19.4 below, there were no other changes in directors' holdings between the end of the preceding financial year and the date of issue of this circular.

Mr Zidel and Mr de Beer intend to follow all their rights in terms of the rights offer. Mr Slabbert intends to follow 225 900 of his rights and Mr Semionov intends to follow 7 500 of his rights.

19.4 Directors' interests in transactions

On the 22 June 2010 it was announced on SENS and RIS that NEPI had agreed to acquire all of the issued shares of the company's then external investment adviser, NEPI IML, from the vendors, consisting of Fortress Asset Managers (Proprietary) Limited, Slabbert Family Limited, Focus CEE Investments Limited and CEMZ Holdings Limited (collectively, the "vendors") for a purchase price of approximately €6.3 million which was settled through the issue of 2 450 748 ordinary shares in NEPI ("vendor shares") at a price of €2.58 per vendor share.

Of the vendor shares issued, 1 531 717 vendor shares were issued for the benefit of Fortress Asset Managers (Proprietary) Limited (a wholly-owned subsidiary of Resilient, which at the time owned 20.3% of the company's issued shares), 735 224 vendor shares were issued for the benefit of Slabbert Family Limited (a company in which Martin Slabbert has an indirect interest) and 122 537 vendor shares were issued for the benefit of Focus CEE Investments Limited (a company in which Victor Semionov has an interest).

The directors of the group have no other interests in transactions entered into by NEPI during the current or preceding financial year and which remain in any respect outstanding or unperformed.

20. LITIGATION STATEMENT

There are no legal or arbitration proceedings which may have, or have during the twelve months preceding the date of this circular, had a material effect on the financial position of the group. NEPI is not aware of any other proceedings that would have a material effect on the financial position of the group or which are pending or threatened against the group.

21. CORPORATE GOVERNANCE

The corporate governance statement of the company is set out in **Annexure 4**.

22. EXPENSES OF THE RIGHTS OFFER

The following expenses and provisions are expected or have been provided for by the group in connection with the rights offer and will be settled out of the proceeds of the rights offer. All costs are stated exclusive of VAT:

	R [^]	EUR [^]
Registrar of Companies	10 000	1 026
JSE fees – document inspection fee	18 365	1 884
– listing fee	125 651	12 887
Java Capital (Proprietary) Limited – corporate and legal advisor fees	500 000	51 282
Smith & Williamson – Nominated advisor and broker fees	333 450	34 200
KPMG Inc. – independent reporting accountants' fees	45 000	4 615
Consilium Limited – Isle of Man legal advisors' fees	19 500	2 000
Ince (Proprietary) Limited – printing costs	200 000	20 513
Ince (Proprietary) Limited – press announcements	150 000	15 385
South African transfer secretaries	20 000	2 052
UK transfer secretaries	20 000	2 052
Total	1 441 966	147 896

[^] The expenses and provisions have been converted using a ZAR:EUR exchange rate of R9.75:€1.00

23. CONSENTS

Each of the corporate advisor, legal advisor as to South African law and JSE sponsor, the nominated advisor and broker in the UK, the company secretary, the legal advisor as to the Isle of Man law, the Isle of Man administrator and registrar, the South African transfer secretaries, the UK transfer secretaries, the UK receiving agent, the bankers, the independent reporting accountants and the auditors, whose names are set out in the "Corporate information" section, have consented in writing to act in the capacities stated and to their names appearing in this circular and have not withdrawn their consent prior to the publication of this circular.

The independent reporting accountants have consented to the inclusion of their report in the form and context in which it is included in this circular, which consent has not been withdrawn prior to the publication of this circular.

24. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page 13, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts which have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the circular contains all information required by law and the JSE Listings Requirements.

25. DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of NEPI, the offices of the JSE sponsor and the offices of the nominated advisor and broker in the UK from Monday, 29 November 2010, up to and including Friday, 17 December 2010:

- 25.1 the articles of association of NEPI and its subsidiaries;
- 25.2 the group audited financial statements for the financial years ended 31 December 2009, 2008 and 2007, and the interim financial statements for the six months ended 30 June 2010;
- 25.3 this circular, signed by or on behalf of the directors and the form of instruction registered by the Registrar of Companies;
- 25.4 the letters of consent referred to in paragraph 23 of this circular;
- 25.5 the valuation reports prepared by the independent property valuers in respect of the properties owned by the group as at 31 December 2009;
- 25.6 the independent reporting accountants' signed report set out in **Annexure 2**; and
- 25.7 the agreements giving effect to the investment advisor internalisation, details of which are set out in paragraph 19.4 above.

Signed in Johannesburg by Des de Beer on his own behalf and on behalf of all the other directors of the company on 4 November 2010, he being duly authorised in terms of powers of attorney granted to him by such other directors.

Des de Beer

Director

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF NEPI

The unaudited *pro forma* consolidated statement of comprehensive income and unaudited *pro forma* consolidated statement of financial position are the responsibility of the directors of NEPI and they have been prepared for illustrative purposes only, in order to provide information about the financial results and financial position of NEPI, assuming the rights offer had been implemented on 1 January 2010 and 30 June 2010, respectively. Due to its nature, the unaudited *pro forma* financial information may not give a fair reflection of NEPI's results of operations and financial position subsequent to the rights offer. The independent reporting accountants' assurance report on the unaudited *pro forma* financial information of the rights offer is set out in **Annexure 2**.

The unaudited *pro forma* financial information has been prepared in accordance with the accounting policies of the NEPI group that were used in the preparation of the unaudited interim results for the six months ended 30 June 2010.

1. UNAUDITED *PRO FORMA* CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2010

Set out below is the unaudited *pro forma* consolidated statement of comprehensive income of the group reflecting the effects of the rights offer:

	Before the rights offer¹ EUR	Adjustments for the rights offer EUR	After the rights offer EUR
Net rental and related income	7 797 115		7 797 115
Contractual rental income and expense recoveries	10 126 772		10 126 772
Property operating expenses	(2 329 657)		(2 329 657)
Share based payments	(307 346)		(307 346)
Investment advisory fees	(679 627)		(679 627)
Administrative expenses	(461 517)		(461 517)
Foreign exchange gain	421 927		421 927
Profit before net finance expense	6 770 552		6 770 552
Finance income	196 896		196 896
Finance expense	(4 023 933)	1 193 013 ^{4/5}	(2 830 920)
Net finance expense	(3 827 037)	1 193 013	(2 634 024)
Profit before tax	2 943 515	1 193 013	4 136 528
Tax	(9 813)		(9 813)
Profit for the period attributable to equity holders	2 933 702	1 193 013	4 126 715
Weighted average number of shares in issue	47 255 904	15 000 000 ³	62 255 904
Diluted weighted average number of shares in issue	49 444 271	15 000 000 ³	64 444 271
Basic weighted average earnings per share (EUR cents)	6.21		6.63
Diluted weighted average earnings per share (EUR cents)	5.93		6.40
Distributable earnings per share (EUR cents)	8.35		8.27
Headline earnings per share (EUR cents)	7.62		7.70
Diluted headline earnings per share (EUR cents)	7.28		7.44

	Before the rights offer ¹ EUR	Adjustments for the rights offer EUR	After the rights offer EUR
Profit for the period attributable to equity holders	2 933 702	1 193 013	4 126 715
Unrealised foreign exchange gain	(421 927)		(421 927)
Acquisition fees	332 839		332 839
Share based payment fair value	307 346		307 346
Accrued interest on share based payments	133 639		133 639
Financial assets at fair value	701 291		701 291
Amortisation of the financial assets	(159 600)		(159 600)
Share issue <i>cum</i> distribution	1 042 706		1 042 706
Distributable earnings for the period	4 869 996	1 193 013	6 063 009
Number of shares entitled to distribution	58 346 586*	15 000 000 ³	73 346 586*
*(Total shares in issue less 3 587 148 vendor shares subject to lock-in arrangements since 20 October 2009)			
Distributable earnings per share for the period (EUR cents)	8.35		8.27
	Before the rights offer ¹ EUR	Adjustments for the rights offer EUR	After the rights offer EUR
Profit for the period attributable to equity holders	2 933 702	1 193 013	4 126 715
Changes in currency translation reserve of foreign subsidiaries	667 976		667 976
Headline earnings	3 601 678	1 193 013	4 794 691

Notes and assumptions:

1. The figures set out in the "Before the rights offer" column above have been extracted from the published unaudited interim consolidated statement on comprehensive income for the six months ended 30 June 2010.
2. The rights offer is assumed to have been implemented on 1 January 2010.
3. 15 000 000 rights offer shares are assumed to be issued pursuant to the rights offer, thereby raising capital of €40 million.
4. Although the proceeds of the rights offer are intended to be used to finance yield enhancing investment opportunities in direct property in Romania, there are no firm commitments at the date of this circular to deploy the proceeds which will be received from the rights offer. Accordingly, there is no factually supportable financial information regarding potential investments. Consequently, it has been assumed that the net proceeds of the rights offer (after payment of estimated costs of approximately €148 000) have been utilised to partially repay the loans and borrowings of approximately €39.85 million.
5. Finance expense is assumed to be reduced as a result of the repayment of approximately €39.85 million of loans and borrowings at the beginning of the six months ended 30 June 2010. A cost of debt of 5.99%, (being the interest rate on the loans which are assumed to be repaid), is assumed to apply throughout the six months ended 30 June 2010.
6. A ZAR:EUR exchange rate of R9.75:€1.00 is assumed to apply.
7. All adjustments have a continuing effect.
8. During the interim period, NEPI concluded the investment advisor internalisation which resulted in an intangible asset. The appropriateness of the recognition of the intangible asset will be determined as part of the audit for the year ending 31 December 2010.

2. Unaudited *pro forma* consolidated statement of financial position at 30 June 2010

Set out below is the unaudited *pro forma* consolidated statement of financial position of the group reflecting the effects of the rights offer:

	Before the rights offer ¹ EUR	Adjustments for the rights offer EUR	After the rights offer EUR
ASSETS			
Non-current assets	211 084 981		211 084 981
Investment property	196 914 767		196 914 767
Investment property at fair value	189 752 881		189 752 881
Investment property under development	7 161 886		7 161 886
Intangible assets	5 881 943		5 881 943
Goodwill	6 908 608		6 908 608
Financial assets at fair value through profit or loss	1 379 663		1 379 663
Current assets	27 932 073		27 932 073
Trade and other receivables	4 465 634		4 465 634
Cash and cash equivalents	23 466 439		23 466 439
Total assets	239 017 054		239 017 054
EQUITY AND LIABILITIES			
Total equity attributable to equity holders	114 862 261	39 852 105	154 714 366
Share capital	562 686	150 000 ^{5/6}	712 686
Share premium	119 042 233	39 702 105	158 744 338
Share based payment reserve	542 246		542 246
Currency translation reserve	(3 318 045)		(3 318 045)
Accumulated loss	(1 966 859)		(1 966 859)
Non-current liabilities	116 257 774	(39 852 105)	76 404 669
Loans and borrowings	105 223 417	(39 852 105) ⁴	65 371 312
Financial liabilities at fair value through profit or loss	1 081 710		1 081 710
Deferred tax liabilities	9 952 647		9 952 647
Current liabilities	7 897 019		7 897 019
Trade and other payables	6 335 216		6 335 216
Loans and borrowings	1 561 803		1 561 803
Total equity and liabilities	239 017 054	–	239 017 054
Net asset value per share (EUR)	2.04		2.17
Net tangible asset value per share (EUR)	1.81		1.99
Adjusted net asset value per share (EUR)	2.03		2.15

	Before the rights offer ¹ EUR	Adjustments for the rights offer EUR	After the rights offer EUR
Net asset value per the statement of financial position	114 862 261	39 852 105	154 714 366
Issued value of the shares in respect of the share incentive scheme	13 748 436		13 748 436
Deferred tax	9 952 647		9 952 647
Goodwill and intangible assets	(12 790 551)		(12 790 551)
Adjusted net asset value	125 772 793	39 852 105	165 624 898
Number of shares for net assets value per share purposes	56 268 704	15 000 000 ³	71 268 704
Number of shares for adjusted net assets value per share purposes	61 933 734	15 000 000 ³	76 933 734

Notes and assumptions:

1. The figures set out in the "Before the rights offer" column above have been extracted from the published unaudited interim consolidated statement of financial position as at 30 June 2010.
2. The rights offer is assumed to have been implemented on 30 June 2010.
3. 15 000 000 rights offer shares are assumed to be issued pursuant to the rights offer thereby raising capital of €40 million.
4. Although the proceeds of the rights offer are intended to be used to finance yield enhancing investment opportunities in direct property in Romania, there are no firm commitments at the date of this circular to deploy the proceeds which will be received from the rights offer. Accordingly, there is no factually supportable financial information regarding potential investments. Consequently, it has been assumed that the net proceeds of the rights offer (after payment of estimated costs of approximately €148 000) have been utilised to partially repay the loans and borrowings of approximately €39.85 million.
5. The adjustment represents the share capital and share premium arising from the issue of 15 000 000 rights offer shares at EUR2.67 (R26.00) per share, net of estimated costs related to the rights offer of approximately €148 000, which have been written off against share premium.
6. The costs of the rights offer are assumed to be approximately €148 000.
7. A ZAR:EUR exchange rate of R9.75:€1.00 is assumed to apply.
8. During the interim period, NEPI concluded the investment advisor internalisation which resulted in an intangible asset. The appropriateness of the recognition of the intangible asset will be determined as part of the audit for the year ending 31 December 2010.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF NEPI

"The Directors
New Europe Property Investments plc
2nd Floor, Anglo International House
Lord Street
Douglas
Isle of Man, IM1 4LN

4 November 2010

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF NEW EUROPE PROPERTY INVESTMENTS PLC

We have performed our limited assurance engagement in respect of the unaudited *pro forma* financial information set out in paragraph 7 and **Annexure 1** of the circular to shareholders of New Europe Property Investments plc ("NEPI") to be dated on or about 29 November 2010 ("the Circular"). Terms used herein and defined in the Circular have the meaning assigned to them in the Circular unless otherwise indicated.

The unaudited *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("the JSE") Listings Requirements, for illustrative purposes only, to provide information about how the corporate actions might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* consolidated statement of financial position being reported on.

Directors' responsibility

The directors are responsible for the compilation, contents and presentation of the unaudited *pro forma* financial information contained in the Circular and for the financial information from which it has been prepared. Their responsibility includes determining that:

- the unaudited *pro forma* financial information has been properly compiled on the basis stated;
- the basis is consistent with the accounting policies of NEPI;
- the unaudited *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express our limited assurance conclusion on the unaudited *pro forma* financial information included in the Circular to NEPI shareholders.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on Pro Forma Financial Information* issued by SAICA. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the unaudited *pro forma* adjustments in light of the accounting policies of NEPI, considering the evidence supporting the unaudited *pro forma* adjustments, and discussing the adjusted unaudited *pro forma* financial information with the directors and management of the company in respect of the corporate action that is the subject of this Circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors and management of NEPI and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published unaudited interim financial information, and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

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 conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that in term of sections 8.17 and 8.30 of the JSE Listings Requirements:

- the unaudited *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of NEPI; and
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial information as disclosed.

Consent

This report on the unaudited *pro forma* financial information is included solely for the information of the NEPI shareholders. We consent to the inclusion of our report on the unaudited *pro forma* financial information and the references thereto, in the form and context in which they appear.

Yours faithfully

KPMG Inc.

Per Mickey Bove
Chartered Accountant (SA)
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg”

PRICE AND VOLUME HISTORY OF NEPI SHARES ON THE JSE

NEPI shares

Period	High (cents)	Low (cents)	Close (cents)	Volume	Value (R)
Quarterly					
2009					
Date of listing to end June 2009	2 275	2 025	2 275	294 678	6 553 902
September	2 950	2 275	2 900	3 140 416	76 914 010
Monthly					
2009					
October	2 900	2 600	2 850	453 403	12 522 066
November	2 990	2 990	2 990	50	1 495
December	3 100	2 750	2 820	34 715	971 189
2010					
January	2 900	2 775	2 850	161 757	4 573 874
February	3 113	2 560	2 700	967 273	27 466 235
March	3 112	2 600	2 850	1 120 120	30 462 994
April	3 000	2 705	2 900	1 751 839	50 032 001
May	2 950	2 780	2 875	384 352	11 001 709
June	3 098	2 751	2 900	1 510 423	43 393 737
July	3 100	2 751	3 000	894 348	25 867 005
August	3 450	2 850	3 000	1 996 930	59 907 710
September	3 200	2 920	3 100	1 222 670	36 927 002
Daily					
2010					
	–	–	3 100	–	–
22 September	–	–	3 100	–	–
23 September	–	–	3 100	–	–
27 September	–	–	3 100	–	–
28 September	3 200	3 075	3 099	75 300	2 334 129
29 September	3 200	3 099	3 100	442 900	13 729 630
30 September	3 100	3 100	3 100	1 000	31 000
1 October	3 150	3 150	3 150	5 000	157 500
4 October	3 100	3 100	3 100	60 000	1 860 000
5 October	3 100	3 100	3 100	765	23 715
6 October	–	–	3 100	–	–
7 October	–	–	3 100	–	–
8 October	–	–	3 100	–	–
11 October	–	–	3 100	–	–
12 October	–	–	3 100	–	–
13 October	–	–	3 100	–	–
14 October	–	–	3 100	–	–
15 October	–	–	3 100	–	–
18 October	3 100	3 100	3 100	2 833	87 823
19 October	3 100	3 001	3 070	2 700	82 676
20 October	–	–	3 070	–	–
21 October	3 045	3 025	3 045	90 000	2 728 500
22 October	3 100	3 100	3 100	1 500	46 500
25 October	–	–	3 100	–	–
26 October	–	–	3 100	–	–
27 October	–	–	3 100	–	–
28 October	3 100	3 100	3 100	4 500	139 500
29 October	3 100	3 050	3 100	7 473	229 663
1 November	–	–	3 100	–	–
2 November	3 100	3 001	3 100	4 200	130 041
3 November	3 100	3 100	3 100	2 500	77 500

CORPORATE GOVERNANCE STATEMENT

Corporate Governance

The board recognises the importance of sound corporate governance and endorses and monitors compliance with the Quoted Companies Alliance Corporate Governance Guidelines for AIM Companies and the King III Report on Corporate Governance in South Africa.

Board of directors

The board comprises four independent non-executive directors, one non-independent non-executive director and two executive directors. The directors of the company are listed on page 13 of the circular.

The main functions of the board include:

- adopting strategic plans and ensuring that these plans are carried out by management;
- approving major company activities, including capital funding, acquisitions, disposals, capital expenditure, financial statements;
- monitoring the operational performance of the business and the performance of the management at both operational and executive level;
- 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.

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.

Appointment of directors

Directors are appointed by the board or at the annual general shareholders' meeting. Board appointed directors need to be re-appointed by the shareholders in the first subsequent annual general shareholders' meeting to confirm such appointments. The longest serving third of the directors are required to be re-appointed by the shareholders annually.

Board appointments are conducted in a formal and transparent manner by the board as a whole.

Investment committee

(Members: J Zidel (*chairman*), D de Beer and M Slabbert)

The investment committee, comprising three directors, considers all acquisitions and sales of investments and capital expenditures. Appropriate investments or disposals are then presented to the board.

Audit and Risk committee

(Members: M Mills (*chairman*), D Joubert and J Zidel)

The Audit and Risk committee, comprising three directors, meets at least four times a year and is responsible for ensuring that the financial performance of the group is properly reported on and monitored, including reviewing the annual and interim accounts, results announcements, internal control systems and procedures, accounting policies and risk management. The Audit and Risk committee sets the principles for recommending the use of the external auditors for non-audit purposes. It also meets with the external auditors and discusses and reviews the accounts, the audit procedures and the group's internal controls. The Audit and Risk committee has considered and found appropriate the expertise and experience of the financial director.

The board has delegated the responsibility for developing and monitoring the group's risk management policies to the Audit and Risk 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.

The directors assume overall responsibility for the group's system of internal control and for reviewing its effectiveness. The system is regularly reviewed by the board.

The controls are designed to identify and manage risks faced by the group and not to completely eliminate the risk of failure to achieve business objectives. To this end internal controls provide reasonable, but not absolute assurance against material misstatement or loss. The implementation and operation of such systems resides with the management and the processes are communicated regularly to its staff who are made aware of the areas for which they are responsible. Such systems include strategic planning, the appointment of appropriately qualified staff, regular reporting and monitoring of performance and effective control over capital expenditure and investments.

Significant risks that are identified by this system are communicated to the board with recommendations for actions to mitigate these risks. The group may use independent agents to undertake any specialist analysis, investigation or action that is needed.

Internal financial controls are based on a comprehensive and regular reporting structure.

Detailed revenue, cash flow and capital forecasts are prepared and updated regularly throughout the year and approved by the board.

Remuneration committee

(Members: D Joubert (*chairman*), D de Beer and D Pascariu)

The Remuneration committee, comprising three directors, assesses and recommends to the board the remuneration and incentivisation of the management and staff of the company.

Nomination committee

(Members: D Pascariu (*chairman*), M Mills and M Slabbert)

The Nomination committee, comprising three directors, assists the board in identifying qualified individuals to become board members and recommends on the composition of the board.

Directors' dealings and professional advice

Dealing in company's securities by directors and company officials is regulated and monitored as required by the JSE Listing Requirements and the AIM Rules. In addition, NEPI maintains a closed period from the end of a financial period to the date of publication of the financial results.

Company secretary

All directors have access to the advice of the company secretary, who provides guidance to the board as a whole and to individual directors with regard to how their responsibilities should properly be discharged in the best interests of the company.

Communication

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.

Ethics

NEPI is committed to promoting the highest standards of ethical behaviour among all its employees and business associates.

TABLE OF ENTITLEMENT

NEPI shareholders will be offered a total of 15 000 000 new NEPI shares in the ratio of 24.21943 new NEPI shares for every 100 NEPI shares held on Friday, 26 November 2010. No fractions of rights offer shares will be issued to shareholders and the rights offer shares will be issued based on the rounding principle (up or down, as the case may be). The table of entitlement of shareholders to receive rights offer shares is set out below:

Number of existing NEPI shares	Number of rights offer shares to which a shareholder is entitled	Rounded number of rights offer shares to which a shareholder is entitled	Number of existing NEPI shares	Number of rights offer shares to which a shareholder is entitled	Rounded number of rights offer shares to which a shareholder is entitled
1	0.24	0.00	53	12.84	13.00
2	0.48	0.00	54	13.08	13.00
3	0.73	1.00	55	13.32	13.00
4	0.97	1.00	56	13.56	14.00
5	1.21	1.00	57	13.81	14.00
6	1.45	1.00	58	14.05	14.00
7	1.70	2.00	59	14.29	14.00
8	1.94	2.00	60	14.53	15.00
9	2.18	2.00	61	14.77	15.00
10	2.42	2.00	62	15.02	15.00
11	2.66	3.00	63	15.26	15.00
12	2.91	3.00	64	15.50	16.00
13	3.15	3.00	65	15.74	16.00
14	3.39	3.00	66	15.98	16.00
15	3.63	4.00	67	16.23	16.00
16	3.88	4.00	68	16.47	16.00
17	4.12	4.00	69	16.71	17.00
18	4.36	4.00	70	16.95	17.00
19	4.60	5.00	71	17.20	17.00
20	4.84	5.00	72	17.44	17.00
21	5.09	5.00	73	17.68	18.00
22	5.33	5.00	74	17.92	18.00
23	5.57	6.00	75	18.16	18.00
24	5.81	6.00	76	18.41	18.00
25	6.05	6.00	77	18.65	19.00
26	6.30	6.00	78	18.89	19.00
27	6.54	7.00	79	19.13	19.00
28	6.78	7.00	80	19.38	19.00
29	7.02	7.00	81	19.62	20.00
30	7.27	7.00	82	19.86	20.00
31	7.51	8.00	83	20.10	20.00
32	7.75	8.00	84	20.34	20.00
33	7.99	8.00	85	20.59	21.00
34	8.23	8.00	86	20.83	21.00
35	8.48	8.00	87	21.07	21.00
36	8.72	9.00	88	21.31	21.00
37	8.96	9.00	89	21.56	22.00
38	9.20	9.00	90	21.80	22.00
39	9.45	9.00	91	22.04	22.00
40	9.69	10.00	92	22.28	22.00
41	9.93	10.00	93	22.52	23.00

Number of existing NEPI shares	Number of rights offer shares to which a shareholder is entitled	Rounded number of rights offer shares to which a shareholder is entitled	Number of existing NEPI shares	Number of rights offer shares to which a shareholder is entitled	Rounded number of rights offer shares to which a shareholder is entitled
42	10.17	10.00	94	22.77	23.00
43	10.41	10.00	95	23.01	23.00
44	10.66	11.00	96	23.25	23.00
45	10.90	11.00	97	23.49	23.00
46	11.14	11.00	98	23.74	24.00
47	11.38	11.00	99	23.98	24.00
48	11.63	12.00	100	24.22	24.00
49	11.87	12.00	1000	242.19	242.00
50	12.11	12.00	10 000	2 421.94	2 422.00
51	12.35	12.00	100 000	24 219.43	24 219.00
52	12.59	13.00			