

Press Release

Regulated Information

EMBARGO UNTIL 19 MARCH 2012 AT 7h00 A.M.

19 March 2012

Annual results 2011

- Group debt free¹ at year end in respect of bank and shareholder loans
- > 84,000 m² of new leases signed in 2011 representing € 4.6 million of committed annualised rent income
- Operating result (before result on portfolio) for the period of € 12.2 million versus € 9.1 million (on a like for like basis²)
- Net profit for the period of € 12.9 million after impact of VGP CZ I and VGP CZ II transactions
- 12 projects under construction representing 110,487 m² of future lettable area
- > 741,000 m² of new land plots already committed to expand land bank and support the future development pipeline, of which 311,000m² were already bought during the second half of 2011
- Completion of the sale of an 80% equity interest in VGP CZ I and VGP CZ II during 2011
- Conclusion of a binding agreement with East Capital to sell the newly built logistics property of 40,000 m² located in Tallinn (Estonia) and conclusion of 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. . The aggregated transaction value is in excess of € 30 million
- The Board of Directors has decided to convene an Extraordinary Shareholders' Meeting³ to propose a further capital reduction in cash of € 15million (€ 0.81 per share)

Summary

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.

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

² 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.

³ The Extraordinary Shareholders' Meeting is planned to be held on the date as the next General meeting of shareholders i.e. 11 May 2012.

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.

After the year-end two further transactions i.e. VGP Estonia and VGP CZ IV were signed having an aggregated transaction value of over € 30 million. As such the group now disposes of the necessary means to re-invest in an important land bank which is the basis for our future developments and the main driver of the Group's profits.

VGP's activities during the year 2011 can be summarised as follows:

- The Group was debt free (on a net debt basis) at the end of December 2011.
- The operating activities resulted in a net profit for the period of € 12.9 million compared to a net profit of € 6.2 million (on a like for like basis¹) respectively as at 31 December 2010.
- Sustained high demand for semi- industrial buildings in the mid-European region resulted in the signing of new annualised committed leases in excess of € 4.6 million in total of which € 3.5 million related to new lettable area and € 1.1 million to renewal of existing or replacement leases.
- The Group's property portfolio reached an occupancy rate of 98.5% at the end of December 2011 (including VGP CZ I and VGP CZ II) which was a fraction lower than the 98.8% as at 31 December 2010. The occupancy rate of the VGP CZ I and VGP CZ II property portfolio reached 100%.
- The operating result for the period increased by 34.9% (on a like for like basis) to € 12.2 million as at 31 December 2011 compared to € 9.1 million as at 31 December 2010.
- 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 69,562 m² of lettable area.
- The 53 buildings owned through the associates VGP CZ I and VGP CZ II representing 573,426 m² of lettable space are all managed by VGP Facility Management through its wholly owned VGP FM Services subsidiary, creating a stable fee income with sound margins.
- VGP has currently also undertaken additional development activities in its associates 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.
- 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 € 2.8 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.

¹ VGP CZ I 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.

- In order to further optimise the capital structure of VGP NV the board of directors has decided to convene an Extraordinary Shareholders' Meeting to propose an additional capital reduction in cash of € 15,052,270.50. This cash distribution would correspond to € 0.81 per share.

Key figures¹

Consolidated income statement – Analytical form (In thousands of €)	2011	2010
NET CURRENT RESULT		
Gross rental income	14,446	11,226
Service charge income / (expenses)	829	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)	0	0
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

Information per share	2011	2010
Number of ordinary shares	18,583,050	18,583,050
Net current result per share (in €)	0.51	0.11
Net result (reported) per share (in €)	0.70	1.42

Gross rental income (on a like for like basis) up 28.7% to € 14.4 million

The increase of gross rental income reflects the full impact of the income generating assets delivered during 2011 and the deconsolidation of VGP CZ I as from 16 March 2011 and VGP CZ II as from 9 November 2011. The gross rental income from VGP CZ I for the period January 2011 to 16 March 2011 was € 4.6 million and reached € 7.0 million from VGP CZ II for the period January 2011 to 9 November 2011.

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.

Lease contracts signed during 2011 amount to € 4.6million

During 2011 VGP continued to see a sustained demand for semi- industrial buildings in the mid-European region which resulted in the signing of new annualised committed leases in excess of € 4.6 million¹ in total of which € 3.5 million² related to new lettable area and € 1.1 million³ to the renewal of existing or replacement leases.

The Group's property portfolio reached an occupancy rate of 98.5%⁴ at the end of December 2011 (including VGP CZ I and VGP CZ II) which was a fraction lower than the 98.8% as at 31 December 2010. The occupancy rate of the VGP CZ I and VGP CZ II property portfolio reached 100%.

The signed committed lease agreements (excluding VGP CZ I and VGP CZ II) represent a total of 91,384 m² of lettable area with the weighted average term of the committed leases standing at 8.56 years at the end of December 2011. As at 31 December 2010 the weighted average term (including VGP CZ I and VGP CZ II) stood at 5.81 years.

Operating result up 34.9% to € 12.2 million

The operating result (before result on portfolio) increased to € 12.2 million in 2011, an increase of 34.9% as compared to the operating profit € 9.1 million for the period ending 31 December 2010 (on a like for like basis).

Evolution of the property portfolio

The fair value of the investment properties, which is composed of the completed projects, the projects under construction as well as land held for development (the "property portfolio"), amounted to € 105.6 million as at 31 December 2011 (before reclassification to disposal group held for sale) compared to € 481.6 million as at 31 December 2010, i.e. before the VGP CZ I and VGP CZ II transactions.

The evolution of the yields remained stable with the average yield applied for valuing the property portfolio as at 31 December 2010 improving marginally from 8.35% to 8.34%⁵ at the end of December 2011.

Completed projects

During the year 8 buildings (63,049 m²) were completed: 2 buildings in VGP Park Horni Pocernice (CZ) representing 7,431 m², 3 buildings in VGP Park Liberec (CZ) representing 27,754 m² of lettable area, 1 building of 13,014 m² of lettable area in VGP Park Nyrany (CZ), 1 building of 8,695 m² of lettable area in VGP Park Olomouc (CZ) and 1 building of 6,154 m² of lettable area in VGP Park Györ. All are fully leased.

¹ € 3.6 million related to VGP CZ I and VGP CZ II

² € 2.7 million related to VGP CZ I and VGP CZ II

³ € 0.9 million related to VGP CZ I and VGP CZ II

⁴ The occupancy rate excluding VGP CZ I and VGP CZII was 94.5% at the end of 2011.

⁵ Yields applied to the total VGP portfolio including the VGP CZ I and VGP CZ II joint venture. 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.

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 69,562 m² of lettable area.

Besides this VGP has another 53 buildings under management representing 573,426 m² of lettable space which are owned by VGP CZ I and VGP CZ II.

Projects under construction

At the end of December 2011 there were 12 buildings under construction, both in the associates as well as for its own account : in the Czech Republic; 1 building in each of VGP Park Hradec Králové, VGP Park Nýřany, VGP Park Turnov, VGP Park Tuchomerice, VGP Park Hradec nad Nisou, 3 buildings in VGP Park Horni Pocernice 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 110,487 m² and of these, 69,562 m² are being developed for the Group's own account.

Land bank

VGP has currently a land bank in full ownership of 1,013,237 m² (excluding the VGP CZ I and VGP CZ II joint venture land bank) and excluding the 155,000 m² of land held by VGP CZ IV of which an 80 % interest will be sold to EPISO during the 1st quarter of 2012.

The land bank allows VGP to develop besides the current projects under construction (137,514 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 always actively looking at further expanding its land bank in order to ensure that the development pipeline remains well filled.

As such, VGP bought 2 new land plots during the second half of 2011 (totalling 155,844 m²), allowing the development of 77,000 of lettable area, and has currently around 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.

VGP Estonia and VGP CZ IV transaction

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.

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.

Additional comments on the 31 December 2011 consolidated financials

Financial income

Following the sale of VGP CZ I and VGP CZ II a total of € 45.3 million loans were granted to these associates which had a significant positive effect on the interest income.

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

Financial expenses

The 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.

Net debt/ Equity

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.

Taxes

Taxes decreased from € 8.0 million as at 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.

Outlook 2012

With an expanding land bank, market conditions which remains 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 focussing 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.

Financial calendar

Annual report 2011	20 April 2012
First quarter trading update 2012	11 May 2012
General meeting of shareholders	11 May 2012
2012 half year results	24 August 2012
Third quarter trading update 2012	16 November 2012

For more information

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Profile

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

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

FINANCIAL ACCOUNTS¹

1. CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

INCOME STATEMENT (in thousands of €)	2011	2010
Gross rental income	14,446	28,573
Service charge income	5,217	6,803
Service charge expenses	(4,388)	(6,279)
Property operating expenses	(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	3,133	22,759
Property result	17,063	50,087
Administrative cost	(2,096)	(1,891)
Other income	1,200	716
Other expenses	(805)	(634)
Net operating profit before net financial result	15,362	48,278
Financial income	4,060	393
Financial expenses	(5,797)	(14,240)
Net financial result	(1,737)	(13,847)
Result before taxes	13,625	34,431
Taxes	(1,532)	(8,029)
Result after taxes (consolidated companies)	12,093	26,402
Share in result of associates	844	-
Net result	12,937	26,402

RESULT PER SHARE	2011	2010
Basic earnings per share (in €)	0.70	1.42
Diluted earnings per share (in €)	0.70	1.42

¹ The statutory auditor has confirmed that his audit procedures, which have been substantially completed, have not revealed any material adjustments which would have to be made to the accounting information disclosed in this press release.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

STATEMENT OF COMPREHENSIVE INCOME <i>(in thousands of €)</i>	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	-	-

3. CONSOLIDATED BALANCE SHEET

For the year ended 31 December 2011

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

SHAREHOLDERS' EQUITY AND LIABILITIES (in thousands of €)	2011	2010
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

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

STATEMENT OF CHANGES IN EQUITY <i>(in thousands of €)</i>	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	-	-	-	-	0
Share capital distribution to shareholders	(39,953)	-	-	-	(39,953)
Balance as at 31 December 2011	22,298	132,368	69	-	154,735

5. CONSOLIDATED CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2011

CASH FLOW STATEMENT (in thousands of €)	2011	2010
<i>Cash flows from operating activities</i>		
Result before taxes	13,625	34,431
<i>Adjustments for:</i>		
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
<i>Cash flows from investing activities</i>		
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)
<i>Cash flows from financing activities</i>		
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