VGP

ANNUAL REPORT 2011

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KEY FIGURES

IN THOUSANDS OF €

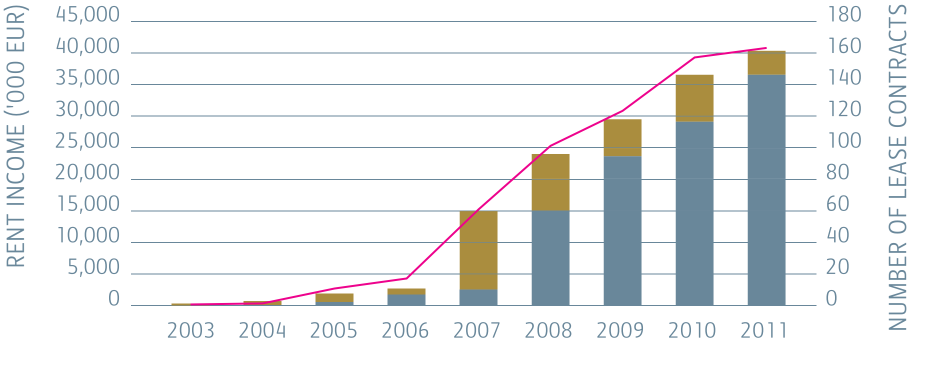
INVESTMENT PROPERTY	2011	2010	2009	2008	2007
Total lettable area (m²)	641,378[1]	576,936	535,872	351,661	176,614
Occupancy rate (%)	98.5%[2]	98.8%	91%	95%	100%
Fair value of property portfolio	105,565	481,624	428,105	394,027	225,171

BALANCE SHEET					
Shareholders' equity	154,735	176,342	155,240	155,555	130,814
Gearing					
Net debt / shareholders' equity	n.a.	1.47	1.53	1.19	0.51
Net debt / total assets	n.a.	52.2%	54.0%	45.2%	23.2%

BALANCE SHEET					
Gross rental income	14,446	28,573	21,726	12,037	5,557
Property operating expenses and net service charge income / (expenses)	(516)	(1,245)	(1,680)	(1,704)	(984)
Net rental and related income	**13,930**	**27,328**	**20,046**	**10,333**	**4,573**
Other income / (expenses) - incl. Administrative costs	(1,700)	(1,809)	(2,285)	(1,882)	(403)
Operating result (before result on portfolio)	**12,230**	**25,519**	**17,761**	**8,451**	**4,170**
Net current result	**9,555**	**7,967**	**6,678**	**(917)**	**2,792**
Net valuation gains / (losses) on investment property	3,133	22,759	(6,754)	36,396	41,527
Deferred taxes	(595)	(4,324)	1,252	(6,915)	(7,890)
Result on property portfolio	2,538	18,435	(5,502)	29,481	33,637
Share in the results of associates	**844**	—	—	—	—
Net result	**12,937**	**26,402**	**1,176**	**28,564**	**36,429**

RESULT PER SHARE					
Number of ordinary shares	18,583,050	18,583,050	18,583,050	18,583,050	18,583,050
Net current result per share (in €)	0.51	0.43	0.36	(0.05)	0.15
Net result per share (in €)	0.70	1.42	0.06	1.54	1.96

COMMITTED ANNUALISED RENT INCOME AND NUMBER OF LEASE CONTRACTS[3]



[1]) *Including 573,426 m² under management*
[2]) *Including VGP CZ I and VGP CZ II. Excluding VGP CZ I and VGP CZ II the occupancy rate would be 94.5%*
[3]) *The committed leases include leases from associate companies (€ 35.3 m) under management*

LETTER TO THE SHAREHOLDERS

As already announced in last year's annual report, 2011 has been a year of transformation for VGP, in which we have changed many parameters of our business approach and which can be shortly summarised as follows:

A NEW FINANCIAL MODEL

Against the background of the financial crisis, which saw the availability of financing almost disappear, VGP reflected intensively what the best way forward would be for its business and shareholders.

The intensive growth rate of new projects which VGP had been developing through the years regardless the economic cycle combined with the hold strategy by which all completed projects were kept in VGP's portfolio put a significant strain on the Group's ability to arrange for additional or new financing necessary to continue to finance the development of new projects.

As a result VGP's core development activity and main profit contributor was at risk of having to be significantly scaled back due to the lack of sufficient financing means. Such financing being required to be able to keep a strategic land reserve and to be able to construct buildings which are not always pre-let in order to be able to attract and convince new tenants of the respective locations.

We therefore decided to dispose of some of the mature income generating assets, which was realised in two subsequent transactions i.e. the sale of an 80 percent equity interest in our two major Czech logistics assets companies, on which we have informed you intensively in our past press releases.

This has allowed VGP to become again completely debt free, and to further enlarge our land bank with new projects in our core markets. It also allowed us to repay during the year a part of the fruits of many years work, to our shareholders in the form of a capital decrease of € 40 million.

This annual report has the difficult task to present the old (before) and new VGP (after the aforementioned transactions) on a comparable basis.

VGP intends to streamline further its asset base in combination with an ambitious growth plan in its core markets in the years to come. In the first quarter of 2012 a binding agreement has been signed with East Capital to sell our asset in Estonia, this transaction will normally close during the second quarter and will bring again an important financial windfall. We intend to proceed in the same way for other projects, once they are in a more mature phase, in the future.

It is and remains VGP's aim to develop all its new parks for its own account until they are mature and to place them subsequently at the right time in the investment market. We intend to constantly work on the extension of our land bank on top locations to enable us to continue to concentrate on our core development activity.

At the same time we also put a lot of effort into our facility and property management activities providing services for our own assets as well as for our associated companies and occasionally for other third parties. The facility management team has substantially grown over the past year and having reached the necessary critical mass has been split of into a separate specialised subsidiary with its own business plan and management.

GERMANY AND ITS INDUSTRIAL PERIFERY, A NEW CHALLENGE

When we look at our core markets we have to conclude that economic growth is very tightly connected to the German economy. A lot of our customers are German or German oriented industrial suppliers and a lot of the internal growth of our portfolio is driven by their demand for expansion of their current facilities and from new outsourcing projects.

In the past we have been approached on numerous occasions with the request to realise similar projects in Germany or Poland as the ones realised in the Czech Republic. We have therefore resolutely decided to invest with our VGP park concept in certain German and Polish regions where growth has proven to be most stable .

The German market has shown very solid numbers over the past years in take up of industrial property with extreme low vacancy levels in most of the economic important hubs while also Poland has set a new record in the past year in take-up of modern warehouse space. A large number of enterprises is still active in older premises, in the middle of living concentrations and are expected over time to move to more modern premises.

Last but not least , Germany is a safe haven for investors which is reflected in the higher real estate prices investors are willing to pay for A-class industrial property. Also Poland and the Czech Republic, whose economies have proven stable in the past economically difficult years have come on the radar screens of potential investors, as demonstrated by the transactions realised by VGP in 2011. I expect that the largest part of our future growth will come from our German activities.

I have to thank again our employees which have given the best of themselves and have very well adapted to the new challenges ahead.

The board of directors has decided to convene an Extraordinary Shareholders Meeting to propose a further capital reduction in cash of € 15 million (€ 0.81 per share).

We are very motivated at VGP to prove that we can replicate our business model into the future and into new geographies and it is therefore with optimism that we look into 2012.

Best regards,
Jan Van Geet, CEO


OP 100

VGP IN 2011

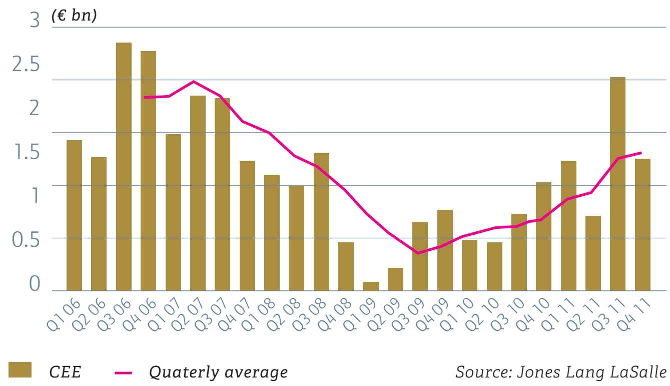
MARKETS

In 2011 VGP successfully changed its business model and strategy from strict develop and hold towards a strategy with a bigger focus on development and a more pro-active approach in respect of potential disposal of the Group's income generating assets, thus effectively realising its historic development profit. The sale of an 80% equity interest in VGP CZ I and VGP CZ II with a total transaction value of around € 435 million allowed the Group to optimise its capital structure and to pay to its shareholders a capital reduction of € 40.0 million in cash.

VGP took full benefit from its competitive developer position in combination with the sustained demand for semi-industrial buildings in the mid-European markets. This not only resulted in the strong development activities seen during the year but also allowed the Group to secure new land plots to support the future development pipeline.

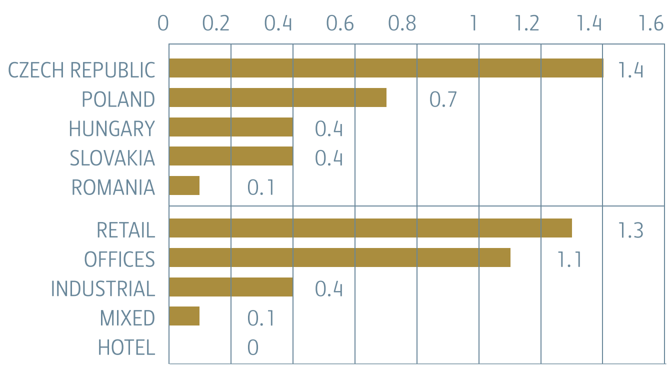
These transactions reflect the renewed investor confidence in the CEE markets.

STRONG GROWTH IN CEE REAL ESTATE INVESTMENT IN 2011



Source: Jones Lang LaSalle

NET GROWTH IN CEE MARKET AND SECTORS IN 2011 *(€ bn)*



Source: Jones Lang LaSalle

INVESTMENT IN CEE[1]

CEE REAL ESTATE INVESTMENT – THE RECORD YEAR 2011

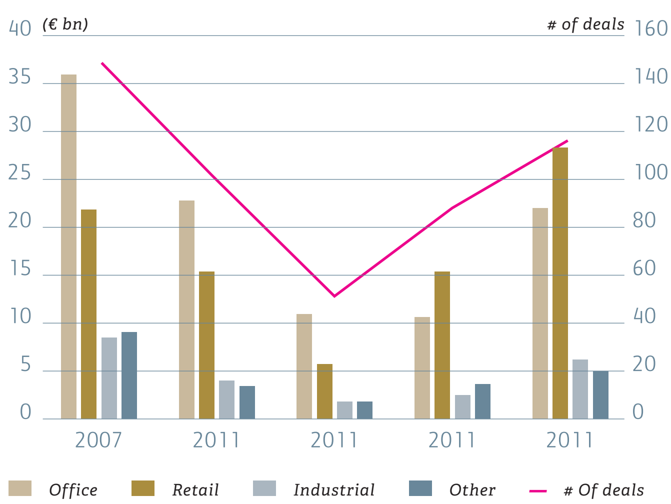
Investment volumes totalled €6.1bn in Central and Eastern Europe ("CEE", defined as Poland, the Czech Republic, Hungary, Romania and Slovakia) in 2011, up 92% from 2010 (€3.2bn), which represents a record year for growth since our records began. To put this in context, growth across Europe was 14.5% over 2011, with the UK flat at 1.0%, France at 32% and Germany at 29%. Activity in the region peaked in 2006 at €8.6bn before reaching a nadir of €2bn in the depths of the financial crisis in 2009. Growth in CEE in 2011 was boosted by activity in the logistics sector mainly through the sale of VGP to AEW and Tristan Capital and major retail deals, including the sale of the Forum Nova Karolina, Olympia Brno and Galeria Mokotow shopping centres.

CEE REAL ESTATE INVESTMENT *(€bn)*

	2010	2011	
Poland	1.8	2.4	38%
Czech Republic	0.8	2.2	168%
Hungary	0.3	0.6	147%
Romania	0.3	0.4	36%
Slovakia	0.1	0.5	739%

Source: Jones Lang LaSalle

CEE INVESTMENT ACTIVITY BY SECTOR

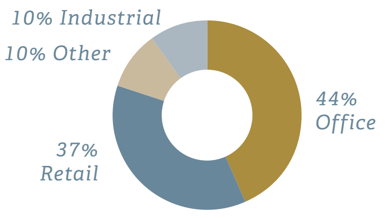


Source: Jones Lang LaSalle

The Czech Republic was the main driver of growth within the CEE market in 2011, with investment volumes up 168% YoY and net growth of €1.4bn. The retail sector outperformed offices in CEE over 2011, with net growth of €1.3bn, the opposite of what is seen at a wider European level.

[1]) *Source Jones Lang LaSalle*

CEE 2007–2011 AVERAGE



LOGISTICS : GROWTH STORY ON THE BACK OF STRONG RETAIL EXPANSION

Industrial investment volumes also recovered in 2011, reaching €0.63bn, up 155% from the 2010 figure of €0.25bn. Market share grew 10% over the year. Significant industrial and logistics properties were traded in the Czech Republic with the two most notable portfolios having been VGP CZ I located mainly in Prague and VGP CZ II located around major logistic hubs in the Czech Republic. The two transactions totalled more than €400 million and made up 63% of all 2011 volume in this asset class in the CEE region. The VGP sale played a key role in attracting greater investor interest into the logistics sector in CEE.

The occupational story for the logistics and industrial sector is strong as investors look beyond retail towards the maturing warehouse market, which follows retailers across Europe. Development has been driven by expansion as investors upgrade from old space and companies place their outsourcing companies within the region. We are seeing large volumes of take up across Europe in 2011, with the largest volumes were recorded in Poland, Russia and Germany. New supply has significantly decreased with developers turning towards bespoke developments for tenants as opposed to speculative schemes.

OUTLOOK: LONG TERM TREND IS POSITIVE WITH 2012 LOOKING LIKE A CONSOLIDATION YEAR

We believe that the overall investment sentiment and outlook in CEE, particularly for Poland and the Czech Republic, will continue to be positive. The long-term trend for CEE is one of upward growth, with occupational demand strong and inventories high. Nevertheless, location is key when investing in CEE and we expect investors to proceed with caution when they step over from the side lines into the market.

The main factor that will influence the real estate sector in 2012 will be the situation with the banks. This is in respect of banks' ability to provide new financing on projects and the all-important question if they are able or willing to extend facilities on loans which mature in 2012, having been granted at the peak of the market. Additionally, factors such as the sovereign debt problems faced by a number of countries along with the concerns facing the euro will also impact on activity. There are a number of issues within the real estate sector in Europe that will be key themes in 2012. These include the freezing and in some cases liquidation of a number of German Open Ended funds along with the treatment of properties falling under NAMA.

In Poland, prime office yields are estimated to be at 6.25%, retail yields at 6.00% and warehouse yields at around 8.0% at the end of Q4 2011. Jones Lang LaSalle forecast prime yields to remain stable in the short term but, this will highly depend on how the situation in the Eurozone and the banking sector evolves throughout 2012. The yield gap between prime and secondary product is 100 to 200 bps and we expect this spread to continue. In terms of other CEE markets we estimate a spread of approximately 0 - 25 bps for the Czech Republic and up to 200 bps for less mature markets.

VGP'S MARKETS

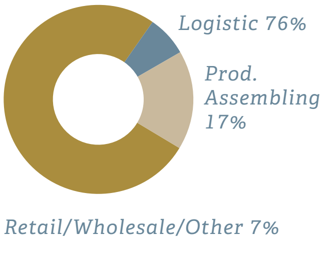
COMMERCIAL ACTIVITIES

OWN PORTFOLIO

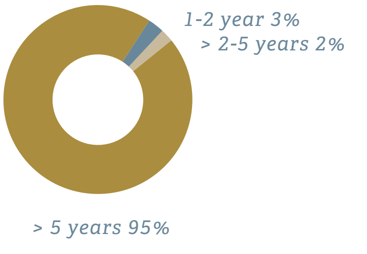
During the year 2011 VGP signed new annualised committed leases in excess of € 1.1 million in total of which € 0.9 million related to new lettable area and € 0.2 million to the renewal of existing or replacement leases. These new leases represented 20,353 m² of lettable area. This brings the annualised committed leases to € 4.7 million as at 31 December 2011. The committed annual rent income represents the annualised rent income generated or to be generated by executed leases and future lease agreements.

The signed lease agreements as at 31 December 2011 represent a total of 87,753 m² of lettable area and correspond to 16 different tenants' lease or future lease agreements. The weighted average term of the committed leases was 8.6 years at the end of December 2011.

PORTFOLIO BREAKDOWN BY USE
31 December 2011 (in m²)



COMMITTED LEASE MATURITY
31 December 2011 (in m²)



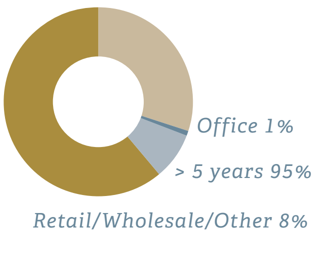
During the year, 1 project representing a lettable area of 6,154 m² was completed bringing the total wholly owned property portfolio to 4 buildings which represent 67,952 m² of lettable area. The completed building was located in VGP Park Györ (Hungary) and is fully let. The occupancy rate of the own portfolio reached 94.5% at the end of 2011.

ASSOCIATES' PORTFOLIO

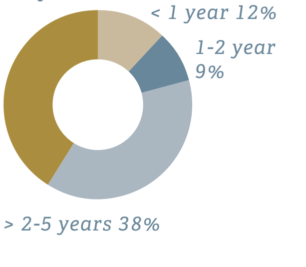
Following the sale of VGP CZ I and VGP CZ II, VGP started to perform development activities for its associates as well as providing facility management and leasing services to these associated companies.

During the year 2011 VGP negotiated for its associates new annualised committed leases in excess of € 3.5 million in total of which € 2.7 million related to new lettable area and € 0.8 million to the renewal of existing or replacement leases. These new leases represented 63,651 m² of lettable area. This brings the annualised committed leases in the joint ventures to € 35.3 million as at 31 December 2011. The signed lease agreements represent a total of 591,540 m² of lettable area and correspond to 147 different tenants' lease or future lease agreements. The weighted average term of the committed leases was 4.9 years at the end of December 2011

PORTFOLIO BREAKDOWN BY USE
31 December 2011 (in m²)



COMMITTED LEASE MATURITY
31 December 2011 (in m²)



During the year, 7 projects representing a total lettable area of 56,895 m² were completed bringing the total property portfolio to 53 buildings which represent 573,426 m² of lettable area.

The completed buildings were all located in the Czech Republic i.e. 2 buildings in VGP Park Horni Pocernice representing 7,432 m², 3 buildings in VGP Park Liberec representing 27,754 m² of lettable area, 1 building of 13,014 m² of lettable area in VGP Park Nyrany and 1 building of 8,695 m² of lettable area in VGP Park Olomouc (CZ) All these buildings are fully let.

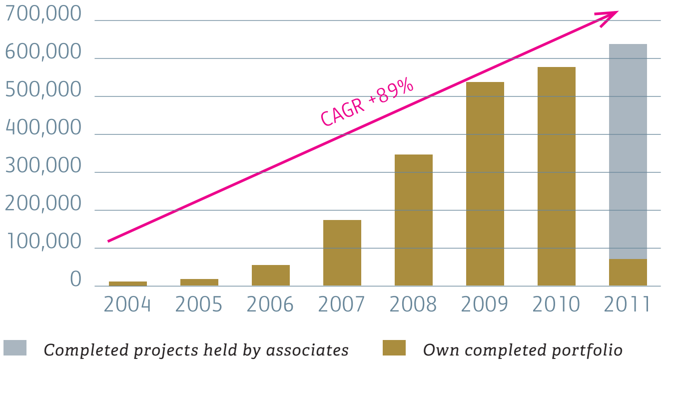
The portfolio of VGP CZ I and VGP CZ II is solely focussed on the Czech Republic. The occupancy rate of the associates' portfolio reached 100% at the end of 2011.

DEVELOPMENT ACTIVITIES

OWN PORTFOLIO

The development activities for own account and undertaken for associate companies have shown a strong track record over the past few years. Over the total financial period from 2004 to 2011, the property portfolio (in m²) has now increased at a compound annual growth rate ("CAGR") of 89%.

COMPOUND ANNUAL GROWTH RATE *(in m²)*



At the end of December 2011 there were 6 buildings under construction: in the Czech Republic; 1 building in each of VGP Park Tuchomerice, and VGP Park Hradek nad Nisou, and in the other countries also 1 building in each of VGP Park Malacky (Slovakia), VGP Park Győr (Hungary), VGP Park Tallinn (Estonia) and VGP Park Timisoara (Romania). The new buildings under construction on which several pre-leases have already been signed, represent a total future lettable area of 69,562 m².

VGP is actively looking at further expanding its land bank. During the second half of 2011 new land plots (totalling 155,844 m²) were acquired, allowing the development of 77,000 of lettable area. The Group has currently another 430,000 m² of new plots of land under option, subject to permits, allowing to develop approx. 180,000 m² of new projects. VGP expects to be able to secure the majority of the necessary permits over the next few months.

The current land bank allows VGP to develop besides the current projects under construction (69,562 m²) a further 121,000 of lettable area within the Czech Republic and 154,000 m² of lettable area outside the Czech Republic. VGP is confident that the development activities will continue to be a substantial profit contributor for the Group in the near future driven by attractive construction prices combined with the attractiveness of the VGP land bank to potential tenants.

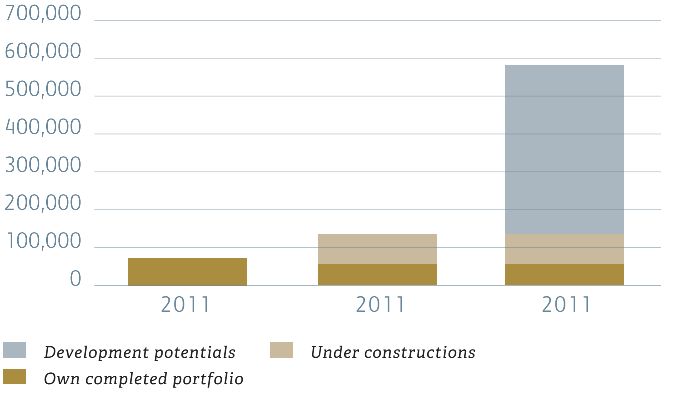
ASSOCIATES' PORTFOLIO

At the end of December 2011 VGP was developing 6 buildings for its associates: 1 building in each of VGP Park Hradec Králové, VGP Park Nýřany, VGP Park Turnov, and 3 buildings in VGP Park Horni Pocernice. The new buildings under construction on which several pre-leases have already been signed, represent a total future lettable area of 33,261 m².

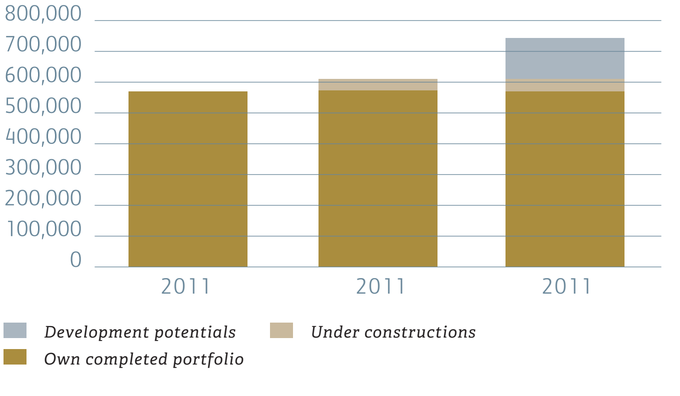
In March 2012 VGP concluded a second agreement with European Property Investors Special Opportunities, L.P. (EPISO) for the sale of an 80% equity interest in VGP CZ IV a.s. following the purchase by VGP CZ IV a.s. of the last remaining development land adjacent to the existing VGP Park Horni Pocernice (Prague) at the end of December 2011. This company will therefore become an associate company during 2012 and VGP will also be retained as developer for the construction of the planned buildings.

Following the sale of VGP CZ IV the associate companies will have a land bank which allows VGP to develop, on behalf of these associates a further 132,000 m²of lettable area besides the current projects under construction (40,926 m²). The development activities should provide the Group with additional development fee income during the next few years.

DEVELOPMENT POTENTIAL OWN PORTFOLIO *(in m²)*



DEVELOPMENT POTENTIAL ASSOCIATES' PORTFOLIO *(in m²)*



FACILITY MANAGEMENT

For VGP, 2011 was again a very important and ground-breaking year from the perspective of facility management. During 2011 all facility and property management services were regrouped into one group subsidiary VGP FM Services. The services provided by VGP FM Services cover the usual facility management as well as the property management services.

Facility management services are provided internally as well as externally whereby VGP FM Services is responsible for managing the proper and undisturbed operation of the buildings and performs all actions such as maintenance services, waste management services, maintenance greenery etc, that may be necessary in this respect.

In addition and as part of its offered services VGP FM services will also perform project management services. These services cover the performance of capital improvements and any construction works as may be requested by the owner of the buildings. This scope covers the full range of project management services (supervision and coordination of the contractors for design, obtaining permits, performing the works and any tenders relating thereto).

VGP facility management invests constantly in the expansion of its team. The facility team was expanded with 4 new employees during 2011 bringing the total team to 12 employees, and it is anticipated that this number will rise in the years to come.

During the year the property portfolio was extended by one entirely new park in Hrádek nad Nisou, thereby boosting the number of parks to 14. The total buildings under management by VGP facility management increased with nine new buildings, and another three buildings were doubled in size. At the end of 2011, VGP was managing as a result more than 640,000 m2 of lettable area.

The entry of majority capital partners into VGP CZ I (AEW) and VGP CZ II (TRISTAN) introduced a number of new requirements and challenges which ultimately helped VGP facility management to establish itself as a real independent business partner.

During 2011 VGP facility management took a number of initiatives to improve the quality of service and to continue to reduce the operational cost of the tenants. These initiatives were amongst others:

- implementation and completion of a central electronic fire alarm signalling at VGP Park Horní Počernice: In co-operation with the local fire department, VGP centralised the monitoring of more than 19 buildings, cutting the costs for this item for each tenant by 61%.
- Organising of tenders in the areas of monitoring fire safety devices, inspections and audits of boiler rooms, and electricity suppliers.
- Upgrade of the AFM facility management IT system from a program for the facility management department to a shared platform across the entire VGP organisation.
- Initiation of a feasibility study to assess the possibility to certify VGP buildings with a LEED certifications.
- Assistance and project management of the first Czech “LEED certified” industrial building during construction at Hradek nad Nisou.

In recent years, facility management has been growing in importance. Companies have come to realise that managing a building or park entails considerable costs and that by cooperating with specialists they can better control these costs and in many cases even significantly reduce them.

VGP FM Services undertakes to be a reliable and flexible partner, to provide comprehensive services while maintaining an individual approach to tenants, to be attentive to customer satisfaction and the good quality of the managed property.

Based on the gained experience of the last 6 years it is VGP’s facility management’s firm intention to further develop the facility management business by offering new or improved services to existing tenants as well as to look for other external opportunities to accelerate its growth.

AFM – AN INTEGRATED SYSTEM FOR FACILITY MANAGEMENT

The AFM database application for facility management has been in use since 2009. The system was upgraded during 2011 with new modules which allow an even more fluidly connection of the data flow of the individual departments within VGP while allowing external access to VGP's customers. One of the important changes in the AFM upgrade is the launch of the public client section, which will be presented in 2012 to VGP's tenants and partners. By means of direct access to VGP's system, VGP's partners will acquire a unique possibility to monitor online and in real time the process of addressing their requests, to generate various summary information (such as when and what services and audits are planned in their buildings), and to obtain statements regarding monthly and/or annual costs related to management of their buildings or parks.

LEED – CERTIFICATION FROM THE U.S. GREEN BUILDING COUNCIL

Corresponding to the trend towards green buildings, and including the economical and environmentally friendly operation and management of our buildings, decision was taken to commence work during 2011 on a feasibility study for acquiring LEED certification. LEED is one of the most widely acquired and internationally respected certificates denoting energy efficiency of a building. It is organised through the U.S. Green Building Council. To acquire the certificate is a rather lengthy and demanding process, but, on the other hand, it verifies that a building's operation is both economical and environmentally friendly and it brings considerable advantages for the tenant in the form of lower operating costs. The certification goes from bronze over silver, gold until platinum. Based on the preliminary results of the feasibility study it has been confirmed that under certain circumstances VGP's buildings would be able to attain as high as the gold level of certification. The concrete outcome and implementation of the study will be known and done during 2012.

DISPOSAL OF ASSETS

BACKGROUND AND RATIONALE

Over the past few years VGP management reviewed the different strategic alternatives in order to enable the Group to continue its growth whilst at the same time remaining adequately financed. The most favoured alternative was to look for a new capital partner whereby the VGP Group would retain the operational management of the assets whilst at the same time freeing up the necessary financial means to allow VGP to continue to invest in its development platform and pipeline.

It is with this in mind that VGP decided to change in business model and strategy from a strict develop and hold strategy towards a strategy with a bigger focus on development and a more pro-active approach in respect of potential disposal of the Group's income generating assets.

This strategy resulted in 2011 in the VGP CZ I and VGP CZ II transactions whereby an 80% equity interest was sold to a new capital partner enabling it to continue to develop its business lines such as facility management whilst at the same time allowing the Group to pursue an active development strategy. Both transactions were completed during 2011.

NEW TRANSACTIONS

Based on the new strategy VGP entered in two new agreements after the year-end. During the month of February 2012 VGP entered into a binding agreement with East Capital to sell its newly built logistics property of 40,000 m² located in Tallinn (Estonia). The assets will be acquired by East Capital Baltic Property Fund II, a new fund managed by East Capital and the transaction is expected to close by 15 May 2012. The transaction value is around € 24 million. Part of these proceeds will be used for new investments in the Baltic states.

In addition in March 2012 VGP concluded a second agreement with European Property Investors Special Opportunities, L.P. (EPISO) for the sale of an 80% equity interest in VGP CZ IV a.s. following the purchase by VGP CZ IV a.s. of the last remaining development land adjacent to the existing VGP Park Horni Pocernice (Prague) at the end of December 2011. It is expected that the transaction will be closed during the second quarter of 2012.

IMPACT ON THE VGP GROUP

The net assets of VGP Estonia and VGP CZ IV which are earmarked for sale can be summarised at 31 December 2011 as follows:

In thousands €	
Disposal group held for sale	33,944
Liabilities related to disposal group held for sale	(7,034)
Total net assets	26,910

The price consideration of these transactions exceeds the unrealised gain on the property portfolio of VGP Estonia and VGP CZ IV as disclosed in the 31 December 2011 consolidated accounts. As at 31 December 2011 the consolidated accounts included a gross rental income for VGP Estonia of € 1.2 million and net financial expenses for VGP Estonia of € 0.3 million.

ADDITIONAL INCOME FOR THE VGP GROUP

In respect of VGP CZ IV, VGP will be retained as developer for the planned development activities on this new development land. Besides this VGP will subsequently also be responsible for the operational management of the VGP CZ IV assets and perform facility management services, project management services and lease management services generating additional fee income for the Group.

PROFILE

VGP (*www.vgpparks.eu*) constructs and develops high-end semi-industrial real estate and ancillary offices for its own account and for the account of its associates, 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 focuses on top locations which are located in the vicinity of highly concentrated living and/or production centres, with an optimal access to transport infrastructure.

VGP is quoted on Euronext Brussels and the Main Market of the Prague Stock Exchange. VGP owns a property portfolio of € 105.6 million as at 31 December 2011 which represents a total lettable area of over 67,952 m^2 with another 6 buildings under construction representing 69,562 m^2. Besides this VGP Facility Management manages 53 buildings which are owned through the associates VGP CZ I and VGP CZ II representing 573,426 m^2 of lettable through its wholly owned VGP FM Services subsidiary.

VGP has currently a land bank in full ownership of 1,013,237 m^2. The land bank allows VGP to develop besides the currently completed projects (67,952 m^2) and projects under construction (69,582 m^2) a further 121,000 of lettable area within the Czech Republic and 154,000 m^2 of lettable area outside the Czech Republic. Besides this, VGP has another 430,000 m^2 of new plots of land under option, subject to permits, allowing to develop approx. 180,000 m^2 of new projects. VGP expects to be able to secure the majority of the necessary permits over the next few months.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STRATEGY

As from 2010 there was a significant change in business model and strategy of VGP with a shift from a strict develop and hold strategy towards a strategy with a bigger focus on development and a more pro-active approach in respect of potential disposal of the Group's income generating assets. This strategy resulted in 2011 in two landmark sales in the mid-European semi-industrial markets i.e. the VGP CZ I and VGP CZ II transactions. With the realisation of the sale, VGP reorganised its operating activities in three main business lines i.e. Development activities, Facility management activities and Property management services.

DEVELOPMENT ACTIVITIES

Development activities are the core of the VGP Group. Developments are undertaken primarily for the Group's own account. Besides this additional development activities can be carried out on behalf of associate companies or in some exceptional cases for third parties.

The Group pursues a growth strategy in terms of development of a strategic land bank which is suitable for the development of turnkey and ready-to-be-let semi-industrial projects. The plots are zoned for semi-industrial activities. The management of VGP is convinced that the top location of the land and the high quality standards of its real estate projects contribute to the long term value of its portfolio.

The Group concentrates on the sector of semi-industrial accommodation projects situated in the mid-European region. High quality projects are always developed on the basis of VGP building standards, with adaptations to meet specific requirements of future tenants but always ensuring multiple purpose use and easy future re-leasability. In their initial phase of development, some projects are being developed at the Group's own risk (i.e., without being pre-let).

The constructions, which respond to the latest modern quality standards, are leased under long term lease agreements to tenants which are active in the semi-industrial sector, including storing but also assembling, re-conditioning, final treatment of the goods before they go to the industrial clients or the retailers. The land positions are located in the vicinity of highly concentrated living and/or production centres, with an optimal access to transport infrastructure.

The Group relies on the in-house competences of its team to execute its fully integrated business model, consisting of: the identification and acquisition of the land and development of the infrastructure, the design of the buildings, the coordination of architectural and engineering aspects, the administration to obtain the necessary permits, the tendering and coordination of the construction works including site management, and upon completion the facility management of the real estate portfolio. The Group's team negotiates and contracts building subcontractors and building material deliveries directly and monitors the follow up and coordination of the building activities itself.

KEY PRINCIPLES OF VGP

- Strategically located plots of land
- Focus on business parks to realise economies of scale
- High quality standardised semi-industrial real estate
- In-house competences enabling a fully integrated business model
- Develop strategy with pro-active approach in respect of holding and potential disposal of income generating assets

FACILITY MANAGEMENT SERVICES

During 2011 all facility and property management services were regrouped into one group subsidiary VGP FM Services. The services provided by VGP FM Services cover the usual facility management as well as the property management services.

Facility management services are provided internally as well as externally whereby VGP FM Services is responsible for managing the proper and undisturbed operation of the buildings and performs all actions such as maintenance services, waste management services, maintenance greenery etc, that may be necessary in this respect. In addition VGP FM services will on behalf of the Group or the respective third parties identify, contract, supervise and manage the relationship with third party suppliers.

In addition and as part of its offered services VGP FM services will also perform project management services. These services cover the performance of capital improvements and any other construction works as may be requested by the owner of the buildings. This scope covers the full range of project management services (supervision and coordination of the contractors for design, obtaining permits, performing the works and any tenders relating thereto).

LEASING MANGEMENT SERVICES

Although the leasing activities have been historically linked to the development activities, the VGP commercial department has seen a significant change during 2011 whereby it now also provides leasing services to third parties (associate companies). The commercial department is responsible for all aspects of the performance and enforcement of the leases and the lease agreements on behalf of the associated companies, as well as for day-to-day cooperation with the tenants.


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REPORT OF THE BOARD OF DIRECTORS

DECLARATION REGARDING THE INFORMATION GIVEN IN THIS ANNUAL REPORT 2011

In accordance with Art.13 of the Belgian Royal Decree of 14 November 2007, the board of directors of VGP NV represented by Mr. Marek Šebesťák, Mr. Jan Van Geet, Mr. Bart Van Malderen, Mr. Jos Thys and Mr. Alexander Saverys, jointly certify that, to the best of their knowledge:

I. the consolidated annual accounts, based on the relevant accounting standards, give a true and fair view of the assets, liabilities, financial position and results of VGP NV, including its consolidated subsidiaries.

II. the annual report gives a true and fair view of the development and results of VGP NV, including its consolidated subsidiaries, as well as on the main risk factors and uncertainties which VGP NV and its consolidated subsidiaries are faced with.

CORPORATE GOVERNANCE STATEMENT

VGP ("the Company") has adopted the principles of corporate governance contained Belgian Code on Corporate Governance published on 12 March 2009 ("2009 Code") which can be consulted on *http://www.corporategovernancecommittee.be/en/2009_code/latest_edition/*.

In accordance with the recommendations set out by the Belgian Code on Corporate Governance, the board of directors adopted a corporate governance charter ("VGP Charter") which is available on the Company's website *http://www.vgpparks.eu/ investors/corporate-governance/*. This Corporate Governance Statement outlines the key components of VGP's governance framework by reference to the 2009 Code applied for the year ended 31 December 2011. It also explains why the Company departs from a few of the 2009 Code's provisions.

ACTIVITY REPORT ON BOARD AND BOARD COMMITTEES' MEETINGS

BOARD OF DIRECTORS

NAME	YEAR APPOINTED	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
Executive director and Chief Executive Officer			
Jan Van Geet s.r.o. represented by Jan Van Geet	2008	2013	7
Non-executive director			
Bart Van Malderen	2007	2013	6
Independent, non-executive directors			
Marek Šebesťák	2011	2015	6
Alexander Saverys	2011	2015	6
Rijo Advies BVBA represented by Jos Thys	2011	2015	7

Reference is made to Terms of Reference of the board of directors - in Annex 1 of the VGP Charter - for an overview of the responsibilities of the board of directors and for a survey of topics discussed at board meetings.

The board of directors consists of five members, with one executive director (the Chief Executive Officer) and four non-executive directors, of which three are independent directors.

The biographies for each of the current directors (see page 44), indicate the breadth of their business, financial and international experience. This gives the directors the range of skills, knowledge and experience essential to govern VGP.

The board of directors does not intend to appoint a company secretary. By doing so the company deviates from the recommendation in the provisions 2.9 of the Corporate Governance Code. The small size of the company and its board of directors makes such appointment not necessary.

The board of directors held 7 board meetings in 2011 of which 3 were held by conference call. The most important points on the agenda were:

- approval of the 2010 annual accounts and 2011 semi-annual accounts
- approval of budgets
- follow-up of the long term strategy of the Group and its major components
- discussion of the property portfolio (i.e. investments, tenant issues etc.)
- discussions on the investments and expansion of the land bank
- approval of new credit facilities to support the growth of the Group
- approval of VGP CZ I and VGP CZ II transactions

BOARD COMMITTEES

AUDIT COMMITTEE

NAME	YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
Jos Thys (Chairman)	2011	Non-executive	Independent	2015	2
Bart Van Malderen	2011	Non-executive	—	2013	2
Marek Šebesťák	2011	Non-executive	Independent	2015	2

The audit committee is comprised of 3 members of the board of directors, of whom 2 are independent. The board of directors sees to it that the audit committee possesses sufficient relevant expertise, particularly regarding financial, audit, accounting and legal matters, to be able to carry out its function effectively. Reference is made to the short biographies of the above mentioned members of the audit committee to testify to their competence in accounting and auditing, as required by the Companies Code, Art. 119, 6°. These biographies can be found on pages 44 of this annual report. The members of the audit committee are appointed for a period that does not exceed the duration of a director's mandate. The members of the audit committee were re-appointed in 2011.

Reference is made to Terms of Reference of the audit committee - in Annex 3 of the VGP Charter - for an overview of the responsibilities of the audit committee. The audit committee meets at least twice a year. By doing so the company deviates from the recommendation in the provisions 5.2/28 of the Corporate Governance Code that requires the audit committee to convene at least four times a year. The deviation is justified considering the smaller size of the company.

Each year, the audit committee assesses its composition and its operation, evaluates its own effectiveness, and makes the necessary recommendations regarding these matters to the board of directors. Given the size of the Group no internal audit function has currently been created. The statutory auditor has direct and unlimited access to the chairman of the audit committee and the chairman of the board of directors. The Chief Executive Officer and the Chief Financial Officer attend all the meetings.

The audit committee met twice in 2011. The most important points on the agenda were:
- discussion on the 2010 annual accounts and 2011 semi-annual accounts and quarterly business updates
- analysis of the recommendations made by the statutory auditor
- analysis of the internal control systems of the company

REMUNERATION COMMITTEE

NAME	YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
Bart Van Malderen (Chairman)	2011	Non-executive	—	2013	2
Alexander Saverys	2011	Non-executive	Independent	2015	1
Jos Thys	2011	Non-executive	Independent	2015	2

The remuneration committee is comprised of 3 members of the board of directors, of whom 2 are independent.

The remuneration committee met twice in 2011. The CEO and CFO participate in the meetings when the remuneration plan proposed by the CEO for members of the management team is discussed, but not when their own remunerations are being decided. In fulfilling its responsibilities, the remuneration committee has access to all resources that it deems appropriate, including external advice or benchmarking as appropriate. Reference is made to Terms of Reference of the remuneration committee - Annex 2 of the VGP Charter - for an overview of the responsibilities of the remuneration committee.

The most important points on the agenda were:
- discussion on remuneration policy
- allocation of variable remuneration

NOMINATION COMMITTEE

The company has not set up a nomination committee. By doing so the company deviates from the recommendation in the provisions 5.3 of the Corporate Governance Code. The deviation is justified considering the smaller size of the company.

MANAGEMENT COMMITTEE

Since no management committee in the meaning of article 524bis et seq of the Belgian Companies Code has been established, the company has not included specific terms of reference of the executive management. The tasks, responsibilities and powers of the CEO and the executive management are set out in the terms of reference of the board of directors. By doing so, the company as a smaller listed company deviates from the recommendation in provision 6.1 of the Corporate Governance Code.

EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The VGP Charter foresees that the board of directors assesses its performance every three years as well as to the operation of the audit and remuneration committees.

The board of directors and its committees carried out the last self assessment in March 2011 with a satisfactory result. We refer to the VGP Charter for a description of the main characteristics of the methodology used for this evaluation.

REMUNERATION REPORT

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The independent and non-executive directors receive an annual fixed remuneration of € 10,000 (the chairman receives an annual remuneration of € 20,000). The directors also receive an attendance fee of € 1,000 for each meeting of the board of directors (the chairman receives a remuneration of € 2,000) and € 500 for each meeting of the audit committee or the remuneration committee they attend. For further details of the remuneration policy of the directors we refer to Annex 2 point 6.1 of the VGP Charter. Directors do not receive any remuneration linked to performance or results.

The remuneration of the members of the board of directors is reflected in the table below:

NAME *(Amounts in €)*	**FIXED REMUNERATION**	**VARIABLE BOARD ATTENDANCE**	**VARIABLE COMMITTEE ATTENDANCE**	**TOTAL**
Chairman				
Marek Šebesťák	20,000	12,000	1,000	33,000
Directors				
Alexander Saverys	10,000	6,000	500	16,500
Rijo Advies BVBA represented by Jos Thys	10,000	7,000	2,000	19,000
Bart Van Malderen	10,000	6,000	2,000	18,000
Jan Van Geet s.r.o. represented by Jan Van Geet	10,000	7,000	—	17,000
TOTAL	**60,000**	**38,000**	**5,500**	**103,500**

REMUNERATION POLICY OF EXECUTIVE MANAGEMENT

For the executive management the remuneration is determined by the remuneration committee in line with the rules of the described in the company's charter Annex 2 point 6.2 of the VGP Charter. The executive management consists of Jan Van Geet s.r.o. represented by Jan Van Geet (Chief Executive Officer), Jan Prochazka (Chief Operating Officer) and Dirk Stoop BVBA represented by Dirk Stoop (Chief Financial Officer). VGP strives overall for a position above the market median on the total reward position with a substantial variable part based on company, team and individual performance.

Given the small organisation of the Group the VGP remuneration including the variable remuneration is set based on the performance criteria defined by the remuneration committee of 13 May 2011. These criteria relate amongst others to the occupancy rate of the income generating assets, the gearing level of the Group, the profit contribution of the development activities and the maximalisation of shareholder value.

The remuneration committee will from time to time approve an overall variable remuneration envelope based on the company's performance and delegates the effective allocation of this variable remuneration to the CEO. The allocation by the CEO to executive and senior management will occur based on individual performance taking the overall performance criteria as set by the remuneration committee of 13 May 2011 into consideration.

The remuneration policy is reviewed on an annual basis to accommodate potential developments in (labour) market characteristics, company strategy, company and individual performance as well as other relevant factors influencing the performance and motivation of the management team. Currently VGP expects to continue the current practice for the next two financial years.

Remuneration package 2011 of the CEO

— fixed remuneration
  The CEO received a fixed gross remuneration of € 200,000 and a total directorship remuneration of € 17,000
— variable remuneration
  The CEO did not receive any bonus for 2011
— contribution of retirement benefits
  The CEO did not receive any contribution for retirement benefits
— other components of the remuneration: € 20,350
  (company car and related expenses)

Total remuneration 2011 for the executive management.
For the reported year the data regarding fixed remuneration, variable remuneration, retirement and other benefits are provided as a total for the team.

- fixed remuneration of € 289,163
- variable remuneration of € 125,000
- contribution of retirement benefits of € 38,474
- other components of the remuneration: € 28,465 (company car and related expenses)

The members of the executive team are appointed for an undetermined period and the notification period, in case of termination of their employment contract is 12 months.

This rule applies to all members of the executive management. Furthermore there are no claw back provisions for variable remuneration.

RISK MANAGEMENT AND INTERNAL CONTROLS

VGP's board of Directors and its executive management are responsible for assessing the company risks and the effectiveness of internal controls. VGP has set up a risk assessment and internal control framework aligned with the prescriptions as set forward by the Belgian Corporate Governance Code 2009. This framework is built upon the five basic components of internal control and is aligned with the needs and size of the company.

CONTROL ENVIRONMENT

VGP has several measures in place in order to create a control environment that is sufficiently supportive to the other control components. Amongst others:

- VGP's company structure, organization charts and function descriptions are clearly defined. Given the size of the company and required flexibility the function descriptions are not always formally documented;
- Informal delegations of authority for key company decisions are specified and advised to the VGP personnel

RISK ANALYSIS

VGP has identified and analyzed all its key corporate risks as disclosed in the 'Risk Factors' section in this annual report. These corporate risks are communicated throughout VGP's organisation. The CEO, COO and CFO monitor and analyse on an on-going basis the various levels of risk and develop any action plan as appropriate.

CONTROL ACTIVITIES

Control measures to mitigate the corporate risks referred to above are described in the 'Risk Factors' section. In addition, control activities are embedded in all key processes and systems in order to assure proper achievement of the company objectives.

FINANCIAL INFORMATION AND COMMUNICATION

The process of establishing financial information is organised as follows:

For periodic closing and financial reporting formal and informal written and oral instructions will be distributed to respective financial team members to ensure communication of timelines; clear assignment of task and responsibilities, and completeness of tasks.

The accounting teams are responsible for producing the accounting figures (closing bookings, reconciliations…) whereas the consolidation team checks the validity of these figures based on coherence tests by comparison with historical and budget figures; sample checks of transactions according to their materiality; specific procedures related to financial risks are in place in order to assure completeness of financial accruals.

The CFO will report periodically to the Audit Committee on all material areas of the financial statements concerning critical accounting judgments and uncertainties.

MONITORING OF CONTROL MECHANISMS

The quality of VGP's risk management and internal control framework is assessed by:

- the audit committee. Over the fiscal year, the audit committee reviewed the half yearly and annual closures and the specific accounting methods.
- the statutory auditor in the context of their review of the half-yearly and annual accounts.
- occasionally by the Financial Services and Markets Authority.

POLICIES OF CONDUCT

TRANSPARENCY OF TRANSACTIONS INVOLVING SHARES OF VGP

In line with the Royal Decree of 5 March 2006, which came into force on 10 May 2006, members of the board of directors and the executive committee must notify the FSMA (Financial Services and Markets Authority) of any transactions involving shares of VGP within 5 business days after the transaction. These transactions are made public on the web site of the FSMA (*http://www.fsma.be*) and also on the VGP website VGP (*http://www.vgpparks.eu/investors/corporate-governance/*). The Compliance Officer of VGP ensures that all transactions by "insiders" are made public on this website in a timely manner. Reference is also made to Annex 4 of the VGP Charter. During 2011 two transactions by "insiders" were reported i.e. in August 2011 Mr. Jan Van Geet acquired 8,240 shares and in November 2011, VM Invest NV acquired 18,972 shares.

CONFLICT OF INTEREST

In accordance with Article 523 of the Companies Code, a member of the board of directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interest of a financial nature with the Company. During 2011 there were no conflicts of interest raised.

STATUTORY AUDITOR

DELOITTE Bedrijfsrevisoren BV o.v.v.e. CVBA having its offices at Berkenlaan 8B, 1831 Diegem, Belgium represented by Mr. Gino Desmet has been appointed as Statutory Auditor for a period of three years. The Statutory Auditor's term of office expires at the conclusion of the Ordinary General Meeting on 14 May 2013.

RISK FACTORS

The following risk factors that could influence the Group's activities, its financial status, its results and further development, have been identified by the Group. The Group takes and will continue to take the necessary measures to manage those risks as effectively as possible.

The Group is amongst others exposed to:

RISKS RELATED TO THE GROUP'S INDUSTRY, PROPERTIES AND OPERATIONS

RISKS RELATED TO THE NATURE OF THE GROUP'S BUSINESS.
Since the Group's business involves the acquisition, development and operation of real estate, it is subject to real estate operating risks, of which some are outside the Group's control. The results and outlook of the Group depend amongst others on the ability to identify and acquire interesting real estate projects and to commercialise such projects at economically viable conditions.

Risks related to the nature and composition of its portfolio: Land for development, semi-industrial properties. The Group's real estate portfolio is concentrated on semi-industrial property. Due to this concentration, an economic downturn in this sector could have a material adverse affect on the Group's business, financial condition, operating results and cash flows. These risks are mitigated by the fact that the real estate portfolio is becoming more and more geographically diversified. In addition the properties are as much as possible standardised, allowing easy re-utilisation in case a tenant would terminate its lease.

RISKS RELATED TO THE ABILITY TO GENERATE CONTINUED RENTAL INCOME.
The value of a rental property depends to a large extent on the remaining term of the related rental agreements as well as the creditworthiness of the tenants. The Group applies a strict credit policy by which all future tenants are screened for their creditworthiness prior to being offered a lease agreement. In addition the Group will seek to sign as much as possible future lease agreements in order to secure a sustainable future rental income stream.

Nearly 100% of the lease contracts incorporate a provision whereby rents are annually indexed. Tenants will, in general, be required to provide a deposit or bank guarantee or a corporate guarantee depending on their creditworthiness. The lease contracts are usually concluded for periods between 5-10 years (first break option) and include most of the time an automatic extension clause. The lessee cannot cancel the lease contract until the first break option date.

RISKS RELATED TO THE GROUP'S DEVELOPMENT ACTIVITIES.
The Group could be exposed to unforeseen cost-overruns and to a delay in the completion of the projects undertaken for its own account or for associated companies. Within VGP there are several internal controls available to minimise these risks i.e. specific cost control functions as well as project management resources which monitor the projects on a daily basis.

RISKS ASSOCIATED WITH THE DISPOSAL OF PROJECTS.
In addition to VGP's increased focus on development as from 2010, the company also envisages to adopt a more pro-active approach in respect of potential disposal of the Group's income generating assets. The Group's revenues will as a result be partly determined by disposals of real estate projects. This means that Issuer's results and cash flow can fluctuate considerably from year to year depending on the number of projects that can be put up for sale and can be sold in that given year.

RISKS RELATED TO LEGAL, REGULATORY AND TAX MATTERS.
The Group is subject to a wide range of EC, national and local laws and regulations. In addition the Group may become subject to disputes with tenants or commercial parties with whom the Group maintains relationships or other parties in the rental or related businesses. Finally a change in tax rules and regulations could have an adverse effect on the tax position of the Group. All these risks are monitored on an ongoing basis and there where necessary, the Group will use external advisors to advice on contract negotiations, regulatory matters or tax matters as the case may be.

PROPERTY MAINTENANCE AND INSURANCE RISK.
To remain attractive and to generate a revenue stream over the longer term a property's condition must be maintained or, in some cases, improved to meet the changing needs of the market. To this end the Group operates an internal facility management team in order to ensure that the properties are kept in good condition. All buildings are insured against such risks as are usually insured against in the same geographical area by reputable companies engaged in the same or similar business.

As from 2011 the facility management has become a standalone business line whereby it not only provides internal services but also facility management services to third parties. VGP FM services will therefore be potentially liable for the quality and or non-performance of its services. In order to minimise this risk a professional indemnity insurance cover was taken out.

LEGAL SYSTEMS IN THE MID-EUROPEAN COUNTRIES ARE NOT YET FULLY DEVELOPED.
The legal systems of the mid-European countries have undergone dramatic changes in recent years, which may result in inconsistent applications of existing laws and regulations and uncertainty as to the application and effect of new laws and regulations. The Group mitigates this risk by using reputable external local lawyers to advise on such specific legal issues as they arise.

FINANCIAL RISKS

AVAILABILITY OF ADEQUATE CREDIT FACILITIES.
The Group is partly financed by shareholder loans and partly by bank credit facilities. The nonavailability of adequate credit facilities could have an adverse effect on the growth of the Group as well as on its financial condition in case bank credit facilities cannot be extended at their maturity date. The Group ensures that adequate committed credit facilities are in place to sustain its growth. VGP will start renegotiating the extension of maturing credit facilities well in advance of the respective maturity dates (usually 12 months prior to maturity date). As at 31 December 2011 the Group had € 16.9 million committed credit facilities in place with an average maturity of 3.3 years and which were drawn for 90%.

COMPLIANCE OF FINANCIAL COVENANTS.
The loan agreements of the Group include financial covenants (see page 92 for further details). Any breach of covenant could have an adverse effect on the financial position of the Group. Covenants are therefore monitored on an on-going basis in order to ensure compliance and to anticipatively identify any potential problems of non-compliance for action. During 2011 the VGP Group remained well within its covenants.

EVOLUTION OF DEBT RATIO OF THE GROUP.
The Group expects that in the medium term it will significantly increase the amount of borrowings. The Group expects that for the foreseeable future it will be operating within a gearing level (net debt / equity) of up to 2:1. As at 31 December 2011 the Group was debt free on a net debt basis. It is anticipated as new development activities are undertaken that the Group will become indebted again.

EVOLUTION OF INTEREST RATES.
Changes in interest rates could have an adverse effect on the Group's ability to obtain or service debt and other financing on favourable terms. To this end the Group hedges its interest rate exposure by converting the majority of its variable rate debt to fixed rate debt. As at 31 December 2011 the Group was debt free and therefore none of the gross financial debt was fixed.

FLUCTUATION IN CURRENCY RATES.
The Group's revenues are predominantly denominated in Euro, however, expenses, assets and liabilities are recorded in a number of different currencies other than the Euro, in particular the Czech Crown. The Group reviews these risks on a regular basis and uses financial instruments to hedge these exposures as appropriate.

[1]) *Net debt measured as: (Outstanding bank debt + shareholder loans) minus cash.*


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SUMMARY OF THE ACCOUNTS AND COMMENTS

INCOME STATEMENT[1]

CONSOLIDATED INCOME STATEMENT – ANALYTICAL FORM *(in thousands of €)*	2011	2010
NET CURRENT RESULT		
Gross rental income	14,445	11,226
Service charge income / (expenses)	830	13
Property operating expenses	(1,345)	(715)
Net rental and related income	**13,930**	**10,524**
Other income / (expenses) - incl. administrative costs	(1,700)	(1,460)
Operating result (before result on portfolio)	**12,230**	**9,064**
Net financial result[2]	(1,737)	(5,660)
Revaluation of interest rate financial instruments (IAS 39)	—	—
Taxes	(938)	(1,371)
Net current result	**9,555**	**2,033**
RESULT ON PROPERTY PORTFOLIO		
Net valuation gains / (losses) on investment properties	3,133	5,193
Deferred taxes	(595)	(987)
Result on property portfolio	**2,538**	**4,206**
NET RESULT		
Share in the result of associates	844	—
NET RESULT (on a like for like basis)	**12,937**	**6,239**
Adjustments re VGP CZ I and VGP CZ II	—	20,163
Net result (reported)	**12,937**	**26,402**

RESULT PER SHARE	2011	2010
Number of ordinary shares	18,583,050	18,583,050
Net current result (on a like for like basis) per share (in €)	0.51	0.11
Net result (reported) per share (in €)	0.70	1.42

[1]) *VGP CZI and VGP CZ II were de-consolidated during 2011. Therefore for comparative purposes the figures as at 31 December 2010 were amended in order to include VGP CZ I only until 16 March 2010 and VGP CZ II until 9 November 2010.*

[2]) *Excluding the revaluation of interest rate financial instruments.*

BALANCE SHEET

ASSETS *(in thousands of €)*	**2011**	**2010**
Intangible assets	43	62
Investment properties	71,643	186,982
Property, plant and equipment	278	196
Investments in associates	965	—
Other non-current receivables	45,313	—
Deferred tax assets	243	1,013
Total non-current assets	**118,485**	**188,253**
Trade and other receivables	9,138	3,701
Cash and cash equivalents	16,326	5,341
Disposal group held for sale	33,944	299,942
Total current assets	**59,408**	**308,984**
TOTAL ASSETS	**177,893**	**497,237**
Share capital	22,298	62,251
Retained earnings	132,368	119,431
Other reserves	69	(5,340)
Shareholders' equity	**154,735**	**176,342**
Non-current financial debt	4,160	120,180
Other non-current financial liabilities	—	758
Other non-current liabilities	28	1,104
Deferred tax liabilities	1,520	8,309
Total non-current liabilities	**5,708**	**130,351**
Current financial debt	4,692	4,820
Other current financial liabilities	—	—
Trade debts and other current liabilities	5,724	10,074
Liabilities related to disposal group held for sale	7,034	175,650
Total current liabilities	**17,450**	**190,544**
Total liabilities	**23,158**	**320,895**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**177,893**	**497,237**

INCOME STATEMENT – ANALYTICAL FORM

GENERAL COMMENT

During the financial year 2011 VGP sold an 80% equity interest in VGP CZ I and VGP CZ II. The 31 December 2011 income statement therefore includes the results of VGP CZ I for 100% until 16 March 2011 and the results for 100% of VGP CZ II until 9 November 2011. After these dates both companies were deconsolidated and income was reported as "share in the results of associates". Given the significant income contribution of both companies the 31 December 2010 income statement was restated in order to allow a comparison with the 31 December 2011 income statement on a like for like basis.

GROSS RENTAL INCOME AND OPERATING COSTS

Gross rental income relates to the lease income from the operating leases concluded with the Group's customers. Fluctuations in the rental income are mainly a result of the growth of the semi-industrial property portfolio. Future growth of the top line will be driven by the development and delivery of new properties to tenants.

Operating cost for the Group are composed of service charge income and expense, property operating expenses and other income and expenses (including administrative costs).

The service charge income and expenses relate to operating expenses borne by the Group and recharged to the tenants: repair & maintenance, energy, insurance etc. Whereas property operating expenses will relate to operating costs borne by the Group which cannot be fully recouped and which mainly relate to consultancy costs of lawyers, brokers and appraisal fees.

Other income relates to income from engineering activities and facility management for third parties and associates and non-recurrent income from tenants. Other expenses relates to the disposal of material, property and equipments and other sundry expenses. Administrative costs relate to general overhead costs.

Gross rental income for the financial year ending 31 December 2011 increased by 28.7 % from € 11.2 million for the period ending 31 December 2010 to € 14.4 million for the period ending 31 December 2011. The strong growth reflects the continuing increase in the portfolio of delivered assets. During 2011 a total of 8 projects were completed which represented 63,049 m² of lettable area.

Although the operating costs in 2011 remained the same as for 2010 at € 2.2 million, the total operating costs as a % of gross rent improved from 19.3% as at the end of 2010 to 15.3% at the end of 2011, reflecting the fact that the property portfolio is becoming more mature with decreasing costs of broker and lawyer fees incurred when signing new committed leases as well as the continuing economies of scale from which the company is benefitting.

NET VALUATION GAINS ON INVESTMENT PROPERTIES

Investment properties, which incorporate completed projects, projects under construction and land held for development, are held to earn rental income, for capital appreciation, or for both. The valuation gains or losses on investment properties, investment property under construction and development land (the "property portfolio") represents the change in the fair value of the property portfolio during the respective periods.

The carrying amount of the property portfolio is the fair value of the property as determined by an external valuation expert i.e. Jones Lang LaSalle. The fair value valuations are prepared on the basis of Market Value (in accordance with the current Practices Statements – section 3.2 contained within the RICS Appraisal and Valuation Standards (Sixth Edition – January 2008) published by the Royal Institution of Chartered Surveyors (the "Red Book") and are carried out on a regular basis but at least once a year.

The net valuation of the property portfolio as at 31 December 2011 showed a net valuation gain of € 3.1 million against a net valuation gain of € 22.8 million per 31 December 2010 and represents a € 7.5 million unrealised gain on the new projects currently under construction or completed during the year i.e. the development activities and an aggregate net realised loss of € 4.4 million resulting from the VGP CZ I and VGP CZ II transactions. This € 4.4 million realised valuation loss is composed of a € 1.0 million realised gain on the disposal of the VGP CZ I and VGP CZ II assets and a realised loss of € 5.4 million resulting from the recycling of the existing VGP CZ I and VGP CZ II interest rate swaps through the profit and loss account.

The total property portfolio (including VGP CZ I and VGP CZ II), excluding development land, is valued by the valuation expert at 31 December 2011 based on a market rate of 8.34% (compared to 8.35% as at 31 December 2010) applied to the contractual rents increased by the estimated rental value on unlet space. The (re)valuation of the portfolio was based on the appraisal report of Jones Lang LaSalle.

NET FINANCIAL RESULT

Net financial result consists of financial income and financial expenses. Financial income relates to interest income received from bank deposit or from loans granted to associates , unrealised gains on interest rate hedging as well as to the positive effect of realised and unrealised foreign exchange gains on monetary and non-monetary assets and liabilities. Financial expenses mainly relate to the interest expense on the bank credit facilities and shareholder debt, the unrealised loss on interest rate hedging and the negative realised and unrealised foreign exchange results on monetary and non-monetary assets and liabilities.

For the period ending 31 December 2011, the reported financial income included a € 2.4 million interest income on loans granted to associates and a € 1.6 million net foreign exchange gain compared to a € 0.2 million unrealised foreign exchange loss as at 31 December 2010 (recorded under financial expenses).

The reported financial expenses as at 31 December 2011 are mainly made up of € 5.7 million (€ 15.6 million per 31 December 2010) interest expenses related to financial debt and a positive impact of € 0.2 million (€ 1.9 million per 31 December 2010) related to capitalised interests. The main reason for the variance relates to the movements in the underlying bank and shareholder debt as at 31 December 2011 the outstanding financial debt amounted to € 15.2 million (before reclassification to liabilities related to disposal group held for sale) compared to € 266.5 million (before reclassification to liabilities related to disposal group held for sale) as at 31 December 2010.

TAXES

The Group is subject to tax at the applicable tax rates of the respective countries in which it operates. Additionally, a deferred tax charge is provided for on the fair value adjustment of the property portfolio. The reported taxes decreased from € 8.0 million for the period ending 31 December 2010 to € 1.5 million as at 31 December 2011. The change in the tax line is mainly due to deconsolidation of VGP CZ I and VGP CZ II and to the variance of the fair value adjustment of the property portfolio and has therefore no cash effect.

NET PROFIT FOR THE PERIOD

Net profit on a like for like basis increased from € 6.2 million as at 31 December 2010 to € 12.9 million for the financial year ended 31 December 2011. The reported net profit decreased following the deconsolidation of VGP CZ I and VGP CZ II from € 26.4 million (€ 1.42 per share) for the financial year ended 31 December 2010 to € 12.9 million (€ 0.70 per share) for the financial year ended 31 December 2011.

[1]) *Yield applicable for total portfolio including VGP CZ I and VGP CZ II. If VGP CZ I and VGP CZ II would not have been included the yields would have been 9.07% as at the end of December 2011.*
[2]) *Net debt measured as : (Outstanding bank debt + shareholder loans) minus cash.*

BALANCE SHEET

INVESTMENT PROPERTIES

Investment properties relate to completed properties projects under construction, as well as land held for development. The fluctuations from one year to the other reflect the timing of the completion and delivery as well as the divestments or acquisitions of such assets.

As at 31 December 2011 and following the sale of VGP CZ I and VGP CZ II the investment property portfolio consists of 4 completed buildings representing 67,952 m² of lettable area with another 6 buildings under construction representing another 69,562 m² of lettable area. Besides this VGP has a total of 53 buildings under management representing 573,426 m² of lettable space which are owned by VGP CZ I and VGP CZ II.

VGP has currently also undertaken additional development activities by which it is currently constructing 4 new buildings (24,300 m²) for VGP CZ I and 2 buildings (16,626 m²) for VGP CZ II.

OTHER NON CURRENT RECEIVABLES

Other non current receivables relate to loans provided to associates and for which VGP receives an arm's length interest rate. These loans are provided on a proportional basis i.e. proportional to the equity stake in these associates. At the end of December 2011 VGP granted a total of € 45.2 million loans to associates.

TOTAL CURRENT ASSETS

Total current assets relate to trade and other receivables and cash held by the Group. The trade and other receivables increased from € 3.7 million at the end of 2010 to € 9.1 million at the end of 2011. This increase is mainly due to an additional amount which VGP will receive from VGP CZ II once the two buildings, which are currently under construction, will be leased for 90%. The net cash inflow from this transaction will amount to € 5.2 million (80% of € 6.5 million) and is expected to be received within the course of 2012. The remaining balance will be converted to a loan to associates. Following the sale of VGP CZ I and VGP CZ II the cash and cash equivalents increased substantially from € 5.4 million as at 31 December 2010 to € 16.3 million as at 31 December 2011.

SHAREHOLDERS' EQUITY

The other reserves at the end of 2010 include € 5.4 million (net from deferred tax impact) unrealised losses on financial instruments related to VGP CZ I and VGP CZ II. These financial instruments were designated as effective cash flow hedges and the unrealised losses on these financial instruments were recognised directly in equity ("other reserves"). These reserves were reversed during 2011 following the sale of VGP CZ I and VGP CZ II.

TOTAL NON-CURRENT LIABILITIES

Total non-current liabilities comprise non-current financial debt, other non-current liabilities and deferred tax liabilities. As at 31 December 2011 the Group was debt free on a net debt basis (before any reclassification to liabilities related to disposal group held for sale). This compares to a net debt (excluding shareholder loans and before any reclassification to liabilities related to disposal group held for sale) as at 31 December 2010 of € 187.8 million (net debt / equity ratio of 1.06) and a net debt (including shareholder loans) of € 259.6 million (net debt / equity ratio of 1.47). The shareholder debt of € 71.8 million outstanding as at 31 December 2010 was fully repaid during 2011 from the proceeds of the VGP CZ I and VGP CZ II transactions.

INFORMATION ABOUT THE SHARE

LISTING OF SHARES

Euronext Brussels
Main Market of Prague

VGP share .... VGP .... ISIN BE0003878957
VGP VVPR-strip ...... VGPS ...... ISIN BE0005621926

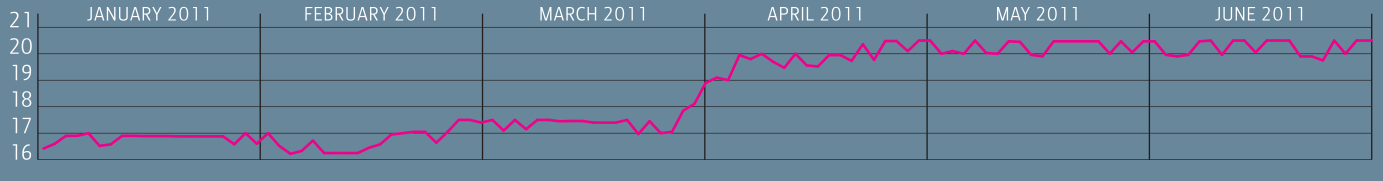
Market capitalisation 31 Dec-11	352,892,120 €
Highest capitalisation	390,244,050 €
Lowest capitalisation	297,328,800 €
Share price 31 Dec-10	16.60 €
Share price 31 Dec-11	18.99 €

SHAREHOLDER STRUCTURE

As at 31 December 2011 the share capital of VGP was represented by 18,583,050 shares.
Ownership of the Company's shares as at 31 December 2011 was as follows:

SHAREHOLDER	NUMBER OF SHARES	% OF SHARES ISSUED
VM Invest NV	5,159,434	27.76%
Mr Bart Van Malderen	3,545,250	19.08%
Sub-total Bart Van Malderen Group	8,704,684	46.84%
Alsgard SA	7,048,780	37.93%
Mr Jan Van Geet	8,565	0.05%
Sub-total Jan Van Geet Group	7,057,345	37.98%
Comm. VA VGP MISV	929,153	5.00%
Vadebo France NV	655,738	3.53%
Public	1,236,130	6.65%
TOTAL	18,583,050	100.00%

VM Invest NV is a company controlled by Mr. Bart Van Malderen.
Alsgard SA is a company controlled by Mr. Jan Van Geet.
Comm VA VGP MISV is a company controlled by Mr. Bart Van Malderen and Mr. Jan Van Geet.
VM Invest NV, Mr. Bart Van Malderen, Comm VA VGP MISV, Alsgard SA and Mr. Jan Van Geet are acting in concert in respect of the holding, the acquisition or disposal of securities.
Vadebo France NV is a company controlled by Mrs. Griet Van Malderen.



There are no specific categories of shares. Each share gives the right to one vote. In accordance with Articles 480 to 482 of the Company Code, the company can create shares without voting rights, subject to the fulfilling requirements related to the change of the articles of association. All shares are freely transferable.

PERMITTED CAPITAL

The board of directors is expressly permitted to increase the nominal capital on one or more occasions up to an aggregate amount of € 100 million by monetary contribution or contribution in kind, if applicable, by contribution of reserves or issue premiums, under regulations provided by the Belgian Company Code and the articles of association. This permission was extended in 2011 and is now valid until 1 June 2016.

LIQUIDITY OF THE SHARES

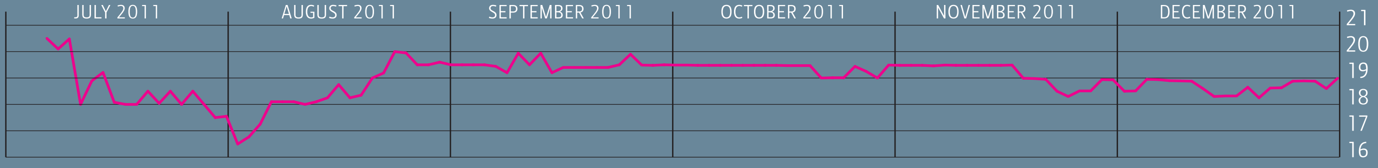
To improve the liquidity of its shares VGP NV concluded a liquidity agreement with KBC Bank. This agreement ensures that there is increased liquidity of the shares which should be to the benefit of the Group in the future as more liquidity allows new shares to be more easily issued in case of capital increases.

DISTRIBUTION TO SHAREHOLDERS

In order to optimise the capital structure of the Company and creating additional shareholder value an Extraordinary Shareholders' Meeting will be convened on 11 May 2012, to approve a capital reduction of € 15,052,270.50 in cash. This cash distribution corresponds to € 0.81 per share and will be paid as soon as possible.

FINANCIAL CALENDAR

First quarter trading update 2012	11 May 2012
General meeting of shareholders	11 May 2012
Extraordinary shareholders' meeting	11 May 2012
2012 half year results	24 August 2012
Third quarter trading update 2012	16 November 2012



OUTLOOK 2012

With an expanding land bank, market conditions which remain very attractive and driven by a sound demand of lettable space, VGP not only sees a lot of opportunities within the markets it is active in but is also focusing on a number of attractive opportunities in Germany and Poland driven by demands from existing and new potential tenants.

VGP is confident that with the available cash proceeds from the VGP CZ I and VGP CZ II transaction, as well as from the anticipated sale of VGP Estonia assets and VGP CZ IV, it should be well positioned to continue to deliver substantial shareholder value through its development activities and its facility management services.

BOARD OF DIRECTORS

COMPOSITION ON 31 DECEMBER 2011

	NAME	YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION
Chairman	Marek Šebesťák	2011	Non-executive	Independent	2015
CEO	Jan Van Geet s.r.o. represented by Jan van Geet	2008	Executive and reference shareholder	—	2013
Directors	Bart Van Malderen	2007	Non-executive and reference shareholder	—	2013
	Alexander Saverys	2011	Non-executive	Independent	2015
	Rijo Advies BVBA represented Jos Thys	2011	Non-executive	Independent	2015

MAREK ŠEBESŤÁK (*1954)

Mr Šebesťák is founder and former Chairman of BBDO-Czech Republic, one of the leading international advertising and communication agencies

JAN VAN GEET (*1971)

Jan Van Geet is the founder of VGP. He has overall daily as well as strategic management responsibilities of the Group. He started in the Czech Republic in 1993 and was manager of Ontex in Turnov, a producer of hygienic disposables. Until 2005, he was also managing director of WDP Czech Republic. WDP is a Belgian real estate investment trust with several projects in the Czech Republic.

BART VAN MALDEREN (*1966)

During his career, Mr Bart Van Malderen was involved in the management of Ontex, a leading European manufacturer of hygienic disposable products. He became CEO in 1996 and Chairman of the Board in 2003, a mandate which he occupied until mid July 2007.

ALEXANDER SAVERYS (*1978)

After his university education in law (KU Leuven) and his MBA in Berlin. Mr Alexander Saverys founded Delphis NV in 2004. Delphis is a company offering multimodal transport solutions throughout Europe, where he acts as CEO. He is also a Director of CMB. In 2006, Delphis bought Team Lines, Europe's no. 2 feeder container operator, operating a network from Iberia to Saint-Petersburg with a clear focus on the Baltic Sea. Team Lines/ Delphis control 62 ships.

JOS THYS (*1962)

Mr Jos Thys holds a Masters Degree in Economics from the University of Antwerp (UFSIA). He is counsel to family owned businesses where he advises on strategic and structuring issues. He also acts as a counsel for the implementation of Corporate Governance at corporate and non-profit organisations. Jos previously had a long career in corporate and investing banking with Paribas, Artesia and Dexia.

EXECUTIVE MANAGEMENT TEAM

COMPOSITION ON 31 DECEMBER 2011

Jan Van Geet s.r.o. represented by Jan Van Geet	Chief Executive Officer
Jan Procházka	Chief Operating Officer
Dirk Stoop BVBA, represented by Dirk Stoop	Chief Financial Officer

JAN VAN GEET

(*1971) Jan Van Geet is the founder of VGP. He has overall daily as well as strategic management responsibilities of the Group. He started in the Czech Republic in 1993 and was manager of Ontex in Turnov, a producer of hygienic disposables. Until 2005, he was also managing director of WDP Czech Republic. WDP is a Belgian real estate investment trust with several projects in the Czech Republic

JAN PROCHÁZKA

(*1964) He is civil a engineer and an architect and joined VGP's team in 2002. He takes responsibility for technical concepts and contract execution. Prior to this position, Jan was the managing director of Dvořák, a civil contracting company, at his time one of the major players in the Czech market. Well known projects under his management are the airport terminal Sever 1 in Prague, the cargo terminal, as well as the headquarters of Česká Spořitelna.

DIRK STOOP

(*1961) Joined VGP in 2007. He is responsible for all finance matters i.e. financial planning, control, forecasting, treasury, tax and insurance for all the countries where VGP is/ will be active, as well as investor relations. Dirk worked at Ontex for 5 years as Group Treasurer where he was also responsible for tax and insurance matters. Prior to this he worked at Chep Europe based in London as Treasurer Europe, South America & Asia. Dirk Stoop holds a Masters Degrees in Financial and Commercial Sciences from VLEKHO (HUB) in Belgium.

PORTFOLIO

PORTFOLIO I.
fully owned by VGP

1. VGP Park Tuchoměřice
2. VGP Park Horní Počernice – IV. Phase
3. VGP Park Hrádek nad Nisou
4. VGP Park Brno
5. VGP Park Plzeň
6. VGP Park Ústí nad Labem
7. VGP Park Tallinn
8. VGP Park Kekava
9. VGP Park Győr
10. VGP Park Malacky
11. VGP Park Timisoara

UNDER CONSTRUCTION – OWN PORTFOLIO
FUTURE DEVELOPMENT – OWN PORTFOLIO

PORTFOLIO II.
VGP CZ I. (Associate)

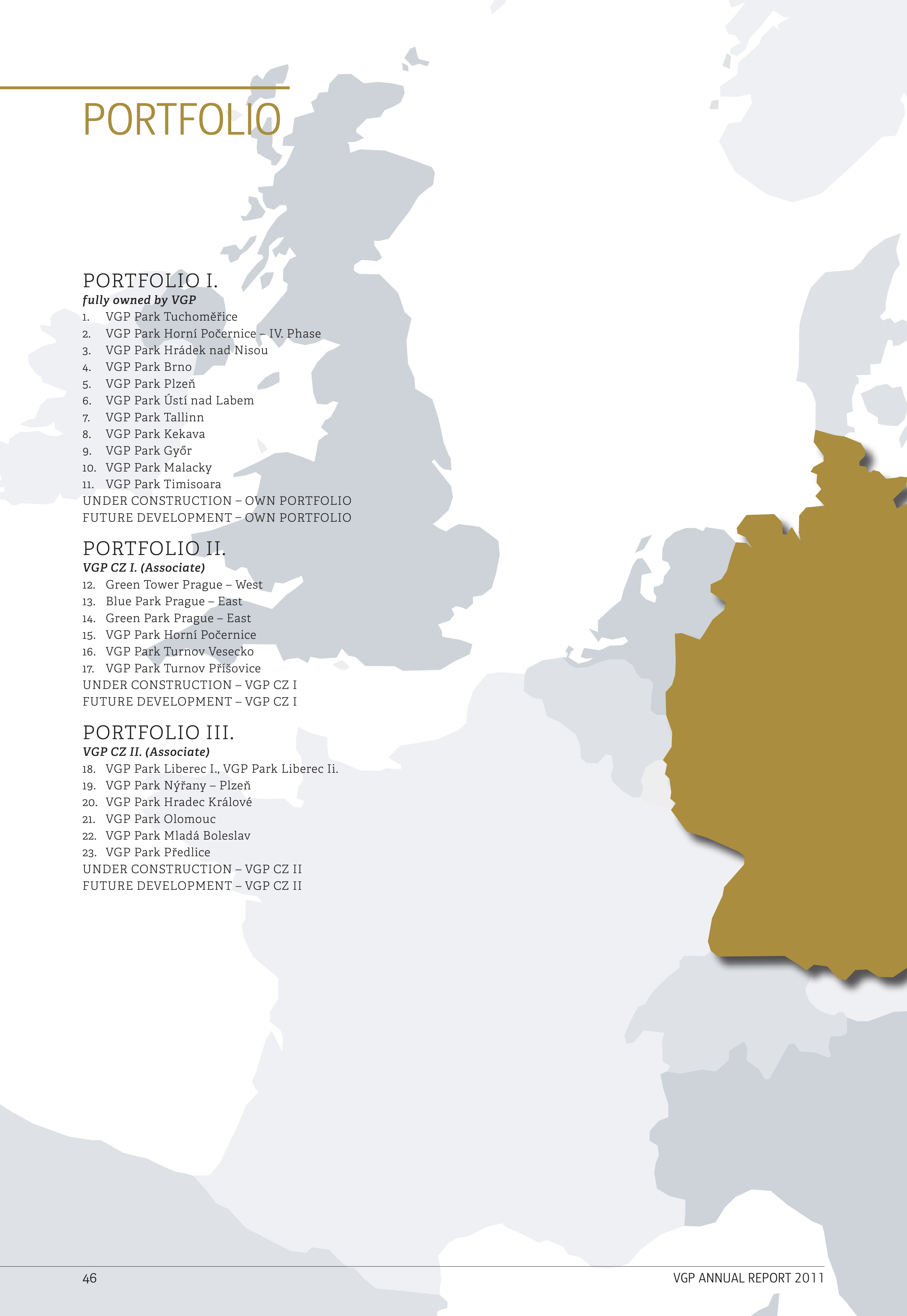
12. Green Tower Prague – West
13. Blue Park Prague – East
14. Green Park Prague – East
15. VGP Park Horní Počernice
16. VGP Park Turnov Vesecko
17. VGP Park Turnov Příšovice

UNDER CONSTRUCTION – VGP CZ I
FUTURE DEVELOPMENT – VGP CZ I

PORTFOLIO III.
VGP CZ II. (Associate)

18. VGP Park Liberec I., VGP Park Liberec Ii.
19. VGP Park Nýřany – Plzeň
20. VGP Park Hradec Králové
21. VGP Park Olomouc
22. VGP Park Mladá Boleslav
23. VGP Park Předlice

UNDER CONSTRUCTION – VGP CZ II
FUTURE DEVELOPMENT – VGP CZ II



PORTFOLIO I.

PROJECTS FULLY OWNED BY VGP

VGP PARK TUCHOMĚŘICE
VGP PARK HRÁDEK NAD NISOU
VGP PARK HORNÍ POČERNICE – VI. PHASE
VGP PARK BRNO
VGP PARK PLZEŇ
VGP PARK ÚSTÍ NAD LABEM
VGP PARK MALACKY, SLOVAKIA
VGP PARK GYŐR, HUNGARY
VGP PARK TIMISOARA, ROMANIA
VGP PARK KEKAVA, LATVIA
VGP PARK TALLINN, ESTONIA

UNDER CONSTRUCTION – OWN PORTFOLIO

VGP PARK	COUNTRY	LAND AREA *(m²)*	POTENTIAL LETTABLE AREA *(m²)*
VGP PARK Hrádek nad Nisou	Czech Republic	28,348	13,669
VGP PARK Tuchoměřice	Czech Republic	14,270	6,471
VGP PARK Tallinn	Estonia	22,872	13,500
VGP PARK Győr	Hungary	26,639	11,175
VGP PARK Malacky	Slovakia	35,999	14,747
VGP PARK Timisoara	Romania	33,369	10,000
TOTAL		**161,498**	**69,562**

FUTURE DEVELOPMENT – OWN PORTFOLIO

VGP PARK	COUNTRY	LAND AREA *(m²)*	POTENTIAL LETTABLE AREA *(m²)*
VGP PARK Hrádek nad Nisou	Czech Republic	60,591	27,489
VGP PARK Tuchoměřice	Czech Republic	44,431	20,140
VGP PARK Brno	Czech Republic	63,592	32,577
VGP PARK Plzeň	Czech Republic	92,352	41,000
VGP PARK Ústí nad Labem[1]	Czech Republic	145,958	58,700
VGP PARK Kekava	Latvia	83,173	34,400
VGP PARK Győr	Hungary	26,639	10,330
VGP PARK Malacky	Slovakia	152,994	61,200
VGP PARK Timisoara	Romania	159,839	47,930
TOTAL		**829,569**	**333,766**

[1]) *Acquired after year-end.*

VGP PARK TUCHOMĚŘICE

Prague – West, Czech Republic

tenants	n/a
lettable area (m^2)	building A – 6,470
built	under construction

VGP PARK HRÁDEK NAD NISOU

Hrádek nad Nisou, Czech Republic

tenants	Drylock Technologies
lettable area (m^2)	13,669
built	2011–2012

VGP PARK TALLINN

Tallinn, Estonia

tenants	Humana Sorteerimiskeskus, Friends Textile, Prime Partner, BDP Eesti, HAVI Logistics, SELECT NOR, Smarten Logistics, LAPPSET ESTONIA, Wahlquist
lettable area (m^2)	40,305
built	2009

VGP PARK MALACKY

Malacky, Slovakia

tenants	Benteler Automobiltechnik
lettable area (m^2)	14,815
built	2009

VGP PARK TIMISOARA

Timisoara, Romania

lettable area (m^2)	10,000
built	under construction

VGP PARK GYŐR

Győr, Hungary

tenants	HL Display, Szemerey Transport, Skiny, Dana Hungary, Lear Corporation
lettable area (m^2)	33,935
built	2009–2011

PORTFOLIO II.

VGP CZ I (ASSOCIATE)

GREEN TOWER PRAGUE – WEST
BLUE PARK PRAGUE – EAST
GREEN PARK PRAGUE – EAST
VGP PARK HORNÍ POČERNICE
VGP PARK TURNOV VESECKO
VGP PARK PŘÍŠOVICE

UNDER CONSTRUCTION – VGP CZ I

VGP PARK	LAND AREA *(m²)*	POTENTIAL LETTABLE AREA *(m²)*
VGP PARK Horní Počernice[1]	23,312	11,244
VGP PARK Turnov	21,873	13,056
TOTAL	**45,185**	**24,300**

FUTURE DEVELOPMENT – VGP CZ I

VGP PARK	LAND AREA *(m²)*	POTENTIAL LETTABLE AREA *(m²)*
VGP PARK Horní Počernice[1]	271,093	75,584
VGP PARK Příšovice	4,856	3,500
TOTAL	**275,949**	**79,084**

[1]) Includes VGP CZ IV development which will be sold by VGP to EPISO during Q2 of 2012.

BLUE PARK

Prague 9, Czech Republic

tenant	Activa
lettable area (m^2)	10,200
built	2003 | 2005 | 2008

GREEN PARK

Prague 9, Czech Republic

tenants	Auto Štangl, Activa, Mitsui-soko, ASTRON studio
lettable area (m^2)	17,096
built	2005

GREEN TOWER

Prague 5, Czech Republic

tenants	Mountfield, ABRA Software, MK, CompuGroup CZ a SK
lettable area (m^2)	3,560
built	2005

VGP PARK HORNÍ POČERNICE BUILDING I1

Prague 9 Horní Počernice, Czech Republic

tenants	Sikla Bohemia, Veba, textilní závody, RM GASTRO CZ, Václav Čížek, Whitesoft
lettable area (m^2)	6,400
built	2006

VGP PARK HORNÍ POČERNICE BUILDING I2

Prague 9 Horní Počernice, Czech Republic

tenant	GASTROSTELLA GROUP
lettable area (m^2)	4,379
built	2006

VGP PARK HORNÍ POČERNICE BUILDING B2

Prague 9 Horní Počernice, Czech Republic

tenants	Lekkerland Česka republika
lettable area (m^2)	15,430
built	2006

VGP PARK HORNÍ POČERNICE BUILDING J

Prague 9 Horní Počernice, Czech Republic

tenant	SATREMA Int.
lettable area (m^2)	2,017
built	2007

VGP PARK HORNÍ POČERNICE BUILDING H1

Prague 9 Horní Počernice, Czech Republic

tenant	PetCenter CZ
lettable area (m^2)	8,279
built	2007

VGP PARK HORNÍ POČERNICE BUILDING D1

Prague 9 Horní Počernice, Czech Republic

tenants	U&WE Advertising, A.L.L. production, TNT Post ČR, Bell Technology, Sécheron Tchequie, Timbeum, ING. Pavel Halada, Transforwarding České Budějovice, V-PLAST Vsetín, Fresenius Kabi, CWS Čechy
lettable area (m^2)	28,182
built	2007–2008

VGP PARK HORNÍ POČERNICE BUILDING H2

Prague 9 Horní Počernice, Czech Republic

tenants	IKEA Česká republika, NILFISK-ADVANCES, FRANKE
lettable area (m^2)	7,658
built	2007

VGP PARK HORNÍ POČERNICE BUILDING I3/I4

Prague 9 Horní Počernice, Czech Republic

tenants	Dandeli Havelland Foods, STAR IMPEX, Strom Praha, Česká pošta
lettable area (m^2)	8,257
built	2008

VGP PARK HORNÍ POČERNICE BUILDING B3

Prague 9 Horní Počernice, Czech Republic

tenant	WAVIN Ekoplastik
lettable area (m^2)	13,551
built	2007

VGP PARK HORNÍ POČERNICE BUILDING C2

Prague 9 Horní Počernice, Czech Republic

tenant	Kofola
lettable area (m^2)	9,889
built	2007

VGP PARK HORNÍ POČERNICE BUILDING B1

Prague 9 Horní Počernice, Czech Republic

tenants	LKY Logistics CZ, Levné knihy, Continental Automotive
lettable area (m^2)	12,903
built	2007

VGP PARK HORNÍ POČERNICE BUILDING C1

Prague 9 Horní Počernice, Czech Republic

tenant	DSV Road
lettable area (m^2)	11,623
built	2007

VGP PARK HORNÍ POČERNICE BUILDING C3

Prague 9 Horní Počernice, Czech Republic

tenant	Coca-Cola HBC Czech Republic
lettable area (m^2)	10,877
built	2008

VGP PARK HORNÍ POČERNICE BUILDING C4

Prague 9 Horní Počernice, Czech Republic

tenant	Océ Česká republika
lettable area (m^2)	9,517
built	2008

VGP PARK HORNÍ POČERNICE BUILDING PNS/MEDIASERVIS

Prague 9 Horní Počernice, Czech Republic

tenants	PNS, Mediaservis
lettable area (m^2)	26,196
built	2008

VGP PARK HORNÍ POČERNICE BUILDING E

Prague 9 Horní Počernice, Czech Republic

tenant	Alza Logistics
lettable area (m^2)	9,559
built	2008

VGP PARK HORNÍ POČERNICE BUILDING D2

Prague 9 Horní Počernice, Czech Republic

tenants	Tuplex CZ, OK-Color, BASF stavební hmoty ČR, Brilon CZ, Mail Step, Den Braven Czech and Slovak, Coca-Cola HBC Česká republika, Internet Mall
lettable area (m^2)	28,440
built	2008

VGP PARK HORNÍ POČERNICE BUILDING I.

Prague 9 Horní Počernice, Czech Republic

tenants	Bella Bohemia, Askino
lettable area (m^2)	4,523
built	2009

VGP PARK HORNÍ POČERNICE BUILDING II.

Prague 9 Horní Počernice, Czech Republic

tenants	Radiálka Hradec Králové, Alito, Tiskové a obálkovací centrum, Dexion
lettable area (m^2)	6,456
built	2009

VGP PARK HORNÍ POČERNICE BUILDING III.

Prague 9 Horní Počernice, Czech Republic

tenants	GUMEX, FERRATT INTERNATIONAL CZECH
lettable area (m^2)	3,709
built	2010

VGP PARK HORNÍ POČERNICE BUILDING IV.

Prague 9 Horní Počernice, Czech Republic

tenant	G.Gühring – dřevěné obaly, RTR – TRANSPORT A LOGISTIKA
lettable area (m^2)	8,974
built	2010

VGP PARK HORNÍ POČERNICE BUILDING V.

Prague 9 Horní Počernice, Czech Republic

tenant	MD Logistika, Datart International
lettable area (m^2)	52,121
built	2009

VGP PARK HORNÍ POČERNICE BUILDING VI.

Prague 9 Horní Počernice, Czech Republic

tenants	První Elektro
lettable area (m^2)	2,115
built	2011

VGP PARK HORNÍ POČERNICE BUILDING B4

Prague 9 Horní Počernice, Czech Republic

tenant	Landgard květiny & rostliny, Asko - nábytek, Internet Mall
lettable area (m^2)	15,012
built	2008

VGP PARK HORNÍ POČERNICE BUILDING K

Prague 9 Horní Počernice, Czech Republic

tenant	Skanska
lettable area (m^2)	4,465
built	2010

VGP PARK HORNÍ POČERNICE BUILDING A1

Prague 9 Horní Počernice, Czech Republic

tenants	Whitesoft, VGP – industriální stavby, HORNBACH BAUMARKT CS, Cargotec Czech Republic, NOARK Electric Europe, NACHI Europe, Diamant Spa, Kuka Roboter, CEE, Jan Rejlek, Martifer Solar, Ardo Mochov, Daewoo Leasing Czech Republic, REFLEX CZ, LOVATO, Synventive Molding Solutions, GERODUR CZECH, AB Facility, ROAD ENERGY (CZECH), Barešová Eva
lettable area (m^2)	5,144
built	2008

VGP PARK HORNÍ POČERNICE BUILDING A2

Prague 9 Horní Počernice, Czech Republic

tenant	Loomis Czech Republic
lettable area (m^2)	5,317
built	2011

VGP PARK PŘÍŠOVICE BUILDING A

Příšovice, Czech Republic

tenants	Grupo Antolin Turnov, Aries Data
lettable area (m^2)	10,334
built	2008

VGP PARK TURNOV BUILDING ONTEX

Industrial zone Vesecko – Turnov, Czech Republic

tenant	Ontex CZ
lettable area (m^2)	12,037
built	2007

PORTFOLIO III.

VGP CZ II (ASSOCIATE)

VGP PARK MLADÁ BOLESLAV
VGP PARK NÝŘANY
VGP PARK HRADEC KRÁLOVÉ
VGP PARK LIBEREC

UNDER CONSTRUCTION – VGP CZ II

VGP PARK	LAND AREA *(m²)*	POTENTIAL LETTABLE AREA *(m²)*
VGP PARK Nýřany	19,876	8,961
TOTAL	**19,876**	**8,961**

FUTURE DEVELOPMENT – VGP CZ II

VGP PARK	LAND AREA *(m²)*	POTENTIAL LETTABLE AREA *(m²)*
VGP PARK Mladá Boleslav	50,906	24,430
VGP PARK Hradec Králové	13,046	4,870
VGP PARK Liberec	40,261	24,000
TOTAL	**104,213**	**53,300**

VGP PARK LIBEREC I.
BUILDING H1

Industrial zone Liberec – North, Czech Republic

tenant	PEKM Kabeltechnik
lettable area (m^2)	10,624
built	2008

VGP PARK LIBEREC I.
BUILDING H2

Industrial zone Liberec – North, Czech Republic

tenant	GRUPO ANTOLIN BOHEMIA
lettable area (m^2)	22,545
built	2008

VGP PARK LIBEREC I.
BUILDING H3

Industrial zone Liberec – North, Czech Republic

tenant	LICON HEAT, JAC Products Holding Europe
lettable area (m^2)	9,870
built	2009

VGP PARK LIBEREC I.
BUILDING H4

Industrial zone Liberec - North, Czech Republic

tenants	TI Group Automotive System
lettable area (m^2)	5,920
built	2011

VGP PARK LIBEREC I. BUILDING H5

Industrial zone Liberec – North, Czech Republic

tenant	KNORR - BREMSE Systémy pro užitková vozidla
lettable area (m^2)	20,115
built	2009–2011

VGP PARK LIBEREC II. BUILDING H0

Industrial zone Liberec – South, Czech Republic

tenant	Magna Exteriors & Interiors (Bohemia)
lettable area (m^2)	5,028
built	2004–2006

VGP PARK NÝŘANY BUILDING B1

Industrial zone Nýřany, Czech Republic

tenants	Ranpak, WashTec Cleaning Technology
lettable area (m^2)	10,186
built	2007–2008

VGP PARK NÝŘANY BUILDING A4

Industrial zone Nýřany, Czech Republic

tenant	Pebal
lettable area (m^2)	6,476
built	2009

VGP PARK NÝŘANY
BUILDING C1

Industrial zone Nýřany, Czech Republic

tenant	DHL Solutions
lettable area (m^2)	5,482
built	2010

VGP PARK NÝŘANY
BUILDING A2A3

Industrial zone Nýřany, Czech Republic

tenants	Penny Market
lettable area (m^2)	13,014
built	2011

VGP PARK OLOMOUC
BUILDING DHL

Olomouc – Nemilany, Czech Republic

tenant	PPL CZ
lettable area (m^2)	9,144
built	2008

VGP PARK OLOMOUC
BUILDING C

Olomouc – Nemilany, Czech Republic

tenants	Activa, V-PLAST Vsetín, Aries Data, EGT Express CZ
lettable area (m^2)	9,957
built	2009–2010

VGP PARK OLOMOUC BUILDING A

Olomouc – Nemilany, Czech Republic

tenant	RTR - TRANSPORT A LOGISTIKA
lettable area (m^2)	7,274
built	2009

VGP PARK OLOMOUC BUILDING E

Olomouc - Nemilany, Czech Republic

tenants	TRANSKAM - Logistik
lettable area (m^2)	8,695
built	2011

VGP PARK HRADEC KRÁLOVÉ BUILDING H1

Dobřenice, Czech Republic

tenant	Excelsior Packaging Group
lettable area (m^2)	10,458
built	2009

VGP PARK HRADEC KRÁLOVÉ BUILDING H3

Dobřenice, Czech Republic

tenant	Damco Czech Republic
lettable area (m^2)	13,142
built	2010

VGP PARK HRADEC KRÁLOVÉ BUILDING H4

Dobřenice, Czech Republic

tenant	Vetro Plus
lettable area (m^2)	13,447
built	2008

VGP PARK HRADEC KRÁLOVÉ BUILDING H5

Dobřenice, Czech Republic

tenants	Den Braven Czech & Slovak
lettable area (m^2)	7,655
built	2011

VGP PARK MLADÁ BOLESLAV BUILDING A

Industrial zone Mladá Boleslav, Czech Republic

tenant	HP Pelzer, YAPP Automotive Parts Co.
lettable area (m^2)	15,740
built	2009

VGP PARK PŘEDLICE BUILDING A

Ústí nad Labem, Czech Republic

tenant	Activa
lettable area (m^2)	581
built	2009

VGP PARK PŘEDLICE BUILDING B

Ústí nad Labem, Czech Republic

tenant	Bohemia Cargo
lettable area (m^2)	1,502
built	2009

FINANCIAL REVIEW VGP NV

FOR THE YEAR ENDED 31 DECEMBER 2011

VAKÁT

CONTENTS

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

INCOME STATEMENT *(in thousands of €)*	**NOTE**	**2011**	**2010**
Gross rental income	3. 1.	14,446	28,573
Service charge income	3. 2.	5,217	6,803
Service charge expenses	3. 3.	(4,388)	(6,279)
Property operating expenses	3. 4.	(1,345)	(1,769)
Net rental and related income		**13,930**	**27,328**
Unrealised valuation gains / (losses) on investment properties		7,541	22,759
Realised valuation gains / (losses) on disposal of subsidiaries		(4,408)	—
Net valuation gains / (losses) on investment properties	3. 5.	**3,133**	**22,759**
Property result		**17,063**	**50,087**
Administrative cost	3. 6.	(2,096)	(1,891)
Other income	3. 7.	1,200	716
Other expenses	3. 8.	(805)	(634)
Net operating profit before net financial result		**15,362**	**48,278**
Financial income	3. 9.	4,060	393
Financial expenses	3. 9.	(5,797)	(14,240)
Net financial result		**(1,737)**	**(13,847)**
Result before taxes		**13,625**	**34,431**
Taxes	3. 10.	(1,532)	(8,029)
Result after taxes (consolidated companies)		**12,093**	**26,402**
Share in result of associates	3.11.	844	—
Net result		**12,937**	**26,402**

RESULT PER SHARE *(in €)*	**NOTE**	**2011**	**2010**
Basic earnings per share	3. 12.	0.70	1.42
Diluted earnings per share	3. 12.	0.70	1.42

The consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

STATEMENT OF COMPREHENSIVE INCOME *(in thousands of €)*	**2011**	**2010**
Net result	**12,937**	**26,402**
Other comprehensive income / (loss)		
Interest rate hedging derivatives	5,409	(545)
Tax relating to components of other comprehensive income	(1,028)	104
Other comprehensive income / (loss) related to disposal group held for sale		
Interest rate hedging derivatives – disposal group held for sale	—	426
Tax relating to components of other comprehensive income	—	(81)
Net profit / (loss) recognised directly into equity	**4,381**	**(96)**
Total comprehensive income / (loss) of the period	**17,318**	**26,306**
Attributable to:		
Equity holders of the parent	17,318	26,306
Minority interests	—	—

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2011

ASSETS *(in thousands of €)*	**NOTE**	**2011**	**2010**
Intangible assets	4. 1.	43	62
Investment properties	4. 2.	71,643	186,982
Property, plant and equipment	4. 1.	278	196
Investments in associates	4. 3.	965	—
Other non-current receivables	4. 4.	45,313	—
Deferred tax assets	3. 10.	243	1,013
Total non-current assets		**118,485**	**188,253**
Trade and other receivables	4. 5.	9,138	3,701
Cash and cash equivalents	4. 6.	16,326	5,341
Disposal group held for sale	4. 7.	33,944	299,942
Total current assets		**59,408**	**308,984**
TOTAL ASSETS		**177,893**	**497,237**

SHAREHOLDERS' EQUITY AND LIABILITIES *(in thousands of €)*	**NOTE**	**2011**	**2010**
Share capital	4. 8.	22,298	62,251
Retained earnings		132,368	119,431
Other reserves	4. 9.	69	(5,340)
Shareholders' equity		**154,735**	**176,342**
Non-current financial debt	4. 10.	4,160	120,180
Other non-current financial liabilities	4. 11.	—	758
Other non-current liabilities	4. 12.	28	1,104
Deferred tax liabilities	3. 10.	1,520	8,309
Total non-current liabilities		**5,708**	**130,351**
Current financial debt	4. 10.	4,692	4,820
Other current financial liabilities	4. 11.	—	—
Trade debts and other current liabilities	4. 13.	5,724	10,074
Liabilities related to disposal group held for sale	4. 7.	7,034	175,650
Total current liabilities		**17,450**	**190,544**
Total liabilities		**23,158**	**320,895**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**177,893**	**497,237**

The consolidated balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

STATEMENT OF CHANGES IN EQUITY *(in thousands of €)*	**SHARE CAPITAL**	**RETAINED EARNINGS**	**OTHER RESERVES**		**TOTAL EQUITY**
			SHARE PREMIUM	**HEDGING RESERVE**	
Balance as at 1 January 2010	**62,251**	**98,233**	**69**	**(5,313)**	**155,240**
Other comprehensive income / (loss)	—	—	—	(96)	(96)
Result for the period	—	26,402	—	—	26,402
Total comprehensive income / (loss)	**—**	**26,402**	**—**	**(96)**	**26,306**
Dividends to shareholders	—	(5,204)	—	—	(5,204)
Share capital distribution to shareholders	—	—	—	—	—
Balance as at 31 December 2010	**62,251**	**119,431**	**69**	**(5,409)**	**176,342**
Balance as at 1 January 2011	**62,251**	**119,431**	**69**	**(5,409)**	**176,342**
Other comprehensive income / (loss)	—	—	—	—	—
Result for the period	—	12,937	—	—	12,937
Effects of disposals	—	—	—	5,409	5,409
Total comprehensive income / (loss)	**—**	**12,937**	**—**	**5,409**	**18,346**
Dividends to shareholders	—	—	—	—	—
Share capital distribution to shareholders	(39,953)	—	—	—	(39,953)
Balance as at 31 December 2011	**22,298**	**132,368**	**69**	**—**	**154,735**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

CASH FLOW STATEMENT *(in thousands of €)*	**2011**	**2010**
Cash flows from operating activities		
Result before taxes	13,625	34,431
Adjustments for:		
Depreciation	164	180
Unrealised (gains) /losses on investment properties	(7,541)	(22,759)
Realised(gains) / losses on disposal of subsidiaries	4,408	—
Unrealised (gains) / losses on financial instruments	—	(506)
Net interest paid	3,508	15,849
Operating profit before changes in working capital and provisions	**14,164**	**27,195**
Decrease/(Increase) in trade and other receivables	(12,443)	(2,362)
(Decrease)/Increase in trade and other payables	1,194	4,716
Cash generated from the operations	**2,915**	**29,549**
Net Interest paid	(3,508)	(15,849)
Income taxes paid	(119)	(234)
Net cash from operating activities	**(712)**	**13,466**
Cash flows from investing activities		
Proceeds from disposal of subsidiaries	153,777	—
Proceeds from disposal of tangible assets	1,512	—
Investment property and investment property under construction	(47,721)	(30,791)
Net cash from investing activities	**107,568**	**(30,791)**
Cash flows from financing activities		
Gross dividends paid	—	(5,203)
Net Proceeds / (cash out) from the issue / (repayment) of share capital	(39,954)	—
Proceeds from loans	18,005	37,479
Loan repayments	(73,721)	(12,396)
Net cash from financing activities	**(95,670)**	**19,880**
Reclassification to (-) / from held for sale	(6)	(1,573)
Net increase / (decrease) in cash and cash equivalents	**11,180**	**982**
Cash and cash equivalents at the beginning of the period	5,341	4,327
Effect of exchange rate fluctuations	(195)	32
Cash and cash equivalents at the end of the period	16,326	5,341
Net increase / (decrease) in cash and cash equivalents	**11,180**	**982**

The consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 / SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

1.1 / STATEMENT OF COMPLIANCE

VGP NV (the "Company") is a limited liability company and was incorporated under Belgian law on 6 February 2007 for an indefinite period of time with its registered office located at Greenland – Burgemeester Etienne Demunterlaan 5, 1090 Brussels, and the Company is registered under enterprise number 0887.216.042 (Register of Legal Entities Brussels, Belgium).

The Group is a real estate group specialised in the acquisition, development, and management of semi-industrial real estate. The Group focuses on strategically located plots of land in the mid-European region suitable for the development of semi-industrial business parks of a certain size, so as to build up an extensive and well-diversified property portfolio on top locations.

STATEMENT OF COMPLIANCE

The Company's consolidated financial statements include those of the Company and its subsidiaries (together referred to as "Group"). The consolidated financial statements were approved for issue by the board of directors on 10 April 2012. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) which have been adopted by the European Union.

These standards comprise all new and revised standards and interpretations published by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Interpretations Committee of the IASB, as far as applicable to the activities of the Group and effective as from 1 January 2011.

NEW STANDARDS AND INTERPRETATIONS APPLICABLE DURING 2011

A number of new standards, amendments to standards and interpretations became effective during the financial year:

- Improvements to IFRS (2009-2010) (normally applicable for annual periods beginning on or after 1 January 2011)
- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – IFRS 7 exemptions (applicable for annual periods beginning on or after 1 July 2010)
- Amendment to IAS 24 Related Party Disclosures (applicable for annual periods beginning on or after 1 January 2011). This Standard supersedes IAS 24 Related Party Disclosures as issued in 2003.
- Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (applicable for annual periods beginning on or after 1 February 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual periods beginning on or after 1 July 2010)
- Amendment to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement (applicable for annual periods beginning on or after 1 January 2011)

The above new standards, amendments to standards and interpretation did not give rise to any material changes in the presentation and preparation of the consolidated financial statements of the year.

NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE DURING 2011

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2011, and have not been applied when preparing financial statements:

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2015)
- IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 13 Fair Value Measurement (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (applicable for annual periods beginning on or after 1 July 2011)
- Amendments to IFRS 7 Financial Instruments: Disclosures – Derecognition (applicable for annual periods beginning on or after 1 July 2011)
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (applicable for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets (applicable for annual periods beginning on or after 1 January 2012)
- Amendments to IAS 19 Employee Benefits (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2013)

— Amendments to IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2013)
— Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014)
— IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (applicable for annual periods beginning on or after 1 January 2013)

The initial application of the above standards, amendments to standards and interpretation is estimated not to give rise to any material changes in the presentation and preparation of the consolidated financial statements.

1.2 / GENERAL PRINCIPLES

BASIS OF PREPARATION

The consolidated financial statements are prepared on a historic cost basis, with the exception of investment properties and financial derivatives which are stated at fair value. All figures are in thousands of Euros (in thousands of €), unless stated otherwise. Minor rounding differences might occur.

PRINCIPLES OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statements include all the subsidiaries that are controlled by the Group. Control exists when the company has the power to govern the financial and operating policies and obtains the benefits from the entity's activities. Control is presumed to exist when the company owns, directly or indirectly, more than 50% of an entity's voting rights of the share capital. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

— Derecognises the assets (including goodwill) and liabilities of the subsidiary
— Derecognises the carrying amount of any non-controlling interest
— Derecognises the cumulative translation differences, recorded in equity
— Recognises the fair value of the consideration received
— Recognises the fair value of any investment retained
— Recognises any surplus or deficit in profit or loss
— Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

ASSOCIATES

Associates are undertakings in which VGP has significant influence over the financial and operating policies, but which it does not control. This is generally evidenced by ownership of between 20% and 50% of the voting rights. In these instances, such investments are accounted for as associates. The financial information included for these companies is prepared using the accounting policies of the Group and using the same reporting year. The consolidated financial statements include the Group's share of the results of the associates accounted for using the equity method from the date when a significant influence commences until the date when significant influence ceases. When VGP's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that VGP has incurred obligations in respect of the associate.

IAS 28 Investment In Associates does not address the treatment of revenues derived from transactions with associates (e.g. sales services, interest revenue, …). The Group opted not to eliminate its interest in these transactions.

FOREIGN CURRENCY

The consolidated financial statements are presented in Euro (€), rounded to the nearest thousand. The Euro is the functional currency of all Group subsidiaries. Euro is commonly used for transactions in the European real estate market.

Transactions in foreign currencies are translated to Euro at the foreign exchange rate ruling at the date of the transaction. Consequently non-monetary assets and liabilities are presented at Euro using the historic foreign exchange rate. Monetary assets and liabilities denominated in a currency other than Euro at the balance sheet date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement.

The following exchange rates were used during the period:

DATE	CZECH REPUBLIC	CLOSING RATE
31 December 2011	CZK/EUR	25.8000
31 December 2010	CZK/EUR	25.0600

DATE	POLAND	CLOSING RATE
31 December 2011	PLN/EUR	4.4168
31 December 2010	PLN/EUR	—

DATE	ROMANIA	CLOSING RATE
31 December 2011	RON/EUR	4.3197
31 December 2010	RON/EUR	4.2848

DATE	LATVIA	CLOSING RATE
31 December 2011	LVL/EUR	0.702804
31 December 2010	LVL/EUR	0.702804

DATE	HUNGARY	CLOSING RATE
31 December 2011	HUF/EUR	311.1300
31 December 2010	HUF/EUR	278.7500

USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The main sources of estimates are the valuations made of the property portfolio by the independent external valuation expert. The main uncertainties surrounding the valuation of the portfolio property relate to the current relatively low levels of liquidity in the real estate market and the reduced transactions, resulting in a lack of clarity as to pricing levels and the market drivers. Many transactions that are occurring involve vendors who are more compelled to sell, or purchasers who will only buy at discounted prices. In this environment, prices and values are going through a period of heightened volatility. As a result there is less certainty with regard to valuations with the result that market values can change rapidly in the current market conditions. The estimates used by the valuation expert have been significantly mitigated due to the fact that the Company has concluded an agreement for the sale of an 80% equity interest in VGP CZ I a.s. and VGP CZ II a.s. creating a benchmark market price for prime semi-industrial real estate in Prague (Czech Republic) and the main regional cities in the Czech Republic. Another source of estimates are the estimations of the fair values of derivative financial instruments.

As of 31 December 2011, there are no other significant assumptions concerning the future and other key sources of estimation uncertainty on the balance sheet, which would carry a significant risk of material adjustment to the book value of assets and liabilities for the next financial year

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

For a sale to be highly probable, the entity should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and complete the plan should be initiated, and the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification. Assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs necessary to make the sale. Any excess of the carrying amount over the fair value less costs to sell is included as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale.

Comparative balance sheet information for prior periods is not restated to reflect the new classification in the balance sheet.

1.3 / BALANCE SHEET ITEMS

INVESTMENT PROPERTIES

Investment properties, which incorporate completed projects, projects under construction and land held for development, are held to earn rental income, for capital appreciation, or for both.

COMPLETED PROJECTS AND DEVELOPMENT LAND

Completed properties are stated at fair value. An external independent valuation expert with recognised professional qualifications and experience in the location and category of the property being valued, values the portfolio at least annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Land of which the Group has full ownership and on which the Group intends or has started construction (so called "development land") is immediately valued at fair value.

Infrastructure works are not included in the fair value of the development land but are recognised as investment property and valued at cost.

The valuations of properties are prepared by considering the aggregate of the net annual rents receivable from the properties, and where relevant, associated costs. A yield which reflects the risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

In view of the nature of the properties and the basis of valuation the valuation expert, Jones Lang LaSalle, adopted the Income Approach based on the discounted cash flow technique for a 10 year period. The cash flow assumes a ten-year hold period with the exit value calculated on the Estimated Rental Value (ERV). To calculate the exit value the valuation expert has used the exit yield which represents his assumption of the possible yield in the 10th year.

The cash flow is based on the rents receivable under existing lease agreements until their expiry date and the expected rental value for the period remaining in the ten-year period, as applicable. After the termination of existing leases (first break option) the valuator has assumed a certain expiry void i.e. an expiry void of 4 months for industrial premises and 6 months for office premises. The assumed voids are used to cover the time and the cost of marketing, re-letting and possible reconstruction. For currently vacant industrial and office premises an initial void of 8 months has been assumed. Finally the valuator made a general deduction of 0%-2% from the gross income for an on-going vacancy.

Valuations reflect, where appropriate, the type of tenants actually occupying the property or responsible for meeting the lease commitments or likely to be occupying the property after letting vacant accommodation and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices, and where appropriate counter notices, have been served validly and within the appropriate time.

Any gain or loss arising from a change in fair value is recognised in the consolidated income statement.

PROPERTY UNDER CONSTRUCTION

Property that is being constructed or developed for future use as investment property is also stated at fair value. The investment properties under construction are valued by the same independent valuation expert i.e. Jones Lang LaSalle. For the properties under construction the valuation expert has used the same approach as applicable for the completed properties but deducting the remaining construction costs from the calculated market value.

All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure qualifying as acquisition costs are capitalised.

CAPITALISATION OF BORROWING COSTS

Interest and other financial expenses relating to the acquisition of fixed assets incurred until the asset is put in use are capitalised. Subsequently, they are recorded as financial expenses.

PROPERTY, PLANT AND EQUIPMENT

OWNED ASSETS

Property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy "Impairment on other tangible assets and intangible assets"). The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing building items and restoring the building site at which they are located, and an appropriate proportion of production overheads.

Where components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

SUBSEQUENT COSTS

The Group recognises in the carrying amount the cost of replacing part of an item of property, plant and equipment at the time that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the consolidated income statement as expenses at the time they are incurred.

DEPRECIATION

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

ASSETS	2011	2010
Motor vehicles	4 years	4 years
Other equipment	4-6 years	4-6 years

The residual value, if not insignificant, is reassessed annually.

TRADE AND OTHER RECEIVABLES

Trade receivables do not carry any interest and are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date. An allowance for impairment of trade and other receivables is established if the collection of a receivable becomes doubtful. Such receivable becomes doubtful when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows. An impairment loss is recognized in the statement of income, as are subsequent recoveries of previous impairments.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash-flow statement.

INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated income statement over the period of the borrowings on an effective interest basis. The Group classifies as a current portion any part of long-term loans that is due to be settled within one year from the balance sheet date.

TRADE AND OTHER PAYABLES

Trade and other payables are stated at amortised cost.

DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is a financial instrument or other contract which fulfils the following conditions:

— its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract;
— it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
— it is settled at a future date.

Hedging derivatives are defined as derivatives that comply with the company's risk management strategy, the hedging relationship is formally documented and the hedge is effective, that is, at inception and throughout the period, changes in the fair value or cash flows of the hedged and hedging items are almost fully offset and the results are within a range of 80 % to 125 %.

Derivative financial instruments that are not designated as hedging instruments are classified as held-for-trading and carried at fair value, with changes in fair value included in net profit or loss of the period in which they arise.

Fair values are obtained from quoted market prices or discounted cash-flow models, as appropriate. All non-hedge derivatives are carried (as applicable) as current or non-current assets when their fair value is positive and as current or non-current liabilities when their fair value is negative.

VGP holds no derivative instruments nor intends to issue any for speculative purposes.

IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The carrying amounts of the Group's property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Impairment losses recognised in respect of cash-generating units reduce the carrying amount of the assets in the unit (group of units) on a pro-rata basis.

REVERSALS OF IMPAIRMENT

An impairment loss is reversed in the consolidated income statement if there has been a change in the estimates used to determine the recoverable amount to the extent it reverses an impairment loss of the same asset that was recognised previously as an expense.

PROVISIONS

A provision is recognised in the consolidated balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.4 / INCOME STATEMENT ITEMS

RENTAL INCOME

Rental income from investment property leased out under an operating lease is recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Rental income is recognised as from the commencement of the lease contract.

The Group did not enter into any financial lease agreements with tenants, all lease contracts qualify as operating leases.

The lease contracts concluded can be defined as ordinary leases whereby the obligations of the lessor under the lease remain essentially those under any lease, for instance to ensure that space in a state of being occupied is available to the lessee during the whole term of the lease . The lease contracts are usually concluded for periods between 5-10 years (first break option) and include most of the time an automatic extension clause. The lessee cannot cancel the lease contract until the first break option date.

EXPENSES

SERVICE COSTS AND PROPERTY OPERATING EXPENSES

Service costs for service contracts entered into and property operating expenses are expensed as incurred.

LEASES AS LESSEE

All leases where VGP act as a lessee are operational leases. The leased assets are not recognised on the balance sheet. Payments are recognised in profit and loss on a straight line basis over the term of the lease.

NET FINANCIAL RESULT

Net financial result comprises interest payable on borrowings and interest rate swaps calculated using the effective interest rate method net of interest capitalised, interest receivable on funds invested and interest rate swaps, foreign exchange and interest rate swap gains and losses that are recognised in the consolidated income statement.

INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets and deferred tax liabilities have been offset, pursuant to the fulfilment of the criteria of IAS 12 §74. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2 / SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic area (geographic segment) and which is subject to risks and rewards that are different from those of other segments. As the majority of the assets of the Group are geographically located in the Czech Republic a distinction between the Czech Republic and the other countries ("Other countries") has been made. The segment assets include all items directly attributable to the segment as well as those elements that can reasonably be allocated to a segment (financial assets and income tax receivables are therefore part of segment assets). Unallocated amounts include the administrative costs incurred for the Group's supporting functions. All rent income is coming from semi-industrial buildings. There is no risk concentration in terms of income contribution from a single tenant. The unallocated assets relate to outstanding receivables of VGP NV to associates (€ 51.9 million) and cash and cash equivalents of VGP NV (€ 14.9 million).

INCOME STATEMENT *(in thousands of €)*	**CZECH REPUBLIC**	
	2011	**2010**
Gross rental income	11,647	26,835
Service charge income / (expenses)	772	515
Property operating expenses	(1,198)	(1,655)
Net rental and related income	**11,221**	**25,695**
Other income / (expenses) – incl. administrative costs	447	(457)
Operating result (before result on portfolio)	**11,668**	**25,238**
Net valuation gains / (losses) on investment property	(3,245)	22,514
Operating result (after result on portfolio)	**8,423**	**47,752**
Net financial result	**—**	**—**
Taxes	**—**	**—**
Share in the result of associates		
Result for the period	**—**	**—**

BALANCE SHEET *(in thousands of €)*	**CZECH REPUBLIC**	
	2011	**2010**
Assets		
Investment properties	21,681	133,812
Other assets (incl. deferred tax)	2,405	5,741
Disposal group held for sale	12,024	299,942
Total assets	**36,110**	**439,495**
Shareholders' equity and liabilities		
Shareholders' equity	—	—
Total liabilities	—	—
Liabilities related to disposal group held for sale	—	—
Total shareholders' equity and liabilities	**—**	**—**

	OTHER COUNTRIES		UNALLOCATED AMOUNTS		TOTAL	
	2011	2010	2011	2010	2011	2010
	2,799	1,738	—	—	14,446	28,573
	57	9	—	—	829	524
	(147)	(114)	—	—	(1,345)	(1,769)
	2,709	**1,633**	**—**	**—**	**13,930**	**27,328**
	(491)	(305)	(1,657)	(1,048)	(1,701)	(1,810)
	2,218	**1,328**	**(1,657)**	**(1,048)**	**12,229**	**25,518**
	6,378	245	—	—	3,133	22,759
	8,596	**1,573**	**(1,657)**	**(1,048)**	**15,362**	**48,277**
	—	**—**	**(1,737)**	**(13,847)**	**(1,737)**	**(13,847)**
	—	**—**	**(1,532)**	**(8,028)**	**(1,532)**	**(8,028)**
			844	**—**	**844**	**—**
	—	**—**	**12,937**	**26,402**	**12,937**	**26,402**

	OTHER COUNTRIES		UNALLOCATED AMOUNTS		TOTAL	
	2011	2010	2011	2010	2011	2010
	49,962	53,170	—	—	71,643	186,982
	3,197	4,572	66,704	—	72,306	10,313
	21,920	—	—	—	33,944	299,942
	75,079	**57,742**	**66,704**	—	**177,893**	**497,237**
	—	—	154,735	176,342	154,735	176,342
	—	—	16,124	145,245	16,124	145,245
	—	—	7,034	175,650	7,034	175,650
	—	**—**	**177,893**	**497,237**	**177,893**	**497,237**

SEGMENT INFORMATION – OTHER COUNTRIES

INCOME STATEMENT *(in thousands of €)*	ESTONIA		SLOVAKIA	
	2011	**2010**	**2011**	**2010**
Gross rental income	1,234	822	862	383
Service charge income / (expenses)	39	60	(42)	(47)
Property operating expenses	(39)	(37)	(13)	(3)
Net rental and related income	**1,234**	**845**	**807**	**333**
Other income / (expenses) – incl. administrative costs	(63)	(11)	(10)	(69)
Operating result (before result on portfolio)	**1,171**	**834**	**797**	**264**
Net valuation gains / (losses) on investment property	4,033	(1,318)	798	1,804
Operating result (after result on portfolio)	**5,204**	**(484)**	**1,595**	**2,068**
Net financial result	**—**	**—**	**—**	**—**
Taxes	**—**	**—**	**—**	**—**
Share in the result of associates	**—**	**—**	**—**	**—**
Result for the period	**—**	**—**	**—**	**—**

BALANCE SHEET *(in thousands of €)*	ESTONIA		SLOVAKIA	
	2011	**2010**	**2011**	**2010**
Assets				
Investment properties	—	14,422	22,877	18,706
Other assets (incl. deferred tax)	593	1,448	362	322
Disposal group held for sale	21,920	—	—	—
Total assets	**22,513**	**15,870**	**23,239**	**19,028**
Shareholders' equity and liabilities				
Shareholders' equity	—	—	—	—
Total liabilities	—	—	—	—
Liabilities related to disposal group held for sale	—	—	—	—
Total shareholders' equity and liabilities	**—**	**—**	**—**	**—**

	HUNGARY		OTHER		TOTAL	
	2011	2010	2011	2010	2011	2010
	703	531	—	—	2,799	1,738
	62	(4)	(2)	—	57	9
	(58)	(49)	(37)	(25)	(147)	(114)
	707	**478**	**(38)**	**(25)**	**2,709**	**1,633**
	(95)	(42)	(323)	(183)	(492)	(305)
	612	**436**	**(362)**	**(208)**	**2,218**	**1,328**
	2,097	(821)	(550)	580	6,378	245
	2,709	**(385)**	**(912)**	**372**	**8,596**	**1,573**
	—	**—**	**—**	**—**	**—**	**—**
	—	**—**	**—**	**—**	**—**	**—**
	—	**—**	**—**	**—**	**—**	**—**
	—	**—**	**—**	**—**	**—**	**—**

	HUNGARY		OTHER		TOTAL	
	2011	2010	2011	2010	2011	2010
	17,191	12,122	9,894	7,920	49,962	53,170
	512	354	1,730	455	3,197	2,579
	—	—	—	—	21,920	—
	17,703	**12,476**	**11,624**	**8,375**	**75,079**	**55,749**
	—	—	—	—	—	—
	—	—	—	—	—	—
	—	—	—	—	—	—
	—	**—**	**—**	**—**	**—**	**—**

3 / INCOME STATEMENT ITEMS

3.1 / GROSS RENTAL INCOME

In thousands of €	**2011**	**2010**
Gross lease payments collected/accrued	13,940	27,839
Rent incentives	506	734
TOTAL	**14,446**	**28,573**

The Group leases out its investment property under operating leases. The operating leases are generally for terms of more than 5 years. The 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 and VGP CZ II as from 9 November 2011. The gross rental income of VGP CZ I for the period January 2011 to 16 March 2011 was € 4.6 million and of VGP CZ II for the period January 2011 to 9 November 2011 was € 7 .0 million.

3.2 / SERVICE CHARGE INCOME

In thousands of €	**2011**	**2010**
Recharge of costs borne by tenants	4,755	6,082
Administration fees	462	721
TOTAL	**5,217**	**6,803**

Service charge income represents income receivable from tenants for energy, maintenance, cleaning, security, garbage management and usage of infrastructure which relates to the service charge expenses charged to the Group.

3.3 / SERVICE CHARGE EXPENSES

In thousands of €	**2011**	**2010**
Energy	(1,890)	(3,761)
Repairs, maintenance and cleaning	(161)	(133)
Property taxes	(186)	(338)
Others	(2,151)	(2,047)
TOTAL	**(4,388)**	**(6,279)**

3.4 / PROPERTY OPERATING EXPENSES

Property operating expenses mainly include lawyer and broker fees with respect to the conclusion of new rental agreements on completed investment property.

In thousands of €	**2011**	**2010**
Consultancy fees (lawyers, brokers and others)	(1,043)	(1,334)
Other	(302)	(435)
TOTAL	**(1,345)**	**(1,769)**

3.5 / BREAKDOWN OF THE CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

In thousands of €	2011	2010
Unrealised valuation gain - investment properties	7,541	22,759
Realised valuation loss - VGP CZ I transaction	(3,358)	—
Realised valuation loss - VGP CZ II transaction	(1,050)	—
TOTAL	**3,133**	**22,759**

The realised valuation loss on the VGP CZ I and VGP CZ II transactions amounting to € 4.4 million is composed of a € 1.0 million realised gain on the disposal of the VGP CZ I and VGP CZ II assets and a realised loss of € 5.4 million resulting from the recycling of the existing VGP CZ I and VGP CZ II interest rate swaps through the profit and loss account.

The total property portfolio (including VGP CZ I and VGP CZ II), excluding development land, is valued by the valuation expert at 31 December 2011 based on a market rate of 8.34%[1] (compared to 8.35% as at 31 December 2010) applied to the contractual rents increased by the estimated rental value on unlet space. A 0.10% variation of this market rate would give rise to a variation of the total portfolio value of € 6.4 million.

3.6 / ADMINISTRATIVE COST

In thousands of €	2011	2010
Audit, legal and other advisors	(1,116)	(955)
Payroll, management fees and other expenses	(816)	(756)
Depreciation	(164)	(180)
TOTAL	**(2,096)**	**(1,891)**

3.7 / OTHER INCOME

In thousands of €	2011	2010
Asset and property management income	926	706
Other operating income	274	10
TOTAL	**1,200**	**716**

The increase in asset and property management income is mainly due to the services provided to asociated companies (VGP CZ I en VGP CZ II).

3.8 / OTHER EXPENSES

In thousands of €	2011	2010
Marketing expenses	(619)	(589)
Other operating expenses	(186)	(45)
TOTAL	**(805)**	**(634)**

1 *Yield applicable for total portfolio including VGP CZ I and VGP CZ II. If VGP CZ I and VGP CZ II would not have been included the yields would have been 9.07% as at the end of December 2011.*

3.9 / NET FINANCIAL COSTS

In thousands of €	2011	2010
Bank interest income	55	29
Interest income - loans to associates	2,386	17
Net foreign exchange gains	1,619	—
Unrealised gains on interest rate derivatives	—	347
Financial income	**4,060**	**393**
Bank interest expense – variable debt	(584)	(5,370)
Bank interest expense – interest rate swaps - hedging	(288)	(3,543)
Bank interest expense – interest rate swaps – non-hedging	—	(1,560)
Interest paid to related parties	(4,841)	(5,119)
Interest capitalised into investment properties	152	1,879
Other financial expenses	(236)	(303)
Net foreign exchange losses	—	(224)
Financial expenses	**(5,797)**	**(14,240)**
Net financial costs	**(1,737)**	**(13,847)**

3.10 / TAXATION

3.10.1 / INCOME TAX EXPENSE RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

In thousands of €	2011	2010
Current tax	(119)	(234)
Deferred tax	(1,413)	(7,795)
Total	**(1,532)**	**(8,029)**

3.10.2 / RECONCILIATION OF EFFECTIVE TAX RATE

In thousands of €		2011		2010
Result before taxes		**13,625**		**34,430**
Income tax using the domestic corporation tax rate	**19.0%**	**(2,588)**	**19.0%**	**(6,542)**
Difference in tax rate non-CZ companies		1,604		(865)
Non-tax-deductible expenditure		(451)		(1,537)
Non recognition of deferred tax assets		—		1,146
Other		(97)		(229)
TOTAL	**11.2%**	**(1,532)**	**23.3%**	**(8,029)**

The majority of the Group's profit before taxes is earned in the Czech Republic. Hence the effective corporate tax rate in Czech Republic is applied for the reconciliation

The expiry of the tax loss carry forward of the Group can be summarised as follows:

In thousands of €	< 1 YEAR	2–5 YEARS	>5 YEARS
Tax loss carry forward	625	2,735	1,198

3.10.3 / DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities are attributable to the following:

In thousands of €	ASSETS		LIABILITIES		NET	
	2011	2010	2011	2010	2011	2010
Fixed assets	—	22,470	(2,925)	(54,798)	(2,925)	(32,328)
IFRS hedge accounting	—	1,269	—	—	—	1,269
Tax losses carried-forward	1,116	7,083	—	—	1,116	7,083
Capitalized interest	—	—	(560)	(2,635)	(560)	(2,635)
Capitalised cost	—	—	(2)	(155)	(2)	(155)
Other	—	—	448	(526)	448	(526)
Tax assets / liabilities	**1,116**	**30,822**	**(3,039)**	**(58,114)**	**(1,923)**	**(27,292)**
Set-off of assets and liabilities	(873)	(29,809)	873	29,809	—	—
Reclassification liabilities related to disposal group held for sale	—		646	19,996	646	19,996
Net tax assets / liabilities	**243**	**1,013**	**(1,520)**	**(8,309)**	**(1,277)**	**(7,296)**

A total deferred tax assets of € 133k was not recognised.

3.11 / SHARE IN THE RESULTS OF ASSOCIATES

In thousands of €		2011	2010
Associates			
VGP CZ I a.s.	Czech Republic	274	—
VGP CZ II a.s.	Czech Republic	913	—
VGP SUN s.r.o.	Czech Republic	(46)	—
SUN S.a.r.l.	Grand Duchy of Luxembourg	1	—
Snow Crystal S.a.r.l.	Grand Duchy of Luxembourg	(298)	—
TOTAL		**844**	**—**

3.12 / EARNINGS PER SHARE

In number	2011	2010
Weighted average number of ordinary shares (basic)	18,583,050	18,583,050
Dilution	—	—
Weighted average number of ordinary shares (diluted)	18,583,050	18,583,050

In thousands of €	2011	2010
Result for the period attributable to the Group and to ordinary shareholders	12,937	26,402
Earnings per share (in €) - basic	0.70	1.42
Earnings per share (in €) - diluted	0.70	1.42

4 / BALANCE SHEET ITEMS

4.1 / INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

In thousands of €	INTANGIBLE ASSETS		PROPERTY, PLANT AND EQUIPMENT	
	2011	2010	2011	2010
Balance at 1 January	**62**	**64**	**196**	**338**
Acquisitions of the year				
IT software	13	10	—	—
Plant and equipment	—	—	157	20
Furniture and fixtures	—	—	7	
Motor vehicles	—	—	(129)	(47)
Other	3	13	7	10
Reclassification to (–) / from held for sale	(3)	—		(97)
	13	**23**	**42**	**(114)**
Depreciation of the year				
IT software	(27)	(23)	0	—
Plant and equipment	—	—	(27)	(17)
Furniture and fixtures	—	—	(5)	(5)
Motor vehicles	—	—	79	(12)
Other	(5)	(2)	(7)	(11)
Reclassification to (–) / from held for sale	—	—		17
	(32)	**(25)**	**40**	**(28)**
At 31 December	**43**	**62**	**278**	**196**

4.2 / INVESTMENT PROPERTIES

In thousands of €	2011	2010
Balance at 1 January	**186,982**	**428,105**
Capital expenditure	32,944	28,879
Capitalised interest	152	1,879
Acquisitions	16,132	—
Sales / (disposals) (Fair value of assets sold / disposed of)	(138,164)	—
Increase / (Decrease) in fair value	7,541	22,759
Reclassification to (–) / from held for sale	(33,944)	(294,640)
Balance at 31 December	**71,643**	**186,982**

Investment properties comprise a number of commercial properties that are leased to third parties, projects under construction and land held for development. The carrying amount of investment properties is the fair value of the property as determined by the external independent valuation expert, Jones Lang LaSalle.

As at 31 December 2011 most properties were secured in favour of the Group's banks (see note 4.10).

4.3 / INVESTMENTS IN ASSOCIATES

In thousands of €	2011	2010
As at 1 January	—	—
Fair value at initial recognition	121	—
Result of the year	844	—
TOTAL	**965**	**—**

For the analysis of the result for the year, please refer to note 3.11.

The Group's share in the combined assets, liabilities and results of associates can be summarised as follows

In thousands of €	2011	2010
Investment property and property under construction	91,468	—
Other non-current assets	118	—
Current assets	2,115	—
Non-current liabilities	(88,265)	—
Current liabilities	(4,471)	—
TOTAL NET ASSETS	**965**	
Gross rental income	3,871	—
Result for the period	844	—

4.4 / OTHER NON-CURRENT RECEIVABLES

In thousands of €	2011	2010
SUN S.a.r.l.	7,165	—
VGP SUN s.r.o.	762	—
VGP CZ II a.s.	2,958	—
Snow Crystal S.a.r.l.	18,506	—
VGP CZ I a.s.	15,922	—
TOTAL	**45,313**	**—**

4.5 / TRADE AND OTHER RECEIVABLES

In thousands of €	2011	2010
Trade receivables	945	2,667
Tax receivables – VAT	858	1,409
Accrued income and deferred charges	380	3,188
Receivable re VGP CZ II transaction	6,450	—
Other receivables	518	85
Reclassification to (-) / from held for sale	(13)	(3,648)
TOTAL	**9,138**	**3,701**

The VGP CZ II receivable relates to an additional amount which VGP will receive once two buildings, which are currently under construction, will be leased for 90%. The net cash inflow from this transaction will amount to € 5.2 million (80% of € 6.5 million) and is expected to be received within the course of 2012. The remaining balance will be converted to a loan to associates.

4.6 / CASH AND CASH EQUIVALENT

The Group's cash and cash equivalents comprise primarily cash deposits held at Czech and Belgian banks

4.7 / DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND LIABILITIES RELATED TO THOSE DISPOSAL GROUPS

CARRYING AMOUNT *In thousands of €*	2011	2010
As at 1 January	**299,942**	**—**
Increase	33,944	299,942
De-consolidations	(299,942)	—
As at 31 December	**33,944**	**299,942**

In thousands of €	2011	2010
Intangible assets	3	—
Investment properties	33,922	294,643
Property, plant and equipment	—	80
Deferred tax assets	—	—
Trade and other receivables	13	3,646
Cash and cash equivalents	6	1,573
Disposal group held for sale	**33,944**	**299,942**
Non-current financial debt	6,057	136,872
Other non-current financial liabilities	—	9,025
Other non-current liabilities	—	2,559
Deferred tax liabilities	646	19,998
Current financial debt	328	4,596
Other current financial liabilities	—	—
Trade debts and other current liabilities	3	2,600
Liabilities associated with assets classified as held for sale	**7,034**	**175,650**
TOTAL NET ASSETS	**26,910**	**124,292**

In March 2011 VGP concluded the sale of an 80% equity interest in VGP CZ I a.s., comprising 6 VGP Parks mainly located in the Prague region, to European Property Investors Special Opportunities, L.P. (EPISO), a property fund co-advised by AEW Europe and Tristan Capital.

In November 2011 VGP concluded the sale of an 80% equity interest in VGP CZ II a.s., comprising 6 VGP Parks mainly located in the northern, eastern and western Czech regions on major transport routes at Hradec Kralove, Liberec, Mlada Boleslav, Pilsen, Olomouc and Usti, to Curzon Capital Partners III (CCP III) fund , a fund managed by Tristan Capital Partners.

After the year-end (February 2012) VGP entered into a binding agreement with East Capital to sell its newly built logistics property of 40,000 m² located in Tallinn (Estonia). In addition in March 2012 VGP concluded a second agreement with Property Investors Special Opportunities, L.P. (EPISO) for the sale of an 80% equity interest in VGP CZ IV a.s. following the purchase by VGP CZ IV a.s. at the end of December 2011 of the last remaining development land adjacent to the existing VGP Park Horni Pocernice (Prague). Both transactions were classified as assets held for sale as at 31 December 2011.

4.8 / SHARE CAPITAL

		SHARE CAPITAL MOVEMENT *(thousands of €)*	TOTAL OUTSTANDING SHARE CAPITAL AFTER THE TRANSACTION *(thousands of €)*	NUMBER OF SHARE ISSUED *(units)*	TOTAL NUMBER OF SHARES *(units)*
01. 01. 2006	Cumulative share capital of all Czech companies	10,969	10,969	—	—
06. 02. 2007	Incorporation of VGP NV	100	11,069	100	100
05. 11. 2007	Share split	—	11,069	7,090,400	7,090,500
11. 12. 2007	Contribution in kind of Czech companies	120,620	131,689	7,909,500	15,000,000
11. 12. 2007	Capital increase IPO	50,000	181,689	3,278,688	18,278,688
28. 12. 2007	Exercise of over allotment option – IPO	4,642	186,331	304,362	18,583,050
31. 12. 2007	Elimination capital increase – contribution in kind	(120,620)	65,711	—	18,583,050
31. 12. 2007	Issuing costs capital increase	(3,460)	62,251	—	18,583,050
08. 07. 2011	**Capital reduction**	**(39,953)**	**22,298**	**—**	**18,583,050**

4.9 / OTHER RESERVES

CARRYING AMOUNT

In thousands of €	2011	2010
Share premium	69	69
Hedging reserve	—	(5,409)
Total	**69**	**(5,340)**

HEDGING RESERVE

In thousands of €	2011	2010
As at 1 January	**(5,409)**	**(5,313)**
Gains / (loss) recognised on cash flow hedges		
Interest rate swaps	5,409	(3,662)
Reclassified to profit or loss		
Interest rate swaps	—	3,543
Income tax related to gains/losses recognised in other comprehensive income		23
As at 31 December	**—**	**(5,409)**

4.10 / CURRENT AND NON-CURRENT FINANCIAL DEBT

In thousands of €	2011	2010
Loans from related parties VM Invest NV	—	71,803
Non-current bank loans	10,053	185,249
Current bank loans	5,184	9,416
Reclassification to liabilities related to disposal group held for sale	(6,385)	(141,468)
TOTAL	**8,852**	**125,000**

Interest bearing loans and borrowings are payable as follows:

MATURITY *(thousands of €)*	**2011**		
	< 1 YEAR	**> 1–5 YEARS**	**> 5 YEARS**
Loans granted by VM Invest NV	—	—	—
Non-current bank loans	5,184	8,353	1,700
Reclassification to liabilities related to disposal group held for sale	(492)	(5,893)	—
TOTAL	**4,692**	**2,460**	**1,700**

MATURITY *(thousands of €)*	**2010**		
	< 1 YEAR	**> 1–5 YEARS**	**> 5 YEARS**
Loans granted by VM Invest NV	—	71,803	—
Non-current bank loans	9,416	184,649	600
Reclassification to liabilities related to disposal group held for sale	(4,596)	(136,872)	—
TOTAL	**4,820**	**119,580**	**600**

SECURED BANK LOANS

The loans granted to the VGP Group are all denominated in € and can be summarised as follows:

2011 *(thousands of €)*	**FACILITY AMOUNT**	**FACILITY EXPIRY DATE**	**OUTSTANDING BALANCE**	**< 1 YEAR**	**> 1–5 YEARS**	**> 5 YEARS**
Tatra Banka	1,500	31-Dec-13	1,500	40	1,460	—
Tatra Banka	4,600	31-Dec-18	2,900	200	1,000	1,700
UniCredit Bank	4,452	28-Sep-12	4,452	4,452	—	—
Swedbank[1]	6,385	12-May-13	6,385	492	5,893	—
TOTAL	**16,937**		**15,237**	**5,184**	**8,353**	**1,700**

2010 *(thousands of €)*	**FACILITY AMOUNT**	**FACILITY EXPIRY DATE**	**OUTSTANDING BALANCE**	**< 1 YEAR**	**> 1–5 YEARS**	**> 5 YEARS**
KBC Bank / CSOB/ CA	141,468	30-Jun-13	141,468	4,596	136,872	—
UniCredit Bank/LBBW	65,224	31-Dec-14	43,779	1,291	42,488	—
Tatra Banka	3,000	31-Dec-11	3,000	3,000	—	—
Tatra Banka	1,600	31-Dec-18	1,600	200	800	600
Swedbank	4,818	12-May-13	4,818	329	4,489	0
TOTAL	**216,110**		**194,665**	**9,416**	**184,649**	**600**

In order to secure the obligations under these agreements, the Group created:

— Mortgage agreement over the existing properties;
— Mortgage agreement over the land acquired prior to the date of the agreement;
— Agreement on future mortgage agreement with respect to the remaining part of the project land and project buildings;
— Pledge all existing and future receivables;
— Pledge over the shares whereby VGP NV as the pledgor and the security agent as the pledgee enter into the Share Pledge Agreement. All shares issued by the borrower are pledged in favour of the security agent;
— Pledge of rental fee revenues and guarantees;
— Pledge of bank accounts receivables;
— Pledge of rights and receivables under the construction contracts.

INTEREST RATE SWAPS

As a general principle, loans are entered into by the Group in Euro at a floating rate, converting to a fixed rate through interest rate swaps in compliance with the respective loan agreements.

For further information on financial instruments we refer to note 5.2.

[1]) *Relates to liabilities associated with disposal group held for sale.*

EVENTS OF DEFAULTS AND BREACHES OF LOAN COVENANTS

The loan agreements granted by the banks are subject to a number of covenants which can be summarised as follows:

- Loan to cost ratio for development loan tranches between 50% - 70% of investment cost;
- Loan to value ratio for investment loan tranches equal or less than 65%;
- Debt service cover ratio equal or higher than 1.2 ;
- Interest cover ratio equal or higher than 1.2. For some loan agreements this ratio varies over the term of the credit facility between 1.2 and 1.3;
- Pre-lease requirement to ensure that interest cover ratio equal or higher than 1.2 is achieved or alternatively pre-lease requirement ranging from 35% to 70%.

The above mentioned ratio's are tested based on a 12 month period and are calculated as follows:

- Loan to cost ratio means in respect of a project the aggregate loans divided by the total investment costs;
- Loan to value ratio means in respect of a project the aggregate loans divided by the open market value as valued by an independent valuator;
- Debt service cover ratio means cash available for debt service divided by debt service whereby debt service means the aggregate amount of financial expenses due and payable together with any loan principal due and payable;
- Interest cover ratio means in respect of a project the net rent income divided by the aggregate amount of the financial expenses due and payable.

During the year there were no events of default nor were there any breaches of covenants with respect to loan agreements.

4.11 / OTHER FINANCIAL LIABILITIES

In thousands of €	2011	2010
Fair value of interest rate swaps – hedge accounting	—	6,677
Fair value of interest rate swaps – held for trading	—	3,106
Fair value of foreign exchange contracts	—	—
Reclassification to liabilities related to disposal group held for sale	—	(9,025)
TOTAL	**—**	**758**
Non-current	—	9,783
Current	—	—
Fair value of interest rate swaps – associated with disposal group held for sale	—	(9,025)
TOTAL	**—**	**758**

4.12 / OTHER NON-CURRENT LIABILITIES

In thousands of €	2011	2010
Deposits	—	2,482
Retentions	—	1,158
Other non-current liabilities	28	23
Reclassification to liabilities related to disposal group held for sale	—	(2,559)
TOTAL	**28**	**1,104**

Deposits are received from tenants. Retentions are amounts withheld from constructors' invoices. It is common to pay only 90 percent of the total amount due. 5 percent is due upon final delivery of the building; the remaining part is paid, based on individual agreements, most commonly after 3 or 5 years. In view of the VGP CZ I and VGP CZ II transactions the outstanding balances have been reduced to a residual amount.

4.13 / TRADE DEBTS AND OTHER CURRENT LIABILITIES

In thousands of €	2011	2010
Trade payables	3,786	9,016
Retentions	1,266	1,179
Accrued expenses and deferred income	100	663
Other payables	575	1,816
Reclassification to liabilities related to disposal group held for sale	(3)	(2,600)
TOTAL	**5,724**	**10,074**

5 / MISCELLANEOUS ITEMS

5.1 / EFFECT OF BUSINESS DISPOSALS

In March 2011 VGP completed the sale of an 80% equity interest in VGP CZ I a.s. to the European Property Investors Special Opportunities, L.P. (EPISO), a property fund co-advised by AEW Europe and Tristan Capital Partners. The carrying amount of the net assets sold was measured at € 129.5 million.

In November 2011 VGP completed the sale of an 80% equity interest in VGP CZ II a.s., to Curzon Capital Partners III (CCP III) fund , a property fund managed by Tristan Capital Partners. The fair value of the net assets sold was € 66.8 million. An aggregated gain on the disposal of the assets of € 1.0 million was realised which was offset by a realised loss, previously included in other comprehensive loss, of € 5.4 million resulting from the recycling of the existing interest rate swaps through the profit and loss account.

The price consideration of the VGP CZ I and VGP CZ II transactions are subject to a limited upward revision based on a number of performance criteria. As at 31 December 2011 the financial statements did not include any accruals for future payments resulting from achieving these performance criteria. The table below presents the aggregated net assets sold as at the respective dates of sale i.e. as at 16 March 2011 for VGP CZ I and 9 November 2011 for VGP CZ II:

In thousands of €	2011	2010
Investment properties	(424,753)	—
Other tangible assets	(87)	—
Investments in subsidiaries	(70)	—
Deferred tax assets	(2,859)	—
Trade and other receivables	(5,086)	—
Cash and cash equivalents	(3,607)	—
Non-current financial debt	196,080	—
Other non-current financial liabilities	8,921	—
Other non-current liabilities	2,543	—
Deferred tax liabilities	17,758	—
Trade debts and other current liabilities	14,855	—
Total net assets disposed	**(196,305)**	**—**
Fair value adjustment	4,408	—
Consideration paid	**(191,897)**	**—**
Cash disposed	3,607	—
Disposal of assets	**(188,290)**	**—**

5.2 / FINANCIAL RISK MANAGEMENT AND FINANCIAL DERIVATIVES

5.2.1 / TERMS, CONDITIONS AND RISK MANAGEMENT

Exposures to foreign currency, interest rate, liquidity and credit risk arises in the normal course of business of VGP. The company analyses and reviews each of these risks and defines strategies to manage the economic impact on the company's performance. The results of these risk assessments and proposed risk strategies is reviewed and approved by the board of directors on regular basis.

Some of the risk management strategies include the use of derivative financial instruments which mainly consists of forward exchange contracts and interest rate swaps. The company holds no derivative instruments nor would it issue any for speculative purposes. Following the sale of VGP CZ I and VGP CZ II there were no derivative financial instruments outstanding as at 31 December 2011.

DERIVATIVES *(thousands of €)*	2011			2010		
	< 1 YEAR	1-5 YEARS	> 5 YEARS	< 1 YEAR	1-5 YEARS	> 5 YEARS
Foreign currency						
Forward exchange contracts	—	—	—	—	—	—
Interest rates						
Interest rate swaps	—	—	—	—	146,067	—

5.2.2 / FOREIGN CURRENCY RISK

VGP incurs principally foreign currency risk on its capital expenditure as well as some of its borrowings and net interest expense/ income. VGP's policy is to economically hedge its capital expenditure as soon as a firm commitment arises, to the extent that the cost to hedge outweighs the benefit and in the absence of special features which require a different view to be taken.

The table below summarises the Group's main net foreign currency positions at the reporting date. Since the Group has elected not to apply hedge accounting, the following table does not include the forecasted transactions. However the derivatives the Group has entered into, to economically hedge the forecasted transactions are included.

In thousands of €	2011				
	CZK	**PLN**	**HUF**	**RON**	**LVL**
Trade & other receivables	40,964	53	—	2,701	15
Non-current liabilities and trade & other payables	(76,406)	(52)	(46,644)	(338)	(15)
Gross balance sheet exposure	**(35,442)**	**1**	**(46,644)**	**2,363**	**—**
Forward foreign exchange	—	—	—	—	—
Net exposure	**(35,442)**	**1**	**(46,644)**	**2,363**	**—**

In thousands of €	2010				
	CZK	**PLN**	**HUF**	**RON**	**LVL**
Trade & other receivables	68,397	—	1,272	651	71
Non-current liabilities and trade & other payables	(307,694)	—	(3,132)	(78)	(2)
Gross balance sheet exposure	**(239,297)**	**—**	**(1,860)**	**573**	**69**
Forward foreign exchange	—	—	—	—	—
Net exposure	**(239,297)**	**—**	**(1,860)**	**573**	**69**

The following significant exchange rates applied during the year:

One € =	**2011 / CLOSING RATE**	**2010 / CLOSING RATE**
CZK	25.800000	25.060000
PLN	4.416800	—
RON	4.319700	4.2848000
LVL	0.702804	0.702804
HUF	311.130000	278.750000

SENSITIVITY

A 10 percent strengthening of the euro against the following currencies at 31 December 2011 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010.

EFFECTS *(thousands of €)*	2011	
	EQUITY	**PROFIT OR (LOSS)**
CZK	—	125
PLN	—	—
HUF	—	14
RON	—	(50)
LVL	—	—
TOTAL	**—**	**89**

EFFECTS *(thousands of €)*	2010	
	EQUITY	PROFIT OR (LOSS)
CZK	—	868
PLN	—	—
HUF	—	1
RON	—	(12)
LVL	—	(9)
TOTAL	**—**	**848**

A 10 percent weakening of the euro against the above currencies at 31 December 2011 would have had the equal but opposite effect on the above currencies to amounts shown above, on the basis that all other variables remain constant.

5.2.3 / INTEREST RATE RISK

The Group applies a dynamic interest rate hedging approach whereby the target mix between fixed and floating rate debt is reviewed periodically. These reviews are carried out within the confines of the existing loan agreements which require that interest rate exposure is to be hedged when certain conditions are met.

Where possible the Group will apply IAS 39 to reduce income volatility whereby some of the interest rate swaps may be classified as cash flow hedges. Changes in the value of a hedging instrument that qualifies as highly effective cash flow hedges are recognised directly in shareholders' equity (hedging reserve).

The Group also uses interest rate swaps that do not satisfy the hedge accounting criteria under IAS 39 but provide effective economic hedges. Changes in fair value of such interest rate swaps are recognised immediately in the income statement. (interest rate swaps held for trading). At the reporting date the Group interest rate profile of the Group's financial instruments was:

In thousands of € – Nominal amounts	2011	2010
Financial debt		
Fixed rate		
Shareholder loans	—	71,803
Variable rate		
Shareholder loans	—	—
Bank debt	15,237	194,665
Reclassified to liabilities related to disposal group held for sale	—	(141,468)
	15,237	53,197
Interest rate hedging		
Interest rate swaps		
Held for trading	—	40,000
In connection with cash flow hedges	—	106,067
Reclassified to liabilities related to disposal group held for sale	—	(120,000)
	—	26,067
Financial debt after hedging		
Variable rate		
Bank debt	15,237	27,130
Fixed rate		
Shareholder loans	—	71,803
Bank debt	—	26,067
	—	98,870
Fixed rate / total financial liabilities	**n.a.**	**78.3%**

The effective interest rate on bank debt, including all bank margins and cost of interest rate hedging instruments was 6.78 % for the year 2011. The effective interest rate on total financial debt was 6.85% for the year 2011.

SENSITIVITY ANALYSIS FOR CHANGE IN INTEREST RATES OF PROFIT

In case of an increase / decrease of 100 basis points in the interest rates, profit before taxes would have been € 153k lower/higher (as compared to € 445k lower/higher profit before taxes for 2010). This impact comes from a change in the floating rate debt and interest rate swaps, with all variables held constant.

SENSITIVITY ANALYSIS FOR CHANGES IN INTEREST RATE OF OTHER COMPREHENSIVE INCOME

An increase / decrease of 100 basis points in the interest rates on the cash flow hedges at 31 December 2010, with all variables held constant, would have resulted in a € 121k positive / negative effect on the other comprehensive income for 2010. For 2011 there is no impact given the fact that there are no interest rate swaps outstanding as at the reporting date.

5.2.4 / CREDIT RISK

Credit risk is the risk of financial loss to VGP if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from VGP's receivables from customers and bank deposits.

The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Each new tenant is analysed individually for creditworthiness before VGP offers a lease agreement. In addition the Group applies a strict policy of rent guarantee whereby, in general, each tenant is required to provide a rent guarantee for 6 months. This period will vary in function of the creditworthiness of the tenant.

At the balance sheet date there were no significant concentrations of credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The maximum exposure to credit risc at the reporting date was:

In thousands of €	2011 / CARRYING AMOUNT	2010 / CARRYING AMOUNT
Other non–curent receivables	45,313	—
Trade & other receivables	9,138	3,701
Cash and cash equivalents	16,326	5,341
TOTAL	**70,777**	**9,042**

The aging of trade receivables at the reporting date was:

In thousands of €	2011 / CARRYING AMOUNT	2010 / CARRYING AMOUNT
Gross trade receivables		
Gross trade receivables not past due	676	1,513
Gross trade receivables past due	269	1,154
Bad debt and doubtful receivables	—	819
Provision for impairment of receivables (–)	—	(819)
TOTAL	**945**	**2,667**

There were no impairments recognised during the year. The Board of Directors considers that the carrying amount of trade receivables approximate their fair value

In thousands of €	2011	2010
As at 1 January	**819**	**760**
Use	—	—
Provisions charged to income statement	—	59
Provision write backs credited to income statement	—	(819)
Deconsolidation	(819)	—
As at 31 December	**—**	**819**

5.2.5 / LIQUIDITY RISK

The company manages its liquidity risk by ensuring that it has sufficient available credit facilities and by matching as much as possible its receipts and payments.

The following are contractual maturities of financial liabilities, including interest payments and derivative financial assets and liabilities.

In thousands of €	2011					
	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	< 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Non- financial liabilities						
Accrued expenses and deferred income	100	(100)	(100)	—	—	—
Reclassification to liabilities related to disposal group held for sale	—	—	—	—	—	—
Financial liabilities						
At amortised cost						
Financial liabilities	5,627	(5,627)	(5,627)	—	—	—
Shareholder loans	—	—	—	—	—	—
Secured bank loans	15,237	(15,644)	(5,549)	(7,304)	(746)	(2,045)
Reclassification to liabilities related to disposal group held for sale	(6,385)	6,704	715	5,989	—	—
Hedging derivatives						
Interest rate derivatives	—	—	—	—	—	—
Non-hedging derivatives						
Interest rate derivatives	—	—	—	—	—	—
Foreign exchange derivatives	—	—	—	—	—	—
Outflow	—	—	—	—	—	—
Inflow	—	—	—	—	—	—
Reclassification to liabilities related to disposal group held for sale	—	—	—	—	—	—
	14,579	**(14,667)**	**(10,561)**	**(1,315)**	**(746)**	**(2,045)**

In thousands of €	2010					
	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	< 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Non- financial liabilities						
Accrued expenses and deferred income	663	(663)	(663)	—	—	—
Reclassification to liabilities related to disposal group held for sale	(363)	363	363	—	—	—
Financial liabilities						
At amortised cost						
Financial liabilities	12,011	(12,011)	(12,011)	—	—	—
Shareholder loans	71,803	(91,908)	(5,026)	(5,026)	(81,855)	—
Secured bank loans	194,665	(232,796)	(26,987)	(25,997)	(178,920)	(892)
Reclassification to liabilities related to disposal group held for sale	(143,706)	179,242	19,459	19,566	140,218	—
Hedging derivatives						
Interest rate derivatives	6,677	(8,749)	(3,278)	(3,283)	(2,188)	—
Non-hedging derivatives						
Interest rate derivatives	3,106	(3,637)	(1,455)	(1,467)	(715)	—
Foreign exchange derivatives						
Outflow	—	—	—	—	—	—
Inflow	—	—	—	—	—	—
Reclassification to liabilities related to disposal group held for sale	(9,025)	10,688	4,275	4,311	2,102	—
	135,831	**(159,470)**	**(25,323)**	**(11,896)**	**(121,359)**	**(892)**

5.2.6 / CAPITAL MANAGEMENT

VGP is continuously optimising its capital structure targeting to maximise shareholder value while keeping the desired flexibility to support its growth. The Group targets a maximum gearing ratio of net debt / equity of 2:1. At the end of 2011 the Group was debt free[1] in respect of bank and shareholder debt (compared to net debt / equity ratio of 1.51 for 2010).

[1]) *On a net debt basis which is measured as : (Outstanding bank debt + shareholder loans) minus available cash*

5.2.7 / FAIR VALUE

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

In thousands of €	2011			
	CARRYING AMOUNT	IN ACCORDANCE WITH IAS 39		FAIR VALUE
		FAIR VALUE RECOGNISED IN EQUITY	FAIR VALUE RECOGNISED IN PROFIT OR LOSS	
Financial assets				
Loans and receivables				
Trade receivables & others	9,151	—	—	9,151
Cash & cash equivalents	16,326	—	—	16,326
Long term receivables	45,313	—	—	46,759
Derivative financial assets				
Without a hedging relationship	—	—	—	—
With a hedging relationship	—	—	—	—
Reclassification to (–) / from held for sale	(115)	—	—	(115)
Financial liabilities				
At amortised cost				
Financial liabilities	5,627	—	—	5,627
Shareholder loans	—	—	—	—
Secured bank loans	15,237			15,237
Derivative financial liabilities	—	—	—	—
With a hedging relationship	—	—	—	—
Without a hedging relationship	—	—	—	—
Liabilities related to disposal group held for sale	(6,388)	—	—	(6,388)
	39,838	**—**	**—**	**39,838**

In thousands of €	2010			
	CARRYING AMOUNT	IN ACCORDANCE WITH IAS 39		FAIR VALUE
		FAIR VALUE RECOGNISED IN EQUITY	FAIR VALUE RECOGNISED IN PROFIT OR LOSS	
Financial assets				
Loans and receivables				
Trade receivables & others	7,349	—	—	7,349
Cash & cash equivalents	6,914	—	—	6,914
Long term receivables	—	—	—	—
Derivative financial assets			—	
Without a hedging relationship	—	—		—
With a hedging relationship	—	—	—	—
Reclassification to (–) / from held for sale	(5,221)	—	—	(5,221)
Financial liabilities			**—**	
At amortised cost				
Financial liabilities	(12,011)	—		(12,011)
Shareholder loans	(71,803)	—	—	(73,974)
Secured bank loans	(194,665)	—	—	(194,665)
Derivative financial liabilities			—	
With a hedging relationship	(6,677)	(6,677)		(6,677)
Without a hedging relationship	(3,106)	—	(3,106)	(3,106)
Liabilities related to disposal group held for sale	150,493	5,919	3,106	150,493
	(128,727)	**(758)**	**—**	**(130,898)**

Following the respective sales of VGP CZ I and VGP CZ II there were no outstanding derivative financial liabilities as at 31 December 2011. Total fair value net gains / (losses) on non hedging derivatives amounted to € 618k in 2010.
There were no gain / (losses) on non-financial assets and liabilities, financial liabilities at amortised costs.
Financial and non-financial assets amounting to € 673k in 2011 – excluding reclassifications to assets held for sale - (€ 4,161k in 2010) were pledged in favour of VGP's financing banks.

BASIS FOR DETERMINING FAIR VALUES

The following summarises the methods and assumptions used in estimating the fair values of financial instruments reflected in the table above:

The fair value of financial instruments is determined based on quoted prices in active markets. When quoted prices in active markets are not available, valuation techniques are used. Valuation techniques make maximum use of market inputs but are affected by the assumptions used, including discount rates and estimates of future cash flows. Such techniques include amongst others market prices of comparable investments and discounted cash flows.

The principal methods and assumptions used by VGP in determining the fair value of financial instruments are obtained from active markets or determined using, as appropriate, discounted cash flow models and option pricing models.

FAIR VALUE HIERARCHY

As at 31 December 2011, the Group held following financial instruments at fair value:

In thousands of €	31-DEC-11	LEVEL 1	LEVEL 2	LEVEL 3
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss				
Interest rate swaps – non-hedging	—	—	—	—
Foreign exchange contracts – non-hedging	—	—	—	—
Financial liabilities at fair value through equity				
Interest rate swaps - hedged	—	—	—	—

In thousands of €	31-DEC-10	LEVEL 1	LEVEL 2	LEVEL 3
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss				
Interest rate swaps – non-hedging	3,106	—	3,106	—
Foreign exchange contracts – non-hedging	—	—	—	—
Financial liabilities at fair value through equity				
Interest rate swaps - hedged	6,677	—	6,677	—

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2011, there were no outstanding financial instruments.

5.3 / PERSONNEL

EMPLOYEE BENEFIT OBLIGATIONS

The Group had no post-employment benefit plans in place at the reporting date.

NCENTIVE STRUCTURE

The Group has an incentive structure in place for selected member's of the Group's management which was set up after the initial public offering of December 2007 and whereby the existing shareholders VM Invest and Alsgard SA have transferred a number of VGP shares representing 5 percent of the aggregate number of shares in VGP NV into VGP MISV, a limited partnership controlled by Mr Jan Van Geet as managing partner ("beherend vennoot" / "associé commandité"). This structure does not have any dilutive effect on any existing or new shareholders.

VGP MISV is an independent company from the VGP Group companies. As a result VGP NV's financial statements are not in any way impacted by the operations and or existence of VGP MISV.

5.4 / COMMITMENTS

The Group has concluded a number of contracts concerning the future purchase of land. At 31 December 2011 the Group had future purchase agreements for land totalling 393,279 m² representing a commitment of € 14.8 million and for which deposits totalling € 1.2 million had been made.

At the end of December 2011 the Group had committed annualised rent income of € 4.73 million (€ 36.6 million as at December 2010), of which EUR 1.9 million was related to the disposal group held for sale. The significant decrease compared to 2010 is due to the VGP CZ I and VGP CZ II transactions.

The committed annual rent income represents the annualised rent income generated or to be generated by executed lease – and future lease agreements. This resulted in following breakdown of future lease income:

In thousands of €	2011	2010
Less than one year	2,798	13,864
Between one and five years	10,579	51,206
More than five years	13,142	53,333
TOTAL	**26,520**	**118,403**

As at 31 December 2011 the Group had contractual obligations to develop new projects for a total amount of € 19.1 million.

5.5 / RELATED PARTIES

5.5.1 / IDENTITY OF RELATED PARTIES

The Group has a related party relationship with its directors, executive officers and other companies controlled by its owners. The executive management consists of Jan Van Geet (CEO), Jan Procházka (COO) and Dirk Stoop (CFO). Jan Van Geet (CEO) and Jan Procházka (COO) are also reference shareholders.

5.5.2 / DIRECTORS AND EXECUTIVE MANAGERS

The remuneration of the directors and executive managers are as follows:

In thousands of €	2011	2010
Directors	104	94
Executive managers	718	514
TOTAL	**822**	**608**

The remuneration paid to the executive managers are all short term remunerations.

5.5.3 / TRANSACTIONS WITH RELATED PARTIES

The Group identified the following transactions with related parties in 2011 and 2010:

In thousands of €	2011	2010
Transactions with related parties		
General management fees received from associates	349	—
Property management fees and similar income received from associates	577	—
Interest and similar income from associates	1,848	—
Rent paid to associates	(95)	—
Interest and similar expenses on shareholder loans	(2,338)	(5,109)
Services received from Jan Van Geet s.r.o.	(267)	(352)
Outstanding balances with related parties		
Loans provided to associates	45,313	—
Other receivables from associates	6,450	—
Advances made to Jan Prochazka	—	4
Shareholder loans received from VM Invest NV	—	(71,803)
Advances received from Jan Van Geet s.r.o.	(13)	(11)

The Group rents offices from Jan Van Geet s.r.o. and from VGP CZ I a.s. for which it respectively concluded a 10 year and 4 year lease agreement. The leases expire on 29 July 2018 and 31 December 2015. The operating lease rentals are payable as follows:

2011 *(thousands of €)*	TOTAL	< 1 YEAR	> 1–5 YEARS	< 5 YEARS
Jan Van Geet s.r.o.	436	66	265	105
VGP CZ I a.s.	381	95	286	—
TOTAL	**817**	**161**	**551**	**105**

2010 *(thousands of €)*	TOTAL	< 1 YEAR	> 1–5 YEARS	< 5 YEARS
Jan Van Geet s.r.o.	493	65	260	168

5.6 / EVENTS AFTER THE BALANCE SHEET DATES

During the month of February 2012 VGP entered into a binding agreement with East Capital to sell its newly built logistics property of 40,000 m² located in Tallinn (Estonia). The assets will be acquired by East Capital Baltic Property Fund II, a new fund managed by East Capital and the transaction is expected to close by 15 May 2012. The transaction value is around EUR 24 million.

As at 31 December 2011 the consolidated accounts included a gross rental income for VGP Estonia of € 1.2 million and net financial expenses for VGP Estonia of € 0.3 million.

In addition in March 2012 VGP concluded a second agreement with Property Investors Special Opportunities, L.P. (EPISO) for the sale of an 80% equity interest in VGP CZ IV a.s. following the purchase by VGP CZ IV a.s. of the last remaining development land adjacent to the existing VGP Park Horni Pocernice (Prague) at the end of December 2011. It is expected that the transaction will be closed during the second quarter of 2012.

The aggregate price consideration of both transactions exceeds the unrealised gain on the property portfolio of VGP Estonia and VGP CZ IV as disclosed in the 31 December 2011 consolidated accounts.

In order to further optimise the capital structure of the Company and creating additional shareholder value the board of directors has decided to convene an Extraordinary Shareholders' Meeting to deliberate over an additional capital reduction in cash of € 15,052,270.50. This cash distribution would correspond to € 0.81 per share.

5.7 / SERVICES PROVIDED BY THE STATUTORY AUDITOR AND RELATED PERSONS

The audit fees for VGP NV and its subsidiaries amounted to € 51k. During the year, the statutory auditor and persons professionally related to him performed no additional services for fees.

5.8 / SUBSIDIARIES AND ASSOCIATES

COMPANIES FORMING PART OF THE GROUP AS AT 31 DECEMBER 2011

The following companies were included in the consolidation perimeter of the VGP Group.

SUBSIDIARIES

SUBSIDIARIES	ADDRESS	%
VGP CZ I a.s. (until 16 March 2011)	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP CZ II a.s. (until 9 November 2011)	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP CZ III a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP CZ IV a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP CZ V a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP CZ VI a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP CZ VII a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP CZ VIII s.r.o.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP FM Services s.r.o.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP DEUTSCHLAND GmbH	Leipzig, Germany	100
VGP ESTONIA OÜ	Tallinn, Estonia	100
VGP FINANCE NV	Jette, Belgium	100
VGP -INDUSTRIÁLNÍ STAVBY s.r.o.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP LATVIA s.i.a.	Kekava, Latvia	100
VGP PARK GYÖR Kft	Györ , Hungary	100
VGP ROMANIA S.R.L.	Timisoara, Romania	100
VGP SLOVAKIA a.s.	Malacky, Slovakia	100
VGP POLSKA SP. z.o.o.	Wroclaw, Poland	100

CHANGES IN 2011

In order to support its further growth the companies VGP CZ VI a.s., VGP CZ VII a.s. and VGP Polska Sp. z.o.o. were incorporated during 2011 and added to the consolidation perimeter of the VGP Group.

VGP CZ I a.s. left the Group's consolidation perimeter on 16 March 2011 following the completion of the VGP CZ I transaction and VGP CZ II a.s. left the Group's consolidation perimeter on 9 November 2011 following the completion of the VGP CZ II transaction.

During the year additional development land was acquired in the Czech Republic through a share deal whereby the company Somerville s.r.o. was acquired. The company changed its name to VGP CZ VIII s.r.o. and is currently in the process of becoming a limited ("a.s.") company.

ASSOCIATES

ASSOCIATES	ADDRESS	%
SNOW CRYSTAL S.a.r.l.	Luxembourg, Grand Duchy of Luxembourg	20
SUN S.a.r.l.	Luxembourg, Grand Duchy of Luxembourg	20
VGP SUN s.r.o.	Jenišovice u Jablonce nad Nisou,Czech Republic	20
VGP CZ I a.s. (as from 16 March 2011)	Jenišovice u Jablonce nad Nisou,Czech Republic	20
VGP CZ II a.s. (as from 9 November 2011)	Jenišovice u Jablonce nad Nisou,Czech Republic	20

CHANGES IN 2011

In order to support the VGP CZ I transaction Snow Crystal S.a.r.l. was created. Snow Crystal holds 100% of VGP CZ I a.s.

In order to support the VGP CZ II transaction SUN S.a.r.l. and VGP SUN s.r.o. were created. SUN S.a.r.l. holds 100% of VGP SUN s.r.o who in turn holds 100% of VGP CZ II a.s.

PARENT COMPANY INFORMATION

1 / FINANCIAL STATEMENTS OF VGP NV

PARENT COMPANY ACCOUNTS

The financial statements of the parent company VGP NV, are presented below in a condensed form.

In accordance with Belgian company law, the directors' report and financial statements of the parent company VGP NV, together with the auditor's report, have been deposited at the National Bank of Belgium.

They are available on request from:

VGP NV
Greenland – Burgemeester Etienne Demunterlaan 5 | B-1090 Brussels | Belgium
www.vgpparks.eu

CONDENSED INCOME STATEMENT

In thousands of €	**2011**	**2010**
Other operating income	1,226	1,258
Operating profit or loss	(1,746)	(30)
Financial result	6,032	5,508
Extraordinary result	5,397	—
Current and deferred income taxes	(99)	(193)
Profit or loss for the year	**9,584**	**5,285**

CONDENSED BALANCE SHEET AFTER PROFIT APPROPRIATION

In thousands of €	2011	2010
Formation expenses, intangible assets	—	—
Tangible fixed assets	—	4
Financial fixed assets	132,861	253,448
Total non-current assets	**132,861**	**253,452**
Trade and other receivables	6,614	61
Cash & cash equivalents	14,538	2,025
Total current assets	**21,152**	**2,086**
TOTAL ASSETS	**154,013**	**255,538**
Share capital	135,408	175,361
Non-distributable reserves	1,143	664
Retained earnings	16,376	7,271
Shareholders' equity	**152,927**	**183,296**
Amounts payable after one year	—	71,803
Amounts payable within one year	1,086	438
Creditors	**1,086**	**72,241**
TOTAL EQUITY AND LIABILITIES	**154,013**	**255,538**

VALUATION PRINCIPLES

Valuation and foreign currency translation principles applied in the parent company's financial statements are based on Belgian accounting legislation.

2 / PROPOSED APPROPRIATION OF VGP NV 2011 RESULT

The profit after tax for the year ended was € 9,584,226

At the General Meeting of Shareholders on 11 May 2012, the Board of Directors will propose that the above result be appropriated as follows:

In €	2011	2010
Profit of the financial year	9,584,226.30	5,285,181.62
Profit carried forward	7,270,751.95	2,249,829.91
Transfer to legal reserves	(479,211.32)	(264,259.08)
Profit / (loss) to be carried forward	16,375,766.93	7,270,751.95
Profit to be distributed (gross dividend)	—	—

In order to further optimise the capital structure of the Company and creating additional shareholder value the board of directors has decided to convene an Extraordinary Shareholders' Meeting to deliberate over an additional capital reduction in cash of € 15,052,270.50. This cash distribution would correspond to € 0.81 per share.

AUDITOR'S REPORT

VGP NV

Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2011 to the shareholders' meeting

TO THE SHAREHOLDERS

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

UNQUALIFIED AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of VGP NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 177.893 (000) EUR and the consolidated income statement shows a consolidated profit for the year then ended of 12.937 (000) EUR.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2011, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

ADDITIONAL COMMENT

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

— The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Kortrijk, 10 April 2012
The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Gino Desmet

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