

NEW EUROPE PROPERTY INVESTMENTS PLC

DIRECTORS' COMMENTARY

DISTRIBUTABLE EARNINGS

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

DISTRIBUTION

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

OPTION TO RECEIVE CAPITAL RETURN

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

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

ACQUISITIONS, DEVELOPMENTS AND EXTENSIONS

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

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

Incorporated and registered in the Isle of Man with registered number 001211V Registered as an external company with limited liability under the laws of South Africa registration number 2009/000025/10 Registered office: 2nd Floor, Anglo International House, Lord Street, Douglas, Isle of Man, IM1 4LN AIM share code: NEPI BVB share code: NEP JSE share code: NEP ISIN: IM00B23XCH02 ('NEPI', 'the Group' or 'the Company')

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

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

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

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

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

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

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

The aforementioned boulevard leads to Novi Sad and Belgrade in Serbia. Currently there is limited modern retail stock in Serbia, and Timisoara benefits from its citizens travelling across the border to shop.

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

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

OTHER HIGHLIGHTS

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

CASH MANAGEMENT AND DEBT

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

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

In addition to the cash balances, NEPI has an undrawn, secured revolving facility with UniCredit Tiriac Bank of $\rm {\tt E9.5}$ million.

PROSPECTS

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

By order of the Board of Directors,

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

Transfer secretaries and settlement agent

Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107, South Africa) Computershare Investor Services (Jersey) Limited, 2nd floor, Queensway House, Hilgrove Street, St Helier, JE1 1ES, Jersey

Directors

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

For further information please contact New Europe Property Investments plc: Martin Slabbert +40 744 328 882

Nominated Adviser and Broker: Smith & Williamson Corporate Finance Limited, Azhic Basirov +44 20 7131 40 00

Romanian Advisor: SSIF Intercapital Invest SA, Razvan Pasol +40 21 222 87 31

JSE Sponsor: Java Capital +27 11 283 00 42

All amounts in \notin '000 unless otherwise stated

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	Pro forma Unaudited 30 Jun 2014	Pro forma Unaudited 31 Dec 2013	Pro forma Unaudited 30 Jun 2013	IFRS Unaudited 30 Jun 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 30 Jun 2013
ASSETS						
Non-current assets	969 882	920 924	548 769	942 330	898 040	524 180
nvestment property	911 817	872 465	509 879	841 970	807 465	447 778
Investment property at fair value	729 158	758 623	459 636	674 269	703 811	405 226
Investment property under development	182 659	113 842	50 243	167 701	103 654	42 552
Goodwill	16 218	16 218	17 326	16 218	16 218	17 272
nvestments in joint ventures	-	-	-	4 3 5 6	5 055	3 989
ong-term loans granted to joint ventures	-	-	-	37 966	37 064	32 651
Other long-term assets	41 252	29 831	21 402	41 225	29 828	22 328
inancial assets at fair value through profit or loss	595	2 410	162	595	2 410	162
urrent assets	240 531	149 920	151 899	234 625	143 168	145 732
rade and other receivables	40 999	31 443	21 750	39 341	28 036	18 382
inancial investments at fair value through profit or loss	33 838	61 079	60 833	33 838	61 079	60 833
ash and cash equivalents	130 674	55 837	69 316	126 426	52 492	66 517
nvestment property held for sale	<u>35 020</u> 1 210 413	<u>1 561</u> 1 070 844	700 668	<u>35 020</u> 1 176 955	<u>1 561</u> 1 041 208	669 912
QUITY AND LIABILITIES otal equity attributable to equity holders hare capital hare premium hare-based payment reserve iurrency translation reserve iccumulated profit lon-controlling interest otal liabilities	828 541 2 139 693 807 34 232 (1 229) 102 203 (2 611) 381 872	712 236 1 947 611 949 23 852 (1 229) 76 595 (878) 358 608	473 426 1 510 416 164 13 660 (1 229) 43 321 	828 541 2 139 693 807 34 232 (1 229) 102 203 (2 611) 348 414	712 236 1 947 611 949 23 852 (1 229) 76 595 (878) 328 972	473 426 1 510 416 164 13 660 (1 229) 43 321
on-current liabilities	260 237	244 542	133 514	242 328	232 260	107 833
pans and borrowings	196 431	185 624	101 931	179 550	173 568	77 865
eferred tax liabilities	51 447	50 160	24 750	51 889	50 678	24 178
ther long-term liabilities	6 858	4 059	1 609	6 6 5 0	4 0 5 9	1 609
inancial liabilities at fair value through profit or loss	5 501	4 699	5 224	4 2 3 9	3 955	4 181
urrent liabilities	121 635	114 066	93 728	106 086	96 712	88 653
rade and other payables	32 952	29 974	15 538	31 441	28 807	14 167
oans and borrowings	87 196	80 512	75 119	73 166	64 466	71 519
enant deposits	1 487	3 580	3 071	1 479	3 439	2 967
otal equity and liabilities	1 210 413	1 070 844	700 668	1 176 955	1 041 208	669 912
	1 2 10 4 13	Pro forma	Pro forma	I 176 955	IFRS	1009

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

CONSOLIDATED STATEMENTS OF INCOME	<i>Pro forma</i> Unaudited 30 Jun 2014	Pro forma Unaudited 31 Dec 2013	Pro forma Unaudited 30 Jun 2013	IFRS Unaudited 30 Jun 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 30 Jun 2013
Net rental and related income	30 263	45 188	19 526	28 462	41 420	17 500
Contractual rental income and expense recoveries	42 558	60 927	26 167	39 697	55 322	23 178
Property operating expenses	(12 295)	(15 739)	(6 641)	(11 235)	(13 902)	(5 678)
Administrative expenses	(1 339)	(2 452)	(1 189)	(1 295)	(2 180)	(1 054)
Acquisition fees	(272)	(4 986)	(883)	(272)	(4 986)	(883)
Fair value adjustments of investment property	-	19 913	-		19 787	-
Fair value gains on financial investments at fair value through profit or loss	3 0 3 9	970	682	3 0 3 9	970	682
Net result on sale of financial investments	-	586	586		586	586
Dividends received from financial investments	2 417	2 906	1 801	2 417	2 906	1 801
Share-based payment expense	(861)	(955)	(869)	(861)	(955)	(869)
Foreign exchange gain/(loss)	35	(290)	225	17	(238)	217
Gain on acquisition of subsidiaries	1 400	5 547	-	1 400	5 547	-
Gain on disposal of investment property held for sale	-	527	527	-	527	527
Impairment of goodwill	-	(816)	-	-	(816)	
Profit before net finance (expense)/ income	34 682	66 138	20 406	32 907	62 568	18 507
Net finance (expense)/income	(4 774)	(1 816)	(393)	(1 938)	1 784	1 224
Finance income	1 358	5 300	4 214	3 176	7 514	5 126
Finance expense	(6 132)	(7 116)	(4 607)	(5 114)	(5 7 3 0)	(3 902)
Share of (loss)/profit of joint ventures	-	-	-	(1 136)	1 241	464
Profit before tax	29 908	64 322	20 013	29 833	65 593	20 195
Deferred tax expense	(1 286)	(7 736)	1 708	(1 211)	(9 007)	1 526
Profit after tax	28 622	56 586	21 721	28 622	56 586	21 721
Non-controlling interest	1 733	878	-	1 733	878	-
Profit for the period attributable to equity holders	30 355	57 464	21 721	30 355	57 464	21 721
Weighted average number of shares in issue	207 579 778	163 836 991	145 133 096	207 579 778	163 836 991	145 133 096
Diluted weighted average number of shares in issue	212 287 132	168 827 400	150 236 334	212 287 132	168 827 400	150 236 334
Basic weighted average earnings per share (euro cents)	14.62	35.07	14.97	14.62	35.07	14.97
Diluted weighted average earnings per share (euro cents)	14.30	34.04	14.46	14.30	34.04	14.46
Distributable earnings per share (euro cents)	14.16	25.79	11.87	14.16	25.79	11.87
Headline earnings per share (euro cents)	13.95	21.58	14.60	13.95	21.58	14.60
Diluted headline earnings per share (euro cents)	13.64	20.94	14.11	13.64	20.94	14.11

RECONCILIATION OF PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS	Pro forma Unaudited 30 Jun 2014	Pro forma Unaudited 31 Dec 2013	Pro forma Unaudited 30 Jun 2013	IFRS Unaudited 30 Jun 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 30 Jun 2013
Profit for the period attributable to equity holders	30 355	57 464	21 721	30 355	57 464	21 721
Unrealised foreign exchange loss	1	256	99	2	256	107
Acquisition fees	272	4 986	883	272	4 986	883
Share-based payment expense	861	955	869	861	955	869
Accrued interest on share-based payments	286	563	285	286	563	285
Fair value adjustments of investment property	-	(19 913)	-	-	(19 787)	-
Fair value gains of financial investments at fair value through profit or loss	(3 039)	(970)	(682)	(3 039)	(970)	(682)
Fair value adjustment of financial assets and liabilities	2 617	(2 040)	(2 592)	2 099	(1 157)	(2 007)
	()	((4.0.0)	()	((4.0.0)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (same amounts for <i>Pro forma</i> and IFRS)	Share capital	Share premium	Share-based payment reserve	Currency translation reserve	Accumulated profit	Non- controlling interest	Total
Balance at 1 January 2013	1 353	355 027	15 492	(1 229)	22 980	-	393 623
Transactions with owners	157	61 137	(1 832)		(1 380)		58 082
- Issue of shares	149	58 262		-	-	-	58 411
 Share-based payment reserve Sala of above investigation of the the thirtight Shares Salarana 	-	-	868	-	-	-	868
 Sale of shares issued under the Initial Share Scheme Sale of shares issued under the Current Share Scheme 	- 1	183 343	(344)	_	_	_	183
– Vesting of shares issued under the Current Share Scheme	7	2 349	(2 356)	_	_	_	_
– Earnings distribution	_		(2 00 0)	-	(1 380)	-	(1 380)
Total comprehensive income	-	-	-	-	21 721	-	21 721
– Profit for the period	_	-	-	-	21 721	-	21 721
Balance at 30 June 2013	1 510	416 164	13 660	(1 229)	43 321	-	473 426
Balance at 1 July 2013	1 510	416 164	13 660	(1 229)	43 321	-	473 426
Transactions with owners	437	195 785	10 192	-	(2 469)	-	203 945
- Issue of shares	430	193 429	-	-	-	-	193 859
 Share-based payment reserve Sale of shares issued under the Initial Share Scheme 	-	1 077	10 519	-	-	-	10 519 1 081
– Sale of shares issued under the fillial Share Scheme	4	146	(146)	_	_	-	1 081
– Vesting of shares issued under the Initial Share Scheme		140	955	_	_	_	955
– Vesting of shares issued under the Current Share Scheme	3	1 1 3 3	(1 136)	-	-	_	-
– Earnings distribution	_	-		-	(2 469)	-	(2 469)
Total comprehensive income		-	-	-	35 743	(878)	34 865
– Profit for the period	_	-	_	_	35 743	(878)	34 865
Balance at 31 December 2013	1 947	611 949	23 852	(1 229)	76 595	(878)	712 236
Balance at 1 January 2014	1 947	611 949	23 852	(1 229)	76 595	(878)	712 236
Transactions with owners	192	81 858	10 380	-	(4 747)	-	87 683
- Issue of shares	185	79 502	-	-	-	-	79 687
 Share-based payment reserve Sale of shares issued under the Current Share Scheme 	-	41	11 882 (41)	-	-	-	11 882
– Vesting of shares issued under the Initial Share Scheme		41	861	-	-	_	861
– Vesting of shares issued under the Current Share Scheme	7	2 315	(2 322)	_	_	_	-
– Earnings distribution	_		(-	(4 747)		(4 747)
Total comprehensive income	-	-	-	-	30 355	(1 733)	28 622
– Profit for the period	_	-	-	-	30 355	(1 733)	28 622
Balance at 30 June 2014	2 1 3 9	693 807	34 232	(1 229)	102 203	(2 611)	828 541

BANK LOANS AND BORROWINGS REPAYMENT PROFILE (same amounts for <i>Pro forma</i> and IFRS)	Outstanding amount	Available for drawdown	2014	2015	2016	2017	2018 and beyond
Floreasca Business Park	53 667	-	1 960	3 920	3 920	3 920	39 947
Aupark Zilina	51 789	-	936	1 954	48 899	-	-
Braila Mall	34 611	-	34 611	_	-	-	-
The Lakeview	28 769	-	1 055	2 1 1 0	2 1 1 0	2 110	21 384
City Business Centre	26 261	-	639	1 314	1 365	1 418	21 525
Shopping City Galati	19 548	-	677	1 355	1 355	1 355	14 806
Ploiesti Shopping City (joint venture)	17 976	-	548	1 095	1 095	1 095	14 143
German Portfolio (joint venture)	12 520	-	12 520	-	-	-	-
Retail Park Pitesti	11 765	-	528	11 237	-	-	-
New Europe Property Investments plc	8 902	-	8 902	-	-	-	-
Street Segment Retail Portfolio and Brasov Strip Mall	6 0 1 3	-	125	250	5 638	-	-
Regional Offices Portfolio	5 972	-	5 972	-	-	-	-
Regional Strip Malls	5 469	-	186	373	373	373	4 164
The Office Cluj-Napoca (joint venture)	459	-	459	-	-	-	-
Rasnov Industrial Facility and Otopeni Warehouse	-	9 500	-	-	-	-	-
	283 721	9 500	69 118	23 608	64 755	10 271	115 969

The reference base rate (1 month EURIBOR, 3 month EURIBOR) was hedged with a weighted average interest rate cap of 2.0% for 50% of the outstanding notional amount and a weighted average interest rate swap of 1.9% for 50% of the notional amount.

Amortisation of financial assets	(375)	(476)	(180)	(375)	(476)	(180)
Net result on sale of financial investments	_	(586)	(586)	-	(586)	(586)
Dividends received from financial investments	(2 417)	(2 906)	(1 801)	(2 417)	(2 906)	(1 801)
Accrued dividend for financial investments	1 527	4 364	1 953	1 527	4 364	1 953
Gain on disposal of investment property held for sale	-	(527)	(527)		(527)	(527)
Gain on acquisition of subsidiaries	(1 400)	(5 547)	-	(1 400)	(5 547)	-
Deferred tax expense	1 286	7 736	(1 708)	1 211	9 007	(1 526)
Impairment of goodwill		816	-		816	_
Shares issued <i>cum</i> distribution	1 908	3 577	1 169	1 908	3 577	1 169
Adjustments related to joint ventures						
Fair value adjustments of investment property	-	-	-	-	(126)	(8)
Fair value adjustment of financial assets and liabilities	-	-	-	518	(883)	(585)
Deferred tax expense	-	-	-	75	(1 271)	(182)
Unrealised foreign exchange loss	-	-	-	(1)	-	-
Adjustments related to non-controlling interest						
Fair value adjustments of investment property	-	1	-	-	1	-
Deferred tax expense	-	(108)	-	-	(108)	-
Acquisition fees	-	(275)	-	-	(275)	-
Distributable earnings for the period	31 882	47 370	18 903	31 882	47 370	18 903
Distribution from reserves	1 593	1 574	1 692	1 593	1 574	1 692
Less: distribution declared	(33 475)	(48 944)	(20 595)	(33 475)	(48 944)	(20 595)
Interim distribution	(33 475)	(20 594)	(20 595)	(33 475)	(20 594)	(20 595)
Final distribution		(28 350)	-		(28 350)	-
Earnings not distributed	_	-	-	-	-	_
Number of shares entitled to distribution	225 119 658	204 544 236	159 277 789	225 119 658	204 544 236	159 277 789
Distributable earnings per share for the period (euro cents)	14.16	25.79	11.87	14.16	25.79	11.87
Distribution from reserves per share (euro cents)	0.71	1.00	1.06	0.71	1.00	1.06
Less: Distribution declared per share (euro cents)	(14.87)	(26.79)	(12.93)	(14.87)	(26.79)	(12.93)
Interim distribution per share (euro cents)	(14.87)	(12.93)	(12.93)	(14.87)	(12.93)	(12.93)
Final distribution per share (euro cents)		(13.86)	-		(13.86)	-
Earnings not distributed (euro cents)	_	_	_	_	_	

RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS	Pro forma Unaudited 30 Jun 2014	Pro forma Unaudited 31 Dec 2013	<i>Pro forma</i> Unaudited 30 Jun 2013	IFRS Unaudited 30 Jun 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 30 Jun 2013
Profit for the period attributable to equity holders	30 355	57 464	21 721	30 355	57 464	21 721
Fair value adjustments of investment property	-	(19 913)	-	-	(19 787)	-
Gain on sale of investment property held for sale	-	(527)	(527)	-	(527)	(527)
Gain on acquisition of subsidiaries	(1 400)	(5 547)	-	(1 400)	(5 547)	-
Impairment of goodwill	-	816	-	-	816	-
Total tax effects of adjustments	-	3 055		-	3 035	-
Fair value adjustment of investment property for joint ventures	-	-		-	(126)	-
Total tax effects of adjustments for joint ventures		-		-	20	
Headline earnings	28 955	35 348	21 194	28 955	35 348	21 194

SEGMENTAL ANALYSIS			Pro forma Unaudited 30 Jun 2014	Unaudited	<i>Pro forma</i> Unaudited 30 Jun 2013	IFRS Unaudited 30 Jun 2014	IFRS Audited 31 Dec 2013	IFRS Unaudited 30 Jun 2013
Contractual rental income and expense recoveries								
Retail			27 489	31 330	11 102	24 812	26 055	8 275
Office			14 079	27 644	14 089	13 895	27 313	13 927
Industrial			990	1 953	976	990	1 954	976
Total			42 558	60 927	26 167	39 697	55 322	23 178
Profit before net finance expense								
Retail			18 415	46 847	7 962	16 778	43 735	6 173
Office			11 829	16 977	10 156	11 691	16 519	10 046
Industrial			824	1 339	802	824	1 339	802
Corporate			3 6 1 4	975	1 486	3 614	975	1 486
Total			34 682	66 138	20 406	32 907	62 568	18 507
LEASE EXPIRY PROFILE	2014	2015	2016 20	17 2018	2019 202	0 2021	2022 ≥20	23 Total

7	Total based on rental income	1.1%	9.8%	12.0%	8.7%	15.8%	13.6%	9.2%	6.2%	2.2%	2
·	Total based on rented area	2.8%	8.8%	8.2%	6.8%	13.6%	11.8%	8.3%	6.2%	4.0%	2
_											

BASIS OF PREPARATION

These unaudited condensed consolidated interim financial results (the 'IFRS statements') for the six months ended 30 June 2014 have been prepared in accordance with the recognition and measurement criteria of the International Financial Reporting Standards ('IFRS') and its interpretations adopted by the International Accounting Board ('IASB'), specifically IAS34 "Interim Financial Reporting" and the JSE listing requirements. The accounting policies which have been applied are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2013.

As the Group is focusing on being consistent on those areas of reporting that are seen to be of most relevance to investors and on providing a meaningful basis of comparison for users of the financial information, it has prepared an unaudited *pro forma* statement of financial position and an unaudited *pro forma* statement of income for the six months ended 30 June 2014 (the 'pro forma statements'). The main difference between the *pro*

forma statements and the IFRS statements is that the *pro forma* statements are prepared using the proportionate consolidation method for investments in joint ventures, while the IFRS statements use the equity method for accounting for these investments (following the adoption of IFRS 11 'Joint Arrangements' effective 1 January 2013).

100%

100%

21.4% 29.5%

The unaudited *pro forma* statement of financial position and the unaudited *pro forma* statement of income have been prepared by and are the responsibility of the Directors of NEPI. Due to their nature, the *pro forma* statements may not fairly reflect the financial position and results of the Group after the differences set out above.

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