

VGP

ANNUAL REPORT 2013



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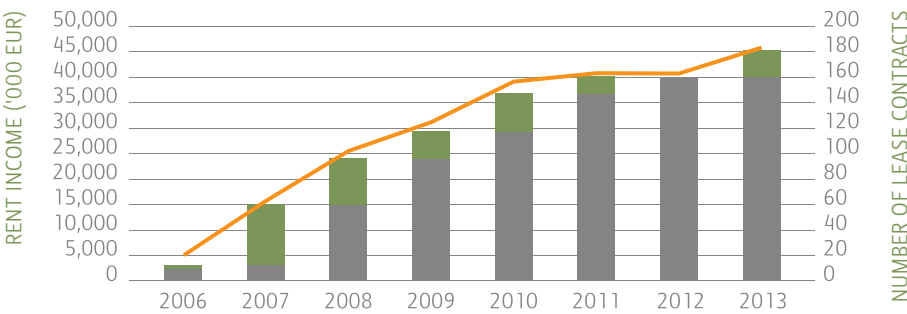


KEY FIGURES

IN THOUSANDS OF €

INVESTMENT PROPERTIES	2013	2012	2011	2010	2009
Total lettable area (m ²)	761,724 ¹	674,595	641,378	576,936	535,872
Occupancy rate (%)	96.2 % ²	94.5%	98.5%	98.8%	91.0%
Fair value of property portfolio	225,804	101,629	105,565	481,624	428,105
BALANCE SHEET					
Shareholders' equity	166,057	151,260	154,735	176,342	155,240
Gearing					
Net debt / shareholders' equity	0.55	n.a.	n.a.	1.47	1.53
Net debt / total assets	24.9%	n.a.	n.a.	52.2%	54.0%
INCOME STATEMENT – ANALYTICAL FORM					
Gross rental income	4,613	3,071	14,446	28,573	21,726
Property operating expenses and net service charge income / (expenses)	(818)	(780)	(516)	(1,245)	(1,680)
Net rental and related income	3,795	2,291	13,930	27,328	20,046
Property and facility management / development income	3,875	2,724	844	—	—
Other income / (expenses) – incl. Administrative costs	(4,850)	(4,418)	(2,544)	(1,809)	(2,285)
Share in the results of associates	1,526	(1,615)	844	—	—
Operating result (before result on portfolio)	4,346	(1,018)	13,074	25,519	17,761
Net current result	4,095	1,294	10,399	7,967	6,678
Net valuation gains / (losses) on investment property	27,872	12,347	3,133	22,759	(6,754)
Deferred taxes	(7,665)	(2,062)	(595)	(4,324)	1,252
Result on property portfolio	20,207	10,285	2,538	18,435	(5,502)
Profit of the year	24,302	11,579	12,937	26,402	1,176
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 €)	0.22	0.07	0.56	0.43	0.36
Net result per share (in €)	1.31	0.62	0.70	1.42	0.06

COMMITTED ANNUALISED RENT INCOME AND NUMBER OF LEASE CONTRACTS³



¹ Including 627,523 m² under management (601,217 m² under management as at 31 December 2012 and 573,426 m² under management as at 31 December 2011)

² Including associates. Excluding associates the occupancy rate would be 96.9% (94.9% as at 31 December 2012)

³ The committed leases include leases from associate companies (€ 34.9 m) under management

LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS AND BONDHOLDERS OF VGP,

In 2013 we have achieved some important milestones on our path towards realising a larger pan-European Real Estate Group. After the sale of most of our income generating assets in 2011 and 2012 we re-invested and are continuing to invest a significant amount of our proceeds in acquiring or securing new development land, the corner stone of our actual and future development profits.

The first results of these investments into a new land bank and development

pipeline became apparent last year. Although the development cycle on the new land positions is still in its infancy the new development pipeline resulted in significant development profits which were the largest profit contributor to our almost record € 32.9 million profit (before taxes).

Most of our new development properties are located in Germany, where we are concentrating first on the main cities. As a result we have acquired land

positions around the cities Hamburg, Frankfurt, Leipzig, Nürnberg and München. We are continuing to explore other good opportunities to expand our land bank in Germany, concentrating on large land plots around cities with large living concentrations and close to main traffic junctions and cross roads.

We have witnessed so far that the German market comprises a large group of potential customers which have a natural fit to VGP i.e. end-users looking for medium size buildings: there is an enormous pool of medium sized, mostly family owned companies many of whom need space to grow there successful businesses. Although an estimated 300 million m² of industrial premises is available for semi-industrial and logistic activities in Germany, only 50 million m² qualifies as "modern stock" with a free height of at least 8 m under the roof and normal accessibility. Needless to say that this offers opportunities to VGP.

Another source of current and future growth is the strong development of e-commerce with Germany being the largest e-commerce market in continental Europe. With purchasing habits changing rapidly and moving more and more towards e-commerce the current take-up of large volumes of new modern logistic facilities is on the rise and e-commerce requirements for logistic space should continue to grow for the years to come.

Although Germany has been our prime focus of attention in the past twelve months, we have not left our traditional playfield of the mid European region – on the contrary!. Besides new land acquisitions in the Czech Republic and Estonia, we also started a large number of new developments in almost all of our parks. Also here we experience a good and stable recovery of demand and based on this positive evolution we are ready to make new investments in the region in the near future to further support our growth.

Last years' success was not only about amounts invested but also about





the amounts which we successfully raised through the issue of two bonds which were substantially oversubscribed. The successful placement reflects a recognition of VGP's growing reputation on the capital markets both by retail and institutional investors.

- I. we doubled our net profit in comparison with 2012 to € 24.3 million (+ € 12.7 million),
- II. we signed or renewed lease agreements (including associates) for a total of € 15 million of annualised rent income; and
- III. we bought a facility management company, creating a lot of synergies throughout the Group.

In 2014 we will continue to shape and integrate our Group towards a pan- European specialised development and operating group of industrial assets with an extensive focus on the German speaking countries surrounding us.

Although many challenges lie ahead of us I am now confident that the markets in which VGP operates, offer significant opportunities to support the future growth of the Group in a financially sound and sustained manner. We are looking forward to be able to achieve all of our goals thanks to your continued support which is much appreciated.

Finally I would like to thank the whole VGP team for their never lasting enthusiasm, their capability to operate on all levels in an international environment, thus letting us take maximum advantage of our biggest assets: experience, confidence in each other's skills, trust and ambition.

*Yours sincerely,
Jan Van Geet*





VGP IN 2013

MARKETS

2013 has been a year of change and transformation for VGP. During the year VGP continued to prepare the development pipeline for future growth by substantially expanding its footprint in Germany through the acquisition of 803,000 m² of new development land and by acquiring 110,000 m² new development land in Tallinn (Estonia) and 45,000 m² of development land in the Czech Republic.

The encouraging increase in demand for new lettable space observed during the first half of 2013 gained momentum during the second half of 2013, and is continuing throughout the first months of 2014. Especially Germany, the Czech Republic, Estonia and Romania saw a significant increase in demand of lettable area. On the back of these increased demands, the development activities accelerated during the second half of 2013. At year-end the Group had 11 projects, representing 152,514 m² under construction with another 3 projects (32,210 m²) being started up during the first quarter of 2014.

VGP'S MARKETS

COMMERCIAL ACTIVITIES

OWN PORTFOLIO

During the year 2013 VGP signed new annualised committed leases in excess of € 5.6 million in total of which € 5.4 million related to new or replacement leases and € 0.2 million to the renewal of existing leases. These new leases represented 111,211 m² of lettable area.

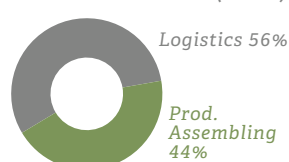
This brings the annualised committed leases to € 10.4 million as at 31 December 2013 compared to € 5.0 million as at 31 December 2012.

The committed annual rent income represents the annualised rent income generated or to be generated by executed leases and future lease agreements.

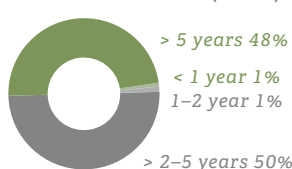
The signed lease agreements as at 31 December 2013 represent a total of 206,572 m² of lettable area and correspond to 31 different tenants' lease or future lease agreements.

The weighted average term of the committed leases was 7.6 years at the end of December 2013 (9.8 years at the end of 2012).

PORTFOLIO BREAKDOWN BY USE 31 December 2013 (in m²)



COMMITTED LEASE MATURITY 31 December 2013 (in m²)



As at 31 December 2013 the investment property portfolio consists of 9 completed buildings representing 134,201 m² of lettable area with another 11 buildings under construction representing 152,514 m² of lettable area. During the year VGP delivered, for its own account, 3 buildings representing 25,569 m².

The completed buildings were located in VGP Park Tu-chomerice (Czech Republic) – 1 building of 6,471 m², in VGP Park BRNO (Czech Republic) – 1 building totalling 8,621 m² and finally in VGP Park Timisoara (Romania) – 1 building of 10,477 m².

The occupancy rate of the own portfolio reached 96.9% at the end of 2013.

ASSOCIATES' PORTFOLIO

The group performs development activities for its associates as well as providing facility management and leasing services to these associated companies.

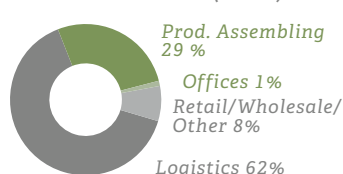
During the year 2013 VGP negotiated for its associates new annualised committed leases in excess of € 9.5 million in total of which € 5.5 million related to new or replacement leases and € 4.0 million to the renewal of existing leases. These new leases represented 193,531 m² of lettable area.

This brings the annualised committed leases in the joint ventures to € 34.9 million as at 31 December 2013 (compared to € 33.3 million as at 31 December 2012).

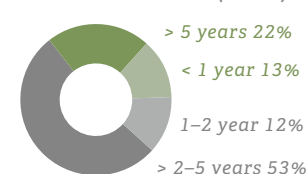
The signed lease agreements represent a total of 602,456 m² of lettable area and correspond to 152 different tenants' lease or future lease agreements.

The weighted average term of the committed leases was 4.5 years at the end of December 2013 (compared to 5.9 years as at the end of 2012).

PORTFOLIO BREAKDOWN BY USE 31 December 2013 (in m²)



COMMITTED LEASE MATURITY 31 December 2013 (in m²)



During the year, 3 projects representing a total lettable area of 24,042 m² were completed bringing the total property portfolio to 58 buildings which represent 627,523 m² of lettable area.

The completed buildings were all located in the Czech Republic i.e. 1 building in VGP Park Horni Pocernice representing 6,358 m², 1 building in VGP Park Nyrany representing 8,494 m² of lettable area and 1 building in VGP Park Liberec representing 9,190 m² lettable area. All these buildings are fully let. The portfolio of the associates is solely focussed on the Czech Republic.

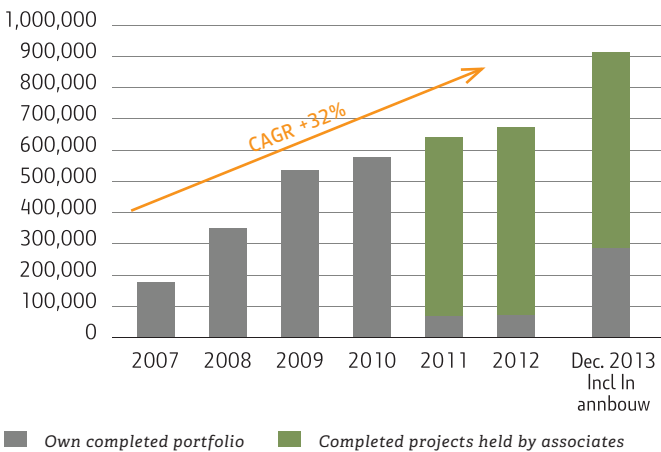
The occupancy rate of the associates' portfolio reached 96.0% at the end of 2013 compared to 94.5% at the end of 2012.

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 6 years, the property portfolio (in m²) has increased at a compound annual growth rate ("CAGR") of 32%.

COMPOUND ANNUAL GROWTH RATE (in m²)



At the end of December 2013 there were 11 new buildings under construction. In the Czech Republic, 1 building in VGP Park Usti nad Labem, 1 building in VGP Park Hradek nad Nisou and 2 buildings in VGP Park Brno. In the other countries: 1 building in VGP Park Malacky (Slovakia), 1 building in VGP Park Timisoara (Romania), 1 building in VGP Park Györ (Hungary), 2 buildings in VGP Park Tallinn (Estonia), 1 building in VGP Park Bingen (Germany) and 1 building in VGP Park Hamburg (Germany). The new buildings under construction on which several pre-leases have already been signed, represent a total future lettable area of 152,514 m².

After the year-end 3 additional projects were started-up: In the Czech Republic, 1 building in VGP Park Tuchomerice and 1 building in VGP Park Plzen. In Germany: 1 building in VGP Park Rodgau.

During the year 2013 VGP continued to prepare the development pipeline for future growth through the acquisition of 958,000 m² of new development land of which 803,000 m² was located in Germany and 110,000 m² in Estonia and 45,000 m² in the Czech Republic.

As at the end of December 2013, VGP had a land bank in full ownership of 2,048,943 m². The land bank allows VGP to develop besides the current completed projects and projects under construction a further 580,000 m² of lettable area of which 282,000 m² in Germany, 130,000 m² in the Czech Republic and 168,000 in the other countries.

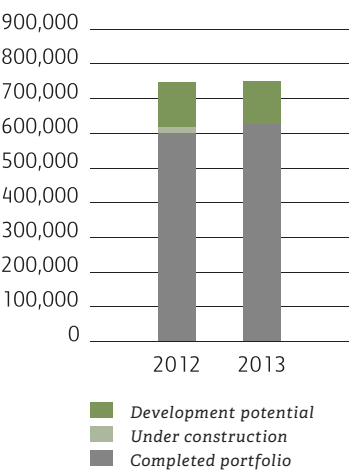
At year-end, VGP had another 769,000 m² of new land plots under option of which 705,000 m² were located in Germany. These land plots have a development potential of approx. 350,000 m² of new projects. VGP already acquired 537,000 m² of these land plots located in Germany during the course of January 2014 and the remaining land plots are expected to be acquired throughout 2014

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.

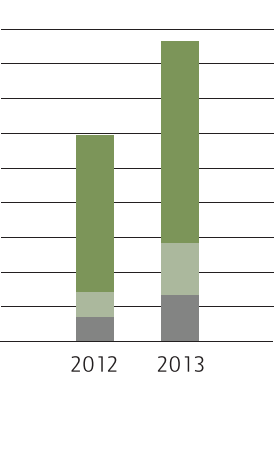
ASSOCIATES' PORTFOLIO

At the end of December 2013 there were no projects being developed on behalf of the associates. A number of negotiations with potential tenants are on-going and it is currently expected that additional development activities will be undertaken on behalf of the associates during 2014.

DEVELOPMENT POTENTIAL ASSOCIATES' PORTFOLIO (in m²)



DEVELOPMENT POTENTIAL OWN PORTFOLIO (in m²)



GENERAL MARKET OVERVIEW¹

CEE+GERMANY KEY MARKET INDICATORS			
		PRIME RENT € / m ² / p.a.	PRIME YIELD (%)
Berlin	EUR	56	7.00
Frankfurt/M	EUR	72	6.35
Munich	EUR	77	6.35
Prague	EUR	47	8.00
Bratislava	EUR	47	8.50
Budapest	EUR	46	9.25
Bucharest	EUR	48	10.0
Warsaw	EUR	43	7.50

Source: Jones Lang LaSalle

CEE REAL ESTATE INVESTMENT – MARKET OVERVIEW 2013

In 2013, investment transactions with a volume of approximately €6.1 billion have been recorded in CEE. This represents a circa 55% y-o-y increase compared to 2012 volumes (€3.9 billion). Poland remained the leading regional market with a share of circa 55% in the CEE followed by the Czech Republic (23%), Hungary (7%), Slovakia (5%) and Romania (4%) and Other CEE (Bulgaria, Croatia, Serbia and Slovenia), making up the remaining 6%.

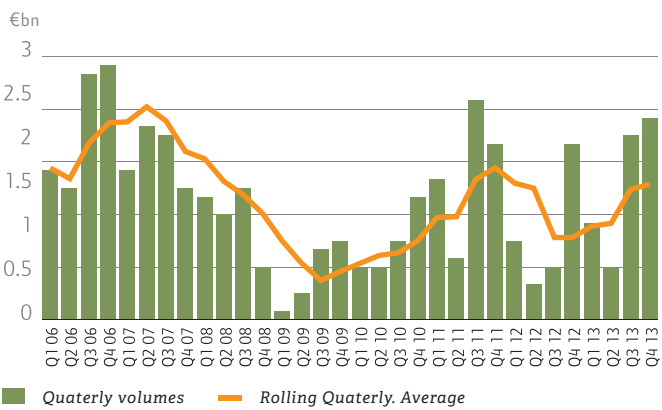
The table below includes Germany which had its strongest year since 2007 with FY 2013 volumes up 21% on 2012 to €30.7 billion. The breakdown of volumes for 2013 is as follows:

CEE REAL ESTATE INVESTMENT (€ millions)		
	2012	2013
Poland	2,730	3,377
Czech Republic	613	1,386
Romania	213	257
Hungary	140	427
Slovakia	20	297
Other	90	366
TOTAL CEE	3,806	6,110
Germany	24,100	30,700
TOTAL	27,906	36,810

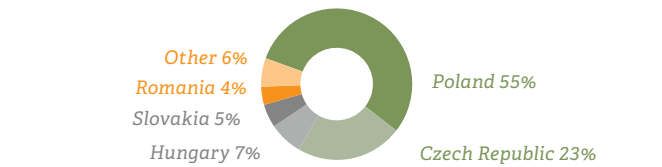
Source: Jones Lang LaSalle

In Q4 2013, €53.1bn was traded across Europe which compares to €46.8bn in Q4 2012. This pushed full year volumes to €149.8bn, up 20% on FY 2012 and similar to 2005 levels. 2013 was a year of two halves with sentiment improving considerably in H2. Until the half year mark, Jones Lang LaSalle had expected volumes to be flat y-o-y due to a lack of product in core markets constraining activity. However, in the second half Jones Lang LaSalle witnessed a broadening of activity resulting from the continued weight of capital, improving confidence and investors' increasing risk appetite. Jones Lang LaSalle expects this momentum to be sustained in 2014.

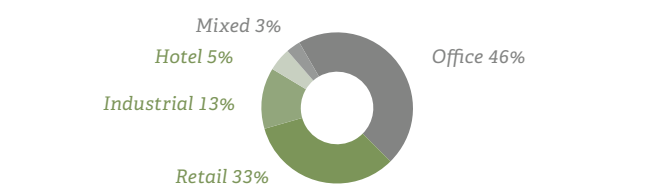
CEE: SIGNIFICANT IMPROVEMENT IN H2 13



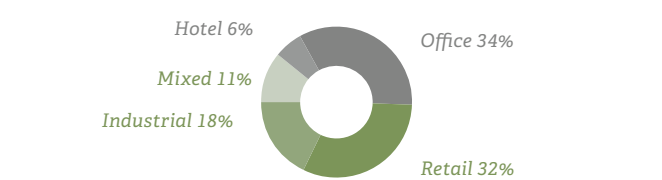
CEE VOLUMES BY COUNTRIES



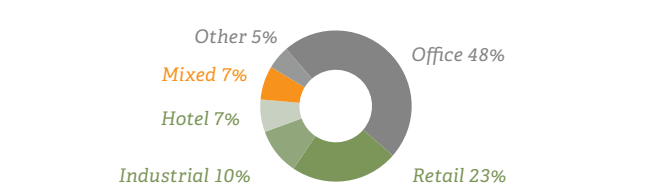
CEE SECTOR SPLIT 2012



CEE SECTOR SPLIT 2013



EUROPEAN AVERAGE 2013



¹ Source: Jones Lang LaSalle

Source: Jones Lang LaSalle







FOCUS ON GERMANY

In retrospect, 2013 performed better in economic terms than many had expected. Germany has already compensated for its stagnant development in 2009, and its absolute economic output has now exceeded pre-crisis levels for three years.

On the investment market in 2013, total capital amounting to € 30.7 billion was invested in German commercial property – an increase of about 21% compared to the previous year. This means that 2013 was the strongest year for property transactions since the boom year of 2007. As was already seen in the previous year, the final quarter of the year proved to be the strongest in terms of transactions. Property worth around € 11.5 billion changed hands in the months from October to December, and this volume was also € 1.5 billion higher than in the fourth quarter of the previous year. Not all transactions that were initiated could be notarised in the last days of December, so that Jones Lang LaSalle expects to see a very lively start to 2014.

The relation between the investment volume in the Big 7 and investments outside these established markets has not changed from 2012. As before, around 60% (€ 19.5 billion) was invested in Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart.

The analysis of the different asset classes reveals no fundamental differences from 2012. Office properties again accounted for the highest share of the transaction volume at 46%. Retail properties accounted for a 26% share, followed by mix-used properties with 11% and warehouse and logistics properties with at least 7%. The office prime yields were still on a slight downward trend in individual cities. Each of the Big 7 cities now has a net initial yield of below 5%. Aggregated across all cities, the prime yield in the office segment fell to an average value of around 4.67%. Shopping centre yields are at a similar rate of 4.70%. Prime yields for logistics properties fell considerably compared to the previous year. Due to the high demand, yields fell to an average of 6.56%.

For 2014 Jones Lang LaSalle expects a stable development overall for yields. Based on the continuing strong demand for prime properties the prime yields could even fall slightly again. At the same time, it will also depend on how the capital market environment develops during the year. The interest rates will probably stay low and therefore offer an attractive environment for companies and debt-oriented investors.

FOCUS ON CZECH REPUBLIC

Following suppressed market activity in 2012, the Czech investment market rebounded to show a total 2013 transactional volume of €1.39 billion (up y-o-y 103%). The total investment volume recorded in H2 2013 amounted to approximately €970 million (up y-o-y 127 %), complementing the €416m achieved in H1.

The majority of deals unsurprisingly took place within the city of Prague.

The industrial sector was primarily driven by portfolio sales. The 50% stake in the Prologis European Portfolio sold to Norges Bank in H1 was complemented by an acquisition of Arcapita's share in the Point Park Portfolio by TGP and part of Segro's Portfolio bought by PSP. These reflected more than two thirds of the entire 2013 industrial volume. The acquisition of the Lindab unit at Karlovarská Business Park, Billa DC at Rudná, Segro Tulipan Park Ostrava, Assa Abloy and the Airport Logistics Park combine to indicate the increasing appetite of both international and domestic investors and the comparative interest again in the industrial and logistics sector. Together, industrial transactions recorded in H2 2013 totalled almost €175 million with the yearly total of €284m.

Jones Lang LaSalle believes there to be a positive outlook into 2014, with a significant number of transactions holding over from 2013 continuing to move through the due diligence process. This is likely to be complemented by a release of better quality product by potential vendors as pricing at the institutional end of the market continues to show compression.

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

A broadening equity base continues to view real estate as offering attractive risk adjusted returns while debt markets are rapidly returning to full functionality in all major markets across the globe. With cap rates now at or near record lows in many core markets Jones Lang LaSalle sees only limited scope for further compression.

Key challenges for investors in 2014 will include sourcing sufficient product (particularly in core markets) to meet growing capital allocations and remaining competitive in an increasingly robust market environment. Although in some markets investment activity appears to have moved well ahead of real estate fundamentals Jones Lang LaSalle believes this is to be a relatively short term phenomena with occupier demand and thus rental growth expected to catch up in most of these markets in the near term. Medium to long term investors need to start considering the likely impact of a rise in interest rates.

Banks remain 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.

In CEE, Jones Lang LaSalle forecasts similar transactional levels to those achieved in 2013 at circa € 5-6 billion, but the upper level will depend on a number of large ticket or portfolio transactions taking place.

GERMAN EXPANSION

GERMAN MARKET FOR WAREHOUSING

The German industrial market remained steady over the fourth quarter 2013 and one of the better performing across the continent. Occupier demand grew over the year led by the e-commerce sector. Although prime rents were unchanged over the final quarter, a number of locations saw growth over the course of the year, e.g. Berlin, Stuttgart and Dusseldorf.

E-commerce continues to be the key driver of growth within the German logistics market. This has had a positive effect on the demand for larger properties, such as those of 50,000 m² or more. Backed by growth in global trade and the strong performance of the German economy, Germany's logistics market remained highly active. Demand has originated from both domestic and international players alike, taking advantage of the good quality infrastructure and connectivity within Germany. As economic growth is forecast to gain momentum in 2014, demand for logistics space is expected to remain high, especially for good quality space. (Source: Cushman & Wakefield).

SUPPLY

The reported distribution warehouse stock amounts to a total area of around 330 million m² in Germany. The stock includes all space used for logistics purposes irrespective of size, age, building quality or ability to be adapted for different purposes. However, only around 15% of this space fulfils the following criteria required for buildings to be fit for logistics

purposes: floor space in excess of 8,000 m², overhead clearance of at least 6.5 metres and built after 1985. This reduces the volume of distribution warehouse stock that is of interest to investors to around 50 million m² nationwide.

In recent years, the supply of stock available for leasing has become very scarce in most logistics regions. Continuous spaces with an area greater than 10,000 m², which are in increasing demand, are often only to be found in fewer than a handful of available properties in the individual regions. The shortage of modern building stock means that companies extend their leases even when the space is no longer an optimal fit for them. (Source: Jones Lang LaSalle)

SECOND HIGHEST TAKE-UP IN 10 YEARS

In 2013, take-up of space by tenants and owner-occupiers on the distribution warehouse market in Germany reached 5.0 million m² – the second-highest figure in the last 10 years. The result exceeded the previous year's level by 6% and the five-year average by 15%.

Provided that the economy grows as expected by 1.5% in 2014, total annual take-up could reach between 5.0 million and 5.5 million m².

Take-up in the BIG 5 conurbations (Berlin, Düsseldorf, Frankfurt incl. Wiesbaden/Mainz, Hamburg and Munich) reached 1.7 million m². This was only 4% below the previous year's level and matched the average for the past five years. Take-up outside the BIG 5 conurbations* reached 3.3 million m² and exceeded both the previous year's level (13%) and the five-year average (25%). (Source: Jones Lang LaSalle)

	2009 (m ²)	2010 (m ²)	2011 (m ²)	2012 (m ²)	2013 (m ²)
Outside the "Big 5" – Conurbations:					
— Lettings	847,300	1,381,200	2,032,000	1,637,300	1,539,062 ¹
— Owner-occupiers	1,107,900	1,141,900	1,585,900	1,299,600	1,772,338 ¹
— TOTAL	1,955,200	2,523,100	3,617,900	2,936,900	3,311,400
"Big 5" – Conurbations:					
— Lettings	957,200	1,431,900	1,781,900	1,365,500	1,206,200
— Owner-occupiers	338,900	363,400	464,300	418,900	499,900
— TOTAL	1,296,100	1,795,300	2,246,200	1,784,400	1,706,100
Lettings	1,804,500	2,813,100	3,813,900	3,002,800	2,745,262
Owner-occupiers	1,446,800	1,505,300	2,050,200	1,718,500	2,272,238
TOTAL	3,251,300	4,318,400	5,864,100	4,721,300	5,017,500

Source: Jones Lang LaSalle

¹ As calculated by the company based on Jones Lang LaSalle data

	2009 (m²)	2010 (m²)	2011 (m²)	2012 (m²)	2013 (m²)
Region					
— Berlin	246,800	359,900	412,000	333,600	333,000
— Dusseldorf	178,000	166,000	205,800	145,100	295,200
— Frankfurt (incl. Wiesbaden/Mainz)	275,700	326,400	540,000	455,600	415,000
— Hamburg	373,500	616,300	740,000	575,400	450,000
— Munich	222,100	326,700	348,400	274,700	212,900
Total "Big 5" – Conurbations	1,296,100	1,795,300	2,246,200	1,784,400	1,706,100
Outside "Big 5" – Conurbations	1,955,200	2,523,100	3,617,900	2,936,900	3,311,400
TOTAL	3,251,300	4,318,400	5,864,100	4,721,300	5,017,500

Source: Jones Lang LaSalle

PRIME RENTS REMAIN STABLE

Prime rents for warehouses larger than 5,000 m² in the BIG 5 remained stable over the year. Jones Lang LaSalle expects to see a similarly stable development in 2014. The highest prime rent was registered in Munich at 6.40 €/m²/month, followed by Frankfurt (6.00 €/m²/month), Hamburg (5.60 €/m²/month) and Düsseldorf (5.40 €/m²/ month). Berlin trailed behind in fifth place (4.70 €/m²/month). (Sources: Jones Lang LaSalle)

VGP’S EXPANSION INTO GERMANY

After putting in place solid foundations during 2012 to allow the Group to expand and grow in Germany, VGP significantly expanded its footprint in Germany during the year.

During the third quarter the main focus of VGP’s development pipeline has clearly shifted to Germany where the Group wants to accelerate the acquisition of development land, concentrating on the largest regional cities such as Berlin, Munich, Stuttgart, Düsseldorf and Frankfurt.

Germany has clearly become a major source of potential growth and development where the roll-out of VGP’s niche strategy has also proven a successful recipe to attract new and potential tenants in Germany. This strategy concentrates on acquiring strategically located plots of land i.e. land always located in vicinity of urban centres to allow easy access to highways and ring roads and assuring availability of adequate workforce as well as to ensure that operating processes of

tenants are efficiently and effectively integrated in VGP’s buildings. Significant future projects, of which several, large E-commerce oriented companies, are under negotiation.

DEVELOPMENT LAND

During the year 2013, VGP acquired 803,000 m² of new development land in Germany and had another 703,000 m² land plots secured as at 31 December 2013. VGP already acquired 537,000 m² of these land plots located in Germany during the course of January 2014 and the remaining land plots are expected to be acquired throughout 2014

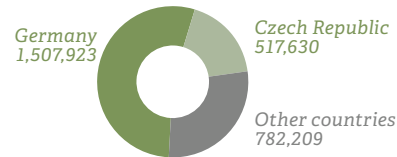
DEVELOPMENT PIPELINE

At the end of December 2013 there were 2 buildings under construction i.e. 1 building in VGP Park Bingen and 1 building in VGP Park Hamburg. In addition VGP settled the acquisition of a fully let new 25,000 m² building located within its VGP Park Hamburg. The building generates around € 1.4 million rent income per annum. The acquisition of the building provided a rare opportunity for VGP Park Hamburg to fully benefit from economies of scale from a development and commercial point of view.

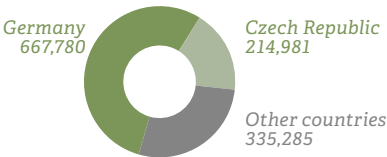
After year-end the first building in our VGP Park Rodgau (Frankfurt) was initiated which represent 19,100 m² of lettable area. Furthermore negotiations were successfully concluded with 2 blue chip tenants to build 2 built-to-suit buildings. These two buildings represent a total future lettable area of around 21,000m² and are expected to be started up within the next 3-6 months.

As can be seen from the below overview Germany is emerging very quickly as the prime market for the Group.

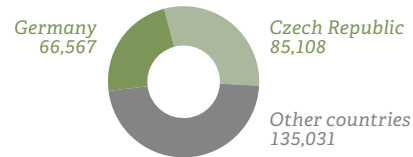
TOTAL LAND AREA
(in m²)



TOTAL DEVELOPMENT POTENTIAL
(in m²)



TOTAL COMPLETED & CURRENT PIPELINE
(in m²)



Source: Company information.

Note: The above figures relate to the current secured land bank. The development potential has been calculated by reference to existing or similar developed semi-industrial projects.







PROFILE

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

VGP focuses on top locations which are located in the vicinity of highly concentrated living and/or production centres, with an optimal access to transport infrastructure.

VGP is quoted on Euronext Brussels and the Main Market of the Prague Stock Exchange. VGP owns a property portfolio of € 225.8 million as at 31 December 2013 which represents a total lettable area of over 134,201 m² (9 buildings) with another 11 buildings under construction representing 152,514 m².

Besides this VGP Facility Management manages 58 buildings which are owned through its associates representing 627,523 m² of lettable area.

As at 31 December 2013 VGP has a land bank in full ownership of 2,048,943 m². The land bank allows VGP to develop besides the current completed projects and projects under construction (286,716 m²) a further 282,000 m² of lettable area in Germany, 130,000 m² of lettable area in the Czech Republic and 168,000 in the other countries. Besides this, VGP had another 769,000 m² of new plots of land under option, at year-end, allowing to develop approx. 350,000 m² of new projects.



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.

PROPERTY MANAGEMENT AND LEASING SERVICES

Property management services have been regrouped into one subsidiary VGP FM Services s.r.o. ("VGP FM Services"). Property 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. 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).

In addition to property management services VGP will also provide leasing 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.

FACILITY MANAGEMENT SERVICES

Facility management services have been regrouped into SUTA s.r.o. ("SUTA"). Facility management services are provided internally as well as externally whereby SUTA 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.

KEY PRINCIPLES OF VGP











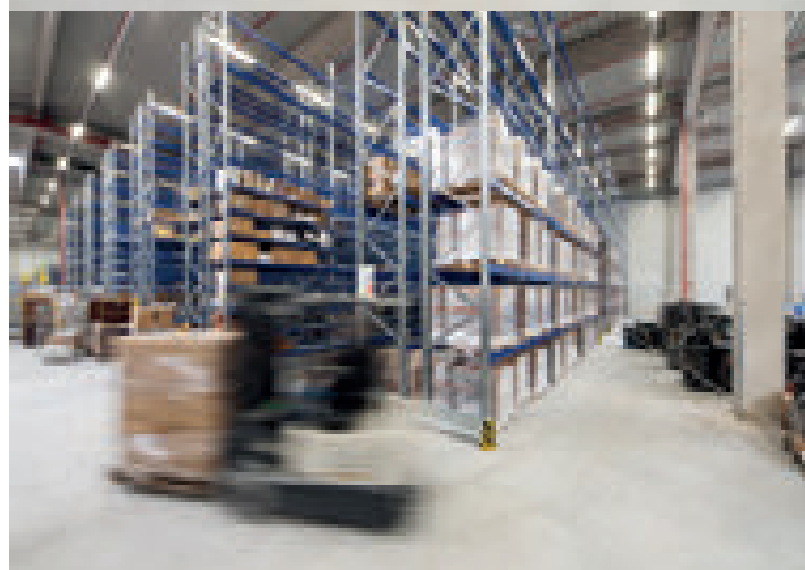


REPORT OF THE BOARD OF DIRECTORS

DECLARATION REGARDING THE INFORMATION GIVEN IN THIS ANNUAL REPORT 2013

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/.

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 2013. It also explains why the Company departs from a few of the 2009 Code's provisions.

ACTIVITY REPORT ON BOARD AND BOARD COMMITTEES' MEETINGS

BOARD OF DIRECTORS

NAME	YEAR APPOINTED	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
Executive director and Chief Executive Officer			
Jan Van Geet s.r.o. represented by Jan Van Geet	2013	2017	6
Non-executive director			
VM Invest NV, represented by Bart Van Malderen	2013	2017	6
Independent, non-executive directors			
Marek Šebesták	2011	2015	7
Alexander Saverys	2011	2015	4
Rijo Advies BVBA represented by Jos Thys	2011	2015	7

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

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

The biographies for each of the current directors (see page 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 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 of directors will make further efforts to reach as soon as possible the required quota of at least one third board members of the opposite gender of the other board members.

The board of directors held 7 board meetings in 2013 of which 2 were held by conference call. The most important points on the agenda were:

- approval of the 2012 annual accounts and 2013 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 issuance of 2 bonds

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	2013	Non-executive	—	2017	1
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° and Art. 526bis §2.. These biographies can be found on page 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.

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 2013. The most important points on the agenda were:

- discussion on the 2012 annual accounts and 2013 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)	2013	Non-executive	—	2017	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.

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 2013.

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	14,000	1,000	35,000
Directors				
Alexander Saverys	10,000	4,000	1,000	15,000
Rijo Advies BVBA represented by Jos Thys	10,000	7,000	2,000	19,000
VM Invest NV represented by Bart Van Malderen	10,000	6,000	1,500	17,500
Jan Van Geet s.r.o. represented by Jan Van Geet	10,000	6,000	—	16,000
TOTAL	60,000	37,000	5,500	102,500

REMUNERATION POLICY OF EXECUTIVE MANAGEMENT

For the executive management the remuneration is determined by the remuneration committee in line with the rules 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 on an annual basis. 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 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 2013 of the CEO

- fixed remuneration: The CEO received a fixed gross remuneration of € 300,000 and a total directorship remuneration of € 16,000
- variable remuneration: The CEO did not receive any bonus for 2013
- contribution of retirement benefits: The CEO did not receive any contribution for retirement benefits
- other components of the remuneration: € 33,953 (company car and related expenses)

Total remuneration 2013 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 € 288,546
- variable remuneration: No variable remuneration was paid for 2013
- contribution of retirement benefits of € 32,881
- other components of the remuneration: € 34,700 (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 operates a risk management and control function in accordance with the Companies Law Code and the Belgian Corporate Governance Code 2009.

VGP is exposed to a wide variety of risks within the context of its business operations that can result in the objectives being affected or not achieved. Controlling those risks is a core task of the board of directors, the executive management and all other employees with managerial responsibilities.

The risk management and control systems have been set up to reach the following goals:

- achievement of objectives related to effectiveness and efficiency of operations;
- reliability of financial reporting, and;
- compliance with applicable laws and regulations.

The principles of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") reference framework has served as a basis in the set-up of VGP's risk management and control system.

CONTROL ENVIRONMENT

VGP strives for an overall compliance and a risk-awareness attitude by defining clear roles and responsibilities in all relevant domains. This way, the company fosters an environment in which its business objectives and strategies are pursued in a controlled manner. This environment is created through the implementation of different policies and procedures, such as:

- Code of ethics and conduct;
- Decision and signatory authority limits;
- Quality management and financial reporting system

Given the size of the company and required flexibility these policies and procedures are not always formally documented.

The executive management ensures that all VGP team members are fully aware of the policies and procedures and ensures that all VGP team members have sufficient understanding or are adequately informed in order to develop sufficient risk management and control at all levels and in all areas of the Group.



RISK MANAGEMENT SYSTEM

RISK MANAGEMENT AND PROCESS AND METHODOLOGY

All employees are accountable for the timely identification and qualitative assessment of the risks (and significant changes to them) within their area of responsibility.

Within the different key, management, assurance, and supporting processes, the risks associated with the business are identified, analysed, pre-evaluated and challenged by internal and occasionally by external assessments.

In addition to these integrated risk reviews, periodic assessments are performed to check whether proper risk review and control measures are in place and to discover unidentified or unreported risks. These processes are driven by the CEO, COO and CFO which monitor and analyse on an on-going basis the various levels of risk and develop any action plan as appropriate. In addition, control activities are embedded in all key processes and systems in order to assure proper achievement of the company objectives.

Any identified risks which could have a material impact on the financial or operational performance of the Group are reported to the board of directors for further discussion and assessment and to allow the board to decide whether such risks are acceptable from a level of risk exposure.

MOST IMPORTANT RISK FACTORS

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.

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/>). The Compliance Officer of VGP ensures that all transactions by "insiders" are made public on this website in a timely manner. Reference is also made to Annex 4 of the VGP Charter. During 2013 there were no transaction reported by "insiders".

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 2013 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. Rik Neckebroeck has been appointed as Statutory Auditor. The Statutory Auditor's term of office expires at the conclusion of the Ordinary General Meeting on 13 May 2016.

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 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 bank credit facilities, bonds and from time to time by shareholder loans. 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 2013 the Group had € 79.9 million committed credit facilities in place with an average maturity of 5.6 years and which were drawn for 30%.

COMPLIANCE OF FINANCIAL COVENANTS

The loan agreements of the Group include financial covenants (see page 103 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 2013 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 2013 the "net debt / equity" ratio was 0.55 compared to a debt free position as at 31 December 2012.

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 2013 all financial debt was at fixed rates.

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.

SUMMARY OF THE ACCOUNTS AND COMMENTS

INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT – ANALYTICAL FORM <i>(in thousands of €)</i>	2013	2012
NET CURRENT RESULT		
Gross rental income	4,613	3,071
Service charge income / (expenses)	(90)	(63)
Property operating expenses	(728)	(717)
Net rental and related income	3,795	2,291
Property and facility management income	3,390	1,925
Property development income	485	799
Other income / (expenses) – incl. administrative costs	(4,850)	(4,418)
Share in the result of associates	1,526	(1,615)
Operating result (before result on portfolio)	4,346	(1,018)
Net financial result ¹	903	2,902
Revaluation of interest rate financial instruments (IAS 39)	(201)	—
Taxes	(953)	(590)
Net current result	4,095	1,294
RESULT ON PROPERTY PORTFOLIO		
Net valuation gains / (losses) on investment properties	27,872	12,347
Deferred taxes	(7,665)	(2,062)
Result on property portfolio	20,207	10,285
PROFIT FOR THE YEAR	24,302	11,579
RESULT PER SHARE	2013	2012
Number of ordinary shares	18,583,050	18,583,050
Net current result per share (in €)	0.22	0.07
Net result per share (in €)	1.31	0.62

¹ Excluding the revaluation of interest rate financial instruments.

BALANCE SHEET

ASSETS <i>(in thousands of €)</i>	2013	2012
Goodwill	631	—
Intangible assets	51	58
Investment properties	225,804	101,629
Property, plant and equipment	297	241
Investments in associates	982	(545)
Other non-current receivables	49,114	45,758
Deferred tax assets	135	79
Total non-current assets	277,014	147,220
Trade and other receivables	10,242	9,037
Cash and cash equivalents	79,226	19,123
Total current assets	89,468	28,160
TOTAL ASSETS	366,482	175,380
Share capital	62,251	62,251
Retained earnings	103,737	88,940
Other reserves	69	69
Shareholders' equity	166,057	151,260
Non-current financial debt	159,658	3,916
Other non-current financial liabilities	201	—
Other non-current liabilities	943	951
Deferred tax liabilities	11,753	3,358
Total non-current liabilities	172,555	8,225
Current financial debt	10,895	12,242
Trade debts and other current liabilities	16,975	3,653
Total current liabilities	27,870	15,895
Total liabilities	200,425	24,120
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	366,482	175,380

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.

Property and facility management income relates to property- and facility management activities performed for third parties (including associates). Property development income relates to development activities undertaking mainly for associates and occasionally for other third parties.

Other income relates to non-recurrent income from tenants and other sundry income. 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 2013.

The net rental and related income for the financial year ending 31 December 2013 increased by 65.6% from € 2.3 million for the period ending 31 December 2012 to € 3.8 million for the period ending 31 December 2013.

During 2013 a total of 3 projects were completed which represented 25,569 m² of lettable area and a new fully let 25,000 m² building was acquired in Hamburg (Germany) during December 2013.

The operating costs in 2013 increased by 9.0% from € 5.2 million as at 31 December 2012 to € 5.7 million as at 31 December 2013. The increase was mainly due to increased cost of advisors used to expand the property portfolio and to support the issuance of 2 bonds during 2013 and the increased overhead resulting from the acquisition of the Czech facility manager SUTA s.r.o.

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.

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 2013 the net valuation gains / (losses) showed a net valuation gain of € 27.9 million against a net valuation gain of € 12.3 million per 31 December 2012.

The total property portfolio (including the associates), excluding development land, is valued by the valuation expert at 31 December 2013 based on a market rate of 8.31%¹ (compared to 8.42% as at 31 December 2012) 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 and BNP Paribas Real Estate.

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 2013, the financial income included a € 3.4 million interest income on loans granted to associates (same as last year) and a € 0.1 million net foreign exchange gain (compared to a € 0.3 million net foreign exchange loss as at 31 December 2012).

The reported financial expenses as at 31 December 2013 are mainly made up of € 2.9 million interest expenses related to financial debt (€ 0.6 million as at 31 December 2012) and a positive impact of € 0.6 million (€ 0.4 million per 31 December 2012) related to capitalised interests.

The main reason for the variance relates to the movements in the underlying bank debt and the issuance of 2 bonds.

As at 31 December 2013 the outstanding financial debt amounted to € 170.6 million (compared to € 16.2 million as at 31 December 2012).

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 € 2.7 million as at 31 December 2012 to € 8.6 million for the period ending 31 December 2013. 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.

PROFIT FOR THE YEAR

Profit for the year increased from € 11.6 million (€ 0.62 per share) as at 31 December 2012 to € 24.3 million (€ 1.31 per share) for the financial year ended 31 December 2013.

¹ Yield applicable for total portfolio including the associates. If the associates would have been excluded the yields would have been 8.72% at the end of December 2013 compared to 8.86% as at the end of December 2012.

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 2013 the investment property portfolio consists of 9 completed buildings representing 134,201 m² of lettable area with another 11 buildings under construction representing 152,514 m² of lettable area.

During the year VGP delivered, for its own account, 3 buildings representing 25,569 m² of lettable area.

For the account of its associates VGP delivered another 3 buildings during 2013, representing 24,042 m² of lettable area.

Besides this VGP has a total of 58 buildings under management representing 627,523 m² of lettable space.

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 an amount of € 1.0 million as at 31 December 2013 compared to a negative amount of € 0.5 million as at 31 December 2012. As at 31 December 2012 the company chose to take a prudent approach in respect of its associates and decided to recognize a negative amount rather than adjusting the balance to nil. The company was of the opinion that this position provided a more accurate view on the potential risk on its associates and also reflected more appropriately the commitment and support of VGP towards its 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 2013 VGP granted a total of € 49.1 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 increased slightly from € 9.0 million at the end of 2012 to € 10.2 million at the end of 2013. 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 it is expected that the receivable of one of the buildings will be settled during the first half of 2014.

The cash and cash equivalents increased from € 19.1 million as at 31 December 2012 to € 79.2 million as at 31 December 2013. The cash will be used in 2014 to settle the acquisition of additional land plots and further finance the development pipeline.

SHAREHOLDERS' EQUITY

During 2013 VGP made an additional capital reduction of € 7.6 million which was paid out in January 2014. 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.

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 € 170.6 million as at 31 December 2013 compared to € 16.2 million as at 31 December 2012.

Financial debt is composed of bank debt (€ 23.8 million) and bonds (€ 146.7 million) as at 31 December 2013 compared to only bank debt (€ 16.2 million) as at 31 December 2012.





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-13	338,769,002 €
Highest capitalisation	371,475,170 €
Lowest capitalisation	336,353,205 €
Share price 31 Dec-12	18.99 €
Share price 31 Dec-13	18.23 €

SHAREHOLDER STRUCTURE

As at 31 December 2013 the share capital of VGP was represented by 18,583,050 shares.
Ownership of the Company's shares is as follows:

SHAREHOLDER	NUMBER OF SHARES	% OF SHARES ISSUED
VM Invest NV	5,169,926	27.82%
Mr Bart Van Malderen	3,545,250	19.08%
Sub-total Bart Van Malderen Group	8,715,176	46.90%
Little Rock SA	4,707,752	25.33%
Alsgard SA	2,470,235	13.29%
Comm. VA VGP MISV	929,153	5.00%
Vadebo France NV	655,738	3.53%
Public	1,104,996	5.95%
TOTAL	18,583,050	100.00%



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 and Mr. Jan Van Geet.
VM Invest NV, Mr. Bart Van Malderen, Comm VA VGP MISV, Little Rock SA and Alsgard SA 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

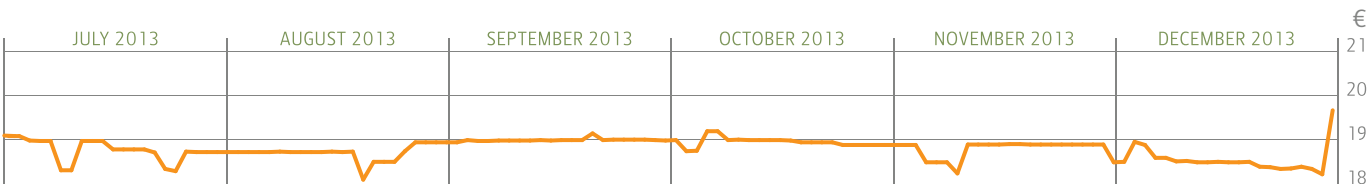
To improve the liquidity of its shares VGP NV concluded a liquidity agreement with KBC Bank.
This agreement ensures that there is increased liquidity of the shares which should be to the benefit of the Group in the future as more liquidity allows new shares to be more easily issued in case of capital 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 27 September 2013, to approve a capital reduction of € 7,619,050.50 in cash. This cash distribution corresponds to € 0.41 per share and was paid on 16 January 2014.

FINANCIAL CALENDAR

First quarter trading update 2014	9 May 2014
General meeting of shareholders	9 May 2014
2014 half year results	25 August 2014
Third quarter trading update 2014	14 November 2014





OUTLOOK 2014

During 2013 VGP has been successfully expanding its land bank and has been starting to focus more and more on Germany.

Based on the positive trend in the demands for lettable area recorded by VGP during 2013 and the continuing trend seen during the first months of 2014, and provided there are no unforeseen events of economic and financial markets nature, VGP should be able to continue to substantially expand its rent income and property portfolio through the completion and start-up of additional new buildings.

VGP believes that it has now strong development land positions to support its development activities 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	2011	Non-executive	Independent	2015
CEO	Jan Van Geet s.r.o. represented by Jan van Geet	2013	Executive and reference shareholder	—	2017
Directors	VM Invest NV represented by Bart Van Malderen	2013	Non-executive and reference shareholder	—	2017
	Alexander Saverys	2011	Non-executive	Independent	2015
	Rijo Advies BVBA represented Jos Thys	2011	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)

Mr Bart Van Malderen held different management positions at Ontex, a leading European manufacturer of hygienic disposable products prior to becoming its CEO in 1996. In 2003 he became Chairman of the Board at Ontex, a mandate he occupied until mid-July 2007. In 2012 Mr Bart Van Malderen founded Drylock Technologies a new hygienic disposable products manufacturer which introduced the revolutionary flufless diaper in 2013.

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 2013

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 (HUB) 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 Cesky Ujezd
7. VGP Park Nehatu
8. VGP Park Kekava
9. VGP Park Győr
10. VGP Park Malacky
11. VGP Park Timisoara
12. VGP Park Bingen
13. VGP Park Hamburg

PORTFOLIO II.

VGP CZ I. (Associate Portfolio)

14. Green Tower Prague – West
15. Blue Park Prague – East
16. Green Park Prague – East
17. VGP Park Horní Počernice
18. VGP Park Turnov
19. VGP Park Příšovice

PORTFOLIO III.

VGP CZ II. (Associate Portfolio)

20. VGP Park Liberec I., VGP Park Liberec II.
21. VGP Park Nýřany
22. VGP Park Hradec Králové
23. VGP Park Olomouc
24. VGP Park Mladá Boleslav
25. VGP Park Předlice

PORTFOLIO IV.

VGP CZ IV. (Associate Portfolio)

26. VGP Park Horní Počernice II



PORTFOLIO I.

COMPLETED – OWN PORTFOLIO

VGP PARK	COMPANY	COUNTRY	LAND AREA (m ²)	LETTABLE AREA (m ²)
VGP Park Tuchoměřice	VGP CZ III., a.s.	Czech Republic	14,270	6,471
VGP Park Brno	VGP CZ V., a.s.	Czech Republic	16,284	8,621
VGP Park Hrádek nad Nisou	VGP CZ VI., a.s.	Czech Republic	45,127	20,843
VGP Park Győr	VGP Park Győr Kft	Hungary	95,141	37,660
VGP Park Malacky	VGP Slovakia a.s.	Slovakia	31,499	14,863
VGP Park Timisoara	VGP Romania S.R.L.	Romania	24,151	10,477
VGP Park Hamburg	VGP Park Hamburg GmbH	Germany	61,420	35,267
TOTAL			287,892	134,202

UNDER CONSTRUCTION – OWN PORTFOLIO

VGP PARK	COMPANY	COUNTRY	LAND AREA (m ²)	LETTABLE AREA (m ²)
VGP Park Brno	VGP CZ V., a.s.	Czech Republic	47,690	25,748
VGP Park Hrádek nad Nisou	VGP CZ VI., a.s.	Czech Republic	43,812	18,225
VGP Park Ústí nad Labem	VGP CZ VII., a.s.	Czech Republic	15,852	5,200
VGP Park Nehatu	VGP Estonia OÜ	Estonia	96,355	43,550
VGP Park Győr	VGP Park Győr Kft	Hungary	13,320	6,369
VGP Park Malacky	VGP Slovakia a.s.	Slovakia	35,999	14,747
VGP Park Timisoara	VGP Romania S.R.L.	Romania	17,811	7,375
VGP Park Bingen	VGP Park Bingen GmbH	Germany	15,000	6,400
VGP Park Hamburg	VGP Park Hamburg GmbH	Germany	62,675	24,900
TOTAL			348,514	152,514

FUTURE DEVELOPMENT – OWN PORTFOLIO

VGP PARK	COMPANY	COUNTRY	LAND AREA (m ²)	LETTABLE AREA (m ²)
VGP Park Tuchoměřice	VGP CZ III., a.s.	Czech Republic	44,431	20,140
VGP Park Ústí nad Labem	VGP CZ VII., a.s.	Czech Republic	152,427	50,000
VGP Park Plzeň	VGP CZ VIII., a.s.	Czech Republic	92,354	42,287
VGP Park Cesky Ujezd	VGP Park Cesky Ujezd a.s.	Czech Republic	45,383	17,446
VGP Park Nehatu	VGP Estonia OÜ	Estonia	13,501	6,050
VGP Park Kekava	VGP Latvia s.i.a.	Latvia	83,173	34,400
VGP Park Győr	VGP Park Győr Kft	Hungary	13,320	4,130
VGP Park Malacky	VGP Slovakia a.s.	Slovakia	152,994	61,200
VGP Park Timisoara	VGP Romania S.R.L.	Romania	151,246	62,625
VGP Park Hamburg	VGP Park Hamburg GmbH	Germany	445,378	181,812
VGP Park Rodgau	VGP Park Rodgau GmbH	Germany	218,330	100,000
TOTAL			1,412,537	580,090



VGP PARK TUCHOMĚŘICE BUILDING A

Prague – West, Czech Republic

<i>tenants</i>	Caamano CZ, Gecko International
<i>lettable area (m²)</i>	6,470
<i>built</i>	2013

VGP PARK HRÁDEK NAD NISOU BUILDING A (+ EXTENSION)

Hrádek nad Nisou, Czech Republic

<i>tenant</i>	Drylock Technologies
<i>lettable area (m²)</i>	39,068 Building A (+ extension)
<i>built</i>	2011–2012 / under construction (18,550 m ²)



VGP PARK BRNO BUILDING I.

Rajhrad, Czech Republic

<i>lettable area (m²)</i>	12,149
<i>built</i>	under construction

VGP PARK BRNO BUILDING II.

Rajhrad, Czech Republic

<i>tenant</i>	Internet Shop
<i>lettable area (m²)</i>	13,599
<i>built</i>	2013 / under construction





VGP PARK BRNO BUILDING III.

Rajhrad, Czech Republic

tenants	Hartmann-Rico
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lettable area (m ²)	8,621
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built	2013
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VGP PARK ÚSTÍ NAD LABEM BUILDING P1

Přestanov, Czech Republic

tenant	Jotun Powder Coating (CZ)
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lettable area (m ²)	5,200
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built	under construction
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VGP PARK MALACKY BUILDING A

Malacky, Slovakia

tenant	Benteler Automobiltechnik
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lettable area (m ²)	14,863
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built	2009
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VGP PARK MALACKY BUILDING C

Malacky, Slovakia

lettable area (m ²)	14,747 m ²
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built	under construction
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VGP PARK TIMISOARA BUILDING B1.1

Timisoara, Romania

tenants	CSC Etichete, Quihenberger Logistics, Whiteland Logistics, Van Moer Group, Cargo-Partner Expeditii
lettable area (m ²)	10,477
built	2013

VGP PARK TIMISOARA BUILDING B1.2

Timisoara, Romania

tenant	UPS
lettable area (m ²)	7,375
built	under construction



VGP PARK GYŐR BUILDING A

Győr, Hungary

tenants	HL Display, Szemerey Transport, Skiny, Gebrüder Weiss
lettable area (m ²)	20,263
built	2009

VGP PARK GYŐR BUILDING B1

Győr, Hungary

tenant	Lear Corporation Hungary Kft
lettable area (m ²)	11,243
built	2012





VGP PARK GYŐR BUILDING B2.1

Győr, Hungary

lettable area (m²) 6,369

built under construction

VGP PARK GYŐR BUILDING C

Győr, Hungary

tenant Dana Hungary Kft

lettable area (m²) 6,154

built 2011



VGP PARK NEHATU BUILDING A

Tallinn, Estonia

tenants Boomerang Distribution, CF&S Estonia

lettable area (m²) 21,950

built under construction

VGP PARK NEHATU BUILDING B

Tallinn, Estonia

tenant Anobion

lettable area (m²) 21,600

built under construction





VGP PARK BINGEN BUILDING A

Bingen, Germany

tenant	Custom Chrome Europe
lettable area (m ²)	6,400
built	under construction

VGP PARK HAMBURG BUILDING A0

Hamburg, Germany

tenants	eodis Logistics Deutschland, JOB AG Personaldienstleistungen, Deutsche Post Immobilien
lettable area (m ²)	35,267
built	2013



VGP PARK HAMBURG BUILDING A1

Hamburg, Germany

lettable area (m ²)	24,900
built	under construction

PORTFOLIO II.

COMPLETED – VGP CZ I – (ASSOCIATE)

VGP PARK	ASSOCIATE COMPANY	COUNTRY	LAND AREA (m ²)	LETTABLE AREA (m ²)
VGP Green Park, a.s.	VGP Green Park, a.s.	Czech Republic	35,985	17,096
VGP Blue Park	VGP Blue Park, a.s.	Czech Republic	23,114	10,200
VGP Green Tower	VGP Green Tower, a.s.	Czech Republic	4,652	3,559
VGP Park Horní Počernice	VGP Park Horní Počernice, a.s.	Czech Republic	891,361	336,200
VGP Park Turnov	VGP Park Turnov, a.s.	Czech Republic	42,125	25,213
VGP Park Příšovice	VGP Park Příšovice, a.s.	Czech Republic	28,021	10,334
TOTAL			1,025,258	402,602

FUTURE DEVELOPMENT – VGP CZ I – (ASSOCIATE)

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



BLUE PARK

Prague 9, Czech Republic

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

GREEN PARK

Prague 9, Czech Republic

tenants	Logistic Services Group, ASTRON studio, Activa
lettable area (m ²)	17,096
built	2005



GREEN TOWER

Prague 5, Czech Republic

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

VGP PARK HORNÍ POČERNICE BUILDING I1

Prague 9 Horní Počernice, Czech Republic

tenants	Sikla Bohemia, RM GASTRO CZ, Václav Čížek, Whitesoft, AZ Logistika
lettable area (m ²)	6,398
built	2006





VGP PARK HORNÍ POČERNICE BUILDING I2

Prague 9 Horní Počernice, Czech Republic

tenant	INX Digital Czech
lettable area (m ²)	4,379
built	2006

VGP PARK HORNÍ POČERNICE BUILDING B2

Prague 9 Horní Počernice, Czech Republic

tenant	Alimpex Food
lettable area (m ²)	15,730
built	2006



VGP PARK HORNÍ POČERNICE BUILDING J

Prague 9 Horní Počernice, Czech Republic

tenant	SATREMA Int.
lettable area (m ²)	2,240
built	2007

VGP PARK HORNÍ POČERNICE BUILDING H1

Prague 9 Horní Počernice, Czech Republic

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





VGP PARK HORNÍ POČERNICE BUILDING D1

Prague 9 Horní Počernice, Czech Republic

tenants	Sécheron Tchequie, EUROLIDOVKA, u & we Advertising, Transforwarding, V-PODLAHY, Fresenius Kabi, CWS-boco Česká republika, Vink – Plasty, Conkline, Pivovar Protivín, HSW Signall, SPARKYS, GORSACO
lettable area (m ²)	29,268
built	2007–2008

VGP PARK HORNÍ POČERNICE BUILDING H2

Prague 9 Horní Počernice, Czech Republic

tenants	Alza CZ, NILFISK-ADVANCES, FRANKE
lettable area (m ²)	7,648
built	2007



VGP PARK HORNÍ POČERNICE BUILDING 13/14

Prague 9 Horní Počernice, Czech Republic

tenants	Dandeli Havelland Foods, Strom Praha, Česká pošta, VZV Group
lettable area (m ²)	8,257
built	2008

VGP PARK HORNÍ POČERNICE BUILDING B3

Prague 9 Horní Počernice, Czech Republic

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





VGP PARK HORNÍ POČERNICE BUILDING C2

Prague 9 Horní Počernice, Czech Republic

tenants	IKEA Česká republika, ProfiLaser Bohemia, Internet Mall
lettable area (m ²)	10,451
built	2007

VGP PARK HORNÍ POČERNICE BUILDING B1

Prague 9 Horní Počernice, Czech Republic

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



VGP PARK HORNÍ POČERNICE BUILDING C1

Prague 9 Horní Počernice, Czech Republic

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

VGP PARK HORNÍ POČERNICE BUILDING C3

Prague 9 Horní Počernice, Czech Republic

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





VGP PARK HORNÍ POČERNICE BUILDING C4

Prague 9 Horní Počernice, Czech Republic

tenant	Landert
lettable area (m ²)	9,517
built	2008

VGP PARK HORNÍ POČERNICE BUILDING F

Prague 9 Horní Počernice, Czech Republic

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



VGP PARK HORNÍ POČERNICE BUILDING E

Prague 9 Horní Počernice, Czech Republic

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

VGP PARK HORNÍ POČERNICE BUILDING D2

Prague 9 Horní Počernice, Czech Republic

tenant	Jovimer CZ, OK-Color, BASF stavební hmoty ČR, Mail Step, Den Braven Czech and Slovak, Internet Mall
lettable area (m ²)	28,440
built	2008





VGP PARK HORNÍ POČERNICE BUILDING I.

Prague 9 Horní Počernice, Czech Republic

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

VGP PARK HORNÍ POČERNICE BUILDING II.

Prague 9 Horní Počernice, Czech Republic

tenants	Medial spol, Alito, Tiskové a obálkovací centrum, Dexion, TROST AUTO SERVICES TECHNIK, IMPERIAL FOOD SERVICE
lettable area (m ²)	6,650
built	2009



VGP PARK HORNÍ POČERNICE BUILDING III.

Prague 9 Horní Počernice, Czech Republic

tenant	FERRATT INTERNATIONAL CZECH
lettable area (m ²)	3,709
built	2010

VGP PARK HORNÍ POČERNICE BUILDING IV.

Prague 9 Horní Počernice, Czech Republic

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





VGP PARK HORNÍ POČERNICE BUILDING V.

Prague 9 Horní Počernice, Czech Republic

<i>tenants</i>	MD Logistika, Datart International
<i>lettable area (m²)</i>	52,121
<i>built</i>	2009

VGP PARK HORNÍ POČERNICE BUILDING VI.

Prague 9 Horní Počernice, Czech Republic

<i>tenant</i>	Com-Pakt Energy
<i>lettable area (m²)</i>	2,115
<i>built</i>	2011



VGP PARK HORNÍ POČERNICE BUILDING B4

Prague 9 Horní Počernice, Czech Republic

<i>tenants</i>	Storge, Asko – nábytek, Penny Market
<i>lettable area (m²)</i>	15,012
<i>built</i>	2008

VGP PARK HORNÍ POČERNICE BUILDING K

Prague 9 Horní Počernice, Czech Republic

<i>tenant</i>	Skanska
<i>lettable area (m²)</i>	4,689
<i>built</i>	2010





VGP PARK HORNÍ POČERNICE BUILDING A1

Prague 9 Horní Počernice, Czech Republic

tenants	Whitesoft, VGP industriální stavby, Diamant Unipool, KUKA Roboter CEE, Rejlek Jan, Ardo Mochov, IDEAL elektro CZ, s.r.o., Cargotec Czech Republic, Barešová Eva, Synventive Molding Solutions, REFLEX CZ, LOVATO Electric, HORNBACH BAUMARKT CS, NOARK Electric Europe, REXEL GROUP, SUTA, BITO skladovací technika CZ, Ehrmann Praha
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lettable area (m²) 5,150

built 2008

VGP PARK HORNÍ POČERNICE BUILDING A2

Prague 9 Horní Počernice, Czech Republic

tenant	Loomis Czech Republic
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lettable area (m²) 5,811

built 2011

VGP PARK HORNÍ POČERNICE BUILDING A3

Prague 9 Horní Počernice, Czech Republic

tenants	Gumex, Brilon CZ, Den Braven Czech and Slovak
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lettable area (m²) 6,358

built 2013





VGP PARK HORNÍ POČERNICE BUILDING A4

Prague 9 Horní Počernice, Czech Republic

tenants	Bell Technology, quick-mix, JPLUS
lettable area (m ²)	3,092
built	2012

VGP PARK HORNÍ POČERNICE BUILDING A5

Prague 9 Horní Počernice, Czech Republic

tenant	OFA
lettable area (m ²)	2,681
built	2012



VGP PARK PŘÍŠOVICE BUILDING A

Příšovice, Czech Republic

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

VGP PARK TURNOV BUILDING ONTEX

Industrial zone Vesecko – Turnov, Czech Republic

tenant	Ontex CZ
lettable area (m ²)	25,213
built	2007 / 2012



PORTFOLIO III.

COMPLETED – VGP CZ II – (ASSOCIATE)

VGP PARK	ASSOCIATE COMPANY	COUNTRY	LAND AREA (m ²)	LETTABLE AREA (m ²)
VGP Park Liberec I	VGP CZ II s.r.o.	Czech Republic	151,106	78,447
VGP Park Liberec II	VGP CZ II s.r.o.	Czech Republic	10,902	5,028
VGP Park Nýřany	VGP CZ II s.r.o.	Czech Republic	118,651	43,838
VGP Park Hradec Králové	VGP CZ II s.r.o.	Czech Republic	122,145	44,714
VGP Park Olomouc	VGP CZ II s.r.o.	Czech Republic	105,986	35,071
VGP Park Mladá Boleslav	VGP CZ II s.r.o.	Czech Republic	30,912	15,740
VGP Park Předlice	VGP CZ II s.r.o.	Czech Republic	6,143	2,083
TOTAL			545,845	224,921

FUTURE DEVELOPMENT – VGP CZ II – (ASSOCIATE)

VGP PARK	ASSOCIATE COMPANY	COUNTRY	LAND AREA (m ²)	LETTABLE AREA (m ²)
VGP Park Liberec	VGP CZ II s.r.o.	Czech Republic	23,851	14,000
VGP Park Mladá Boleslav	VGP CZ II s.r.o.	Czech Republic	50,906	24,430
VGP Park Olomouc	VGP CZ II s.r.o.	Czech Republic	11,291	4,605
VGP Park Hradec Králove	VGP CZ II s.r.o.	Czech Republic	13,046	4,870
TOTAL			99,094	47,905



VGP PARK LIBEREC I. BUILDING H1

Industrial zone Liberec – North, Czech Republic

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

VGP PARK LIBEREC I. BUILDING H2

Industrial zone Liberec – North, Czech Republic

tenant	GRUPO ANTOLIN BOHEMIA
lettable area (m ²)	22,562
built	2008



VGP PARK LIBEREC I. BUILDING H3

Industrial zone Liberec – North, Czech Republic

tenants	LICON HEAT, Inteva Products Czech Republic, Deneo consulting
lettable area (m ²)	9,870
built	2009

VGP PARK LIBEREC I. BUILDING H4

Industrial zone Liberec - North, Czech Republic

tenant	TI Group Automotive System
lettable area (m ²)	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 ²)	20,114
built	2009–2011

VGP PARK LIBEREC I. BUILDING H7

Industrial zone Liberec – North, Czech Republic

tenant	NIKA Chrudim
lettable area (m ²)	9,190
built	2013



VGP PARK LIBEREC II. BUILDING H0

Industrial zone Liberec – South, Czech Republic

tenant	AMULET Logistic
lettable area (m ²)	5,028
built	2004–2006

VGP PARK NÝŘANY BUILDING A1

Industrial zone Nýřany, Czech Republic

tenant	Ranpak
lettable area (m ²)	8,494
built	2013





VGP PARK NÝŘANY BUILDING A2

Industrial zone Nýřany, Czech Republic

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

VGP PARK NÝŘANY BUILDING A4

Industrial zone Nýřany, Czech Republic

tenant	Pebal
lettable area (m ²)	6,661
built	2009



VGP PARK NÝŘANY BUILDING B1

Industrial zone Nýřany, Czech Republic

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

VGP PARK NÝŘANY BUILDING C1

Industrial zone Nýřany, Czech Republic

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





VGP PARK OLOMOUC BUILDING C

Olomouc – Nemilany, Czech Republic

tenants	Activa, V-Podlahy, EGT Express CZ, ERREKA – PLAST
lettable area (m ²)	9,957
built	2009–2010

VGP PARK OLOMOUC BUILDING B / D

Olomouc – Nemilany, Czech Republic

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



VGP PARK OLOMOUC BUILDING A

Olomouc – Nemilany, Czech Republic

tenants	TROST AUTO SERVICE TECHNIK, Skoma Lux, RTR-Transport a Logistika
lettable area (m ²)	7,274
built	2009

VGP PARK OLOMOUC BUILDING E

Olomouc – Nemilany, Czech Republic

tenant	Raben Logistics Czech
lettable area (m ²)	8,695
built	2011





VGP PARK HRADEC KRÁLOVÉ BUILDING H1

Dobřenice, Czech Republic

<i>tenant</i>	Excelsior Technologies
<i>lettable area (m²)</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 (m²)</i>	13,142
<i>built</i>	2010



VGP PARK HRADEC KRÁLOVÉ BUILDING H4

Dobřenice, Czech Republic

<i>tenant</i>	Vetro Plus
<i>lettable area (m²)</i>	13,447
<i>built</i>	2008

VGP PARK HRADEC KRÁLOVÉ BUILDING H5

Dobřenice, Czech Republic

<i>tenants</i>	Den Braven Czech & Slovak, Damco Czech Republic
<i>lettable area (m²)</i>	7,665
<i>built</i>	2011 / under construction





VGP PARK MLADÁ BOLESLAV BUILDING A

Industrial zone Mladá Boleslav, Czech Republic

<i>tenants</i>	HP Pelzer, YAPP CZECH AUTOMOTIVE SYSTEMS
<i>lettable area (m²)</i>	15,740
<i>built</i>	2009

VGP PARK PŘEDLICE BUILDING A

Ústí nad Labem, Czech Republic

<i>tenant</i>	Activa
<i>lettable area (m²)</i>	581
<i>built</i>	2009



VGP PARK PŘEDLICE BUILDING B

Ústí nad Labem, Czech Republic

<i>tenant</i>	Bohemia Cargo
<i>lettable area (m²)</i>	1,502
<i>built</i>	2009

PORTFOLIO IV.

FUTURE DEVELOPMENT – VGP CZ IV – PORTFOLIO (ASSOCIATE)

VGP PARK	ASSOCIATE COMPANY	COUNTRY	LAND AREA (m ²)	LETTABLE AREA (m ²)
VGP Park Horní Počernice II	VGP CZ IV., a.s.	Czech Republic	165,835	43,545
TOTAL			165,835	43,545

FINANCIAL REVIEW

VGP NV

FOR THE YEAR ENDED 31 DECEMBER 2013

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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

INCOME STATEMENT (in thousands of €)	NOTE	2013	2012
Revenue	5.1.	9,836	6,973
Gross rental income	5.1.	4,613	3,071
Service charge income	5.2.	1,349	1,178
Service charge expenses	5.2.	(1,439)	(1,241)
Property operating expenses	5.3.	(728)	(717)
Net rental income		3,795	2,291
Property and facility management income	5.1.	3,390	1,925
Property development income	5.1.	485	799
Net valuation gains / (losses) on investment properties	5.4.	27,872	12,347
Administration expenses	5.5.	(4,567)	(3,999)
Other income	5.6.	458	352
Other expenses	5.6.	(741)	(771)
Share in result of associates	5.7.	1,526	(1,615)
Operating profit / (loss)		32,218	11,329
Financial income	5.8.	3,587	3,456
Financial expenses	5.8.	(2,885)	(554)
Net financial result		702	2,902
Profit before taxes		32,920	14,231
Taxes	5.9.	(8,618)	(2,652)
Profit for the year		24,302	11,579
Attributable to:			
Shareholders of VGP NV		24,302	11,579
Non-controlling interests		—	—

RESULT PER SHARE (in €)	NOTE	2013	2012
Basic earnings per share (in €)	5.10.	1.31	0.62
Basic earnings per share – after correction of reciprocal interest through associates (in €)	5.10.	1.34	0.62

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF COMPREHENSIVE INCOME <i>(in thousands of €)</i>	2013	2012
Profit for the year	24,302	11,579
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	—	—
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>	—	—
Other comprehensive income for the period	—	—
Total comprehensive income / (loss) of the period	24,302	11,579
Attributable to:		
Shareholders of VGP NV	24,302	11,579
Non-controlling interest	—	—

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2013

ASSETS (in thousands of €)	NOTE	2013	2012
Goodwill	6.1.	631	—
Intangible assets	6.2.	51	58
Investment properties	6.3.	225,804	101,629
Property, plant and equipment	6.2.	297	241
Investments in associates	6.4.	982	(545)
Other non-current receivables	6.5.	49,114	45,758
Deferred tax assets	5.9.	135	79
Total non-current assets		277,014	147,220
Trade and other receivables	6.6.	10,242	9,037
Cash and cash equivalents	6.7.	79,226	19,123
Total current assets		89,468	28,160
TOTAL ASSETS		366,482	175,380

SHAREHOLDERS' EQUITY AND LIABILITIES (in thousands of €)	NOTE	2013	2012
Share capital	6.8.	62,251	62,251
Retained earnings		103,737	88,940
Other reserves	6.9.	69	69
Shareholders' equity		166,057	151,260
Non-current financial debt	6.10.	159,658	3,916
Other non-current financial liabilities	6.11.	201	—
Other non-current liabilities	6.12.	943	951
Deferred tax liabilities	5.9.	11,753	3,358
Total non-current liabilities		172,555	8,225
Current financial debt	6.10.	10,895	12,242
Trade debts and other current liabilities	6.13.	16,975	3,653
Total current liabilities		27,870	15,895
Total liabilities		200,425	24,120
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		366,482	175,380

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF CHANGES IN EQUITY (in thousands of €)	STATUTORY SHARE CAPITAL	CAPITAL RESERVE ¹	IFRS SHARE CAPITAL	RETAINED EARNINGS	SHARE PREMIUM	TOTAL EQUITY
Balance as at 1 January 2012	135,408	(73,157)	62,251	92,415	69	154,735
Other comprehensive income / (loss)	—	—	—	—	—	—
Result of the period	—	—	—	11,579	—	11,579
Effect of disposals	—	—	—	—	—	—
Total comprehensive income / (loss)	—	—	—	11,579	—	11,579
Dividends to shareholders	—	—	—	—	—	—
Share capital distribution to shareholders	(15,052)	15,052	—	(15,052)	—	(15,052)
Correction for reciprocal interest through associates ²	—	—	—	—	—	—
Balance as at 31 December 2012	120,356	(58,105)	62,251	88,940	69	151,260
Balance as at 1 January 2013	120,356	(58,105)	62,251	88,940	69	151,260
Other comprehensive income / (loss)	—	—	—	—	—	—
Result of the period	—	—	—	24,302	—	24,302
Effect of disposals	—	—	—	—	—	—
Total comprehensive income / (loss)	—	—	—	24,302	—	24,302
Dividends to shareholders	—	—	—	—	—	—
Share capital distribution to shareholders	(7,619)	7,619	—	(7,619)	—	(7,619)
Correction for reciprocal interest through associates ²	—	—	—	(1,886)	—	(1,886)
Balance as at 31 December 2013	112,737	(50,486)	62,251	103,737	69	166,057

¹ 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”).

² Correction for reciprocal interest relates to the elimination of the proportional equity component of the respective VGP NV shares held by VGP Misv Comm. VA. VGP NV acquired 43% of VGP Misv Comm. VA during the course of 2013.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

CASH FLOW STATEMENT (in thousands of €)	2013	2012
<i>Cash flows from operating activities</i>		
Profit before taxes	32,920	14,231
<i>Adjustments for:</i>		
Depreciation	106	139
Unrealised (gains) / losses on investment properties	(27,872)	(12,057)
Realised (gains) / losses on disposal of subsidiaries and investment properties	—	(290)
Unrealised (gains) / losses on financial instruments and foreign exchange	56	400
Net interest paid / (received)	(2,293)	(2,733)
Share in result of associates	(1,526)	1,615
Operating profit before changes in working capital and provisions	1,391	1,306
Decrease/(Increase) in trade and other receivables	(1,424)	(227)
(Decrease)/Increase in trade and other payables	8,302	(3,636)
Cash generated from the operations	8,269	(2,557)
Net Interest paid / (received)	2,293	2,733
Income taxes paid	(95)	(219)
Net cash from operating activities	10,467	(43)
<i>Cash flows from investing activities</i>		
Proceeds from disposal of subsidiaries	—	8,671
Proceeds from disposal of tangible assets	31	24,252
Acquisition of subsidiaries	(4,091)	(1,807)
(Loans provided to) / loans repaid by associates	(3,356)	1,811
Investment property and investment property under construction	(89,811)	(13,934)
Net cash from investing activities	(97,227)	18,994
<i>Cash flows from financing activities</i>		
Gross dividends paid		
Net Proceeds / (cash out) from the issue / (repayment) of share capital	(7,619)	(15,052)
Proceeds from loans	155,322	8,010
Loan repayments	(928)	(9,186)
Net cash from financing activities	146,775	(16,228)
Net increase / (decrease) in cash and cash equivalents	60,015	2,723
Cash and cash equivalents at the beginning of the period	19,123	16,326
Effect of exchange rate fluctuations	88	74
Cash and cash equivalents at the end of the period	79,226	19,123
Net increase / (decrease) in cash and cash equivalents	60,015	2,723

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1 / GENERAL INFORMATION

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.

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 4 April 2014.

2 / SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

2.1 / STATEMENT OF COMPLIANCE

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 2013.

NEW STANDARDS AND INTERPRETATIONS APPLICABLE DURING 2013

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

- 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 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* (applicable for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 19 *Employee Benefits* (applicable for annual periods beginning on or after 1 January 2013)

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 2013

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2013, and have not been applied when preparing financial statements:

- IFRS 9 *Financial Instruments* and subsequent amendments (not yet endorsed in EU)
- 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)
- IAS 27 *Separate Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 *Investments in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2014)
- Improvements to IFRS (2010–2012) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- Improvements to IFRS (2011–2013) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- 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 19 *Employee Benefits – Employee Contributions* (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2014)

- Amendments to IAS 36 – *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Asset* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 – *Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 21 – *Levies* (applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)

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. With respect to the changes in IFRIC 21, the company is still evaluating the potential impact.

2.2 / 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.

The following exchange rates were used during the period:

DATE	CZECH REPUBLIC	CLOSING RATE
31 December 2013	CZK/EUR	27.4250
31 December 2012	CZK/EUR	25.1400

DATE	POLAND	CLOSING RATE
31 December 2013	PLN/EUR	4.1472
31 December 2012	PLN/EUR	4.0882

DATE	ROMANIA	CLOSING RATE
31 December 2013	RON/EUR	4.4791
31 December 2012	RON/EUR	4.4280

DATE	LATVIA	CLOSING RATE
31 December 2013	LVL/EUR	0.702804
31 December 2012	LVL/EUR	0.702804

DATE	HUNGARY	CLOSING RATE
31 December 2013	HUF/EUR	296.9100
31 December 2012	HUF/EUR	291.2900

2.3 / BALANCE SHEET ITEMS

GOODWILL

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets and contingent liabilities of a subsidiary or associated company at the date of acquisition.

Goodwill is carried at cost less any accumulated impairment losses.

INTANGIBLE ASSETS

Intangible assets acquired in a business combination are initially measured at fair value; intangible assets acquired separately are initially measured at cost. After initial recognition, intangible assets are measured at cost or fair value less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and method are reviewed at each financial year-end. A change in the useful life of an intangible asset is accounted for prospectively as a change in estimate. Under the provisions of IAS 38, intangible assets may have indefinite useful lives. If the useful life of an intangible asset is deemed indefinite, no amortization is recognized and the asset is reviewed at least annually for impairment.

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.

Investment properties are initially measured at cost (including transaction costs). After initial recognition, investment property is carried at fair value.

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

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.

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

In case the board of directors is of the opinion that the fair value of the development land cannot be reliably determined the board may elect to value the development land at cost less impairment until the fair value becomes reliably determinable. As at 31 December 2013 all development land was valued at its fair value by an external independent valuation expert.

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

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	2013	2012
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.

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.

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.

REVERSAL 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.

2.4 / 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.

3 / CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 on-going 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.

3.1 / CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgments made by management, apart from those involving estimations (see note 3.2. below), that have a significant effect on the amounts reported in the consolidated financial statements.

— Given its pan-European presence, VGP is exposed to tax risks in many jurisdictions. Tax authorities in those jurisdictions conduct regular tax audits which may reveal potential tax issues. While the outcome of such tax audits is not certain, management is convinced that VGP, based on an overall evaluation of potential tax liabilities, has recorded adequate tax liabilities in its consolidated financial statements.

3.2 / KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and the other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

— VGP's portfolio is valued at least annually by independent real estate experts. This valuation by real estate experts is intended to determine the market value of a property at a certain date, as a function of the market evolution and the characteristics of the property concerned. The property portfolio is recorded at the fair value established by the real estate experts in the Group's consolidated accounts.

— Deferred tax assets are recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. In making its judgment, management takes into account elements such as long-term business strategy and tax planning opportunities (see note 5.9.3. 'Deferred tax assets and liabilities').

4 / 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 and increasingly in Germany, a distinction between the Czech Republic,

Germany 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). Given the growing importance of property and facility management services the income on the property and facility management as well as the development businesses have

been separately included on a geographical basis. 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 (€ 55.6 million), cash and cash equivalents of VGP NV (€ 73.9 million) and other (€ 1.6 million).

SEGMENT INFORMATION CZECH REPUBLIC, GERMANY AND OTHER COUNTRIES

INCOME STATEMENT <i>(in thousands of €)</i>	CZECH REPUBLIC		
	2013	2012	
Gross rental income	1,797	396	
Service charge income / (expenses)	(153)	41	
Property operating expenses	(272)	(304)	
Net rental income	1,372	133	
Property and facility management income	2,971	1,483	
Property development income	485	799	
Net valuation gains / (losses) on investment property	7,723	12,591	
Other income / (expenses)- incl. administrative costs	(3,009)	(2,603)	
Share in the result of associates	—	—	
Operating profit / (loss)	9,542	12,403	
Net financial result	—	—	
Taxes	—	—	
Profit for the year	—	—	

BALANCE SHEET <i>(in thousands of €)</i>	CZECH REPUBLIC		
	2013	2012	
Assets			
Investment properties	66,504	44,938	
Other assets (incl. deferred tax)	2,539	2,561	
Total assets	69,043	47,499	
Shareholders' equity and liabilities			
Shareholders' equity	—	—	
Total liabilities	—	—	
Total shareholders' equity and liabilities	—	—	

	GERMANY		OTHER COUNTRIES		UNALLOCATED AMOUNTS		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
	—	—	2,816	2,675	—	—	4,613	3,071
	(4)	—	67	(104)	—	—	(90)	(63)
	(121)	—	(335)	(413)	—	—	(728)	(717)
	(125)	—	2,548	2,158	—	—	3,795	2,291
	—	—	419	442	—	—	3,390	1,925
	—	—	—	—	—	—	485	799
	18,304	—	1,845	(244)	—	—	27,872	12,347
	(263)	(61)	(406)	(334)	(1,172)	(1,420)	(4,850)	(4,418)
	—	—	—	—	1,526	(1,615)	1,526	(1,615)
	17,916	(61)	4,406	2,022	354	(3,035)	32,218	11,329
	—	—	—	—	702	2,902	702	2,902
	—	—	—	—	(8,618)	(2,652)	(8,618)	(2,652)
	—	—	—	—	24,302	11,579	24,302	11,579

	GERMANY		OTHER COUNTRIES		UNALLOCATED AMOUNTS		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
	90,073	2,011	69,227	54,680	—	—	225,804	101,629
	3,056	219	3,937	3,249	131,146	67,722	140,678	73,751
	93,129	2,230	73,164	57,929	131,146	67,722	366,482	175,380
	—	—	—	—	166,057	151,260	166,057	151,260
	—	—	—	—	200,425	24,120	200,425	24,120
	—	—	—	—	366,482	175,380	366,482	175,380

SEGMENT INFORMATION OTHER COUNTRIES

INCOME STATEMENT <i>(in thousands of €)</i>	ESTONIA		SLOVAKIA		
	2013	2012	2013	2012	
Gross rental income	—	581	883	861	
Service charge income / (expense)	(4)	(23)	1	(48)	
Property operating expenses	(82)	(175)	(93)	(13)	
Net rental income	(86)	383	791	800	
Property and facility management income	—	69	9	9	
Property development income	—	—	—	—	
Net valuation gains / (losses) on investment property	3,070	591	25	(672)	
Other income / (expenses)- incl. administrative costs	(26)	(10)	(3)	(9)	
Share in the result of associates	—	—	—	—	
Operating profit / (loss)	2,958	1,033	822	128	
Net financial result	—	—	—	—	
Taxes	—	—	—	—	
Profit for the year	—	—	—	—	

INCOME STATEMENT <i>(in thousands of €)</i>	ESTONIA		SLOVAKIA		
	2013	2012	2013	2012	
Assets					
Investment properties	13,273	28	23,043	22,821	
Other assets (incl. deferred tax)	902	367	210	292	
Total assets	14,175	395	23,253	23,113	
Shareholders' equity and liabilities	—	—	—	—	
Shareholders' equity	—	—	—	—	
Total liabilities	—	—	—	—	
Total shareholders' equity and liabilities	—	—	—	—	

	HUNGARY		ROMANIA		OTHER		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
	1,694	1,224	239	9	—	—	2,816	2,675
	62	39	10	(22)	(2)	(50)	67	(104)
	(109)	(192)	(6)	(5)	(45)	(28)	(335)	(413)
	1,647	1,071	243	(18)	(47)	78	2,548	2,158
	44	22	—	—	366	342	419	442
	—	—	—	—	—	—	—	—
	(637)	212	(244)	(375)	(369)	—	1,845	(244)
	(60)	(68)	(209)	(79)	(108)	(168)	(406)	(334)
	—	—	—	—	—	—	—	—
	994	1,237	(210)	(472)	(158)	96	4,406	2,022
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—

	HUNGARY		ROMANIA		OTHER		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
	20,827	21,221	10,586	8,735	1,498	1,875	69,227	54,680
	1,222	1,273	672	1,177	931	140	3,937	3,249
	22,049	22,494	11,258	9,912	2,429	2,015	73,164	57,929
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—

5 / INCOME STATEMENT ITEMS

5.1 / REVENUE

<i>In thousands of €</i>	2013	2012
Rental income from investment properties	4,317	3,057
Rent incentives	296	14
TOTAL GROSS RENTAL INCOME	4,613	3,071
Property management income	2,478	1,925
Facility management income	911	—
Property development income	485	799
Service charge income	1,349	1,178
TOTAL REVENUE	9,836	6,973

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 2013.

The increase in asset and property management income is mainly due to the services provided to associated companies. The increase in facility management is mainly due to the acquisition of the Czech facility manager SUTA (acquired during 2013) which is specialised in cleaning and maintenance works to third parties.

5.2 / SERVICE CHARGE INCOME / (EXPENSES)

<i>In thousands of €</i>	2013	2012
Service charge income		
Recharge of costs borne by tenants	1,349	1,178
TOTAL	1,349	1,178
Service charge expenses		
Energy	(489)	(471)
Maintenance and cleaning	(40)	(8)
Property taxes	(164)	(154)
Others	(746)	(608)
TOTAL	(1,439)	(1,241)

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.

5.3 / PROPERTY OPERATING EXPENSES

<i>In thousands of €</i>	2013	2012
Repairs and maintenance	(102)	(182)
Letting, marketing, legal and professional fees	(331)	(289)
Other	(295)	(246)
TOTAL	(728)	(717)

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

<i>In thousands of €</i>	2013	2012
Unrealised valuation gains / (losses) on investment properties	27,872	12,057
Realised valuation gains / (losses) on disposal of subsidiaries and investment properties	—	290
TOTAL	27,872	12,347

The total property portfolio (including the associates), excluding development land, is valued by the valuation expert at 31 December 2013 based on a market rate of 8.31%¹ (compared to 8.42% as at 31 December 2012) 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 million².

5.5 / ADMINISTRATIVE COST

<i>In thousands of €</i>	2013	2012
Wages and salaries	(1,902)	(1,757)
Audit, legal and other advisors	(1,509)	(1,221)
Other expenses	(1,050)	(882)
Depreciation	(106)	(139)
TOTAL	(4,567)	(3,999)

5.6 / OTHER INCOME / (OTHER EXPENSES)

<i>In thousands of €</i>	2013	2012
Other income		
Other operating income	458	352
TOTAL	458	352
Other expenses		
Marketing, travel and representation expenses	(176)	(348)
Other operating expenses	(565)	(423)
TOTAL	(741)	(771)

¹ Yield applicable for total portfolio including the associates. If the associates would have been excluded the yields would have been 8.72% at the end of December 2013 compared to 8.86% as at the end of December 2012.

² A 0.10% variation of this market rate on the own portfolio would give rise to a variation of € 1.9 million.

5.7 / SHARE IN THE RESULTS OF ASSOCIATES

In thousands of €		2013	2012
Associates			
VGP Park Horní Počernice, a.s.	Czech Republic	1,175	(702)
VGP Blue Park, a.s.	Czech Republic	60	—
VGP Green Park, a.s.	Czech Republic	75	(122)
VGP Park Příšovice, a.s.	Czech Republic	43	8
VGP Park Turnov, a.s.	Czech Republic	188	24
VGP Green Tower, a.s.	Czech Republic	24	18
VGP CZ IV a.s.	Czech Republic	(210)	577
VGP CZ II s.r.o.	Czech Republic	803	(753)
SUN S.a.r.l.	Grand Duchy of Luxembourg	4	4
Snow Crystal S.a.r.l.	Grand Duchy of Luxembourg	(636)	(669)
VGP Misv Comm. VA	Belgium	—	—
TOTAL		1,526	(1,615)

5.8 / NET FINANCIAL COSTS

In thousands of €	2013	2012
Bank interest income	19	28
Interest income – loans to associates	3,419	3,378
Bank interest income – interest rate swaps - hedging	13	—
Net foreign exchange gains	136	—
Other financial income	—	50
Financial income	3,587	3,456
Bond interest expense	(2,082)	—
Bank interest expense – variable debt	(837)	(560)
Interest capitalised into investment properties	564	430
Unrealised loss on interest rate derivatives	(201)	—
Other financial expenses	(329)	(163)
Net foreign exchange losses	—	(261)
Financial expenses	(2,885)	(554)
Net financial costs	702	2,902

5.9 / TAXATION

5.9.1 INCOME TAX EXPENSE RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

In thousands of €	2013	2012
Current tax	(278)	(90)
Deferred tax	(8,340)	(2,562)
TOTAL	(8,618)	(2,652)

5.9.2 / RECONCILIATION OF EFFECTIVE TAX RATE

<i>In thousands of €</i>	2013		2012	
Profit before taxes		32,920		14,231
Adjustment for share in result of associates		(1,526)		1,615
Result before taxes and share in result of associates		31,394		15,846
Income tax using the domestic corporation tax rate	19.0%	(5,965)	19.0%	(3,011)
Difference in tax rate non-CZ companies		(2,496)		(647)
Non-tax-deductible expenditure		(163)		(124)
Losses / Notional interest deduction		251		316
Adjustments not subjected to tax		(132)		809
Other		(114)		5
TOTAL	27.5%	(8,618)	16.7%	(2,652)

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:

2013 <i>(in thousands of €)</i>	< 1 YEAR	2-5 YEARS	>5 YEARS
Tax loss carry forward	892	2,106	2,761

2012 <i>(in thousands of €)</i>	< 1 YEAR	2-5 YEARS	>5 YEARS
Tax loss carry forward	860	2,648	1,188

5.9.3 / DEFERRED TAX ASSETS AND LIABILITIES

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

<i>In thousands of €</i>	ASSETS		LIABILITIES		NET	
	2013	2012	2013	2012	2013	2012
Fixed assets	—	—	(11,138)	(3,252)	(11,138)	(3,252)
IFRS hedge accounting	—	—	—	—	—	—
Tax losses carried-forward	344	495	—	—	344	495
Capitalised interest	—	—	(750)	(642)	(750)	(642)
Capitalised cost	—	—	(78)	—	(78)	—
Other	—	120	4	—	4	120
Tax assets / liabilities	344	615	(11,962)	(3,894)	(11,618)	(3,279)
Set-off of assets and liabilities	(209)	(536)	209	536	—	—
Net tax assets / liabilities	135	79	(11,753)	(3,358)	(11,618)	(3,279)

A total deferred tax asset of € 471k (€ 107k in 2012) was not recognised.

5.10 / EARNINGS PER SHARE

<i>In number</i>	2013	2012
Weighted average number of ordinary shares (basic)	18,583,050	18,583,050
Correction for reciprocal interest through associates	(398,368)	—
Weighted average number of ordinary shares (after correction)	18,184,682	18,583,050
<hr/>		
<i>In thousands of €</i>	2013	2012
Result for the period attributable to the Group and to ordinary shareholders	24,302	11,579
Earnings per share (in €) – basic	1.31	0.62
Earnings per share (in €) – after correction for reciprocal interest through associates	1.34	0.62

6 / BALANCE SHEET ITEMS

6.1 / GOODWILL

<i>In thousands of €</i>	2013	2012
Cost		
Balance at 1 January	—	—
Increases	631	—
Balance at 31 December	631	—
Impairment losses		
Balance at 1 January	—	—
Impairment losses	—	—
Balance at 31 December	—	—
Carrying amount as at 31 December	631	—

The increase in 2013 relates to the acquisition of the facility manager SUTA s.r.o. (see note 7.1)

6.2 / INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

<i>In thousands of €</i>	INTANGIBLE ASSETS		PROPERTY, PLANT AND EQUIPMENT	
	2013	2012	2013	2012
Balance at 1 January	58	43	241	278
Acquisitions of the year				
IT software	14	43	—	—
Plant and equipment	—	—	71	32
Furniture and fixtures	—	—	35	10
Motor vehicles	—	—	109	26
Other	—	—	4	5
	14	43	219	73
Depreciation of the year				
IT software	(19)	(26)	—	—
Plant and equipment	—	—	(90)	(48)
Furniture and fixtures	—	—	(10)	(4)
Motor vehicles	—	—	(57)	(50)
Other	(2)	(2)	(6)	(9)
	(21)	(28)	(163)	(111)
At 31 December	51	58	297	241

6.3 / INVESTMENT PROPERTIES

<i>In thousands of €</i>	2013	2012
Balance at 1 January	101,629	71,643
Capital expenditure	26,542	14,034
Capitalised interest	564	430
Acquisitions	69,197	3,667
Sales / (disposals) (Fair value of assets sold / disposed of)	—	(202)
Increase / (Decrease) in fair value	27,872	12,057
Balance at 31 December	225,804	101,629

As at 31 December 2013 the Czech and Hungarian properties totalling € 87.3 million (€ 66.1 million as at 31 December 2012) were pledged in favour the Group's banks. (see note 6.10).

FAIR VALUE MEASUREMENTS OF THE GROUP'S INVESTMENT PROPERTIES

VGP has adopted IFRS 13 for the first time in its financial statements as of 31 December 2013. As a result no comparative information is being provided for previous periods.

(I) CLASSES OF INVESTMENT PROPERTIES

In determining the appropriate classes of investment property the Group has considered the nature, characteristics and risks of its properties as well as the level of the fair value hierarchy within which the fair value measurements are categorised. The following factors have been applied to determine the appropriate classes:

- (a) The real estate segment (retail, office or industrial)
- (b) The geographical location
- (c) The construction status (completed investment property ("IP"), under construction ("IPUC") or development land ("DL")
- (d) The level of the fair value hierarchy:
 - 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.

This resulted in the following classes of investment properties:

In thousands of €	2013				TOTAL
	IP ¹	IPUC ²	DL ³	2013	2012
Segment information	Industrial	Industrial	Industrial		
Fair value hierarchy	3	3	3		
Fair values as at 1 January	49,420	16,123	36,086	101,629	n.a.
Capex	3,947	19,748	2,848	26,543	n.a.
Acquisitions	20,845	—	48,352	69,197	n.a.
Capitalised interest	19	483	62	564	n.a.
Transfer from DL to IPUC	—	11,617	(11,617)	—	n.a.
Transfer from IPUC to IP	4,802	(4,802)	—	—	n.a.
Net gain from value adjustments in investment properties	(1,071)	9,581	19,361	27,871	n.a.
Transfer to / (from) Level 3	—	—	—	—	n.a.
Fair value as at 31 December	77,962	52,751	95,092	225,805	n.a.

¹ IP = completed investment property

² IPUC = investment property under construction

³ DL = development land

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers in to and out of Level 3 fair value measurements.

(II) VALUATION PROCESS

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.

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, 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 that is being constructed or developed for future use as investment property is also stated at fair value. The investment properties under construction are also valued by an independent valuation expert. 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. whereby "remaining construction costs" means overall pending development cost, which include all hard costs, soft costs, financing costs and developer profit (developer profit expresses the level of risk connected with individual property and is mainly dependent on development stage and pre-letting status).

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

Land of which the Group has full ownership and on which the Group intends to construct (so called “development land”) is immediately valued at fair value if the fair value is considered to be reliably determinable. The valuation is in general being carried out by an independent valuation expert. In case the board of directors is of the opinion that the fair value of the development land cannot be reliably determined the board may elect to value the development land at cost less impairment until the fair value becomes reliably determinable. As at 31 December 2013 all development land was valued at its fair value by an external independent valuation expert.

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

For the valuations of land the sales comparison approach was used. This approach produces a value indication by comparing the subject property to similar properties and applying adjustments to reflect advantages and disadvantages to the subject property. This is most appropriate when a number of similar properties have recently been sold or are currently for sale in the market.

The valuation of the Group’s property portfolio as at 31 December 2013 was carried out by Jones Lang LaSalle and by BNP Paribas Real Estate.

(III) QUANTITATIVE INFORMATION ABOUT FAIR VALUE MEASUREMENTS
USING UNOBSERVABLE INPUTS (LEVEL 3)

REGION	SEGMENT	FAIR VALUE 31 DEC 2013 (€ '000)	VALUATION TECHNIQUE	LEVEL 3 UNOBSERVABLE INPUTS	RANGE
Czech Republic	IP and IPUC	45,660	Discounted cash flow	Annual rent per m²	45 – 60
				Discount rate	8.15% – 11.30%
				Exit yield	8.15%
				Weighted average yield	8.43%
				Cost to completion (in '000)	€ 6,550
	DL	20,843	Sales comparison	Price per m²	—
Germany	IP and IPUC	29,870	Discounted cash flow	Annual rent per m²	40 – 60
				Discount rate	6.65% – 10.00%
				Exit yield	6.50% – 6.75%
				Weighted average yield	7.95%
				Cost to completion (in '000)	€ 9,500
	DL	60,203	Sales comparison	Price per m²	—
Other countries	IP and IPUC	55,182	Discounted cash flow	Annual rent per m²	40 – 60
				Discount rate	8.15% – 11.00%
				Exit yield	8.40% – 10.25%
				Weighted average yield	9.87%
				Cost to completion (in '000)	€ 14,800
	DL	14,046	Sales comparison	Price per m²	—
TOTAL		225,804			

(IV) SENSITIVITY OF MEASUREMENT TO VARIANCE OF SIGNIFICANT UNOBSERVABLE INPUTS

A decrease in the estimated annual rent will decrease the fair value.

An increase in the discount rates and the capitalisation rates used for the terminal value of the discounted cash flow method will decrease the fair value.

There are interrelationships between these rates as they are partially determined by market rate conditions.

For investment properties under construction, the cost to completion and the time to complete will reduce the fair values whereas the consumption of such cost over the period to completion will increase the fair value.

We also refer to note 5.4 for the sensitivity impact on investment property.

6.4 / INVESTMENTS IN ASSOCIATES

<i>In thousands of €</i>	2013	2012
As at 1 January	(545)	965
Fair value at initial recognition	—	105
Result of the year	1,526	(1,615)
TOTAL	982	(545)

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

<i>In thousands of €</i>	2013	2012
Investment property and property under construction	95,023	93,685
Other non-current assets	16	20
Current assets	9,321	9,361
Non-current liabilities	(99,238)	(99,177)
Current liabilities	(4,140)	(4,433)
Total net assets	982	(545)
Gross rental income	6,641	6,887
Result for the period	1,526	(1,615)

The relationship with the 2 main associates i.e. Snow Crystal S.à.r.l. (VGP CZ I and VGP CZ IV portfolio) and Sun S.à.r.l. (VGP CZ II portfolio) is governed by a joint-venture agreement. In the joint venture agreements, VGP NV has taken up the obligation to provide the associates with 20% of future financing. For the VGP CZ I and VGP CZ II portfolios, there are adequate credit facilities available to finance the remaining development pipeline.

The joint venture agreement also foresees that in case a shareholder wishes to transfer its shares, the other shareholder has a pre-emption right to purchase such shares under the joint venture agreements. In case the majority shareholder wishes to transfer its shares and VGP does not exercise its pre-emption right, (i) the majority shareholder has a drag along right pursuant to which it can require VGP to transfer its shares in the associate as well, and (ii) VGP has a tag along right pursuant to which the majority shareholder must ensure that the third party that will acquire the majority shareholders' shares in the associate also purchases VGP's shares in the associate. The joint venture agreements also provide for a lock-up period of five years as from the closing date during which VGP is not allowed to transfer its shares in the associates other than to one of its affiliates, or following the exercise of the majority shareholders' drag along right or VGP's tag along right.

In addition, VGP acts as development manager, as well as property and leasing manager of the associates, activities.

The associates are financed through unsecured shareholder loans and secured bank financing. The main security provided to the banks is the mortgages on all assets of the respective associates. The bank financings are also subject to bank covenants and unless the associates operate within these bank covenants any distribution to the shareholders in the form of interest payments, repayments of shareholder loans, dividend or other profit distributions and payment of asset management fees will be restricted.

6.5 / OTHER NON-CURRENT RECEIVABLES

<i>In thousands of €</i>	2013	2012
SUN S.a.r.l.	6,709	6,694
VGP CZ II s.r.o.	7,871	4,659
Snow Crystal S.a.r.l.	21,329	20,044
VGP Park Horní Počernice, a.s.	9,043	10,504
VGP Blue Park, a.s.	249	249
VGP Green Park, a.s.	627	615
VGP Green Tower, a.s.	214	214
VGP Park Příšovice, a.s.	511	479
VGP Park Turnov, a.s.	371	371
VGP CZ IV a.s.	2,190	1,929
TOTAL	49,114	45,758

For further details on changes in the associates, please refer to note 5.7.

6.6 / TRADE AND OTHER RECEIVABLES

<i>In thousands of €</i>	2013	2012
Trade receivables	1,817	666
Tax receivables - VAT	1,750	1,012
Accrued income and deferred charges	124	527
Receivable re VGP CZ II transaction	6,450	6,450
Other receivables	101	382
TOTAL	10,242	9,037

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. It is currently anticipated that the receivable of one of the build-ings will be settled during the first half of 2014.

6.7 / CASH AND CASH EQUIVALENT

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

6.8 / SHARE CAPITAL

		SHARE CAPITAL MOVEMENT <i>in thousands of €</i>	TOTAL OUTSTANDING SHARE CAPITAL AFTER THE TRANSACTION <i>in thousands of €</i>	NUMBER OF SHARES ISSUED <i>in units</i>	TOTAL NUMBER OF SHARES <i>in units</i>
01.01.2006	Cumulative share capital of all Czech companies	10,969	10,969	—	—
06.02.2007	Incorporation of VGP NV	100	11,069	100	100
05.11.2007	Share split	—	11,069	7,090,400	7,090,500
11.12.2007	Contribution in kind of Czech companies	120,620	131,689	7,909,500	15,000,000
11.12.2007	Capital increase IPO	50,000	181,689	3,278,688	18,278,688
28.12.2007	Exercise of over allotment option – IPO	4,642	186,331	304,362	18,583,050
31.12.2007	Elimination capital increase – contribution in kind	(120,620)	65,711	—	18,583,050
31.12.2007	Issuing costs capital increase	(3,460)	62,251	—	18,583,050

6.9 / OTHER RESERVES

<i>In thousands of €</i>	2013	2012
Share premium	69	69
TOTAL	69	69

6.10 / CURRENT AND NON-CURRENT FINANCIAL DEBT

The contractual maturities of interest bearing loans and borrowings (current and non-current) are as follows:

MATURITY <i>in thousands of €</i>	2013			
	OUTSTANDING BALANCE	< 1 YEAR	> 1-5 YEAR	> 5 YEAR
Non-current				
Bank borrowings	13,460	529	12,931	—
Bonds	146,727	—	146,727	—
Total non-current financial debt	160,187	529	159,658	—
Current				
Bank borrowings	10,366	10,366	—	—
Total current financial debt	10,366	10,366	—	—
Total current and non-current financial debt	170,553	10,895	159,658	—

MATURITY (<i>in thousands of €</i>)	2012			
	OUTSTANDING BALANCE	< 1 YEAR	> 1-5 YEAR	> 5 YEAR
Non-current				
Bank borrowings	3,916	—	1,368	2,548
Bonds	—	—	—	—
Total non-current financial debt	3,916	—	1,368	2,548
Current				
Bank borrowings	12,242	12,242	—	—
Total current financial debt	12,242	12,242	—	—
Total current and non-current financial debt	16,158	12,242	1,368	2,548

Total financial debt increased significantly during the year, mainly due to the issuance of 2 bonds for an aggregate notional amount of € 150 million. (see note 6.10.2)

6.10.1 / SECURED BANK LOANS

The loans granted to the VGP Group are all denominated in € (except for the “other bank debt” which is denominated in CZK) and can be summarised as follows:

2013 (<i>in thousands of €</i>)	FACILITY AMOUNT	FACILITY EXPIRY DATE	OUTSTANDING BALANCE	< 1 YEAR	> 1-5 YEARS	> 5 YEARS
Tatra Banka	1,390	31-Dec-15	1,390	160	1,230	—
Tatra Banka	3,916	31-Dec-18	3,916	342	3,574	—
UniCredit Bank – Hungary	10,366	29-Sep-14	10,366	10,366	—	—
UniCredit Bank – Czech Republic	56,611	31-Dec-19	8,091	—	8,091	—
Swedbank	7,500	30-Aug-18	—	—	—	—
Other bank debt	62	2016-2018	62	27	35	—
Total bank debt	79,845		23,825	10,895	12,930	—

2012 <i>in thousands of €</i>	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	—	—	—	—
TOTAL	72,789		16,158	12,242	1,368	2,548

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

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

INTEREST RATE SWAPS

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

For further information on financial instruments we refer to note 6.11.

EVENTS OF DEFAULT 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 ratios 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.

6.10.2 / BONDS

During the financial year 2013, VGP issued the following 2 retail bonds:

- During July 2013, VGP completed a public offering of € 75 million fixed rate bonds, due 12 July 2017 aimed at retail investors. The bonds were issued at 100% and carry a coupon of 5.15% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002201672 - Common Code: 094682118)
- During December 2013, VGP successfully completed another public offering of € 75 million fixed rate bonds, due 6 December 2018 aimed at retail investors. The bonds were issued at 100% and carry a coupon of 5.10% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002208743 - Common Code: 099582871).

Both bonds are unsecured.

EVENTS OF DEFAULT AND BREACHES OF BOND COVENANTS

The terms and conditions of the bonds include following financial covenants:

- Consolidated gearing to equal or to be below 55%;
- Interest cover ratio to equal or to be above 1.2
- Debt service cover ratio to equal or to be above 1.2

The above mentioned ratios are tested semi-annually based on a 12 month period and are calculated as follows:

- Consolidated gearing means consolidated total net debt divided by the sum of the equity and total liabilities;
- Interest cover ratio means the aggregate net rental income (increased with the available cash and cash equivalents) divided by the net finance charges;
- Debt service cover ratio means cash available for debt service divided by net debt service.

As at 31 December 2013 there were no events of default nor were there any breaches of covenants with respect to the bonds.

6.11 / OTHER NON-CURRENT FINANCIAL LIABILITIES

<i>In thousands of €</i>	2013	2012
Financial liabilities carried at fair value through profit or loss (FVTPL)		
Held for trading derivatives not designated in hedge accounting relationships	201	—
TOTAL	201	—

During the first semester of 2013, new interest rate swap transactions were concluded for an aggregate notional amount of € 37 million. These new interest rate transactions have a weighted average fixed rate of 0.90% per annum and mature all on 29 March 2018 and partially hedge the development pipeline in the Czech Republic.

In September 2013 an additional interest rate swap was concluded for a notional amount of € 2.3 million and matures on 31 December 2018. This new transaction has a fixed rate of 1.30 % per annum and partially hedges the development pipeline in Slovakia.

6.12 / OTHER NON-CURRENT LIABILITIES

<i>In thousands of €</i>	2013	2012
Deposits	403	525
Retentions	540	426
TOTAL	943	951

Deposits are received from tenants. Retentions are amounts withheld from constructors' invoices. It is common to pay only 90 % of the total amount due. 5 % is due upon final delivery of the building; the remaining part is paid, based on individual agreements, most commonly after 3 or 5 years.

6.13 / TRADE DEBTS AND OTHER CURRENT LIABILITIES

<i>In thousands of €</i>	2013	2012
Trade payables	5,830	2,557
Retentions	722	483
Accrued expenses and deferred income	2,273	204
Other payables	8,150	409
TOTAL	16,975	3,653

The accrued interest on outstanding bonds is the most significant item of the accruals (€ 2,082k). As at 31 December 2012 there were no bonds outstanding.

The outstanding payable in respect of the € 7,619k capital distribution to the shareholders is the most significant item of the other payables. The payment of the capital distribution took place on 16 January 2014.

7 / MISCELLANEOUS ITEMS

7.1 / EFFECT OF BUSINESS ACQUISITIONS

On 9 May 2013 VGP NV acquired 100% of the shares of SUTA s.r.o.
SUTA s.r.o., is a company specialised in cleaning and maintenance works which has since long been an established player in its field on the Czech market.
The following table presents the assets acquired and the liabilities assumed on the date of acquisition:

<i>In thousands of €</i>	2013	2012
Intangible assets	631	—
Property, plant and equipment	128	—
Trade and other receivables	137	—
Cash and cash equivalents	75	—
Total assets	971	—
Financial debt	(37)	—
Trade and other receivables	(80)	—
Total liabilities	(117)	—
Consideration transferred	854	—
Receivables netted	(56)	—
Consideration paid in cash	798	—
Less cash and cash equivalent balances acquired	(75)	—
Net cash outflow on acquisition	723	—

The goodwill of € 631k arising from the acquisition is attributable to acquired workforce, scale and customer spread of the operations, resulting from acquiring the operations of the group.
As of December 31, 2013 the Group has finalised the purchase price allocation.

7.2 / FINANCIAL RISK MANAGEMENT AND FINANCIAL DERIVATIVES

7.2.1 / 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.
The following provides an overview of the derivative financial instruments as at 31 December 2013. The amounts shown are the notional amounts.

DERIVATIVES <i>in thousands of €</i>	2013			2012		
	< 1 YEAR	1-5 YEARS	> 5 YEARS	< 1 YEAR	1-5 YEARS	> 5 YEARS
Interest rate swaps						
Held for trading	—	39,292	—	—	—	—

We refer also to note 6.11.

7.2.2 / 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 €	2013				
	CZK	PLN	HUF	RON	LVL
Trade & other receivables	38,020	30	—	2,073	—
Non-current liabilities and trade & other payables	(77,732)	(4)	(19,144)	(855)	—
Gross balance sheet exposure	(39,712)	26	(19,144)	1,218	—
Forward foreign exchange	—	—	—	—	—
Net exposure	(39,712)	26	(19,144)	1,218	—

The LVL (Latvian Lats) converted to the Euro as from 1 January 2014 and consequently the LVL has been excluded from the 2013 figures.

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)
Gross balance sheet exposure	(10,655)	17	(154,200)	4,421	—
Forward foreign exchange	—	—	—	—	—
Net exposure	(10,655)	17	(154,200)	4,421	—

The following significant exchange rates applied during the year:

1 € =	2013 / CLOSING RATE	2012 / CLOSING RATE
CZK	27.425000	25.140000
HUF	296.910000	291.290000
RON	4.479132	4.427980
PLN	4.147200	4.088200
LVL	0.702804	0.702804

SENSITIVITY

A 10 percent strengthening of the euro against the following currencies at 31 December 2013 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 2012.

EFFECTS (in thousands of €)	2013	
	EQUITY	PROFIT OR (LOSS)
CZK	—	132
HUF	—	(1)
RON	—	(25)
PLN	—	6
TOTAL	—	112

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

A 10 percent weakening of the euro against the above currencies at 31 December 2013 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.

7.2.3 / 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 (net of any transaction costs) was as follows:

<i>In thousands of € – Nominal amounts</i>	2013	2012
Financial debt		
Fixed rate		
Bonds	150,000	—
Variable rate		
Bank debt	24,234	16,158
	174,234	16,158
Interest rate hedging		
Interest rate swaps		
Held for trading	24,234	—
	24,234	—
Financial debt after hedging		
Variable rate		
Bank debt	—	16,158
Fixed rate		
Bonds	150,000	—
Bank debt	24,234	—
	174,234	—
Fixed rate / total financial liabilities¹	100.0%	n.a.

The effective interest rate on financial debt (bank debt and bonds), including all bank margins and cost of interest rate hedging instruments was 4.60 % for the year 2013. (3.88% in 2012)

SENSITIVITY ANALYSIS FOR CHANGE IN INTEREST RATES OR PROFIT

In case of an increase / decrease of 100 basis points in the interest rates, profit before taxes would have been € 29k lower/higher (as compared to € 162k lower/higher profit before taxes for 2012). 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 2013 there is no impact given the fact that there are no interest rate swaps outstanding classified as cash flow hedges as at the reporting date. The same situation applied at the 31 December 2012 reporting date.

7.2.4 / 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 on-going 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 6.5.

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>	2013 / CARRYING AMOUNT	2012 / CARRYING AMOUNT
Other non-current receivables	49,114	45,758
Trade & other receivables	10,242	9,037
Cash and cash equivalents	79,226	19,123
TOTAL	138,582	73,918

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

³ Calculation based on the partial allocation of the existing interest rate swaps. Should the total amount of existing interest rate swaps (amounting to € 39,292k as at 31 December 2013) have been taken into consideration the fixed rate / total financial liabilities would have been 108%. It is anticipated that the Group will make additional variable interest rate drawdowns during 2014 which will bring this ratio below 100%.

The aging of trade receivables at the reporting date was:

<i>In thousands of €</i>	2013 / CARRYING AMOUNT	2012 / CARRYING AMOUNT
Gross trade receivables		
Gross trade receivables not past due	1,615	464
Gross trade receivables past due	202	202
Bad debt and doubtful receivables	—	—
Provision for impairment of receivables (-)	—	—
TOTAL	1,817	666

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

7.2.5 / 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.

<i>In thousands of €</i>	2013					
	CARRYING AMOUNT ¹	CONTRACTUAL CASH FLOWS	< 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities						
Secured bank loans	(23,826)	(27,294)	(11,587)	(904)	(5,982)	(8,822)
Unsecured bonds	(146,727)	(184,763)	(7,725)	(7,725)	(169,313)	—
Trade and other payables (excluding non-financial liabilities)	(15,645)	(15,645)	(14,702)	(32)	(429)	(482)
	(186,198)	(227,702)	(34,014)	(8,661)	(175,723)	(9,304)
Derivative financial assets / (liabilities)						
Interest rate derivatives	(201)	(1,295)	(139)	(294)	(862)	—
	(201)	(1,295)	(139)	(294)	(862)	—

<i>In thousands of €</i>	2012					
	CARRYING AMOUNT ¹	CONTRACTUAL CASH FLOWS	< 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities						
Secured bank loans	(16,158)	(16,158)	(12,242)	(342)	(1,026)	(2,548)
Unsecured bonds	—	—	—	—	—	—
Trade and other payables (excluding non-financial liabilities)	(4,400)	(4,400)	(3,449)	(28)	(583)	(340)
	(20,558)	(20,558)	(15,691)	(370)	(1,609)	(2,888)
Derivative financial assets / (liabilities)						
Interest rate derivatives	—	—	—	—	—	—
	—	—	—	—	—	—

¹ "Carrying amount" refers to the net book value as recognised in the balance sheet at each reporting date.

7.2.6 / 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.

As at 31 December 2013 the Group's gearing was as follows:

<i>In thousands of €</i>	2013	2012
Net debt / (net cash)	91,327	(2,965)
Equity	166,057	151,260
Net debt / equity ratio	0.55	n.a.

7.2.7 / FAIR VALUE

The following tables list the carrying amount of the Group's financial instruments that are showing in the financial statements. In general, the carrying amounts are assumed to be a close approximation of the fair value.

The fair value of the financial assets and liabilities is defined as the amount at which the instrument could be exchanged, or settled, between knowledgeable, willing parties in an arm's length transaction.

2013 <i>(in thousands of €)</i>	CARRYING AMOUNT 2013	IN ACCORDANCE WITH IAS 39			FAIR VALUE 2013	FAIR VALUE HIERARCHY 2013
		AMORTISED COSTS	FAIR VALUE THROUGH EQUITY	FAIR VALUE THROUGH PROFIT OR LOSS		
Assets						
Other non-current receivables	49,114	49,114	—	—	49,114	Level 2
Trade receivables	1,817	1,817	—	—	1,817	Level 2
Other receivables	8,301	8,301	—	—	8,301	Level 2
Cash and cash equivalents	79,226	79,226	—	—	79,226	Level 2
TOTAL	138,458	138,458	—	—	138,458	
Liabilities						
Financial debt						
Bank debt	23,826	23,826	—	—	23,826	Level 2
Bonds	146,727	146,727	—	—	149,810	Level 2
Trade payables	5,830	5,830	—	—	5,830	Level 2
Other liabilities	9,815	9,815	—	—	9,815	Level 2
Derivative financial liabilities						
Without a hedging relationship	201	—	—	201	201	Level 2
TOTAL	186,399	186,198	—	201	189,482	

2012 (in thousands of €)	CARRYING AMOUNT 2012	IN ACCORDANCE WITH IAS 39			FAIR VALUE 2012	FAIR VALUE HIERARCHY 2012
		AMORTISED COSTS	FAIR VALUE THROUGH EQUITY	FAIR VALUE THROUGH PROFIT OR LOSS		
Assets						
Other non-current receivables	45,758	45,758	—	—	45,758	Level 2
Trade receivables	666	666	—	—	666	Level 2
Other receivables	7,844	7,844	—	—	7,844	Level 2
Cash and cash equivalents	19,129	19,129	—	—	19,129	Level 2
TOTAL	73,397	73,397	—	—	73,397	
Liabilities						
Financial debt						
Bank debt	16,158	16,158	—	—	16,158	Level 2
Bonds	—	—	—	—	—	—
Trade payables	2,557	2,557	—	—	2,557	Level 2
Other liabilities	1,843	1,843	—	—	1,843	Level 2
Derivative financial liabilities						
Without a hedging relationship	—	—	—	—	—	—
TOTAL	20,558	20,558	—	—	20,558	

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents and trade and other receivables, primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values;
- The Other non-current receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the counterparty and the risk characteristics of the financed project. As at 31 December 2013, the carrying amounts of these receivables, are assumed not to be materially different from their calculated fair values.
- Trade and other payables also generally have short times to maturity and, hence, their carrying amounts also approximate their fair values.
- 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.

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.

During the reporting period ending 31 December 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at 31 December 2013 the Group did not provide for any rental guarantees.

There were no gain / (losses) on non-financial assets and liabilities, financial liabilities at amortised costs in 2013 and 2012.

Financial assets amounting to € 955k in 2013 (€ 554k in 2012) were pledged in favour of VGP's financing banks.

7.3 / 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 members 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 Little Rock 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").

During the first quarter of 2013 and following the 5 year lock-up period which expired in December 2012 the members of the VGP team sold their respective VGP MISV shares to VGP NV. VGP NV acquired 398,368 VGP Misv shares for an aggregate amount of € 1.9 million.

7.4 / COMMITMENTS

The Group has concluded a number of contracts concerning the future purchase of land. At 31 December 2013 the Group had future purchase agreements for land totalling 645,000 m², representing a commitment of € 39.5 million and for which deposits totalling € 0.4 million had been made.

At the end of December 2013 the Group had committed annualised rent income of € 10.4 million (€ 5.0 million as at December 2012).

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 on an annualised basis:

<i>In thousands of €</i>	2013	2012
Less than one year	10,007	4,926
Between one and five years	36,794	18,934
More than five years	29,855	25,542
TOTAL	76,656	49,402

As at 31 December 2013 the Group had contractual obligations to develop new projects for a total amount of € 30.9 million.

7.5 / RELATED PARTIES

7.5.1 / IDENTITY 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.

7.5.2 / DIRECTORS AND EXECUTIVE MANAGERS

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

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

<i>In thousands of €</i>	2013	2012
Directors	87	86
Executive managers	706	691
TOTAL	793	777

7.5.3 / TRANSACTIONS WITH RELATED PARTIES

The Group identified the following transactions with related parties in 2013 and 2012.

<i>In thousands of €</i>	2013	2012
Transactions with related parties		
General management fees received from associates	366	342
Property management fees and similar income received from associates	3,939	2,859
Interest and similar income from associates	3,419	3,378
Rent received from related parties	1,093	396
Rent paid to associates	(207)	(164)
Services received from Jan Van Geet s.r.o.	(542)	(364)
Outstanding balances with related parties		
Loans provided to associates	49,114	45,758
Other receivables from associates	6,450	6,450
Advances received from Jan Van Geet s.r.o.	(11)	(35)

The Group rents offices from Jan Van Geet s.r.o. and from VGP Park Horni Pocernice a.s. (associate). As at 31 December 2013 the operating lease rentals under these lease contracts were payable as follows:

2013 / in thousands of €	TOTAL	< 1 YEAR	> 1-5 YEARS	> 5 YEARS
Jan Van Geet s.r.o.	432	85	300	47
VGP Park Horní Počernice, a.s.	218	117	101	—
TOTAL	650	202	401	47

2012 / in thousands of €	TOTAL	< 1 YEAR	> 1-5 YEARS	> 5 YEARS
Jan Van Geet s.r.o.	363	65	260	38
VGP Park Horní Počernice, a.s.	296	99	197	—
TOTAL	659	164	457	38

Please also see point 6.4 for further information.

7.6 / EVENTS AFTER THE BALANCE SHEET DATES

After the year-end a substantial plot of land was acquired in Germany (München area) for an amount of € 35 million.

7.7 / SERVICES PROVIDED BY THE STATUTORY AUDITOR AND RELATED PERSONS

The audit fees for VGP NV and its fully controlled subsidiaries amounted to € 60k and the non-audit fees to € 24k.

7.8 / SUBSIDIARIES AND ASSOCIATES

COMPANIES FORMING PART OF THE GROUP AS AT 31 DECEMBER 2013

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

SUBSIDIARIES	ADDRESS	%
VGP CZ III a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP CZ V a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP CZ VI a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP CZ VII a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP CZ VIII s.r.o.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP Park Cesky Ujezd a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP –industrialni stavby s.r.o.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
SUTA s.r.o.	Prague, Czech Republic	100
VGP FM Services s.r.o.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP Industriebau GmbH	Düsseldorf, Germany	100
VGP Park Rodgau GmbH	Düsseldorf, Germany	100
VGP Park Leipzig GmbH	Düsseldorf, Germany	100
VGP Park Bingen GmbH	Düsseldorf, Germany	100
VGP Park Hamburg GmbH	Düsseldorf, Germany	100
VGP Park Höchstadt GmbH	Düsseldorf, Germany	100
VGP Park München GmbH	Düsseldorf, Germany	100
VGP Park Berlin GmbH	Düsseldorf, Germany	100
VGP Park Hammersbach GmbH	Düsseldorf, Germany	100
VGP Deutschland – Projekt 7 GmbH	Düsseldorf, Germany	100
VGP Deutschland – Projekt 8 GmbH	Düsseldorf, Germany	100
VGP Estonia OÜ	Tallinn, Estonia	100
VGP Finance NV	Jette, Belgium	100
VGP FM Services Plus Comm. VA	Jette, Belgium	100
VGP Latvia s.i.a.	Kekava, Latvia	100
VGP Park Györ Kft	Györ , Hungary	100
VGP Romania S.R.L.	Timisoara, Romania	100
VGP Slovakia a.s.	Malacky, Slovakia	100
VGP Polska SP. z.o.o.	Wroclaw, Poland	100
VGP Nederland BV	Tilburg, The Netherlands	100

CHANGES IN 2013

In order to further support the development of VGP business activities in Germany, VGP Park Bingen GmbH, VGP Park Hamburg GmbH, VGP Park Höchstadt GmbH, VGP Park München GmbH, VGP Park Berlin GmbH, VGP Park Hammersbach GmbH, VGP Deutschland – Projekt 7 GmbH, and VGP Deutschland – Projekt 8 GmbH were incorporated. During 2013, VGP acquired the facility manager SUTA s.r.o. which was subsequently merged during the year with Profa Management s.r.o.

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 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.	Jenišovice u Jablonce nad Nisou, Czech Republic	20
VGP Misv Comm. VA	Jette, Belgium	43

CHANGES IN 2013

During 2013, VGP acquired 42.87% of VGP Misv Comm. VA

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

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

CONDENSED INCOME STATEMENT

<i>In thousands of €</i>	2013	2012
Other operating income	772	545
Operating profit or loss	(879)	(1,196)
Financial result	2,851	4,838
Extraordinary result	74	2,541
Current and deferred income taxes	(167)	(4)
Profit or loss for the year	1,879	6,179

CONDENSED BALANCE SHEET AFTER PROFIT APPROPRIATION

<i>In thousands of €</i>	2013	2012
Formation expenses, intangible assets	3,281	10
Tangible fixed assets	8	2
Financial fixed assets	214,880	126,001
Total non-current assets	218,169	126,013
Trade and other receivables	6,511	6,491
Cash & cash equivalents	73,804	16,064
Total current assets	80,315	22,555
TOTAL ASSETS	298,484	148,568
Share capital	112,737	120,356
Non-distributable reserves	1,546	1,452
Retained earnings	24,031	22,245
Shareholders' equity	138,314	144,053
Amounts payable after one year	150,000	—
Amounts payable within one year	10,170	4,515
Creditors	160,170	4,515
TOTAL EQUITY AND LIABILITIES	298,484	148,568

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 2013 RESULT

The profit after tax for the year ended was € 1,878,860.02

At the General Meeting of Shareholders on 9 May 2014, the Board of Directors will propose that the above result be appropriated as follows:

<i>In €</i>	2013	2012
Profit of the financial year	1,878,860.02	6,178,624.30
Profit carried forward	22,245,460.01	16,375,766.93
Transfer to legal reserves	(93,943.00)	(308,931.22)
Profit / (loss) to be carried forward	24,030,377.03	22,245,460.01
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 2013.

TO THE SHAREHOLDERS

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – UNQUALIFIED OPINION

We have audited the 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.

The consolidated statement of financial position shows total assets of 366,482 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 24,302 (000) EUR.

Board of directors' responsibility 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 (IFRS) 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 (ISA). 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 statutory 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 group'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 2013, 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.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

— The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 7 April 2014
The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Rik Neckebroeck



VGP NV
Spinnerijstraat 12
B-9240 Zele, Belgium
tel.: +32 52 45 43 86 / fax: +32 52 45 43 87

VGP
Červený Dvůr, Jenišovice 59
468 33 Jenišovice, Czech Republic
tel.: +420 483 346 060 / fax: +420 483 346 061

e-mail: info@vgpparks.eu / www.vgpparks.eu