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 BVB share code: NEP ISIN: IM00B23XCH02
("**NEPI**" or "**the company**")

REVISED LISTING PARTICULARS

The definitions and interpretations commencing on page 5 of these revised listing particulars have, where appropriate, been used on this cover page. NEPI is undertaking a rights offer to its shareholders of 20 833 328 new NEPI shares at an issue price of R64.80 or €4.80, each in the ratio of 13.07987 new NEPI shares for every 100 NEPI shares held on Friday, 5 July 2013, for shareholders on either the SA register or the UK register, and 13.07987 pre-emptive rights for every 100 NEPI shares held on Friday 28 June 2013 for shareholders registered in Romania. The rights offer circular incorporates revised listing particulars and is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to the public with regard to the company.

These revised listing particulars have been prepared on the assumption that the rights offer is accepted in respect of all of the rights offer shares.

Immediately prior to the rights offer:

- the authorised share capital of €3 000 000 comprised 300 000 000 ordinary shares having a par value of €0.01 each;
- the issued share capital of €1 592 778 comprised 159 277 789 ordinary shares having a par value of €0.01 each;
- the share premium amounted to €438 799 641; and
- there were no treasury shares in issue.

Immediately after the rights offer:

- the authorised share capital of €3 000 000 will comprise 300 000 000 ordinary shares having a par value of €0.01 each;
- the issued share capital of €1 801 111 will comprise 180 111 117 ordinary shares having a par value of €0.01 each;
- the share premium will amount to €538 378 359; and
- there will be no treasury shares in issue.

These revised listing particulars are enclosed with the circular to NEPI shareholders to be issued on or about 8 July 2013 and do not constitute an invitation to the public to subscribe for shares in NEPI, but are issued for the purposes of giving information to NEPI shareholders with regard to the company and the rights offer.

The proceeds of the rights offer are expected to be used to fund potential acquisitions which NEPI is in the process of negotiating. The rights offer shares rank *pari passu* with existing NEPI shares in issue. There are no convertibility or redemption provisions relating to the rights offer shares. The letters of allocation will be issued in dematerialised form. The rights offer shares will be issued in certificated and dematerialised form. NEPI shareholders entitled to participate in the rights offer will not be allocated a fraction of a rights offer share. The rights offer shares will be allocated in terms of the table of entitlement set out in **Annexure 3** to the rights offer circular. The rights offer shares will be issued at a 4.99% discount to the 30 day vwap as at the last practical date.

The directors, whose names are given in paragraph 4.1 of these revised listing particulars, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief all information included in this document is in conformity with reality and there are no facts which have been omitted which would significantly affect the contents of this document or make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that these revised listing particulars contains all information required by law and the JSE Listings Requirements.

Each of the corporate advisor and legal advisor as to South African law, the JSE sponsor, the nominated adviser and broker in the UK, the company secretary, the legal advisor as to the Isle of Man law, the legal advisor as to English law, the legal advisor as to Romanian law, the Romanian advisor, the Isle of Man administrator and registrar, the South African transfer secretaries, the UK transfer secretaries, the UK receiving agent, the independent reporting accountants, the auditors, the South African bankers and the South African representative authorised to accept service of due processes and notices, 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 these revised listing particulars and have not withdrawn their consent prior to the publication of these revised listing particulars.

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

JAVA CAPITAL

Nominated adviser and broker in the UK

Smith & Williamson

Legal advisor as to Isle of Man law

Consilium

Independent reporting accountants and auditors

Ernst & Young
Quality In Everything We Do

Legal advisor as to Romanian law

Reff & Associates
Correspondent law firm of Deloitte Romania

Romanian advisor

intercapital invest

Date of issue: 8 July 2013

The rights offer circular and these revised listing particulars form a public offer prospectus in terms of the legislation applicable in Romania. The approval stamp applied on this prospectus does not represent a guarantee or any type of appraisal by the ASF as regards the opportunities, advantages or disadvantages, profits or risks involved of the transactions to be concluded following the acceptance of the public offer which is the subject of the ASF's approval decision. The ASF's approval decision certifies only that the prospectus complies with the requirements of law applicable in Romania and of the norms adopted in its enforcement.

These revised listing particulars are available in English and in Romanian. Copies of these revised listing particulars 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, 8 July 2013 to Friday, 26 July 2013. It will also be available on the website of the company (http://www.nepinvest.com) as from Monday, 8 July 2013, on the BVB's website (www.bvb.ro) as from Monday, 8 July 2013 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.

CORPORATE INFORMATION

Registered office in the Isle of Man
(Registration number 001211V)
2nd Floor, Anglo International House
Lord Street
Douglas
Isle of Man, IM1 4LN
Tel: +44 2031 801550/+44 1624 629409
(Postal address as above)

Registered office in South Africa
(Registration number 2009/000025/10)
4th Floor
Rivonia Village
Rivonia Boulevard
Rivonia, 2191
(Postal address as above)

Corporate advisor and legal advisor as to South African law
Java Capital (Proprietary) Limited
(Registration number 2002/031862/07)
2 Arnold Road
Rosebank
Johannesburg, 2196
(PO Box 2087, Parklands, 2121)

JSE sponsor
Java Capital Trustees and Sponsors (Proprietary) Limited
(Registration number 2006/005780/07)
2 Arnold Road
Rosebank
Johannesburg, 2196
(PO Box 2087, Parklands, 2121)

Nominated adviser and broker in the UK
Smith & Williamson Corporate Finance Limited
(Registered number 4533970)
25 Moorgate
London EC2R 6AY
(Postal address as above)

Legal advisor as to English law
McDermott Will & Emery UK LLP
(Registration number OC311909)
Heron Tower
110 Bishopsgate
London EC2N 4AY
(Postal address as above)

Legal advisor 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)

Company secretary
Cornelius Eduard Cassell *(B.Compt degree Honours) (Accounting, Auditing & Tax); (LLB degree (Law))*
2nd Floor, Anglo International House
Lord Street
Douglas
Isle of Man, IM1 4LN
(Postal address as above)

Legal advisor as to Romanian law
Reff & Associatii SCA
(Bucharest Bar decision no. 1110/13 March 2006)
4-8 Nicolae Titulescu Road
East Entrance, 3rd Floor Sector 1, 011141
Bucharest, Romania
(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
(Registered number 03498808)
Corporate Actions Projects
Bristol, BS99 6AH
(Postal address as above)

UK transfer secretaries
Computershare Investor Services (Jersey) Limited
(Registration number 75005)
Queensway House, Hilgrove Street
St Helier, Jersey, JEI IES
(Postal address as above)

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)

Romanian advisor

SSIF Intercapital Invest SA
(Registration number J40/6447/1995,
ASF decision no. 648/02.05.2007,
ASF certificate no. PJR01SSIF/400019)
33 Aviatorilor Blvd., 1st Floor
Sector 1
Bucharest, Romania
(Postal address as above)
Tel/Fax 021.222.87.31, e-mail : office@intercapital.ro

South African bankers

The Standard Bank of South Africa Limited
(Registration number 1969/017128/06)
Standard Bank Centre
7th Floor, 3 Simmonds Street
Johannesburg, 2001
(PO Box 7725, Johannesburg, 2000)

South African representative authorised to accept service of due process and notices

Andries de Lange
4th Floor
Rivonia Village
Rivonia Boulevard
Rivonia, 2191
(PO Box 2555, Rivonia, 2128)

Independent reporting accountants

Ernst & Young Inc.
(Registration number 2005/002308/21)
Wanderers Office Park
52 Corlett Drive
Illovo
Johannesburg, 2196
(Private Bag X14, Northlands, 2116)

Auditors

Ernst & Young LLC
Rose House, 51-59 Circular Road, Douglas, IM1AZ,
Isle of Man
The IoM office is a registered firm with the Institute of Chartered Accountants in England and Wales and the firm number is C01265660

The IoM office is also a recognised Auditor with the Isle of Man Financial Supervision Commission and the reference number is RA007

Place and date of incorporation of NEPI

Incorporated in the Isle of Man on 23 July 2007
NEPI was registered as an external company in South Africa on 5 January 2009

TABLE OF CONTENTS

The definitions and interpretations commencing on page 5 of these revised listing particulars have been used in the following table of contents:

DEFINITIONS AND INTERPRETATIONS

In the revised listing particulars 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:

"**Alt^{X}**"	the Alternative Exchange of the JSE;
"**adjusted net asset value per share**"	the ratio between: (i) the sum of the net asset value per statement of financial position, loans in respect of the initial share scheme, deferred tax liabilities and goodwill; and (ii) the number of shares for adjusted net asset value per share purposes;
"**administrator**"	Sabre Fiduciary Limited (Registration number 124715C), a company incorporated under the laws of the Isle of Man, full details of whom are set out in the "Corporate information" section of these revised listing particulars;
"**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**"	the articles of association of NEPI;
"**ASF**"	means the Romanian Financial Supervision Authority (in Romanian "Autoritatea de Supraveghere Financiara"), the regulatory authority which exercises the supervision over the capital market, regulated markets and operations with securities;
"**business day**"	any day other than a Saturday, Sunday or official public holiday in South Africa, the United Kingdom, the Isle of Man or Romania;
"**BVB**"	Bucharest Stock Exchange;
"**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;
"**rights offer circular**"	the rights offer circular dated Monday, 8 July 2013 and annexures thereto, which have been prepared in compliance with the JSE Listings Requirements;
"**common monetary area**"	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"**CREST**"	the relevant system (as defined in the CREST Regulation) for the paperless settlement of share transfers and the holdings of shares in uncertified form in respect of which Euroclear is the operator, in accordance with which securities may be held and transferred in uncertified form;
"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended, of the UK;
"**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;
"**custodian**"	a Romanian Central Depository participant appointed by a shareholder for the purpose of holding and administrating securities on behalf of the shareholder;

"**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 form**" or "**dematerialised shares**"	NEPI shares which have been incorporated into the Strate or CREST systems, 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 or CREST;
"**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 under 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, 1933 (Act 9 of 1933), as amended;
"**FCA**"	the Financial Conduct Authority in the UK;
"**FSMA**"	the Financial Services and Markets Act 2000 of the UK;
"**GLA**"	gross lettable area, being the total area of the property that can be rented to a tenant, measured in $m^{2;}$
"**IFRS**"	International Financial Reporting Standards;
"**independent reporting accountants**"	Ernst & Young Inc. (Registration number 2005/002308/21), a personal liability company, full details of whom are set out in the "Corporate information" section of these revised listing particulars;;
"**Intercapital Invest**"	SSIF Intercapital Invest SA (Registration number J40/6447/1995), a Romanian licensed broker being the company's advisor for purposes of the rules of the BVB;
"**IOM**"	Isle of Man;
"**IOM Act**"	the Companies Acts 1931-2004 (as amended) of the Isle of Man;
"**JSE**"	the JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with 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 practical date**"	the last practical date prior to finalisation of these revised listing particulars, being Thursday, 6 June 2013;
"**London Stock Exchange**" or "**LSE**"	the London Stock Exchange plc;
"**m^2**"	square metres;
"**NEPI**" or "**the company**"	New Europe Property Investments plc (Registration number 001211V), incorporated and registered in terms of the laws of the Isle of Man, listed on AIM, the BVB and the JSE;
"**NEPI group**" or "**group**"	collectively, NEPI, its subsidiaries, associates and joint venture entities;

"**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;
"**pre-emptive rights**"	rights to be issued to shareholders registered in Romania, in electronic form, conferring the right to subscribe and pay for a *pro rata* portion of the allotment of new NEPI shares in terms of the rights offer;
"**pre-emptive rights holders**"	holders of pre-emptive rights;
"**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;
"**Regulatory News Service**" or "**RNS**"	the news service operated by the London Stock Exchange and which is one of the regulatory information services authorised by the FCA to receive, process and disseminate information in respect of AIM listed companies;
"**revised listing particulars**"	the revised listing particulars of NEPI issued on Monday, 8 July 2013 accompanying the rights offer circular and providing additional information in relation to NEPI;
"**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 for 13.07987 rights offer shares for every 100 NEPI shares held by them on Friday, 5 July 2013, on either the SA register or the UK register and 13.07987 pre-emptive rights for every 100 NEPI shares held on Friday, 28 June 2013 for shareholders registered in Romania, which is the subject of this rights offer circular;
"**rights offer shares**" or "**new NEPI shares**"	up to 20 833 328 NEPI shares to be issued by the company pursuant to the rights offer;
"**Romania**"	the country of Romania;
"**Romanian Central Depository**" or "**Central Depository**"	Depozitarul Central S.A., a joint stock company duly incorporated in accordance with the laws of Romania, authorized by ASF and the National Bank of Romania, as central securities depositary and which is responsible for the electronic settlement system on the BVB;
"**SENS**"	the Stock Exchange News Service, being the news service operated by the JSE;
"**SA register**"	the share register maintained on behalf of the company in South Africa by Computershare SA;
"**shareholders/pre-emptive rights holders registered in Romania**"	NEPI shareholders or pre-emptive rights holders who hold their shares/pre-emptive rights *via* broker or custodian accounts in Romania, which brokers and custodians, in turn, hold the NEPI shares/pre-emptive rights *via* global accounts at the Romanian Central Depository;
"**Smith & Williamson**" or "**nominated adviser and broker in the UK**"	Smith & Williamson Corporate Finance Limited (Registered number 4533970), being the company's nominated adviser for the purposes of the AIM Rules;
"**South Africa**" or "**SA**"	the Republic of South Africa;
"**South African Companies Act**"	the South African Companies Act (Act 71 of 2008), as amended;
"**South African transfer secretaries**" or "**Computershare SA**"	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a private company duly incorporated in terms of the laws of South Africa;

"**Strate**"	Strate Limited (Registration number 1998/022242/06), a public company duly incorporated in accordance with the laws of South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system on the JSE;
"**subscription form**"	the subscription form for use by pre-emptive rights holders on which they should indicate the number of new NEPI shares for which they wish to subscribe in terms of the rights offer, which form is enclosed in this rights offer circular;
"**subscription price**"	the subscription price for rights offer shares, namely €4.80 for shareholders on the UK register, R64.80 for shareholders on the SA register and €4.80 for shareholders/pre-emptive rights holders registered in Romania;
"**the property portfolio**"	the properties owned by the company, further details of which are set out in **Annexure 5**;
"**UK register**"	the share register maintained on behalf of the company in Jersey by Computershare Jersey;
"**UK receiving agent**"	Computershare Investor Services PLC (Registered number 03498808), a company duly incorporated in accordance with the laws of England and Wales;
"**UK transfer secretaries**" or "**Computershare Jersey**"	Computershare Investor Services (Jersey) Limited (Registration number 75005), a company duly incorporated in accordance with 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;
"**VAT**"	value added taxation, in terms of the Value Added Tax Act (Act 89 of 1991), as amended, of South Africa; and
"**vwap**"	volume weighted average price.

NEW EUROPE PROPERTY INVESTMENTS PLC

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AIM share code: NEPI JSE share code: NEP BVB share code: NEP ISIN: IM00B23XCH02
("**NEPI**" or "**the company**")

Directors of the company

Corneliu Dan Pascariu (*Independent non-executive chairman*)
Martin Johannes Christoffel Slabbert (*Chief executive officer*)
Victor Semionov (*Executive finance director*)
Desmond de Beer (*Non-executive director*)
Dewald Lambertus Joubert (*Independent non-executive director*)
Michael John Mills (*Independent non-executive director*)
Jeffrey Nathan Zidel (*Independent non-executive director*)

REVISED LISTING PARTICULARS

SECTION ONE – INFORMATION ON NEPI

1. INTRODUCTION

It was announced on Thursday, 13 June 2013 on SENS, RNS and on the BVB that it is the intention of NEPI to undertake a rights offer to NEPI shareholders in order to raise approximately EUR100 million. The proceeds from the rights offer are expected to be used to fund potential acquisitions which NEPI is in the process of negotiating.

2. OVERVIEW AND BACKGROUND

2.1 **Incorporation**

NEPI was incorporated in the Isle of Man as a public company on 23 July 2007 limited by shares with registered number 2009/000025/10. The principal legislation under which the company operates is the IOM Act and the regulations made thereunder.

The registered office and postal address of the company is set out in the "Corporate information" section.

2.2 **Nature of business**

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 to the EU or are considered to be on the "growth 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.

The investment portfolio is currently focused on Romania but could later include other Eastern European countries. The group focuses on investments in dominant or potentially dominant retail assets but invests opportunistically in office and industrial properties as well. The investment strategy is biased towards long-term leases in Euro with strong corporate covenants.

2.3 History

NEPI has traded on the AIM Market of the London Stock Exchange since 22 August 2007. In April 2009, NEPI listed on the Alt^{X} of the JSE and in August 2010 the company completed the transfer of its listing from the Alt^{X} to the Main Board of the JSE. On 20 June 2011, NEPI's shares were admitted to trading on the BVB.

2.4 Subsidiaries

The company has 41 subsidiaries, none of which are listed on any stock exchange. Further details relating to NEPI's subsidiaries are set out in **Annexure 1** to these revised listing particulars.

3. PROSPECTS

NEPI achieved high levels of growth in recurring distributable earnings per share over the course of the past five years and as a result achieved a nominal average compounded annual growth rate of 12.15% in distribution per share for this period. It remains the group's ambition to pursue further attractive growth in recurring distributable earnings in 2013 and onwards.

Significant progress has been made through acquisition and development activities in the countries in which it operates. In addition, the group has, and will continue to explore and pursue further acquisition and development opportunities in Romania and other countries in the region.

These initiatives include two retail development opportunities in Romania and five retail acquisition opportunities in the Central and Eastern European region. Currently these are at various stages of progress. Announcements in this regard will be made as, and when appropriate.

4. DIRECTORS

4.1 Directors

The board comprises four independent non-executive directors, one non-independent non-executive director and two executive directors. The roles of chairman and chief executive officer are clearly separated to ensure a balance of power and prevent any director from exercising unfettered powers of decision-making. Victor Semionov has been appointed as the executive finance director. The audit committee has considered and satisfied themselves of the appropriateness of the expertise and experience of the executive finance director.

4.1.1 The full names, nationalities, ages, capacity, qualifications and business addresses of the directors are outlined below:

Director and nationality	Age	Capacity	Qualification	Business address
Corneliu Dan Pascariu (Romanian)	62	Independent non-executive chairman	MBA	23-25 Ghetarilor Street, RO-014106, Bucharest-1, Romania
Martin Johannes Christoffel Slabbert^ (South African)	41	Chief executive officer	BCom, LLB *(cum laude)*, MCom *(cum laude)*, Dip FMI, CF (England and Wales)	71-73 Caramfil Street, 4th Floor, Bucharest, Romania
Victor Semionov^ (Romanian and Moldovan)	35	Finance director	BCom	71-73 Caramfil Street, 4th Floor, Bucharest, Romania
Desmond de Beer (South African)	52	Non-executive director	BProc, MAP	4th Floor, Rivonia Village, 3 Mutual Road, Rivonia, Johannesburg, South Africa
Dewald Lambertus Joubert (South African)	40	Independent non-executive director	BCom, LLB, Adv Cert Tax – UP	25 Athol Street, Douglas, Isle of Man, IM2 1LB

Director and nationality	Age	Capacity	Qualification	Business address
Michael John Mills (British)	65	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 (South African)	62	Independent non-executive director	–	4th Floor, Rivonia Village, 3 Mutual Road, Rivonia, Johannesburg, South Africa

^Martin Slabbert and Victor Semionov, whose details are disclosed in the table above, are also the founders of NEPI.

4.1.2 The experience and expertise of the directors of NEPI are set out below:

Dan Pascariu (Appointed on 30 March 2009)

Dan Pascariu is one of the most influential figures in the Romanian banking system. He started his career with the Romanian Bank for Foreign Trade in 1973 and was later appointed chairman and chief executive officer. He is a non-executive chairman of the board of Unicredit Tiriac Bank. Mr Pascariu was the founder and first president of the Romanian Banking Association as well as a co-founder and associate professor at the Romanian Banking Institute. He serves as member of the board of directors at various financial institutions in Romania and abroad.

Martin Slabbert (Appointed on 14 August 2007)

Martin Slabbert started his career in South Africa. He held positions at Arthur Andersen and HSBC Investment Services (Africa) (Pty) Limited where he gained experience in mergers and acquisitions, turn-around strategies and financial restructuring. He was senior vice-president for the shareholders' funds and member of the executive committee at Nedcor Investment Bank Ltd, and later general manager in the capital management cluster of the Nedbank group. In Romania he served as partner at Deloitte Central Europe. Mr Slabbert co-founded NEPI in 2007, and has been managing the group since.

Victor Semionov (Appointed on 13 May 2010)

Victor Semionov graduated in 1999 with a major in finance from the Academy of Economic Studies in Bucharest and started his career with the Financial Advisory practice of Deloitte Central Europe where he gained experience in mergers and acquisitions, debt finance and turn-arounds. Mr Semionov co-founded NEPI in 2007, and has been with the group since.

Desmond de Beer (Appointed on 21 October 2008)

Desmond de Beer has significant property investment and management experience. He spent several years in the banking industry, first with Barclays Bank in South Africa where he was appointed bond manager at the Barclays Trust. He was later appointed general manager corporate equity and became a member of the executive committee at Nedcor Investment Bank Limited. Since 2003, Mr de Beer has been the managing director of the Resilient Property Income Fund Limited, listed on the JSE in South Africa, and a director of the JSE-listed Capital Property Fund.

Dewald Joubert (Appointed on 23 July 2007)

Dewald Joubert has over 15 years of experience in the fields of international tax planning for corporations, transaction structuring and corporate governance. Formerly a practicing lawyer, he spent his professional career initially with Arthur Andersen in South Africa and thereafter in the Isle of Man with the Maitland group, where he became a partner of the firm. Mr Joubert holds a number of independent non-executive directorships on the boards of various listed companies and significant subsidiaries of listed multi-national businesses.

Michael Mills (Appointed on 13 August 2007)

Michael Mills is an experienced public company chairman and managing director with significant operating and financial experience. A chartered accountant, he has worked across a range of sectors including technology, engineering, service and distribution, paper and packaging, food and textiles. Mr Mills' recent positions include, amongst others, chairman of Advance Value Realisation Limited, non-executive director of Ultrasis plc, managing director of Atlas Medical Recruitment Limited, chairman of Athanor Capital Partners Limited, Legacy Distribution group Inc. and chief executive officer of Drew Scientific group plc.

Jeffrey Zidel (Appointed on 11 November 2009)

Jeffrey Zidel is a successful property developer and investor. He has been involved in all aspects of the property industry for over 40 years. He is currently chairman of Fortress Income Fund Limited and Property Index Tracker Managers (Proprietary) Limited, both listed on the JSE. Mr Zidel was a three time past president of the Roodepoort Chamber of Commerce. He was a co-founder of Resilient Property Income Fund Limited, a company listed on the JSE, which is a substantial investor in NEPI.

4.1.3 The full names, nationalities, ages, capacity, qualifications and business addresses of the directors of major subsidiaries are outlined below:

Director and nationality	Age	Capacity	Business address
Alexandru Morar (Romanian)	29	Investments	71-73 Nicolae Caramfil St, 4th Floor, Bucharest 1, Romania
Tiberiu Smaranda (Romanian)	31	Retail Development and Asset Management	71-73 Nicolae Caramfil St, 4th Floor, Bucharest 1, Romania

4.1.4 The experience and expertise of the directors of major subsidiaries of NEPI are set out below:

Alexandru Morar

Alex graduated with a major in finance from New York University's Stern School of Business and started his career at Julius Baer Investment Bank. Alex spent two years with the Financial Advisory practice of Deloitte Romania prior to joining NEPI upon its founding in 2007, where he has been involved with all aspects of the company. Alex is currently focused on the investments and acquisitions programme at NEPI and oversees some of the asset management functions.

Tiberiu Smaranda

Tiberiu graduated with a degree in management and marketing and started his career at Flamingo Group (Flanco), one of the leading white goods retailers in Romania, where he has been involved in retail management, development and expansion for almost 8 years. He was also responsible for the expansion of Flanco in Moldova, Bulgaria, Serbia, Croatia, Macedonia and Hungary. Tiberiu joined NEPI in 2009 as leasing manager and is now responsible for the retail developments while playing a significant role in retail asset management, as he maintains the company's relations with its key retail tenants.

4.2 **Additional information related to the directors**

4.2.1 **Annexure 2** to these revised listing particulars contains the following information:

4.2.1.1 directors' interests in shares and transactions;

4.2.1.2 interests of directors and promoters;

4.2.1.3 directors' emoluments;

4.2.1.4 borrowing powers of directors; and

4.2.1.5 directors' declarations.

4.2.2 **Annexure 3** to these revised listing particulars contains details of directors' other directorships and partnerships currently and in the previous five years.

4.2.3 The provisions of the memorandum and articles of association with regard to the following are set out in **Annexure 4** to these revised listing particulars:

4.2.3.1 terms of office;

4.2.3.2 qualifications of directors;

4.2.3.3 remuneration of directors;

4.2.3.4 any power enabling the directors to vote remuneration to themselves or any member of the board;

4.2.3.5 the borrowing powers exercisable by the directors and how such borrowing powers can be varied; and

4.2.3.6 retirement or non-retirement of directors under an age limit.

4.3 **Management**

The group is internally managed, combining property and asset management, as well as investment and development skills, in an integrated approach.

4.4 **Relationship information**

4.4.1 The directors and the promoters do not have any beneficial interests, direct or indirect, in relation to any property held or property to be acquired by the group nor are they contracted to become a tenant of any part of the property of the group.

4.4.2 There is no relationship between any parties mentioned in paragraph 4.1 of these revised listing particulars and another person that may conflict with a duty to the group.

4.4.3 Save as disclosed in **Annexure 6** to these revised listing particulars, the vendors did not have any beneficial interest, direct or indirect, in any securities or participatory interests to be issued by the company in order to finance the acquisition of any properties in the property portfolio.

4.4.4 The directors of the company and the promoters have not had a material beneficial interest in the acquisition or disposal of any properties of the company during the two years preceding the date of the valuation of such properties, being 31 December 2012.

5. MAJOR AND CONTROLLING SHAREHOLDERS

5.1 Set out below are the names of shareholders, other than directors that, directly or indirectly, will be beneficially interested in 5% or more of the issued shares of NEPI immediately before the rights offer.

	Number of shares held		
Name of shareholder	**Directly**	**Indirectly**	**% of shares in issue**
Resilient Property Income Fund Limited	21 218 059	–	13.32
Fortress Income Fund Limited	17 368 806	–	10.90
Hero Nominees Limited	10 530 449	–	6.61
Total	49 117 314	–	30.83

5.2 Assuming that the rights offer is fully subscribed for and the major shareholders follow their rights, the percentage holdings by the major shareholders will remain the same post the rights offer.

5.3 The company does not have a controlling shareholder. This will not change as a result of the rights offer.

6. SUMMARY OF THE PROPERTY PORTFOLIO

As at the last practical date, the group had interests in 45 properties valued at approximately €503 million, with a gross lettable area of approximately 305 000 square metres.

A detailed list of the properties comprising the property portfolio appears in **Annexure 5** to these revised listing particulars.

7. ANALYSIS OF THE PROPERTY PORTFOLIO

An analysis of the property portfolio in respect of sectoral, geographic, tenant, vacancy and lease expiry profiles as at 31 December 2012 is provided in the tables below.

7.1 Sectoral profile

	GLA per sector (%)	Gross weighted monthly rental per sector (%)
Retail	52.33	48.40
Office	37.67	46.42
Industrial	10.00	5.18
Total	**100.00**	**100.00**

7.2 Geographic profile

	GLA per geographical area (%)	Gross weighted monthly rentals per geographical area (%)
Romania	95.64	96.38
Germany	4.36	3.62
Total	**100.00**	**100.00**

7.3 Tenant profile

	Based on gross rentals (%)
A	80.17
B	4.85
C	14.98
Total	**100.00**

For the tenant profile table, the following key is applicable:

A. Large international and national tenants, large listed tenants and government or smaller tenants in respect of which rental guarantees are issued. These include, *inter alia*, ABB, Abbot, Agip, DHL, Carrefour, Auchan, Bricostore (companies with assets and/or turnover in excess of €200 million).

B. Smaller international and national tenants, smaller listed tenants, major franchisees and medium to large professional firms. These include smaller international and national tenants, smaller listed tenants and medium to large professional firms (companies with assets and/or turnovers of €100-€200 million).

C. Other local tenants and sole proprietors. This comprises approximately 288 tenants.

7.4 **Vacancy profile**

The vacancy profile indicated below reflects the vacancy percentage in terms of current GLA by sector.

Sector	Vacancy based on GLA (%)
Retail	3.7
Office	7.3
Other	1.4
Portfolio vacancy	**4.8**

7.5 **Lease expiry profile**

To 31 December 2012	Total GLA (%)	Total GR* (%)
< 1 year	2.37	2.50
1 – 2 years	12.52	14.50
2 – 3 years	14.76	20.40
3 – 4 years	4.63	7.20
4 – 5 years	7.58	8.60
> 5 years	58.14	46.80
Total	**100.00**	**100.00**

*GR: Gross rentals

To 31 December 2012	Retail GLA (%)	Retail GR*(%)	Office GLA(%)	Office GR*(%)	Industrial GLA (%)	Industrial GR* (%)
< 1 year	2.80	3.70	2.28	1.60	0.00	0.00
1 – 2 years	5.54	6.10	27.94	24.80	3.50	1.60
2 – 3 years	4.60	3.90	35.66	39.80	6.82	3.30
3 – 4 years	1.72	2.60	11.32	13.00	0.00	0.10
4 – 5 years	9.14	10.60	7.01	7.60	0.00	0.00
> 5 years	76.20	73.10	15.79	13.20	89.68	95.00
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

*GR: Gross rentals

7.6 **Rental escalations and rental per square metre**

The weighted average rental per square metre in the property portfolio as at 31 December 2012 is presented in the table below:

Sector	€/m²
Retail	9.92
Office	13.17
Other	5.28
Weighted average total	**10.68**

The average annualised property yield in the property portfolio (based on existing leases) as at 31 December 2012 is 8.3%.

8. **PROPERTY, ASSETS AND BUSINESS UNDERTAKINGS ACQUIRED OR TO BE ACQUIRED**

Other than in respect of the properties disclosed in **Annexure 6** of these revised listing particulars, no other immovable property and/or fixed assets and/or business undertakings have been acquired by the company within the past three years or are in the process of being or are proposed to be acquired by the company (or which the company has an option to acquire).

9. **PROPERTY, ASSETS AND BUSINESS UNDERTAKINGS DISPOSED OF OR TO BE DISPOSED OF**

Other than in respect of the properties disclosed in **Annexure 6** to these revised listing particulars, no other material properties or subsidiaries or business undertakings have been disposed of in the three years preceding the last practical date or are intended to be disposed of within six months of the issue these revised listing particulars.

10. **VENDORS**

10.1 Details relating to the vendors of material properties ("**acquisition properties**") purchased by the company in the preceding three years or proposed to be purchased are set out in **Annexure 6** to these revised listing particulars.

10.2 The vendors of the acquisition properties have not guaranteed the book debts of the letting enterprises acquired or to be acquired by the company. The agreements entered into governing the acquisition of the acquisition properties contain warranties which are usual for transactions of this nature.

10.3 The agreements entered into between the company and each of the vendors of the acquisition properties do not preclude the vendors of the acquisition properties from carrying on business in competition with the company nor do the agreements impose any other restrictions on the vendors of the acquisition properties and therefore no payment in cash or otherwise has been made in this regard.

10.4 There are no liabilities for accrued taxation that will be settled in terms of agreements with vendors of the acquisition properties.

10.5 Where NEPI has purchased securities in a property holding company which has become a subsidiary, details of the net assets acquired and resulting goodwill are presented in **Annexure 6** to these revised listing particulars.

10.6 No promoter or director (or any partnership, syndicate or other association in which a promoter or director had an interest) had any beneficial interest, direct or indirect in any transaction relating to any of the assets detailed in **Annexure 6** of these revised listing particulars.

10.7 No cash or securities have been paid or any benefit given within the three preceding years of these revised listing particulars or is proposed to be paid or given to any promoter (not being a director).

10.8 All of the assets acquired have been transferred into the name of the company. The assets referred to in **Annexure 6** to these revised listing particulars have not been ceded or pledged to any third party.

SECTION THREE – FINANCIAL INFORMATION

11. ***PRO FORMA* STATEMENT OF FINANCIAL POSITION**

The *pro forma* statement of financial position of the NEPI group is presented in **Annexure 1** to the rights offer circular.

The independent reporting accountants' assurance report on the *pro forma* statement of financial position of NEPI is presented in **Annexure 2** to the rights offer circular.

12. **HISTORICAL FINANCIAL INFORMATION**

The audited historical financial information for the NEPI group for the years ended 31 December 2012, 31 December 2011 and 31 December 2010 is presented in **Annexure 7** to these revised listing particulars.

The compilation, contents and presentation of all the historical financial information is the responsibility of the directors.

The historical financial information, including the unaudited condensed consolidated financial results published in terms of the rules of the Romanian regulator, can be found on the company's website: www.nepinvest.com and also on the BVB's website: www.bvb.ro

13. **SHARE CAPITAL**

13.1 Details of the share capital are set out in paragraph 22 of the rights offer circular.

13.2 **Annexure 8** of these revised listing particulars contains the following salient information relating to the authorised and issued share capital:

13.2.1 authorisations;

13.2.2 rights attaching to shares;

13.2.3 options and preferential rights in respect of shares;

13.2.4 alterations to share capital; and

13.2.5 statement as to listing on stock exchange.

14. **PRICE AND VOLUME HISTORY OF NEPI SHARES ON THE JSE**

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

14.1 in the twelve months preceding the last practical date;

14.2 in each quarter over the two years preceding the twelve-month period referred to in paragraph 14.1 above; and

14.3 in the thirty days preceding the last practical date,

are set out in **Annexure 4** to the rights offer circular.

15. **DIVIDENDS AND DISTRIBUTIONS**

Subject to the provisions of the articles, the board may, subject to the satisfaction of the solvency test, declare that distribution out of the company's profits may be paid to members according to their respective rights and interests in the profits of the company.

The distributions which have been declared and paid to shareholders in respect of the last five financial years are as follows:

	2012	**2011**	**2010**	**2009**	**2008**
Distribution per share (€ cents)	23.29	20.25	17.61	15.77	14.72

16. **MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES**

Save as disclosed in note 33 of the historical financial information set out in **Annexure 7** to these revised listing particulars, there are no other material commitments, lease payments and contingent liabilities.

17. **MATERIAL BORROWINGS AND LOANS RECEIVABLE**

17.1 Details of material borrowings advanced to the group as at the last practical date are set out in **Annexure 9** to these revised listing particulars.

17.2 None of the material borrowings listed in **Annexure 9** to these revised listing particulars have any redemption or conversion rights attaching to them.

17.3 As at the last practical date, the group did not advance any material loans.

17.4 No material loans have been made or security furnished by the group for the benefit of any director, manager or associate of any director or manager of the group.

17.5 The company has no loan capital outstanding.

17.6 Save as disclosed in note 4 of the historical financial information set out in **Annexure 7** to these revised listing particulars, the group has not entered into any other inter-company financial or other transactions.

17.7 As at the last practical date, the group has not undertaken any off-balance sheet financing.

18. **MATERIAL CHANGES**

Details of material changes are set out in paragraph 25 of the rights offer circular.

SECTION FOUR – ADDITIONAL MATERIAL INFORMATION

19. **ADVISORS' INTERESTS**

The names and business and postal addresses of the company's advisors are set out in the "Corporate information" section of these revised listing particulars. Save for the Romanian advisor, Intercapital, who owns 39 shares in NEPI, the company's advisors do not have any interests in NEPI shares.

20. **MATERIAL CONTRACTS**

The company has not entered into any other material contract, being a contract entered into otherwise than in the ordinary course of business, within the two years prior to the date of these revised listing particulars or at any time containing an obligation or settlement that is material to the company at the date of these revised listing particulars.

21. **COMMISSIONS PAID OR PAYABLE**

21.1 Save for the underwriting fee of R2 142 857 (excluding VAT) paid to Fortress Income 2 Proprietary Limited in terms of the rights offer undertaken by NEPI in 2011, there have been no other commissions paid or payable in respect of underwriting by the company in the three years preceding the date of these revised listing particulars.

21.2 Save for the capital raising fees of R3 500 000 paid to Java Capital in respect of the accelerated book build undertaken in 2013, no other commissions, discounts or brokerages have been paid nor have any other special terms been granted in connection with the issue or sale of any shares in the share capital of the company, in the three years preceding the date of these revised listing particulars.

21.3 The company is not subject to any royalty agreements or other management agreements and no royalties are payable by the company.

22. **GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW**

There is no government protection or any investment encouragement law pertaining to any of the businesses operated by the group.

23. **EXCHANGE CONTROL REGULATIONS**

Details of the Exchange Control Regulations are set out in paragraph 17 of the rights offer circular.

24. **CORPORATE GOVERNANCE**

The board has outlined the corporate governance statement set out in **Annexure 10** to these revised listing particulars.

25. **ADEQUACY OF CAPITAL**

Refer to paragraph 27 of the rights offer circular for the working capital statement.

26. **LITIGATION STATEMENT**

Refer to paragraph 28 of the rights offer circular for the group's litigation statement.

27. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors, whose names are given in paragraph 4.1 of these revised listing particulars, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief all information included in these revised listing particulars is in conformity with reality and there are no facts which have been omitted which would significantly affect the contents of this document or make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that these revised listing particulars contains all information required by law and the JSE Listings Requirements.

28. CONSENTS

Each of the corporate advisor and legal advisor as to South African law, the JSE sponsor, the nominated adviser and broker in the UK, the company secretary, the legal advisor as to the Isle of Man law, the legal advisor as to English law, the legal advisor as to Romanian law, the Romanian advisor, the Isle of Man administrator and registrar, the South African transfer secretaries, the UK transfer secretaries, the UK receiving agent, the independent reporting accountants, the auditors, the South African bankers and the South African representative authorised to accept service of due processes and notices, 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 these revised listing particulars and have not withdrawn their consent prior to the publication of these revised listing particulars.

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

29. PRELIMINARY EXPENSES AND ISSUE EXPENSES

The preliminary and issue expenses (excluding VAT) relating to the rights offer which have been incurred or that are expected to be incurred by the group are presented in paragraph 30 of the rights offer circular.

30. DOCUMENTS AVAILABLE FOR INSPECTION

The list of documents available for inspection is set out in paragraph 33 of the rights offer circular.

Signed by Victor Semionov on his own behalf and on behalf of all the other directors of the company on 6 June 2013, he being duly authorised in terms of powers of attorney granted to him by such other directors.

Victor Semionov
Director

6 June 2013

DETAILS OF SUBSIDIARIES

The following table contains a list, as at the date of these revised listing particulars, of the subsidiaries/joint venture entities of the company:

Name of company and nature of business	Date and place of incorporation	Registration No.	Issued share capital (EUR)	% held	Inter-company loan as at 31 December 2012 (EUR)	Date of becoming a subsidiary
1. Braila Promenada Mall SRL (previously named Bel Rom Sase SRL) *Investment vehicle*	June 2006 Romania	18762336 J40/9154/2008	8 300 450	100	N/A	September 2009
2. CIREF Europe Management Ltd *Holding company*	December 2007 Ireland	450901	*	50**	N/A	April 2008
3. CIREF NEPI Holdings Limited *Holding company*	April 2008 Cyprus	227426	100 000	50**	N/A	April 2008
4. Cluj Business Centre SRL *Investment vehicle*	July 2012 Romania	30391679 J35/1603/2012	22	50**	N/A	July 2012
5. Connect Investment SRL *Investment vehicle*	April 2006 Romania	18572838 J40/6041/2006	31 097	100	N/A	January 2010
6. Distinct Services SRL *Investment vehicle*	July 2008 Romania	24138079 J40/11572/2008	55	100	N/A	August 2011
7. FDC Braila BV *Holding company*	September 2009 Netherlands	34141085	8 951 646	100	N/A	September 2009
8. Floreasca Business Park SRL *Investment vehicle*	April 2006 Romania	18610087 J40/6829/2006	233	100	N/A	December 2010
9. Galaxis Project SRL *Investment vehicle*	November 2008 Romania	24721101 J40/18996/2008	53	100	N/A	August 2011
10. General Building Management SRL *Investment vehicle*	August 2004 Romania	16702575 J40/13612/2004	44 040	100	N/A	January 2008

Name of company and nature of business	Date and place of incorporation	Registration No.	Issued share capital (EUR)	% held	Inter-company loan as at 31 December 2012 (EUR)	Date of becoming a subsidiary
11. General Investment SRL *Investment vehicle*	March 2003 Romania	15286785 J40/3850/2003	2 633	100	N/A	January 2008
12. Ingen Europe BV *Holding company*	January 2006 Netherlands	34239696	18 000	100	N/A	December 2010
13. Just Development SRL (renamed to Brasov Shopping City SRL in February 2013) *Investment vehicle*	June 2011 Romania	28765950 J40/8160/2011	48	100	N/A	June 2011
14. NE Property Cooperatief UA *Holding company*	October 2007 Netherlands	34285470	10 000	100	N/A	October 2007
15. NEPI Bucharest One SRL *Investment vehicle*	September 2007 Romania	22449940 J40/17833/2007	3 844 554	100	N/A	September 2007
16. NEPI Bucharest Two SRL *Investment vehicle*	December 2007 Romania	22859664 J40/22706/2007	2 755 554	100	N/A	December 2007
17. NEPI Five Office Tower SRL *Investment vehicle*	January 2012 Romania	29592423 J40/826/2012	224	100	N/A	January 2012
18. NEPI Four Tower Building SRL *Investment vehicle*	January 2012 Romania	29588716 J40/772/2012	45	100	N/A	January 2012
19. NEPI Six Development & Management SRL *Investment vehicle*	May 2012 Romania	30257481 J40/6183/2012	45	100	N/A	May 2012
20. NEPI Seven Business Management SRL *Investment vehicle*	June 2012 Romania	30356345 J40/7313/2012	45	100	N/A	June 2012
21. NEPI Eight Development & Management SRL *Investment vehicle*	June 2012 Romania	30356400 J40/7316/2012	45	100	N/A	June 2012
22. NEPI Nine Investment Development SRL *Investment vehicle*	June 2012 Romania	30356000 J40/7279/2012	45	100	N/A	June 2012
23. NEPI Ten Development *Investment vehicle*	June 2012 Romania	30356078 J40/7298/2012	45	100	N/A	June 2012

Name of company and nature of business	Date and place of incorporation	Registration No.	Issued share capital (EUR)	% held	Inter-company loan as at 31 December 2012 (EUR)	Date of becoming a subsidiary
24. NEPI Eleven Real Estate Development SRL *Investment vehicle*	October 2012 Romania	30831176 J40/12424/2012	219	100	N/A	October 2012
25. NEPI Twelve Property Solutions *Investment vehicle*	October 2012 Romania	30831966 J40/12452/2012	219	100	N/A	October 2012
26. NEPI Thirteen Land Management SRL (renamed to Targu Jiu Development SRL in February 2013) *Investment vehicle*	October 2012 Romania	30832015 J40/12446/2012	221	100	N/A	October 2012
27. NEPI Investment Management Ltd (BVI) *Investment vehicle*	June 2010 British Virgin Islands	1420749	*	100	N/A	June 2010
28. NEPI Investment Management Ltd *Investment vehicle*	April 2008 Cyprus	205327	2 000	100	N/A	June 2010
29. NEPI Investment Management SA *Investment vehicle*	August 2007 Romania	22342136 J40/16378/2007	25 000	100	N/A	June 2010
30. NEPIOM Ltd *Investment vehicle*	September 2012 Isle of Man	008770V	1	100	N/A	September 2012
31. New Europe Property (BVI) Ltd *Holding company*	July 2007 British Virgin Islands	1420748	*	100	319 989 688	July 2007
32. New Europe Property NV *Holding company*	September 2007 Netherlands, Antilles	102850	2 000	100	N/A	September 2007
33. Ploiesti Shopping City SRL (previouslyNEPI Bucharest Three SRL, MPM Land Management SRL and Ploiesti Commercial Gallery SRL) *Investment vehicle*	November 2008 Romania	24725278 J40/19095/2008	116	50**	N/A	February 2012
34. Premium Portfolio Ltd & Co KG *Investment vehicle*	January 2008 Germany	44553	*	50**	N/A	April 2008
35. Premium Portfolio 2 Ltd & Co KG *Investment vehicle*	January 2008 Germany	44554	*	50**	N/A	April 2008

Name of company and nature of business	Date and place of incorporation	Registration No.	Issued share capital (EUR)	% held	Inter-company loan as at 31 December 2012 (EUR)	Date of becoming a subsidiary
36. Timisoara City Business Center One SA *Investment*	September 2005 Romania	17968207 J40/11625/2012	44	100	N/A	January 2012
37. Timisoara Office Building SA *Investment vehicle*	February 2009 Romania	25051468 J40/11624/2012	4 525 592	100	N/A	January 2012
38. Unique Delamode SRL (renamed to Otopeni Warehouse and Logistics SRL in February 2013) *Investment vehicle*	October 2002 Romania	14947935 J40/10291/2002	47	100	N/A	September 2010
39. Victoriei Office Building SRL (previously named Central AH Pioneer SA) *Investment company*	August 2002 Romania	14803379 J40/7309/2002	21 143	100	N/A	August 2011
40. Zircon Properties SRL *Investment vehicle*	January 2012 Romania	29563533 J40/496/2012	4 479	50**	N/A	April 2012
41. BVB Real Estate SA	April 2004 Romania	16631830 J40/19767/2006	819 091	100	N/A	April 2013

* Less than €1

** Joint venture entities

INFORMATION ON THE DIRECTORS

1. **INTERESTS OF DIRECTORS**

Details of director's interests in shares and transactions are set out in paragraph 23 of the rights offer circular.

2. **INTEREST OF DIRECTORS AND PROMOTERS**

No amount has been paid, or is accrued as payable, within the preceding three years, or is proposed to be paid to any promoter or to any partnership, syndicate or other association of which such promoter is or was a member and no other benefit has been given or is proposed to be given to such promoter, partnership, syndicate or other association within the said period.

None of the directors and promoters of the company has received any material beneficial interest, direct or indirect, in the promotion of the company and its properties as disclosed in **Annexure 6** to these revised listing particulars during the three years preceding these revised listings particulars. This includes a partnership, company, syndicate or other association.

No amount has been paid, or agreed to be paid, within the three years preceding the date of these revised listing particulars, to any director of the company or to any company in which such director is beneficially interested, directly or indirectly, or of which he is a director ("**the associate company**") or to any partnership, syndicate or other association of which he is a member ("**the associate entity**"), in cash, securities or otherwise, by any person, either to induce him to become, or to qualify him as a director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of the group.

3. **BORROWING POWERS**

The borrowing powers are unlimited. There is no exchange control or other restrictions on the borrowing powers of the company. Further information related to the borrowing powers of directors are set out in **Annexure 4** to these revised listing particulars.

4. **DIRECTORS' DECLARATIONS**

4.1 None of the directors of NEPI or any major subsidiaries have:

4.1.1 been a director of a company that has been put into liquidation or been placed under business rescue proceedings or had an administrator or other executor appointed during the period when he was (or within the preceding 12 months had been) one of its directors, or alternate directors or equivalent position;

4.1.2 either themselves or any company of which he was a director or an alternate director or officer at the time of the offence, been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the South African Companies Act;

4.1.3 been removed from an office of trust, on grounds of misconduct, involving dishonesty;

4.1.4 been disqualified by a court from acting as a director of the company, or from acting in management or conduct of the affairs of any company;

4.1.5 been appointed as a director of an Alt^{x} company;

4.1.6 been convicted of an offence resulting from dishonesty, fraud, theft, perjury, misrepresentation or embezzlement;

4.1.7 been adjudged bankrupt or sequestrated in any jurisdiction;

4.1.8 been a party to a scheme of arrangement or made any other form of compromise with his creditors;

4.1.9 been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities;

4.1.10 had any court grant an order declaring him to be a delinquent or placed such director under probation in terms of section 162 of the Companies Act and/or 47 of the Close Corporations Act, 1984 (Act No. 69 of 1984) of South Africa;

4.1.11 been barred from entry into any profession or occupation;

4.1.12 entered into any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event;

4.1.13 entered into receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event; or

4.1.14 been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the South African Companies Act.

5. DIRECTORS' EMOLUMENTS

5.1 The emoluments of the directors for the year ended 31 December 2012 are set out in the table below:

Director	Basic salaries €	Directors' fees €	Other fees €	Expense allowances €	Pension scheme contributions €	Other material benefits €	Commission gain, or profit sharing arrangements €	Bonuses and other performance payments €	Total €
Executive directors									
Martin Slabbert	–	178 254	–	–	–	–	–	–	178 254
Victor Semionov	–	83 089	–	–	–	–	–	–	83 089
Non-executive directors									
Dan Pascariu	–	29 140	–	–	–	–	–	–	29 140
Desmond de Beer	–	30 670	–	–	–	–	–	–	30 670
Dewald Joubert	–	27 096	–	–	–	–	–	–	27 096
Michael Mills	–	25 054	–	–	–	–	–	–	25 054
Jeffery Zidel	–	32 210	–	–	–	–	–	–	32 210
Total	–	**405 513**	–	–	–	–	–	–	**405 513**

5.2 Save for the table above and paragraph 5.5 below, the directors of the company did not receive any emoluments for the year ended 31 December 2012 in the form of:

5.2.1 fees for services as a director;

5.2.2 management, consulting, technical or other fees paid for such services rendered, directly or indirectly, including payments to management companies, a part of which is then paid to a director of the company;

5.2.3 basic salaries;

5.2.4 bonuses and performance-related payments;

5.2.5 sums paid by way of expense allowance;

5.2.6 any other material benefits received;

5.2.7 contributions paid under any pension scheme; or

5.2.8 any commission, gain or profit-sharing arrangements.

5.3 No share options or any other right has been given to a director of the company in respect of providing a right to subscribe for shares in the company.

5.4 The table below sets out the number of shares that have been issued and allotted in terms of a share incentive scheme for the directors in 2012.

Director	Date of issue	Share issue price	Number of shares issued
Martin Slabbert	12 June 2012	€3.28	400 000
Victor Semionov	12 June 2012	€3.28	250 000
Total			**650 000**

5.5 Martin Slabbert received €17 013 and Victor Semionov received €5 444 from subsidiaries in addition to the directors fees in paragraph 5.1 above. Other than as disclosed in this paragraph 5.5, the directors did not receive any remuneration or benefit in any form from any subsidiary, joint venture or third party management or advisory company.

5.6 The company has not paid any other fees or incurred any fees that are payable to a third party in *lieu* of directors' fees.

5.7 The remuneration received by any of the directors will not be varied as a consequence of the rights offer.

5.8 The company has not entered into any contracts relating to the directors' and managerial remuneration, secretarial and technical fees and restraint payments.

CURRENT AND PAST DIRECTORSHIPS

The table below lists the companies and partnerships of which each director of the company is currently a director or partner as well as the companies and partnerships of which each director of the company was a director or partner over the five years preceding these revised listing particulars:

Director	Current directorships and partnerships	Directorships and partnerships held in the last five years
Michael Mills	Atlas Medical Resources Limited	Advance Value Realisation Company Limited
	New Europe Property (BVI) Limited	Athanor Capital Partners Limited
	Pentavia Limited	China Growth Trust plc
	Ultrasis plc	Drew Scientific Group plc
	World Food Heroes Limited	International British Schools plc
	New Europe Property Investments plc	Intramezzo Limited
		Learning Angles Limited
		Legacy Distribution Group Inc (US)
		Onestop Logistics Limited
		RMR Design Associates Limited
		S Daniels plc
		Talent Group plc (formerly RMR plc)
		City and Merchant Group plc
		Zenith International Limited
		Marble Arch Capital plc
Dewald Joubert	Alderamin Limited	32 Athol Street Limited
	Amplain Limited	AngloGold Finance Australia Limited
	AngloGold Ashanti Holdings Plc (LSE-listed debt securities)	AngloGold Ashanti International Services Limited
	AngloGold Ashanti Holdings Finance Plc	Amplats (IOM) Limited
	Argosy Capital Limited	Anglo American International (I.O.M.) Limited
	Argosy Employee Incentive Limited	Bleustar Limited
	Argosy Equity Partners Limited	Dimension Data Commerce Centre Limited
	Argosy Services Limited	Dimension Data Global Management Services Limited
	Artisan Investments Projects 10Llimited	Discus Holdings Limited
	Artisan Real Estate Investors Limited	Discus Limited
	Attman Limited	Echo Delta (Holdings) PCC Limited
	Attventure International Limited	Efidium Limited
	Behrens Limited	Engen International Marketing Limited
	Berlin Property Holdings Limited	First Anchorage Investments Limited
	Berlin Property Management Limited	First Mainsail Company Limited
	Capfin Partners Limited	Heliette Limited
	Carmi Investments Limited	JCI (Isle of Man) Limited
	Commprop Opportunities Company Limited	JCI East African Exploration Company Limited
	Croatian Property Holdings Limited	Juxta Limited
	Culman Limited	Lindfield Limited
	Gropius limited	Maitland Advisory (IOM) Limited

Director	Current directorships and partnerships	Directorships and partnerships held in the last five years
	Hitzig Limited	Maitland Asset Management (IOM) Limited
	Ipomen Limited	Marbras (Guernsey) Limited
	Kollhoff Limited	MAS REI
	MAS (IOM) 1 Limited	MAS (IOM) Holdings Limited
	MAS Property Advisors Limited	MAS BVI Holdings Limited
	Mergon Property Investments 1 Limited	Murray & Roberts Guernsey Limited
	Mergon Property Investments 2 Limited	Nilofar Investments Limited
	Migration Investments Limited	Northern Worldwide Limited
	Nampak Insurance Company Limited	Pangea Diamondfields Plc.
	Nampak International Limited	Perianth Limited
	New Europe Property (BVI) Limited	Planum Holdings Limited
	New Europe Property Investments plc	Raufard Limited
	Otto Limited	Samax Resources Limited
	Reoc Limited	Spindle Limited
	Rohe Limited	Stratton Services Limited (closed)
	Sapphire Trading Limited	The Birchman Group Limited
	Schultes Limited	The First Anchorage Company (PTC) Limited
	Scop 2003 Investments Limited	Vannin Energy Limited
	Senate Limited	Vilazuan Holdings S A
	Tarlatantic Financial Services Limited	Ware Limited
	TradeSwitch Limited	Woodland Investment Company (Proprietary) Limited
	Zaniah Limited	
	Theseus Trustees Bermuda Limited	
Dan Pascariu	Unicredit Tiriac Bank	UniCredit CAIB Securities Romania
	TAROM Romanian Air Transport	UniCredit CAIB Romania
	New Europe Property (BVI) Ltd	SIF Muntenia
	New Europe Property Investments plc	
	ROMALTYN	
	Fabryo Corporation SRL	
Desmond de Beer	Beaulieu College Properties (Proprietary) Limited	Amber Peek Investments (Proprietary) Limited
	Beaulieu College (Proprietary) Limited	Autumn Wizard Trading (Proprietary) Limited
	Diversified Properties (Proprietary) Limited	Beaulieu School Properties (Proprietary) Limited
	Diversified Properties 2 (Proprietary) Limited	Boudoir Properties CC
	Fortress Asset Managers (Proprietary) Limited	Diversified Property Fund Limited
	Hollyrood Investments (Proprietary) Limited	Evaton Plaza Shareblock (Proprietary) Limited
	Indian Gold Investments (Proprietary) Limited	Fortress Income 1 (Proprietary) Limited
	Kyalami Preparatory Holdings (Proprietary) Limited	Fortress Income 2 (Proprietary) Limited
	Kyalami Preparatory School (Proprietary) Limited	Fortress Income 3 (Proprietary) Limited
	New Europe Property (BVI) Limited	Fortress Income 4 (Proprietary) Limited
	New Europe Property Investments plc	
	Optimprops 3 (Proprietary) Limited	Fortress Income 5 (Proprietary) Limited
	Propateez 62 (Proprietary) Limited	Fortress Income Fund Limited

Director	Current directorships and partnerships	Directorships and partnerships held in the last five years
	Pure Diamond Investments (Proprietary) Limited	Jsa Investments (Proprietary) Limited
	Resilient Properties (Proprietary) Limited	King Bee Properties (Proprietary) Limited
	Resilient Properties 2 (Proprietary) Limited	New Heights 471 (Proprietary) Limited
	Resilient Property Income Fund Limited	Nquthu Plaza Shareblock (Proprietary) Limited
		Pangbourne Properties Limited
		Property Fund Managers Limited
		Resilient Capital (Proprietary) Limited
		Resilient Property Management (Proprietary) Limited
		Southern Palace Investments 19 (Proprietary) Limited
		Tiradeprops 152 (Proprietary) Limited
Jeffrey Zidel	ERF 2395 Kempton Park (Proprietary) Limited	Ambit Property Limited
	Fortress Income Fund Limited	Erf 732 New Redruth (Proprietary) Limited
	Maxtrade Seven (Proprietary) Limited	Diversified Properties 2 (Proprietary) Limited
	New Europe Property Investments plc	Heavenly Blue Property Invest Close Corporation
	New Europe Property (BVI) Limited	Mazow Property Investments Close Corporation
	Nepi Investment Management Limited	Portuguese Property Promotions (Proprietary) Limited
	Lesotho Properties	Resilient Properties (Proprietary) Limited
	Property Index Tracker Managers (Proprietary) Limited	Resilient Capital (Proprietary) Limited
	South African Council of Shopping Centres NPC	Resilient Properties 2 (Proprietary) Limited
	Zicor Property Projects (Pty) Limited	Resilient Property Management (Proprietary) Limited
		Resilient Property Income Fund Limited
		Springs Welgedacht Townships Limited
		Tamcor Three (Proprietary) Limited
Martin Slabbert	New Europe Property Investments plc	Deloitte Central Europe
	New Europe Property (BVI) Limited	Established Investments (Proprietary) Limited
	NEPI Investment Management Limited	National Cerial Holdings (Proprietary) Limited
	NEPI Investment Management SA	National Cerial Investments (Proprietary) Limited
	NEPI Bucharest One SRL	Premier Foods Limited
	NEPI Bucharest Two SRL	Virgin Active (South Africa) (Proprietary) Limited
	NEPI Buchareerst Three SRL	
	General Investment SRL	
	General Building Management SRL	
	Connect Investment SRL	
	BelRom Sase SRL	
	Unique Delamode SRL	
	Floreasca Business Park SRL	
	Third Way Capital SRL	

Director	Current directorships and partnerships	Directorships and partnerships held in the last five years
Victor Semionov	New Europe Property Investments plc	Natur-Bravo SA
	New Europe Property (BVI) Limited	
	New Europe Property NV	
	NE Property Cooperty UA	
	NEPI Investment Management Limited	
	Nepi Bucharest One S.R.L.	
	Nepi Bucharest Two S.R.L.	
	Ploiesti Shopping City S.R.L. (former Nepi Bucharest Three)	
	Nepi Investment Management S.A	
	Braila Promenada Mall S.R.L.	
	General Investment S.R.L.	
	General Building Management S.R.L.	
	Victoriei Office Building S.R.L.	
	Floreasca Business Park S.R.L.	
	Brasov Shopping City S.R.L.	
	Nepi Seven Business Management S.R.L.	
	Nepi Eight Development & Management S.R.L.	
	Nepi Nine Investment Development S.R.L.	
	Nepi Ten Development Solutions S.R.L.	
	Nepi Eleven Real Estate Development S.R.L.	
	Nepi Twelve Property Solutions S.R.L.	
	Timisoara Office Building S.A.	
	Timisoara City Business Centre S.A.	
	Zircon Properties S.R.L.	
	Targu Jiu Development S.R.L.	
	Distinct Services S.R.L.	
	BVB Real Estate SA	
	Galaxis Project S.R.L.	
Alexandru Morar	Braila Promenada Mall S.R.L.	MPM Land Management SRL
	Brasov Shopping City S.R.L.	Nepi Five Office Tower SRL
	BVB Real Estate SA	Nepi Four Tower Building SRL
	Cluj Business Centre S.R.L.	Ploiesti Commercial Gallery SRL
	Connect Investment S.R.L.	
	Distinct Services S.R.L.	
	Floreasca Business Park S.R.L.	
	Galaxis Project S.R.L.	
	Nepi Three Building Management S.R.L.	
	Nepi Four Real Estate Solutions S.R.L.	
	Nepi Five Property Development S.R.L.	
	Nepi Seven Business Management S.R.L.	
	Nepi Eight Development & Management S.R.L.	
	Nepi Nine Investment Development S.R.L.	
	Nepi Ten Development Solutions S.R.L.	
	Nepi Eleven Real Estate Development S.R.L.	

Director	Current directorships and partnerships	Directorships and partnerships held in the last five years
	Nepi Twelve Property Solutions S.R.L. Otopeni Warehouse and Logistics S.R.L. Targu Jiu Development S.R.L. Timisoara City Business Centre S.A. Timisoara Office Building S.A. Victoriei Office Building S.R.L. Saen Grup Power S.R.L. New Europe Property (BVI) Limited Rockcastle Global Real Estate Company Limited	
Tiberiu Smaranda	Brasov Shopping City S.R.L. BVB Real Estate SA Nepi Four Real Estate Solutions S.R.L. Nepi Five Property Development S.R.L. Nepi Six Development S.R.L. Nepi Eleven Real Estate Development S.R.L. Nepi Twelve Property Solutions S.R.L. Targu Jiu Development S.R.L. Eat Business Management SRL Nepi Three Building Management SRL	TIB Pro Consult SRL

EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The memorandum and articles of association of the company contains, *inter alia*, provisions with the effect of providing for the appointment, qualification, remuneration, borrowing powers and interests of directors and dividends as set out below:

"3. **REGISTERED OFFICE**

The Office shall be at such place in the Isle of Man as the Board shall from time to time appoint.

B. **SHARE CAPITAL**

4. **SHARE CAPITAL AMOUNT**

Unless the Company shall by resolution otherwise direct, the amount of share capital of the Company available for issue is €3 000 000 divided into 300 000 000 Ordinary Shares of €0.01 each.

5. **ALLOTMENT (AND PRE-EMPTION RIGHTS)**

5.1 **Shares under the control of the Directors**

Subject to the Act, the following provisions of these Articles and any resolution of the Company, all unissued shares in the Company shall be at the disposal of the Board and they may allot, grant options over or otherwise deal with or dispose of them to such persons, at such times and on such terms as the Board may decide.

Securities in each class for which listing is applied on the JSE must rank *pari passu* in respect of all rights.

5.2 **Pre-emption rights on allotment**

Subject as indicated in Article 5.3 and unless the Company shall by special resolution otherwise direct, unissued equity securities in the capital of the Company shall only be allotted for cash in accordance with the provisions of this Article:

5.2.1 all equity securities to be allotted (the "**offer shares**") shall first be offered to the members of the Company who the Directors determine can be offered such offer shares without the Company incurring securities offering compliance costs which, in the opinion of the Directors, would be burdensome given the number of members in the relevant jurisdiction in relation to which such compliance costs would be incurred (the "**relevant members**");

5.2.2 the offer to relevant members set out in Article 5.2.1 (the "**offer**") shall be made in proportion to the existing holdings of shares of relevant members;

5.2.3 the offer shall be made by written notice (the "**offer notice**") from the Directors specifying the number and price of the offer shares and shall invite each relevant member to state in writing within a period, not being less than 14 days, whether they are willing to accept any offer shares and, if so, the maximum number of offer shares they are willing to take;

5.2.4 at the expiration of the time specified for acceptance in the offer notice the Directors shall allocate the offer shares to or amongst the relevant members who shall have notified to the Directors of their willingness to take any of the offer shares but so that no relevant member shall be obliged to take more than the maximum number of shares notified by him under Article 5.2.3; and

5.2.5 if any offer shares remain unallocated after the offer, the Directors shall be entitled to allot, grant options over or otherwise dispose of those shares to such persons on such terms and in such manner as they think fit save that those shares shall not be disposed of on terms which are more favourable to their subscribers than the terms on which they were offered to the relevant members.

5.3 The provisions of Article 5.2 are dis-applied in respect of any allotments of equity securities of the Company so that, subject to the Listings Requirements of the JSE Limited and the AIM Rules for Companies issued by London Stock Exchange plc, the directors are authorised to issue shares for cash, on the basis, *inter alia*, that:

5.3.1 this authority will only be valid until the company's next annual general meeting or for 15 months from the date of this resolution, whichever period is shorter;

6. **POWER TO ATTACH RIGHTS AND ISSUE REDEEMABLE SHARES**

6.1 **Rights attaching to shares**

Subject to the provisions of the Act and to any special rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other special rights or restrictions whether in regard to dividends, voting, transfer, return of capital or otherwise as the Company may from time to time by resolution determine or if no such resolution has been passed, or so far as the resolution does not make specific provision, as the Board may determine.

C. **VARIATION OF CLASS RIGHTS**

15. **SANCTION TO VARIATION**

15.1 Subject to the provisions of the Act, if at any time the share capital of the Company is divided into shares of different classes any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in par value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in these Articles (but not otherwise). The foregoing provisions of this Article shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied. Subject to the terms of issue or the rights attached to any shares the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the Board resolving that a class of shares is to become or to cease to be a Participating Security.

16. **CLASS MEETINGS**

All the provisions in these Articles as to general meetings shall *mutatis mutandis* apply to every meeting of the holders of any class of shares save that:

16.1 the quorum at every such meeting shall be one or more persons holding or representing by proxy at least one-third of the par value paid up on the issued shares of the class;

16.2 every holder of shares of the class present in person or by proxy may demand a poll;

16.3 each such holder shall on a poll be entitled to one vote for every share of the class held by him; and

16.4 if at any adjourned meeting of such holders, such quorum as aforesaid is not present, not less than one person holding shares of the class who is present in person or by proxy shall be a quorum.

17. **DEEMED VARIATION**

Subject to the terms on which any shares may be issued, the rights or privileges attached to any class of shares shall be deemed to be varied or abrogated by the reduction of the capital paid up on such shares or by the allotment of further shares ranking in priority for the payment of a dividend or in respect of capital or howsoever or which confer on the holders voting rights more favourable than those conferred by such first mentioned shares but shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the purchase or redemption by the Company of its own shares in accordance with the provisions of the Act and these Articles.

H. **TRANSFER OF SHARES**

39. **FORM OF TRANSFER**

Each member may transfer all or any of his shares in the case of certificated shares by instrument of transfer in writing in any usual form or in any form approved by the Board or in the case of uncertificated shares without a written instrument in accordance with the Uncertificated Regulations. Any written instrument shall contain the business or residential address of the transferee and be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect of it.

L. **VOTING**

62. **METHOD OF VOTING**

At any general meeting a resolution put to a vote of the meeting shall be decided on a show of hands unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded by:

62.1 the Chairman of the meeting; or

62.2 by at least two members present in person or by proxy having the right to vote at the meeting; or

62.3 a member or members present in person or by proxy representing not less than one tenth of the voting rights of all the members having the right to vote at the meeting; or

62.4 a member or members present in person or by proxy holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;

62.5 and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

N. **APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS**

79. **NUMBER OF DIRECTORS**

Subject to Article 81, unless and until otherwise determined by the Company by resolution the number of Directors (other than any alternate Directors) shall be not less than four nor more than twelve. A majority of the Directors shall at all times be resident outside the United Kingdom.

80. **POWER OF COMPANY TO APPOINT DIRECTORS**

Subject to the provisions of these Articles, the Company may by resolution appoint a person who is willing to act to be a Director, either to fill a vacancy, or as an addition to the existing Board, and may also determine the rotation in which any additional Directors are to retire, but the total number of Directors shall not exceed any maximum number fixed in accordance with these Articles.

81. **POWER OF BOARD TO APPOINT DIRECTORS**

Without prejudice to the power of the Company to appoint any person to be a Director the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the annual general meeting of the Company next following such appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at that meeting. If not re-appointed at such annual general meeting, he shall vacate office at the conclusion thereof.

85. **NO RETIREMENT ON ACCOUNT OF AGE**

No person shall be or become incapable of being appointed or re-appointed a Director by reason of his having attained the age of seventy or any other age, nor shall any special notice be required in connection with the appointment, re-appointment or the approval of the appointment of such person. No Director shall vacate his office at any time by reason of the fact that he has attained the age of seventy or any other age. Life directorships are not permissible.

86. **RETIREMENT BY ROTATION**

86.1 **Number of directors**

At every annual general meeting one third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one third shall retire from office by rotation provided that if there is only one Director who is subject to retirement by rotation, he shall retire.

86.2 **Identity of directors**

Subject to the requirement of these Articles that a majority of the Directors shall at all times be resident outside the United Kingdom, the Directors to retire by rotation shall include (so far as is necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall (subject as aforesaid) be those of the other Directors subject to retirement by rotation who have been longest in office since their last appointment or re-appointment, but, as between persons who became or were last re-appointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves and subject to the requirement that a majority of the Directors shall at all times be resident outside the United Kingdom) be determined by lot. A Director who retires (whether by rotation or otherwise) shall be eligible for re-election and may, if willing to act, be re-appointed. The Directors to retire on each occasion (both as to numbers and identity) shall be determined by the composition of the Directors at the date of the notice convening the annual general meeting and no Director shall be required to retire or be relieved from retiring or be retired by reason of any change in the number or identity of the Directors after the date of the notice but before the close of the meeting.

86.3 **Re-appointment**

If the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy created by his retirement, the retiring Director shall, if willing to act, be deemed to have been re-appointed unless at the meeting it is expressly resolved not to fill the vacancy or unless a resolution for the reappointment of the Director is put to the meeting and lost or if the retiring Director has given notice in writing to the Company that he is unwilling to be re-elected or where the default in filling the vacancy is due to the moving of a resolution in contravention of Article 84 (Resolution for appointment) or where such Director has attained any retirement age applicable to him as a Director.

86.4 **Timing of retirement**

The retirement of any Director retiring at a general meeting in accordance with this Article shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost in which case the retirement shall take effect at the time of election of his replacement or the time of the losing of that resolution as the case may be. A retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

87. REMOVAL BY RESOLUTION

The Company may by resolution remove any Director before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and, without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company, may (subject to these Articles) by resolution appoint another person who is willing to act to be a Director in his place. Any person so appointed shall be treated, for the purposes of determining the time at which he or any other Director is to retire by rotation, as if he had become a Director on the day on which the person in whose place he is appointed was last appointed or re-appointed a Director. In default of such appointment the vacancy arising upon the removal of a Director from office may be filled by a casual vacancy.

88. VACATION OF OFFICE BY DIRECTOR

Without prejudice to any provisions for retirement contained in these Articles the office of a Director shall be vacated if:

88.1 he resigns by notice in writing delivered to the Company's registered agent or the Office or tendered at a Board meeting in which event he shall vacate that office on the service of that notice on the Company or at such later time as is specified in the notice or he offers in writing to resign from his office and the Directors resolve to accept such offer; or

88.2 he ceases to be a Director by virtue of any provision of the Act, is removed from office pursuant to these Articles or becomes prohibited by law from being a Director (including, without limitation, by virtue of section 93 of the Act); or

88.3 he has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally; or

88.4 an order is made by any court of competent jurisdiction (whether in the Isle of Man, the United Kingdom or elsewhere) on the ground (howsoever formulated) of mental disorder for his detention or for the appointment of a guardian or receiver or other person to exercise powers with respect to his property or affairs or he is admitted to hospital in pursuance of an application for admission for treatment under any statute for the time being in force in the Isle of Man or the United Kingdom relating to mental disorder or, in any other territory, in pursuance of an application for admission under analogous legislation or regulations and the Board resolves that his office be vacated; or

88.5 he shall be absent, without the permission of the Board from Board meetings for six consecutive months (whether or not an alternate director appointed by him attends) and the Board resolves that his office be vacated; or

88.6 he is requested to resign by notice in writing addressed to him at his address as shown in the register of Directors and signed by all the other Directors (without prejudice to any claim for damages which he may have for breach of any contract between him and the Company); or

88.7 he is convicted of an indictable offence and the Directors shall resolve that it is undesirable in the interests of the Company that he remains a Director of the Company; or

88.8 the conduct of that Director (whether or not concerning the affairs of the Company) is the subject of either (i) an application by the Treasury pursuant to section 26 of the Companies Act 1992 to the Isle of Man High Court or (ii) an investigation by the police of any jurisdiction and the Board shall resolve that it is undesirable that he remains a Director; or

88.9 notice is given to terminate his contract of employment or engagement with the Company where he is in breach of such contract; or

88.10 he has been disqualified from acting as a director; or

88.11 subsequent to his appointment, he becomes resident in the United Kingdom and as a result thereof the majority of the Directors are resident in the United Kingdom.

89. RESOLUTION AS TO VACANCY CONCLUSIVE

A resolution of the Board declaring a Director to have vacated office under the terms of Article 88 (Vacation of office by Director) shall be conclusive as to the fact and grounds of vacation stated in the resolution.

P. DIRECTORS' REMUNERATION, EXPENSES AND PENSIONS

95. DIRECTORS' FEES

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine. Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Board may determine or in default of such determination, equally (except that in such event any Director holding office for less than the whole of the relevant period in respect of which the fees are paid shall only rank in such division in proportion to the time during such period for which he holds office). Any fees payable pursuant to this Article shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provisions of these Articles and shall accrue from day to day.

96. EXPENSES

Each Director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company.

97. ADDITIONAL REMUNERATION

If by arrangement with the Board any Director shall perform or render any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of a lump sum or by way of salary, commission, participation in profits or otherwise) as the Board may from time to time determine.

98. REMUNERATION OF EXECUTIVE DIRECTORS

The salary or remuneration of any Director appointed to hold any employment or executive office in accordance with the provisions of these Articles may be either a fixed sum of money or may altogether or in part be governed by business done or profits made or otherwise determined by the Board and may be in addition to or *in lieu* of any fee payable to him for his services as Director pursuant to these Articles.

101. **POWERS OF DIRECTORS BEING LESS THAN MINIMUM NUMBER**

If the number of Directors is less than the minimum for the time being prescribed by these Articles the remaining Director or Directors shall act only for the purposes of appointing an additional Director or Directors to make up such minimum or of convening a general meeting of the Company for the purpose of making such appointment. If there are no Director or Directors able or willing to act, any two members may summon a general meeting for the purpose of appointing Directors. Subject to the provisions of these Articles, any additional Director so appointed shall hold office only until the dissolution of the annual general meeting of the Company next following such appointment unless he is re-elected during such meeting.

102. **POWERS OF EXECUTIVE DIRECTORS**

The Board may from time to time:

102.1 delegate or entrust to and confer on any Director holding executive office (including a Managing Director) such of its powers, authorities and discretions (with power to sub- delegate) for such time on such terms and subject to such conditions as it thinks fit; and

102.2 revoke, withdraw, alter or vary all or any of such powers.

103. **DELEGATION TO COMMITTEES**

103.1 **Constituting committees**

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit to any committee consisting of one or more Directors and (if thought fit) one or more other persons provided that:

103.1.1 a majority of the members of a committee shall be Directors or alternate Directors;

103.1.2 no resolution of a committee shall be effective unless a majority of those present when it is passed are Directors or alternate Directors; and

103.1.3 any such committee shall only meet and exercise its powers, authorities and discretions from outside the United Kingdom.

Any committee so formed may exercise its power to sub-delegate by sub-delegating to any person or persons (whether or not a member or members of the Board or of the Committee).

103.2 **Powers of committee**

The Board may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board in that respect and may from time to time revoke, withdraw, alter or vary any of such powers and discharge any such committee in whole or in part. Insofar as any power, authority or discretion is so delegated any reference in these Articles to the exercise by the Board of such power, authority or discretion shall be construed as if it were a reference to the exercise of such power, authority or discretion by such committee. Subject to any terms and conditions expressly imposed by the Board, the proceedings of a committee with two or more members shall be governed by such of these Articles as regulate the proceedings of the Board so far as they are capable of applying.

105. **POWER OF ATTORNEY**

The Board may by power of attorney or otherwise appoint any company, firm, person or persons (including registrars) to be the agent or attorney of the Company and may delegate to any such agent or attorney or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, any of its powers, authorities and discretions (with power to sub-delegate), in each case for such purposes and for such time, on such terms (including as to remuneration) and subject to such conditions as it thinks fit. The Board may confer such powers either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Board in that respect and may from time to time revoke, withdraw, alter or vary any of such powers. Any such appointment or power of attorney may contain such provisions for the protection and convenience of persons dealing with any such agent or attorney as the Board may think fit and may also authorise any such agent or attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

107. **EXERCISE OF VOTING POWER**

The Board may exercise or cause to be exercised the voting power conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised by the Company in such manner in all respects as it thinks fit (including the exercise of the voting power or power of appointment in favour of the appointment of any Director as a director or other officer or employee of such company or in favour of the payment of remuneration to the directors, officers or employees of such company).

109. **BORROWING POWERS**

Subject as herein provided and to the provisions of the Act, the Directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

113. **CHAIRMAN OF BOARD AND OTHER OFFICES**

113.1 **Appointment of Chairman**

The Board shall appoint one or more of its body who is not resident in the United Kingdom as Chairman, joint Chairman or Deputy Chairman of the Board and shall determine the period for which he is or they are to hold office and may at any time remove him or them from office. If no such Chairman or Deputy Chairman is elected or if at any meeting neither a Chairman nor a Deputy Chairman is present within five minutes of the time appointed for holding it, the Directors present shall choose one of their number to be Chairman of such meeting. In the event of two or more Joint Chairmen or in the absence of a Chairman, two or more Deputy Chairmen being present, the Joint Chairman or Deputy Chairman to act as Chairman of the meeting shall be decided by those Directors present. Any Chairman or Deputy Chairman may also hold executive office under the Company.

113.2 **Chief Executive**

The Directors may appoint one or more of their number to any office or employment under the Company (including, but without limitation, that of Chief Executive, Managing Director or Joint Managing Director but not including that of auditor), and may enter into an agreement or arrangement with any Director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a Director and may also permit any person appointed to be a Director to continue in any office or employment held by him before he was so appointed. Any such appointment, agreement or arrangement may be made for such period (subject to Article 113.4 (Limitation on appointments)) and upon such terms as the Directors determine.

113.3 **Delegation of powers**

Without prejudice to the generality of the foregoing the Directors may entrust to and confer upon any Director holding any such office or employment any of the powers exercisable by them as Directors with power to sub-delegate upon such terms and conditions and with such restrictions as they think fit and either collaterally with or to the exclusion of their own powers, authorities and discretions, and may from time to time revoke, withdraw, alter or vary all or any of such powers but no person dealing in good faith and without notice of the revocation or variation shall be affected by it. The power to delegate contained in this Article shall be effective in relation to the powers, authorities and discretions of the Board generally and shall not be limited by the fact that in certain Articles, but not in others, express reference is made to particular powers, authorities or discretions being exercised by the Board or by a committee authorised by the Board.

113.4 **Limitation on appointments**

The Directors may not appoint anyone of their number to be both Chairman and Chief Executive or Managing Director of the Company at the same time, unless such appointment is limited to a period not exceeding one year from the date of the appointment, after which the appointment shall lapse and the Directors shall not renew it, although they may (if they wish) appoint the person who had been both Chairman and Chief Executive or Managing Director to hold one only of those offices.

113.5 **Removal from position**

The Directors may also (without prejudice to any claim for damages for breach of any agreement between the Director and the Company) remove a Director from any such office and appoint another in his place.

113.6 **Cessation of position on ceasing to be a director**

A Director appointed to the office of Chairman, Deputy Chairman, Managing Director, Chief Executive or any other executive office shall automatically and immediately cease to hold that office if he ceases to hold the office of Director from any cause, but he shall not (unless any agreement between him and the Company shall otherwise provide) cease to hold his office as a Director by reason only of his ceasing to be Chairman, Deputy Chairman, Managing Director, Chief Executive of the Company or to hold any other such executive office, as the case may be.

122. **DIRECTOR'S INTEREST IN OWN APPOINTMENT**

A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or termination) of two or more Directors to offices or places of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

125. **EXERCISE BY COMPANY OF VOTING POWERS**

The Board may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner in all respects as it thinks fit (including the exercise thereof in favour of any resolution appointing the Directors or any of them directors of such company, or voting or providing for the payment of remuneration to the directors of such company).

U. **DIVIDENDS AND OTHER PAYMENTS**

129. **DECLARATION OF DIVIDENDS**

Subject to the provisions of these Articles, the Board may, subject to the satisfaction of the solvency test, declare that dividends out of the Company's profits may be paid to members according to their respective rights and interests in the profits of the Company.

130. **INTERIM DIVIDENDS**

The Board may, subject to the satisfaction of the solvency test, declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Board to be justified by the profits of the Company and the position of the Company. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer in consequence of the declaration or by the lawful payment of any interim dividend on any shares ranking after those with preferential rights.

131. **ENTITLEMENT TO DIVIDENDS**

131.1 **Accrual of dividends**

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date or be entitled to dividends declared after a particular date it shall rank for or be entitled to dividends accordingly. Any amount paid up in advance of calls on any share shall carry interest only and shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

131.2 **Payment of dividends**

All dividends and interest shall be paid (subject to any lien of the Company) to those members whose names shall be on the register at the date at which such dividend shall be declared or at the date at which such interest shall be payable respectively, or at such other date as the Company by resolution or the Board may determine, notwithstanding any subsequent transfer or transmission of shares.

136. **UNCASHED DIVIDENDS**

If cheques, warrants or orders for dividends or other sums payable in respect of a share sent by the Company to the person entitled thereto by post are returned to the Company undelivered or left uncashed on two consecutive occasions or, following one occasion, reasonable enquiries have failed to establish any new address to be used for the purpose, the Company shall not be obliged to send any further dividends or other moneys payable in respect of that share due to that person until he notifies the Company of an address to be used for the purpose.

137. **WAIVER OF DIVIDENDS**

The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death, bankruptcy or mental disorder of the holder or otherwise by operation of law) and delivered to the Company and only if or to the extent that the same is accepted as such or acted upon by the Company.

Y. **WINDING UP**

155. **DIVISION OF ASSETS**

155.1 **Power to present a petition**

The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

155.2 **Distribution of assets**

If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid-up capital, they are to be distributed so that as nearly as may be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article 155.2 is subject to the rights attached to any shares which may be issued on special terms or conditions.

155.3 **Distribution in specie**

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members *in specie* the whole or any part of the assets of the Company and may for that purpose value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members but if any division is resolved otherwise than in accordance with such rights the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to section 222 of the Companies Act 1931. The liquidator may with the like sanction vest the whole or any part of the whole of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine but no member shall be compelled to accept any assets on which there is a liability."

DETAILS OF THE PROPERTY PORTFOLIO

The table below sets out the details of the properties within the property portfolio as at 31 December 2012:

No	Property name (property owning company)	Physical address	Region	Weighted average rental per m²	Rentable area (GLA) m²	Weighte rentable area	Effective date of acquisition	Acquisition cost/ development cost (€)	Valuation as at 31 December 2012 (€)	Effective date of valuation	Name of valuer[5]	Difference between valuation amount and acquisition cost (€)[1]
Retail portfolio												
1.	Ploiesti Shopping City	Sat Blejoi, Prahova, Romania	Romania	11.24	46 206	23 103	n/a	n/a	78 010 000	31 Dec 2012	DTZ Echinox Consulting SRL	–
2.	Promenada Mall Braila	Sat Varsatura, Braila, Romania	Romania	8.58	54 850	54 850	1 Sep 2008	59 464 937	73 280 000	31 Dec 2012	DTZ Echinox Consulting SRL	13 815 063
3.	Retail Park Auchan Pitesti	65B Geamana, Arges, Romania	Romania	10.72	43 100	43 100	31 Dec 2009	50 501 883	70 275 158	31 Dec 2012	DTZ Echinox Consulting SRL	19 773 275
4.	Brasov	105 Bucuresti Street, Brasov, Romania	Romania	12.47	5 290	5 290	28 Sep 2007	5 054 973	9 570 000	31 Dec 2012	DTZ Echinox Consulting SRL	4 515 027
5.	Leipzig	123 Mockauerstrasse, Leipzig, Germany	Germany	9.29	5 864	2 932	8 Apr 2008	9 367 030	7 850 000	31 Dec 2012	Apollo Real Estate AG & Co KG	(1 517 030)
6.	Brasov Shopping City	105 Bucuresti Street, Brasov, Romania	Romania	5.50	7 112	7 112		6 000 000	6 041 000	31 Dec 2012	DTZ Echinox Consulting SRL	41 000
7.	Bruckmühl	15a Pettenkoferstrasse, Bruckmühl, Germany	Germany	7.07	5 889	2 945	8 Apr 2008	7 226 230	5 990 000	31 Dec 2012	Apollo Real Estate AG & Co KG	(1 236 230)
8.	Mölln	127a+b Wasserkrüger, Mölln, Germany	Germany	5.78	5 510	2 755	8 Apr 2008	5 963 007	4 960 000	31 Dec 2012	Apollo Real Estate AG & Co KG	(1 003 007)
9.	Bucharest	23 Elisabeta Street, Bucharest, Romania	Romania	63.99	838	838	28 Sep 2007	5 212 403	4 590 000	31 Dec 2012	DTZ Echinox Consulting SRL	(622 403)
10.	Eilenburg	34-35 Grenzstrasse, Eilenburg, Germany	Germany	7.64	3 727	1 864	8 Apr 2008	4 867 252	2 730 000	31 Dec 2012	Apollo Real Estate AG & Co KG	(2 137 252)
11.	Frankfurt	10-24 Battonnstrasse, Frankfurt, Germany	Germany	14.50	1 088	544	8 Apr 2008	2 426 342	2 460 000	31 Dec 2012	Apollo Real Estate AG & Co KG	33 658
12.	Iasi	4 Strapungerii Street, Iasi, Romania	Romania	20.00	193	193	28 Sep 2007	836 754	540 000	31 Dec 2012	DTZ Echinox Consulting SRL	(296 754)
13.	Bacau	5 Balcescu Street, Bacau, Romania	Romania	22.00	150	150	28 Sep 2007	698 084	470 000	31 Dec 2012	DTZ Echinox Consulting SRL	(228 084)

No	Property name (property owning company)	Physical address	Region	Weighted average rental per m²	Rentable area (GLA) m²	Weighte rentable area	Effective date of acquisition	Acquisition cost/ development cost (€)	Valuation as at 31 December 2012 (€)	Effective date of valuation	Name of valuer[5]	Difference between valuation amount and acquisition cost (€)[1]
Office portfolio												
1.	Floreasca Business Park	169A Floreasca Street, Bucharest, Romania	Romania	19.80	36 032	36 032	29 Dec 2010	103 950 000	104 370 000	31 Dec 2012	DTZ Echinox Consulting SRL	420 000
2.	City Business Centre[3]	10 C Brediceanu, Timisoara, Romania	Romania	13.95	27 151	27 151	1 Jan 2012	45 640 203	51 670 000	31 Dec 2012	DTZ Echinox Consulting SRL	6 029 797
3.	Brasov	3 Kogalniceanu Street, Brasov, Romania	Romania	7.87	6 720	6 720	1 Jan 2008	6 870 000	6 450 000	31 Dec 2012	DTZ Echinox Consulting SRL	(420 000)
4.	Munich	7 Silberhornstrasse, Munich, Germany	Germany	13.75	2 222	1 111	8 Apr 2008	7 118 652	6 230 000	31 Dec 2012	Apollo Real Estate AG & Co KG	(888 652)
5.	Zalau	19 Unirii Street, Salaj, Romania	Romania	8.69	3 460	3 460	1 Jan 2008	3 840 000	2 640 000	31 Dec 2012	DTZ Echinox Consulting SRL	(1 200 000)
6.	Craiova	15B Buzesti Street, Dolj, Romania	Romania	7.31	2 486	2 486	1 Jan 2008	2 740 000	2 570 000	31 Dec 2012	DTZ Echinox Consulting SRL	(170 000)
7.	Galati	31 Brailei Street, Galati, Romania	Romania	6.15	2 814	2 814	1 Jan 2008	2 840 000	1 920 000	31 Dec 2012	DTZ Echinox Consulting SRL	(920 000)
8.	Buzau	2 Balcescu Street, Buzau, Romania	Romania	7.13	2 422	2 422	1 Jan 2008	2 040 000	1 850 000	31 Dec 2012	DTZ Echinox Consulting SRL	(190 000)
9.	Slatina	1 Vladimirescu Street, Olt, Romania	Romania	6.75	2 767	2 767	1 Jan 2008	1 990 000	1 770 000	31 Dec 2012	DTZ Echinox Consulting SRL	(220 000)
10.	Baia Mare	18 Unirii Street, Maramures, Romania	Romania	5.87	2 406	2 406	1 Jan 2008	1 930 000	1 680 000	31 Dec 2012	DTZ Echinox Consulting SRL	(250 000)
11.	Sfantu Gheorghe	33-37, 1 Decembrie Street, Covasna, Romania	Romania	6.18	2 349	2 349	1 Jan 2008	1 860 000	1 510 000	31 Dec 2012	DTZ Echinox Consulting SRL	(350 000)
12.	Deva	18 Maniu Street, Hunedoara, Romania	Romania	7.46	1 860	1 860	1 Jan 2008	1 680 000	1 470 000	31 Dec 2012	DTZ Echinox Consulting SRL	(210 000)
13.	Targoviste	227 Domneasca Street, Dambovita, Romania	Romania	6.70	2 373	2 373	1 Jan 2008	1 830 000	1 440 000	31 Dec 2012	DTZ Echinox Consulting SRL	(390 000)
14.	Alba Iulia	29 I.C. Bratianu Street, Alba, Romania	Romania	5.47	2 366	2 366	1 Jan 2008	1 850 000	1 360 000	31 Dec 2012	DTZ Echinox Consulting SRL	(490 000)
15.	Slobozia	13 Chimiei Street, Ialomita, Romania	Romania	6.94	1 907	1 907	1 Jan 2008	1 410 000	1 290 000	31 Dec 2012	DTZ Echinox Consulting SRL	(120 000)
16.	Resita	4, 1 Decembrie Street, Caras-Severin, Romania	Romania	7.57	1 322	1 322	1 Jan 2008	1 170 000	1 130 000	31 Dec 2012	DTZ Echinox Consulting SRL	(40 000)
17.	Targu Mures[4]	2 Bolyai Street, Mures, Romania	Romania	3.13	2 033	2 033	1 Jan 2008	1 680 000	1 050 226	31 Dec 2012	DTZ Echinox Consulting SRL	(630 000)

No	Property name (property owning company)	Physical address	Region	Weighted average rental per m²	Rentable area (GLA) m²	Weighte rentable area	Effective date of acquisition	Acquisition cost/ development cost (€)	Valuation as at 31 December 2012 (€)	Effective date of valuation	Name of valuer[5]	Difference between valuation amount and acquisition cost (€)[1]
18.	Calarasi	27 Progresului Street, Calarasi, Romania	Romania	6.82	1 421	1 421	1 Jan 2008	1 200 000	1 040 000	31 Dec 2012	DTZ Echinox Consulting SRL	(160 000)
19.	Alexandria	63 Colfescu Street, Teleorman, Romania	Romania	7.54	975	975	1 Jan 2008	810 000	830 000	31 Dec 2012	DTZ Echinox Consulting SRL	20 000
20.	Sibiu	69, 1 Decembrie Street, Sibiu, Romania	Romania	1.02	900	900	1 Jan 2008	1 170 000	650 000	31 Dec 2012	DTZ Echinox Consulting SRL	(520 000)
Industrial portfolio												
1.	Rasnov industrial facility	1A Campului Street, Brasov, Romania	Romania	4.47	23 040	23 040	28 Sep 2007	13 404 198	11 760 000	31 Dec 2012	DTZ Echinox Consulting SRL	(1 644 198)
2.	Otopeni warehouse	11C Vlaicu, Ilfov, Romania	Romania	9.16	4 802	4 802	20 Sep 2010	5 361 310	5 300 000	31 Dec 2012	DTZ Echinox Consulting SRL	(61 310)
Developments and extensions												
1.	Victoriei Office	8 Aviatorilor Blvd, Bucharest, Romania	Romania					11 386 000	12 961 000	31 Dec 2012	DTZ Echinox Consulting SRL	1 575 000
2.	Ploiesti Shopping City extension	Sat Blejoi, Prahova, Romania	Romania					n/a	2 064 000	31 Dec 2012	DTZ Echinox Consulting SRL	
3.	Cluj Business Centre	77, 21 Decembrie 1989 Street, Cluj, Romania	Romania					n/a	7 602 641	31 Dec 2012	DTZ Echinox Consulting SRL	
4.	Galati Shopping City	251 George Cosbuc Blvd, Galati, Romania	Romania					n/a	3 038 846	31 Dec 2012	DTZ Echinox Consulting SRL	
5.	Vulcan Value Centre	88 Sebastian Street, Bucharest, Romania	Romania					178 919	1 986 262	31 Dec 2012	DTZ Echinox Consulting SRL	1 807 343
6.	Kaufland Value Extension	Alexandria, Teleorman, Romania	Romania					n/a	622 151	31 Dec 2012	DTZ Echinox Consulting SRL	
7.	Brasov Shopping City extension	105 Bucuresti Street, Brasov, Romania	Romania					n/a	197 160	31 Dec 2012	DTZ Echinox Consulting SRL	
8.	Kaufland Value Extension	Sfantu Gheorghe, Covasna, Romania	Romania					n/a	62 341	31 Dec 2012	DTZ Echinox Consulting SRL	
	TOTAL								**505 280 785**			**32 115 469**

Notes:

1. The difference between the valuation amounts and acquisition costs can be attributed by each valuer is an open market value while the acquisition costs are negotiated values.
2. Figures reflect 100% ownership of property assets.
3. Vacancy excludes the rentable areas under the earn-out arrangements which means that the payment for the vacant space will be made after it is rented by the seller.
4. The building is currently under refurbishment.
5. Valuations are determined annually by external independent professional valuers with appropriate and recognised professional qualifications and recent experience in the location and category of property being valued.

DETAILS OF ACQUISITIONS, DISPOSALS AND VENDORS

The immovable properties, subsidiaries and investments acquired by the NEPI group in the three years preceding the last practical date and immovable properties, subsidiaries and investments to be acquired are detailed in the table below, together with the names and addresses of the vendors of the immovable properties and/or securities purchased by NEPI and/or its subsidiaries and the consideration paid by the vendors.

No.	Name and nature of the asset acquired	Entity which acquired the asset	Name of vendor(s)	Address of vendor(s)	Names of beneficial owner of vendor if the vendor is a company	Date of acquisition by NEPI and/or its subsidiary (Sale Purchase Agreement Date)	Effective date of acquisition by NEPI and/or its subsidiary	Consideration: Issue of securities	Consideration: Cash portion	Net asset valuation	Loans incurred to finance acquisition	Goodwill/ Intangible assets paid and manner in which accounted for	Date of acquisition by the vendor (if purchased within preceding 3 years)	Cost of asset to vendor (if purchased within preceding 3 years)
1.	100% of the issued shares in and shareholder claims in BVB REAL ESTATE S.R.L.	NE Property Cooperatief U.A. and NEPI Investment Management S.A.	AIG/Lincoln Lakeview S.a.r.l	41 Avenue de la Gare, L-1611 Luxembourg	AIG/LINCOLN WESTERN EUROPE (Luxembourg) S.à.r.l., DPGP ROMANIA S.à.r.l.	14 February 2013	1 January 2013	–	EUR61.7 million	EUR58.1 million	None	Acquisition will be accounted for as a business combination. Estimated goodwill amounts to approx. EUR4.1 mill and is due to recognition of deferred tax liabilities.	n/a	n/a
2.	100% of the issued shares in and shareholder claims in Modatim Investment S.A. and Modatim Properties S.A.	NEPI Four Tower building S.R.L., NEPI Five Office Tower S.R.L. and NEPI Bucharest Two S.R.L.	MTInv Holding BV and Mr. Ovidiu Sando	Martinus Nijhofflaan 2, 2624 ES Delft, Netherlands Plautius Andronescu 8, RO-300224, Timisoara, Romania	Mr. Ovidiu Sandor	1 February 2012	1 January 2012	EUR16.55 million	–	EUR13.87 million	None (bank financing already existed in acquired company).	Acquisition was accounted for as a business combination. Recognised goodwill amounts to approx. EUR3.26 mill and is due to recognition of deferred tax liabilities.	Companies incorporated by vendors in 2005 and 2009, respectively.	n/a

No.	Name and nature of the asset acquired	Entity which acquired the asset	Name of vendor(s)	Address of vendor(s)	Names of beneficial owner of vendor if the vendor is a company	Date of acquisition by NEPI and/or its subsidiary (Sale Purchase Agreement Date)	Effective date of acquisition by NEPI and/or its subsidiary	Consideration: Issue of securities	Consideration: Cash portion	Net asset valuation	Loans incurred to finance acquisition	Goodwill/ Intangible assets paid and manner in which accounted for	Date of acquisition by the vendor (if purchased within preceding 3 years)	Cost of asset to vendor (if purchased within preceding 3 years)
3.	100% of the issued shares in and shareholders` claims against Ingen Europe BV	NE Property Cooperatief U.A. and New Europe Property N.V.	Apollo Rom (US) S.a.r.l., Apollo Rom (EU) S.a.r.l., Kanebo Investments SA and Grimsby Investments S.a.r.l.	43 Avenue JF Kennedy, L-1855 Luxembourg 2 Avenue Charles de Gaulle, L-1653 Luxembourg 20 Rue de la Poste, L-2346 Luxembourg	Portland Trust	26 November 2010	29 December 2010	–	EUR27.6 million	EUR21.5 million	None (bank financing already existed in acquired company).	Acquisition was accounted for as a business combination. Recognised goodwill amounts to approx. EUR6.1 mill and is mostly due to recognition of deferred tax liabilities.	Company incorporated by vendors in 2006.	n/a
4.	100% of the issued shares in NEPI Investment Management Limited	New Europe Property Investments plc	Fortress Asset Managers (Proprietary) Limited, Slabbert Family Limited, Focus CEE Investments Limited and CEMZ Holdings Limited^	4th Floor, Rivonia village, Rivonia Boulevard, Rivonia, 2191, South Africa Midocean Chambers, 9 Columbus Centre, Pelican Drive, Road Town, Tortola, British Virgin Islands Midocean Chambers, PO BOX 805, Road Town, Tortola, British Virgin Islands Anglo International House, 2nd Floor, Lord Street, Douglas, Isle of Man	Resilient Property Income Fund Limited (public company), Martin Slabbert, Victor Semionov, Alexandru Morar	21 June 2010	30 June 2010	EUR6.3 million	–	EUR0.94 mill	–	Acquisition was accounted for as a business combination. Recognised goodwill amounts to approx. EUR5.9 mill and is mostly due to recognition of deferred tax liabilities.	Company incorporated by vendors in 2007.	n/a

^ 1 531 717 NEPI shares issued to Fortress Asset Managers (Proprietary) Limited, 735 224 NEPI shares issued to Slabbert Family Limited (a company in which Martin Slabbert has an indirect interest), 122 537 NEPI shares issued to Focus CEE Investments Limited (a company in which Victor Semionov has an interest) and 61 270 NEPI shares issued to CEMZ Holdings Limited (a company in which Alexandru Morar, an executive of NEPI IML, has an interest).

The following table sets out the details regarding the only material property disposed of during the past three years since the last practical date or to be disposed of:

No.	Name of property and date of disposal	Consideration to be received	Valuation	Name of purchaser	Address of purchaser	Names of beneficial shareholders of purchaser	Address of beneficial shareholders of purchaser	Promoter or director's interest in any such transaction
1.	Auchan Hypermarket 29 April 2013	€28.7 million in cash	€28.7 million	Auchan Romania SA	13 Barbu Delavrancea St, 1st District, Bucharest, Romania	Groupe Auchan	40 avenue de Flandre – BP 139 59964 Croix Cedex – France	n/a

Set out below is additional information relating to transactions, after the company's latest year end being 31 December 2012, which constitute category 2 transactions:

The Lakeview acquisition

Description and rationale

The Lakeview is a landmark A-grade office building consisting of offices and ground floor retail with a total GLA of 25 564 m^2 and 485 parking bays. The Lakeview is located close to NEPI's Floreasca Business Park in the emerging office corridor between Floreasca and Barbu Vacarescu Streets in the North East of Bucharest. The building is fully occupied with tenants including Alcon, Colgate-Palmolive, Huawei, Philips, PricewaterhouseCoopers and Royal Bank of Scotland. It is expected that the acquisition of the property will be earnings enhancing.

HISTORICAL FINANCIAL INFORMATION

Set out below are extracts from the audited consolidated financial statements of NEPI for the years ended 31 December 2012, 31 December 2011 and 31 December 2010. These extracts are the responsibility of NEPI's directors. The financial statements for the years ended 31 December 2012, 31 December 2011 and 31 December 2010, from which the information below was extracted, were prepared in accordance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board and which were audited by Ernst & Young in accordance with International Standards on Auditing, who issued an unqualified audit opinion on the financial statements or the years ended 31 December 2012, 31 December 2011 and 31 December 2010. NEPI's auditors have never resigned nor have they been removed during the period covered by the historical financial information. There has been no significant change in the financial or trading position of the company since 31 December 2012. The audited financial statements for the years ended 31 December 2012, 31 December 2011 and 31 December 2010 are available for inspection on the company's website (www.nepinvest.com).

STATEMENT OF FINANCIAL POSITION

	Note	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
ASSETS				
Non-current assets		444 666 197	362 404 369	328 991 707
Investment property		416 674 175	341 802 837	313 755 281
Investment property at fair value	8	393 966 226	316 393 495	300 899 292
Investment property under development	8	22 707 949	25 409 342	12 855 989
Goodwill	10	13 188 795	13 351 499	13 849 887
Investment in subsidiaries and joint ventures	4	–	–	–
Loans to subsidiaries	4	–	–	–
Other long-term assets	9	14 727 635	6 213 458	–
Financial assets at fair value through profit or loss	16.1	75 592	1 036 575	1 386 539
Current assets		**185 176 059**	**62 816 541**	**31 185 529**
Trade and other receivables	12	15 798 975	7 751 441	7 338 247
Loans to subsidiaries	4	–	–	–
Financial investments at fair value through profit or loss	11	81 865 443	–	–
Cash and cash equivalents	13	87 511 641	55 065 100	23 847 282
Investment property held for sale	31	**28 665 158**	–	–
TOTAL ASSETS		**658 507 414**	**425 220 910**	**360 177 236**
EQUITY AND LIABILITIES				
Equity attributable to equity holders		**393 622 378**	**235 258 940**	**155 087 026**
Share capital	14	1 352 629	955 693	712 686
Share premium	14	355 026 520	227 844 770	159 308 324
Share-based payment reserve	15	15 491 810	7 456 257	759 550
Currency translation reserve		(1 228 783)	(2 650 522)	(2 964 825)
Accumulated profit		22 980 202	1 652 742	(2 728 709)
Total liabilities		**264 885 036**	**189 961 970**	**205 090 210**
Non-current liabilities		**147 151 095**	**174 098 216**	**185 374 433**
Loans and borrowings	16	117 100 152	156 629 879	168 564 379
Deferred tax liabilities	19	22 321 189	15 086 152	15 586 362
Financial liabilities at fair value through profit or loss	16.1	7 729 754	2 382 185	1 223 692
Current liabilities		**117 733 941**	**15 863 754**	**19 715 777**
Trade and other payables	17	12 985 200	5 251 265	7 656 857
Loans and borrowings	16	102 048 042	8 235 659	9 847 153
Tenant deposits	18	2 700 699	2 376 830	2 211 767
TOTAL EQUITY AND LIABILITIES		**658 507 414**	**425 220 910**	**360 177 236**
Net asset value per share (Euro)	20	**2.83**	**2.41**	2.18
Adjusted net asset value per share	20	**2.88**	**2.43**	2.22

The Group had €219 million of third party debt finance in place at 31 December 2012 (€197 million in secured term debt and €22 million in short-term facilities secured over the listed property shares). The total equity attributable to equity holders was €393 622 378 on 31 December 2012.

STATEMENT OF INCOME

	Note	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Net rental and related income	21	30 432 771	23 727 203	16 224 196
Contractual rental income and expense recoveries		40 176 801	32 069 075	21 269 338
Property operating expenses		(9 744 030)	(8 341 872)	(5 045 142)
Administrative expenses	22	(2 211 006)	(1 916 734)	(1 160 109)
Acquisition fees	23	(1 594 393)	(106 615)	(831 369)
Fair value adjustments of investment property and goodwill	25	6 450 485	3 010 852	1 111 927
Fair value gains of financial investments at fair value through profit or loss	11	10 287 980	–	–
Distributable income from financial investments at fair value through profit or loss	11	822 691	–	–
Share-based payment expense	15	(996 909)	(1 041 647)	(524 650)
Foreign exchange loss		(2 529 495)	(475 883)	178 175
Investment advisory fees		–	–	(703 323)
Other operating income	24	10 264 266	–	–
Profit/(loss) before net finance (expense)/ income		50 926 390	23 197 176	14 294 847
Net finance (expense)/income	26	(12 574 251)	(4 925 640)	(5 906 809)
Finance income		1 853 838	6 253 858	581 765
Finance expense		(14 428 089)	(11 179 498)	(6 488 574)
Profit before tax		38 352 139	18 271 536	8 388 038
Tax (expense)/income		(5 248 690)	500 210	(1 476 694)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		33 103 449	18 771 746	6 911 344
Weighted average number of shares in issue	27	116 238 121	78 659 834	52 388 748
Diluted weighted average number of shares in issue	27	121 391 646	84 264 285	56 334 549
Basic weighted average earnings per share (euro cents)	27	28.48	23.86	13.19
Diluted weighted average earnings per share (euro cents)	27	27.27	22.28	12.27
Distributable earnings per share (euro cents)	27	25.95	24.67	17.61
Headline earnings per share (euro cents)	28	22.93	20.04	11.07
Diluted headline earnings per share (euro cents)	28	21.96	18.70	10.29

STATEMENT OF COMPREHENSIVE INCOME

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Profit for the year attributable to equity holders	33 103 449	18 771 746	6 911 344
Other comprehensive income			
Currency translation differences	1 421 739	314 303	(314 756)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**34 525 188**	**19 086 049**	**6 596 588**

STATEMENT OF CHANGES IN EQUITY

Group	Share capital €	Share premium €	Share-based payment reserve €	Currency translation reserve €	Accumulated (loss)/profit €	Total €
Opening balance 1 January 2010	**386 247**	**76 731 744**	**234 900**	**(2 650 069)**	**(1 983 359)**	**72 719 463**
Transactions with owners	326 439	82 576 580	524 650	–	(7 656 694)	75 770 975
Issue of shares	326 439	82 959 893	–	–	–	83 276 332
Issue cost recognised to equity	–	(373 313)	–	–	–	(373 313)
Share-based payment reserve	–	–	524 650	–	–	524 650
Dividend distribution	–	–	–	–	(7 656 694)	(7 656 694)
Total comprehensive income	–	–	–	(314 756)	6 911 344	6 596 588
Other comprehensive income	–	–	–	(314 756)	–	(314 756)
Profit for the year	–	–	–	–	6 911 344	6 911 344
BALANCE AT 31 DECEMBER 2010	**712 686**	**159 308 324**	**759 550**	**(2 964 825)**	**(2 728 709)**	**155 087 026**
Balance at 1 January 2011	**712 686**	**159 308 324**	**759 550**	**(2 964 825)**	**(2 728 709)**	**155 087 026**
Transactions with owners	243 007	68 536 446	6 696 707	–	(14 390 295)	61 085 865
Issue of shares	243 007	69 914 745	–	–	–	70 157 752
Issue cost recognised to equity	–	(1 378 299)	–	–	–	(1 378 299)
Share-based payment reserve*	–	–	6 696 707	–	–	6 696 707
Earnings distribution	–	–	–	–	(14 390 295)	(14 390 295)
Total comprehensive income	–	–	–	314 303	18 771 746	19 086 049
Other comprehensive income	–	–	–	314 303	–	314 303
Profit for the year	–	–	–	–	18 771 746	18 771 746
BALANCE AT 31 DECEMBER 2011	**955 693**	**227 844 770**	**7 456 257**	**(2 650 522)**	**1 652 742**	**235 258 940**
Balance at 1 January 2012	**955 693**	**227 844 770**	**7 456 257**	**(2 650 522)**	**1 652 742**	**235 258 940**
Transactions with owners	396 936	127 181 750	8 035 553	–	(11 775 989)	123 838 250
Issue of shares	391 735	125 943 296	–	–	–	126 335 031
Issue cost recognised to equity	–	(332 117)	–	–	–	(332 117)
Share-based payment reserve*	–	–	9 258 789	–	–	9 258 789
Sale of shares issued under the Initial Share Scheme	1 110	326 324	–	–	–	327 434
Sale of shares issued under the Current Share Scheme	530	183 367	(158 795)	–	–	25 102
Vesting of shares issued under the Current Share Scheme	3 561	1 060 880	(1 064 441)	–	–	–
Earnings distribution	–	–	–	–	(11 775 989)	(11 775 989)
Total comprehensive income	–	–	–	1 421 739	33 103 449	34 525 188
Other comprehensive income	–	–	–	1 421 739	–	1 421 739
Profit for the year	–	–	–	–	33 103 449	33 103 449
BALANCE AT 31 DECEMBER 2012	**1 352 629**	**355 026 520**	**15 491 810**	**(1 228 783)**	**22 980 202**	**393 622 378**

* These amounts include €8 236 300 (2011: €5 980 000) relating to the issue of shares in terms of the Current Share Scheme, in relation to which the loans remain outstanding.

STATEMENT OF CASH FLOWS

	Note	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
OPERATING ACTIVITIES				
Profit for the year attributable to equity holders		33 103 449	18 771 746	6 911 344
Adjustments for:				
Fair value adjustment on investment property and goodwill	8	(6 450 485)	(3 010 852)	(1 111 927)
Fair value gains on financial investments at fair value through profit or loss	11	(10 287 980)	–	–
Distributable income from financial investments at fair value through profit or loss	11	(822 691)	–	–
Share-based payment expense	15	996 909	1 041 647	524 650
Foreign exchange loss		2 529 495	364 655	(178 175)
Other operating income	24	(10 264 266)	–	–
Net finance expense/(income)	26	12 574 251	4 925 640	5 906 809
Corporate tax charge and deferred tax	19	5 248 690	(500 210)	1 460 883
Operating profit before changes in working capital		**26 627 372**	**21 592 626**	**13 513 584**
Increase in trade and other receivables		(6 966 030)	(217 038)	(3 523 580)
Increase/(decrease) in trade and other payables		2 249 525	(3 016 126)	(1 693 910)
Interest paid		(8 753 020)	(7 649 493)	(5 542 335)
Interest received		698 739	6 476 898	581 765
Income from vendor settlement received	24	11 787 486	–	–
CASH FLOWS FROM OPERATING ACTIVITIES		**25 644 072**	**17 186 867**	**3 335 524**
INVESTING ACTIVITIES				
Acquisition of investment property	8	(45 932 846)	(24 164 735)	(6 343 328)
Payments for acquisition of subsidiaries less cash acquired	29	(15 915 914)	–	(39 098 002)
Purchase of financial investments at fair value through profit or loss	11	(72 287 023)	–	–
Dividends from financial investments at fair value through profit or loss	11	796 411	–	–
Proceeds from sale of financial investments at fair value through profit or loss	11	735 840	–	–
Loans granted to subsidiaries	4	–	–	–
CASH FLOWS FROM INVESTING ACTIVITIES		**(132 603 532)**	**(24 164 735)**	**(45 441 330)**

	Note	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
FINANCING ACTIVITIES				
Proceeds from share issuance		126 355 450	68 454 514	71 113 213
Proceeds from bank borrowings		37 061 976	–	–
Repayment of borrowings		(12 066 077)	(13 377 307)	(8 653 390)
Premiums paid on acquisition of derivatives		–	(2 636 314)	(990 000)
Earnings distribution		(11 775 989)	(14 194 855)	(7 656 694)
CASH FLOWS FROM FINANCING ACTIVITIES		**139 575 360**	**38 246 038**	**53 813 129**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**32 615 900**	**31 268 170**	**11 707 323**
Cash and cash equivalents brought forward	13	55 065 100	23 847 282	12 276 543
Translation effect on cash and cash equivalents		(169 359)	(50 352)	(136 584)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	13	**87 511 641**	**55 065 100**	**23 847 282**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

New Europe Property Investments plc is a limited liability company incorporated in the Isle of Man on 23 July 2007 and domiciled in Lord Street, 2nd Floor, Anglo International House, Douglas, Isle of Man. The Company is listed on the Main Market of the JSE Ltd (JSE), the regulated market of the Bucharest Stock Exchange (BVB) and the Alternative Investment Market of the London Stock Exchange (AIM). The Group includes the Company and its subsidiaries as set out under "Basis of consolidation" in Note 2.4 below.

These financial statements are presented for the Group (the consolidated financial statements) and for the Company (the separate financial statements), collectively referred to as the "financial statements".

The Group's activities are detailed in the Directors' Report and in Note 32.

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on 6 February 2013.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Isle of Man law and International Financial Reporting Standards (IFRS). The principal accounting policies set out below have been consistently applied to all the periods presented.

2.1 Functional and presentation currency

The financial statements are presented in Euros (€) unless otherwise indicated, as this is the currency in which the parent Company transacts a substantial part of its business and is the currency considered most convenient for shareholders. Entities located in Romania have RON as a functional currency, while entities located in Germany have Euro as functional currency.

2.2 Basis of preparation

The financial statements are prepared on the historical-cost basis, except for investment property, land for investment property under development, derivatives and other financial instruments.

Investment property, land for investment property under development and derivatives designated as financial instruments at fair value through profit or loss are measured at fair value.

Management prepared these financial statements on a going concern basis. There are no uncertainties relating to events and conditions that may cast a significant doubt upon the Group's ability to continue as a going concern.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Property acquisitions and business combinations

Where property is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business or of an asset.

Asset acquisitions

Where property acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the amount paid out to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. No goodwill or additional deferred taxation arises.

Acquisitions of subsidiaries for which the main assets were not in use at the date of the acquisition and which do not include transfer of processes, other assets or employees are accounted for as asset acquisitions.

Business combinations

Business combinations are accounted for using the acquisition method. The acquisition is recognised at the aggregate amount of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of any contingent consideration classified as a liability will be recognised in the Statement of income.

Valuation of investment property

Please refer to Notes 2.5, 2.6, 2.7 and 8 for further details.

2.3 **Statement of compliance**

The financial statements have been consistently prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board and the requirements of relevant Isle of Man Company Law.

2.4 **Basis of consolidation**

Subsidiaries

The financial statements incorporate the assets, liabilities, operating results and cash flows of the Company and its subsidiaries.

Subsidiaries are those entities over which the Group has the ability, either directly or indirectly, to govern the financial and operating policies so as to obtain benefits from their activities. In assessing control, potential voting rights that are presently exercisable are taken into account. Subsidiaries are consolidated from the date on which control is transferred to the Group (effective date of acquisition or incorporation) and are December consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services.

The accounting policies of the subsidiaries are consistent with those of the holding Company.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses.

Transactions eliminated on consolidation

Intra-Group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the financial statements.

Jointly controlled entities

The Group has contractual arrangements with other parties which represent joint ventures. These take the form of agreements to jointly control other entities.

Where the joint venture is established through an interest in the company (a jointly controlled entity) the Group recognises its interest in the entity's assets and liabilities using the proportionate consolidation method (the Statement of financial position of the Group includes its share of the assets and liabilities and the Statement of income includes the Group's share of the income and expenses that are under joint control).

2.5 **Investment property**

Investment properties are those properties held either to earn rental income or for capital appreciation or both.

The cost of investment property acquired by other means than a business combination comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, investment properties are measured at fair value. Fair values are determined annually by external independent professional valuers with appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. Valuations are done on the open market value basis and the valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of the methods. Gains or losses arising from changes in the fair values are included in the Statement of income for the period in which they arise. Unrealised gains, net of deferred tax, are classified as non-distributable in the accumulated profits. Unrealised losses, net of deferred tax, are transferred to a non-distributable reserve within the accumulated profit to the extent that the decrease does not exceed the amount held in the non-distributable reserve.

Gains or losses on disposal of investment property are calculated as proceeds less carrying amount. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the Statement of income for the year within net gain from fair value adjustment on investment property.

2.6 **Investment property under development**

Property that is being constructed or developed for future use as investment property is classified as investment property under development and carried at cost until construction or development is complete, or its fair value can be reliably determined, at which time it is reclassified and subsequently accounted for as investment property.

The land on which investment property is constructed or developed is carried at fair value, which is determined annually by external independent professional valuers with appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. Valuations are done using the market comparable approach. Gains or losses arising from changes in the fair values are included in the Statement of income for the period in which they arise. Unrealised gains, net of deferred tax, are classified as non-distributable in the accumulated profits. Unrealised losses, net of deferred tax, are transferred to a non-distributable reserve to the extent that the decrease does not exceed the amount held in the non-distributable reserve.

2.7 **Non-current assets held for sale**

Investment property is classified as a non-current asset held for sale if its carrying amount will be recovered mainly through a sale transaction rather than through continuing use. For this to be the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable. For the sale to be highly probable:

- The Board must be committed to a plan to sell the property and an active programme
- to locate a buyer and complete the plan must be initiated
- The property must be actively marketed for sale at a price that is reasonable in relation
- to its current fair value
- The sale should be expected to qualify for recognition as a completed sale within one
- year from the date of classification

On classification as held for sale, investment property that is measured at fair value continues to be so measured.

2.8 **Goodwill**

Goodwill arises on acquisition of subsidiaries and joint ventures that constitute a business.

Goodwill represents the amount paid in excess over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquired entity. When the excess is negative (negative goodwill) it is recognised directly in the Statement of income.

Subsequent measurement

Subsequently, goodwill is not amortised, but is tested for impairment at least annually.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill is generated by the recognition, on the acquisition of a business, of deferred tax liabilities in excess of the fair value of such liabilities, the post-tax discount rate is adjusted in order to determine the appropriate pre-tax discount rate used to determine the value in use for impairment testing purposes. Therefore, the deferred tax liability in excess of its fair value, as determined at acquisition, is offset against the goodwill and the net amount tested to determine whether that goodwill is impaired.

To the extent that the deferred tax provision in excess of the fair value of that liability is subsequently reduced or eliminated, for example, through a change in the tax circumstances of the Group, the goodwill arising from the initial recognition of the deferred tax provision may become impaired.

The goodwill is tested at the same time as determining the fair value of investment property to which goodwill relates (for the main assumptions see Notes 8 and 10).

2.9 **Loans to participants in the Current Share Scheme (as defined in Note 15)**

Loans to participants in the Current Share Scheme are initially recognised at the amount granted, carried at amortised cost and tested annually for impairment.

2.10 **Property, plant and equipment and intangible assets**

Property, plant and equipment and intangible assets are initially recognised at acquisition cost, carried at amortised cost and tested annually for impairment.

For property, plant and equipment, the costs of minor repairs and maintenance are expensed when incurred and gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the Statement of income for the year.

The cost of computer licences and property, plant and equipment is depreciated on a straight-line basis over the following useful lives:

	Useful lives in years
Computer licences	1 – 3
Office improvements	over the term of the underlying lease
Office equipment	2 – 16
Equipment used in owner managed activities	3 – 22

2.11 **Borrowings**

Borrowings are recognised initially at the fair value of the liability (which is determined using the prevailing market rate of interest for a similar instrument, if significantly different from the transaction price) and net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method. Any difference between the fair value of the borrowing at initial recognition and the proceeds received is recognised in accordance with the substance of the transaction, to equity if the premium or discount at initial recognition effectively represents a capital transaction with the Group's owners, otherwise it is recognised in the Statement of comprehensive income within finance activity.

Foreign currency translation differences are recognised as foreign exchange differences within finance income or finance costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, such as properties developed for future sale or for capital appreciation or rental income, are capitalised as part of the cost of these assets. The capitalisation of borrowing costs ceases when substantially all activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The Group derecognises its financial liability (or part of a financial liability) from its Statement of financial position when, and only when, it is extinguished: ie, when the obligation specified in the contract is discharged or cancelled or expires. An exchange between the Group and a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

If the Group repurchases a part of a financial liability, it allocates the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase. The difference between (a) the carrying amount allocated to the part derecognised and (b) the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognised, is recognised in the Statement of income.

2.12 Tenant security deposits

Tenant security deposits represent advances made by lessees as guarantees during the lease period and are repayable by the Group upon termination of lease contracts. Tenant security deposits are recognised at nominal value.

2.13 Financial instruments

Financial instruments include cash and cash equivalents, trade and other receivables, trade and other payables, derivative financial instruments and loans granted by the Company to its subsidiaries. The Group holds derivative financial instruments to hedge its interest rate risk exposures. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivatives are classified as current or non-current on the basis of their maturity date.

The Company has investments in listed property shares, which are initially recognised at cost and subsequently re-measured at fair value. The fair value of the shares is determined by reference to published price quotations in an active market. The loans payable incurred for the purpose of financing these investments are measured at amortised cost and presented net of the cash collateral paid by the Company at the acquisition of each share (see Note 11).

These financial investments are classified as current or non-current assets, based on the estimated selling date. The loan payable in this respect follows the classification of the investments.

2.13.1 *Recognition and subsequent measurement*

Financial instruments are initially measured at fair value, which, except for financial instruments at fair value through profit or loss and derivatives, include directly attributable transaction costs.

Subsequent to initial recognition, financial instruments are measured as it is set out in the table below:

FINANCIAL INSTRUMENT	RECOGNITION METHOD
Cash and cash equivalents	Carried at fair value
Investments in subsidiaries	Carried at cost, net of impairment losses
Trade and other receivables	Carried at amortised cost using the effective interest rate method, net of impairment losses
Trade and other payables	Carried at amortised cost using the effective interest rate method
Loans granted to subsidiaries	Carried at amortised cost using the effective interest rate method
Loans granted to participants in the Current Share Scheme	Carried at amortised cost using the effective interest rate method
Financial liabilities, including loans and borrowings	Measured at amortised cost using the effective interest rate method
Derivative financial instruments	Carried at fair value with changes therein recognised in the Statement of income, hedge accounting is not applied
Financial investments	Carried at fair value with changes therein recognised in the Statement of income

The fair values of the financial assets and liabilities are included as an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents, trade and other receivables, trade and other payables, tenant deposits, current portion of loans and borrowings approximate their carrying amounts due to the short-term maturities of these instruments

The fair values of the derivative interest rate cap and swap contracts are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument

The fair values of financial investments are estimated based on quoted prices in active markets as at balance sheet date

2.13.2 ***Derecognition***

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

– the contractual rights to receive cash flows from the asset have expired; or

– the Group or Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of income.

2.13.3 ***Offset***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position when the Group and/or Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 **Impairment of financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Group considers evidence of impairment for receivables at a specific asset level. All individually significant receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate and is recognised through an allowance account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of income for the year.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating) the previously recognised impairment loss is reversed by adjusting the allowance account through the Statement of income for the year.

Uncollectable assets are written-off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written-off are credited to the impairment loss account within the Statement of income for the year.

2.15 **Cash and cash equivalents**

Cash and cash equivalents include cash balances, call deposits and short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of cash flows.

2.16 Share capital and share premium

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds.

2.17 Share-based payment reserve

The Group has accounted for the Initial Share Scheme (Note 15) as a share option scheme. The fair value of shares granted to key individuals and their nominated entities is recognised as an expense, with a corresponding increase in equity, over the period that the participants become unconditionally entitled to the shares. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest. The interest charged by the Company on the loans granted in terms of the Initial Share Scheme is not recognised to the Statement of income but added for calculation of distributable earnings purposes only.

The fair value measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility of similar listed companies), expected life of the instrument (considered as vesting period) and the risk free interest rate (based on government bonds).

The Current Share Scheme (Note 15) is accounted for by recognising in the share-based payment reserve the value of the loans given to employees. The share-based payment reserve is converted to share capital at each vesting date. The accrued interest is recognised as finance income in the Statement of income.

2.18 Other reserves

2.18.1 *Currency translation reserves*

The financial statements require translation of foreign operations' figures. Exchange differences arising, if any, are classified as equity and transferred to the Group's currency translation reserve. Refer to Note 2.31 for details on the method of translation.

2.18.2 *Retained earnings*

The balance on the Statement of income is transferred to retained earnings at the end of each financial period.

2.19 Provisions

Provisions for liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are reassessed at each reporting date, and are included in the financial statements at their net present values using discount rates appropriate to the Group in the economic environment at each reporting date.

2.20 Revenue

Revenue comprises rental and related income and recovery of expenses, excluding VAT.

Rental income

Rental income receivable from operating leases, less the Group's initial direct cost of entering into the leases, is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

Service charges and expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the expenses can be contractually recovered.

2.21 Expenses

Property operating expenses and administrative expenses are recognised on an accrual basis.

2.22 **Operating leases**

Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are charged to the Statement of income for the year on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

2.23 **Dividend received**

Dividend/distribution income is recognised in the Statement of comprehensive income on the date the Group or Company's right to receive payment is established.

2.24 **Dividend distributed**

Distribution is recorded as a liability and deducted from equity in the period in which it is declared and approved. Any distribution declared after the reporting period and before the financial statements are authorised for issue is disclosed in Note 27.

2.25 **Taxation**

Taxation on the profit or loss for the year comprises current and deferred tax. Current income tax and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised directly in equity and not in the Statement of income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is determined using the Statement of financial position liability method, based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of financial position date, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The tax income or expense incurred by the Group reflects deferred tax accrued in the Romanian subsidiaries of the Group.

Output Value Added Tax (VAT) related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the Statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

2.26 **Segment reporting**

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, corporate assets (primarily the Company's headquarters) and head office expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

For investment property financial information is provided to the Board of Directors, which is the chief operating decision maker. The information provided is net rentals (including gross rent and property expenses) and valuation gains/losses. The individual properties are aggregated into segments with similar economic characteristics. The Directors consider that this is best achieved by aggregating into retail, office and industrial segments.

Consequently, the Group is considered to have three reportable operating segments:

- Retail segment: acquires, develops and leases retail properties
- Office segment: acquires, develops and leases offices
- Industrial segment: acquires, develops and leases industrial facilities

The Group also reports by geographic segments (currently Romania and Germany).

2.27 **Related parties**

Related parties in the case of the Group include any shareholder who is able to exert a significant influence on the operating policies of the Group. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Group are also considered to be related parties.

2.28 **Earnings per share**

The Group presents basic and diluted earnings per share.

Basic earnings per share are calculated by dividing profit for the year attributable to equity holders by the weighted average number of shares in issue during the year.

Diluted earnings per share is determined by adjusting the profit for the year and the weighted average number of shares in issue for the effects of all dilutive potential ordinary shares issued under the Initial Share Scheme (as defined in Note 15).

2.29 **Distributable earnings per share**

The Group presents distributable earnings per share, in accordance with its distribution policy.

Distributable earnings per share are calculated by dividing the distributable profit (earnings plus deferred tax, less/plus fair value increases/decreases, less/plus capital gains/losses on disposal, plus interest due from participants in the Initial Share Scheme and other adjustments that the Board may consider necessary) for the period by the number of shares in issue and which are entitled to distribution at the end of the period.

2.30 **Headline earnings per share**

The Group presents basic and diluted headline earnings per share.

Headline earnings are an additional earnings number that is permitted by IAS 33. The starting point is earnings as determined in IAS 33, excluding 'separately identifiable re-measurements', net of related tax (both current and deferred) and minority interest, other than re-measurements specifically included in headline earnings ('included re-measurements').

A re-measurement is an amount recognised in the Statement of income relating to any change (whether realised or unrealised) in the carrying amount of an asset or liability that arose after the initial recognition of such asset or liability. A re-measurement may be recognised in the Statement of comprehensive income either when the re-measurement occurs or subsequently. This latter situation occurs when re-measurements are initially recorded in equity (in accordance with the relevant IFRS) and subsequently included or recycled in the Statement of comprehensive income.

2.31 **Foreign exchange translation**

For the purpose of presenting the financial statements, the assets, liabilities and equity of the Group's operations with a functional currency other than Euro are expressed in Euro using exchange rates prevailing on the Statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's currency translation reserve. Such translation differences are recognised in the Statement of income in the period in which the foreign operation is disposed of.

At 31 December 2012 the principal rate of exchange used for translating foreign currency balances was 1€=4.4287 RON (2011: 1€=4.3197 RON).

The principal average rate of exchange used for translating income and expenses was 1€=4.4560 RON (2011: 1€=4.2189 RON).

2.32 **Changes in accounting policy and disclosures**

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2012:

- IFRS 7 Financial Instruments: Disclosures (Amended) – Enhanced Derecognition Disclosure Requirements
- IAS 12 Income Taxes (Amended) – Recovery of Underlying Assets

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group its impact is described below:

IAS 12 Income Taxes (Amended) – Recovery of Underlying Assets: The amendment clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. Management has assessed that the adoption of this amendment did not have a significant impact on the consolidated financial statements of the Group.

2.33 **Standards issued but not yet effective and not early adopted**

IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income: The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised): The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Management is in the process of assessing the impact of this amendment on the financial position or performance of the Group.

IAS 28 Investments in Associates and Joint Ventures (Revised): The standard is effective for annual periods beginning on or after 1 January 2013. As a consequence of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Management is in the process of assessing the impact of this amendment on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation (Amended) – Offsetting Financial Assets and Financial Liabilities: The amendment is effective for annual periods beginning on or after 1 January 2014. These amendments clarify the meaning of 'currently has a legally enforceable right to set-off'. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. Management is in the process of assessing the impact of this amendment on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures (Amended) – Offsetting Financial Assets and Financial Liabilities: The amendment is effective for annual periods beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements (eg collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set-off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set-off in accordance with IAS 32. Management is in the process of assessing the impact of this amendment on the financial position or performance of the Group.

IFRS 9 Financial Instruments: Classification and Measurement: The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December

2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases when the final standard including all phases is issued.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements: The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Management believes this standard will have no impact on the financial position or performance of the Group.

IFRS 11 Joint Arrangements: The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for Jointly Controlled Entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. Management is in the process of assessing the impact of this standard on the financial position or performance of the Group.

IFRS 12 Disclosures of Interests in Other Entities: The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. Management is in the process of assessing the impact of this standard on the financial position or performance of the Group.

IFRS 13 Fair Value Measurement: The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. Management is in the process of assessing the impact of this standard on the financial position or performance of the Group.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine: The interpretation is effective for annual periods beginning on or after 1 January 2013. This interpretation applies to waste removal (stripping costs) incurred in surface mining activity during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. This is not applicable for the Group.

- ***Annual improvements:*** The IASB has issued the Annual Improvements to IFRSs 2009 – 2011 Cycle that contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU.
- IAS 1 Presentation of Financial Statements: This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.
- IAS 16 Property, Plant and Equipment: This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
- IAS 32 Financial Instruments, Presentation: This improvement clarifies that income taxes that arise from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.
- IAS 34 Interim Financial Reporting: The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12): The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'.

The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27): The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (ie all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group's management discusses with the Audit and Risk Committee the development, selection and disclosure of the Group's critical accounting policies and estimates, as well as the application of these policies and estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are detailed below:

3.1 Estimated impairment of goodwill

The Group tests goodwill for impairment at least annually. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see Note 2.8).

3.2 Initial recognition of related party transactions

In the normal course of business the Group enters into transactions with its related parties. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 34.

3.3 Valuation of investment properties

Investment property is stated at its fair value based on reports prepared by an international valuation company at each end of the reporting period.

Valuations are based principally on discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

In preparing the valuation reports on the Group's investment property, the external appraisers excluded distressed sales when considering comparable sales prices. Management has reviewed the appraisers' assumptions underlying discounted cash flow models used in the valuation, and confirmed that factors such as the discount rate applied have been appropriately determined considering the market conditions at the end of the reporting period.

Valuations of the income generating properties are based on cash flow statements, in which the present value of net operating income during a ten-year calculation period and the residual value of the property at the end of the period are calculated.

Forecasts of net operating income are based on leases signed as at the valuation date, the estimated rental values for existing leases at expiry and the estimated achievable rental values in relation to the existing vacancies. Long-term vacancies are estimated on the basis of the property's location and condition. The valuers' assessments of non-recoverable expenses are based on experience of comparable properties and information on historical costs provided by the Group.

The discount rates used are nominal required returns on total capital before tax and vary between 8.5% and 10%. The required rates of return are based on assessments of the market's required returns for similar properties. The discount rate is set individually for each property and is based on the condition and location of the property, the stability of the tenant and the length of the lease.

The residual value is the market value of the property at the end of the period of calculation, which is estimated on the basis of forecast net operating income for the first year after the calculation period. The required yield at the end of the calculation period is between 7.5% and 10%. The resulting weighted average net yield was 8.3% for the Group's property portfolio, 7.9% for the retail portfolio, 8.5% for the office portfolio and 10.3% for the industrial portfolio.

Based on the year-end valuation net yield of 8.3%, an increase of 25 basis points would result in a €11.5 million value decrease in the Group's property portfolio.

3.4 Functional currencies of different entities of the Group

Entities within the Group located in Germany have a different functional currency (€), based on the underlying economic conditions of their operations, compared to entities in Romania which have RON as a functional currency. This determination, of what the specific underlying economic conditions are, requires judgement. In making this judgement, the Group evaluates among other factors, the location of activities, the sources of revenue, risks associated with activities, denomination of currencies of operations of different entities and also the materiality of each location.

3.5 Business combinations or asset acquisitions

The Group assesses for each property or entity acquired whether the transaction represents a business combination or an asset acquisition. The basis for this assessment is described in Note 2.2.

3.6 Operating lease contracts – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

4. **INVESTMENT IN SUBSIDIARIES AND JOINT VENTURES**

The Company has direct investments in New Europe Property (BVI) Ltd, NEPI Investment Management Ltd (BVI) and NEPIOM Ltd, and indirect holdings in the other companies listed in the table below, which were consolidated in the Group's financial statements:

Subsidiary/ joint venture	Incorporation/ date became subsidiary or joint venture	Address	Principal activity	Effective interest %	Effective investment 31 December 2012 €	Effective investment 31 December 2011 €
Braila Promenada Mall SRL (previously named Bel Rom Sase SRL)	Sep 2009	71–73 Nicolae Caramfil, 4th Floor, Office 1, Bucharest, District 1, Romania	Investment vehicle	100	8 300 450	8 300 450
CIREF Europe Management Ltd	Dec 2007/ Apr 2008	31–33 The Triangle Ranelagh, Dublin 6, Ireland	Holding company	50**	*	*
CIREF NEPI Holdings Ltd	Apr 2008	17 Grigoriou Xenopoulou PC 3106, Limassol, Cyprus	Holding company	50**	*	*
Cluj Business Centre SRL	Jul 2012	10 Coriolan Brediceanu, City Business Centre, 6th Floor, Office 6.8, Timisoara, Romania	Investment vehicle	50**	22	–
Connect Investment SRL	Jan 2010	71–73 Nicolae Caramfil, 4th Floor, Office 1, Bucharest, District 1, Romania	Investment vehicle	100	14 091 414	14 091 414
Distinct Services SRL	Aug 2011	13 Charles De Gaulle Square, 4th Floor, Office 6, Bucharest, District 1, Romania	Investment vehicle	100	55	55
FDC Braila BV	Sep 2009	231 Schiphol Boulevard 1118BH Amsterdam Schiphol, Netherlands	Holding company	100	8 300 450	8 300 450
Floreasca Business Park SRL	Dec 2010	71–73 Nicolae Caramfil, 4th Floor, Office 1, Bucharest, District 1, Romania	Investment vehicle	100	16 446 057	16 446 057
Galaxis Project SRL	Aug 2011	13 Charles De Gaulle Square, 4th Floor, Office 9, Bucharest, District 1, Romania	Investment vehicle	100	53	53
General Building Management SRL	Aug 2004/ Jan 2008	71–73 Nicolae Caramfil, 4th Floor, Office 1, Bucharest, District 1, Romania	Investment vehicle	100	1 405 631	1 405 631

Subsidiary/ joint venture	Incorporation/ date became subsidiary or joint venture	Address	Principal activity	Effective interest %	Effective investment 31 December 2012 €	Effective investment 31 December 2011 €
General Investment SRL	Mar 2003/ Jan 2008	71–73 Nicolae Caramfil, 4th Floor, Office 1, Bucharest, District 1, Romania	Investment vehicle	100	25 792 431	25 792 431
Ingen Europe BV	Dec 2010	Shiphol Boulevard 231 Toren B, 5de, 1118BH, Schiphol, Netherlands	Holding company	100	18 000	18 000
Just Development SRL (renamed to Brasov Shopping City SRL in Feb 2013)	Jun 2011	71–73 Nicolae Caramfil, 4th Floor, Office 11, Bucharest, District 1, Romania	Investment vehicle	100	48	48
NE Property Cooperatief UA	Oct 2007	231 Schiphol Boulevard Toren B, 5de, 1118BH, Luchthaven Schiphol, Amsterdam, Netherlands	Holding company	100	10 000	10 000
NEPI Bucharest One SRL	Sep 2007	71–73 Nicolae Caramfil, 4th Floor, Office 1, Bucharest, District 1, Romania	Investment vehicle	100	3 844 554	3 844 554
NEPI Bucharest Two SRL	December 2007	71–73 Nicolae Caramfil, 4th Floor, Office 1, Bucharest, District 1, Romania	Investment vehicle	100	2 755 554	2 755 554
NEPI Five Office Tower SRL	Jan 2012	71–73 Nicolae Caramfil, 4th Floor, Office 13, Bucharest, District 1, Romania	Investment vehicle	100	224	–
NEPI Four Tower Building SRL	Jan 2012	71–73 Nicolae Caramfil, 4th Floor, Office 5A, Bucharest, District 1, Romania	Investment vehicle	100	45	–
NEPI Six Development SRL	May 2012	71–73 Nicolae Caramfil, 4th Floor, Office 7A, Bucharest, District 1, Romania	Investment vehicle	100	45	–
NEPI Seven Business Management SRL	Jun 2012	71–73 Nicolae Caramfil, 4th Floor, Office 15, Bucharest, District 1, Romania	Investment vehicle	100	45	–

Subsidiary/ joint venture	Incorporation/ date became subsidiary or joint venture	Address	Principal activity	Effective interest %	Effective investment 31 December 2012 €	Effective investment 31 December 2011 €
NEPI Eight Development & Management SRL	Jun 2012	71–73 Nicolae Caramfil, 4th Floor, Office 16, Bucharest, District 1, Romania	Investment vehicle	100	45	–
NEPI Nine Investment Development SRL	Jun 2012	71–73 Nicolae Caramfil, 4th Floor, Office 17, Bucharest, District 1, Romania	Investment vehicle	100	45	–
NEPI Ten Development Solutions SRL	Jun 2012	71–73 Nicolae Caramfil, 4th Floor, Office 18, Bucharest, District 1, Romania	Investment vehicle	100	45	–
NEPI Eleven Real Estate Development SRL	Oct 2012	71–73 Nicolae Caramfil, 4th Floor, Office 21, Bucharest, District 1, Romania	Investment vehicle	100	219	–
NEPI Twelve Property Solutions SRL	Oct 2012	71–73 Nicolae Caramfil, 4th Floor, Office 22, Bucharest, District 1, Romania	Investment vehicle	100	219	–
NEPI Thirteen Land Management SRL (renamed to Targu Jiu Development SRL in Feb 2013)	Oct 2012	71–73 Nicolae Caramfil, 4th Floor, Office 23, Bucharest, District 1, Romania	Investment vehicle	100	221	–
NEPI Investment Management Ltd (BVI)	Jun 2010	Midocean Chambers, PO Box 805, Road Town Tortola, British Virgin Islands	Investment vehicle	100	6 825 948	6 825 948
NEPI Investment Management Ltd	Jun 2010	17 Grigoriou Xenopoulou PC 3106, Limassol, Cyprus	Investment vehicle	100	2 000	2 000
NEPI Investment Management SA	Jun 2010	71–73 Nicolae Caramfil, 4th Floor, Office 1, Bucharest, District 1, Romania	Investment vehicle	100	1 357 158	1 357 158
NEPIOM Ltd	Sep 2012	Anglo International House, Lord Street, Douglas, 2nd Floor, IM1 4LN	Investment vehicle	100	1	–
New Europe Property (BVI) Ltd	Jul 2007	Midocean Chambers, Road Town, Tortola, British Virgin Islands	Holding company	100	*	*

Subsidiary/ joint venture	Incorporation/ date became subsidiary or joint venture	Address	Principal activity	Effective interest %	Effective investment 31 December 2012 €	Effective investment 31 December 2011 €
New Europe Property NV	Sep 2007	123 Pietermaai, Curacao, Netherlands Antilles	Holding company	100	2 000	2 000
Ploiesti Shopping City SRL (previously NEPI Bucharest Three SRL, MPM Land Management SRL and Ploiesti Commercial Gallery SRL)	Dec 2010/ Feb 2012	71–73 Nicolae Caramfil, 4th Floor, Office 1, Bucharest, District 1, Romania	Investment vehicle	50**	2 927 024	5 491 695
Premium Portfolio Ltd & Co KG	Jan 2008/ Apr 2008	9 Rossertstrasse, 60323 Frankfurt am Main, Germany	Investment vehicle	50**	*	*
Premium Portfolio 2 Ltd & Co KG	Jan 2008/ Apr 2008	9 Rossertstrasse, 60323 Frankfurt am Main, Germany	Investment vehicle	50**	*	*
Timisoara City Business Center One SA	Jan 2012	71–73 Nicolae Caramfil, 4th Floor, Office 19, Bucharest, District 1, Romania	Investment vehicle	100	10 572 509	–
Timisoara Office Building SA	Jan 2012	71–73 Nicolae Caramfil, 4th Floor, Office 20, Bucharest, District 1, Romania	Investment vehicle	100	7 692 830	–
Unique Delamode SRL (renamed to Otopeni Warehouse and Logistics SRL in Feb 2013)	Sep 2010	71–73 Nicolae Caramfil, 4th Floor, Office 1, Bucharest, District 1, Romania	Investment vehicle	100	1 804 853	1 804 853
Victoriei Office Building SRL (previously named Central AH Pioneer SA)	Aug 2011	13 Charles de Gaulle Square, 1st Floor, Office 25, Bucharest, District 1, Romania	Investment vehicle	100	4 794 815	4 794 815
Zircon Properties SRL	Apr 2012	71–73 Nicolae Caramfil, 4th Floor, Office 20, Bucharest, District 1, Romania	Investment vehicle	50**	2 247	–

* Less than €1

** Joint venture companies

The company had given loans of €319 989 688 to New Europe Property (BVI) Limited (31 December 2011: €215 862 255). Accrued interest on the loans amounted to €13 328 520 (31 December 2011: €13 844 795).

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, market risk, currency risk and interest rate risk. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has delegated the responsibility for developing and monitoring the Group's risk management policies to the Audit and Risk Committee. The Committee reports to the Board of Directors on its activities. The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The fair values of all financial instruments are substantially the same as the carrying amounts reflected on the Statement of financial position. Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

	Note	Group 31 December 2012	Group 31 December 2011	Group 31 December 2012	Group 31 December 2011
		Carrying amount		**Fair value**	
		€	**€**	**€**	**€**
Financial assets					
Loans to participants in Current Share Scheme (including accrued interest)	9, 15	13 270 220	5 987 490	13 270 220	5 987 490
Financial assets at fair value through profit or loss	16.1	75 592	1 036 575	75 592	1 036 575
Trade and other receivables	12	15 798 975	7 751 441	15 798 975	7 751 441
Financial investments at fair value through profit or loss	11	81 865 443	–	81 865 443	–
Cash and cash equivalents	13	87 511 641	55 065 100	87 511 641	55 065 100
TOTAL		**198 521 871**	**69 840 606**	**198 521 871**	**69 840 606**
Financial liabilities					
Loans and borrowings	16	219 148 194	164 865 538	219 148 194	164 865 538
Fixed rate		21 665 917	22 525 256	21 665 917	22 525 256
Rate capped		53 650 699	34 518 363	53 650 699	34 518 363
Rates wapped		121 889 047	107 821 919	121 889 047	107 821 919
Variable rate		21 942 531	–	21 942 531	–
Financial liabilities at fair value through profit or loss	16.1	7 729 754	2 382 185	7 729 754	2 382 185
Trade and other payables	17	12 985 200	5 251 265	12 985 200	5 251 265
Tenant deposits	18	2 700 699	2 376 830	2 700 699	2 376 830
TOTAL		**242 563 847**	**174 875 818**	**242 563 847**	**174 875 818**

5.1 Credit risk

Credit risk is the risk of financial loss to the Group if a tenant or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from tenants.

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date is set out below.

Credit exposure on financial instruments	**Note**	**Group 31 December 2012 €**	**Group 31 December 2011 €**	**Group 31 December 2010 €**
Loans to participants in Current Share Scheme (including accrued interest)	15	13 270 220	5 987 490	–
Financial assets at fair value through profit or loss	16.1	75 592	1 036 575	1 386 539
Financial investments at fair value through profit or loss	11	81 865 443	–	–
Tenants receivables	12	2 957 362	1 385 080	2 125 653
Receivable from CEERES	12	2 556 844	2 411 391	3 718 523
VAT receivable	12	7 835 474	2 261 815	577 862
Cash and cash equivalents	13	87 511 641	55 065 100	23 847 282
TOTAL		**196 072 576**	**68 147 451**	**31 655 859**

As at 31 December 2012 the marked to market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the fair value of the derivatives and other financial instruments recognised at fair value through profit or loss.

Trade and other receivables relate mainly to the Group's tenants. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, industry, size of business and existence of previous financial difficulties.

The balance of the loans to participants in the Current Share Scheme are not considered to present credit risk as these are guaranteed with shares (see details in Note 15).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The Group's widespread customer base reduces credit risk. The majority of rental income is derived from type A tenants, but there is no concentration of credit risk with respect to trade debtors.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered. When available, the Group's review includes external ratings.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The carrying value of financial assets is considered to approximate their fair value.

Ageing of trade receivables/past due but not impaired	**Group 31 December 2012 €**	**Group 31 December 2011 €**	**Group 31 December 2010 €**
Under 30 days	301 277	112 457	97 532
30 – 60 days	78 390	238 539	1 357 142
60 – 90 days	36 851	73 077	712 097
Over 90 days	319 261	184 017	2 776 315
TOTAL	**735 779**	**608 090**	**4 943 086**

Tenant receivables past due presented above were not impaired because part of the amounts were collected after the balance sheet date or because the Group has guarantees received from tenants (in cash or letters of guarantee from banks) that are higher than the balance receivable. Out of the total amount of €735 779 from the tenant overdue receivables, €505 775 was collected after the year-end, €60 000 is expected to be collected by 30 April 2013 and €115 000 is re-scheduled.

Tenant receivables not due amount to €1 022 667 (31 December 2011: €3 188 380).

An amount of €2 556 844 (31 December 2011: €2 411 391) is related to the receivable from Central Eastern European Real Estate Shareholdings BV (CEERES) overdue for more than 90 days, which carries an interest rate of three month Euribor plus a margin of 5%. CEERES is the holding company of Avrig Group which has secured its obligations with three properties: therefore no impairment was recorded in this respect.

The Group assessed its receivables for impairment and concluded that an amount of €72 000 (2011: €845 507) is unlikely to be recovered in respect of current period revenues: therefore an allowance for doubtful debts was charged to the Statement of income.

For purposes of cash management, the Group has deposit accounts with a number of banks. The arrangements in place result in a favourable mix between flexibility and interest earnings. The banks' credit ratings, as well as the exposure per each bank are constantly monitored.

5.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. In this respect, the Group prepares budgets, cash flow analyses and forecasts which enable the Directors to assess the level of financing required in future periods. Budgets and projections will be used to assess any future potential investment and the Group will consider the existing level of funds held on deposit as part of the process to assess the nature and extent of any future funding requirements.

The Group receives rental income on a monthly basis. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The carrying value of financial liabilities is considered to approximate their fair value. Further reference on bank loans maturity analysis is made in Note 16.

5.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Group's fair value of future cash flow of financial instruments. Also, changes in market prices can affect the valuation of the financial investments held by the Group. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The carrying value of financial assets and liabilities approximates their fair value. More details on the business environment and market risk management are presented in the Directors' Report.

5.3.1 *Currency risk*

The Group is exposed to foreign currency risk on purchases and receivables that are denominated in Euro (€), Great British Pound (£) and South African Rand (R) on current assets and liabilities.

The cash inflows received in other currencies than Euro is converted to Euro using the spot rate available at collection date. The amount converted to Euro is the net amount of cash inflow in a foreign currency and the estimated cash outflow in the same currency. The Group applies this policy to control its exposures in respect of monetary assets and liabilities denominated in other currencies than the cash inflows is received in.

The majority of the Group's assets and liabilities are denominated in Euro: therefore there are no significant foreign exchange differences due to fluctuation of exchange rates.

5.3.2 *Interest rate risk*

The Group is subject to interest rate risk on loans and cash balances held. The Group policy in relation to interest rate risk is to hedge this risk through the use of derivative financial instruments. As at 31 December 2012 and 31 December 2011, the Group held interest rate swaps and interest rate caps as further disclosed in Note 16.1.

31 December 2012	Group 31 December 2012 €	Interest rate %
Cash in bank	87 511 641	3.27
TOTAL	**87 511 641**	

31 December 2011	Group 31 December 2011 €	Interest rate %
Cash in bank	54 964 716	3.79
Security deposits	100 384	3.25
TOTAL	**55 065 100**	

31 December 2010	Group 31 December 2010 €	Interest rate %
Cash in bank	22 948 829	2.11
Security deposits	898 453	3.25
TOTAL	**23 847 282**	

Sensitivity analysis for interest bearing financial instruments

A change of 100 Basis Points (bp) in interest rates would have increased/(decreased) equity and profit or loss by the amounts shown below. The calculations are based on the cash balances outstanding at the respective balance sheet dates. Cash balances are subject to changes over the year, therefore the calculations are not representative for the year as a whole. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

31 December 2012	Profit or loss 100bp increase €	Profit or loss 100bp decrease €	Equity 100bp increase €	Equity 100bp decrease €
Cash deposits (term)	751 379	(751 379)	751 379	(751 379)
TOTAL	**751 379**	**(751 379)**	**751 379**	**(751 379)**

31 December 2011	Profit or loss 100bp increase €	Profit or loss 100bp decrease €	Equity 100bp increase €	Equity 100bp decrease €
Cash deposits	161 577	(161 577)	161 577	(161 577)
Security deposits	1 004	(1 004)	1 004	(1 004)
TOTAL	**162 581**	**(162 581)**	**162 581**	**(162 581)**

31 December 2010	Profit or loss 100bp increase €	Profit or loss 100bp decrease €	Equity 100bp increase €	Equity 100bp decrease €
Cash deposits	202 312	(202 312)	202 312	(202 312)
Security deposits	8 985	(8 985)	8 985	(8 985)
TOTAL	**211 297**	**(211 297)**	**211 297**	**(211 297)**

As at 31 December 2012, out of loans and borrowings outstanding amount of €219 148 194, borrowings that amounted to €50 456 471 had the Euribor base interest rate capped at 2%, borrowings that amounted to €3 194 228 had the Euribor base interest rate capped at 2.25%, borrowings that amounted to €121 889 047 had the Euribor base interest rate fixed with interest rate swaps at rates between 1.74% and 1.93%, borrowings that amounted to €21 665 917 had fixed interest rates and the remaining borrowing that amounted to €21 942 531 had variable interest rates (Note 16).

Variable interest rate borrowings vary based on Euro OverNight Index Average (EONIA) rate that was 0.131% as at 31 December 2012. A 1% increase in EONIA rate would lead to a €2 847 increase in interest expense, while a 1% decrease in EONIA would lead to a €2 847 decrease in interest expense.

As at 31 December 2011, out of loans and borrowings outstanding amount of €164 658 239, borrowings that amounted to €34 796 902 had the Euribor base interest rate capped at 2% and borrowings that amounted to €104 700 000 had the Euribor base interest rate fixed at 1.8% with an interest rate swap, while the remaining borrowings had fixed interest rates.

5.3.3 ***Market risk for rate risk listed property shares***

Sensitivity analysis for Financial investments (Note 11): A change of 100 basis points in the market values of the listed property shares held by the Group would have increased/(decreased) equity and profit or loss by the amounts shown below. The calculations are based on the market values of the listed property shares' outstanding balances as at 31 December 2012. These balances are subject to changes over the year, therefore the calculations are not representative of the year as a whole. This analysis assumes that all other variables remain constant.

31 December 2012	**Profit or loss 100bp increase** €	**Profit or loss 100bp decrease** €	**Equity 100bp increase** €	**Equity 100bp decrease** €
Financial investments	818 654	(818 654)	818 654	(818 654)
TOTAL	**818 654**	**(818 654)**	**818 654**	**(818 654)**

6. INTERNAL CONTROLS TO MANAGE RISKS

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. This system is designed to mitigate rather than eliminate the risk of failure to meet business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The key features of the Group's system of internal control include:

- Strategic and business planning: the Group produces and agrees a business plan each year, against which the performance of the business is regularly monitored;
- Investment appraisal: capital projects, major contracts and business and property acquisitions are reviewed in detail and approved by the Investment Committee and/or the Board where appropriate, in accordance with delegated authority limits;
- Financial monitoring: profitability, cash flow and capital expenditure are closely monitored and key financial information is reported to the Board on a monthly basis, including explanations of variances between actual and budgeted performance;
- Systems of control procedures and delegated authorities: there are clearly defined guidelines and approval limits for capital and operating expenditure and other key business transactions and decisions.

7. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011.

Capital is primarily monitored by using the gearing ratio, computed as interest bearing debt less cash divided by investment property and listed property shares, which decreased to 25% (31 December 2011: 32%).

The Group's policy is to maintain a strong capital base of equity so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors also monitors the level of distributions to shareholders. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group will retain high levels of access to liquidity due to the instability of the European banking markets, to finance the Group's development pipeline and to pursue further investment opportunities. In order to mitigate the dilutory effect this has on earnings, a portion of the cash held for capital commitments has been invested in liquid dividend paying listed property shares (details in Note 11).

8. INVESTMENT PROPERTY

Movement in Investment property at fair value	**Group 31 December 2012 €**	**Group 31 December 2011 €**	**Group 31 December 2010 €**
Carrying value at beginning of year	316 393 495	300 899 292	139 222 255
Additions from business combinations (Note 29)	51 242 968	–	159 813 193
Additions from joint ventures (Note 30)	10 206 824	–	–
Transferred from investment property under development	37 976 723	19 596 645	–
Disposals	–	(5 809 000)	–
Fair value adjustment	6 811 374	1 706 558	1 863 844
Investment property reclassified as held for sale	(28 665 158)	–	–
CARRYING VALUE AT END OF YEAR	**393 966 226**	**316 393 495**	**300 899 292**

In 2011 the Group disposed of the Constanta property at an option price of €5 809 000. Investment property is carried at fair value that is assessed on an annual basis. The Group obtained independent appraisal reports from DTZ Echinox Consulting SRL and Apollo Real Estate AG & Co KG, both members of RICS (Royal Institution of Chartered Surveyors). The fair value of investment property is based on the year-end appraisal reports.

A fair value adjustment was made in accordance with the Group accounting policies to assess fair values on an annual basis. The Group's investment properties at the end of the reporting period included retail, office and industrial properties and an immaterial amount of residential property in Germany.

Movement in investment property under development

Investment property under development – retail	Promenada Mall Braila €	Brasov Strip Mall €	Ploiesti Shopping City €	Retail Park Auchan Pitesti extension €	Mobexpert Brasov €	Brasov Shopping City €	Vulcan Strip Mall €	Kaufland Value Extensions €	Galati Shopping City €	Total retail €
Carrying value at 1 Jan 2011	3 841 323	–	2 500 000	–	–	–	–	–	–	6 341 323
Additions from asset deals and construction in progress	5 418 779	4 326 290	4 293 775	4 374 050	–	–	–	–	–	18 412 894
Fair value adjustments	–	–	258 603	–	–	–	–	–	–	258 603
Assets which became operational and were transferred to Investment Property at fair value	(9 260 102)	(4 326 290)	–	(4 374 050)	–	–	–	–	–	(17 960 442)
CARRYING VALUE AT 31 DECEMBER 2011	**–**	**–**	**7 052 378**	**–**	**–**	**–**	**–**	**–**	**–**	**7 052 378**
Carrying value at 1 Jan 2012	–	–	7 052 378	–	–	–	–	–	–	7 052 378
Joint venture share (Note 30)	–	–	(3 526 239)	–	–	–	–	–	–	(3 526 239)
Additions from business combinations (Note 29)	–	–	–	–	–	–	178 919	–	–	178 919
Additions from asset deals and construction in progress	2 206 151	733 719	20 205 229	286 664	6 014 264*	197 160	814 212	695 492	3 038 846	34 191 737
Disposals	(1 028)	–	(353 808)	–	–	–	–	–	–	(354 836)
Fair value adjustments	–	–	–	–	–	–	–	(11 000)	–	(11 000)
Assets which became operational and were transferred to Investment Property at fair value	(2 205 123)	(733 719)	(22 345 560)	(286 664)	(6 014 264)	–	–	–	–	(31 585 330)
CARRYING VALUE AT 31 DECEMBER 2012	**–**	**–**	**1 032 000**	**–**	**–**	**197 160**	**993 131**	**684 492**	**3 038 846**	**5 945 629**

* During 2012, the Group finalised the purchase and leaseback of a retail box (including additional land) from Mobexpert, the leading Romanian furniture retailer

Investment property under development – office	Victoriei Office €	Constanta property €	Raiffeisen portfolio: Brasov office €	Raiffeisen portfolio: Targu Mures and Zalau €	Cluj Business Centre €	Premium Portfolio €	Other €	Total office €
Carrying value at 1 January 2011	–	1 575 000	4 939 666	–	–	–	–	6 514 666
Additions from asset deals and construction in progress	11 386 000	2 900	487 219	–	–	–	58 303	11 934 422
Fair value adjustments	1 781 000	–	(236 921)	–	–	–	–	1 544 079
Assets which became operational and were transferred to Investment Property at fair value	–	(1 577 900)	–	–	–	–	(58 303)	(1 636 203)
CARRYING VALUE AT 31 DECEMBER 2011	**13 167 000**	**–**	**5 189 964**	**–**	**–**	**–**	**–**	**18 356 964**
Carrying value at 1 January 2012	13 167 000	–	5 189 964	–	–	–	–	18 356 964
Disposals from sale of 50% share	–	–	–	–	–	–	–	–
Additions from asset deals and construction in progress	724 120	–	794 127	136 052	3 221 089	252 844	18 406	5 146 638
Disposals	–	–	–	–	–	–	–	–
Fair value adjustments	(930 120)	–	–	–	580 231	–	–	(349 889)
Assets which became operational and were transferred to Investment Property at fair value	–	–	(5 984 091)	(136 052)	–	(252 844)	(18 406)	(6 391 393)
CARRYING VALUE AT 31 DECEMBER 2012	**12 961 000**	**–**	**–**	**–**	**3 801 320**	**–**	**–**	**16 762 320**

Borrowing costs capitalised in 2012 amount to €1 224 115 (2011: €1 023 770) and were computed using an average annual interest rate of 4.5%.

Balance of investment property under development	**Group 31 December 2012 €**	**Group 31 December 2011 €**	**Group 31 December 2010 €**
Retail	5 945 629	7 052 378	6 341 323
Office	16 762 320	18 356 964	6 514 666
TOTAL	**22 707 949**	**25 409 342**	**12 855 989**

9. OTHER LONG-TERM ASSETS

The other long-term assets are classified as follows:

	Group 31 December 2012 €	**Group 31 December 2011 €**	**Group 31 December 2010 €**
Loans to participants in the Current Share Scheme (Note 15)	13 270 220	5 987 490	–
Property, plant and equipment and intangible assets	314 897	225 968	13 523
Non-current receivables	1 142 518	–	–
TOTAL	**14 727 635**	**6 213 458**	**13 523**

Non-current receivables include loans given to third parties that carry an interest rate of 12% per annum.

The property, plant and equipment and intangible assets are detailed as follows:

31 December 2012	**Cost €**	**Accumulated depreciation/ amortisation €**	**Net book value €**
Computer licences	93 942	(31 562)	62 380
Office improvements and equipment	165 012	(37 616)	127 396
Equipment used in owner managed activities	131 823	(6 003702)	125 121
TOTAL	390 777	(75 880)	**314 897**

31 December 2011	**Cost €**	**Accumulated depreciation/ amortisation €**	**Net book value €**
Computer licences	12 549	(3 913)	8 636
Office improvements and equipment	123 938	(34 940)	88 998
Equipment used in owner managed activities	135 036	(6 702)	128 334
TOTAL	**271 523**	**(45 555)**	**225 968**

31 December 2010	**Cost €**	**Accumulated depreciation/ amortisation €**	**Net book value €**
Computer licences	8 790	(4 491)	4 299
Office improvements and equipment	34 386	(25 162)	9 224
Equipment used in owner managed activities	–	–	–
TOTAL	**43 176**	**(29 653)**	**13 523**

10. GOODWILL

The Group recognised goodwill for the following business acquisitions:

	Promenada Mall Braila €	Raiffeisen portfolio €	Retail Park Auchan Pitesti €	Floreasca Business Park €	Internalisation of Nepi Investment Management €	Total €
Balance as at 1 January 2010	**2 028 341**	**2 386 463**	**–**	**–**	**–**	**4 414 804**
Arising in business combinations during 2010	–	–	2 394 014	1 664 414	5 881 776	9 940 204
Subsequent adjustments of purchase price in Promenada Mall Braila	(505 121)	–	–	–	–	(505 121)
Balance as of 31 December 2010	**1 523 220**	**2 386 463**	**2 394 014**	**1 664 414**	**5 881 776**	**13 849 887**
Reversal	–	(498 388)	–	–	–	(498 388)
Balance as of 31 December 2011	**1 523 220**	**1 888 075**	**2 394 014**	**1 664 414**	**5 881 776**	**13 351 499**

As a result of the sale of the Constanta property, the group recorded a goodwill reversal of €498 388. No goodwill impairment resulted from the tests performed.

	Promenada Mall Braila €	Raiffeisen portfolio €	Retail Park Auchan Pitesti €	Floreasca Business Park €	Internalisation of NEPI Investment Management €	City Business Centre €	Vulcan Strip Mall €	Total retail €
Balance at 1 January 2011	**1 523 220**	**2 386 463**	**2 394 014**	**1 664 414**	**5 881 776**	**–**	**–**	**13 849 887**
Write-off	–	(498 388)	–	–	–	–	–	(498 388)
Balance at 31 December 2011	1 523 220	1 888 075	2 394 014	1 664 414	5 881 776	–	–	13 351 499
Balance at 1 January 2012	1 523 220	1 888 075	2 394 014	1 664 414	5 881 776	–	–	13 351 499
Additions	–	–	–	–	–	2 030 295	54 186	2 084 481
Impairment	(1 523 220)	–	(723 965)	–	–	–	–	(2 247 185)
Balance at 31 December 2012	**–**	**1 888 075**	**1 670 049**	**1 664 414**	**5 881 776**	**2 030 295**	**54 186**	**13 188 795**

As a result of the sale of the Constanta property, the Group recorded a goodwill write-off of €498 388 during the year ended 31 December 2011.

The following movements in goodwill occurred during the year ended 31 December 2012:

- the acquisition of City Business Centre generated a goodwill that results mostly from the deferred tax liability as at the acquisition date;
- the investment in Vulcan Strip Mall development generated goodwill due to negative net equity at the date of the acquisition of the 50% participation (the entity had incurred various expenses to date related to the land to be acquired);
- the goodwill held in relation to Promenada Mall Braila has been written-off following the settlement reached with the vendors (Note 24); and
- the goodwill related to Auchan hypermarket resulted from deferred tax liabilities recognised at acquisition date has been written-off.

11. **FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The Group will retain high levels of access to liquidity, aimed at financing the Group's development pipeline and pursuing further investment opportunities. In order to mitigate the dilutory effect this has on earnings, a portion of the cash has been invested in highly liquid dividend paying listed property shares.

The fair value of the listed securities portfolio as at 31 December 2012 was €81 865 443, of which €63 699 344 was the value of the securities held through an equity swap with Morgan Stanley & Co (this allows the Company to borrow up to 40% of the value of the securities held through the equity swap at an interest rate of EONIA plus 2%).

During 2012, the listed securities generated €796 411 in dividends, €10 287 980 in capital gains and €26 280 in realised profit from sale of shares.

The financial investments are not considered as long-term strategic investments and are expected to be sold in 2013: therefore these have been designated as financial assets at fair value through profit or loss and classified as current assets.

The fair values of the financial investments are determined based on quoted prices in active markets: therefore, these financial instruments are classified, from their acquisition date until 31 December 2012, as Level One of the fair value hierarchy as defined in IFRS 7.

12. **TRADE AND OTHER RECEIVABLES**

	Group 31 December 2012 €	**Group 31 December 2011 €**	**Group 31 December 2010 €**
Tenant receivables	2 957 362	1 385 080	2 125 653
Receivable from CEERES (Note 5.1)	2 556 844	2 411 391	3 718 523
Advance payments	831 980	266 990	86 443
Prepaid property expenses	264 026	491 332	321 658
Prepaid administrative charges	–	161 165	166 903
Receivable from share issues	591 008	–	–
VAT receivable	7 835 474	2 261 815	577 862
Other receivables	669 517	334 820	247 590
Other prepaid fees	92 764	438 848	93 615
TOTAL	**15 798 975**	**7 751 441**	**7 338 247**

13. **CASH AND CASH EQUIVALENTS**

Details of cash and cash equivalent by currencies	**Group 31 December 2012 €**	**Group 31 December 2011 €**	**Group 31 December 2010 €**
EUR	83 242 036	53 466 808	21 760 505
GBP	4 914	1 222	364
ZAR	87 433	43 319	85 327
RON	4 177 258	1 553 751	2 001 086
TOTAL	**87 511 641**	**55 065 100**	**23 847 282**

14. SHARE CAPITAL AND SHARE PREMIUM

Movement of ordinary shares	**Share capital €0.01/share**	**Share premium €**
Authorised on 23 August 2007: 150 000 000 ordinary shares of €0.01 each		
Issued as of 1 January 2010	**386 247**	**76 731 744**
Issued during the year		
• Issued 9 310 823 ordinary shares of €2.25/share	93 108	20 856 242
• Issued 5 882 352 ordinary shares of ZAR 25.5/share	58 824	15 377 960
• Issued 2 450 748 ordinary shares at €2.58/share	24 507	6 298 422
• Issued 15 000 000 ordinary shares of €2.67/share for the shareholders on the UK register and respectively ZAR 26/share for the shareholders on the South African register, in terms of a rights issue		
Finance raising costs deducted from share premium	–	(373 313)
CARRIED FORWARD AS AT 31 DECEMBER 2010	712 686	159 308 324
Authorised on 24 August 2012: increase to 300 000 000 ordinary shares of €0.01 each		
Issued as of 1 January 2011	**712 686**	**159 308 324**
Issued during the year		
Issued 9 564 245 ordinary shares at €3.0143/share*	95 642	28 734 126
Issued 14 285 714 ordinary shares at €2.793/share**	142 857	39 857 142
Sale of 400 000 shares issued under the Initial Share Scheme at €2.9284/share	4 000	1 167 360
Sale of 50 793 shares issued under the Initial Share Scheme at €3.0836/share	508	156 117
Cost of rights issue	–	(368 923)
Foreign exchange loss related to the rights issue	–	(986 038)
Cost of private placement	–	(23 338)
CARRIED FORWARD AS AT 31 DECEMBER 2011	**955 693**	**227 844 770**

* The shares were issued on 21 June 2011 as part of the private placement.

** The shares were issued on 7 December 2011 as part of the rights issue.

Movement of ordinary shares	**Share capital €0.01/share**	**Share premium €**
Issued as of 1 January 2012	**955 693**	**227 844 770**
Issued during the year		
Issued 5 518 057 ordinary shares at €3.0000/share*	55 180	16 498 990
Distribution withheld from vendor placement	–	(578 292)
Issued 1 600 000 ordinary shares at €3.2000/share**	16 000	5 104 000
Issued 13 505 201 ordinary shares at €3.2000/share**	135 052	43 081 592
Issued 3 224 460 ordinary shares at €3.7500/share***	32 245	(32 245)
Issued 2 980 061 ordinary shares at €4.0343/share**	29 801	11 992 704
Issued 12 345 680 ordinary shares at €4.0500/share****	123 457	49 876 547
Sale of 110 999 shares issued under the Initial Share Scheme	1 110	326 324
Vesting of shares issued under the Current Share Scheme	3 561	1 060 880
Sale of unvested shares issued under the Current Share Scheme	530	183 367
— Issue cost recognised to equity	–	(332 117)
CARRIED FORWARD AS AT 31 DECEMBER 2012	**1 352 629**	**355 026 520**

* The shares were issued on 2 February 2012 as part of the vendor placement.

** The shares were issued on 4 May 2012, 22 May 2012 and 3 October 2012 as part of the private placements.

*** The shares were issued in respect of the return of capital.

**** The shares were issued on 20 November 2012 as part of the rights issue.

The issued share capital figure presented excludes shares issued in terms of the Initial Share Scheme and shares issued and unvested in terms of the Current Share Scheme (set out in Note 15) but includes the shares sold by the participants in the share purchase schemes to other investors and shares issued and vested in terms of the Current Share Scheme.

The ordinary shares carry the right to vote at general meetings, the right to distribution and the right to the surplus assets of the Group on a winding-up.

The ordinary shares carry pre-emption rights as well as transfer rights as indicated in the Company's Admission Document published at the time of admission to the AIM market of the London Stock Exchange.

Vendor placement February 2012

The Company issued 5 518 057 new ordinary shares that were placed at €3.00 per share though a vendor placement. The proceeds from this vendor placement were used to fund the purchase of City Business Centre (Note 29).

Private placement May 2012

The Company placed 15 105 201 new ordinary shares in the Company with shareholders registered on the United Kingdom register at a price of €3.20 per share pursuant to a placement for cash, raising gross proceeds of €48.34 million. The issue price of €3.20 represented a 6.8% discount to the 30 business day volume weighted average traded price prior to the date that the private placement was agreed between the Group and the parties subscribing for the new shares. The proceeds of the private placement will be used to fund developments and acquisitions of further operating assets.

Option to receive capital return September 2012

Given the Group's ongoing development and acquisition programme, and following requests from shareholders, the Board explored alternatives to cash distributions to shareholders.

As a result, the Board has resolved to offer shareholders the option to receive the 11.24 euro cents per share distribution for the six months ended 30 June 2012 as a cash distribution or to receive a return of capital by way of an issue of new shares credited as fully paid up at a ratio of three new shares for each 100 shares. The shares were issued from the share premium account.

Private placement October 2012

The Company placed 2 980 061 new ordinary shares in the Company with shareholders registered on the South African register at a price of R43.50 (South African Rand) per share pursuant to a placement for cash, raising gross proceeds of R129.6 million.

Rights offer November 2012

The Company's shareholders were offered 12 345 680 new shares at a ratio of 9.37648 new shares for every 100 shares held by them, at a subscription price per rights offer share of R43.50 for shareholders on the South African share register and €4.05 for shareholders on the UK share register. The total applications for this rights offer amounted to 27 358 903 new shares (222% of the new shares available under the rights offer, equivalent to excess applications of 15 088 687 new shares).

15. SHARE-BASED PAYMENTS

The Company issued shares to its employees under two share purchase schemes.

The first share purchase scheme was in place before the internalisation of NEPI's Investment Advisor (the 'Initial Share Scheme'). The second share purchase scheme was approved by the shareholders of the Company on 3 May 2011 and amended on 26 April 2012 and is the scheme in terms of which all new share purchase scheme issues are implemented (the 'Current Share Scheme'; collectively, the Initial Share Scheme and Current Share Scheme are defined as 'share purchase schemes').

The purpose of the share purchase schemes is to align the interests of executive directors and key individuals with those of the shareholders of the Company. The Company achieves this by granting loans to participants in the share purchase schemes for the purpose of buying shares, the repayment of which can be made in part out of the distribution payable in relation to the shares. Of the shares initially subscribed for by each participant, 20% vest annually.

The Company offers each participant the immediate right to subscribe for the relevant number of shares at their then market value less a maximum discount of 5%, together with a loan to fund such subscription. Each loan carries interest at the weighted average rate at which the Company is able to borrow money from its bankers. Each loan is repayable in full, together with interest, ten years after its relevant subscription date, but can be repaid earlier.

The Company has security interests over the shares held in the share purchase schemes by each participant. The security interests secure the repayment of all principal and interest in respect of each loan made by the Company to each participant under the share purchase schemes. In case of the shares issued under the Initial Share Scheme, the Company's recourse against each participant is limited to the shares issued in terms of this scheme.

Pending repayment of the loan in respect of the shares subscribed to by a participant, the distribution on such shares are applied towards payment of interest on that loan. If the distribution on the shares exceeds the amount required for the interest payment then the excess is paid to the participant, otherwise the shortfall is due by the participant to the Company. In case of the Current Share Scheme any excess distribution after interest payment is applied towards repayment of the loan.

The maximum number of shares that can be issued under the share purchase schemes is 10 000 000. As at 31 December 2012, 5 100 790 shares were issued under the Initial Share Scheme (31 December 2011: 5 205 397) and loans in amount of €12 489 022 (31 December 2011: €12 745 390) remained outstanding under the Initial Share Scheme (of which the loans in respect of the vested shares amounted to €6 084 258 in 2012 and €3 661 979 in 2011).

During 2012, 2 405 000 shares were issued under the Current Share Scheme (2011: 2 000 000 shares) and loans in amount of €13 270 220 remained outstanding under the Current Share Scheme (2011: €5 987 490) of which the loans in respect of the vested shares amounted to €565 113 (there were no vested shares in the Current Share Scheme as at 31 December 2011). Refer to Note 9.

Number of shares	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Maximum number of share purchase schemes shares which can be offered for subscription	**10 000 000**	**8 000 000**	**1 632 882**
Share purchase schemes shares issued and allotted at the end of the period	9 232 181	7 205 397	5 205 397
Share purchase schemes shares issued and allotted at the beginning of the period	7 205 397	5 205 397	1 632 882
Share purchase schemes shares issued and allotted during the period	2 405 000	2 000 000	3 572 515
Share purchase scheme shares sold during the period	(378 216)	–	–
Share purchase schemes shares available but unissued	**767 819**	**794 603**	**–**

Accounting treatment

The Initial Share Scheme is accounted for as a share option scheme. Therefore, the fair value of the share-based payment, determined at the grant date, is expensed over the vesting period (2012: €996 909, 2011: €1 041 647) with a corresponding increase in the share-based payment reserve. The interest charged by the Company on the loans granted in terms of the Initial Share Scheme is not recognised to the Statement of income, but added for calculation of distributable earnings purposes only (2012: €569 597; 2011: €685 186).

The Current Share Scheme is accounted for by recognising the value of the shares issued as an asset and classified as 'loan to participants in the Current Share Scheme' (Note 9) and respectively as equity and classified as 'share-based payment reserve'. At each vesting date, the vested value of the shares issued in terms of the Current Share Scheme is reclassified from 'share-based payment reserve' to 'share capital'. The accrued interest is recognised as finance income in the Statement of income.

16. LOANS AND BORROWINGS

In May 2012 the Group renewed its €9.5 million secured revolving facility with UniCredit Bank. The facility carries an interest rate of 1 month Euribor plus 4.0% and matures on 31 May 2013 when, at the Group's option, the facility is convertible into a term loan repayable on 31 December 2014. The facility remains undrawn as at 31 December 2012.

A construction loan of €33.5 million was granted by BRD in July 2012 for the development of Ploiesti Shopping City. NEPI and Carrefour Property each own 50% of this project: therefore, the Group accounts for 50% of the loan. The construction loan is in the process of conversion into an investment loan and the total loan amount will increase to €40 million, repayable in ten years. The construction loan carries an interest rate of three month Euribor plus 4.5%, while the investment loan will carry an interest rate of three month Euribor plus 4.0%.

Details of bank loans are set out in the table below. The repayment profile of the Group's outstanding loans at undiscounted cost is set out in the table below (excluding future interest).

Interest bearing borrowings Group, 31 December 2012	**Payable in 1 year €**	**Payable in 2 – 5 years €**	**Payable over 5 years €**
NEPI Bucharest One	6 200 000	–	–
Premium Portfolio	293 541	12 862 905	–
General Investment	1 548 018	6 298 648	–
Floreasca Business Park	62 246 248	–	–
Retail Park Auchan Pitesti	1 899 256	24 558 280	–
Promenada Mall Braila	2 155 653	35 688 694	–
Timisoara City Business Center One	958 713	4 193 610	15 336 086
Timisoara Office Building	259 392	1 168 758	6 189 232
Ploiesti Shopping City	3 599 228	3 240 000	8 280 217
New Europe Property Investments plc (Note 11)	21 942 531	–	–
Accrued interest	945 462	–	–
Deferred loan costs	–	(716 278)	–
TOTAL	**102 048 042**	**87 294 617**	**29 805 535**

Interest bearing borrowings Group, 31 December 2011	**Payable in 1 year €**	**Payable in 2 – 5 years €**
NEPI Bucharest One	–	6 028 180
Premium Portfolio	241 105	13 089 811
General Investment	1 064 641	7 657 294
Floreasca Business Park	1 794 103	66 014 382
Retail Park Auchan Pitesti	2 139 366	26 350 819
Vendor finance	–	100 386
Promenada Mall Braila	2 155 653	37 389 007
Accrued interest	840 791	–
TOTAL	**8 235 659**	**156 629 879**

Interest bearing borrowings Group, 31 December 2010	**Payable in 1 year €**	**Payable in 2 – 5 years €**
NEPI Bucharest One	–	6 167 967
Premium Portfolio	309 083	13 372 829
Vendor finance	–	859 289
General Investment	1 005 009	10 383 860
Promenada Mall	–	39 376 115
Retail Park Auchan Pitesti	–	28 660 344
Proreasca Business Park	1 669 971	69 743 975
Promenada Mall Braila	2 155 653	37 389 007
Accrued interest on Premium Portfolio	630 220	–
Accrued interest Floreasca Business Park	440 865	–
Accrued interest on Vendor finance	4 046	–
TOTAL	**9 847 153**	**168 564 379**

The reconciliation of the amortised cost of the interest bearing borrowings to their nominal value, which is subject to interest charge is given in the following table:

Interest bearing borrowings Group, 31 December 2012	**Amortised cost**	**Finance raising cost**	**Nominal value**
	€	**€**	**€**
NEPI Bucharest One	6 057 937	142 063	6 200 000
Premium Portfolio	13 156 446	–	13 156 446
General Investment	7 846 666	–	7 846 666
Floreasca Business Park	62 246 248	–	62 246 248
Retail Park Auchan Pitesti	26 389 945	67 591 26	457 536
Promenada Mall Braila	37 548 093	296 254 37	844 347
Timisoara City Business Center One	20 488 409	–	20 488 409
Timisoara Office Building	7 617 382	–	7 617 382
Ploiesti Shopping City	14 900 942	218 503	1 119 445
New Europe Property Investments plc (Note 11)	21 942 531	_-	21 942 531
NEPI Bucharest Two	8 133	(8 133)	–
Accrued interest	945 462	–	945 462
TOTAL	**219 148 194**	**716 278**	**219 864 472**

Interest bearing borrowings Group, 31 December 2011	**Amortised cost**	**Finance raising cost**	**Nominal value**
	€	**€**	**€**
NEPI Bucharest One	6 179 545	20 455	6 200 000
NEPI Bucharest Two and Unique Delamode	(151 366)	151 366	–
Premium Portfolio	13 330 916	–	13 330 916
Vendor finance	100 386	–	100 386
General Investment	8 721 936	–	8 721 936
Promenada Mall Braila	39 544 660	455 340	40 000 000
Retail Park Auchan Pitesti	28 490 185	106 717	28 596 902
Floreasca Business Park	67 808 485	–	67 808 485
Accrued interest	840 791	–	840 791
TOTAL	**164 865 538**	**733 878**	**165 599 416**

Interest bearing borrowings Group, 31 December 2010	**Amortised cost**	**Finance raising cost**	**Nominal value**
	€	**€**	**€**
Nepi Bucharest Two and Nepi Bucharest One	11 955 926	44 074	12 000 000
Premium Portfolio	13 681 912	–	13 681 912
Vendor finance	859 289	–	859 289
General Investment	11 388 868		11 388 868
Promenada Mall	39 376 115	623 885	40 000 000
Retail Park Auchan Pitesti	28 660 344	152 656	28 813 000
Floreasca Business Park	71 413 947	–	71 413 947
Accrued interest	1 075 131	–	1 075 131
TOTAL	**178 411 532**	**820 615**	**179 232 147**

NEPI Bucharest One revolving credit facility

The Group contracted a €6 200 000 loan facility with Alpha Bank Romania SA for the acquisition of properties owned by NEPI Bucharest One. The loan bears interest at a floating rate of one month Euribor plus a margin of 4.5%. The Group has capped its Euribor base interest rate exposure at 2%.

Security

- General security over the land and properties (fair value as at 31 December 2012 amounted to €15 170 000), current assets, cash inflows from operating activities and shares of NEPI Bucharest One.
- Corporate guarantee issued by the Company.

Covenants

Loan to value ratio of maximum 65%.

Revolving facility for New Europe Property Investments plc, NEPI Bucharest Two SRL and Unique Delamode SRL

The Group contracted a €9 500 000 revolving facility that carries an interest rate of one month Euribor plus a margin of 4%. The Group has capped its Euribor base interest rate at 2%. The facility was extended on 21 May 2012 and will expire on 31 May 2013 when, at the Group's option, the facility is convertible into a term loan repayable on 31 December 2014.

Security

- General security over the properties (fair value as at 31 December 2012 amounted to €17 060 000), current assets, cash inflows from operating activities and shares of NEPI Bucharest Two SRL and Unique Delamode SRL
- Corporate guarantee issued by the Company

Covenants

- Loan to value ratio of maximum 60%
- Debt service ratio of minimum 125%
- As at 31 December 2012 this facility was undrawn.

Premium Portfolio

- A loan from Nord LB Bank was contracted in relation to the acquisition of Premium Portfolio in Germany. It bears interest at a fixed rate of 5.17% as a result of an interest rate swap concluded with Nord LB Bank.

Security

General security over the properties (weighted fair value as at 31 December 2012 amounted to €15 110 000), current assets and cash inflows of Premium Portfolio Ltd & Co and Premium Portfolio 2 Ltd & Co.

Covenants

- Loan to value ratio of maximum 90%
- Debt service ratio of minimum 115%

General Investment loan

A loan from EuroHypo AG for an amount of €15 000 000, of which €7 846 666 is outstanding as at 31 December 2012, has been taken over as a result of the acquisition of General Investment SRL and General Building Management SRL. The loan bears interest at a fixed rate of 6.23%.

Security

General security over the properties (fair value as at 31 December 2012 amounted to €30 650 226), current assets, cash inflows from operating activities and shares of General Investment SRL and General Building Management SRL

Covenants

- Loan to value ratio of maximum 70%
- Debt service ratio of minimum 120%

Promenada Mall Braila loan

A €40 000 000 development loan was taken over and refinanced on 25 February 2010 with KBC Bank Ireland as part of the Promenada Mall Braila acquisition. The facility had a two year grace period on repayment of the principal. Starting 2012, 16% of the principal has to be repaid in equal annual instalments until maturity in December 2014. The loan bears interest at a floating rate of three month Euribor plus a margin of 3%. The Group swapped its Euribor base interest rate exposure at 1.8%.

Security

General security over the property (fair value as at 31 December 2012 amounted to €73 280 000), current assets, cash inflows from operating activities and shares of Braila Promenada Mall SRL

The facility is secured with a holding company guarantee (issued by NEPI) in favour of KBC Bank Ireland, which covers the principal repayments due by Promenada Mall Braila during the third and fourth years of the loan agreement (that amounts to €6 318 600), and interest that is payable at any time during the term of the loan.

Covenants

The covenants on a portfolio basis are below.

	Year 1	Year 2	Year 3	Year 4	Year 5
Loan to value ratio of maximum	69%	69%	62%	56%	50%
Interest service coverage ratio of minimum	180%	200%	220%	220%	220%

Retail Park Auchan Pitesti loan

In June 2010, the Group successfully refinanced a loan facility in relation to Retail Park Auchan Pitesti with a new loan facility from Unicredit Bank and Banca Romaneasca. The facility of €28 813 000 matures in January 2015 with principal amortisation that started in 2012. The loan bears interest at a floating rate of 1 month Euribor plus a margin of 4.0%.

The Group capped its Euribor base interest rate exposure at 2%.

Security

General security over the property (fair value as at 31 December 2012 amounts to €70 275 158), current assets, cash inflows from operating activities, accounts and receivables of Connect Investment SRL

A property maintenance reserve account holding the equivalent of 1% of annual net operating income of the property.

Covenants

- Loan to value ratio of maximum 70%
- Debt service cover ratio of minimum 110%

Floreasca Business Park loan

The Group has taken over a loan from Raiffeisen Zentralbank Österreich AG with an outstanding amount of €62 246 248 as at 31 December 2012. The loan matures at the end of 2013 and is repayable in quarterly instalments. The bank is entitled to a 100% share of the after-tax cash inflow obtained by Floreasca Business Park. The borrowed amount bears interest at a floating rate of 3-month Euribor plus a margin of 2.5%. The Group has swapped its Euribor base interest rate exposure in relation to the loan at 1.79%.

Security

General security over the property (fair value as at 31 December 2012 amounts to €104 370 000), current assets, cash inflows from operating activities, accounts and receivables of Floreasca Business Park SRL

Covenants

The cash contribution in the project must amount to at least €14 250 000

City Business Centre – Investkredit Bank AG loan

During February 2012, the Group acquired the City Business Centre Timisoara and had taken over two loan facilities from Investkredit Bank AG that amounted to €21 413 763.

One loan facility matures in 2028, and the other one in 2029. The loans are repayable in monthly instalments. The borrowed amount bears interest at a floating rate of 1 month Euribor plus a margin of 1.75%. The Group capped its Euribor base interest rate exposure at 1.93% for one facility and 2% for the other.

Security

General security over the property (fair value as at 31 December 2012 amounts to €33 210 000), current assets, cash inflows from operating activities, accounts and receivables of Timisoara City Business Centre One SA

Covenants

- Loan to value ratio of maximum 75%
- Debt service cover ratio of minimum 120%

City Business Centre – Banca Comerciala Romana loan

The Group has taken over a loan from Banca Comerciala Romana SA that amounted to €7 872 995. The loan matures in 2021 and is repayable in monthly instalments. The borrowed amount bears interest at a floating rate of 1 month Euribor plus a margin of 4%. The Group capped its Euribor base interest rate exposure in relation to the loan at 2%.

Security

General security over the property (fair value as at 31 December 2012 amounted to €18 460 000), current assets, cash inflows from operating activities, accounts and receivables of Timisoara Office Building SA

Covenants

- Loan to value ratio of maximum 70%
- Debt service cover ratio of minimum 115%

Ploiesti Shopping City loan

On 15 November 2012 the Group opened a regional shopping centre in joint venture with Carrefour Property in Ploiesti. For this the Group has taken over a revolving loan facility of €3 250 000 and a €13 500 000 development loan (which represent 50% of the total amount of the loans) from BRD Group Societe Generale SA.

The revolving loan facility matures in 2013 and bears interest at a floating rate of three month Euribor plus a margin of 2.75%. The Group capped its Euribor base interest rate exposure in relation to the loan at 2.25%.

The development loan matures at the end of 2024. The borrowed amount bears interest at a floating rate of three month Euribor plus a margin of 4.5%. The Group has swapped its Euribor base interest rate exposure in relation to the loan at 1.74%.

Security

General security over the property (weighted fair value as at 31 December 2012 amounted to €40 037 000), current assets, cash inflows from operating activities, accounts and receivables of Ploiesti Shopping City SRL

Covenants for the development loan

- Loan to value ratio of maximum 50%
- Debt service cover ratio of minimum 120%
- Interest coverage ratio of minimum 170%

New Europe Property Investments plc loan

The Group has received a short-term loan from Morgan Stanley & Co International plc, for financing the financial investments described in Note 11. The loan balance as at 31 December was €21 942 531. The borrowed amount bears interest at a floating rate of EONIA plus a margin of 2%.

Security

General security over the financial investments acquired with this loan, for which the fair value estimated as at 31 December 2012 was €63 699 344

16.1 **Financial assets and liabilities at fair value through profit or loss**

The fair value of the financial instruments that resulted from the derivative instruments mentioned above are summarised below:

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Financial assets			
Company	75 585	779 064	–
Subsidiaries	7	257 511	1 386 539
TOTAL FINANCIAL ASSETS	**75 592**	**1 036 575**	**1 386 539**
Financial liabilities			
Company	5 268 795	1 145 997	–
Subsidiaries	2 460 959	1 236 188	1 223 692
TOTAL FINANCIAL LIABILITIES	**7 729 754**	**2 382 185**	**1 223 692**

These interest rate caps and fixed interest rate swaps are not designated as cash flow hedges and are classified as Level Two of the fair value hierarchy as defined by IFRS 7.

17. TRADE AND OTHER PAYABLES

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Payable for assets under construction	7 142 964	1 878 237	1 141 976
Property related payables	2 401 403	1 089 666	4 502 285
Advances from tenants	1 987 847	1 261 475	1 150 111
Administrative and secretarial accrued expenses	1 407 784	976 685	817 485
Accrued management fee	45 202	45 202	45 000
TOTAL	**12 985 200**	**5 251 265**	**7 656 857**

18. TENANT DEPOSITS

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
NEPI Bucharest Two	1 675 004	1 717 630	1 717 258
Retail Park Auchan Pitesti	361 944	371 823	241 359
City Business Centre	294 211	–	–
Promenada Mall Braila	125 974	105 316	57 424
Floreasca Business Park	70 273	71 825	75 840
Raiffeisen Portfolio	68 119	–	–
Ploiesti Shopping City	66 473	–	–
NEPI Bucharest One	21 012	18 205	35 732
Other tenant deposits	17 689	92 031	84 154
TOTAL	**2 700 699**	**2 376 830**	**2 211 767**

19. CORPORATE TAX CHARGE AND DEFERRED TAX

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Current year tax	–	–	–
Deferred tax expense/(income)	5 248 690	(500 210)	1 460 883
TAX EXPENSE/(INCOME)	**5 248 690**	**(500 210)**	**1 460 883**
Deferred tax acquired in business combinations (Note 29)	2 710 312	–	6 737 165
Deferred tax derecognised in respect of Auchan hypermarket sale (Note 31)	(723 965)	–	–
Deferred tax brought forward	15 086 152	15 586 362	7 388 314
DEFERRED TAX LIABILITY CARRIED FORWARD	**22 321 189**	**15 086 152**	**15 586 362**

The deferred tax liability results from the following types of differences.

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Fiscal losses	27 750 802	27 539 481	–
Deferred tax asset	4 440 128	4 406 317	–
Temporary differences between accounting and fiscal value of Investment Property	(167 258 230)	(121 827 931)	(97 414 763)
Deferred tax liability	(26 761 317)	(19 492 469)	**(15 586 362)**
NET DEFERRED TAX LIABILITY	**(22 321 189)**	**(15 086 152)**	**(15 586 362)**

The Group's subsidiaries are subject to corporate tax on an annual basis. The Group carries forward aggregate prior year fiscal losses that amount to €31 558 669 (2011: €36 050 399) and are available up to seven years for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised for fiscal losses of €3 388 693 (2011: €8 510 921) as these could have been used only to offset the taxable profits of certain companies in the Group, and there is uncertainty whether these companies will generate taxable profit in the future.

The deferred tax balance as at 31 December 2012 is the net effect of the deferred tax assets that resulted from fiscal losses and deferred tax liabilities that resulted from differences between the fiscal base and the accounting base of assets and liabilities, especially investment property.

Reconciliation of tax rate	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Profit before tax	38 352 139	18 271 536	8 388 038
Isle of Man income tax at 0%	–	–	–
Effect of higher rates on overseas earnings	–	–	15 811
Total current year tax excluding deferred tax	–	–	–
EFFECTIVE TAX RATE	**0.00%**	**0.00%**	**0.00%**

The Group does not withhold taxes on distribution paid.

20. NET ASSET VALUE PER SHARE

Reconciliation of net asset value to adjusted net asset value	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Adjusted net asset value	**415 243 794**	**249 738 983**	**170 571 937**
Net asset value per the Statement of financial position	393 622 378	235 258 940	155 087 026
Loans in respect of the Initial Share Scheme (Note 15)	12 489 022	12 745 390	13 748 436
Deferred tax liabilities (Note 19)	22 321 189	15 086 152	15 586 362
Goodwill (Note 10)	(13 188 795)	(13 351 499)	(13 849 887)
Net asset value per share	**2.83**	**2.41**	**2.18**
Adjusted net asset value per share	**2.88**	**2.43**	**2.22**
Number of shares for net asset value per share purposes	**139 258 914**	**97 569 456**	**71 268 704**
Number of shares for net adjusted asset value per share purposes	**144 362 152**	**102 783 693**	**76 933 734**

21. NET RENTAL AND RELATED INCOME

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Rent	31 596 107	25 974 864	17 822 030
Service charges recoveries	4 605 980	3 239 523	1 911 029
Other recoveries	3 974 714	2 854 688	1 536 279
Recoveries and contractual rental income	40 176 801	32 069 075	**21 269 338**
Property management, tax, insurance and utilities	(9 893 797)	(6 987 637)	(4 059 030)
Property maintenance cost	(466 408)	(508 728)	(579 666)
Provisions and allowances for doubtful debts	616 175	(845 507)	(406 446)
Property operating expenses	(9 744 030)	(8 341 872)	**(5 045 142)**
TOTAL	**30 432 771**	**23 727 203**	**16 224 196**

Where the Group is the lessor, the future minimum lease payments receivable under non-cancellable operating leases are as follows.

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Not later than 1 year	32 197 133	24 936 668	21 958 961
Later than 1 year and not later than 5 years	81 821 717	70 459 731	61 766 218
Later than 5 years	99 061 669	49 232 296	37 678 490
TOTAL	**213 080 519**	**144 628 695**	**121 403 669**

22. ADMINISTRATIVE EXPENSES

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Directors' remuneration (Note 34)	(427 970)	(379 717)	(223 933)
Stock exchange expenses	(176 967)	(129 722)	(99 284)
Companies administration	(19 934)	(129 612)	(172 856)
Audit and advisory services	(543 465)	(247 681)	(322 444)
Travel and accommodation	(191 616)	(196 203)	(166 554)
Support and maintenance services	(851 054)	(780 755)	(127 802)
Bank charges*	–	(53 044)	(47 236)
TOTAL	**(2 211 006)**	**(1 916 734)**	**(1 160 109)**

* Bank charges are presented in 2012 as finance expense.

23. ACQUISITION FEES

The Group incurred acquisition fees in respect of the following:

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Fees for finalised acquisitions	(870 347)	–	–
Fees for ongoing acquisitions	(457 326)	(75 325)	–
Fees for terminated acquisitions	(266 720)	(31 290)	(831 369)
TOTAL	**(1 594 393)**	**(106 615)**	**(831 369)**

The fees paid for finalised transactions refer mostly to the acquisition of Timisoara City Business Centre and the joint venture with Carrefour Property BV in respect of Ploiesti Shopping City. Out of the fees paid for ongoing transactions €293 136 are related to the Vulcan Strip Mall land acquisition.

24. OTHER OPERATING INCOME

The Group has concluded a settlement agreement with the vendors (the "vendors") of Promenada Mall Braila ("the BelRom settlement"). Under the terms of the BelRom settlement, the Group received an early settlement amount of €11 787 343 (the 'settlement amount') in cash, from the vendors. The settlement amount represents amounts owed to the Group by the vendors in relation to the completion of the Cinema City premises being delayed beyond the agreed timetable and exceeding the agreed budget and amounts owed, or expected to be owed, to the Group by the vendors as a result of net operating income warranties, made by the vendors, being breached. As per IFRS 3 revised, the additional consideration was treated as an adjustment to the cost of the business combination and was reflected as a write-off of the remaining goodwill related to Promenada Mall Braila, that amounted to €1 523 220, while the remaining amount was recorded as other operating income.

Other operating income also includes an amount of €160 281 cashed from the vendors, related to rental guarantees. This had an insignificant effect on the consolidated Statement of income for 2012, as the Group had recorded an accrual in this respect as at 31 December 2011 that amounted to €160 424.

	Group 31 December 2012 €
Vendor settlement proceeds	11 787 343
Goodwill write-off (Note 10)	(1 523 220)
Other operating income from vendor settlement	10 264 123
Additional proceeds related to rental guarantees	160 424
Accrual for rental guarantees	(160 281)
Other operating income from rental guarantees	143
TOTAL	**10 264 266**

The Board of Directors resolved that the portion of €3 144 561 from the vendor settlement income is non-distributable. Out of the remaining distributable income, the Group has used €3 275 181 for the 2012 distributions (Note 27).

25. FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTY AND GOODWILL

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Fair value adjustment of investment property	6 450 485	3 509 240	1 111 927
Fair value adjustment of goodwill	–	(498 388)	–
TOTAL	**6 450 485**	**3 010 852**	**1 111 927**

26. NET FINANCE (EXPENSE)/INCOME

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Interest income on bank deposits	1 131 020	321 598	581 765
Interest income from subsidiaries	–	–	–
Interest on Current Share Scheme loans	416 302	223 040	–
Interest and penalties on receivables	306 516	5 709 220	–
Finance income	1 853 838	6 253 858	581 765
Interest expense on financial liabilities measured at amortised cost	(7 920 766)	(7 034 726)	(5 652 177)
Net changes of financial instruments at fair value through profit or loss	(6 328 495)	(4 144 772)	(836 397)
Bank charges*	(178 828)	–	–
Finance expense	(14 428 089)	(11 179 498)	(6 488 574)
TOTAL	**(12 574 251)**	**(4 925 640)**	**(5 906 809)**

* Bank charges were presented in 2011 as part of administrative costs.

27. EARNINGS, DILUTED EARNINGS AND DISTRIBUTABLE EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2012 was based on the profit attributable to ordinary equity holders of €33 103 449 (31 December 2011: €18 771 746) and the weighted average of 116 238 121 (31 December 2011: 78 659 834) ordinary shares in issue during the year (excluding the shares issued under the Initial Share Scheme).

The calculation of diluted earnings per share for the year ended 31 December 2012 was based on the profit attributable to ordinary equity holders of €33 103 449 (31 December 2011: €18 771 746) and the weighted average of 121 391 646 (31 December 2011: 84 264 285) ordinary shares in issue during the year (including the shares issued under the Initial Share Scheme). The calculation of distributable earnings per share was based on profit after tax, adjusted as shown in the table below, to arrive at the distributable earnings and the number of shares in issue at 31 December 2012.

	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Profit for the year attributable to equity holders	**33 103 449**	**18 771 746**	**6 911 344**
Unrealised foreign exchange loss	2 529 495	475 883	(178 175)
Acquisition fees	1 594 393	–	831 369
Share-based payment expense	996 909	1 041 647	524 650
Accrued interest on share-based payments	569 597	685 186	491 064
Fair value adjustments of investment property and goodwill	(6 450 485)	(3 010 852)	(1 111 927)
Fair value gains of financial investments at fair value through profit or loss	(10 287 980)	–	–
Financial assets at fair value	6 328 495	4 263 016	836 397
Amortisation of financial assets	(572 063)	(972 520)	(426 032)
Dividends received from listed securities investments	(822 691)	–	–
Accrued income from listed securities investments	3 092 147	–	–
Deferred tax expense/(income)	5 248 690	(500 210)	1 460 883
Shares issued *cum* distribution	3 156 648	2 323 347	2 325 443
Non-distributable portion of the vendor settlement income	(3 144 561)	–	–
DISTRIBUTABLE EARNINGS FOR THE YEAR	**35 342 043**	**23 077 243**	**11 665 016**
Less: Distribution declared	(31 497 562)	(18 689 531)	(11 665 016)
Interim distribution	(14 101 923)	(8 293 733)	(4 869 996)
Final distribution	(17 395 639)	(10 395 798)	(6 795 020)
Earnings not distributed	3 844 481	4 387 712	–
Number of shares entitled to distribution	144 362 152	99 196 545	73 346 586
DISTRIBUTABLE EARNINGS PER SHARE (EURO CENTS)	**25.95**	**24.67**	**17.61**
Less: Distribution declared (euro cents)	(23.29)	(20.25)	**(17.61)**
Interim distribution per share (euro cents)	(11.24)	(9.77)	(8.35)
Final distribution per share (euro cents)	(12.05)	(10.48)	(9.26)
Earnings per share not distributed (euro cents)	**2.66**	**4.42**	**–**

The distributable earnings figure is arrived at by adjusting the accounting profit of €33 103 449 as follows:

a. Reversing the non-cash flow items recognised in the Statement of income discussed below:

- An unrealised foreign exchange loss of €2 529 495, which resulted from the consolidation of the RON denominated financial statements of the Romanian subsidiaries, in the financial statements. In substance, the Group's income, expenses, assets and liabilities are euro-denominated and currency adjustments that result from this accounting treatment are reversed when calculating distributions.
- A positive net fair value adjustment of €6 450 485 to reflect the net improvement in the market value of the Group's investment properties based on the year-end valuations.
- A positive fair value adjustment of €10 287 980 to reflect the improvement in the market value of the Group's listed securities investments.
- A negative fair value adjustment of €6 328 495 to reflect a net reduction in the value of financial instruments held for interest rate hedging purposes.
- A negative impact of the acquisition fees of €1 594 393 incurred by the Group during the financial year.
- A positive impact of €822 691 representing dividends received from listed securities investments.
- A deferred tax expense of €5 248 690: the deferred tax charge arises on the difference between the fair values and book values of assets as this would become payable if the assets were sold by the subsidiaries. On an ongoing basis this theoretical charge is not expected to materialise.

– A share-based payment expense of €996 909 that results from the treatment of the Initial Share Scheme (ie the share purchase scheme which was in place since the Company's listing on the AIM market of the London Stock Exchange) as an option scheme in accordance with IFRS.

b. Recognising:

– Accrued dividend from equity investments of €3 092 147.

– An accrued interest income of €569 597 on the loans in respect of the Initial Share Scheme.

– An expense of €572 063 in relation to the amortisation of the premiums paid in respect of the interest rate hedging instruments.

– An amount of €3 156 648 in respect of the share issues that took place cum dividend during the financial year.

The weighted average number of shares (excluding the Initial Share Scheme shares) for basic earnings per share purposes is presented below:

2012	**Event**	**Number of shares**	**% of period**	**Weighted average**
01/01/2012	Period opening	97 569 456	9	8 554 034
02/02/2012	Vendor placement	103 087 513	25	25 983 702
04/05/2012	Private placement	104 687 513	5	5 162 672
22/05/2012	Private placement	118 192 714	2	2 266 710
29/05/2012	Sale of shares issued under the Initial Share Scheme	118 248 899	6	6 803 361
19/06/2012	Sale of shares issued under the Initial Share Scheme	118 297 321	0	324 102
20/06/2012	Vesting of shares issued under the Current Share Scheme	120 352 321	20	25 389 394
05/09/2012	Option to receive capital return	123 576 781	7	8 802 730
01/10/2012	Sale of shares issued under the Initial Share Scheme	123 583 173	1	677 168
03/10/2012	Private placement	126 563 234	13	16 643 932
20/11/2012	Rights offer	138 908 914	4	4 947 441
03/12/2012	Vesting of shares issued under the Current Share Scheme	139 258 914	8	10 682 875
31/12/2012	Year-end			116 238 121

2011	**Event**	**Number of shares**	**% of period**	**Weighted average**
01/01/2011	Existing shares	71 268 704	36	25 257 314
10/05/2011	Share issue	73 268 704	11	8 252 794
20/06/2011	Private placement	82 832 949	28	23 211 431
06/11/2011	Sale of shares issued under the Initial Share Scheme	83 232 949	19	15 508 353
07/12/2011	Rights issue	97 518 663	6	6 161 894
30/12/2011	Sale of shares issued under the Initial Share Scheme	97 569 456	0	268 048
31/12/2011	Year-end			78 659 834

2010	Event	Number of shares	% of period	Weighted average
01/01/2010	Existing shares	38 624 781	19	7 427 843
12/03/2010	Share issue	45 505 881	0	–
12/03/2010	Share issue	47 935 604	5	2 633 824
01/04/2010	Share issue	53 817 956	15	8 131 834
26/05/2010	Share issue	53 817 956	10	5 174 803
30/06/2010	Share issue	56 268 704	47	26 279 340
17/12/2010	Rights issue	71 268 704	4	2 741 104
31/12/2010	Year-end			52 388 748

The weighted average number of shares (including the Initial Share Scheme shares) for diluted earnings per share purposes is presented below:

2012	Event	Number of shares	% of period	Weighted average
01/01/2012	Period opening	102 783 693	9	9 011 173
02/02/2012	Vendor placement	108 301 750	25	27 297 975
04/05/2012	Private placement	109 901 750	5	5 419 812
22/05/2012	Private placement	123 406 951	8	9 804 936
20/06/2012	Vesting of shares issued under the Current Share Scheme	125 461 951	20	26 467 316
05/09/2012	Option to receive capital return	128 686 411	8	9 871 834
03/10/2012	Private placement	131 666 472	13	17 315 043
20/11/2012	Rights offer	144 012 152	4	5 129 200
03/12/2012	Vesting of shares issued under the Current Share Scheme	144 362 152	8	11 074 357
31/12/2012	Year-end			121 391 646

2011	Event	Number of shares	% of period	Weighted average
01/01/2011	Existing shares	76 933 734	36	27 264 977
10/05/2011	Share issue	78 933 734	11	8 890 888
20/06/2011	Private placement	88 497 979	28	24 798 884
07/12/2011	Rights issue	102 783 693	25	23 309 536
31/12/2011	Year-end			84 264 285

2010	Event	Number of shares	% of period	Weighted average
01/01/2010	Existing shares	40 657 663	19	7 818 781
12/03/2010	Share issue	47 538 763	0	–
12/03/2010	Share issue	49 968 486	5	2 745 521
01/04/2010	Share issue	55 850 838	15	8 439 000
26/05/2010	Share issue	56 650 471	10	5 447 161
30/06/2010	Share issue	61 933 734	47	28 925 096
17/12/2010	Rights issue	76 933 734	4	2 958 990
31/12/2010	Year-end			56 334 549

28. HEADLINE EARNINGS AND DILUTED HEADLINE EARNINGS PER SHARE

The calculation of headline earnings per share for the year ended 31 December 2012 was based on headline earnings of €26 652 964 (31 December 2011: €15 760 894) and the weighted average of 116 238 121 ordinary shares in issue during 2012 (2011: 78 659 834), excluding the Initial Share Scheme shares.

The calculation of diluted headline earnings per share for the year ended 31 December 2012 was based on headline earnings of €26 652 964 (31 December 2011: €15 760 894) and the weighted average of 121 391 646 ordinary shares in issue during 2012 (2011: 84 264 285), including the Initial Share Scheme shares.

Reconciliation of profit for the year to headline earnings	Group 31 December 2012 €	Group 31 December 2011 €	Group 31 December 2010 €
Profit for the year attributable to equity holders	33 103 449	18 771 746	6 911 344
Fair value adjustments of investment property and goodwill	(6 450 485)	(3 010 852)	(1 111 927)
HEADLINE EARNINGS	**26 652 964**	**15 760 894**	**5 799 417**

29. BUSINESS COMBINATIONS

City Business Centre

In January 2012, the Group concluded agreements for the acquisition of all the issued shares in and shareholders' claims against Timisoara City Business Centre One (previously named Modatim Investment SA) and Timisoara Office Building (previously named Modatim Properties SA) from MTInv Holding BV and Mr Ovidiu Sandor (the Sellers). The two companies own three adjoining office buildings (City Business Centre) of 27 151 square metres located in the centre of Timisoara, Romania.

The aggregate purchase price for the shares in and shareholders' claims against the two companies is an amount of €16 554 621 funded through the proceeds of a vendor consideration placing in terms of which 5 518 057 new ordinary shares were issued and placed at €3 per share (Note 14).

The fair value of the identifiable assets and liabilities of the two companies owning the three buildings in Timisoara as at the date of acquisition are detailed below.

	1 January 2012 €
Investment property	45 640 203
Trade and other receivables	1 117 099
Cash and cash equivalents	1 220 606
Trade and other payables	(1 456 513)
Loans and borrowings	(29 286 757)
Deferred tax liabilities	(2 710 312)
Total identifiable net assets at fair value	**14 524 326**
Goodwill arising on acquisition	2 030 295
Total consideration paid	**16 554 621**

From the effective date of acquisition (1 January 2012) TCBCO and TOB have contributed €6 471 375 to the profit after tax and €5 629 504 to the recoveries and contractual rental income of the Group.

The goodwill of €2 030 295 arose mostly from the deferred taxation liability of €2 710 312.

Contingent consideration

The Group has agreed to four subsequent price adjustments in respect of this business combination, which are computed based on the variation in occupancy and are payable in cash to the sellers.

Two of these price adjustments have taken place during 2012 and resulted in €1 710 919 being paid in July 2012 (relating to the first six months of the year) and €331 347 being recorded as a payable in these financial statements (relating to the last six months of the year). Both price adjustments are considered to increase the value of the investment property, therefore not adjusting the goodwill.

A further €3 560 499 was estimated as the fair value of the properties related to current vacancies, which are expected to be filled in the near future. This amount was estimated by independent valuers and included in the year-end appraisal reports for City Business Centre, and also recorded as a payable in these financial statements. The effect of the first movement adjustment is summarised in the table below:

	Group 31 December 2012 €
Investment property at acquisition date	45 640 203
First further payment	1 710 919
Second further payment	331 347
Subsequent further payments	3 560 499
INVESTMENT PROPERTY AT 31 DECEMBER 2012	**51 242 968**

Vulcan Strip Mall

In April 2012, the Group entered into a joint-venture agreement with Mr Michael Topolinski, under which the Group purchased 50% of the interest in Zircon Properties SRL ("Zircon") (Note 30). Zircon has a pre-agreement for the acquisition of a land plot in Bucharest, where it intends to develop the retail project Vulcan Strip Mall.

The purchase price for the acquisition of the 50% interest in Zircon amounted to €2 247. The fair value of the identifiable assets and liabilities of Zircon as at the date of acquisition are detailed below.

	12 April 2012 €
Investment property under development	178 919
Trade and other receivables	50 964
Cash and cash equivalents	4 474
Trade and other payables	(286 296)
Total identifiable net liabilities at fair value	**(51 939)**
Goodwill arising on acquisition	54 186
Total consideration paid	**2 247**

From the effective date of acquisition (12 April 2012), Zircon Properties SRL has incurred losses of €388 923, related to land acquisition fees and administrative expenses.

30. JOINT VENTURES

In February 2012, the Group entered into a joint venture agreement (50% interest) with Carrefour Property BV, with the purpose of developing Ploiesti Shopping City. No gains or losses occurred at the transfer of the subsidiary into the joint venture entity. The Group contributed to the joint venture with land valued at €7 052 378, while Carrefour Property BV contributed with the existing hypermarket valued at €20 413 648. Both parties also contributed with cash, which was used for the construction of the shopping centre that was finalised in November 2012.

In April 2012, the Group acquired a 50% interest in Zircon, a company in the process of acquiring a land plot in Bucharest to be used for the development of Vulcan Strip Mall (Note 29). Also in 2012, the Group acquired a 50% interest in Cluj Business Centre SRL, a company that subsequently acquired a land plot and is in the process of developing an A-grade office complex in Cluj, Romania. The Group also holds 50% interest in the Premium Portfolio in Germany since April 2008.

The Group's interest in the assets and liabilities, revenues and expenses of the joint venture are presented below:

31 December 2012	Ploiesti Shopping City €	Premium Portfolio €	Vulcan Strip Mall €	Cluj Business Centre €	Total €
Statement of financial position (NEPI share)					
Non-current assets	40 037 000	15 110 000	993 131	3 801 361	59 941 492
Current assets	6 758 920	682 646	352 902	768 136	8 562 604
Total assets	**46 795 920**	**15 792 646**	**1 346 033**	**4 569 497**	**68 504 096**
Non-current liabilities	(34 503 566)	(18 681 217)	(1 584 548)	(4 040 252)	(58 809 583)
Current liabilities	(7 347 620)	(706 959)	(13 691)	(118 421)	(8 186 691)
Total liabilities	**(41 851 186)**	**(19 388 176)**	**(1 598 239)**	**(4 158 673)**	**(66 996 274)**
Equity attributable to equity holders	**4 944 734**	**(3 595 530)**	**(252 206)**	**410 824**	**1 507 822**
Statement of income (NEPI share)					
Contractual rental income and expense recoveries	1 041 381	1 466 427	–	–	2 507 808
Property operating expenses	(95 002)	(315 278)	–	(623)	(410 903)
Administrative expenses	(142 651)	(31 466)	(8 602)	(799)	(183 518)
Acquisition fees	(374 436)	–	(287 930)	(16 814)	(679 180)
Fair value adjustment investment property	6 452 616	–	–	580 231	7 032 847
Foreign exchange gain/(loss)	(214 148)	–	10 570	26 716	(176 862)
Profit before net finance expense	**6 667 760**	**1 119 683**	**(285 962)**	**588 711**	**8 090 192**
Finance income	320 598	339	3 661	66 595	391 193
Finance expense	(2 520 651)	(687 058)	(75 541)	(143 896)	(3 427 146)
Profit before income tax	4 467 707	432 964	(357 842)	511 410	**5 054 239**
Tax	(1 927 167)	–	90 789	(96 485)	(1 932 863)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS	**6 394 874**	**432 964**	**(448 631)**	**607 895**	**6 987 102**

31 December 2011	Premium Portfolio €
Statement of financial position (NEPI shares)	
Non-current assets	16 503 459
Current assets	1 165 621
Total assets	**17 669 080**
Non-current liabilities	(19 249 614)
Current liabilities	(692 456)
Total liabilities	**(19 942 070)**
Equity attributable to equity holders	**(2 272 990)**
Statement of income (NEPI share)	
Contractual rental income and expense recoveries	1 483 753
Property operating expenses	(370 040)
Administrative expenses	(61 489)
Acquisition fees	–
Fair value adjustment investment property	(213 822)
Foreign exchange gain/(loss)	–
Profit before net finance expense	838 402
Finance income	3 997
Finance expense	(734 051)
Profit before income tax	108 348
Tax	–
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS	**108 348**

31. INVESTMENT PROPERTY HELD FOR SALE

As announced on 3 August 2012, the Group entered into agreements with the Auchan Group to sell the hypermarket section of Retail Park Auchan Pitesti for a total consideration of €28 665 158. The transaction, which is subject to a number of conditions precedent, is expected to conclude early in 2013.

The Group has reclassified the hypermarket section of Retail Park Auchan Pitesti as investment property held for sale. The Group assumed the consideration to be collected estimates the fair value of the property. This resulted in recognising a fair value adjustment of investment property of €6 525 158 for the year ended 31 December 2012.

The profit for the year 2012 from property held for sale amounted to €1 748 367 (2011: €1 715 793).

Together with the Auchan hypermarket, the Group will dispose of statutory capital and reserves of approximately €200 000, a loan that amounts to approximately €8 600 000 and other immaterial assets and liabilities. Deferred tax liability was decreased by €723 965 in this respect.

32. SEGMENT REPORTING

The Group operates its assets to obtain returns in form of rent revenue. Properties held by the Group are classified as retail, office building and industrial. On a primary basis, the Group manages its operations in accordance with the above classification.

Group administrative costs, profit/(loss) on disposal of investment property, finance revenue, finance costs and income taxes are not reported to the Board on a segment basis. There are no sales between segments. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Unallocated items comprise mainly investments (other than investment property) and related revenue, corporate assets (primarily the Company's headquarters) and head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets. Segment assets represent investment property. Segment liabilities represent loans and borrowings, as these are the only liabilities reported to the Board on a segment basis. The Group's format for segment reporting is based on business segments.

Segment results 31 December 2012	**Retail €**	**Industrial €**	**Office €**	**Corporate €**	**Total €**
Contractual rental income and expense recoveries	18 567 825	1 893 058	19 715 918	–	40 176 801
Property operating expenses	(4 292 266)	(196 523)	(5 205 753)	(49 488)	(9 744 030)
Administrative expenses	(679 419)	(155 506)	(868 954)	(507 127)	(2 211 006)
Acquisition fees	(682 733)	–	(155 835)	(755 825)	(1 594 393)
Fair value adjustment on investment property and goodwill	7 340 488	(936)	(889 067)	–	6 450 485
Fair value gains on investments	–	–	–	10 287 980	10 287 980
Distributable income from investments	–	–	–	822 691	822 691
Foreign exchange loss	(1 186 558)	(38 151)	(583 784)	(721 002)	(2 529 495)
Share-based payment expense	–	–	–	(996 909)	(996 909)
Other operating income	–	–	–	10 264 266	10 264 266
Segment profit before net finance expense	**19 067 337**	**1 501 942**	**12 012 525**	**18 344 586**	**50 926 390**
Finance income	79 062	108 634	58 490	1 607 652	1 853 838
Finance expense	(11 543 003)	(1 587 264)	(8 291 952)	6 994 130	(14 428 089)
PROFIT BEFORE TAX	**7 603 396**	**23 312**	**3 779 063**	**26 946 368**	**38 352 139**

Segment results 31 December 2011	**Retail €**	**Industrial €**	**Office €**	**Corporate €**	**Total €**
Contractual rental income and expense recoveries	14 848 471	1 830 940	15 389 664	–	32 069 075
Property operating expenses	(4 756 150)	(241 288)	(3 311 988)	(32 446)	(8 341 872)
Administrative expenses	(621 649)	(219 911)	(500 989)	(680 800)	(2 023 349)
Fair value adjustment on investment property and goodwill	4 037 665	(288 261)	(738 552)	–	3 010 852
Foreign exchange (loss)/gain	(327 699)	16 045	(49 453)	(114 776)	(475 883)
Share-based payment expense	–	–	–	(1 041 647)	(1 041 647)
Segment profit/(loss) before net finance expense	**13 180 638**	**1 097 525**	**10 788 682**	**(1 869 669)**	**23 197 176**
Finance income	47 833	2 056	23 311	6 180 658	6 253 858
Finance expense	(8 300 675)	(1 286 570)	(5 349 820)	3 757 567	(11 179 498)
PROFIT BEFORE TAX	**4 927 796**	**(186 989)**	**5 462 173**	**8 068 556**	**18 271 536**

Segment results 31 December 2010	Retail €	Industrial €	Office €	Corporate €	Total €
Contractual rental income and expense recoveries	13 636 990	1 376 030	6 256 318	–	21 269 338
Property operating expenses	(3 164 865)	(192 516)	(1 117 409)	(570 352)	(5 045 142)
Administrative expenses	(584 204)	(359 278)	(215 819)	(832 177)	(1 991 478)
Fair value adjustment on investment property and goodwill	3 702 176	(221 835)	(2 368 414)	–	1 111 927
Foreign exchange (loss)/gain	(27 561)	15 237	183 796	6 703	178 175
Share-based payment expense	–	–	–	(524 650)	(524 650)
Investment advisor management fee	–	–	–	(703 323)	(703 323)
Segment profit/(loss) before net finance expense	**13 562 536**	**617 638**	**2 738 472**	**(2 623 799)**	**14 294 847**
Finance income	65 750	2 059	33 701	480 255	581 765
Finance expense	(2 400 731)	(355 372)	(307 964)	(3 424 507)	(6 488 574)
PROFIT BEFORE TAX	**11 227 555**	**264 325**	**2 464 209**	**(5 568 051)**	**8 388 038**

Segment assets and liabilities 31 December 2012	Retail	Industrial	Office	Corporate	Total
	€	€	€	€	€
Segment assets					
Investment property at fair value	187 221 000	17 060 000	189 685 226	–	393 966 226
Investment property under development	5 945 629	–	16 762 320	–	22 707 949
Goodwill	1 724 236	–	5 582 783	5 881 776	13 188 795
Other long-term assets	–	–	–	14 727 635	14 727 635
Financial assets at fair value through profit or loss	–	–	–	75 592	75 592
Trade and other receivables	8 906 396	120 274	2 859 576	3 912 729	15 798 975
Financial investments at fair value through profit or loss	–	–	–	81 865 443	81 865 443
Cash and cash equivalents	5 511 790	109 712	5 867 411	76 022 728	87 511 641
Investment property held for sale	28 665 158	–	–	–	28 665 158
TOTAL SEGMENT ASSETS	**237 974 209**	**17 289 986**	**220 757 316**	**182 485 903**	**658 507 414**
Segment liabilities					
Loans and borrowings	81 529 365	(165 006)	35 735 793	–	117 100 152
Non-current liabilities	11 084 347	240 497	13 490 676	5 235 423	30 050 943
Trade and other payables	5 247 308	409 211	5 564 350	1 764 331	12 985 200
Interest bearing borrowings	14 349 272	40 000	65 554 984	22 103 786	102 048 042
Tenant deposits	578 164	1 675 004	447 531	–	2 700 699
TOTAL SEGMENT LIABILITIES	**112 788 456**	**2 199 706**	**120 793 334**	**29 103 540**	**264 885 036**

Segment assets and liabilities 31 December 2011	**Retail €**	**Industrial €**	**Office €**	**Corporate €**	**Total €**
Segment assets					
Investment property at fair value	166 341 301	17 060 000	132 992 194	–	316 393 495
Investment property under development	7 052 478	–	18 356 864	–	25 409 342
Goodwill	–	–	–	13 351 499	13 351 499
Other long-term assets	184 330	–	–	6 029 128	6 213 458
Financial assets at fair value through profit or loss	37 685	–	–	998 890	1 036 575
Trade and other receivables	1 853 103	29 535	327 274	5 541 529	7 751 441
Cash and cash equivalents	2 357 170	425 749	2 886 697	49 395 484	55 065 100
TOTAL SEGMENT ASSETS	**177 826 067**	**17 515 284**	**154 563 029**	**75 316 530**	**425 220 910**
Segment liabilities					
Loans and borrowings	82 957 342	–	73 672 537	–	156 629 879
Non-current liabilities	1 236 188	–	–	16 232 149	17 468 337
Trade and other payables	2 784 204	193 040	1 378 505	895 516	5 251 265
Interest bearing borrowings	4 899 937	–	3 335 722	–	8 235 659
Tenant deposits	502 117	1 717 628	157 085	–	2 376 830
TOTAL SEGMENT LIABILITIES	92 379 788	1 910 668	78 543 849	17 127 665	**189 961 970**

Segment assets and liabilities 31 December 2010	**Retail €**	**Industrial €**	**Office €**	**Corporate €**	**Total €**
Segment assets					
Investment property at fair value	144 663 537	17 340 001	138 895 754	–	300 899 292
Investment property under development	3 841 323	–	6 514 666	2 500 000	12 855 989
Godwill	–	–	–	13 849 887	13 849 887
Financial assets at fair value through profit or loss	364 562	–	–	1 021 977	1 386 539
Trade and other receivables	1 332 523	788 682	1 904 662	3 312 380	7 338 247
Cash and cash equivalents	3 026 540	179 667	2 524 068	18 117 007	23 847 282
TOTAL SEGMENT ASSETS	**153 228 485**	**18 308 350**	**149 839 150**	**38 801 251**	**360 177 236**
Segment liabilities					
Loans and borrowings	88 436 664	–	80 127 715	–	168 564 379
Non-current liabilities	1 223 692	–	–	15 586 362	16 810 054
Trade and other payables	1 081 605	1 978 025	2 463 921	2 133 306	7 656 857
Interest bearing borrowings	939 301	5 787 960	3 119 892	–	9 847 153
Tenant deposits	340 034	1 718 096	153 637	–	2 211 767
TOTAL SEGMENT LIABILITIES	**92 021 296**	**9 484 081**	**86 865 165**	**17 719 668**	**205 090 210**

From 15 April 2008, the Group commenced operations in Germany as a result of its joint acquisition of six properties. The Group's segmental results are presented below:

Geographic segments results	Romania 2012 €	Romania 2011 €	Germany 2012 €	Germany 2011 €	Total 2012 €	Total 2011 €
Net operating income	29 281 622	22 613 490	1 151 149	1 446 749	30 432 771	23 727 203
Profit before tax	39 565 478	18 163 188	(1 213 339)	108 348	38 352 139	18 271 536
Investment property	401 564 175	325 299 378	15 110 000	16 503 459	416 674 175	341 802 837

33. CONTINGENT ASSETS AND LIABILITIES

Guarantees

The Group's policy is to provide financial guarantees to subsidiaries to the extent required in the normal course of business. The Company issued corporate letters of guarantee in relation to some of the credit facilities (see Note 16).

As at 31 December 2012 the Company received letters of guarantee from tenants that amounted to €5 870 790 and letters of guarantee from suppliers that amounted to €339 569 related to the developments Ploiesti Shopping City, Promenada Mall Braila and Brasov Strip Mall.

Capital commitments

The Group has a commitment to acquire two office buildings in Timisoara that are currently under development. The value of these properties cannot be estimated at this moment.

The Group committed to acquire several plots planned to be used in retail developments. The consideration paid by 31 December 2012 amounted to €58 094 in respect of Kaufland Value Extensions and €2 816 551 in respect of Galati Shopping City.

In addition, the Group committed to acquire an additional plot in relation to the Vulcan Strip Mall development. The purchase price depends on several conditions to be fulfilled by the seller and cannot be estimated as at the date of this report. Advance consideration paid by 31 December 2012 amounted to €1 800 000. The Group recognised 50% of the advance payment in these financial statements, according to its interest in this project.

34. RELATED PARTY TRANSACTIONS

Identity of related parties with whom material transactions have occurred The subsidiaries and Directors are related parties. The subsidiaries of the Company are presented in Note 4. The Directors are noted in the 'Board of Directors' section.

Material related party transactions

Loans to and investments in subsidiaries are set out in Note 4. Fees paid to Directors during the current and prior year are set out in the table below. No other payments were made to Directors, except for reimbursements of travel and accommodation costs.

Directors' fees	Total Group 31 December 2012 €	Company 31 December 2012 €	Subsidiaries 31 December 2012 €	Total Group 31 December 2011 €	Company 31 December 2011 €	Subsidiaries 31 December 2011 €
Dan Pascariu	29 140	29 140	–	27 609	27 609	–
Martin Slabbert	195 267	178 254	17 013	168 000	149 968	18 032
Desmond de Beer	30 670	30 670	–	27 600	27 600	–
Dewald Joubert	27 096	27 096	–	24 972	24 972	–
Jeffrey Zidel	32 210	32 210	–	28 725	28 725	–
Michael Mills	25 054	25 054	–	23 478	23 478	–
Victor Semionov	88 533	83 089	5 444	79 333	74 646	4 687
TOTAL	**427 970**	**405 513**	**22 457**	**379 717**	**356 998**	**22 719**

Directors' fees	Total Group 31 December 2010 €	Company 31 December 2010 €	Subsidiaries 31 December 2010 €
Dan Pascariu	24 936	24 936	–
Martin Slabbert *	66 030	47 833	18 197
Desmond de Beer	20 400	20 400	–
Dewald Joubert	20 400	20 400	–
Jeffrey Zidel	20 400	20 400	–
Michael Mills	20 400	20 400	–
Victor Semionov	32 667	27 936	4 731
Kris Carton**	3 400	3 400	–
Steven Van Den Bossche**	15 300	15 300	–
TOTAL	**223 933**	**201 005**	**22 928**

* Mr Slabbert and Mr Semionov did not receive director's fees prior to the internalisation of the Investment Advisor effective 30 June 2010.
** Mr Carton and Mr Van Den Bossche resigned from the board during 2010.

The following directors (and their associates) exercised their rights and purchased the number of ordinary shares indicated against their names, in terms of the rights offer which was concluded in November 2012:

Name of director/ associate	Transaction date	Price per security	Number of securities	Total value	Nature of transaction	Nature and extent of director's interest
Desmond de Beer and associates	20 Nov 2012	R43.50	362 748 rights offer shares	R15 779 538	Off market	Indirect beneficial
Jeffrey Zidel and associates	20 Nov 2012	R43.50	122 353 rights offer shares	R5 322 356	Off market	Direct/Indirect beneficial
Martin Slabbert and associates	20 Nov 2012	R43.50	104 000 rights offer shares	R4 524 000	Off market	Indirect beneficial
Victor Semionov	20 Nov 2012	R43.50 or €4.05	5 000 rights offer shares	R126 150 + €8 505	Off market	Indirect beneficial
Dan Pascariu	20 Nov 2012	R43.50	12 330 rights offer shares	R536 355	Off market	Indirect beneficial

The following directors (and their associates) exercised their rights and purchased the number of ordinary shares indicated against their names below, in terms of the rights offer which was concluded in December 2011:

Name of director/ associate	Transaction date	Price per security	Number of securities	Total value	Nature of transaction	Nature and extent of director's interest
Desmond de Beer and associates	5&7 December 2011	R30	750 330 rights offer shares	R22 509 900	Off market	Indirect beneficial
Jeffrey Zidel and associates	5 December 2011	R30	176 081 rights offer shares	R5 282 430	Off market	Direct/Indirect beneficial
Martin Slabbert and associates	5 December 2011	R30 or €2.80	145 000 rights offer shares	R346 000+ €373 800	Off market	Indirect beneficial
Victor Semionov	5 December 2011	€2.80	10 000 rights offer shares	€28 000	Off market	Indirect beneficial
Dan Pascariu	20 Nov 2012	R43.50	12 330 rights offer shares	R536 355	Off market	Indirect beneficial

Details on the shares issued under the share purchase schemes and held by the Directors are presented below:

Director	Date of issue	Share issue price €	Number of shares issued €
Martin Slabbert			**4 098 814**
	5 June 2008	2.18	600 000
	28 October 2009	2.10	300 302
	25 May 2010	2.58	195 000
	30 June 2010	2.58	2 266 012
	9 May 2011	2.99	337 500
	12 June 2012	3.28	400 000
Victor Semionov			**1 237 669**
	5 June 2008	2.18	300 000
	25 May 2010	2.58	140 000
	30 June 2010	2.58	377 669
	9 May 2011	2.99	170 000
	12 June 2012	3.28	250 000

35. DIRECTORS' COMMENTARY

35.1 Distributable earnings

The Group has achieved distributable earnings of 25.95 euro cents per share for the financial year ended 31 December 2012. This distinctive financial result is due to continued strong performance in the Group's assets, the favourable impact of the acquisition of City Business Centre in February 2012, additional rental income generated through various re-developments that were completed towards the end of the prior year and a settlement with the vendors of Promenada Mall (which gave rise to €7.1 million in non-recurring distributable earnings). Recurring distributable earnings per share improved by 12.6% compared to the prior year.

35.2 Distribution

The Board of Directors resolved to limit the 2012 full year distribution to 23.29 euro cents per share, an improvement of 15% over the 20.25 euro cents distribution declared in relation to the 2011 financial year. Accordingly, the Board has declared a final distribution of 12.05 euro cents per share in respect of the six months ended 31 December 2012.

35.3 Option to receive capital return

Consistent with the practice introduced in relation to the 2012 half year distribution and given the ongoing development and acquisition programme, the Board has resolved to offer shareholders the option to receive the distribution in relation to the six months ended 31 December 2012 as a cash distribution or a return of capital by way of an issue of new shares credited as fully paid up at a ratio of 2.774 new shares for each 100 shares held. A circular that contains details of the election, accompanied by an announcement on the Stock Exchange News Service of the JSE ("**SENS**"), the Regulatory News Service of the LSE ("b") and the Bucharest Stock Exchange ("**BVB**"), will be issued in due course.

35.4 Retained distributable earnings

The balance of retained distributable earnings as at 31 December 2012, after the full year distribution in relation to 2012, amounts to €8.2 million (this amount includes distributable earnings carried forward from prior years). The retained distributable earnings will be considered for distribution during the 2013 and 2014 financial years as the Group pursues various property developments. The developments are expected to have a positive impact on per share distributions, once completed. However, during the construction period, developments dilute distributable earnings as interest in relation to property under construction is capitalised at the Group's average cost of finance and as cash balances retained to finance such developments yield low returns.

35.5 **Other highlights**

Improvement in the volumes of trading in the Company's shares has been a priority for a number of years. During 2012, the Company raised €138 million *via* the issue of ordinary shares. Partly as a result of this, the shareholder base of the Company expanded to over 3 400 shareholders by the 2012 financial year end (compared to approximately 1 900 shareholders at the end of the 2011 financial year) and the volumes of daily trade of the Company's shares have improved further.

Adjusted Net Asset Value ("**NAV**") as at 31 December 2012 is 18.5% higher compared to the prior year end. Vacancy is on a downward trend; the vacancy calculated as a portion of available rentable area (excluding the rentable areas under earn-out arrangements in City Business Centre in Timisoara) at the 2012 year end is 4.8% compared to 5.3% at the prior year end and has reduced further since the 2012 year end. Non-recoverable tenant income amounted to €72 000 in respect of the year ended on 31 December 2012, equivalent to 0.18% of contractual rental income and expense recoveries for the year.

35.6 **Retail property acquisitions, extensions and developments**

During the 2012 financial year, the Group made significant progress in extending its portfolio of retail properties and retail development pipeline with the opening of Ploiesti Shopping City and the conclusion of a number of transactions that secure further retail development and extension opportunities for the 2013 and 2014 financial years. The Group will benefit from rental income generated in relation to Ploiesti Shopping City in 2013. In addition, three significant and six smaller retail developments and/or extension projects have or are expected to commence construction during the 2013 financial year. NEPI has withdrawn from the Victoria City Centre development opportunity in Bucharest, Romania, reported in the 2011 annual report.

Ploiesti Shopping City

The Group finalised and opened the first phase of a regional mall in joint venture with Carrefour Property on 15 November 2012, in less than 11 months from the start of construction works. On opening day the mall which comprises 46 000 m^2 of Gross Lettable Area ("**GLA**") included more than 75 operational tenants including Altex, Bershka, Carrefour (the second largest retailer in the world), Douglas, Deichmann, Flanco, H&M, Intersport, KFC, Leonardo, New Yorker, Office Shoes, Orsay, Paul, Pull and Bear, Quasi Pronti, Reserved, Segafredo, Sephora, Stradivarius, Takko, Vodafone, Yves Rocher and Zara. A 12 screen cinema complex (the largest such complex in Romania outside of the capital city) operated by Cinema City (the largest cinema operator in central Europe) opened on 5 December 2012. Trading since opening has exceeded expectations. A second phase development is under consideration.

Brasov Shopping City

During the year, the Group completed the purchase and leaseback of a retail box (including additional land) from Mobexpert, the leading Romanian furniture retailer. The acquired properties are adjacent to the Group's 2011 re-developed strip mall and the Carrefour hypermarket in Brasov, Romania, and the acquisition was concluded with the intention to re-develop the combined properties into a regional mall, in partnership with Carrefour Property. Brasov is the eighth largest city in Romania and one of the most important industry hubs in the country. Due to its numerous historical sites and its proximity to popular ski and mountain resorts, Brasov is also a leading tourist destination in Romania. The city does not have a large modern shopping centre and NEPI and Carrefour's properties are ideally located to be re-developed into a dominant regional mall. The original intention was to develop up to 57 000 m^2 of GLA. The Group and its development partner have since agreed to enlarge the planned mall and are, to this end, in the process of acquiring an additional 7 000 m^2 plot of land adjacent to NEPI's assets. The enlarged regional mall will consist of approximately 65 000 m^2 of GLA and will be integrated with 13 200 m^2 of neighbouring bulk retail. The completion of the development, which is subject to final approval by the NEPI and Carrefour boards, is planned for 2014.

Galati Shopping City

As announced in November 2012 the Group has concluded an agreement to acquire a plot of land of approximately 12 700 m^2 in Galati, Romania. The site of the proposed Galati development is located on one of the main boulevards of Galati and has good vehicular and public transport access. Galati is the seventh largest Romanian city and the largest Romanian port city on the Danube River. The site is 25 kilometres from Promenada Mall Braila, NEPI's regional shopping centre in neighbouring town Braila. There are no major retail centres in Galati. The Group acquired the land with the intention of developing a retail value centre anchored by a hypermarket and several international value brands. Due to strong tenant demand, the Group now intends to develop a shopping centre on the site. The permitting process is progressing well. Construction of the first phase (approximately 30 000 m^2 of GLA) will commence once the required building permit has been obtained.

Vulcan Value Centre

As announced in June 2012, the Group entered into a joint venture to acquire and develop a former factory site located in an under-serviced and densely populated area of Bucharest (the capital city of Romania). The site has good vehicular and public transport access. NEPI plans to develop a value centre with 25 500 m^2 of GLA anchored by a hypermarket and other value tenants. The zoning approval was obtained during December 2012, which was later than anticipated. Lease agreements have been entered into with Carrefour (for a hypermarket) and KFC (for a drive through). Lease discussions with a number of other international tenants are progressing well. Broad commercial terms have been negotiated in respect of 65% of the planned GLA. Site preparation works have commenced and construction works will begin when the required building permit has been obtained, with an opening planned by the 2013 year end, provided that there are no further delays in the permitting process.

Kaufland value extensions

The Group has concluded agreements to acquire land in two smaller Romanian towns adjacent to existing Kaufland supermarkets (in Alexandria and Sfantu Gheorghe) and is in the process of acquiring three further similar sites in other similar towns with the intention to develop convenience retail value schemes linked to the supermarkets. Kaufland is a German discount supermarket chain which operates over 1 000 stores in Germany and several Central and Eastern European countries. It became the leading food retailer in Romania with 81 well located owned and operated stores by the end of 2012 and over €1.3 billion in annual sales in Romania. The stores have standard layouts with sales areas of approximately 5 000 m^2 per store. The five planned developments will initially range from 1 900 to 2 900 m^2 of GLA per development.

Promenada Mall Braila

The expansion of the fashion offering referred to in NEPI's 2011 annual report was completed in May 2012 with the opening of H&M and C&A. This has strengthened the mall's regional dominance. Since this expansion, NEPI has acquired approximately 1 900 m^2 of land adjacent to the fashion section of the mall with a view to effect a further extension of the mall with additional international fashion brands.

35.7 **Office property acquisitions, extensions and developments**

Given the relative scarcity of capital for investment in its markets, NEPI has identified attractive office acquisition and development opportunities in Romania. NEPI's office strategy is to own large A-grade offices that comply with international tenant requirements in prime locations in cities with significant multi-national tenant presence. To this end, the Group has acquired the centrally located City Business Centre (the only A-grade office development) in Timisoara and centrally located office development land in Cluj-Napoca ("**Cluj**"). NEPI is in negotiations to acquire The Lakeview offices in Bucharest. NEPI owns significant prime offices in Bucharest and Timisoara and has commenced works in relation to a unique office development in Cluj.

City Business Centre

During February 2012, the Group acquired the City Business Centre in Timisoara. Timisoara is home to a growing back-office activities-and-services market that offers a skilled labour force, low costs and proximity to Western Europe. The acquisition includes three existing office buildings of 27 150 m^2 of GLA and a forward commitment to acquire two further office buildings with approximately 20 000 m^2 of GLA that were under development. Tenants in the three existing office buildings include Alcatel, Deloitte, IBM, Microsoft, PricewaterhouseCoopers, Raiffeisen Bank, UniCredit Tiriac Bank and Wipro. The first of the two office buildings which were under development at the time of the acquisition was completed in September 2012. To date, close to 70% of the office space in this building has been leased to tenants including Autoliv, EBS, Maerz, SAP and Unified Post. The building also includes conference facilities.

The Office Cluj-Napoca

During July 2012, the Group acquired an 18 082 m^2 plot of land in the city centre of Cluj, in a joint venture with Mr. Ovidiu Sandor (the developer of City Business Centre) with a view to develop, in three phases, up to 54 200 m^2 of A-grade office GLA. Cluj is situated in the north-western part of Romania and is the second largest city in Romania by population. The city houses the headquarters of a number of multinational companies and the city is also an important centre for tertiary education. Since the project was announced, significant tenant enquiries were received for what would be the first A-grade office development in Cluj. Site set-up has commenced in February 2013 and the issue of a building permit is imminent. The first phase of the development is expected to be completed by spring 2014.

The Lakeview

The Group is in negotiations to acquire The Lakeview offices in Bucharest, Romania. The Lakeview is a landmark A-grade office building consisting of offices and ground floor retail with a total GLA of 25 500 m^2 and 485 parking bays. The Lakeview is located close to NEPI's Floreasca Business Park in the emerging office corridor between Floreasca and Barbu Vacarescu Streets in the North East of Bucharest. The building is fully occupied with tenants including Alcon, Colgate-Palmolive, Huawei, Philips, PricewaterhouseCoopers and Royal Bank of Scotland. Further announcements in relation to the acquisition of The Lakeview will be made as and when appropriate.

Piata Victoriei office development

Design and permitting works are ongoing in relation to a landmark office development on NEPI's land in Piata Victoriei, Bucharest. As the site is part of a historic area, progress is slow with several authorities that need to approve the development proposal.

35.8 **Disposals**

Retail Park Auchan Pitesti

As announced during August 2012, the Group entered into agreements with the Auchan group to sell the hypermarket section of Retail Park Auchan Pitesti for a total consideration of approximately €28.7 million. The transaction, which is subject to a number of conditions precedent, is expected to conclude early in 2013.

35.9 **Cash management and debt**

In addition to €147.4 million in cash and net listed property shares, the Group has an undrawn secured revolving facility with UniCredit Tiriac Bank for €9.5 million and is expected to be in a position to drawdown a further €3.25 million as the construction loan with BRD (a subsidiary of Societe Generale) in relation to Ploiesti Shopping City is converted into an investment loan.

The Group will retain high levels of access to liquidity due to the instability of the European banking markets, to finance the Group's development pipeline and to pursue further investment opportunities. In order to mitigate the dilutory effect this has on earnings, a portion of the cash held for capital commitments has been invested in liquid dividend paying listed property shares. The total investment exposure to listed securities amounted to €71.5 million as at year end. As at 31 December 2012 and as at the date of this report, the listed securities traded at a premium to their initial acquisition cost and accrued income.

As reported on before, the Group has renewed its €9.5 million secured revolving facility with UniCredit Tiriac Bank during the 2012 financial year. The facility carries an interest rate of 1 month Euribor plus 4.0% and matures on 31 May 2013 when, at the Group's option, the facility is convertible into a term loan repayable on 31 December 2014. The facility remains undrawn at the date of this report.

A construction loan of €33.5 million was granted by BRD in July 2012 for the development of Ploiesti Shopping City. NEPI and Carrefour Property each own 50% of this project; therefore, the Group accounts for 50% of the loan. The construction loan is in the process of conversion into an investment loan and the total loan amount will increase to €40 million, repayable in 10 years. The construction loan carries an interest rate of 3-month Euribor plus 4.5%, while the investment loan will carry an interest rate of 3-month Euribor plus 4.0%.

The Group had €219 million of third party debt finance in place at 31 December 2012 (€197 million in secured term debt and €22 million in short term facilities secured over the listed property shares). €79 million of the secured term debt is due for repayment during the 2013 financial year. The Group does not foresee difficulty to re-finance the expiring debt. At year end, the Group's gearing ratio (interest bearing debt less cash divided by investment property and listed property shares) decreased to 25%. The average interest rate (including interest rate hedging costs) in relation to the debt was approximately 4.5% during the 2012 financial year.

SHARE CAPITAL

1. **AUTHORISATIONS**

The special resolution required for the directors to allot and issue the authorised and unissued shares in the company for cash is subject to the provisions of article 5.3 of the company's articles of association, the JSE Listings Requirements, the AIM Rules of the LSE and the rules of the BVB. This authority remains in force until the next annual general meeting.

2. **OPTIONS AND PREFERENTIAL RIGHTS IN RESPECT OF SHARES**

2.1 There are no acquisition rights and/or obligations over authorised but unissued share capital or an undertaking to increase the capital nor are there any contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any shares in the company.

2.2 There are no preferential conversion and/or exchange rights in respect of any of the shares.

3. **ALTERATIONS TO SHARE CAPITAL**

3.1 Other than as set out in the table below, there have been no other issues, offers or alteration of share capital during the preceding three years.

Date	**Recipient**	**Number of shares**	**Price per share**	**Reason**
12 March 2010	Vendors	9 310 823	€2.25	Vendor placement
1 April 2010	Various investors	5 882 352	R25.50	Private placement
28 June 2010	Vendors	2 450 748	€2.58	Internalisation of the company's management function
22 December 2010	Existing shareholders in proportion to their holding	15 000 000	€2.67	Rights offer
22 June 2011	Various investors	9 564 245	€3.01	Private placement
6 November 2011	Participants	400 000	€2.92	Sale of shares issued under the initial share scheme
7 December 2011	Existing shareholders in proportion to their holding	14 285 714	€2.79	Rights offer
30 December 2011	Participants	50 793	€3.08	Sale of shares issued under the initial share scheme
2 February 2012	Vendors	5 518 057	€3.00	Vendor placement
4 May 2012	Various investors	1 600 000	€3.20	Private placement
22 May 2012	Various investors	13 505 201	€3.20	Private placement
5 September 2012	Existing shareholders in proportion to their holding	3 224 460	€3.75	Option to receive a return of capital
3 October 2012	Various investors	2 980 061	€4.03	Private placement
20 November 2012	Existing shareholders in proportion to their holding	12 345 680	€4.05	Rights offer
30 December 2012	Participants	110 999	€3.51	Sale of shares issued under the initial share scheme

Date	Recipient	Number of shares	Price per share	Reason
8 February 2013	Participants	2 448	€4.75	Sale of shares issued under the initial share scheme
8 April 2013	Existing shareholders in proportion to their holding	3 625 314	€4.43	Option to receive a return of capital
24 April 2013	Various investors	11 290 323	R62.00	Accelerated book build

3.1.1 The table above excludes shares issued in terms of the initial share scheme and shares issued under current share scheme (vested and unvested), but includes the shares sold by participants in the initial share scheme to other investors.

3.1.2 The shares were issued at a discount to market value at the time of the issue in order to encourage potential investors to acquire shares.

3.2 Save as disclosed in **Annexure 6** to these revised listing particulars, no other assets were acquired or are to be acquired out of the proceeds of the issue of NEPI shares.

3.3 No share repurchases have been undertaken by the company in the preceding three years.

3.4 There have been no sub-divisions or consolidations of shares during the preceding three years to the date of issue of these revised listing particulars.

3.5 The special resolutions for the creation of the share capital of NEPI have been duly passed by the requisite majority of shareholders. The requisite directors' resolutions have been passed authorising the issue of the shares in NEPI.

4. STATEMENT AS TO LISTING ON STOCK EXCHANGE

The shares of the company are listed on the JSE's Main Board, the regulated market of the Bucharest Stock Exchange and the AIM market of the London Stock Exchange.

MATERIAL BORROWINGS AND LOANS RECEIVABLE

1. MATERIAL LOANS PAYABLE BY THE GROUP

The following material loans were made to the company and its subsidiaries as at the last practical date:

1.1 NEPI Bucharest One SRL

Lender:	Alpha Bank Romania SA
Facility amount:	€6 200 000
Description/purpose:	The acquisition of properties owned by NEPI Bucharest One.
Interest rate:	The loan bears interest at a floating rate of 1 month Euribor plus a margin of 4.5%. The group has capped its Euribor base interest rate exposure at 2%.
Terms of repayment:	The loan is repayable in full by 31 October 2013.
Security:	• General security over the land and properties (fair value as at 31 December 2012 amounted to €15 170 000), current assets, cash inflows from operating activities and shares of NEPI Bucharest One • Corporate guarantee issued by the company
Material covenants:	Loan to value ratio of maximum 65%
Amount repayable within 12 months and method of finance:	€6 200 000 Principal repayments to be made in the following 12 months will be financed from net operating income.

1.2 General Investment SRL

Lender:	EuroHypo AG
Facility amount:	€15 000 000
Description/purpose:	The acquisition of General Investment SRL and General Building Management SRL.
Interest rate:	The loan bears interest at a fixed rate of 6.23%.
Terms of repayment:	The loan is repayable in full by 30 August 2014.
Security:	General security over the properties (fair value as at 31 December 2012 amounted to €30 650 226), current assets, cash inflows from operating activities and shares of General Investment SRL and General Building Management SRL
Material covenants:	• Loan to value ratio of maximum 70% • Debt service ratio of minimum 120%
Amount repayable within 12 months and method of finance:	€1 548 018 Principal repayments to be made in the following 12 months will be financed from net operating income.

1.3 **New Europe Property Investments plc, NEPI Bucharest Two and Unique Delamode SRL**

Lender:	Unicredit Tiriac Bank SA
Facility amount:	€9 500 000
Description/purpose:	The revolving credit facility shall be used by the borrowers for financing the borrowers' current operation and managing cash flows.
Interest rate:	The loan bears an interest rate of 1 month Euribor plus a margin of 4%. The group has capped its Euribor base interest rate at 2%.
Terms of repayment:	The facility was extended on 21 May 2012 and will expire on 31 May 2013 when, at the group's option, the facility is convertible into a term loan repayable on 31 December 2014.
Security:	• General security over the properties (fair value as at 31 December 2012 amounted to €17 060 000), current assets, cash inflows from operating activities and shares of NEPI Bucharest Two SRL and Unique Delamode SRL • Corporate guarantee issued by the company
Material covenants:	• Loan to value ratio of maximum 60% • Debt service ratio of minimum 125%
Amount repayable within 12 months and method of finance:	At 31 December 2012 this facility was undrawn.

1.4 **Premium Portfolio**

Lender:	Nord LB Bank
Facility amount:	€13 995 000
Description/purpose:	The acquisition of Premium Portfolio in Germany
Interest rate:	The loan bears interest at a fixed rate of 5.17% as a result of an interest rate swap concluded with Nord LB Bank.
Terms of repayment:	The loan is repayable in full by 31 December 2014.
Security:	General security over the properties (weighted fair value as at 31 December 2012 amounted to €15 110 000), current assets and cash inflows of Premium Portfolio Ltd & Co and Premium Portfolio 2 Ltd & Co
Material covenants:	• Loan to value ratio of maximum 90% • Debt service ratio of minimum 115%
Amount repayable within 12 months and method of finance:	€293 541 Principal repayments to be made in the following 12 months will be financed from net operating income.

1.5 **Promenada Mall Braila**

Lender:	KBC Bank Ireland
Facility amount:	€40 000 000
Description/purpose:	The loan was taken over and refinanced on 25 February 2010 as part of the Promenada Mall Braila acquisition
Interest rate:	The loan bears interest at a floating rate of 3 month Euribor plus a margin of 3%. The group swapped its Euribor base interest rate exposure at 1.8%.
Terms of repayment:	The facility had a two year grace period on repayment of the principal. Starting 2012, 16% of the principal has to be repaid in equal annual instalments until maturity in December 2014.

Security:	• General security over the property (fair value as at 31 December 2012 amounted to €73 280 000), current assets, cash inflows from operating activities and shares of Braila Promenada Mall SRL • The facility is secured with a holding company guarantee (issued by NEPI) in favour of KBC Bank Ireland, which covers the principal repayments due by Promenada Mall Braila during the third and fourth years of the loan agreement (that amounts to €6 318 600), and interest that is payable at any time during the term of the loan
Material covenants:	• Loan to value ratio of maximum 69%, 69%, 62%, 56%, 50% (from year 1 to year 5) • Interest service coverage ratio of minimum 180%, 200%, 220%, 220%, 220% (from year 1 to year 5)
Amount repayable within 12 months and method of finance:	€2 155 653 Principal repayments to be made in the following 12 months will be financed from net operating income.

1.6 **Retail Park Auchan Pitesti**

Lender:	Unicredit Bank and Banca Romaneasca
Facility amount:	€28 813 000
Description/purpose:	The company refinanced a loan facility in relation to Retail Park Auchan Pitesti with a new loan facility from Unicredit Bank and Banca Romaneasca
Interest rate:	The loan bears interest at a floating rate of 1 month Euribor plus a margin of 4%. The group capped its Euribor base interest rate exposure at 2%.
Terms of repayment:	The facility of €28 813 000 matures in January 2015 with principal amortisation that started in 2012.
Security:	• General security over the property (fair value as at 31 December 2012 amounts to €70 275 158), current assets, cash inflows from operating activities, accounts and receivables of Connect Investment SRL • A property maintenance reserve account holding the equivalent of 1% of annual net operating income of the property
Material covenants:	• Loan to value ratio of maximum 70% • Debt service cover ratio of minimum 110%
Amount repayable within 12 months and method of finance:	€1 899 256 Principal repayments to be made in the following 12 months will be financed from net operating income.

1.7 **Floreasca Business Park**

Lender:	Raiffeisen Zentralbank Österreich AG
Facility amount:	€77 000 000
Description/purpose:	The loan is repayable in full by 31 October 2013.
Interest rate:	The borrowed amount bears interest at a floating rate of 3 month Euribor plus a margin of 2.5%. The group has swapped its Euribor base interest rate exposure in relation to the loan at 1.79%.
Terms of repayment:	The loan matures at the end of 2013 and is repayable in quarterly instalments. The bank is entitled to a 100% share of the after-tax cash inflow obtained from Floreasca Business Park.
Security:	General security over the property (fair value as at 31 December 2012 amounts to €104 370 000), current assets, cash inflows from operating activities, accounts and receivables of Floreasca Business Park SRL

Material covenants:	The cash contribution in the project must amount to at least €14 250 000
Amount repayable within 12 months and method of finance:	€62 246 248 The loan is expected to be refinanced.

1.8 **City Business Centre**

Lender:	Investkredit Bank AG
Facility amount:	€10 577 586
Description/purpose:	Loan taken over as a result of the acquisition of City Business Centre Timisoara.
Interest rate:	The borrowed amount bears interest at a floating rate of 1 month Euribor plus a margin of 1.75%. The group capped its Euribor base interest rate exposure at 1.93%
Terms of repayment:	The loan facility matures in 2028. The loan is repayable in monthly instalments.
Security:	General security over the property (fair value as at 31 December 2012 amounts to €33 210 000), current assets, cash inflows from operating activities, accounts and receivables of Timisoara City Business Centre One SA
Material covenants:	• Loan to value ratio of maximum 75% • Debt service cover ratio of minimum 120%
Amount repayable within 12 months and method of finance:	€489 270 Principal repayments to be made in the following 12 months will be financed from net operating income.

1.9 **City Business Centre**

Lender:	Investkredit Bank AG
Facility amount:	€10 836 177
Description/purpose:	Loan taken over as a result of the acquisition of City Business Centre Timisoara.
Interest rate:	The borrowed amount bears interest at a floating rate of 1 month Euribor plus a margin of 2.00%. The group capped its Euribor base interest rate exposure at 1.93%
Terms of repayment:	The loan facility matures in 2029. The loan is repayable in monthly instalments.
Security:	General security over the property (fair value as at 31 December 2012 amounts to €33 210 000), current assets, cash inflows from operating activities, accounts and receivables of Timisoara City Business Centre One SA.
Material covenants:	• Loan to value ratio of maximum 75% • Debt service cover ratio of minimum 120%
Amount repayable within 12 months and method of finance:	€469 443 Principal repayments to be made in the following 12 months will be financed from net operating income.

1.10 City Business Centre

Lender:	BANCA COMERCIALA ROMANA SA
Facility amount:	€7 872 995
Description/purpose:	Loan taken over as a result of the acquisition of City Business Centre Timisoara.
Interest rate:	The borrowed amount bears interest at a floating rate of 1 month Euribor plus a margin of 4%. The group capped its Euribor base interest rate exposure in relation to the loan at 2%.
Terms of repayment:	The loan facility matures in 2021. The loan is repayable in monthly instalments.
Security:	General security over the property (fair value as at 31 December 2012 amounts to €18 460 000), current assets, cash inflows from operating activities, accounts and receivables of Timisoara Office Building SA.
Material covenants:	• Loan to value ratio of maximum 70% • Debt service cover ratio of minimum 115%
Amount repayable within 12 months and method of finance:	€259 392 Principal repayments to be made in the following 12 months will be financed from net operating income.

1.11 Ploiesti Shopping City

Lender:	BRD Group Societe Generale SA
Facility amount:	Development loan of €13 500 000
Description/purpose:	The purpose of the loan is to finance the development of phase A of the Ploiesti Shopping City mall in Romania, Prahova County.
Interest rate:	The borrowed amount bears interest at a floating rate of 3 month Euribor plus a margin of 4.5%. The group has swapped its Euribor base interest rate exposure in relation to the loan at 1.74%.
Terms of repayment:	The development loan matures at the end of 2024.
Security:	General security over the property (weighted fair value as at 31 December 2012 amounted to €40 037 000), current assets, cash inflows from operating activities, accounts and receivables of Ploiesti Shopping City SRL.
Material covenants:	• Loan to value ratio of maximum 50% • Debt service cover ratio of minimum 120% • Interest coverage ratio of minimum 170%
Amount repayable within 12 months and method of finance:	€3 599 228 Principal repayments to be made in the following 12 months will be financed from net operating income.

1.12 **Ploiesti Shopping City**

Lender:	BRD Group Societe Generale SA
Facility amount:	Revolving loan facility of €3 250 000
Description/purpose:	The purpose of the loan is to finance the VAT payable for the development of phase A of the Ploiesti Shopping City mall in Romania, Prahova County.
Interest rate:	The loan bears interest at a floating rate of 3 month Euribor plus a margin of 2.75%. The group capped its Euribor base interest rate exposure in relation to the loan at 2.25%.
Terms of repayment:	The revolving loan facility matures in 2013.
Security:	General security over the property (weighted fair value as at 31 December 2012 amounted to €40 037 000), current assets, cash inflows from operating activities, accounts and receivables of Ploiesti Shopping City SRL.
Material covenants:	• Loan to value ratio of maximum 50% • Debt service cover ratio of minimum 120% • Interest coverage ratio of minimum 170%
Amount repayable within 12 months and method of finance:	€3 250 000 The revolving facility will be financed from a VAT refund to be received from the Romanian Fiscal Authorities for the VAT deducted on the construction works for the development of the mall.

CORPORATE GOVERNANCE STATEMENT

The board recognises the importance of sound corporate governance and endorses and monitors compliance with the Quoted Companies Alliance Corporate Governance Guidelines for Smaller Quoted Companies and the King III Report on Corporate Governance in South Africa. The board confirms that the company is compliant with the provisions of King III in all material respects, except for the following:

KING III PRINCIPLE		NOTES
2.20	Training and development of directors should be conducted through formal processes.	Training and development of directors has not been conducted through a formal process. This has not been necessary as the directors have been familiar with the group's operations and business environment.
2.23	The performance of the board, its committees and individual directors should be evaluated annually.	No formal evaluation of the board, sub-committees, or of individual directors was undertaken in 2012.
9.3	Sustainability reporting and disclosure should have independent assurance.	No formal process of assurance by an independent party has been undertaken in 2012.

The directors recognise the need to conduct the enterprise with integrity and provide effective leadership based on an ethical foundation. This includes timely, relevant and meaningful reporting to its shareholders and other stakeholders providing a proper and objective perspective of the company and its activities, directing the strategy and operations of the company to build a sustainable business and considering short and long-term impacts of the strategy on the economy, society and the environment. The board will ensure that the group is seen to be a responsible corporate citizen through the implementation of the corporate governance policies provided below.

BOARD OF DIRECTORS

The board comprises four independent non-executive directors, one non-independent non-executive director and two executive directors. The roles of chairman and chief executive officer are clearly separated to ensure a balance of power and prevent any director from exercising unfettered powers of decision-making.

The main functions of the board include:

- adopting strategic plans and ensuring that these plans are carried out by management;
- approving major matters, including capital funding, acquisitions, disposals, capital expenditure and financial statements;
- monitoring the operational performance of the business and the performance of the management at both operational and executive level; and
- 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 gives 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. There are no external advisors who regularly attend or are invited to attend board committee meetings. The policies and procedures of the company are also adopted by all subsidiaries.

The board is confident that the group has established effective framework and processes for compliance with laws, codes, rules and standards. There were no material or immaterial but often repeated regulatory penalties, sanctions or fines for contraventions or non-compliance with statutory obligations imposed on the companies or any of its directors or officers.

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: Desmond de Beer (chairman), Jeffrey Zidel and Martin Slabbert

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

Remuneration committee

Members: Dewald Joubert (chairman), Dan Pascariu and Desmond de Beer

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: Dan Pascariu (chairman), Jeffrey Zidel and Michael Mills

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.

Audit and risk committee

Members: Michael Mills (chairman), Dewald Joubert and Jeffrey Zidel

The audit and risk committee, comprising three non-executive 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 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 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. The Internal Financial Control Environment is considered appropriate for the size and activities of the group.

Significant risks that are identified by these systems 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. The systems are regularly reviewed by the audit and risk committee.

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.

The audit and risk committee ("**committee**") has primary responsibility for making recommendations to the board on the appointment, re-appointment and removal of the external auditor. It ensures that the scope of the auditor's work is sufficient and that the auditor is fairly remunerated. The committee also oversees the appointment of the auditor for non-audit services, in line with company policy. The committee reviews audit plans for external audits and the outcome of the work performed in executing these plans. The committee meets with the external auditor and discusses and reviews the accounts, the audit procedures and the group's internal controls. They further ensure that items identified for action are followed up.

The board has determined that committee members have the skills and experience necessary to contribute meaningfully to the committee's deliberations. In addition, the chairman has the requisite experience in accounting and financial management. The audit and risk committee has considered and found appropriate the expertise and experience of the finance director.

The committee met five times during the financial year. In fulfilling its responsibility of monitoring the integrity of financial reports to shareholders, the audit and risk committee has reviewed the accounting principles, policies and practices adopted in the preparation of financial information and has examined documentation relating to the annual report and interim financial statements. The clarity of disclosures included in the financial statements was reviewed by the audit and risk committee, as was the basis for significant estimates and judgements. The audit and risk committee complied with its legal, regulatory and company's charter and recommended the annual report to the board for approval.

ATTENDANCE AT BOARD AND SUB-COMMITTEE MEETINGS

	Board	Investment committee	Audit and risk committee	Remuneration committee	Nomination committee
Dan Pascariu	5/5			3/3	1/1
Desmond de Beer	5/5	6/6		3/3	
Dewald Joubert	5/5		5/5	3/3	
Jeffrey Zidel	5/5	6/6	5/5		1/1
Martin Slabbert	5/5	6/6			
Michael Mills	5/5		5/5		1/1
Victor Semionov	5/5				

EXTERNAL AUDIT

The external auditor reported to the committee to confirm that they are and have remained independent from the group during the year. The audit and risk committee considered information pertaining to the external auditor's relationships with group that might reasonably have a bearing on the external auditor's independence and the audit engagement partner and staff's objectivity, and the related safeguards and procedures, and has concluded that the external auditor's independence was not impaired. The committee approved the external auditor's terms of engagement and scope of work. Currently, this includes only the audit of the annual consolidated and separate financial statements. Based on written reports submitted, the committee reviewed, with the external auditor, the findings of their work and confirmed that all significant matters had been satisfactorily resolved.

INTERNAL AUDIT

During 2011, the group implemented an internal audit function performed by an independent, professional firm which reports directly to the chief executive officer and the chairman of the audit and risk committee. The group's Internal Audit department carries out risk oriented audits of operational and functional activities, according to the recommendations of the audit and risk committee.

The audit and risk committee also examined and discussed with the auditor the appropriateness of internal controls and utilisation of internal auditor and made recommendations to the board.

RISK FACTORS

The directors believe the following risks to be the most significant for potential investors. The risks listed, however, do not necessarily comprise all those associated with an investment in the company and are not intended to be presented in any assumed order of priority.

Difficulty of identifying and securing suitable investments

The activity of identifying and securing attractive investments may be highly competitive and involve a high degree of uncertainty. The company will be competing for investments with other real estate investment vehicles, as well as individuals, financial institutions and other institutional investors. There can be no assurance that the company will be able to identify and secure investments that satisfy its rate of return objective or realise their values or that it will be able to fully invest its available capital.

Availability of investment opportunities

The availability of potential investments that meet the company's investment criteria will depend on the state of the economy and financial markets.

Economic, political and social conditions

The company's return on its investments and prospects are subject to economic, political and social developments in Romania and the Central and Eastern European region in general. In particular, the company's return on its investments may be adversely affected by:

- changes in Romania's and/or other Central and Eastern European countries' political, economic and social conditions;
- changes in policies of the government or changes in laws and regulations, or the interpretation of laws and regulations;
- changes in foreign exchange regulations;
- measures that may be introduced to control inflation, such as interest rate increases; and
- changes in the rate or method of taxation.

Economic risk

Any property market recession could materially adversely affect the value of properties. Returns from an investment in property depend largely upon the amount of rental income generated from the property and the costs and expenses incurred in the maintenance and management of the property, as well as upon changes in its market value.

Property risk

Property and property related assets are inherently difficult to value due to the individual nature of each property and the fact there is not necessarily a liquid market or price mechanism.

Tax related risks

There may, in certain circumstances, be withholding or other taxes on the profits or other returns derived from the company's investments which may change from time to time and which could have a material and adverse affect on the company's performance. The tax regimes applying in the countries in which the company operates and/or invests may change, thereby affecting the tax treatment of the company and/or its SPVs in these jurisdictions.

Impact of law and governmental regulation

The company and developers with whom it deals will need to comply with laws and regulations relating to planning, land use and development standards. The institution and enforcement of such laws and regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the company's property portfolio.

Credit risk

Credit risk represents the risk of financial loss to the company if a tenant or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from tenants.

Interest rate risk

The company could be subject to interest rate risk on loans and cash balances held. Equity and profit or losses are influenced by the changing in interest rate. This is offset by hedging that risk through the use of derivative financial instruments.

GOVERNANCE OF STAKEHOLDERS' RELATIONSHIPS

The main stakeholders are considered to be the shareholders, the employees, the tenants, the suppliers, the public and fiscal administrations of the locations where the group carries its activities and the banks with whom the group entered into contractual agreements. The group has a transparent information communication policy, with the purpose of enabling stakeholders to make an informed assessment of the group's economic value and allowing insight into the prospects for future value creation. The group did not record any refusals of requests for information in terms of the Promotion of Access to Information Act (2000).

GOVERNANCE OF INFORMATION TECHNOLOGY

The board of directors confirms that there are processes in place to ensure complete, timely, relevant, accurate and accessible IT reporting from management to the board and in the annual report.

DIRECTORS' REMUNERATION

The remuneration policy is aligned with the strategic objectives of the group to create long-term sustainable value for shareholders.

Directors receive only base pay, as bonuses are not part of the group's policy. Executive salaries are competitive in the market and increases are determined with reference to individual performance, inflation and market related factors.

Participation in the share purchase schemes is restricted to employees and executive directors. Performance measures for share purchase schemes awards are set annually by the remuneration committee and shares are allocated based on individual performance. The group provides loan financing to employees and executive directors for acquiring shares. There are no separate share purchase schemes to encourage retention, aside from the share purchase schemes rewarding performance.

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.

After careful consideration, the qualifications, experience and competence of the company secretary, Sabre Fiduciary Limited, represented by Cornelius Eduard Cassel, were deemed appropriate by the board of directors. The board of directors also concluded that the relationship with the company secretary is at arm's length and there is no conflict of interests. Cornelius Eduard Cassel is not a member of the board of directors of NEPI.

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, annual report and announcements. 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.

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, AIM Rules and BVB requirements. In addition, NEPI maintains a closed period from the end of a financial period to the date of publication of the financial results.

PEOPLE MANAGEMENT – EMPLOYEES

The human resources policy is to employ and retain the best people whose knowledge and effort produce a competitive advantage in the market place.

The remuneration policy is designed to encourage individual achievement and is aligned with the industry standard. The remuneration package for each individual is revised on an annual basis in accordance with the results of the performance evaluation process. The group offers students and graduates internship programmes in the accounting and finance departments. Interns are given the opportunity to grow their knowledge, skills and potential in a highly professional and competitive work environment.

NEPI has a social diversity employment policy and shows zero tolerance to any gender, age or ethnic discrimination.

Before the internalisation of its investment advisor in June 2010, the group did not have employees. The group was managed by the board of directors which outsourced part of the management functions to its investment advisor.

Following the internalisation, the employees of the investment advisor became full time employees of the group. In addition, from 1 October 2010 the group moved to an in-house property management model employing appropriately skilled employees.

At the end of 2010 the group had a team of 39 people including 5 people in the management (which includes the chief executive officer, the finance director, the investment manager, the technical manager and the marketing manager), 9 accounting and reporting personnel and a team of 25 people dealing with property management and auxiliary.

Currently, the NEPI team comprises over 60 people in investments, finance, property management, asset management, legal, reception and support.

ETHICS

NEPI is committed to act ethically in all aspects of its business. Its ethical standards are based on the principles of honesty, integrity, fairness and transparency and focus on all of the group's shareholders, employees, customers, business partners, government, society, and the community at large.

Employees

The group values its employees as the keystone to success and is therefore committed to treating all employees with dignity, trust, and respect, and to building a long-term relationship based on enforceable labour law and the respect of human rights.

Customers

Customer satisfaction is an overriding concern of the group and has a vital role in managing its properties. In this highly competitive environment, the success of the group depends on properly meeting the customers' needs and providing them with the best value for money.

Government

The group seeks to build and manage a sound relationship with governmental authorities on an arm's length basis. No attempts to improperly influence governmental decisions offer, pay, solicit, or accept bribes in any form or shape are acceptable.

Social and environmental responsibility

The group views itself as an integral part of the community in which it operates and is committed to a sound relationship built on respect, trust, honesty, and fairness. Not only is environmental compliance legally necessary, but it is also an important component of the group's obligation to the community and its good reputation. The group therefore strives to minimize environmental impact of its activities by reducing waste, emissions and discharges, and by using energy efficiently.

Conflict of interest

A conflict of interest arises when ever an employee's position or responsibilities within the Group present an opportunity for personal gain that is otherwise inconsistent with the best interests of the Group. Each individual is responsible for their own ethical behaviour. They are expected to use their judgment to act, at all times and in all ways, in the best interests of the group and if they consider that a conflict of interest may exist should promptly notify management.

Insider trading policy

The group prohibits all managers or employees the use of confidential and insider information that is not generally known or available to the public to their personal gain and interest.

Equal employment and non-discrimination

It is the group's policy to maintain the highest ethical standards and comply with all applicable laws, rules, and regulations. The continued success of the group is dependent upon employing the most qualified people and establishing a work environment that is free of discrimination, harassment, intimidation or coercion related to race, colour, religion, gender, age, national origin or disability.

APPLICATION OF PRINCIPLES IN THE KING CODE

Preamble

NEPI is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King Code. It therefore strives to meet those objectives in accordance with the content of the table below.

Key – Level of compliance:

1 – Not applied/will not be applied

2 – In process/partially applied

3 – Full application

The formal steps taken by the directors are summarised below.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
1.	**Ethical leadership and corporate citizenship**		
1.1	The board should provide effective leadership based on an ethical foundation	3	One function of the board is to direct, govern and control the Group while providing effective corporate governance and promoting an ethical corporate culture.
1.2	The board should ensure that the company is, and is seen to be, a responsible corporate citizen	3	NEPI is committed to carrying out activities in an environmentally responsible and resource-efficient manner. This requires dedication and involvement at all stages of design, construction, operation and renovation of the properties.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
1.3	The board should ensure that the company's ethics are managed effectively	3	The directors recognise the need to conduct the enterprise with integrity and provide effective leadership based on an ethical foundation.
2.	**Board and Directors**		
2.1	The board should act as the focal point for and custodian of corporate governance	3	The board recognises the importance of sound corporate governance and endorses and monitors compliance with the Quoted Companies Alliance Corporate Governance Guidelines for Smaller Quoted Companies and the King III Report on Corporate Governance in South Africa.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	3	The board understands that strategy, risk, performance and sustainability are inseparable.
2.3	The board should provide effective leadership based on an ethical foundation	3	NEPI aims to uphold the highest standards of honesty, integrity, and fairness and has zero tolerance for the committing or concealment of fraudulent acts by employees, contractors and suppliers.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	3	The board will ensure that the group is seen to be a responsible corporate citizen through the implementation of the corporate governance policies.
2.5	The board should ensure that the company's ethics are managed effectively	3	The directors recognise the need to conduct the enterprise with integrity and provide effective leadership based on an ethical foundation.
2.6	The board should ensure that the company has an effective and independent audit committee	3	Audit and risk committee comprising of three independent non-executive directors.
2.7	The board should be responsible for the governance of risk	3	The board has delegated the responsibility for developing and monitoring the group's risk management policies to the audit and risk committee.
2.8	The board should be responsible for information technology (IT) governance	3	The board confirms that there are processes in place to ensure complete, timely, relevant, accurate and accessible IT reporting from management to the board and in the annual report.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	3	The board is confident that the group has established effective framework and processes for compliance with laws, codes, rules and standards.
2.10	The board should ensure that there is an effective risk-based internal audit	3	The group implemented an internal audit function performed by an independent, professional firm which reports directly to the chief executive officer and the chairman of the audit and risk committee.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	3	The group has a transparent information communication policy, with the purpose of enabling stakeholders to make an informed assessment of the group's economic value and allowing insight into the prospects for future value creation.
2.12	The board should ensure the integrity of the company's integrated report	2	The group has improved significantly the quality and integrity of the annual report.
2.13	The board should report on the effectiveness of the company's system of internal controls	3	The directors assume overall responsibility for the group's system of internal control and for reviewing its effectiveness.
2.14	The board and its directors should act in the best interests of the company	3	Each director has individual responsibility and a duty to exercise a degree of care, skill and diligence.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	2	The consequences of the group not being able to pay its debts are considered by the board. A business rescue procedure is in process of being implemented.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	3	The chairman of the company is an independent non-executive director and the CEO does not also fulfil the role of chairman of the board.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	3	Applied.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	3	The majority of the board members are independent non-executive directors.
2.19	Directors should be appointed through a formal process	3	Applied.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	1	Training and development of directors has not been conducted through a formal process. This has not been necessary as the directors have been familiar with the group's operations and business environment.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	3	After careful consideration, the qualifications, experience and competence of the company secretary, were deemed appropriate by the board. the board also concluded that the relationship with the company secretary is at arm's length and there is no conflict of interests.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	1	No formal evaluation of the board, sub-committees, or of individual directors was undertaken in 2012.
2.23	The board should delegate certain functions to well-structured committees without abdicating its own responsibilities	3	Without abdicating its own responsibility, the board delegates certain functions to well-structured committees, consisting only of directors.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
2.24	A governance framework should be agreed between the group and its subsidiary boards	3	Applied.
2.25	Companies should remunerate directors and executives fairly and responsibly	3	Applied.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	3	Applied.
2.27	Shareholders should approve the company's remuneration policy	3	Applied.
3.	**Audit Committee**		
3.1	The board should ensure that the company has an effective and independent audit committee	3	Applied.
3.2	Audit committee members should be suitably skilled and experienced independent, non-executive directors (subsidiary exemption)	3	The board has determined that the committee members have the skills and experience necessary to contribute meaningfully to the committee's deliberations. In addition, the chairman has the requisite experience in accounting and financial management. The audit and risk committee has considered and found appropriate the expertise and experience of the finance director.
3.3	The audit committee should be chaired by an independent non-executive director	3	Applied.
3.4	The audit committee should oversee the integrated reporting (integrated reporting, financial, sustainability and summarised information)	2	The audit and risk committee reviews and approves the annual report.
	The audit committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report	3	Applied.
	The audit committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents	3	Applied.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	3	Applied.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	3	Applied.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
3.7	The audit committee should be responsible for overseeing of internal audit	3	The group's internal audit department carries out risk oriented audits of operational and functional activities, according to the recommendations of the audit and risk committee.
3.8	The audit committee should be an integral component of the risk management process	3	Applied.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	3	The audit and risk committee considered information pertaining to the external auditor's relationships with the group that might reasonably have a bearing on the external auditor's independence and the audit engagement partner and staff's objectivity, and the related safeguards and procedures, and has concluded that the external auditor's independence was not impaired.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	3	Applied.
4.	**The governance of risk**		
4.1	The board should be responsible for the governance of risk	3	Applied.
4.2	The board should determine the levels of risk tolerance	3	Key risks are assessed by ranking exposure on the basis of probability and magnitude. Sensitivity analysis is conducted at group level. Other risks, notably those regarding interest rate and exchange rate, are closely managed and actively hedged.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	3	Applied.
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	3	Applied.
4.5	The board should ensure that risk assessments are performed on a continual basis	3	Applied.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	3	The overall risk philosophy of the group can be described as conservative, with an emphasis on accepting the risks that determine the nature of the business, such as fluctuations in the value of assets, vacancies, volatility in market rents or risks associated with development activities.
4.7	The board should ensure that management considers and implements appropriate risk responses	3	Applied.
4.8	The board should ensure continual risk monitoring by management	3	Applied.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
4.9	The board should receive assurance regarding the effectiveness of the risk management process	3	The audit and risk committee also examined and discussed with the auditor the appropriateness of internal controls and utilisation of internal auditor and made recommendations to the board.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	3	Applied.
5.	**The governance of Information Technology**		
5.1	The board should be responsible for information technology (IT) governance	3	The board acknowledges its overall responsibility for IT governance and business continuity.
5.2	IT should be aligned with the performance and sustainability objectives of the company	3	Applied.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	3	The board has delegated its responsibility for the implementation of an IT framework to management.
5.4	The board should monitor and evaluate significant IT investments and expenditure	3	The upgrade performed in 2012 has enhanced the security over the IT assets.
5.5	IT should form an integral part of the company's risk management	3	Applied.
5.6	The board should ensure that information assets are managed effectively	3	The board takes ownership of IT governance.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	3	Applied.
6.	**Compliance with laws, codes, rules and standards**		
6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards	3	Group has established effective framework and processes for compliance with laws, codes, rules and standards.
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	3	The role and functions of the company secretary include providing information on laws, legislation, regulations and matters of ethics and good corporate governance relevant to the company.
6.3	Compliance risk should form an integral part of the company's risk management process	3	The board ensures that all legal, legislation, safety, health and environmental related matter are addressed.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	3	The role and function of the company secretary include ensuring compliance with rules and regulations.
7.			
7.1	The board should ensure that there is an effective risk-based internal audit	3	The board is responsible for the company's systems of internal control and risk management.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
7.2	Internal audit should follow a risk-based approach to its plan	3	Internal auditors conduct risk-based internal audit assignments on a regular basis.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	3	Internal auditors provide a report on their findings to the audit and risk committee.
7.4	The audit committee should be responsible for overseeing internal audit	3	The audit and risk committee is responsible for overseeing internal audit.
7.5	Internal audit should be strategically positioned to achieve its objectives	3	The company has appointed internal auditors on outsourced basis.
8.	**Governing stakeholder relationships**		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	3	The group has a transparent information communication policy, with the purpose of enabling stakeholders to make an informed assessment of the group's economic value and allowing insight into the prospects for future value creation.
8.2	The board should delegate to management to proactively deal with stakeholder relationships	3	Applied.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	3	Applied.
8.4	Companies should ensure the equitable treatment of shareholders	3	Applied.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	3	NEPI is committed to reporting openly on the key issues affecting the company operations, its corporate governance practices and any other information which may have a material effect on the decisions of the stakeholders.
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	3	Applied.
9.	**Integrated Reporting and disclosure**		
9.1	The board should ensure the integrity of the company's integrated report	2	The group has significantly improved the quality and integrity of the Annual Report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	2	The group has significantly improved the quality and integrity of the Annual Report.
9.3	Sustainability reporting and disclosure should be independently assured	1	The group is undertaking a formal process of assurance by an independent party.

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