



## **RESULTS PRESENTATION**

JUNE 2015

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### Company profile

#### INTEGRATED COMMERCIAL PROPERTY DEVELOPER, INVESTOR AND OPERATOR

NEPI is a leading property investment and development group with a highly effective and skilled internal management team using an integrated approach by combining investment, development, asset management, property management, leasing and financial skills.

This results in the company and shareholders benefitting from development, general contracting, property management, asset management, leasing, marketing and electricity trading profit margins.

#### **BUSINESS STRATEGY**

Continued above industry growth in recurring distribution per share by:

- Expanding the investment property portfolio via developing, extending, re-developing and acquiring dominant or potentially dominant retail assets in emerging European markets with high consumption growth potential;
- Extracting additional revenue from retail assets via active asset management;
- Active re-positioning of portfolio by disposing of non-core and lower growth assets when opportune, and
- Benefitting from optimal funding costs due to continued increase in scale.

#### **PROPERTY PORTFOLIO**

Exceptional property portfolio and development pipeline in Romania and Slovakia, progressing with a retail expansion program in other emerging European retail markets, that generates earnings from long-term, triple net leases in Euro with strong corporate covenants.

#### **DISTRIBUTIONS**

Voluntary, semi-annual distribution of the recurring direct result, with a scrip dividend election option.



MEGA MALL, BUCHAREST, ROMANIA

### Highlights

Recurring distributable earnings per share vs June 2014 (€) **24**%

5-year compound annual growth in distribution (€) **17**%

5-year compound annual growth in distribution (ZAR) \( \frac{1}{26} \)

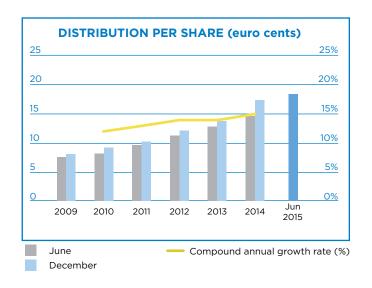
Adjusted NAV per share growth vs June 2014 **29%** 

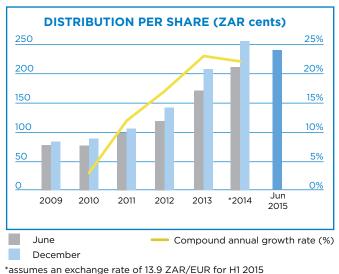
Significant increase in controlled development pipeline vs June 2014 **31%** 

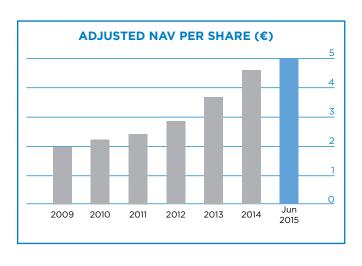
Major increase in retail asset base GLA vs June 2014 **\$\frac{1}{2}\$84%** 

\*Assumes an exchange rate of 13.9 ZAR/EUR for H1 2015

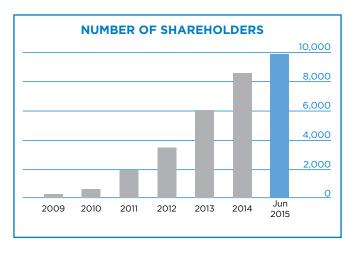
### Financial performance

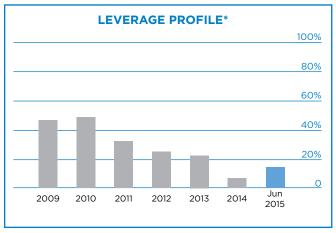












\*(loans - cash)/(investment property + listed securities)

### Cash management and debt

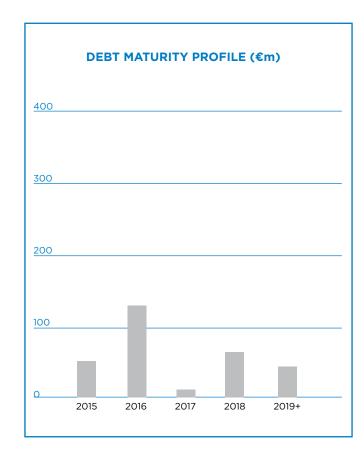
Long-term debt strategy is to fund assets with 30% debt on an LTV basis (capped at 35%) and diversify financing sources to optimise cost of debt

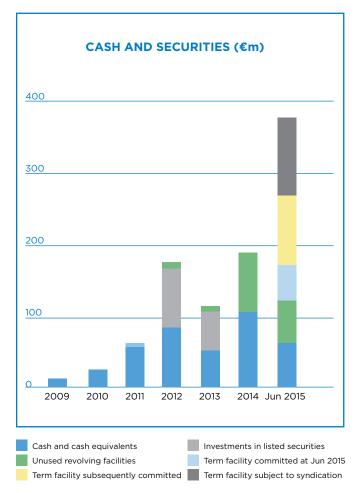
Current gearing is 14.9%, expected to increase

NEPI aims to maintain an adequate liquidity profile and optimise its cost of debt

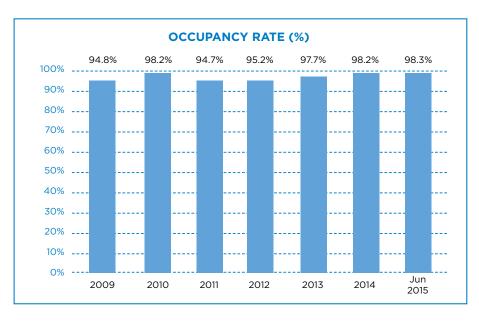
An unsecured, two-year term loan of up to €250 million was put in place via syndication with Raiffeisen Bank International. Of this figure, €143.8 million is avalaible for drawdown by December 2015, whilst the balance remains subject to syndication

The €80 million revolving facility has been extended to December 2016





### Operational highlights





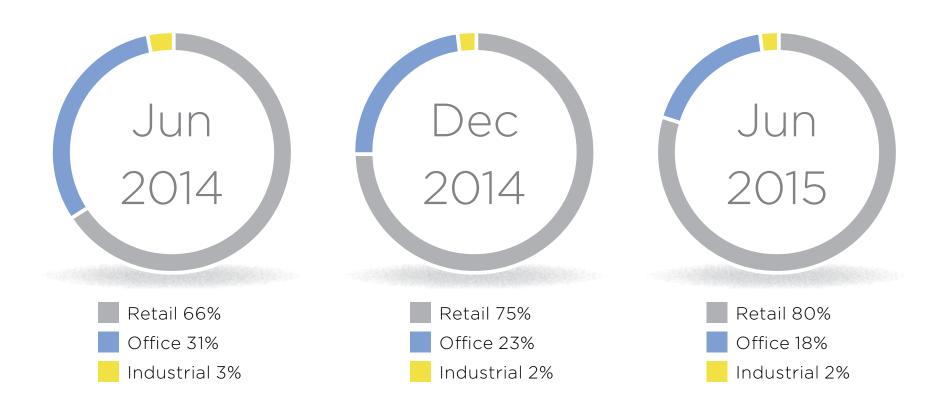
#### **RETAIL**

Continued high occupancy 98.3%
Increase in turnover
Increase in footfall
Negligible arrears
Opening of Mega Mall
Opening of Cinema City in City Park

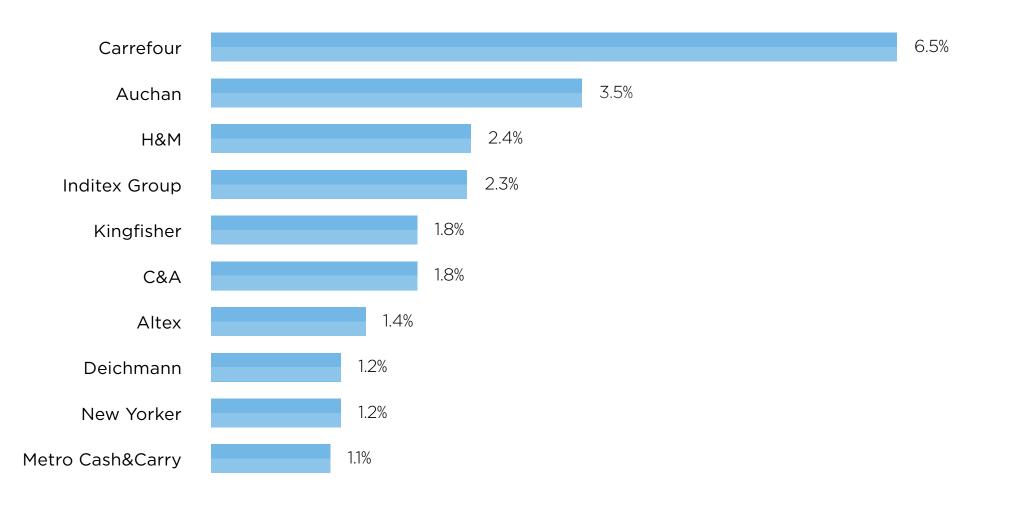
#### **OFFICE**

Continued high occupancy **98.5**% Negligible arrears

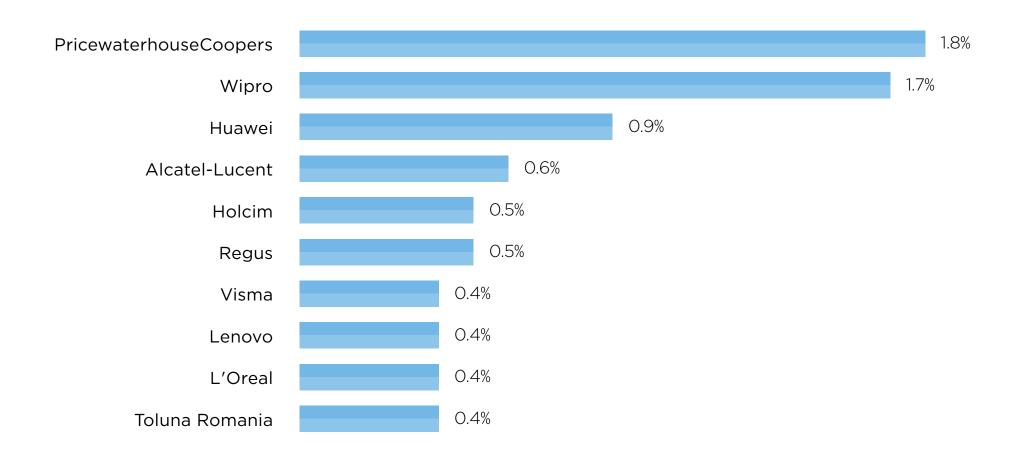
## Portfolio structure by gross rental

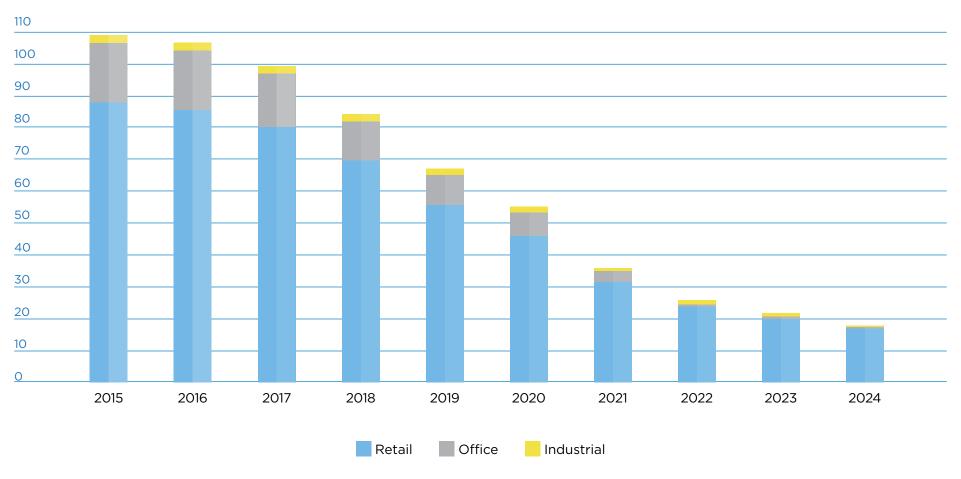


## Top 10 retail tenants by rent



## Top 10 office tenants by rent





Weigthed average remaining duration is 5.16 years

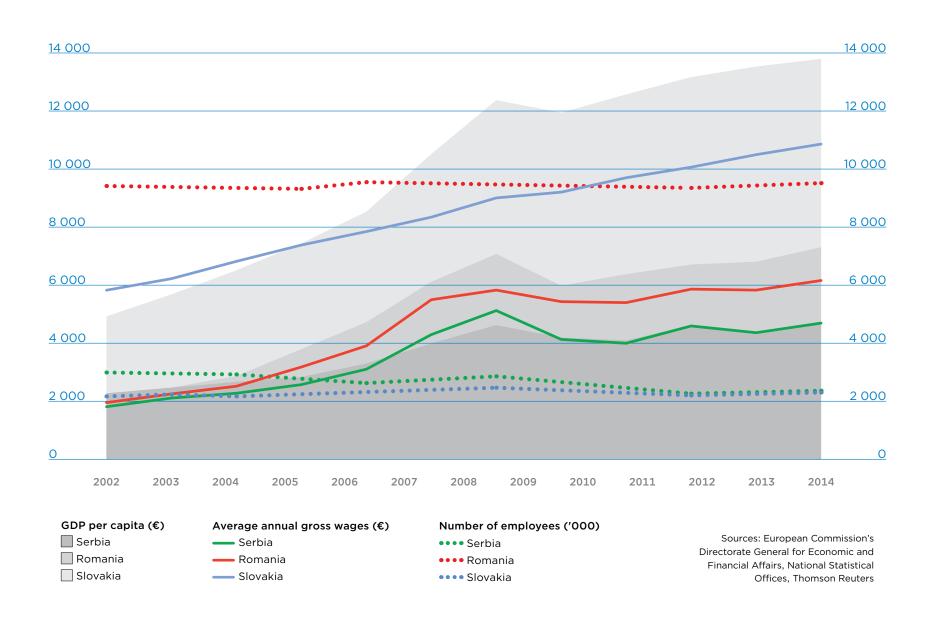
# Macroeconomic prospects

			ROMANIA				SLOVAKIA				SERBIA								
		2014*	2015	2016	2017	2018	2019	2014*	2015	2016	2017	2018	2019	2014*	2015	2016	2017	2018	2019
Real GDP growth	(%)	2.8	3.0	3.4	3.4	3.2	3.3	2.4	2.9	2.7	2.6	2.5	1.8	(1.8)	(0.2)	2.5	3.2	3.7	4.0
General gov. budg (% of GDP)	get balance	(1.9)	(2.3)	(2.5)	(2.4)	(2.2)	(2.0)	(2.9)	(2.5)	(2.3)	(2.2)	(2.1)	(2.0)	(7.0)	(5.0)	(4.2)	(3.7)	(3.3)	(2.7)
General gov. debt	(% of GDP)	40.4	40.5	40.0	39.2	38.3	37.5	54.0	53.9	54.0	53.4	52.6	51.7	72.4	76.4	78.4	78.0	76.2	74.6
Unemployment (%	5)	6.8	6.4	5.9	5.6	5.2	5.2	12.9	11.8	11.6	11.0	10.4	9.8	19.8	19.7	19.4	19.6	19.1	19.2
Price inflation (%)	(EU harmonised)	1.4	0.9	1.4	2.1	2.2	2.6	(0.1)	0.4	1.5	1.6	1.9	2.1	2.1	1.8	3.1	3.4	3.0	3.1
Credit rating	Moody's S&P Fitch			BBB-	stable stable stable					A+ s	table table table					BB- ne	able gative table		

\*Actual figures

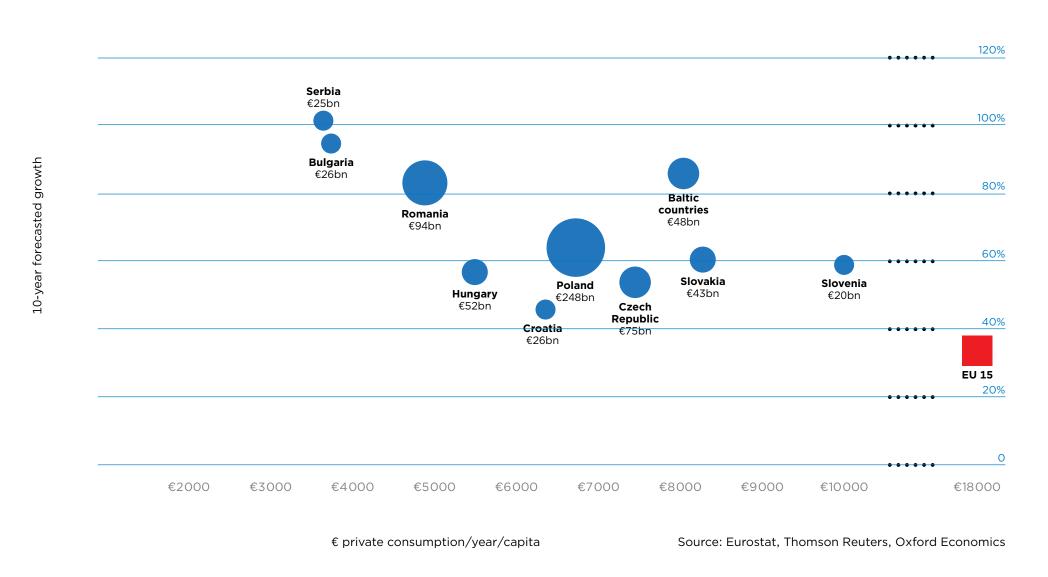
Sources: Economist Intelligence Unit, IMF, Thomson Reuters

#### Macroeconomic overview



## Private consumption overview

#### CEE BY NATIONAL PRIVATE CONSUMPTION (2014 BASE)



## Mega Mall

BUCHAREST, ROMANIA



1883400 INHABITANTS



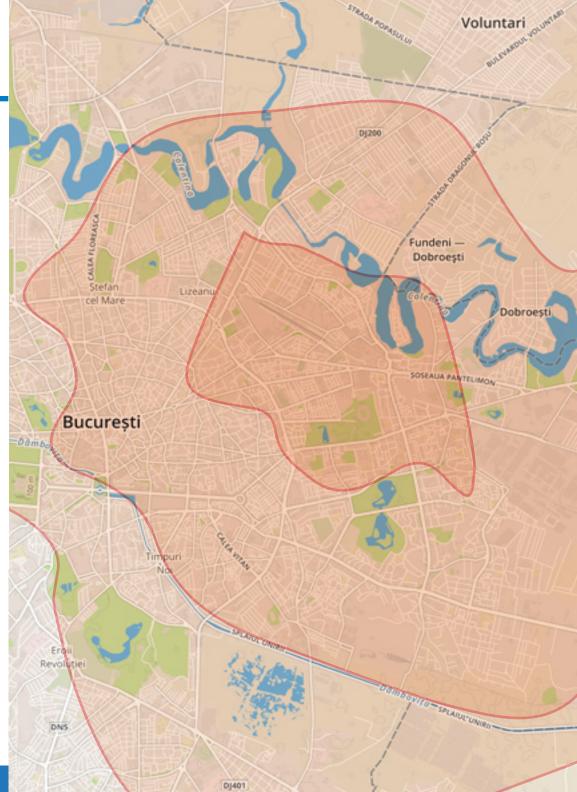
# Mega Mall

BUCHAREST, ROMANIA



CATCHMENT	<b>POPULATION</b>
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5 minutes 110 000 15 minutes 600 000 30 minutes 910 000



### Mega Mall

**BUCHAREST, ROMANIA** 

Mega Mall has a unique tenant mix and is home to over 200 stores, including a number of flagship stores. The mall has a significant entertainment and leisure offering, including a 14-screen Cinema City, which also features the first 4DX auditorium in Romania, a World Class gym with a half Olympic-size swimming pool, and 10 000m² of fast-food and sit-down restaurants

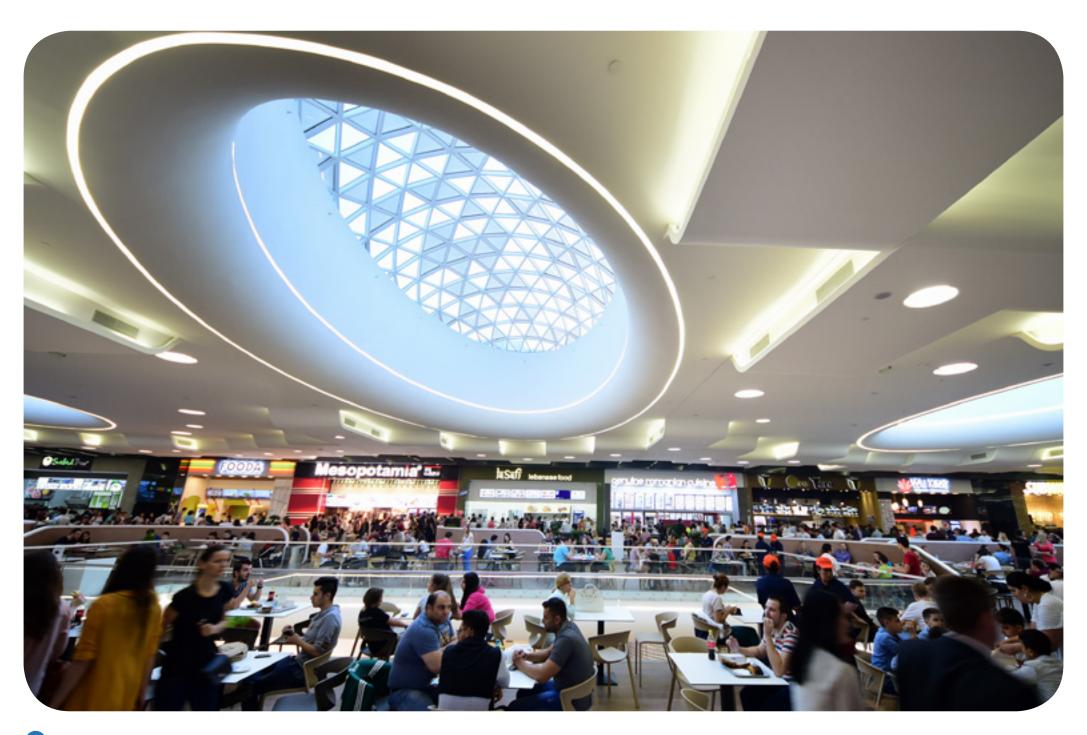
Catchment area (within 30-minutes drive)	910 000
Purchasing power/inhabitant	€5 671
Bank deposits/inhabitant	€4 848
Competition	Shopping City Baneasa - 85 000m <sup>2</sup> Sun Plaza - 80 000m <sup>2</sup> AFI Palace Cotroceni - 76 000m <sup>2</sup>
Major businesses in the region	IT&C Professional & financial services Property & construction
University	Romania's largest educational centre (35 universities)

Ownership	70%
Туре	Regional mall
Year opened	2015
Lettable area	75 000m²
Property value	€240.7 million
Passing rent	€17.2 million
Occupancy	98.4%
Hypermarket	Carrefour
Fashion & Sport	Adidas, Aldo, Bata, Benvenuti, Bershka, C&A, CCC, Claire's, Colin's, Cropp, Deichmann, Ecco, Folli Follie, Frankie Garage, Geox, H&M, Hervis, Hilfiger Denim, House, Intersport, Kenvelo, Koton, LC Waikiki, Levi's, Mango, Marks&Spencer, Mohito, Musette, New Yorker, Nike, Orsay, Otter, Pandora, Peek&Cloppenburg, Pull&Bear, Reserved, Sinsay, Sport Vision, Stefanel, Steilmann, Stradivarius, Swarovski, Takko, Tom Tailor, Triumph, Zara
Children	Lego, Maxi Toys, Next, Noriel
IT&C	Altex, Flanco, Media Galaxy, Samsung
Health & beauty	dm, Douglas, MAC, Sabon, Sephora, Puppa, Yves Rocher
DIY & Home decor	English Home, Lem's
Food	Brioche Dorée, KFC, Manufaktura by Doncafé, Paul, Pizza Dominium, Pizza Hut, Subway
Entertainment	4DX cinema, casino, gym, playground, sports bar, swimming pool

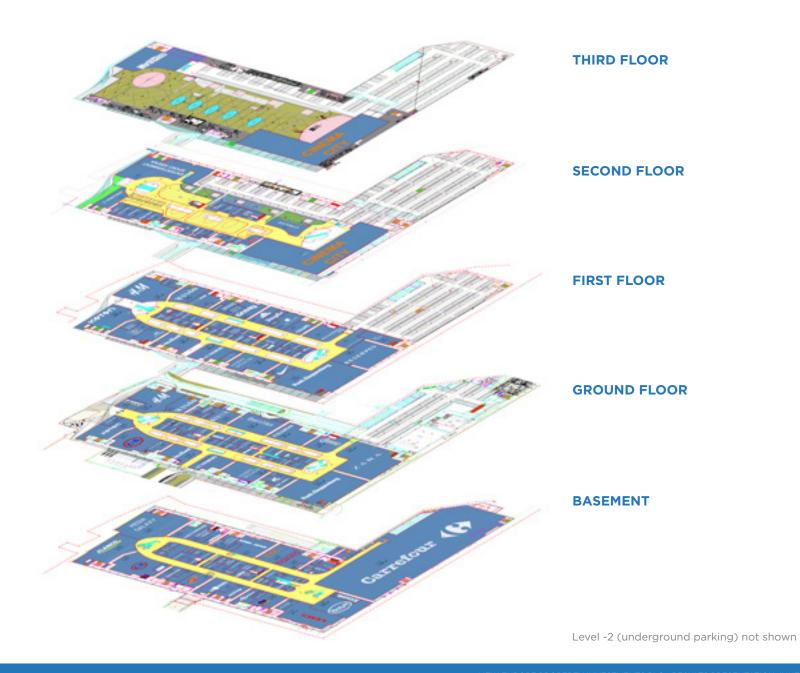


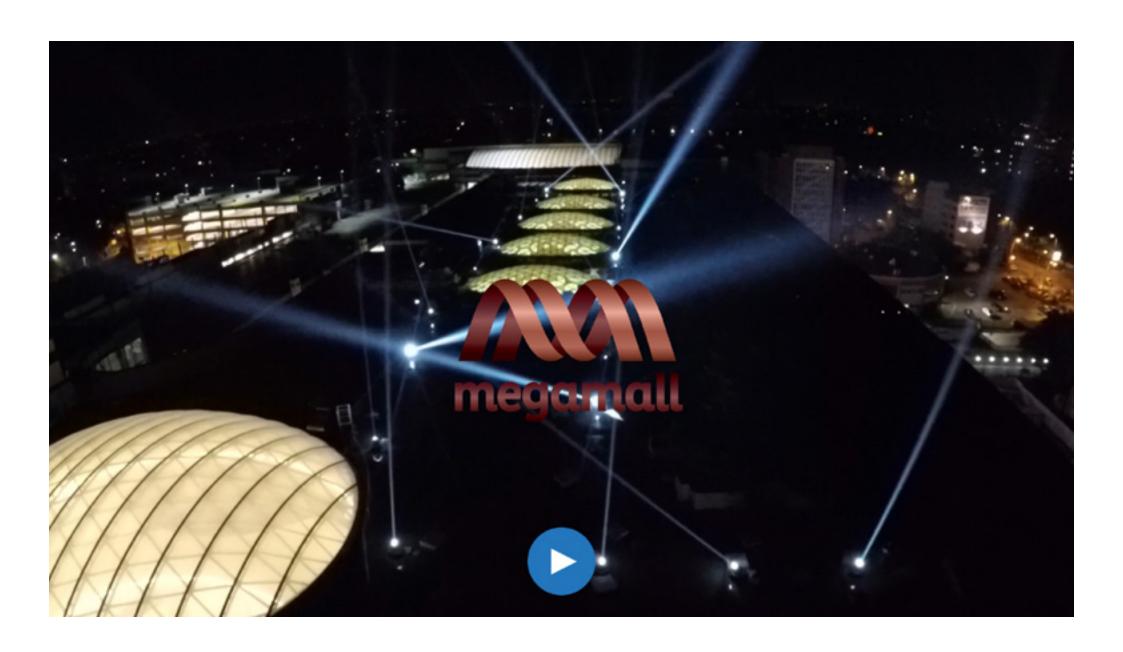






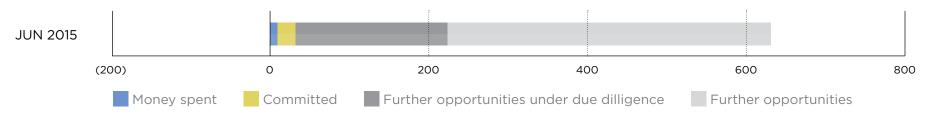
## Mega Mall - floor plans



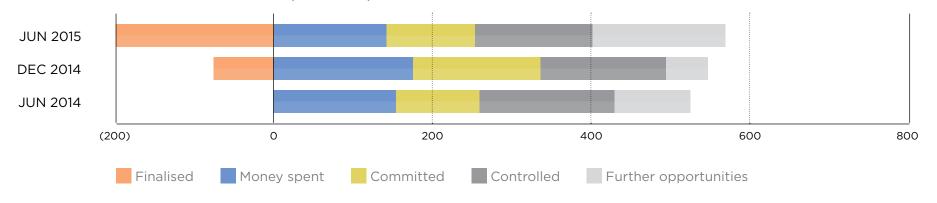


### Acquisitions, developments and extensions pipeline

#### **ACQUISITIONS PIPELINE (€ MILLION)**



#### DEVELOPMENTS AND EXTENSIONS PIPELINE (€ MILLION)



Committed: projects currently under construction

Controlled: projects where the land is controlled, but not yet under construction

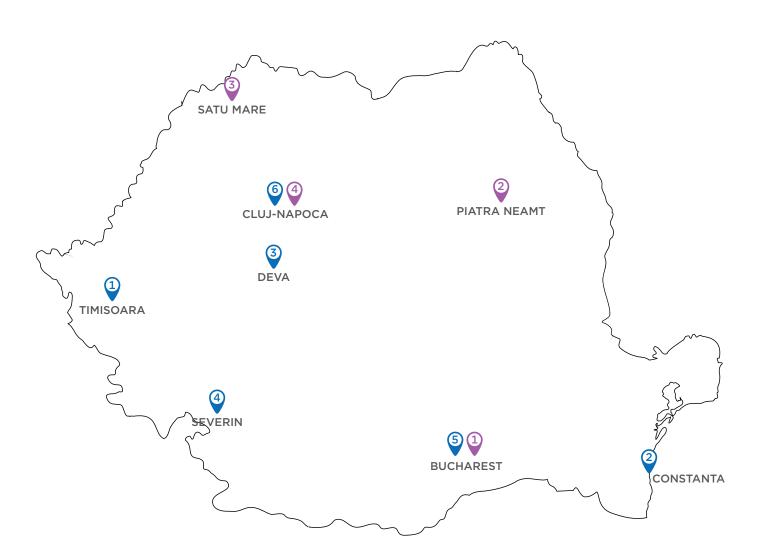
Capitalised interest not included

## Schedule of developments and extensions

	Туре	Category	Target opening date	Ownership	GLA on completion	Weighted yield on cost	Weighted cost to date (Jun 15)	Weighted total cost
	Туре	Category	uate	%	m <sup>2</sup>	%	(Juli 15) €m	€m
Developments under construction					124 500		70.6	193.0
Shopping City Timisoara	Mall	Development	2015 Q4/2016 Q1	100	55 900	9.4	34.4	81.2
City Park extension	Mall	Extension	2015 Q3 - Phase I 2016 Q1 - Phase II	100	20 500	9.3	7.3	43.4
Shopping City Deva extension	Mall	Extension	2015 Q3	100	10 600	9.7	5.7	13.9
Severin Shopping Center extension	Mall	Extension	2015 Q4 - Phase I 2016 - Phase II	100	9 700	10.4	1.3	9.5
Victoriei Office	Office	Development	2015 Q4/2016 Q1	100	8 400	8.7	16.4	33.7
The Office - Phase II	Office	Extension	2015 Q4	50	19 400	13.3	5.5	11.3
Developments under permitting and p	re-leasing				120 200		68.5	211.2
Promenada Mall extension	Mall/Office	Extension	2018	100	51 000	9.6	28.7	111.2
Shopping City Piatra Neamt	Mall	Development	2016	100	25 000	8.6	9.6	33.8
Shopping City Satu Mare	Mall	Development	TBA	100	27 000	10.9	2.7	27.5
The Office – Phase III	Office	Extension	2016/2017	50	17 200	11.6	1.0	12.2
Land held for extensions	-			100	•		26.5	26.5
Further opportunities							0.0	160.8
TOTAL DEVELOPMENTS				_	244 700		139.1	565.0

Capitalised interest not included

## Developments



#### **DEVELOPMENTS UNDER CONSTRUCTION**

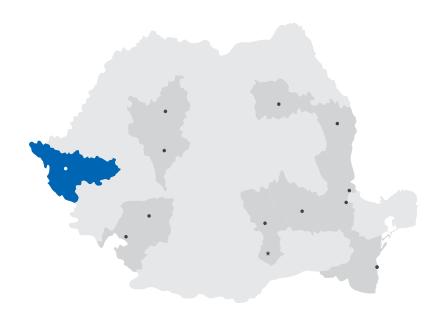
- 1. Shopping City Timisoara
- 2. City Park extension
- 3. Shopping City Deva extension
- 4. Severin Shopping Center extension
- 5. Victoriei Office
- 6. The Office Phase II

#### DEVELOPMENTS UNDER PERMITTING AND PRE-LEASING

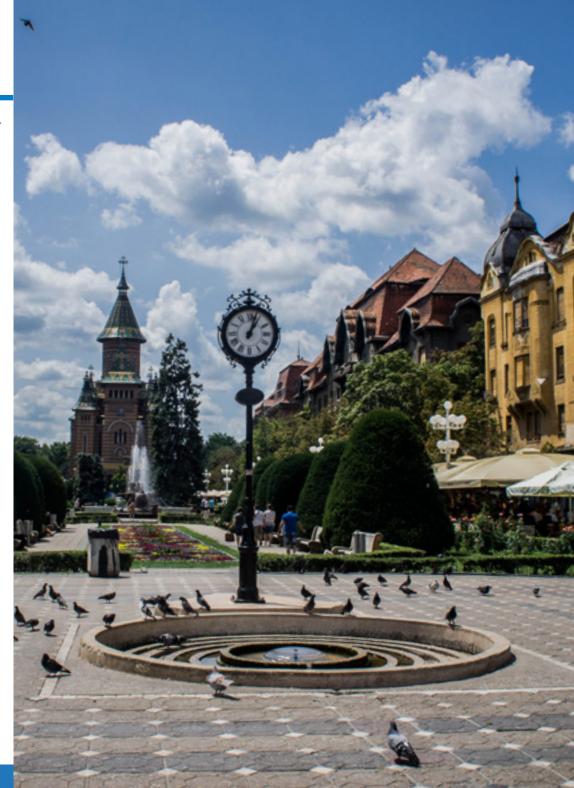
- 1. Promenada Mall extension
- 2. Shopping City Piatra Neamt
- 3. Shopping City Satu Mare
- 4. The Office Phase III

## Shopping City Timisoara

TIMIS, ROMANIA



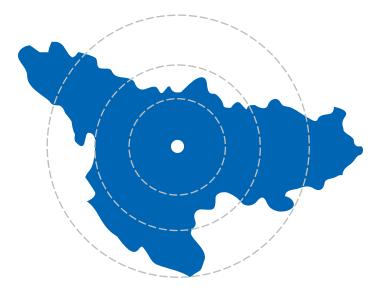
TIMIS COUNTY
683000
INHABITANTS



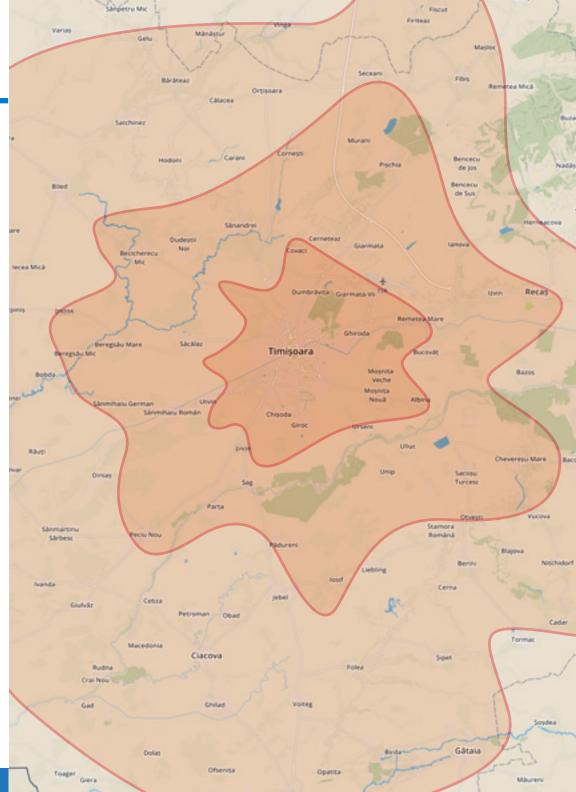
## Shopping City Timisoara

TIMIS, ROMANIA

## **319 300** residents



15 minutes 439 500 30 minutes 476 500 45 minutes 570 500



## Shopping City Timisoara

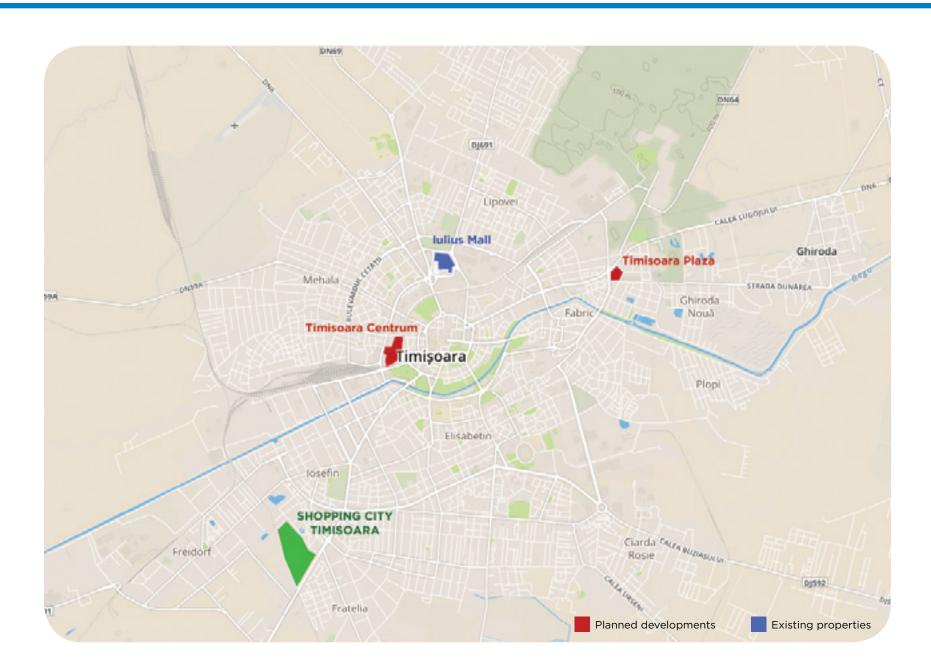
TIMIS, ROMANIA

The Group is developing a regional mall in two phases on an 18ha plot in Timisoara, located in a densely populated residential area. Construction of Phase I, including a Carrefour hypermarket, various fashion anchors and extensive modern entertainment and leisure facilities, commenced in December 2014

Catchment area (within 45-minutes drive)	570 500
Purchasing power/inhabitant	€4 449
Bank deposits/inhabitant	€1 651
Competition	Iulius Mall - 66 500m²
Major businesses in the region	Automotive FMCG IT&C
University	West University Polytechnic University

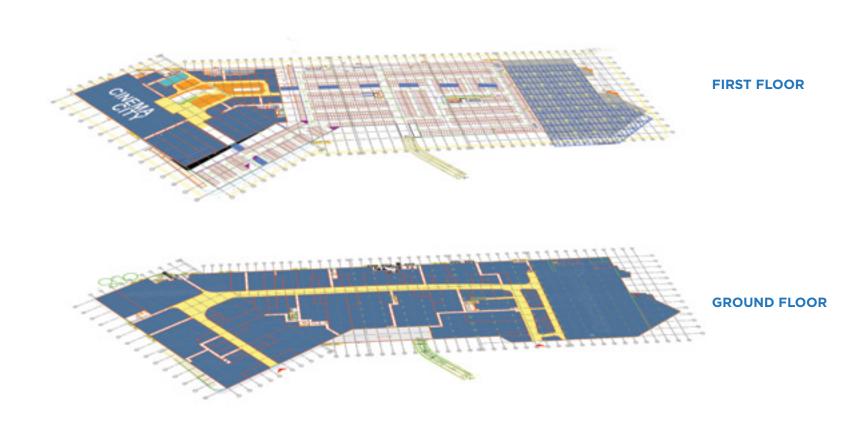
Ownership	100%
Туре	Regional mall
Lettable area - Phase I	55 900m²
Estimated rental value	€7.6 million
Opening date (targeted)	2015 Q4/2016 Q1

## Timisoara property location





# Shopping City Timisoara - floor plans







## City Park extension

CONSTANTA, ROMANIA



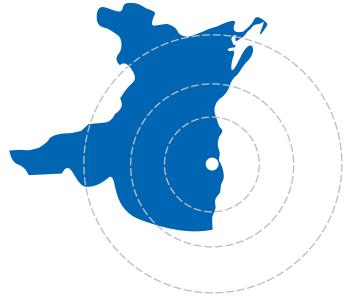
CONSTANTA COUNTY
684000
INHABITANTS



## City Park extension

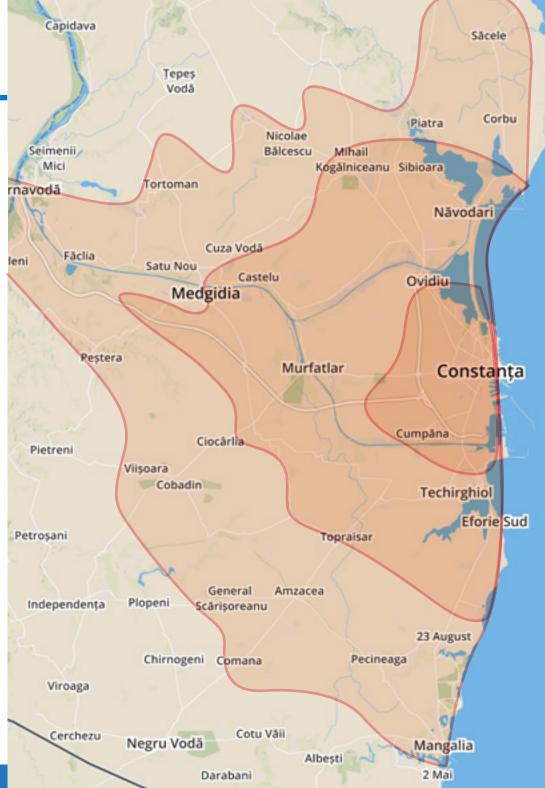
CONSTANTA, ROMANIA

## **284 000** residents



CATCHMENT	POPULA	NOITA
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15 minutes 305 000 30 minutes 435 000 45 minutes 541 000



Vadu

### City Park extension

CONSTANTA, ROMANIA

City Park mall has a prime location in Constanta, the fifth largest Romanian city, close to Mamaia, the country's most popular seaside resort. Once the 20 500m² extension is complete, the mall is expected to dominate its region

The first phase of the extension is complete, and Cinema City's ten-screen cinema, including Romania's second 4DX auditorium, opened in July 2015. Phase II is scheduled for completion by March 2016

Catchment area	541 000
(within 45-minutes drive)	
Purchasing power/inhabitant	€3 949
Bank deposits/inhabitant	€1 918
Competition	Maritimo Mall - 50 000m²
	Tom Mall - 32 000m <sup>2</sup>
	Tomis Mall - 18 800m <sup>2</sup>
Major businesses in the region	Shipping and naval
	Tourism
	Commerce and education
University	<b>Constanta Maritime University</b>

#### **EXISTING PROPERTY**

Ownership	100%
Туре	Regional mall
Year opened/acquired	2008/2013
Lettable area	29 284m²
Property value	€93.2 million
Passing rent	€7.4 million
Occupancy	99%
Hypermarket	Cora
Fashion	Adidas, Bershka, Gant, Koton, Lacoste, LC Waikiki, Mango, Marks&Spencer, Nike, Oysho, Pull&Bear, Stefanel, Stradivarius, Zara
IT&C	Domo
Food	KFC, McDonald's, Pizza Hut
Entertainment	billiard, bowling, casino

#### **EXTENSION (PHASE I & PHASE II)**

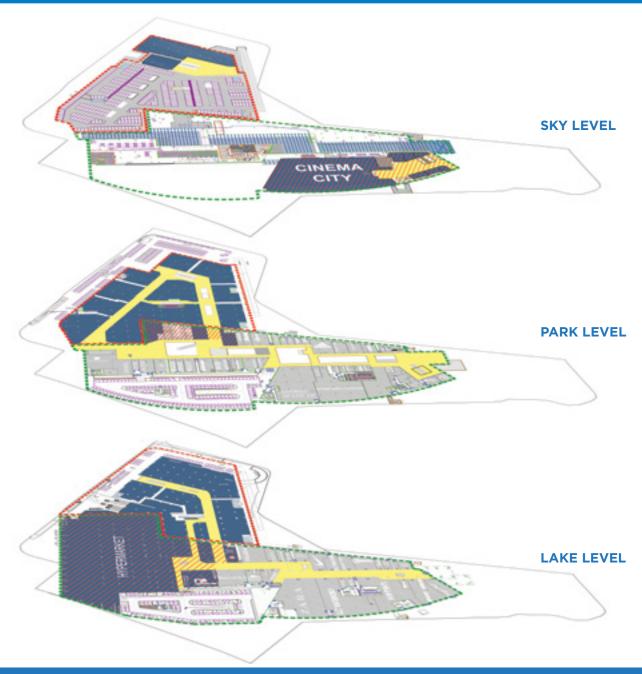
Lettable area	20 500m²
Estimated rental value	€4 million
Opening date (targeted)	2016 Q1 - Phase II



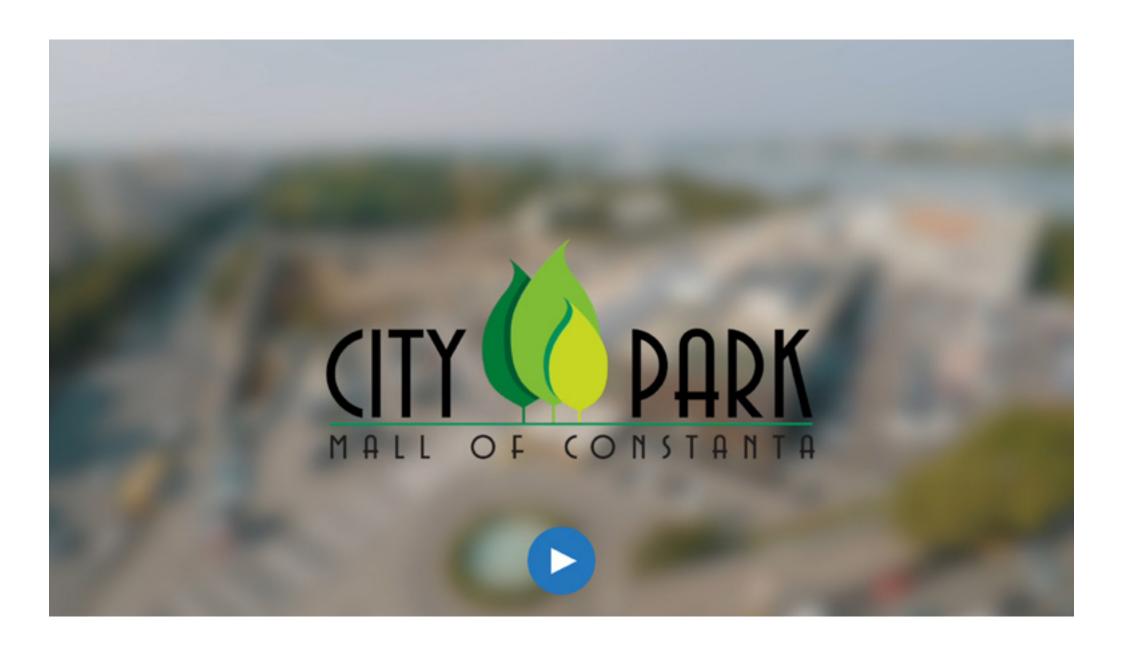




# City Park - floor plans







HUNEDOARA, ROMANIA



418000
INHABITANTS



HUNEDOARA, ROMANIA

### 56 700 residents

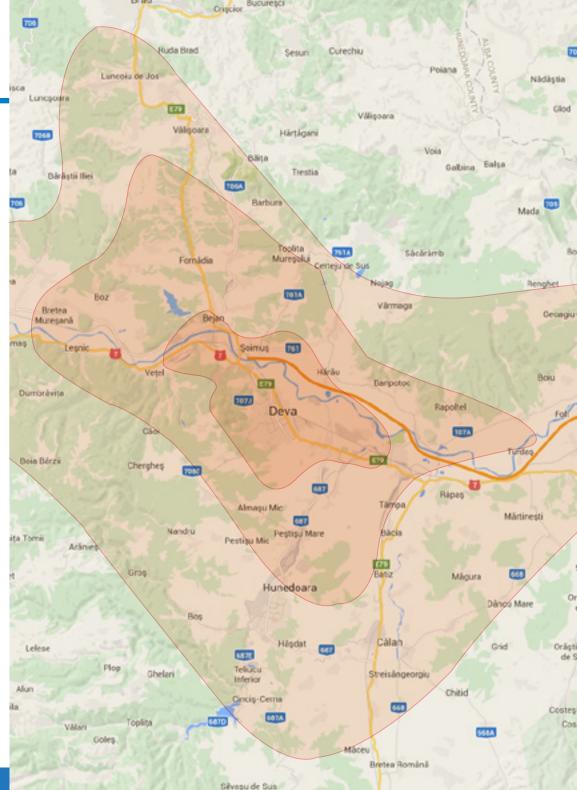


#### CATCHMENT POPULATION

 15 minutes
 75 000

 30 minutes
 177 000

 45 minutes
 277 000



HUNEDOARA, ROMANIA

This regional shopping center was acquired in 2013

Construction and leasing of the fashion, entertainment and leisure facilities extension, including a six-screen cinema are ongoing

Catchment area (within 45-minutes drive)	277 000
Purchasing power/inhabitant	€3 729
Bank deposits/inhabitant	€1 111
Competition	No other modern retail center in the region
Major businesses in the region	Automotive Commerce Construction materials
Education	National gymnastics centre

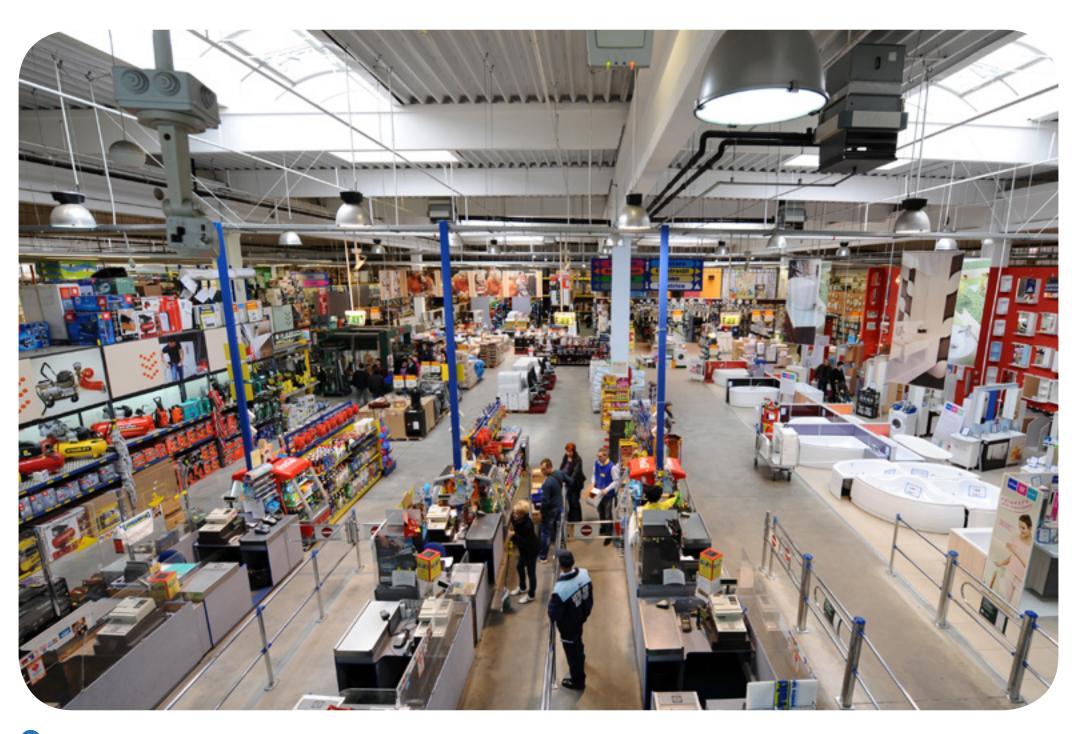
#### **EXISTING PROPERTY**

Ownership	100%
Туре	Regional mall
Year opened/acquired	2007/2013
Lettable area	42 180m²
Property value	€50.1 million
Passing rent	€4.6 million
Occupancy	99.8%
Hypermarket	Auchan, Metro Cash&Carry
Fashion	Takko
IT&C	Domo
Health & Beauty	dm, Sensiblu

#### **EXTENSION**

Lettable area	10 600
Estimated rental value	€1.3 million
Opening date (targeted)	2015 Q3
Fashion	C&A, CCC, Deichmann, H&M, New Yorker, Orsay
Food	KFC
Entertainment	cinema, casino

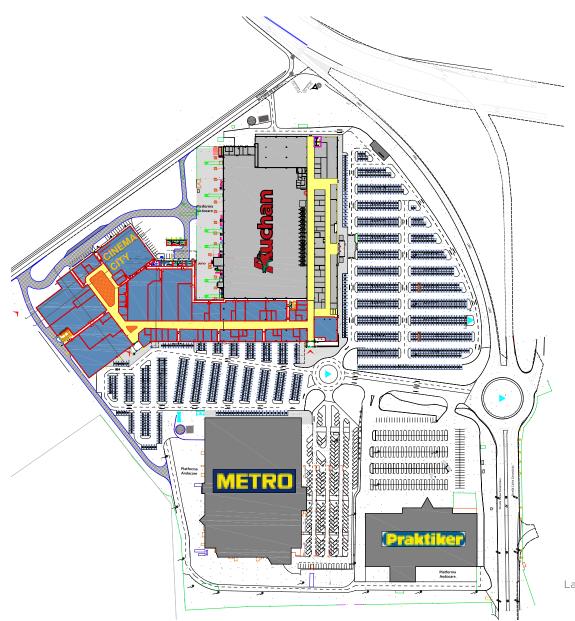






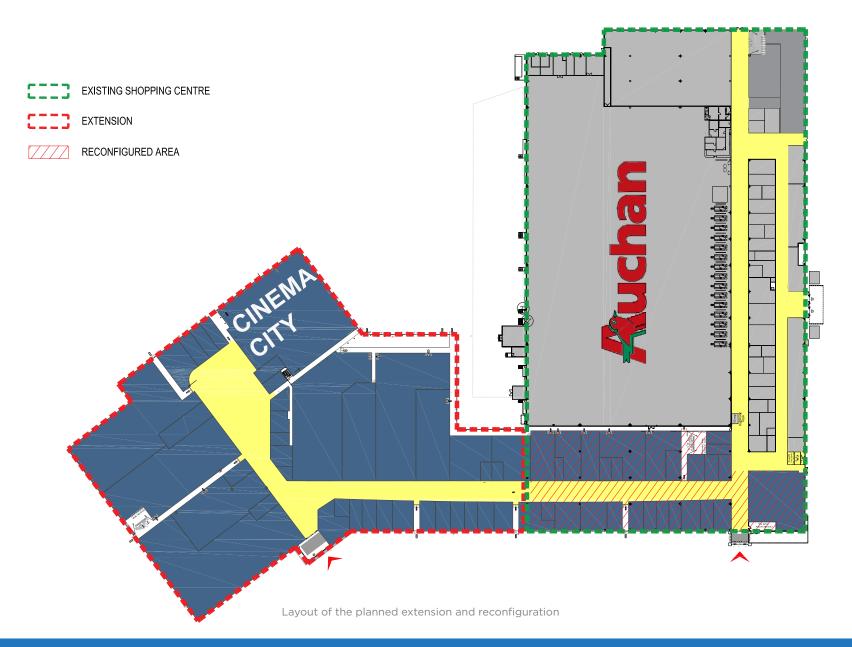




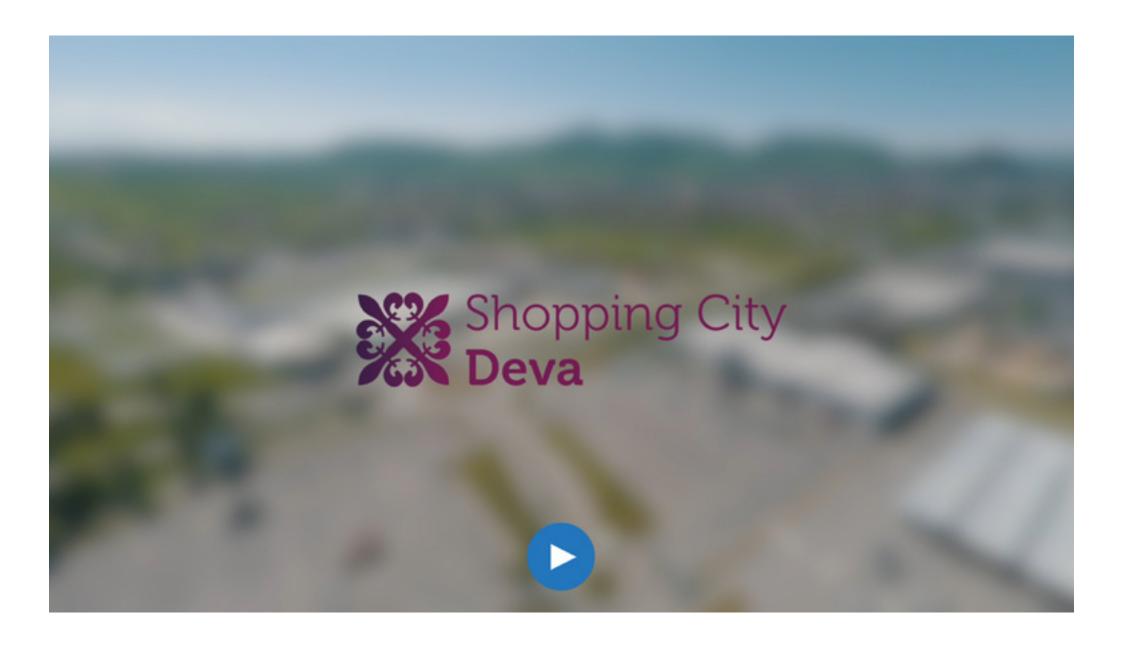


Layout of the entire property

#### HUNEDOARA, ROMANIA







# Severin Shopping Center

MEHEDINTI, ROMANIA



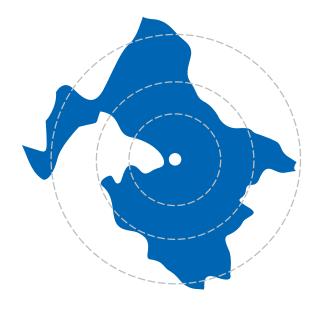
255000
INHABITANTS



# Severin Shopping Center

MEHEDINTI, ROMANIA

### 86 500 residents

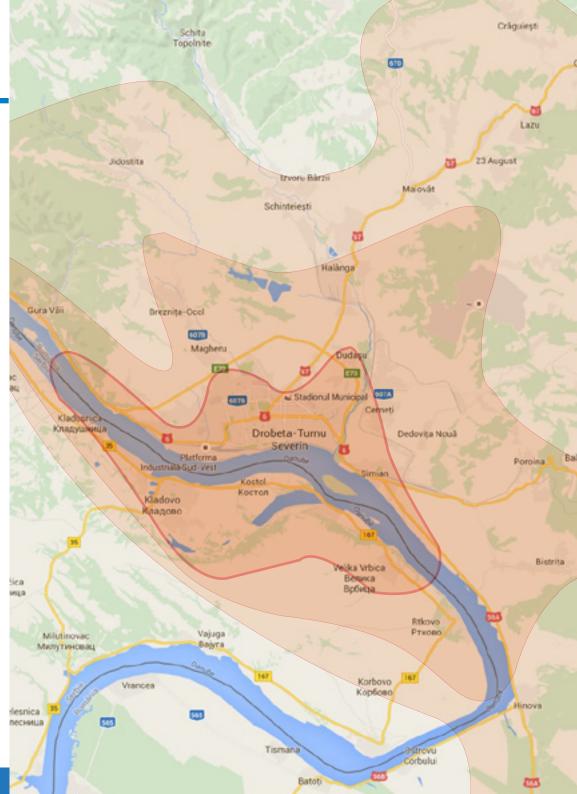


CATCHMENT	<b>POPULATION</b>
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 15 minutes
 102 000

 30 minutes
 138 000

 45 minutes
 175 500



## Severin Shopping Center

MEHEDINTI, ROMANIA

This mall was acquired in 2013. It has no significant competition. Phase I of the planned 9 700m<sup>2</sup> GLA extension includes a six-screen cinema and is scheduled to be completed in October 2015

Catchment area	175 500
(within 45-minutes drive)	
Purchasing power/inhabitant	€3 278
Bank deposits/inhabitant	€770
Competition	No other modern retail centre in the region
Major businesses in the region	Shipbuilding Wind farms & power generation Tourism
University	Gheorghe Anghel University

#### **EXISTING PROPERTY**

Ownership	100%
Туре	Regional mall
Year opened/acquired	2009/2013
Lettable area	16 546m²
Property value	€19.8 million
Passing rent	€1.5 million
Occupancy	100%
Hypermarket	Carrefour
Fashion	Deichmann, Lee Cooper, New Yorker, Orsay, Takko
IT&C	Altex
Health & Beauty	Sensiblu

#### **EXTENSION (PHASE I & PHASE II)**

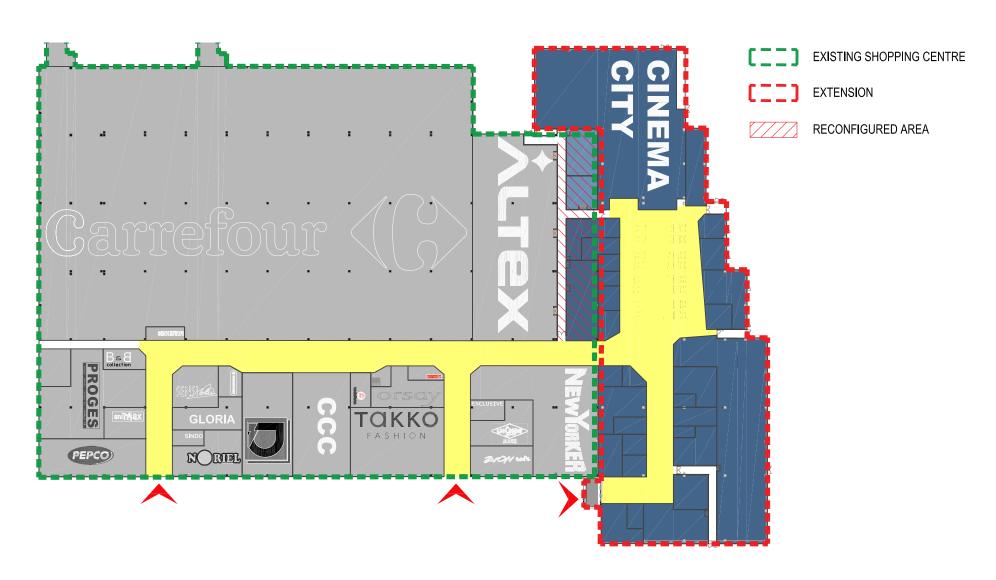
Lettable area	9 700m²
Estimated rental value	€1 million
Opening date (targeted)	2015 Q4 - Phase I 2016 - Phase II





# Severin Shopping Center extension layout

MEHEDINTI, ROMANIA









### Victoriei Office

**BUCHAREST, ROMANIA** 



1883400 INHABITANTS



### Victoriei Office

**BUCHAREST, ROMANIA** 

Victoriei Office is a unique concept that not only includes the development of a modern office, but also the refurbishment of a historical building. It is located in Victoriei Square, in central Bucharest, near the Government building

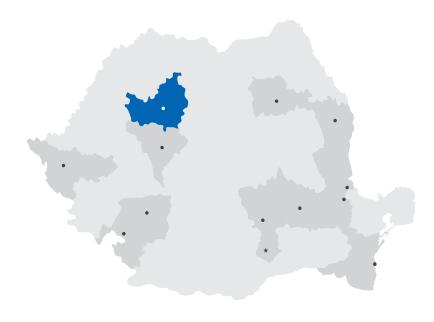
Population	1 883 400
Inhabitants with ages between 14-45	894 100
Number of students	139 300
Number of universities	35
Main universities	University of Bucharest Academy of Economic Studies Carol Davila University of Medicine and Pharmacy Polytechnic University
Major businesses in the region	IT&C Professional and financial services Property & construction
Languages	English, French, German, Greek, Hungarian, Italian, Russian, Spanish
Transportation	Bus, trolleybus, tram, metro
Airports	Henri Coanda International Airport Aurel Vlaicu International Airport
Rail stations	6
Modern office stock (A & B grade)	2.27 million m <sup>2</sup>

Ownership	100%
Туре	A-grade
Lettable area	8 400m²
Estimated rental value	€3 million
Opening date (targeted)	Q4 2015/Q1 2016

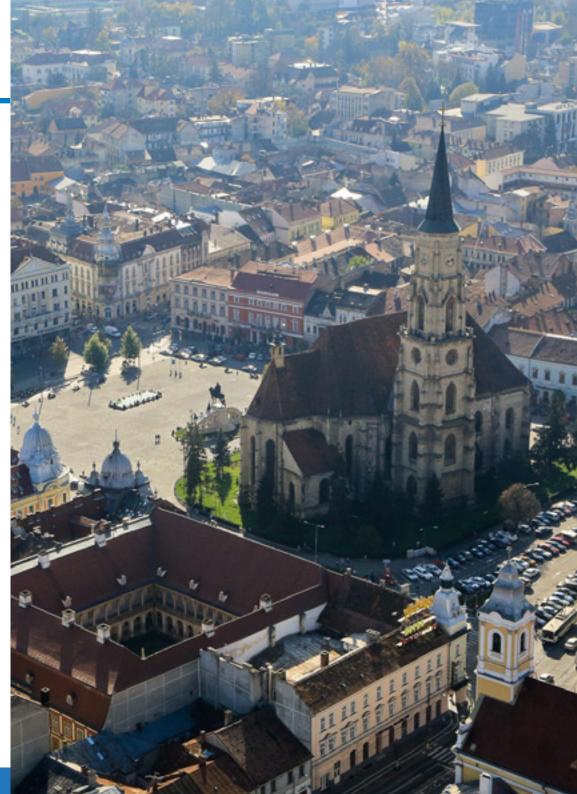


## The Office

CLUJ, ROMANIA



CLUJ COUNTY
691000
INHABITANTS



### The Office

CLUJ, ROMANIA

During 2014, the Group completed Phase I of The Office in Cluj-Napoca, the city's first A-grade office development. Phase II is under construction and is expected to be ready for tenant fit-out by November 2015

Population	324 600
Inhabitants with ages between 14-45	167 800
Number of students	50 000
Number of universities	12
University	Babes-Bolyai University Technical University
Major businesses in the region	Manufacturing IT&C Pharmaceutical
Languages	English, French, German, Hungarian
Transportation	bus, trolleybus, tram
Airports	Avram lancu International Airport
Rail stations	3
Modern office stock (A&B grade)	170 000m²

#### **EXISTING PROPERTY**

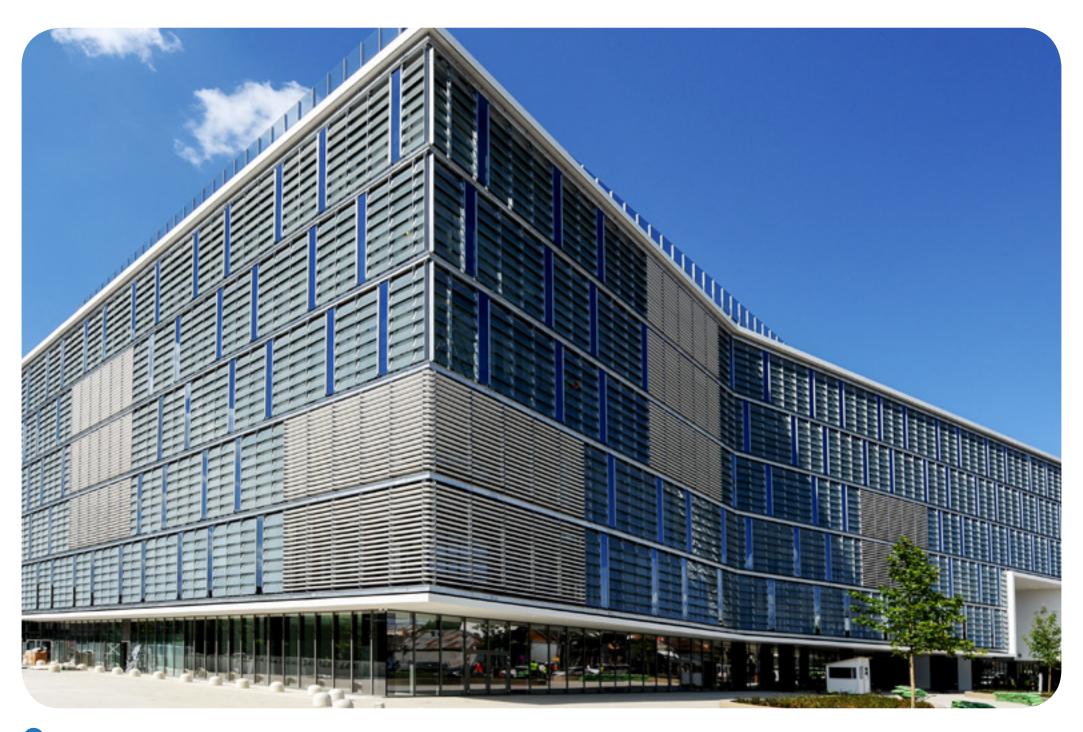
Ownership	50%
Туре	A-grade
Year opened	2014
Lettable area - Phase I	21 273m²
Property value - Phase I	€41.3 million
Passing rent - Phase I	€3.2 million
Occupancy - Phase I	96.5%
Professional services	COS, Deloitte, Ernst&Young, Wolters Kluwer
IT&C	3Pillar Global, Lohika Systems, Yardi
Tourism	TUI
Others	Betfair, Bombardier, Bosch, National Instruments, Yonder

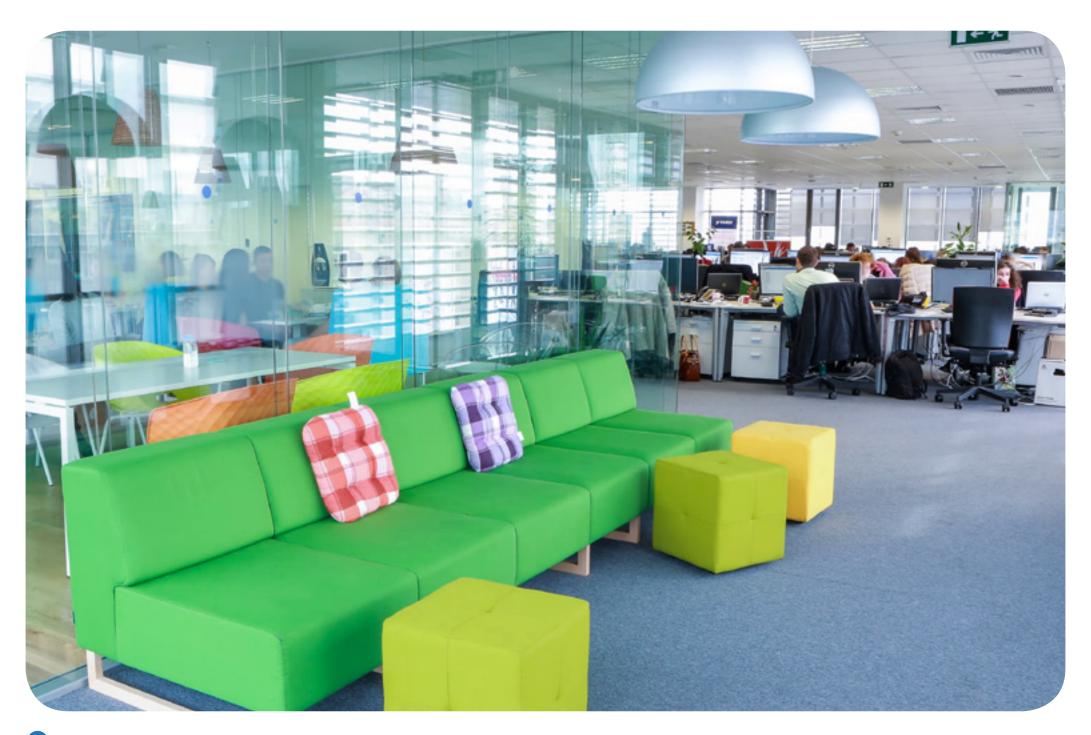
### **Phase II - development under construction**

Lettable area	19 400m <sup>2</sup>
Estimated rental value	€3 million
Target opening	2015 Q4

#### **Phase III - planned development**

Lettable area	17 200m <sup>2</sup>
Target opening	2016/2017







## Promenada Mall

BUCHAREST, ROMANIA



1883400 INHABITANTS



#### Promenada Mall

**BUCHAREST, ROMANIA** 

Promenada Mall is located in Bucharest's emerging new central business district, near NEPI's Floreasca Business Park and The Lakeview. The Group plans to extend this mall with 51 000m² gross leasable area of mixed-use fashion, leisure, entertainment and office space

Catchment area (within 15-minutes drive)	385 000
Purchasing power/inhabitant	€5 671
Bank deposits/inhabitant	€4 848
Competition	Baneasa Shopping City - 85 000m <sup>2</sup> AFI Palace Cotroceni - 76 000m <sup>2</sup>
Major businesses in the region	IT&C Professional & financial services Property & construction
University	Romania's largest educational centre (35 universities)

#### **EXISTING PROPERTY**

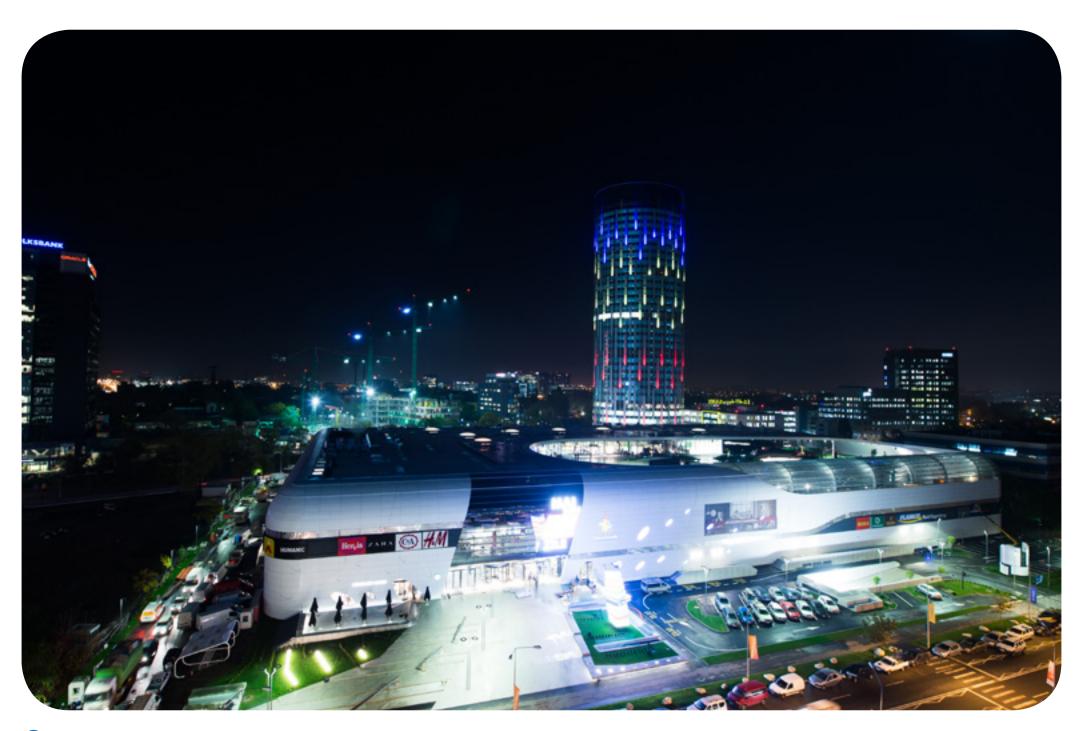
Ownership	100%
Туре	Regional mall
Year opened/acquired	2013/2014
Lettable area	40 300m²
Property value	€156.9 million
Passing rent	€10 million
Occupancy	97%
Supermarket	Billa
Fashion	Bershka, C&A, Deichmann, H&M, Hervis, Intersport, Lacoste, Massimo Dutti, Oysho, Peek&Cloppenburg, Promod, Stefanel, Stradivarius, Tommy Hilfiger, Zara
IT&C	Altex, Flanco
Food	Chopstix, KFC, McDonalds, Paul
Health & beauty	MAC, Sephora, Yves Rocher
Entertainment	billiard, bowling, gym

#### MALL/OFFICE EXTENSION

Туре	Mall extension	Office extension
Lettable area	<b>34</b> 000m²	17 000m <sup>2</sup>
Estimated rental value	€7.4 million	€3.3 million
Opening date (targeted)	2018	2018

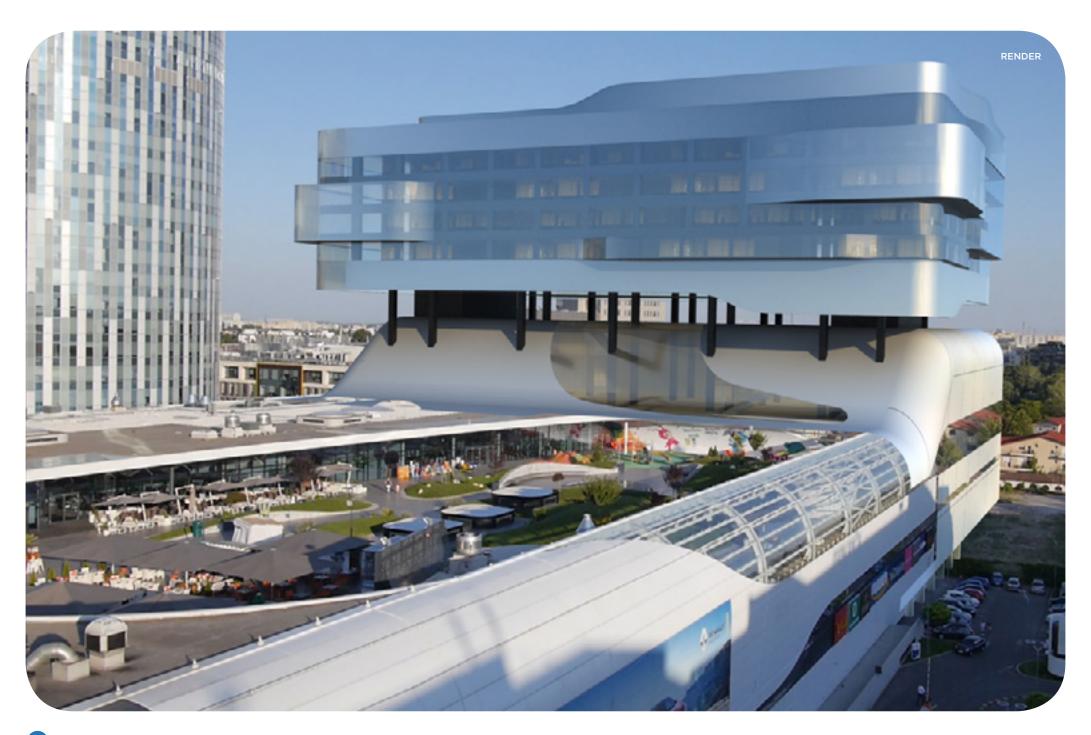
# Significant malls in Bucharest





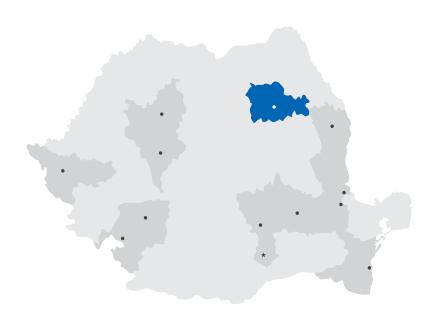




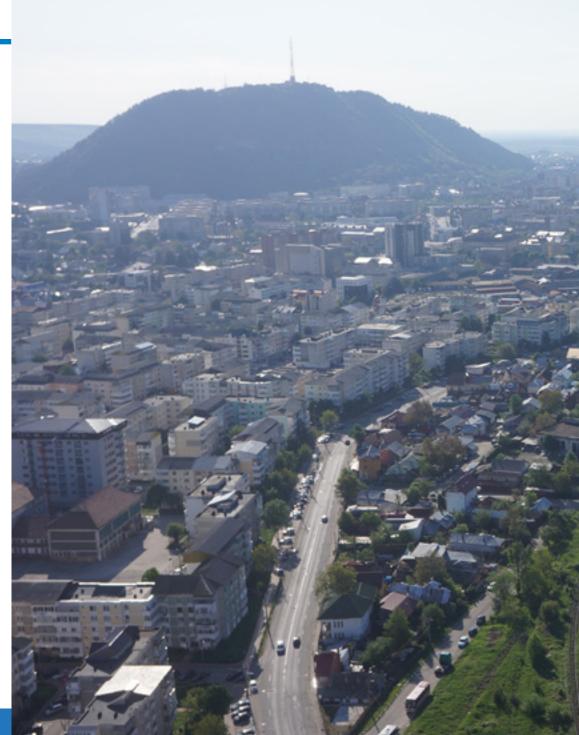


# Shopping City Piatra Neamt

NEAMT, ROMANIA



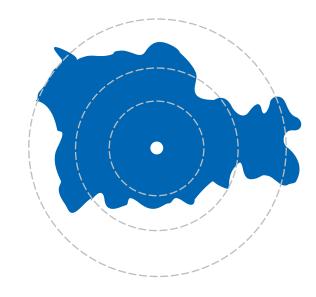
470000
INHABITANTS



# Shopping City Piatra Neamt

NEAMT, ROMANIA

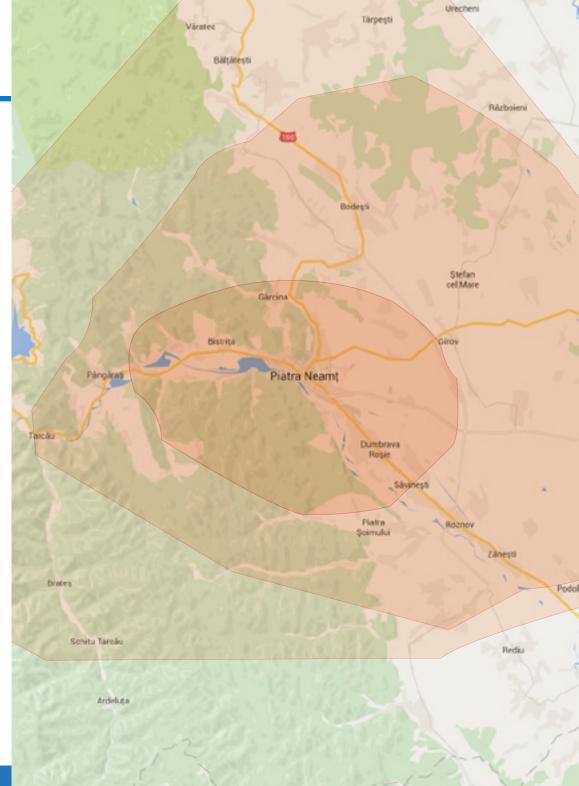
## 86 500 residents



 15 minutes
 90 000

 30 minutes
 185 000

 45 minutes
 245 000



# **Shopping City Piatra Neamt**

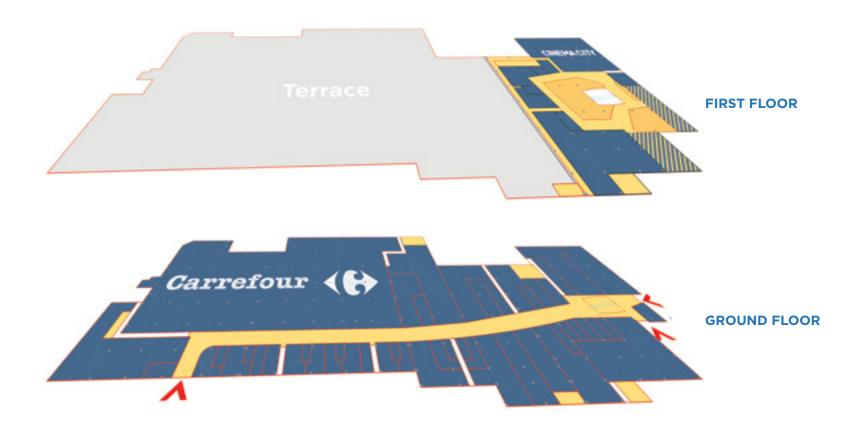
NEAMT, ROMANIA

Catchment area (within 45-minutes drive)	245 000
Purchasing power/inhabitant	€3 207
Bank deposits/inhabitant	€1 181
Competition	No other modern retail centre in the region
Major businesses in the region	Chemical Mechanical Textiles
University	Academy of Economic Studies (branch)

Туре	Regional mall
Lettable area	25 000m <sup>2</sup>
Estimated rental value	€2.9 million
Opening date (targeted)	2016

## Shopping City Piatra Neamt-floor plans

NEAMT, ROMANIA

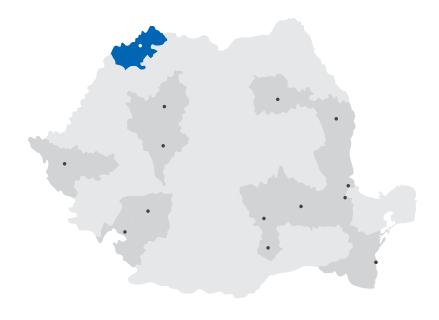






# Shopping City Satu Mare

SATU MARE, ROMANIA



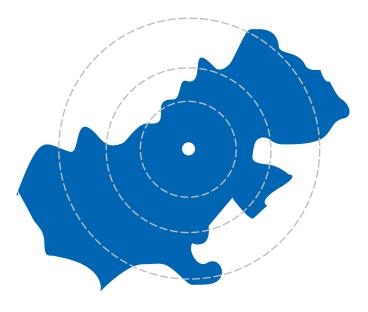
344400 INHABITANTS



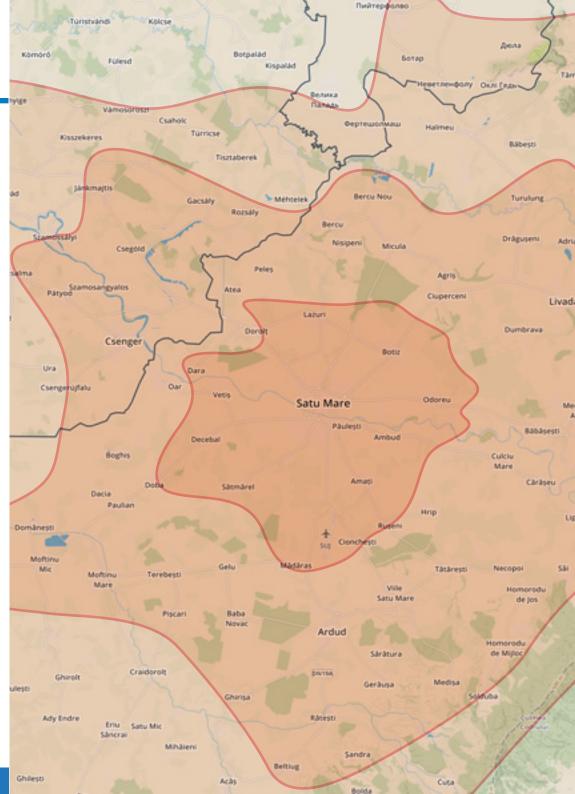
# Shopping City Satu Mare

SATU MARE, ROMANIA

### **102 400** residents



CATCHMENT	POPULATION
15 minutes	125 000
30 minutes	210 000
45 minutes	350 000



# Shopping City Satu Mare

SATU MARE, ROMANIA

Catchment area (within 45-minutes drive)	350 000
Purchasing power/inhabitant	€3 454
Bank deposits/inhabitant	€1 052
Competition	No other modern retail centre in the region
Major businesses in the region	Automotive Food Ceramics
University	Commercial Academy of Satu Mare

Туре	Regional mall
Lettable area	27 000m <sup>2</sup>
Estimated rental value	€3 million







