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

RIGHTS OFFER DECLARATION ANNOUNCEMENT

INTRODUCTION

It is the intention of NEPI to undertake a rights offer to all NEPI shareholders in order to raise approximately €40 million ("the rights offer").

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

SALIENT TERMS OF THE RIGHTS OFFER

NEPI shareholders will be offered 16.14242 new NEPI shares ("rights offer shares") for every 100 ordinary shares held by them on Friday, 11 November 2011 for shareholders on either the South African share register or the UK share register, or on Friday, 4 November 2011 for shareholders registered in Romania.

The subscription price for rights offer shares is €2.80 per rights offer share for shareholders on the UK share register and for shareholders registered in Romania and R30.00 per rights offer share for shareholders on the SA share register, calculated using a EUR/ZAR exchange rate of €1.00:R10.70.

The letters of allocation (which are issued to shareholders on the South African share register) are negotiable and can be traded on the JSE under ISIN IM00B6YBF838.

The pre-emptive rights (which are issued to shareholders registered in Romania) are negotiable and can be traded on the BVB by shareholders registered in Romania under ISIN IM00B510GN84.

Shareholders are advised that neither the letters of allocation issued to shareholders on the SA share register nor the pre-emptive rights issued to shareholders registered in Romania are fungible and accordingly are not capable of being transferred between the JSE and the BVB

UNDERWRITING

Fortress Income 2 Proprietary Limited (a wholly-owned subsidiary of Fortress Income Fund Limited) has agreed to underwrite the rights offer up to a maximum aggregate amount of R428 571 420, represented by 14 285 714 rights offer shares at a subscription price of R30.00 per rights offer

share listed on the JSE in consideration for an underwriting fee of R2 142 857 (an amount equivalent to 0.5% of its underwriting commitment).

EXCESS SHARES

Shareholders on the South African share register, shareholders on the UK share register and shareholders registered in Romania will have the right to apply for any excess rights offer shares not taken up by other shareholders and any such excess shares will be attributed equitably taking cognisance of the number of shares and rights held by the shareholder prior to such allocation, including those taken up as a result of the rights offer, and the number of excess rights applied for by such shareholder.

FOREIGN SHAREHOLDERS ON THE SOUTH AFRICAN SHARE REGISTER

Foreign shareholders on the South African share register may be affected by the rights offer, having regard to prevailing laws in their relevant jurisdictions. Such foreign shareholders should inform themselves about and observe any applicable legal requirements of such jurisdiction in relation to all aspects of the rights offer that may affect them and should refer to the rights offer circular for details of the rights offer and the laws and regulations governing the rights offer. Any foreign shareholder who is in doubt as to his position with respect to the rights offer in any jurisdiction should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

IMPORTANT DATES AND TIMES FOR SHAREHOLDERS ON THE SA SHARE REGISTER

The timetable for the rights offer will be as follows:

	2011
Finalisation announcement released on SENS	Friday, 28 October
Last day to trade in NEPI shares in order to participate in the rights offer on	Friday, 4 November
Listing and trading of letters of allocation on the JSE on	Monday, 7 November
NEPI shares commence trading on the JSE ex-rights offer entitlement on	Monday, 7 November
Record date for determination of shareholders entitled to participate in the rights offer (initial record date) on	Friday, 11 November
Rights offer opens at 09:00 on	Monday, 14 November
Rights offer circular and form of instruction posted to shareholders, where applicable, on	Monday, 14 November
Dematerialised shareholders will have their accounts at their CSDP or broker automatically credited with their entitlement on	Monday, 14 November

Certificated shareholders on the register will have their entitlement credited to a nominee account held with the transfer secretaries on	Monday, 14 November
Last day to trade letters of allocation on the JSE on	Friday, 25 November
Maximum number of rights offer shares listed and trading therein commences on the JSE on	Monday, 28 November
Rights offer closes at 12:00 on	Friday, 2 December
Record date for letters of allocation (final record date) on	Friday, 2 December
New NEPI shares issued on	Monday, 5 December
Dematerialised shareholders' accounts updated and debited by CSDP or broker with new NEPI shares on	Monday, 5 December
Results of rights offer announced on SENS on	Monday, 5 December
Results of rights offer announced in the press on	Tuesday, 6 December
Certificates posted to certificated shareholders (in respect of the rights offer shares) on or about	Wednesday, 7 December
Refunds (if any) to certificated shareholders in respect of unsuccessful applications made on or about	Wednesday, 7 December
New NEPI shares issued in respect of successful excess shares applications for dematerialised shareholders and certificated shareholders on or about	Wednesday, 7 December
Dematerialised shareholders' accounts updated and debited by their CSDP or broker (in respect of successful excess shares applications) and certificates posted to certificated shareholders (in respect of successful excess shares applications) on or about	Wednesday, 7 December

Notes:

1. All times indicated are South African times.
2. Dematerialised shareholders are required to inform their CSDP or broker of their instructions in terms of the rights offer in the manner and time stipulated in the agreement governing the relationship between the shareholder and its CSDP or broker.
3. Share certificates may not be dematerialised or rematerialised between Monday, 7 November 2011 and Friday, 11 November 2011, both days inclusive.

4. Transfers between the SA share register and the UK share register may not take place between Tuesday, 1 November 2011 and Friday, 11 November 2011, both days inclusive.
5. Dematerialised shareholders will have their accounts at their CSDP or broker automatically credited with their rights and certificated shareholders will have their rights credited to a nominee account at Computershare Investor Services (Proprietary) Limited.
6. CSDPs effect payment in respect of dematerialised shareholders on a delivery-versus-payment method.

IMPORTANT DATES AND TIMES FOR SHAREHOLDERS ON THE UK SHARE REGISTER

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

	2011
NEPI shares marked "ex-rights" by the London Stock Exchange at 8.00 a.m.	Monday, 7 November
Record date for entitlements under the rights offer	Friday, 11 November
Dispatch of provisional allotment letters and shareholders circular published	Monday, 14 November
Latest time and date for acceptance and payment in full at 10.00 a.m.	Friday, 2 December
Results of rights offer announced on RNS	Monday, 5 December
Dealing in new NEPI shares, commence on AIM at 8.00 a.m.	Monday, 5 December
Allocation of excess shares in respect of successful excess shares applications on	Monday, 5 December
Expected dispatch of definitive share certificates for the new NEPI shares in certificated form for shareholders on the UK register	Wednesday, 7 December
Refunds (if any) to shareholders in respect of unsuccessful excess shares applications made on or about	Wednesday, 7 December
New NEPI shares issued in respect of successful excess shares applications for dematerialised shareholders and certificated shares on or about	Wednesday, 7 December

Note:

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

IMPORTANT DATES AND TIMES FOR SHAREHOLDERS/PRE-EMPTIVE RIGHTS HOLDERS REGISTERED IN ROMANIA

Subject to receiving approval from the BVB and the Romanian National Securities Commission, the timetable for the rights offer will be as follows:

	2011
Publication of Presentation Document on the BVB website and in a national Romanian newspaper	Friday, 28 October
Last date to be registered as NEPI shareholder in order to be entitled to receive pre-emptive rights ("Romania initial record date")	Friday, 4 November
Commence trading pre-emptive rights on BVB	Monday, 7 November
Pre-emptive rights available for transfer into individual accounts of NEPI shareholders registered in Romania	Monday, 7 November
Last day to trade rights on the BVB	Friday, 18 November
Record date for determination of pre-emptive rights holder (being either shareholders who have received pre-emptive rights and not disposed of them or others who may have acquired pre-emptive rights) who will be entitled to exercise those rights by subscribing for rights offer shares ("Romania record date")	Wednesday, 23 November
Subscription period on the BVB opens at 12:00 p.m.	Wednesday, 23 November
Subscription period on the BVB closes at 12:00 p.m.	Monday, 28 November
Credit shares to the global accounts of the brokers/custodians where the pre-emptive rights holders have their individual accounts for pre-emptive rights holders who have exercised their rights	Monday, 5 December
Allocation of excess shares in respect of successful excess shares applications on	Monday, 5 December
Announce results of rights offer (BVB)	Monday, 5 December
Refunds (if any) to shareholders in respect of unsuccessful excess shares applications made on or about	Wednesday, 7 December
New NEPI shares credited to the global accounts of the brokers/custodians where the pre-emptive rights holders have their individual accounts for pre-emptive rights holders who have subscribed excess shares, in respect of successful excess shares applications of shareholders on or about	Wednesday, 7 December

Note:

1. References to times in this timetable are to Romanian time unless otherwise stated.

DEALINGS IN NIL PAID RIGHTS AND FULLY PAID RIGHTS ON AIM

No application has been or will be made for the admission of new NEPI shares (nil paid) to trading on AIM and accordingly there will be no dealings on AIM in any nil paid rights to new NEPI shares.

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

After 5 December 2011, the new NEPI shares will be in registered form and transferable in the usual way.

FINANCIAL EFFECTS OF THE RIGHTS OFFER

The table below sets out the unaudited pro forma financial effects of the rights offer based on NEPI's unaudited interim consolidated statement of comprehensive income for the six months ended 30 June 2011 and NEPI's unaudited interim consolidated statement of financial position as at 30 June 2011. These financial effects are the responsibility of the directors of NEPI and they have been prepared for illustrative purposes only, in order to provide information about the financial results and the financial position of NEPI assuming that the rights offer had been implemented on 1 January 2011 and 30 June 2011, respectively.

The unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of financial position of the NEPI group for the six months ended 30 June 2011 and the explanatory notes thereto will be provided in the rights offer circular.

Due to its nature, the unaudited pro forma financial information (collectively, the unaudited pro forma financial effects, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of financial position) may not give a fair reflection of NEPI's financial position, changes in equity, results of operations and cash flows subsequent to the rights offer. The unaudited pro forma financial information has been reported on by the independent reporting accountants and their report will be included in the rights offer circular.

The unaudited pro forma financial information has been prepared in accordance with the accounting policies of the NEPI group that were used in the preparation of the unaudited interim results for the six months ended 30 June 2011.

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

	Before the rights offer Note 1	After the rights offer	Change after the rights offer (%)
Basic weighted average earnings per share (EUR cents)	9.43	8.89	(5.7)
Diluted weighted average earnings per share (EUR cents)	8.77	8.36	(4.7)
Distributable earnings per share (EUR cents)	9.77	9.23	(5.5)
Headline earnings per share (EUR cents)	9.43	8.89	(5.7)
Diluted headline earnings per share (EUR cents)	8.77	8.36	(4.7)
Net asset value per share (EUR)	2.30	2.37	3.0
Adjusted net asset value per share (EUR)	2.14	2.23	4.4
Net tangible asset value per share (EUR)	2.33	2.39	2.6
Weighted average number of shares in issue	75 963 602	90 249 316	18.8
Diluted weighted average number of shares in issue	81 628 632	95 914 346	17.5
Number of shares in issue for net asset value and net tangible asset value per share purposes	82 832 949	97 118 663	17.2
Number of shares in issue for adjusted net asset value per share purposes	88 497 979	102 783 693	16.1

Notes and assumptions:

1. The figures set out in the "Before the rights offer" column above have been extracted from the unaudited interim consolidated statement of comprehensive income for the six months ended 30 June 2011 and the unaudited interim consolidated statement of financial position as at 30 June 2011.

2. The rights offer is assumed to have been implemented on 1 January 2011 for basic weighted average earnings, diluted weighted average earnings, distributable earnings, headline earnings and diluted headline earnings per share purposes and on 30 June 2011 for net asset value, adjusted net asset value and net tangible asset value per share purposes.

3. 14 285 714 rights offer shares are assumed to be issued pursuant to the rights offer, thereby raising capital of €40 million.

4. Although the proceeds of the rights offer are intended to be used to finance yield enhancing investment opportunities in direct property in Romania, there are no firm commitments at the date of this announcement to deploy the proceeds which will be received from the rights offer. Accordingly, there is no factually supportable financial information regarding potential investments. Consequently, it has been assumed that the net proceeds of the rights offer (after payment of estimated costs of approximately €0.3 million, including an

underwriting fee of approximately €0.2 million) have been utilised to partially repay loans and borrowings of approximately €39.7 million.

5. Finance expense is assumed to be reduced as a result of the repayment of approximately €39.7 million of interest bearing borrowings at the beginning of the six months ended 30 June 2011. A cost of debt of 4.33%, (being the interest rate on the loans which are assumed to be repaid), is assumed to apply throughout the six months ended 30 June 2011.

6. Estimated costs related to the rights offer of approximately €0.3 million have been written off against share premium.

7. A ZAR:EUR exchange rate of R10.70:€1.00 is assumed to apply.

8. All statement of comprehensive income adjustments have a continuing effect.

CIRCULAR

Further details of the rights offer will be set out in the circular to NEPI shareholders ("the rights offer circular") which is expected to be dispatched on 14 November 2011 and will be made available on the company's website www.nepi.uk.com as from Monday, 7 November 2011 and on the BVB's website from Monday, 7 November 2011.

21 October 2011

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