

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this circular have been used on this cover page.

If you are in any doubt as to what action to take, please consult your CSDP, CREST provider, broker, custodian, banker, accountant, legal advisor or other professional advisor.

ACTION REQUIRED

If you have disposed of all your shares in NEPI, this circular should be handed to the purchaser of such shares or to the CSDP, CREST provider, broker, custodian, banker or other agent through whom the disposal was effected.

NEPI shareholders are referred to page 4 of this circular, which sets out the detailed action required of them in respect of the proposals set out in this circular.

All times indicated are local times in the country to which they refer.

THE ATTENTION OF SHAREHOLDERS IS DRAWN TO THE FACT THAT SHOULD THEY NOT ACTION THE CONTENTS OF THIS CIRCULAR, THEY WILL BE DEEMED TO HAVE ELECTED TO RECEIVE THE CASH DIVIDEND.

NEPI does not accept responsibility and will not be held liable for any failure on the part of the CSDP, CREST provider, broker or custodian of any holder of dematerialised or certificated shares to notify such shareholder of the proposals set out in this circular.



NEW EUROPE PROPERTY INVESTMENTS PLC

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 JSE share code: NEP BVB share code: NEP ISIN: IM00B23XCH02

("NEPI" or "the company")

CIRCULAR TO NEPI SHAREHOLDERS

relating to:

- an election being offered to NEPI shareholders to receive either a cash dividend or a return of capital by way of an issue of new NEPI shares;

and enclosing:

- an election form (for use by certificated shareholders on the SA share register, all shareholders on the UK share register and all shareholders registered in Romania).

Corporate advisor, legal advisor as to
South African law and JSE sponsor



Nominated adviser and broker in the UK

Smith & Williamson

Legal advisor as to Isle of Man law



Romanian advisor



Advisor as to Romanian law



Date of issue: Thursday, 6 March 2014

This circular is available in English and in Romanian. Copies of this circular may be obtained at the company's SA transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, or at the company's UK transfer secretaries, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES, from Thursday, 6 March 2014 to Monday, 14 April 2014. It will also be available on the website of the company (www.nepinvest.com) from Thursday, 6 March 2014, on the website of the BVB (www.bvb.ro) from Thursday, 6 March 2014 and at the office of the company's nominated adviser and broker in the UK, Smith & Williamson Corporate Finance Limited, 25 Moorgate, London EC2R 6AY.

Persons responsible for the circular

Martin Johannes Christoffel Slabbert – Chief Executive Officer, NEPI

Victor Semionov – Finance Director, NEPI

Statement of responsible persons

Following the review of the content of this circular, the above mentioned responsible persons representing the issuer, New Europe Property Investments plc, hereby state that after taking all reasonable measures and according to their best knowledge, the information in this circular is in conformity with reality, true and accurate in all material respects and does not contain material errors that could have a significant impact over the circular.

CORPORATE INFORMATION

Registered office in the Isle of Man

2nd Floor, Anglo International House
Lord Street
Douglas
Isle of Man, IM1 4LN

Corporate advisor and legal advisor as to South African law

Java Capital (Proprietary) Limited
(Registration number 2002/031862/07)
2 Arnold Road
Rosebank
Johannesburg, 2196
(PO Box 2087, Parklands, 2121)

Legal advisor as to Isle of Man Law

Consilium Limited
(Registration number 003570V)
2nd Floor, Anglo International House
Lord Street
Douglas
Isle of Man, IM1 4LN
(Postal address as above)

JSE sponsor

Java Capital Trustees and Sponsors (Proprietary) Limited
(Registration number 2006/005780/07)
2 Arnold Road
Rosebank
Johannesburg, 2196
(PO Box 2087, Parklands, 2121)

UK transfer secretaries

Computershare Investor Services (Jersey) Limited
(Registration number 75505)
Queensway House
Hilgrove Street
St Helier
Jersey, JE1 IES
(Postal address as above)

SA transfer secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)

Legal advisor as to Romanian law

Reff & Asociatii SCA
(Bucharest Bar decision no. 1110/13 March 2006)
4-8 Nicolae Titulescu Road
East Entrance, 3rd Floor Sector 1
011141 Bucharest, Romania
(Postal address as above)

Registered office in South Africa

4th Floor
Rivonia Village
Rivonia Boulevard
Rivonia, 2191

Nominated adviser and broker in the UK

Smith & Williamson Corporate Finance Limited
(Registration number 4533970)
25 Moorgate
London, EC2R 6AY
(Postal address as above)

Isle of Man administrator and registrar

Sabre Fiduciary Limited
(Registration number 124715C)
2nd Floor, Anglo International House
Lord Street
Douglas
Isle of Man, IM1 4LN
(Postal address as above)

Company secretary

Cornelius Eduard Cassell
2nd Floor, Anglo International House
Lord Street,
Douglas
Isle of Man, IM1 4LN
(Postal address as above)

UK receiving agent

Computershare Investor Services PLC
(Registration number 03498808)
Corporate Actions Projects
Bristol, BS99 6AH
(Postal address as above)

Romanian advisor*

SSIF Intercapital Invest SA
(Registration number J40/6447/1995)
33 Aviatorilor Boulevard, 1st Floor
Sector 1
Bucharest, Romania
(Postal address as above)

Place and date of incorporation

Incorporated in the Isle of Man on 23 July 2007

** Romanian intermediary assisting the company as per requirements of Annex 20 of the Romanian National Securities Commission Regulation 1/2006*

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SALIENT DATES AND TIMES

For shareholders on the SA share register

2014

Announcement of Euro to Rand conversion rate released on SENS on or before	Thursday, 20 March
Last day to trade in order to be eligible for the cash dividend or alternatively the return of capital on	Friday, 28 March
Shares commence trading <i>ex</i> the cash dividend or return of capital on	Monday, 31 March
Record date for shareholders recorded on the SA share register	Friday, 4 April
Closing date for receipt of completed election forms by no later than 12:00 on	Friday, 4 April
Announcement on SENS of the amount of new NEPI shares issued on	Friday, 11 April
Dispatch of share certificates, payment of cash dividend, CSDP/broker accounts credited/updated and new NEPI shares listed on the JSE on	Monday, 14 April

Notes:

1. All dates and times quoted above are local dates and times in South Africa. The above dates and times are subject to change. Any changes will be released on SENS and published in the press in South Africa.
2. NEPI shareholders are referred to page 4 of this circular for information on the action required to be taken by them.
3. **Shareholders should note that new NEPI shares should not be traded until the new NEPI shares are issued or reflect in their accounts with their CSDP or broker on Monday, 14 April 2014.**
4. Share certificates may not be dematerialised or rematerialised nor may transfers of shares between sub-registers in the United Kingdom, South Africa and Romania take place between Monday, 31 March 2014 and Friday, 4 April 2014 both days inclusive.
5. Shareholders on the SA share register will receive a cash dividend in South African Rand, based on the exchange rate to be obtained by the company on or before Thursday, 20 March 2014. An announcement in this respect will be made on or before Thursday, 20 March 2014.

For shareholders on the UK share register

2014

Last day to trade in order to be eligible for the cash dividend or alternatively the return of capital on	Tuesday, 1 April
Shares commence trading <i>ex</i> the cash dividend or return of capital on	Wednesday, 2 April
Record date for shareholders recorded on the UK share register	Friday, 4 April
Closing date for receipt of completed election forms by no later than 12:00 on	Friday, 4 April
Announcement on RNS of the amount of new NEPI shares issued on	Friday, 11 April
Dispatch of share certificates, payment of cash dividend, CREST accounts credited/updated and new NEPI shares listed on the AIM on	Monday, 14 April

Notes:

1. All dates and times quoted above are local dates and times in the United Kingdom. The above dates and times are subject to change. Any changes will be released on RNS.
2. NEPI shareholders are referred to page 4 of this circular for information on the action required to be taken by them.
3. Uncertificated shareholders should note that new NEPI shares should not be traded until the new NEPI shares reflect in their accounts with their CREST provider or broker.
4. Share certificates may not be uncertificated or recertificated, nor may transfers of shares between sub-registers in the United Kingdom and Romania take place between Monday, 31 March 2014 and Friday, 4 April 2014 both days inclusive.

For shareholders registered in Romania

2014

Last day to trade in order to be eligible for the cash dividend or alternatively the return of capital on	Tuesday, 1 April
Shares commence trading <i>ex</i> the cash dividend or return of capital on	Wednesday, 2 April
Romanian record date	Friday, 4 April
Last date when the shareholders registered in Romania who/which elect to receive the return of capital should complete the election form and submit it to NEPI, this being the closing date for receipt of completed election forms by no later than 13:00 on	Friday, 4 April
Announcement on BVB of the amount of new NEPI shares issued on	Friday, 11 April
Payment of cash dividend and/or broker share accounts updated and new NEPI shares listed on BVB on	Monday, 14 April

Notes:

1. All dates and times quoted above are local dates and times in Romania. The above dates and times are subject to change. Any changes will be released on the BVB.
2. NEPI shareholders are referred to page 4 of this circular for information on the action required to be taken by them.
3. Uncertificated shareholders should note that new NEPI shares should not be traded until the new NEPI shares reflect in their accounts with their CSDP or broker.
4. Share certificates may not be dematerialised or rematerialised, nor may transfer of shares between the sub-registers in the United Kingdom, South Africa and Romania take place between Monday, 31 March 2014 and Friday, 4 April 2014 both days inclusive.

ACTION REQUIRED BY NEPI SHAREHOLDERS

The definitions and interpretations commencing on page 6 of this circular apply to this section.

The following information pertains to all of the company's shareholders.

On 5 February 2014 it was announced that the board had approved a final distribution of 13.86 Euro cents per share in respect of the six months ended 31 December 2013 and that the board intends offering shareholders the election to receive a return of capital or a cash dividend. Accordingly, you are entitled to receive either a cash dividend or a return of capital.

Should you wish to receive the cash dividend or should you take no action, regardless of being a certificated or dematerialised shareholder, you shall on Monday, 14 April 2014 receive the cash dividend. In respect of certificated shareholders, dividend payments will be made by electronic funds transfer and in respect of dematerialised shareholders your CSDP/broker accounts will be credited and updated.

All times indicated below are local times in the country to which they refer.

If you elect to receive the return of capital, please note the following action is required to be taken by you:

SHAREHOLDERS RECORDED ON THE SA SHARE REGISTER

1. CERTIFICATED SHAREHOLDERS

Certificated shareholders must complete the attached election form in accordance with the instructions contained therein and lodge it with the SA transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107), to be received by them by no later than 12:00 on Friday, 4 April 2014. Election forms received after this date and time will not be accepted.

Where applicable, share certificates, will be dispatched to all certificated shareholders by registered post at the risk of such shareholders, on Monday, 14 April 2014 or in accordance with the instructions given to the SA transfer secretaries.

2. DEMATERIALISED SHAREHOLDERS

Dematerialised shareholders are required to notify their duly appointed CSDP, broker or custodian if they wish to receive the new NEPI shares pursuant to the return of capital in the manner and the time stipulated in the agreement governing the relationship between such shareholders and their CSDP, broker or custodian, failing which they will receive the cash dividend.

Dematerialised shareholders' CSDP/broker accounts will be credited and updated on Monday, 14 April 2014 with the new NEPI shares.

SHAREHOLDERS RECORDED ON THE UK SHARE REGISTER

1. CERTIFICATED SHAREHOLDERS

Certificated shareholders must complete the attached election form in accordance with the instructions contained therein and lodge it with the UK receiving agent, Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH to be received by them by no later than 12:00 on Friday, 4 April 2014. The election forms may be submitted to the UK receiving agent by post, fax or email. Election forms received after this date and time will not be accepted.

Share certificates, will be dispatched to all certificated shareholders by registered post at the risk of such shareholders, on Monday, 14 April 2014 or in accordance with the instructions given to the UK transfer secretaries.

2. UNCERTIFICATED SHAREHOLDERS

Uncertificated shareholders are required to complete the attached election form if they wish to receive the new NEPI shares pursuant to the return of capital in the manner and the time stipulated in the agreement governing the relationship between such shareholders and their CREST provider, broker or custodian, failing which they will receive the cash dividend.

Recommended to contact their duly appointed CREST provider, broker or custodian to assist with the completion and submission of their election form. For beneficial holders within a CREST custodian service, only their CREST provider, broker or custodian is able to complete and submit the attached election form.

Uncertificated shareholders' CREST accounts will be credited and updated on Monday, 14 April 2014 with the new NEPI shares.

SHAREHOLDERS REGISTERED IN ROMANIA

Shareholders registered in Romania who/which are entitled to receive dividends and who/which elect to receive the return of capital should complete the election form taking into consideration the specific provisions applicable as of 13:00 on Friday, 4 April 2014 and submit the election form to NEPI by no later than 13:00 on Friday, 4 April 2014. No election forms shall be accepted after 13:00 on Friday, 4 April 2014.

Shareholders may choose the number of shares they own for which the return of capital is elected. Shareholders who/which do not elect to receive the return of capital will, without any action on their part, be deemed to have chosen to receive the cash dividend.

Instructions for completing the election form and relevant return address are given on the election form.

DEFINITIONS AND INTERPRETATIONS

In this circular and the election form hereto, unless the context indicates a contrary intention, the words in the first column shall have the meanings assigned to them in the second column; the singular includes the plural and *vice versa*; an expression which denotes one gender includes the other gender; a natural person includes a juristic person and *vice versa* and cognate expressions shall bear corresponding meanings.

“ administrator ”	Sabre Fiduciary Limited (Registration number 124715C), a company incorporated under the laws of the Isle of Man, full details of which are set out in the “Corporate information” section;
“ AIM ”	the AIM market of the London Stock Exchange;
“ articles of association ”	the articles of association of NEPI;
“ board ” or “ board of directors ”	the board of directors of NEPI;
“ BVB ”	Bucharest Stock Exchange;
“ cash dividend ”	the cash dividend of 13.86 Euro cents per share payable to shareholders out of the company’s distributable profits in accordance with their shareholding in the company as at the record date, unless receipt of the return of capital has been elected;
“ certificated shares ”	a share or other security which is not in uncertificated form (that is not in CREST or Strate);
“ certificated shareholder ”	NEPI shareholders holding certificated shares in the company;
“ circular ” or “ this circular ”	this circular dated 6 March 2014 including the election form attached hereto;
“ common monetary area ”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“ CREST ”	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holdings of shares in uncertificated form in respect of which Euroclear is the operator, in accordance with which securities may be held and transferred in uncertificated form;
“ CREST provider, broker or custodian ”	a person or company that enables shareholders to hold and transfer their securities in uncertificated form or to hold and transfer their securities in uncertificated form on their behalf;
“ CREST Regulations ”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended, of the UK;
“ CSDP ”	a central securities depository participant appointed by a shareholder for purposes of, and in regard to dematerialisation and to hold and administer securities or an interest in securities on behalf of a shareholder;
“ dematerialisation ”	the process whereby certificated shares are converted to an electronic form as uncertificated shares and recorded in the sub-register of shareholders maintained by a CSDP or custodian;
“ dematerialised shares ”	NEPI shares which have been incorporated into the Strate system, title to which is no longer represented by physical documents of title;
“ dematerialised shareholders ”	NEPI shareholders who hold shares in dematerialised (uncertificated) form through Strate;
“ documents of title ”	share certificates and/or certified transfer deeds and/or balance receipts or any other documents of title in respect of NEPI shares;
“ election form ”	the election form attached to this circular to be completed by certificated shareholders on the SA share register and all shareholders on the UK share register and all shareholders registered in Romania;
“ EUR ”, “ Euro ” or “ € ”	the lawful common currency from time to time of participating member states of the European Union;

“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST;
“Exchange Control”	the Financial Surveillance Department of the South African Reserve Bank;
“Exchange Control Regulations”	the Exchange Control Regulations of South Africa issued under the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“FSA”	means the Romanian Financial Supervision Authority (in Romanian “ <i>Autoritatea de Supraveghere Financiara</i> ”), the regulatory authority which exercises the supervision over the capital market, regulated markets and operations with securities;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act of South Africa, 2012 (Act 19 of 2012), as amended;
“JSE Listings Requirements”	the Listings Requirements as published by the JSE, as amended from time to time;
“JSE sponsor”	Java Capital Trustees and Sponsor (Proprietary) Limited (Registration number 2006/005780/07), a private company duly incorporated in accordance with the laws of South Africa, full details of which are set out in the “Corporate information” section;
“last practical date”	the last practical date prior to the finalisation of this circular, being Wednesday, 26 February 2014;
“LSE”	the London Stock Exchange plc;
“NEPI” or “the company”	New Europe Property Investments PLC, incorporated and registered in the Isle of Man (Registered number 001211V) and registered as an external company with limited liability under the laws of South Africa (Registration number 2009/000025/10);
“NEPI group” or “group”	collectively, NEPI, its subsidiaries, associates and joint ventures;
“new NEPI shares”	new fully-paid ordinary NEPI shares to be issued at €5.05 per share as a capitalisation of part of the company’s share premium account pursuant to the return of capital;
“own-name dematerialised shareholders”	dematerialised shareholders who have instructed their CSDP or custodian to hold their dematerialised shares in their own-name on the sub-register (the list of shareholders maintained by the CSDP or custodian and forming part of NEPI’s register);
“Rand”	South African Rand, the lawful currency of South Africa;
“record date”	the SA record date, the Romanian record date and/or the UK record date as the context may indicate;
“return of capital”	the issue to NEPI shareholders, who have elected to receive the return of capital, of new NEPI shares in proportion to NEPI shareholders’ shareholding in NEPI as at the record date, by way of a capitalisation of part of the company’s share premium account;
“return of capital ratio”	2.742 new NEPI shares for every 100 NEPI shares held on the SA record date, the UK record date or the Romanian record date, as the case may be, at an issue price of €5.05 per share;
“RNS”	Regulatory News Service of the LSE;
“Romania”	the country of Romania;
“Romanian Central Depository”	Depozitarul Central S.A., a joint stock company duly incorporated in accordance with the laws of Romania, authorised by FSA and the National Bank of Romania, as central securities depository and which is responsible for the electronic settlement system on the BVB;
“Romanian custodian”	a Romanian Central Depository participant appointed by a shareholder for the purpose of holding and administering securities on behalf of the shareholder, which in turn hold the NEPI shares <i>via</i> global accounts at the Romanian Central Depository;

“Romanian record date”	the date on which a NEPI shareholder registered in Romania must be recorded in the register in order to participate in the cash dividend or the return of capital being the close of business on Friday, 4 April 2014;
“SA record date”	the date on which a NEPI shareholder on the SA share register must be recorded in the register in order to participate in the cash dividend or the return of capital being the close of business on Friday, 4 April 2014;
“SA share register”	the share register maintained on behalf of the company in South Africa by the SA transfer secretaries;
“SA transfer secretaries”	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a private company duly incorporated in terms of the laws of South Africa, full details of which are set out in the “Corporate information” section;
“SENS”	Stock Exchange News Service of the JSE;
“shareholder”, “NEPI shareholder” or “member”	a registered holder of NEPI shares registered on the NEPI share register;
“shareholders registered in Romania”	the shareholders of NEPI who hold their shares <i>via</i> broker or custodian accounts in Romania, which brokers and custodians in turn, hold the NEPI shares <i>via</i> global accounts at the Romanian Central Depository;
“shares” or “NEPI shares”	ordinary shares in the share capital of NEPI with a par value of €0.01 each;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Limited (Registration number 1998/022242/06), a registered central securities depository in terms of the Financial Markets Act of South Africa, 2012 (Act 19 of 2012), as amended;
“transfer secretaries”	collectively, the SA transfer secretaries and the UK transfer secretaries;
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland;
“UK receiving agent”	Computershare Investor Services PLC;
“UK record date”	the date on which a NEPI shareholder on the UK share register must be recorded in the register in order to participate in the cash dividend or the return of capital being the close of business on Friday, 4 April 2014;
“UK share register”	the share register maintained on behalf of the company in Jersey;
“UK transfer secretaries”	Computershare Investor Services (Jersey) Limited (Registration number 75005), a company duly incorporated in terms of the laws of Jersey;
“uncertificated form” or “in uncertificated form”	recorded on the register of members as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations may be transferred by means of CREST; and
“uncertificated shareholders”	NEPI shareholders who hold shares in dematerialised (uncertificated) form through CREST.



New Europe Property Investments plc

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(Registered as an external company with limited liability under the laws of South Africa, registration number 2009/000025/10)
AIM share code: NEPI JSE share code: NEP BVB share code: NEP ISIN: IM00B23XCH02
(“NEPI” or “the company”)

CIRCULAR TO NEPI SHAREHOLDERS

1. INTRODUCTION

On 5 February 2014 it was announced that, pursuant to a decision on 5 February 2014, the board had approved, a final distribution of 13.86 Euro cents per share in respect of the six months ended 31 December 2013 and that the board intends offering to shareholders the election to receive a return of capital by way of an issue of new NEPI shares (of the same class as existing shares) credited as fully paid up or a cash dividend. Accordingly, a cash dividend will be paid to shareholders unless shareholders elect to receive a return of capital by way of an issue of new NEPI shares credited as fully paid up. Shareholders of NEPI on the record date who elect to receive the return of capital in the return of capital ratio instead of the cash dividend, must ensure that their election forms are received by the transfer secretaries in accordance with the salient dates and times mentioned in this circular.

2. CASH DIVIDEND

2.1 Shareholders on the SA share register

2.1.1 South African resident and non-resident shareholders who hold NEPI shares on the UK share register or such shareholders registered in Romania and who elect to receive the cash dividend will receive the cash dividend in Euro. South African resident shareholders who hold shares on the SA share register will receive the cash dividend in Rand. Non-resident shareholders who hold shares on the SA share register have the option to receive the cash dividend in Rand for the credit of their non-resident Rand account or, the option to receive the said dividend in foreign currency, on the basis that the foreign currency is transferred to South Africa and converted to Rand at the prevailing spot rate on date of settlement, whereafter the Rand amount will then be transferred to the non-resident's non-resident Rand account. Thereafter the non-resident may utilise the Rands in South Africa or transfer the funds to a nominated bank account abroad in the foreign currency of their choice.

2.1.2 Shareholders not electing to receive the return of capital will, without any action on their part, be deemed to have elected to receive the cash dividend.

2.1.3 The cash dividend will be paid out of the company's distributable profits.

2.2 Shareholders on the UK share register

2.2.1 Shareholders not electing to receive the return of capital will, without any action on their part, be deemed to have elected to receive the cash dividend.

2.2.2 The cash dividend will be paid out of the company's distributable profits.

2.3 Shareholders registered in Romania

2.3.1 Shareholders not electing to receive the return of capital will, without any action on their part, be deemed to have elected to receive the cash dividend.

2.3.2 The cash dividend will be paid out of the company's distributable profits.

2.4 Other information

2.4.1 *Value of dividends*

If no shareholders were to elect to receive the return of capital the value of the dividends will amount to €28 349 831.

2.4.2 **Maximum number of NEPI shares and share capital in case all shareholders elect to receive the return of capital**

Should all shareholders elect to receive the return of capital the maximum total number of new NEPI shares to be issued by NEPI will be 5 608 603 at €5.05 per share.

3. **THE RETURN OF CAPITAL**

3.1 **Terms of the return of capital**

3.1.1 The return of capital will take place in accordance with article 13 of the company's articles of association.

3.1.2 Should a shareholder validly elect to receive the return of capital, such shareholder will (subject to paragraph 3.1.4 below) become entitled to a number of new NEPI shares, which will be determined by such shareholder's shareholding in NEPI as at the record date in terms of the return of capital ratio. The new NEPI shares to be issued pursuant to the return of capital are funded by way of a reduction of part of the company's share premium account (which is a reduction of capital). If no shareholders were to elect to receive the cash dividend, such reduction would amount to €56 086 based on the return of capital ratio.

3.1.3 The election may be made by shareholders in respect of the whole of their shareholdings as of the record date only. Nominee shareholders are permitted to make elections on part of their shareholding.

3.1.4 NEPI reserves the right to reduce the number of new NEPI shares issued to an electing shareholder in respect of the return of capital if the issue of such shareholder's full allocation of new NEPI shares would result in that shareholder (individually or together with any shareholders deemed to be acting in concert with such shareholder) having an interest in NEPI shares that would ordinarily require the shareholder (or group of shareholders) to make a mandatory cash offer for NEPI pursuant to Rule 9 of the UK City Code on Takeovers and Mergers or a mandatory takeover offer pursuant to Article 203 of the Romanian Capital Market Law no. 297/2004. In such circumstances, the shareholder will receive the balance of their entitlement as a cash dividend on the basis of 13.86 Euro cents per share.

3.2 **Fractions**

The allocation of new NEPI shares will be such that shareholders who elect to receive the return of capital will not be allocated a fraction of a new NEPI share and as such any entitlement to receive a fraction of a new NEPI share which:

3.2.1 is less than one-half of a new NEPI share, will be rounded down to the nearest whole number; and

3.2.2 is equal to or greater than one-half of a new NEPI share but less than a whole new NEPI share, will be rounded up to the nearest whole number.

4. **RATIONALE FOR THE RETURN OF CAPITAL**

The rationale for the return of capital is to afford shareholders the opportunity to increase their shareholding in NEPI and to retain flexibility with regard to the company's cash resources.

5. **SHARE CAPITAL**

The share capital of the company as at the last practical date is as follows:

	EUR
Share capital	
<i>Authorised</i>	
300 000 000 ordinary shares of €0.01 each	3 000 000
<i>Issued share capital</i>	
204 544 236 ordinary shares of €0.01 each	2 045 442
<i>Share premium</i>	643 188 165
Total	645 233 607

Should all eligible NEPI shareholders elect to receive the return of capital, the share capital of NEPI after issue of the new NEPI shares will be as follows:

	EUR
Share capital	
<i>Authorised</i>	
300 000 000 ordinary shares of €0.01 each	3 000 000
<i>Issued share capital</i>	
210 152 839 ordinary shares of €0.01 each	2 101 528
<i>Share premium</i>	643 132 079
Total	645 233 607

6. TAX IMPLICATIONS

6.1 SA resident shareholders

- 6.1.1 The receipt of the cash dividend or electing to receive the return of capital may have tax implications for shareholders.
- 6.1.2 For those South African resident shareholders receiving the cash dividend, such amount will be regarded as a foreign dividend and may be subject to South African dividends withholding tax at a rate of 15%, unless an exemption as set out in the South African tax legislation applies.
- 6.1.3 The receipt of new NEPI shares by South African resident shareholders should not be classified as a dividend or a foreign dividend for South African tax purposes and accordingly, South African dividends withholding tax should not be levied on the new NEPI shares. However, the legislation in this regard is complex and its implementation is uncertain. Accordingly, shareholders should seek independent professional tax advice.
- 6.1.4 NEPI shareholders are advised to consult their professional advisors regarding the tax consequences of the cash dividend and the return of capital or should they be in any doubt as to the appropriate action to take.
- 6.1.5 In terms of the JSE Listings Requirements regarding dividends withholding tax in South Africa, the following additional information is disclosed:
- 6.1.5.1 As the company is not a South African registered company, it does not have any STC credits available to set-off against the dividends withholding tax liability on the cash dividend.
- 6.1.5.2 There is no withholding tax payable in the Isle of Man.

6.2 Shareholders residing outside South Africa

The receipt of the cash dividend or electing to receive the return of capital may have tax implications for shareholders who are resident in the United Kingdom, Romania or other countries and such shareholders are advised to obtain appropriate advice from their professional advisors in this regard.

7. LISTING OF NEW NEPI SHARES

Application will be made to the JSE, AIM and the BVB to list the new NEPI shares issued in terms of the return of capital, with effect from the commencement of trade on Monday, 14 April 2014.

8. SOUTH AFRICAN LAW, ROMANIAN LAW, UK LAW AND ISLE OF MAN LAW

All transactions arising from the provisions of this circular and the election form shall be governed by and be subject to the laws of South Africa, Romania, the United Kingdom and the Isle of Man and in the event of any conflict, such conflict will be resolved in accordance with recognised and established principles of conflict of laws.

9. EXCHANGE CONTROL REGULATIONS (FOR SHAREHOLDERS ON THE SA SHARE REGISTER)

The following is intended only as a guide and is therefore not a comprehensive statement of the Exchange Control Regulations applicable to shareholders on the SA share register.

NEPI shareholders who are in any doubt as to the appropriate course of action to take should consult their professional advisors.

Any new NEPI shares issued in terms of the return of capital are not freely transferable from South Africa and must be dealt within the terms of the Exchange Control Regulations.

Shareholders who hold shares on the SA share register can only receive shares on that register.

South African resident and non-resident shareholders who hold NEPI shares on AIM and the BVB and who elect to receive the cash dividend have the option to receive the cash dividend in Euro. South African resident shareholders who hold shares on the SA share register will receive the cash dividend in Rand. Non-resident shareholders who hold shares on the SA share register have the option to receive the cash dividend in Rand for the credit of their non-resident Rand account or, the option to receive the said dividend in foreign currency, on the basis that the foreign currency is transferred to South Africa and converted to Rand at the prevailing spot rate on date of settlement, where after the Rand amount will then be transferred to the non-resident's, non-resident Rand account. Thereafter the non-resident may utilise the Rands in South Africa or transfer the funds to a nominated bank account abroad in the foreign currency of their choice.

9.1 Shareholders who elect to receive:

9.1.1 *The cash dividend*

Non-residents and emigrants

As the cash dividend will be paid out of the company's distributable profits, such dividends are freely transferable from South Africa.

The election of the cash dividend by emigrants must be made through an authorised dealer in foreign exchange controlling the shareholder's emigrant blocked assets.

9.1.2 *New NEPI shares*

9.1.2.1 *In the case of certificated shareholders:*

9.1.2.1.1 Non-residents

Share certificates will be issued with a "non-resident" endorsement and will be sent to the registered address of the shareholder concerned or in accordance with the instructions given to the transfer secretaries.

9.1.2.1.2 Emigrants

Any new share certificates based on emigrants' shares controlled in terms of the Exchange Control Regulations will be forwarded to the Authorised Dealer in foreign exchange controlling their blocked assets. The election by emigrants for the above purpose must be made through the Authorised Dealer in foreign exchange controlling their blocked assets. Such share certificates will be endorsed "Non-Resident".

9.1.2.2 *In the case of dematerialised shareholders:*

All aspects relating to the Exchange Control Regulations will be managed by their CSDP or broker, as follows:

9.1.2.2.1 Non-residents

Ordinary shares issued will be credited to their CSDP or broker accounts and a "non-resident" annotation will appear in the CSDP or broker register.

Dividend payments will be credited directly to the bank accounts nominated for them by their CSDP or broker.

9.1.2.2.2 Emigrants

New NEPI shares issued, based on ordinary shares controlled in terms of the Exchange Control Regulations, will be credited to the emigrant blocked share accounts at the CSDP or broker controlling their blocked assets and a "non-resident" annotation will appear in the CSDP or broker register.

10. CONSENTS

Each of the corporate advisor, legal advisor as to South African law and JSE sponsor, the nominated adviser and broker in the UK, the Romanian advisor, the company secretary, the legal advisor as to the Isle of Man law, the legal advisor as to Romanian law, the Isle of Man administrator and registrar, the SA transfer secretaries, the UK transfer secretaries and the UK receiving agent, whose names are set out in the “Corporate information” section, have consented in writing to act in the capacities stated and to their names appearing in this circular and have not withdrawn their consent prior to the publication of this circular.

Signed by Victor Semionov on his own behalf and on behalf of all the other directors of the company on 26 February 2014, he being duly authorised in terms of powers of attorney granted to him by such directors.

Victor Semionov

26 February 2014

NEW EUROPE PROPERTY INVESTMENTS PLC – ELECTION FORM

A CASH DIVIDEND OR A RETURN OF CAPITAL THROUGH THE ISSUE OF NEW NEPI SHARES

Only for use by certificated shareholders on the SA share register, all shareholders on the UK share register and all shareholders registered in Romania who elect to receive the return of capital by way of the issue of new NEPI shares in proportion to such shareholder's shareholding in NEPI ("return of capital") in the return of capital ratio being 2.742 new NEPI shares at an issue price of €5.05 per share for every 100 NEPI shares held on the record date ("return of capital ratio") in respect of their entire shareholding held or deemed to be held at the close of business on the record date. Shareholders who fail to make an election if entitled to do so, will, by default, be paid the cash dividend.

Dematerialised shareholders on the SA share register who wish to receive the return of capital must instruct their CSDP, broker or custodian in terms of the custody agreement entered into between them and such entity and must not complete this form. Please refer to the "Action required by NEPI shareholders" section of the circular.

The election forms may be submitted to the transfer secretaries by post, fax or email.

Shareholders, who wish to receive the cash dividend must not complete this election form and no further action is required by them.

NO LATE ELECTION FORMS WILL BE ACCEPTED.

The transfer secretaries:

SA transfer secretaries

Computershare Investor Services
(Proprietary) Limited
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)

Attention: Corporate Actions Department

Tel: +27 11 370 5000
(available between 08:00 and 16:30 SA time)
Fax: +27 11 688 5210
Email:
corporate.events@computershare.co.za

UK receiving agent

Computershare Investor Services PLC
Corporate Actions Projects
Bristol
BS99 6AH

Tel: +44 (0) 870 707 4040
Fax +44 (0) 870 703 6112
Email:
nepi.distribution@computershare.co.uk

Romania

NEPI Investment Management SA
71 – 73 Nicolae G. Caramfil Street
4th Floor, Office No. 1
District 1, Bucharest, Romania

Attention: Financial Department

Tel: +4 021 232 13 98
Fax: +4 021 232 13 99
Email:
office@nepinvest.com

I/We (name in BLOCK LETTERS)

regarding the election of the return of capital:

- hereby irrevocably elect to accept the return of capital in respect of the number of ordinary shares reflected in Block (2) overleaf and on the terms and conditions contained in this election form and in the circular;
- acknowledge that this election form is applicable only in respect of ordinary shares in the company of which I/we was/were the registered holder(s) at the close business on the record date (Friday, 4 April 2014); and
- acknowledge that I/we am/are only entitled to an issue of new, fully-paid ordinary shares determined using the return of capital ratio held at the record date, being Friday, 4 April 2014.

Signed at _____ on _____ 2014

Assisted by (where applicable)

Signature _____ Signature _____

Telephone numbers including international and area codes:

Home: _____ Work: _____

Cellular phone/mobile number: _____

Notes:

1. Shareholders should refer to the "Action required by NEPI shareholders" section of the circular. Terms in this election form bear the same meaning as in the circular unless the context indicates otherwise.
2. The signature of this election form of any person who is under legal disability shall be accompanied by the signature of such person's parent or guardian on legal representative, as the case may be.
3. In order to be valid, this election form must be properly completed and received by the appropriate transfer secretaries detailed above, in accordance with the salient dates and times mentioned in this circular.
4. NEPI reserves the right in its discretion to:
 - 4.1 treat as invalid (in which case a cash dividend will be paid on the terms contained in the circular) any election form not complying with the terms of the election or any instruction or the circular;
 - 4.2 reduce the number of shares allocated to a shareholder in certain circumstances (in which case a *pro rata* cash dividend will be paid on the terms contained in the circular);
 - 4.3 require proof of the authority of the person signing this election form where such proof has not yet been lodged with or recorded by the applicable transfer secretaries.
5. Any alteration or correction made to this election form must be initialled by the signatory(ies).
6. All times indicated are local times in the country to which they refer.

SHAREHOLDERS ARE REQUIRED TO COMPLETE ACCURATELY THE INFORMATION IN THE BLOCKS BELOW:

Name, address and contact number of registered shareholder:	
(1)	
Shareholders on the SA share register	Shareholder reference number:
Shareholders on the UK share register	CREST participant ID:
	CREST member account:

Shareholders on the register in Romania	
(i) Individual shareholders	Broker member code:
	Client account with the broker:
(ii) Shareholders with the Romanian custodian	Custodian member code:
	Client account with the Romanian custodian:
(iii) Shareholders with own broker account:	Broker name:
	Broker account:

ALL Shareholders:

Account number with transfer secretaries (if known)	Number of shares held or deemed to be held on the record date, being Friday, 4 April 2014	Maximum number of new NEPI shares to which you would become entitled should you elect to receive the return of capital based on the number of shares held or deemed to be held on the record date, being Friday, 4 April 2014

(2) Number of shares for which the return of capital is elected:		
(The return of capital can only be elected in respect of all and not part only of your shareholding in NEPI unless it is completed by a CREST provider acting on behalf of multiple underlying shareholders. If this box is not completed or is completed incorrectly but the remaining parts of the election form are correct, then you are deemed to have elected to receive the return of capital based on your entire holding of shares held on the record date, being Friday, 4 April 2014)		
Date of signature	Signature	Signature
	Signature	Signature
Contact number:		

Instructions on how to complete this election form:

For the terms and conditions governing the election, refer to the circular to which this form was attached.

If you hold share certificate(s) and elect to receive the return of capital, you should complete Block (2) above in accordance with the instructions herein and lodge this election form with the transfer secretaries:

SA transfer secretaries

Computershare Investor Services
(Proprietary) Limited
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)

Attention: Corporate Actions Department

Tel: +27 11 370 5000
(available between 08:00 and 16:30 SA time)
Fax: +27 11 688 5210
Email:
corporate.events@computershare.co.za

UK receiving agent

Computershare Investor Services PLC
Corporate Actions Projects
Bristol
BS99 6AH

Tel: +44 (0) 870 707 4040
Fax: +44 (0) 870 703 6112
Email:
nepi.distribution@computershare.co.uk

Romania

NEPI Investment Management SA
71 – 73 Nicolae G. Caramfil Street
4th Floor, Office No. 1
District 1, Bucharest, Romania

Attention: Financial Department

Tel: +4 021 232 13 98
Fax: +4 021 232 13 99
Email:
office@nepinvest.com

The non-receipt of election forms by the appropriate transfer secretaries or if an election form is received by the appropriate transfer secretaries timeously, in accordance with the salient dates and times mentioned in this circular, but is not completed in accordance with the above instructions, will result in your receiving the cash dividend in accordance with your shareholding in the company on the record date. Should you have any queries as to the completion of the election form, please contact the appropriate transfer secretaries.