



**Press Release**  
**Financial Results 2007**  
**Wednesday 19 March 2008**

**FINANCIAL RESULTS AS PER 31 DECEMBER 2007**

**141.6 % GROWTH IN RENTAL INCOME TO EUR 5.6 MILLION**

**118.4 % GROWTH IN FAIR VALUE OF THE PROPERTY PORTFOLIO TO EUR 225.2 MILLION**

**165.0 % GROWTH IN NET PROFITS TO EUR 36.4 MILLION**

**Summary of financial results**

- Gross rental income up 141.6 % (+ EUR 3.2 million) to EUR 5.6 million
- Committed annualised rent income increased to EUR 15.0 million
- Property portfolio up 118.4 % (+ EUR 122.1 million) to EUR 225.2 million
- Net profit for the period up 165.0 % (+ EUR 22.7 million) to EUR 36.4 million
- Earnings per share up 113.0 % to EUR 1.96

On 19 March 2008 VGP NV ("VGP") announces its consolidated financial results for the period ending 31 December 2007.

The year 2007 was a record year for the group from a financial results, an operating and property portfolio expansion point of view. In addition, with the initial public offering ("IPO") which was successfully completed, including the exercise of the overallotment option, at the end of December 2007, the group is now well placed and has a strong basis to secure its future development and growth.

**Gross rent income up 141.6% to EUR 5.6 million**

The increase of the gross rental income was 8.9% higher than the projected rental income included in the IPO prospectus. This growth reflects the rapid development of the group's income generating assets.

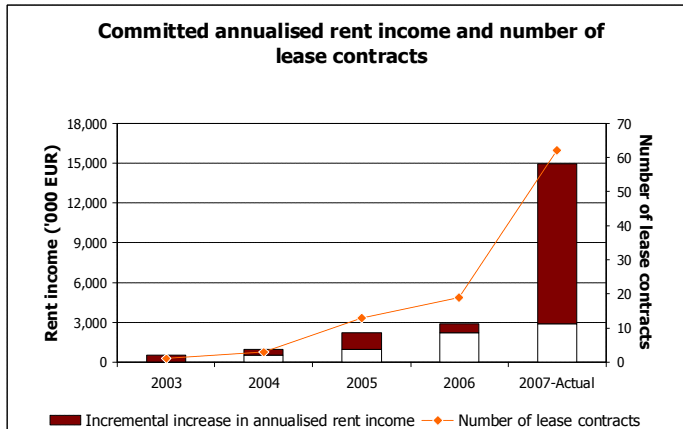
**Committed annualised rent income increased to EUR 15.0 million**

The group continued its strong growth in committed annual rent income. 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 which was 19% higher than projected in the IPO prospectus.

These signed lease agreements represent a total of 269,528m<sup>2</sup> 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 strong evolution of the committed annual rent income ensures that the company is well placed to substantially increase its rent income in the near future and keeps the group on track to reach its medium term goal of becoming a dividend payer as soon as practicably possible. In the mean time all rent income will be applied to minimise bank borrowings and re-invest in the further development of the property portfolio.

Finally 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.



Consistent with the prior comments made in the IPO prospectus, the Board of Directors will propose to the annual shareholders meeting not to pay out any dividend.

### Property portfolio up 118.4 % to EUR 225.4 million

The investment property portfolio (including the assets under construction) continued to grow substantially, from EUR 103.1 million at 31 December 2006 to EUR 225.2 million at 31 December 2007. The growth was mainly driven by the completion of an additional 11 real estate projects which represented 121,239m<sup>2</sup> of lettable area. Consequently the total lettable m<sup>2</sup> as at 31 December 2007 increased to 176,614m<sup>2</sup>. All completed buildings were fully rented out.

VGP also continued to expand its land bank during 2007. At the end of December 2007 the total land bank increased to 2,246,453m<sup>2</sup> of which 1,850,173m<sup>2</sup> was fully owned, which brings the current ratio of land owned/total secured land at 76%. The remaining part of the land bank is bought under future purchase agreements and subject to obtaining the necessary zoning and/or building permits these plots of land will be acquired during the current 2008 financial year.

The current undeveloped land bank represents a potential of 720,000m<sup>2</sup> of gross lettable area located on top locations throughout the mid-European region.

The total land represents 17 business parks in 6 different countries of which 10 business parks have been completed and or were under construction as at 31 December 2007.

During 2008 the group will continue to look to expand selectively to other locations.

The capital expenditure for the financial year 2007 reached EUR 80.9 million as compared to EUR 26.5 million for the financial year 2006.

### Net profit for the period up 165.0 % to EUR 36.4 million

Net profit increased from EUR 13.7 million (EUR 0.92 per share) as at 31 December 2006 to EUR 36.4 million (EUR 1.96 per share) for the financial year ended 31 December 2007.

## **Additional comments on the 31 December 2007 consolidated financials**

### *Property result*

The property result increased by 142.3 % from EUR 19.0 million as at 31 December 2006 to EUR 46.1 million for the period ended 31 December 2007.

### *Financial income*

The financial income for the period ended 31 December 2007 included EUR 0.4 million (versus EUR 0.1 million for 2006) interest income from bank deposits and EUR 0.5 million (EUR 0.9 million for 2006) unrealised gains on financial instruments / interest rate swaps.

### *Financial expenses*

The financial expenses increased from EUR 1.7 million for the financial year 2006 to EUR 4.7 million for the financial year 2007. The main reason for the variance relates to the increased level of bank and shareholder debt which increased from EUR 49.5 million as at 31 December 2006 to EUR 119.4 million as at 31 December 2007.

### *Taxes*

Taxes 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. The increase was mainly due to the deferred tax charge related to the fair value adjustment of the property portfolio and has therefore no cash effect. The calculated deferred taxes include the effects (EUR 4.0 million positive variance) of the reduction in tax rates in the Czech Republic which will come into effect in the following years.

### *Gearing*

As at 31 December 2007 the net debt / equity ratio was 0.52 compared to 1.09 as at 31 December 2006.

## **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.

In line with the outlook mentioned in the prospectus, VGP plans to double its gross rent income during 2008. The projected growth in rent income is almost totally 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, VGP 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.

### **ABOUT VGP**

**About VGP-** <http://www.vgpparks.eu>

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 the Czech Republic, it has successfully realised turnkey projects such as Blue Park and Green Park in Prague-Letňany and the Green Tower administrative complex in Prague-Stodůlky.

In May 2006, VGP started the construction of VGP Park Horní Počernice, one of the largest logistics parks in the Czech Republic. VGP Park Horní Počernice allows VGP to construct over 350,000 m<sup>2</sup> of lettable space and offers tenants the opportunity to rent a range of facilities with lettable areas of between 1,000 and 50,000 m<sup>2</sup>. 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.

In 2006 VGP also began to apply 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 2,246,453 m<sup>2</sup>, securing the further expansion and development of its portfolio of top-class semi-industrial parks and properties.

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## FINANCIAL ACCOUNTS<sup>1</sup>

### 1 CONSOLIDATED INCOME STATEMENT

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

\* Shares shown are restated for the share split and contribution in kind as applicable prior to the initial public offering

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

## 2 CONSOLIDATED BALANCE SHEET

<b>Assets</b>	<b>2007</b>	<b>2006</b>
<i>In EUR -000</i>		
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
<b>Total non-current assets</b>	<b>225,391</b>	<b>103,476</b>
Trade and other receivables	9,276	3,636
Cash and cash equivalents	52,835	2,528
<b>Total current assets</b>	<b>62,111</b>	<b>6,164</b>
<b>TOTAL ASSETS</b>	<b>287,502</b>	<b>109,640</b>
<b>Shareholders' equity and liabilities</b>	<b>2007</b>	<b>2006</b>
<i>In EUR -000</i>		
Share capital	62,251	10,969
Share premium	69	69
Reserves	68,494	32,068
<b>Shareholders' equity</b>	<b>130,814</b>	<b>43,106</b>
Interest-bearing loans and borrowings	118,021	48,857
Other non-current liabilities	1,356	1,141
Deferred tax liabilities	15,070	9,663
<b>Total non-current liabilities</b>	<b>134,448</b>	<b>59,661</b>
Interest-bearing loans and borrowings	1,397	656
Trade and other payables	20,761	6,147
Income tax payable	82	71
<b>Total current liabilities</b>	<b>22,240</b>	<b>6,874</b>
<b>Total liabilities</b>	<b>156,688</b>	<b>66,535</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>287,502</b>	<b>109,640</b>

### 3 STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity	Share Capital	Share Premium	Reserves	Attributable to VGP shareholders
<i>In EUR '000</i>				
<b>Balance as at 1 January 2006</b>	<b>1,192</b>	<b>69</b>	<b>18,320</b>	<b>19,581</b>
Share capital increase	9,777	-	-	9,777
Profits of financial year 2006	-	-	13,747	13,747
<b>Balance as at 31 December 2006</b>	<b>10,969</b>	<b>69</b>	<b>32,067</b>	<b>43,106</b>
<b>Balance as at 1 January 2007</b>	<b>10,969</b>	<b>69</b>	<b>32,067</b>	<b>43,106</b>
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
<b>Balance as at 31 December 2007</b>	<b>62,251</b>	<b>69</b>	<b>68,494</b>	<b>130,814</b>

## 4 CONSOLIDATED CASH FLOW STATEMENT

Cash flow statement	2007	2006
<i>In EUR ±000</i>		
<i>Cash flows from operating activities</i>		
Profit for the period before tax	41,846	17,996
<i>Adjustments for:</i>		
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
(Gain) / Loss on disposal of other assets	184	140
<b>Operating profit before changes in working capital and provisions</b>	<b>1,870</b>	<b>824</b>
Decrease/(Increase) in trade and other receivables	(5,640)	(2,301)
(Decrease)/Increase in trade and other payables	15,635	(8,443)
<b>Cash generated from the operations</b>	<b>11,865</b>	<b>(9,920)</b>
Interest paid	(2,274)	(629)
Interest received	444	135
Income taxes paid	2	(270)
<b>Net cash from operating activities</b>	<b>10,037</b>	<b>(10,685)</b>
<i>Cash flows from investing activities</i>		
Cash flow from investing activities	(80,733)	(26,465)
Proceeds from the sale of fixed assets	(184)	(132)
<b>Net cash from investing activities</b>	<b>(80,917)</b>	<b>(26,597)</b>
<i>Cash flows from financing activities</i>		
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)
<b>Net cash from financing activities</b>	<b>121,188</b>	<b>16,414</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>50,307</b>	<b>(20,868)</b>
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
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>50,307</b>	<b>(20,868)</b>