

CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2012 AND TRADING STATEMENT FOR THE SIX MONTHS ENDING 31 DECEMBER 2012

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", "the Group" or "the Company")

DIRECTORS' COMMENTARY

1 DISTRIBUTABLE EARNINGS AND APPROVAL OF DIVIDEND

The Group has achieved distributable earnings of 15.8 euro cents per share for the six months ended 30 June 2012. This is as a result of continued strong performances of the Group's assets, the favourable acquisition made by the Group of the City Business Centre in Timisoara, Romania in February 2012, additional rental income generated due to the re-developments in Brasov and Pitesti that were completed in December 2011 and a settlement with the vendors of Promenada Mall.

The Board resolved to limit the half-year distribution to 11.24 euro cents per share (the recurring portion is 10.12 euro cents per share) in respect of the six-month period ended 30 June 2012. This is an improvement of 15% over the 9.77 euro cents per share distributed for the comparable prior interim period.

The vendor settlement generated €7.1 million in non-recurring distributable income. The total value of retained distributable earnings (including retained distributable earnings carried over from the 2011 financial year) after the half-year distribution amounts to €10.1 million. This amount will be considered for distribution when the Group pursues property developments. Developments have a positive impact on per share distributions, once completed. During the construction period, however, developments are yield dilutory as interest capitalised on working capital is at the Group's average cost of finance.

2 OPTION TO RECEIVE CAPITAL RETURN

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 as a cash dividend 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 held in respect of the six months ended 30 June 2012, the latter being subject to the adoption of the proposed amendments to the Company's articles of association at the Company's extraordinary general meeting on 24 August 2012. Pending approval by the relevant exchanges, a circular that contains details of the election, accompanied by an announcement on SENS, RNS and the BVB, will be issued in due course.

3 RETAIL PROPERTY ACQUISITIONS, EXTENSIONS AND DEVELOPMENTS

Promenada Mall Braila | The expansion of the fashion offering referred to in NEPI's 2011 annual report was completed on 10 May 2012 with the opening of H&M and C&A. A further expansion phase to accommodate demand from additional international fashion tenants is being considered.

Ploiesti Shopping City | The construction of the Ploiesti Shopping City is advancing as planned with the opening of the first phase scheduled for 15 November 2012. Lease agreements have been signed with 66 tenants for the first phase of the Carrefour Hypermarket extension with tenants including Altex, Bamboo, Bershka, Cinema City, Douglas, Fishbone, H&M, Intersport, Leonardo, Massimo Dutti, Nescafe, New Yorker, Office Shoes, Orsay, Pull and Bear, Quasi Pronti, Reserved, Segafredo, Stradivarius, Swarovski, Vodafone, Yves Rocher and Zara. A number of further lease agreements are being finalised and as a result, the centre is expected to be fully tenanted on the opening date.

Brasov Shopping City | As announced in June 2012 the Group finalised 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 recently re-developed strip mall and the Carrefour hypermarket in Brasov, Romania. The Group intends to re-develop the combined properties into a regional mall, in partnership with Carrefour Property. The project is subject to board and planning approvals being obtained. Initial tenant discussions have confirmed strong demand for the project. The development is planned in two phases, with the construction of the first phase expected to commence prior to the year-end.

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 site has good vehicular and public transport access. The proposal is to develop a value centre anchored by a hypermarket on the site. Various prospective tenants (including three hypermarket groups) have shown strong interest in the proposed development and substantial preparation work has been completed in order to apply for a building permit once the zoning approval (PUZ) is issued. Construction will commence when the required building permit has been obtained, which should be prior to the year-end.

4 OFFICE PROPERTY ACQUISITIONS, EXTENSIONS AND DEVELOPMENT

City Business Centre | As reported in the 2011 Annual Report, the Group has acquired City Business Centre in Timisoara effective 1 January 2012. The Group acquired three existing office buildings with a rentable area of some 27,250 m² which are tenanted mainly by multinationals. The Group has also committed to purchase two additional buildings which are in the process of being developed. The first of these buildings is expected to be completed by September 2012. More than 60% of this building has been leased to date.

Cluj office development | The Group has acquired an 18,082 m² plot of land, in the city centre of Cluj Napoca (Cluj) in a joint venture with Mr. Ovidiu Sandor (the developer of City Business Centre) with a view to developing, in three phases, up to 52,000 m² of rentable A class offices. 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. The planning approvals process for the project is underway and the construction works are expected to commence by November this year. The first phase of the development should be completed by spring 2014.

5 DISPOSALS

Retail Park Auchan Pitesti | 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 approximately €28.7 million as against a book value of €21 million. The transaction, which is subject to a number of conditions precedent, is expected to conclude early in 2013.

6 CASH MANAGEMENT AND DEBT

The Company raised an aggregate of €66 million through a vendor placement and two private placements during the six month period. The Group will retain high levels of access to liquidity due to the instability of the European banking markets and to finance the Group's development pipeline.

A portion of the cash held for capital commitments has been invested in liquid dividend-paying listed property shares such as Unibail-Rodamco, Klepierre, VastNed Retail, Corio and Eurocommerce Properties. The total investment exposure in listed securities amounted to €52 million as at 30 June 2012 and is expected to achieve a net dividend return of approximately 7% in per annum. As at 30 June 2012 and at the date of this report, the listed securities traded at a premium to their initial acquisition cost.

The Group has 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 30 June 2012.

A construction loan of €33.5 million has been obtained from BRD (a subsidiary of Societe Generale) 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. Upon completion of construction, the construction loan can be converted into an investment loan and the total loan amount increased 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%.

7 PROSPECTS AND TRADING STATEMENT FOR THE SIX MONTHS ENDING 31 DECEMBER 2012

NEPI's property portfolio continues to perform well supported by the length of its lease profile and tenants with strong corporate covenants. The Group is actively pursuing further acquisition and development opportunities and will make further announcements in this regard as appropriate.

In terms of the Listing Requirements of the JSE Limited, property entities are required to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the distribution for the period to be reported upon next will differ by at least 15% from the distribution for the previous corresponding period. Accordingly, shareholders are advised that NEPI anticipates that the dividend per share for the six months ending 31 December 2012 will be 15% higher than for the six months ended 31 December 2011. The financial results on which this trading statement is based have not been reviewed or reported on by NEPI's external auditors.

By order of the Board

Martin Slabbert
Chief Executive Officer

Victor Semionov
Finance Director

7 August 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Jun 12 €	Audited 31 Dec 11 €	Unaudited 30 Jun 11 €
ASSETS			
Non-current assets	472 935 719	362 404 369	345 483 741
Investment property	407 185 213	341 802 837	321 839 207
Investment property at fair value	385 810 319	316 393 495	307 077 251
Investment property under development	21 374 894	25 409 342	14 761 956
Goodwill	13 938 637	13 351 499	13 849 887
Other long term assets	14 387 551	6 213 458	6 087 664
Financial assets at fair value through profit or loss	37 424 318	1 036 575	3 706 983
Current assets	59 305 817	62 816 541	39 578 986
Trade and other receivables	9 557 392	7 751 441	4 139 975
Cash and cash equivalents	49 748 425	55 065 100	35 439 011
Total assets	532 241 536	425 220 910	385 062 727
EQUITY AND LIABILITIES			
Total equity attributable to equity holders	311 905 776	235 258 940	190 900 189
Share capital	1 166 048	955 693	808 328
Share premium	293 035 978	227 844 770	188 019 113
Share-based payment reserve	14 004 458	7 456 257	7 179 934
Currency translation reserve	(2 276 952)	(2 650 522)	(3 108 678)
Accumulated profit/(loss)	5 976 244	1 652 742	(1 998 508)
Total liabilities	220 335 760	189 961 970	194 162 538
Non-current liabilities	196 379 106	174 098 216	181 677 497
Loans and borrowings	171 837 475	156 629 879	165 139 885
Deferred tax liabilities	18 937 397	15 086 152	15 586 362
Financial liabilities at fair value through profit or loss	5 604 234	2 382 185	951 250
Current liabilities	23 956 654	15 863 754	12 485 041
Trade and other payables	5 202 296	5 251 265	5 143 621
Loans and borrowings	16 023 948	8 235 659	5 114 911
Tenant deposits	2 730 410	2 376 830	2 226 509
Total equity and liabilities	532 241 536	425 220 910	385 062 727
Net asset value per share	2.59	2.41	2.30
Adjusted net asset value per share	2.63	2.43	2.33

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30 Jun 12 €	Audited 31 Dec 11 €	Unaudited 30 Jun 11 €
Cash flows from operating activities*	19 084 308	17 186 867	8 755 571
Cash flows from financing activities	49 056 325	38 246 038	11 708 126
Cash flows from investing activities	(72 805 525)	(24 164 735)	(8 955 636)
Net increase in cash and cash equivalents	(4 664 892)	31 268 170	11 508 061
Cash and cash equivalents brought forward	55 065 100	23 847 282	23 847 282
Translation effect on cash and cash equivalents	(651 783)	(50 352)	83 668
Cash and cash equivalents carried forward	49 748 425	55 065 100	35 439 011

*Includes interest paid on bank borrowings amounting to €4 186 538 for the six months ended 30 June 2012, €7 649 493 for the year ended 31 December 2011 and €3 947 973 for the six months ended 30 June 2011.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital €	Share premium €	Share-based payment reserve €	Currency translation reserve €	Accumulated profit/(loss) €	Total €
Group unaudited						
Opening balance 1 January 2011	712 686	159 308 324	759 550	(2 964 825)	(2 728 709)	155 087 026
Transactions with owners	95 642	28 710 789	6 420 384	–	(6 431 499)	28 795 316
– Issue of shares	95 642	28 734 126	–	–	–	28 829 768
– Issue cost recognised to equity	–	(23 337)	–	–	–	(23 337)
– Share-based payment reserve	–	–	6 420 384	–	–	6 420 384
– Dividend distribution	–	–	–	–	(6 431 499)	(6 431 499)
Total comprehensive income	–	–	–	(143 853)	7 161 700	7 017 847
– Other comprehensive income	–	–	–	(143 853)	–	(143 853)
– Profit for the period	–	–	–	–	7 161 700	7 161 700
Balance at 30 June 2011	808 328	188 019 113	7 179 934	(3 108 678)	(1 998 508)	190 900 189
Opening balance 1 July 2011	808 328	188 019 113	7 179 934	(3 108 678)	(1 998 508)	190 900 189
Transactions with owners	147 365	39 825 657	276 323	–	(7 958 796)	32 290 549
– Issue of shares	147 365	41 180 619	–	–	–	41 327 984
– Issue cost recognised to equity	–	(1 354 962)	–	–	–	(1 354 962)
– Share-based payment reserve	–	–	276 323	–	–	276 323
– Dividend distribution	–	–	–	–	(7 958 796)	(7 958 796)
Total comprehensive income	–	–	–	458 156	11 610 046	12 068 202
– Other comprehensive income	–	–	–	458 156	–	458 156
– Profit for the period	–	–	–	–	11 610 046	11 610 046
Balance at 31 December 2011	955 693	227 844 770	7 456 257	(2 650 522)	1 652 742	235 258 940
Opening balance 1 January 2012	955 693	227 844 770	7 456 257	(2 650 522)	1 652 742	235 258 940
Transactions with owners	210 355	65 191 208	6 548 201	–	(10 054 366)	61 895 398
– Issue of shares	210 355	65 296 116	–	–	–	65 506 471
– Issue cost recognised to equity	–	(104 908)	–	–	–	(104 908)
– Share-based payment reserve	–	–	6 548 201	–	–	6 548 201
– Dividend distribution	–	–	–	–	(10 054 366)	(10 054 366)
Total comprehensive income	–	–	–	373 570	14 377 868	14 751 438
– Other comprehensive income	–	–	–	373 570	–	373 570
– Profit for the period	–	–	–	–	14 377 868	14 377 868
Balance at 30 June 2012	1 166 048	293 035 978	14 004 458	(2 276 952)	5 976 244	311 905 776

BANK LOANS AND BORROWINGS AS AT 30 JUNE 2012

Borrower	Facility amount €	Outstanding amount €	Available for drawdown €	Interest rate	Hedge
Nepi Bucharest One SRL	6 200 000	6 200 000	–	1M Euribor+4.5%	1M Euribor capped at 2%
General Investment SRL	15 000 000	8 142 994	–	Fixed at 6.23%	–
Nepi Bucharest Two SRL and Unique Delamode SRL	9 500 000	–	9 500 000	1M Euribor+4%	1M Euribor capped at 2%
Premium Portfolio	13 995 000	13 216 988	–	Fixed at 5.17%	–
Promenada Mall	40 000 000	38 922 174	–	3M Euribor+3.0%	3M Euribor swapped at 1.8%
Retail Park Auchan Pitesti	28 813 000	27 365 146	–	1M Euribor+4.0%	1M Euribor capped at 2%
Floreasca Business Park	77 000 000	65 132 121	–	3M Euribor+2.5%	3M Euribor swapped at 1.79%
City Business Centre	10 577 586	10 343 600	–	1M Euribor+1.75%	1M Euribor swapped at 1.93%
City Business Centre	10 836 177	10 611 648	–	1M Euribor+1.75%	1M Euribor capped at 2%
City Business Centre	7 872 995	7 742 574	–	1M Euribor+4.0%	1M Euribor capped at 2%
Total	219 794 758	187 677 245	9 500 000		

BANK LOANS AND BORROWINGS REPAYMENT PROFILE

Borrower	2012 €	2013 €	2014 €	2015 €	2016 and beyond €	Total €
Nepi Bucharest One SRL	–	6 200 000	–	–	–	6 200 000
General Investment SRL	593 222	1 251 124	6 298 648	–	–	8 142 994
Nepi Bucharest Two SRL and Unique Delamode SRL	–	–	–	–	–	–
Premium Portfolio	127 177	334 551	12 755 260	–	–	13 216 988
Promenada Mall	1 077 827	2 155 653	35 688 694	–	–	38 922 174
Retail Park Auchan Pitesti	907 610	1 899 256	2 084 140	–	–	27 365 146
Floreasca Business Park	1 502 526	63 629 595	–	–	–	65 132 121
City Business Centre	591 951	1 218 105	1 265 202	1 314 149	24 308 415	28 697 822
Total	4 800 313	76 688 284	58 091 944	23 788 289	24 308 415	187 677 245

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 30 Jun 12 €	Audited 31 Dec 11 €	Unaudited 30 Jun 11 €
Profit for the period attributable to equity holders	14 377 868	18 771 746	7 161 700
Other comprehensive income	–	–	–
– currency translation differences	373 570	314 303	(143 853)
Total comprehensive income for the period	14 751 438	19 086 049	7 017 847

RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS

	Unaudited 30 Jun 12 €	Audited 31 Dec 11 €	Unaudited 30 Jun 11 €
Profit for the period attributable to equity holders	14 377 868	18 771 746	7 161 700
Fair value adjustment of investment property and goodwill	–	(3 010 852)	–
Headline earnings	14 377 868	15 760 894	7 161 700