

NEW EUROPE PROPERTY INVESTMENTS PLC

CONDENSED CONSOLIDATED **UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010**

(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. Reg No 2009/000025/10)

AIM share code: NEPI

JSE share code: NEP

ISIN Code: IM00B23XCH02

("NEPI", "the Group" or "the Company")

DIRECTORS' COMMENTARY

1 DISTRIBUTABLE EARNINGS

The Group has achieved consolidated distributable earnings of 8.35 € cents per share and, accordingly, the Board declared an interim dividend of 8.35 € cents per share in respect of the six month period ended 30 June 2010. This strong performance represents a 9.0% increase over the 7.66 € cents per share distributed for the comparable prior period.

2 INTERNALISATION

During the period the Company internalised its investment advisor through the acquisition of all of the issued shares of NEPI Investment Management Limited ("NEPM"). The net purchase price of €5 881 943 was accounted for as an intangible asset in the consolidated statement of financial position The Board expects that the management of the Group's property portfolio going forward will be achieved more efficiently and cost effectively with the management team of NEPM being employed and incentivised directly by the Company. The internalisation is expected to result in better returns to NEPI shareholders and enhanced distributable earnings per share.

3 JSE MAIN BOARD LISTING

On 4 August 2010 the Company completed the transfer of its listing from the Alternative Exchange ("AltX") of the JSE Limited ("JSE") to the Main Board of the JSE in South Africa, which combined with the wider placement of shares completed during the period is expected to further extend the shareholder base and further improve liquidity in the trading of the Company's shares.

The Company currently also holds a listing on the AIM market of the London Stock Exchange.

4 PROPERTY ACQUISITIONS AND DEVELOPMENT

The Group continued expanding its retail asset base in Romania through the acquisition of a retail park located in Pitesti, Romania ("Retail Park Auchan Pitesti") leased to Auchan and Bricostore.

The Company continues to pursue further investment opportunities in line with its investment strategy. The Group is also in discussions for the acquisition of a small but well located logistics facility in Bucharest. In view of existing market opportunities and the Group's growing foothold in Romania, the Group has also pursued development opportunities through joint ventures with strong partners. One of these opportunities led to an agreement in relation to the development of a shopping centre in Bucharest. This project is currently in due diligence.

5 DEBT

In June 2010 the Group successfully refinanced a loan facility in relation to Retail Park Auchan Pitesti with a more favorable new loan facility from Unicredit Bank and Banca Romaneasca. The new loan facility of €28 813 000 matures in December 2014 and carries an interest rate of 1 month Euribor plus 4.0%. Further, the Group took advantage of the low interest rate environment and capped the Euribor at 2.25% in relation to the new loan facility and reduced the cap strike levels to 2.25% on all the other outstanding variable interest rate loans, while the caps in relation to the NEPI Bucharest One and NEPI Bucharest Two loans were extended up to December 2014 which is beyond the respective loan facilities' maturities.

Despite continued macroeconomic weakness in Romania, NEPI's property portfolio continues to perform well supported by the predominance of longterm leases and tenants with strong corporate covenants. The Company established a solid property portfolio and investment pipeline in Romania and is well positioned to continue expanding its retail asset base in Romania.

By order of the Board

6 August 2010

Martin Slabbert Chief Executive Officer

Victor Semionov Financial Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<u> </u>			
	Group Unaudited 30 Jun 10 €	Group Audited 31 Dec 09 €	Group Unaudited 30 Jun 09 €
ASSETS			
Non-current assets	211 084 981	151 470 854	87 794 134
Investment property	196 914 767	145 965 096	85 280 283
Investment property at fair value	189 752 881	139 222 255	78 676 715
Investment property under development	7 161 886	6 742 841	6 603 568
Intangible assets	5 881 943	_	_
Goodwill	6 908 608	4 414 804	2 386 463
Financial assets at fair value through profit or loss	1 379 663	1 090 954	127 388
Current assets	27 932 073	15 673 022	11 997 776
Trade and other receivables	4 465 634	3 396 479	2 313 505
Cash and cash equivalents	23 466 439	12 276 543	9 684 271
Total assets	239 017 054	167 143 876	99 791 910
EQUITY AND LIABILITIES			
Total equity attributable to equity holders	114 862 261	72 719 463	49 815 481
Share capital	562 686	386 247	267 950
Share premium	119 042 233	76 731 744	52 487 190
Share based payment reserve	542 246	234 900	152 665
Currency translation reserve	(3 318 045)	(2 650 069)	(2 591 223)
Accumulated loss	(1 966 859)	(1 983 359)	(501 101)
Non-current liabilities	116 257 774	86 440 422	45 281 792
Loans and borrowings	105 223 417	77 970 398	40 283 172
Financial liabilities at fair value through profit or loss	1 081 710	1 081 710	934 866
Deferred tax liabilities	9 952 647	7 388 314	4 063 754
Current liabilities	7 879 019	7 983 991	4 694 637
Trade and other payables	6 335 216	6 027 605	3 057 850
Loans and borrowings	1 561 803	1 956 386	1 636 787
Total equity and liabilities	239 017 054	167 143 876	99 791 910
Net asset value per share	2.04	1.88	1.86
Adjusted net asset value		4.6-	4.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

per share

Group Unaudited 30 Jun 10	Group Audited 31 Dec 09	Group Unaudited 30 Jun 09
€	€	€
7 797 115	8 270 884	3 520 962
10 126 772 (2 329 657)	10 708 873 (2 437 989)	4 323 488 (802 526)
(307 346)	(153 059)	(70 824)
(679 627)	(670 725)	(275 574)
(461 517)	(1 543 992)	(274 508)
421 927	1 811 011	1 723 780
_	575 253	_
		4 623 836
		134 523
	()	(2 286 056)
, ,	,	(2 151 533)
2 943 515	4 843 448	2 472 303
(9 813)	(2 121 193)	(342 729)
2 933 702	2 722 255	2 129 574
47 255 904	29 397 896	26 795 000
49 444 271	30 877 071	28 150 000
6.21	9.26	7.95
5.93	8.82	7.57
8.35	15.77	7.66
7 62	12 7/	14.79
1.02	10.74	14.73
7.28	13.08	14.08
	Unaudited 30 Jun 10 € 7 797 115 10 126 772 (2 329 657) (307 346) (679 627) (461 517) 421 927 6 770 552 196 896 (4 023 933) (3 827 037) 2 943 515 (9 813) 2 933 702 47 255 904 49 444 271 6.21 5.93 8.35 7.62	Unaudited 30 Jun 10 Audited 31 Dec 09 € € 7 797 115 8 270 884 10 126 772 10 708 873 (2 329 657) (2 437 989) (307 346) (153 059) (679 627) (670 725) (461 517) (1 543 992) 421 927 1 811 011 - 575 253 6 770 552 8 289 372 196 896 261 512 (4 023 933) (3 707 436) (3 827 037) (3 445 924) 2 943 515 4 843 448 (9 813) (2 121 193) 2 933 702 2 722 255 47 255 904 29 397 896 49 444 271 30 877 071 6.21 9.26 5.93 8.82 8.35 15.77 7.62 13.74

STATEMENT OF OTHER **COMPREHENSIVE INCOME**

Group Unaudited 30 Jun 10 €	Group Audited 31 Dec 09 €	Group Unaudited 30 Jun 09 €
2 933 702	2 722 255	2 129 574
(667 976)	(1 892 383)	(1 833 537)
(667 976)	(1 892 383)	(1 833 537) 296 037
	Unaudited 30 Jun 10 € 2 933 702 (667 976)	Unaudited 30 Jun 10 € Audited 31 Dec 09 € 2 933 702 2 722 255 (667 976) (1 892 383) (667 976) (1 892 383)

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30 Jun 10 €	Audited 31 Dec 09 €	Unaudited 30 Jun 09 €
Cash flows from operating activities*	1 872 019	2 612 814	1 336 854
Cash flows from financing activities	18 346 688	12 537 009	4 323 247
Cash flows from investing activities	(8 697 486)	(7 055 693)	(138 113)
Net increase in cash and cash equivalents Cash and cash equivalents	11 521 221	8 094 130	5 521 988
brought forward	12 276 543	4 418 847	4 418 847
Translation effect on cash and cash equivalents	(331 325)	(236 434)	(256 564)
Cash and cash equivalents carried forward	23 466 439	12 276 543	9 684 271
	·		

*Includes interest paid on bank borrowings amounting to €2 989 403 for the six months ended 30 June 2010, €2 240 009 for the year ended 31 December 2009 and €1 014 619 for the six months ended 30 June 2009

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

BASIS OF PREPARATION

The condensed consolidated unaudited interim financial statements have been prepared in accordance with applicable Isle of Man law. International Financial Reporting Standards (IFRS), specifically IAS 34 Interim Financial Reporting, and the JSE Listings Requirements. The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2009. The accounting policies are consistent with those applied for the prior periods except for the adoption of the revised IAS1.

The condensed consolidated interim financial statements have not been reviewed or reported on by the Company's auditor.

INVESTMENT PROPERTY

Investment properties are those held either to earn rental income or for capital appreciation or both. After initial recognition investment properties are measured at fair value. It is the Group's policy to revalue investment properties in December.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

216 098

7 260 279

LOANS AND BORROWINGS AS AT 30 JUNE 2010

Retail Park Auchan Pitesti

Total

1.97

		cility (ount	utstanding) amount		ailable for drawdown				
Borrower		€	€		€	Interest r	ate		Hedge
Nepi Bucharest One SRL	7 300	000	6 240 000		1 060 000	1M Euribor +4.	5%	1M Euribor ca	apped at 2.25%
Nepi Bucharest Two SRL	6 824	4 800	5 800 000		1 024 800	1M Euribor +1.	9%	1M Euribor ca	apped at 2.25%
General Investment SRL	15 000	000	11 864 281		-	Fixed at 6.2	3%		_
Premium Portfolio	13 995	5 000	13 800 491		_	Fixed at 5.1	7%		_
ERP Braila	40 000	000	40 000 000		-	3M Euribor +3.	0%	3M Euribor ca	apped at 2.25%
Retail Park Auchan Pitesti	28 813	3 000	28 813 000		-	1M Euribor +4.	0%	1M Euribor ca	apped at 2.25%
LOANS REPAYMENT PROFILE									
	2010	2	011	2012	2013	3 201	14	2015	Total
Year	€		€	€	€		€	€	€
Nepi Bucharest One SRL	_		_	_	6 240 000)	_	_	6 240 000
Nepi Bucharest Two SRL	_	5 800	000	_	-	_	_	_	5 800 000
General Investment SRL	475 414	1 005	008 1	064 641	1 137 283	8 181 93	35	_	11 864 281
Premium Portfolio	110 495	239	173	240 192	333 284	175 46	60	12 701 887	13 800 491
ERP Braila	_		- 2	155 653	2 155 653	35 688 69	94	_	40 000 000

2 139 365

5 599 851

1 899 257

11 765 477

RECONCILIATION OF PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS LEASE EXPIRY PROFILE							
	Group 30 Jun 10	Group 31 Dec 09	Group 30 Jun 09	Year			
	€	€	€	2010			
Profit for the period attributable to equity holders	2 933 702	2 722 255	2 129 574	2011			
Unrealised foreign exchange gain	(421 927)	(1 811 011)	(1 723 780)	2012			
Realised foreign exchange losses	_	(87 000)	_	2013			
Listing expenses	_	905 048	905 048	2014			
Acquisition fees	332 839	286 211	_	2015			
Share based payment fair value	307 346	153 059	70 824	2016			
Accrued interest on share based payments	133 639	170 721	81 045	2017			
Fair value adjustment	-	(575 253)	_	2018			
Financial assets at fair value	701 291	855 754	392 176	2019			
Amortisation of the financial assets	(159 600)	(117 288)	(39 777)	>= 2020			
Deferred tax expense	-	2 114 061	341 180				
Share issue cum distribution Distributable earnings for	1 042 706	547 821	-	SEGMENTAL ANALYSIS			
the period Number of shares entitled	4 869 996	5 164 378	2 156 290				
to distribution	58 346 586*	37 070 515*	28 150 000				

585 909

Distributable earnings for		0 0=.	
the period Number of shares entitled	4 869 996	5 164 378	2 156 290
to distribution	58 346 586*	37 070 515*	28 150 000
*(Total shares in issue less 3 587 148 vendor shares subject to lock in arrangements since 20 October 2009)			
Distributable earnings per share			
for the period (€ cents)	8.35	15.77	7.66
Interim (€ cents)	8.35	7.66	7.66
Final (€ cents)	_	8.11	_

RECONCILIATION OF PROFIT FOR	THE PERIOD	TO HEADLINE	EARNINGS
	Group 30 Jun 10 €	Group 31 Dec 09 €	Group 30 Jun 09 €
Profit for the period attributable to equity holders	2 933 702	2 722 255	2 129 574
Changes in currency translation reserve of foreign subsidiaries Fair value adjustment of investment	667 976	1 892 382	1 833 537
property	_	(575 253)	_
Headline earnings	3 601 678	4 039 384	3 963 111
	Group 30 Jun 10 €	Group 31 Dec 09 €	Group 30 Jun 09 €
Adjusted net asset value	125 772 793	80 070 467	54 446 673
Net asset value per the statement of financial position	114 862 261	72 719 463	49 815 481

	E	6	6
Adjusted net asset value	125 772 793	80 070 467	54 446 673
Net asset value per the statement of financial position Issued value of the shares in respect of the share incentive	114 862 261		49 815 481
scheme	13 748 436	4 377 494	2 953 900
Deferred tax	9 952 647	7 388 314	4 063 754
Goodwill and intangible assets	(12 790 551)	(4 414 804)	(2 386 462)
Net asset value per share Adjusted net asset value	2.04	1.88	1.86
per share	2.03	1.97	1.93
Number of shares for net assets value per share purposes	56 268 704	38 624 771	26 795 000
Number of shares for adjusted net assets value per share purposes	61 933 734	40 657 663	28 150 000

LEASE EXPIRY PROFILI	E	
Year	Based on rental income	Based or rented area
2010	0.1%	0.0%
2011	2.6%	3.4%
2012	3.9%	4.8%
2013	8.0%	3.9%
2014	18.6%	16.8%
2015	6.9%	9.9%
2016	14.8%	7.3%
2017	0.7%	0.3%
2018	2.5%	0.8%
2019	1.6%	1.3%
>= 2020	40.3%	51.5%

1 450 254

45 496 343

23 108 026

35 809 913

28 813 000

106 517 772

	30 Jun 10	31 Dec 09	30 Jun 09
	€	€	€
Rental income			
Retail	7 108 561	4 807 694	1 362 511
Industrial	594 417	1 191 587	593 914
Office	2 423 794	4 709 592	2 367 062
Total	10 126 772	10 708 873	4 323 487
Profit before net finance expense			
Retail	5 317 544	6 652 814	587 801
Industrial	474 707	179 460	685 768
Office	1 815 713	3 032 304	3 624 775
Corporate	(837 412)	(1 575 206)	(274 508)
Total	6 770 552	8 289 372	4 623 836

Group

Group

PAYMENT OF INTERIM DIVIDEND

The board has approved and notice is hereby given of an interim dividend per share of 8.35 € cents for the six months ended 30 June 2010.

The salient dates for the dividend are set out below

Last day to trade (JSE)	Friday, 27 August 2010
Ex-dividend date (JSE)	Monday, 30 August 2010
Ex-dividend date (AIM)	Wednesday, 1 September 2010
Record date	Friday, 3 September 2010
Payment date	Thursday, 9 September 2010

No dematerialisation or rematerialisation of share certificates, nor transfer of shares between registers in the Isle of Man and South Africa will take place between Monday, 30 August 2010 and Friday, 3 September 2010, both dates Shareholders on the South African sub-register will receive dividends in South

African Rand, based on the exchange rate to be obtained by the Company on 20 August 2010. A further announcement in this respect will be made on or before 20 August 2010.

(667 976)

(667976)

542 246

2 933 702

2 933 702

(3 318 045) (1 966 859) 114 862 261

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share based payments reserve	Currency translation reserve	Accumulated loss	Total
Group unaudited	€	€	€	€	€	€
Opening balance 1 January 2009	267 950	52 487 190	81 841	(757 686)	(681 386)	51 397 909
Transactions with owners			70 824	_	(1 949 289)	(1 878 465)
- issue of shares	_	-	_	-	-	-
– issue cost recognised to equity	_	-	_	-	-	-
 share based payment reserve 	_	_	70 824	-	_	70 824
 dividend distribution 	_		_	_	(1 949 289)	(1 949 289)
Total comprehensive income		_	_	(1 833 537)	2 129 574	296 037
 other comprehensive income 	_	_	-	(1 833 537)	_	(1 833 537)
– profit for the period	_		_		2 129 574	2 129 574
Balance at 30 June 2009	267 950	52 487 190	152 665	(2 591 223)	(501 101)	49 815 481
Opening balance 1 July 2009	267 950	52 487 190	152 665	(2 591 223)	(501 101)	49 815 481
Transactions with owners	118 297	24 244 554	82 235	_	(2 074 939)	22 370 147
- issue of shares	118 297	24 263 927	_	_	_	24 382 224
- issue cost recognised to equity	_	(19 373)	_	_	_	(19 373)
- share based payment reserve	_	_	82 235	_	_	82 235
- dividend distribution	_	_	_	_	(2 074 939)	(2 074 939)
Total comprehensive income	_	_	_	(58 846)	592 681	533 835
- other comprehensive income	_	_	_	(58 846)	_	(58 846)
– profit for the period	_		_	_	592 681	592 681
Balance at 31 December 2009	386 247	76 731 744	234 900	(2 650 069)	(1 983 359)	72 719 463
Opening balance 1 January 2010	386 247	76 731 744	234 900	(2 650 069)	(1 983 359)	72 719 463
Transactions with owners	176 439	42 310 489	307 346	_	(2 917 202)	39 877 072
- issue of 9 310 823 shares on 12/03/2010	93 109	20 856 243	_	_	_	20 949 352
- issue of 5 882 352 shares on 01/04/2010	58 823	15 377 960	_	_	_	15 436 783
- issue of 2 450 748 shares on 30/06/2010	24 507	6 298 422	_	_	_	6 322 929
- issue cost recognised to equity	_	(222 136)	_	_	_	(222 136)
- share based payment reserve	_	-	307 346	_	_	307 346
- dividend distribution	_	_	_	_	(2 917 202)	(2 917 202)

Registered office Transfer secretaries and settlement agent

Total comprehensive income

Closing balance 30 June 2010

- foreign exchange loss

- profit for the period

Falcon Cliff, Palace Road, Douglas, Isle of Man IM2 4LB, British Isles (PO Box 75, Douglas, Isle of Man, IM99 1EP, British Isles) Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa

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562 686 119 042 233

Victor Semionov (Financial Director), Martin Slabbert (Chief Executive Officer), Jeffrey Zidel#

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2 265 726

2 933 702