



VGP

ANNUAL REPORT 2014

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04

KEY FIGURES

06

LETTER TO
THE SHAREHOLDERS

10

VGP
IN 2014

Markets
German expansion

22

PROFILE

24

STRATEGY

26

REPORT
OF THE BOARD
OF DIRECTORS

Corporate
governance
statement

Risk factors

Summary
of the accounts
and comments

Information
about the share

Outlook 2015

48

BOARD
AND MANAGEMENT

Board of directors

Executive
management
team

50

PORTFOLIO

71

FINANCIAL
REVIEW

CONTENTS



KEY FIGURES

in thousands of €

INVESTMENT PROPERTIES	2014	2013	2012	2011	2010
TOTAL LETTABLE AREA (m^2)	268,232 ¹	761,724	674,595	641,378	576,936
OCCUPANCY RATE (%)	94.0% ²	96.2%	94.5%	98.5%	98.8%
FAIR VALUE OF PROPERTY PORTFOLIO	416,089	225,804	101,629	105,565	481,624
BALANCE SHEET	2014	2013	2012	2011	2010
SHAREHOLDERS' EQUITY	215,417	166,057	151,260	154,735	176,342
GEARING					
NET DEBT / SHAREHOLDERS' EQUITY	0.72	0.55	N.A.	N.A.	1.47
NET DEBT / TOTAL ASSETS	33.2%	24.9%	N.A.	N.A.	52.2%
INCOME STATEMENT – ANALYTICAL FORM	2014	2013	2012	2011	2010
GROSS RENTAL INCOME	9,596	4,613	3,071	14,446	28,573
PROPERTY OPERATING EXPENSES AND NET SERVICE CHARGE INCOME / (EXPENSES)	(1,082)	(818)	(780)	(516)	(1,245)
NET RENTAL AND RELATED INCOME	8,514	3,795	2,291	13,930	27,328
PROPERTY AND FACILITY MANAGEMENT / DEVELOPMENT INCOME	3,407	3,875	2,724	844	—
OTHER INCOME / (EXPENSES) – INCL. ADMINISTRATIVE COSTS	(7,089)	(4,850)	(4,418)	(2,544)	(1,809)
SHARE IN THE RESULTS OF ASSOCIATES	14,473	1,526	(1,615)	844	—
OPERATING RESULT (BEFORE RESULT ON PORTFOLIO)	19,305	4,346	(1,018)	13,074	25,519
NET CURRENT RESULT	9,463	4,095	1,294	10,399	7,967
NET VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTY	53,920	27,872	12,347	3,133	22,759
DEFERRED TAXES	(14,024)	(7,665)	(2,062)	(595)	(4,324)
RESULT ON PROPERTY PORTFOLIO	39,896	20,207	10,285	2,538	18,435
PROFIT OF THE YEAR	49,359	24,302	11,579	12,937	26,402
RESULT PER SHARE	2014	2013	2012	2011	2010
NUMBER OF ORDINARY SHARES	18,583,050	18,583,050	18,583,050	18,583,050	18,583,050
NET CURRENT RESULT PER SHARE (in €)	0.51	0.22	0.07	0.56	0.43
NET RESULT PER SHARE (in €)	2.66	1.31	0.62	0.70	1.42

¹ As at 22 October 2014 the associated companies sold their respective property portfolios which represented 627,523 m^2 of lettable area which were under VGP's management. (627,527 m^2 of assets under management as at 31 December 2013, 601,217 m^2 under management as at 31 December 2012 and 573,426 m^2 under management as at 31 December 2011).

² Excludes the effects of the portfolio sold by the associates in 2014. The years 2011, 2012 and 2012 includes the respective vacancy rates of the associates.



COMMITTED ANNUALISED RENT INCOME AND NUMBER OF LEASE CONTRACTS (Excluding assets under management through associates)



LETTER TO THE SHAREHOLDERS

Dear shareholders and bondholders of VGP

I am pleased to present our annual report on the operations of the VGP Group for the last financial year ending 31 December 2014.

We look back on a very successful overall performance in all of our core group activities and across all of the markets where the Group is active. During 2014, VGP continued to grow strongly, especially in the German market, which turned out to be the main driver of growth. However, we also acquired new land for development in the Czech Republic and Estonia and started new development projects in almost all of our parks.

Our business success and continuous growth is only possible if we as an organization have the right people on board. Therefore,

we invested not only in new land for development but also employed 15 new staff members in our offices in Prague and Düsseldorf. Our workforce has now increased to a total number of 70 employees, who are all dedicated to exploiting the Group's full business potential.

The results from 2014 show that we are well on track to shape and integrate our Group into a pan-European industrial real estate development and services company. Over the last few years, we have continuously invested in strategically located land for development and expanded into



new markets – with a main focus on Germany since 2012 – to set the course for the Group's future growth. Now, the path of growth which we have been energetically pursuing is increasingly reaping rewards. Today, we have a well-filled pipeline of new development projects and we have been seeing an increased demand for lettable area during the second half of 2014, which has been exponentially growing throughout the first few months of 2015. Thus, we are confident that we will be able to maintain our projections for growth as scheduled for the current year and beyond.



Exceptionally profitable 2014 – results almost doubled

For the second year running, we doubled our net profit to € 49.4 million, in comparison to net profits of € 24.3 million in 2013 and € 11.6 million in 2012, respectively. Likewise, we doubled committed annualised rent income from € 10.4 million in 2013 to € 22.6 million in 2014, after we had already doubled rent income from 2012 (€ 5.0 million as of 31 December 2012) by the end of 2013 as well.

The signed committed lease agreements at the end of 2014 represent a total of 405,890 m² of lettable area. This is again twice the lettable area compared to the signed committed lease agreements at the end of 2013 (representing a total of 206,572 m²). The weighted average term of the committed leases stands stable at 7.8 years at the end of December 2014, which allows us to have a solid basis for planning and making entrepreneurial decisions.

And we nearly doubled another key figure: the fair value of investment property and investment property

under construction (the “property portfolio”), which increased by 84.3% to € 416.1 million compared to € 225.8 million as of 31 December 2013. The increase of the property portfolio was due to the acquisition of new development land and the beginning of new projects during the year.

German market development

Our initial assessment of the German market has not changed over the past year. Demands from potential

customers, i.e. medium-sized, mainly family-owned companies as well as a large number of logistics companies requiring more space for growth, remained buoyant. Therefore, the roll out of our activities gathered pace.

We acquired new land positions in Berlin (Ludwigsfelde), Frankenthal (Ludwigshafen) and Bobenheim-Roxheim (Frankenthal). Furthermore, among the 14 projects under construction that began last year, seven are currently being completed in Germany and are mostly pre-let. At the same time, Germany was the main driver behind the increases in committed leases, with more than € 9.3 million of new leases signed during the year. The potential pipeline for future leases and developments in Germany also continued to fill up well.

In 2015, further expansion in Germany will remain our prime area of focus. The outlook for this market remains positive and highly promising, although the competitive environment is getting more and more challenging – we are nevertheless confident that we still have a lot of improvement margin inside our own organisation and that with the necessary focus, we can build up a lasting place amongst the bigger players in our market segment.

Czech Republic, Estonia and other markets

Despite this emphasis on Germany, we certainly did not lose sight of our traditional markets. On the contrary, we also experienced healthy growth there last year, and development and leasing activities were also buoyant. New leases totalling € 2.9 million were signed during the year, i.e., € 1.5 million in Estonia, € 0.8 million in the Czech Republic and finally € 0.6 million in Romania, respectively.

Among the 10 buildings totalling 132,645 m² that we completed during the year, five of them are in the Czech Republic, two buildings were delivered in the VGP Park Nehatu (Estonia), and one in Romania. Actually, an additional 7 projects are under construction in the Czech Republic, Slovakia, Romania and Estonia.

Sale of Czech assets Creating substantial shareholder value

Last year we also took the decision together with our JV partners to sell the Czech VGP CZ I and VGP CZ II portfolios, which consist of prime logistics assets and development land located in the Czech Republic. In October, VGP and its joint-venture partners completed this sale, making this transaction one of the largest single logistics transactions by value in Europe for the past ten years.

VGP sold its remaining 20 % stake in these two portfolios and re-invested the sales proceeds, mainly in the Group's mid-European and German development pipeline. In addition, VGP has been retained by the site's new owners to provide property and facility management services for the future.

Outlook 2015 – Expanding into new markets

In addition to our current completed projects and projects under construction, our land bank in full ownership supports our development pipeline in these existing markets. Furthermore, we have another 863,000 m² of new land plots under option, subject to permits, to expand the total amount of secured land across all markets to reach a potential for development of more than 1.6 million m² of lettable area.



These remaining land plots are expected to be acquired over the course of 2015. The land bank provides us a comfortable position to achieve our growth plans in the near future.

However, we should not rest on our laurels. There are still many challenges lying ahead and the markets are constantly evolving. Thus, we will make every effort in the future to ensure that our company will grow in a rational way, try to diversify our risk profile by targeting new European growth markets when appropriate and invest in local talent

and knowledge which is the key to success in any country.

We are also working hard to attract other sources of funding in order to be able to execute these ambitious growth plans without diluting our shareholders' equity.

Appreciation

Finally, I would like to take this opportunity to firstly and above all express my gratitude to all of my colleagues for their dedication and hard work on all levels in an international environment and also to all those who have trusted us in the

past year, customers, suppliers, banks – for their trust makes us exist. We look back with pride at what we have achieved together so far and we look forward to a successful future.

Yours sincerely,
Jan Van Geet







Year 2014

It proved to be a vintage year for VGP. During the year of 2014 VGP recorded a strong growth in all the markets where the Group is active, and demands for lettable area gained momentum during the second half of 2014 and is continuing throughout the first months in 2015.

Germany firmly established itself as the main source of growth for the VGP Group with a significant rise in development and leasing activities. In other markets, such as Estonia, Romania and Czech Republic development and leasing activities were also buoyant.

During the year 10 projects totalling 132,645 m² of lettable area were delivered. At the end of the year 14 projects were under construction representing 171,455 m² of lettable area with another 5 projects totalling 96,000 m² of lettable area (97% pre-let) to be started-up during the first half of 2015.

During the year 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) changed substantially.

On 22 October 2014 Snow Crystal S.à.r.l. completed the sale of the VGP CZ I and VGP CZ IV portfolio and Sun S.à.r.l. completed the sale of the VGP CZ II portfolio. With this transaction VGP sold its remaining 20% stake in these three Czech portfolios.

The net proceeds received by VGP NV were in total € 67.7 million of which € 49.8 million were related to the repayment of existing shareholder loans granted by VGP NV to the associates.

Commercial activities

During 2014 VGP continued to successfully sign new and or renew existing leases on the back of the pick-up in demand of lettable area.

The annualised committed leases increased to € 22.6 million as at the end of December 2014 (compared to € 10.4 million as at 31 December 2013).

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

Germany was the main driver of the increases in committed leases with more than € 9.3 million of new leases signed during the year. In the other countries new leases totalling € 2.9 million were signed during the year i.e. in Estonia € 1.5 million, in the Czech Republic € 0.8 million and finally in Romania € 0.6 million.

The signed committed lease agreements as at 31 December 2014 represent a total of 405,890 m² of lettable area and correspond to 60 different tenants' lease or future lease agreements

The weighted average term of the committed leases was 7.8 years at the end of December 2014 compared to 7.6 years as at 31 December 2013.

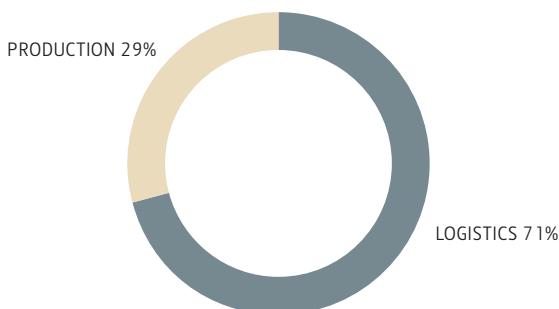
As at 31 December 2014 the investment property portfolio consists of 17 completed buildings representing 268,232 m² of lettable area with another 14 buildings under construction representing 171,455 m² of lettable area. During the year VGP delivered, for its own account, 10 buildings representing 132,645 m².

The projects completed during 2014 were located as follows: in the Czech Republic: 1 building of 5,234 m² in VGP Park Tuchoměřice, 1 building of 13,538 m² in VGP Park Brno, 1 building of 18,225 m² in VGP Park Hrádek nad Nisou, 1 building of 5,351 m² in VGP Park Ústí nad Labem and 1 building of 8,711 m² in VGP Park Plzeň; in Estonia: 1 building of 21,806 m² and another building of 21,600 m²; in Romania 1 building of 7,375 m² and finally in Germany: 1 building of 6,400 m² in VGP Park Bingen and 1 building of 24,404 m² in VGP Park Hamburg.

The occupancy rate of the portfolio reached 94.0% compared to 96.9% at the end of 2013.

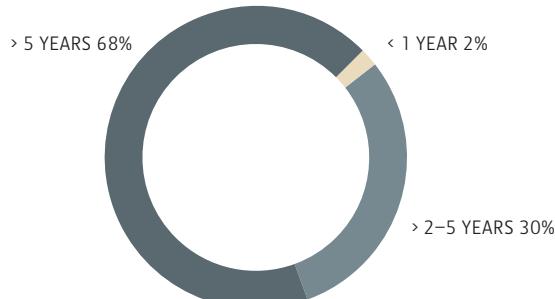
PORTFOLIO BREAKDOWN BY USE

31 December 2014 (in m²)



COMMITTED LEASE MATURITY

31 December 2014 (in m²)



Development activities

The development activities have shown a strong track record over the past few years. Over the last 7 years, the property portfolio (in m² and including the portfolio held by associates) has increased at a compound annual growth rate ("CAGR") of 30%. Since 2007 VGP developed more than 868,000 m² of lettable area.

At the end of December 2014 VGP has the following 14 buildings under construction: In Germany: 3 buildings in VGP Park Hamburg, 2 buildings in VGP Park Rodgau, 1 building in VGP Park Höchstadt and 1 building in VGP Park Berlin. In the Czech Republic: 1 building in VGP Park Brno, 1 building in VGP Park Plzeň and 2 buildings in our new VGP Park Olomouc. In the other countries: 1 building in VGP Park Nehatu (Estonia), 1 building in VGP Park Malacky (Slovakia) and finally 1 building in VGP Park Timișoara (Romania). The new buildings under construction on which several pre-leases have already been signed, represent a total future lettable area of 171,455 m².

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

During the first half of 2015, VGP is planning to start up 5 projects totalling 96,000 m² of lettable area (97% pre-let).

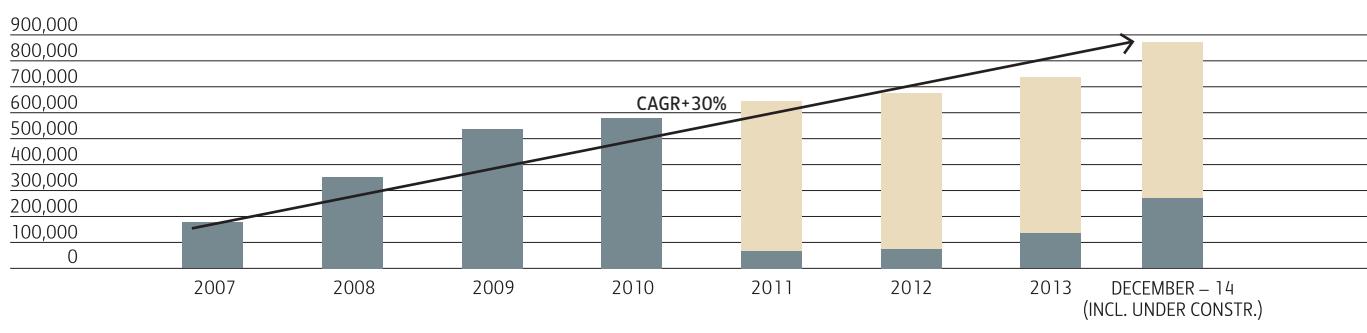
During the year 2014 VGP continued to prepare the development pipeline for future growth through the acquisition of 943,000 m² development land of which 843,000 m² was located in Germany, 54,000 m² in the Czech Republic and 46,000 m² in Estonia.

VGP has currently a land bank in full ownership of 2,950,280 m². The land bank allows VGP to develop besides the current completed projects and projects under construction (439,687 m²) a further 842,000 m² of lettable area of which 571,000 m² in Germany, 90,000 m² in the Czech Republic, and 181,000 in the other countries.

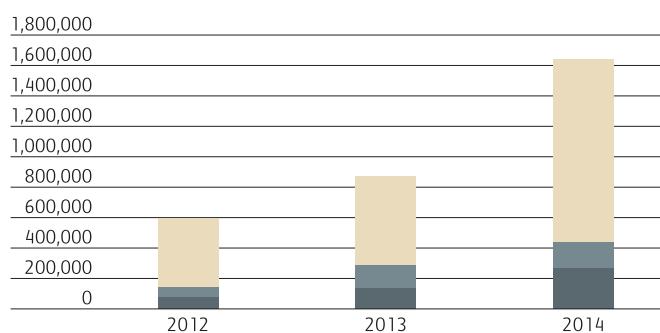
Besides this VGP has another 863,000 m² of new land plots under option, subject to permits, of which 162,000 m² in Germany, 637,000 m² in the Czech Republic and 64,000 m² in the other countries. These land plots have a development potential of approx. 354,000 m² of new projects. These remaining land plots are expected to be acquired during the course of 2015.

As a result the total secured land bank amounts to 3,813,280 m² with a total development potential of 1,636,000 m² of lettable area.

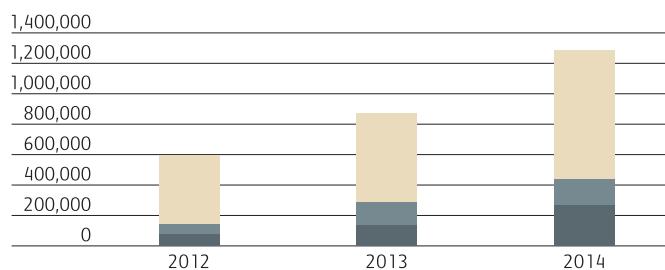
COMPOUND AVERAGE GROWTH RATE (in m²)



DEVELOPMENT POTENTIAL SECURED LAND BANK (in m²)



DEVELOPMENT POTENTIAL FULLY OWNED LAND BANK (in m²)





CEE + Germany key market indicators

		PRIME RENT € / m ² / p.a.	PRIME YIELD (%)
BERLIN	EUR	56	6.25
FRANKFURT/M	EUR	72	6.00
MUNICH	EUR	78	6.00
PRAGUE	EUR	48	7.00
BRATISLAVA	EUR	51	8.25
BUDAPEST	EUR	46	9.25
BUCHAREST	EUR	48	9.75
WARSAW	EUR	36	7.00

Source: Jones Lang LaSalle

CEE real estate investment – market overview 2014

In 2014 investment volumes reached a level of approximately €7.9 billion. This represents a circa 27% y-o-y increase in volumes compared to those in 2013 (ca. €6.2 billion). Poland remained the leading regional market with a share of circa 41% in CEE followed by the Czech Republic (25%), Romania (16%), Slovakia (8%), Hungary (7%) and the other (Balkan countries) markets (3%). The table below includes Germany which for the fifth year in succession, has registered an increase in the commercial investment volume. In the end, a volume of €39.8 billion was recorded in 2014, representing an increase of 30% compared to 2013. The breakdown of volumes for 2014 is as follows:

CEE REAL ESTATE INVESTMENT (€ millions)

	2013	2014
POLAND	3,377	3,200
CZECH REPUBLIC	1,386	2,000
ROMANIA	257	1,300
HUNGARY	427	580
SLOVAKIA	297	610
OTHER	366	200
TOTAL CEE	6,110	7,890
GERMANY	30,700	39,800
TOTAL	36,810	47.890

Source: Jones Lang LaSalle

The revival in European capital flows has been continuous since 2009 against a background of only faltering economic revival. In 2014 as a whole, circa €200 billion is estimated to have been invested in European commercial property, up 23% on a year before.

Characterizing and citing the CEE markets as a whole remains particularly difficult, as these markets are so diverse and the investor landscape itself is undergoing a meaningful change. Nonetheless, we do see some important observations emerge from a regional analysis.

First, we see that although Poland posted another exceptional year and remained the primary focus for many institutional investors, Poland's percentage of total CEE volume has moved from 70% in 2012 to approximately 41% in 2014. Poland continues to perform exceptionally well, but the other CEE countries have all significantly increased their trading volumes, which is a positive trend for the region as a whole. Moreover, the investment activity in these re-emerging markets was well-balanced, with deals across all sectors and lot sizes. 2014's solid or record "post-crisis" activity is expected to continue into 2015, as several large deals are currently advanced.

¹ Source: Jones Lang LaSalle

Second noteworthy observation is the continued intense hunt for portfolio and platform opportunities. This capital is from both legacy players and new entrants, and it can enter direct or indirect. These newer equity players are seeking to match “equity with expertise,” an approach which allows them more control of their destiny with smaller real estate teams, while still aligning themselves with the very best expertise in the markets.

Finally, we do see increasing appetite for value add opportunities across the region. These investors are targeting opportunities providing scale and asset management/development upside. With a lack of attractively-priced prime product, spreads on a risk-adjusted basis on these projects are increasingly attracting attention, both from institutional and local funds. Attractive debt terms further southeast remains a major impediment, although we would expect to see some continued, albeit gradual improvement on this front in 2015.

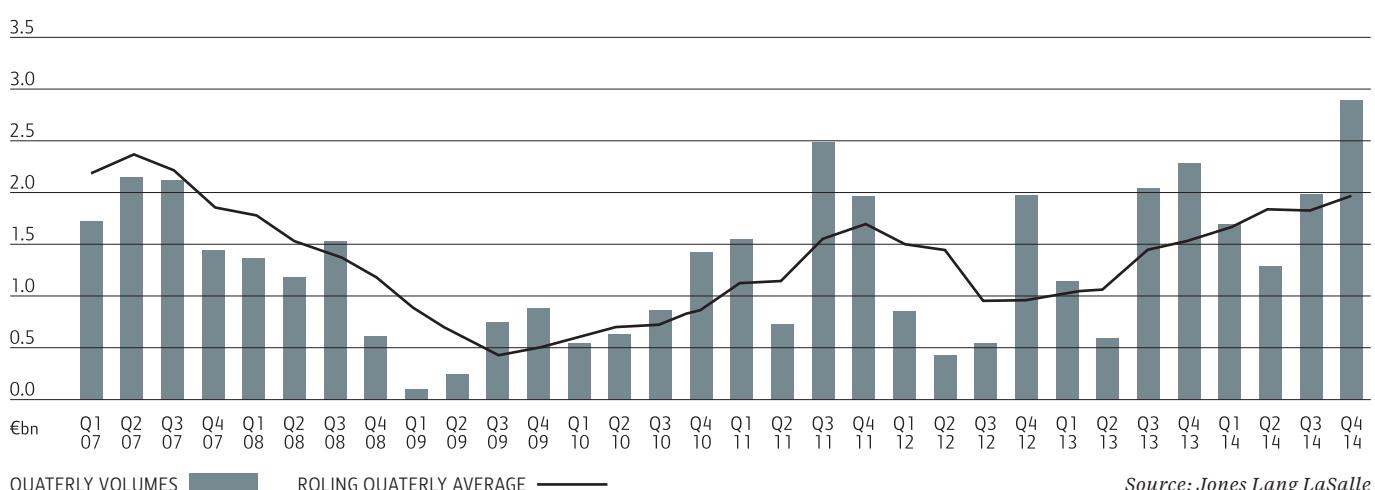
Focus on Germany

The general conditions have not changed significantly for the property investment universe in the last 12 months. However, the effects of the extremely low interest rate over what is now several years remain evident. Institutional investors such as insurance companies have long been able

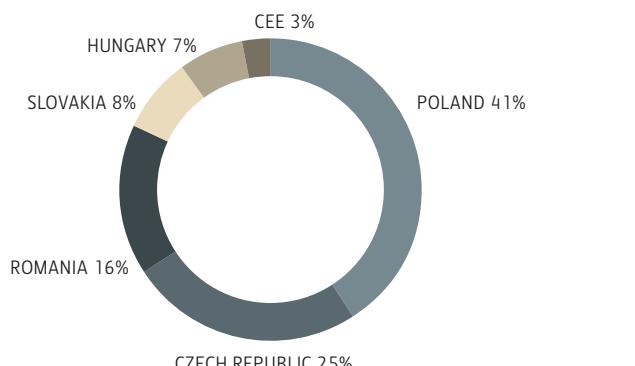
to enjoy gains from bonds they acquired previously, but these are moving closer to their maturity dates. For this reason alone, the pressure is growing to generate adequate returns elsewhere. So far there have been no grounds – at least in Europe – to bet on rising interest rates in the near future. The search for investment alternatives therefore remains acute. At the same time, competition among investors is increasing globally. Traditional players are being joined by new investors especially from Asia and certainly to a much greater extent from China in future.

Against this background, the situation on the investment markets appears very positive. For the fifth year in succession, we have registered an increase in the commercial investment volume in Germany. In the end, a volume of € 39.8 billion was recorded in 2014, representing an increase of 30% compared to 2013. The final spurt in December that has already practically become a tradition in Germany also ensured in 2014 that the fourth quarter again contributed more than a third to the annual volume, with more than € 14 billion. The run on the commercial property markets will continue in 2015 – with an equal or even greater transaction volume compared to 2014. The strong demand for property investments and the low interest rates have further driven up prices for desirable properties.

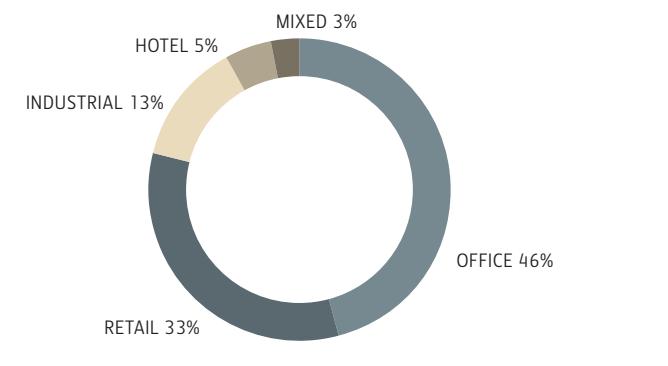
CEE: QUARTERLY VOLUMES 2014



CEE VOLUMES BY COUNTRY



CEE INVESTMENT VOLUMES BY SECTOR 2012



Focus on Czech Republic

The second half of 2014 provided transactional volumes of €1.28 billion; a 52% increase on the same period in the previous year and 78% above H1 2014. This takes the total annual investment volume to just over €2 billion, i.e. the third most active year in the history of the market, only 2.5% behind 2011 with its transaction volume of €2.07 billion. Demand-side pressure caused by the weight of international capital seeking core CEE opportunities has provided liquidity for large lot-size properties and portfolios, while their continued limited availability has driven yield compression.

The substantial pipeline carried into 2015 demonstrates that healthy competition for prime assets across all sectors and lot-sizes is set to continue. Additionally, non-core and opportunistic activity registered a significant increase as the pricing delta to compressed prime yields improved the relative value of those assets. While the prime end of the market remains the focus of the international institutions, the non-core properties started to be the domain of an increasing amount of domestic capital.

In agreement with the broader European trend, major logistics operators continued to consolidate their holdings in the Czech Republic over H2. The sale of the Tristan/VGP portfolio to P3/TPG represents the country's largest investment transaction to date at €523 million, while Prologis' purchase of Rudna Business Park was the largest ever single-asset logistics purchase. Smaller lot-sizes continue to prove attractive to a broad range of purchaser groups.

Jones Lang LaSalle's views on prime office yields are at 6.00% (heading sub 6.00%), prime logistics are at 7.00% (heading sub 7.00%), whilst prime retail yields are at 5.50% with a significant premium for trophy, and regionally significant assets.

Jones Lang LaSalle anticipates large lot-size purchases by international capital, including that from non-traditional investor nationalities, to drive continued high investment volumes in 2015. Reduced bank margins and low interest rates are supportive while increased fund allocation towards real estate provides a weight of capital and illustrates its attractiveness relative to other asset classes.

Positive financing conditions attest to the positive outlook for 2015

The German investment market has started the year with a tailwind behind it. This positive outlook is based on the continuing strong demand from international capital for investment opportunities on one hand, and on an attractive financing environment on the other. For 2015, we therefore expect to see a further increase in the transaction volume to above €40 billion.

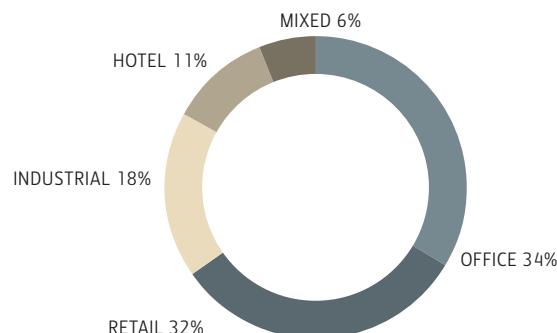
In 2015, there will be headwinds, most notably political risks. Not the least of these is the conflict in Ukraine and consequences for Russia's economy, which has potential negative spill-overs across the Continent. There are also important national votes, including a General Election in the UK, Europe's largest investment market. The re-emergence of Grexit speculation in the New Year also illustrates how fragile recent Eurozone stability remains. But notwithstanding these, few expect any let-up in the pace of global capital inflows.

There are still important structural reasons why European property will continue to be in demand and Jones Lang LaSalle's own view is that investment in 2015 will broadly be in line with 2014. Relative pricing remains an important pull, with returns on real estate still significantly higher than those for other assets. The upward trend in global savings and a history of under-allocation to real estate by many pension funds will provide further support.

Even after the US interest rate cycle turns next year, spreads over bond rates will remain generous, especially in the Eurozone. In addition, more benign economic conditions and unusually-limited supply will maintain upward pressure on prime rents. Added to this, further gradual restructuring of bank balance sheets should bring both more assets to market and also potentially release more debt for real estate purchase.

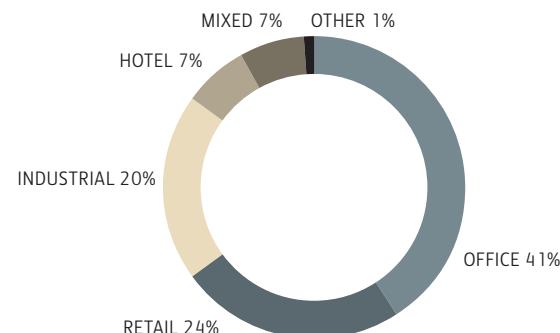
We expect a shift in investor activity in 2015, as the focus moves from prime assets in selected lead markets towards secondary and regional centres. There is evidence of this already in some markets and the trend is expected to widen. Prime yields are expected to see a small compression this year, and there is potential downside in the current climate. But longer term, yields are expected to stabilise at close to their current levels in most markets.

CEE INVESTMENT VOLUMES BY SECTOR 2013



Source: Jones Lang LaSalle

CEE INVESTMENT VOLUMES BY SECTOR 2014



Source: Jones Lang LaSalle



German market for warehousing

Driven by its geographical position, powerful export sector and strong consumer demand, Germany has maintained its leading position in the logistics sector in Europe. Leasing activity has been robust throughout the year and investor appetite for large, modern surfaces continues to intensify.

The confidence performance of the Germany industrial market is anticipated to continue into 2015 alongside improving business sentiment and growing export orders from Europe, Asia and the US. The top-5 cities are still a prime target for both occupiers and investors due to some significant logistics hubs, but a lack of development has seen activity become more dispersed throughout Germany. Political instability in Ukraine and Greece, alongside the economic slowdown in China are the biggest threats to further growth, but as the export market gains momentum, competition among investors for the best assets should only deepen. (Source: Cushman & Wakefield).

German warehousing market: above-average result

Warehouse space take-up stood at 5.6 million m² in the German warehouse and logistics space market in 2014. This is the second highest volume ever achieved (lettings and owner-occupiers), behind 2011. Compared to 2013, it is an increase of 11%, and more than one fifth above the 5-year average. The share attributable to owner-occupiers was 43%, there was a year-on-year increase in take-up volume of 5% – a new record, at 2.4 million m². Lettings take-up increased over the same period by 15%, but was 17% below 2011's record result. Assuming that the positive economic development continues and that demand remains strong, warehouse space could again reach the 5 million m² mark in 2015. (Source: Jones Lang LaSalle).

Record take-up outside the Big 5 conurbations

Take-up volume of 1.89 million m² in the Big 5 conurbations (Berlin, Düsseldorf, Frankfurt, Hamburg and Munich) was also at its second highest level in the last 10 years (behind 2011, with 2.25 million m²). This is a rise of 11% compared to 2013, and the 5 and 10-year averages were exceeded by 7% and 24% respectively.

Outside the Big 5 conurbations, take-up reached a new record level of 3.7 million m². This is a slight increase compared to the previous record year 2011 (3.6 million m²) and was 11% above the 2013 level. Owner-occupier take-up accounted for 52% of total take-up. Almost three quarters of the space taken up was in new-build/ project developments. (Source: Jones Lang LaSalle).

Prime rents remain stable

Prime rents for warehouse space in the $\geq 5,000$ m² size category have remained stable over the course of the year, except for a slight rise in Munich. The highest rents (€ 6.50 m²/month) are still paid in Munich. This is followed by Frankfurt (€ 6.00/m²/month), Hamburg (€ 5.60/m²/month) and Düsseldorf (€ 5.40/m²/month). More reasonably priced warehouse space is available in Berlin and the surrounding area (€ 4.70/m²/month). We expect trends to remain mainly stable in 2015.

(Source: Jones Lang LaSalle)

Warehousing take-up Germany: lettings / owner-occupier

	2009 (m ²)	2010 (m ²)	2011 (m ²)	2012 (m ²)	2013 (m ²)	2014 (m ²)
OUTSIDE "BIG 5" – CONURBATIONS:						
— LETTINGS	847,300	1,381,200	2,032,000	1,637,300	1,539,062	1,759,872 ¹
— OWNER-OCCUPIERS	1,107,900	1,141,900	1,585,900	1,299,600	1,772,338	1,906,528 ¹
— TOTAL	1,955,200	2,523,100	3,617,900	2,936,900	3,311,400	3,666,400
"BIG 5" – CONURBATIONS:						
— LETTINGS	957,200	1,431,900	1,781,900	1,365,500	1,206,200	1,406,000
— OWNER-OCCUPIERS	338,900	363,400	464,300	418,900	499,900	484,300
— TOTAL	1,296,100	1,795,300	2,246,200	1,784,400	1,706,100	1,890,300
LETTINGS	1,804,500	2,813,100	3,813,900	3,002,800	2,745,262	3,165,872
OWNER-OCCUPIERS	1,446,800	1,505,300	2,050,200	1,718,500	2,272,238	2,390,828
TOTAL	3,251,300	4,318,400	5,864,100	4,721,300	5,017,500	5,556,700

Source: Jones Lang LaSalle

Warehousing take-up Germany

	2009 (m ²)	2010 (m ²)	2011 (m ²)	2012 (m ²)	2013 (m ²)	2014 (m ²)
REGION						
— BERLIN	246,800	359,900	412,000	333,600	333,000	327,400
— DÜSSELDORF	178,000	166,000	205,800	145,100	295,200	283,200
— FRANKFURT (INCL. WIESBADEN/MAINZ)	275,700	326,400	540,000	455,600	415,000	559,000
— HAMBURG	373,500	616,300	740,000	575,400	450,000	450,000
— MUNICH	222,100	326,700	348,400	274,700	212,900	270,000
TOTAL "BIG 5" – CONURBATIONS	1,296,100	1,795,300	2,246,200	1,784,400	1,706,100	1,890,300
OUTSIDE "BIG 5" – CONURBATIONS	1,955,200	2,523,100	3,617,900	2,936,900	3,311,400	3,666,400
TOTAL	3,251,300	4,318,400	5,864,100	4,721,300	5,017,500	5,556,700

Source: Jones Lang LaSalle

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

VGP's expansion into Germany

After putting in place solid foundations over the past 2 years, Germany firmly established itself, during 2014, as the main source of growth for the VGP Group with a significant rise in development and leasing activities.

During the year more than € 9.3 million of new committed leases were signed. During the first weeks of 2015 an additional € 1.1 million of new lease contracts were signed with a further € 1.7 million to be signed within the next few weeks with a significant number of additional lease contracts under negotiation.

Development land

During the year 2014, VGP acquired 843,000 m² of new development land in Germany and had another 162,000 m² of new land plots under option, subject to permits. These remaining land plots are expected to be acquired during the course of 2015.

Development pipeline

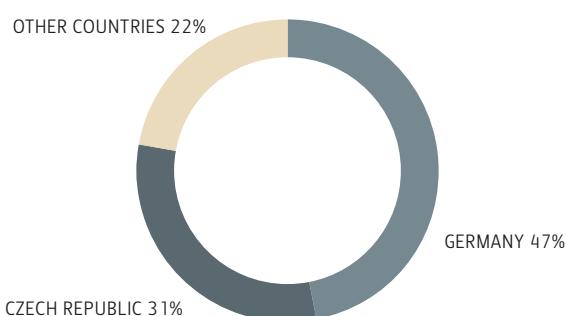
During the year 2 new buildings were delivered: 1 building of 6,400 m² in VGP Park Bingen and 1 building of 24,404 m² in VGP Park Hamburg. At the end of December 2014 VGP has 7 buildings under construction: 3 buildings in VGP Park Hamburg, 2 buildings in VGP Park Rodgau, 1 building in VGP Park Höchstadt and 1 building in VGP Park Berlin.

The new buildings under construction which have already been pre-let for more than 75%, represent a total future lettable area of 97,083 m² and an annualised rent income (when fully leased) of € 5.6 million. During the first quarter of 2015, 2 additional buildings, representing 38,575 m² of lettable area are being started-up.



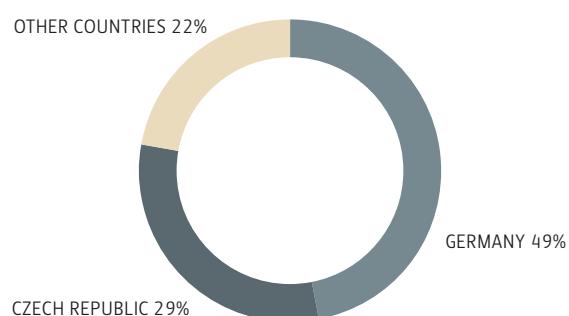
The current development potential of the VGP Group as at 31 December 2014 is as follows:

TOTAL LAND AREA (m²)



Source: Company information

TOTAL DEVELOPMENT POTENTIAL (m²)

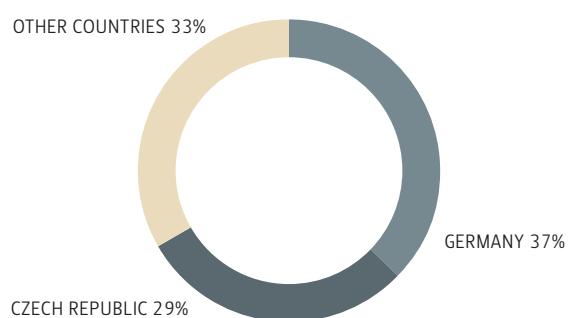


Source: Company information

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.



TOTAL COMPLETED & PIPELINE 31 DEC-14 (m²)



Source: Company information

PROFILE





VGP's profile

www.vgpparks.eu

VGP constructs and develops high-end semi-industrial real estate and ancillary offices for its own account and occasionally for third parties, 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 € 416.1 million as at 31 December 2014 which represents a total lettable area of over 268,232 m² (17 buildings) with another 14 buildings under construction representing 171,455 m².

Besides this VGP Facility Management manages 58 buildings representing 627,523 m² of lettable area which were initially owned through its associates but sold in October 2014.. VGP has been retained by the new owners of these portfolios to provide property and facility management services for the future.

As at 31 December 2014 VGP has a land bank in full ownership of 2,950,280 m². This land bank allows VGP to develop besides the current completed projects and projects under construction (439,687 m²) a further 842,000 m² of lettable area of which 571,000 m² in Germany, 90,000 m² in the Czech Republic, and 181,000 m² in the other countries. Besides this, VGP had another 863,000 m² of new plots of land under option, at year-end, allowing to develop approx. 354,000 m² of new projects.

Strategy

VGP focuses 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 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-leaseability. In their initial phase of development, some projects are being developed at the Group's own risk (i.e., without being pre-let).

Following the recent expansion from the mid-European region to the German markets, the Group is looking at expansion and development opportunities in other attractive European markets such as Spain, France, Austria and the Nordic countries.

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. 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.

01

STRATEGICALLY LOCATED
PLOTS OF LAND

02

FOCUS ON BUSINESS PARKS
TO REALISE ECONOMIES
OF SCALE

03

HIGH QUALITY STANDARDISED
SEMI-INDUSTRIAL REAL ESTATE

04

IN-HOUSE COMPETENCES ENABLING
A FULLY INTEGRATED BUSINESS MODEL





Declaration regarding the information given in this annual report 2014

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.

REPORT OF THE BOARD OF DIRECTORS



CORPORATE GOVERNANCE STATEMENT

In accordance with article 96, §2 of the Companies Code, VGP applies the Corporate Governance Code 2009 as reference code. This code 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 2014. 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	4
ALEXANDER SAVERYS	2011	2015	6
RIJO ADVIES BVBA REPRESENTED BY JOS THYS	2011	2015	6



Reference is made to Terms of Reference of the board of directors – in Annex 1 of the VGP Corporate Governance Charter – for an overview of the responsibilities of the board of directors.

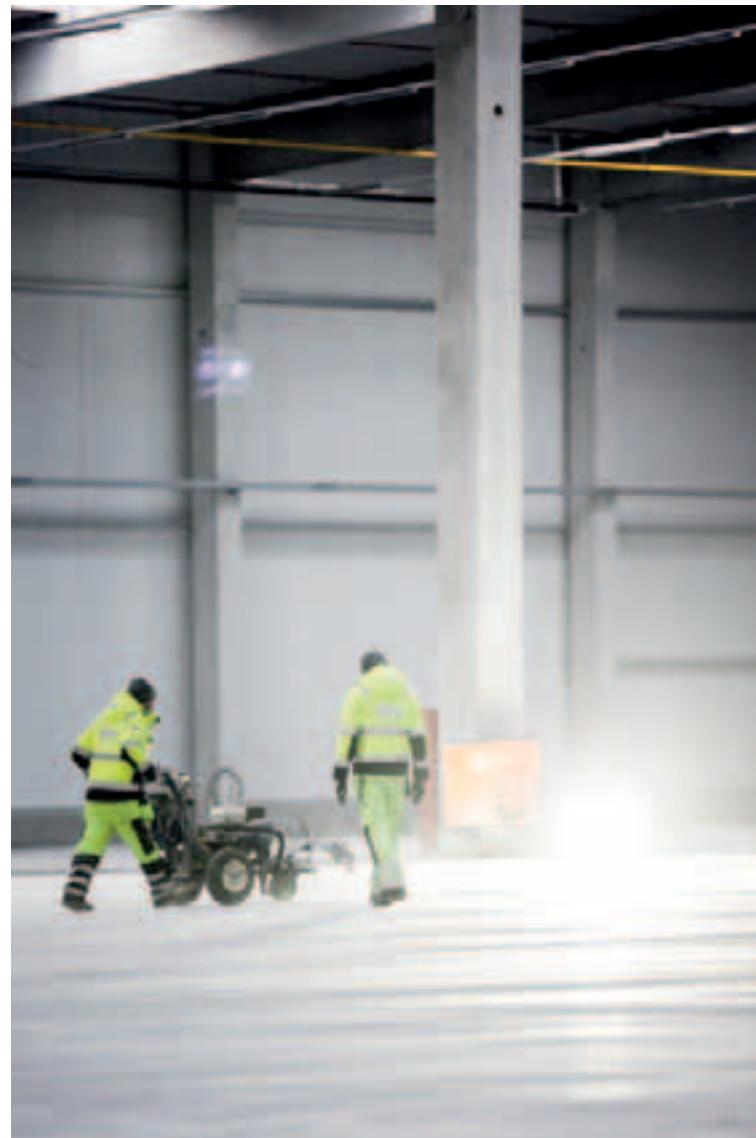
The board of directors do not intend to appoint a company secretary. By doing so the company deviates from the recommendation 2.9 of the Corporate Governance Code. The small size of the company and its board of directors make such appointment not necessary.

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 and tries to take this as much as possible into consideration when directorships are being renewed.

The board of directors held 6 board meetings in 2014 of which 2 were held by conference call. The most important points on the agenda were:

- approval of the 2013 annual accounts and 2014 semi-annual accounts
- approval of budgets
- review and discussion of the long term strategy of the Group and its major components
- review and discussion of the property portfolio (i.e. investments, tenant issues etc.)
- review, discussion and approval of the investments and expansion of the land bank and expansion in the German market
- review and approval of new credit facilities to support the growth of the Group
- review and approval of the sale of the CZ I and CZ II portfolios by the associated companies

Immediately after the Ordinary General Meeting of Shareholders of 8 May 2015 the mandates of the three independent directors will expire. The proposal for renewal of the directorships will be submitted to the next Ordinary General Meeting of Shareholders of 8 May 2015 for approval.



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	2
MAREK ŠEBESTÁK	2011	NON-EXECUTIVE	INDEPENDENT	2015	1

Reference is made to Terms of Reference of the audit committee – in Annex 3 of the VGP Corporate Governance 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.

The audit committee meets at least twice a year with the statutory auditor to consult with them about matters falling under the power of the audit committee and about any matters arising from the audit. The CEO and CFO also attend the meetings of the audit committee.

The audit committee assists the board of directors in fulfilling its oversight responsibilities with respect to:

- (i) risk management and internal control arrangements,

(ii) reliability and integrity of the Group's financial statements and periodical and occasional reporting, (iii) compliance with legal and regulatory requirements, and (iv) performance, qualifications and independence of the external auditors

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 audit committee met twice in 2014. The Chairman of the audit committee reported the outcome of each meeting to the board of directors. The most important points on the agenda were:

- discussion on the 2013 annual accounts and 2014 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

Reference is made to Terms of Reference of the remuneration committee – Annex 2 of the VGP Corporate Governance Charter – for an overview of the responsibilities of the remuneration committee.

The remuneration committee meets at least two times per year, as well as whenever the committee needs to address imminent topics within the scope of its responsibilities.

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.

The remuneration committee met twice in 2014. 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 2014 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

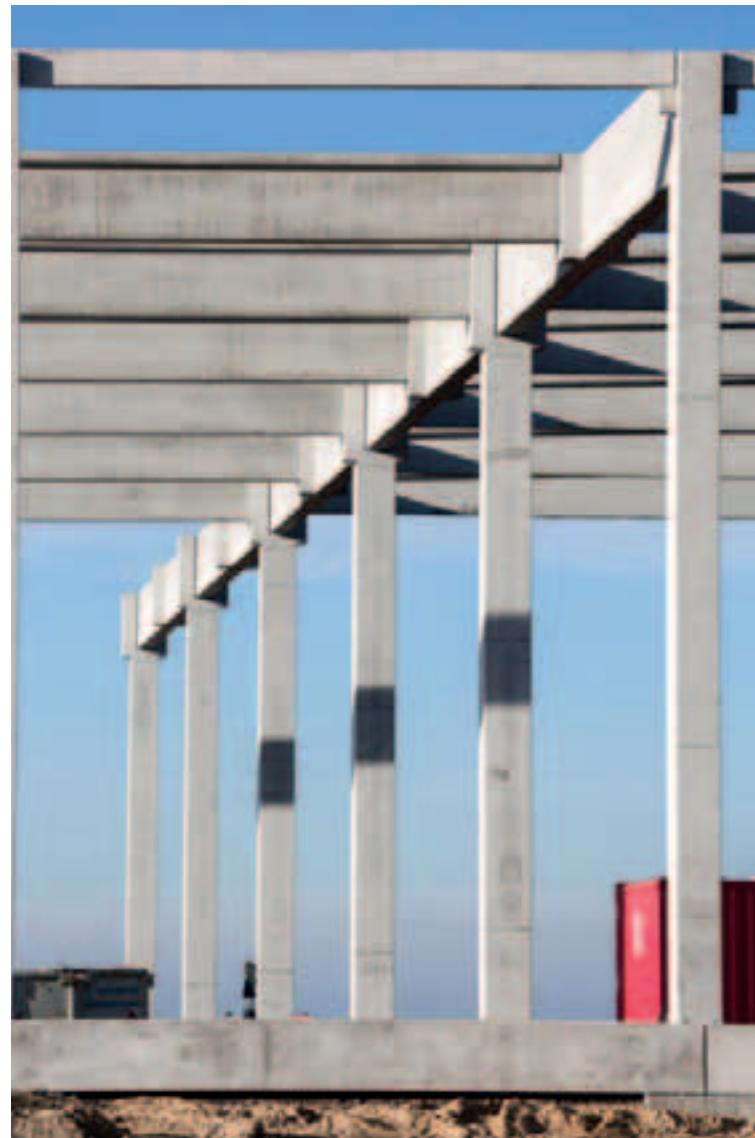
Remuneration policy for non-executive directors

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 Corporate Governance 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	8,000	500	28,500
DIRECTORS				
ALEXANDER SAVERYS	10,000	6,000	1,000	17,000
RIJO ADVIES BVBA REPRESENTED BY JOS THYS	10,000	6,000	2,000	18,000
VM INVEST NV REPRESENTED BY BART VAN MALDEREN	10,000	6,000	2,000	18,000
JAN VAN GEET S.R.O. REPRESENTED BY JAN VAN GEET	10,000	6,000	—	16,000
TOTAL	60,000	32,000	5,500	97,500



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 Procházka (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.

Remuneration package 2014 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: € 250,000
- contribution of retirement benefits
The CEO did not receive any

contribution for retirement benefits

- other components of the remuneration: € 31,816 (company car and related expenses)

Total remuneration 2014 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 € 290,152
- variable remuneration: € 150,000
- contribution of retirement benefits of € 34,949
- other components of the remuneration: € 30,341 (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.

On 3 April 2015, the board of directors approved a new management agreement relating to the services rendered by some of VGP's key managers. Following such decision, Little Rock SA will be responsible for the Group's daily management, financial management and commercial management and will be represented for this purpose by the CEO (Mr Jan Van Geet), CFO (Mr Dirk Stoop) and CCO (Mr Tomas Van Geet) respectively, who were already in charge of such roles prior to the agreement with Little Rock SA. As a consideration for rendering such services, Little Rock SA will receive a fixed fee, a variable fee subject to certain criteria being met, and 5% of the profits before taxes of the Group on a consolidated basis which shall be calculated and paid based on a 3-year moving average.

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.

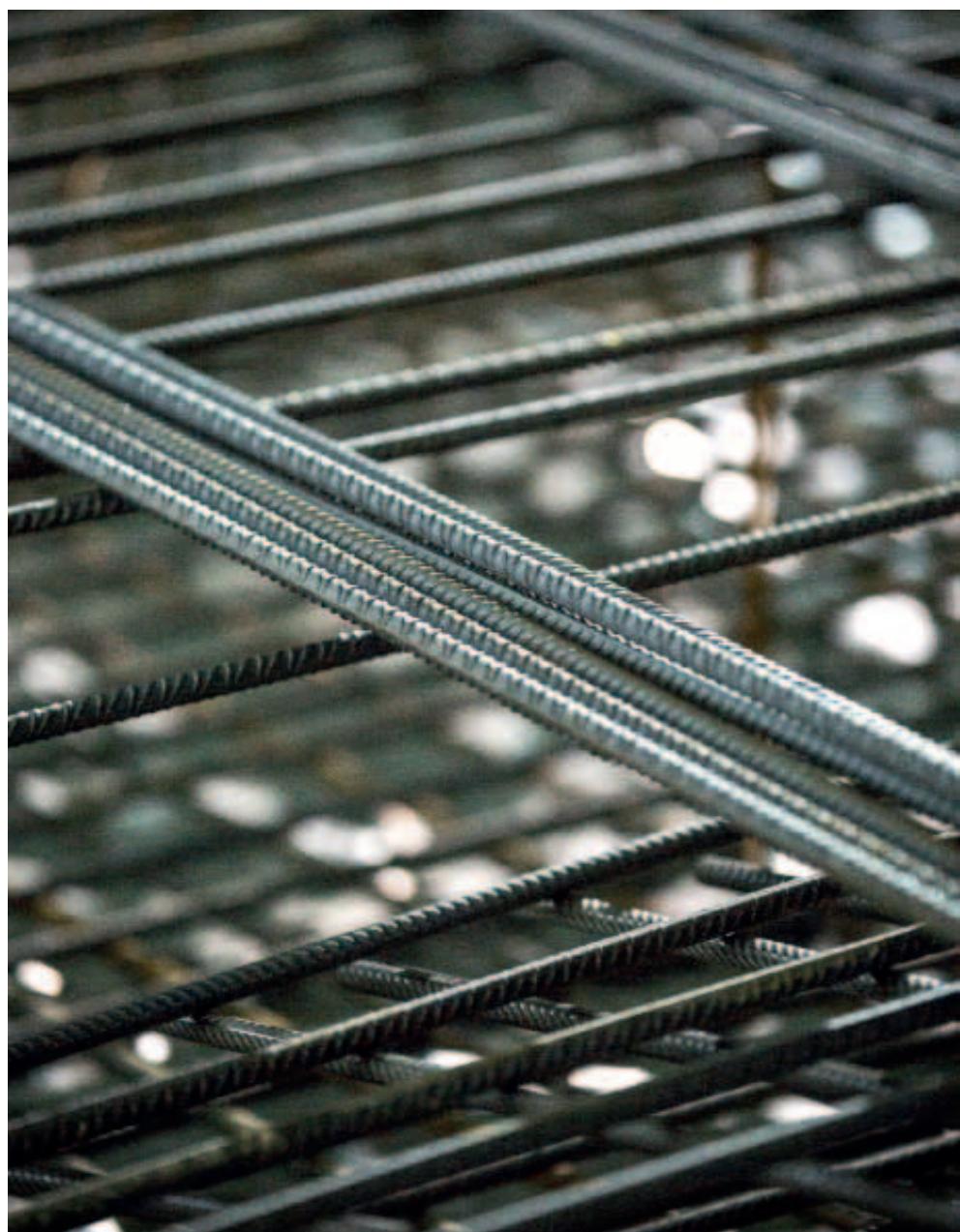
In addition to these integrated risk reviews, periodic assessments are performed to check whether proper risk review and control measures are in place and to discover unidentified or unreported risks. These processes

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.

In 2014 one transaction with "insiders" was reported, i.e. in November 2014 VM Invest NV acquired 23,134 shares.

Conflict of interest

In accordance with Article 523 of the Companies Code, a member of the board of directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interest of a financial nature with the Company. Two conflicts of interest arose:

Excerpt from the minutes of the board of directors meeting of 4 April 2014.

The agenda calls for a discussion and approval to enter into a lease agreement with VM Invest NV (owner of the office building) to lease new office space at Spinnerijstraat 12, 9240 Zele.

The board of directors takes note of the declaration of Mr. Bart Van Malderen that he has an interest of a financial nature which could conflict with the decision and transactions deliberated upon and contained in the agenda of this meeting, as he is a direct shareholder of VM Invest NV.

After deliberation the board of directors resolves that the lease price of € 4,000 per annum is arm's length and approves the entering into the new lease agreement.

Excerpt from the minutes of the board of directors meeting of 3 April 2015

The agenda calls for a discussion and approval to (i) end the existing management agreements between, on the one hand Jan Van Geet s.r.o., Dirk Stoop BVBA, Tomas Van Geet, and on the other side VGP (ii) to enter into a new management agreement relating to the services rendered by some of VGP's key managers.

The board of directors takes note of the declaration of Mr. Jan Van Geet (acting as permanent representative of Jan Van Geet s.r.o.) that he has an interest of a financial nature which could conflict with the decision and transactions deliberated upon and contained in the agenda of this meeting, as Jan Van Geet s.r.o. will be appointed by Little Rock SA as consultant responsible for the Group's daily management and that he is at the same time the controlling shareholder of Little Rock SA. As a result he will not participate in the discussion and deliberation nor will he participate in the voting on these agenda points.

After deliberating the board of directors decide (i) to end the existing management agreements between, on the one hand Jan Van Geet s.r.o., Dirk Stoop BVBA, Tomas Van Geet, and on the other side VGP; (ii) to enter into a new management agreement relating to the services rendered by some of VGP's key managers.

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 third parties. 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 on-going 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 2014 the Group had € 145.6 million committed credit facilities in place with an average maturity of 4.4 years and which were drawn for 34%.

Compliance of financial covenants

The loan agreements of the Group include financial covenants (see section 6.10.1 of the Financial Review 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 2014 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 2014 the "net debt/equity" ratio was 0.72 compared to 0.55 as at 31 December 2013.

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 2014 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 (in thousands of €)	2014	2013
NET CURRENT RESULT		
GROSS RENTAL INCOME	9,596	4,613
SERVICE CHARGE INCOME / (EXPENSES)	431	(90)
PROPERTY OPERATING EXPENSES	(1,513)	(728)
NET RENTAL AND RELATED INCOME	8,514	3,795
PROPERTY AND FACILITY MANAGEMENT INCOME	3,161	3,390
PROPERTY DEVELOPMENT INCOME	246	485
OTHER INCOME / (EXPENSES) – INCL. ADMINISTRATIVE COSTS	(7,089)	(4,850)
SHARE IN THE RESULT OF ASSOCIATES	14,473	1,526
OPERATING RESULT (BEFORE RESULT ON PORTFOLIO)	19,305	4,346
NET FINANCIAL RESULT ¹	(6,220)	903
REVALUATION OF INTEREST RATE FINANCIAL INSTRUMENTS (IAS 39)	(1,455)	(201)
TAXES	(2,167)	(953)
NET CURRENT RESULT	9,463	4,095
RESULT ON PROPERTY PORTFOLIO		
NET VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTIES	53,920	27,872
DEFERRED TAXES	(14,024)	(7,665)
RESULT ON PROPERTY PORTFOLIO	39,896	20,207
PROFIT FOR THE YEAR	49,359	24,302
RESULT PER SHARE	2014	2013
NUMBER OF ORDINARY SHARES	18,583,050	18,583,050
NET CURRENT RESULT PER SHARE (IN €)	0.51	0.22
NET RESULT PER SHARE (IN €)	2.66	1.31

¹ Excluding the revaluation of interest rate financial instruments.

Balance sheet

ASSETS (in thousands of €)	2014	2013
GOODWILL	631	631
INTANGIBLE ASSETS	57	51
INVESTMENT PROPERTIES	416,089	225,804
PROPERTY, PLANT AND EQUIPMENT	370	297
INVESTMENTS IN ASSOCIATES	17	982
OTHER NON-CURRENT RECEIVABLES	—	49,114
DEFERRED TAX ASSETS	258	135
TOTAL NON-CURRENT ASSETS	417,422	277,014
TRADE AND OTHER RECEIVABLES	6,822	10,242
CASH AND CASH EQUIVALENTS	43,595	79,226
TOTAL CURRENT ASSETS	50,417	89,468
TOTAL ASSETS	467,839	366,482
SHARE CAPITAL	62,251	62,251
RETAINED EARNINGS	153,097	103,737
OTHER RESERVES	69	69
SHAREHOLDERS' EQUITY	215,417	166,057
NON-CURRENT FINANCIAL DEBT	193,034	159,658
OTHER NON-CURRENT FINANCIAL LIABILITIES	1,656	201
OTHER NON-CURRENT LIABILITIES	1,122	943
DEFERRED TAX LIABILITIES	27,329	11,753
TOTAL NON-CURRENT LIABILITIES	223,141	172,555
CURRENT FINANCIAL DEBT	5,722	10,895
TRADE DEBTS AND OTHER CURRENT LIABILITIES	23,559	16,975
TOTAL CURRENT LIABILITIES	29,281	27,870
TOTAL LIABILITIES	252,422	200,425
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	467,839	366,482



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 2014.

The net rental and related income for the financial year ending 31 December 2014 increased by 124.3% from € 3.8 million for the period ending 31 December 2013 to € 8.5 million for the period ending 31 December 2014.

During 2014 a total of 10 projects were completed which represented 132,645 m² of lettable area.

The operating costs in 2014 increased by 44.2% from € 5.7 million as at 31 December 2014 to € 8.2 million as at 31 December 2014. The increase was mainly due to increased cost of advisors used to expand the property portfolio and to the increased overhead resulting from the expansion in Germany.

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 January 2014), and are carried out on a regular basis but at least once a year.

As at 31 December 2014 the net valuation gains / (losses) showed a net valuation gain of € 53.9 million against a net valuation gain of € 27.9 million per 31 December 2013.

The total property portfolio, excluding development land, is valued by the valuation expert at 31 December 2014 based on a market rate of 7.81% (compared to 8.72% as at 31 December 2013) applied to the contractual rents increased by the estimated rental value on unlet space. The (re)valuation of the portfolio was based on the appraisal report of Jones Lang LaSalle.

Net financial result

Net financial result consists of financial income and financial expenses. Financial income relates to interest income received from bank deposits or from loans granted to associates, unrealised gains on interest rate hedging as well as to the positive effect of realised and unrealised foreign exchange gains on monetary and non-monetary assets and liabilities. Financial expenses mainly relates to the interest expense on the bank credit facilities, bonds, 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 2014, the financial income included a € 2.9 million interest income on loans granted to associates (€ 3.4 million in 2013). On 22 October 2014 all loans to associates (€ 49.8 million) were repaid to VGP following the sale of the VGP CZ I and VGP CZ II portfolios. The repayment of these loans will significantly reduce the future interest income.

The reported financial expenses as at 31 December 2014 are mainly made up of € 9.1 million interest expenses related to financial debt (€ 2.9 million as at 31 December 2013), € 1.5 million unrealised losses on interest rate derivatives, € 0.9 million other financial expenses (€ 0.3 million as at 31 December 2013) mainly relating to the amortisation of the transaction costs of the 2 bonds issued during 2013 and a positive impact of € 1.0 million (€ 0.6 million per 31 December 2013) related to capitalised interests.

The main reason for the variance relates to the movements in the underlying bank debt and the full year impact of the interest on the 2 bonds issued during 2013.

As at 31 December 2014 the outstanding financial debt amounted to € 198.8 million (compared to € 170.6 million as at 31 December 2013).

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 € 8.6 million as at 31 December 2013 to € 16.1 million for the period ending 31 December 2014. 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 € 24.3 million (€ 1.31 per share) as at 31 December 2013 to € 49.4 million (€ 2.66 per share) for the financial year ended 31 December 2014.



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 2014 the investment property portfolio consists of 17 completed buildings representing 268,232 m² of lettable area with another 14 buildings under construction representing 171,455 m² of lettable area.

During the year VGP delivered, for its own account, 10 buildings representing 132,645 m² of lettable area.

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 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) changed substantially during the year. On 22 October 2014 Snow Crystal S.à.r.l. completed the sale of the VGP CZ I and VGP CZ IV portfolio and Sun S.à.r.l. completed the sale of the VGP CZ II portfolio. As a result the investments in associates fell to nearly zero € as at 31 December 2014 compared to € 1.0 million as at 31 December 2013.

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.

Following the sale of the VGP CZ I & IV and VGP CZ I portfolios all loans to associates were repaid on 22 October 2014 and as at 31 December 2014 there were no longer any loans to associates outstanding compared to € 49.1 million loans to associates as at 31 December 2013.

Total current assets

Total current assets relate to trade and other receivables and cash held by the Group.

The trade and other receivables fell from € 10.2 million as at 31 December 2013 to € 6.8 million as at 31 December 2014. The variance was due to a € 3.0 million increase in receivables attributable to the expansion of the Group and the settlement of the € 6.5 million VGP CZ II receivable which was settled as part of sale of the VGP CZ I, VGP CZ IV and VGP CZ II portfolios.

Shareholders' equity

The increase in retained earnings from € 103.7 million as at 31 December 2013 to € 153.1 million as at 31 December 2014 was mainly driven by the impact of the fair value adjustments on the property portfolio.

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 € 198.8 million compared to € 170.6 million as at 31 December 2013.

Financial debt is composed of bank debt (€ 49.1 million), bonds (€ 147.5 million) and accrued interests (€ 2.1 million) as at 31 December 2014 compared to bank debt (€ 23.8 million), bonds (€ 146.7 million) and accrued interests (€ 2.1 million) as at 31 December 2013.



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-14	422,392,727 €
HIGHEST CAPITALISATION	423,693,540 €
LOWEST CAPITALISATION	317,770,155 €
SHARE PRICE 31 DEC-13	18.23 €
SHARE PRICE 31 DEC-14	22,73 €

Shareholder structure

As at 31 December 2014 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	5,193,060	27.95%
MR BART VAN MALDEREN	3,545,250	19.08%
SUB-TOTAL BART VAN MALDEREN GROUP	8,738,310	47.02%
LITTLE ROCK SA	4,707,752	25.33%
ALSGARD SA	2,409,914	12.97%
COMM. VA VGP MISV	929,153	5.00%
VADEBO FRANCE NV	655,738	3.53%
PUBLIC	1,142,183	6.15%
TOTAL	18,583,050	100.00%

VM Invest NV is a company controlled by Mr. Bart Van Malderen.

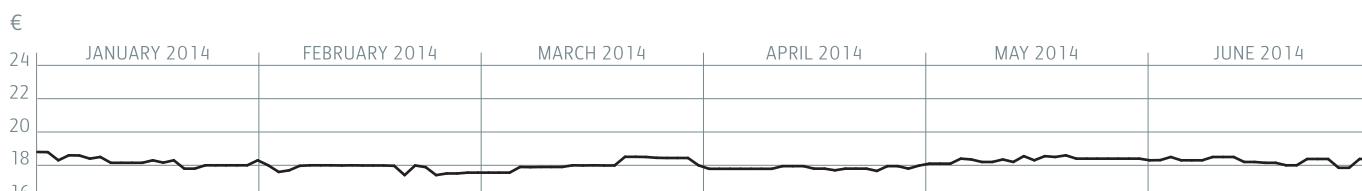
Little Rock SA is a company controlled by Mr. Jan Van Geet.

Alsgard SA is a company controlled by Mr. Jan Procházka.

Comm VA VGP MISV is a company controlled by Mr. Bart Van Malderen
en Mr. Jan Van Geet.

VM Invest NV, Mr. Bart Van Malderen, Comm VA VGP MISV, Little Rock SA,
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 23 May 2019.

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.

Financial calendar

GENERAL MEETING OF SHAREHOLDERS	8 MAY 2015
2015 HALF YEAR RESULTS	31 AUGUST 2015



OUTLOOK 2015





Outlook for 2015

Based on the serious efforts made over the past 2 years to substantially increase our land bank and the positive trend in the demands for lettable area recorded by VGP during 2014 and the continuing trend seen during the first months of 2015, 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.

BOARD AND MANAGEMENT

COMPOSITION ON 31 DECEMBER 2014

	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 BY 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.

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 fluffless diaper in 2013.

Alexander Saverys

(*1978)

Mr Alexander Saverys holds a master of laws (University of Leuven and Madrid) and holds an MBA of the Fachhochschule für Wirtschaft Berlin. In 2004 he founded Delphis NV a company offering multimodal transport solutions throughout Europe. He became a director of CMB in 2006 and was appointed CEO in September 2014.

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 2014

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.



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 Degree in Financial and Commercial Sciences from VLEKHO (HUB) in Belgium.

Germany

- 1 VGP Park Bingen
- 2 VGP Park Hamburg
- 3 VGP Park Rodgau
- 4 VGP Park Höchstadt
- 5 VGP Park Berlin
- 6 VGP Park Frankenthal
- 7 VGP Park Borna
- 8 VGP Park Leipzig
- 9 VGP Park Bobenheim-Roxheim
- 10 VGP Park München

Czech Republic

- 11 VGP Park Plzeň
- 12 VGP Park Tuchoměřice
- 13 VGP Park Ústí nad Labem
- 14 VGP Park Český Újezd
- 15 VGP Park Hrádek nad Nisou
- 16 VGP Park Brno
- 17 VGP Park Olomouc

Slovakia

- 18 VGP Park Malacky



Estonia

22 VGP Park Nehatu

Latvia

21 VGP Park Kekava

Romania

20 VGP Park Timișoara

Hungary

19 VGP Park Győr





Germany

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- 9 VGP Park Bobenheim-Roxheim
- 10 VGP Park München



VGP Park Hamburg

GERMANY

Building A0

tenant	Geodis Logistics Deutschland, JOB AG Personaldienstleistungen, Deutsche Post Immobilien
lettable area (m ²)	35,166
built	Acquired 2013

VGP Park Bingen

GERMANY

tenant	Custom Chrome Europe
lettable area (m ²)	6,400
built	2014



VGP Park Hamburg

GERMANY

Building A1

tenants	Horst J. Lindemann, Volkswagen, Iwh, AO Deutschland
lettable area (m ²)	24,404
built	2014



VGP Park Hamburg

GERMANY

Building A2

tenant	Syncreon Deutschland
lettable area (m ²)	18,743
built	under construction



VGP Park Hamburg

GERMANY

Building D1

tenant	AO Deutschland
lettable area (m ²)	2,502

built under construction

VGP Park Hamburg

GERMANY

Building A3

tenant	Zebco Europe
lettable area (m ²)	9,500

built under construction



VGP Park Rodgau

GERMANY

Building C

tenant	Logistik Dienstleistungszentrum GmbH (LDZ)
--------	--------------------------------------------

lettable area (m²) 19,100

built under construction

VGP Park Rodgau

GERMANY

Building E

tenant	PTG Lohnabfüllung
lettable area (m ²)	8,498

built under construction





VGP Park Höchstadt GERMANY

<i>tenant</i>	C&A Mode
<i>lettable area (m²)</i>	15,140
<i>built</i>	under construction

VGP Park Berlin GERMANY

<i>tenant</i>	Van Eupen Logistik
<i>lettable area (m²)</i>	23,600
<i>built</i>	under construction

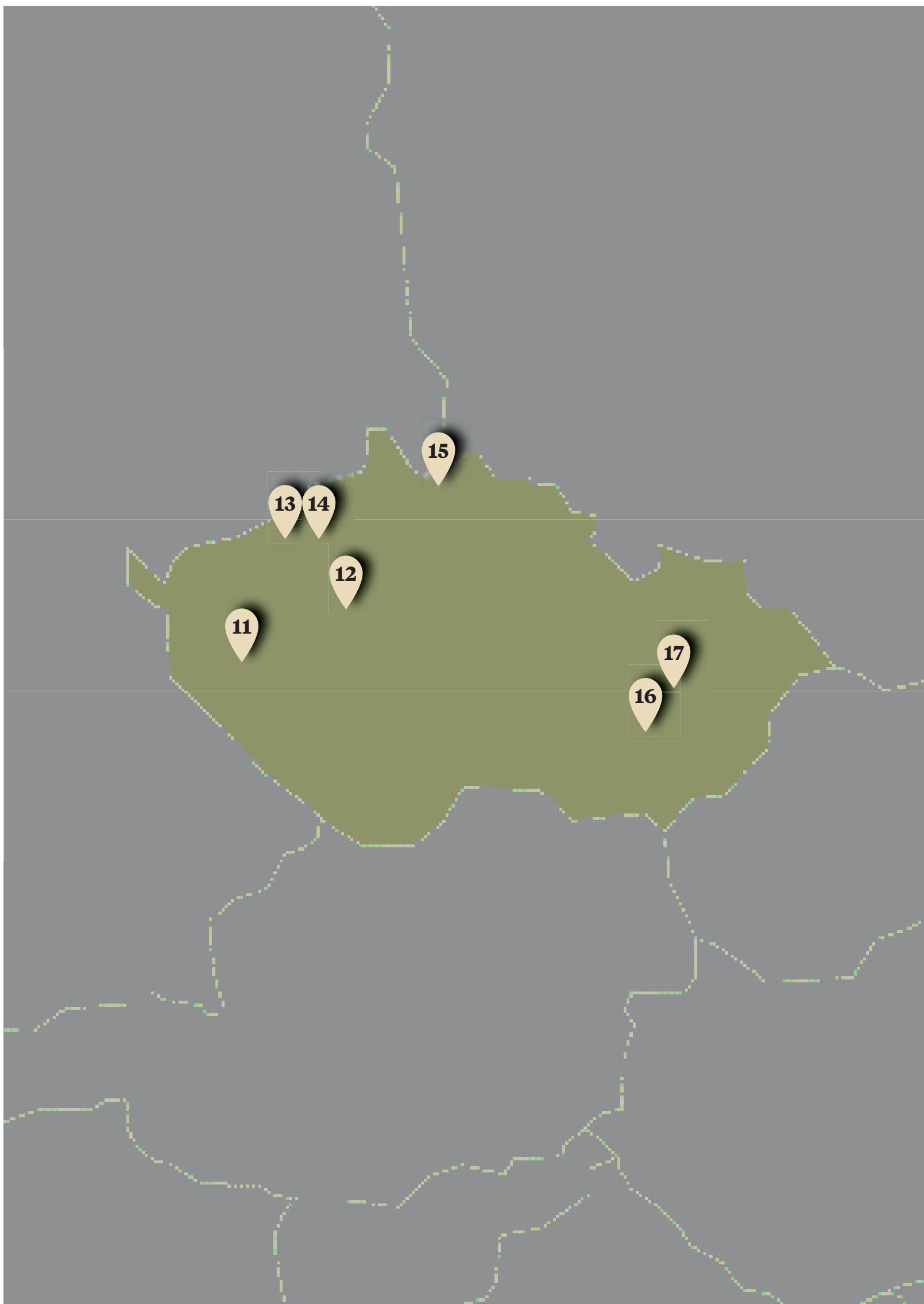




Future development in Germany

VGP PARK	LAND OPP. (m ²)	POTENTIAL LETTABLE AREA (m ²)
VGP PARK HAMBURG	445,379	191,793
VGP PARK RODGAU	212,740	101,273
VGP PARK HÖCHSTADT	45,752	15,140
VGP PARK BERLIN	46,540	23,600
VGP PARK FRANKENTHAL	169,901	82,562
VGP PARK BORNA	42,529	13,886
VGP PARK LEIPZIG	105,885	48,400
VGP PARK BOBENHEIM-ROXHEIM	56,655	23,000
VGP PARK MÜNCHEN	537,003	250,000
TOTAL	1,662,384	749,654

The above figures include the current projects under construction.





Czech Republic

- 11 VGP Park Plzeň
- 12 VGP Park Tuchoměřice
- 13 VGP Park Ústí nad Labem
- 14 VGP Park Český Újezd (Ústí nad Labem)
- 15 VGP Park Hrádek nad Nisou
- 16 VGP Park Brno
- 17 VGP Park Olomouc (Gemo)



VGP Park Plzeň

CZECH REPUBLIC

Building A

tenants Assa Abloy

lettable area (m²) 8,711

built 2014

VGP Park Plzeň

CZECH REPUBLIC

Building C

tenant Excell Czech

lettable area (m²) 9,942

built 2014



VGP Park Tuchoměřice

CZECH REPUBLIC

Building A

tenant Caamano CZ Int., Gecko Int., Lidl

lettable area (m²) 6,396

built 2013

VGP Park Tuchoměřice

CZECH REPUBLIC

Building B

tenant Hartmann Rico

lettable area (m²) 5,234

built 2014





VGP Park

Usti nad Lab

CZECH REP.

<i>tenant</i>	Jotun Powder Coatings, Minda KTSN Plastic Solutions
<i>lettable area (m²)</i>	5,351
<i>built</i>	2014

VGP Park Hrádek nad Nisou CZECH REPUBLIC

Building A

<i>tenant</i>	Drylock Technologies
<i>lettable area (m²)</i>	39,383
<i>built</i>	2012–2014



VGP Park Brno

CZECH REPUBLIC

Building II

<i>tenant</i>	Internet Shop
<i>lettable area (m²)</i>	13,539
<i>built</i>	2013





VGP Park Brno
CZECH REPUBLIC
Building III

<i>tenant</i>	Hartmann Rico
<i>lettable area (m²)</i>	8,621
<i>built</i>	2013

VGP Park Olomouc
CZECH REPUBLIC
Building G2

<i>tenant</i>	vacant
<i>lettable area (m²)</i>	20,128
<i>built</i>	under construction





Future development in Czech Republic

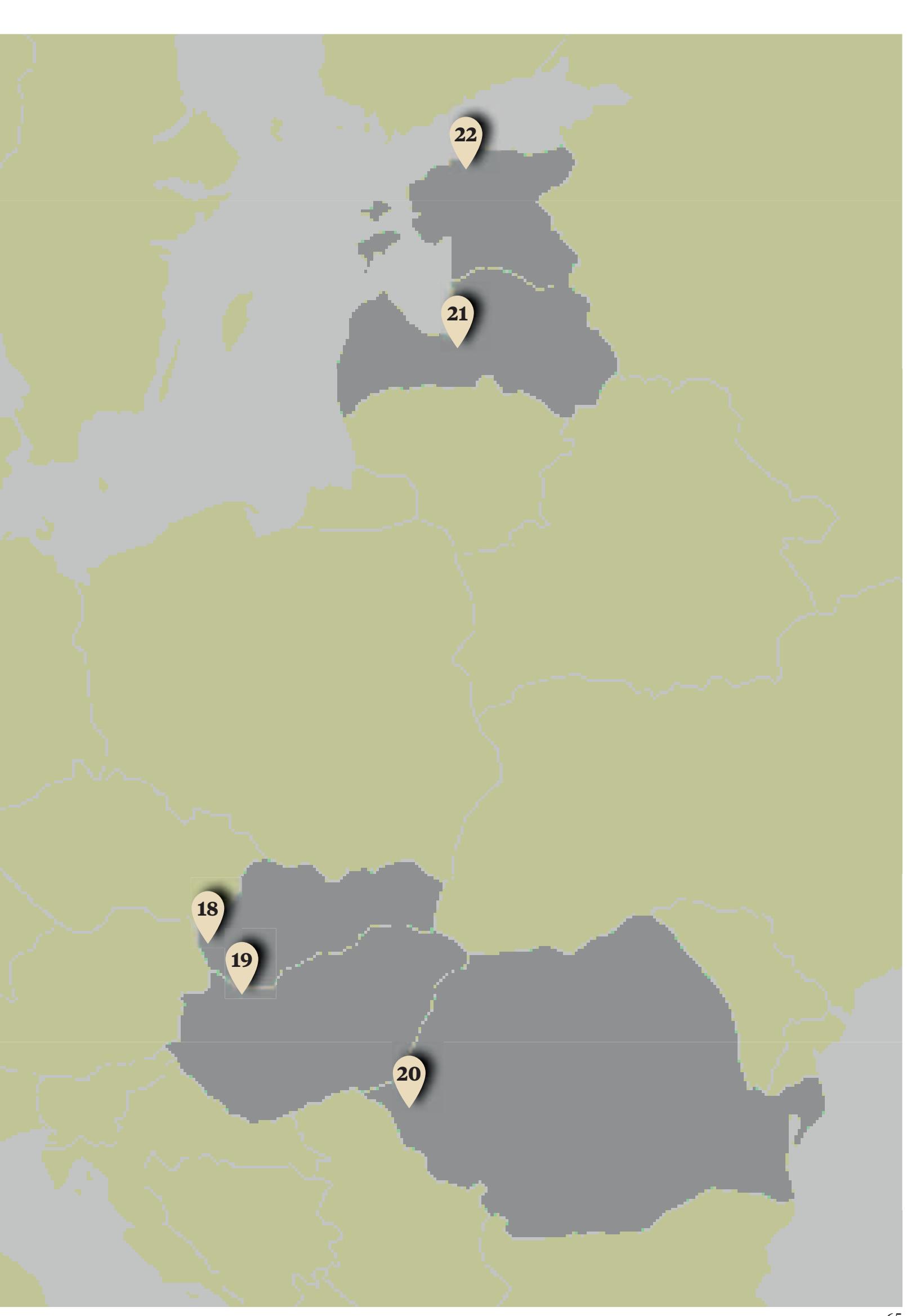
VGP PARK	LAND AREA (m ²)	POTENTIAL LETTABLE AREA (m ²)
VGP PARK PLZEŇ	73,066	34,408
VGP PARK TUCHOMĚŘICE	33,032	14,973
VGP PARK ÚSTÍ NAD LABEM	108,012	33,426
VGP PARK ČESKÝ ÚJEZD	45,383	17,446
VGP PARK BRNO	22,950	12,149
VGP PARK OLOMOUC	481,666	205,800
TOTAL	764,109	318,202

The above figures include the current projects under construction.



Other countries in Europe

- 18 VGP Park Malacky, Slovakia
- 19 VGP Park Győr, Hungary
- 20 VGP Park Timișoara, Romania
- 21 VGP Park Kekava, Latvia
- 22 VGP Park Nehatu, Estonia





VGP Park Malacky

SLOVAKIA

Building A

tenant Benteler Automotive

lettable area (m²) 14,975

built 2009

VGP Park Malacky

SLOVAKIA

Building C

tenant IKEA Components,
FROMM Slovakia

lettable area (m²) 14,747

built under construction



VGP Park Győr

HUNGARY

Building A

tenant HL Display, Skinny,
Waberer's-Szemerey,
Gebrüder Weiss Szállítmányozási

lettable area (m²) 20,290

built 2014



VGP Park Győr

HUNGARY

Building B1

tenant Lear Corporation Hungary

lettable area (m²) 11,255

built 2012



VGP Park Győr

HUNGARY

Building C

tenants	Dana Hungary
lettable area (m ²)	6,154
built	2011

VGP Park Timișoara

ROMANIA

Building B1

tenant	CSC Etichere, Whiteland Logistics, Van Moer Group, Cargo-Partner Expediti, UPS Romania, ITC LOGISTIC, World Media Trans
lettable area (m ²)	18,947
built	2013-2014



VGP Park Timișoara

ROMANIA

Building B2.1

tenant	DHL International Romania, QUEHENBERGER LOGISTICS ROU
lettable area (m ²)	10,000
built	partially delivered / under construction

VGP Park Nehatu

ESTONIA

Building A

tenant	Boomerang Distribution, CF&S Estonia, Lindström, NT Logistika, Freselle
lettable area (m ²)	21,806
built	2014





VGP Park Nehatu

ESTONIA

Building B

<i>tenant</i>	Grupe Lemoine, Freselle, Anobion Hulgimügi, Sireldus
<i>lettable area (m²)</i>	21,600
<i>built</i>	under construction

VGP Park Nehatu

ESTONIA

Building C

<i>tenant</i>	Estonian Ministry of Defence
<i>lettable area (m²)</i>	7,406
<i>built</i>	under construction





Future development in other European countries

VGP PARK	LAND AREA (m ²)	POTENTIAL LETTABLE AREA (m ²)
VGP PARK MALACKY, SLOVAKIA	188,993	75,947
VGP PARK GYŐR, HUNGARY	26,639	9,572
VGP PARK TIMIȘOARA, ROMANIA	151,246	62,625
VGP PARK KEKAVA, LATVIA	83,173	34,400
VGP PARK NEHATU, ESTONIA	59,095	30,283
TOTAL	509,146	212,827

The above figures include the current projects under construction.

FINANCIAL REVIEW VGP NV

Financial Review VGP NV for the year ended 31 December 2014

72

CONSOLIDATED
FINANCIAL STATEMENTS

77

NOTES TO THE
CONSOLIDATED
FINANCIAL
STATEMENTS

112

PARENT COMPANY
INFORMATION

114

AUDITOR'S REPORT

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

INCOME STATEMENT (<i>in thousands of €</i>)	NOTE	2014	2013
REVENUE	5.1	15,114	9,836
GROSS RENTAL INCOME	5.1	9,596	4,613
SERVICE CHARGE INCOME	5.2	2,110	1,349
SERVICE CHARGE EXPENSES	5.2	(1,679)	(1,439)
PROPERTY OPERATING EXPENSES	5.3	(1,513)	(728)
NET RENTAL INCOME		8,514	3,795
PROPERTY AND FACILITY MANAGEMENT INCOME	5.1	3,161	3,390
PROPERTY DEVELOPMENT INCOME	5.1	246	485
NET VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTIES	5.4	53,920	27,872
ADMINISTRATION EXPENSES	5.5	(6,556)	(4,567)
OTHER INCOME	5.6	348	458
OTHER EXPENSES	5.6	(881)	(741)
SHARE IN RESULT OF ASSOCIATES	5.7	14,473	1,526
OPERATING PROFIT / (LOSS)		73,225	32,218
FINANCIAL INCOME	5.8	2,880	3,587
FINANCIAL EXPENSES	5.8	(10,555)	(2,885)
NET FINANCIAL RESULT		(7,675)	702
PROFIT BEFORE TAXES		65,550	32,920
TAXES	5.9	(16,191)	(8,618)
PROFIT FOR THE YEAR		49,359	24,302
ATTRIBUTABLE TO:			
SHAREHOLDERS OF VGP NV		49,359	24,302
NON-CONTROLLING INTERESTS		—	—
RESULT PER SHARE (<i>in €</i>)	NOTE	2014	2013
BASIC EARNINGS PER SHARE (<i>in €</i>)	5.10	2.66	1.31
BASIC EARNINGS PER SHARE – AFTER CORRECTION OF RECIPROCAL INTEREST THROUGH ASSOCIATES (<i>in €</i>)	5.10	2.71	1.34

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

CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

PROFIT FOR THE YEAR (<i>in thousands of €</i>)	2014	2013
PROFIT FOR THE YEAR	49,359	24,302
<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	49,359	24,302
ATTRIBUTABLE TO:		
SHAREHOLDERS OF VGP NV	49,359	24,302
NON-CONTROLLING INTEREST	—	—

CONSOLIDATED BALANCE SHEET

For the year ended 31 December 2014

ASSETS <i>(in thousands of €)</i>	NOTE	2014	2013
GOODWILL	6.1	631	631
INTANGIBLE ASSETS	6.2	57	51
INVESTMENT PROPERTIES	6.3	416,089	225,804
PROPERTY, PLANT AND EQUIPMENT	6.2	370	297
INVESTMENTS IN ASSOCIATES	6.4	17	982
OTHER NON-CURRENT RECEIVABLES	6.5	—	49,114
DEFERRED TAX ASSETS	5.9	258	135
TOTAL NON-CURRENT ASSETS		417,422	277,014
TRADE AND OTHER RECEIVABLES	6.6	6,822	10,242
CASH AND CASH EQUIVALENTS	6.7	43,595	79,226
TOTAL CURRENT ASSETS		50,417	89,468
TOTAL ASSETS		467,839	366,482
SHAREHOLDERS' EQUITY AND LIABILITIES <i>(in thousands of €)</i>	NOTE	2014	2013
SHARE CAPITAL	6.8	62,251	62,251
RETAINED EARNINGS		153,097	103,737
OTHER RESERVES	6.9	69	69
SHAREHOLDERS' EQUITY		215,417	166,057
NON-CURRENT FINANCIAL DEBT	6.10	193,034	159,658
OTHER NON-CURRENT FINANCIAL LIABILITIES	6.11	1,656	201
OTHER NON-CURRENT LIABILITIES	6.12	1,122	943
DEFERRED TAX LIABILITIES	5.9	27,329	11,753
TOTAL NON-CURRENT LIABILITIES		223,141	172,555
CURRENT FINANCIAL DEBT	6.10	5,722	12,997
TRADE DEBTS AND OTHER CURRENT LIABILITIES	6.13	23,559	14,893
TOTAL CURRENT LIABILITIES		29,281	27,870
TOTAL LIABILITIES		252,422	200,425
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		467,839	366,482

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

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 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
BALANCE AS AT 1 JANUARY 2014	112,737	(50,486)	62,251	103,737	69	166,057
OTHER COMPREHENSIVE INCOME / (LOSS)	—	—	—	—	—	—
RESULT OF THE PERIOD	—	—	—	49,359	—	49,359
EFFECT OF DISPOSALS	—	—	—	—	—	—
TOTAL COMPREHENSIVE INCOME / (LOSS)	—	—	—	49,359	—	49,359
DIVIDENDS TO SHAREHOLDERS	—	—	—	—	—	—
SHARE CAPITAL DISTRIBUTION TO SHAREHOLDERS	—	—	—	—	—	—
CORRECTION FOR RECIPROCAL INTEREST THROUGH ASSOCIATES ²	—	—	—	—	—	—
BALANCE AS AT 31 DECEMBER 2014	112,737	(50,486)	62,251	153,097	69	215,417

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.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

CASH FLOW STATEMENT (in thousands of €)	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAXES	65,550	32,920
ADJUSTMENTS FOR:		
DEPRECIATION	178	106
UNREALISED (GAINS) / LOSSES ON INVESTMENT PROPERTIES	(58,160)	(27,872)
REALISED (GAINS) / LOSSES ON DISPOSAL OF SUBSIDIARIES AND INVESTMENT PROPERTIES	4,241	—
UNREALISED (GAINS) / LOSSES ON FINANCIAL INSTRUMENTS AND FOREIGN EXCHANGE	1,407	56
NET INTEREST PAID / (RECEIVED)	6,213	(2,293)
SHARE IN RESULT OF ASSOCIATES	(9,248)	(1,526)
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	10,181	1,391
DECREASE / (INCREASE) IN TRADE AND OTHER RECEIVABLES	7,561	(1,424)
(DECREASE) / INCREASE IN TRADE AND OTHER PAYABLES	(12,654)	8,302
CASH GENERATED FROM THE OPERATIONS	5,088	8,269
NET INTEREST PAID / (RECEIVED)	(6,213)	2,293
INCOME TAXES PAID	(417)	(95)
NET CASH FROM OPERATING ACTIVITIES	(1,542)	10,467
CASH FLOWS FROM INVESTING ACTIVITIES		
PROCEEDS FROM DISPOSAL OF SUBSIDIARIES	—	—
PROCEEDS FROM DISPOSAL OF INVESTMENT PROPERTIES	3,324	31
ACQUISITION OF SUBSIDIARIES	(406)	(4,091)
(LOANS PROVIDED TO) / LOANS REPAYED BY ASSOCIATES	49,812	(3,356)
INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER CONSTRUCTION	(112,221)	(89,811)
NET CASH FROM INVESTING ACTIVITIES	(59,491)	(97,227)
CASH FLOWS FROM FINANCING ACTIVITIES		
GROSS DIVIDENDS PAID	—	—
NET PROCEEDS / (CASH OUT) FROM THE ISSUE / (REPAYMENT) OF SHARE CAPITAL	—	(7,619)
PROCEEDS FROM LOANS	26,862	155,322
LOAN REPAYMENTS	(1,612)	(928)
NET CASH FROM FINANCING ACTIVITIES	25,250	146,775
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(35,783)	60,015
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	79,226	19,123
EFFECT OF EXCHANGE RATE FLUCTUATIONS	152	88
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	43,595	79,226
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(35,783)	60,015

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 Spinnerijstraat 12, 9240 Zele, and the Company is registered under enterprise number 0887.216.042 (Register of Legal Entities of Ghent – Division Dendermonde).

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 3 April 2015

- 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)
- 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 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)

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.

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 2014.

New standards and interpretations applicable during 2014

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

- 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)

New standards and interpretations not yet effective during 2014

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2014, and have not been applied when preparing financial statements:

- IFRS 9 *Financial Instruments* and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in EU)
- IFRS 14 *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- IFRS 15 *Revenue from Contracts with Customers* (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in EU)
- Improvements to IFRS (2010–2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2011–2013) (applicable for annual periods beginning on or after 1 January 2015)
- Improvements to IFRS (2012–2014) (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Amendments to IFRS 10, IFRS 12 and IAS 28 – *Investment Entities: Applying the Consolidation Exception* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable for annual

periods beginning on or after 1 January 2016, but not yet endorsed in EU)

- Amendments to IFRS 11 *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 1 – *Presentation of Financial Statements – Disclosure Initiative* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 16 and IAS 38 *Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 19 *Employee Benefits – Employee Contributions* (applicable for annual periods beginning on or after 1 February 2015)
- Amendments to IAS 27 *Separate Financial Statements – Equity Method* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- IFRIC 21 – *Levies* (applicable for annual periods beginning on or after 17 June 2014)

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.

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 2014	CZK/EUR	27.7250
31 DECEMBER 2013	CZK/EUR	27.4250

DATE	POLAND	CLOSING RATE
31 DECEMBER 2014	PLN/EUR	4.2623
31 DECEMBER 2013	PLN/EUR	4.1472

DATE	ROMANIA	CLOSING RATE
31 DECEMBER 2014	RON/EUR	4.4821
31 DECEMBER 2013	RON/EUR	4.4791

DATE	LATVIA	CLOSING RATE
31 DECEMBER 2014	LVL/EUR	0.702804
31 DECEMBER 2013	LVL/EUR	0.702804

DATE	HUNGARY	CLOSING RATE
31 DECEMBER 2014	HUF/EUR	314.8900
31 DECEMBER 2013	HUF/EUR	296.9100

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 2014 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	2014	2013
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 equivalent

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 cash equivalents of VGP NV (€ 36.4 million) and other (€ 0.7 million).

Segment information Czech Republic, Germany and other countries

INCOME STATEMENT (in thousands of €)

	CZECH REPUBLIC	
	2014	2013
GROSS RENTAL INCOME	3,091	1,797
SERVICE CHARGE INCOME / (EXPENSES)	50	(153)
PROPERTY OPERATING EXPENSES	(658)	(272)
NET RENTAL INCOME	2,483	1,372
PROPERTY AND FACILITY MANAGEMENT INCOME	2,712	2,971
PROPERTY DEVELOPMENT INCOME	246	485
NET VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTY	11,028	7,723
OTHER INCOME / (EXPENSES) – INCL. ADMINISTRATIVE COSTS	(3,722)	(3,009)
SHARE IN THE RESULT OF ASSOCIATES	—	—
OPERATING PROFIT / (LOSS)	12,747	9,542
NET FINANCIAL RESULT	—	—
TAXES	—	—
PROFIT FOR THE YEAR	—	—

BALANCE SHEET (in thousands of €)

	CZECH REPUBLIC	
	2014	2013
ASSETS		
INVESTMENT PROPERTIES	96,265	66,504
OTHER ASSETS (INCL. DEFERRED TAX)	4,108	2,539
TOTAL ASSETS	100,373	69,043
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY	—	—
TOTAL LIABILITIES	—	—
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	—	—

	GERMANY		OTHER COUNTRIES		UNALLOCATED AMOUNTS		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
	2,177	—	4,328	2,816	—	—	9,596	4,613
	6	(4)	375	67	—	—	431	(90)
	(311)	(121)	(544)	(335)	—	—	(1,513)	(728)
	1,872	(125)	4,159	2,548	—	—	8,514	3,795
	2	—	447	419	—	—	3,161	3,390
	—	—	—	—	—	—	246	485
	28,914	18,304	13,978	1,845	—	—	53,920	27,872
	(647)	(263)	(575)	(406)	(2,145)	(1,172)	(7,089)	(4,850)
	—	—	—	—	14,473	1,526	14,473	1,526
	30,141	17,916	18,009	4,406	12,328	354	73,225	32,218
	—	—	—	—	(7,675)	702	(7,675)	702
	—	—	—	—	(16,191)	(8,618)	(16,191)	(8,618)
	—	—	—	—	49,359	24,302	49,359	24,302

	GERMANY		OTHER COUNTRIES		UNALLOCATED AMOUNTS		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
	219,787	90,073	100,037	69,227	—	—	416,089	225,804
	6,568	3,056	3,969	3,937	37,105	131,146	51,750	140,678
	226,355	93,129	104,006	73,164	37,105	131,146	467,839	366,482
	—	—	—	—	215,417	166,057	215,417	166,057
	—	—	—	—	252,422	200,425	252,422	200,425
	—	—	—	—	467,839	366,482	467,839	366,482

Segment information

Other Countries

INCOME STATEMENT (in thousands of €)

	ESTONIA		SLOVAKIA	
	2014	2013	2014	2013
GROSS RENTAL INCOME	875	—	896	883
SERVICE CHARGE INCOME / (EXPENSE)	218	(4)	—	1
PROPERTY OPERATING EXPENSES	(312)	(82)	(77)	(93)
NET RENTAL INCOME	781	(86)	819	791
PROPERTY AND FACILITY MANAGEMENT INCOME	98	—	9	9
PROPERTY DEVELOPMENT INCOME	—	—	—	—
NET VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTY	6,814	3,070	1,210	25
OTHER INCOME / (EXPENSES) – INCL. ADMINISTRATIVE COSTS	(49)	(26)	(71)	(3)
SHARE IN THE RESULT OF ASSOCIATES	—	—	—	—
OPERATING PROFIT / (LOSS)	7,644	2,958	1,967	822
NET FINANCIAL RESULT	—	—	—	—
TAXES	—	—	—	—
PROFIT FOR THE YEAR	—	—	—	—

INCOME STATEMENT (in thousands of €)

	ESTONIA		SLOVAKIA	
	2014	2013	2014	2013
ASSETS				
INVESTMENT PROPERTIES	32,400	13,273	24,367	23,043
OTHER ASSETS (INCL. DEFERRED TAX)	1,035	902	222	210
TOTAL ASSETS	33,435	14,175	24,589	23,253
SHAREHOLDERS' EQUITY AND LIABILITIES	—	—	—	—
SHAREHOLDERS' EQUITY	—	—	—	—
TOTAL LIABILITIES	—	—	—	—
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	—	—	—	—

HUNGARY		ROMANIA		OTHER		TOTAL	
2014	2013	2014	2013	2014	2013	2014	2013
1,795	1,694	762	239	—	—	4,328	2,816
74	62	84	10	(1)	(2)	375	67
(126)	(109)	(12)	(6)	(17)	(45)	(544)	(335)
1,743	1,647	834	243	(18)	(47)	4,159	2,548
46	44	—	—	294	366	447	419
—	—	—	—	—	—	—	—
1,641	(637)	3,351	(244)	962	(369)	13,978	1,845
(88)	(60)	(362)	(209)	(5)	(108)	(575)	(406)
—	—	—	—	—	—	—	—
3,342	994	3,823	(210)	1,233	(158)	18,009	4,406
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—

HUNGARY		ROMANIA		OTHER		TOTAL	
2014	2013	2014	2013	2014	2013	2014	2013
22,660	20,827	17,385	10,586	3,225	1,498	100,037	69,227
1,709	1,222	953	672	50	931	3,969	3,937
24,369	22,049	18,338	11,258	3,275	2,429	104,006	73,164
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—

5 / Income statement Items

5.1 / Revenue

(in thousands of €)	2014	2013
RENTAL INCOME FROM INVESTMENT PROPERTIES	8,857	4,317
RENT INCENTIVES	739	296
TOTAL GROSS RENTAL INCOME	9,596	4,613
PROPERTY MANAGEMENT INCOME	1,929	2,478
FACILITY MANAGEMENT INCOME	1,233	911
PROPERTY DEVELOPMENT INCOME	246	485
SERVICE CHARGE INCOME	2,110	1,349
TOTAL REVENUE	15,114	9,836

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 2014.

5.2 / Service charge income / (expenses)

(in thousands of €)	2014	2013
SERVICE CHARGE INCOME		
RECHARGE OF COSTS BORNE BY TENANTS	2,110	1,349
TOTAL	2,110	1,349
SERVICE CHARGE EXPENSES		
ENERGY	(951)	(489)
MAINTENANCE AND CLEANING	(148)	(40)
PROPERTY TAXES	(301)	(164)
OTHERS	(279)	(746)
TOTAL	(1,679)	(1,439)

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

(in thousands of €)	2014	2013
REPAIRS AND MAINTENANCE	(175)	(102)
LETTING, MARKETING, LEGAL AND PROFESSIONAL FEES	(382)	(68)
REAL ESTATE AGENTS	(427)	(263)
OTHER	(529)	(295)
TOTAL	(1,513)	(728)

5.4 / Net valuation gains / (losses) on investment properties

(in thousands of €)	2014	2013
UNREALISED VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTIES	58,160	27,872
REALISED VALUATION GAINS / (LOSSES) ON DISPOSAL OF SUBSIDIARIES AND INVESTMENT PROPERTIES	(4,240)	—
TOTAL	53,920	27,872

The total property portfolio, excluding development land, is valued by the valuation expert at 31 December 2014 based on a market rate of 7.81% (compared to 8.72% as at 31 December 2013) 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 € 3.8 million.

5.5 / Administrative cost

(in thousands of €)	2014	2013
WAGES AND SALARIES	(2,404)	(1,902)
AUDIT, LEGAL AND OTHER ADVISORS	(2,082)	(1,509)
OTHER EXPENSES	(1,892)	(1,050)
DEPRECIATION	(178)	(106)
TOTAL	(6,556)	(4,567)

5.6 / Other income / (other expenses)

(in thousands of €)	2014	2013
OTHER INCOME		
OTHER OPERATING INCOME	348	458
TOTAL	348	458
OTHER EXPENSES		
OTHER OPERATING EXPENSES	(881)	(741)
TOTAL	(881)	(741)
TOTAL OTHER INCOME/(OTHER EXPENSES)	(533)	(283)

5.7 / Share in the results of associates

(in thousands of €)		2014	2013
VGP PARK HORNÍ POČERNICE, a.s.	CZECH REPUBLIC	862	1,175
VGP BLUE PARK, a.s.	CZECH REPUBLIC	44	60
VGP GREEN PARK, a.s.	CZECH REPUBLIC	56	75
VGP PARK PŘÍŠOVICE, a.s.	CZECH REPUBLIC	22	43
VGP PARK TURNOV, a.s.	CZECH REPUBLIC	107	188
VGP GREEN TOWER, a.s.	CZECH REPUBLIC	20	24
VGP CZ IV a.s.	CZECH REPUBLIC	(79)	(210)
VGP CZ II s.r.o.	CZECH REPUBLIC	296	803
SUN S.à r.l.	GRAND DUCHY OF LUXEMBOURG	2,580	4
SNOW CRYSTAL S.à r.l.	GRAND DUCHY OF LUXEMBOURG	10,565	(636)
VGP MISV COMM. VA	BELGIUM	—	—
TOTAL		14,473	1,526

5.8 / Net financial costs

(in thousands of €)		2014	2013
BANK INTEREST INCOME		11	19
INTEREST INCOME – LOANS TO ASSOCIATES		2,869	3,419
BANK INTEREST INCOME – INTEREST RATE SWAPS – HEDGING		—	13
NET FOREIGN EXCHANGE GAINS		—	136
FINANCIAL INCOME		2,880	3,587
BOND INTEREST EXPENSE		(7,697)	(2,082)
BANK INTEREST EXPENSE – VARIABLE DEBT		(1,283)	(837)
BANK INTEREST EXPENSE – INTEREST RATE SWAPS – HEDGING		(167)	—
INTEREST CAPITALISED INTO INVESTMENT PROPERTIES		999	564
UNREALISED LOSS ON INTEREST RATE DERIVATIVES		(1,455)	(201)
OTHER FINANCIAL EXPENSES		(945)	(329)
NET FOREIGN EXCHANGE LOSSES		(7)	—
FINANCIAL EXPENSES		(10,555)	(2,885)
NET FINANCIAL COSTS		(7,675)	702

5.9 / Taxation

5.9.1 / Income tax expense recognised in the consolidated income statement

(in thousands of €)		2014	2013
CURRENT TAX		(727)	(278)
DEFERRED TAX		(15,464)	(8,340)
TOTAL		(16,191)	(8,618)

5.9.2 / Reconciliation of effective tax rate

(in thousands of €)	2014		2013	
PROFIT BEFORE TAXES		65,550		32,920
ADJUSTMENT FOR SHARE IN RESULT OF ASSOCIATES		(14,473)		(1,526)
RESULT BEFORE TAXES AND SHARE IN RESULT OF ASSOCIATES		51,077		31,394
INCOME TAX USING THE DOMESTIC CORPORATION TAX RATE	30.8%	(15,744)	19.0%	(5,965)
DIFFERENCE IN TAX RATE NON-GERMAN COMPANIES		4,159		(2,496)
NON-TAX-DEDUCTIBLE EXPENDITURE		(2,207)		(163)
NON-RECOGNISED DEFERRED TAX ASSETS/ TAX LOSSES/NOTIONAL INTEREST DEDUCTION		(2,355)		251
OTHER		(43)		(216)
TOTAL	31.7%	(16,191)	27.5%	(8,618)

For 2014 the majority of the Group's profit before taxes is earned in Germany and hence the effective corporate tax rate in Germany is applied for the reconciliation. For 2013 the majority of the Group's profit before taxes was still earned in the Czech Republic and hence the effective corporate tax rate in the Czech Republic was applied for the reconciliation

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

2014 (in thousands of €)	< 1 YEAR	2-5 YEARS	> 5 YEARS
TAX LOSS CARRY FORWARD	498	1,376	8,346
<hr/>			
2013 (in thousands of €)	< 1 YEAR	2-5 YEARS	> 5 YEARS
TAX LOSS CARRY FORWARD	892	2,106	2,761

5.9.3 / Deferred tax assets and liabilities

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

(in thousands of €)	ASSETS		LIABILITIES		NET	
	2014	2013	2014	2013	2014	2013
FIXED ASSETS	—	—	(26,877)	(11,138)	(26,877)	(11,138)
IFRS HEDGE ACCOUNTING	760	—	—	—	760	—
TAX LOSSES CARRIED-FORWARD	243	344	—	—	243	344
CAPITALISED INTEREST	—	—	(1,003)	(750)	(1,003)	(750)
CAPITALISED COST	—	—	(148)	(78)	(148)	(78)
OTHER	—	—	(47)	4	(47)	4
TAX ASSETS / LIABILITIES	1,004	344	(28,074)	(11,962)	(27,071)	(11,618)
SET-OFF OF ASSETS AND LIABILITIES	(746)	(209)	746	209	—	—
NET TAX ASSETS / LIABILITIES	258	135	(27,328)	(11,753)	(27,071)	(11,618)

A total deferred tax asset of € 2,133k (€ 471k in 2013) was not recognised.

5.10 / Earnings per share

(in number)	2014	2013
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (BASIC)	18,583,050	18,583,050
CORRECTION FOR RECIPROCAL INTEREST THROUGH ASSOCIATES	(398,368)	(398,368)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	18,184,682	18,184,682
 (in thousands of €)		
RESULT FOR THE PERIOD ATTRIBUTABLE TO THE GROUP AND TO ORDINARY SHAREHOLDERS	49,359	24,302
EARNINGS PER SHARE (in €) – BASIC	2.66	1.31
EARNINGS PER SHARE (in €) – AFTER CORRECTION FOR RECIPROCAL INTEREST THROUGH ASSOCIATES	2.71	1.34

6 / Balance sheet items

6.1 / Goodwill

(in thousands of €)	2014	2013
COST		
BALANCE AT 1 JANUARY	631	—
INCREASES	—	631
BALANCE AT 31 DECEMBER	631	631
 IMPAIRMENT LOSSES		
BALANCE AT 1 JANUARY	—	—
IMPAIRMENT LOSSES	—	—
BALANCE AT 31 DECEMBER	—	—
CARRYING AMOUNT AS AT 31 DECEMBER	631	631

6.2 / Intangible assets and property, plant and equipment

(in thousands of €)	INTANGIBLE ASSETS		PROPERTY, PLANT AND EQUIPMENT	
	2014	2013	2014	2013
BALANCE AT 1 JANUARY	51	58	297	241
ACQUISITIONS OF THE YEAR				
IT SOFTWARE	38	14	—	—
PLANT AND EQUIPMENT	—	—	122	71
FURNITURE AND FIXTURES	—	—	106	35
MOTOR VEHICLES	—	—	29	109
OTHER	—	—	4	4
	38	14	261	219
DEPRECIATION OF THE YEAR				
IT SOFTWARE	(30)	(19)	—	—
PLANT AND EQUIPMENT	—	—	(58)	(90)
FURNITURE AND FIXTURES	—	—	(22)	(10)
MOTOR VEHICLES	—	—	(104)	(57)
OTHER	(2)	(2)	(4)	(6)
	(32)	(21)	(188)	(163)
AT 31 DECEMBER	57	51	370	297

6.3 / Investment properties

(in thousands of €)	2014	2013
BALANCE AT 1 JANUARY	225,804	101,629
CAPITAL EXPENDITURE	62,560	26,542
CAPITALISED INTEREST	999	564
ACQUISITIONS	71,890	69,197
SALES / (DISPOSALS) (FAIR VALUE OF ASSETS SOLD / DISPOSED OF)	(3,324)	—
INCREASE / (DECREASE) IN FAIR VALUE	58,160	27,872
BALANCE AT 31 DECEMBER	416,089	225,804

As at 31 December 2014 investment properties totalling € 226.1 million (€ 87.3 million as at 31 December 2013) were pledged in favour the Group's banks. (see note 6.10).

Fair value measurements of the Group's investment properties

(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:

- (i) The real estate segment (retail, office or industrial)
- (ii) The geographical location
- (iii) The construction status (completed investment property ("IP"), under construction ("IPUC") or development land ("DL"))
- (iv) 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 €)	2014			
	IP ¹	IPUC ²	DL ³	TOTAL
SEGMENT INFORMATION	INDUSTRIAL	INDUSTRIAL	INDUSTRIAL	
FAIR VALUE HIERARCHY	3	3	3	
FAIR VALUES AS AT 1 JANUARY	77,962	52,751	95,091	225,804
CAPEX	23,670	32,565	6,325	62,560
ACQUISITIONS	—	4,544	67,346	71,890
CAPITALISED INTEREST	316	528	155	999
SALES AND DISPOSALS	—	—	(3,324)	(3,324)
TRANSFER FROM DL TO IPUC	—	17,640	(17,640)	—
TRANSFER FROM IPUC TO IP	45,392	(45,392)	—	—
NET GAIN FROM VALUE ADJUSTMENTS IN INVESTMENT PROPERTIES	26,276	18,447	13,437	58,160
TRANSFER TO / (FROM) LEVEL 3	—	—	—	—
FAIR VALUE AS AT 31 DECEMBER	173,616	81,083	161,390	416,089

(in thousands of €)	2013			
	IP ¹	IPUC ²	DL ³	TOTAL
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
CAPEX	3,947	19,748	2,848	26,543
ACQUISITIONS	20,845	—	48,352	69,197
CAPITALISED INTEREST	19	483	62	564
TRANSFER FROM DL TO PUC	—	11,617	(11,617)	—
TRANSFER FROM IPUC TO IP	4,802	(4,802)	—	—
NET GAIN FROM VALUE ADJUSTMENTS IN INVESTMENT PROPERTIES	(1,071)	9,581	19,361	27,871
TRANSFER TO / (FROM) LEVEL 3	—	—	—	—
FAIR VALUE AS AT 31 DECEMBER	77,962	52,750	95,092	225,804

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 2014 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 2014 was carried out by Jones Lang LaSalle.

(iii) Quantitative information about fair value measurements using unobservable inputs (level 3)

REGION	SEGMENT	FAIR VALUE 31 DEC 2014 (€ '000)	VALUATION TECHNIQUE	LEVEL 3 UNOBSERVABLE INPUTS	RANGE
CZECH REPUBLIC	IP AND IPUC	81,331	DISCOUNTED CASH FLOW	ANNUAL RENT PER M ²	49–57
				DISCOUNT RATE	7.18%–8.10%
				EXIT YIELD	7.25%
				WEIGHTED AVERAGE YIELD	7.55%
				COST TO COMPLETION (in '000)	€ 7,700
	DL	14,934	SALES COMPARISON	PRICE PER M ²	—
GERMANY	IP AND IPUC	95,950	DISCOUNTED CASH FLOW	ANNUAL RENT PER M ²	40–62
				DISCOUNT RATE	6.76%–8.64%
				EXIT YIELD	6.50%–6.75%
				WEIGHTED AVERAGE YIELD	7.25%
				COST TO COMPLETION (in '000)	€ 24,874
	DL	123,837	SALES COMPARISON	PRICE PER M ²	—
OTHER COUNTRIES	IP AND IPUC	82,410	DISCOUNTED CASH FLOW	ANNUAL RENT PER M ²	47–62
				DISCOUNT RATE	8.41%–10.35%
				EXIT YIELD	8.40%–10.25%
				WEIGHTED AVERAGE YIELD	8.99%
				COST TO COMPLETION (in '000)	€ 4,923
	DL	17,627	SALES COMPARISON	PRICE PER M ²	—
TOTAL		416,089			

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 M ²	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 M ²	—
GERMANY	IP AND IPUC	29,870	DISCOUNTED CASH FLOW	ANNUAL RENT PER M ²	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 M ²	—
OTHER COUNTRIES	IP AND IPUC	55,182	DISCOUNTED CASH FLOW	ANNUAL RENT PER M ²	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 M ²	—
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.

6.4 / Investments in associates

(in thousands of €)	2014	2013
AS AT 1 JANUARY	982	(545)
RESULT OF THE YEAR	14,473	1,526
PROCEEDS FROM SALE OF PARTICIPATIONS	(15,438)	—
TOTAL	17	982

For the analysis of the result for the year, please refer to note 5.7.

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

(in thousands of €)	2014	2013
INVESTMENT PROPERTY AND PROPERTY UNDER CONSTRUCTION	—	95,023
OTHER NON-CURRENT ASSETS	—	16
CURRENT ASSETS	600	9,321
NON-CURRENT LIABILITIES	—	(99,238)
CURRENT LIABILITIES	(583)	(4,140)
TOTAL NET ASSETS	17	982
GROSS RENTAL INCOME	5,382	6,641
RESULT FOR THE PERIOD	14,473	1,526

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) changed substantially during the year. On 22 October 2014 Snow Crystal S.à.r.l. completed the sale of the VGP CZ I and VGP CZ IV portfolio and Sun S.à.r.l. completed the sale of the VGP CZ II portfolio. The gross transaction value of the sale was € 523 million. The net proceeds of the sale were distributed to the joint venture partners and VGP NV received in total € 67.7 million of which € 49.8 million were related to the repayment of existing shareholder loans granted by VGP NV to the associates. The net proceeds are subject to a limited revision based on the closing balance sheet which is currently being agreed between the buyers and the joint venture partners.

It is currently the intention of the joint venture partners to proceed with the liquidation of Snow Crystal S.à.r.l. and Sun S.à.r.l. during the course of 2015.

6.5 / Other non-current receivables

(in thousands of €)	2014	2013
SUN S.à.r.l.	—	6,709
VGP CZ II s.r.o.	—	7,871
SNOW CRYSTAL S.à r.L.	—	21,329
VGP PARK HORNÍ POČERNICE, a.s.	—	9,043
VGP BLUE PARK, a.s.	—	249
VGP GREEN PARK, a.s.	—	627
VGP GREEN TOWER, a.s.	—	214
VGP PARK PRÍŠOVICE, a.s.	—	511
VGP PARK TURNOV, a.s.	—	371
VGP CZ IV a.s.	—	2,190
TOTAL	—	49,114

For further details on changes in the associates, please refer to note 6.4.

6.6 / Trade and other receivables

(in thousands of €)	2014	2013
TRADE RECEIVABLES	1,352	1,817
TAX RECEIVABLES – VAT	3,517	1,750
ACCRUED INCOME AND DEFERRED CHARGES	192	124
RECEIVABLE RE VGP CZ II TRANSACTION	—	6,450
OTHER RECEIVABLES	1,761	101
TOTAL	6,822	10,242

The VGP CZ II receivable was settled as part of sale of the VGP CZ I, VGP CZ IV and VGP CZ II portfolios.

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

(in thousands of €)	2014	2013
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 (in thousands of €)	2014			
	OUTSTANDING BALANCE	< 1 YEAR	> 1-5 YEAR	> 5 YEAR
NON-CURRENT				
BANK BORROWINGS	47,917	2,410	45,507	—
BONDS	147,527	—	147,527	—
TOTAL NON-CURRENT FINANCIAL DEBT	195,444	2,410	193,034	—
CURRENT				
BANK BORROWINGS	1,230	1,230	—	—
ACCRUED INTEREST	2,082	2,082	—	—
TOTAL CURRENT FINANCIAL DEBT	3,312	3,312	—	—
TOTAL CURRENT AND NON-CURRENT FINANCIAL DEBT	198,756	5,722	193,034	—

MATURITY (in thousands of €)	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	—	—
ACCRUED INTEREST	2,082	2,082	—	—
TOTAL CURRENT FINANCIAL DEBT	12,448	12,448	—	—
TOTAL CURRENT AND NON-CURRENT FINANCIAL DEBT	172,635	12,977	159,658	—

The accrued interest relates to 2 bonds issued during 2013.

The coupons of the bonds are payable annually on 12 July and 6 December.

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:

2014 (in thousands of €)	FACILITY AMOUNT	FACILITY EXPIRY DATE	OUTSTANDING BALANCE	< 1 YEAR	> 1–5 YEARS	> 5 YEARS
TATRA BANKA	1,230	31-DEC-15	1,230	1,230	—	—
TATRA BANKA	3,574	31-DEC-18	3,574	342	3,232	—
UNICREDIT BANK – HUNGARY	13,808	30-SEP-19	9,748	786	8,962	—
UNICREDIT BANK – CZECH REPUBLIC	56,611	31-DEC-19	8,159	—	8,159	—
SWEDBANK	21,963	30-AUG-18	7,283	453	6,830	—
DEUTSCHE-HYPO	31,421	MAY-19 / APR-20	19,096	799	18,297	—
DEUTSCHE-HYPO	16,900	30-NOV-16	—	—	—	—
OTHER BANK DEBT	57	2016–2018	57	30	27	—
TOTAL BANK DEBT	145,564		49,147	3,640	45,507	—

2013 (in thousands of €)	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	—

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

VGP has issued the following 2 retail bonds:

- € 75 million fixed rate bonds due 12 July 2017 which 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)
- € 75 million fixed rate bonds due 6 December 2018 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 2014 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

(in thousands of €)	2014	2013
FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)		
HELD FOR TRADING DERIVATIVES NOT DESIGNATED IN HEDGE ACCOUNTING RELATIONSHIPS	1,656	201
TOTAL	1,656	201

During the year 2 new interest rate swap transactions were concluded for an aggregate notional amount of € 19.5 million. These new interest rate transactions have a weighted average fixed rate of 0.55% per annum and mature both on 24 July 2019 and partially hedge the development pipeline in VGP Park Hamburg (Germany).

At the end of the year foreign currency forward contracts for an aggregate notional amount of € 18.2 million equivalent were outstanding.

6.12 / Other non-current liabilities

(in thousands of €)	2014	2013
DEPOSITS	466	403
RETENTIONS	656	540
TOTAL	1,122	943

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

6.13 / Trade debts and other current liabilities

(in thousands of €)	2014	2013
TRADE PAYABLES	21,293	5,830
RETENTIONS	932	722
ACCRUED EXPENSES AND DEFERRED INCOME	469	191
OTHER PAYABLES	865	8,150
TOTAL	23,559	14,893

Trade payables increased in 2014 reflecting the increase of the projects under construction.

The outstanding payable in respect of the € 7,619k capital distribution to the shareholders is the most significant item of the other payables in 2013. The payment of the capital distribution took place on 16 January 2014.

7 / Miscellaneous items

7.1 / Effect of business acquisitions

The following table presents the assets acquired and the liabilities assumed on the date of acquisition:

(in thousands of €)	2014	2013
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

During 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.

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 2014. The amounts shown are the notional amounts.

DERIVATIVES (in thousands of €)	2014			2013		
	< 1 YEAR	1-5 YEARS	> 5 YEARS	< 1 YEAR	1-5 YEARS	> 5 YEARS
FORWARD EXCHANGE CONTRACTS						
HELD FOR TRADING	18,235	—	—	—	—	—
INTEREST RATE SWAPS						
HELD FOR TRADING	—	58,622	—	—	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 €)	2014			
	CZK	PLN	HUF	RON
TRADE & OTHER RECEIVABLES	49,410	—	—	1,383
NON-CURRENT LIABILITIES AND TRADE & OTHER PAYABLES	(96,058)	(2)	(15,815)	(1,261)
GROSS BALANCE SHEET EXPOSURE	(46,647)	(2)	(15,815)	122
FORWARD FOREIGN EXCHANGE	500,000	—	—	—
NET EXPOSURE	453,353	(2)	(15,815)	122

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

2013

(in thousands of €)	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 following significant exchange rates applied during the year:

1 € =	2014 / CLOSING RATE	2013 / CLOSING RATE
CZK	27.725000	27.425000
HUF	314.890000	296.910000
RON	4.482100	4.479132
PLN	4.262300	4.147200

Sensitivity

A 10 percent strengthening of the euro against the following currencies at 31 December 2014 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 2013.

EFFECTS (in thousands of €)	2014	
	EQUITY	PROFIT OR (LOSS)
CZK	—	(1,487)
HUF	—	5
RON	—	(3)
PLN	—	—
TOTAL	—	(1,485)

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

A 10 percent weakening of the euro against the above currencies at 31 December 2014 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:

(in thousands of €) Nominal amounts	2014	2013
FINANCIAL DEBT		
FIXED RATE		
BONDS	150,000	150,000
VARIABLE RATE		
BANK DEBT	49,778	24,234
	199,778	174,234
INTEREST RATE HEDGING		
INTEREST RATE SWAPS		
HELD FOR TRADING	49,778	24,234
	49,778	24,234
FINANCIAL DEBT AFTER HEDGING		
VARIABLE RATE		
BANK DEBT	—	—
FIXED RATE		
BONDS	150,000	150,000
BANK DEBT	49,778	24,234
	199,778	174,234
FIXED RATE / TOTAL FINANCIAL LIABILITIES¹	100.0%	100.0%

The effective interest rate on financial debt (bank debt and bonds), including all bank margins and cost of interest rate hedging instruments was 4.83 % for the year 2014. (4.60% in 2013)

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 € 28k lower/higher (as compared to € 29k lower/higher profit before taxes for 2013). 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 2014 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 2013 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.

¹ Calculation based on the partial allocation of the existing interest rate swaps. Should the total amount of existing interest rate swaps (amounting to € 58,622k as at 31 December 2014) have been taken into consideration the fixed rate / total financial liabilities would have been 104%. It is anticipated that the Group will make additional variable interest rate drawdowns during 2015 which will bring this ratio below 100%.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The maximum exposure to credit risk at the reporting date was:

(in thousands of €)	2014 / CARRYING AMOUNT	2013 / CARRYING AMOUNT
OTHER NON-CURRENT RECEIVABLES	—	49,114
TRADE & OTHER RECEIVABLES	6,822	10,242
CASH AND CASH EQUIVALENTS	43,595	79,226
TOTAL	50,417	138,582

The non-current receivables related to the loans provided to the associates and were repaid in 2014. The aging of trade receivables at the reporting date was:

(in thousands of €)	2014 / CARRYING AMOUNT	2013 / CARRYING AMOUNT
GROSS TRADE RECEIVABLES		
GROSS TRADE RECEIVABLES NOT PAST DUE	1,042	1,615
GROSS TRADE RECEIVABLES PAST DUE	310	202
BAD DEBT AND DOUBTFUL RECEIVABLES	—	—
PROVISION FOR IMPAIRMENT OF RECEIVABLES (—)	—	—
TOTAL	1,352	1,817

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.

(in thousands of €)	2014					
	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	(49,147)	(53,699)	(13,403)	(3,318)	(36,977)	—
UNSECURED BONDS	(147,527)	(177,038)	(7,725)	(7,725)	(161,588)	—
TRADE AND OTHER PAYABLES (EXCLUDING NON-FINANCIAL LIABILITIES)	(24,212)	(24,212)	(23,090)	(177)	(596)	(349)
	(220,886)	(254,949)	(44,218)	(11,220)	(199,161)	(349)
DERIVATIVE FINANCIAL ASSETS / (LIABILITIES)						
INTEREST RATE DERIVATIVES	(1,482)	(1,821)	(471)	(527)	(823)	—
FOREIGN EXCHANGE DERIVATIVES	—					—
OUTFLOW	(174)	(18,235)	(18,235)	—	—	—
INFLOW	—	18,030	18,030	—	—	—
	(1,656)	(2,026)	(676)	(527)	(823)	—

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

(in thousands of €)	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)	—

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 2014 the Group's gearing was as follows:

(in thousands of €)	2014	2013
NET DEBT	155,161	91,327
EQUITY	215,417	166,057
NET DEBT / EQUITY RATIO	0.72	0.55

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

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.

2014 (in thousands of €)	CARRYING AMOUNT 2014	AMOUNTS RECOGNISED IN BALANCE SHEET IN ACCORDANCE WITH IAS 39			FAIR VALUE 2014	FAIR VALUE HIERARCHY 2014
		AMORTISED COSTS	FAIR VALUE THROUGH EQUITY	FAIR VALUE THROUGH PROFIT OR LOSS		
ASSETS						
OTHER NON-CURRENT RECEIVABLES	—	—	—	—	—	LEVEL 2
TRADE RECEIVABLES	1,352	1,352	—	—	1,352	LEVEL 2
OTHER RECEIVABLES	5,274	5,274	—	—	5,274	LEVEL 2
CASH AND CASH EQUIVALENTS	43,595	43,595	—	—	43,595	LEVEL 2
TOTAL	50,221	50,221	—	—	50,221	
LIABILITIES						
FINANCIAL DEBT						
BANK DEBT	49,146	49,146	—	—	49,146	LEVEL 2
BONDS	147,527	147,527	—	—	156,017	LEVEL 2
TRADE PAYABLES	20,919	20,919	—	—	20,919	LEVEL 2
OTHER LIABILITIES	2,919	2,919	—	—	2,919	LEVEL 2
DERIVATIVE FINANCIAL LIABILITIES						
WITHOUT A HEDGING RELATIONSHIP	1,656	—	—	1,656	1,656	LEVEL 2
TOTAL	222,167	220,511	—	1,656	230,657	

2013 (in thousands of €)	CARRYING AMOUNT 2013	AMOUNTS RECOGNISED IN BALANCE SHEET 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	

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 2014, 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 2014, 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 2014 the Group did not provide for any rental guarantees.

Financial assets amounting to € 2.600k in 2014 (€ 955k in 2013) 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.

7.4 / Commitments

The Group has concluded a number of contracts concerning the future purchase of land. At 31 December 2014 the Group had future purchase agreements for land totalling 863,000 m², representing a commitment of € 34.2 million and for which deposits totalling € 1.2 million had been made.

At the end of December 2014 the Group had committed annualised rent income of € 22.6 million (€ 10.4 million as at December 2013).

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:

(in thousands of €)	2014	2013
LESS THAN ONE YEAR	22,272	10,007
BETWEEN ONE AND FIVE YEARS	79,191	36,794
MORE THAN FIVE YEARS	73,848	29,855
TOTAL	175,311	76,656

As at 31 December 2014 the Group had contractual obligations to develop new projects for a total amount of € 37.5 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:

(in thousands of €)	2014	2013
DIRECTORS	98	87
EXECUTIVE MANAGERS	1,087	706
TOTAL	1,185	793

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

7.5.3 / Transactions with related parties

The Group identified the following transactions with related parties in 2014 and 2013

(in thousands of €)	2014	2013
TRANSACTIONS WITH RELATED PARTIES		
GENERAL MANAGEMENT FEES RECEIVED FROM ASSOCIATES	294	366
PROPERTY MANAGEMENT FEES AND SIMILAR INCOME RECEIVED FROM ASSOCIATES	2,875	3,939
INTEREST AND SIMILAR INCOME FROM ASSOCIATES	2,869	3,419
RENT RECEIVED FROM RELATED PARTIES	1,430	1,093
RENT PAID TO ASSOCIATES	(197)	(207)
SERVICES RECEIVED FROM JAN VAN GEET s.r.o.	(672)	(542)
OUTSTANDING BALANCES WITH RELATED PARTIES		
LOANS PROVIDED TO ASSOCIATES	—	49,114
OTHER RECEIVABLES FROM ASSOCIATES	—	6,450
ADVANCES RECEIVABLE FROM / (PAYABLE TO) JAN VAN GEET s.r.o.	3	(11)

The Group rents offices from Jan Van Geet s.r.o. As at 31 December 2014 the operating lease rentals under these lease contracts were payable as follows:

2014 (in thousands of €)	TOTAL	< 1 YEAR	> 1–5 YEARS	> 5 YEARS
JAN VAN GEET s.r.o.	334	81	231	22

Until 22 October 2014 there were offices rented from VGP Park Horní Pocernice a.s. and VGP CZ II a.s. (both associated companies). In view of the sale of these associates these rents were no longer included in the table above.

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

Please also see point 6.4 for further information.

7.6 / Events after the balance sheet dates

On 3 April 2015, the board of directors approved a new management agreement relating to the services rendered by some of VGP's key managers. Following such decision, Little Rock SA will be responsible for the Group's daily management, financial management and commercial management and will be represented for this purpose by the CEO (Mr Jan Van Geet), CFO (Mr Dirk Stoop) and CCO (Mr Tomas Van Geet) respectively, who were already in charge of such roles prior to the agreement with Little Rock SA. As a consideration for rendering such services, Little Rock SA will receive a fixed fee, a variable fee subject to certain criteria being met, and 5% of the profits before taxes of the Group on a consolidated basis which shall be calculated and paid based on a 3-year moving average.

7.7 / Services provided by the statutory auditor and related persons

The audit fees for VGP NV and its fully controlled subsidiaries amounted to € 88k

7.8 / Subsidiaries and associates

Companies forming part of the Group as at 31 December 2014

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 CZ IX a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100
VGP CZ X a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100
TPO HALA G2 a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100
VGP PARK ČESKÝ ÚJEZD a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100
VGP INDUSTRIÁLNÍ STAVBY s.r.o.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100
SUTA s.r.o.	PRAGUE, CZECH REPUBLIC	100
HCP 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 PARK HAMBURG 2 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100
VGP PARK HAMBURG 3 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100

SUBSIDIARIES	ADDRESS	%
VGP PARK FRANKENTHAL S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100
VGP PARK LEIPZIG S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100
VGP DEU 1 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100
VGP ESTONIA OÜ	TALLINN, ESTONIA	100
VGP FINANCE NV	ZELE, BELGIUM	100
VGP LATVIA S.I.A.	KEKAVA, LATVIA	100
VGP PARK GYÖR KFT	GYÖR, HUNGARY	100
VGP ROMANIA S.R.L.	TIMIȘOARA, 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 2014

In order to further support the development of VGP business activities; VGP Park Hamburg 2 S.à r.l., VGP Park Hamburg 3 S.à r.l., VGP Park Frankenthal S.à r.l., VGP Park Leipzig S.à r.l. and VGP DEU1 S.à r.l., VGP CZ IX a.s.. and VGP CZ X a.s.. were incorporated and TPO hala G2 a.s. was acquired.

ASSOCIATES	ADDRESS	%
SNOW CRYSTAL S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	20.00
SUN S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	20.00
VGP MISV COMM. VA	ZELE, BELGIUM	42.87

Changes in 2014

During 2014, SNOW CRYSTAL S.à r.l. sold VGP Park Horni Pocernice a.s., VGP Blue Park a.s., VGP Green Park a.s., VGP Green Tower a.s., VGP Park Prisovice a.s., VGP Park Turnov a.s. and VGP CZ IV a.s. SUN S.à r.l. sold VGP CZ II s.r.o.

PARENT COMPANY INFORMATION

1 / Financial Statements 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
Spinnerijstraat 12
B-9240 Zele
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>	2014	2013
OTHER OPERATING INCOME	600	772
OPERATING PROFIT OR LOSS	(1,941)	(879)
FINANCIAL RESULT	14,027	2,851
EXTRAORDINARY RESULT	(2,471)	74
CURRENT AND DEFERRED INCOME TAXES	(588)	(167)
PROFIT OR (LOSS) FOR THE YEAR	9,026	1,879

Condensed balance sheet after profit appropriation

(in thousands of €)	2014	2013
FORMATION EXPENSES, INTANGIBLE ASSETS	2,479	3,281
TANGIBLE FIXED ASSETS	2	8
FINANCIAL FIXED ASSETS	261,475	214,880
TOTAL NON-CURRENT ASSETS	263,956	218,169
TRADE AND OTHER RECEIVABLES	55	6,511
CASH & CASH EQUIVALENTS	36,305	73,804
TOTAL CURRENT ASSETS	36,360	80,315
TOTAL ASSETS	300,316	298,484
SHARE CAPITAL	112,737	112,737
NON-DISTRIBUTABLE RESERVES	1,998	1,546
RETAINED EARNINGS	32,605	24,031
SHAREHOLDERS' EQUITY	147,340	138,314
AMOUNTS PAYABLE AFTER ONE YEAR	150,748	150,000
AMOUNTS PAYABLE WITHIN ONE YEAR	2,228	10,170
CREDITORS	152,976	160,170
TOTAL EQUITY AND LIABILITIES	300,316	298,484

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 2014 result

The profit after tax for the year ended was € 9,026,300.54

At the General Meeting of Shareholders on 8 May 2015, the Board of Directors will propose that the above result be appropriated as follows:

(in €)	2014	2013
PROFIT OF THE FINANCIAL YEAR	9,026,300.54	1,878,860.02
PROFIT CARRIED FORWARD	24,030,377.03	22,245,460.01
TRANSFER TO LEGAL RESERVES	(451,315.03)	(93,943.00)
PROFIT / (LOSS) TO BE CARRIED FORWARD	32,605,362.54	24,030,377.03
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 2014

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 statement of financial position as at 31 December 2014, 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 467,839(000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 49,359(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 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 2014, 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 2015
The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SCs.f.d. SCRL
Represented by Rik Neckebroeck

