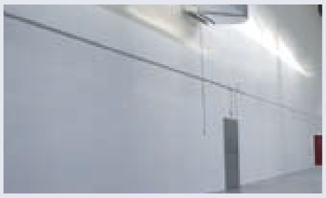
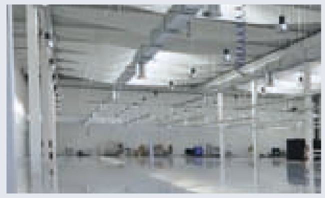
    

We are where you need to be ...

Annual report
2007

VGP

Contents

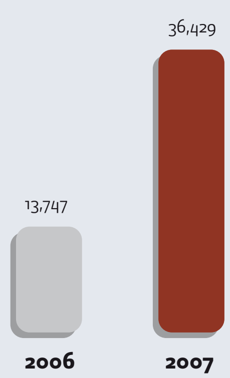





Key Figures

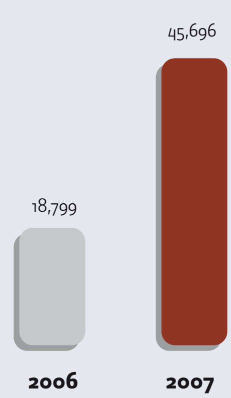
Investment property	31.12.2007	31.12.2006
Total lettable area (m²)	176,614	55,375
Occupancy rate (%)	100%	100%
Fair value of investment properties (€ 000)	211,760	96,146
Investment property under construction (€ 000)	13,411	6,955
Balance Sheet		
Shareholders' equity	130,814	43,106
Gearing		
Net debt / shareholders' equity	0.51	1.09
Total liabilities (net of cash) / total assets	36.12%	58.37%
Income Statement		
Gross rental income	5,557	2,300
Property operating expenses and net service charges / expenses	(984)	(297)
Net valuation gains on investment property	41,527	17,024
Property Result	**46,100**	**19,027**
Administrative costs and other operating costs / expenses	(403)	(228)
Net operating profit before net financial result	**45,696**	**18,799**
Net financial result	(3,851)	(803)
Profit before taxes	**41,846**	**17,996**
Taxes	(5,417)	(4,249)
Profit for the period	**36,429**	**13,747**
Data per share		
Number of ordinary shares	18,583,050	15,000,000*
Basic earnings per share (in €)	1.96	0.92
Diluted earnings per share (in €)	1.96	0.92

The result per share has been calculated based on the issued number of shares as at the end of December 2007. For 2006 comparative purposes the number of shares have been restated for the share split and contribution in kind as applicable prior to the initial public offering.

Evolution of profit of the period



Net operating profit before net financial result



Strategy

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 future re-leasability.
In their initial phase of development, some projects are being developed at the group's own risk (i.e., without being pre-let).

The constructions, which respond to the latest modern quality standards, are leased under long term lease agreements to tenants which are active in the semi-industrial sector, including storing but also assembling, re-conditioning, final treatment of the goods before they go to the industrial clients or the retailers.

The land positions are located in the vicinity of highly concentrated living and/or production centres, with an optimal access to transport infrastructure.

The group relies on the in-house competences of its team to execute its fully integrated business model, consisting of: the identification and acquisition of the land and development of the infrastructure, the design of the buildings, the coordination of architectural and engineering aspects, the administration to obtain the necessary permits, the 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 companies and monitors the follow up and co-ordination of the building activities itself.

Key principles of VGP

- Strategically located plots of land
- Focus on business parks to realise economies of scale
- High quality standardised semi-industrial real estate
- In-house competences enabling a fully integrated business model
- Considerable land bank securing further expansion
- Develop-and-hold strategy

VGP Profile

VGP constructs and develops high-end semi-industrial real estate and ancillary offices for its own account, which are subsequently rented out to reputable clients on long term lease contracts.

The group 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.

In May 2006, VGP started the construction of VGP Park Horní Počernice, one of the largest semi-industrial parks in the Czech Republic. VGP Park Horní Počernice allows VGP to construct over 350,000 m² of lettable space and offers tenants the opportunity to rent a range of facilities with lettable areas of between 1,000 up to 50,000 m².

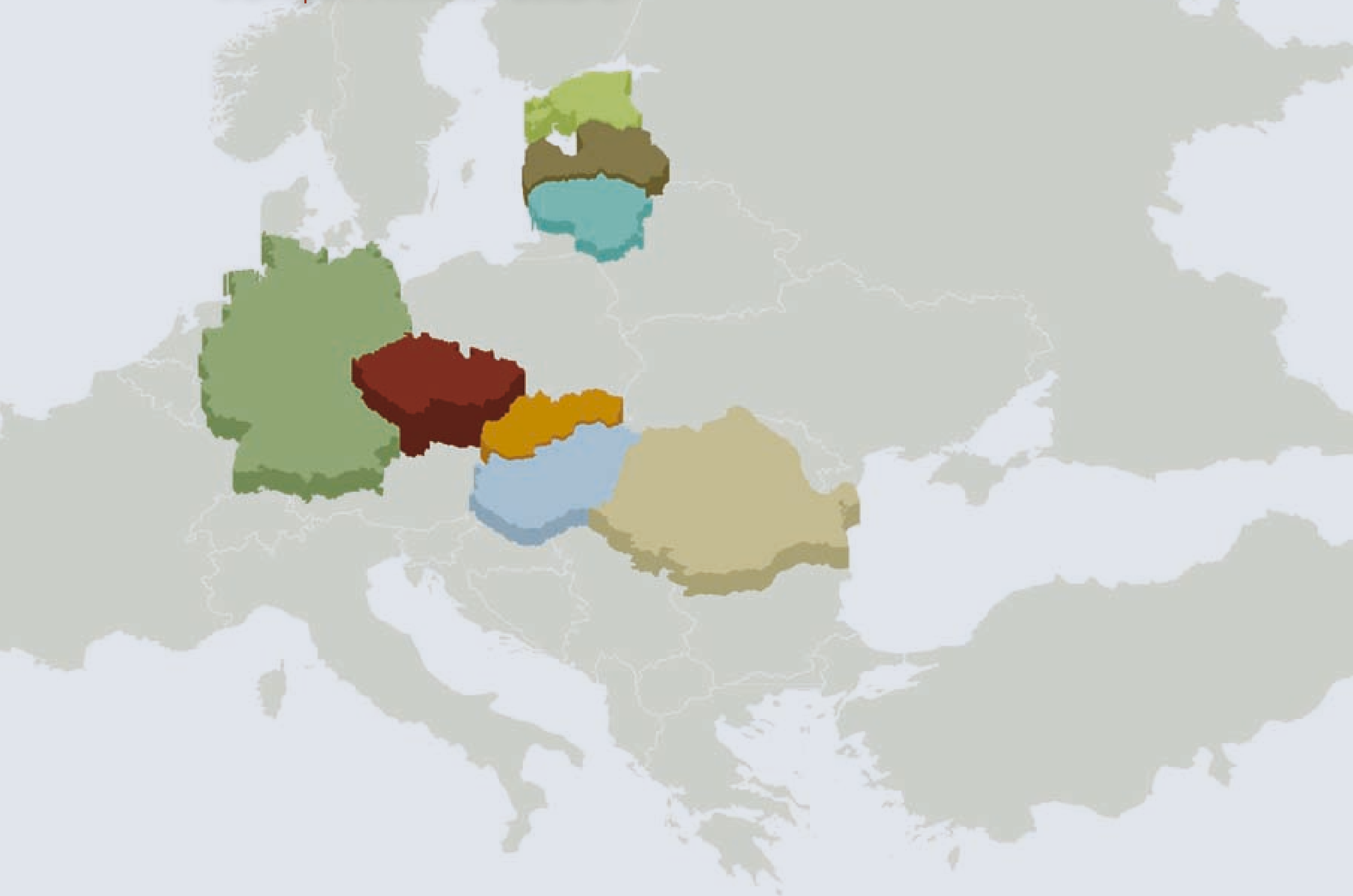
These buildings are suitable for logistical purposes and light industrial activities, including activities such as storing, assembling and re-conditioning and offers great synergetic potential to existing and future tenants in various sectors. The concept behind the Horní Počernice business park has become a conceptual model for the group's development strategy.

During 2007 VGP continued to apply, in an accelerated way, its VGP park concept in several other locations in the Czech Republic and subsequently in other mid-European countries. The company currently owns real estate not only in the Czech Republic, but also in the Baltic States, Slovakia, Hungary, Romania, and is planning to expand to Germany.

The strategic objective of the VGP group is to become a leading specialised developer and owner of semi-industrial property for the mid-European region and Germany.
As at 31 December 2007, VGP disposes of a geographically diversified land bank of 2,426,453 m², securing the further expansion and development of its portfolio of high quality semi-industrial parks and properties.

Locations^3

"We only invest in assets which are in top locations. This means prime sites which are in the vicinity of highly concentrated living and/or production centres, with optimal access to transport infrastructure."



Letter to the Shareholders

2007 was an outstanding year for VGP, during which we spread our wings from our origins in the Czech Republic and ventured successfully into other countries in the mid-European region. The group is now active in six countries with a total of 17 projects.

In summary 2007 is the year in which we have laid the foundations for our future:

- We expanded our land bank on strategic top locations, allowing us to construct another 720,000 square metres of projects in the future for which we have obtained or are in the process of obtaining all the necessary building permits, which enables us to start construction quickly and meet the demanding timelines of our customers. The land bank is also an important asset when potential tenants are simultaneously interested in several rental projects on different locations. Having several locations in portfolio therefore increases the marketing possibilities of the group, which expresses itself in the fact that we signed a record number of pre-leases to be constructed and delivered to our customers during 2008 and 2009.

- We significantly enlarged our team so we can work in an integrated business model enabling us to identify and acquire land, design the project, contract, coordinate and supervise the construction works, liaise with potential tenants and subsequently manage the portfolio of standing assets.

- We launched our Initial Public Offering (IPO) which gained us more access to capital markets and enhanced our ability to grow faster in the future.

Based on these factors we look towards 2008 and beyond with optimism.

We are confident that our growth strategy will prove successful, not only because of our own achievements but also because many of the countries into which we are now expanding are enjoying successful growth themselves. Slovakia was officially the world's fastest growing economy during the last quarter 2007 with an economic growth rate of over 14%. The Czech Republic has just enjoyed one of the most successful trading years in its recent history. Despite signs of an over-heating economy the Baltic states still show over-average growth rates and Romania is one of the places to be for the industry. In other words, VGP is active in strong growing economies.

In 2008 we intend to double our portfolio of leased buildings, which should more than double our rental income. We aim to start constructing in all the other countries where we are now present but have not yet constructed.

We are well aware that many challenges lie ahead of us at VGP. But we believe that we have all the necessary ingredients available to rise to these challenges and continue to constantly create value both for our customers and shareholders.

Finally I would like to express my gratitude to the clients, the financiers and the many new shareholders for their confidence in our project and team.

Jan Van Geet
Chief Executive Officer

Information about the share

Listing of the VGP share

On 11 December 2007 VGP's share capital was increased by EUR 50.0 million through the issuance of 3,278,688 new shares which were listed on Eurolist by Euronext and the Main Market of the Prague Stock Exchange. In addition on 28 December 2007 an additional EUR 4.6 million capital increase was made by the exercise of the overallotment option resulting in the issuance of an additional 304,362 shares.

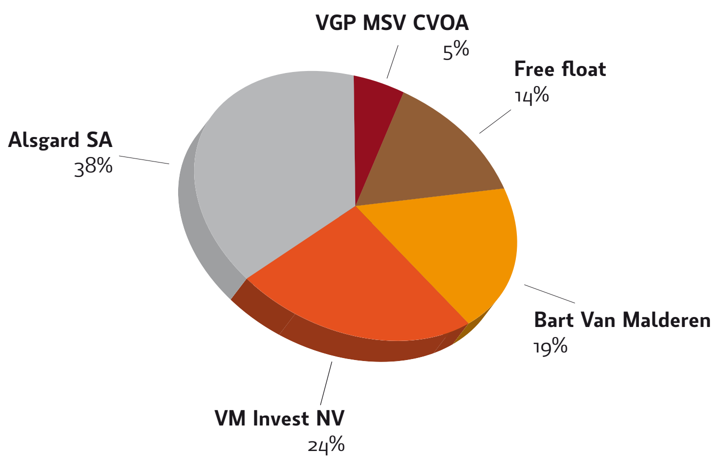
As at 31 December 2007 the share capital of VGP was therefore represented by 18,583,050 shares.

Shareholding structure

In compliance with the Belgian Company Code of 2 March 1989 on declarations of interest, the following declarations of interest in the VGP shares were received during 2007:

Date of declaration	Declarant	Number of shares	% of total number of shares issued (on date of declaration)
11.12.2007	NV VM Invest	4,443,685	24.31%
11.12.2007	Mr. Van Malderen Bartje	3,545,250	19.40%
11.12.2007	NV Vadebo France	655,738	3.59%
11.12.2007	Mrs Van den Bossche Celina	655,738	3.59%
11.12.2007	Alsgard SA	7,080,738	38.74%
11.12.2007	VGP MISV CVOA	913,934	5.00%
		17,295,083	**94.62%**

Shareholding as at 31 December 2007



VGP

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 fulfilling the requirements related to the change of the articles of association.

Besides those shares which were subject to the lock-up period of 12 months starting from the date of listing, 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 EUR 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 for a period of 5 years from the publication in the Belgian Official gazette (21 December 2007) from the shareholders meeting dated 5 November 2007.

Dividend policy

The company intends to pursue dividend payments on a regular basis.

The declaration and payment of any future dividends and their amount will depend on the results of the group's operations, its financial condition, cash requirements, future prospects and other factors deemed to be relevant at the time.

The group is building up a sizeable asset portfolio and is experiencing a phase of strong growth.

The company will start paying dividends upon having built up a sizeable portfolio susceptible of generating sufficient rental income to base a sustainable dividend policy upon. It is the company's intention to predominantly use the rental income, after deduction of operational and financing costs, for dividend payout purposes. Management expects the first dividends to become payable in the course of 2009.

Financial calendar

22 April 2008	Annual report 2007
9 May 2008	First quarter trading update
9 May 2008	General meeting of shareholders
14 August 2008	2008 half year results
18 November 2008	Third quarter trading update 2008

Corporate governance

General

The company has adopted a corporate governance charter in accordance with the recommendations set out in the Belgian Code on Corporate Governance issued on 9 December 2004 by the Belgian Corporate Governance Committee. The board of directors intends to comply with the Belgian Code on Corporate Governance, but believes that certain deviations from its provisions are justified in view of the company's particular situation. The company's board of directors will review its Corporate Governance Charter from time to time and make such changes, as it deems necessary and appropriate.

The Corporate Governance Charter is available at www.vgpparks.eu

The members of the board of directors are:

Name	Function	Duration of Mandate (1)
Mr. Marek Šebesťák	Chairman Independent Director	2011
Mr. Alexander Saverys	Non-Executive Director Independent Director	2011
Rijo Advies BVBA, represented by Mr. Jos Thys	Non-Executive Director Independent Director	2011
Mr. Jan Van Geet	Executive Director CEO and reference shareholder	2011
Mr. Bart Van Malderen	Non-Executive Director and reference shareholder	2011

Composition and operation of the board of directors

Upon closing of the initial public offering ("IPO") on 11 December 2007 the board of directors of the company consists of five members, three of which are independent directors.

The board of directors (pre IPO) consisted only of Mr. Bart Van Malderen and Mr. Jan Van Geet and met 5 times in 2007.

The most important items on the agenda were:

- approval of 2004, 2005, 2006 annual accounts and 2007 semi-annual accounts
- approval of budgets
- approval of investment and development of land bank
- approval to go ahead with a initial public offering

Composition and operation of the audit committee

The audit committee comprises 3 directors, namely: Mr. Marek Šebesťák, Mr. Bart Van Malderen and Rijo Advies BVBA, represented by Mr. Jos Thys.

The first audit committee took place on 17 January 2008. Prior to the IPO there was no formal audit committee in place.

Composition and operation of the remuneration committee

The remuneration committee comprises the following 3 directors: Mr. Bart Van Malderen, Rijo Advies BVBA, represented by Mr. Jos Thys, Mr Alexander Savereys.

The first remuneration committee took place on 17 January 2008. Prior to the IPO there was no formal remuneration committee in place.

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 such conflicts of interest arose in 2007:

Excerpt from the minutes of the board of directors meeting of 31 August 2007

The agenda calls for a discussion and approval of the management contract and remuneration of the CEO – Mr. Jan Van Geet.

After deliberation the board of directors approves the proposed remuneration and the terms and conditions related to the execution of the function of CEO which is subject to the condition that VGP will be listed in the near future.

Excerpt from the minutes of the board of directors meeting of 30 November 2007

The agenda calls for a discussion and approval to acquire the company VGP Pacerice s.r.o. The company is owned by Mr. Jan Van Geet.

After deliberation the board of directors approves the proposed acquisition of VGP Pacerĭce s.r.o. for an amount of CZK 200k (EUR 8k).

Remuneration

The independent and non-executive directors receive an annual remuneration of EUR 10,000 (the chairman receives an annual remuneration of EUR 20,000). The directors also receive a remuneration of 1,000 EUR for each meeting of the board of directors (the chairman receives a remuneration of EUR 2,000) and EUR 500 for each meeting of the audit committee or the remuneration committee they attend. The fees of the board of directors in 2006 amount to EUR 11,000.

In view of the fact that the senior management team is only composed of 3 members, the board of directors is of the opinion that, from a privacy point of view, the disclosure of the total remuneration of the senior management team suffices, and that therefore the disclosure of the individual remuneration of the CEO (and therefore the other members of the senior management team) is not required.

The remuneration paid to the senior management team in 2007 was EUR 107 (000).
During 2007 no shares or stock options were granted to the senior management team.

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

Statutory auditors

Deloitte CVBA, having its office at Louizalaan 240, 1050 Brussels, Belgium, represented by Mr. Gino Desmet, has been appointed by the Pre-Offering ESM as statutory auditor.

Independent property valuators

The property portfolio is valued on a semi annual basis. For the year 2007-2008 Cushman & Wakefield has been appointed as independent property valuator.

Comply or explain

The board of directors intends to apply the Belgian Corporate Governance Code but is of the opinion that certain departures from the rules are justified given the specific situation of the company.
These departures include:

(i) The remuneration committee meets as frequently as is necessary or advisable for the efficient operation of the remuneration committee, but is in any event called at least once a year. By doing so, the company, as a smaller listed company, departs from the recommendation (of meeting at least twice a year) in the provisions 5.3/6 and 5.4/6 of the Corporate Governance Code.

(ii) The audit committee meets as frequently as is necessary or advisable for the efficient operation of the audit committee, but is in any event called at least twice a year. By doing so, the company, as a smaller listed company, departs from the recommendation

VGP

(at least thrice a year) in provision 5.2/19 of the Corporate Governance Code.

(iii) Since no management committee in the meaning of Article 524bis et seq of the 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 are set out in the terms of reference of the board of directors. By doing so, the company as a smaller listed company departs from the recommendation in provision 6.1 of the Corporate Governance Code.

(iv) The company does not intend to set up a nomination committee. By doing so, the company as a smaller listed company departs from the recommendation in provision 5.3 of the Corporate Governance Code.

(v) As advised by the board of directors, as long as the senior management team remains small in size, priority will be given to the application of provision 7.16 of the Corporate Governance Code instead of provision 7.15. As a result the remuneration paid to the senior management team shall only be disclosed on a global basis and not on an individual basis.

VGP in 2007

Markets

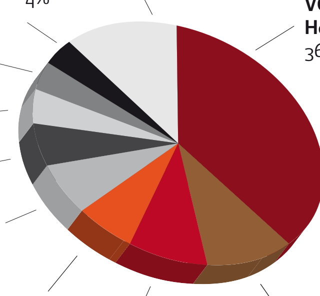
The company is now active in six different countries of the mid – European region : Czech Republic , Slovakia, Hungary , Romania , Estonia and Latvia with a future expansion strategy towards amongst others Lithuania and Germany.

Especially in the Czech Republic where the group started its operations 5 years ago the group managed to establish itself firmly on the semi-industrial property market and has expanded during 2007 from out of Prague into a number of regional cities throughout the country.

The trigger to grow into other countries of the mid-European region has been initiated out of the demand of some of our customers , active throughout the mid-European region to offer them turnkey solutions on several locations throughout that region.

Besides that, we at VGP believe that location is the biggest asset of a real estate company and as such we try to invest in such locations where our customers need to be – in growing economies – close to large living concentrations , at cross points of major logistic channels for the mid-European region.

Geographical Portfolio per projects as of 31 December 2007



Markets in which the company operates or intends to operate

Country	GDP growth (%)			CPI growth (%)		
	2006	2007F	2008F	2006	2007F	2008F
Czech Republic	6.4%	5.3%	4.9%	1.7%	3.7%	2.7%
Slovakia	8.3%	8.5%	6.5%	4.3%	2.4%	2.2%
Hungary	3.9%	2.5%	3.5%	6.5%	5.3%	3.0%
Romania	7.7%	6.7%	6.3%	6.7%	4.5%	5.0%
Latvia	11.9%	9.6%	7.9%	6.5%	7.3%	6.5%
Lithuania	7.5%	7.0%	6.5%	3.8%	3.5%	3.4%
Estonia	11.4%	9.9%	7.9%	4.4%	4.8%	5.3%
Germany	2.8%	2.5%	2.4%	1.8%	2.0%	1.6%

Source: Eurostat, National Statistical Offices, KBC

Land bank

Because of the relative long lead time to obtain the necessary permits to start construction (average of around 12 months), the group is convinced that it is a necessity to invest in an important land bank with necessary permits to secure its further expansion.

The group believes that, although favourable acquisition conditions need to be sought after as much as possible, the ultimate value of the land remains a minor part of the total value of the projects to be finalised, but is crucial in terms of safeguarding the further expansion of the group's activities.

During 2007 a significant expansion of the land bank was initiated. This resulted in a secured land bank as per 31 December 2007 of 2,426,453 m² of which 1,850,173 m² were in full ownership and 576,280 m² under option.

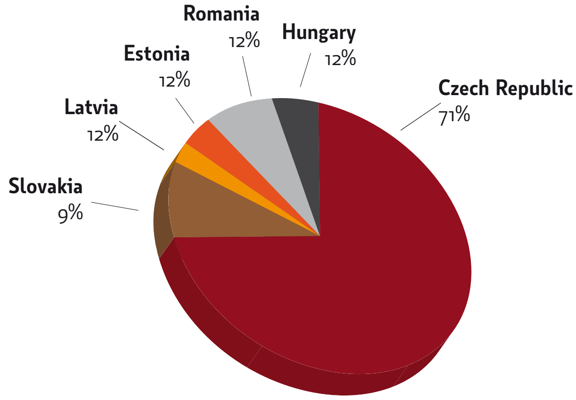
As a result the ratio "total land owned / total secured land " stood at 76% at the end of 2007.

The current undeveloped land represents a potential of 720,000m² of gross lettable area.

The group intends to continue to expand its land bank albeit at a slower pace than in 2007, continuing to focus on the strategic locations of the land.

> **"Our current land bank allows us to develop another 720,000 square metres of leasable space – about four times our current portfolio of existing buildings."**

Geographical location of land as at 31 December 2007



Committed lease evolution

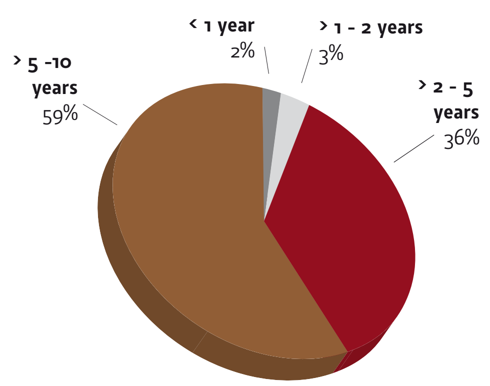
Although the gross rental income is substantially increasing year on year the group mainly looks at the evolution of the annualized committed leases as one of the key performance indicators for the expected rent income evolution of the group in the short and medium term.

The committed annual rent income represents the annualised rent income generated or to be generated by executed lease – and future lease agreements. At the end of December 2007 the committed annualised rent income increased to EUR 15.0 million.

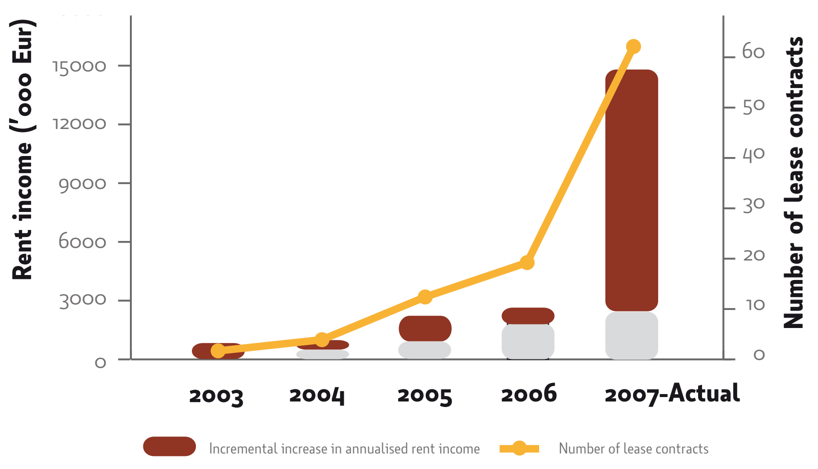
These signed lease agreements represent a total of 269,528m² of lettable area, corresponding to 63 lease or future lease agreements and underpin the strong performance of the commercial team and the growing recognition of VGP in the markets in which it operates.

The weighted average term of the committed leases as at 31 December 2007 rose to 6.22 years from 4.66 years a year earlier.

Maturity of Committed leases



Committed annualised rent income and number of lease contracts



Milestones in our history

1998 **Start-up of the group**

Start of the coordination and construction of commercial and semi-industrial buildings on behalf of third parties

2002 **Start of the development of a proprietary portfolio** with first developments Blue Park, Green Park and Green Tower

2005-6 **Acquisition of a large plot of land (73 ha) in Prague (Horní Počernice)**

2006 **Start of construction of VGP Park Horní Počernice,** our first business park which has become the template of our further developments

Regional expansion in the Czech Republic with the acquisition of several other strategic plots in Olumouc, Nýřany, Lovosice, Hradec Králové, Liberec and Turnov

2007 **Expansion throughout the mid-European region with the acquisition of plots of land in Latvia (Riga), Estonia (Tallinn), Slovakia (Bratislava), Hungary (Györ) and Romania (Timisoara)**

Launch of Initial Public Offering (IPO) on Eurolist by Euronext Brussels (Belgium) and the Main Market of the Prague Stock Exchange (Czech Republic)


VGP

Outlook 2008

Outlook 2008

VGP had a very challenging year 2007, not only from an operational point of view but also by taking the decision, despite difficult market conditions, to proceed with the listing on Euronext and the Prague Stock Exchange.

A firm basis, to continue VGP's significant expansion plan and to create substantial shareholder value in a sustainable way was put in place through the expansion of the land bank, strengthening the operational and management team, reorganisation of the group structure and the IPO which allows potential access to the capital markets in the future.

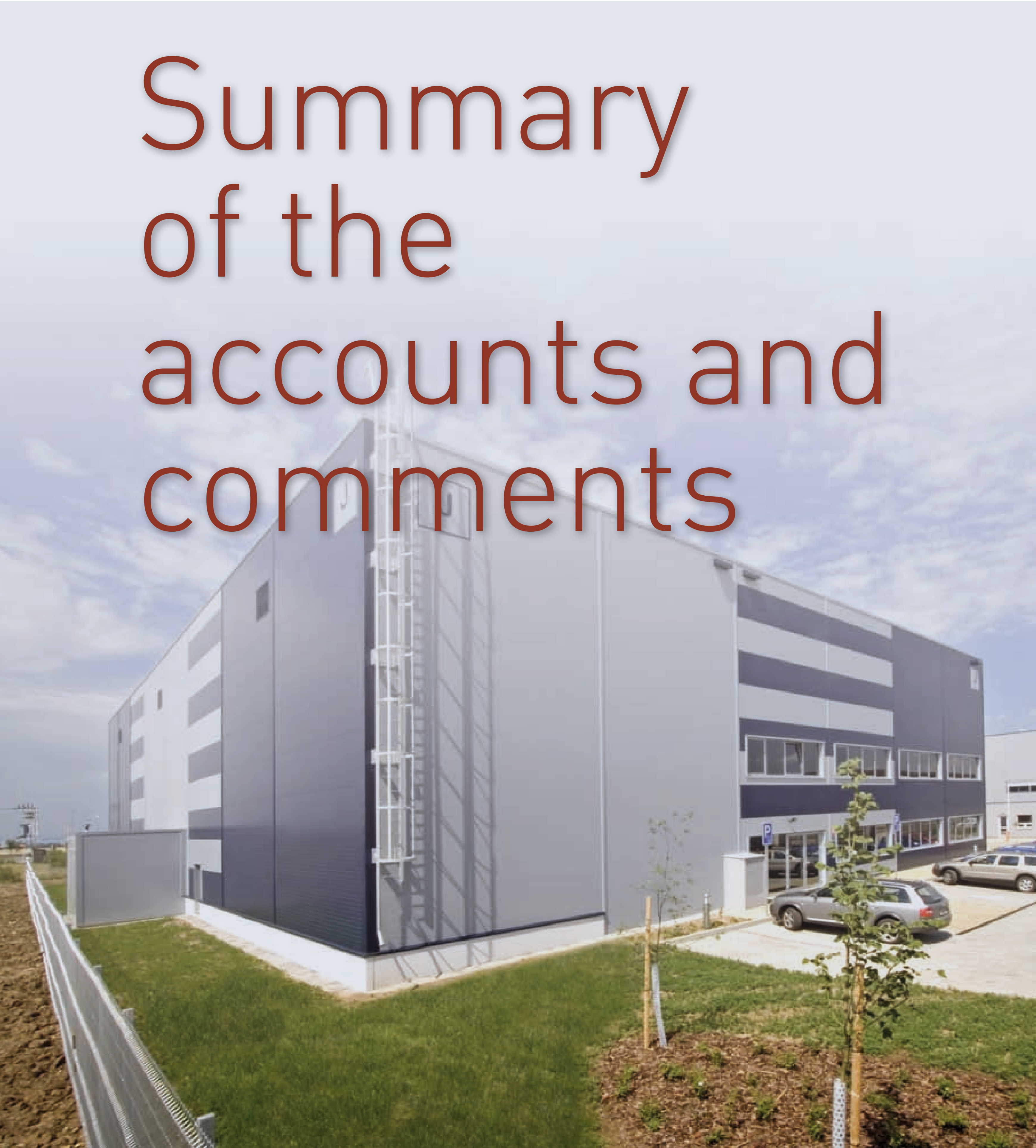
The group plans to double its gross rent income during 2008. The projected growth in rent income looks well secured by the current contractual committed leases.

In addition the group also intends to double the lettable area of its property portfolio.

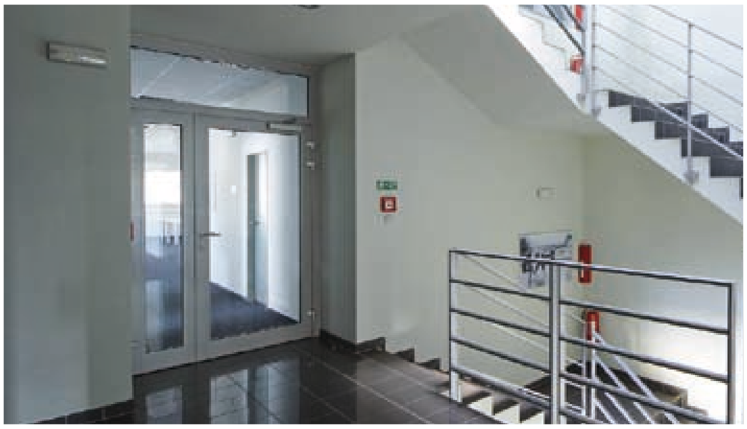
During 2008 VGP will start-up building activities in all countries in which it has expanded outside the Czech Republic i.e. Latvia, Estonia, Slovakia, Hungary and Romania. In line with this geographic expansion, the group will continue to strengthen the respective local teams as appropriate.

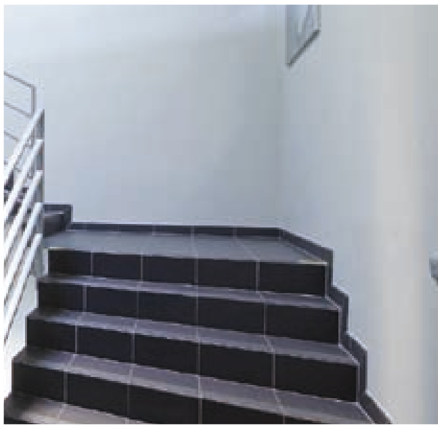
Finally during the year 2008 VGP will set its first steps into investing into green energy by means of a direct investment into solar panels. It is the intention to primarily provide energy directly to our tenants, offering them an additional competitive advantage, whilst at the same time realising a significant return on our investment.

Summary of the accounts and comments



Income Statement	2007	2006
In EUR '000		
Gross rental income	5,557	2,300
Service charge income	1,276	283
Service charge expenses	(1,377)	(377)
Property operating expenses	(883)	(203)
Net rental and related income	**4,573**	**2,003**
Net valuation gains on investment property	41,527	17,024
Property Result	**46,100**	**19,027**
Administrative costs and other operating costs / expenses	**(403)**	**(228)**
Net financial result	**(3,851)**	**(803)**
Profit before taxes	**41,846**	**17,996**
Taxes	(5,417)	(4,249)
Profit for the period	**36,429**	**13,747**





Balance sheet	2007	2006
In EUR '000		
Intangible assets	9	-
Investment property	211,760	96,146
Investment property under construction	13,411	6,955
Property, plant and equipment	211	99
Long term receivables	-	276
Total non-current assets	**225,391**	**103,476**
Trade and other receivables	9,276	3,636
Cash and cash equivalents	52,835	2,528
Total current assets	**62,111**	**6,164**
TOTAL ASSETS	**287,502**	**109,640**
Share capital	62,251	10,969
Share premium	69	69
Reserves	68,494	32,068
Shareholders' equity	**130,814**	**43,106**
Interest-bearing loans and borrowings	118,021	48,857
Other non-current liabilities	1,356	1,141
Deferred tax liabilities	15,070	9,663
Total non-current liabilities	**134,448**	**59,661**
Interest-bearing loans and borrowings	1,397	656
Trade and other payables	20,761	6,147
Income tax payable	82	71
Total current liabilities	**22,240**	**6,874**
Total liabilities	**156,688**	**66,535**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**287,502**	**109,640**

Comments on the accounts

Income statement

• *Gross rental income, service charge income and expense and property operating expenses*

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.

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, appraisal fees.

Net rental and related income for the financial year ending 31 December 2007 increased by 128.3 per cent compared to the same period in 2006.

The strong growth reflects the increase in the portfolio of delivered assets. During 2007 a total of 11 projects were completed which represented 121,239m² of lettable area. The property operating expenses in 2007 grew at a higher pace (from EUR 0.2 million in 2006 to EUR 0.9 million in 2007) than the growth in gross ental income.

This is due to the strong increase of the committed lease contracts which were signed during 2007 and which income is not yet reflected in the 2007 gross rental income.

• *Net valuation gains on investment property*

The valuation gains on investment property represents the change in the fair value of the property portfolio during the respective periods.

The carrying amount of investment property is the fair value of the property as determined by an external valuation expert i.e. Cushman & Wakefield. The fair value valuations are prepared on the basis of Market Value (in accordance with the current Practices Statements – section 3.2 contained within the RICS Appraisal and Valuation Standards (Fifth Edition) published by the Royal Institution of Chartered Surveyors (the "Red Book") and are carried out on a regular basis but at least once a year. Future evolution will be mainly driven by the delivery of new properties.

The net valuation gains on the property portfolio increased from EUR 17.0 million for the period ending 31 December 2006 to EUR 41.5 million for the period ending 31 December 2007.

The fair value movement is mainly the result of the valuation of the additional new 11 finalised properties and development land included in the property portfolio.

The (re)valuation of the portfolio was based on the appraisal report of Cushman & Wakefield.

• *Administartive cost and other income / expenses*

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

The increase in administrative cost and other income/expenses from EUR 0.2 million in 2006 to EUR 0.4 million reflects the growth of the group and the additional overhead costs required to run a public quoted company.

• *Net financial result*

Net financial result consists of financial income and financial expenses.

Financial income relates to interest income, unrealised gains on interest rate hedging as well as to the positive effect of realised and unrealised foreign exchange gains on monetary and non-monetary assets and liabilities. Financial expenses mainly relates to the interest expense on the bank credit facilities and shareholder debt, the unrealised loss on interest rate hedging and the negative realised and unrealised foreign exchange results on monetary and non-monetary assets and liabilities.

For the period ending 31 December 2007, the financial income included EUR 0.4 million (EUR 0.1 million in 2006) of interest income from bank deposits and EUR 0.5 million (EUR 0.8 million for 2006) unrealised gains on interest rate hedge instruments.

The financial expenses increased from EUR 1.8 million for the financial year 2006 to EUR 4.8 million for the financial year 2007. The main reason for this increase was the increased interest expenses on bank and shareholder debt during 2007 (+ EUR 1.6 million) and an increase in unrealised foreign exchange loss (+ EUR 1.2 million).

• *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.

Tax charges increased from EUR 4.2 million for the period ending 31 December 2006 to EUR 5.4 million for the period ending 31 December 2007.

This increase was mainly due to the deferred tax charge related to the fair value adjustment of the portfolio.

It should be noted that the deferred tax charge was positively impacted (+ EUR 4 million) by the new tax rates voted in the Czech Republic which will see the corporate tax rates fall from the 2007 level of 24% to 19% in 2010. The deferred tax charge for the Czech based assets was calculated based on the 19% tax rate.

• *Net Profit for the Period*

Net profit for the financial year ending 31 December 2007 incraesed with 165.0% to EUR 36.4 million, compared to EUR 13.7 million for the same period in 2006. This increase was mainly the result of the positive fair value adjustment of EUR 41.5 million on the property investment portfolio and adversely impacted by a deferred tax charge of EUR 5.4 million.

Balance sheet

• *Investment Property*

The investment property portfolio grew by 120% (+ EUR 115.6 million) during 2007 mainly driven by the completion of 11 new projects.

At the end of December 2007 the investment property portfolio valued by independent property experts is valued at EUR 211.8 million.

• *Investment property under construction*

Investment property under construction relates to the real estate projects under construction. The fluctuations from one year to the other reflect the timing of the completion and delivery of the real estate projects. At he end of December 2007 the assets under constructions amounted to EUR 13.4 million.

• *Total current assets*

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

Cash held by the group at the end of 2007 was EUR 52.8 million. This large cash balance was the result of the initial public offering which took place in December 2007. The cash was applied after year-end to settle the purchase of some plots of land and to fund the ongoing construction costs for projects which were under development.

• *Shareholders' equity*

The share capital increased from EUR 11.0 million in 2006 to EUR 62.3 million in 2007. This variance was driven by the initial public offering.

The increase in reserves was mainly driven by the impact of the fair value adjustments on the net profit.

The reserves of the group stood at EUR 32.1 million for the financial year ending 31 December 2006 and increased to EUR 68.5 million for the year ending 31 December 2007.

• *Total non current liabilities*

Total non current liabilities comprise interest bearing loans and borrowings, other liabilities and deferred tax liabilities.

Loan borrowings can be split into shareholder loans and bank debt. The outstanding interest bearing loans and borrowings amounted to EUR 119.4 million as at 31 December 2007 compared to EUR 49.5 million as at 31 December 2006.

The borrowings as at 31 December 2007 can be split in EUR 65.4 million shareholder loans and EUR 54.0 million bank debt. As at 31 December 2006 the split was EUR 19.4 million shareholder loans and EUR 30.1 million bank debt.

Think customer

"We try to think 'customer'. That means that we do our very best to integrate our customer's specific needs in our building, without stepping down from our own technical and quality standards of course"

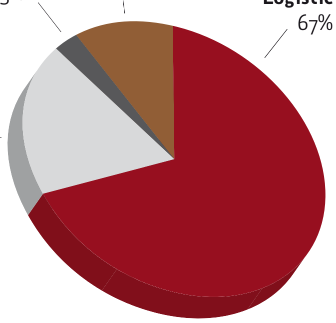
Customer approach

VGP maintains a highly standardized concept of semi industrial buildings, which can be easily adapted according to the requirements of its final users. Although maintaining its universal character, buildings are suited to the needs of the customers and the final users receive a tailor made solution for their activities. This concept guarantees consistency in the set forth quality requirements and equally benefits from the economics of scale. By using uniform building standards, the buildings can be released quickly and efficiently.

VGP believes that integrating its customers' processes into these standards is the key to its commercial success. The customer is involved from the very beginning of the design process and gets support from a well-trained project management team with industrial experience, ensuring good implementation and follow up until the handover of the facility. This way of working results in a longer average commitment from our customers.

By integrating facility management into the VGP service, customers can direct all of their requirements to VGP directly and feedback of quality and service is guaranteed.

Breadown by type of use as at 31 December 2007 (based on m²)



"We experienced VGP as a very flexible partner who always tried the best to cope with Lekkerland´s demands. The relationship is affected by openness and fairness. Whenever Lekkerland is searching for new locations VGP is considered to be a preferred partner"

Kay Schiebur
Executive Vice President
Corporate Logistics
Lekkerland GmbH & Co. KG

"What I could say on behalf of our company is that it is great to work together with VGP, they are extremely flexible and they have adjusted the premises exactly to our wishes and requirements. Also, they have always been trying to accommodate our needs whenever possible since."

Martin Leitgeb
Executive Head
of Activa spol. s r.o.

"VGP subsequently delivered a high quality facility that fully complied with all operational and technical requirements as well as meeting the challenging construction programme of DHL Exel Supply Chain. VGP adopted a professional and commercial approach throughout the whole process from initial invitation to tender to final delivery."

Paul Graham
Property Development Director
- DHL Europe

Dandeli Havelland Foods facility

Dandeli Havelland Foods, a joint venture of the former Dandeli Foods s.r.o. and Berlin-based Havelland Express, focuses on the distribution of first-class food products and ingredients to fine dining restaurants in the Czech Republic, Slovakia, Hungary and Austria. The company is moving to its new headquarters in Prague at the beginning of 2008. This change will strengthen the ambition of the company to become the preferred fine dining partner in Central Europe.

Dandeli Havelland Foods' new headquarters and logistics centre is located in the VGP Park Horní Počernice in Prague's north-west neighbourhood. The centre comprises 1,590 m² of warehouse space with automatically regulated temperature level, and 645 m² of offices for Dandeli Havelland Foods' employees.

All Dandeli Havelland Foods' export activities to Eastern and Central European markets are concentrated at this centre, which fulfils both regional and international roles.

The new logistics and office centre enables Dandeli Havelland Foods to further improve the quality of fresh and frozen food distribution to customers in target cities in the Czech Republic, Austria, Slovakia, Hungary, Poland, and even in Bulgaria and Romania, and increase the already excellent level of service.
Approximately 4,000 products will be divided into eight temperature zones in warehouses and distribution centres. The products will then be distributed to customers in the shortest possible time and without interruption of the storage temperature.

Cooling of warehouse zones is ten times more expensive than heating; emphasis is thus placed on a very effective insulation system. A top quality cooling system is the foundation for efficiency and energy saving. This is why the heat obtaining reverse system is a key part of the project. Redundant heat

Dandeli Havelland Foods s.r.o relied on VGP for constructing their new production site in Horni Pocernice/Prag. By doing so VGP demonstrated their ability as a professional and powerful partner. The ambitious construction with all the needs of a logistic firm that sets standards in quality of products and top priority on freshness was completed due to the remarkably constructive cooperation. The implementation of technical and relevant requirements was achieved within time and budget.

Florian Klages - Project Manager

is used in a heating system and the water is warmed up by the heat produced by the cooling system. This process leads to 25 per cent energy saving.

Dandeli Havelland Foods product groups:

FROZEN FOODS

These products are mostly packed in cardboard packaging. Minimum temperature at the stock receipt is -22 °C. Products are checked and registered and then stored at -22 °C. The capacity of the warehouse is 200 tons of frozen foods.

FISH

Fish and lobsters are delivered on crushed ice, while other shellfish come in vacuum packaging. They are thoroughly checked immediately after delivery and sent to a special fish department of the warehouse. Fish are stored at temperatures between -1 and 0 °C. Live lobsters are stored for one to three days in two tanks filled with sea water at +6 °C. These tanks are located in a special cooling area. The same procedure – closed boxes with crushed ice – is applied when these products are delivered to customers.

MEAT

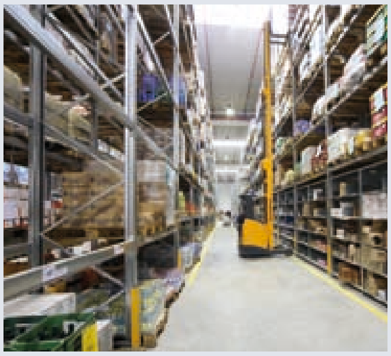
The delivery is processed by thermo-trucks. After checking the goods - which usually arrive in packs and cardboard packages - the meat is re-packed into Euro 2 boxes. It is then stored in a warehouse at a temperature of +2 °C. Just before delivery to a customer, the meat is moved to a transportation vehicle equipped with a cooling system. Meat is usually stored in the warehouse for 12 to 48 hours.

DELICATESSEN

Delis are transported by trucks to the stock receipt area. They are always transported in a constant temperature regime. Data evidence, including a check on received products and weight, is performed by a mobile weighing system immedi-ately after delivery. Goods are then brought to a cooling storage area at a temperature of +4 to + 6 °C where they are re-packed into the company's Euro boxes and moved to its storage space.

foto: Desinfection room

foto: Lobster room



Our customers

ABRA Software
Activa
A.L.L. Production
Auto Štangl
Baumatic
Bell Technology
BLG Logistics CZ
Bohemian Printing
C.S. Cargo
CWS Čechy
Dandeli Havelland Foods
DHL Express
DSV Road
Fresenius Kabi
Gimborn ČR
GSMobile Group
Gruppo Antolin Turnov
Grundig Intermedia
IKEA Česká republika
Internet Mall
Kofola
Koupelny Cascada
LDVK – Ing. Pavel Halada
Lekkerland Česká republika
Mediaservis
Mitsui-soko
MK
Mountfield
Motoman robotec
MT Transport
Nilfisk Advances
Océ Česká republika
Ontex CZ
První novinová společnost
Ranpak
RM Gastro – Jan Richter
RTR Transport a Logistika
Satrema Int
Siemens VDO Automotive
Sikla Bohemia
Ski Charvátová
STROM Praha
Timbeum
TNT Post ČR
Transforwarding České Budějovice
U&WE Advertising
UTi (CZ)
Václav Čížek
Veba, textilní závody
V-Plast Vsetín
WAVIN Ekoplastik
Whitesoft

Our team

The group's team has grown steadily since 2002 and currently consists of 27 staff, of which 13 have a university degree in engineering. The management team of the operating subsidiary is based in Mladá Boleslav, Czech Republic, 60 km from Prague. A second commercial representative office is located in the logistic VGP Park in Prague (Horní Počernice). The group's finance function operates out of Belgium as well as from the different other locations in the Czech Republic.

The Senior management team is made up of Mr. Jan Van Geet – Chief Executive Officer ("CEO"), Mr. Jan Procházka – Chief Operating Officer ("COO") and Mr. Dirk Stoop – Chief Financial Officer ("CFO").

Mr. Jan Van Geet, 36, CEO, is the founder of VGP. He has the overall daily as well as strategic management responsibilities of the Group.

Mr. Jan Procházka, 43, COO, joined the Group's team in 2002 and takes responsibility for technical concepts and contract execution.

Mr. Dirk Stoop, 47, CFO, joined VGP in 2007. He is responsible for all group finance matters as well as for investor relations.

"Our team has been built around the ability to control a fully integrated business model. It covers prospecting and acquiring land; undertaking and managing the complete development process; renting out; and then managing the portfolio of assets."

Environmental commitment

Environmental commitment

To invest in Green energy is not only a statement on environmental concern, it is not just a key element of corporate identity; it is also economically justifiable.

VGP has many sqm available on its roofs to install solar pannels.

It allows us to provide our customers with a competitive advantage by delivering them cheaper energy.

Thanks to the green certificates by which the state guarantees a constant income over the extra produced energy at fixed prices for a 20 year period it makes this also for VGP a justifiable investment.

This is why VGP has decided to gradually increase its investment in green energy and make it an integrated part of each of its business parks.

For the year 2008 VGP foresees an investment in the equivalent of around 1 MW of electrical power in the VGP Park Horní Počernice

Environmental issues and concerns are close to the heart of VGP, which has responded with its Green Mission.

Risk factors

Risk factors

The following risk factors have been identified by the group that could influence the group's activities, its financial status, its results and further development.

The group takes and will continue to take the necessary measures to manage those risks as effectively as possible. The group is amongst others exposed to:

Risks related to the group's industry, properties and operations

- **Risks related to the nature of the group's business.** Since the group's business involves the acquisition, development and operation of real estate, it is subject to real estate operating risks, of which some are outside the group's control. The results and outlook of the group depend amongst others on the ability to identify and acquire interesting real estate projects and to commercialise such projects at economically viable conditions.

- **Risks related to the nature and composition of its portfolio: land for development, semi-industrial properties.** The group's real estate portfolio is concentrated on semi-industrial property. Due to this concentration, an economic downturn in this sector could have a material adverse affect on the group's business, financial condition, operating results and cash flows. These risks are mitigated by the fact that the real estate portfolio is becoming more and more geographically diversified.

- **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.

- **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. Within VGP there are several internal controls available to minimise this risk i.e. specific cost control functions as well as project management resources which monitor the projects on a daily basis.

- **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 there where necessary, the group will use external advisors to advise 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 company 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.

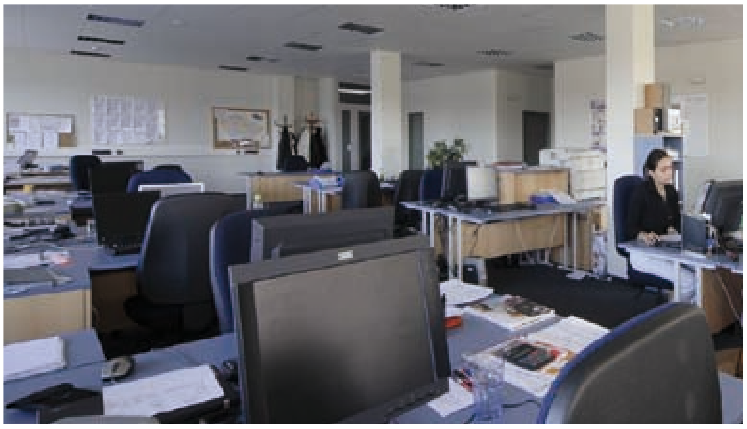
- **Legal systems in the mid-European countries are not yet fully developed.** The legal systems of the mid-European countries have undergone dramatic changes in recent years, which may result in inconsistent applications of existing laws and regulations and uncertainty as to the application and effect 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.

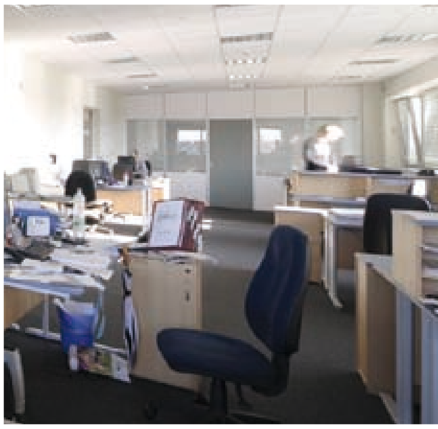
Financial risks

- **Evolution of debt ratio of the group.** The group expects that in the medium term it will significantly increase the amount of borrowings. The company expects that for the foreseeable future it will be operating within a gearing level (net debt / equity) of up to 2:1.

- **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 2007 95% of the group's debt was at a fixed rate.

- **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.





Portfolio

Czech Republic

Blue Park

Veselská 686, Prague 9, Czech Republic

Tenant:	Activa
Type:	Warehouse and related offices
Surface:	Warehouse: 6,614 m² Offices: 2,929 m²
Built:	2003 / 2005

Green Park

Veselská 699, Prague 9, Czech Republic

Tenants:	Auto Štangl, RTR – Transport a Logistika, Mitsui-soko, GSMobile Group
Type:	Warehouses and related offices
Surface:	Warehouses: 12,810 m²
Offices:	3,974 m²
Built:	2005

Green Tower

Address: Jeremiášova 1442, Prague 5, Czech Republic

Tenants:	Mountfield ABRA Software, MK, Grundig Intermedia, SKI Charvatova, Fortuna Tur Dental, Motoman robotec
Type:	Showrooms and offices
Surface:	3,650 m²
Built:	2005

VGP Park Horní Počernice – building I1

Do Čertous 2620, Prague 9 - Horní Počenice, Czech Republic

Tenants:	Sikla Bohemia, Veba, textilní závody, RM GASTRO CZ, Václav Čížek, Whitesoft
Type:	Warehouses and related offices
Surface:	Warehouses: 5,006 m² Offices: 1,390 m²
Built:	2006

VGP Park Horní Počernice – building I2

Do Čertous 2621, Prague 9 - Horní Počenice, Czech Republic

Tenant:	Siemens VDO Automotive
Type:	Warehouses and related offices
Surface:	Warehouses: 12,919 m² Offices: 288 m²
Built:	2006

VGP Park Horní Počernice – building B2

Do Čertous 2622, Prague 9 - Horní Počenice, Czech Republic

Tenants:	Lekkerland Česka republika, Uti (CZ)
Type:	Warehouses and related offices
Surface:	Warehouses: 12,492 m² Offices: 1,932 m²
Built:	2006

VGP Park Horní Počernice – building J

Do Čertous 2627, Prague 9 - Horní Počenice, Czech Republic

Tenant:	SATREMA Int.
Type:	Warehouses and related offices
Surface:	Warehouses: 1,517 m² Offices: 500 m²
Built:	2007

VGP Park Horní Počernice – building H1

Do Čertous 2634, Prague 9 - Horní Počenice, Czech Republic

Tenant:	GIMBORN Česká republika
Type:	Warehouse, cash & carry shop and related offices
Surface:	Warehouses: 6,498 m² Offices: 1,780 m²
Built:	2007

VGP Park Horní Počernice – building D1

Do Čertous 2635, Prague 9 - Horní Počenice, Czech Republic

Tenants:	U&WE Advertising, A.L.L. production, TNT Post ČR, Bell Technology, MT Transport, Timbeum, ING. Pavel Halada, Transforwarding České Budějovice, V-PLAST Vsetín, Fresenius Kabi, CWS Čechy
Type:	Warehouses and related offices
Surface:	Warehouses: 24,202 m² Offices: 3,727 m²
Built:	2007-2008

VGP Park Horní Počernice – building H2

Do Čertous 2658, Prague 9 - Horní Počenice, Czech Republic

Tenants:	IKEA Česká republika, NILFISK-ADVANCES, Internet Mall
Type:	Warehouses and related offices
Surface:	Warehouses: 6,689 m² Offices: 853 m²
Built:	2007

VGP Park Horní Počernice – building I3/I4

Do Čertous, Prague 9 - Horní Počenice, Czech Republic

Tenants:	Dandeli Havelland Foods, Koupelny Cascada, Strom Praha
Type:	Showrooms, shops, warehouses and related offices
Surface:	Warehouses: 7,097 m² Offices: 998 m²
Built:	2008

VGP Park Horní Počernice – building B3

Do Čertous 2659, Prague 9 - Horní Počenice, Czech Republic

Tenant:	WAVIN Ekoplastik
Type:	Production, warehouse and related offices
Surface:	Warehouses: 12,240 m² Offices: 1,314 m²
Built:	2007

VGP Park Horní Počernice – building C2

F.V. Veselého, Prague 9 - Horní Počenice, Czech Republic

Tenant:	Kofola
Type:	Warehouses and related offices
Surface:	Warehouses: 8,560 m² Offices: 1,329 m²
Built:	2007

VGP Park Horní Počernice – building B1

Do Čertous 2660, Prague 9 - Horní Počenice, Czech Republic

Tenant:	BLG Logistics CZ
Type:	Warehouses and related offices
Surface:	Warehouses: 7,874 m² Offices: 217 m²
Built:	2007

VGP Park Horní Počernice – building C1

F.V. Veselého, Prague 9 - Horní Počenice, Czech Republic

Tenant:	DSV Road
Type:	Warehouses and related offices
Surface:	Warehouses: 11,047 m² Offices: 576 m²
Built:	2007

VGP Park Horní Počernice – building C3

F.V. Veselého, Prague 9 - Horní Počenice, Czech Republic

Tenant:	Bohemian Printing
Type:	Warehouses and related offices
Surface:	Warehouses: 4,032 m² Offices: 576 m²
To be built:	2008
Status:	under construction

VGP Park Horní Počernice – building C4

Prague 9 - Horní Počenice, Czech Republic

Tenant:	Océ Česká republika
Type:	Warehouses and related offices
Surface:	Warehouses: 4,392 m² Offices: 432 m²
To be built:	2008
Status:	under construction

VGP Park Horní Počernice – building PNS/Mediaservis

Prague 9 - Horní Počenice, Czech Republic

Tenants:	PNS, Mediaservis
Type:	Warehouses and related offices
Surface:	Warehouses:18,692 m² Offices: 6,538 m²
To be built:	2008-2009
Status:	under construction

VGP Park Horní Počernice – building A1

Do Čertous, Prague 9 - Horní Počenice, Czech Republic

Tenants:	Whitesoft, VGP
Type:	Offices
Surface:	Offices: 5,000 m²
Built:	2007-2008
Status:	under construction

VGP Park Turnov – building Ontex

Industrial zone Vesecko - Turnov, Czech Republic

Tenant:	Ontex CZ
Type:	Warehouses and related offices
Surface:	Warehouses: 11,880 m² Offices: 157 m²
Built:	2007

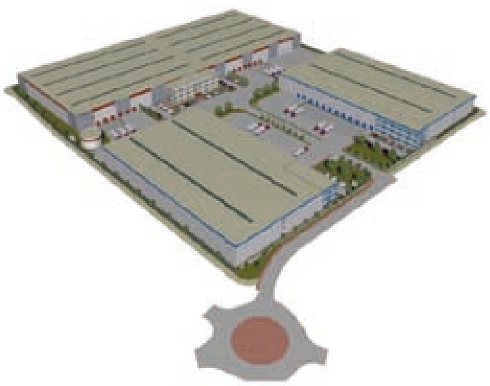
VGP Park Příšovice

Příšovice, Czech Republic

Tenant:	Gruppo Antolin Turnov
Type:	Warehouses and related offices
Surface:	Warehouses 10,104 m² Offices: 185 m²
Built:	2007-2008
Status:	under construction

VGP Park Liberec I.

Industrial zone Liberec – North, Stráž nad Nisou, Czech Republic



Tenant:	Baumatic
Type:	Warehouses and related offices
Surface:	Warehouses: 10,365 m² + 9,803 m² extension option Offices: 1,531 m²
Built:	2007-2008
Status:	under construction
VGP Park Buildings H1, H3	
Type:	Warehouse and related offices
Surface:	Warehouses: 17,052 m² Office: 1,152 m²
Status:	H1 is under construction
To be built:	2008-2009
Status:	under construction

VGP Park Liberec II.

Industrial zone, Ampérova 495, Liberec 2, Czech Republic

Tenant:	Baumatic
Type:	Warehouses and related offices
Surface:	Warehouses: 4,271 m² Offices: 757 m²
Built:	2004-2006

VGP Park Nýřany

Industrial zone, Nýřany, Czech Republic

Building B1	
Tenant:	Ranpak
Type:	Production, warehouses and related offices
Surface:	Warehouses/production facility: 10,309 m²
Built:	2007-2008
Buildings A1, A2, A3, A4, C5	
Type:	Warehouse and related offices
Surface:	Warehouses: 30,330 m² Office: 3,100 m²
To be built:	2008
Status:	under construction

VGP Park Horní Počernice - Extension

Prague 9 - Horní Počenice, Czech Republic

The extension of VGP Park Horni Pocernice of another cca 85,000 m² of lettable area. Currently a valid building permit for all planned buildings is available enabling VGP to provide the premises within six months to possible tenants if necessary.

VGP Park Horní Počernice – Phase II

Prague 9 - Horní Počenice, Czech Republic

Because of the success of phase I, VGP bought (subject to receiving the necessary permits) an additional plot of land of 213,349 m² offering direct entrance and exit to the highway via a new connection which will be finished in 2008. Upon receipt of the necessary permits VGP will be able to construct the following volumes.

Surface:	Warehouses: 71,694 m² Offices : 3,733 m²

VGP Park Olomouc

Olomouc - Nemilany, Czech Republic

Buildings B & D	
Tenant:	DHL Express
Type:	Warehouses and related offices
Surface:	Warehouses: 7,734 m² Offices: 1,314 m²
Built:	2008
Buildings A, C, E	
Type:	Warehouse and related offices
Surface:	Warehouses: 21,422 m² Offices:1,468 m²
To be built:	2009

VGP Park Hradec Králové

Dobřenice, Czech Republic

The park will consist of 5 buildings suitable for logistics and light industrial.

Buildings H1, H2, H3, H4, H5	
Type:	Warehouse and related offices
Surface:	Warehouses: 46,780 m² Offices: 3,740 m²
To be built:	2008-2010

VGP Park Mladá Boleslav

Industrial zone of Mladá Boleslav, Czech Republic

Buildings A, B	
Type:	Warehouse and related offices
Surface:	Warehouses: 14,000 m² Offices: 1,000 m²
To be built:	2008-2009

Other countries

VGP Park Kekava

Riga - Kekava, Latvia

Buildings A, B, C	
Type:	Warehouse and related offices
Surface:	Warehouses: 32,680 m² Offices: 1,720 m²
To be built:	2008-2009

VGP Park Györ

Györ, Hungary

Buildings A, B, C, D	
Type:	Warehouse and related offices
Surface:	Warehouses: 42,920 m² Offices: 2,590 m²
To be built:	2008-2010

VGP Park Malacky

Malacky, Slovakia

Buildings H1, H2, H3, H4, H5	
Type:	Warehouse and related offices
Surface:	Warehouses: 79,325 m²Offices: 4,175 m²
To be built:	2008-2012

VGP Park Tallinn

Tallinn, Estonia

Buildings A, B	
Type:	Warehouse and related offices
Surface:	Warehouses: 39,168 m² Offices: built to suit
To be built:	2009

We are where you need to be ...

Financial Review VGP NV

for the year ended 31 December 2007

Annual report
2007

VGP

Contents

Consolidated income statement

For the year ended 31 December 2007

Income Statement	Note	2007	2006
In EUR '000			
Gross rental income	3.1	5,557	2,300
Service charge income	3.2	1,276	283
Service charge expenses	3.3	(1,377)	(377)
Property operating expenses	3.4	(883)	(203)
Net rental and related income		**4,573**	**2,003**
Net valuation gains on investment property	3.10	41,527	17,024
Property Result		**46,100**	**19,027**
Administrative cost	3.5	(468)	(128)
Other income	3.6	249	40
Other expenses	3.7	(184)	(140)
Net operating profit before net financial result		**45,696**	**18,799**
Financial income	3.8	973	991
Financial expenses	3.8	(4,824)	(1,794)
Net financial result		**(3,851)**	**(803)**
Profit before taxes		**41,846**	**17,996**
Taxes	3.9	(5,417)	(4,249)
Profit for the period		**36,429**	**13,747**

Result per share	Note	2007	2006
Number of ordinary shares		18,583,050	15,000,000
Basic earnings per share (in €)		1.96	0.92
Diluted earnings per share (in €)		1.96	0.92

The result per share has been calculated based on the issued number of shares as at the end of December 2007. For 2006 comparative purposes the number of shares have been restated for the share split and contribution in kind as applicable prior to the initial public offering.

The board of directors is of the opinion that the calculation of the earnings per share based on the weighted average number of shares during the financial year 2007 (in accordance with IAS 33 §10) does not provide a fair view on the earnings per share. Should the company have adopted IAS 33 §10 then the earnings per share would have been EUR 25.01 per share

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

VGP

Consolidated balance sheet

For the year ended 31 December 2007

Assets	**Note**	**2007**	**2006**
In EUR '000			
Intangible assets		9	-
Investment property	3.10	211,760	96,146
Investment property under construction	3.11	13,411	6,955
Property, plant and equipment	3.12	211	99
Long term receivables	3.13	-	276
Total non-current assets		**225,391**	**103,476**
Trade and other receivables	3.14	9,276	3,636
Cash and cash equivalents	3.15	52,835	2,528
Total current assets		**62,111**	**6,164**
TOTAL ASSETS		**287,502**	**109,640**

Shareholders' equity and liabilities	**Note**	**2007**	**2006**
In EUR ' 000			
Share capital	3.16	62,251	10,969
Share premium		69	69
Reserves		68,494	32,068
Shareholders' equity		**130,814**	**43,106**
Interest-bearing loans and borrowings	3.17	118,021	48,857
Other non-current liabilities	3.18	1,356	1,141
Deferred tax liabilities	3.9	15,070	9,663
Total non-current liabilities		**134,448**	**59,661**
Interest-bearing loans and borrowings	3.17	1,397	656
Trade and other payables	3.19	20,761	6,147
Income tax payable		82	71
Total current liabilities		**22,240**	**6,874**
Total liabilities		**156,688**	**66,535**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**287,502**	**109,640**

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

Statement of changes in equity

For the year ended 31 December 2007

Statement of changes in equity	Share capital	Share premium	Reserves	Total equity
In EUR '000				
Balance as at 1 January 2006	**1,192**	**69**	**18,320**	**19,581**
Share capital increase	9,777	-	-	9,777
Profits of financial year 2006	-	-	13,747	13,747
Balance as at 31 December 2006	**10,969**	**69**	**32,067**	**43,106**
Balance as at 1 January 2007	**10,969**	**69**	**32,067**	**43,106**
Share capital increase VGP NV	175,361	-	-	175,361
Elimination capital increase contribution in kind	(120,620)	-	-	(120,620)
Issuing costs capital increase	(3,460)	-	-	(3,460)
Profits of financial year 2007	-	-	36,429	36,429
Balance as at 31 December 2007	**62,251**	**69**	**68,494**	**130,814**

The company has deducted the 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. The rationale for this is that the costs related to the initial public offering were mainly incurred to issue new shares i.e. to realise a capital increase. Without a capital increase, the initial public offering transaction would not have been contemplated and the company would not have incurred these costs.

Referring to the application of IAS 32.38, the board of directors is therefore of the opinion that it is rational to allocate all the costs of the initial public offering to the issuing of the new shares. Allocating these costs between equity (issuing of new shares) and income statement (listing of existing shares) can only be done based on arbitrary allocation methods and can not result in material amounts to be included in the current year income statement.

VGP

Consolidated cash flow statement

For the year ended 31 December 2007

Cash flow statement	**2007**	**2006**
In EUR ' 000		
Cash flows from operating activities		
Profit for the period before tax	41,846	17,996
Adjustments for:		
Depreciation	66	74
Change in value of investment property	(41,527)	(17,024)
Unrealised gain on financial instruments	(529)	(856)
Net interest paid	1,830	494
Operating profit before changes in working capital and provisions	**1,686**	**684**
Decrease/(Increase) in trade and other receivables	(4,835)	(2,301)
(Decrease)/Increase in trade and other payables	14,830	(8,443)
Cash generated from the operations	**11,681**	**(10,060)**
Net Interest paid	(1,830)	(494)
Income taxes paid	2	(270)
Net cash from operating activities	**9,853**	**(10,824)**
Cash flows from investing activities		
Cash flow from investing activities	(80,733)	(26,458)
Net cash from investing activities	**(80,733)**	**(26,458)**
Cash flows from financing activities		
Net Proceeds from the issue of share capital	51,282	9,777
Proceeds from loans	70,961	30,085
Loan repayments	(1,055)	(23,448)
Net cash from financing activities	**121,188**	**16,414**
Net increase / (decrease) in cash and cash equivalents	**50,307**	**(20,868)**
Cash and cash equivalents at the beginning of the period	2,528	23,396
Cash and cash equivalents at the end of the period	52,835	2,528
Net increase / (decrease) in cash and cash equivalents	**50,307**	**(20,868)**

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

Notes to and forming part of the financial statements

For the year ended 31 December 2007

1 BACKGROUND

(a) General information

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

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

Prior to the establishment and formation of VGP NV as a holding company, the group included several companies, ultimately controlled directly or indirectly by three individuals Mr. Jan Van Geet, Mr. Bart Van Malderen and Mr. Jan Prochazka. Within this structure, the companies were under common control of the aforementioned individuals.

The consolidation principles were applied to the 'consortium' structure in which the group of companies operated in for the year 2006. In a consortium there is no elimination of equity in companies under common control with respect to the carrying amount or the investment in the parent company, unless through direct affiliation.

The equity of the companies included in the consolidation / combination were combined and maintained their own character (share capital, share premium, retained earnings ...). As such the 2006 figures as included in these financial statements refer to the combined financial statements of the group active in 2006.

In February 2007 VGP NV was being established in order to act as a holding vehicle in view of a planned IPO. In order to support its international expansion plans VGP NV established VGP Latvia S.i.a. and VGP Deutschland GmbH in a first phase and subsequently incorporated VGP Estonia OÜ, VGP Romania S.R.L and acquired VGP Slovakia a.s.

In December 2007, VGP was listed on Eurolist by Euronext Brussels in Belgium and on the Main Market of the Prague Stock Exchange in the Czech Republic. As a result of the IPO the share capital of VGP NV has been increased by 49,999,992 EUR in cash and 120,619,875 EUR through a contribution in kind of the shares of the following companies: Industrie Park Sever a.s., Czech Republic; VGP Park Nýřany, a.s., Czech Republic; VGP Park Hradec Králové a.s., Czech Republic; VGP Park Lovosice a.s., Czech Republic; VGP Park Olomouc a.s., Czech Republic; VGP Park Liberec a.s., Czech Republic; VGP Park Turnov a.s , Czech Republic and VGP - industriální stavby s.r.o., Czech Republic.

However, as the VGP companies form a business combination involving entities under common control, IFRS 3 Business Combinations is not applied to the contribution of the shares. As a result, the aforementioned contribution of the shares into VGP NV had no effect on the consolidated equity as per 31 December 2007.

Following the exercise of the over-allotment option, the share capital was increased with 4,641,520.50 EUR at the end of December 2007.

The consolidation perimeter of 2006 and 2007 was as follows:

	2006	2007
VGP NV		x
VGP Latvia s.i.a.		x
VGP Deutschland GmbH		x
VGP Slovakia a.s.		x
VGP Estonia OÜ		x
VGP Romania S.R.L.		x
VGP Properties a.s. (merged with IPS in 2007)	x	x
Gudrun Developments a.s.(merged with IPS in 2007)	x	x
Caro Developments a.s.(merged with IPS in 2007)	x	x
Industry Park Sever as ("IPS")	x	x
VGP Park Turnov a.s.	x	x
VGP - industriální stavby s.r.o.	x	x
VGP Park Nýřany, a.s.	x	x
VGP Park Hradec Králové a.s.	x	x
VGP Park Olomouc a.s.	x	x
VGP Park Lovosice a.s.	x	x
VGP Park Liberec a.s.	x	x

The group's assets are currently geographically concentrated primarily in the Czech Republic, and to a lesser extent in Latvia, Slovakia, Estonia and Romania. Those assets are held through the following subsidiaries.

- Industrie Park Sever a.s., Czech Republic;
- VGP Park Nýřany, a.s., Czech Republic;
- VGP Park Hradec Králové a.s., Czech Republic;
- VGP Park Lovosice a.s., Czech Republic;
- VGP Park Olomouc a.s., Czech Republic;
- VGP Park Liberec a.s., Czech Republic;
- VGP Park Turnov a.s , Czech Republic;
- VGP Estonia OÜ;
- VGP Slovakia a.s.;
- VGP Latvia s.i.a.;
- VGP Romania S.R.L.

(b) Statement of compliance

The financial statements of the companies are prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) as adopted by the EU, as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Interpretations Committee of the IASB.

The group adopted the amended versions of IFRS that are effective for accounting periods beginning on 1 January 2007. The figures as at 31 December 2007 and 2006 are adjusted to conform to changes in presentation of the consolidated financial statements as at 31 December 2007 as required by the amended IFRS.

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 (EUR '000), unless stated otherwise. Minor rounding differences might occur.

(c) Foreign currency

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

Transactions in foreign currencies are translated to EUR at the foreign exchange rate ruling at the date of the transaction. Consequently non-monetary assets and liabilities are presented at EUR using the historic foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in a currency other than EUR at the balance sheet date are translated to EUR 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 CZK/EUR
31.12.2007		26.620
31.12.2006		27.495

Date	Estonia	Closing rate EEK/EUR
31.12.2007		15.6466

Date	Slovakia	Closing rate SKK/EUR
31.12.2007		33.603

Date	Romania	Closing rate RON/EUR
31.12.2007		3.6102

Date	Latvia	Closing rate LVL/EUR
31.12.2007		7.028

(d) Basis of consolidation

Intra-group balances and any gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Use of estimates and judgments

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Investment property

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

Land of which the group has full ownership and on which the group intends or has started construction (so called "development land") is immediately classified as investment property and as such valued at fair value. Infrastructure works are included in the fair value of the development land and are therefore not recognised as investment property under construction (which is valued at cost).

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

In view of the nature of the properties and the basis of valuation the valuation expert, Cushman & Wakefield, adopted the Income Approach based on the discounted cash flow technique for a three to fifteen-year period. The cash flow assumes a three to fifteen-year holding period with the exit value calculated on the third to fifteenth year income. 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 three to fifteen-year period, as applicable. The valuation expert has based his opinion of the Estimated Rental Value (ERV) on this.

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.

(b) Investment property under construction

Property that is being constructed or developed for future use as investment property is classified as investment property under construction and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. At the date of transfer, the difference between market value and cost is recognised as income in the consolidated income statement.

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

(c) 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.

(d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 2(j)). 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.

(ii) 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.

(iii) 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	2007	2006
Motor vehicles	4 years	4 years
Other equipment	4-6 years	4-6 years

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

(e) Other and trade receivables

Trade receivables do not carry any interest and are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

(f) Cash and cash equivalents

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

(g) 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.

(h) Trade and other payables

Trade and other payables are stated at amortised cost.

(i) Derivative financial instruments

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

(a) 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

(b) 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

(c) 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 current assets when their fair value is positive and as current liabilities when their fair value is negative.

(j) Impairment

The carrying amounts of the group's assets, other than investment property (see accounting policy 2(d)) and deferred tax assets (see accounting policy 2(n), 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.

(k) Reversals of impairment

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

(l) 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.

(m) 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 commencing of any lease agreement in the Czech Republic will only be effective upon the acceptance of completion of the building by the relevant Czech authorities.

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

(i) Service costs and property operating expenses

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

(ii) 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.

(iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method net of interest capitalised, interest receivable on funds invested, foreign exchange gains and losses that are recognised in the consolidated income statement.

(n) 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.

(o) 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. The business activity of the group is considered to be one segment as the majority of the assets of the group are geographically located in the Czech Republic and relate principally to investments in real estate with respect to the logistics business.

(p) New standards and interpretations applicable during 2007

A number of new standards, amendments to standards and interpretations became effective during the financial year 2007:

- IFRS 7 Financial Instruments: Disclosures (applicable for accounting years beginning on or after 1 January 2007);
- IAS 1 Presentation of Financial Statements - Amendment - Capital Disclosures (applicable for accounting years beginning on or after 1 January 2007);
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (applicable for accounting years beginning on or after 1 March 2006);
- IFRIC 8 Scope of IFRS 2 (applicable for

accounting years beginning on or after 1 May, 2006);

- IFRIC 9 Reassessment of Embedded Derivatives (applicable for accounting years beginning on or after 1 June 2006);
- IFRIC 10 Interim Financial Reporting and Impairment (applicable for accounting years beginning on or after 1 November 2006).

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 except for IFRS 7, which gave rise to a number of additional disclosures.

(q) New standards and interpretations not yet effective during 2007

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied when preparing the financial statements:

- IAS 1 Presentation of Financial Statements (annual periods beginning on or after 1 January 2009). This Standard replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005;
- Amendment to IAS 27 Consolidated and Separate Financial Statements (applicable for annual periods beginning on or after 1 July 2009). This Standard amends IAS 27 Consolidated and Separate Financial Statements (revised 2003);
- Amendment to IFRS 2 – Vesting Conditions and Cancellations (applicable for annual periods beginning on or after 1 January 2009);
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable financial instruments and obligations arising on liquidation (annual periods beginning on or after 1 January 2009);
- IFRS 3 Business Combinations (applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). This Standard replaces IFRS Business Combinations as issued in 2004;
- IFRS 8 Operating Segments (applicable for accounting years beginning on or after 1 January 2009);
  Amendment to IAS 23 Borrowing Costs (applicable for accounting years beginning on or after 1 January 2009);
- IFRIC 11 IFRS 2 Group and Treasury share Transactions (applicable for accounting years beginning on or after 1 March 2007);
- IFRIC 12 Service Concession Arrangements (applicable for accounting years beginning on or after 1 January 2008);
- IFRIC 13 Customer Loyalty Programmes (applicable for accounting years beginning on or after 1 July 2008);
- IFRIC 14 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' (applicable for accounting years beginning on or after 1 January 2008)

VGP

3 SUPPORTING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 Gross rental income

In EUR '000	2007	2006
Gross lease payments collected/accrued	4,857	2,189
Rent indexation and discounts	700	111
Total	**5,557**	**2,300**

The Group leases out its investment property under operating leases. The operating leases are generally for terms of more than 5 years.

3.2 Service charge income

In EUR '000	2007	2006
Sales of services	210	9
Recharge of costs to be borne by tenants	985	272
Administration fees	80	2
Total	**1,276**	**283**

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

3.3 Service charge expenses

In EUR '000	2007	2006
Energy	974	148
Insurance	30	19
Repairs, maintenance and cleaning	151	136
Property management Urraco	156	52
Property taxes	60	23
Others	7	0
Total	**1,377**	**378**

3.4 Property operating expenses

In EUR '000	2007	2006
Consultancy fees (lawyers, brokers and others)	692	203
Others	190	-
Total	**882**	**203**

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

3.5 Administrative cost

In EUR '000	2007	2006
Office costs	81	51
Consultancy and administration fees	216	46
Wages and salaries	41	1
Other taxes	3	-
Depreciation	66	-
Other	61	30
Total	**468**	**128**

3.6 Other income

In EUR '000	2007	2006
Operating result from engineering activities (incl facility management for 3rd parties)	121	9
Other operating income	128	31
Total	**249**	**40**

3.7 Other expenses

In EUR '000	2007	2006
Disposal of land and project documentation	184	140
Total	**184**	**140**

3.8 Net financial costs

In EUR '000	2007	2006
Bank interest income	428	131
Interest income from related parties	2	3
Other interest income	14	1
Unrealised gains on financial derivatives	529	856
Financial income	**973**	**991**
Bank interest expense – Variable debt	(2,541)	(1,116)
Bank interest expense – Interest rate swaps	294	(61)
Interest paid to related parties	(1,597)	(796)
Interest capitalised into assets under construction	1,594	1,351
Other interest expense	(23)	(4)
Bank charges	(277)	(144)
Net foreign exchange losses	(2,272)	(1,023)
Financial expenses	**(4,824)**	**(1,794)**
Net financial costs	**(3,851)**	**(803)**

VGP

3.9 Taxation

3.9.1 Income tax expense recognised in the consolidated income statement

In EUR '000	2007	2006
Current tax	(9)	(96)
Deferred tax	(5,408)	(4,153)
Total	**(5,417)**	**(4,249)**

3.9.2 Reconciliation of effective tax rate

In EUR '000		2007		2006
Profit before tax		**41,846**		**17,996**
Income tax using the domestic corporation tax rate	**24.0%**	**(10,043)**	**24.0%**	**(4,319)**
Difference in tax rate non-CZ companies		191		-
Foreign exchange difference		106		102
Non-tax-deductible expenditure		(91)		(4)
Permanent differences on IPO costs to equity		748		-
Non expressed deferred tax assets non-CZ companies		(351)		-
Other differences (including rounding differences)		49		(28)
Effect of change in tax rate 24% - 19%		3,974		-
Total	**20.2%**	**(5,417)**	**23.6%**	**(4,249)**

3.9.3 Deferred tax assets and liabilities

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

	Assets		Liabilities		Net	
In EUR '000	2007	2006	2007	2006	2007	2006
Fixed assets (difference tax vs book value)	-	-	(158)	(256)	(158)	(256)
CZ GAAP hedging	-	-	(1,068)	(321)	(1,068)	(321)
Tax losses carried-	1,141	470	-	-	1,141	470
Investment property – fair value	-	-	(15,711)	(10,371)	(15,711)	(10,371)
Release of CZ GAAP depreciation	-	-	(394)	(211)	(394)	(211)
FX differences CZ loans	1,729	1,110	-	-	1,729	1,110
Capitalized interest	-	-	(588)	(373)	(588)	(373)
Capitalised cost	-	-	(21)	-	(21)	-
Interest rate swap	-	-	-	(205)	-	(205)
Change in tax rate %	-	495	-	-	495	495
Net tax assets/(liabilities)	**2,870**	**2,075**	**(17,940)**	**(11,737)**	**(15,070)**	**(9,662)**

3.10 Investment property

In EUR '000	2007	2006
Balance at 1 January	**96,144**	**58,289**
Transfer from investment property under construction at cost	2,830	1,075
Net additions / disposals	71,257	19,758
Fair value adjustment	41,528	17,024
Balance at 31 December	**211,760**	**96,146**

Investment property comprises a number of commercial properties that are leased to third parties and land held for development. The carrying amount of investment property is the fair value of the property as determined by the external independent valuation expert, Cushman & Wakefield, having an appropriately recognized professional qualification and recent experience in the location and category of the property being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment property.

The investment property portfolio consists of following properties:

In EUR '000	2007	2006
IPS - Blue Park (CZ)	9,502	8,787
IPS – Green Park (CZ)	15,860	14,630
IPS – Green Tower (CZ)	6,328	5,964
IPS – VGP Park Horni Pocernice - Building I1 (CZ)	7,085	6,216
IPS – VGP Park Horni Pocernice - Building I2 (CZ)	3,855	3,504
IPS – VGP Park Horni Pocernice – Building B2 (CZ)	13,600	11,320
IPS – VGP Park Horni Pocernice – Building J (CZ)	2,312	-
IPS – VGP Park Horni Pocernice – Building D (CZ)	24,470	-
IPS – VGP Park Horni Pocernice – Building H1 (CZ)	8,280	-
IPS – VGP Park Horni Pocernice – Building B1 (CZ)	9,295	-
IPS – VGP Park Horni Pocernice – Building B3 (CZ)	10,620	-
IPS – VGP Park Horni Pocernice – Building C1 (CZ)	8,730	-
IPS – VGP Park Horni Pocernice – Building C2 (CZ)	8,075	-
IPS – VGP Park Horni Pocernice – Building H2 (CZ)	6,556	-
VGP Park Nýřany (CZ)	7,505	-
VGP Park Turnov – Vesecko (CZ)	7,792	-
VGP Park Liberec (CZ)	3,685	-
Development Land-IPS (CZ)	26,412	43,919
Development Land-Other	32,721	2,029
Balance at 31 December	**212,683**	**96,369**

The impact of the rent indexation and discounts of EUR 923k in 2007 and of EUR 223k in 2006 in gross rental income is the reason for the difference between the valuation gain in the above note and in the above table. Infrastructure work is stated at fair value, together with the fair value of the land, and is not separately recognized at cost, given the impracticability to separate the fair value of the infrastructure work, and given the insignificant impact to the financial statements. It should also be noted that there are no commitments to transfer the ownership of the infrastructure (works) to the local authorities.

As at 31 December 2007 most properties were secured in favour of CSOB (see note 3.17).

3.11 Investment property under construction

In EUR '000	**2007**	**2006**
Balance at 1 January	**6,954**	**1,413**
Additions / (disposals)	9,287	6,617
Transfer to Investment property	(2,830)	(1,075)
Balance at 31 December	**13,411**	**6,954**

Investment property under construction comprises:

In EUR '000	**2007**	**2006**
VGP Park Horni Pocernice (CZ)	7,899	4,446
VGP Park Turnov – Vesecko (CZ)	-	2,361
VGP Park Turnov – Prisovice (CZ)	761	38
VGP Park Nýřany (CZ)	371	86
VGP Park Olomouc (CZ)	145	-
VGP Park Lovosice (CZ)	40	23
VGP Park Hradec Králové (CZ)é	104	-
VGP Park Liberec (CZ)	3,220	-
Slovakia	11	-
Latvia	38	-
Estonia	12	-
Romania	810	-
Balance at 31 December	**13,411**	**6,954**

3.12 Property, plant and equipment

In EUR '000	**2007**	**2006**
Cost		
Balance at 1 January	**337**	**249**
Acquisitions	178	88
Disposals	-	-
Balance at 31 December	**515**	**337**
Depreciation		
Balance at 1 January	**(238)**	**(164)**
Depreciation charge for the year	(66)	(74)
Disposals	-	-
Balance at 31 December	**(304)**	**(238)**
Carrying amounts		
At 1 January	**99**	**85**
At 31 December	**211**	**99**

3.13 Long-term receivables

Long-term receivables totalling to EUR 276k as at 31 December 2006 comprise long-term receivables from related parties in the amount of EUR 266k.

3.14 Trade and other receivables

In EUR '000	**2007**	**2006**
Trade receivables	898	614
Invoices to be issued	675	-
Receivables due from related parties	-	122
Tax receivables - VAT	4,758	1,683
Fair value of interest rate swaps	930	856
Fair value of forward foreign exchange contracts	397	-
Accrued income	1,104	278
Deferred expenses	42	45
Other receivables	473	38
Total	**9,276**	**3,636**

VGP

3.15 Cash and cash equivalents

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

3.16 Share capital

		Share capital movement In EUR '000	Total outstanding share capital after the transaction In EUR '000	Number of shares issued In units	Total number of shares In units
01.01.2006	Cumulative share capital of all Czech companies	10,969	10,969	-	-
06.02.2007	Incorporation of VGP NV	100	11,069	100	100
05.11.2007	Share split	-	11,069	7,090,400	7,090,500
11.12.2007	Contribution in kind of Czech companies	120,620	131,689	7,909,500	15,000,000
11.12.2007	Capital increase IPO	50,000	181,689	3,278,688	18,278,688
28.12.2007	Exercise of over allotment option - IPO	4,642	186,331	304,362	18,583,050
31.12.2007	Elimination capital increase – contribution in kind	(120,620)	65,711	-	18,583,050
31.12.2007	Issuing costs capital increase	(3,460)	**62,251**	-	**18,583,050**

In December 2007, VGP was listed on Eurolist by Euronext Brussels in Belgium and on the Main Market of the Prague Stock Exchange in the Czech Republic. As a result of the IPO the share capital of VGP NV has been increased by 49,999,992 EUR in cash and 120,619,875 EUR through a contribution in kind of the shares of the following companies: Industrie Park Sever a.s., Czech Republic; VGP Park Nýřany, a.s., Czech Republic; VGP Park Hradec Králové a.s., Czech Republic; VGP Park Lovosice a.s., Czech Republic; VGP Park Olomouc a.s., Czech Republic; VGP Park Liberec a.s., Czech Republic; VGP Park Turnov a.s , Czech Republic and VGP industriální stavby s.r.o., Czech Republic. However, as the VGP companies form a business combination involving entities under common control, IFRS 3 Business Combinations is not applied to the contribution of the shares. As a result, the aforementioned contribution of the shares into VGP NV had no effect on the consolidated equity as per 31 December 2007. Following the exercise of the over-allotment option, the share capital was increased with 4,641,520.50 EUR at the end of December 2007.

3.17 Interest-bearing loans and borrowings

In EUR '000	2007	2006
Loans from related parties PVM Invest Lux SA	43,992	19,428
Loans from related parties VM Invest NV	21,443	-
Non current bank loans	52,586	29,429
Current bank loans	1,397	656
Total	**119,419**	**49,513**

Interest bearing loans and borrowings are payable as follows:

In EUR '000	Amounts as at 31-Dec-07	Payable in 1-5 years	Payable after 5 years
Loans from related parties PVM Invest Lux SA	43,992	-	43,992
Loans from related parties VM Invest NV	21,443	-	21,443
Non current bank loans	52,586	52,586	-
Current bank loans	1,397	1,397	-
Total	**119,419**	**53,984**	**65,435**

Loans PVM Invest Lux SA / VM Invest NV

Loans granted by PVM Invest Lux SA are denominated in CZK. The loans granted by VM Invest NV are denominated in EUR. All loans are at fixed interest rates, with free instalments and final maturity dates exceeding 10 years and are not secured. Interest rates equal 4 percent per annum.

Secured bank loans

The loans were provided by Československá obchodní banka, a.s. (ČSOB) for following projects:

In EUR '000	Interest rate	Credit facility	Outstanding amount as at 31-Dec-07	Final repayment date
Green Park	Euribor + 1.2%	7,400	6,666	30-Nov-10
Blue Park	Euribor + 1.2%	3,050	2,748	30-Nov-10
Green Tower	Euribor + 1.2%	2,450	2,207	30-Nov-10
Horní Počernice (A+B)	Euribor + 1.2%-1.4%	52,047	38,354	30-Nov-10
VGP Park Turnov	Euribor + 1.2%	7,528	4,009	30-Nov-10
Total		**72,475**	**53,984**	

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 VM Invest NV as the pledgor and the security agent as the pledgee enter into the Share Pledge Agreement – 100 percent 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.

The following mortgage agreements have been provided to the banks:

In EUR '000	2007
Green Park	7,732
Blue Park	4,658
Green Tower	2,332
Assets IPS	39,207
Assets VGP Park Turnov	5,932

Interest rate swaps

The group contracted all of its financial debt with CSOB / KBC in EUR at a floating rate, converting to a fixed rate through interest rate swaps in compliance with the respective loan agreements. This allows the group to be protected against the effects of a sharp interest rate increase.

The financial instruments (interest rate swaps) concluded in 2007 and 2006 do not meet the conditions for hedge accounting and are accounted for at fair value with changes in fair value recognised immediately as a component of net profit.

KBC provided Interest Rate Swaps for following bank loans:

In EUR '000	Interest rate	Start Date	Notional amount hedged	Fair value as at 31-Dec-07	Final repayment date
IPS - Green Park	3.0875 %	6-Nov-06	6,587	223	30-Nov-10
IPS - Blue Park	3.0875 %	6-Nov-06	2,513	85	30-Nov-10
IPS - Green Tower	3.0875 %	6-Nov-06	2,080	70	30-Nov-10
IPS - Horni Pocernice	3.1180 %	6-Nov-06	15,000	592	28-Feb-11
IPS - Horni Pocernice	4.5750 %	1-Jun-07	7,500	(47)	31-Aug-12
IPS - Horni Pocernice	4.4140 %	28-Aug-07	10,000	6	30-Aug-12
VGP Park Turnov	4.5680 %	1-Jun-07	4,009	(22)	31-Jul-12
Total			**47,689**	**907**	

Events of defaults and breaches of loan covenants

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

3.18 Other non-current liabilities

In EUR '000	2007	2006
Deposits	399	842
Retentions	956	195
Loan from related parties	1	104
Total	**1,356**	**1,141**

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.

3.19 Trade and other payables

In EUR '000	2007	2006
Trade payables	7,528	3,879
Fair value of interest rate swaps	23	-
Retentions	371	555
Payables to related parties	13	-
Accrued expenses	5,352	867
Retentions	7,474	846
Total trade and other payables	**20,762**	**6,147**

VGP

3.20 Financial instruments

3.20.1 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 following table provides an overview of the derivative financial instruments as at 31 December 2007. The amounts shown are the notional amounts:

In EUR '000	2007			2006		
Derivatives	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Foreign currency						
Forward exchange contracts	7,126	-	-	-	-	-
Interest rates						
Interest rate swaps	-	47,689	-	-	27,900	-

3.20.2 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 provides an indication of the company's main net foreign currency positions:

In EUR '000	2007						2006
	CZK	EEK	SKK	HUF	RON	LVL	CZK
Trade & other receivables	82,988	18,962	18,758	-	-	-	59,925
Non-current liabilities and trade & other payables	(397,558)	(491)	(1,354)	-	-	-	(131,737)
Gross balance sheet exposure	(314,570)	18,471	17,404	-	-	-	(71,812)
Forward foreign exchange	200,000	-	-	-	-	-	-
Net exposure	**(114,570)**	**18,471**	**17,404**	**-**	**-**	**-**	**(71,812)**

The following significant exchange rates applied during the year

1 EUR =	2007	2006
	Closing rate	**Closing rate**
CZK	26.6200	27.495
EEK	15.6466	-
SKK	33.6030	-

Sensitivity Analysis

A 10 percent strengthening of the euro against the following currencies at 31 December 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 2006.

Effects in EUR '000	2007	
	Equity	**Profit or (Loss)**
CZK	-	391
EEK	-	(107)
SKK	-	(50)
Total	-	**234**

Effects in EUR '000	2006	
	Equity	**Profit or (Loss)**
CZK	-	237
EEK	-	-
SKK	-	-
Total	-	**237**

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

3.20.3 Interest rate risk

The company applies a dynamic interest rate hedging approach whereby the target mix between fixed and floating rate debt is reviewed periodically. The company currently applies an economic hedge policy. 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.

VGP

At the reporting date the interest rate profile of the Group's financial instruments was:

In EUR '000	2007	2006
Financial liabilities		
Fixed rate		
Shareholder loans	65,435	19,428
Variable rate		
Bank debt	53,983	30,085
	119,419	49,513
Interest rate hedging		
Interest rate swaps	47,689	26,533
Financial Liabilities after hedging		
Variable rate		
Bank debt	6,295	3,552
Fixed rate		
Shareholder loans	65,435	19,428
Bank debt	47,689	26,533
	113,124	45,961
Fixed rate / total financial liabilities	**94.7%**	**92.8%**

Sensitivity Analysis

An increase / decrease of 100 basis points in the interest rates on our floating rate debt and interest rate swaps at the reporting date, with all variables held constant, would have resulted in a EUR 35k lower / higher profit for 2007.

An increase / decrease of 100 basis points in the interest rates on our floating rate debt and interest rate swaps as at 31 December 2006, with all variables held constant, would have resulted in a EUR 29k lower / higher profit for 2006.

3.20.4 Credit risk

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

The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Each new tenant is analysed individually for creditworthiness before VGP offers a lease agreement.

In addition the group applies a strict policy of rent guarantee whereby, in general, each tenant is required to provide a rent guarantee for 6 months. This period will vary in function of the creditworthiness of the tenant.

At the balance sheet date there were no significant concentrations of credit risk except for the proceeds of the IPO which were deposited with KBC Bank (lead manager of the IPO).

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 EUR '000	2007	2006
	Carrying amount	**Carrying amount**
Trade & other receivables	7,949	2,780
Interest rate swaps	930	856
Forward exchange contracts	398	-
Cash and cash equivalents	52,835	2,528
Long term receivables	276	266
Total	**62,388**	**6,430**

The aging of trade receivables that were past due but not impaired as at the reporting date was:

In EUR '000	2007	2006
	Carrying amount	**Carrying amount**
< 30 days	771	525
> 30- 60 days	66	8
> 60-90 days	15	-
> 90 days	46	4
Total	**898**	**536**

At the reporting date the outstanding trade receivables were covered by rent guarantees totalling EUR 2,513k.

The trade receivables as at 31 December 2006 were covered by EUR 975k rent guarantees.

There were no impairment losses recognised during 2007 and 2006.

3.20.5 Liquidity risk

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

In EUR '000	2007					
	Carrying amount	Contractual cash flows	< 1 year	1-2 years	2-5 years	More than 5 years
Non- financial liabilities						
Accrued expenses	5,352	(5,352)	(5,352)	-	-	-
Financial liabilities						
At amortised cost						
Financial liabilities	15,387	(15,387)	(15,387)	-	-	-
Shareholder loans	65,435	(91,608)	(2,617)	(2,617)	(7,852)	(78,522)
Secured bank loans	53,983	(63,771)	(4,504)	(4,658)	(54,609)	-
Non-hedging derivatives						
Interest rate derivatives	(907)	1,480	473	458	549	-
Foreign exchange derivatives	(397)	7,513	7,513	-	-	-
		(7,126)	(7,126)	**-**	**-**	**-**
	(397)	**387**	**387**	**-**	**-**	**-**
	138,853	**(174,251)**	**(27,000)**	**(6,817)**	**(61,912)**	**(78,522)**

In EUR '000	2006					
	Carrying amount	Contractual cash flows	< 1 year	1-2 years	2-5 years	More than 5 years
Non- financial liabilities						
Accrued expenses	867	(867)	(867)	-	-	-
Financial liabilities						
At amortised cost						
Financial liabilities	5,280	(5,280)	(5,280)	-	-	-
Shareholder loans	19,428	(27,956)	(777)	(777)	(2,311)	(24,091)
Secured bank loans	30,085	(41,063)	(3,140)	(4,479)	(4,458)	(28,986)
Non-hedging derivatives						
Interest rate derivatives	(856)	331	86	83	162	-
Foreign exchange derivatives	-	-	-	-	-	-
	(54,804)	**(74,835)**	**(9,978)**	**(5,173)**	**(6,607)**	**(53,077)**

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.

3.20.6 Capital management

VGP is continuously optimising its capital structure targeting to maximise shareholder value while keeping the desired flexibility to execute its business plan and support its growth. It is in this context that the decision was taken to go ahead with an initial public offering in December 2007. The company targets a gearing ratio of net debt / equity of 2:1. At the end of 2007 the net debt / equity ratio was 0.5 (1.1 for 2006).

3.20.7 Fair value

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

In EUR '000	2007		2006	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Non-hedging derivatives				
Interest rate swaps	930	930	856	856
Forward exchange contracts	397	397	-	-
Loans and receivables				
Trade receivables & others	1,573	1,573	736	736
Cash & cash equivalents	52,835	52,835	2,528	2,528
Long term receivables	276	276	266	266
Financial liabilities				
Non-hedging derivatives	(23)	(23)	-	-
At amortised cost				
Financial liabilities	(15,387)	(15,387)	(5,280)	(5,280)
Shareholder loans	(65,435)	(60,382)	(19,428)	(19,428)
Secured bank loans	(53,983)	(53,983)	(30,085)	(30,085)
	(77,769)	**(72,716)**	**(49,230)**	**(49,230)**

Total net gains / (losses) on non hedging derivatives amounted to EUR 529k in 2007 (EUR 856k in 2006). There were no gain / (losses) on non-financial assets and liabilities, financial liabilities at amortised costs. Financial and non-financial assets amounting to EUR 8,226k in 2007 were pledged in favour of VGP's financing banks.

Basis for determining fair values

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

The fair value of financial instruments is calculated based on commonly used valuation techniques based on observable market parameters i.e. net present value of future cash flows discounted at market rates.

For short term instruments it is assumed that the carrying value is a reasonable reflection of the fair value.

3.21 Personnel

The average number of employees and executives and remuneration paid for the years ended 31 December 2007 is as follows:

In EUR '000	2007	2006
Average number of employees	16	8
Wages and salaries	366	147
Social security and health insurance expenses	128	51
Other social expenses	2	1
Total personnel expenses	**496**	**199**

Incentive structure

The pre-IPO existing shareholders VM Invest and Alsgard SA have transferred a number of VGP shares representing 5 percent of the aggregate number of shares in VGP NV (post-closing of the IPO) to VGP MISV, a newly incorporated limited partnership controlled by Mr Jan Van Geet as managing partner ("beherend vennoot" / "associé commandité") established to create an incentive structure for selected members of the group's management. The transfer occurred at a price per share equal to the IPO offering price and the transfer of these shares did not have any dilutive effect on new shareholders.

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

3.22 Commitments

The group has concluded several contracts concerning the future purchase of land. At 31 December 2007 the group had future purchase agreements for land totalling 576,280m² representing a commitment of EUR 21.1 million and for which deposits totalling EUR 1.0 million had been made.
At the end of December 2007 the group had committed lease agreements totalling EUR 15.0 million resulting in following breakdown of future lease income:

In EUR '000	2007	2006
Less than one year	14,929	2,889
Between one and five years	53,587	7,665
More than five years	24,489	3,050
Total	**93,005**	**13,603**

3.23 Related parties

3.23.1 Identity of related parties

The Group has a related party relationship with its directors, executive officers and other companies controlled by its owners.

The senior managers 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.

3.23.2 Directors and senior managers

The accrued remuneration of the directors and senior managers is as follows:

In EUR '000	2007	2006
Directors	11	-
Senior managers	107	51
Total	**118**	**51**

3.23.3 Transactions with related parties

The Group identified the following transactions with related parties in 2007 and 2006:

In EUR '000		2007	2006
Mr. Jan Van Geet	Loans provided to the group	13	21
	Interests received from the group	-	--
	Loans granted by the group – LT	-	92
	Loans granted by the group – ST	-	70
	Interests paid to the group	-	2
Mr. Jan Procházka	Loans provided to the group	-	76
	Loans granted by the group – LT	-	64
	Loans granted by the group – ST	-	52
	Interests paid to the group	1	1
Urraco spol. s r. o.	Trade receivables from the group	2	--
	Services provided to the group	156	65
	Services provided by the group	3	2
	Loans granted by the group – LT	-	110
	Interests paid to the group	1	28
PVM Invest Lux SA	Loans provided to the group	43,992	19,428
	Interest received from the group	1,273	797
VM Invest NV	Loans provided to the group	21,443	-
	Interest received from the group	325	-
Van Geet Properties s.r.o.	Rent paid	22	21

The group leases offices from Van Geet Properties s.r.o. at a monthly lease of CZK 50 k. The lease term is concluded for 5 years from 27 January 2004 onwards. The operating lease rentals are payable as follows:

In EUR '000	2007	2006
Less than one year	22	22
Between one and five years	1	24
More than five years	0	0
Total	**23**	**46**

3.24 Subsequent events

The board of directors meeting of 21 April 2008 approved the issuance of the financial statements.

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2007.

3.25 Services provided by the statutory auditor

The audit fees for VGP NV and its subsidiaries amounted to EUR 65k.

Parent company information

1. Financial statements of VGP NV

Parent company accounts

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

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

They are available on request from:

VGP NV
Greenland Burgemeester Etienne DEmunterlaan 5
B-1090 Brussels
Belgium
www.vgpparks.eu

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

Condensed income statement

In EUR '000	2007	2006
Other operating income	3,608	-
Operating profit or loss	(14)	-
Financial result	(101)	-
Extraordinary result	-	-
Current and deferred income taxes	(9)	-
Profit or loss for the year	(123)	-

Condensed balance sheet after profit appropriation

In EUR '000	2007	2006
Formation expenses, intangible assets	-	-
Tangible fixed assets	-	-
Financial fixed assets	155,098	-
Total Non-current assets	**155,098**	-
Trade and other receivables	960	-
Cash & cash equivalents	42,591	-
Total current assets	**43,551**	-
Total assets	**198,649**	-
Share capital	175,361	-
Retained earnings	(123)	-
Shareholders' equity	**175,238**	-
Amounts payable after one year	21,443	-
Amounts payable within on year	1,968	-
Creditors	**23,411**	-
Total equity and liabilities	**198,649**	-

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 2007 result

The loss after tax for the year ended was	€ 123,132.76

At the General Meeting of Shareholders on 9 May 2007, the Board of Directors will propose that the above loss be appropriated as follows:

Loss of the financial year	€ 123,132.76
Loss to be carried forward	€ 123,132.76

3. Appointment of new Director

The board of directors proposes to the General Meeting of Shareholders:

To accept the resignation of Mr Jan Van Geet as director and to appoint Jan Van Geet s.r.o., represented by its permanent representative Mr Jan Van Geet, as director of VGP NV for a term of 5 years until and including the General Meeting of Shareholders to be held in 2013.

VGP NV

statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 december 2007

To the shareholders

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

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of VGP NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 287,502 (000) EUR and the consolidated income statement shows a consolidated profit for the year then ended of 36,429 (000) EUR.

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

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

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information.

We believe that the audit evidence we have obtained, provides a reasonable basis for our opinion.

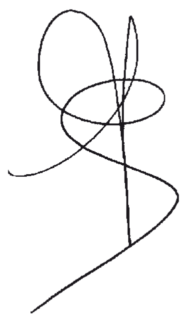
In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2007, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

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

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

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



Kortrijk, 22 April 2008

The statutory auditor

DELOITTE Bedrijfsrevisoren
BV o.v.v.e. CVBA
Represented by Gino Desmet

VGP Senior Management

Jan Van Geet	Chief Executive Officer
Jan Procházka	Chief Operating Officer
Dirk Stoop	Chief Financial Officer

Auditors

Deloitte Bedrijfsrevisoren

Investor relations

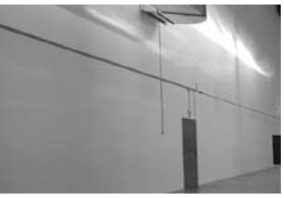
Dirk Stoop

T +32 2 737 74 06

F +32 2 737 74 04

dirk.stoop@vgpparks.eu

The annual report for the 2007 financial year is available in English and Dutch on www.vgpparks.eu.



V G P   N V

Greenland - Burgemeester E. Demunterlaan 5

B-1090 BRUSSELS

BELGIUM

Tel.: +32 737 74 05

Fax: +32 737 74 04

e-mail: info@vgpparks.eu

V G P

Staroměstské náměstí 11

293 01 MLADÁ BOLESLAV

CZECH REPUBLIC

Tel.: +420 326 724 866

Fax: +420 326 724 867

e-mail: info@vgpparks.eu

w w w . v g p p a r k s . e u