



Press Release
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Third Quarter Trading Update 2011

Mid-European region emerging as a safe haven within turbulent markets
Remaining strong demand with occupancy rate of the Czech portfolio
reaching an historic 100%

Resilient Mid-European markets proven to be a safe haven within turbulent markets

Over the past months the mid-European markets are emerging as one of the most stable regions and a safe haven for business despite the current unrest on the financial markets.

VGP continues to see strong demand within its niche market, with a focus on the manufacturing industry: This demand seems to be driven by operational streamlining of industrial operations and on-going re-locations to the more cost-effective Mid-European regions.

With a current pipeline of development land having the necessary permits and infrastructure combined with the reputation and track record as a reliable partner to integrate customer processes into buildings, VGP arguably is now in a pole position to respond to tenants' request for new premises, with a broad range of possible solutions.

The current market environment, allows VGP to focus on the end-user tenants which have proven to be more shielded from turbulent markets.

Given the fact that VGP is virtually leased out in all its markets a number of additional projects were started up during the third quarter enabling VGP to respond swiftly to the current and anticipated demands from tenants.

Investor interest for good quality assets remains at a high level. This is illustrated by the closing of the VGP CZ II transaction having a transaction value of EUR 135 million (this amounts exceeds 160 million when including the development pipeline potential). This transaction was combined with a full EUR 101 million refinancing which not only allowed the refinancing of the current assets but also provides extra financing for the total future development pipeline of VGP CZ II.

Gross rental income (on a like for like basis) up 34% to EUR 12.3 million

The increase of gross rental income reflects the full impact of the income generating assets delivered during 2011 and the deconsolidation of VGP CZ I as from 16 March 2011. The gross rental income of VGP CZ I for the period January 2011 to 16 March 2011 was EUR 4.6 million.

Third quarter ending 30 September (In EUR)	2011	2010 ¹	Variance
Gross rental income	12.3	9.2	+34%

Committed annualised rent income reaches EUR 19.1 million

During the third quarter of 2011 the committed annualised rent income – including the 20% proportional VGP CZ I committed leases – increased to EUR 19.1 million (compared to EUR 18.6 million as at the end of June 2011).

During the third quarter of 2011 the occupancy rate continued to improve and currently reaches 100% for the Czech portfolio (including VGP CZ I) and 99.4% for the whole Group (including VGP CZ I)².

VGP recorded a strong demand for lettable space across all the mid-European markets in which VGP is active, especially fuelled by the car industry, medical and light assembly activities. The Group expects to sign a number of important additional new lease contracts in the near future.

The signed lease agreements (excluding VGP CZ I) represent a total of 283,066 m² of lettable area.

The weighted average term of the committed leases as at 30 September stood at 7.81 years (compared to 8.07 years at the end of June 2011).

In the VGP CZ I joint venture the lease and development activities performed very well resulting in additional fee income and value creation for VGP.

VGP CZ II transaction

On 9 November 2011, CCP III a fund managed by Tristan Capital Partners entered into a 80:20 joint venture with VGP in respect of 6 additional Czech parks located around major regional cities in the Czech Republic with a transaction valued at approximately EUR 135 million (EUR 160 million including the development pipeline potential).

At the same time VGP CZ II arranged a full refinancing that also includes the future development pipeline.

This transaction is the second joint venture with a fund managed by Tristan Capital Partners¹.

¹ As from 16 March 2011 VGP CZ I was deconsolidated following the sale of VGP CZ I to an 80/20 joint venture with AEW Europe. Hence as from 16 March 2011 the VGP CZ I rent income has been excluded from the gross rental income. The 2010 figures comparative figures have been restated where relevant in order to ensure proper comparatives. VGP CZ I contributed € 4.6 million rent income during the first quarter up until 16 March 2011 (compared to € 3.9 million for the same period in 2010).

² The occupancy rate of the Czech portfolio (excluding VGP CZ I) stands at 100% and 98.4% for the whole portfolio (excluding VGP CZ I)

The proceeds of the transaction were used in first instance to further reduce the existing shareholder loans and leaves VGP with a significant amount of cash and to expand its different business lines and to actively look at new development opportunities within the Central European region with a focus on Poland and Germany.

Additional assets earmarked for sale

During the third quarter VGP signed an in principle agreement in respect of the sale of its VGP Park Tallinn (Estonia) to a Swedish investor.

The transaction value is approximately EUR 24 million. The sale is subject to certain conditions and due diligence.

VGP expects to complete the transaction during the first quarter of 2012.

Expansion of land bank

VGP is actively working at further expanding its land bank in order to ensure that the development pipeline remains well filled.

From the more than 500,000 m² of new land under option held as at 30 June 2011, a total of 90,000 m² was acquired during the third quarter. This land is located at a top location in the Pilsen area. VGP expects to acquire an additional substantial plot of land prior to 31 December 2011.

Furthermore VGP is now very close to finalising its first acquisition of land in Germany and has signed, during the third quarter, a number of new options on development land in its core markets at very attractive conditions.

Property portfolio

Completed projects

During the month of October 2011, 1 building in VGP Park Horni Pocernice (VGP CZ I joint venture) was completed which represents in total 3,669 m² of lettable area and which is completely pre-let to Loomis, the Swedish based cash handling specialist, under a 10 year lease.

Projects under construction

Besides the building which was delivered in October 2011 there are currently 14 projects under construction representing 125,151m² of lettable area.

The majority of the projects under construction (10 buildings) are located in the Czech Republic. 4 of these buildings are developed for the VGP CZ I joint venture (24,420 m²). The remaining 6 buildings total 56,872 m² of lettable area. Finally there are another 4 new buildings being developed outside the Czech Republic i.e. in Slovakia (14,200 m²), Hungary (6,159 m²), Estonia (13,500 m²) and Romania (10,000m²)

¹ In March of this year, EPISO, a fund co-advised by Tristan and AEW Europe, entered into a 80:20 joint venture with VGP for a first portion of its logistics portfolio centered around Prague for a transaction value of around EUR 300 million ("VGP CZ I transaction")



The buildings under construction are expected to be gradually delivered over the next three quarters and have already been pre-let for more than 50%.

For more information

Mr Jan Van Geet

CEO

Tel. + 42 0602 404 790

E-mail: jan.van.geet@vgpparks.eu

Mr Dirk Stoop

CFO

Tel. +32 2 737 74 06

E-mail: dirk.stoop@vgpparks.eu

Profile

VGP (www.vgpparks.eu) constructs and develops high-end semi-industrial real estate and ancillary offices for its own account, which are subsequently rented out to reputable clients on long term lease contracts. VGP has an in-house team which manages all activities of the fully integrated business model: from identification and acquisition of land, to the conceptualisation and design of the project, the supervision of the construction works, contracts with potential tenants and the facility management of its own real estate portfolio.

VGP is quoted on Euronext Brussels and the Main Market of the Prague Stock Exchange.