



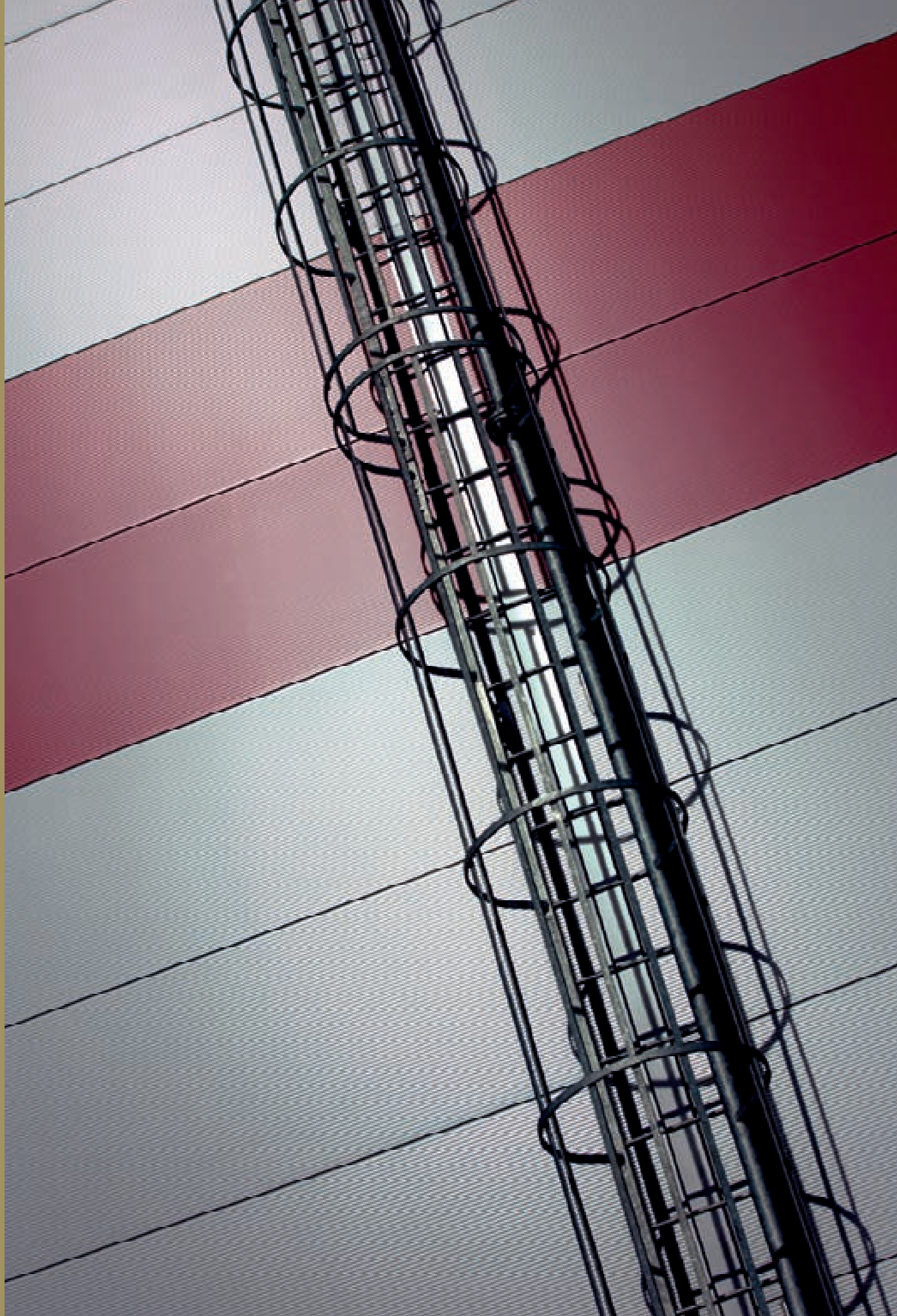
VGP

ANNUAL REPORT 2012



# CONTENTS

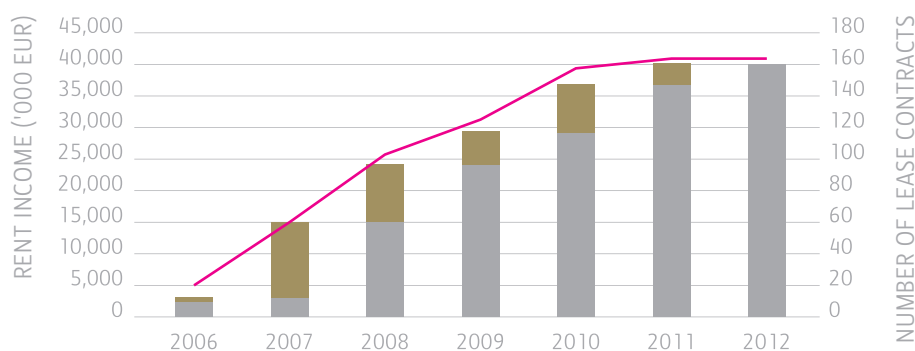
KEY FIGURES	3
LETTER TO THE SHAREHOLDERS	4
VGP IN 2012	
MARKETS	8
GERMAN EXPANSION	13
PROFILE	17
STRATEGY	18
REPORT OF THE BOARD OF DIRECTORS	22
CORPORATE GOVERNANCE STATEMENT	23
RISK FACTORS	30
SUMMARY OF THE ACCOUNTS AND COMMENTS	34
INFORMATION ABOUT THE SHARE	40
OUTLOOK 2013	43
BOARD AND MANAGEMENT	
BOARD OF DIRECTORS	46
EXECUTIVE MANAGEMENT TEAM	47
PORTFOLIO	48
FINANCIAL REVIEW	73



# KEY FIGURES

INVESTMENT PROPERTY	2012	2011	2010	2009	2008
Total lettable area (m <sup>2</sup> )	674,595 <sup>1</sup>	641,378	576,936	535,872	351,661
Occupancy rate (%)	94.5% <sup>2</sup>	98.5%	98.8%	91%	95%
Fair value of property portfolio	101,629	105,565	481,624	428,105	394,027
BALANCE SHEET					
Shareholders' equity	151,260	154,735	176,342	155,240	155,555
Gearing					
Net debt / shareholders' equity	n.a.	n.a.	1.47	1.53	1.19
Net debt / total assets	n.a.	n.a.	52.2%	54.0%	45.2%
INCOME STATEMENT – ANALYTICAL FORM					
Gross rental income	3,071	14,446	28,573	21,726	12,037
Property operating expenses and net service charge income / (expenses)	(449)	(516)	(1,245)	(1,680)	(1,704)
<b>Net rental and related income</b>	<b>2,622</b>	<b>13,930</b>	<b>27,328</b>	<b>20,046</b>	<b>10,333</b>
Other income / (expenses) – incl. Administrative costs	(2,025)	(1,700)	(1,809)	(2,285)	(1,882)
<b>Operating result (before result on portfolio)</b>	<b>597</b>	<b>12,230</b>	<b>25,519</b>	<b>17,761</b>	<b>8,451</b>
<b>Net current result</b>	<b>3,193</b>	<b>9,555</b>	<b>7,967</b>	<b>6,678</b>	<b>(917)</b>
Net valuation gains / (losses) on investment property	12,347	3,133	22,759	(6,754)	36,396
Deferred taxes	(2,346)	(595)	(4,324)	1,252	(6,915)
Result on property portfolio	10,001	2,538	18,435	(5,502)	29,481
<b>Share in the results of associates</b>	<b>(1,615)</b>	<b>844</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net result</b>	<b>11,579</b>	<b>12,937</b>	<b>26,402</b>	<b>1,176</b>	<b>28,564</b>
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 €)	0.17	0.51	0.43	0.36	(0.05)
Net result per share (in €)	0.62	0.70	1.42	0.06	1.54

## COMMITTED ANNUALISED RENT INCOME AND NUMBER OF LEASE CONTRACTS<sup>3</sup>



<sup>1</sup> Including 601,217 m<sup>2</sup> under management (573,426 m<sup>2</sup> under management as at 31 December 2011)

<sup>2</sup> Including associates. Excluding associates the occupancy rate would be 94.9%

<sup>3</sup> The committed leases include leases from associate companies (€ 33.3 m) under management



# LETTER TO THE SHAREHOLDERS

## DEAR SHAREHOLDERS,

2012 has been challenging in many ways. The Czech Republic, which still counts for the bulk of our portfolio, has been, during the initial years of the economic crisis, very resistant to the slowdown of the economy because of its sound basics: highly skilled workforce availability in a flexible employment environment at substantial lower cost located in the heart of Europe.

Nevertheless the local economy has proven not to be completely immune to the crisis, resulting in a lack of demand for lettable space from local businesses in some of our parks in the course of 2012.

Nevertheless, in the last quarter of the year the economic environment started to improve whereby we finished

the year with more than 200,000 m<sup>2</sup> of leases signed, representing roughly € 10.8 million of annualised rental income. Consequently we managed to keep our property portfolio and the property portfolio of our associates well let.

### NEW FOUNDATIONS TO BUILD ON IN THE YEARS TO COME.

In 2012 we have put in place the foundations of many new projects which will be developed during the coming years: In the Czech Republic our parks in Brno, Pilsen, Prague West, Usti nad Labem and Hrádek nad Nisou now all have obtained the necessary permits and in most of these parks we have already started a number of, mostly

pre-leased, projects which were the driver of our profit margin in 2012.

In Germany we continued our search for prime locations adding Leipzig Messe to the list of our parks and recently we added Bad Kreuznach where we were able to sign our first lease agreement in the first quarter of 2013.

We expect to receive our final permit for our VGP Park in Rodgau, Frankfurt, in the first half of 2013 and foresee to start construction during the month of September. We continue to look for other opportunities in Germany to expand our land bank with new prime locations close to the major industrial hubs.

After the successful sale of our VGP Park in Tallinn, and the continuing



positive outlook of the Estonian economy resulting in a sound demand for lettable area by industrial companies, we decided to reinvest part of the sales proceedings into a new project. This new project is located close to the fast growing harbour of Tallinn on the road towards St Petersburg.

In most of the aforementioned parks we will start up new constructions in 2013.

Finally, last year we also did a very intensive prospection of the Polish market. However we lost our initial enthusiasm when we evaluated the local industrial market as being too speculative, with land prices souring to levels

far beyond even some of the German top locations and rental prices at extremely competitive levels.

Therefore we decided, for the time being, to focus on other markets where we believe we can achieve higher returns with less risk.

#### PROPERTY- AND FACILITY MANAGEMENT

In 2012 VGP also invested a lot of time and effort in its other business line, the property and facility management. We created a new platform, Profa Management with the aim to set up and split the effective facility management services from the property management

services. Over the past few months we have identified a number of potential bolt-on acquisitions through which we want to substantially grow and diversify our facility management services. We hope to be able to announce a first acquisition soon.

I want to thank all our stakeholders for their continuous efforts and support and we will all do our very best to make 2013 another successful year.

*Best regards,  
Jan Van Geet, CEO*









## MARKETS

In 2012 VGP continued to optimise its property portfolio by completing the sale of an 80% equity interest in VGP CZ IV and by completing the sale of the newly built (40,000 m<sup>2</sup>) logistics properties of VGP Estonia in Tallinn (Estonia). The aggregate transaction value for both transactions was around € 33 million. The Group also continued to optimise its capital structure and paid a capital reduction of € 15 million to its shareholders. VGP continued to progress the expansion of the land bank by acquiring and securing additional land plots which should start generating additional development profits and additional rent income within the next 12-18 months.

During the year the CEE markets were adversely impacted by the difficult economic environment and especially the Czech Republic was impacted by the reduced level of investment from German companies which had a negative impact on the occupancy rate of the property portfolio of the associates. However towards the end of the year the Group recorded renewed industrial investment activity and rising demand for lettable area not only in the Czech Republic but also in the periphery countries such as Romania.

Having now completed the total or partial sale of most of its income generating assets, VGP is well positioned to start a new development cycle which should generate continued significant development gains over the next few years

## INVESTMENT<sup>1</sup>

### CEE REAL ESTATE INVESTMENT – MARKET OVERVIEW 2012

As with the rest of Europe, where the Q4 2012 total volume of €46bn was the highest since Q4 2007, investment activity in Central and Eastern Europe (CEE), defined as Poland, the Czech Republic, Hungary, Romania and Slovakia) spiked at the end of 2012. In CEE, Q4 2012 investment came in at just under €2bn, which made it the second strongest quarter since Q2 2007. However, overall 2012 volumes were still down on 2011 falling 42% to a little on excess of €3.7bn. In 2012, Poland stood out from the rest, registering a slight increase of 4% on 2011, lifting its 2012 market share to 71% from 39% in FY11.

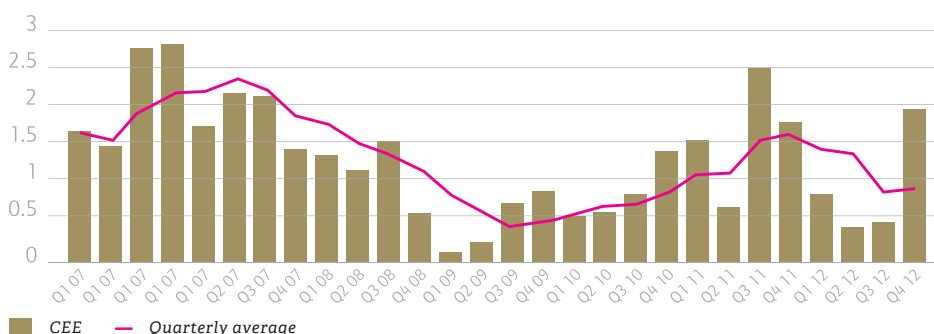
CEE REAL ESTATE INVESTMENT (€bn)

	2011	2012	
Poland	2.7	2.7	— %
Czech Republic	2.1	0.6	(24%)
Hungary	0.4	0.2	(50%)
Romania	0.6	0.2	(67%)
Slovakia	0.5	0.0	(96%)
<b>TOTAL</b>	<b>6.3</b>	<b>3.7</b>	<b>(42%)</b>

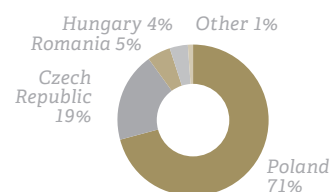
Source: Jones Lang LaSalle

Over the full year, all sectors saw declines year-on-year. Unlike the rest of Europe where office investment rose 24% year-on-year in 2012, CEE office investment volumes were down 21%. The retail sector saw an even sharper decline of 60% year-on-year, which Jones Lang LaSalle believes was mainly due to a lack of supply of prime product rather than a dwindling purchaser pool. A similar trend was observed

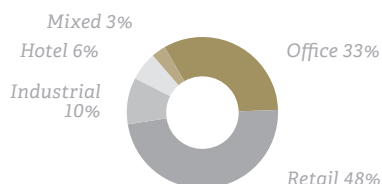
CEE VOLUMES BOUNCE BACK IN Q4 12



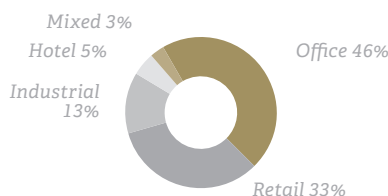
CEE VOLUMES BY COUNTRY



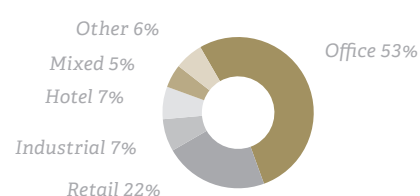
CEE SECTOR SPLIT 2011



CEE SECTOR SPLIT 2012



EUROPEAN AVERAGE 2012



<sup>1)</sup> Source Jones Lang LaSalle

Source: Jones Lang LaSalle

across Europe with average retail investment down 32% year-on-year. Nevertheless, Jones Lang LaSalle witnessed that when good quality shopping centres came to the market, there was a healthy demand from multiple sectors.  
*See the charts on page 8.*

**DESPITE LOWER CEE VOLUMES, 2012 WAS A RECORD YEAR FOR THE POLISH INDUSTRIAL MARKET**

At just over €500 million, 2012 industrial volumes in CEE were down 21% year-on-year. However for Poland, which accounted for a staggering 97% of industrial activity in the region, industrial real estate investment was up 300% in 2012 versus 2011. Jones Lang LaSalle believes that increasing international investment appetite is not only supported by the expanding Polish retail and manufacturing markets, but also by a growing supply of good quality product from the in-house funds of major international developers reaching the end of their holding period. Furthermore, 2012 saw more portfolio deals with Blackstone buying the Panattoni Standard Life and Pramerica portfolios, the two largest industrial transactions of the year.

**OUTLOOK: LONG TERM TREND IS POSITIVE WITH MORE MEANINGFUL GROWTH EXPECTED IN 2014**

For 2013, Jones Lang LaSalle is forecasting CEE investment volumes to reach between €3 and 3.5 billion, which would mean a second consecutive year of decline since the exceptional year experienced in 2011 when over €6.5 billion was transacted across the region. Certain large assets remain openly marketed and it is expected that revived sales processes will see conclusion of some 'hangover' transactions from 2012, which could promote deal volumes further. As an increasing number of funds mature, a pipeline of assets will come to the market including a selection of prime office, retail and industrial assets across the region.

Focus will remain on the core-end of the market, although softening pricing and vendor realism as to true values at the secondary and non-core end will see some activity continuing. The heat experienced briefly during the latter end of 2011 and Q1 2012 for prime product has most certainly gone and yields are likely to remain stable across most sectors of the market, with secondary and stressed product likely to see some further outward yield movement. Investors are likely to continue to seek more inventive ways of securing transactions, be they Joint Ventures, partnership structures or the use of financial and alternative debt instruments.

Banks remain highly selective and conservative to whom they will finance, on which projects and on the terms of debt. Compliance procedures remain strict and lengthy. Projects without any transferable debt, or where new financing is required, are more difficult to win investor focus unless absolutely prime in nature or unless 'relaxed' vendor pricing offers an economic opportunity to finance with equity over the short term. Non-core assets will struggle to obtain financing or grab the attention of the purchaser pool.

Jones Lang LaSalle maintains 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, although a continued flight to prime and well located assets will remain at the forefront for purchasers in those countries showing political, fiscal and economic stability.

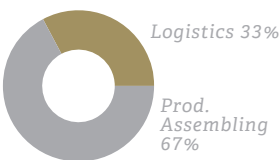
**VGP'S MARKETS**

**COMMERCIAL ACTIVITIES  
OWN PORTFOLIO**

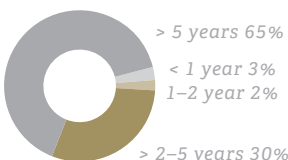
During the year 2012 VGP signed new annualised committed leases in excess of € 2.5 million in total which all related to new lettable area. These new leases represented 48,182 m<sup>2</sup> of lettable area. This brings the annualised committed leases to € 5.0 million as at 31 December 2012.

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 2012 represent a total of 99,731 m<sup>2</sup> of lettable area and correspond to 12 different tenants' lease or future lease agreements. The weighted average term of the committed leases was 9.8 years at the end of December 2012

**PORTFOLIO BREAKDOWN BY USE**  
31 December 2012 (in m<sup>2</sup>)



**COMMITTED LEASE MATURITY**  
31 December 2012 (in m<sup>2</sup>)



As at 31 December 2012 the investment property portfolio consists of 6 completed buildings representing 73,378 m<sup>2</sup> of lettable area with another 6 buildings under construction representing 71,485 m<sup>2</sup> of lettable area. During the year VGP delivered, for its own account, 4 buildings representing 44,875 m<sup>2</sup>.

The completed buildings were located in VGP Park Győr (Hungary) – 1 building of 11,243 m<sup>2</sup>, in VGP Park Hradek nad Nisou – 2 buildings totalling 20,843 m<sup>2</sup> and finally in VGP Park Tallinn – 1 building of 12,789 m<sup>2</sup> which was subsequently sold in 2012 through the VGP Estonia transaction. All buildings were fully let.

The occupancy rate of the own portfolio reached 94.9% at the end of 2012.

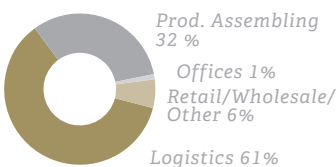


### ASSOCIATES' PORTFOLIO

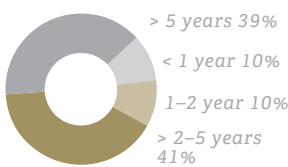
The group performs development activities for its associates as well as providing facility management and leasing services to these associated companies. During the year 2012 VGP negotiated for its associates new annualised committed leases in excess of € 8.3 million in total of which € 2.7 million related to new lettable area and € 5.6 million to the renewal of existing or replacement leases. The new leases represented 54,636 m<sup>2</sup> of lettable area. This brings the annualised committed leases in the joint ventures to € 33.3 million as at 31 December 2012.

The signed lease agreements represent a total of 574,307 m<sup>2</sup> of lettable area and correspond to 150 different tenants' lease or future lease agreements. The weighted average term of the committed leases was 5.9 years at the end of December 2012

#### PORTFOLIO BREAKDOWN BY USE 31 December 2012 (in m<sup>2</sup>)



#### COMMITTED LEASE MATURITY 31 December 2012 (in m<sup>2</sup>)



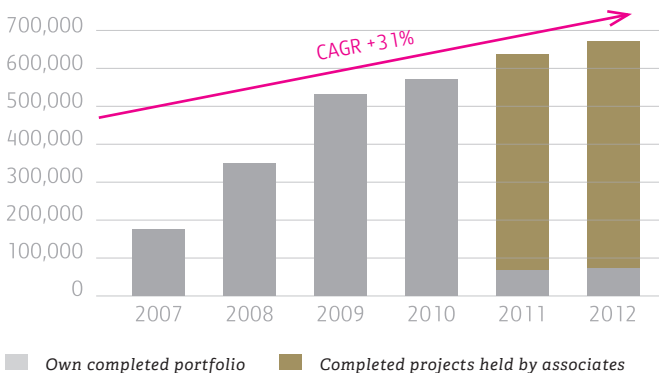
During the year, 3 projects representing a total lettable area of 18,828 m<sup>2</sup> were completed bringing the total property portfolio to 55 buildings which represent 601,217 m<sup>2</sup> of lettable area. The completed buildings were all located in the Czech Republic i.e. 2 buildings in VGP Park Horni Pocernice representing 5,722 m<sup>2</sup> and 1 building in VGP Park Turnov representing 13,056 m<sup>2</sup> of lettable area. All these buildings are fully let. The portfolio of

the associates is solely focussed on the Czech Republic. The occupancy rate of the associates' portfolio reached 94.5% at the end of 2012 reflecting the difficult economic environment.

### 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 last 5 years, the property portfolio (in m<sup>2</sup>) has increased at a compound annual growth rate ("CAGR") of 31%.

#### COMPOUND ANNUAL GROWTH RATE (in m<sup>2</sup>)



At the end of December 2012 there were 6 buildings under construction: in the Czech Republic; 1 building in each of VGP Park Tuchomerice and VGP Park Hradek nad Nisou, 2 buildings in VGP Park BRNO, and in the other countries also 1 building in each of VGP Park Malacky (Slovakia) 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 71,485 m<sup>2</sup>.

VGP continued to look at further expanding its land bank. During the year new land plots (totalling 168,279 m<sup>2</sup>) were acquired, allowing the development of 55,000 m<sup>2</sup> of lettable area. The Group has currently another 480,000 m<sup>2</sup> of new plots of land under option, subject to permits, allowing to develop approx. 216,000 m<sup>2</sup> 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 (71,485 m<sup>2</sup>) a further 130,000 of lettable area within the Czech Republic and 176,000 m<sup>2</sup> 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 2012 VGP was developing 2 buildings for its associates: 1 building in each of VGP Park Nyrany and 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 15,281 m<sup>2</sup>.

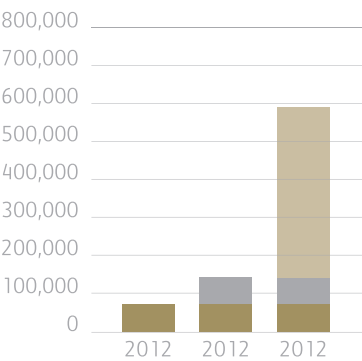
In March 2012 VGP concluded a second agreement with Property Investors Special Opportunities, L.P. (EPISO) for the sale of an 80% equity interest in VGP CZ IV a.s. following the purchase by VGP CZ IV a.s. of the last remaining development land adjacent to the existing VGP Park Horni Pocernice

(Prague) at the end of December 2011. This company therefore became an associate company during 2012 and VGP has also been retained as developer for the construction of the planned buildings.

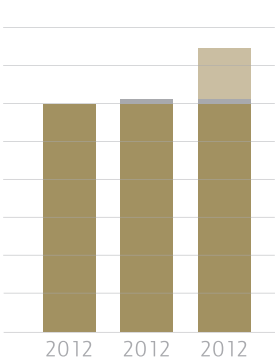
Following the sale of VGP CZ IV the associate companies will have a land bank which allows VGP to develop, on behalf of these associates a further 132,000 m<sup>2</sup> of lettable area besides the current projects under construction (15,281 m<sup>2</sup>).

The development activities should provide the Group with additional development fee income during the next few years.

**DEVELOPMENT POTENTIAL  
OWN PORTFOLIO**  
(in m<sup>2</sup>)



**DEVELOPMENT POTENTIAL  
ASSOCIATES' PORTFOLIO**  
(in m<sup>2</sup>)



■ Development potential    ■ Under construction  
■ Own completed portfolio



# GERMAN EXPANSION

## BACKGROUND AND RATIONALE

Over the past few years VGP has carried out a strategic review of the geographic areas where the Group wants to be active in.

Whilst the initial idea was to expand towards Poland the Group has come to the view that such expansion would not generate the same or similar historical internal rate of returns that VGP shareholders have been used to or would expect from the development activities of VGP. Some of the significant hurdles identified in Poland were the high land prices, relative low rent levels and the rather significant amount of current available vacant space. This mix currently does not provide a sufficient incentive for VGP to invest significantly in the Polish markets.

On the contrary, VGP reviewed the different opportunities in the German markets and has come to the conclusion that the mix of available top locations, which can be bought at acceptable prices, combined with attractive rent rates and dynamics of the German markets which has significant annual take up of lettable stock makes the German markets a more attractive proposal. In addition some major existing tenants have several times in the past expressed their desire to work with VGP on German based projects.

As a result VGP has been putting in place solid foundations during 2012 to allow the Group to expand and grow in Germany.

## FUTURE DEVELOPMENT PIPELINE

VGP has been able to secure 2 top locations in Germany. One plot of land of 218,000 m<sup>2</sup> is located close to the airport of Frankfurt and allows the Group to develop some 100,000 m<sup>2</sup> of lettable area. VGP expects to buy this plot of land by the middle of 2013, and will start developing the site as soon as possible thereafter. VGP has drawn significant interest from blue chip companies wanting to re-locate to this new VGP Park.

Besides this VGP has secured a 108,000 m<sup>2</sup> plot of land on a top location in Leipzig. This plot is situated close to the Leipzig Messe and will allow VGP to develop in total 50,000 m<sup>2</sup> of lettable area. This area has seen significant inflow of investments from German companies such as BMW, DHL etc. and has developed itself as a regional logistic hub. VGP should be well placed with this plot of land to take full benefit from these inbound regional investments.

Finally, VGP is currently negotiating a number of built to suit projects which would be built under very long lease contracts i.e. + 10 years. Although discussions for built to suit are usually a bit more difficult to conclude, VGP expects that it should be able to win a number of these projects.









# PROFILE

VGP ([www.vgpparks.eu](http://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 € 101.6 million as at 31 December 2012 which represents a total lettable area of over 73,378 m<sup>2</sup> with another 6 buildings under construction representing 71,485 m<sup>2</sup>.

Besides this VGP Facility Management manages 55 buildings which are owned through its associates representing 601,217 m<sup>2</sup> of lettable area.

VGP has currently a land bank in full ownership of 1,090,900 m<sup>2</sup>. The land bank allows VGP to develop besides the current projects under construction (71,485 m<sup>2</sup>) a further 130,000 of lettable area within the Czech Republic and 176,000 m<sup>2</sup> of lettable area outside the Czech Republic. Besides this, VGP has another 480,000 m<sup>2</sup> of new plots of land under option, subject to permits, allowing to develop approx. 216,000 m<sup>2</sup> of new projects. VGP expects to be able to secure the majority of the necessary permits over the next few months.



# STRATEGY



VGP's strategy focusses on development and a pro-active approach in respect of potential disposal of the Group's income generating assets once such assets have reached a mature stage. This strategy has resulted in the disposal of a number of income generating assets over the past few years.

VGP operates 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.





## FACILITY MANAGEMENT SERVICES

Facility and property management services have been regrouped into two group subsidiaries i.e. VGP FM Services s.r.o. and Profa Management s.r.o. ("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.

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 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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## 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







# REPORT OF THE BOARD OF DIRECTORS

## DECLARATION REGARDING THE INFORMATION GIVEN IN THIS ANNUAL REPORT 2012

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 Šebesták, 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 in the 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/](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 2012. 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
<b>Executive director and Chief Executive Officer</b>			
Jan Van Geet s.r.o. represented by Jan Van Geet	2008	2013	5
<b>Non-executive director</b>			
VM Invest NV, represented by Bart Van Malderen	2012	2013	6
<b>Independent, non-executive directors</b>			
Marek Šebesták	2011	2015	6
Alexander Saverys	2011	2015	6
Rijo Advies BVBA represented by Jos Thys	2011	2015	6

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 46) 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 do 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 make such appointment not necessary.

The board of directors is aware of the importance of diversity in the composition of the board of directors in general and of gender diversity in particular. For future appointments the board will make further efforts to reach as soon as possible the desired quota of one third female directors.

The board of directors held 6 board meetings in 2012 of which 3 were held by conference call. The most important points on the agenda were:

- approval of the 2011 annual accounts and 2012 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 the VGP CZ IV and VGP Estonian transactions

During 2012 Mr Bart Van Malderen was replaced by VM Invest NV, represented by Bart Van Malderen, as non-executive director.

Immediately after the annual shareholders' meeting of 10 May 2013 the mandates of the executive director (Jan Van Geet s.r.o.) and the non-executive director (VM Invest NV) will expire. The proposal for renewal of the directorships will be submitted to the next annual shareholders' meeting of 10 May 2013 for approval.

## 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 46 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. Mr Bart Van Malderen will be proposed for re-appointment in 2013.

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 2012. The most important points on the agenda were:

- discussion on the 2011 annual accounts and 2012 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	2
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.

Mr Bart Van Malderen will be proposed for re-appointment in 2013.

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 remuneration committee met twice in 2012.

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

In accordance with its rules of procedure, 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 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 Šebesták	20,000	12,000	1,000	33,000
Directors				
Alexander Saverys	10,000	6,000	1,000	17,000
Rijo Advies BVBA represented by Jos Thys	10,000	6,000	2,000	18,000
VM Invest NV represented by Bart Van Malderen	10,000	6,000	2,000	18,000
Jan Van Geet s.r.o. represented by Jan Van Geet	10,000	5,000	—	15,000
TOTAL	60,000	35,000	6,000	101,000

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 22 August 2012. 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 maximisation 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 22 August 2012 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 2012 of the CEO*

- fixed remuneration The CEO received a fixed gross remuneration of € 300,000 and a total directorship remuneration of € 15,000
- variable remuneration The CEO did not receive any bonus for 2012
- contribution of retirement benefits The CEO did not receive any contribution for retirement benefits
- other components of the remuneration: € 20,860 (company car and related expenses)

#### *Total remuneration 2012 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 € 291,601
- variable remuneration: No variable remuneration was paid for 2012
- contribution of retirement benefits of € 33,498
- other components of the remuneration: € 30,466 (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 analysed 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/corporategovernance/](http://www.vgpparks.eu/investors/corporategovernance/)). The Compliance Officer of VGP ensures that all transactions by "insiders" are made public on this web-site in a timely manner. Reference is also made to Annex 4 of the VGP Charter.

During 2012 there was one transaction reported by "insiders" i.e. VM Invest NV, Bart Van Malderen, Jan Van Geet, JVG Invest SA, Comm. VA VGP MISV, Alsgard SA and Jan Prochazka notified VGP of the following changes in their shareholding in VGP.

Pursuant to a partial split of Alsgard SA, 67% of the shares in VGP (being 4.699.187 shares VGP NV) of Alsgard SA were split off to JVG Invest SA (subsequently renamed Little Rock SA). The other 33% of the shares in VGP (being 2.349.593 shares VGP NV) are still held by Alsgard SA. After this partial split, Jan Prochazka became the owner of 100% of the shares in Alsgard SA, as a result of which Jan Prochazka acquired exclusive control over Alsgard SA.

JVG Invest SA and Jan Prochazka have adhered to the existing oral consultation between VM Invest NV, Bart Van Malderen, Jan Van Geet, Alsgard SA en Comm. VA VGP MISV; together they have now 90,14% of the shares in VGP

#### 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 2012 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 Annual General Meeting of Shareholders of 10 May 2013. It will be proposed at this meeting to renew the appointment for a further period of three years and to set its fees at € 57(000) per year. If the General Meeting approves this proposal, the statutory auditor will be represented by Mr Rik Neckebroeck.







# 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 effect 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 focus on development, the company also adopts a 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 the Group'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 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.

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 has been 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, from time to time. The non-availability 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 2012 the Group had € 72.8 million committed credit facilities in place with an average maturity of 5.9 years and which were drawn for 22%.

#### COMPLIANCE OF FINANCIAL COVENANTS

The loan agreements of the Group include financial covenants (see page 99/100 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 2012 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 2012 the Group was debt free on a net debt basis. It is anticipated that 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 2012 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.

<sup>1</sup> Net debt measured as: (Outstanding bank debt + shareholder loans) minus cash.







# SUMMARY OF THE ACCOUNTS AND COMMENTS

## INCOME STATEMENT

<b>CONSOLIDATED INCOME STATEMENT – ANALYTICAL FORM</b> <i>(in thousands of €)</i>	<b>2012</b>	<b>2011</b>
<b>NET CURRENT RESULT</b>		
Gross rental income	3,071	14,445
Service charge income / (expenses)	(61)	830
Property operating expenses	(388)	(1,345)
<b>Net rental and related income</b>	<b>2,622</b>	<b>13,930</b>
Other income / (expenses) - incl. administrative costs	(2,025)	(1,700)
<b>Operating result (before result on portfolio)</b>	<b>597</b>	<b>12,230</b>
Net financial result <sup>1</sup>	2,902	(1,737)
Revaluation of interest rate financial instruments (IAS 39)	—	—
Taxes	(306)	(938)
<b>Net current result</b>	<b>3,193</b>	<b>9,555</b>
<b>RESULT ON PROPERTY PORTFOLIO</b>		
Net valuation gains / (losses) on investment properties	12,347	3,133
Deferred taxes	(2,346)	(595)
<b>Result on property portfolio</b>	<b>10,001</b>	<b>2,538</b>
<b>NET RESULT</b>		
Share in the result of associates	(1,615)	844
<b>NET RESULT (reported)</b>	<b>11,579</b>	<b>12,937</b>
<b>RESULT PER SHARE</b>	<b>2012</b>	<b>2011</b>
Number of ordinary shares	18,583,050	18,583,050
Net current result per share (in €)	0.17	0.51
Net result (reported) per share (in €)	0.62	0.70

<sup>1</sup> Excluding the revaluation of interest rate financial instruments.



# BALANCE SHEET

ASSETS (in thousands of €)	2012	2011
Intangible assets	58	43
Investment properties	101,629	71,643
Property, plant and equipment	241	278
Investments in associates	(545)	965
Other non-current receivables	45,758	45,313
Deferred tax assets	79	243
<b>Total non-current assets</b>	<b>147,220</b>	<b>118,485</b>
Trade and other receivables	9,037	9,138
Cash and cash equivalents	19,123	16,326
Disposal group held for sale	—	33,944
<b>Total current assets</b>	<b>28,160</b>	<b>59,408</b>
<b>TOTAL ASSETS</b>	<b>175,380</b>	<b>177,893</b>
Share capital	62,251	62,251
Retained earnings	88,940	92,415
Other reserves	69	69
<b>Shareholders' equity</b>	<b>151,260</b>	<b>154,735</b>
Non-current financial debt	3,916	4,160
Other non-current financial liabilities	—	—
Other non-current liabilities	951	28
Deferred tax liabilities	3,358	1,520
<b>Total non-current liabilities</b>	<b>8,225</b>	<b>5,708</b>
Current financial debt	12,242	4,692
Other current financial liabilities	—	—
Trade debts and other current liabilities	3,653	5,724
Liabilities related to disposal group held for sale	—	7,034
<b>Total current liabilities</b>	<b>15,895</b>	<b>17,450</b>
<b>Total liabilities</b>	<b>24,120</b>	<b>23,158</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>175,380</b>	<b>177,893</b>

# INCOME STATEMENT – ANALYTICAL FORM

## 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 expenses, 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 property- and facility management activities performed for third parties (including associates) and non-recurrent income from tenants. Other expenses relates to the disposal of material, property and equipment and other sundry expenses. Administrative costs relate to general overhead costs. The gross rental income reflects the full impact of the income generating assets delivered during 2012 and the sale of the Estonian assets on 24 May 2012.

On a like for like basis<sup>1</sup>, the net rental and related income for the financial year ending 31 December 2012 increased by 64.0% from € 1.6 million for the period ending 31 December 2011 to € 2.6 million for the period ending 31 December 2012.

The gross rental income of VGP's Estonian assets was € 0.6 million for the period January 2012 to 24 May 2012. The 2011 rental income included the gross rental income of VGP CZ I for the period January 2011 to 16 March 2011 for € 4.6 million and of VGP CZ II for the period January 2011 to 9 November 2011 for € 7.0 million. Both companies were deconsolidated on 16 March 2011 and 9 November 2011 respectively.

During 2012 a total of 4 projects were completed which represented 44,875 m<sup>2</sup> of lettable area. The operating costs in 2012 increased by 11.7% from € 2.2 million as at 31 December 2011 to € 2.5 million as at 31 December 2012.

## 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 RICS Valuation - Professional Standards (incorporating the International Valuation Standards) Global edition March 2012), and are carried out on a regular basis but at least once a year.

As at 31 December 2012 the net valuation gains / (losses) showed a net valuation gain of € 12.3 million against a net valuation gain of € 3.1 million per 31 December 2011 and represents an unrealised valuation gain of € 12.1 million (compared to € 7.5 million as at 31 December 2011) and a realised valuation gain of € 0.3 million compared to a realised valuation loss of € 4.4 million as at the end of 2011. The realised valuation gains on the investment properties are composed of a € 1.1 million realised gain on the disposal of the VGP Estonia assets, assets held by Brnenska rozvojova spolecnost, a.s (a new subsidiary acquired during the first half of 2012) and the final settlement of the VGP CZ II transaction, and a realised loss of € 0.8 million resulting from the disposal of VGP CZ IV a.s.

The realised valuation loss in 2011 was composed of an € 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 the associates), excluding development land, is valued by the valuation expert at 31 December 2012 based on a market rate of 8.42%<sup>2</sup> (compared to 8.34% as at 31 December 2011) 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 deposits 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 relates 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 2012, the financial income included a € 3.4 million interest income on loans granted to associates (compared to a € 2.4 million interest income on loans granted to associates and a € 1.6 million net foreign exchange gain as at 31 December 2011).

The reported financial expenses as at 31 December 2012 are mainly made up of € 0.6 million interest expenses related to financial debt (€ 5.7 million as at 31 December 2011) and a positive impact of € 0.4 million (€ 0.2 million per 31 December 2011) 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 2012 the outstanding financial debt amounted to € 16.2 million (compared to



€ 15.2 million before reclassification to liabilities related to disposal group held for sale as at 31 December 2011).

## 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.

Taxes increased from € 1.5 million as at 31 December 2011 to € 2.7 million for the period ending 31 December 2012. The change in the tax line is mainly due 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<sup>1</sup> increased from € 1.8 million as at 31 December 2011 to € 11.6 million for the financial year ended 31 December 2012.

The reported net profit was € 11.6 million (€ 0.62 per share) for the financial year ended 31 December 2012 (compared to € 12.9 million (€ 0.70 per share) for the financial year ended 31 December 2011).

<sup>1</sup> 31 December 2011 figures amended to exclude the impacts of the sale of VGP CZ I and VGP CZ II during 2011 and excluding the pro rata profit and loss impact of the sold assets of VGP Estonia which occurred in May 2012.

<sup>2</sup> Yield applicable for total portfolio including the associates. If the associates would have been excluded the yields would have been 8.86% at the end of December 2012 compared to 9.07% as at the end of December 2011.



# 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 2012 the investment property portfolio consists of 6 completed buildings representing 73,378 m<sup>2</sup> of lettable area with another 6 buildings under construction representing 71,485 m<sup>2</sup> of lettable area. During the year VGP delivered, for its own account, 4 buildings representing 44,875 m<sup>2</sup> of lettable area of which one building (12,789 m<sup>2</sup>) at VGP Park Tallinn was subsequently sold in 2012 through the VGP Estonia transaction.

For the account of its associates VGP delivered another 3 buildings during 2012, representing 18,828 m<sup>2</sup> of lettable area. Besides this VGP has a total of 55 buildings under management representing 601,217 m<sup>2</sup> of lettable space.

VGP has currently also undertaken additional development activities for the account of its associates by which it is currently constructing 2 new buildings totalling 15,280 m<sup>2</sup>.

## INVESTMENT IN ASSOCIATES

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.

The investments in associates show a negative amount of € 0.5 million as at 31 December 2012 compared to a positive amount of € 1.0 million as at 31 December 2011. The company has chosen to take a prudent approach in respect of its associates and has decided to recognize a negative amount rather than adjusting the balance to nil. The company is of the opinion that this position provides a more accurate view on the potential risk on its associates and also reflects more appropriately the commitment and support of VGP towards its associates.

As at 31 December 2012 the negative balance was mainly due to the negative fair value of the interest rate swaps which have been transacted by the associates.

## OTHER NON CURRENT RECEIVABLES

Other non-current receivables relate to loans provided to associates and for which VGP will receive 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 2012 VGP granted a total of € 45.7 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 remained fairly stable and decreased marginally from € 9.1 million at the end of 2011 to € 9.0 million at the end of 2012. The trade and other receivables include a € 6.5 million receivable which VGP will receive from VGP CZ II once two buildings, which are currently under construction, will be let 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 2013.

The cash and cash equivalents increased from € 16.3 million as at 31 December 2011 to € 19.1 million as at 31 December 2012. The cash will be used in 2013 to settle the acquisition of additional land plots and further finance the development pipeline.

## SHAREHOLDERS' EQUITY

During 2012 VGP made an additional capital reduction of € 15.1 million. The impact on the statutory share capital and consolidated share capital of the capital reduction has been recorded through the capital reserve in the statement of changes in equity.

Until the statutory share capital is equal to the IFRS share capital any capital reduction will be first set off against the capital reserve and will therefore not give rise to a change in the consolidated IFRS share capital but will give rise to a reduction in the consolidated IFRS retained earnings. For comparative purposes the 31 December 2011 financials figures have been restated.

## TOTAL NON-CURRENT LIABILITIES

Total non-current liabilities comprise non-current financial debt, other non-current liabilities and deferred tax liabilities.

The outstanding financial debt amounted to € 16.2 million as at 31 December 2012 compared to € 15.2 million (before reclassification to liabilities related to disposal group held for sale) as at 31 December 2011. Financial debt is only composed of bank debt as at 31 December 2012 which was the same as for 31 December 2011.

# INFORMATION ABOUT THE SHARE

## LISTING OF SHARES

Euronext Brussels  
Main Market of Prague

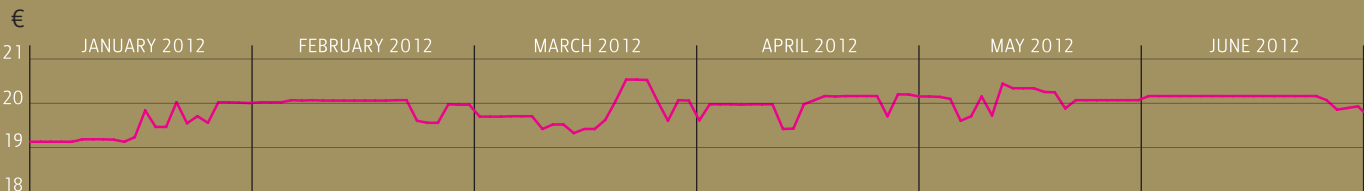
VGP share ..... VGP ..... ISIN BE0003878957  
VGP VVPR-strip ..... VGPS ..... ISIN BE0005621926

Market capitalisation 31 Dec-12	365,528,594 €
Highest capitalisation	380,952,525 €
Lowest capitalisation	352,892,120 €
Share price 31 Dec-11	18.99 €
Share price 31 Dec-12	19.67 €

## SHAREHOLDER STRUCTURE

s at 31 December 2012 the share capital of VGP was represented by 18,583,050 shares.  
Ownership of the Company’s shares as at 31 December 2012 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%
<b>Sub-total Bart Van Malderen Group</b>	<b>8,704,684</b>	<b>46.84%</b>
Little Rock SA	4,699,187	25.29%
Mr Jan Van Geet	8,565	0.05%
<b>Sub-total Jan Van Geet Group</b>	<b>4,707,752</b>	<b>25.33%</b>
Alsgard SA	2,349,593	12.64%
Mr Jan Prochazka	60,321	0.32%
<b>Sub-total Jan Prochazka Group</b>	<b>2,409,914</b>	<b>12.97%</b>
Comm. VA VGP MISV	929,153	5.00%
Vadebo France NV	655,738	3.53%
Public	1,175,809	6.33%
<b>TOTAL</b>	<b>18,583,050</b>	<b>100.00%</b>





VM Invest NV is a company controlled by Mr. Bart Van Malderen.  
Little Rock SA is a company controlled by Mr. Jan Van Geet.  
Alsgard SA is a company controlled by Mr. Jan Prochazka.  
Comm VA VGP MISV is a company controlled by Mr. Bart Van Malderen en Mr. Jan Van Geet.  
VM Invest NV, Mr. Bart Van Malderen, Comm VA VGP MISV, Little Rock SA, Mr. Jan Van Geet, Alsgard SA and Mr Jan Prochazka 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 is valid until 1 June 2016.

LIQUIDITY OF THE SHARES

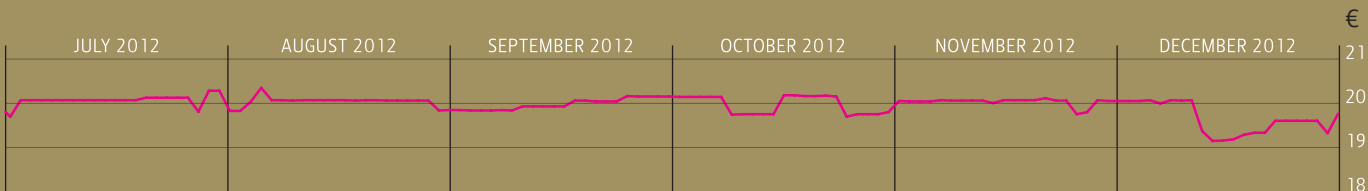
To improve the liquidity of its shares VGP NV concluded a liquidity agreement with KBC Bank. This agreement ensures that there is increased liquidity of the shares which should be to the benefit of the Group in the future as more liquidity allows new shares to be more easily issued in case of capital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

DISTRIBUTION TO SHAREHOLDERS

In order to optimise the capital structure of the Company and creating additional shareholder value an Extraordinary Shareholders' Meeting was 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 was paid on 6 August 2012.

FINANCIAL CALENDAR

First quarter trading update 2013	10 May 2013
Annual shareholders' meeting	10 May 2013
2013 half year results	26 August 2013
Third quarter trading update 2013	14 November 2013





# OUTLOOK 2013

In 2012 VGP completed the total or partial sale of most of its income generating assets. With the proceeds of these sales VGP continued to progress the expansion of the land bank by acquiring and securing additional land plots in the Czech Republic and more importantly in the new German markets. These new land plots should start generating additional development profits and additional rent income within the next 12-18 months. VGP believes it is therefore well positioned to start a new development cycle which should generate continued significant development gains over the next few years.







# BOARD OF DIRECTORS

COMPOSITION ON 31 DECEMBER 2012					
	NAME	YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION
Chairman	Marek Šebesták	2007	Non-executive	Independent	2015
CEO	Jan Van Geet s.r.o. represented by Jan van Geet	2007	Executive and reference shareholder	—	2013
Directors	VM Invest NV represented by Bart Van Malderen	2007	Non-executive and reference shareholder	—	2013
	Alexander Saverys	2007	Non-executive	Independent	2015
	Rijo Advies BVBA represented Jos Thys	2007	Non-executive	Independent	2015

## MAREK ŠEBESTÁK (\*1954)

Mr Šebesták 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 2012

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 engineer and 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 in Belgium.

# PORTFOLIO

## PORTFOLIO I.

**fully owned by VGP**

1. VGP Park Tuchoměřice
2. VGP Park Hrádek nad Nisou
3. VGP Park Brno
4. VGP Park Plzeň
5. VGP Park Ústí nad Labem
6. VGP Park Kekava
7. VGP Park Győr
8. VGP Park Malacky
9. VGP Park Timisoara

UNDER CONSTRUCTION – OWN PORTFOLIO

FUTURE DEVELOPMENT – OWN PORTFOLIO

## PORTFOLIO II.

**VGP CZ I. (Associate Portfolio)**

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

UNDER CONSTRUCTION – VGP CZ I

FUTURE DEVELOPMENT – VGP CZ I

## PORTFOLIO III.

**VGP CZ II. (Associate Portfolio)**

16. VGP Park Liberec I., VGP Park Liberec II.
17. VGP Park Nýřany – Plzeň
18. VGP Park Hradec Králové
19. VGP Park Olomouc
20. VGP Park Mladá Boleslav
21. VGP Park Předlice

UNDER CONSTRUCTION – VGP CZ II

FUTURE DEVELOPMENT – VGP CZ II

## PORTFOLIO IV.

**VGP CZ IV. (Associate Portfolio)**

FUTURE DEVELOPMENT – VGP CZ IV



# PORTFOLIO I.

## PROJECTS FULLY OWNED BY VGP

VGP PARK HRÁDEK NAD NISOU  
VGP PARK GYŐR  
VGP PARK MALACKY

## UNDER CONSTRUCTION – OWN PORTFOLIO

VGP PARK	COMPANY	COUNTRY	LAND AREA (m <sup>2</sup> )	POTENTIAL LETTABLE AREA (m <sup>2</sup> )
VGP Park Tuchoměřice	VGP CZ III., a.s.	Czech Republic	14,270	6,471
VGP Park Brno	VGP CZ V., a.s.	Czech Republic	41,024	21,717
VGP Park Hrádek nad Nisou	VGP CZ VI., a.s.	Czech Republic	43,812	18,550
VGP Park Malacky	VGP Slovakia a.s.	Slovakia	35,999	14,747
VGP Park Timisoara	VGP Romania S.R.L.	Romania	24,151	10,000
TOTAL			159,256	71,485

## FUTURE DEVELOPMENT – OWN PORTFOLIO

VGP PARK	COMPANY	COUNTRY	LAND AREA (m <sup>2</sup> )	POTENTIAL LETTABLE AREA (m <sup>2</sup> )
VGP Park Tuchoměřice	VGP CZ III., a.s.	Czech Republic	44,431	20,140
VGP Park Brno	VGP CZ V., a.s.	Czech Republic	22,950	12,149
VGP Park Ústí nad Labem	VGP CZ VII., a.s.	Czech Republic	168,279	55,200
VGP Park Plzeň	VGP CZ VIII., a.s.	Czech Republic	92,354	42,577
VGP Park Kekava	VGP Latvia s.i.a.	Latvia	83,173	34,400
VGP Park Győr	VGP Park Győr Kft	Hungary	26,639	10,330
VGP Park Malacky	VGP Slovakia a.s.	Slovakia	152,994	61,200
VGP Park Timisoara	VGP Romania S.R.L.	Romania	169,057	70,000
TOTAL			715,447	285,856



## VGP PARK TUCHOMĚŘICE

Prague – West, Czech Republic

tenants	Caamano CZ, Gecko International
lettable area (m <sup>2</sup> )	building A – 6,470
built	under construction

## VGP PARK HRÁDEK NAD NISOU BUILDING A (+ EXTENSION)

Hrádek nad Nisou, Czech Republic

tenants	Drylock Technologies
lettable area (m <sup>2</sup> )	39,393 Building A (+ extension)
built	2011–2012 / under construction (18,550 m <sup>2</sup> )



## VGP PARK BRNO

Rajhrad, Czech Republic

tenants	Hartmann-Rico
lettable area (m <sup>2</sup> )	21,717 (2 buildings)
built	Under construction

## VGP PARK MALACKY

Malacký, Slovakia

tenants	Benteler Automobiltechnik
lettable area (m <sup>2</sup> )	14,863
built	2009





## VGP PARK MALACKY BUILDING C

Malacky, Slovakia

lettable area (m<sup>2</sup>) 14,747 m<sup>2</sup>

built under construction

## VGP PARK TIMISOARA BUILDING B

Timisoara, Romania

tenants CSC Etichette

lettable area (m<sup>2</sup>) 10,000

built under construction



## VGP PARK GYŐR BUILDING A

Győr, Hungary

tenants HL Display, Szemerey Transport, Skinny

lettable area (m<sup>2</sup>) 20,275

built 2009

## VGP PARK GYŐR BUILDING B1

Győr, Hungary

tenants Lear Corporation Hungary Kft

lettable area (m<sup>2</sup>) 11,243

built 2012







# VGP PARK GYŐR BUILDING C

Győr, Hungary

<i>tenants</i>	Dana Hungary Kft
<i>lettable area (m<sup>2</sup>)</i>	6,154
<i>built</i>	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 TURNOV PŘÍŠOVICE

### UNDER CONSTRUCTION – VGP CZ I

VGP PARK	COMPANY	COUNTRY	LAND AREA (m <sup>2</sup> )	POTENTIAL LETTABLE AREA (m <sup>2</sup> )
VGP Park Horní Počernice	VGP Park Horní Počernice, a.s.	Czech Republic	12,222	6,320
TOTAL			12,222	6,320

### FUTURE DEVELOPMENT – VGP CZ I

VGP PARK	COMPANY	COUNTRY	LAND AREA (m <sup>2</sup> )	POTENTIAL LETTABLE AREA (m <sup>2</sup> )
VGP Park Horní Počernice	VGP Park Horní Počernice, a.s.	Czech Republic	74,460	27,928
VGP Park Turnov Příšovice	VGP Park Příšovice, a.s.	Czech Republic	4,856	3,500
TOTAL			79,316	31,428



## BLUE PARK

Prague 9, Czech Republic

<i>tenant</i>	Activa
<i>lettable area (m<sup>2</sup>)</i>	10,200
<i>built</i>	2003 / 2005 / 2008

## GREEN PARK

Prague 9, Czech Republic

<i>tenants</i>	Logistic Services Group, ASTRON studio, Activa
<i>lettable area (m<sup>2</sup>)</i>	17,096
<i>built</i>	2005



## GREEN TOWER

Prague 5, Czech Republic

<i>tenants</i>	Mountfield, ABRA Software, MK, CompuGroup CZ a SK
<i>lettable area (m<sup>2</sup>)</i>	3,560
<i>built</i>	2005

## VGP PARK HORNÍ POČERNICE BUILDING I1

Prague 9 Horní Počernice, Czech Republic

<i>tenants</i>	Sikla Bohemia, RM GASTRO CZ, Václav Čížek, Whitesoft
<i>lettable area (m<sup>2</sup>)</i>	6,400
<i>built</i>	2006





## VGP PARK HORNÍ POČERNICE BUILDING I2

Prague 9 Horní Počernice, Czech Republic

tenant	GASTROSTELLA GROUP
lettable area (m <sup>2</sup> )	4,379
built	2006

## VGP PARK HORNÍ POČERNICE BUILDING B2

Prague 9 Horní Počernice, Czech Republic

tenants	Lekkerland Česka republika
lettable area (m <sup>2</sup> )	15,430
built	2006



## VGP PARK HORNÍ POČERNICE BUILDING J

Prague 9 Horní Počernice, Czech Republic

tenant	SATREMA Int.
lettable area (m <sup>2</sup> )	2,240
built	2007

## VGP PARK HORNÍ POČERNICE BUILDING H1

Prague 9 Horní Počernice, Czech Republic

tenant	PetCenter CZ
lettable area (m <sup>2</sup> )	8,279
built	2007





## VGP PARK HORNÍ POČERNICE BUILDING D1

Prague 9 Horní Počernice, Czech Republic

tenants	Sécheron Tchequie, spol. s r.o., EUROLIDOVKA s.r.o., u & we Advertising, spol. s.r.o., Transforwarding, a.s., V-PODLAHY, s.r.o, Fresenius Kabi s.r.o., CWS-boco Česká republika s.r.o., Vink – Plasty s.r.o, Conkline a.s., Pivovar Protivín, a.s.
lettable area (m <sup>2</sup> )	28,847
built	2007–2008

## VGP PARK HORNÍ POČERNICE BUILDING H2

Prague 9 Horní Počernice, Czech Republic

tenants	Alza CZ, NILFISK-ADVANCES, FRANKE
lettable area (m <sup>2</sup> )	7,660
built	2007



## VGP PARK HORNÍ POČERNICE BUILDING 13/14

Prague 9 Horní Počernice, Czech Republic

tenants	Dandeli Havelland Foods, Strom Praha, Česká pošta
lettable area (m <sup>2</sup> )	8,257
built	2008

## VGP PARK HORNÍ POČERNICE BUILDING B3

Prague 9 Horní Počernice, Czech Republic

tenant	WAVIN Ekoplastik
lettable area (m <sup>2</sup> )	13,551
built	2007





## VGP PARK HORNÍ POČERNICE BUILDING C2

Prague 9 Horní Počernice, Czech Republic

tenant	Penny Market
lettable area (m <sup>2</sup> )	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 <sup>2</sup> )	12,903
built	2007



## VGP PARK HORNÍ POČERNICE BUILDING C1

Prague 9 Horní Počernice, Czech Republic

tenant	DSV Road
lettable area (m <sup>2</sup> )	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 <sup>2</sup> )	10,877
built	2008







## VGP PARK HORNÍ POČERNICE BUILDING C4

Prague 9 Horní Počernice, Czech Republic

tenant	Océ Česká republika
lettable area (m <sup>2</sup> )	9,517
built	2008

## VGP PARK HORNÍ POČERNICE BUILDING F

Prague 9 Horní Počernice, Czech Republic

tenants	PNS, Mediaservis
lettable area (m <sup>2</sup> )	26,196
built	2008



## VGP PARK HORNÍ POČERNICE BUILDING E

Prague 9 Horní Počernice, Czech Republic

tenant	Alza CZ
lettable area (m <sup>2</sup> )	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, Mail Step, Den Braven Czech and Slovak, Internet Mall
lettable area (m <sup>2</sup> )	28,440
built	2008





## VGP PARK HORNÍ POČERNICE BUILDING I.

Prague 9 Horní Počernice, Czech Republic

tenants	Bella Bohemia, Askino
lettable area (m <sup>2</sup> )	4,523
built	2009

## VGP PARK HORNÍ POČERNICE BUILDING II.

Prague 9 Horní Počernice, Czech Republic

tenants	Medial spol , Alito, Tiskové a obálkovací centrum, Dexion
lettable area (m <sup>2</sup> )	6,456
built	2009



## VGP PARK HORNÍ POČERNICE BUILDING III.

Prague 9 Horní Počernice, Czech Republic

tenants	FERRATT INTERNATIONAL CZECH
lettable area (m <sup>2</sup> )	3,709
built	2010

## VGP PARK HORNÍ POČERNICE BUILDING IV.

Prague 9 Horní Počernice, Czech Republic

tenant	G.Gühning – dřevěné obaly, RTR – TRANSPORT A LOGISTIKA
lettable area (m <sup>2</sup> )	8,974
built	2010





## VGP PARK HORNÍ POČERNICE BUILDING V.

Prague 9 Horní Počernice, Czech Republic

tenant	MD Logistika, Datart International
lettable area (m <sup>2</sup> )	52,121
built	2009

## VGP PARK HORNÍ POČERNICE BUILDING VI.

Prague 9 Horní Počernice, Czech Republic

tenants	Com-Pakt Invest
lettable area (m <sup>2</sup> )	2,115
built	2011



## VGP PARK HORNÍ POČERNICE BUILDING B4

Prague 9 Horní Počernice, Czech Republic

tenant	Landgard květiny & rostliny, Asko - nábytek, Penny Market
lettable area (m <sup>2</sup> )	15,012
built	2008

## VGP PARK HORNÍ POČERNICE BUILDING K

Prague 9 Horní Počernice, Czech Republic

tenant	Skanska
lettable area (m <sup>2</sup> )	4,465
built	2010





## VGP PARK HORNÍ POČERNICE BUILDING A1

Prague 9 Horní Počernice, Czech Republic

tenants	Whitesoft s.r.o., VGP industriální stavby s.r.o., Diamant Spa s.r.o., KUKA Roboter CEE GmbH, organizační složka, Rejlek Jan, Ardo Mochov s.r.o., IDEAL elektro CZ, s.r.o., Cargotec Czech Republic s.r.o., NACHI Europe GmbH, organizační složka, Barešová Eva; Synventive Molding Solutions s.r.o., REFLEX CZ, s.r.o., LOVATO spol. s r.o., HORNBACH BAUMARKT CS spol. s r.o., NOARK Electric Europe s.r.o. , REXEL GROUP s.r.o., Internet Mall, a.s., PROFA MANAGMENT s.r.o., BITO skladovací technika CZ s.r.o.
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lettable area (m<sup>2</sup>) 5,071

built 2008

## VGP PARK HORNÍ POČERNICE BUILDING A2

Prague 9 Horní Počernice, Czech Republic

tenant	Loomis Czech Republic
--------	-----------------------

lettable area (m<sup>2</sup>) 5,317

built 2011

## VGP PARK HORNÍ POČERNICE BUILDING A3

Prague 9 Horní Počernice, Czech Republic

tenant	Gumex spol, Brilon CZ, Timbeum SE
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lettable area (m<sup>2</sup>) 6,320

built Under construction / partly completed





## VGP PARK HORNÍ POČERNICE BUILDING A4

Prague 9 Horní Počernice, Czech Republic

tenants	Bell Technology spol. s.r.o.,quick-mix k.s.,JPLUS, s.r.o.
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lettable area (m²)	3,092
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built	2012
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## VGP PARK HORNÍ POČERNICE BUILDING A5

Prague 9 Horní Počernice, Czech Republic

tenants	OFA s.r.o.
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lettable area (m²)	2,681
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built	2012
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## VGP PARK PŘÍŠOVICE BUILDING A

Příšovice, Czech Republic

tenants	Grupo Antolin Turnov, Aries Data
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lettable area (m²)	10,334
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built	2008
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## VGP PARK TURNOV BUILDING ONTEX

Industrial zone Vesecko – Turnov, Czech Republic

tenant	Ontex CZ
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lettable area (m²)	25,213
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built	2007 / 2012
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# PORTFOLIO III.

## VGP CZ II (ASSOCIATE)

VGP PARK LIBEREC I., VGP PARK LIBEREC II.  
VGP PARK NÝŘANY – PLZEŇ  
VGP PARK HRADEC KRÁLOVÉ  
VGP PARK OLOMOUC  
VGP PARK MLADÁ BOLESLAV  
VGP PARK PŘEDLICE

## UNDER CONSTRUCTION – VGP CZ II

VGP PARK	COMPANY	COUNTRY	LAND AREA (m <sup>2</sup> )	POTENTIAL LETTABLE AREA (m <sup>2</sup> )
VGP Park Nýřany	VGP CZ II s.r.o.	Czech Republic	19,878	8,961
TOTAL			19,878	8,961

## FUTURE DEVELOPMENT – VGP CZ II

VGP PARK	COMPANY	COUNTRY	LAND AREA (m <sup>2</sup> )	POTENTIAL LETTABLE AREA (m <sup>2</sup> )
VGP Park Mladá Boleslav	VGP CZ II s.r.o.	Czech Republic	50,906	24,430
VGP Park Hradec Králove	VGP CZ II s.r.o.	Czech Republic	13,046	4,870
VGP Park Liberec	VGP CZ II s.r.o.	Czech Republic	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 <sup>2</sup> )	10,624
built	2008

VGP PARK LIBEREC I.  
BUILDING H2

Industrial zone Liberec – North, Czech Republic

tenant	GRUPO ANTOLIN BOHEMIA
lettable area (m <sup>2</sup> )	22,562
built	2008



VGP PARK LIBEREC I.  
BUILDING H3

Industrial zone Liberec – North, Czech Republic

tenant	LICON HEAT
lettable area (m <sup>2</sup> )	9,870
built	2009

VGP PARK LIBEREC I.  
BUILDING H4

Industrial zone Liberec - North, Czech Republic

tenants	TI Group Automotive System
lettable area (m <sup>2</sup> )	6,089
built	2011





## VGP PARK LIBEREC I. BUILDING H5

Industrial zone Liberec – North, Czech Republic

tenant	KNORR - BREMSE Systémy pro užitková vozidla
lettable area (m <sup>2</sup> )	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 <sup>2</sup> )	5,028
built	2004–2006



## VGP PARK NÝŘANY BUILDING A2

Industrial zone Nýřany, Czech Republic

tenants	Penny Market
lettable area (m <sup>2</sup> )	13,014
built	2011

## VGP PARK NÝŘANY BUILDING A4

Industrial zone Nýřany, Czech Republic

tenant	Pebal
lettable area (m <sup>2</sup> )	6,661
built	2009





## VGP PARK NÝŘANY BUILDING B 1

Industrial zone Nýřany, Czech Republic

tenants	Ranpak, WashTec Cleaning Technology
lettable area (m <sup>2</sup> )	10,186
built	2007–2008

## VGP PARK NÝŘANY BUILDING C 1

Industrial zone Nýřany, Czech Republic

tenant	DHL Solutions
lettable area (m <sup>2</sup> )	5,482
built	2010



## VGP PARK OLOMOUC BUILDING C

Olomouc – Nemilany, Czech Republic

tenants	Activa, V-Podlahy, EGT Express CZ
lettable area (m <sup>2</sup> )	9,957
built	2009–2010

## VGP PARK OLOMOUC BUILDING B / D

Olomouc – Nemilany, Czech Republic

tenant	PPL CZ
lettable area (m <sup>2</sup> )	9,144
built	2008





## VGP PARK OLOMOUC BUILDING A

Olomouc – Nemilany, Czech Republic

<i>tenant</i>	Trost Auto, Service Technik, Skoma Lux, RTR_Transport a Logistika
<i>lettable area (m<sup>2</sup>)</i>	7,274
<i>built</i>	2009

## VGP PARK OLOMOUC BUILDING E

Olomouc - Nemilany, Czech Republic

<i>tenants</i>	Raben-Logistik
<i>lettable area (m<sup>2</sup>)</i>	8,695
<i>built</i>	2011



## VGP PARK HRADEC KRÁLOVÉ BUILDING H1

Dobřenice, Czech Republic

<i>tenant</i>	Excelsior Packaging Group
<i>lettable area (m<sup>2</sup>)</i>	10,458
<i>built</i>	2009

## VGP PARK HRADEC KRÁLOVÉ BUILDING H3

Dobřenice, Czech Republic

<i>tenant</i>	Damco Czech Republic
<i>lettable area (m<sup>2</sup>)</i>	13,142
<i>built</i>	2010





## VGP PARK HRADEC KRÁLOVÉ BUILDING H4

Dobřenice, Czech Republic

tenant	Vetro Plus
lettable area (m <sup>2</sup> )	13,447
built	2008

## VGP PARK HRADEC KRÁLOVÉ BUILDING H5

Dobřenice, Czech Republic

tenants	Den Braven Czech & Slovak
lettable area (m <sup>2</sup> )	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 <sup>2</sup> )	15,740
built	2009

## VGP PARK PŘEDLICE BUILDING A

Ústí nad Labem, Czech Republic

tenant	Activa
lettable area (m <sup>2</sup> )	581
built	2009





# VGP PARK PŘEDLICE BUILDING B

Ústí nad Labem, Czech Republic

<i>tenant</i>	Bohemia Cargo
<i>lettable area (m<sup>2</sup>)</i>	1,502
<i>built</i>	2009



# PORTFOLIO IV.

VGP CZ IV (ASSOCIATE)

## FUTURE DEVELOPMENT – VGP CZ IV

VGP PARK	COMPANY	COUNTRY	LAND AREA (m <sup>2</sup> )	POTENTIAL LETTABLE AREA (m <sup>2</sup> )
VGP Park Horní Počernice	VGP CZ IV. , a.s.	Czech Republic	165,835	47,656
TOTAL			165,835	47,656



# FINANCIAL REVIEW VGP NV

FOR THE YEAR ENDED 31 DECEMBER 2012



# CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS	76
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	81
PARENT COMPANY INFORMATION	112
AUDITOR'S REPORT	114

# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

INCOME STATEMENT (in thousands of €)	NOTE	2012	2011
Gross rental income	3. 1.	3,071	14,446
Service charge income	3. 2.	1,439	5,217
Service charge expenses	3. 3.	(1,500)	(4,388)
Property operating expenses	3. 4.	(388)	(1,345)
<b>Net rental and related income</b>		<b>2,622</b>	<b>13,930</b>
Unrealised valuation gains / (losses) on investment properties		12,057	7,541
Realised valuation gains / (losses) on disposal of subsidiaries and investment properties		290	(4,408)
<b>Net valuation gains / (losses) on investment properties</b>	3. 5.	<b>12,347</b>	<b>3,133</b>
<b>Property result</b>		<b>14,969</b>	<b>17,063</b>
Administrative cost	3. 6.	(3,996)	(3,576)
Other income	3. 7.	2,836	2,680
Other expenses	3. 8.	(865)	(805)
<b>Net operating profit before net financial result</b>		<b>12,944</b>	<b>15,362</b>
Financial income	3. 9.	3,456	4,060
Financial expenses	3. 9.	(554)	(5,797)
<b>Net financial result</b>		<b>2,902</b>	<b>(1,737)</b>
<b>Result before taxes</b>		<b>15,846</b>	<b>13,625</b>
Taxes	3. 10.	(2,652)	(1,532)
<b>Result after taxes (consolidated companies)</b>		<b>13,194</b>	<b>12,093</b>
Share in result of associates	3. 11.	(1,615)	844
<b>Net result</b>		<b>11,579</b>	<b>12,937</b>

RESULT PER SHARE (in €)	NOTE	2012	2011
Basic earnings per share	3. 12.	0.62	0.70
Diluted earnings per share	3. 12.	0.62	0.70

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

For comparative purposes the 31 December 2011 net operating costs (consisting of administrative expenses, other income and other expenses) have been restated to reflect the change of VGP's business model reflecting the shift from a strict develop and hold strategy towards a strategy with a bigger focus on development and facility management. This change of business model results in a higher fee income and overhead cost profile.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF COMPREHENSIVE INCOME <i>(in thousands of €)</i>	2012	2011
Net result	11,579	12,937
Other comprehensive income / (loss)		
Interest rate hedging derivatives	—	5,409
Tax relating to components of other comprehensive income	—	(1,028)
Net profit / (loss) recognised directly into equity	—	4,381
Total comprehensive income / (loss) of the period	11,579	17,318
Attributable to:		
Equity holders of the parent	11,579	17,318
Minority interests	—	—

# CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2012

<b>ASSETS</b> (in thousands of €)	<b>NOTE</b>	<b>2012</b>	<b>2011</b>
Intangible assets	4. 1.	58	43
Investment properties	4. 2.	101,629	71,643
Property, plant and equipment	4. 1.	241	278
Investments in associates	4. 3.	(545)	965
Other non-current receivables	4. 4.	45,758	45,313
Deferred tax assets	3. 10.	79	243
<b>Total non-current assets</b>		<b>147,220</b>	<b>118,485</b>
Trade and other receivables	4. 5.	9,037	9,138
Cash and cash equivalents	4. 6.	19,123	16,326
Disposal group held for sale	4. 7.	—	33,944
<b>Total current assets</b>		<b>28,160</b>	<b>59,408</b>
<b>TOTAL ASSETS</b>		<b>175,380</b>	<b>177,893</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> (in thousands of €)	<b>NOTE</b>	<b>2012</b>	<b>2011</b>
Share capital	4. 8.	62,251	62,251
Retained earnings		88,940	92,415
Other reserves	4. 9.	69	69
<b>Shareholders' equity</b>		<b>151,260</b>	<b>154,735</b>
Non-current financial debt	4. 10.	3,916	4,160
Other non-current financial liabilities		—	—
Other non-current liabilities	4. 11.	951	28
Deferred tax liabilities	3. 10.	3,358	1,520
<b>Total non-current liabilities</b>		<b>8,225</b>	<b>5,708</b>
Current financial debt	4. 10.	12,242	4,692
Other current financial liabilities		—	—
Trade debts and other current liabilities	4. 12.	3,653	5,724
Liabilities related to disposal group held for sale	4. 7.	—	7,034
<b>Total current liabilities</b>		<b>15,895</b>	<b>17,450</b>
<b>Total liabilities</b>		<b>24,120</b>	<b>23,158</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>175,380</b>	<b>177,893</b>

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF CHANGES IN EQUITY <i>(in thousands of €)</i>	STATUTORY SHARE CAPITAL	CAPITAL RESERVE <sup>1</sup>	IFRS SHARE CAPITAL	RETAINED EARNINGS	OTHER RESERVES		TOTAL EQUITY
					SHARE PREMIUM	HEDGING RESERVE	
<b>Balance as at 1 January 2011</b>	<b>175,361</b>	<b>(113,110)</b>	<b>62,251</b>	<b>119,431</b>	<b>69</b>	<b>(5,409)</b>	<b>176,342</b>
Other comprehensive income / (loss)	—	—	—	—	—	—	—
Result of the period	—	—	—	12,937	—	—	12,937
Effect of disposals	—	—	—	—	—	5,409	5,409
<b>Total comprehensive income / (loss)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>12,937</b>	<b>—</b>	<b>5,409</b>	<b>18,346</b>
Dividends to shareholders	—	—	—	—	—	—	—
Share capital distribution to shareholders	(39,953)	39,953	—	(39,953)	—	—	(39,953)
<b>Balance as at 31 December 2011</b>	<b>135,408</b>	<b>(73,157)</b>	<b>62,251</b>	<b>92,415</b>	<b>69</b>	<b>—</b>	<b>154,735</b>
<b>Balance as at 1 January 2012</b>	<b>135,408</b>	<b>(73,157)</b>	<b>62,251</b>	<b>92,415</b>	<b>69</b>	<b>—</b>	<b>154,735</b>
Other comprehensive income / (loss)	—	—	—	—	—	—	—
Result of the period	—	—	—	11,579	—	—	11,579
Effect of disposals	—	—	—	—	—	—	—
<b>Total comprehensive income / (loss)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>11,579</b>	<b>—</b>	<b>—</b>	<b>11,579</b>
Dividends to shareholders	—	—	—	—	—	—	—
Share capital distribution to shareholders	(15,052)	15,052	—	(15,052)	—	—	(15,052)
<b>Balance as at 31 December 2012</b>	<b>120,356</b>	<b>(58,105)</b>	<b>62,251</b>	<b>88,940</b>	<b>69</b>	<b>—</b>	<b>151,260</b>

<sup>1</sup> Capital reserve relates to the elimination of the contribution in kind of the shares of a number of Group companies and the deduction of all costs in relation to the issuing of the new shares and the stock exchange listing of the existing shares from the equity of the company, at the time of the initial public offering ("IPO").

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

<b>CASH FLOW STATEMENT</b> <i>(in thousands of €)</i>	<b>2012</b>	<b>2011</b>
<i>Cash flows from operating activities</i>		
Result before taxes	15,846	13,625
<i>Adjustments for:</i>		
Depreciation	139	164
Unrealised (gains) / losses on investment properties	(12,057)	(7,541)
Realised (gains) / losses on disposal of subsidiaries and investment properties	(290)	4,408
Unrealised (gains) / losses on financial instruments and foreign exchange	400	—
Net interest paid / (received)	(2,733)	3,508
<b>Operating profit before changes in working capital and provisions</b>	<b>1,305</b>	<b>14,164</b>
Decrease/(Increase) in trade and other receivables	(227)	(12,443)
(Decrease)/Increase in trade and other payables	(3,635)	1,194
<b>Cash generated from the operations</b>	<b>(2,556)</b>	<b>2,915</b>
Net Interest paid / (received)	2,733	(3,508)
Income taxes paid	(219)	(119)
<b>Net cash from operating activities</b>	<b>(43)</b>	<b>(712)</b>
<i>Cash flows from investing activities</i>		
Proceeds from disposal of subsidiaries	8,671	153,777
Proceeds from disposal of tangible assets	24,252	1,512
Acquisition of subsidiaries	(1,807)	—
(Loans provided to) / loans repaid by associates	1,811	—
Investment property and investment property under construction	(13,934)	(47,721)
<b>Net cash from investing activities</b>	<b>18,994</b>	<b>107,568</b>
<i>Cash flows from financing activities</i>		
Gross dividends paid	—	—
Net Proceeds / (cash out) from the issue / (repayment) of share capital	(15,052)	(39,954)
Proceeds from loans	8,010	18,005
Loan repayments	(9,186)	(73,721)
<b>Net cash from financing activities</b>	<b>(16,228)</b>	<b>(95,670)</b>
Reclassification to (—) / from held for sale	—	(6)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,723</b>	<b>11,180</b>
Cash and cash equivalents at the beginning of the period	16,326	5,341
Effect of exchange rate fluctuations	74	(195)
Cash and cash equivalents at the end of the period	19,123	16,326
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,723</b>	<b>11,180</b>

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 2012

## 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, bus 4, 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 5 April 2013. 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 2012.

#### NEW STANDARDS AND INTERPRETATIONS APPLICABLE DURING 2012

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

- Amendments to IFRS 7 Financial Instruments: Disclosures – Derecognition (applicable for annual periods beginning on or after 1 July 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 2012

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended

31 December 2012, 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 2014)
- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 13 Fair Value Measurement (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2009-2011) (normally 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 January 2013)
- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards – Government Loans (applicable for annual periods beginning on or after 1 January 2013)
- 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 IFRS 10, IFRS 11 and IFRS 12 – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities (applicable for annual periods beginning on or after 1 January 2014)
- 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 2013)
- 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 2014)
- Amendments to IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2014)
- 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 constructive or contractual 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.

DATE	CZECH REPUBLIC	CLOSING RATE
31 December 2012	CZK/EUR	25.1400
31 December 2011	CZK/EUR	25.2800
DATE	POLAND	CLOSING RATE
31 December 2012	PLN/EUR	4.0882
31 December 2011	PLN/EUR	4.4168
DATE	ROMANIA	CLOSING RATE
31 December 2012	RON/EUR	4.4280
31 December 2011	RON/EUR	4.3197
DATE	LATVIA	CLOSING RATE
31 December 2012	LVL/EUR	0.702804
31 December 2011	LVL/EUR	0.702804
DATE	HUNGARY	CLOSING RATE
31 December 2012	HUF/EUR	291.2900
31 December 2011	HUF/EUR	311.1300

The following exchange rates were used during the period:

### 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 several agreements during the past few years creating a benchmark market price for prime semi-industrial real estate in the Czech Republic as well as in Estonia. Another source of estimates are the estimations of the fair values of derivative financial instruments.

As of 31 December 2012, 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	2012	2011
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 percent to 125 percent.

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 (€ 51.6 million) and cash and cash equivalents of VGP NV (€ 16.1 million).

INCOME STATEMENT <i>(in thousands of €)</i>	CZECH REPUBLIC		
	2012	2011	
Gross rental income	396	11,647	
Service charge income / (expenses)	41	772	
Property operating expenses	(168)	(1,198)	
<b>Net rental and related income</b>	<b>269</b>	<b>11,221</b>	
Other income / (expenses) – incl. administrative costs	(460)	447	
<b>Operating result (before result on portfolio)</b>	<b>(191)</b>	<b>11,668</b>	
Net valuation gains / (losses) on investment property	12,591	(3,245)	
<b>Operating result (after result on portfolio)</b>	<b>12,400</b>	<b>8,423</b>	
<b>Net financial result</b>	<b>—</b>	<b>—</b>	
<b>Taxes</b>	<b>—</b>	<b>—</b>	
<b>Share in the result of associates</b>	<b>—</b>	<b>—</b>	
<b>Result for the period</b>	<b>—</b>	<b>—</b>	

BALANCE SHEET <i>(in thousands of €)</i>	CZECH REPUBLIC		
	2012	2011	
<b>Assets</b>			
Investment properties	44,938	21,681	
Other assets (incl. deferred tax)	2,561	2,405	
Disposal group held for sale	—	12,024	
<b>Total assets</b>	<b>47,499</b>	<b>36,110</b>	
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	—	—	
Total liabilities	—	—	
Liabilities related to disposal group held for sale	—	—	
<b>Total shareholders' equity and liabilities</b>	<b>—</b>	<b>—</b>	

	OTHER COUNTRIES		UNALLOCATED AMOUNTS		TOTAL	
	2012	2011	2012	2011	2012	2011
	2,675	2,799	—	—	3,071	14,446
	(102)	57	—	—	(61)	829
	(220)	(147)	—	—	(388)	(1,345)
	<b>2,353</b>	<b>2,709</b>	<b>—</b>	<b>—</b>	<b>2,622</b>	<b>13,930</b>
	(448)	(491)	(1,117)	(1,657)	(2,025)	(1,701)
	<b>1,905</b>	<b>2,218</b>	<b>(1,117)</b>	<b>(1,657)</b>	<b>597</b>	<b>12,229</b>
	(244)	6,378	—	—	12,347	3,133
	<b>1,661</b>	<b>8,596</b>	<b>(1,117)</b>	<b>(1,657)</b>	<b>12,944</b>	<b>15,362</b>
	—	—	<b>2,902</b>	<b>(1,737)</b>	<b>2,902</b>	<b>(1,737)</b>
	—	—	<b>(2,652)</b>	<b>(1,532)</b>	<b>(2,652)</b>	<b>(1,532)</b>
	—	—	<b>(1,615)</b>	<b>844</b>	<b>(1,615)</b>	<b>844</b>
	—	—	<b>11,579</b>	<b>12,937</b>	<b>11,579</b>	<b>12,937</b>

	OTHER COUNTRIES		UNALLOCATED AMOUNTS		TOTAL	
	2012	2011	2012	2011	2012	2011
	56,691	49,962	—	—	101,629	71,643
	3,468	3,197	67,722	66,704	73,751	72,306
	—	21,920	—	—	—	33,944
	<b>60,159</b>	<b>75,079</b>	<b>67,722</b>	66,704	<b>175,380</b>	<b>177,893</b>
	—	—	151,260	154,735	151,260	154,735
	—	—	24,120	16,124	24,120	16,124
	—	—	—	7,034	—	7,034
	—	—	<b>175,380</b>	<b>177,893</b>	<b>175,380</b>	<b>177,893</b>

## SEGMENT INFORMATION – OTHER COUNTRIES

INCOME STATEMENT <i>(in thousands of €)</i>	ESTONIA		SLOVAKIA		
	2012	2011	2012	2011	
Gross rental income	581	1,234	861	862	
Service charge income / (expenses)	(65)	39	(44)	(42)	
Property operating expenses	(65)	(39)	(9)	(13)	
<b>Net rental and related income</b>	<b>451</b>	<b>1,234</b>	<b>808</b>	<b>807</b>	
Other income / (expenses)- incl. administrative costs	(9)	(63)	(10)	(10)	
<b>Operating result (before result on portfolio)</b>	<b>442</b>	<b>1,171</b>	<b>798</b>	<b>797</b>	
Net valuation gains / (losses) on investment property	591	4,033	(672)	798	
<b>Operating result (after result on portfolio)</b>	<b>1,033</b>	<b>5,204</b>	<b>126</b>	<b>1,595</b>	
<b>Net financial result</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Taxes</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Share in the result of associates</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Result for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	

BALANCE SHEET <i>(in thousands of €)</i>	ESTONIA		SLOVAKIA		
	2012	2011	2012	2011	
<b>Assets</b>					
Investment properties	28	—	22,821	22,877	
Other assets (incl. deferred tax)	367	593	292	362	
Disposal group held for sale	—	21,920	—	—	
<b>Total assets</b>	<b>395</b>	<b>22,513</b>	<b>23,113</b>	<b>23,239</b>	
<b>Shareholders' equity and liabilities</b>					
Shareholders' equity	—	—	—	—	
Total liabilities	—	—	—	—	
Liabilities related to disposal group held for sale	—	—	—	—	
<b>Total shareholders' equity and liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	

	HUNGARY		OTHER		TOTAL	
	2012	2011	2012	2011	2012	2011
	1,224	703	9	-	2,675	2,799
	31	62	(24)	(2)	(102)	57
	(119)	(58)	(27)	(37)	(220)	(147)
	<b>1,136</b>	<b>707</b>	<b>(42)</b>	<b>(39)</b>	<b>2,353</b>	<b>2,709</b>
	(111)	(95)	(318)	(323)	(448)	(491)
	<b>1,025</b>	<b>612</b>	<b>(360)</b>	<b>(362)</b>	<b>1,905</b>	<b>2,218</b>
	212	2,097	(375)	(550)	(244)	6,378
	<b>1,237</b>	<b>2,709</b>	<b>(735)</b>	<b>(912)</b>	<b>1,661</b>	<b>8,596</b>
	—	—	—	—	—	—
	—	—	—	—	—	—
	—	—	—	—	—	—
	—	—	—	—	—	—

	HUNGARY		OTHER		TOTAL	
	2012	2011	2012	2011	2012	2011
	21,221	17,191	12,621	9,894	56,691	49,962
	1,273	512	1,536	1,730	3,468	3,197
	—	—	—	—	—	21,920
	<b>22,494</b>	<b>17,703</b>	<b>14,157</b>	<b>11,624</b>	<b>60,159</b>	<b>75,079</b>
	—	—	—	—	—	—
	—	—	—	—	—	—
	—	—	—	—	—	—
	—	—	—	—	—	—



## 3 / INCOME STATEMENT ITEMS

### 3.1 / GROSS RENTAL INCOME

<i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
Gross lease payments collected/accrued	3,014	13,940
Rent incentives	57	506
<b>TOTAL</b>	<b>3,071</b>	<b>14,446</b>

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 2012 and the sale of the Estonian assets on 24 May 2012. The gross rental income of VGP Estonian assets was € 0.6 million for the period January 2012 to 24 May 2012. The 2011 rental income included the gross rental income of VGP CZ I for the period January 2011 to 16 March 2011 for € 4.6 million and of VGP CZ II for the period January 2011 to 9 November 2011 for € 7.0 million. Both companies were deconsolidated on 16 March 2011 and 9 November 2011 respectively.

### 3.2 / SERVICE CHARGE INCOME

<i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
Recharge of costs borne by tenants	1,177	4,755
Administration fees	262	462
<b>TOTAL</b>	<b>1,439</b>	<b>5,217</b>

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

<i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
Energy	(500)	(1,890)
Repairs, maintenance and cleaning	(191)	(161)
Property taxes	(154)	(186)
Others	(655)	(2,151)
<b>TOTAL</b>	<b>(1,500)</b>	<b>(4,388)</b>

### 3.4 / PROPERTY OPERATING EXPENSES

<i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
Consultancy fees (lawyers, brokers and others)	(266)	(1,043)
Other	(122)	(302)
<b>TOTAL</b>	<b>(388)</b>	<b>(1,345)</b>

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

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

<i>In thousands of €</i>	2012	2011
Unrealised valuation gains / (losses) on investment properties	12,057	7,541
Realised valuation gains / (losses) on disposal of subsidiaries and investment properties	290	—
Realised valuation loss – VGP CZ I transaction	—	(3,358)
Realised valuation loss – VGP CZ II transaction	—	(1,050)
<b>TOTAL</b>	<b>12,347</b>	<b>3,133</b>

The realised valuation gains on the investment properties are composed of a € 1,105k realised gain on the disposal of the VGP Estonia assets, assets held by Brnenska rozvojova spolocnost, a. s. (a new subsidiary acquired during the first half of 2012) and the final settlement of the VGP CZ II transaction, and a realised loss of € 815k resulting from the disposal of VGP CZ IV a.s.

The total property portfolio, excluding development land, is valued by the valuation expert at 31 December 2012 based on a market rate of 8.42%<sup>1</sup> (compared to 8.34% as at 31 December 2011) 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 € 6.1 million<sup>2</sup>.

### 3.6 / ADMINISTRATIVE COST

<i>In thousands of €</i>	2012	2011
Audit, legal and other advisors	(1,221)	(1,207)
Payroll, management fees and other expenses	(2,636)	(2,205)
Depreciation	(139)	(164)
<b>TOTAL</b>	<b>(3,996)</b>	<b>(3,576)</b>

### 3.7 / OTHER INCOME

<i>In thousands of €</i>	2012	2011
Asset and property management income	2,800	1,352
Other operating income	36	1,328
<b>TOTAL</b>	<b>2,836</b>	<b>2,680</b>

The increase in asset and property management income is mainly due to the services provided to associated companies.

### 3.8 / OTHER EXPENSES

<i>In thousands of €</i>	2012	2011
Marketing, travel and representation expenses	(291)	(619)
Other operating expenses	(574)	(186)
<b>TOTAL</b>	<b>(865)</b>	<b>(805)</b>

<sup>1</sup> Yield applicable for total portfolio including the associates. If the associates would have been excluded the yields would have been 8.86% at the end of December 2012 compared to 9.07% as at the end of December 2011.

<sup>2</sup> A 0.10% variation of this market rate on the own portfolio would give rise to a variation of € 0.9 million.

### 3.9 / NET FINANCIAL COSTS

<i>In thousands of €</i>	2012	2011
Bank interest income	28	55
Interest income - loans to associates	3,378	2,386
Net foreign exchange gains	—	1,619
Other financial income	50	—
<b>Financial income</b>	<b>3,456</b>	<b>4,060</b>
Bank interest expense – variable debt	(560)	(584)
Bank interest expense – interest rate swaps – hedging	—	(288)
Interest paid to related parties	—	(4,841)
Interest capitalised into investment properties	430	152
Other financial expenses	(163)	(236)
Net foreign exchange losses	(261)	—
<b>Financial expenses</b>	<b>(554)</b>	<b>(5,797)</b>
<b>Net financial result</b>	<b>2,902</b>	<b>(1,737)</b>

### 3.10 / TAXATION

#### 3.10.1 / INCOME TAX EXPENSE RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

<i>In thousands of €</i>	2012	2011
Current tax	(90)	(119)
Deferred tax	(2,562)	(1,413)
<b>Total</b>	<b>(2,652)</b>	<b>(1,532)</b>

#### 3.10.2 / RECONCILIATION OF EFFECTIVE TAX RATE

<i>In thousands of €</i>		2012		2011
Result before taxes		15,846		13,625
Income tax using the domestic corporation tax rate	19.0%	(3,011)	19.0%	(2,588)
Difference in tax rate non-CZ companies		562		1,604
Non-tax-deductible expenditure		(124)		(451)
Other		(79)		(97)
<b>TOTAL</b>	<b>16,7%</b>	<b>(2,652)</b>	<b>11.2%</b>	<b>(1,532)</b>

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:

<i>In thousands of €</i>	< 1 YEAR	2–5 YEARS	>5 YEARS
Tax loss carry forward	860	2,648	1,188

### 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	
	2012	2011	2012	2011	2012	2011
Fixed assets	—	—	(3,252)	(2,925)	(3,252)	(2,925)
IFRS hedge accounting	—	—	—	—	—	—
Tax losses carried-forward	495	1,116	—	—	495	1,116
Capitalised interest	—	—	(642)	(560)	(642)	(560)
Capitalised cost	—	—	—	(2)	—	(2)
Other	120	—	—	448	120	448
<b>Tax assets / liabilities</b>	<b>615</b>	<b>1,116</b>	<b>(3,894)</b>	<b>(3,039)</b>	<b>(3,279)</b>	<b>(1,923)</b>
Set-off of assets and liabilities	(536)	(873)	536	873	—	—
Reclassification liabilities related to disposal group held for sale	—	—	—	646	—	646
<b>Net tax assets / liabilities</b>	<b>79</b>	<b>243</b>	<b>(3,358)</b>	<b>(1,520)</b>	<b>(3,279)</b>	<b>(1,277)</b>

A total deferred tax asset of € 107k was not recognised.

### 3.11 / SHARE IN THE RESULTS OF ASSOCIATES

In thousands of €		2012	2011
<b>Associates</b>			
VGP CZ I a.s.	Czech Republic	—	274
VGP Park Horní Počernice, a.s.	Czech Republic	(702)	—
VGP Blue Park, a.s.	Czech Republic	—	—
VGP Green Park, a.s.	Czech Republic	(122)	—
VGP Park Příšovice, a.s.	Czech Republic	8	—
VGP Park Turnov, a.s.	Czech Republic	24	—
VGP Green Tower, a.s.	Czech Republic	18	—
VGP CZ IV a.s.	Czech Republic	577	—
VGP CZ II s.r.o.	Czech Republic	(753)	867
SUN S.a.r.l.	Grand Duchy of Luxembourg	4	1
Snow Crystal S.a.r.l.	Grand Duchy of Luxembourg	(669)	(298)
<b>TOTAL</b>		<b>(1,615)</b>	<b>844</b>

During 2012 VGP SUN s.r.o. and VGP CZ II a.s. were merged to create a new company VGP CZ II s.r.o. In addition VGP CZ I a.s. was demerged into 6 new companies i.e. VGP Park Horní Počernice, a.s., VGP Blue Park, a.s., VGP Green Park, a.s., VGP Green Tower, a.s., VGP Park Příšovice, a.s., VGP Park Turnov, a.s..

VGP CZ IV a.s. became an associate company on 26 April 2012 following the sale of an 80 % equity interest to European Property Investors Special Opportunities , L.P. (EPISO) fund.

### 3.12 / EARNINGS PER SHARE

<i>In number</i>	<b>2012</b>	<b>2011</b>
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
<i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
Result for the period attributable to the Group and to ordinary shareholders	11,579	12,937
Earnings per share (in €) - basic	0.62	0.70
Earnings per share (in €) - diluted	0.62	0.70

## 4 / BALANCE SHEET ITEMS

### 4.1 / INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

<i>In thousands of €</i>	<b>INTANGIBLE ASSETS</b>		<b>PROPERTY, PLANT AND EQUIPMENT</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Balance at 1 January</b>	<b>43</b>	<b>62</b>	<b>278</b>	<b>196</b>
<b>Acquisitions of the year</b>				
IT software	43	13	—	—
Plant and equipment	—	—	32	157
Furniture and fixtures	—	—	10	7
Motor vehicles	—	—	26	(129)
Other	—	3	5	7
Reclassification to (–) / from held for sale	—	(3)	—	—
	<b>43</b>	<b>13</b>	<b>73</b>	<b>42</b>
<b>Depreciation of the year</b>				
IT software	(26)	(27)	—	—
Plant and equipment	—	—	(48)	(27)
Furniture and fixtures	—	—	(4)	(5)
Motor vehicles	—	—	(50)	79
Other	(2)	(5)	(9)	(7)
Reclassification to (–) / from held for sale	—	—	—	—
	<b>(28)</b>	<b>(32)</b>	<b>(111)</b>	<b>40</b>
<b>At 31 December</b>	<b>58</b>	<b>43</b>	<b>241</b>	<b>278</b>

## 4.2 / INVESTMENT PROPERTIES

<i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
<b>Balance at 1 January</b>	<b>71,643</b>	<b>186,982</b>
Capital expenditure	14,034	32,944
Capitalised interest	430	152
Acquisitions	3,667	16,132
Sales / (disposals) (Fair value of assets sold / disposed of)	(202)	(138,164)
Increase / (Decrease) in fair value	12,057	7,541
Reclassification to (–) / from held for sale	—	(33,944)
<b>Balance at 31 December</b>	<b>101,629</b>	<b>71,643</b>

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 2012 most properties were secured in favour of the Group's banks (see note 4.10).

## 4.3 / INVESTMENTS IN ASSOCIATES

<i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
As at 1 January	965	—
Fair value at initial recognition	105	121
Result of the year	(1,615)	844
<b>TOTAL</b>	<b>(545)</b>	<b>965</b>

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:

<i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
Investment property and property under construction	93,685	91,468
Other non-current assets	20	118
Current assets	9,361	2,115
Non-current liabilities	(99,177)	(88,265)
Current liabilities	(4,433)	(4,471)
<b>TOTAL NET ASSETS</b>	<b>(545)</b>	<b>965</b>
Gross rental income	6,887	3,871
Result for the period	(1,615)	844

## 4.4 / OTHER NON-CURRENT RECEIVABLES

<i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
SUN S.a.r.l.	6,694	7,165
VGP SUN s.r.o.	—	762
VGP CZ II a.s.	—	2,958
VGP CZ II s.r.o.	4,659	—
Snow Crystal S.a.r.l.	20,044	18,506
VGP CZ I a.s.	—	15,922
VGP Park Horní Počernice, a.s.	10,504	—
VGP Blue Park, a.s.	249	—
VGP Green Park, a.s.	615	—
VGP Green Tower, a.s.	214	—
VGP Park Příšovice, a.s.	479	—
VGP Park Turnov, a.s.	371	—
VGP CZ IV a.s.	1,929	—
<b>TOTAL</b>	<b>45,758</b>	<b>45,313</b>

For further details on changes in the associates, please refer to note 3.11.

## 4.5 / TRADE AND OTHER RECEIVABLES

<i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
Trade receivables	666	945
Tax receivables – VAT	1,012	858
Accrued income and deferred charges	527	380
Receivable re VGP CZ II transaction	6,450	6,450
Other receivables	382	518
Reclassification to (–) / from held for sale	—	(13)
<b>TOTAL</b>	<b>9,037</b>	<b>9,138</b>

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). 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

<b>CARRYING AMOUNT</b> <i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
<b>As at 1 January</b>	<b>33,944</b>	<b>299,942</b>
Increase	—	33,944
De-consolidations	(33,944)	(299,942)
<b>As at 31 December</b>	<b>—</b>	<b>33,944</b>
<i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
Intangible assets	—	3
Investment properties	—	33,922
Property, plant and equipment	—	—
Deferred tax assets	—	—
Trade and other receivables	—	13
Cash and cash equivalents	—	6
<b>Disposal group held for sale</b>	<b>—</b>	<b>33,944</b>
Non-current financial debt	—	6,057
Other non-current financial liabilities	—	—
Other non-current liabilities	—	—
Deferred tax liabilities	—	646
Current financial debt	—	328
Other current financial liabilities	—	—
Trade debts and other current liabilities	—	3
<b>Liabilities associated with assets classified as held for sale</b>	<b>—</b>	<b>7,034</b>
<b>TOTAL NET ASSETS</b>	<b>—</b>	<b>26,910</b>

As at 31 December 2012 there were no disposal groups classified as held for sale.

## 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
<b>31. 12. 2007</b>	<b>Issuing costs capital increase</b>	<b>(3,460)</b>	<b>62,251</b>	<b>—</b>	<b>18,583,050</b>

## 4.9 / OTHER RESERVES

### CARRYING AMOUNT

<i>In thousands of €</i>	2012	2011
Share premium	69	69
Hedging reserve	—	—
<b>Total</b>	<b>69</b>	<b>69</b>

### HEDGING RESERVE

<i>In thousands of €</i>	2012	2011
<b>As at 1 January</b>	<b>—</b>	<b>(5,409)</b>
Gains / (loss) recognised on cash flow hedges		
Interest rate swaps	—	5,409
Reclassified to profit or loss		
Interest rate swaps	—	—
Income tax related to gains/losses recognised in other comprehensive income		
<b>As at 31 December</b>	<b>—</b>	<b>—</b>

## 4.10 / CURRENT AND NON-CURRENT FINANCIAL DEBT

<i>In thousands of €</i>	2012	2011
Non-current bank loans	3,916	10,053
Current bank loans	12,242	5,184
Reclassification to liabilities related to disposal group held for sale	—	(6,385)
<b>TOTAL</b>	<b>16,158</b>	<b>8,852</b>

Interest bearing loans and borrowings are payable as follows:

MATURITY (thousands of €)	2012		
	< 1 YEAR	> 1–5 YEARS	> 5 YEARS
Non-current bank loans	12,242	1,368	2,548
<b>TOTAL</b>	<b>12,242</b>	<b>1,368</b>	<b>2,548</b>

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

SECURED BANK LOANS

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

2012 (thousands of €)	FACILITY AMOUNT	FACILITY EXPIRY DATE	OUTSTANDING BALANCE	< 1 YEAR	> 1–5 YEARS	> 5 YEARS
Tatra Banka	1,460	31-Dec-13	1,460	1,460	—	—
Tatra Banka	4,258	31-Dec-18	4,258	342	1,368	2,548
UniCredit Bank – Hungary	10,440	25-Sep-13	10,440	10,440	—	—
UniCredit Bank – Czech Republic	56,611	31-Dec-19	—	—	—	—
<b>TOTAL</b>	<b>72,789</b>		<b>16,158</b>	<b>12,242</b>	<b>1,368</b>	<b>2,548</b>

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 <sup>1</sup>	6,385	12-May-13	6,385	492	5,893	—
<b>TOTAL</b>	<b>16,937</b>		<b>15,237</b>	<b>5,184</b>	<b>8,353</b>	<b>1,700</b>

<sup>1</sup> Relates to liabilities associated with disposal group held for sale.

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.

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 NON-CURRENT LIABILITIES

<i>In thousands of €</i>	2012	2011
Deposits	525	—
Retentions	426	—
Other non-current liabilities	—	28
<b>TOTAL</b>	<b>951</b>	<b>28</b>

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.

## 4.12 / TRADE DEBTS AND OTHER CURRENT LIABILITIES

<i>In thousands of €</i>	2012	2011
Trade payables	2,557	3,786
Retentions	483	1,266
Accrued expenses and deferred income	204	100
Other payables	409	575
Reclassification to liabilities related to disposal group held for sale	—	(3)
<b>TOTAL</b>	<b>3,653</b>	<b>5,724</b>

## 5 / MISCELLANEOUS ITEMS

### 5.1 / EFFECT OF BUSINESS DISPOSALS

In April 2012 VGP completed the sale of an 80% equity interest in VGP CZ IV a.s. to the European Property Investors Special Opportunities, L.P. (EPISO), a property fund co-advised by AEW Europe and Tristan Capital Partners. In May 2012 VGP Estonia completed the sale of its assets composed of newly built logistic property of 40,000 m<sup>2</sup> in Tallinn (Estonia) to East Capital Baltic Property Fund II, a fund managed by East Capital.

The carrying amount of the net assets sold was measured at € 33.2 million i.e. € 24.6 million related to VGP Estonia, € 7.8 million related to VGP CZ IV a.s. , € 0.5 million related to the final settlement of VGP CZ II a.s. and € 0.3 related to Brnenska rozvojova společnost, a.s. . A net gain on the disposal of the assets of € 0.3 million was realised.

The price consideration of the VGP CZ I and VGP CZ II transactions which occurred in 2011 are subject to a limited upward revision based on a number of performance criteria. As at 31 December 2012 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.

<i>In thousands of €</i>	<b>2012</b>	<b>2011</b>
Investment properties	(35,211)	(424,753)
Other tangible assets	(30)	(87)
Investments in subsidiaries	—	(70)
Deferred tax assets	(430)	(2,859)
Trade and other receivables	—	(5,086)
Cash and cash equivalents	(301)	(3,607)
Non-current financial debt	2,144	196,080
Other non-current financial liabilities	(470)	8,921
Other non-current liabilities	586	2,543
Deferred tax liabilities	203	17,758
Trade debts and other current liabilities	296	14,855
<b>Total net assets disposed</b>	<b>(33,213)</b>	<b>(196,305)</b>
Fair value adjustment	290	4,408
<b>Consideration paid</b>	<b>(32,923)</b>	<b>(191,897)</b>
Cash disposed	301	3,607
<b>Disposal of assets</b>	<b>(32,622)</b>	<b>(188,290)</b>

### 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.

There were no derivative financial instruments outstanding as at 31 December 2012.

## 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 €	2012				
	CZK	PLN	HUF	RON	LVL
Trade & other receivables	38,471	36	—	5,095	15
Non-current liabilities and trade & other payables	(49,126)	(19)	(154,200)	(674)	(15)
<b>Gross balance sheet exposure</b>	<b>(10,655)</b>	<b>17</b>	<b>(154,200)</b>	<b>4,421</b>	<b>—</b>
Forward foreign exchange	—	—	—	—	—
<b>Net exposure</b>	<b>(10,655)</b>	<b>17</b>	<b>(154,200)</b>	<b>4,421</b>	<b>—</b>

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)
<b>Gross balance sheet exposure</b>	<b>(35,442)</b>	<b>1</b>	<b>(46,644)</b>	<b>2,363</b>	<b>—</b>
Forward foreign exchange	—	—	—	—	—
<b>Net exposure</b>	<b>(35,442)</b>	<b>1</b>	<b>(46,644)</b>	<b>2,363</b>	<b>—</b>

The following significant exchange rates applied during the year:

One € =	2012 / CLOSING RATE	2011 / CLOSING RATE
CZK	25.140000	25.800000
PLN	4.088200	4.416800
RON	4.427980	4.319700
LVL	0.702804	0.702804
HUF	291.290000	311.130000

## SENSITIVITY

A 10 percent strengthening of the euro against the following currencies at 31 December 2012 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 2011.

EFFECTS (thousands of €)	2012	
	EQUITY	PROFIT OR (LOSS)
CZK	—	39
PLN	—	(0)
HUF	—	48
RON	—	(90)
LVL	—	0
<b>TOTAL</b>	<b>—</b>	<b>(4)</b>

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

A 10 percent weakening of the euro against the above currencies at 31 December 2012 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	2012	2011
<b>Financial debt</b>		
Fixed rate		
Shareholder loans	—	—
Variable rate		
Shareholder loans	—	—
Bank debt	16,158	15,237
Reclassified to liabilities related to disposal group held for sale	—	—
	16,158	15,237
<b>Interest rate hedging</b>		
Interest rate swaps		
Held for trading	—	—
In connection with cash flow hedges	—	—
Reclassified to liabilities related to disposal group held for sale	—	—
<b>Financial debt after hedging</b>		
Variable rate		
Bank debt	16,158	15,237
Fixed rate		
Shareholder loans	—	—
Bank debt	—	—
<b>Fixed rate / total financial liabilities</b>	<b>n.a.</b>	<b>n.a.</b>

The effective interest rate on bank debt, including all bank margins and cost of interest rate hedging instruments was 3.88 % for the year 2012.



## 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 € 162k lower/higher (as compared to € 153k lower/higher profit before taxes for 2011). This impact comes from a change in the floating rate debt, with all variables held constant.

## SENSITIVITY ANALYSIS FOR CHANGES IN INTEREST RATE OF OTHER COMPREHENSIVE INCOME

For 2012 there is no impact given the fact that there are no interest rate swaps outstanding as at the reporting date. The same situation applied at the 31 December 2011 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, except for the receivables on the associates as disclosed under note 4.4.

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

<i>In thousands of €</i>	2012 / CARRYING AMOUNT	2011 / CARRYING AMOUNT
Other non-current receivables	45,758	45,313
Trade & other receivables	9,037	9,138
Cash and cash equivalents	19,123	16,326
<b>TOTAL</b>	<b>73,918</b>	<b>70,777</b>

The aging of trade receivables at the reporting date was:

<i>In thousands of €</i>	2012 / CARRYING AMOUNT	2011 / CARRYING AMOUNT
<b>Gross trade receivables</b>		
Gross trade receivables not past due	464	676
Gross trade receivables past due	202	269
Bad debt and doubtful receivables	—	—
Provision for impairment of receivables (—)	—	—
<b>TOTAL</b>	<b>666</b>	<b>945</b>

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

<i>In thousands of €</i>	2012	2011
<b>As at 1 January</b>	<b>—</b>	<b>819</b>
Use	—	—
Provisions charged to income statement	—	—
Provision write backs credited to income statement	—	—
Deconsolidation	—	(819)
<b>As at 31 December</b>	<b>—</b>	<b>—</b>

### 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 €	2012					
	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	< 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
<b>Non- financial liabilities</b>						
Accrued expenses and deferred income	204	(204)	204	—	—	—
Reclassification to liabilities related to disposal group held for sale	—	—	—	—	—	—
<b>Financial liabilities</b>						
At amortised cost						
Financial liabilities	3,449	(3,449)	3,449	—	—	—
Shareholder loans	—	—	—	—	—	—
Secured bank loans	16,158	(16,158)	12,242	342	1,026	2,548
Reclassification to liabilities related to disposal group held for sale	—	—	—	—	—	—
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	—	—	—	—	—	—
	<b>19,811</b>	<b>(19,811)</b>	<b>15,895</b>	<b>342</b>	<b>1,026</b>	<b>2,548</b>

The maturity date of the non-current receivables is between 2-5 years.

In thousands of €	2011					
	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	< 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
<b>Non- financial liabilities</b>						
Accrued expenses and deferred income	100	(100)	(100)	—	—	—
Reclassification to liabilities related to disposal group held for sale	—	—	—	—	—	—
<b>Financial liabilities</b>						
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	—	—	—	—	—	—
	<b>14,579</b>	<b>(14,667)</b>	<b>(10,561)</b>	<b>(1,315)</b>	<b>(746)</b>	<b>(2,045)</b>

## 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 2012 the Group was debt free<sup>1</sup> in respect of bank and shareholder debt. The same applied as at 31 December 2011.

## 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 €	2012			
	CARRYING AMOUNT	IN ACCORDANCE WITH IAS 39		FAIR VALUE
		FAIR VALUE RECOGNISED IN EQUITY	FAIR VALUE RECOGNISED IN PROFIT OR LOSS	
<b>Financial assets</b>				
Loans and receivables				
Trade receivables & others	9,037	—	—	9,037
Cash & cash equivalents	19,123	—	—	19,123
Long term receivables	45,758	—	—	45,758
Derivative financial assets				
Without a hedging relationship	—	—	—	—
With a hedging relationship	—	—	—	—
Reclassification to (–) / from held for sale	—	—	—	—
<b>Financial liabilities</b>				
At amortised cost				
Financial liabilities	3,449	—	—	3,449
Shareholder loans	—	—	—	—
Secured bank loans	16,158			16,158
Derivative financial liabilities				
With a hedging relationship	—	—	—	—
Without a hedging relationship	—	—	—	—
Liabilities related to disposal group held for sale	—	—	—	
	<b>93,525</b>	<b>—</b>	<b>—</b>	<b>93,525</b>

<sup>1</sup> On a net debt basis which is measured as: (Outstanding bank debt + shareholder loans) minus available cash

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	
<b>Financial assets</b>				
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)
<b>Financial liabilities</b>				
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)
	<b>39,838</b>	<b>—</b>	<b>—</b>	<b>39,838</b>

There were no outstanding derivative financial liabilities as at 31 December 2012.

There were no gain / (losses) on non-financial assets and liabilities, financial liabilities at amortised costs.

Financial and non-financial assets amounting to € 554k in 2012 - (€ 673k in 2011– excluding reclassifications to assets held for sale) 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

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 2012, there were no outstanding financial instruments. The same applied as at 31 December 2011.

## 5.3 / PERSONNEL

### EMPLOYEE BENEFIT OBLIGATIONS

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

### INCENTIVE 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").

After the year-end and following the expiry of the 5 year lock-up period in December 2012 the members of the VGP team sold their respective VGP MISV shares to VGP NV.

## 5.4 / COMMITMENTS

The Group has concluded a number of contracts concerning the future purchase of land. At 31 December 2012 the Group had future purchase agreements for land totalling 481,569 m<sup>2</sup> representing a commitment of € 20.2 million and for which deposits totalling € 2.0 million had been made.

At the end of December 2012 the Group had committed annualised rent income of € 5.0 million (€ 4.73 million as at December 2011, of which EUR 1.9 million was related to the disposal group held for sale).

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:

<i>In thousands of €</i>	2012	2011
Less than one year	4,926	2,798
Between one and five years	18,934	10,579
More than five years	25,542	13,142
<b>TOTAL</b>	<b>49,402</b>	<b>26,520</b>

As at 31 December 2012 the Group had contractual obligations to develop new projects for a total amount of € 18.4 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:

<i>In thousands of €</i>	2012	2011
Directors	101	104
Executive managers	592	718
<b>TOTAL</b>	<b>693</b>	<b>822</b>

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 2012 and 2011

<i>In thousands of €</i>	2012	2011
<b>Transactions with related parties</b>		
General management fees received from associates	342	349
Property management fees and similar income received from associates	2,859	577
Interest and similar income from associates	3,378	1,848
Rent received from related parties	396	—
Rent paid to associates	(164)	(95)
Interest and similar expenses on shareholder loans	—	(2,338)
Services received from Jan Van Geet s.r.o.	(364)	(267)
<b>Outstanding balances with related parties</b>		
Loans provided to associates	45,758	45,313
Other receivables from associates	6,450	6,450
Advances received from Jan Van Geet s.r.o.	(35)	(13)

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:

2012 ( <i>thousands of €</i> )	TOTAL	< 1 YEAR	> 1–5 YEARS	< 5 YEARS
Jan Van Geet s.r.o.	363	65	260	38
VGP CZ I a.s.	296	99	197	—
<b>TOTAL</b>	<b>659</b>	<b>164</b>	<b>457</b>	<b>38</b>

2011 ( <i>thousands of €</i> )	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	—
<b>TOTAL</b>	<b>817</b>	<b>161</b>	<b>551</b>	<b>105</b>

### 5.6 / EVENTS AFTER THE BALANCE SHEET DATES

After the year-end and following the expiry of the 5 year lock-up period in December 2012 the members of the VGP team sold their respective VGP MISV shares to VGP NV. VGP NV acquired 401,648 VGP Misv shares for an aggregate amount of € 1.9 million. It is currently the intention of the board of directors to recycle these shares into a new incentive scheme in the future. No firm timing as to when such new incentive scheme would be launched has been decided yet.

### 5.7 / SERVICES PROVIDED BY THE STATUTORY AUDITOR AND RELATED PERSONS

The audit fees for VGP NV and its fully controlled subsidiaries amounted to € 59k. In addition tax services were performed during the year for which a total fee of € 6k was incurred.

## 5.8 / SUBSIDIARIES AND ASSOCIATES

### COMPANIES FORMING PART OF THE GROUP AS AT 31 DECEMBER 2012

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

#### SUBSIDIARIES

SUBSIDIARIES	ADDRESS	%
VGP CZ III a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP CZ IV a.s. (until 26 April 2012)	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 Deutschland Projekt 1 GmbH	Leipzig, Germany	100
Profa Management s.r.o.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP Estonia OÜ	Tallinn, Estonia	100
VGP Finance NV	Jette, Belgium	100
VGP FM Services Plus Comm. VA	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 Győr Kft	Győr , 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
VGP Nederland BV	Tilburg, The Netherlands	100

#### CHANGES IN 2012

During the year additional development land was acquired in the Czech Republic through a share deal whereby the company Brnenska rozvojova společnost, a.s was acquired. The company was merged with VGP CZ VII a.s. during the second half of 2012.

Following the completion of the VGP CZ IV transaction on 26 April 2012, VGP CZ IV a.s. left the consolidation perimeter of the Group

In order to further support the development of VGP's business activities VGP Deutschland Projekt 1 GmbH, Profa Management s.r.o., VGP FM Services Plus Comm. VA and VGP Nederland B.V. were incorporated.



## 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 Park Horni Pocernice a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	20
VGP Blue Park a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	20
VGP Green Park a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	20
VGP Green Tower a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	20
VGP Park Prisovice a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	20
VGP Park Turnov a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	20
VGP CZ II s.r.o.	Jenišovice u Jablonce nad Nisou,Czech Republic	20
VGP CZ IV a.s. (as from 26 April 2012)	Jenišovice u Jablonce nad Nisou,Czech Republic	20

### CHANGES IN 2012

During 2012 VGP SUN s.r.o. and VGP CZ II a.s. were merged to create a new company VGP CZ II s.r.o. In addition VGP CZ I a.s. was demerged into 6 new companies i.e. VGP Park Horní Počernice, a.s., VGP Blue Park, a.s., VGP Green Park, a.s, VGP Green Tower, a.s., VGP Park Příšovice, a.s., VGP Park Turnov, a.s..

VGP CZ IV a.s. became an associate company on 26 April 2012 following the sale of an 80 % equity interest to European Property Investors Special Opportunities , L.P. (EPISO) fund.

# 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 – bus 4  
B-1090 Brussels  
Belgium  
[www.vgpparks.eu](http://www.vgpparks.eu)

The statutory auditor issued an unqualified opinion on the financial statements of VGP NV.

### CONDENSED INCOME STATEMENT

<i>In thousands of €</i>	2012	2011
Other operating income	545	1,226
Operating profit or loss	(1,196)	(1,746)
Financial result	4,838	6,032
Extraordinary result	2,541	5,397
Current and deferred income taxes	(4)	(99)
<b>Profit or loss for the year</b>	<b>6,179</b>	<b>9,584</b>

## CONDENSED BALANCE SHEET AFTER PROFIT APPROPRIATION

<i>In thousands of €</i>	2012	2011
Formation expenses, intangible assets	10	—
Tangible fixed assets	2	—
Financial fixed assets	126,001	132,861
<b>Total Non-current assets</b>	<b>126,013</b>	<b>132,861</b>
Trade and other receivables	6,491	6,614
Cash & cash equivalents	16,064	14,538
<b>Total current assets</b>	<b>22,555</b>	<b>21,152</b>
<b>TOTAL ASSETS</b>	<b>148,568</b>	<b>154,013</b>
Share capital	120,356	135,408
Non-distributable reserves	1,452	1,143
Retained earnings	22,245	16,376
<b>Shareholders' equity</b>	<b>144,053</b>	<b>152,927</b>
Amounts payable after one year	—	—
Amounts payable within one year	4,515	1,086
<b>Creditors</b>	<b>4,515</b>	<b>1,086</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>148,568</b>	<b>154,013</b>

### 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 2012 RESULT

The profit after tax for the year ended was € 6,178,624

At the General Meeting of Shareholders on 10 May 2013, the Board of Directors will propose that the above result be appropriated as follows:

<i>In €</i>	2012	2011
Profit of the financial year	6,178,624.30	9,584,226.30
Profit carried forward	16,375,766.93	7,270,751.95
Transfer to legal reserves	(308,931.22)	(479,211.32)
Profit / (loss) to be carried forward	22,245,460.01	16,375,766.93
Profit to be distributed (gross dividend)	—	—

# AUDITOR'S REPORT

## VGP NV

**Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2012.**

### TO THE SHAREHOLDERS

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the consolidated financial statements as defined below together with our report on other legal and regulatory requirements.

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – UNQUALIFIED OPINION

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. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 175.380 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 11.579 (000) EUR.

#### *Responsibility of the board of directors for the preparation of the consolidated financial statements*

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Statutory auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's 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, the auditor considers 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the company's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Unqualified opinion*

In our opinion, the consolidated financial statements of VGP NV give a true and fair view of the group's net equity and financial position as of 31 December 2012, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

In the framework of our mandate, our responsibility is to verify, for all significant aspects, the compliance with some legal and regulatory requirements. On this basis, we provide the following additional comment which does not modify 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, is, for all significant aspects, in agreement with the consolidated financial statements and is not in obvious contradiction with any information obtained in the performance of our mandate.

#### *Unqualified opinion*

In our opinion, the consolidated financial statements of VGP NV give a true and fair view of the group's net equity and financial position as of 31 December 2012, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Kortrijk, 8 April 2013  
The statutory auditor



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









