

NEW EUROPE PROPERTY INVESTMENTS PLC

Incorporated and registered in the Isle of Man with registered number 001211V
Registered as an external company with limited liability under the laws of South
Africa, registration number 2009/000025/10
JSE share code: NEP BVB share code: NEP
ISIN: IM00B23XCH02
("NEPI" or "the company")



ACQUISITION OF SERDIKA CENTER AND OFFICE, BULGARIA

Shareholders are advised that, on 13 June 2017, NEPI, through its subsidiary NEPI PROJECT ONE EOOD ("the Buyer"), concluded agreements (the "Transaction Agreements") to acquire:

- the going concern of Serdika Center from Einkaufs-Center Sofia GmbH & Co. KG;
- all the issued shares in, and shareholders' claims against, HANSA Immobilien EOOD ("Hansa") from Einkaufs-Center Sofia GmbH & Co. KG and CEE Property-Invest Immobilien GmbH (owners of Serdika Center); and
- all the issued shares in, and shareholders' claims against, CEE Property Bulgaria EOOD ("CEE") from CEE Property-Invest Immobilien GmbH (owner of Serdika Office),

(together, the "Transaction").

Serdika Center and Serdika Office together comprise the Serdika complex (the "Property") located in Sofia, Bulgaria, whilst Hansa is the legal owner of the land on which the Property is built.

The Transaction will be effective upon approval of the Bulgarian competition authority being obtained.

RATIONALE FOR THE TRANSACTION

Sofia is the capital of Bulgaria with over 1.32 million inhabitants, and the economic and cultural centre of Bulgaria. During the last couple of years, Bulgaria's economy has shown robust growth, with GDP growth of 3.6% in 2015 and 3.3% in 2016. According to European Commission forecast data, growth is expected to be 2.9% and 2.8% for 2017 and 2018, respectively, compared to expected growth of 1.4% and 1.5% respectively in the European Union. The continued economic growth has an increasingly positive impact on the unemployment rate, which is expected to decrease to 6.4% in 2018.

Serdika Center is a modern shopping centre with a strong fashion-oriented tenant mix, targeting a customer group with above-average income, which, together with its excellent location (approximately 3 km southeast of the city centre), represent its competitive advantage. The catchment area of 379,000 inhabitants within 15 minutes includes residential districts with excellent transportation links (such as a tram line stopping in front of the centre).

The centre opened in 2010, has a Gross Lettable Area ("GLA") of 51,468 m² and is 99.3% let. It has a diverse tenant mix including numerous international tenants such as Adidas, Benetton, Bershka, Billa, Cropp, Converse, Deichmann, Desigual, Forever 21, H&M, House, Intersport, Massimo Dutti, New Yorker, Nike, Orsay, Pull&Bear, Reebok, Replay, Reserved, Sport Vision, Springfield, Stradivarius, Tally Weijl, Tom Tailor, Tommy Hilfiger, Timberland, US Polo Assn, Yves Rocher and Zara.

Serdika Office is a Class A office building opened in 2011, built on top of the shopping centre. It has a GLA of 28,488 m², it is 98.6% occupied and includes multinational tenants such as Citibank, Coca Cola, Merck and Sutherland.

SALIENT TERMS OF THE TRANSACTION

The aggregate purchase price for the Transaction is EUR 207.4 million, to be settled using NEPI's existing cash resources. The Property reported a statutory total result from operating activities of BGN 11,970 thousand (approximately EUR 6,120 thousand), excluding fair value items relating to investment properties, for the twelve months ended 31 December 2016.

The Transaction Agreements contain undertakings, warranties and indemnities that are typical for an acquisition of this nature.

Upon closing of the Transaction, Hansa and CEE will become subsidiaries of NEPI. The Company will ensure that there are no provisions in the constitutional documents of either Hansa or CEE that will frustrate or relieve NEPI from compliance with the JSE Listings Requirements.

DETAILS OF THE PROPERTY

The details of the Property, including the valuation attributed to the Property by the directors of NEPI, effective as at 13 June 2017, are as follows:

Property description	Location	Sector	Rentable area (GLA) (m ²)	Purchase Price (Note 1) (EUR' million)	Valuation (Note 2) (EUR' million)	Estimated passing rent (EUR' million)	Weighted avg. estimated rental (EUR /m ² /month)
Serdika complex	Sofia, Bulgaria	Retail/Office	79,956	207.4	207.4	16.1	16.8

- The purchase price reflects the aggregate price payable for the acquisition of the going concern of Serdika Center, all the issued shares in and shareholders' claims against Hansa and CEE.*
- The valuation of the Property represents the value attributed thereto by the directors of NEPI, as at 13 June 2017. The directors of NEPI are not independent and are not registered as professional valuers or as professional associate valuers in terms of the South African Property Valuers Professional Act, No 47 of 2000.*

CATEGORISATION OF THE TRANSACTION

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

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