VGP

Offering to subscribe to an amount up to EUR 50 million in New Shares with VVPR-strips
which may be supplemented by an Over-allotment Option of up to 15% of the New Shares.

The Offering consists of public offerings in Belgium and in the Czech Republic and a private placement to institutional investors in certain countries within the European Economic Area and Switzerland.

The issuance of the New Shares is subject to the condition precedent of the Closing of the Offering.

The Company will grant to the Global Coordinator & Bookrunner, over-allotment warrants, exercisable within a period of 30 days starting from the Listing Date, to subscribe for new shares up to a maximum of 15% of the New Shares, at the Offering Price.

The Offering Price will be fixed within a price range that will be published in the Belgian and Czech financial press as well as on the Company's website (www.vgpparks.eu) and the websites of the Managers and Selling Agents, on or about 21 November 2007. The amount of the Offering, the Offering Price, the number of New Shares to be issued and the allocation methodology will be published through the same media on or about 7 December 2007.

Application has been made for listing of all of the Shares as well as all of the VVPR-strips on Eurolist by Euronext Brussels in Belgium and of all of the Shares on the Main Market of the Prague Stock Exchange in the Czech Republic. It is expected that the Shares will be listed on or about 7 December 2007.

The Shares and VVPR-strips will be traded in EUR on Eurolist by Euronext Brussels in Belgium. The Shares will be traded in CZK on the Main Market of the Prague Stock Exchange in the Czech Republic.

Prior to the Offering there has been no public market in the Shares and the VVPR-strips.

WARNING

The Offering and the distribution of this Prospectus are subject to certain restrictions, set forth in the chapter "Disclaimers and notices".

Investing in the Shares involves substantial risks. Investors should carefully read the risks set forth in the chapter "Risk Factors".

The net results of the Group for the period from 2004 until 30 June 2007 originate principally from valuation gains related to its investment. As a consequence, a downturn of the property market or a negative change in one of the assumptions used or factors considered in making a property's valuation (interest rates, local economic situation, market sentiment, market yield expectation, inflation) could decrease the value of the property and have a material adverse effect on the operating results of the Group. These factors are not under the Group's control.

The Group may not be able to offset such valuation losses through expected future rental income, which may adversely affect the operating results.

KBC Securities

Global Coordinator & Bookrunner

Public Offering in Belgium	**Public Offering in the Czech Republic**	**Institutional offering**
KBC Securities Lead Manager	**Patria** Lead Manager	**KBC Securities / Patria** Lead Managers
ING Belgium Co-lead Manager		**ING** Co-lead Manager

Selling Agents
The above managers together with
KBC Bank, CBC Banque, Patria Direct and CSOB

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RISK FACTORS

A number of risks and uncertainty factors will be associated with investing in or the trading of the Shares.

Before deciding to invest in the Offered Shares, prospective investors should carefully consider the risks described below which the Company believes to be the main ones to which it is exposed as of the Prospectus Date. However the below list is not to be construed as exhaustive as other elements, factors or risk can impact the Group, its activities, financial status or share price. The order in which the risks are presented below does not reflect the likelihood of their occurrence or the magnitude or significance of the individual risks.

The Company takes and will continue to take the necessary measures to manage those risks as effectively as possible. There can be no assurance and therefore one cannot exclude that some of those risks may materialise, thereby possibly affecting the Group's operations, business, financial condition, results or the value of the Shares. Additional risks which are currently unknown to the Company or which are currently considered not be material could prove detrimental to the Group or the value of the Shares.

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

Risks related to the nature of the Group's business: acquiring, developing, owning, managing a semi-industrial real estate portfolio

The Group's assets are currently geographically concentrated in the Czech Republic, and to a lesser extent, in Latvia, Slovakia and Hungary. The Group intends to further diversify its portfolio into these countries as well as to diversify into Germany, Estonia, Lithuania and Romania to level out the country risk and benefit from economies that may evolve at a different pace.

The results and the outlook of the Group depend amongst other on the ability of the management to identify and acquire interesting real estate projects, to develop the sites at economically viable conditions and to commercialise its projects at attractive rental rates.

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, including risks relating to:

- changes in the general economic conditions, or the local property markets;
- local conditions, such as an oversupply of semi-industrial property or a reduction in demand for such property;
- the Group's ability to provide adequate maintenance of the buildings;
- impact of environmental protection, planning and health and safety laws;
- changes in tax, real estate and planning laws and regulations;
- the Group's ability to achieve optimal rental growth and control operating costs;
- the Group's ability to obtain project financing on economically viable terms;
- the Group's ability to timely obtain all necessary permits and consents;
- inherent risks in respect of ownership title in certain jurisdictions;
- currency exchange rate fluctuations;
- construction delays and construction budget overruns;
- contamination of sites and soil pollution;
- opposition from civic or environmental groups;
- tenant claims;
- natural disasters or catastrophic property damage (e.g. caused by fire);

- potential compulsory purchase or expropriation of one or more property by government agencies; and
- potential terrorist attacks.

The occurrence of any of these events in any of the geographical markets where the Group is active, could result in a material adverse effect on the Group's future business, financial condition, operating results and cash flows.

Risks related to the Group's development activities

Development of the Group's semi-industrial property involves risks in addition to those involved in owning and operating the Group's existing semi-industrial property, particularly with respect to developing semi-industrial property in new markets. During the initial phases of development projects, the Group normally carries the costs of the project and begins to receive revenues only at a later point in time. Development projects sometimes face cost overruns and delays in completion, many of which are caused by factors that are not directly within the control of the developer. Unfamiliarity with local regulations, delays in obtaining construction permits or contract and labour disputes with construction contractors or subcontractors and unforeseen site conditions may require additional work and construction delays. Failure of the Group to perform as expected or the cost of unforeseen significant capital improvements could decrease the Group's cash flows. The Group may also have underestimated the cost of improvements needed to market the property effectively to potential tenants. Any of these events could materially adversely affect the Group's business, financial condition, operating results and cash flows.

Risks related to regulatory matters

As the Group is active or intends to develop business in seven mid-European countries and Germany, the Group is subject to a wide range of EC, national and local laws and regulations. These include requirements in terms of building and occupancy permits (which must be obtained in order to develop and rent out projects), as well as zoning, health and safety, environmental, monument protection, tax, planning, foreign ownership limitations and other laws and regulations.

The Group applies for the permits necessary to construct and exploit its real estate. As a result of bureaucracy, environmental and heritage protection laws, and time constraints with the administrative authorities in the relevant jurisdictions, the Group may encounter difficulties in obtaining relevant permits or, more likely, may acquire those permits later than expected. The lead time to obtain necessary permits varies across the CEE, SEE and Baltic regions, ranging from a few months to up to 18 months. Delay and/or changes in the construction process and plans might occur as a result of external factors, e.g. the discovery of archaeological sites.

Changes in laws and governmental regulations, or their interpretation by agencies or the courts, could occur. Such regulatory changes and other economic and political factors, including civil unrest, governmental changes and restrictions on the ability to transfer capital in the foreign countries in which the Group has invested, could have a materially adverse effect on the Group's business, financial condition, operating results and cash flows.

Risks related to the nature and composition of its portfolio: land for development, semi-industrial properties, offices

The valuation of a property depends to a large extent on national and regional economic conditions. The value of the Group's portfolio may be affected by a downturn of the property market or a change in the economic condition of the countries where the Group is present. Also the level of the interest rates is an important parameter for the valuation of real estate. A change in one of the assumptions used or factors considered in making a property's valuation could considerably decrease or increase the value of the property.

The Group's intention is to construct primarily semi-industrial properties and ancillary offices. In case of termination of a lease of semi-industrial property with ancillary offices, it may be difficult to attract a new tenant requiring all of the ancillary office space. Due to the nature of the real estate and the lack of alternative uses of semi-industrial properties and to a more limited extent the offices, the ability to respond to adverse changes in the performance of the properties could be limited which could impact the business, financial condition, operating results and cash flows of the Group.

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.

Risks related to the ability to generate continued rental income

The semi-industrial property lease market also depends largely on the economic conditions and parameters relating specifically to the property such as location and the condition of the property. In addition, the legal context or regulatory changes may impose constraints on the indexation of lease 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 concludes contracts with reputable companies that have a solid financial reputation in order to assure itself of a recurrent rental income. Contracts are secured by standby letters of credit and / or parent guarantees covering on average a 6 month lease period. The Group's 5 largest customers represented 53 percent of rental income (calculated on annualised half-year figures as of 30 June 2007). If a significant number of customers, or one or more of its largest customers, were unable to meet their lease obligations this could materially adversely affect the Group's business, financial condition, operating results and cash flows. As a result of the growth strategy of the Group, the customers' base is expected to become more diversified.

Risks related to the ability to generate valuation gains

Valuation gains and losses (which are not realised) are recognised in the income statement. The net results of the Group for the period from 2004 until 30 June 2007 originate principally from valuation gains related to its investment property (in a proportion of 89 percent, 89 percent, 95 percent and 97 percent valuation gains / profit before income tax for the periods ended at respectively 30 June 2007, 30 June 2006, 31 December 2006 and 31 December 2005). As a consequence, a downturn of the property market or a negative change in one of the assumptions used or factors considered in making a property's valuation (interest rates, local economic situation, market sentiment, market yield expectation, inflation) could decrease the value of the property and have a material adverse effect on the operating results of the Group. These factors are not under the Group's control.

The Group may not be able to offset such valuation losses through expected future rental income, which may adversely affect the operating results. For the period from 2005 until 30 June 2007 the ratio gross rental income / Profit before income tax was 9.4 percent, 14.3 percent, 13.4 percent and 8.9 percent respectively for the periods ended 31 December 2005, 31 December 2006, 30 June 2006 and 30 June 2007.

Increased competition

The markets in which the Group operates are exposed to local and international competition. It cannot be excluded that the Group may experience increased competition in acquiring land in interesting locations. This could have an influence on the purchase price and on the development costs of the sites, which could have an impact on the Group's financial results.

The Group's competitors and potential competitors may have significantly greater financial, technical, marketing, service or resources than the Group and have a longer operating history in certain countries or regions or greater name recognition. The Group's smaller size may therefore be considered negatively by prospective customers. In addition, the Group's competitors may be able to respond more quickly than the Group can to changes in customer requirements and devote greater resources to the enhancement, promotion and rental of its semi-industrial real estate. If competition intensifies and the Group's occupancy rates or rental revenues decline, this could materially adversely affect the Group's business, financial condition, operating results and cash flows.

Ability to manage growth and to continue adequate and efficient monitoring of the portfolio

The Group's future success will depend in part on its ability to manage future expansion and to identify attractive investment opportunities. Such expansion is expected to place significant demands on management, support functions, accounting and financial control, sales and marketing and other resources and would involve a number of risks, including: the difficulty of assimilating operations and personnel in the Groups operations, the potential disruption of ongoing business and distraction of management; expenses related to such integration and in the case of acquisitions in certain mid-European countries, uncertainty regarding foreign laws and regulations.

Risk of environmental claims

Although the Subsidiaries have so far realized all of their projects on formerly agricultural land where presence of environmental polutants is unlikely, when acquiring new plots of land, the Subsidiaries are at the risk of acquiring land which contains environmental pollutants (e.g. waste, oil or toxic chemicals) which are harmful to the environment or to the health of workmen on the sites. The removal and disposal of such hazardous substances, along with the associated maintenance and repair work, could entail significant costs and it may be impossible for the Subsidiaries to obtain recourse against the party responsible for the pollution or against prior owners.

These environmental risks are particularly acute with respect to plots of land located in countries where reliable documentation for past contamination does not exist or where the laws governing environmental matters are in development or unclear, as is more often the case in the countries of central and eastern Europe than in western Europe. These risks associated with environmental claims are not always predictable or under the Subsidiaries' control. The incurrence of environmental claims or unforeseen costs to remove or dispose of these substances or to repair resultant damage caused by them could adversely affect the Group's business, financial condition, results of operations and prospects.

Property maintenance risk

The desirability of rental property depends not only on its location but also on its condition. 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. Most of the Group's properties are new, and are expected to require only standard maintenance in the near term. As these properties age, or as market requirements change, maintaining or upgrading these properties in accordance with market standards may entail significant costs, which are typically borne primarily by the property owner, not the tenants. If the actual costs of maintaining or upgrading a property exceed the Group's estimates, or if hidden defects are discovered during maintenance or upgrading, which are not covered by insurance or contractual warranties, or if the Group is not permitted to raise its rents, the Group will have to bear the additional costs. Furthermore, any failure by the Group to undertake relevant repair work in response to the factors described above could adversely affect the income earned from affected properties. These factors could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Insurance risks of the real estate

The Group's real estate can be damaged or destroyed by acts of violence, natural disaster, civil unrest or terrorist attacks or accidents, including accidents linked to the goods stored. Certain types of losses, however, may be either uninsurable or not economically insurable in some countries, such as losses due to floods, riots, acts of war or terrorism. In such circumstances, the Group would remain liable for any debt or other financial obligation related to that property. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make insurance proceeds insufficient to cover the cost of restoring or replacing a property after it has been damaged or destroyed. The Group's business, financial condition, operating results and cash flows may be adversely affected in such circumstances.

If after damage or destruction, the property cannot be rebuilt or achieve former occupancy and profitability levels within the period of coverage, this could result in a material adverse effect on the Group's future business, financial condition, operating results and cash flows.

Risks related to goods stored by the Group's customers

As a general rule, the Group does not generally have access to its leased out property and cannot prevent its tenants from storing hazardous materials, stolen goods, counterfeit goods, drugs or other illegal substances. Although the terms of the standard lease contracts for customers prohibit the storage of illegal and certain other goods on the Group's premises, the Group cannot exclude the possibility that the Group may be held ultimately liable with respect to the goods stored by its customers. In addition, unfavourable publicity as a result of illegal contents stored at one of the Group's property could have a material adverse effect on the Group's business, financial condition, operating results and cash flows.

Dependency on key personnel

The Group depends to a large degree on the expertise and commercial qualities of its management, commercial and technical team and recognises the need to provide incentive for and retain employees. The loss of services of any members of the management or failure to attract and retain sufficiently qualified personnel may have a material adverse effect on the Group's business, financial condition, operating results and cash flows.

Therefore the Group will adopt an incentive plan to grant options to certain of its key personnel to acquire Existing Shares. Further details of the incentive plan are set out in Chapter V, Section 5 of this Prospectus.

Litigation

The Group may become subject to disputes with tenants, commercial parties with whom the Group maintains relationships or other commercial parties in the rental or related businesses. Any such dispute could result in litigation between the Group and such commercial parties. Whether or not any dispute actually proceeds to litigation, the Group may be required to devote significant management time and attention to its successful resolution (through litigation, settlement or otherwise), which would detract from the Group management's ability to focus on its business. Any such resolution could involve the payment of damages or expenses by the Group, which may be significant. In addition, any such resolution could involve the Group agreement to terms that restrict the operation of the Group's business.

Financial risks

Risks relating to potential insolvency

In the event of insolvency of one of the Subsidiaries, its financial and trade creditors will be entitled to receive payment from such Subsidiary's assets before any assets are distributed to its shareholders. A number of the Group's properties have been pledged as collateral for debt financing and are encumbered with mortgages. If any of the Subsidiaries which assets are pledged or mortgaged were to be declared bankrupt, there is a high likelihood that all or substantially all of such assets would be used to satisfy claims of its creditors. Such situation could have a material adverse effect on the Company's business, financial condition, results of operations and prospects or the value of the Shares.

Evolution of debt ratio of the Group

The Group expects that in the medium term it will significantly increase the amount of borrowings following the Offering. Additional borrowings may be required, among other things, to make future investments in the acquisition of strategically located land in mid-European countries and Germany, to develop semi-industrial property on its land bank and to refinance the current portion of outstanding debt. As a result, the Group expects that its total indebtedness as a percentage of total assets and its financing costs will increase substantially, which will result in higher financing costs and financing and refinancing risks.

The Company expects that for the foreseeable future and post Offering it will be operating within a gearing level (net debt / equity) of up to 2:1.

Risks associated with debt financing include the risk that available funds will be insufficient to meet required payments and the risk that existing indebtedness will not be refinanced or additional debt obtained or that the terms of such refinancing or additional debt will not be as favourable as the terms of existing indebtedness. The Group's debt is generally secured by real estate or related collateral. To the extent that the Group is unable to meet required payments, pledged assets could be transferred to the lender with a consequent loss of such assets.

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. In addition, changes in interest rates could materially affect the value of the Group's property portfolio. Although debt markets have generally been favourable for borrowers over the past years and interest rates have remained low, there can be no assurance that favourable conditions will continue or that interest rates will not increase. Increases in interest rates could have a material adverse effect on the Group's business, financial condition, operating results and cash flows.

Fluctuation in currency exchange rates

The Group publishes its financial statements in Euro. 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. Assets and liabilities denominated in local currencies are translated into euros. Consequently, variations in the exchange rate of the Euro versus these other currencies will affect the amount of these items in the Group's consolidated financial statements, even if their value remains unchanged in their original currency.

Under the Group's foreign exchange policy, foreign exchange hedging is mainly confined to hedging transaction exposures exceeding certain thresholds and/or if required under the existing loan agreements. Forward foreign exchange contracts are primarily used for these purposes.

These translations have resulted in the past and could result in the future in changes to the Group's results of operations, balance sheet and cash flows from period to period.

Risks related to tax aspects

New tax legislation as well as changing interpretation of tax regulations in the different countries in which the Company is operating could have an impact on the tax position of the Group.

Each of the Group's properties is subject to real estate and property taxes. These taxes may increase in the future as tax rates change and as the Group's property values are assessed or reassessed by tax authorities. Depending on local market conditions, the Group may not be able to offset the tax increases through increases in rent or other income, which may adversely affect the yields on the Group's investments and business, financial condition, operating results and cash flows.

Risks relating to the Czech Republic and other mid-European countries

The Prague Stock Exchange is substantially smaller and less liquid than securities markets in certain other countries

As at 31 July 2007, shares representing 31 companies were registered for trading on the Prague Stock Exchange and, of these, shares representing 20 companies were registered for trading on the Main Market and 11 on the official free market. No shares were registered for trading on the unregulated free market. The total market capitalisation at such date with respect to companies registered for trading on the Main Market and all companies registered for trading on the Prague Stock Exchange was approximately CZK 1,722 billion (EUR 61.4 million) and CZK 1,747 billion (EUR 62.3 million), respectively. Accordingly, the market is highly concentrated and a very small number of companies represent the gross majority of the market capitalisation and trading volumes of the Prague Stock Exchange. There is no guarantee that the Shares, even though expected to be quoted on the Main Market of the Prague Stock Exchange, will be actively traded and, if they are not, this is likely to increase price volatility and/or adversely affect the price of the Shares. This risk is mitigated by the fact that the Shares will also trade on Eurolist by Euronext Brussels.

Social, economic or political developments in the Czech Republic and other mid-European countries

Investing in the Offered Shares may involve a higher degree of risk than that involved in the securities of similar issuers operating in more developed markets. The Group's operations in the Czech Republic and in other mid-European countries are exposed to risks common to all regions that have recently undergone, or are undergoing, political, economic and social change, including currency fluctuations, evolving regulatory environment, inflation, economic recession, local market disruption, labour unrest, changes in disposable income or gross national product, variations in interest rates and taxation policies, levels of economic growth, expected declines in birth rate and other similar factors.

In particular, the Czech Republic, where a majority of the Group's current operations are located, has undergone dramatic economic reform since 1989 and public discussion still continues as to the need to reform pension and healthcare systems and to balance the fiscal budget. A failure to safeguard the sustainability of the public finances could potentially destabilise the Czech Crown against foreign currencies, increase inflation and the borrowing costs of the Czech Republic through lower debt ratings and deteriorate the overall economic situation, which may thereby adversely affect the Group. While political parties in the Czech Republic acknowledge this problem, they have not reached a political agreement on a solution acceptable to all involved parties. Even if an agreement is reached on reforms among political parties in the Czech Republic, no assurance can be given that any such reforms will not adversely affect the Group's business, prospects, financial condition or results of operations.

Many of these factors are entirely beyond the control of the Group. Adverse social, economic or political developments in the markets where the Group operates may have an adverse effect on the overall stability of the mid-European region and subsequently on its business, prospects, financial condition or results of operations.

Inherent risks related to ownership titles to property

Defects in the ownership title

Local laws set specific statutory requirements for the acquisition of property (such as approvals of transfers by corporate bodies, obtaining zoning permits for land division, complying with statutory or contractual pre-emption rights, consent of the spouses or municipalities, fulfilment of various contractual conditions etc.). Due to the inconsistency in the interpretation and application of law by the competent authorities, and potential lack of compliance with all legal requirements during the acquisition process, the Subsidiaries in the Czech Republic, Slovakia, Lithuania and Hungary may not have title to some of the plots of land despite being registered as the owners of such plots of land in the relevant real estate registry. The real estate registries in the Czech Republic, Slovakia, Lithuania and Hungary do not provide conclusive evidence of ownership title to property, and thus there can be no assurance provided that the person registered in the real estate registry is, in fact, the actual owner of such real estate property.

While none of the Subsidiaries has to date experienced the situation where title to plots of land has been subject to any legal proceedings leading to the loss of the title, the Company is subject to the risk that the Subsidiaries may not acquire or have acquired titles to some of the plots of land in the Czech Republic, Slovakia, Lithuania and Hungary, and/or that the relevant Company's subsidiary in the Czech Republic, Slovakia, Lithuania and Hungary could be determined to be in violation of applicable law. Any such outcome could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Land subject to future purchase agreements

A number of plots of land intended for various projects of the relevant Subsidiaries are subject to agreements on future purchase agreements. Potential breach of the future seller's obligations to sell the plots of land to the relevant Subsidiary may lead to a significant delay in the time schedule for the realisation of the relevant project or jeopardize the acquisition of such plots of land by the relevant Subsidiary.

Restitution claims

Under Czech, Slovak, Lithuanian and Hungarian law it was possible to claim back ownership of previously nationalised property (including real estate). Not all such restitution claims have been fully settled to date and there can be no assurance that such restitution claim would not be or has not been brought against the plots of land owned (or planned to be acquired) by the Subsidiaries in the Czech Republic, Slovakia, Lithuania and Hungary. As a result of such restitution claim the ownership title to the plots of land of the Subsidiaries in the Czech Republic, Slovakia, Lithuania and Hungary could be adversely affected or additional costs (remediation or compliance) could be incurred. Any such outcome could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company is not aware of any outstanding challenges of ownership title to the plots of land owned (or planned to be acquired) by the Subsidiaries in the Czech Republic, Slovakia, Lithuania and Hungary through a restitution claim.

The legal systems and procedural safeguards in the Czech Republic and other mid-European countries are not yet fully developed.

The legal systems of the Czech Republic and other mid-European countries have undergone dramatic changes in recent years. In many cases, the interpretation and procedural safeguards of the new legal and regulatory systems are still being developed, which may result in an inconsistent application of existing laws and regulations and uncertainty as to the application and effect of new laws and regulations.

Additionally, in some circumstances, it may not be possible to obtain the legal remedies provided for under relevant laws and regulations in a reasonably timely manner or at all. Although institutions and legal and regulatory systems characteristic of parliamentary democracies have been developed in the Czech Republic and other mid-European countries and they lack an institutional history. As a result, shifts in government policies and regulations tend to be more frequent and less predictable than in the countries of Western Europe and at the same time the enforceability of law is lower. Moreover, a lack of legal certainty or the inability to obtain effective legal remedies in a reasonably timely manner may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Risks related to the Offering

Absence of a liquid public market for the Shares and the VVPR-strips prior to the Offering

Prior to the Offering, there did not exist a public market in the Shares and the VVPR-strips; following the Offering, an active public market for the Shares and the VVPR-strips may not develop or be sustained. The Offering Price will be determined by the board of directors of the Company in consultation with the Global Coordinator & Bookrunner, on the basis of the book-building procedure in which only institutional investors are allowed to participate. The Offering Price may possibly not be a reliable indication of the Company's future share prices, which may well fall below the Offering Price. Factors that are relevant in the book-building procedure include, amongst others:

- the market conditions at the time of the Offering;
- the number of Offered Shares requested, the size of the orders received, the quality of the investors submitting such orders, and the prices at which the orders were placed;
- the Group's and its sector's future prospects;
- the Group's operating revenues, earnings and other financial and operating information from its recent past;
- the market prices of securities and the financial-operational information of companies that are engaged in similar business activities.

Use of proceeds

The Group will have significant flexibility and broad discretion in its allocation of the net proceeds of the Offered Shares.

The Group's board of directors and management will determine, at their sole discretion and without any need for shareholders' approval, the amounts and the timing of the Group's actual and further expenditures, which will depend on various market factors.

The Group is open for various opportunities that may present themselves for acquiring real estate or participating in real estate projects that are deemed to be complementary to its own portfolio.

Future dilution

The Company might decide to increase the capital in the future through the issuance of public or private (convertible) bonds, equity securities and/or rights to acquire these bonds or securities. In such event, the preferential right attached to the shares existing at that moment can be limited or even excluded.

Should the Company, by such or other means, raise significant amounts of capital, this could at that time bring about a substantial dilution for the shareholders.

Volatility of the Share price

Besides the risk factors that are being listed in this Prospectus, numerous factors can exert a significant impact on the Shares' market price and its volatility, more particularly:

- the announcement of new large contracts or of collaborations with or take-overs by the Group's competitors or by the Group itself;
- disputes and/or economic, monetary, or other external factors;
- adverse changes in the currency markets and interest rate evolution;
- arbitrage as a consequence of the listing in EUR in Belgium and in CZK in the Czech Republic.

No minimum amount for the Offering

The Group is entitled to issue fewer New Shares than for the anticipated maximum amount of EUR 50 million (which may be supplemented with an Over-allotment Option of up to 15% of the New Shares).

As a result (i) fewer Shares would be traded on Eurolist by Euronext Brussels (Belgium) and on the Main Market of the Prague Stock Exchange (Czech Republic), which would lower the liquidity of the Shares, and (ii) the Group might not have the necessary financial resources available so as to realise the anticipated utilisation of the proceeds of the capital increase as described in Chapter II, Section 7. As a consequence, the Group might have to reduce its investment level, may need to call upon other financing or may even deviate from the foreseen investment strategy.

Presence of significant shareholders

Alsgard and VGP MISV are companies related to Mr Jan Van Geet. VM Invest is a company related to Mr Bart Van Malderen. Alsgard, VGP MISV, VM Invest, Mr Jan Van Geet and Mr Bart Van Malderen intend to pursue a longlasting common policy towards the Company and have reached an oral agreement to maintain (directly or indirectly) an equivalent stake in the Company. They consider themselves to be acting in concert, and as a consequence of the importance of their respective shareholdings in the Company, have common control over the Company.

These significant shareholders will be able to elect or dismiss directors and, case pertaining, adopt other resolutions that normally are adopted by the general meeting of shareholders (for which more than 50 percent or 75 percent is required of the existing votes in attendance or represented at the general meeting of shareholders which is dealing with those points on the agenda). Even if significant shareholders individually do not obtain enough votes to impose certain resolutions upon the general meeting of shareholders, acting in concert they could block resolutions that require more than 50 percent of the votes of the Group in attendance or represented at the general meeting of shareholders in question. Any such voting by these significant shareholders may or may not be in the best interests of the Group or of the other shareholders in the Company.

The Company will incur increased expenses as a result of being a public company

As a public company, the Company will have to incur legal, accounting, and other expenses that it did not have as a private company. For example, the Group will appoint additional directors, create additional board committees, and adopt additional policies regarding corporate governance. In addition, the Company will incur increased expenditures associated with the development of investor relations and with public company reporting requirements in Belgium and in the Czech Republic. Likewise, the Company will need to pay listing fees.

It cannot be excluded that these new rules and regulations imposed on the Company will exert an impact with regard to obtaining liability insurance for its directors and officers.

Czech (retail) investors may face currency risks

The Offering Price will be fixed in EUR and Czech (retail) investors can subscribe for and pay for the Offered Shares in EUR only. The Offered Shares cannot be subscribed for or paid for in CZK or any other currency than EUR. Consequently Czech retail investors not keeping at their disposal a corresponding amount in EUR to pay for the subscribed Offered Shares may be as from the subscription for the Offered Shares until the settlement of their order exposed to a risk of adverse exchange rate developments.

Risks related to the conditional trading

As of the Listing Date and until the Closing Date, the Shares will be listed and traded in Belgium on the main market of Eurolist by Euronext Brussels and on the Main Market of the Prague Stock Exchange on a conditional ("if-and-when-issued-and-delivered") basis.

Investors wishing to engage in transactions in the Shares prior to the Closing Date, whether such transactions are conducted on Eurolist by Euronext Brussels, the Main Market of the Prague Stock Exchange or elsewhere, should be aware that the capital increase may possibly not take place on 11 December 2007, or may not happen at all, if certain conditions or events are not satisfied or if the Underwriting Agreement is not signed (see Chapter III, Section 7, "Underwriting").

Euronext Brussels and the Prague Stock Exchange would annul all transactions in the Shares if the Offered Shares are not issued. Likewise, Euronext Brussels and the Prague Stock Exchange have indicated that, in the event Closing of the Offering does not occur, they cannot be held liable for any damage and losses arising from the listing and the trading on a conditional ("if-and-when-issued-and-delivered") basis. Investors will not have the right to claim any costs from the Underwriters in this respect.

SUMMARY

The words written in capital letters shall – in singular or in plural – have the meaning as defined in the Section "Definitions" or assigned to them below.

This summary is to be read solely as an introduction to the Prospectus. The summary contains selected information about VGP NV and the Offering. The summary must be read together with, and is fully qualified by the more detailed information, combined accounts and explanatory notes that appear elsewhere in this Prospectus. It must also be read together with the information provided in the section "Risk Factors". Any decision to invest in the Offered Shares must be based on the Prospectus in its entirety. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the applicable legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Nobody can be held liable under civil law merely on the basis of the summary or translation thereof, unless the content is misleading, inaccurate or inconsistent when read with other parts of this Prospectus.

The following sections of the Prospectus are deemed included in this summary and form an integral part of this summary; Chapter VII "Activities of the Company", Sections 1 up to (and including) 7.2 and Section 8.3.

1 The Company VGP NV

1.1 Reorganisation prior to the Offering

Prior to the Offering, a reorganisation will take place by means of the Contribution in Kind, which will make the Company the parent company of VGP Park Olomouc a.s., VGP Park Nýřany a.s., VGP Park Lovosice a.s., VGP Park Hradec Králové a.s., VGP Park Liberec a.s., Industrie Park Sever a.s., VGP Park Turnov a.s. and VGP – industriální stavby s.r.o. This is described in further detail in Chapter V, Section 4.2.

1.2 VGP NV

VGP NV is a limited liability company that was incorporated under Belgian law for an undetermined period on 6 February 2007. The Company was incorporated by Messrs Jan Van Geet and Bart Van Malderen. The Company's registered office is situated at Greenland – Burgemeester Etienne Demunterlaan 5, 1090 Brussels (Belgium) and the Company is registered under enterprise number 0887.216.042 (Register of Legal Entities Brussels, Belgium).

The Company, being a holding company falling within the exception of article 4, section 3, 1 of the ucits – law of 20 July 2004 (*Wet betreffende bepaalde vormen van collectief beheer van beleggings-portefeuilles)*, has not been set up as a Belgian real estate investment trust (*"vastgoedbevak"/"sicafi"*). As a consequence the Company does not benefit from the fiscal advantages of a Belgian real estate investment trust and is not subject to the regulatory framework applicable to these real estate investment trusts.

1.3 Summary of the activities

The Group is a real estate group specialised in the acquisition, development, and management of semi-industrial real estate, i.e. buildings suitable for logistical purposes and light industrial activities. The Group focuses on strategically located plots of land in the mid-European region and Germany suitable for 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.

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

To a more limited extent the Group still provides some facility management to third parties.

The aim of the Group is to become a leading specialised developer and owner of semi-industrial property for the mid-European region and Germany.

1.4 Key strengths

- Focused real estate group specialised in both developing and managing a portfolio of high-end semi-industrial real estate on top locations, in full ownership.
- Strong geographical presence in mid-European markets: Czech Republic, Slovakia, Hungary and Latvia; with further expansion strategy towards amongst others Romania, Estonia, Lithuania and Germany. Especially in the Czech Republic where the Group started operations 5 years ago as an early-mover, the Group managed to establish itself firmly on the semi-industrial property market.
- Attractive growth perspectives in the markets where the Group is or intends to be active, both in the mid-European region and Germany.
- Geographically diversified land bank and a portfolio of recent and qualitative semi-industrial property on strategic locations. All semi-industrial properties in the portfolio share the same level of finishing quality, technical requirements and standardisation of its fittings and functionalities so as to contribute to the long term value and the re-leasability of the real estate.
- Land bank of strategically located plots of land totalling some 2,334,171 m² of which 1,815,158 m² in the Czech Republic to secure further development of its portfolio of standing semi-industrial assets.
- Clustering of semi-industrial assets in strategically located business parks represents economies of scale and commercial advantages in terms of multiple alternatives and expansion possibilities for tenants.
- Acceleration of the number of projects completed and let with below-market vacancy rates through lease contracts with an average maturity of 5 years.
- In-house set of capabilities and competences allowing for a fully integrated business model of prospecting and acquiring plots of land, undertaking and managing the full development process and the rent out, and subsequently managing the portfolio of standing assets as demonstrated by the strong track record of the management.
- Strong focus on shareholder value creation both in terms of a careful selection of land, the management of the development process and the commercial effort in terms of leasing out the developed assets. Furthermore the strong economic growth prospects of the regions where VGP is active underpinned by the corresponding yield compression in real estate assets further support the creation of shareholder value.

1.5 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 and Germany. 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 coordination of the building activities itself.

1.6 Dividend Policy

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

The declaration and payment of any 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.

1.7 Corporate Governance

Upon Closing of the Offering, the board of directors of the Company will consist of five members, three of which are independent directors.

The Company will adopt 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 Company's 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.

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 of the Company subject to the Closing of the Offering.

2 Brief introduction to the markets in which the Group operates or intends to operate

The property markets in which the Group invests or intends to invest (mid-European region and Germany), have experienced a significant increase of investment activity over the last decade. A climate of falling interest rates, strong economic growth and increasing exchange rate stability have also fed through the semi-industrial market segment in the region. In general however this market segment to date has proven to be less responsive to the changing economic environment both in terms of generation of supply as the quality of the assets, thus attracting developers and investors. The semi-industrial market segment is gradually catching up with the other real estate market segments that gained interest of (international) investors and developers much earlier.

The semi-industrial market segment has undergone a significant yield compression over the last few years, whereby yields are currently approaching convergence levels with most western European markets, remaining in a range of 6-8 percent (for mid-European core markets such as the Czech Republic, Hungary, Poland and Slovakia).

3 The Offering

3.1 Terms and Conditions

Offering	The Offering consists of public offerings in Belgium and in the Czech Republic and an international private placement with institutional investors in certain countries within the European Economic Area and Switzerland. It is the intention to offer up to 40 percent of the Offered Shares (excluding the Over-allotment Option) to retail investors. However, in the event of oversubscription by the retail or institutional investors, this ratio may be altered (see hereafter "Allocation").

Offered Shares	The Offered Shares consist of (i) up to EUR 50 million in New Shares with VVPR-strip that are being offered by the Company and (ii) if exercised, an Over-allotment Option of up to 15% of the New Shares (the "Additional Shares").
Over-allotment Option	The Company will at an extraordinary shareholders' meeting to be held before the opening of the Offering Period grant to the Global Coordinator & Bookrunner, over-allotment warrants, exercisable within a period of 30 days starting from the Listing Date, to subscribe for new shares up to a max. of 15% of the New Shares, at the Offering Price, solely to cover over-allotments. The Shares covered by the Over-allotment Option will be New Shares without VVPR-strips. For further details, see Chapter III, Section 4, "Over-allotment Option and Stabilisation".
Offering Period	The Offering will begin on 21 November 2007 and will be closed on 5 December 2007 at 4:00 p.m. CET, subject to early closure. The Offering Period shall, in any event, be open for at least 6 Banking Days as of the date of availability of the Prospectus. The Offering Period is the same for retail investors as for institutional investors. Taking into account the fact that the Offering Period may be closed earlier and preferential treatment of orders received from retail investors before 4.00 p.m. CET on 28 November 2007, investors are invited to submit their orders as promptly as possible.
Offering Price	The price per Offered Share and the allocation method will be determined after closure of the book-building period. The Offering Price is expressed in EUR and is identical for all investors, both retail and institutional. The Offering Price will be determined on the basis of a book-building procedure during the Offering Period within a pre-defined price range, that will be published prior to the opening of the Offering Period in the financial press in Belgium and in the Czech Republic, as well as on the Company's website (www.vgpparks.eu) and the websites of the Managers and Selling Agents, in the form of an addendum to the Prospectus as approved by the CBFA and notified to the Czech National Bank. Only institutional investors can participate in the book-building. The Offering Price will under no circumstance exceed the upper-end of the pre-defined price range. Following the closure of the Offering Period, the board of directors of the Company will determine the Offering Price as soon as possible in consultation with the Global Coordinator & Bookrunner. The Offering Price and allocation of Shares will be notified to the CBFA and the Czech National Bank and published in the financial press in Belgium and in the Czech Republic, as well as on the Company's website (www.vgpparks.eu) and the websites of the Managers and Selling Agents, on the first publication day following its determination.
Allocation	It is expected that the allocation of the Offered Shares will take place immediately following the determination of the Offering Price.

	In case of oversubscription the envisaged proportion for the retail (40 percent of the Offered Shares excluding Over-allotment Option) may be adjusted. No less than 10 percent of the Offered Shares allocated in Belgium will be allocated to retail investors in conformity with the Belgian Royal Decree of 17 May 2007 relating to practices on the primary market. In case of oversubscription the demands from investors will be reduced. The allocation to institutional investors will be made dependent on the quantitative and qualitative analysis of the order book. The allocation to retail investors will be made on the basis of objective criteria, such as, among others, preferential treatment of orders received from retail investors before 4.00 p.m. CET on 28 November 2007, or orders submitted by retail investors directly to the Selling Agents. Taking into account the possibility of an early closing and the preferential treatment of orders received from retail investors before 4.00 p.m. CET on 28 November 2007, investors are invited to submit their orders as soon as possible as from 21 November 2007. The allocation method will be published in the financial press in Belgium and in the Czech Republic, as well as on the Company's website (www.vgpparks.eu) and the websites of the Managers and Selling Agents, on the first publication day following the allocation.
Payment, settlement and delivery of the Offered Shares	The payment and delivery of the Offered Shares will take place on the third Banking Day following the allocation. This date will be published in the financial press in Belgium and in the Czech Republic, as well as on the Company's website (www.vgpparks.eu) and the websites of the Managers and Selling Agents, simultaneously with the publication of the Offering Price and the allocation. The Offered Shares are bearer shares that will be represented by one or more global certificates deposited with Clearstream, which will act as global depositary, and will only be delivered in book-entry form through Euroclear Belgium, the Belgian central security depository, and Univyc a.s. (Univyc), a subsidiary of the Prague Stock Exchange authorised to settle trades on the Prague Stock Exchange. The financial intermediaries which are a direct member or have an indirect link (via local correspondent banks) to Clearstream or Univyc will deliver the Offered Shares to their clients/investors by crediting their interests in the Offered Shares to their securities accounts as soon as possible following the allocation, which is expected to take place on or about 6 December 2007.
Participation in the results	The Shares participate in the results of the Company as from the first day of the current fiscal year ending on 31 December 2007. The Company intends to pursue dividend payments on a regular basis. The declaration and payment of any 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.
Listing and code of the Shares	An application has been made for admission of the Shares to the main market in Belgium of Eurolist by Euronext Brussels and the Main Market of the Prague Stock Exchange, provided that until the Closing Date the Shares will be listed and traded on an "if-and-when-issued-and-delivered" basis. This conditional listing and trading is expected to take place on the first trading day following the allocation. The Shares and VVPR-strips will be traded in EUR in Belgium. The Shares will be traded in CZK in the Czech Republic. The ISIN number of the Shares is BE 0003878957 and BE 0005621926 for the VVPR-strips. The ISIN number will be identical for both markets.
Lock-up	The Existing Shareholders have undertaken, from the Listing Date and at least until the date that is 365 days after the Closing of the Offering, not to sell or attempt to dispose of, or solicit any offer to buy any Shares, warrants or other securities or grant any options, convertible securities or other rights to subscribe for or purchase shares or enter into any contract (including derivative transactions) or commit with like effect, other than (i) in accordance with the incentive plan (see Chapter V, Section 5, "Shareholder structure"), (ii) in connection with the Existing Shares by the Global Coordinator & Bookrunner under stock lending agreements, or (iii) the sale by VM Invest to Messrs Jan Van Geet and Jan Procházka of a number of Shares in the Company and the subsequent transfer of the Shares by Messrs Jan Van Geet and Jan Procházka, to Alsgard in accordance with Chapter V, Section 5, "Shareholder structure"), except after 180 days following the Closing of the Offering and with prior written consent of the Global Coordinator & Bookrunner, (which shall not be unreasonably withheld). The Company shall not, from the Listing Date and at least until the date that is 365 days after the Closing of the Offering, except with prior written consent of the Global Coordinator & Bookrunner, (which shall not be unreasonably withheld), (i) issue or sell, or attempt to dispose of, or solicit any offer to buy any Shares, warrants or other securities or grant any options, convertible securities or other rights to subscribe for or purchase shares or enter into any contract (including derivative transactions) or commit with like effect, or (ii) purchase any of its securities or otherwise reduce its share capital.

VVPR-strip	The New Shares are being offered with VVPR-strips, a reduced withholding tax coupon (*Verminderde Voorheffing / Précompte Réduit*). In general, a Belgian withholding tax of 25 percent is levied on dividends. The VVPR-strips permit the eligible holders-Belgian residents to benefit from a reduced withholding tax of 15 percent instead of 25 percent on dividends paid by Belgian companies (see Chapter III, Section 9. "Taxation"). All Belgian investors to which New Shares are allocated will receive VVPR-strips, unless the subscriber waives the right to receive VVPR-strips when ordering or applying for the Offered Shares. The Underwriters will use their best efforts to allocate New Shares with VVPR-strips to retail investors in Belgium in accordance with the distribution strategy as set out in Chapter III, Section 3.5, "Allocation methodology". Only the New Shares will have VVPR-strips attached.

3.2 Use of proceeds

The Company intends to use the net proceeds of the Offered Shares for the following goals:

(i) acquisition of additional strategically located land in (a.o.) the Czech Republic, Germany, Hungary, Slovakia, Romania, Estonia, Lithuania and Latvia; and

(ii) finishing of constructions in progress and the building and development of high-quality projects in the business parks.

(See Chapter II, Section 7, "Purpose of the Offering and use of proceeds").

The Company estimates that the net proceeds (being the proceeds from the New Shares less transaction costs related to the Offering) of the New Shares will be applied for approximately 80 percent to the acquisition of land (see (i)), and up to the balance applied for finishing of constructions (see (ii)).

3.3 Costs and remuneration of the intermediaries

The aggregate costs of the Offering include the remuneration to the CBFA in Belgium and the Czech market authorities and to the listing authorities in Belgium and in the Czech Republic, the costs of the legally required publications, cost of advisors and the fees to the Underwriters and other administrative costs. The entirety of the costs is estimated at TEUR 3,882 or 6.8 percent of the Offering. These costs will be borne by the Company.

3.4 Key dates

The following dates are tentative dates which may be subject to change in case of unforeseen circumstances.

Given the fact that the book-building period may close earlier than 5 December 2007, which will be announced in the financial press in Belgium and in the Czech Republic, the dates mentioned below for pricing, allocation, trading and Closing of the Offering may be adjusted accordingly.

Publication of the Prospectus and the terms and conditions of the Offering	21 November 2007	
Book-building period Offering Period	From 21 November 2007 till 5 December 2007	
End of the early subscription period and date on which early closing is possible	28 November 2007	28 November 2007
Determination of the Offering Price & allocation of the Shares	On or about 6 December 2007	D-1
Publication(*) of the results of the Offering including Offering Price and allocation	On or about 7 December 2007	D
Listing on if-and-when-issued-and-delivered basis	7 December 2007	D or D+1 at the latest
Closing Date / Settlement	11 December 2007	D+2

(*) First Banking Day following the day on which pricing and allocation will be decided upon and in any case no later than the fifth business day following the end of the Offering Period.

4 Selected financial information

The summary combined financial data of the Historic Group of Companies (as defined in footnote 2 and 3 in Chapter I, Section 2) set forth below should be read in conjunction with Chapter X, "Financial Information". The combined financial data is extracted from the combined financial statements of the Historic Group of Companies which have been audited by KPMG Bedrijfsrevisoren, independent auditors. The financial statements and accounts from which the summary combined financial data set forth have been derived were prepared in accordance with IFRS.

4.1 Combined Balance Sheet & Profit and Loss Summary

Combined Balance Sheet Summary

(All amounts in '000 EUR)	Six Months Ended 30-Jun-07*	31-Dec-06	Year Ended 31-Dec-05	31-Dec-04
	Audited	Audited	Audited	Audited
Investment Property	139,540	96,146	58,288	7,531
Investment Property Under Construction	11,112	6,955	1,413	7,076
Other	534	375	227	329
Total Non-Current Assets	151,186	103,476	59,928	14,936
Total Current Assets	16,298	6,164	24,009	2,396
Total Assets	167,484	109,640	83,937	17,332
Total Equity	63,091	43,106	19,581	2,240
Total Non Current Liabilities	86,539	59,661	48,932	14,252
Total Current Liabilities	17,853	6,874	15,424	841
Total Liabilities	167,484	109,640	83,937	17,332

** 30 June 2007 figures based on VGP NV, pro forma consolidated financials*

Profit and Loss Summary

(All amounts in '000 EUR)	Six-Months ended 30-Jun-07**	30-Jun-06	31-Dec-06	Year ended 31-Dec-05	31-Dec-04
	Audited	Audited	Audited	Audited	Audited
Gross rental Income	2,349	1,235	2,581	2,130	561
Property operating expenses	(661)	(293)	(706)	(398)	(198)
Net Rental and Related Income	**1,688**	**942**	**1,875**	**1,732**	**363**
Valuation gains on investment property	23,483	8,186	17,024	21,980*	926
Valuation losses on investment property	–	–	–	–	–
Net Valuation Gain on Investment Property	**23,483**	**8,186**	**17,024**	**21,980**	**926**
Other income	266	–	40	421	30
Other expenses (incl. administrative expenses)	(20)	(174)	(140)	(1)	(29)
Net Other Income / (Expense)	**246**	**(174)**	**(100)**	**420**	**1**
Net Operating Profit Before Net Financing Costs	**25,417**	**8,954**	**18,799**	**24,132**	**1,290**
Finance Income	1,765	967	991	23	18
Finance Expense	(921)	(688)	(1,794)	(1,517)	(774)
Net Finance Costs	**844**	**279**	**(803)**	**(1,495)**	**(756)**
Profit Before Income Tax	**26,261**	**9,233**	**17,996**	**22,638**	**534**
Income tax expense	(6,375)	(2,249)	(4,249)	(5,364)	(125)
Net Profit for the Period	**19,886**	**6,984**	**13,747**	**17,275**	**409**

** 12,775 TEUR fair value valuation gain on the land of VGP Park Horní Počernice already included in 2005.*
*** 30 June 2007 figures based on VGP NV, pro forma consolidated financials*

Net Profit for the Periods

Net profit for the six months ending 30 June 2007 amounted to EUR 19.9 million, compared to EUR 7.0 million for the same period in 2006. This increase is mainly due to the positive fair value adjustment of EUR 23.5 million. Furthermore, the net profit was impacted by a deferred tax charge of EUR 6.4 million.

Net profit for the financial year 2006 amounted to EUR 13.7 million, compared to EUR 17.3 million for the financial year 2005, a decrease of 20.4 per cent. This decrease was mainly due to the fair value adjustment of EUR 22.0 million in 2005 as compared to EUR 17.0 million for the financial year 2006. This compared to a net profit for the financial year 2004 of EUR 0.4 million. The increase of the net profit in the financial year 2005 as compared to the financial year 2004 was mainly due to the positive fair value adjustment of EUR 22.0 million (as compared to EUR 1.0 million for the financial year 2004), which was to a limited extent offset by higher net finance costs and higher deferred tax charge related to the fair value adjustment of the portfolio. The EUR 22.0 million fair value adjustment of 2005 included a EUR 12.8 million fair value gain on the development land of VGP Horní Poceřnice to be recorded according to IFRS accounting rules.

4.2 Expected Contracted Annual Lease Income and Maturity

Management's expected annual lease income (based on the secured land positions as per 31 August 2007) can be summarised as follows:

(All amounts in '000 EUR)	Actual Lease Income	Projected Annual Lease Income		
	Six Months Ended 30-Jun-07	Year Ended Dec-07	Year Ended Dec-08	Year Ended Dec-09
From Secured Land Positions	2,349	5,103	11,888	23,850

Source: Management Business Plan

As at 30 June 2007 the Group had EUR 7,681,000 of committed leases (on an annualised basis). These committed leases relate to existing and future leases.

The weighted average term of the committed leases as at 31 August 2007 is 6.3 years. The committed leases have the following maturity profile:

Maturity of Committed Leases	<1 year	1-2 years	>2-5 years	>5-10 years
% of annualised rent income	4%	3%	55%	38%

4.3 Recent Developments

The committed leases are showing a positive evolution and as at 31 August 2007 the outstanding committed leases (on an annualised basis) have increased to EUR 11,072,000. As a result, the Group's expected annual lease income – based on the secured land positions as per 31 August 2007 – is secured for 100 percent in 2007, 93 percent in 2008 and 46 percent in 2009.

As at 17 September 2007, the total m^2 in ownerhip amounts to some 1,779,048 m^2 with another 1,155,123 m^2 under option subject to future purchase agreements (in total 2,334,171 m^2).

5 Risk Factors

Before deciding to invest in the Offered Shares, prospective investors should carefully consider the risks mentioned below and described in the section "Risk Factors" in addition to all other information presented in this Prospectus. The following risk factors have been identified by the Company as of the Prospectus Date that could influence the Group's activities, its financial status, its results and further development. However the below list is not to be construed as exhaustive as other elements, factors or risk can impact the Group, its activities, financial status or share price. The order in which the risks are presented below does not reflect the likelihood of their occurrence or the magnitude or significance of the individual risks. It is further stressed that this Summary only contains a summary of the risk factors explained in more detail at the beginning of the Prospectus.

The Group is and will be exposed to:

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

- Risks related to the nature of the Group's business: acquiring, developing, owning, managing a semi-industrial real estate portfolio;

  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. 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.

- Risks related to the Group's development activities;

  During the initial phases of development projects, the Group normally carries the costs of the project and begins to receive revenues only at a later point in time.

- Risks related to regulatory matters;

  As the Group is active or intends to develop business in seven mid-European countries and Germany, the Group is subject to a wide range of EC, national and local laws and regulations.

- Risks related to the nature and composition of its portfolio: land for development, semi-industrial properties, offices;

  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. In case of termination of a lease of semi-industrial property with ancillary offices, it may be difficult to attract a new tenant requiring all of the ancillary office space.

- 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.

- Risks related to the ability to generate valuation gains;

  A downturn of the property market or a negative change in one of the assumptions used or factors considered in making a property's valuation (interest rates, local economic situation, market sentiment, market yield expectation, inflation) could decrease the value of the property and have a material adverse effect on the operating results of the Group.

- Increased competition;

  The markets in which the Group operates are exposed to local and international competition.

- Ability to manage growth and to continue adequate and efficient monitoring of the portfolio;

  The Group's future success will depend in part on its ability to manage future expansion and to identify attractive investment opportunities.

- Risk of environmental claims;

  Although the Subsidiaries have so far realized all of their projects on formerly agricultural land where presence of environmental polutants is unlikely, when acquiring new plots of land, the Subsidiaries could be at risk of acquiring land which contains environmental pollutants (e.g. waste, oil or toxic chemicals) which are harmful to the environment or to the health of workmen on the sites.

- Property maintenance 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.

- Insurance risks of the real estate;

  The Group's real estate can be damaged or destroyed by acts of violence, natural disaster, civil unrest or terrorist attacks or accidents, including accidents linked to the goods stored. Certain types of losses, however, may be either uninsurable or not economically insurable.

  Insufficient insurance proceeds or the occurrence of an uninsurable risk may adversely affect the Group, business, financial conditions, operating results and cash flows.

- Risks related to goods stored by the Group's customers;

  Although the terms of the standard lease contracts for customers prohibit the storage of illegal and certain other goods on the Group's premises, the Group cannot exclude the possibility that the Group may be held ultimately liable with respect to the goods stored by its customers.

- Dependency on key personnel;

  The Group depends to a large degree on the expertise and commercial qualities of its management, commercial and technical team.

- Litigation;

  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.

Financial risks

- Risks relating to potential insolvency;

  In the event of insolvency of one of the Subsidiaries, its financial and trade creditors will be entitled (including as a result of encumbrances on properties) to receive payment from such Subsidiary's assets before any assets are distributed to its shareholders.

- 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 and post Offering 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.

- 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.

- Risks related to tax aspects;

  New tax legislation as well as changing interpretation of tax regulations in the different countries in which the Company is operating could have an impact on the tax position of the Group.

Risks related to the Czech Republic and other mid-European countries

- The Prague Stock Exchange is substantially smaller and less liquid than securities markets in certain other countries;

  There is no guarantee that the Shares, even though expected to be quoted on the Main Market of the Prague Stock Exchange, will be actively traded and, if they are not, this is likely to increase price volatility and/or adversely affect the price of the Shares. This risk is mitigated by the fact that the Shares will also trade on Eurolist by Euronext Brussels.

- Social, economic or political developments in the Czech Republic and other mid-European countries;

  Investing in the Offered Shares may involve a higher degree of risk than that involved in the securities of similar issuers operating in more developed markets.

- Inherent risks related to ownership titles to property;

  - Defects in the ownership title;

    Due to the inconsistency in the interpretation and application of law by the competent authorities, and potential lack of compliance with all legal requirements during the acquisition process, the Subsidiaries in the Czech Republic, Slovakia, Lithuania and Hungary may not have title to some of the plots of land despite being registered as the owners of such plots of land in the relevant real estate registry.

  - Land subject to future purchase agreements;

    A number of plots of land intended for various projects of the relevant Subsidiaries are subject to future purchase agreements, subject to potential breach of the future seller's obligations.

  - Restitution claims;

    Under Czech, Slovak, Lithuanian and Hungarian law it was possible to claim back ownership of previously nationalised property (including real estate).

- The legal systems and procedural safeguards in the Czech Republic and other mid-European countries are not yet fully developed;

  The legal systems of the Czech Republic and other 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. Also, it may not be possible to obtain legal remedies in time or at all.

Risks related to the Offering

- Absence of a liquid public market for the Shares and the VVPR-strips;

  Prior to the Offering, there did not exist a public market in the Shares and the VVPR-strips; following the Offering, an active public market for the Shares and the VVPR-strips may not develop or be sustained.

- Use of proceeds;

  The Group's board of directors and management will determine, at their sole discretion and without any need for shareholders' approval, the amounts and the timing of the Group's actual and further expenditures, which will depend on various market factors.

- Future dilution;

  Should the Company, by such or other means, raise significant amounts of capital, this could at that time bring about a substantial dilution for the shareholders.

- Volatility of the Share price;

  Numerous factors can exert a significant impact on the Shares' market price and its volatility.

- No minimum amount for the Offering;

  The Group is entitled to issue fewer New Shares than for the anticipated maximum amount of EUR 50 million. As a consequence, the Group might have to reduce its investment level, may need to call upon other financing or may even deviate from the foreseen investment strategy.

- Presence of significant shareholders;

  Alsgard and VGP MISV are companies related to Mr Jan Van Geet. VM Invest is a company related to Mr Bart Van Malderen. Alsgard, VGP MISV, VM Invest, Mr Jan Van Geet and Mr Bart Van Malderen intend to pursue a longlasting common policy towards the Company and have reached agreements on the transfer of voting rights in the Company. They consider themselves to be acting in concert.

- The Company will incur increased expenses as a result of being a public company;

  As a public company, the Company will incur additional legal, accounting and other expenses which it did not have as a private company.

- Czech retail investors may face currency risks;

  Czech retail investors not keeping at their disposal a corresponding amount in EUR to pay for the subscribed Offered Shares may as from the subscription for the Offered Shares until the settlement of their order be exposed to a risk of adverse exchange rate developments.

- Risks related to the conditional trading;

  Investors wishing to engage in transactions in the Shares prior to the Closing Date, whether such transactions are conducted on Eurolist by Euronext Brussels, the Main Market of the Prague Stock Exchange or elsewhere, should be aware that the capital increase may possibly not take place on 11 December 2007, or may not happen at all, if certain conditions or events are not satisfied or if the Underwriting Agreement is not signed.

DEFINITIONS OF THE PRINCIPAL GENERAL TERMS USED IN THE PROSPECTUS

Alsgard	Alsgard SA, a limited liability company organised and existing under Luxembourg law, with registered office at 6, Rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand-Duchy of Luxembourg and with enterprise number B64290; Alsgard is 67 percent owned by Mr Jan Van Geet and 33 percent by Mr Jan Procházka.
Banking Day	Any day (excluding Saturdays and Sundays) on which banks in Belgium and the Czech Republic are open for business.
CBC Banque	CBC Banque, a limited liability company organised and existing under Belgian law, with registered office at Grand Place 5, 1000 Brussels, Belgium, and registered with the register of legal entities under company number 0403211380.
CBFA	The Belgian Banking, Finance, and Insurance Commission, Congres-straat 12-14, 1000 Brussels, Belgium.
Czech National Bank	Česká národní banka (Czech National Bank), Na Příkopě 28, 115 03 Prague 1, Czech Republic.
CSOB	Československá obchodní banka, a.s., a joint-stock company organised and existing under Czech law, with registered office at Radlická 333/150 in 150 57 Prague 5, Czech Republic, identification no. 00001350, a 100 percent subsidiary of KBC Bank.
Czech Capital Markets Act	Act No. 256/2004 Coll., on Conducting Business on Capital Markets, as amended.
Czech Holder(s)	The beneficial owners of the Shares who satisfy all of the following conditions: (1) are resident in the Czech Republic for tax purposes; (2) are not resident in Belgium for tax purposes; and (3) do not have a permanent establishment or fixed base outside of the Czech Republic with which the holding of the Shares is effectively connected.
CZK	The Czech Crown, national currency of the Czech Republic.
Closing Date/Closing of the Offering	The date on which the capital increase of the Company will take place and the New Shares will be issued. It is the same date on which all Offered Shares will be settled, being the third Banking Day following the allocation date, subject to early closure of the Offering Period. This Closing Date will be published in the financial press in Belgium and in the Czech Republic, as well as on the Company's website (www.vgpparks.eu) and the websites of the Managers and the Selling Agents, together with the results of the Offering (a.o. Offering Price and allocation).
Combined Companies	The companies listed in Chapter V, Section 3, the shares of which will be contributed to the share capital of the Company by virtue of the Contribution in Kind.
Company	VGP NV, a limited liability company organised and existing under Belgian law, with registered office at Greenland – Burgemeester Etienne Demunterlaan 5, 1090 Brussels, , Belgium, with enterprise number 0887.216.042 (Register of Legal Entities Brussels) and issuer of the Shares.

Contribution in Kind	On 5 November 2007, the Pre-offering ESM resolved to increase the capital of the Company through a contribution in kind of all shares in the Combined Companies subject to the condition precedent of determination of the final Offering Price and signing of the Underwriting Agreement. The relative value of the shares in the Combined Companies is set out in Chapter V, Section 4.2.
EUR	The Euro, currency of the countries participating in the European Monetary and Currency Union.
Existing Shareholders	The holders of the Existing Shares (including the Shares that will be issued as consideration for the Contribution in Kind), i.e. the Founders, VM Invest and Alsgard.
Existing Shares	All Shares that constitute the Company's capital stock prior to the Offering, as well as the Shares that will be issued as consideration for the Contribution in Kind. The Existing Shares do not have VVPR-strips.
Founders	The founders of the Company, i.e. Messrs Jan Van Geet and Bart Van Malderen.
Group/VGP	The Company and the Subsidiaries (save for Chapter X in which another definition of "Group" applies – see heading "General Information" in Chapter X).
Global Coordinator & Bookrunner	KBC Securities.
Historic Group of Companies	Shall have the meaning set out in Chapter I, Section 1.
ING	ING Belgium NV, a limited liability company organised and existing under Belgian law, with registered office at Marnixlaan 24, 1000 Brussels, Belgium, and registered with the register of legal entities under company number 0403.200.393.
KBC Bank	KBC Bank NV, a limited liability company organised and existing under Belgian law, with registered office at Havenlaan 2, 1080 Brussels, Belgium, and registered with the register of legal entities under company number 0462920226.
KBC Securities	KBC Securities NV, a limited liability company organised and existing under Belgian law, with registered office at Havenlaan 12, 1080 Brussels, Belgium, and registered with the register of legal entities under company number 0437.060.521.
Listing Date	The first date on which the Shares can be traded on an "if-and-when-issued-and-delivered"-basis on Eurolist by Euronext Brussels, in Belgium and on the Main Market of the Prague Stock Exchange, in the Czech Republic.
Lock-up Agreement	The agreement signed by the Existing Shareholders whereby the latter undertake not to transfer any Shares for a period of at least 365 days as of the Listing Date (see Chapter III, Section 5, "Lock-up").
Managers	Patria, KBC Securities and ING.
New Shares	The Shares to be issued and offered within the context of the Offering. The number of New Shares shall be equal to the aggregate subscribed amount, in any case to be limited to EUR 50 million, divided by the Offering Price. The maximum number of New Shares as well as the price range will be published in the financial press in Belgium and the Czech Republic, as well as on the Company's website (www.vgpparks.eu) and

	the websites of the Managers and Selling Agents, prior to the opening of the Offering. The number of New Shares to be effectively issued shall be announced, at the same time as the Offering Price, following the Closing of the Offering.
Patria	Patria Finance, a.s., a joint-stock company organised and existing under Czech law, with its registered office at Jungmannova 745/24, Prague 1, Postal Code 110 00, Czech Republic, identification no. 60197226, a 100 percent subsidiary of KBC Securities.
Patria Direct	Patria Direct, a.s., a joint-stock company organised and existing under Czech law, with registered office at Jungmannova 745/24, Prague 1, Postal Code 110 00, Czech Republic, identification no. 26455064. Patria Direct is a 100 percent subsidiary of Patria.
Prague Stock Exchange	Burza cenných papírů Praha, a.s., a joint-stock company organised and existing under Czech law, with registered office at Rybná 14/682, Prague 1, Postal Code 110 00, Czech Republic, identification no. 471 15 629.
Pre-offering ESM	The extraordinary shareholders' meeting of the Company held on 5 November 2007 that resolved, amongst other decisions, (i) to increase the share capital of the Company by means of the Contribution in Kind and (ii) to increase the Company's share capital in cash through the issuance of New Shares, subject to the Closing of the Offering.
Prospectus	The present document, drawn up for the Offering and the Listing, and approved by the CBFA on 13 November 2007.
Prospectus Act	the Belgian Act of June 16, 2006 on the public offerings of securities and the admission of securities to trading on a regulated market *(Wet betreffende de openbare aanbiedingen van beleggings-instrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereglementeerde markt / Loi relative aux offres publiques d'instruments de placement et aux admission d'instruments de placement à la négociation sur des marchés réglementés)*.
Prospectus Date	The date on which the Prospectus has been approved by the CBFA in Belgium, i.e. 13 November 2007.
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC.
Selling Agents	KBC Securities, KBC Bank, ING, CBC Banque, Patria, Patria Direct and CSOB.
Shares	All Existing, all New Shares and all Additional Shares.
Subsidiaries	The Company's subsidiaries listed in Chapter V, Section 3 including the Combined Companies.
TEUR	Thousands of EUR.
Underwriters	KBC Securities and ING.
Underwriting Agreement	The agreement between the Company, the Existing Shareholders, KBC Securities and ING relating to the underwriting of the Offering by KBC Securities and ING.

Univyc	UNIVYC, a.s., a joint-stock company organised and existing under Czech law, with registered office at Rybná 14, Prague 1, Postal Code 110 00, Czech Republic, identification no. 25081489.
VGP Slovakia a.s.	Seton a.s., a joint-stock company organised and existing under Slovak law, with registered office at Mostová 3, 927 01 Šaľa, Slovakia, identification number 36 556 505.
VM Invest	VM Invest NV, a limited liability company organised and existing under Belgian law, with registered office at Mandekensstraat 123, 9255 Buggenhout, Belgium, and registered with the register of legal entities under company number 0418701587. VM Invest is 100 percent owned by Mr Bart Van Malderen. "VM Invest" is also used to refer to Mr Bart Van Malderen and/or VM Invest NV.

DISCLAIMERS AND NOTICES

1 Approval of the Prospectus

On 13 November 2007 the CBFA approved the English written version of the Prospectus for the purpose of the public Offering in Belgium and in the Czech Republic and the Listing of the Company's Shares on Eurolist by Euronext Brussels and on the Main Market of the Prague Stock Exchange in accordance with Article 23 of the Prospectus Act. The CBFA's approval does not imply any judgement on the merits or the quality of the Offering, the Offered Shares or the Company.

Under Articles 17 and 18 of the Prospectus Directive, as incorporated by article 36 of the Prospectus Act and Section 36f of the Czech Capital Markets Act, a prospectus, once approved by the competent authority of an EU member state ("home member state") may be used for a public offer or admission of securities to trading on a regulated market in another EU member state ("host member state"), provided that the competent authority of the home member state provides the competent authority of the host member state with a certificate of approval attesting that the prospectus has been drawn up in accordance with the Prospectus Directive and with a copy of the said prospectus.

In accordance therewith, the Prospectus will be notified as described above by the CBFA to the Czech National Bank, as the Czech regulator, for the purposes of the public offering of the Shares in the Czech Republic and their admission to trading on the Main Market of the Prague Stock Exchange. In addition thereto, a Czech translation of the Prospectus summary will be provided to the Czech National Bank and published in the same manner as the Prospectus.

2 Legal notices

The Prospectus will be published on 21 November 2007 at the latest, in accordance with article 21 of the aforementioned Prospectus Act.

All further publications for the purposes of the public Offering will be done in the Belgian and Czech financial press, as well as on the Company's website (www.vgpparks.eu) and the websites of the Managers.

3 Available information

Prospectus

The Prospectus will be made available to investors at no cost at the registered office of the Company, Greenland – Burgemeester Etienne Demunterlaan 5, 1090 Brussels, Belgium. The Prospectus will also be made available to investors at no cost in Belgium at the KBC Telecenter at the telephone number +32 (0)3 283 29 70 and at the Contact Center of ING Belgium at telephone numbers +32 (0)2 464 60 01 or +32 (0)2 464 60 02 or +32 (0)2 464.60.03 (respectively in Dutch or French and English) and with Patria Direct in the Czech Republic at the telephone number +420 221 424 240. Subject to certain conditions, this Prospectus and the summaries are also available on the internet at the following websites: www.vgpparks.eu, www.kbcsecurities.be, www.bolero.be, www.kbc.be, www.ing.be, www.patria-direct.cz.

This Prospectus has been prepared in English. A summary in Dutch, French and Czech of the Prospectus has been drawn up. The Company is responsible for verifying the consistency between the English version of the Prospectus and the Dutch, French and Czech summary. In case of inconsistencies between the different language versions, the English version shall prevail.

Posting this Prospectus on the internet does not constitute an offer to sell or a solicitation of an offer to sell any of the Offered Shares to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution. This Prospectus is only valid in its original printed version, in compliance with applicable laws. Other information on the website of the Company or any other website does not form part of the Prospectus.

Company documents and other information

The Company must file its (restated and amended) articles of association and all other deeds that are to be published in the annexes to the Belgian State Gazette with the clerk's office of the Commercial Court of Brussels (Belgium), where they are available to the public. A copy of the most recently restated articles of association and the corporate governance charter are also available on the Company's website.

In accordance with Belgian law, the Company must also prepare annual audited statutory and consolidated financial statements. The annual statutory and consolidated financial statements and the reports of the board of directors and statutory auditor relating thereto are filed with the Belgian National Bank, where they are available to the public. Furthermore, as a listed company, the Company has to publish summaries of its annual and semi-annual financial statements, as well as the reports of the statutory auditor and the board of directors of the Company. These summaries will generally be made publicly available in the financial press in Belgium and in the Czech Republic in the form of a press release. Copies thereof and of the annual report, will also be available on the Company's website.

The Company will also have to disclose to the public periodical and occasional information, information about its shareholders' structure, and certain other information. In accordance with the Belgian Royal Decree of March 31, 2003 (as amended) relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market (*Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een Belgische gereglementeerde markt / Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis aux négociations sur un marché réglementé belge*), such information and documentation will be made available through press releases, the Company's website and the website of Euronext Brussels.

Upon the listing of the Shares on the Main Market of the Prague Stock Exchange, the Company will also become subject to certain reporting obligations with respect to the Czech National Bank under the Czech Capital Markets Act and with respect to the Prague Stock Exchange in accordance with its rules. These reporting obligations are generally equivalent as to their nature and scope to those described above, and include (i) disclosure and publication of inside information (any information which is not publicly known and which, after publication, could have a significant influence on the price of or proceeds from the Shares), (ii) disclosure and publication of any information significant for protection of the investors or proper functioning of the market, and (iii) disclosure and publication of current information (information relating to general meetings, such as notice of convening and decisions of such meetings) and periodic information (e.g. annual, semi-annual and quarterly reports, annual list of published information about the Company). The Company will be also required to report to the Prague Stock Exchange certain changes to the shareholders structure if they are known to the Company.

The Company's website can be found at www.vgpparks.eu.

4 No representation

No dealer, sales person or other person has been authorised to give any information or to make any representation in connection with the Offering and the Listing that is not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised or acknowledged by the Company, by KBC Securities or by ING.

Statements made in this Prospectus are valid on the Prospectus Date. The delivery of this Prospectus or the Closing of the Offering and Listing will not imply under any circumstance that there have been no changes in the affairs or financial situation of the Group since the Prospectus Date, or that material information contained in this document is correct after the Prospectus Date. In accordance with Belgian law, if a significant new fact occurs between the Prospectus Date and the Closing of the Offering that could affect investors' assessment of the Offered Shares, this new fact will need to be mentioned in an addendum to this Prospectus. The addendum shall be subject to approval by the CBFA and notification to the Czech National Bank in the same manner as the Prospectus and shall be made public as shall be determined by the CBFA and in compliance with applicable regulations. In the event where an addendum to the Prospectus were to be published prior to the Closing Date, the investors shall have the right to withdraw their subscriptions made prior to the publication of the addendum. Such withdrawal must be done within the time limits set forth in the addendum (which shall not be shorter than two banking days after publication of the addendum).

5 Decision to invest

In making an investment decision regarding the Offered Shares offered herein, potential investors must rely on their own examination of the Group and the terms of the Offering, including the risks and merits involved. Any summary or description set forth in this Prospectus of legal provisions, corporate structurings or contractual relationships is for information purposes only and should not be construed as legal or tax advice as to the interpretation or enforceability of such provisions or relationships. In case of any doubt relating to the contents or the meaning of the information contained in this document, prospective investors should consult an authorised or professional person specialised in advice on the acquisition of financial instruments. The Offered Shares have not been recommended by any federal or state securities commission or regulatory authority in Belgium, the Czech Republic or elsewhere.

6 Selling restrictions

The Offering and the distribution of this Prospectus may be restricted by law in certain jurisdictions outside Belgium and the Czech Republic. The Company does not represent that this Prospectus may be lawfully distributed in jurisdictions outside Belgium and the Czech Republic or that the Offered Shares may be lawfully offered in compliance with any applicable registration or other requirements in jurisdictions outside Belgium and the Czech Republic, or pursuant to any exemption available thereunder. The Company does not assume any responsibility for such distribution or Offering. Accordingly, the Offered Shares may not be offered or sold, directly or indirectly, in any jurisdiction outside Belgium and the Czech Republic, this Prospectus may not be distributed or published in any jurisdiction outside Belgium and the Czech Republic and no advertising or other offering materials may be distributed in any jurisdiction outside Belgium and the Czech Republic, except in circumstances that will result in compliance with any applicable laws and regulations.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to sell any of the Offered Shares of the Company to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. Persons in whose possession this Prospectus or any of the Offered Shares come, must inform themselves about, and observe, any such restrictions.

United States of America

The Offered Shares have not been and will not be registered under the Securities Act of the United States. Subject to certain exceptions, the Offered Shares may not be offered, sold or delivered in the United States of America ("U.S."), or to, for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S. The Offered Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the U.S. or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offered shares or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence in the U.S.

Japan

The Offered Shares have not been and will not be registered under the Securities and Exchange Law of Japan. Therefore, the Offered Shares may not be offered or sold, directly or indirectly, to or for the benefit of Japanese persons, including any company or any other entity incorporated under Japanese law, or to other persons with the intention to re-offer or resell, directly or indirectly, in Japan or to, for the account of, any Japanese person.

Member States of the European Economic Area

The Offered Shares have not been or will not be offered to the public in any Member State of the European Economic Area (each, a "Member State") other than Belgium and the Czech Republic, except that the Offering may be made in any Member State under one of the following exemptions set out in the EU Directive 2003/71/EC (the "Prospectus Directive", such expression including any relevant implementing measure in each Member State), assuming such exemptions have been implemented in that Member State:

(i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities,

(ii) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than EUR 43,000,000 and (iii) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts,

(iii) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), or

(iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer in any Member State shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any offered shares in any Member State means the communication in any form and by any means of information on the terms of the offering, the shares to be offered so as to enable an investor to decide to subscribe for any shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Each subscriber for Offered Shares in the Offering located within a member state of the European Economic Area other than Belgium and the Czech Republic will be deemed to have represented, acknowledged and agreed that:

(i) it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive and

(ii) either (i) the Offered Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (ii) any acquisition of Offered Shares by it under the Offering on behalf of other persons will be deemed to have been made as a qualified investor because such Offered Shares are acquired by it on a discretionary basis.

Switzerland

The Offered Shares have not been or will not be offered to the public in Switzerland accordingly to Article 652 a, paragraph II, of the Swiss Code des Obligations.

The Company, the members of the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriters of such fact in writing may, with the consent of the Underwriters, be permitted to subscribe for or purchase Offered Shares in the Offer.

It is the responsibility of any person not resident in Belgium or the Czech Republic who wishes to take part in this Offering to ascertain that the legislation applicable in his or its country of residence is complied with, and that all other formalities that may be required are fulfilled, including the payment of all costs and levies.

7 Forward looking information

This prospectus contains forward-looking statements, forecasts and estimates made by the management of the Company with respect to the anticipated future performance of the Group and the market in which it operates. Such statements, forecasts and estimates are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors, which were deemed reasonable when made but may or may not prove to be correct. Therefore, actual results, the financial condition, performance or achievements of the Group, or industry results, may turn out to be materially different from any future results, performance or achievements expressed or implied by such statements, forecasts and estimates. Factors that might cause such a difference include, but are not limited to those discussed in the section "Risk Factors". Furthermore, forward-looking statements, forecasts and estimates only speak as of the Prospectus Date.

8 Industry data

Unless otherwise mentioned in the Prospectus, certain information concerning industry data, market size/ share data, ranking and other data provided in this Prospectus was derived from publications by market research agencies and other independent sources or is based on the Company's own estimates and assumptions, believed by the Company to be reasonable. The information published by such third parties has been accurately reproduced and as far as the Company is aware and able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company and the Underwriters and their respective advisors have not independently verified any of the abovementioned information. Furthermore, market information is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data. As a result, prospective investors should be aware that the Company cannot guarantee that market data, market share, ranking and other similar data in this Prospectus, and estimates and beliefs based on such data are correct.

9 Rounding of financial information

Certain financial and statistical information in this Prospectus have been subject to rounding adjustments. Accordingly, the sum of certain data may not be equal to the expressed total.

CHAPTER I: PARTIES ASSUMING RESPONSIBILITY

1 Responsibility for the content of the Prospectus

The Company, represented by its board of directors, assumes responsibility for the content of the entire Prospectus. The following segments of the Prospectus have been drawn up on the basis of information provided by the Existing Shareholders who assume any additional responsibility arising therefrom: (i) details about the Existing Shareholders and their respective share participation in the Company; (ii) the statements and declarations concerning the intentions of the Existing Shareholders, and (iii) the biographical data of the current directors of the Company that have been elected by the Existing Shareholders.

The Company declares that, having taken all reasonable care to ensure that such is the case, (i) the information contained in this Prospectus is, to the best of its knowledge, in accordance with true facts and contains no omission likely to affect its import and that (ii) since the end of the last period for which audited or interim financial information has been published no significant change in its financial or trading condition has occurred. The Existing Shareholders declare that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the Prospectus for which they are responsible, is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Prospectus is intended to provide information to potential investors in the context of and for the sole purpose of evaluating a possible investment in the Offered Shares. It contains selected and summarised information, does not express any commitment or acknowledgement or waiver and does not create any right expressed or implied towards anyone other than potential investors. It cannot be used except in connection with the Offering. The content of this Prospectus is not to be construed as an interpretation of the rights and obligations of the Company, of the market practices or of contracts entered into by the Company or any of its Subsidiaries.

2 Responsibility for the audit of financial statements

KPMG Bedrijfsrevisoren, represented by Mr Luc Van Couter, has audited:

- the combined financial statements of the Historic Group[1] of Companies as at and for the years ended 31 December 2006, 31 December 2005 and 31 December 2004;
- the condensed combined interim financial statements of the Historic Group of Companies as at and for the six months ended 30 June 2007;
- the consolidated financial statements of the Company[2] as at and for the 4.5 months ended 30 June 2007.

These combined and consolidated financial statements and the auditor's reports are included in Chapter X. These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

KPMG Bedrijfsrevisoren has issued a separate assurance report on the pro forma consolidated financial information of the Group as at and for the 6 months ended 30 June 2007 and the year ended 31 December 2006 in accordance with ISAE 3000 *Engagements Other Than Audits or Reviews of Historical Information.* This pro forma consolidated financial information and the assurance report are included in Chapter X.

KPMG Bedrijfsrevisoren has issued unqualified opinions regarding the combined and consolidated financial statements.

In order to provide its audit services as described in this Section. KPMG Bedrijfsrevisoren acted as independent auditor within the framework of a specific engagement in connection with the Offering.

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1 Consisting of the following companies: Industrie Park Sever a.s. ("IPS"), Caro Development a.s. (merged with IPS with effective date 1 August 2007), Gudrun Development a.s. (merged with IPS with effective date 1 August 2007), VGP Properties a.s. (merged with IPS with effective date 1 August 2007), VGP Turnov a.s., VGP Park Olomouc a.s., VGP Park Nýřany a.s., VGP Park Lovosice a.s., VGP Park Hradec Králové a.s., VGP Park Liberec a.s. and VGP – industriální stavby s.r.o. The mergers with IPS have accounting effect as from 1 January 2007.

2 As at 30 June 2007, the consolidation perimeter consists of VGP NV and its subsidiaries VGP Deutschland and VGP Latvia.

CHAPTER II: KEY INFORMATION

1 Historical Value Creation of the Group's Real Estate Portfolio

The Group's historical fair value creation can be summarised as follows:

(All amounts in '000 EUR)	Six Months ended 30-Jun-07	31-Dec-06	Year ended 31-Dec-05	31-Dec-04
Fair value of fixed assets	139,540	96,146	58,288	7,531
Acquistion Cost	73,029	53,118	32,284	3,507
Property Investment Fair Value Movement	66,511	43,028	26,004	4,024
Value Creation	**23,483**	**17,024**	**21,980**	**926**

Source: Audited Combined Financial Statements under IFRS

Note: Fixed assets include development land

2 Combined Balance Sheet & Profit and Loss Statement Summary

The summary combined financial data set forth below should be read in conjunction with Chapter X "Financial Information". The combined financial data are extracted from the combined financial statements of the Group which have been audited by KPMG Bedrijfsrevisoren, independent auditors. The financial statements and accounts from which the summary combined financial data set forth have been derived were prepared in accordance with IFRS.

(All amounts in '000 EUR)	Six Months ended 30-Jun-07*	31-Dec-06	Year ended 31-Dec-05	31-Dec-04
	Audited	**Audited**	**Audited**	**Audited**
Investment Property	139,540	96,146	58,288	7,531
Investment Property Under Construction	11,112	6,955	1,413	7,076
Other	534	375	227	329
Total Non-Current Assets	151,186	103,476	59,928	14,936
Total Current Assets	16,298	6,164	24,009	2,396
Total Assets	167,484	109,640	83,937	17,332
Total Equity	63,091	43,106	19,581	2,240
Total Non Current Liabilities	86,539	59,661	48,932	14,252
Total Current Liabilities	17,853	6,874	15,424	841
Total Liabilities	167,484	109,640	83,937	17,332

** 30 June 2007 figures based on VGP NV, pro forma consolidated financials*

Income statement

(All amounts in '000 EUR)	Six Months ended 30-Jun-07**	Year ended 31-Dec-06	31-Dec-05	31-Dec-04
	Audited	Audited	Audited	Audited
Gross rental Income	2,349	2,581	2,130	561
Property operating expenses	(661)	(706)	(398)	(198)
Net Rental and Related Income	**1,688**	**1,875**	**1,732**	**363**
Valuation gains on investment property	23,483	17,024	21,980*	926
Valuation losses on investment property	–	–	–	–
Net Valuation Gain on Investment Property	**23,483**	**17,024**	**21,980**	**926**
Other income	266	40	421	30
Other expenses (incl. administrative expenses)	(20)	(140)	(1)	(29)
Net Other Income / (Expense)	**246**	**(100)**	**420**	**1**
Net Operating Profit Before Net Financing Costs	**25,417**	**18,799**	**24,132**	**1,290**
Finance Income	1,765	991	23	18
Finance Expense	(921)	(1,794)	(1,517)	(774)
Net Finance Costs	**844**	**(803)**	**(1,495)**	**(756)**
Profit Before Income Tax	**26,261**	**17,996**	**22,638**	**534**
Income tax expense	(6,375)	(4,249)	(5,364)	(125)
Net Profit for the Period	**19,886**	**13,747**	**17,275**	**409**

** 12,775 TEUR fair value valuation gain on the land of VGP Park Horní Počernice already included in 2005*

*** 30 June 2007 figures based on VGP NV, pro forma consolidated financials*

3 Working Capital Statement

On the Prospectus Date, the Company and its board of directors are of the opinion that the available cash and cash equivalents of the Company (prior to Offering) suffice to finance its working capital and capital expenditures for a period of at least 12 months from the Listing Date.

4 Capital and Indebtedness

(All amounts in '000 EUR)	Six Months ended 30-Jun-07*	Year ended 31-Dec-06	31-Dec-05	31-Dec-04
Equity attributable to the shareholders				
Capital	11,069	10,969	1,192	1,125
Share Premium	69	69	69	69
Reserves	51,953	32,068	18,320	1,046
Invested equity	63,091	43,106	19,581	2,240
Financial Debt				
*Interest bearing loans & borrowings – non current***	*68,723*	*48,961*	*43,152*	*13,000*
Loans from related parties PVM Invest SA	31,114	19,428	42,876	12,991
Non current bank loans	37,517	29,429	–	–
Other Loans from related parties**	92	104	276	9
Borrowings current	*9,257*	*656*	–	–
Current bank loans	667	656	–	–
Loans from related parties	8,590	–	–	–
Total Financial Debt	77,980	49,617	43,152	13,000
Cash and cash equivalents	**11,187**	**2,528**	**23,396**	**1,296**

** 30 June 2007 figures based on VGP NV, pro forma consolidated financials*

*** The amounts of other loans from related parties are included in the balance sheet caption 'other liabilities – non current'*

The bank loans have been secured. For further information: see Chapter X.

5 Funding of the Current Semi-Industrial Projects

For the current projects under construction the Group has secured the necessary committed bank credit facilities. As at 30 June 2007, the Group has EUR 34.3 million of available bank credit lines.

Up till now, the Group has been funded through a mix of external bank facilities and funding provided by shareholders. As a general approach the shareholders undertook the funding of the investments in the land bank whereas bank credit facilities were arranged to fund the development and construction of the properties. As at 30 June 2007, 45 percent of the total funding related to land bank funding by shareholder loans whereas 55 percent related to investment in the property portfolio (finalised and under development) funded by way of bank loans.

As soon as practical after the Closing of the Offering the Company intends to start discussions with its core banks with a view to restructure its current bank facilities as well as to arrange for additional committed credit facilities. The Company is confident that by the end of the first quarter of 2008 all existing and new credit facilities will have been re-negotiated/secured.

However, should there be any slippage in timing or shortfall in the arrangement of the new credit facilities, the Company will be able to draw on the back-stop facility granted by VM Invest for an amount of EUR 50 million. This credit facility has been specifically arranged to ensure that any shortfall in the negotiation of new credit facilities is being covered as appropriate. This shareholder back-stop facility is a 5 year bullet committed revolving facility priced at market conditions (For further details see Chapter IX, Section 2.4, "Funding").

The Company expects that in the medium term it will be operating within a gearing level (net debt / equity) of up to 2:1.

6 Interest of natural and legal persons involved in the Offering

A sublease agreement has been entered into between cvba VGD, Accountants en Belastingconsulenten CVBA, a civil company under the form of a *coöperatieve vennootschap met beperkte aansprakelijkheid / société coopérative à responsabilité limitée*, with registered office at Kerkstraat 2, 9200 Dendermonde, Belgium, and with enterprise number 0875.430.542 ("VGD") and the Company in respect of the location of the registered and administrative seat of the Company at Greenland – Burgemeester Etienne Demunterlaan 5, 1090 Brussels, Belgium. The agreement has been concluded on an arm's length basis. The equity partners of VGD are Hugo Van Geet, Jan Derick, Tony Moreels, Edwin Vervoort, Guy De Vooght, Marc Wauters, Peter Bruggeman, Philip De Meyer, Rudi Leys, Jurgen Lelie, Peter Maes, Wouter Vandeberg and Chris Vandermeersche. Hugo Van Geet is the father of Jan Van Geet. The Company does not hold a participation in VGD and vice versa.

VGD acts as an advisor to the Group for payroll administration, tax compliance and administration and financial modelling, through a services agreement on at arm's length terms. VGD also acts as a financial, tax and accounting advisor to the Company within the framework of the Offering.

The offices occupied by the Group's operational management in Mladá Boleslav are leased by VGP industriální stavby s.r.o. from Van Geet Properties s.r.o. (a company belonging to Jan Van Geet, CEO). A lease agreement has been concluded on an at arm's length basis.

7 Purpose of the Offering and use of proceeds

The Company intends to use the net proceeds of the Offered Shares for the following goals:

(i) acquisition of additional strategically located land in (a.o.) the Czech Republic, Germany, Hungary, Slovakia, Romania, Estonia, Lithuania and Latvia; and

(ii) finishing of constructions in progress and the building and development of high-quality semi-industrial property.

The Company estimates that the net proceeds (being the proceeds from the Offered Shares less transactional costs related to the Offering) of the Offered Shares will be applied for approximately 80 percent to the acquisition of land (see (i)), and up to the balance applied for finishing of constructions (see (ii)).

CHAPTER III: GENERAL INFORMATION ABOUT THE OFFERING

1 Intentions of the Existing Shareholders

The Existing Shareholders agree to a Lock-up for the Shares that are not sold in the Offering (see Chapter III, Section 5, "Lock-up").

The Existing Shareholders, except for Bart Van Malderen, do not intend to subscribe to the New Shares. The Founders waive their pre-emptive rights in this respect (see Chapter III, Section 5, "Lock-up").

Certain members of the family Van Malderen, including Bart Van Malderen, contemplate a substantial participation in the Offering (more than 5% of the Offering).

2 Conditions to which the Offering is subject

The Pre-offering ESM resolved, amongst other decisions, to:

(i) increase the share capital of the Company by means of the Contribution in Kind of the shares in the Combined Companies, subject to the condition precedent of determination of the final Offering Price and signing of the Underwriting Agreement, as described in Chapter V, Section 4.2, "History of the capital";

(ii) increase the Company's share capital in cash through the issuance of New Shares, subject to the Closing of the Offering.

The Offering Price for these New Shares and the final amount of the capital increase shall be established on the basis of a book-building procedure in which only institutional investors may participate. The number of New Shares that need to be issued within the context of the Offering shall be equal to the aggregate subscribed amount, in any case to be limited to EUR 50 million, divided by the Offering Price.

The Offering is likewise subject to the signing of the Underwriting Agreement by the Underwriters (see Chapter III, Section 7).

3 Terms of the Offering

The dates mentioned in some sections below are envisaged dates which may be subject to change following unforeseen circumstances or to the possibility of early closing of the book-building and Offering Period.

Given the fact that the book-building period and Offering Period may close earlier than 5 December 2007, which will be announced in the financial press in Belgium and in the Czech Republic, as well as on the Company's website (www.vgpparks.eu) and the websites of the Managers and Selling Agents, the dates mentioned below for pricing, allocation, trading and Closing of the Offering may be adjusted accordingly.

3.1 Nature and size of the Offering

The Offering consists of public offerings to retail investors in Belgium and in the Czech Republic and an international private placement to institutional investors in certain countries within the European Economic Area and Switzerland.

The Offered Shares consist of up to EUR 50 million in New Shares that are being offered by the Company and an Over-allotment Option of up to 15% of the New Shares.

It is the intention to offer up to 40 percent of Offered Shares (excluding the Over-allotment option) to retail investors. However, in the event of oversubscription by the retail or institutional investors, this ratio may be altered. For the purpose of the Offering, retail investors are deemed to include (i) natural persons in Belgium and the Czech Republic, (ii) legal entities registered / incorporated in Belgium or in the Czech Republic (other than qualified or institutional investors) applying for Offered Shares for an aggregate amount of less than EUR 250,000.

Institutional investors are investors that are qualified as such in the meaning of article 2 1. e) i) of the Prospectus Directive. These institutional investors include, particularly, credit institutions, investments companies, insurance companies, institutions for collective investments, pension funds, and so forth.

3.2 Offering Price

The Offering Price shall be a price in EUR, which will be the same for retail investors and institutional investors.

The Offering Price will be fixed following a book-building procedure in which only institutional investors can participate. During this book-building procedure institutional investors will state the number of Offered Shares they wish to purchase and at what price/prices within a pre-defined price range. The price range will be published in the financial press in Belgium and in the Czech Republic at the latest on the day of commencement of the Offering Period as an addendum to the Prospectus, approved by the CBFA in Belgium and notified to the Czech National Bank and Prague Stock Exchange.

The Offering Price will be determined after analysing the order book and taking into account both qualitative and quantitative elements, including therein, but not limited to, the number of requested Offered Shares, the size of the applications received, the quality of the investors that have submitted these applications and the prices they have indicated as well as the general market conditions prevailing at that particular moment.

The Offering Price will be determined by the board of directors of the Company in consultation with the Global Coordinator & Bookrunner.

The Offering Price shall under no circumstance exceed the upper-end of the price range that was published as mentioned above.

The Offering Price shall be published in the financial press in Belgium and in the Czech Republic, on or about 7 December 2007. The first publication day following its determination.

In Belgium no tax on stock exchange transactions is due on the subscription to New Shares (see Chapter III, Section 9.1, "Certain Belgian tax considerations"). In the Czech Republic no tax on stock exchange transaction is levied (see Chapter III, Section 9.2, "Certain Czech tax considerations").

3.3 Book-building and Offering period

The book-building period will coincide with the Offering Period and both will run for the same period, from 21 November 2007 to 5 December 2007, unless closed earlier. The Offering Period shall be the same for the retail investors as for the institutional investors.

The Offering cannot be closed until 6 Banking Days following the publication of the Prospectus. Any early closing will be published in the financial press in Belgium and in the Czech Republic, as well as on the Company's website (www.vgpparks.eu) and the websites of the Managers and Selling Agents.

Potential investors can submit their orders during the entire Offering Period, except if and after this period has been closed early. Taking into account the fact that the Offering Period may be closed earlier and the preferential treatment of orders received from retail investors before 4.00 p.m. CET on 28 November 2007, investors are invited to submit their orders as promptly as possible.

3.4 Subscription procedure

In Belgium applications for the Offered Shares can be submitted -at no cost- to KBC Securities, ING, KBC Bank and CBC Banque. In the Czech Republic applications for the Offered Shares can be submitted -at no cost- to Patria Direct and certain branches of CSOB for retail investors.

Applications for the Offered Shares can also be submitted to the aforementioned institutions through any other financial intermediary in Belgium and the Czech Republic. In that case, it is recommended that investors inform themselves about any possible costs that may be charged by such other financial intermediaries and which they will have to pay themselves.

In order to be valid, applications for the Offered Shares must be registered on the last day of the Offering Period and at the latest on 5 December 2007 at 4.00 p.m. CET, subject to early closing.

Taking into account the possibility of an early closing and the preferential treatment of orders received from retail investors before 4.00 p.m. CET on 28 November 2007, investors are invited to submit their orders as soon as possible as from 21 November 2007.

Subscription by retail investors

Retail investors subscribing for the Offered Shares must, when ordering Offered Shares, indicate the number of Offered Shares they commit to acquire. Orders submitted by retail investors are irrevocable, unless an addendum to the Prospectus is published.

In the event that the Underwriters determine or have reason to believe that investors have submitted several orders, such orders may be ignored.

Retail investors subscribing for the Offered Shares are required to follow all instructions which will be published subsequently to the Prospectus as an addendum thereto, approved by the CBFA and notified to the Czech National Bank.

Specific issues related to subscription by Czech retail investors

Patria Direct will administer the Offering to the Czech retail investors and public placement of the Offered Shares in the Czech Republic. All Czech retail investors wishing to subscribe for the Offered Shares should dispose of an account with Patria Direct or should open an account with Patria Direct, which is free of charge, specifically for the sake of subscribing for the Offered Shares and accept the general terms and conditions of Patria Direct. Likewise, Czech retail investors wishing to subscribe through CSOB will also be invited to open an account with Patria Direct (if they do not already dispose of such an account).

The Offering Price will be fixed in EUR and the Offered Shares cannot be subscribed for or paid for in CZK or any other currency than EUR. Czech retail investors can subscribe for and pay for the Offered Shares in EUR only. It is important that Czech retail investors not keeping at their disposal a corresponding amount in EUR to pay for the subscribed Offered Shares understand that, as from the subscription for the Offered Shares until the settlement of their order, they may be exposed to adverse exchange rate developments.

In line with practice common in the Czech capital market, Czech retail investors can submit subscriptions for the Offered Shares which are subject to a price limit. Such price limit must be a multiple of 50 eurocents (0.50 EUR) and must be within the published price range. If no price limit is expressed in the subscription or if the price limit is equal to the maximum of the price range, the order is understood as not being subject to a price limit. In case of an invalid price limit, the subscription by such investor is null and void and the order will be ignored. Czech retail investors wishing to submit subscriptions for the Offered Shares that are subject to a price limit should be aware that, if the Offering Price is higher than the price limit to which such subscription is subject to, no Offered Shares will be delivered to such investor.

Subscription by institutional investors

During the book-building procedure, institutional investors need to indicate how many Offered Shares they wish to acquire and at what price(s) within the price range. They must submit their applications to KBC Securities, ING or Patria.

3.5 Allocation methodology

Minimum allocation to retail investors

It is the intention to offer up to 40 percent of Offered Shares (excluding the Over-allotment Option) to retail investors. In case of over-subscription this envisaged proportion may be adjusted, provided that no less than 10 percent of the Offered Shares allocated in Belgium will be allocated to retail investors (in conformity with the Belgian Royal Decree of 17 May 2007 relating to practices on the primary market).

Subscriptions received from retail investors before 4.00 p.m. CET on 28 November 2007 or submitted directly to the Managers or Selling Agents will benefit preferential allocation.

In case of over-subscription, the allocation to retail investors will be made on the basis of objective criteria, such as, among others, preferential treatment of orders received from retail investors before 4.00 p.m. CET on 28 November 2007 or orders submitted by retail investors directly to the Managers or Selling Agents.

The Underwriters will use their best efforts to allocate the New Shares with VVPR-strips to retail investors in Belgium in accordance with the distribution strategy as set out under this section. No VVPR-strips will be allocated to Czech investors.

Allocation to institutional investors

In case of over-subscription, also the subscriptions from institutional investors may be reduced and the allocation will be made dependent on the quantitative and qualitative analysis of the order book.

3.6 Publication of the result of the Offering

The result of the Offering will be notified to the CBFA and the Czech National Bank and published in the financial press in Belgium and in the Czech Republic, as well as on the Company's website (www.vgpparks.eu) and the websites of the Managers and the Selling Agents, on the first Banking Day following the day on which pricing and allocation will be decided upon and in any case no later than the fifth Banking Day following the end of the Offering Period.

Such publication will include the following information: the Offering Price, the total number of Offered Shares allocated to retail investors and to institutional investors, including over-allotments, the allocation key for the retail investors and the degree of over-subscription (if any). In this way, the retail investors will be informed how many Offered Shares they will receive. The institutional investors shall be informed individually about the number of Offered Shares allocated to them.

3.7 Form of the Offered Shares

The Offered Shares are ordinary shares of the Company in bearer form that will only be delivered to the shareholders in book-entry form. Shareholders may at any time and at their own costs request the Company for their shares in book-entry form to be converted into registered shares, or vice versa. However, only bearer shares in book-entry form can be traded on the stock exchanges in Brussels and Prague.

Given the future dematerialisation of bearer securities, it should be noted that the bearer securities that have been credited to a securities account will be converted automatically into dematerialised securities as from 1 January 2008 in accordance with Belgian law.

All Belgian investors to whom New Shares are allocated will receive VVPR-strips, unless the subscriber waives the right to receive VVPR-strips when ordering or applying for the Offered Shares.

All Offered Shares will upon their delivery be freely transferable, subject to any lock-up arrangements entered into in connection with the Offering (see Chapter III, Section 5, "Lock-up").

3.8 Payment, settlement and delivery of the Offered Shares

All Offered Shares will be fully paid-up in EUR at the Closing Date. The Offered Shares are in bearer form and will be represented by one or more global certificates deposited with Clearstream, which will act as global depositary, and will be delivered to investors in book-entry form only. The Offered Shares will be delivered to the Underwriters through Euroclear Belgium, the Belgian central security depository, and Univyc, a.s., a subsidiary of the Prague Stock Exchange exclusively authorised to settle trades on the Prague Stock Exchange. The financial intermediaries which are a direct member or have an indirect link (via local correspondent banks) to these central security depositories will deliver the Offered Shares to their clients/investors by crediting their interests in the Offered Shares to their securities accounts as soon as possible following the allocation, which is expected to take place on or about 6 December 2007.

Transfers of the interests in the Offered Shares between Univyc accountholders will be effected in accordance with Rules and Operating Procedures of Univyc. Trades in the Offered Shares concluded on the Prague Stock Exchange will be reflected in the records of Univyc only, and there will be no change to accounts opened with Clearstream. Payment for the Offered Shares registered with Univyc will be effected through the Czech National Bank Clearing Centre on a delivery-versus-payment basis (if in CZK) or on a delivery-free-of-payment basis (if in other currency).

3.9 Dividends

The Offered Shares entitle the holder to participate in the results of the Company as from the first day of the fiscal year ending 31 December 2007. All Offered Shares have the same rights as the other Shares.

The Company intends to pursue dividend payments on a regular basis. The declaration and payment of any 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.

For a more detailed description of the Company's Shares, see Chapter IV.

4 Over-allotment Option and Stabilisation

Within the context of the Offering, the Global Coordinator & Bookrunner can exercise the Over-allotment Option as of the Listing Date and for a period of 30 days thereafter, execute transactions that are meant to stabilise the market price of the Shares or maintain it at levels above those that could or might otherwise prevail in the open market. In accordance with article 9 of the Royal Decree on primary market practices of 17 May 2007 (*Koninklijk besluit betreffende de primaire marktpraktijken*) the Over-allotment Option can not be exercised for more than 15 percent of the amount subscribed to during the Offering.

These transactions, should they occur, may be executed on Eurolist by Euronext Brussels and the Main Market of the Prague Stock Exchange in the over-the-counter market or in some other manner. There are no assurances that such stabilisation will be undertaken and, should this be the case, such stabilisation may be discontinued at any given moment, which will happen in any event 30 days following the Listing Date. In the event that the Global Coordinator & Bookrunner should create a short-position in the Shares, it can reduce this short-position by buying Shares in the open market or, as indicated infra, through the whole or partial exercise of the Over-allotment Option. The purchase of Shares by the Global Coordinator & Bookrunner for the purpose of stabilising the share price may lead the market price of the Company's Shares to reach a higher level than it might reach in the absence of such purchases. Neither the Company nor the Global Coordinator & Bookrunner are hereby making any representation or offering a prediction as to the direction or the magnitude with respect to any consequence, which the transactions, as described above, could or might exert on the price of the Shares.

Within a week of the end of the stabilisation period, and pursuant to applicable regulations, the following information will be published on the Company's website: (i) whether or not stabilisation action took place, (ii) the date on which the stabilisation action commenced, (iii) the date on which the last executed stabilisation action took place, (iv) the price range within which the stabilisation took place for each and every date during which stabilisation transactions were executed and (v) the ultimate size of the Offering, accounting for results of stabilisation and (as the case may be) exercise of the Over-allotment option. The Global Coordinator & Bookrunner may opt to reduce any short-position by a whole and partial exercise of the Over-allotment-Option. This Over-allotment-Option can be exercised as of the Listing Date until 30 days thereafter. The Over-allotment Option consists of an option that can only be exercised to cover over-allotments, should these occur. The possibility to over-allot Shares in the Offering and to exercise the Over-allotment Option shall exist irrespective of whether or not the Offering has been wholly subscribed to.

In order to allow an over-allotment, it is expected that the Global Coordinator & Bookrunner will enter into stock lending agreements with one or more of the Existing Shareholders.

5 Lock-up

The Existing Shareholders have undertaken, from the Listing Date and at least until the date that is 365 days after the Closing of the Offering, not to sell or attempt to dispose of, or solicit any offer to buy any Shares, warrants or other securities or grant any options, convertible securities or other rights to subscribe for or purchase shares or enter into any contract (including derivative transactions) or commit with like effect, other than (i) in accordance with the incentive plan (see Chapter V, Section 5), (ii) in connection with the Existing Shares borrowed by the Global Coordinator & Bookrunner under stock lending agreements or (iii) the sale by VM Invest to Messrs Jan Van Geet and Jan Procházka of a number of Shares in the Company and the subsequent transfer of the Shares by Messrs Jan Van Geet and Jan Procházka, to Alsgard in accordance with Chapter V, Section 5, except after 180 days following the Closing of the Offering and with prior written consent of the Global Coordinator & Bookrunner (which shall not be unreasonably withheld).

These restrictions do not apply to the Offered Shares.

The Company shall not, from the Listing Date and at least until the date that is 365 days after the Closing of the Offering, except with prior written consent of the Global Coordinator & Bookrunner, (which shall not be unreasonably withheld), (i) issue or sell, or attempt to dispose of, or solicit any offer to buy any Shares, warrants or other securities or grant any options, convertible securities or other rights to subscribe for or purchase shares or enter into any contract (including derivative transactions) or commit with like effect, or (ii) purchase any of its securities or otherwise reduce its share capital.

6 Financial Service

Certain services in Belgium (*Financiële Dienst / Service Financier*), related to the payment of dividends and certificates issued with a view to attending shareholders meetings, shall be carried out in Belgium by KBC Bank at the cost of the Company until the Company advises otherwise by way of publication in the Belgian financial press. Investors should inform themselves about the costs that other financial intermediaries may charge in connection with financial services.

In the Czech Republic, distribution of dividends and other services related to the Shares held in book-entry form through Univyc will be credited to the cash accounts of the Univyc members for further distribution to Univyc account holders.

7 Underwriting

The Company, the Existing Shareholders and the Underwriters expect -but are under no obligation whatsoever- to enter into an Underwriting Agreement upon the determination of the Offering Price, which is expected to take place on or about 6 December 2007. The entering into the Underwriting Agreement may depend on various factors including, but not limited to, market circumstances and the result of the book-building process.

Subject to the terms and conditions to be set forth in the Underwriting Agreement, the Company will agree to issue the Offered Shares, and the Underwriters will severally agree to purchase the following proportion of Offered Shares, before any exercise of the Over-allotment Option:

Underwriters	% of the Offering
KBC Securities	60
ING Belgium	40

The Underwriters will be under no obligation whatsoever to purchase any Offered Shares prior to the execution of the Underwriting Agreement.

The Underwriters will distribute the Offered Shares to investors, subject to prior sale, when, as and if delivered subject to the satisfaction or waiver of the conditions that will be contained in the Underwriting Agreement.

In the Underwriting Agreement, the Company is expected to make certain representations and warranties and to agree to indemnify the Underwriters against certain liabilities, claims, costs that may occur.

The Underwriting Agreement will provide that the Underwriters will have the right to terminate, collectively but not individually, the Underwriting Agreement and their obligation thereunder to purchase and deliver the Offered Shares (i) upon the occurrence of certain events, such as the suspension of trading on any of Eurolist by Euronext Brussels, the Main Market of the Prague Stock Exchange or the over-the-counter market, or a material adverse change in the Company's financial condition, shareholders' equity, results of operations or business affairs or in the financial markets, and (ii) if the conditions contained in the Underwriting Agreement are not satisfied or waived. If the Underwriting Agreement is terminated, which can occur until the date of closing and settlement, the Offering will not take place, allocations of Offered Shares to investors will be cancelled, and investors will not have any claim or legal title to the delivery of the Offered Shares. Please see Section 8 of this Chapter "Listing" below.

8 Listing

8.1 Listing application in Belgium and the Czech Republic for listing on the main markets

Application has been made for admission to listing of all Shares and VVPR-strips of the Company, including the Offered Shares on Eurolist by Euronext Brussels, the main market in Belgium and for the listing of the Shares on the Main Market of the Prague Stock Exchange. It is expected that Shares and VVPR-strips will be traded, the first business day following the allocation of the Offered Shares. The Listing Date is expected to occur on or about 7 December 2007 in Belgium and in the Czech Republic (subject to early closing of the subscription period). Upon Closing of the Offering, the listing will be official.

8.2 Trading currency

In Belgium, the Shares and VVPR-strips will be traded in EUR. In the Czech Republic, the Shares will be traded in CZK.

8.3 Conditional trading

Prior to the Closing Date, the Offered Shares will be traded on an "if-and-when-issued-and-delivered-basis". This means that the trading of the Offered Shares will commence prior to the Closing of the Offering. The Closing Date is expected to occur on or about 11 December 2007, the third business day following the allocation date.

Investors who wish to effect transactions in the Offered Shares prior to the Closing Date, whether such transactions are effected on Eurolist by Euronext Brussels or on the Main Market of the Prague Stock Exchange, should be aware that the delivery of the Offered Shares (i) may not take place on 11 December 2007 or (ii) possibly may not take place at all, in the event that certain conditions or events referred to in the Underwriting Agreement are not being satisfied or waived, are postponed or do not occur on or prior to that date.

Euronext Brussels and the Prague Stock Exchange have indicated that they will cancel all transactions in the Offered Shares if the Offering is not closed and the official trading has not commenced.

8.4 ISIN-numbers and symbols

The ISIN number of the Shares is BE 0003878957 and BE 0005621926 for the VVPR-strips.

The ISIN number for the Shares will be identical for both markets.

8.5 Costs of the Offering

The aggregate costs of the Offering include the remuneration to the CBFA in Belgium and the Czech market authorities and to the listing authorities in Belgium and in the Czech Republic, the costs of the legally required publications, cost of advisors and the fees to the Underwriters and other administrative costs. The entirety of the costs is estimated at TEUR 3,882 or 6.8 percent of the Offering. These costs will be borne by the Company.

9 Taxation

9.1 Certain Belgian tax considerations

The following is a summary of certain Belgian tax consequences of the acquisition, ownership and disposal of Shares in the Company. It is based on the tax laws and administrative interpretations applicable in Belgium as presently in effect and is subject to changes in Belgian law, including changes that could have a retroactive effect. The following summary does not take into account or discuss the tax laws of any country other than Belgium, nor does it take into account the individual circumstances of each investor. The tax laws of the Czech Republic are set out in Section 9.2 of this Chapter. Prospective investors should consult their own advisers as to the Belgian, Czech and foreign tax consequences of the acquisition, ownership and disposal of the Shares.

This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, Shares in a position in a straddle, share-repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions.

For the purpose of this summary, a Belgian resident is (i) an individual subject to Belgian personal income tax (i.e., an individual who has his domicile in Belgium or has the seat of his wealth in Belgium, or a person assimilated to a Belgian resident), (ii) a company subject to Belgian corporate income tax (i.e., a company that has its registered office, its main establishment, its administrative seat or its seat of management in Belgium) or (iii) a legal entity subject to the Belgian tax on legal entities (i.e., a legal entity other than a company subject to corporate income tax that has its registered office, its main establishment, its administrative seat or its seat of management in Belgium). A Belgian non-resident is a person that is not a Belgian resident and that is subject to the non-residents income tax.

Dividends

For Belgian income tax purposes, the gross amount of all distributions made by the Company to its shareholders is generally taxed as a dividend, except for the repayment of paid-up capital carried out in accordance with the Belgian Companies Code to the extent that the capital qualifies as "fiscal" capital. In principle, fiscal capital includes the paid-up statutory capital, paid-up share premiums and the amounts subscribed to at the time of the issue of profit sharing certificates, if treated in the same way as capital by the articles of association of the Company.

In general, a Belgian withholding tax of 25 percent is levied on dividends. In certain circumstances, the 25 percent withholding tax rate is reduced to 15 percent for certain shares (VVPR-Shares). Shares that are eligible for this reduced withholding tax can be issued together with or accompanied by a "VVPR-Strip", which is a separate instrument representing the holder's right to receive dividends at the reduced withholding tax of 15 percent. The New Shares that are issued in the Offering will be accompanied by a VVPR-Strip.

If the Company redeems its own Shares, the redemption price (after deduction of the portion of fiscal capital represented by the redeemed shares) will be treated as a dividend which in certain circumstances may be subject to a withholding tax of 10 percent, unless such redemption is carried out on a stock exchange and meets certain conditions. In case of liquidation of the Company, any amounts distributed in excess of the fiscal capital will in principle be subject to the 10 percent withholding tax.

Belgian individuals

For Belgian resident individuals who acquire and hold Shares as a private investment, the Belgian withholding tax fully discharges their personal income tax liability. They may nevertheless elect to report the dividends in their personal income tax return. Where the beneficiary opts to declare them, dividends will normally be taxed at the lower of the applicable withholding tax rate on dividends and the tax rate corresponding to the taxpayer's tax tranche, taking into account his other declared income. If the beneficiary reports the dividend, the income tax due is increased by communal surcharges. In addition, if the dividends are reported, the withholding tax retained at source may be credited with the income tax due and is reimbursable to the extent that it exceeds the income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on the Shares. This condition is not applicable if the individual can demonstrate that he has owned the Shares in full legal ownership for an uninterrupted period of 12 months prior to the allotment of the dividends.

For Belgian resident individual investors who acquire and hold the Shares for professional purposes, the Belgian withholding tax does not fully discharge their income tax liability. Dividends received must be reported by the beneficiary and will be taxed at the progressive individual income tax rate. Withholding tax retained at source may be credited with the personal income tax due and is reimbursable to the extent that it exceeds the actual tax payable, subject to two conditions: (1) the taxpayer must own the Shares in full legal ownership at the time the dividends are paid or attributed and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. Condition (2) is not applicable if the individual investor can demonstrate that he has held the full legal ownership of the Shares for an uninterrupted period of 12 months prior to the allotment of the dividends.

Belgian companies

For Belgium resident companies, the withholding tax does not fully discharge the corporate income tax liability. Gross dividends received must be declared and will be taxed at the resident corporate income tax rate. If withholding tax is levied at source, it may be offset against corporate income tax and is reimbursable to the extent that it exceeds the actual tax payable, subject to two conditions: (1) the taxpayer must own the Shares in full legal ownership at the time the dividends are paid or attributed and (2) the dividend distribution may not give rise to a reduction in value of or a capital loss on the Shares. Condition (2) is not applicable (a) if the resident company can demonstrate that it has owned the Shares in full legal ownership for an uninterrupted period of 12 months prior to the allotment of the dividends or (b) if, during the said period, the Shares never belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a Belgian permanent establishment.

Belgium resident companies may deduct up to 95 percent of gross dividends included in their taxable profits if, at the date the dividends are paid or attributed (1) they hold at least 10 percent of the capital of the Company or a participation with an acquisition value of at least EUR 1,200,000, (2) they held full legal ownership of the Shares, (3) the Shares qualify as fixed financial assets under Belgian GAAP, (4) they held or will hold the Shares for an uninterrupted period of at least one year and (5) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the Income Tax Code (the "Article 203 ITC Taxation Condition") are met (together, the "Conditions for the application of the definitively taxed income regime").

With respect to the verification of the Conditions for the application of the definitively taxed income regime, it should be noted that the minimum shareholding requirement does not apply to dividends received by Belgian credit institutions, insurance companies and stock exchange companies. Moreover, the Conditions for the application of the definitively taxed income regime depend on a factual analysis upon each distribution, and for this reason may be subject to change.

Belgian legal entities

For taxpayers subject to the Belgium income tax on legal entities, the Belgian withholding tax normally constitutes final taxation.

Non-residents

For non-resident individuals and companies, the withholding tax will be the only tax on dividends in Belgium, unless the non-resident holds the Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian permanent establishment. If the Shares are acquired by a non-resident in connection with a business in Belgium, the beneficiary must report any dividends received, which will be taxed at the applicable non-resident individual or corporate income tax rate. Withholding tax levied at source may be offset against non-resident individual or corporate income tax and is reimbursable to the extent that it exceeds the actual tax payable, subject to the condition that the dividend distribution does not result in a reduction in value of or a capital loss on the Shares. This condition is not applicable if (1) the non-resident individual or the non-resident company can demonstrate that the Shares were held in full legal ownership for an uninterrupted period of 12 months prior to the allotment of the dividends or (2) with regard to non-resident companies only, if, during the said period, no Shares have belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested Shares in a Belgian permanent establishment. With regard to non-resident individual investors in Belgium who acquire Shares for professional purposes or for non-resident companies, the tax credit is only available if in addition to the conditions mentioned above, the taxpayer held full legal title to the Shares at the time the dividends were paid or attributed.

Non-resident companies that hold Shares in connection with a business conducted in Belgium may deduct up to 95 percent of the gross dividends included in their taxable profits if, at the date dividends are paid or attributed, the Conditions for the application of the definitively tax income regime are met. Application of the definitively taxed income regime depends, however, on a factual analysis to be made upon each distribution and may thus be subject to change.

Under Belgium tax law, withholding tax is not due on dividends paid to a non-resident organisation that is not engaged in any business or other profit making activity and is exempt from income taxes in its country of residence, provided that it is not contractually obligated to redistribute the dividends to any beneficial owner of such dividends for whom it would manage the Shares. The exemption will only apply if the organisation signs a certificate confirming that it is the full legal owner or usufruct holder of the Shares and that it is a non-resident that is not engaged in any business or other profit making activity and is exempt from income taxes in its country of residence. The organisation must then forward that certificate to the Company or its paying agent.

Moreover, in accordance with European Union law, EU resident companies that qualify under the EU Parent-Subsidiary Directive of 23 July 1990 (90/435/EEC) are exempt from withholding tax if they own at least a 15 percent interest in the Company for an uninterrupted period of at least one year (or, alternatively, if they undertake to hold such interest for at least one year and certain other conditions are complied with). With effect from 1 January 2009, the required shareholding will be reduced from 15 percent to 10 percent.

In addition, dividends distributed by the Company to a beneficiary which is a parent company established in a state with which Belgium has concluded a tax treaty (see below) are exempted from withholding tax, provided that this tax treaty or any other agreement provides for the exchange of information necessary in order to apply the national legislation of the contracting states. A parent company within the meaning of the present exemption is a company (1) which has a form similar to those listed in an annex to the above-cited Parent-Subsidiary Directive in a state with which Belgium has concluded a double tax treaty, (2) which, according to the fiscal legislation of the state where it is established and the double tax treaties which this state has concluded with third states, is considered as having its tax domicile in this state; and (3) which is subject to a tax similar to the corporate income tax without it benefiting from a derogating tax regime. Finally, this exemption applies only to parent companies, as defined above, that hold at least 15 percent of the capital of the Company for an uninterrupted period of at least one year (or if they commit to hold such interest for at least one year and certain other conditions are satisfied). With effect from 1 January 2009, the required shareholding will be reduced from 15 percent to 10 percent.

Belgium has concluded tax treaties with more than 80 countries, reducing the dividend withholding tax rate to 15 percent, 10 percent, 5 percent or 0 percent for residents of those countries, depending on conditions, among others, related to the size of the shareholding and certain identification formalities.

Prospective holders should consult their own tax advisors as to whether they qualify for reduction in withholding tax upon payment of dividends, and as to the procedural requirements for obtaining a reduced withholding tax upon the payment of dividends or for making claims for reimbursement.

Capital gains and losses

Belgian individuals

Belgian resident individuals acquiring the Shares as a private investment are not subject to Belgian capital gains tax on the disposal of the Shares and capital losses are not tax deductible.

Belgian resident individuals may, however, be subject to a 33 percent tax (plus communal surcharges) if the capital gain is deemed to be realised outside the scope of the normal management of the individual's private estate. Losses on transactions outside the scope of the normal management are deductible from the income from similar transactions provided the losses were incurred during the preceding five income years.

Capital gains realised by Belgian resident individuals upon the redemption of the Shares or upon the liquidation of the Company will generally be taxed as a dividend.

Belgian resident individuals who hold the Shares in the framework of their professional activities are taxable at the ordinary progressive income tax rates on any capital gains realised upon the disposal of the Shares, except for Shares held for more than five years, which are taxed at a separate rate of 16.5 percent (plus communal surcharges). Reductions in value and capital losses on the Shares realised by individual Belgian residents who hold the Shares for professional purposes are in principle tax deductible.

Finally, capital gains realised by Belgian resident individuals on the disposal of the Shares for consideration, outside the exercise of a professional activity, to a non-resident company (or a body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal entity, are in principle taxable at 16.5 percent (plus communal surcharges) if, at any time during the five years preceding the sale, the Belgian resident individual has owned directly or indirectly, alone or with his/her spouse or with certain family members, a substantial shareholding in the Company (i.e. a shareholding of more than 25 percent in the Company).

It should be noted that the above provisions regarding the transfer of a substantial shareholding have been deemed not to be in line with the freedom of establishment and the freedom of movement of capital by the European Court of Justice in its decision of 8 June 2004. The Belgian tax authorities accept that the provisions described above do not apply if the shares are transferred to the above mentioned persons who are established in the European Economic Area.

Belgian companies

Belgian resident companies are normally not subject to Belgian capital gains taxation on gains realised upon the transfer of shares provided that the Article 203 ITC Taxation Condition, described above under "Dividends – Belgian companies" is met. Outside of the Article 203 ITC Taxation Condition, the Conditions for the application of the definitively taxed income regime do not need to be met in order to benefit from the exemption. Reductions in value and capital losses on Shares by resident companies are in principle not tax deductible.

Capital gains realised by Belgian resident companies upon the redemption of Shares or in the event of the liquidation of the Company will in principle be taxed as dividends.

Belgian legal entities

Belgian resident legal entities subject to the legal entities income tax are, in principle, not subject to Belgian capital gains taxation on the disposal of Shares, except in case of transfer of a substantial shareholding to an entity established outside the European Economic Area. Capital gains realised by legal entities resident in Belgium on the redemption of shares or in the event of the liquidation of the Company will in principle be taxed as dividends.

Reductions in value and capital losses on Shares by legal entities subject to the legal entities income tax are not tax deductible.

Non-residents

Capital gains realised on the Shares by a non-resident individual that has not acquired the Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian permanent establishment generally are not subject to taxation and capital losses are not tax deductible.

However, if the gain is deemed to be realised outside the scope of normal management of the private estate, the gain will be taxable at the rate of 30.28 percent.

Losses on transactions outside the scope of normal management of the individual's private estate are deductible from the income from similar transactions provided the losses were incurred during the preceding five income years. Belgium has concluded tax treaties with more than 80 countries which generally provide for a full exemption from Belgian capital gain taxation on such gains realised by residents of those countries.

Capital gains realised by Belgian non-resident individuals upon the redemption of Shares upon the liquidation of the Company will generally be taxed as a dividend.

Capital gains will be taxed at the ordinary progressive income tax rates and capital losses will be tax deductible, if those gains or losses are realised on Shares by a non-resident individual that holds Shares in connection with a business conducted in Belgian through a fixed base in Belgium. In such a case, reductions in value and capital losses on Shares are tax deductible.

Finally, capital gains realised by non-resident individuals on the disposal of the Shares for consideration, outside the exercise of a professional activity, to a non-resident company (or a body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal person, are in principle taxable at 16.5 percent (plus 7 percent surcharges) if, at any time during the five years preceding the sale, the seller has owned directly or indirectly, alone or with his/her spouse or with certain family persons, a substantial shareholding in the Company (i.e. a shareholding of more than 25 percent in the Company).

It should be noted that the above provisions concerning the disposal of a substantial shareholding have been deemed not to be in line with the freedom of establishment and the freedom of movement of capital by the European Court of Justice in its decision of 8 June 2004 (Decision no. 600.156 of 23 May 2006).The tax authorities accept that the provisions described above relating to the disposal of substantial shareholdings do not apply if the shares are transferred to the above-mentioned persons who are established in the European Economic Area.

Capital gains realised on the Shares by a non-resident company or other non-resident entity that have not acquired Shares in connection with a business conducted in Belgium through a Belgian permanent establishment are generally not subject to taxation and losses are not tax deductible. Capital gains realised by a non-resident company or other non-resident entity that holds Shares in connection with a business conducted in Belgium through a Belgian permanent establishment are normally not subject to Belgium capital gains taxation on the disposal of shares, provided that, at the date of disposal, the Article 203 ITC Taxation Condition, described above under "Belgian residents – Dividends – Withholding tax" is satisfied with respect to the dividend payment. Apart from the Article 203 ITC Taxation Condition, the Conditions for the application of the definitively taxed income regime do not have to be fulfilled in order to benefit from the exemption. Reductions in value and losses on Shares realised by a non-resident company or other non-resident entity are in general not tax deductible.

A non-resident legal entity (including non-resident companies) does not hold Shares in connection with a business conducted in Belgium through a Belgian permanent establishment which would ordinarily otherwise be subject to Belgian capital gains taxation may be entitled to a full exemption from such capital gains taxation under a tax treaty between Belgium and the country of residence of such shareholder.

Capital gains realised by non-resident companies or other legal entities upon the redemption of Shares or upon the liquidation of the Company will generally be taxed as a dividend.

Tax on stock exchange transactions

A stock market tax is normally levied on the purchase and the sale and on any other acquisition and transfer for consideration in Belgium, of Existing Shares through a professional intermediary on the secondary market (so-called 'secondary market transactions'). The applicable rate amounts to a 0.17 percent, but with a maximum of EUR 500 per transaction and per party.

Belgian non-residents who purchase or otherwise acquire or transfer, for consideration, existing shares for their own account through an intermediary may be exempted from the stock market tax in Belgium if they deliver a sworn affidavit to the intermediary in Belgium confirming their non-resident status.

There is also an exemption for (1) professional intermediaries described in Article 2, 9 and 10 of the Law of August 2, 2002 acting for their own account, (2) insurance companies described in Article 2, §1 of the Law of July 9, 1975 acting for their own account, (3) professional retirement institutions referred to in Article 2, 1 of the Law of October 27, 2006 concerning the supervision on institutions for occupational pensions acting for their own account, or (4) collective investment institutions acting for their own account.

Upon the issuance of New Shares, no tax on stock exchange transactions is due.

9.2 Certain Czech tax considerations

General

The comments below are of a general nature and are based on current laws of the Czech Republic and practice of the Czech authorities as of the date of this Prospectus. Except as otherwise stated, the summary only discusses certain Czech tax consequences of holding and disposal of the Shares for the beneficial owners of the Shares who satisfy all of the following conditions: (1) are resident in the Czech Republic for tax purposes; (2) are not resident in Belgium for tax purposes; and (3) do not have a permanent establishment or fixed base outside of the Czech Republic with which the holding of the Shares is effectively connected (the "**Czech Holders**").

In addition, the summary assumes that the Czech Holder does not either directly or indirectly control 10 percent or more of the voting power or basic capital of the Company and is not deemed to have a substantial or significant influence over the Company for other reasons.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular Czech Holder. Accordingly, potential investors should satisfy themselves as to the overall tax consequences, including, specifically, the consequences under Czech law and practice of the Czech authorities, of the acquisition, ownership and disposal of the Shares in their own particular circumstances, by consulting their own tax advisers.

Taxation of Dividends

Dividends from the Shares received by the Czech Holders, except for pension funds, shall enter a separate tax base and shall be subject to a reduced flat tax rate of 15 percent. The Czech Holders – pension funds, shall include the dividends from the Shares into an ordinary tax base being subject to 5 percent tax.

In the case of the Czech Holders – individuals, the flat tax rate of 15 percent shall only apply if the individuals opt for including the dividends into a separate tax base. Otherwise, the dividends from the Shares will form part of an ordinary personal income tax base of the individual Czech Holders which is subject to a progressive tax rate of 12 percent to 32 percent.

The dividend income entering the tax base shall include any foreign taxes withheld from such income. Based on the 1996 Convention between the Czech Republic and the Kingdom of Belgium for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital, as amended (the "**Belgium/Czech Convention**"), the Czech Republic shall allow to the Czech Holders who are eligible under the Belgium/Czech Convention as a deduction an amount equal to the tax paid on such dividend income in Belgium. Such deduction shall not, however, exceed that part of the Czech tax, as computed before the deduction is given, which is attributable to the income which, in accordance with the provisions of the Belgium/Czech Convention, may be taxed in Belgium.

Revaluation of the Shares

Most Czech Holders keeping accounting books in accordance with the Czech accounting standards who hold the Shares for the purpose of trading will be required to revalue the Shares to fair value for accounting purposes, whereby the revaluation differences would be accounted for as income or expense. Such income is generally taxable and the corresponding expense is generally tax deductible for Czech corporate/personal income tax purposes, assuming the general tax deductibility conditions are met by the particular Czech Holder.

Irrespective of whether a Czech Holder is required to keep the accounting books according to the International Financial Reporting Standards or not, the above-mentioned tax consequences should remain the same as the current Czech tax law requires that the impact of International Financial Reporting Standards on the tax base of the taxpayers be eliminated.

Capital Gains of Czech Holders

Capital gains realised by corporate Czech Holders upon the sale of the Shares will be subject to Czech corporate income tax at the rate of 24 percent (5 percent in the case of pension and investment funds and unit trusts).

In the case of Czech Holders – individuals, any gain derived from the sale of Shares is exempt from Czech personal income tax if the holding period of the Shares exceeds six months and the Shares have not been held in connection with business activities of the individual Czech Holders. In other cases, the capital gains are generally subject to ordinary Czech personal income tax at a progressive rate of 12 percent to 32 percent.

Potential losses realised by the corporate Czech Holders upon the sale of the Shares should generally be considered as tax deductible for the corporate Czech Holders, assuming the general deductibility conditions are met. In the case of Czech Holders who are individuals holding the Shares in connection with their business activities and being subject to Czech accounting standards, the loss is generally considered as tax deductible similarly to corporate Czech Holders. In the case of the Czech Holders who are individuals holding the Shares with no relation to their business activities, the loss is generally considered as tax deductible for Czech income tax purposes only if the holding period of the Shares does not exceed six months and only against other taxable capital gains derived by the individual Czech Holders from the sale of securities in a given tax period provided that such securities have not been held in connection with the business activities of the individual Czech Holders. Otherwise, the loss from the sale of the Shares is generally considered as tax non-deductible for such individual Czech Holders.

Capital Gains of Czech Tax Non-Residents and Securing Tax

Under Czech law, Czech corporate/personal income tax (24 percent for corporations, 12 percent – 32 percent for individuals) is also payable from capital gains derived from the sale of the Shares by Czech tax non-residents if the Shares are sold to a Czech tax resident or to a Czech permanent establishment of a Czech tax non-resident. In addition, Czech law requires the Czech tax residents and the Czech tax non-residents having a permanent establishment in the Czech Republic to which the Shares are attributable to withhold a 1 percent securing tax from the purchase price when purchasing investment instruments, such as the Shares, from a Czech tax non-resident who is tax resident outside the European Union or the European Economic Area. The securing tax withheld is subsequently offset against the final Czech tax liability of the seller.

A double taxation treaty concluded by the Czech Republic may eliminate the Czech tax liability arising from the sale of investment instruments, such as the Shares, by the Czech tax non-resident as well as the securing tax obligation if such treaty is applicable.

No specific tax on stock exchange transactions

In the Czech Republic stock exchange transactions are considered normal share deals. No specific tax is levied.

Change of applicable law

As of January 1, 2008 the amendment to the Czech Income Tax Act will enter into force. The following Czech tax consequences related to the Shares are introduced by this amendment:

The personal income tax rate will be unified at 15 percent and, as of 1 January, 2009, further reduced to 12.5 percent. It will apply to both dividends and capital gains (if not exempt).

The general corporate income tax rate, applicable also to capital gains, will gradually decrease over three years as follows: 21 percent as of 1 January 2008, 20 percent as of 1 January 2009 and 19 percent as of 1 January 2010. Taxation of dividends by corporations as well as tax rate applicable to pension and investment funds and unit trusts remain unaffected.

The existing exemption of capital gains from the sale of the Shares for individuals will be applicable only if the shareholder has not held, directly or indirectly, more than 5 percent on the basic capital and voting rights of the Company during the last 24 months. Should that be the case, the exemption would be applicable under the same conditions but only after the holding period of 5 years. Capital gains from the sale of shares acquired until the end of 2007 will be governed by the existing conditions for exemption even if the shares are sold on or after 1 January 2008.

CHAPTER IV: GENERAL INFORMATION ABOUT THE SHARES

1 General

This Chapter sets out the nature and the rights attached to the Shares. This Chapter is based on the Company's articles of association, as amended by the Pre-offering ESM subject to the condition precedent of determination of the final Offering Price and signing of the Underwriting Agreement. References to Belgian (corporate) law are in summarised form only and hence cannot be considered as exhaustive.

2 Nature of the Shares

The Shares are registered shares, bearer shares in book-entry form or dematerialised shares.

The Shares are deemed to be indivisible.

The Shares that fall within the Lock-up obligations of the Offering (see Chapter III, Section 5, "Lock-up") remain, at least until the expiration of the provided period, registered shares.

The Offered Shares will be delivered in book-entry form and will be represented by one or more global certificates deposited with Euroclear Belgium, the Belgian central security depository and with Univyc, a subsidiary of the Prague Stock Exchange authorised to settle trades on the Prague Stock Exchange. The Company will not print any Shares.

Given the future dematerialisation of bearer securities, it should be noted that the bearer securities that have been credited to a securities account will be converted automatically into dematerialised securities as from 1 January 2008 in accordance with Belgian law.

The registered Shares will be registered in the Company's share register. Every shareholder can at all times, at his own cost, request the conversion of his Shares into Shares of another type.

3 Rights attached to the Shares

3.1 Dividend

All Shares participate in the same manner in the Company's profits (if any), as from the first day of the fiscal year ending 31 December 2007. In general the Company can only distribute dividends after approval of the shareholders' meeting of the Company. Based on a proposal of the board of directors, the meeting of shareholders decides by simple majority vote on the distribution of the balance of the net profits, taking into account the legal limitations. The payment of the dividends takes place on terms determined by the board of directors.

The board of directors may, in accordance with the Belgian Companies Code and on its own responsibility, resolve on the distribution of interim dividends and the terms of payment thereof.

The meeting of shareholders must allocate at least 5 percent of the annual net profits to a legal reserve until the reserve equals 10 percent of the share capital.

Any distribution of dividends will depend on the profits of the Company, its financial position, its capital needs and other factors that are considered to be important for the Company.

Neither Belgian law nor the articles of association of the Company require the meeting of shareholders to distribute any dividends.

In accordance with Article 2277 of the Belgian Civil Code, the right to payment of declared dividends of registered securities expires after a period of five years in favour of the Company.

Dividends on bearer securities are in principle not subject to statute of limitation. The Belgian Law of 24 July 1921 provides that, if the Company wishes to invoke a time limitation, the Company has the right to deposit those dividends with the Deposit and Consignment Office (*Deposito en Consignatiekas / Caisse de Dépôts et Consignations*). Deposited dividends that have not been claimed after 30 years are transferred to the Belgian State.

All Belgian investors to whom New Shares are allocated will receive VVPR-strips (see Chapter III, Section 9.1, "Certain Belgian tax considerations"), unless the subscribers explicitly waived the right to receive such VVPR-strips at the time of ordering or applying for the Offered Shares.

3.2 Voting

Each Share carries one vote, except in the case of suspension of the voting rights, as provided in the law and the articles of association of the Company. Shareholders may vote by proxy.

The Company only recognises one shareholder per Share. If several owners own one Share, the rights attached to the Shares may be suspended until the parties concerned have reached an agreement regarding the appointment of one representative.

If the Shares are pledged, the pledgor can exercise the voting rights.

If the Share is subject to usufruct, all rights (incl. the voting right) attaching to such Share shall be exercised by the holder of the usufruct, save as regards the exercise of the preferential subscription right in case of a capital increase through a cash contribution.

3.3 Annual shareholders' meeting

The annual shareholders' meeting is held at the registered office of the Company on each second Friday of May at 5 p.m., or the next business day if this day is a public holiday.

An extraordinary or special shareholders' meeting can be convened each time the interest of the Company so requires. The board of directors and each statutory auditor can each convene a special or extraordinary meeting of shareholders. They are obliged to convene a meeting of shareholders if the shareholders that together hold one fifth of the share capital so request.

Convening notice for the meeting of shareholders

The convening for the meeting of shareholders takes place in accordance with the legal formalities and contains the agenda with the items to be discussed as well as the proposed resolutions.

The notice must be published in the Belgian State Gazette and on the Company's website at least 24 days prior to the meeting or the registration date. The notice must also be published in a national Belgian newspaper 24 days prior to the meeting, unless it concerns annual shareholders' meetings held at the municipality, place, date and hour mentioned in the articles of association of the Company, with an agenda limited to the examination and approval of the annual accounts, the annual report of the board of directors, the statutory auditor's report and the vote on the directors' and statutory auditor's discharge. The annual accounts, the annual report of the board of directors and the report of the statutory auditor are made available to the shareholders, bondholders, holders of warrants and certificates issued in cooperation with the Company and are published on the website of the Company (www.vgpparks.eu), 15 days prior to the annual meeting of shareholders.

These notices will be sent 15 days prior to the meeting to holders of registered securities, directors and statutory auditors of the Company. This notice is sent by ordinary letter unless the addressees have individually and expressly agreed in writing to receive the notice by another means of communication. The convening notice contains the agenda with the items to be discussed as well as the proposed resolutions.

Formalities to attend the meeting of shareholders

In order to be admitted to attend the meeting of shareholders, the holders of registered Shares must advise the board of directors in writing at least three working days in advance of their intention to attend the meeting of shareholders, if the board of directors so requests in the convening notice.

If the board of directors so requests in the convening notice, the holders of immaterial bearer Shares must file a certificate of unavailability issued by the relevant financial institution at least three working days in advance at the place specified in the notice.

If the board of directors so requests in the convening notice, the holders of dematerialised Shares must file a certificate of unavailability issued by a recognised account holder or by the institution of liquidation at least 3 working days in advance at the place specified in the notice.

In accordance with Article 536 of the Belgian Companies Code the convening notice may provide for a registration date. If this is the case, the shareholders are only entitled to attend the shareholders' meeting and to exercise their voting rights with respect to the Shares of which they are the holder at midnight on the registration date. The above applies irrespective of the number of Shares held by each shareholder on the day the shareholders' meeting takes place. The registration date cannot be set earlier than the fifteenth day or later than the fifth working day prior to the shareholders' meeting.

Proxy

Each shareholder has the right to attend and vote at a shareholders' meeting in person or through a proxy holder. The proxy holder does not need to be a shareholder. In the notice, the board of directors may specify the format that the power of attorney must take and require it to be deposited at least 3 working days prior to the shareholders' meeting at a place specified in the notice.

Quorum and majorities

There is no attendance quorum at the shareholders' meeting, except as provided by law in relation to decisions regarding certain matters.

Decisions are made by simple majority of the votes cast, except where the law or the articles of association of the Company provide for a special majority. Matters involving special quorum and majority requirements include, among others, amendments to the articles of association including amendments to the rights attached to the shares, the issues of new shares, convertible bonds or warrants and decisions regarding mergers and de-mergers, which require at least 50 percent of the share capital to be present or represented and the affirmative vote of the holders of at least 75 percent of the votes cast. Amendments to the corporate purpose of the Company require at least 50 percent of the share capital and 50 percent of the profit-sharing certificates (if any) to be present or represented and the affirmative vote of at least 80 percent of the votes cast. If the quorum is not reached, a second meeting may be convened at which no quorum will apply. The special majority requirements, however, remain applicable.

3.4 Liquidation of the Company

If, as a result of losses, the Company's net assets are less than 50 percent of its share capital, the directors must submit the question of dissolving the Company or (if the board of directors proposes that the Company's activities be continued) any possible alternative and remedial steps to the shareholders' meeting for consideration. In accordance with Article 633 of the Belgian Companies Code, the shareholders will deliberate on these matters at a shareholders' meeting. The board of directors must justify its proposals in a special report to the shareholders' meeting. If the board of directors proposes that the Company's activities be continued, it must provide details of the measures that it proposes to remedy the Company's financial situation. The shareholders must be convened at a shareholders' meeting within two months after the loss is noted, or should have been noted under legal or statutory provisions.

If, as a result of losses, the Company's net assets are less than 25 percent of the Company's share capital, the shareholders' meeting may approve the Company's dissolution. For such approval, 25 percent of the votes cast must be in favour of dissolution.

If the amount of the Company's net assets has dropped below EUR 61,500 (the minimum amount of share capital of a *"Naamloze vennootschap"/"Société Anonyme"*), each interested party is entitled to request the competent court to dissolve the Company. The court can order the dissolution of the Company or grant a grace period within which the Company is to remedy the situation.

Only an extraordinary meeting of shareholders can decide on the voluntary dissolution of the Company in accordance with the applicable legal provisions.

If the Company is to be dissolved for any reason and at any time, the liquidation will be carried out by one or more liquidators appointed by the shareholders' meeting in accordance with the law. Failing such appointment, the existing directors will be considered liquidators towards third parties. The appointment of the liquidators is subject to the confirmation by the commercial court in accordance with Article 184 of the Belgian Companies Code. To this end, the liquidators dispose of the broadest competences, in accordance with the Belgian Companies Code. The meeting of shareholders decides on the remuneration of the liquidators.

Any balance remaining after discharging all debts, liabilities and liquidation costs must first be used to reimburse, in cash or in kind, the paid up capital of the Shares. If the net proceeds are insufficient to reimburse all the Shares, the liquidators shall first reimburse those Shares paid up to a greater extent to equalise them with the Shares paid up to a lesser extent, or shall call for an additional payment by the holders of Shares paid up to a lesser extent. Any remaining balance is to be equally distributed among the Shares.

3.5 Changes in the Share capital

By the meeting of shareholders

In accordance with the Belgian Companies Code, the Company may increase or decrease its share capital by decision of the shareholders' meeting, taken by a majority of 75 percent of the votes cast, at a meeting where at least 50 percent of the share capital of the Company is present or represented.

Authorised capital

The shareholders' meeting of the Company may authorise the board of directors to increase the Company's share capital. The board of directors can use its powers under the authorised capital for a renewable period of maximum five years. The amount of the authorised capital cannot exceed the amount of the issued share capital of the Company.

The Pre-offering ESM resolved to authorise the board of directors to increase the share capital of the Company in one or more times with a maximum amount of EUR 100,000,000 under condition precedent of the determination of the final Offering Price and the signing of the Underwriting Agreement. The powers of the board of directors under the authorised capital granted at the Pre-offering ESM, can be exercised for a period of 5 years as from the publication of the deed of capital increase in the Annexes to the Belgian State Gazette.

The technique of the authorised capital gives flexibility and speed to the board of directors, which is necessary in order to guarantee the most appropriate way of managing the Company. The board of directors can use the authorised capital to attract working capital. The board of directors can also use the authorised capital within the framework of the remuneration policy of the Company, i.e. the issuance of shares, options or warrants to employees, directors or consultants of the Company or its Subsidiaries, as well as other persons that have been an asset to the Company or its Subsidiaries through their professional activities.

The authorised capital can also be used as a defence mechanism against a hostile public take-over bid.

The powers of the board of directors are valid for capital increases through contribution in cash or in kind, through incorporation of reserves or issue premiums, with or without issuance of new shares.

The board of directors is authorised, within the limits of the authorised capital, to issue convertible bonds, warrants or combinations thereof or other securities.

The board of directors can, in the interest of the Company, within the limits and in accordance with the conditions provided in the Belgian Companies Code limit or cancel the preferential subscription right.

This limitation or cancellation can also take place in favour of the employees of the Company and its Subsidiaries and in favour of one or more designated persons, even if these persons are not employees of the Company or its Subsidiaries.

If an issue premium is paid, this will be booked automatically on an "issue premium" account, which will in the same way as the share capital constitute a guarantee for third parties and about which, except for the possibility to convert this reserve into share capital, decisions can only be made in the same manner as provided for changes to the articles of association.

3.6 Preferential subscription right

The Belgian Companies Code and the articles of association of the Company give shareholders a preferential subscription right to subscribe on a pro rata basis to any issue against cash of new Shares, convertible bonds or warrants exercisable in cash.

The Shares subscribed to in cash have to be offered first to the shareholder on a pro rata basis during a period of at least fifteen days as from the starting date of the subscription period. The meeting of shareholders, or the board of directors within the limits of the authorised capital, determines the subscription price at which and the period during which the preferential subscription right can be exercised. These preferential subscription rights are transferable during the subscription period and are only subject to the limits of the transferability of the Shares to which they relate.

The meeting of shareholders is authorised to limit or declare inapplicable the preferential subscription right granted by law to the shareholders in accordance with the provisions of the Belgian Code of Companies. The board of directors is authorised, within the limits of the authorised capital, to limit or declare inapplicable the preferential subscription right granted by law to the shareholders if this is in the best interest of the Company and in accordance with the provisions of the Belgian Companies Code. The board of directors is authorised to limit or declare inapplicable the preferential subscription rights in favour of one or more designated persons, even if the persons concerned are not members of the personnel of the Company or its Subsidiaries (see Chapter IV, Section 3.5, "Changes in the Share capital").

3.7 Form and transferability of the Shares

All Shares are registered, immaterial bearer shares in book-entry form or dematerialised shares, depending on the shareholder's choice.

All Shares will, as of delivery, be fully paid up and freely transferable.

The Existing Shareholders have committed themselves for a period of 365 days after the Listing Date, to observing a number of limitations to this free transferability. See Chapter III, Section 5, concerning the Lock-up Agreement.

3.8 Notification of important shareholdings

Belgian law, in conjunction with the Company's articles of association, imposes disclosure requirements on any individual or entity acquiring or transferring voting securities or securities which give a right to voting securities, as soon as, following such acquisitions or transfer, the total number of voting rights directly or indirectly held by such individual or entity, alone or in concert with others, increases above or falls below a threshold of 3 percent, 5 percent, or any multiple of 5 percent, of the total number of voting rights attached to the Company's securities. A shareholder whose shareholding increases above or falls below any such thresholds must, each time, disclose this fact to the CBFA and to the Company. The documents pursuant to which the transaction was effected must be submitted to the CBFA. When the participation of a shareholder reaches 20 percent, the notification must indicate in which strategy the acquisition or transfer concerned fits, as well as the number of securities acquired during a period of twelve months before the notification and in which manner such securities were acquired. Such notification is also required if an individual or an entity acquires or transfers control (either direct or indirect, either *de iure or de facto*) on a company that possesses 3 percent, 5 percent or a multiple of 5 percent of the voting rights of the Company.

When the shares of a company are first listed, a similar notification has to be done by individuals or legal entities holding 3 percent or more of the voting rights at the date of listing.

The Company is required to publicly disclose any notifications received regarding increases or decreases in a shareholder's ownership of the Company's securities on the next business day, and must mention these notifications in the notes to its annual accounts. Euronext Brussels and the Prague Stock Exchange will publish details of the notifications. Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability.

On 12 June 2007 the new law of 2 May 2007 partially implementing Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (*Wet op de openbaarmaking van belangrijke deelnemingen in emittenten waarvan aandelen zijn toegelaten tot de verhandeling op een gereglementeerde markt en houdende diverse bepalingen*) was published in the Annexes to the Belgian State Gazette. However, most of the provisions of the law of 2 May 2007 have not yet entered into force and the Royal Decrees executing the law of 2 May 2007 have not yet been published in the Annexes to the Belgian State Gazette.

3.9 Laws applicable to public takeover bids

Pursuant to article 4(2)(a) of the Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (the "Takeover Directive"), the authority competent to supervise a takeover bid shall be that of the Member State in which the target company has its registered office if that company's securities are admitted to trading on a regulated market in that Member State.

Whilst Belgium has implemented the Takeover Directive by way of the Belgian Act on public takeover bids (*Wet op de openbare overnamebiedingen*) of 1 April 2007 (published in the Belgian State Gazette of 26 April 2007), the Royal Decree on public takeover bids of 27 April 2007 (*Koninklijk Besluit op de openbare overnamebiedingen*) and the Royal Decree on public squeeze-out bids of 27 April 2007 (*Koninklijk Besluit op de openbare uitkoopbiedingen*), the Takeover Directive has not yet been implemented in the Czech Republic. Nevertheless, the Czech National Bank as the authority competent to supervise a takeover bid in the Czech Republic has not been vested with the powers to supervise a takeover bid relating to, and the current Czech takeover rules do not apply to, the target company having its registered office outside the Czech Republic.

In line with the Takeover Directive, public takeover bids for the Company's Shares and other securities carrying the right to obtain Shares (such as warrants or convertible bonds, if any) would be subject to the supervision by the CBFA and the Belgian Act on public takeover bids would apply to public takeover bids for the Company's Shares and other securities carrying the right to obtain Shares.

3.10 Public takeover bids

Under the Belgian Act on public takeover bids, public takeover bids must be made for all of the Company's voting securities, as well as for all other securities that entitle the holders thereof to the subscription to, the acquisition of or the conversion in voting securities. Prior to making a bid, a bidder must issue and disseminate a prospectus, which must be approved by the CBFA. The bidder must also obtain approval of the relevant competition authorities, where such approval is legally required for the acquisition of the Company.

The Belgian Act on public takeover bids provides that a mandatory bid will be triggered if a person, as a result of its own acquisition or the acquisition by persons acting in concert with him or by persons acting for their account, directly or indirectly holds more than 30 percent of the voting securities in a company having its registered office in Belgium and of which at least part of the voting securities are being traded on a regulated market or on a multilateral trading facility designated by Royal Decree. The mere fact of exceeding the relevant threshold will give rise to a mandatory bid, irrespective of whether or not the price paid in the relevant transaction exceeds the current market price.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligation to disclose important shareholdings (see under Section 3.8) and merger control, that may apply to the Company and which may make an unfriendly tender offer, merger, change in management or other change in control, more difficult. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market prove of the Company's shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their shares at a premium.

Normally, the authorisation of the board of directors to increase the share capital of the Company through contributions in cash with cancellation or limitation of the preferential right of the existing shareholders is suspended as of the notification to the Company by the CBFA of a public takeover bid on the securities of the Company. The general shareholders' meeting can, however, authorise the board of directors to increase the share capital by issuing shares in an amount of not more than 10 percent of the existing shares of the Company at the time of such a public takeover bid. Such authorisation has been granted to the board of directors of the Company at the Pre-Offering ESM.

3.11 Squeeze-out

Pursuant to Article 513 of the Belgian Companies Code, as amended by article 60 of Belgian Act on public takeover bids, or the regulations promulgated thereunder, a person or entity, or different persons or entities acting alone or in concert, who own together with the company 95 percent of the securities conferring voting power in a public company, can acquire the totality of the securities conferring (potential) voting rights in that company following a squeeze-out offer.

The shares that are not voluntarily tendered in response to such offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the offer, the company is no longer deemed a public company, unless bonds issued by the company are still spread among the public. The consideration for the securities must be in cash and must represent the fair value as to safeguard the interests of the transferring shareholders.

CHAPTER V: GENERAL INFORMATION ABOUT THE GROUP

1 General information

VGP NV is a limited liability company that was incorporated under Belgian law for an undetermined period on 6 February 2007. The Company was incorporated by Messrs Jan Van Geet and Bart Van Malderen. The Company's registered office is situated at Greenland – Burgemeester Etienne Demunterlaan 5, 1090 Brussels (Belgium) and the Company is registered under enterprise number 0887.216.042 (Register of Legal Entities Brussels).

The Company, being a holding company falling within the exception of article 4, section 3, 1 of the ucits – law of 20 July 2004, has not been set up as a Belgian real estate investment trust (*"vastgoedbevak"/ "sicafi"*). As a consequence the Company does not benefit from the fiscal advantages of a Belgian real estate investment trust and is not subject to the regulatory framework applicable to these real estate investment trusts.

This Chapter sets out the Company's corporate purpose and its capital structure. This section is based on the Company's articles of association, as amended by the Pre-Offering ESM subject to the condition precedent of determination of the final Offering Price and signing of the Underwriting Agreement. The description provided hereafter is only a summary and does not purport to give a complete overview of the Company's articles of association nor of the relevant provisions under Belgian law, neither should it be considered as legal advice regarding these matters.

2 Purpose of the Company

Pursuant to article 3 of the articles of association, the Company has as its purpose, in Belgium and abroad, exclusively in its own name and for its own account:

(i) The acquisition through purchase or otherwise, the sale, exchange, improvement, equipment, renovation, encumbering, disposal of, making productive, rent, lease and management of all real estate, and, in general, all real estate transactions.

(ii) The acquisition of participations in whatever form in commercial, industrial and financial undertakings and companies, Belgian as well as foreign, the management and sale of these participations and the acquisition through participation, subscription, purchase, option or by whatever means of all parts, shares, bonds, values and titles.

(iii) The representation, management, supervision and liquidation of all companies and undertakings of whatever nature.

(iv) Engineering, development, commercialisation, representation and providing services with regard to movable assets, material, machines and equipment.

(v) Providing services, giving advice, research, preparing and setting up organisation systems, setting up systems for data management and all techniques with regard to technical, administrative, economic and general management of companies.

(vi) Acquisition, exploitation or disposal of patents, licenses, brands and intellectual property rights.

In general it can take all actions to protect its rights and it will perform all transactions that are directly or indirectly in connection with or contribute to the realisation of its purpose.

It can also hold participations, by means of contribution, subscription or otherwise, in all companies, associations or undertakings that have a similar, analogue or related purpose, or whose own purpose it is to promote the Company's purpose. It can provide facilities or guarantee third parties' obligations.

The Company can work together with and participate in, directly or indirectly, companies of whatever nature, make any undertakings, grant facilities and loans, guarantee third parties' obligations, mortgage or pledge its goods, including its own commerce. It can do all that is in relation to abovementioned purpose or can be beneficial to the realisation of it.

3 Group structure

The Company has the following fully owned Subsidiaries:

(i) VGP Deutschland GmbH, incorporated by the Company on 28 June 2007, under the form of a German limited liability company, with registered address at Kohlgartenstrasse 11, 04315 Leipzig, Germany, identification number HRB 23386;

(ii) VGP Latvia s.i.a., incorporated by the Company on 26 March 2007, under the form of a Latvian limited liability company, with registered address at Elizabetes iela 15, Riga, LV-1010 Latvia, identification number: 40003912739;

(iii) Seton a.s., a Slovakian limited liability company with registered address at Mostová 3, 927 01 Šaľa, identification number 36 556 505, Slovakia (**"VGP Slovakia"**); the Company acquired 100 percent of the issued share capital in VGP Slovakia under the terms of a share sale and purchase agreement of 3 September 2007.

In addition, the Company is currently in the process of incorporating the following Subsidiaries (of which it will be a 100 percent shareholder):

(i) VGP Estonia, to be incorporated under the form of an Estonian limited liability company;

(ii) VGP Lithuania, to be incorporated under the form of a Lithuanian limited liability company; and

(iii) VGP Romania, to be incorporated under the form of a Romanian limited liability company;

(iv) VGP Hungary, to be incorporated under the form of a Hungarian limited liability company.

The Company has also acquired all the shares in Zorro s.i.a., a Latvian limited liability company with registered address Rigas rajons, Kekavas pagasts, Kekava, Nakotnes iela 8 "Atvari" – 13, LV-2123 Latvia, identification number 400003449385 (**"Zorro s.i.a."**).

If on the Closing Date the Contribution in Kind (and the corresponding increase of the issued share capital of the Company) becomes effective (cfr. under Chapter V, Section 4.2, below), the Company will, in addition, have the following fully owned Subsidiaries (the "**Combined Companies**"):

(i) VGP Park Olomouc a.s., a Czech joint-stock company[3] with registered address at Mladá Boleslav I, Staroměstské náměstí 11, Postal Code 29301, Czech Republic, identification number 27583589;

(ii) VGP Park Nýřany a.s., a Czech joint-stock company with registered address at Mladá Boleslav, Staroměstské náměstí 11, Postal Code 29301, Czech Republic, identification number 27393551;

(iii) VGP Park Lovosice a.s., a Czech joint-stock company with registered address at Mladá Boleslav I, Staroměstské náměstí 11, Postal Code 29301, Czech Republic, identification number 27591328;

(iv) VGP Park Hradec Králové a.s., a Czech joint-stock company with registered address at Mladá Boleslav I, Staroměstské náměstí 11, Postal Code 29301, Czech Republic, identification number 27582086;

(v) VGP Park Liberec a.s., a Czech joint-stock company with registered address at Mladá Boleslav I, Staroměstské náměstí 11, Postal Code 29301, Czech Republic, identification number 27625494;

(vi) Industrie Park Sever a.s., a Czech joint-stock company with registered address at Sychrov, Paceřice čp. 28, Postal Code 46344, Czech Republic, identification number 25492489[4];

(vii) VGP Park Turnov a.s., a Czech joint-stock company with registered address at Mladá Boleslav I, Staroměstské náměstí 11, Postal Code 29301, Czech Republic, identification number 25400363;

(viii) VGP – industriální stavby s.r.o., a Czech limited liability company[5] with registered address at Sychrov, Paceřice 28, Postal Code 46344, Czech Republic, identification number 25695011.

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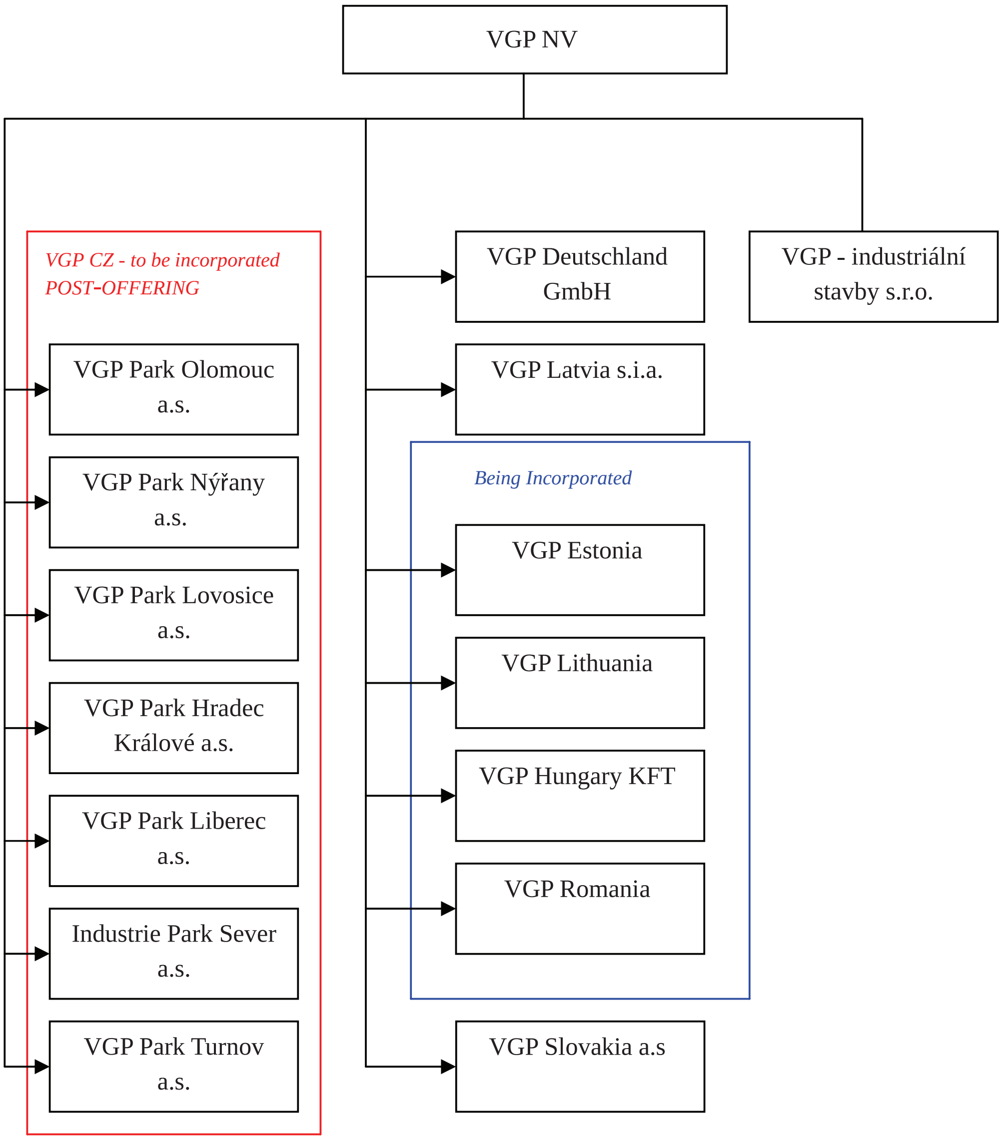
3 *akciova spolecnost (a.s.)*, a Czech corporation with limited liability whose registered capital is divided into certain number of shares with certain nominal value.

Following the Contribution in Kind and the Closing of the Offering, the Group chart will be as follows:



These are the (prospective) activities of the respective Group entities:

(i) VGP Deutschland GmbH, VGP Latvia s.i.a. VGP Slovakia a.s., VGP Hungary KFT, VGP Estonia, VGP Lithuania and VGP Romania have been incorporated *c.q.* acquired *c.q.* are in the process of incorporation by the Company, to develop future projects in their respective countries of incorporation. All of these companies are currently and will be exploring their local markets to identify project development opportunities. VGP Slovakia a.s. is already registered as owner of a large plot of land near the city of Bratislava in Slovakia.

4 Effective as of 1 August 2007, the following three companies were merged into Industrie Park Sever a.s. (with accounting effect from 1 January 2007): (i) VGP Properties a.s., a Czech joint-stock liability company with registered address at Sychrov, Paceřice 28, Postal Code 46344, Czech Republic, identification number 25473646, (ii) Gudrun Development, a.s., a Czech joint-stock liability company with registered address at Prague 4, Bělehradská 18, Postal Code 14000, Czech Republic, identification number 26146070, and (iii) Caro Development, a.s., a Czech joint-stock company with registered address at Prague 4, Bělehradská 18, Postal Code 14000, Czech Republic, identification number 26121204.

5 *společnost s ručenim omezeným (s.r.o.), a Czech company with limited liability whose registered capital is divided into ownership interests.*

(ii) Zorro s.i.a. contains a land position on which semi-industrial property will be developed once the building permits have been obtained.

(iii) VGP Park Olomouc a.s., VGP Park Nýřany, a.s., VGP Park Lovosice a.s., VGP Park Hradec Králové a.s., VGP Park Liberec a.s., Industrie Park Sever a.s. and VGP Park Turnov a.s. are dedicated legal entities created to acquire, develop and operate semi-industrial properties clustered in business parks.

(iv) VGP – industriální stavby s.r.o. is the service company of the Group.

Shortly after Closing of the Offering, the Company will incorporate a new (directly and fully owned) Czech joint-stock company, to develop future projects in the Czech Republic. It is envisaged that each of the abovementioned Czech project holding companies (i.e. VGP Park Olomouc a.s., VGP Park Nýřany, a.s., VGP Park Lovosice a.s., VGP Park Hradec Králové a.s., VGP Park Liberec a.s., Industrie Park Sever a.s. and VGP Park Turnov a.s.) will be merged into or otherwise transferred or contributed to this newly created Czech subsidiary.

4 Capital

4.1 Share capital

On the Prospectus Date, the Company's share capital amounts to EUR 100,000, represented by 7,090,500 registered Shares without face value, each of which represents an identical fraction of the Company's share capital (i.e. each a fractional value of EUR 0.014). The share capital has been fully paid up.

All the Shares have the same rights.

4.2 History of the capital

The Company

The Company was incorporated as a limited liability company (*naamloze vennootschap/société anonyme*) under Belgian law on 6 February 2007, by Messrs Jan Van Geet and Bart Van Malderen, with an issued share capital of EUR 100,000 represented by 100 registered shares without face value, each fully paid up in cash and worth an equal fraction of the issued share capital (i.e. each a fractional value of EUR 1,000).

The Pre-offering ESM decided to split each Share in the Company in 70,905, as a result of which the issued share capital of the Company is represented by 7,090,500 registered shares without face value, each worth an equal fraction of the issued share capital (i.e. each a fractional value of EUR 0.014). The Pre-offering ESM also decided to increase the issued share capital of the Company by means of a contribution in kind (the "Contribution in Kind") of the shares in the Combined Companies:

- a contribution in kind by Alsgard of its 100 percent shareholding interest in:
  - VGP Park Olomouc a.s.,
  - VGP Park Nýřany, a.s.,
  - VGP Park Lovosice a.s.,
  - VGP Park Hradec Králové a.s.,
  - VGP Park Liberec a.s.,
  - VGP – industriální stavby s.r.o. and
- a contribution in kind by VM Invest of its 100 percent shareholding interests in:
  - Industrie Park Sever a.s., which includes the projects Green Tower, Blue Park, Green Park and the projects of VGP Park Horní Počernice.
  - VGP Park Turnov a.s.

The decision to increase the issued share capital by means of the Contribution in Kind was made subject to the condition precedent of determination of the final Offering Price and signing of the Underwriting Agreement.

On the basis of the fair value of the relevant real estate as well as an estimation of the additional value of the entire project (see Chapter VII, Section 8.3) the Existing Shareholders have agreed to a relative value for the Combined Companies, being 1.80 percent for VGP Park Olomouc a.s., 3.45 percent for VGP Park Nýřany, a.s., 0.94 percent for VGP Park Lovosice a.s., 1.62 percent for VGP Park Hradec Králové a.s., 3.01 percent for VGP Park Liberec a.s., 0.08 percent for VGP – industriální stavby s.r.o., 39.90 percent for Industrie Park Sever a.s. and 1.93 percent VGP Park Turnov a.s. The remainder of the value (i.e. 47.27 percent) is attributed to VGP NV and reflects the value created by unifying all Subsidiaries under one holding with central management, a consolidated business plan and greater financial strength. The Contribution in Kind will lead to the issue of an aggregate number of 7,909,500 new Shares in the Company.

The value (in absolute terms) of the Combined Companies will depend on the final Offering Price. Their combined value is equal to the final Offering Price multiplied by the aforementioned aggregate number of 7,909,500 Shares. The Offering Price, and along with it the value of the Combined Companies, will be determined by the board of directors, after completion of the book-building procedure.

Upon satisfaction of the conditions precedent attaching to the capital increase, and at the latest on the Closing Date, the board of directors will determine that the Contribution in Kind and the capital increase became effective and issue the 7,909,500 new Shares to the contributing shareholders of the Combined Companies. To this end, the Pre-offering ESM conferred all required powers to the board of directors.

The fractional value of the Shares after the Share split decided at the Pre-offering ESM amounts to EUR 0.014. Depending on the final Offering Price, it may be possible that the fractional value of the Shares to be issued as compensation for the Contribution in Kind will be different from the existing one. The final Offering Price can in any event not be lower than the existing fractional value. The Pre-offering ESM, decided that, in case the final Offering Price would be higher than the existing one, the fractional value of all Shares in the Company shall be equalised conventionally.

The reports of the board of directors and of the auditor regarding the Contribution in Kind, drawn up pursuant to Article 602 of the Companies Code, have been attached as Annex 1 to this Prospectus.

While these reports are primarily designed to inform the Founders on the Contribution in Kind and the counter-value that the contributing shareholders of the Combined Companies will receive as consideration, it should be noted that these reports do not value the contribution in absolute terms: it was not considered appropriate to state a value in these reports which could be different from the valuation of the Offering. The valuation for the Offering is carried out on the basis of the book-building procedure, which effectively tests the value with investors and is therefore preferable to a valuation that is based exclusively on theoretical valuation models. The reports drawn up in relation to the Contribution in Kind therefore refer, on the subject of the valuation, to the above-mentioned formula: number of issued Shares as consideration for the Contribution in Kind (being 7,909,500) x the final Offering Price. To further establish at what values the Combined Companies will be entered as Company assets, the above relative distribution formula is applied to the total value of the Contribution.

This manner of reporting offers from an economic point of view less insight since the valuation method is the one taken from the book-building procedure, which will only at a later date offer a clarification of the valuation in absolute terms. The Company is of the opinion that for the incorporation of the holding Company at the time of the Offering this structure is to be preferred.

The Pre-offering ESM also decided to increase the capital of the Company in cash through the issue of New Shares, subject to the condition precedent of determination of the final Offering Price and signing of the Underwriting Agreement. The Pre-offering ESM also granted the board of directors all required powers to determine that this capital increase becomes effective and to issue the New Shares to the investors on Closing of the Offering. The fraction of the Company's issued share capital that is represented by each Share may change as a consequence of the Offering. Depending on the final

Offering Price, it is indeed possible that the fractional value of the New Shares will be different from (albeit not lower than) the value of the Existing Shares. The Pre-offering ESM decided that, in the event of a difference, the fractional value of all Shares of the Company will be equalised conventionally.

The Subsidiaries

VGP Latvia s.i.a. was founded on 26 March 2007 by the Company and was registered with the Commercial Register of the Republic of Latvia Register of Enterprises on 4 April 2007. The registered share capital of VGP Latvia is LVL 2,000, represented by 1 share with a nominal value of LVL 2,000.

VGP Deutschland GmbH was established by means of a memorandum and articles of association dated 28 June 2007 (notarial deed Nr. 0939/2007). The memorandum of association was signed by Mr. Jan Van Geet in his capacity as the managing director of the Company. The share capital of VGP Deutschland amounts to EUR 25,000.00 and is fully paid up.

VGP Slovakia a.s. was founded on 16 October 2003 and incorporated on 27 January 2004. The registered capital of VGP Slovakia a.s. amounts to SKK 1,000,000, and is divided into 1,000 ordinary registered shares with a nominal value of SKK 1,000 each.

VGP Park Olomouc a.s. was founded on 15 March 2006 and incorporated under its original business name VGP Morava, a.s. on 19 August 2006. Its registered capital amounts to CZK 2,000,000, and is divided into 20 bearer shares in certificated form with a nominal value of CZK 100,000 each. The registered capital has been paid in full.

VGP Park Nýřany, a.s. was founded on 20 October 2005 and incorporated on 16 November 2005. The registered capital of Park Nýřany amounts to CZK 2,000,000, is divided into 20 bearer shares in certificated form with a nominal value of CZK 100,000 each and has been paid in full.

VGP Park Lovosice a.s. was founded on 15 March 2006 and incorporated under its original business name Šimon Invest a.s. on 25 August 2006. Its registered capital amounts to CZK 2,000,000, is divided into 20 bearer shares in certificated form with a nominal value of CZK 100,000 each and has been paid in full.

VGP Park Hradec Králové a.s. was founded on 15 March 2006 and incorporated on 16 August 2006, under its original business name Barbara Invest, a.s. Its registered capital amounts to CZK 2,000,000, is divided into 20 bearer shares in certificated form with a nominal value of CZK 100,000 each and has been paid in full.

VGP Park Liberec a.s. was founded on 27 September 2006 and incorporated under its original business name BAQ Czech, a.s. on 4 December 2006. Its registered capital amounts to CZK 2,000,000, is divided into 20 ordinary bearer shares in certificated form with a nominal value of CZK 100,000 each and has been paid in full.

Industrie Park Sever a.s. was founded on 3 May 2004 and incorporated on 21 July 2004. Its registered capital at the establishment equaled to CZK 2,000,000 and was increased to CZK 272,000,000 on 18 December 2006. The registered capital is currently divided into 270 bearer shares in certificated form with a nominal value of CZK 1,000,000 each and 20 bearer shares in certificated form with a nominal value of CKZ 100,000 each and has been paid in full.

VGP Park Turnov a.s. was founded on 11 September 1998 and incorporated as a limited liability company under its original business name Clara Invest s.r.o. on 12 March 1999. The company was transformed from a limited liability company into a joint-stock company with effect from 2005. Its registered capital amounts to CZK 3,000,000, is divided into 6 registered shares in certificated form with a nominal value of CZK 500,000 each and has been paid in full.

VGP – industriální stavby s.r.o. was founded on 12 May 1998 by a Belgium company Dheedene Construct NV and incorporated on 17 September 1998. The original amount of its registered capital was CZK 100,000, which was increased on 12 October 2001 to CZK 1,000,000, divided into 2 ownership interests corresponding to the contributions of CZK 500,000 each. The registered capital has been paid in full.

The Company is in the process of incorporating VGP Estonia, VGP Lithuania, VGP Romania and VGP Hungary.

4.3 Acquisition of own Shares

The Company is entitled to acquire its own shares, profit-sharing certificates or related certificates, transfer them or take them in pledge (always subject to compliance with legal provisions).

The Pre-offering ESM decided, subject to the condition precedent of determination of the final Offering Price and signing of the Underwriting Agreement, to empower the board of directors, without prior resolution of the shareholders' meeting, to acquire and retain own shares whenever this appears necessary to prevent a threatening serious adverse occurrence for the Company. This authorisation is valid for a period of three (3) years, counting from the announcement of the said empowerment in the Annexes to the Belgian State Gazette.

At the same time, the Pre-offering ESM resolved, subject to the condition precedent of determination of the final Offering Price and signing of the Underwriting Agreement, to empower the Board of Directors to acquire a maximum number of own shares that, collectively, shall not represent more than 10 percent of the issued capital at a price that needs to be higher than 90 percent and lower than 115 percent of the price at which the shares were quoted on the day preceding the day of acquisition or exchange. This authorisation is valid for a period of 18 months, counting from the announcement of the above empowerment in the Annexes to the Belgian State Gazette. This authorisation is also valid for the acquisition of Shares in the Company by one of its directly controlled Subsidiaries in accordance with Article 627 of the Belgian Companies Code.

Furthermore, the board of directors was authorised, still under the same condition precedent, to sell and transfer, at a price to be determined by the board of directors, all own shares which are held by the Company, on a regulated market, or within the context of its compensation policy to employees, directors, or consultants of the Company. This empowerment is likewise valid for the transfer of Shares in the Company by one of its directly controlled Subsidiaries pursuant to Article 627 of the Belgian Companies Code.

5 Shareholder structure

On the Closing Date, VM Invest and Alsgard will receive, respectively 6,274,500 and 1,635,000 Shares in the Company as consideration for their contributed shares in the Combined Companies.

On or shortly after the Closing Date, VM Invest will sell to Messrs Jan Van Geet and Jan Procházka, a number of Shares in the Company based on the final Offering Price. The purchase price payable in respect of this sale will be set off against an outstanding debt owed by VM Invest to Messrs Jan Van Geet and Jan Procházka, who will subsequently transfer these Shares to Alsgard. This transfer will occur at a price per Share equal to the Offering Price.

On or shortly after the Closing Date, VM Invest and Alsgard will transfer a number of Shares representing 5 percent of the aggregate number of Shares in the Company post-Closing 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. This transfer will occur at a price per Share equal to the Offering Price.

Alsgard and VGP MISV are companies related to Mr Jan Van Geet. VM Invest is a company related to Mr Bart Van Malderen. Alsgard, VGP MISV, VM Invest, Mr Jan Van Geet and Mr Bart Van Malderen intend to pursue a longlasting common policy towards the Company and have reached an oral agreement to maintain (directly or indirectly) an equivalent stake in the Company. They consider themselves to be acting in concert, and as a consequence of the importance of their respective shareholdings in the Company, have common control over the Company.

The table below shows the shareholders' structure of the Company after the Offering (compared to the situation before the Offering), both before and after exercise of the Over-allotment Option, in the hypotheses that the Offering Price equals EUR 15, EUR 17 or EUR 20 per Share respectively.

Offering price EUR 15 per share

	Before the offering*		After the Offering before exercise Over-allotment		After the Offering after exercise Over-allotment	
Shareholder	**# Shares**	**% of the capital**	**# Shares**	**% of the capital**	**# Shares**	**% of the capital**
Jan Van Geet	3,545,250	24%	-	-	-	-
Alsgard	1,635,000	11%	7,075,000	39%	7,022,500	37%
Bart Van Malderen	3,545,250	24%	3,545,250	19%	3,545,250	19%
VM Invest	6,274,500	42%	3,463,083	19%	3,490,583	19%
VGP MISV	-	-	916,667	5%	941,667	5%
Public	-	-	3,333,333	18%	3,833,333	20%
Total	**15,000,000**	**100%**	**18,333,333**	**100%**	**18,833,333**	**100%**

* Situation before transfer by VM Invest and set-off of outstanding debt as referred to above and after the Contribution in Kind.

Offering price EUR 17 per share

	Before the offering*		After the Offering before exercise Over-allotment		After the Offering after exercise Over-allotment	
Shareholder	**# Shares**	**% of the capital**	**# Shares**	**% of the capital**	**# Shares**	**% of the capital**
Jan Van Geet	3,545,250	24%	-	-	-	-
Alsgard	1,635,000	11%	7,116,176	40%	7,069,853	39%
Bart Van Malderen	3,545,250	24%	3,545,250	20%	3,545,250	19%
VM Invest	6,274,500	42%	3,441,515	19%	3,465,779	19%
VGP MISV	-	-	897,059	5%	919,118	5%
Public	-	-	2,941,176	16%	3,382,353	18%
Total	**15,000,000**	**100%**	**17,941,176**	**100%**	**18,382,353**	**100%**

* Situation before transfer by VM Invest and set-off of outstanding debt as referred to above and after the Contribution in Kind.

Offering price EUR 20 per share

	Before the offering*		After the Offering before exercise Over-allotment		After the Offering after exercise Over-allotment	
Shareholder	**# Shares**	**% of the capital**	**# Shares**	**% of the capital**	**# Shares**	**% of the capital**
Jan Van Geet	3,545,250	24%	-	-	-	-
Alsgard	1,635,000	11%	7,162,500	41%	7,123,125	40%
Bart Van Malderen	3,545,250	24%	3,545,250	20%	3,545,250	20%
VM Invest	6,274,500	42%	3,417,250	20%	3,437,875	19%
VGP MISV	-	-	875,000	5%	893,750	5%
Public	-	-	2,500,000	14%	2,875,000	16%
Total	**15,000,000**	**100%**	**17,500,000**	**100%**	**17,875,000**	**100%**

* Situation before transfer by VM Invest and set-off of outstanding debt as referred to above and after the Contribution in Kind.

6 Legal proceedings

Neither the Company nor any of its Subsidiaries, are involved in any litigation or arbitration proceedings which have had, during the 12 months preceding the date of this Prospectus, or which, to the best of the Company's knowledge, may have, a material effect on its financial condition and/or results of operations nor is the Company aware that any such proceedings are pending or threatened.

CHAPTER VI: MARKETS IN WHICH THE COMPANY OPERATES OR INTENDS TO OPERATE

1 Introduction

This Chapter provides selective information on the mid-European semi-industrial property markets, focusing on the markets in which the Group is active or where it expects to become active in the near future. This Chapter neither purports to cover all relevant issues in this respect, nor to be a comprehensive description of all topics discussed below. This overview includes information provided from third party sources which are annotated throughout this Chapter. Explicit reference is made to the disclaimer section of this Prospectus.

This Chapter only makes objective and general statements on the various markets and mentions no links nor makes any reference to the Group. The Group has been keeping on its balance sheet and/or operating and/or developing semi-industrial real estate properties in the following mid-European countries: Czech Republic, Slovakia, Hungary and Latvia. The Group is envisaging to expand to -inter alia- Romania, Estonia, Lithuania and Germany.

In addition to the information provided in this Chapter VI, please be referred to the Cushman & Wakefield valuation report attached as Appendix 2 for further information on the markets in which the Group operates.

2 Description of the geographies where the Group is or intends to be present

2.1 Political environment in the mid-European region

The Czech Republic, Slovakia, Hungary, Romania, Lithuania, Estonia and Latvia all share a heritage as former communist countries, but successfully embarked on a route of economic and political reform following the fall of communism, which allowed them to become members of the EU on May 1, 2004 (the Czech Republic, Slovakia, Hungary, Lithuania, Estonia and Latvia) and on January 1, 2007 (Romania).

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

2.2 The semi-industrial property market in the mid-European region

The property markets in which the Group invests or intends to invest, have experienced a significant increase of investment activity over the last decade. A climate of falling interest rates, strong economic growth and increasing exchange rate stability have also fed through the semi-industrial market segment in the region. In general however this market segment to date has proven to be less responsive to the changing economic environment both in terms of generation of supply as the quality of the assets, thus attracting developers and investors. The liquidity of the semi-industrial market segment is gradually catching up with the other real estate market segments that gained interest of (international) investors and developers much earlier.

The semi-industrial market segment has undergone a significant yield compression over the last few years, whereby yields are currently approaching convergence levels with most western European markets, remaining in a range of 6-8 percent (for mid-European core markets such as the Czech Republic, Hungary, Poland and Slovakia).

2.3 The semi-industrial property market in the Czech Republic

The sustained economic growth, that in turn has boosted consumer spending and manufacturing output, increases the demand for semi-industrial real estate. The increasing depth in the market has resulted in a confidence boost amongst developers. Whilst build-to-suit developments continue to dominate, there has been a shift in attitude towards more speculative developments.

The build-to suit developments are projects which are built according to future tenants' requests and requirements whereas speculative developments will be built (initially) on a speculative basis, without being secured by future tenants.

In terms of infrastructure the logistics sector is mainly based around the road network, but in the majority CEE distribution by rail is still substantial at around 1/3 of the total freight volume (Source: CBRE). The road infrastructure in the Czech Republic is of a very good quality compared to other countries in the region. The D5 and D1 motorways create a west-east corridor connecting Western Europe with the East.

The Czech Republic semi-industrial market can be broadly divided into two submarkets – the Prague market and the regional market. The largest concentration of modern warehouses is located in the Prague area with West, South-East and North submarkets, while key regional distribution hubs are Brno and Humpolec on the D1 motorway to Slovakia, Pilsen on the D5 motorway to Germany and another increasingly popular location is Ostrava in the North-East, close to the Polish border, where the connection is not as good as in than to the rest of Czech Republic.

The modern stock of semi-industrial assets in the Czech Republic reached 1,664,670 m^2 in 2006 of which 964,716 m^2 were located in the greater Prague area. New supply in the Czech Republic in 2006 amounted to 709,870 m^2 of which 408,716 m^2 was in Prague. The take-up of industrial space in the Czech Republic in 2006 was approximately 430,000 m^2, which is double compared to 2005 when take-up was estimated at 210,900 m^2. Due to the advantageous geographical location of the country, positive economic growth and low construction and labour costs, it is expected that 2007 will see similar activity. Although demand has dramatically increased in 2006, it was not sufficient to fully absorb new supply which led to the increase of the vacancy level from 2.6 percent in 2005 to 10.5 percent in 2006 (Source: King Sturge). The new supply of land is mainly driven by agricultural land being converted into plots of land for industrial purposes.

Prime rents have been stable in 2006 and ranged between EUR 4.5 and EUR 5.25 per square meter per month in the Prague region, and from EUR 3.5 to EUR 4.25 per square meter per month in the regional distribution hubs. Investment yields for prime locations have sharpened considerably over 2006 with a deal believed to be around 7.0 percent. Development activity suggests that the Czech market will see higher vacancy rate and a possible decrease in rental and yield values in 2007 (Source: King Sturge).

2.4 The semi-industrial property market in Slovakia

The market for semi-industrial property in Slovakia is considerably younger than in many other CEE countries. Over last few years, Slovakia has become a leading car manufacturer in Europe, constructing over 850,000 cars per year, which is expected to further grow to 1,100,000 by 2010. This activity is driving demand for facilities and further strong growth can be expected. The location of automotive manufacturers generally becomes a hot spot for industrial development as affiliated companies, suppliers and sub-contractors move into the proximity of the main plant.

The road infrastructure is still underdeveloped and similarly to other CEE countries, rail plays a relatively important role in distribution, accounting for approximately 1/3 of total freight volume (Source: CBRE). Future improvements in road infrastructure nationwide are the key to the development of distribution facilities and location decision making.

The most attractive locations are in close proximity to Bratislava, along the D1 motorway leading northeast towards Žilina and the D2 motorway leading northwest towards the Czech Republic. As the Bratislava region becomes more expensive, manufacturers and developers look towards the other region of Slovakia, e.g. Žilina in northern Slovakia or Košice in eastern Slovakia where new hubs are starting to emerge.

The modern stock in Slovakia reached 805,405 m^2 at the end of 2006 of which 420,905 m^2 was in the Bratislava area. However, a significant part of the stock is still owner-occupied by companies like Coca Cola and Tesco, due to the previous lack of developer-led park solutions. In 2006, new supply in Bratislava, where the majority of activity still concentrates, was 69,900 m^2, which is low compared to the record breaking year of 2005, when almost 125,000 m^2 completed. New supply was more or less matched with the take-up, which resulted in low vacancy levels estimated at around 6 percent in 2006. However, the vacancy level is expected to increase in 2007 as more developments will be completed speculatively (Source: King Sturge).

Prime rents are currently between EUR 3.25 and EUR 4.0 per square meter per month in Bratislava. In western Slovakia, rents are slightly lower and range between EUR 3.2 and EUR 3.8 per square meter per month. In eastern Slovakia, rents are estimated to be between EUR 3.0 to EUR 3.8 per square meter per month. As a continuing trend from last year the rents for logistics and distribution warehouses are expected to remain stable in 2007 as rents are already close to construction costs for many developers. The investment market in logistic segment is still nascent, nonetheless prime yields for logistics and distribution warehouses were slightly above 7 percent in 2006. An active development market and increased competition for investment product is expected to compress yields during 2007 (Source: King Sturge).

2.5 The semi-industrial property market in Hungary

The geographical position of Hungary in the middle of the region is vital to further development of its semi-industrial property market. The country serves as a good link between Western Europe and the Balkan states. From the east, Hungary also borders Ukraine, which is likely to grow into a large customer pool in the future.

Although rail freight is relatively important, the Hungarian logistic market is mainly based around the road network. The motorway network is still underdeveloped nationwide, with the capital Budapest being the main beneficiary of major infrastructural improvements so far. Running from the north west of the country, the M1 motorway is connecting Hungary with Austria and Slovakia. The M3, M5 and new M7 motorway serve region to the north east, south east and south west from Budapest.

The largest concentration of modern assets is located in Budapest. Although developers' interest in the other Hungarian hubs such as Székesfehérvár, Pécs and Györ has grown, it is unlikely that the dominant position of greater Budapest will be threatened over the next few years, due to its superior infrastructure and its central position in the Hungarian market.

The modern stock in Hungary reached 934,000 m^2 at the end of 2006 of which a vast majority is located in the southern and western outskirts of Budapest. New supply in Hungary in 2006 amounted to 120,700 m^2. The take-up of industrial space in Hungary in 2006 reached nearly 150,000 m^2, thus leading to fall in vacancy rate from 13.3 percent in 2005 to 7.9 percent in 2006 (Source: CBRE).

Prime rents are currently between EUR 4.0 and EUR 4.5 per square meter per month, however larger occupiers (over 4,000 – 5,000 m^2) are achieving rents below EUR 4.0 per square meter per month. The trend of falling rental values may continue due to increased supply in the pipeline. However, current low availability of warehouse space in close vicinity to the city of Budapest may slow down this decline. The investment yields were under pressure during 2006 due to increased interest among international investors, thus prime yields compressed to 7.25 percent. It is expected that during 2007 there will be further yield compression as a result of further increasing investor interest (Source: King Sturge).

2.6 The semi-industrial property market in Romania

Despite being the second largest country in the region, development of the industrial and logistics market has historically been held back by a poor economy, a declining population and limited infrastructure. Although far from mature, accession to the EU will significantly increase the country's potential.

The semi-industrial real estate market is greatly underdeveloped in Romania. Most new developments are in the west and north parts of Bucharest, where the infrastructure is to a standard to meet the needs of logistic/industrial companies. On the other hand, the western and north-western regions of Romania recently saw an increased activity in logistics and industrial development due to their attractive locations and good connection with the rest of Europe. There is a high concentration of light manufacturing, especially car-production facilities in these areas. On the opposite side of Romania, some activity can be seen in the greater area of the Constanta port.

The modern stock in the greater Bucharest area reached just above 200,000 m^2 in 2006. New supply in Bucharest in 2006 reached approximately 70,000 m^2, while the five-year pipeline shows that 600,000 m^2 is likely to be constructed (Source: King Sturge). The take-up of industrial space in Bucharest in 2006 matched new supply.

After record-breaking levels in 2005, the prime rents have been falling slightly to the range of EUR 4.0 to EUR 5.5 per square meter per month, with the highest rents achieved on locations close to Bucharest international airport Otopeni. It is expected that prime rents will continue to decrease further in the next few years. Romania is experiencing strong yield compression, which is expected to continue. As the market is currently non-transparent with few deals details made public, investment yields for prime warehouses are estimated to be about 8.0 percent (Source: King Sturge).

2.7 The semi-industrial property market in Latvia

The industrial and warehouse facilities market is still the least developed among the other commercial real estate market segments in Latvia. At the moment, the semi-industrial market is characterised by low supply and growing demand for high-quality premises as retail trade, manufacturing, transportation and logistics services continue to rise.

The existing industrial and warehouse premises in Latvia characterize the fact that most of such facilities do not dispose of a developed infrastructure. Many of the existing premises represent obsolete buildings dating from Soviet times and are located in bankrupted industrial zones and complexes. Some refurbished ones are located in Riga, Olaine, Jelgava or Ogre. Some of the newly emerged industrial business parks do not fully meet all requirements of Class A industrial premises (e.g. low ceilings, high number of storeys, insufficient number of loading/unloading gates etc.).

Due to a small and still nascent industrial market, data for new supply and take-up are not available. However at the end of 2006 there were no Class A industrial and warehouse premises offered for lease in the local market. In the short and mid-term the market in the Riga area could absorb at least 250,000 m^2 of Class A industrial space (Source: Colliers).

Prime rents are currently between EUR 3.5 and EUR 4.5 per square meter per month, reaching in some areas up to EUR 6.2 per square meter per month and over the last two years, the rents increased by more than 25 percent. The rent level of new industrial space should not seriously change in the upcoming two to three years (Source: Colliers). Due to the lack of quality space and owner-occupied facilities, the investment market is virtually non-existent, thus not providing any information about the yield development.

2.8 The semi-industrial property market in Lithuania

Lithuania, the largest of the three Baltic States, has a favourable strategic location between EU and the CIS countries. This should benefit the country under the form of an increase in future transit flow. Due to a shortage of large plots of land for industrial purposes in the cities, real estate taxes, increase in land plot prices, heavy traffic conditions, more and more industrial and warehouse facilities are constructed in the suburbs or city vicinity.

In terms of infrastructure, Lithuania is well developed meeting the EU requirements with two important European corridors crossing its territory, four international airports and an ice-free seaport supported by a railroad network. The majority of industrial and warehouse premises in Lithuania are concentrated around Vilnius, having the largest market of modern premises followed by increasing importance of Kaunas and Klaipeda. Nevertheless, not all newly constructed industrial business parks fully meet all requirements of Class A industrial premises.

Lithuania, similarly to other Baltic States, is attracting more attention as foreign companies expand their operations there. In 2005, new supply delivered to the market made up 56,000 m^2 of which more than 2/3 in Vilnius. Although in 2006 there was more than 60,000 m^2 delivered, with Vilnius share declining to approximately 50 percent, the share of the capital should increase in the near future. As more speculative development hits the market the vacancy level in the near future may increase up to 15 percent (Source: Colliers).

Prime rents are currently about EUR 4.5 to EUR 5.0 per square meter per month, and could decline. However, the decline in rents of the new industrial premises is limited by the cost price, therefore the probability that they will drop below EUR 4.0 per square meter per month is low. Investment yields for prime warehouses are comparable with larger Central European economies at around 7 percent, therefore the compression in this segment is expected to be slower (Source: Colliers).

2.9 The semi-industrial property market in Estonia

Compared to the other sectors of the commercial real estate market, the semi-industrial sector is the most underdeveloped, due to a period of stagnation in the first half of this decade. In spite of positive trends and increased market activity over the past two years, developers pay less attention to the semi-industrial market, being restrained by certain degree of risk, related to the shortage of clients wishing to conclude long-term leases. The share of speculative projects is increasing but is not dominating and owner-occupied facilities still prevail.

Tallinn is the biggest logistic and warehousing market in Estonia and although regional cities like Tartu have a few new industrial business parks, the market there is dominated by old construction and low quality level of premises.

Total stock of industrial space at the end of 2006 reached approximately 450,000 m^2 of which some 200,000 m^2 were in Tallinn, however only approximately 40 percent of Tallinn stock meets international requirements, while the rest was build in the period of the Soviet Union. The supply of warehouse space practically caught up with demand, nonetheless local industrial companies occupying old or restored premises tend to move to new quality facilities.

The rental rates for high-quality industrial premises ranged between EUR 4.5 and EUR 5.0 per square meter per month in 2006 and despite growing prices of construction and land, the rental rates for industrial premises remained stable for past two-three years (Source: Colliers). Similarly to Latvia due to a lack of quality warehouse space and owner-occupied facilities, the investment market is only but nascent, thus not providing reliable information about the yield development.

2.10 The semi-industrial property market in Germany

Some estimates suggest that Germany accounts for around 25 percent of the value of all logistics space in Europe. In fact, the country is regarded as the most sophisticated and advanced logistics market on the continent, both in terms of size and quality of stock. Compared to other Eurozone members, the production and construction sectors play a large role in the German economy, accounting for around 1/4 of the national output. Although, in common with the rest of the Europe, the country is currently in transition towards a more service-based economy, the German logistic market will remain a major central hub for European distribution (Source: CBRE). The logistics industry employs some 2.5 million people and generates approximately EUR 170 billion in revenues per year (Source: JLL)

The German logistic sector is quite multi-modal, but it has to be said that the road network is by far the most significant for the market accounting for more than 2/3 of the total freight. Rail accounts for 15 percent and water distribution for 13 percent of the total freight. Germany is one of the few European countries that have large reliance on air freight, with three national airports being in the European table of top twenty in terms of distribution share. None of the cities dominate the market as logistic hubs are well spread across the country. These include the Rhine-Main region within the proximity of Frankfurt/M., Hamburg and Bremen in the north, Munich that provides a good link towards southern Europe, Kassel/Bad Hersfeld serving the central areas in Germany or the Ruhr Basin area, which is densely populated and has a complex infrastructure in place.

Total stock of warehouse space in Germany reached approximately 12,700,000 m^2 of which 2,860,000 m^2 was in Hamburg, 2,760,000 m^2 in Frankfurt/M. and 2,550,000 m^2 in the Ruhr Area. The take-up of industrial space in Germany in 2006 reached approximately 3,260,000 m^2, which is over 20 percent increase compared to 2005. The highest take-up was recorded in Hamburg region (more than 500,000 m^2), followed by Frankfurt/M. region (almost 300,000 m^2) and other conurbations near Berlin, Düsseldorf and Munich (each substantially above 200,000 m^2) (Source: JLL).

The rents in Germany are very competitive compared with other European countries because of the great variation in land prices. Prime rents remained stable in the range from EUR 4.5 to EUR 6.25 per square meter per month in the most German conurbations in 2006. Prime rents are traditionally highest in the region around Munich with EUR 6.25 per square meter per month and Frankfurt/M. with EUR 6.0 per square meter per month. Although the demand is expected to increase marginally in 2007, rents are expected to remain stable. The investment market is active across whole Germany and the downward trend in prime yields which began in 2005 continued in 2006, when prime yields fell to 6.75 percent in Berlin, 6.5 percent in Düsseldorf and Munich or even to 5.5 percent in Frankfurt / M. area (Source: King Sturge).

2.11 Overview of prime rent rates and prime yields (2005-2006)

Country	Prime Rents (EUR/sqm/month)		Prime Yields	
	2005	2006	2005	2006
Czech Republic	5.17	5.25	7.75%	7.00%
Slovak Republic	4.00	4.00	7.55%	7.10%
Hungary	4.50	4.50	7.50%	7.25%
Latvia	n/a	4.50	n/a	n/a
Lithuania	5.20	5.00	8.00%	7.00%
Estonia	5.50	5.00	n/a	n/a
Romania	5.33	5.50	8.00%	8.00%
Germany				
- Berlin	4.58	4.50	7.75%	6.75%
- Düsseldorf	5.40	5.40	6.50%	6.50%
- Frankfurt/M.	6.00	6.00	6.50%	5.50%
- Munich	6.00	6.25	6.75%	6.50%

The yield is calculated as the annual net operating income divided by the sales price or value of a property and is expressed as a percentage. The yield is used to estimate the value of income producing properties.

Prime yield is narrowing the yield definition for a fully rented property of the best physical quality on the best location and with the best tenant covenant.

3 Market trends

The strong economic growth prospects in the mid-European region and the yield premium of mid-European markets over the Eurozone remain the main drivers of industrial real estate market growth.

The brisk yield compression over the last few years has run its course in the mid-European core markets being the Czech Republic, Hungary, Poland and Slovakia. In the above mentioned mid-European core markets the industrial real estate yields have approached convergence levels with most west-European countries, remaining in a range of 6 percent to 8 percent. Although it is expected that the yields of prime properties will further go down, the era of sharply dropping yields seems to be over in the core mid-European countries, bringing the property fundamentals in the picture. Given the limited scope of yield driven appreciation in the core mid-European countries, the investment market ought to be increasingly regarded as reaching maturity. On this basis, prime properties with good prospects for rental growth should outperform secondary assets. As the areas surrounding the countries' capitals remain the primary target for most of the international developers, an increased capital inflow and development activity in regional cities is expected.

CHAPTER VII: ACTIVITIES OF THE COMPANY

1 Introduction

The Group is a real estate group specialised in the acquisition, development and management of semi-industrial real estate, i.e. buildings suitable for logistical purposes and light industrial activities. The Group focuses on strategically located plots of land in the mid-European region and Germany suitable for 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.

The Group constructs and develops high-end semi-industrial real estate for its own account, which are subsequently rented out to reputable clients by means of long term commercial lease contracts. The Group has an in-house team which manages all the activities of the fully integrated business model: from the identification and acquisition of the land, to the conceptualisation and design of the project, the supervision of the construction works, the contacts with potential tenants and the facility management of its own real estate portfolio.

The aim of the Group is to become a leading specialised developer and owner of semi-industrial property for the mid-European region and Germany.

2 Brief history of the Group

The VGP concept was built up by Jan Van Geet over a number of years, starting in the latter half of the 90s.

In 1993, at the age of 23, Jan Van Geet started his career in the Czech Republic as a junior assistant to the management of Ontex, a Belgian hygienic disposables manufacturing company. It was in this capacity that he became responsible for the construction of Ontex' new manufacturing premises in Turnov (Czech Republic) in 1996.

Building on this initial experience, he decided to start developing semi-industrial projects in the Czech Republic. He attracted investors/partners to fund these projects which were taken up in their portfolio.

By 1999, a number of semi-industrial projects were realised, which were leased to various third parties. The real estate portfolio was contributed in kind by its owner on the occasion of the listing on Euronext Brussels of WDP, a Belgian real estate investment trust (*"vastgoedbevak" / "sicafi"*). This listing was also the start of an intense co-operation, which eventually resulted in the construction of several other semi-industrial projects in the region of Mladá Boleslav (Czech Republic).

At the same time, several projects for third party investors were constructed under the management of Jan Van Geet and the team he built up over time. This resulted in further in-depth knowledge and know-how of the Czech real estate market, its legal and regulatory environment, technical competence on the development of the semi-industrial projects, and the facility management thereof.

In 2002, the success of Jan Van Geet and his team resulted in a landmark agreement with the Van Malderen family to create a portfolio of semi-industrial assets in the Czech Republic.

The basis of the agreement was that Jan Van Geet and his team would acquire the land, develop and design the projects, co-ordinate the entire process of building and contract the projects, as well as arrange the lease out to third parties and the subsequent facilities management.

The family Van Malderen would assume a role as investor and would take up all such projects in portfolio. This meant the actual take-off of the VGP portfolio and laid the foundation of the current operational platform.

3 Overview of the relevant historical facts

Period	Description
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 – 2006	Acquisition of a large plot of land in Prague (Horní Počernice - 73ha).
2006	• Start of construction of VGP Park Horní Počernice. • Regional expansion in the Czech Republic with the acquisition of several other strategic plots of land in Olomouc, Nýřany, Lovosice, Hradec Králové, Liberec and Turnov.
2007	Expansion throughout the mid-European region with the acquisition of plots of land in Latvia (Riga), Slovakia (Bratislava) and Hungary (Györ).

4 Business strategy

The Group's business strategy is based on the following principles:

- Strategically located plots of land;
- Focus on business parks to realize 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 policy.

Strategically located plots of land

The Group's top priority is to build up an extensive land bank by identifying top locations for semi-industrial projects. The investment criteria for evaluating the attractiveness of a prospected plots of land are the following:

(i) Well located in proximity of/with connection to highways and ring roads;

(ii) In the vicinity of important towns and/or production centres, assuring the availability of a workforce for future tenants;

(iii) With zoning classification adapted to logistics, commercial activities or light production;

(iv) A sufficiently large plot to create a VGP business park, meaning that several buildings can be erected on the same plot;

(v) At or below market conform acquisition price.

The Group is convinced that these investment criteria contribute to the long term value of its real estate portfolio.

Focus on business parks

VGP management is convinced that the concept of having a business park i.e. several buildings on the same plot of land, has major advantages:

(i) Engineering of utilities such as electricity, sewage, waste water treatment, fire protection and sprinkler security and communication systems, green zoning and maintenance are easier and cheaper to organize;

(ii) Administrative formalities such as negotiations with local authorities and utility providers, permits, need less input per tenant and average m²;

(iii) A first building can be constructed on an "at own risk" basis (i.e. without being pre-let), creating a demonstrating effect to bring the VGP park alive and attract potential tenants to further develop the site;

(iv) Contractors can offer better prices and faster execution commitments if more projects are available for them in the same park;

(v) Some of the tenants, active in manufacturing, outsource their logistic activities. This generates synergies for both to co-operate in close vicinity;

(vi) Several projects on the same location make the management, follow up and facility management more efficient;

(vii) And, perhaps, most important of all, business parks have high commercial value as expansion requests from tenants can be processed in an easier and more efficient way.

High quality standardised semi-industrial real estate

High quality technical standards as well as latest technologies are being used in the Group's semi-industrial buildings contributing to the long term value of the buildings. General building standards which are described hereunder, are applied to all of the Group's real estate assets in order to ensure the releasability. In addition, some modifications are possible to meet the tenants' requirements.

(i) Minimum free height of 10 meters under load bearing construction;

(ii) Prefabricated concrete structure;

(iii) Minimum 2 percent of skylights;

(iv) Overall airtight buildings ensuring high user comfort, minimum energy requirements and low operational cost;

(v) Roof construction with 16 cm of mineral insulation and reinforced PVC coating;

(vi) Light intensity in the warehouse: 300 lux;

(vii) Light intensity in the offices: 500 lux;

(viii) One loading bay per 400 to 1,000 m² of warehouse;

(ix) Very flat concrete floors with a tolerance of 3mm on 2m, in combination with

(x) A floor slab with a load bearing capacity over $5T/m^2$, which guarantees the possibility to install automatic loading systems;

(xi) Air-conditioned offices, fully fitted out apart from data cabling and furniture;

(xii) EPS electric fire detectors in all rooms / ESFR sprinkler network on site.

In-house competences enabling a fully integrated business model

In general, the Group's team has a strong technical background, as most of its staff members have extensive experience in construction and logistics. 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.

Considerable land bank securing further expansion

Because of the relative long lead time to obtain the necessary permits to start construction (average of around 3 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.

As per 17 September 2007, the total m^2 in ownership amounts to some 1,179,048 m^2 with another 1,155,123 m^2 under option subject to future purchase agreements (in total 2,334,171 m^2). Before year end 2007 VGP expects to be the full owner of another 699,828 m^2 bringing the balance of owned/total secured land to 80 percent (assuming current future purchase agreements remain unchanged).

The advantage of an own land bank is considered by the Group to be of crucial importance, besides the necessity to dispose of permits in order to react quickly and flexible to customers demands. The land bank is an important asset when potential tenants are interested in several rental projects on different locations at the same time and having several locations in portfolio therefore increases the marketing possibilities of the Group.

Develop-and-hold policy

The Group is a long term real estate investor; the semi-industrial real estate which the Group develops is subsequently held in the Group’s property portfolio, implying that the cash flow need for the development activities is to some extent mitigated by the generation of rental income. At the same time, the rental income is a recurring factor in the Group’s earnings.

5 The Group’s activities

5.1 Fully integrated business model

The Group has an in-house team which manages all the activities of the fully integrated business model: from the identification and acquisition of the land, to the conceptualisation and design of the project, the supervision of the construction works, the contacts with potential tenants and the facility management of its own real estate portfolio.

Plots of land

The first phase of the business model is the identification of top locations for semi-industrial projects. For this activity, the Group works in close cooperation with several local real estate brokers, some of which have an exclusive agreement with the Group. Moreover, the Group has a core team which has an intensive proprietary prospection function and is led by Jan Procházka. The acquisition criteria for the plots of land are described in this Chapter, Section 4, “Business strategy”.

The management and the team gather on a regular basis to evaluate potential projects. Once a project is approved, a technical due diligence is performed.

As a general rule, any acquisition of land is in principle subject to obtaining the zoning and/or building permit for semi-industrial activities and the absence of any other obstacles such as environmental issues etc. Within the Group there is currently one employee dedicated to obtaining these permits. This due diligence is managed by Jan Procházka, COO, and Jan Papoušek, Chief Project Manager.

For legal assistance, drafting of contracts as well as legal due diligence of acquisition targets, the Group relies on KSB (Kocián, Šolc & Balaštík), a law firm based in Prague as well as on KSB’s network in other countries in the mid-European region.

Finally it should be noted that VGP only buys plots of land which are directly connectable to existing infrastructure. In respect of the respective parks, VGP will undertake infrastructure works within the parks if necessary. This infrastructure work will always be directly linked to the developed properties.

VGP always buys on the pre-condition that all permits i.e. including the required permits related to the infrastructure works within the parks, are obtained and approved. The role of the local authorities is therefore only limited to approving the infrastructure plans and there are no commitments nor obligations from the local authorities and vice versa VGP to transfer these infrastructure works to the local authorities. It is currently not foreseen that any infrastructure work carried out by VGP will be transferred to the local authorities in the near or medium term.

In respect of the costs of infrastructure work it should be noted that such costs are only fractional and as at 30 June 2007 the infrastructure costs which were only related to the development land of VGP Park Horní Počernice amounted to roughly 11.5% of the acquisition cost of the land and was driven by the fact that no infrastructure was available at all at the moment of the start of the development of VGP Park Horní Počernice. If these costs are compared with the total acquisition and actual and expected construction costs for the VGP Park Horní Počernice then these costs only amount to 2.3% of the total acquisition and building costs (current and future).

Concept and design

VGP applies strict guidelines to the design of its buildings. The Group uses a facility brief describing in detail the minimum requirements the building should respond to (see Chapter VII, Section 4, "Business strategy"). This design ensures multi-purpose utilisation throughout the life cycle of the building.

For architectural and design matters, the Group works with several dedicated external offices of architects and designers, amongst others the Group has a strategic alliance with Atelier 24, an architectural bureau co-ordinating all necessary design and architectural works.

In addition to the Group's standard building requirements, some adaptation (lay-out, finishing) can be done according to the tenants' requirements. The design as well as the technical description of the necessary infrastructure for the tenants' operations is always designed by VGP itself, in close co-operation with the tenant's technical advisers, ensuring a thorough understanding of the customers' needs.

The responsible person for concept and design within VGP is Jan Procházka, COO, who has a background as architect and civil engineer.

Construction

High quality semi-industrial projects are constructed in close co-operation with future tenants and partly at own risk. The buildings are finished taking into account the future tenants requirements and specifications but always with respect to the Group's prevailing technical and quality standards.

The Group centralizes the purchasing of materials and construction components for its buildings at its Czech office. The enhanced purchase power strengthens the Group's negotiation power allowing to realise economies of scale. The Group cooperates with local general contractors for the coordination of the individual building sites. The Group's cost controllers are responsible for the daily follow up of the actual costs versus the budgeted costs of the respective projects.

Rent out and marketing

The buildings are leased under long term lease agreements to tenants which are active in the logistics sector and/or light manufacturing sector, such as assembling, re-conditioning, final treatment of the goods before they go to the industrial clients or the retailers.

The Group attaches great importance to its direct client relations. The commercial officers, Mr Tomas Van Geet and Mr Petr Kovařík are responsible for the contacts with the existing and potential tenants, the proposals and monitoring of the tenants' requirements during the building process until the hand-over of the premises.

Portfolio and facility management

The Group adheres to the strategy of being a long term developer/investor in semi-industrial real estate and to hold those developed projects in its own portfolio. The maintenance of the properties is centralised within the facility management team responsible for the Group's portfolio. The facility management team is headed by Mr Geno Tchelidze and assisted by external facility management specialists.

5.2 Activities for third parties

To a limited extent the Group still provides some facility management to third parties. It is the intention of the Group to continue servicing existing contracts but no new facility management services for third parties will be undertaken.

5.3 Cooperation with specialists

In addition to the internal competences, the Group relies on external parties for different aspects:

- The Group has a strategic alliance with Atelier 24, a Czech based design and architectural office, owned and managed by Mr Ales Říha, with a team of 20 staff which dedicate their activities to VGP.
- In addition, the Group has a network of local engineering offices with whom it closely co-operates.
- Furthermore, the Group has good working relationships with the main international and national real estate brokers.
- The Group works with local general contractors for the co-ordination of the individual sites.
- For legal assistance, drafting of contracts as well as legal due diligence of acquisition targets, the Group relies on KSB (Kocián, Šolc & Balaštík), a law firm based in Prague, as well as on their network of associated law firms in the mid-European region.

6 Expansion strategy

The Group's expansion strategy is the following:

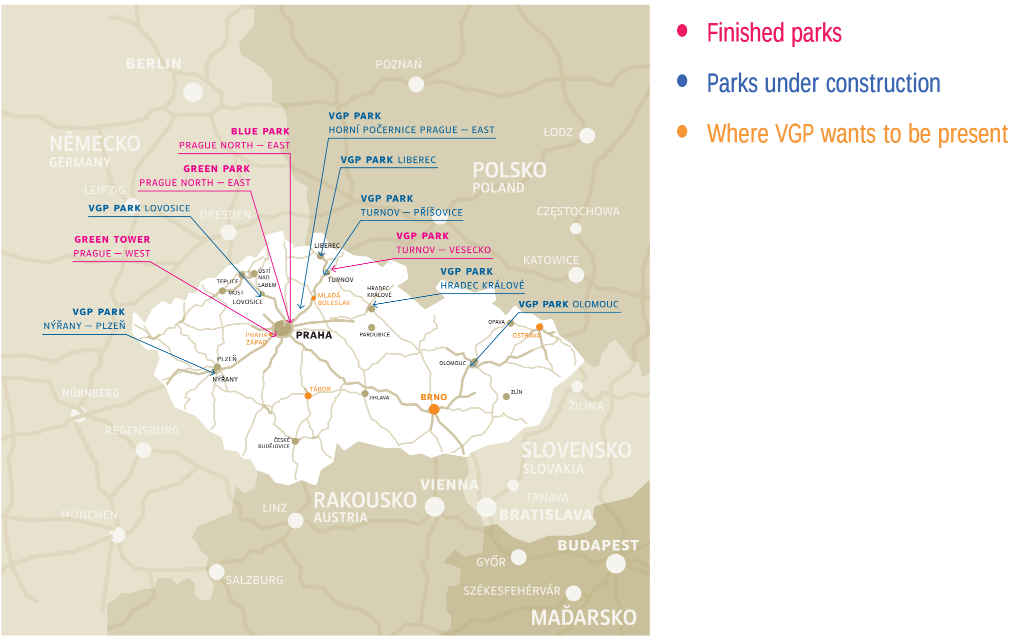
- Leverage on its strong position in Prague to further expand into other Czech regional cities;
- Based on its track record, export the Czech business model into other fast growing countries in the mid-European region and Germany.

The aim of the Group is to become a leading specialised developer and owner of semi-industrial property in the mid-European region and Germany.

Czech Republic

The Group's activities started in the Czech Republic. This country has proven to be a frontrunner in economic expansion and growth compared to the other countries that have joined the European Union recently. On top of that it benefits from an excellent geographical position, being situated in the heart of the mid-European region.

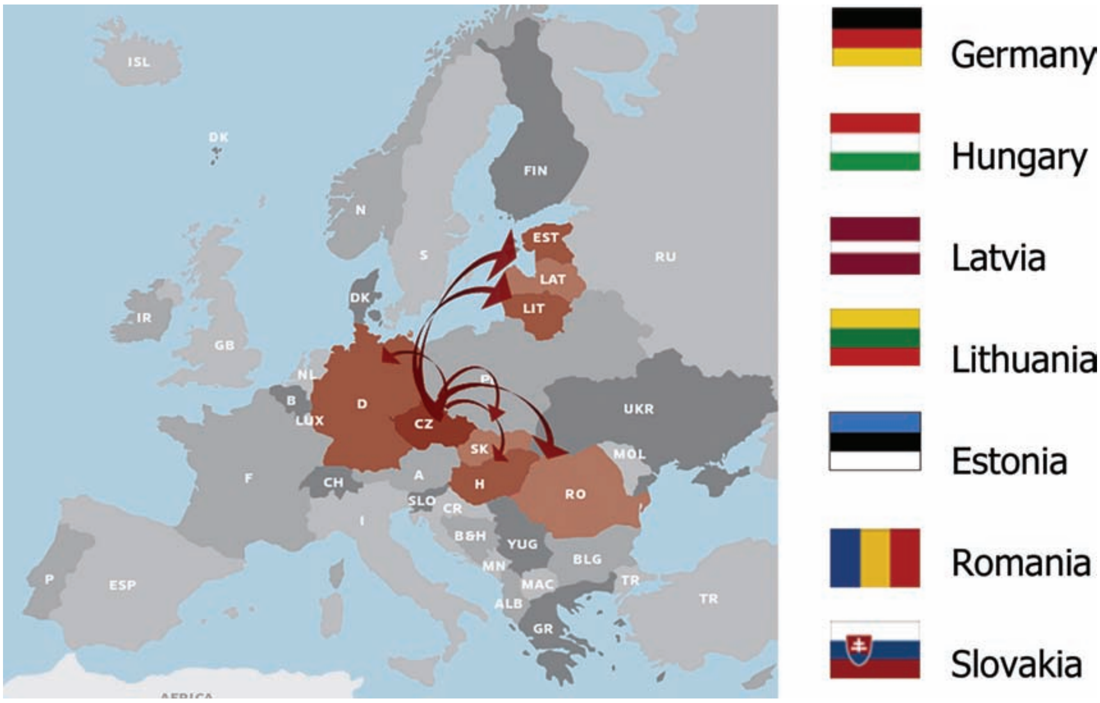
In addition to the Group's strong position in Prague, the Group wants to expand to regional cities in the Czech Republic



Following the trend of growing expansion of the market into main regional cities (more than 100,000 inhabitants), the Group has acquired a number of plots of land on which it has started or will start new developments. The Group intends to pursue an investment policy for further plots of land to be acquired, mainly targeting those regional cities located close to the main infrastructure network of their regions, such as a.o. Brno, Ostrava or Tábor.

Mid-European region and Germany

Besides further rolling out its concept in the Czech Republic, it is the intention and firm commitment of the Group's management team to continue to acquire a strategic land bank of high quality locations in other countries. It is the aim to export this concept to other countries in the mid-European region and Germany.



As per 30 June 2007 several other plots of land have been acquired in the Slovak Republic (vicinity of Bratislava), in Hungary (vicinity of Gyor), in Latvia (vicinity of Riga) and negotiations for further acquisitions are on-going in the other Baltic states and Romania.

The existing team is well-equipped to realize this expansive drive and is/will be additionally reinforced with a limited local team/management, operating in close co-operation with the Czech operational team. These additional team(s) will take responsibility of the management of the local sites, the commercial contacts with potential and existing tenants as well as assuming a coordination role between the VGP centralised responsibilities and the local contractors.

Furthermore, it is also the intention of the Group's team to take positions and operate in Germany, for several reasons.

(a) Existing clients have been inquiring the Group about investing in Germany (secured rental income);

(b) The Group believes in the strong market possibilities for semi-industrial properties in Germany and its further economic integration with the other countries of the mid-European region (where the Group operates/intends to operate) and as a result of which the road network infrastructure will adapt;

(c) The importance of the German ports of Hamburg and Bremen and the important development of these ports as supply-points for the mid-European region and the logistic activities this brings about;

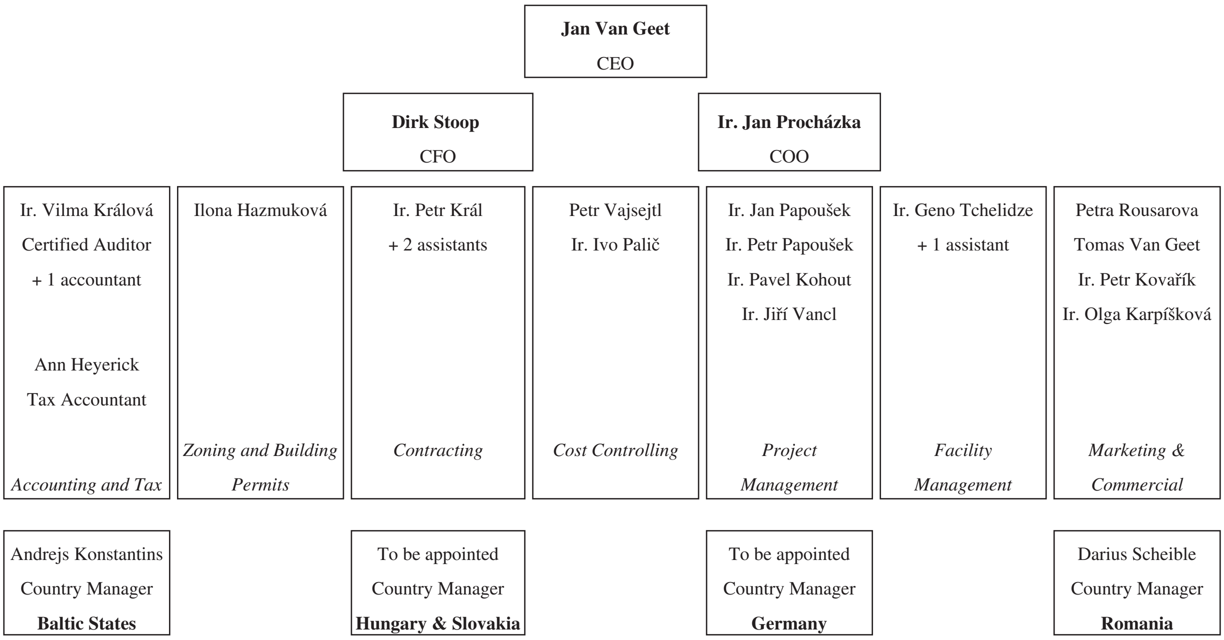
(d) The German market is characterised by having virtually no "speculative" development, high demand and low stock.

7 Human resources

7.1 The Group's team

The Group's team grew steadily since 2002 and consists of 22 staff as of 17 September 2007, of which 13 have a university degree in engineering.

The management team of the operating Subsidiaries is based in Mladá Boleslav, Czech Republic, 60 kms away from Prague. A second commercial representative office is located in the logistic VGP Park in Prague (Horní Počernice). The CFO and the tax accountant operate from Brussels, Belgium, and Mladá Boleslav, Czech Republic.



The team operates under a flat hierarchy and in a close daily contact with each other. Mr Jan Van Geet, Mr Dirk Stoop and Mr Jan Procházka are the senior managers of the Group.

The principal members of the team are:

Mr Jan Van Geet, 36, CEO, founder of VGP. He has the overall daily as well as strategic management responsibilities of the Group. He started in the Czech Republic in 1993 as manager of Ontex in Turnov, a producer of hygienic disposables. From 1999 he cooperated and represented WDP in the Czech Republic. WDP is a Belgian based real estate investment trust with several projects in the Czech Republic.

Mr Jan Procházka, 43, COO, civil engineer and architect, joined the Group's team in 2002. He takes responsibility for technical concepts and contract execution. Prior to this, Jan was the managing director of Dvořák, a civil contracting company, at that time one of the major players in the Czech market. Well known projects under his management are the airport terminal Sever 1 in Prague, the cargo terminal, as well as the headquarters of Česká Spořitelna.

Mr Dirk Stoop, 46, CFO, Bachelor and Initial Master in Applied Economics, joined VGP in 2007. He is responsible for all finance matters i.e. financial planning, control, forecasting, treasury, tax and insurance for all the countries where the Group is/will be active, as well as for investor relations. Dirk worked at Ontex for 5 years as Group Treasurer where he was also responsible for tax and insurance matters. Prior to this he worked at Chep Europe based in London as Treasurer Europe, South America & Asia.

Mrs.Vilma Králová, 37, Engineer in Economics, certified Czech auditor, takes care of Czech accounting and tax issues. Prior to joining VGP in 2000 she worked as certified Czech auditor within VGD, an audit and accountants office focusing on the mid-European region.

Mrs. Ann Heyerick, 32, Bachelor in Accountancy and Tax, tax accountant (belastingsconsulent), joined VGP in 2007 after working 8 years at PWC Brussels and VGD Dendermonde. Ann will take care of accounting and tax issues for other countries than the Czech Republic.

Mrs. Ilona Hazmuková, 62, responsible for zoning and building permits. Ilona has been involved during her whole career in engineering and construction. Before joining VGP she worked for Dvorak a civil construction company, formerly one of the major players in the Czech market.

Mr Petr Král, 40, Civil Engineer, responsible for contracting and purchasing. Petr joined the Group's team in 2004. He formerly worked at Dvorak as purchasing manager.

Mr Petr Vajsejtl, 36, responsible for cost controlling. Petr joined the Group's team in 2000 and formerly worked as cost controller at Final Stavby, a Czech general contractor.

Mr Ivo Palic, 29, Civil Engineer, co-responsible for cost controlling, joined the Group's team in 2007 as a cost control manager. The prior job of Ivo consisted of technical building preparations for a Liberec based general constractor, Regionální Stavby.

Mr Jan Papoušek, 33, Civil Engineer, head project management, joined the Group's team in 2007. Jan formerly worked for Gardiner and Teobald, a UK based well known cost controlling company with international activities, where he occupied the function of cost and project manager.

Mr Petr Papoušek, 29, Civil Engineer, project manager, joined the Group's team in 2007. Petr previously worked for Metrostav, a Czech based general contractor, as a site manager.

Mr Pavel Kohout, 33, Civil Engineer, project manager, joined the Group's team in 2006. Pavl previously worked as a site and project manager at Dvořák. He was responsible for the one of the most representative production facilities in the Czech Republic, being Lego, situated in Kladno.

Mr Jiří Vancl, 29, Civil Engineer, project manager, joined the Group's team in 2007. Jiří previously worked for Skanska, where he was responsible as a site manager for one of the most important residential projects in Prague.

Mr Geno Tchelidze, 43, Technical Engineer, facility manager, joined VGP in 2006. He used to work for Ontex Czech Republic as a planning and logistic manager.

Mr Petr Kovařík, 33, Engineer in Transportation Sciences, commercial officer, joined VGP in 2007. Petr comes from DTZ, where he was head of the industrial team after a career at Danone as logistics manager.

Mr Tomas Van Geet, 31, commercial officer, joined in 2005 after having responsibilities as planning and logistics manager in Germany, Spain, Czech Republic and South Africa for Domo, Associated Weavers and Ontex.

Mr Andrejs Konstantins, 27, Bachelor in Economics, country manager for the Baltic States, joined VGP in 2007. Prior to this he worked at Colliers in the commercial and industrial real estate team.

Mr. Darius Scheible, 32, architect, country manager for Romania, joined VGP in 2007. Prior to this he worked for Arca East Invest, a developer based in Romania and for the German architect bureaus RKW and HPP based in Germany.

The team is exclusively operating for the Group under employment and management agreements and will be incentivised with a management participation plan.

7.2 HR planning with respect to the expansion into the mid-European region

The Group has started the export of its activities to the other countries of the mid-European region, Slovakia, Hungary, Romania and the Baltic States.

Plots of land have been identified and acquisitions have been made in Riga (Latvia), Györ (Hungary) and Bratislava (Slovakia).

The basic responsibilities for the follow up in these countries are spread over the existing team members, who are also committed to travel a substantial part of their working time.

Darius Scheible will operate as country manager for Romania. Andrejs Konstantins operates as country manager for the Baltic States.

These country managers will operate in close cooperation with the existing Group's team in the Czech Republic.

It is the plan and the conviction of the VGP management that a more full bodied team needs to be installed in Germany. The focus on Germany will be initiated in 2008, after VGP will have become fully operational in the other countries outside the Czech Republic.

8 Overview of realized projects and acquired land

Sections 8.1 and 8.2 of this Chapter reflect the situation as at 17 September 2007.

8.1 Realized projects and projects under construction (Czech Republic)

Project Blue Park

Short history

Construction on the site began in spring 2003 – the premises were handed over in August 2003, built-to-suit for the company Activa s.r.o., who was looking for a functional solution which at the same time would reflect their sense of esthetism. An extension was done in the year 2005. Currently, the Group is negotiating a second extension.

Features

Location	The building is located in Letnany, Veselská 686, Prague 9 – providing a very close connection to the highway D8 (Prague – Dresden) and immediate access to the city centre over Barikádníků bridge.
Type	Warehouses and related offices
Address	Veselská 686, Prague 9
Surface	Land: 24,465.00 m²
	Warehouses: 6,614.00 m²
	Offices: 2,929.00 m²
	Parkings: ca. 45 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
Activa s.r.o.	One of the most important distributors of office stationary on the Czech market.

Rent started	1. phase 1 September 2003, extension 1 July 2005
Occupancy rate[6]	100 %
Built	2003 / 2005

Status

Completely rented out.

[6] Occupancy rate throughout Chapter VII, Section 8 is calculated based on existing lease contracts and on future lease contracts which have already been entered into.

Project Green Park

Short history

Adjacent to Blue Park, finished in the year 2005, the building is divided up in four units, each with its own administrative unit constructed according to tenants specific needs, and was fully rented out before completion.

Features

Location	The building is located in Letňany, Veselská 686, Prague 9 – providing a very close connection to the highway D8 (Prague – Dresden) and immediate access to the city centre over Barikádníků bridge.
Type	Warehouses and related offices
Address	Veselská 686, Prague 9
Surface	Land: 35,985.00 m²
	Warehouses: 12,792.00 m²
	Offices: 3,845.00 m²
	Parkings: ca. 128 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
Auto Štangl, a.s.	Czech distributor of automotive spare parts, operating its central warehouse and administration for the Czech Republic from this location.
RTR – Transport a Logistika, s.r.o.	Czech logistic company focusing on the distribution of the "yellow pages" and other logistic activities.
Mitsui-Soko B.V. (Europe)	Japanese logistics company active in the automotive industry.
GSMobile Group, a.s.	Czech repair and distribution centre of mobile telephones for customers such as Sony, Ericsson, Sagem, LG, etc …

RENTAL OVERVIEW			
Tenants	**administrative m²**	**warehouses m²**	**rent started**
Auto Štangl, a.s.	1,617.00	2,126.00	22-Dec-04
RTR – Transport a Logistika, s.r.o.	209.00	2,528.00	01-Mar-05
Mitsui-Soko B.V. (Europe)	291.00	2,522.00	01-Feb-05
GSMobile Group, a.s.	1,728.00	5,616.00	17-Oct-05
Total	**3,845.00**	**12,792.00**	

Occupancy rate	100 %
Built	finished in spring 2005

Status

Completely rented out.

Project Green Tower – Stodůlky

Short history

A modern administrative building with four floors built in Prague 5 – Stodůlky, Jeremiášova 1442. Stodůlky is together with Nové Butovice an attractive place in Prague for the location of new office units. Close to the airport and to the metro station, it also provides an excellent accessibility to the city centre. Construction works started in the year 2005, finished at the end of 2005.

Features

Type	Warehouses and related offices
Address	Prague 5 – Stodůlky, Jeremiášova 1442
Surface	Land: 4,652.00 m²
	Offices: 3,660.50 m²
	Parkings: ca. 57 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
Mountfield a.s.	On the Czech market since 1991. An important distributor of garden tools, swimming pools, garden furniture etc. Mountfield operates over 50 sales points in the Czech Republic.
ABRA Software, a.s.	Major Czech providers of tailor-made software.
MK s.r.o.	Sales representative of major Czech producers of ceramics.
Grundig Intermedia GmbH	Company distributing television and hi-fi equipment in the Czech Republic.
SKI Charvatova s.r.o.	Sales representative of Rossignol, Oasics and Cleveland products.
Fortuna Tur Dental	Dental clinic.
Motoman robotec	Japanese engineering company designing robots for the automotive industry.

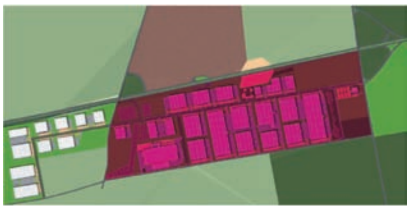
RENTAL OVERVIEW			
Tenants	**administrative m²**	**warehouses m²**	**rent started**
Mountfield a.s.	900.00	n/a	01-Dec-04
ABRA Software, a.s.	1,030.00	n/a	14-Aug-05
MK s.r.o.	527.50	n/a	01-Jun-05
Grundig Intermedia GmbH	151.00	n/a	01-Jun-05
SKI Charvatova s.r.o.	127.00	n/a	14-Aug-06
Fortuna Tur Dental	735.00	n/a	22-Nov-05
Motoman robotic	190.00	n/a	01-Jun-05
Total	**3,660.50**		

Occupancy rate	100 %
Built	2005

Status

Completely rented out.

Project VGP Park Horní Počernice – 1. phase



Location

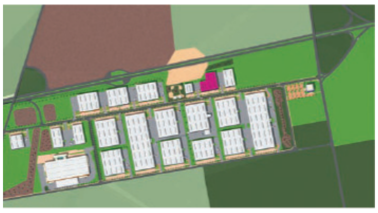
Prague 9 – Horní Počernice, Do Čertous 2620/11. The site is located in Prague, just next to the highway R10/E65 (Prague – Mladá Boleslav – Liberec) with direct exit and access in both directions, in the future a second exit will be realised. There is an excellent public transport assuring work availability. Metro station Černý Most is only 1.5 km away. There are 8 bus stops within the park and the busses provide direct connection with the metro station in Černý Most.

The land area for VGP Park Horní Počernice totals 946,710 m² of which phase 1 amounts to 733,361 m² and phase 2 to 213,349 m²

Status

For phase 1: Industrie Park Sever a.s. is registered as owner of the majority (96 percent) of the land in the real estate register. Other parts (4 percent) of the land are subject to future purchase agreements.

Building I1



Short history

VGP Park Horní Počernice is one of the largest of its kind in Prague originally starting with 73 hectares, meanwhile already with a total area close to 1 million m². It took more than two years to put together all the pieces of land and to obtain all necessary permits. Nevertheless in spring 2006 the construction of the infrastructure was started for the whole site as well as the construction of the first buildings. In August 2006 the first tenants leased premises in the building I1.

Features

Type	Warehouses and related offices
Address	Prague 9 – Horní Poceřnice, Do Čertous 2620/11
Surface	Land: 11,887.00 m²
	Warehouses: 5,006.60 m²
	Offices: 1,390.50 m²
	Parkings: ca. 62 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
Sikla Bohemia, s.r.o.	Sales representative of a Liechtenstein-based engineering company specialising in the design and production of fittings and tubes.
Veba, textilní závody, a.s.	Czech luxury home textile producer.
Jan Richter – RM Gastro	Company specialising in sales, servicing and distribution of professional cooking devices.
Václav Čížek	Distributor of office utilities. Exclusive distributor on the Czech market of Pilot, Schaeffer, Filofax.
Whitesoft	Czech-Belgian company focusing mainly on development of applications for Lotus Notes.

RENTAL OVERVIEW			
Tenants	**administrative m²**	**warehouses m²**	**rent started**
Sikla Bohemia, s.r.o.	338.50	1,014.00	27-Nov-06
Veba, textilní závody, a.s.	432.00	1,080.00	05-Apr-07
Jan Richter – RM Gastro	183.00	1,757.00	01-Jan-07
Vaclav Čížek	419.00	1,155.60	15-Oct-06
Whitesoft s.r.o.	18.00	n/a	01-Dec-06
Total	**1,390.50**	**5,006.60**	

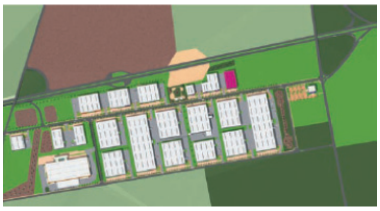
Occupancy rate 100 %

Built 2006

Status

Completely rented out.

Building I2



Short history

VGP Park Horní Počernice is one of the largest of its kind in Prague originally starting with 73 hectares, meanwhile already with a total area close to 1 million m². It took more than two years to put together all the pieces of land and to obtain all necessary permits. Nevertheless in spring 2006 the construction of the infrastructure was started for the whole site as well as the construction of the first buildings. In August 2006 the first tenants leased premises in the building I1.

Features

Type	Warehouses and related offices
Address	Prague 9 – Horní Počernice, Do Čertous 2620/11
Surface	Land: 15,900.00 m²
	Warehouses: 3,919.00 m²
	Offices: 288.00 m²
	Parkings: ca. 35 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
Siemens VDO Automotive, s.r.o.	Supplier of electronic car components with a large production facility, employing more than 1000 people, in the vicinity of our park.

Rent started November 2006

Occupancy rate 100 %

Built October 2006

Status

Completely rented out.

Building B2

Short history

The construction started in spring 2006 at the same time as the infrastructure works. In June 2006 an agreement with Lekkerland was signed to realise a new partially fresh and frozen warehouse in Horní Počernice to be delivered by November that year. An extra administrative building (1,000 m²) is foreseen for future needs of Lekkerland operations.

Features

Type Warehouses and related offices

Address Prague 9 – Horní Počernice, Do Čertous 2620/11

Surface Land: 35,659.00 m²

Warehouses: 12,492.25 m²

Offices: 1,295.25 m²

Parkings: ca. 73 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
Lekkerland Česka republika, s.r.o.	Wholeseller of convenience articles operating in our building besides a large dry goods storage facilities also a fresh and frozen (fresh 2400 m², 2-4 C, frozen 940 m², -27 °C) warehouse operation.
Uti (CZ) s.r.o.	Branch office of an international logistics and freight forwarding company operating more than 400 offices worldwide.

RENTAL OVERVIEW			
Tenants	**administrative m²**	**warehouses m²**	**rent started**
Lekkerland Česka republika, s.r.o.	943.25	9,026.25	21-Nov-06
Uti (CZ), s.r.o.	352.00	3,466.00	01-Jan-07
Total	**1,295.25**	**12,492.25**	

Occupancy rate 100 %

Built 2006

Status

Completely rented out[7].

Building J


Short history

Building J was built-to-suit for SATREMA, a Czech company producing components for the automotive industry.

Features

Type Warehouses and related offices

Address Prague 9 – Horní Počernice, Do Čertous 2620/11

Surface Land: 4,919.00 m²

Warehouses: 1,517.00 m²

Offices: 500.00 m²

Parkings: ca. 23 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
SATREMA Int., a. s.	Award-winning Czech company designing and producing components for the automotive industry.

Rent started 1 March 2007

Occupancy rate 100 %

Built 2006-2007

Status

Completely rented out.

7 The lease agreements entered into by the Group and its customers have an average maturity of 5 years.

Building H1

Short history

The construction of this building started in November 2006 and was handed over in July 2007. It consists both of a cash and carry shop and central warehouse as well as the administrative head-quarters of this international successful pet shop store operator GIMBORN. The concept of the building was designed in accordance with the tenant's requirements.

Features

Type	Warehouses and related offices
Address	Prague 9 – Horní Počernice, Do Čertous 2620/11
Surface	Land: 20,779.00 m²
	Warehouses: 4,766.00 m²
	Cash & Carry: 1,731.50 m²
	Offices: 1,780.00 m²
	Parkings: ca. 136 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
GIMBORN Česká republika, s.r.o.	International wholeseller of pet food and pet utilities, operating also a large chain of pet shops. The company has located its administrative head quarters, its central warehouse for the mid-European region as well as a large cash & carry shop, within this building.

Rent started	1 July 2007
Occupancy rate	100 %
Built	2006-2007

Status

Completely rented out.

Building D1

Short history

The building D1 is a cross dock facility enabling VGP to create small flexible units. The construction started in October 2006. The building is divided into several separate units of which six in the meantime have already been leased.

Features

Type Warehouses and related offices

Address Prague 9 – Horní Počernice, Do Čertous 2620/11

Surface Land: 73,599.00 m²

Warehouses: 25,683.80 m²

Offices: 3,659.40 m²

Parkings: ca. 145 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
U&WE Advertising, spol. s.r.o.	Young Czech company providing printing works, marketing activities, etc.
A.L.L. production, s.r.o.	Distributor of dailies and advertisement print works throughout the Czech Republic.
Bell Technology, spol. s.r.o.	A wholeseller of Emgeton products, a company specialized in hi-tech-visual and audio components.
Timbeum, a.s.	Company selling plywood applications.
TNT Post ČR, s.r.o.	Part of the Dutch TNT group, providing distribution / logistics services.
MT Transport, s.r.o.	A subsidiary of the Finnish logistics provider.
Ing. Pavel Halada	Textile retailer.
Transforwarding České Budéjovice	Czech logistics company.

RENTAL OVERVIEW			
Tenants	**administrative m²**	**warehouses m²**	**rent started**
U&WE Advertising, spol. s r.o.	482.00	1,276.80	01-Jul-07
A.L.L. production, s.r.o.	896.00	2,421.00	01-Jul-07
TNT Post ČR, s.r.o.	300.00	4,596.00	F.L.A.*
Bell Technology, spol. s r.o.	422.00	1,215.00	01-Jun-07
MT Transport, s.r.o.	200.00	2,000.00	F.L.A.*
Timbeum, a.s.	288.00	2,160.00	01-Aug-07
ING. Pavel Halada	138.20	1,572.00	F.L.A.*
Transforwarding České Budějovice	108.80	2,185.20	F.L.A.*
Total Rented Out	**2,835.00**	**17,426.00**	
Total building size	**3,659.40**	**25,683.80**	

** F.L.A. – Future lease agreement*

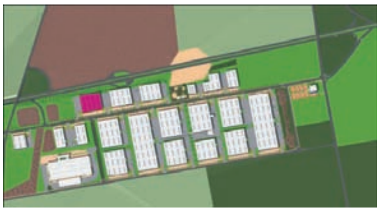
Occupancy rate 69 %

Built 2006-2007

Status

Under construction. The major part of the building was already leased whilst the completion of the building is foreseen before the end of the year 2007.

Building H2

Short history

The construction of the building H2 was started because of the request of Ikea to construct a hand-out warehouse close to their shop in Černý Most. In the same building VGP also provides space for the Danish company Nilfisk and currently negotiations with a third new tenant are ongoing. The building is under construction and located right next to the newly planned second exit from the highway which will be constructed in the year 2008.

Features

Type	Warehouses and related offices
Address	Prague 9 – Horní Počernice, Do Čertous 2620/11
Surface	Land: 20,779.00 m²
	Warehouses: 6,187.69 m²
	Offices: 1,737.00 m²
	Parkings: ca. 73 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
IKEA Česká republika, s.r.o.	The well-known Swedish furniture company operating from VGP Park Horní Počernice a hand out warehouse for oversize furniture. The rental agreement has started from September 2007.
NILFISK-ADVANCES, s.r.o.	An important worldwide Danish manufacturer of professional cleaning equipment. The rental agreement has started from September 2007.

RENTAL OVERVIEW			
Tenants	**administrative m²**	**warehouses m²**	**rent started**
IKEA Česká republika, s.r.o.	420.00	4,260.00	F.L.A.*
NILFISK-ADVANCES, s.r.o.	361.63	988.69	F.L.A.*
Available	955.37	939.00	n/a
Total	**1,737.00**	**6,187.69**	

** F.L.A. – Future lease agreement*

Occupancy rate	100 %
Built	2007

Status

Under construction.

Building B3

Short history

The company WAVIN currently has a large production site in Kostelec nad Labem and will transfer additional production capacity and its warehouse operations to VGP Park Horní Počernice. The premises will be handed over stepwise, with logistics activities starting in September 2007 and production activities in the Spring of 2008.

Features

Type	Warehouses and related offices
Address	Prague 9 -Horní Počernice, Do Čertous 2620/11
Surface	Land: 35,108.00 m²
	Warehouses: 8,828.00 m²
	Production: 3,357.00 m²
	Offices: 1,038.00 m²
	Parkings: ca. 72 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
WAVIN Ekoplastik, s.r.o.	Subsidiary of Wavin, European leading companies of plastic piping systems.

Rent started	September 2007
Occupancy rate	100 %
Built	2006-2008

Status

Under construction.

Building C2

Short history

The construction of the building C2 was started in the spring of 2007 as a normal standard warehouse facility without having a specific tenant. A lease agreement was entered into by the company Kofola to lease the total premises for logistic activities as from November 2007.

Features

Type	Warehouses and related offices
Address	Prague 9 – Horní Počernice, Do Čertous 2620/11
Surface	Land: 32,513.00 m²
	Warehouses: 8,545.30 m²
	Offices: 1,281.50 m²
	Parkings: ca. 73 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
Kofola	Major producer of non-alcoholic beverages in the mid-European region. The company operates in the Visegrad Four (V4) countries, i.e. the Czech Republic, Slovakia, Poland, and Hungary, and exports its products to other countries as well.

Rent to start	November 2007
Occupancy rate	100 %
Built	2007

Status

Under construction.

Building B1


Short history

The construction of the building B1 was started in the spring of 2007 as a normal standard warehouse facility without having a specific tenant. A lease agreement was entered into by the company BLG (on behalf of their customer Siemens VDO) to partially lease these premises for logistic activities as from September 2007.

Features

Type	Warehouses and related offices
Address	Prague 9 – Horní Počernice, Do Čertous 2620/11
Surface	Land: 35,659.00 m²
	Warehouses: 12,600.00 m²
	Offices: 576.00 m²
	Parkings: ca. 73 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
BLG Logistics Solutions GmbH	Active in providing logistics solutions for automotive parts, consumer products and business electronics.

RENTAL OVERVIEW			
Tenants	**administrative m²**	**warehouses m²**	**rent started**
BLG	217.00	4,987.00	11-Sep-07
Available	359.00	7,613.00	n/a
Total	**576.00**	**12,600.00**	

Rent started 1 September 2007

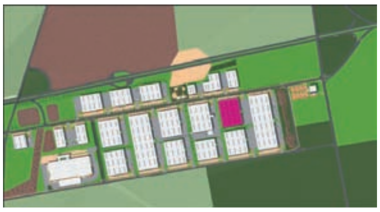
Occupancy rate 40 %

Built 2007

Status

Under construction.

Building C1

Short history

VGP started to construct the building C1 in the spring of 2007 as a normal standard warehouse facility without having a specific tenant.

Features

Type Warehouses and related offices

Address Prague 9 – Horní Počernice, Do Čertous 2620/11

Surface Land: 32,513.00 m²

Warehouses: 11,400.00 m²

Offices: 576.00 m²

Parkings: ca. 73 cars

Tenants None

Rent started n/a

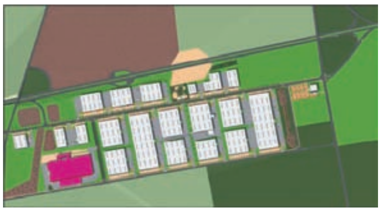
Occupancy rate 0 %

Built 2007

Status

Under construction.

__Building PNS/MEDIASERVIS__

Short history

In the fall of 2006 VGP started negotiations with PNS/Mediaservis regarding the construction of their new premises in Horní Počernice to operate the distribution of the newspapers and magazines of their media group. Both companies signed a letter of intent and started intense negotiations on design, layout, building description and contract. This resulted in a built-to-suit project, consolidating all of their activities under one roof which is foreseen to be ready in March 2009. The building will contain a large administrative building as well as an almost 20,000 m² distribution centre.

Features

Type	Warehouses and related offices
Address	Prague 9 – Horní Počernice, Do Čertous 2620/11
Surface	Land: 55,116.86 m²
	Warehouses: 18,692.00 m²
	Offices: 6,538.00 m²
	Parkings: ca. 150 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
První novinová společnost, a.s.	The main activity of PNS is distribution of the periodical press, magazines, regional as well as national newspapers to sales points throughout the Czech Republic. Besides that PNS operates one of the largest chains of newspaper kiosks in the Czech Republic.
Mediaservis, s.r.o.	Mediaservis is an important alternative postal service operator providing services in the Czech Republic. Their distribution network handles the delivery of newspaper and magazine subscriptions and all forms of addressed and non-addressed direct mail.
PNS and Mediaservis are associated companies.	

RENTAL OVERVIEW			
Tenants	**administrative m²**	**warehouses m²**	**rent started**
Mediaservis	2,752.00	6,441.00	F.L.A.*
PNS	3,115.00	12,006.00	F.L.A.*
Used by both tenants	668.00	245.00	F.L.A.*
Total	**6,535.00**	**18,692.00**	

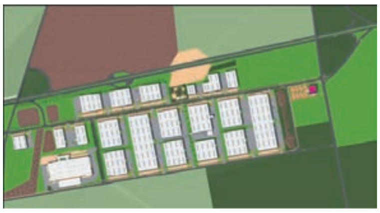
* *F.L.A.– Future lease agreement*

Rent started	n/a
Occupancy rate	100 %
Built	2007-2008

Status

Under design.

Administrative building A1

Short history

At the entrance of the park in Horní Počernice several administrative buildings are planned. Of which the first one, A1, will also contain catering facilities on the ground floor, a service highly appreciated by the tenants of our park. The same five storey building will also provide a place for new offices for VGP itself. The construction will start in August 2007 and termination of the building is foreseen early summer 2008.

Features

Type	Warehouses and related offices
Address	Prague 9 – Horní Počernice, Do Čertous 2620/11
Surface	Land: 6,399.00 m²
	Offices: 5,000.00 m²
	Parkings: ca. 129 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
Catering facility	On the ground floor a tender will be organised to host a catering company providing facilities for the people working within the VGP Park Horní Počernice.
Whitesoft	Czech-Belgian company focusing mainly on development of applications for Lotus Notes.

VGP

ADMINISTRATIVE BUILDING A1	
Floor	**Size in m²**
1 NP	Catering facility 996.87 m²
2 NP	948.34
3 NP	948.34
4 NP	948.34
5 NP	948.34
6 NP	209.77
Total	5,000.00

Rent period	n/a
Rent started	n/a
Occupancy rate	n/a
Built	2007-2008

Status

Under construction.

Project VGP Park Turnov – Ontex cz s.r.o.

Short history

ONTEX, a hygienic disposables producer has an important production facility in the city of Turnov it consolidated its warehousing needs in a new facility built by VGP in 2006 – 2007. The production facility is connected through a transport bridge enabling automatic transfer of pallets from one building to another.

Features

Location	VGP Park Turnov is located in the industrial zone Vesecko in Turnov right adjacent to the ring-road to Turnov, connecting Turnov to the speedway R10 Prague – Liberec.
Type	Warehouses and related offices
Address	Industrial zone Vesecko in Turnov
Surface	Land: 42,125.00 m²
	Warehouses: 11,880.00 m²
	Offices: 157.00 m²
	Parkings: ca. 10 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
ONTEX CZ s.r.o.	Subsidiary of one of the European market leaders in the development, production and sales of private label hygienic disposables. The group offers a wide range of feminine hygiene (sanitary towels, panty liners and tampons), baby products (nappies and wipes) and incontinence products.

Rent started	March 2007
Occupancy rate	100 %
Built	2006-2007

Status

Completely rented out.

VGP Park Turnov a.s. is registered as owner of most of the land in the real estate register and as co-owner of one plot of land. One plot of land is subject to a future purchase agreement.

Project VGP Park Příšovice

Short history

VGP acquired a plot of land in Příšovice in 2006 with the aim to develop a 10,000 m² logistic facility. In the meantime, after obtaining necessary permits Grupo Antolin agreed with VGP to relocate part of its existing production activity from Turnov to the new premises on this site.

Features

Location	VGP Park Příšovice is located adjacent to the Prague – Liberec R10 highway with excellent accessibility to the city centre of Turnov and the nearby towns of Liberec and Mladá Boleslav.
Type	Warehouses and related offices
Address	Dalimerice 492, Turnov
Surface	Land: 34,374.00 m²
	Warehouses/production facility: 9,981.00 m²
	Offices: 594.00 m²
	Parkings: ca. 100 cars

Tenants

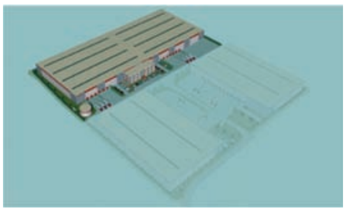
NAME	DESCRIPTION OF THE TENANT
Grupo Antolin	Global supplier of components for vehicle interiors.

Rent to start	1 July 2008
Occupancy rate	100 %
Built	2007-2008

Status

Under construction.

Project VGP Park Liberec I. – BAUMATIC ČR s.r.o.



Short history

Baumatic located its Czech activities in Liberec in 2004 when they moved to their new owner-developed building – extended in 2006 to the current layout. After they moved their head-quarters from Britain to the Czech Republic, there was a need for larger facilities. VGP signed a sale and lease back agreement for their existing premises in Liberec and at the same time agreed through a contract on a future lease contract the development of a new, far larger building which VGP is currently constructing and should be ready at the latest in March 2008. The new facility will consist of a warehouse of ca 10,000 m² with an extension option of another ca. 10,000 m².

Features

Location	VGP Park Liberec I is located in the industrial zone Liberec – North in the near vicinity of the highway R10 connecting Prague to Dresden. Liberec is a city with more than 100,000 inhabitants and the presence of the Technical University and many high schools guarantees a well educated workforce. The park is at the border of the city with excellent public transport accessibility, bus stops are currently located within the industrial zone.
Type	Warehouses and related offices
Address	Straz nad Nisou – Liberec
Surface	Land: 76,079.00 m²
	Warehouses: 10,365.00 m² + 9,803.00 m² extension option
	Offices: 1,531.00 m²
	Parkings: ca. 66 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
Baumatic	As an Italian manufacturer, Baumatic has been an important player in the White Goods industry since it was founded in the UK in 1992.

Rent	Not yet started.
Occupancy rate	100 %
Built	2007

Status

Under construction.

Project VGP Park Liberec II. – BAUMATIC ČR s.r.o.

Short history

Baumatic located its Czech activities in Liberec in 2004 when they moved to their new owner-developed building – extended in 2006 to the current layout. After they moved their head-quarters from Britain to the Czech Republic, there was a need for larger facilities. VGP signed a sale and lease back agreement for their existing premises in Liberec and at the same time agreed through a contract on a future lease contract the development of a new, far larger building which VGP is currently constructing and should be ready at the latest in March 2008. The new facility will consist of a warehouse of ca 10.000 m² with an extension option of another ca. 10,000 m².

Features

Location	VGP Park Liberec II, Ampérova 495, Liberec 2 is located close to the highway R35/R10 in the Liberec industrial zone south providing excellent accessibility. Liberec is a city with more than 100,000 inhabitants and the Technical University and many high schools guarantee a well educated workforce.
Type	Warehouses and related offices
Address	VGP Park Liberec II, Ampérova 495, Liberec 2
Surface	Land: 10,902.00 m²
	Warehouses: 4,271.00 m²
	Offices: 757.00 m²
	Parkings: ca. 27 cars

Tenants

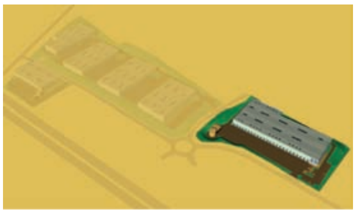
NAME	DESCRIPTION OF THE TENANT
Baumatic	As an Italian manufacturer, Baumatic has been an important player in the White Goods industry since it was founded in the UK in 1992. The company has experienced considerable growth due to its emphasis on design, style, innovation and quality; traits which set the company apart from many of its competitors.

Rent started	1 April 2007
Occupancy rate	100 %
Built	2004-2006

Status

Completely rented out.

Project VGP Park Nýřany



Short history

In 2006, VGP agreed to buy a part of an industrial zone in development in Nýřany. Meanwhile the permits have been received and construction of the first building has started, partly rented out to Ranpak, a Dutch-based company specialised in packaging materials even before the construction started.

Features

Location	VGP Park Nýřany is located in Nýřany by Pilsen (552,000 inhabitants), exit 93 – first exit on the highway adjacent to the D5/E50 Prague – Rozvadov – Nürnberg with direct access to and from the highway positioned at the railway corridor Nürnberg – Prague. The railway station is less than 2.5 km away from the site providing an excellent public transport with rail and bus connection from Nýřany to Pilsen.
Type	Warehouses and related offices
Address	Staromestske Namesti 11, 293 01 Mlada Boleslav, Czech Republic
Surface	Land: 28,247.00 m²
	Warehouses/production facility: 10,309.00 m²
	Offices: Built-to-suit: 328.00 m²
	Parkings: ca. 50 cars

Tenants

NAME	DESCRIPTION OF THE TENANT
Ranpak	Global manufacturer of paper packaging materials and systems that protect products during shipment.

RENTAL OVERVIEW			
Tenants	**administrative m²**	**warehouses m²**	**rent started**
Ranpak	328.00	3,970.00	01-Jan-08
Available	n/a	6,339.00	
Total	**328.00**	**10,309.00**	

Occupancy rate	41 %
Built	2007-2008

Status

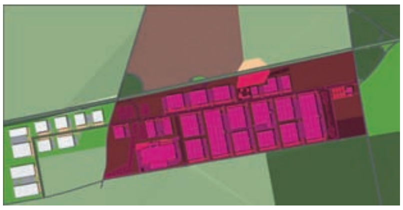
Under construction.

The total land surface of VGP Park Nýřany is 112,595.00 m². VGP Park Nýřany, a.s. is registered as the owner of part of the land (85 percent) and is in the process of acquisition of remaining land (15 percent).

8.2 Acquired and secured land[8]

(a) Czech Republic

Project VGP Park Horní Počernice – I. phase



Description

Besides the buildings under construction VGP still disposes of land with valid building permit enabling to build in the next future up to ca 85,000 m² in the Czech Republic. These planned buildings are summarized as follows:

Status

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.

PLANNED CONSTRUCTION				
Building	**administrative m²**	**warehouses m²**	**land m²**	**status permits**
A2 – Office Building	5,000.00	n/a		valid permits available[9]
A3 – Office Building	5,000.00	n/a		valid permits available
A4 – Office Building	5,000.00	n/a		valid permits available
A5 – Office Building	5,000.00	n/a		valid permits available
C3	300.00	9,000.00	31,965.00	construction permit
D2	576.00	25,784.00	72,727.00	construction permit
B4	576.00	12,427.00	35,105.00	construction permit
C4	576.00	11,270.00	31,984.00	construction permit
I3	300.00	3,500.00	10,483.00	construction permit
I4	300.00	3,500.00	10,483.00	construction permit
K	432.00	3,672.00	11,081.00	construction permit
E	800.00	17,200.00	50,701.00	construction permit
Total	**23,860.00**	**86,353.00**	**254,529.00**	

Furthermore, within the I. phase in Horní Počernice VGP still has a plot of land of approx. 52.000 m² currently zoned for recycling purposes. VGP has currently filed a request to change the general zoning plan, which would allow it to build another building of ca. 25,000 m² in the future.

Status

For phase 1, Industrie Park Sever a.s. is registered as owner of the majority (96 percent) of the land in the real estate register. Other parts (4 percent) of the land are subject to future purchase agreements.

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8 Secured land means binding future purchase agreements related to the purchase of land.

9 "Valid permits available" refers to the fact that all necessary permits have been obtained except for the effective construction permit. "Construction permit" refers to the fact that construction plans and design have been submitted and filed and approved by the respective authorities.

Project VGP Park Horní Počernice – II. Phase

Description

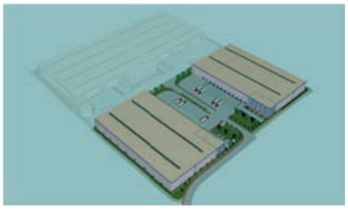
Because of the success of the I. phase, VGP bought subject to receiving the necessary permits an additional plot of land with the size of ca. 213,349 m² offering also direct entrance and exit to the highway via a new connection which will be finished in 2008. Upon receipt of the necessary permits VGP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

PLANNED CONSTRUCTION				
Building	**administrative m²**	**warehouses m²**	**land m²**	**status permits**
I	320.00	4,130.00		valid permits available
II	320.00	4,130.00		valid permits available
III	5,610.00	n/a		valid permits available
IV	3,450.00	n/a		valid permits available
V	370.00	4,930.00		valid permits available
VI	370.00	4,930.00		valid permits available
VII	490.00	6,560.00		valid permits available
VIII	430.00	5,770.00		valid permits available
IX	330.00	4,420.00		valid permits available
X	490.00	6,560.00		valid permits available
XI	1,060.00	14,140.00		valid permits available
XII	1,310.00	17,340.00		valid permits available
Total	**14,550.00**	**72,910.00**	**213,349.00**	

Status

For phase 2 all land is subject to future purchase agreement. The final purchase is subject to receiving the necessary permits. This process is on-going.

Project VGP Park Liberec I



Description

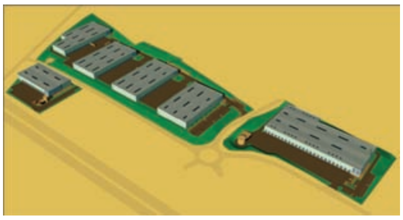
VGP Park Liberec I is located in the industrial zone Liberec – north in the near vicinity of the speedway R10 leading from Prague to Dresden. Liberec is a city with more than 100,000 inhabitants and the presence of the Technical University and many high schools guarantees a well educated workforce. The park is at the border of the city with excellent public transport accessibility, bus stops are currently located within the industrial zone. Construction permits have been obtained for all three buildings H1, H2 and H3. The building H1 and H3 will be finished by the end of the year 2008.

PLANNED CONSTRUCTION				
Building	**administrative m²**	**warehouses m²**	**land m²**	**status permits**
H1	576.00	8,526.00		construction permit
H3	576.00	8,526.00		construction permit
Total	**1,152.00**	**17,052.00**	**86,981.00**	

Status

The land is subject to a future purchase agreement.

Project VGP Park Nýřany



Description

In 2006 VGP agreed to buy a part of an industrial zone in Nýřany. Meanwhile most permits have been received and construction of the first building has started.

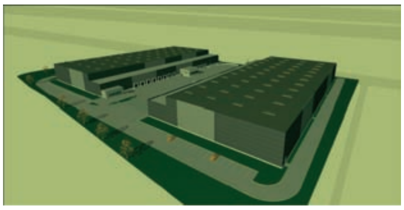
VGP Park Nýřany is located in Nýřany close to Pilsen (552,000 inhabitants), exit 93 – first exit of the highway – (region strategically connects east and west of Europe), adjacent to the D5/E50 Prague – Rozvadov – Nürnberg with direct access to and from the highway. Positioned at the railway corridor Nürnberg – Prague, the railway station is less than 2.5 km away from the site providing an excellent public transport with rail and bus connection from Nýřany to Pilsen.

PLANNED CONSTRUCTION				
Building	**administrative m²**	**warehouses m²**	**land m²**	**status permits**
A1	620.00	6,680.00		valid permits available
A2	620.00	6,660.00		valid permits available
A3	620.00	6,660.00		valid permits available
A4	620.00	5,890.00		valid permits available
B1	860.00	9,877.00		construction permit
C5	620.00	4,440.00		valid permits available
Total	**3,960.00**	**40,207.00**	**104,000.00**	

Status

VGP Park Nýřany, a.s. is registered as the owner of part of the land. VGP Park Nýřany, a.s. is in the process of acquisition of remaining land.

Project VGP Park Lovosice



Description

VGP Park Lovosice is located in the industrial zone in Lovosice, next to the highway D8 (E55 and E442) Prague – Dresden. The park is located close to the railway station and is part of the Prague – Ústí nad Labem – Dresden railway corridor. There is a high capacity freight station in Lovosice with combined transport by road and rail between Lovosice – Dresden.

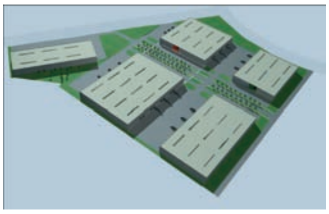
Currently, the site has a valid E.I.A. (Environment Impact Assessment study) for the construction and it is expected to gain the construction permit by the end of the year 2007.

Status

VGP Park Lovosice a.s. is currently registered as owner of four land plots with the total surface of 5,170 m². The remaining 38,827 m² is subject to a future purchase agreement.

PLANNED CONSTRUCTION				
Building	**administrative m²**	**warehouses m²**	**land m²**	**status permits**
H1	620.00	8,790.00		to be obtained
H2	620.00	8,790.00		to be obtained
Total	**1,240.00**	**17,580.00**	**43,997.00**	

Project VGP Park Olomouc



Description

VGP Park Olomouc is located next to the highway R35, connecting Olomouc to Ostrava, with a direct exit and entrance from this highway. At the same time, on the ring road and close to the city, in the district Nemilany, it offers excellent accessibility to the city centre by public transport. Olomouc with more than 100,000 inhabitants is one of the largest cities in the Czech Republic. Olomouc has its own University and 24 high schools.

Currently, VGP is in the process of obtaining the necessary permits – the general zoning of the park indicates industrial use.

Status

The land is subject to a future purchase agreement.

PLANNED CONSTRUCTION				
Building	**administrative m²**	**warehouses m²**	**land m²**	**status permits**
A	480.00	6,800.00		to be obtained
B	720.00	9,250.00		to be obtained
C	720.00	9,010.00		to be obtained
D	960.00	12,130.00		to be obtained
E	480.00	6,120.00		to be obtained
Total	**3,360.00**	**43,310.00**	**116,976.00**	

Project VGP Park Hradec Králové

Description

VGP Park Hradec Králové is located in Dobřenice at the exit nr 76 at the recently opened highway D11/E67 connecting Prague with Hradec Králové – providing the region with excellent infrastructure. Hradec Králové, with more than 100,000 inhabitants and the city of Pardubice in its vicinity, with more than 40,000 inhabitants provide a large well educated workforce, whereas the region has attracted recently large manufacturing companies such as Foxcon, Aliachem or Panasonic.

Currently VGP is in the process of obtaining the necessary permits. The land is generally zoned for industrial use. VGP expects to be able to start with construction in spring 2008.

Status

The land is subject to a future purchase agreement.

PLANNED CONSTRUCTION				
Building	**administrative m²**	**warehouses m²**	**land m²**	**status permits**
H1	820.00	10,120.00		to be obtained
H2	740.00	4,130.00		to be obtained
H3	740.00	12,680.00		to be obtained
H4	740.00	12,680.00		to be obtained
H5	820.00	7,290.00		to be obtained
Total	**3,860.00**	**46,900.00**	**135,138.00**	

(b) Latvia – Kekava

Land VGP Park Riga

Description

VGP decided in 2007 to expand into the fast growing market of the Baltic States. The first acquisition consists of a land plot of ca 8.3 ha in the Kekava parish, next to the cross roads "Via Baltica" and the ring road around Riga. Currently all land is bought under a binding future purchase agreement. The final purchase is subject to receiving the necessary permits. This process is on-going. VGP foresees to be able to start construction in the spring of 2008 and the total possible built-up area amounts to 38,000 m².

PLANNED CONSTRUCTION				
Building	**administrative m²**	**warehouses m²**	**land m²**	**status permits**
A	1,200.00	13,650.00		to be obtained
B	1,200.00	16,200.00		to be obtained
C	300.00	6,000.00		to be obtained
Total	**2,700.00**	**35,850.00**	**83,230.00**	

(c) Hungary

Land VGP Park Győr

Description

Győr, with its 420,000 inhabitants and large industrial activities including the Audi factory, has a very good location on the motorway connecting Vienna with Budapest. This motorway M1 is only at 3 km distance from the plot of land VGP bought in Ipari park in Győr, subject to obtaining the final legally valid building permits.

This site can be reached by a direct access (motorway exit Győrszentiván) whereas the centre of Győr is only 5 km away from the VGP Park.

VGP plans to do the development of the site step by step.

The development includes two similar flexible logistics premises and one smaller building, which would be located in the eastern part of Győr Business Park. The total plot has a size of ca 12 ha.

The total planned built up area is 46,170 m², warehouse gross floor area covers ca 43,566 m² and could be modified based on optimal utilisation of the plots.

PLANNED CONSTRUCTION				
Building	**administrative m²**	**warehouses m²**	**land m²**	**status permits**
A	580.00	11,520.00		to be obtained
B	580.00	11,520.00		to be obtained
C	1,150.00	14,980.00		to be obtained
D	280.00	4,900.00		to be obtained
Total	**2,590.00**	**42,920.00**	**121,781.00**	

(d) Slovak Republic – Malacky

Land VGP Park Malacky

Description

VGP recently finalized the acquisition of a ca 220,492 m² industrial plot being part of the Eurovalley project, a 600 ha site next to Malacky on the D2 motorway which connects Bratislava to Brno and Prague. The so-called Golden Investment Triangle of Bratislava, Vienna and Győr is denoted as one of the European regions with the greatest potential for industry and trade. Its location at the junction of the international north-south and east-west roads and rail corridors provides this area a significant role in the future.

This site offers the possibility to build up to 77,660.00 m² for which all infrastructure and building permits are already available. VGP plans to develop the site step by step, starting construction of the first building in the year 2007.

PLANNED CONSTRUCTION				
Building	**administrative m²**	**warehouses m²**	**land m²**	**status permits**
H1	960.00	12,120.00		construction permit
H2	960.00	12,120.00		construction permit
H3	960.00	12,120.00		construction permit
H4	960.00	12,120.00		construction permit
H5	1,920.00	23,420.00		construction permit
Total	**5,760.00**	**71,900.00**	**220,492.00**	

(e) Estonia – Tallinn

Land VGP Park Tallinn

Description

VGP is currently in the final stages of acquiring a plot of land of ca. 9.2 ha in Tänassilma Küla located approximately 2 km from the Tallinn city borders. This plot of land should enable VGP to build 3 to 4 buildings for a total built up area of 41,400 m². VGP foresees to be able to start construction of the first building in spring 2008.

8.3 Portfolio breakdown

General overview of the portfolio as of 30 June 2007:

Projects	Country	Land m^2	Gross lettable area m^2	Building date (start - end)	Fair Value ('000 EUR)	Investment Property amounts included in Financials ('000 EUR)	
						Investment	Under Construction
Property held as investment (income producing)							
Green Tower	Czech Republic	4,030	3,661	2005	6,312	6,312	
Blue Park	Czech Republic	23,115	9,543	2003-2005	9,497	9,497	
Green Park	Czech Republic	35,985	16,637	2004	15,846	15,846	
VGP Park Turnov – Vesecko	Czech Republic	42,125	12,037	2006-2007	7,795	7,795	
VGP Park Horní Počernice	Czech Republic	162,215	64,029	2006-2008	58,846	58,846	
VGP Park Liberec	Czech Republic	10,902	5,028	2007-2008	3,692	3,692	
					101,988	101,988	–
Property held as development land							
VGP Park Turnov-Prisovice	Czech Republic	30,000	10,575	2007-2008	625	625	
VGP Park Horní Počernice	Czech Republic	386,547	115,599	2008-2012	26,492	26,492	
					27,117	27,117	–
Property held as development land (under construction)							
VGP Park Horní Počernice	Czech Republic	156,573	56,223	2008-2012	32,487	10,724	9,536
					32,487	10,724	9,536
Development land in the process of acquisition							
VGP Park Lovosice	Czech Republic	44,041	18,820	2008 - 2009	639		
VGP Park Horní Počernice	Czech Republic	241,375	112,309	2009 - 2011	15,612		
VGP Park Liberec	Czech Republic	76,177	39,903	2007-2010	2,415		
VGP Park Hradec Králové	Czech Republic	134,000	50,760	2009-2010	3,356		
VGP Park Nýřany	Czech Republic	90,000	44,167	2008-2009	2,344		1,576
VGP Park Olomouc	Czech Republic	121,781	46,670	2009-2010	3,654		
VGP Park Malacky	Slovakia	216,000	77,660	2008-2012	7,648		
VGP Park Kekava (Riga)	Latvia	83,173	38,550	2008 - 2009	2,292		
VGP Park Györ	Hungary	121,781	46,170	2009 - 2010	3,320		
					41,280	0	1,576
Correction rent free as required by IFRS accounting rules						(289)	
TOTAL					**202,872**	**139,540**	**11,112**

The projects Green Tower, Blue Park, Green Park and VGP Park Horní Počernice are owned by Industrie Park Sever a.s. VGP Park Malacky is currently held by VGP Slovakia a.s. VGP Park Kekava will be held directly and indirectly through Zorro s.i.a. by VGP Latvia s.i.a. and VGP Park Györ will be held by VGP Hungary KFT. The valuation report by Cushman & Wakefield, as attached as Appendix 2, contains information on the fair value of the Group's portfolio as at 30 June 2007 and amounts to EUR 202.9 million.

The last column of the table above shows the reconciliation to the Balance Sheet figures as of 30 June 2007 (VGP NV, pro forma consolidated financials). The differences between the Cushman & Wakefield valuation exercise and the IFRS Balance Sheet figures are explained by the fact that the IFRS balance sheets figures are in accordance with IAS regulations. In light of IAS 40,§5, with respect to real estate property, a distinction always has to be made between land and construction. With respect to land, as of the moment the land is owned by the Group, the land is recorded at fair value as investment property. In light of IAS 40,§9 (d) and §22, with respect to constructions, constructions are recorded at cost as investment under development as long as the constructions are not finished. When the constructions are finished, the constructions are recorded at fair value under investment property:

- According to IFRS accounting rules the development land on which construction has started or of which the Group has full ownership has been valued at fair value and hence has been reflected in the financial statements as such.

- The land in the process of acquisition is valued at cost. When only a down payment has occurred then this land will be valued at the value of the down payment.

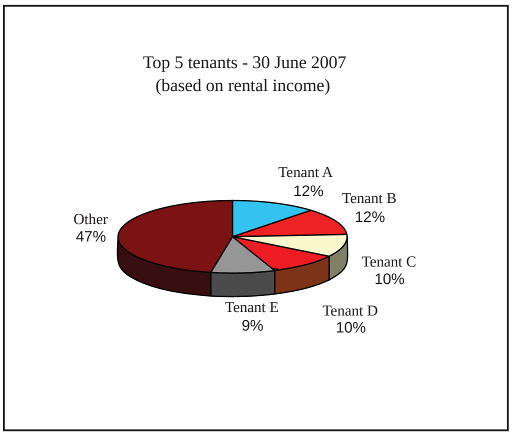
- Property under construction is recorded at cost.

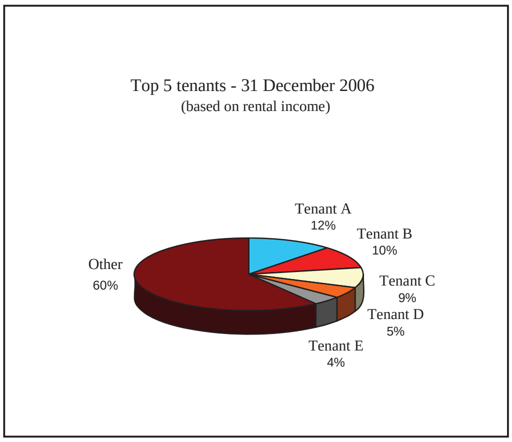
The overall occupancy rate of the Group's portfolio of completed buildings amounts to 100 percent as of 30 June 2007.

The top 5 tenants represented 41 percent of the Group's rental income as of 31 December 2006 and 53 percent of the Group's rental income as of 30 June 2007. The increased concentration in the top 5 tenants is the result of some major lease agreements concluded after 31 December 2006. It is expected that in view of the Group's growth strategy the customers base will become more diversified commensurate with such growth.

The difference between gross lettable m² and the size of the land plot in m² is mostly explained by the fact that when building on larger plots of land, there is a requirement for infrastructure which uses available land.

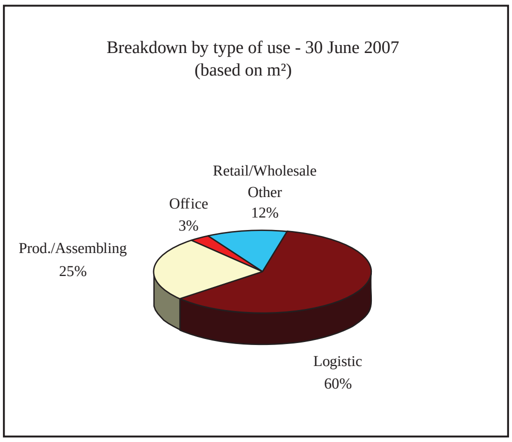
Portfolio Breakdown by Tenant

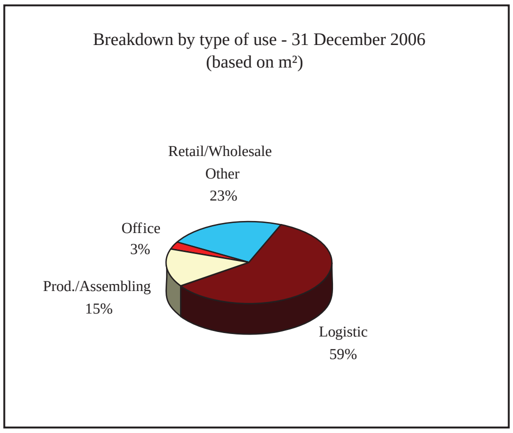




The breakdown of the portfolio by type of use as of 30 June 2007 shows that 60 percent is used for logistic purposes.

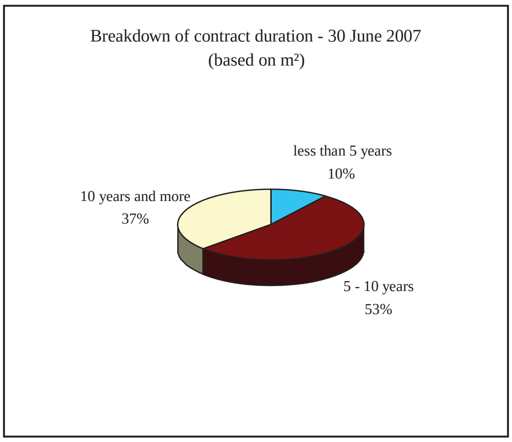
Portfolio Breakdown by Type of Use

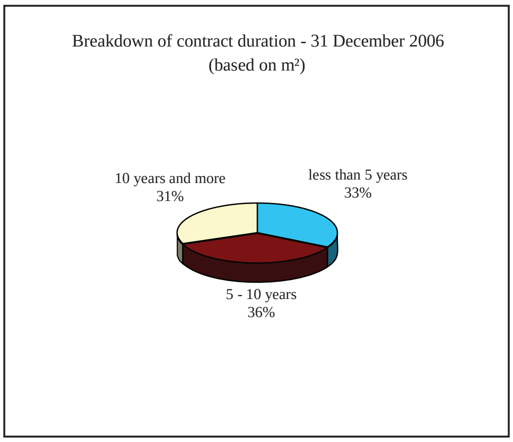




The weighted average term of the lease contracts for the Group's real estate portfolio amounts to 5.7 years as of 30 June 2007. In terms of the breakdown of the contract duration, the Group has clearly improved its position on 30 June 2007 compared to the situation as at 31 December 2006 and shifted towards a higher proportion of longer term contracts.

Portfolio Breakdown by Term of Lease Contracts



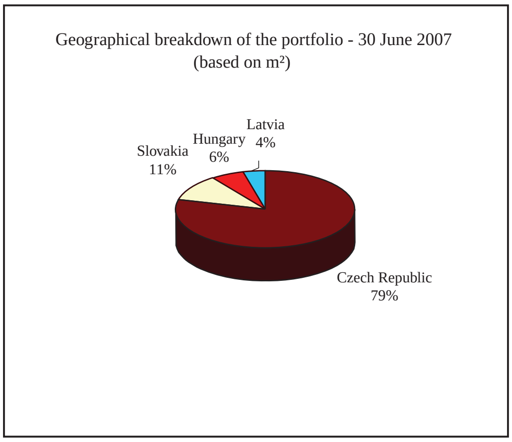


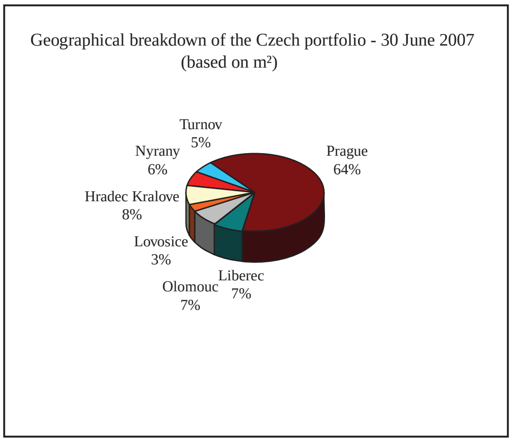
The weighted average term of the committed leases as at 31 August 2007 is 6.3 years. The committed leases have the following maturity profile (see also Section 4.2, in the Summary):

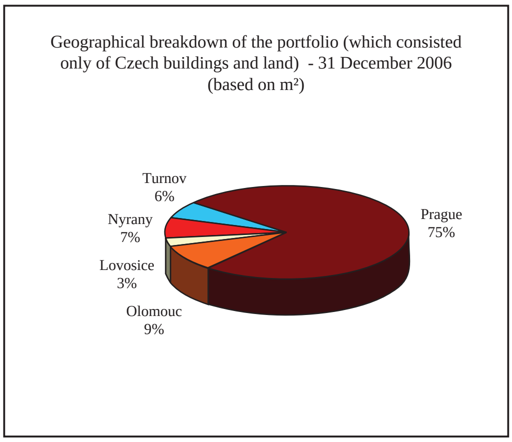
Maturity of Committed Leases	**<1 year**	**1-2 years**	**> 2-5 years**	**> 5-10 years**
% of annualised rent income	4%	3%	55%	38%

The geographical breakdown of the portfolio as of 30 June 2007 demonstrates that the Czech Republic and more particularly Prague represents an important part of the total portfolio. In view of the Group's expansion strategy, the portfolio will become more geographically balanced.

Portfolio Breakdown by Country/Region







9 Competition

9.1 Czech Republic

Basically there are 4 types of competitors in the Czech Republic:

- Local players: these are small real estate players with 1 or 2 real estate projects realised (E.g. Viterra, Grontmij (recently acquired by Slough Estate).
- Large established real estate players: main competition for the Company is coming from this group. These players have land bank positions in the Czech Republic and have built several semi-industrial projects. Typical competitors in this field are: Prologis (incl. Parkridge), CTP Invest, Pinnacle, AIG, WDP, Europa Capital Partners,…
- Occasional new real estate players entering the market recently, without a land bank position or a local team in the Czech Republic.
- Lease companies represent a new type of competition in the market. E.g. ImmoLand.

9.2 Other countries in the mid-European region

Amongst the largest market players in the CEE region, there are the Group, ProLogis, CTP Invest, Skanska, Africa Israel, AIG Lincoln, however, none of the above-mentioned developers occupies a dominant position in the mid-European market as a whole.

10 Key strengths

- Focused real estate group specialised in both developing and managing a portfolio of high-end semi-industrial real estate on top locations, in full ownership.
- Strong geographical presence in mid-European markets: Czech Republic, Slovakia, Hungary and Latvia; with further expansion strategy towards amongst others Romania, Estonia, Lithuania and Germany. Especially in the Czech Republic where the Group started operations 5 years ago as an early-mover, the Group managed to establish itself firmly on the semi-industrial property market.
- Attractive growth perspectives in the markets where the Group is or intends to be active, both in the mid-European region and Germany.
- Geographically diversified land bank and a portfolio of recent and qualitative semi-industrial property on strategic locations. All semi-industrial properties in the portfolio share the same level of finishing quality, technical requirements and standardisation of its fittings and functionalities so as to contribute to the long term value and the re-leasability of the real estate.
- Land bank of strategically located plots of land totalling some 2,334,171 m² of which 1,815,158 m² in the Czech Republic to secure further development of its portfolio of standing semi-industrial assets.
- Clustering of semi-industrial assets in strategically located business parks represents economies of scale and commercial advantages in terms of multiple alternatives and expansion possibilities for tenants.
- Acceleration of the number of projects completed and let with below-market vacancy rates through lease contracts with an average maturity of 5 years.
- In-house set of capabilities and competences allowing for a fully integrated business model of prospecting and acquiring plots of land, undertaking and managing the full development process and the rent out, and subsequently managing the portfolio of standing assets as demonstrated by the strong track record of the management.
- Strong focus on shareholder value creation both in terms of a careful selection of land, the management of the development process and the commercial effort in terms of leasing out the developed assets. Furthermore the strong economic growth prospects of the regions where VGP is active underpinned by the corresponding yield compression in real estate assets further support the creation of shareholder value.

CHAPTER VIII: CORPORATE GOVERNANCE

1 General

This Chapter provides an overview of the rules and principles according to which the corporate governance of the Company is structured in accordance with Belgian company law and the articles of association of the Company. The overview is based on the articles of association of the Company and the corporate governance charter of the Company.

The corporate governance charter of the Company is adopted in accordance with the recommendations set forth in the Belgian Corporate Governance Code, which was published on 9 December 2004 by the Belgian Corporate Governance Committee. Corporate Governance is defined in the Corporate Governance Code as a number of rules and conducts on the basis of which the companies are governed and controlled. The Corporate Governance Code is based on the "comply or explain" principle: Belgian listed companies need to comply with the Belgian Corporate Governance Code, but can depart from the rules and recommendations (but not from the principles), if they explain why they have done so.

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 (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 524*bis 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.

The board of directors of the Company will revise its corporate governance charter from time to time and will amend it when necessary. The charter is available without any charge on the website of the Company (www.vgpparks.eu) and at the registered seat of the Company. In addition, the board of directors will provide a Chapter on corporate governance in the annual report of the accounting year that ends on 31 December 2007 and which will be published in 2008. In this Chapter the corporate governance practices that took place in 2007 will be elaborated on, including an explanation on the departures from the Corporate Governance Code, if any, in accordance with the "comply or explain principle".

2 Board of directors

2.1 General

The board of directors is empowered to perform all actions that are considered necessary or useful to achieve the Company's purpose, except with respect to such areas which are reserved for the shareholders' meeting by law or by the articles of association.

The board of directors is composed of at least three (3) members. At least half of the directors must be non-executive directors and at least three of them must be independent within the meaning of Article 524 of the Belgian Companies Code.

The directors are appointed for a term of no more than four (4) years by the shareholders' meeting, and may be re-elected. If any of the offices of director becomes vacant, for whatever reason, the remaining directors have the right to temporarily fill such vacancy until the next shareholders' meeting, which shall make a final appointment. The appointment is put on the agenda of the first meeting of shareholders following the temporary appointment.

The board of directors can only deliberate if a majority of its members are present or represented, it being understood that at least two (2) directors, including at least one non-executive director, have to be personally present or represented by their representative. Each director can appoint another member of the board of directors to represent him and vote in his name. Any director can represent more than one other director. Decisions are made by a simple majority of the votes cast. The chairman of the board of directors has a decisive vote.

2.2 Chairman

As from the Closing Date, Mr Marek Šebest'ák will be chairman of the board of directors.

The chairman of the board of directors is responsible for the proper and efficient functioning of the board of directors. He takes the necessary measures to develop a climate of trust within the board of directors, contributing to open discussion, constructive dissent and support for the decisions of the board of directors.

In the board of directors the chairman is primarily responsible for:

(i) drawing up the agenda of the meetings of the board of directors after consultation with the CEO and taking into account requests from directors;

(ii) ensuring the procedures are correctly followed with respect to preparation, consultation, approval of resolutions and implementation of decisions;

(iii) ensuring that all directors receive the same accurate and clear information in good time before the meeting and where necessary between meetings;

(iv) chairing the meetings of the board of directors and ensuring that the board of directors operates and makes decisions as a collegiate body;

(v) monitoring the execution of decisions that have been made and determining the need for further consultation in the board of directors;

(vi) monitoring the regular evaluation of the Company's corporate structure and corporate governance, and assessing their satisfactory operation;

(vii) ensuring that new members of the board of directors receive suitable training;

(viii) leading the process of appointing directors and making sure the members and chairmen of the committees are appointed by the board of directors; and

(ix) organising the evaluation process of the members of the board of directors.

The board of directors may decide to confer additional responsibilities on the chairman of the board of directors.

Vis-à-vis shareholders and third parties, the chairman shall be primarily responsible for chairing the shareholders' meeting and for ensuring that the relevant questions of shareholders are answered.

2.3 Independent directors

The Company applies the criteria of independence set forth in Article 524 of the Belgian Companies Code.

Independence will also be assessed taking into consideration the following criteria set out by the Corporate Governance Code:

(i) not being an executive or managing director of the Company or an associated company, and not having been in such a position for the previous three years;

(ii) not being an employee of the Company or an associated company and not having been in such a position for the previous three years;

(iii) not receiving, or having received, significant additional remuneration from the Company or an associated company apart from a fee received as non-executive director;

(iv) not being a controlling shareholder or a shareholder with a shareholding of more than 10 percent, or a director or executive officer of such shareholders, whereby a controlling shareholder is defined as a shareholder who solely or in concert, directly or indirectly, controls a company in the meaning of Article 5 of the Companies Code;

(v) not having or having had within the past year, a significant business relationship with the Company or an associated company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship;

(vi) not being or having been within the past three years, a partner or an employee of the current or former external auditor of the Company or an associated company;

(vii) not being an executive or managing director of another company in which an executive or managing director of the company is a non-executive or managing director, and not having other significant links with executive directors of the Company through involvement in other companies or bodies;

(viii) not having served on the board of directors as a non-executive director for more than three terms subject to the board of directors providing for exceptions;

(ix) not being a close family member of an executive or managing director or of persons in the situations described above.

When an independent director has served on the board of directors for three terms, he is in principle not eligible for a fourth term in the capacity as an independent director subject to exceptional circumstances in the interest of the Company recognised by the board of directors. In such case the proposal to renew his mandate as independent director will expressly indicate why the board of directors considers that his independence as a director is preserved.

The board of directors will announce in its annual report and on the website of the Company which directors it considers to be independent. A director that no longer complies with the criteria of independence should notify the board of directors immediately.

2.4 Composition of the board of directors

At the Prospectus Date, the board of directors consists of 2 members, being Mr Jan Van Geet and Mr Bart Van Malderen. The Pre-offering ESM appointed Mr Marek Šebest'ák, Mr Alexander Saverys and Mr Jos Thys as independent directors of the Company subject to the condition precedent of determination of the final Offering Price and signing of the Underwriting agreement. Therefore, the board of directors will consist of five members:

Name	Function	Duration of Mandate (1)	Professional Address
Mr Marek Šebest'ák	Chairman Independent Director	2011	Zborovská 66, Prague 5, Czech Republic
Mr Alexander Saverys	Non-Executive Director Independent Director	2011	Schaliënstraat 5, 2000 Antwerpen, Belgium
Mr Jos Thys	Non-Executive Director Independent Director	2011	Schongaustraat 19, 9100 St-Niklaas, Belgium
Mr Jan Van Geet	Executive Director CEO and reference shareholder	2011	Pacerice 28, 46344 Sychrov, Czech Republic
Mr Bart Van Malderen	Non-Executive Director and reference shareholder	2011	Mandekensstraat 121, 9255 Buggenhout, Belgium

The curricula vitae of the directors or their permanent representatives are as follows:

Marek Šebest'ák (b. 1954), Chairman	Mr Šebest'ák is Chairman of BBDO-Czech Republic, one of the leading international advertising and communication agencies.
Alexander Saverys (b. 1978)	After his university education in law (KU Leuven) and his MBA in Berlin, Mr Alexander Saverys founded Delphis NV in 2004. Delphis is a company offering multimodal transport solutions throughout Europe, where he acts as CEO. He is also a Director of CMB. In 2006, Delphis bought Team Lines, Europe's no. 2 feeder container operator, operating a network from Iberia to Saint-Petersburg with a clear focus on the Baltic Sea. Team Lines/ Delphis control 62 ships with another 10 container vessels on order.
Jos Thys (b. 1962)	Mr Jos Thys holds a degree in Economics from the University of Antwerp (UFSIA). He is counsel to family owned businesses where he advises on strategic and structuring issues. He also acts as a counsel for the implementation of Corporate Governance at corporate and non-profit organisations. Jos previously had a long career in corporate and investing banking with Paribas, Artesia and Dexia.
Jan Van Geet, CEO (b. 1971)	Mr Jan Van Geet is the founder of VGP. He started in the Czech Republic in 1993 and was manager of Ontex in Turnov, a producer of hygienic disposables. Until 2005, he was managing director of WDP Czech Republic. WDP is a Belgian real estate investment trust with several projects in the Czech Republic.
Bart Van Malderen (b. 1967)	During his career, Mr Bart Van Malderen was involved in the management of Ontex, a leading European manufacturer of hygienic disposable products. He became CEO in 1996 and Chairman of the Board in 2003, a mandate which he occupied until mid July 2007.

The directors are not related to each other.

At the Prospectus Date none of the directors and none of the senior managers of the Company (Mr Jan Van Geet, Mr Dirk Stoop and Mr Jan Procházka) have, during the past five years:

(i) been convicted for fraud;

(ii) had a senior function as senior manager or member of an administrative organ, a board of directors or a supervising body of a company at the time of, or preceding, its bankruptcy, liquidation or dissolution; or been subject to official or public accusations or sanctions (including from professional organisations);

(iii) been declared incompetent to act as a member of a board of directors or a leading or supervising body of a company or the management or exercise of the activities of a company;

(iv) has been subject of any official public incrimination and/or sanctions by statutory or regulatory authorities or has been disqualified by a court from acting as a member of the administrative, management and supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer

The tables in Chapter V, Section 5, set forth the shareholdership of Mr Jan Van Geet directly and indirectly (via Alsgard or VGP MISV) and of Mr Bart Van Malderen directly and indirectly (via VM Invest) before the Offering and after Closing of the Offering. Apart from this, no other directors hold any Shares or Share options.

3 Committees within the board of directors

3.1 General

Upon Closing of the Offering the board of directors will set up special committees to deal with specific matters and to advise the board of directors. The committees are purely advisory bodies and the effective decision power remains with the board of directors. The board of directors sets out the assignments of each committee regarding organisation, procedures, policy and activities.

The board of directors sets up an audit committee and a remuneration committee and does not have the intention of setting up any further committees given the size of the Company.

3.2 Audit committee

Role of the audit committee

The audit committee of the Company consists of at least three directors, all non-executive directors of which the majority are independent directors.

The audit committee assists the board of directors in fulfilling its monitoring responsibilities in respect of control in the broadest sense.

The audit committee will report regularly to the board of directors on the exercise of its duties and on any matters in respect of which the audit committee considers that action or improvement is needed, and may make recommendations as to the necessary steps to be taken.

Duties of the audit committee

It is entrusted with the development of a long-term audit programme encompassing all activities of the Company and is, in particular, entrusted with the oversight of:

Financial reporting

The audit committee monitors the integrity of the financial information provided by the Company: the audit committee ensures that the financial reporting provides a true, honest and clear view of the situation and the prospects of the Company, both on an individual and on a consolidated basis. The audit committee assesses the correctness, completeness and consistency of the financial information.

This task includes the review of periodic information before its publication and the review of the relevance and consistency of the accounting standards used.

The audit committee discusses significant financial reporting issues both with the executive management and with the statutory auditor.

Internal controls and risk management

At least once a year, the audit committee must review the internal control and risk management systems set up by the executive management. It must ensure that the main risks are properly identified, managed and disclosed. The audit committee also reviews the statements included in the annual report on internal control and risk management.

The audit committee reviews the special arrangements by which staff members of the Company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters (whistle-blowers' order). The audit committee must ensure that this arrangement is brought to the notice of all staff members of the Company and its Subsidiaries. If deemed necessary, the audit committee must make arrangements for independent investigation and appropriate follow-up of these matters in proportion to their alleged seriousness.

Internal audit

The audit committee must approve the appointment and removal of the responsible for internal audit. The audit committee shall determine and control the mandate of the head of the internal audit. The audit committee shall approve the internal audit's budget and evaluates the effectiveness of the internal audit. The audit committee evaluates the implementation of its findings and recommendations by the management.

The audit committee receives the internal audit reports or a periodic summary of such reports.

The chairman of the audit committee must be available at all times to the head of the internal audit to discuss issues relating to the Company's internal audit.

External audit

The audit committee makes recommendations to the board of directors on the selection, appointment and reappointment of the external auditor and on the terms of his or its engagement. These recommendations must be submitted to the shareholders' meeting.

The audit committee monitors the external auditor's independence, in particular as regards the relevant legal and professional standards. The audit committee monitors the external auditor's work programme and reviews the effectiveness of the external audit process and the responsiveness of the management to the recommendations made by the external auditor in his or its management letter.

The audit committee examines the nature and scope of the non-audit services that have been entrusted to the external auditor. The Audit Committee determines and adopts a formal policy on the types of non-audit services that: a) are excluded; b) are permissible after verification by the Committee, and c) are permissible without being referred to the committee, taking into account the specific provisions of the Companies Code.

The audit committee may open an investigation into issues that could lead to the resignation of the external auditor and then formulates recommendations on all actions required in that respect.

Composition of the Audit Committee

The audit committee is composed of:

(i) Mr Marek Šebest'ák (Chairman);

(ii) Mr Bart Van Malderen;

(iii) Mr Jos Thys.

3.3 Remuneration committee

The remuneration committee consists of at least three directors. All members of the remuneration committee must be non-executive directors, a majority of whom are independent.

The remuneration committee is responsible for the following tasks with respect to remuneration:

(i) drawing up and evaluating proposals to the board of directors concerning the remuneration policy to be pursued for non-executive directors and the proposals that must be submitted to the shareholders;

(ii) evaluating the proposals to the board of directors drawn up by the CEO concerning the remuneration policy to be pursued for the executive management, at least with respect to (i) the main contractual provisions, including the most important characteristics of the pension plans and the severance package and (ii) the main components of the remuneration, including the relative importance of each component of the remuneration; the performance criteria that apply to the variable components and the benefits in kind;

(iii) drawing up recommendations concerning the individual remuneration of the directors, including, depending on the situation, the bonuses and long-term incentives (linked or not to the Shares) in the form of options or other financial instruments; and

(iv) evaluating the recommendations of the CEO concerning the individual remuneration of the executive managers, including, depending on the situation, the bonuses or long-term incentives – linked or not linked to the Company's shares – in the form of options or other financial instruments.

The remuneration committee is composed of the following members:

(i) Mr Bart Van Malderen (Chairman);

(ii) Mr Jos Thys;

(iii) Mr Alexander Saverys.

4 Chief executive officer (CEO)

The board of directors appoints and removes the CEO. The CEO is appointed for a period of four (4) years, with the possibility of renewal thereof. Mr Jan Van Geet has been appointed as CEO.

The role of the CEO is to implement the mission, strategy and targets set by the board of directors and to assume responsibility for the day-to-day management of the Company. He reports directly to the board of directors. The CEO is responsible for:

(i) examining, analysing and proposing to the board of directors strategic business opportunities that can contribute to the further growth of the Company;

(ii) executing the decisions of the board of directors;

(iii) preparing proposals to the Remuneration Committee concerning the appointment, remuneration and evaluation of the members of the management team;

(iv) leading the executive management;

(v) determining and monitoring the objectives to be achieved by the management;

(vi) ensuring the day-to-day management of the Company and accounting to the board of directors for such management at regular intervals;

(vii) maintaining a continuous dialogue and interaction with the members of the board of directors in an atmosphere of openness and a climate of trust;

(viii) maintaining excellent relationships with important customers, suppliers and the authorities.

In addition, the CEO must enable the board of directors and the chairman to exercise their responsibilities as directors. The CEO must therefore:

(i) prepare proposals on topics for which decision-making is the preserve of the board of directors;

(ii) meet the chairman of the board of directors at regular intervals, consult him/her and involve him/her in strategic projects from the outset;

(iii) provide the board of directors with all the possible relevant information it needs to exercise its powers.

5 Remuneration of the directors

The CEO receives an annual remuneration of EUR 200,000 pursuant to a management agreement signed between the Company and Mr Jan Van Geet. Besides this annual remuneration Mr Jan Van Geet will not receive any additional performance related variable remuneration. Mr Jan Van Geet expects that his performance will be reflected in the creation of shareholder value and hence by the increase in value of the Shares held by him.

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 Company does not provide benefits in kind, a pension plan or a group insurance for its directors, CEO or CFO. None of the directors has an employment agreement with the Company that provides for indemnities at the moment of termination of this agreement, except for the management agreement between the Company and Mr Jan Van Geet.

6 Shares in the possession of directors and senior managers of the Company

The tables in Chapter V, Section 5, set forth the shareholdership of Mr Jan Van Geet directly and indirectly (via Alsgard or VGP MISV) and of Mr Bart Van Malderen directly and indirectly (via VM Invest) before the Offering and after Closing of the Offering. Apart from this, no other directors hold any Shares or Share options.

On or shortly after the Closing Date, VM Invest and Alsgard will transfer a number of Shares representing up to 5 percent of the aggregate number of Shares in the Company post-Closing of the Offering 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. This transfer will occur at a price per Share equal to the Offering Price.

7 Statutory auditor

The Company has organised a formal tender between the main audit firms in respect of the future audit work. Following an objective assessment by the Company the tender was won by Deloitte CVBA on the basis that their offer was the most attractive. As a result, Deloitte CVBA, having its office at Louizalaan 240, 1050 Brussels, Belgium, represented by Mr Gino Desmet, was appointed for three years as statutory auditor for the Company at the Pre-Offering ESM subject to Closing of the Offering. Their mandate will end immediately following the general meeting of shareholders that will be held in 2010.

The auditor receives an annual remuneration of EUR 65,000 for its services as statutory auditor of the Company for the financial year ending on 31 December 2007 and EUR 51,300 on a yearly basis for the accounting years ending on 31 December 2008 and 31 December 2009.

8 Conflict of interest of the directors and the senior managers

Article 523 of the Belgian Companies Code provides for a special procedure within the board of directors in the event of a possible conflict of interest of one or more directors with one or more decisions or transactions by the board of directors.

In accordance with Article 523, §1 of the Belgian Companies Code, the director having a direct or indirect conflict of interest of a patrimonial nature shall notify the others prior to a decision of the board of directors relating to such conflicting interest. His/her statement and the grounds justifying the aforementioned conflict of interest must be recorded in the minutes of the board of directors meeting at which such decision is made.

With a view to its publication in the annual report, the board of directors must describe in the minutes of the board of directors the nature of the contemplated decision or transaction and account for the decision made. The minutes must also mention the patrimonial consequences thereof for the Company. The annual report must contain the aforementioned minutes in their entirety.

If the Company has appointed one or more statutory auditors, the director concerned shall also inform such auditor of his/her conflicting interest. The report of the statutory auditors must contain a separate description of the patrimonial consequences for the Company of the decisions of the board of directors in respect of which there is a conflicting interest.

If a company is a listed company, which is the case for the Company, the director concerned cannot take part in the deliberations or the vote of the board of directors that resolves on the transaction or decision that is subject to the conflict of interest.

In case of non-compliance with the foregoing, the Company may request the annulment of the decision or the transactions which have taken place in breach of these provisions if the counterparty to the decision or the transaction was, or should have been, aware of such breach (Article 523, §2 Belgian Companies Code).

Article 523, §1 of the Belgian Companies Code does not apply:

(i) If the decision or transaction within the authority of the board of directors relates to decisions or transactions between companies of which one holds, directly or indirectly, at least 95 percent of the voting securities issued by the other or between companies of which at least 95 percent of the voting securities issued by each of them are held by another company (Article 523, §3 Belgian Companies Code); or

(ii) If the decision of the board of directors relates to customary transactions which take place on conditions and with collateral customary for similar market transactions (Article 523,§2 of the Belgian Companies Code).

Currently the directors have no conflicts of interest within the meaning of Article 523 of the Belgian Companies Code that have not been disclosed to the board of directors.

The Company does not envisage any potential conflicts of interest in the short term except to the extent that (in the absence of other appropriate sources of funding, as the case may be) VM Invest or affiliated entities would provide loan financing for the development of new projects.

Transactions with related parties

The senior managers of the Group which are currently also shareholders are Jan Van Geet and Jan Procházka. Their remuneration is set out in note 3.20.1 to the Combined financial statements of the Historic Group of VGP Companies. Jan Van Geet and the Company have executed a management agreement. Pursuant to this agreement, Jan Van Geet, as CEO of the Company, is entitled to a yearly remuneration of EUR 200,000. The agreement provides for a non-competition clause with the Company during the agreement and ending twelve months after termination of the agreement. The agreement will start on the listing date and can be terminated by either party observing twelve months notice.

The Group has executed a lease agreement with Van Geet Properties s.r.o. (a company belonging to Jan Van Geet, CEO) in respect of the offices occupied by the Group's operational management in Mladá Boleslav, Czech Republic. This lease agreement has been concluded on an at arm's length basis at a monthly lease of 50,000 CZK.

More details relating to transactions with related parties are set out in note 3.20.1 to the Combined financial statements of the Historic Group of VGP Companies.

CHAPTER IX: MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with Chapter II, Section 2, “Combined Balance Sheet & Profit and Loss Statement Summary”, Chapter X “Financial Information” including the notes to these financial statements and Chapter XI “Outlook” included in this Prospectus.

The overview below provides information which the VGP management believes is relevant for an assessment and understanding of VGP’s consolidated financial position and results of operations.

1 Overview

The Group is a real estate group specialised in the acquisition, development, and management of semi-industrial real estate, i.e. buildings suitable for logistical purposes and light industrial activities. The Group focuses on strategically located plots of land in the mid-European region and Germany suitable for 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.

The Group constructs and develops high-end semi-industrial real estate for its own account, which are subsequently rented to reputable clients by means of long term commercial lease contracts. The Group has an in-house team which manages all the activities of the fully integrated business model: from the identification and acquisition of the land, to the conceptualisation and design of the project, the supervision of the construction works, the contacts with potential tenants and the facility management of its own real estate portfolio.

The aim of the Group is to become a leading specialised developer and owner of semi-industrial property for the mid-European region and Germany.

The property markets in which the Group invests or intends to invest (mid-European region and Germany), have experienced a significant increase of investment activity over the last decade. A climate of falling interest rates, strong economic growth and increasing exchange rate stability have also fed through the semi-industrial market segment in the region. In general however this market segment to date has proven to be less responsive to the changing economic environment both in terms of generation of supply as the quality of the assets, thus attracting developers and investors. The semi-industrial market segment is gradually catching up with the other real estate market segments that gained interest of (international) investors and developers much earlier.

The semi-industrial market segment has undergone a significant yield compression over the last few years, whereby yields are currently approaching convergence levels with most western European markets, remaining in a range of 6-8 percent (for mid-European core markets such as the Czech Republic, Hungary, Poland and Slovakia).

2 Principal factors affecting the results of operations

2.1 Growth through new development, acquisitions and capital appreciation

Since 2002, the Group has been focused on the development of own semi-industrial projects for the lease market. In addition acquisitions of land from third parties have also contributed to the growth of its portfolio.

The management of the Group expects that, in the future, growth will primarily be generated by acquiring land and developing new parks for semi-industrial properties in the mid-European region. Continued focus will be given to sustained high occupancy rates and strict operating cost controls.

The Group’s growth strategy is also reflected in its business plan, e.g. the number of m² of land to be acquired, the number of lettable m² to be constructed and delivered (see also Chapter XI “Outlook”).

2.2 Trends in lease rates and yields

In general, the lease rates per square meter have trended downward in the last several years. The principle reason for the decline is that investors have accepted lower returns, as property values have been increasing. In addition, the mid-European region has stabilised, resulting in lower asking rents being demanded by property owners.

The Group's management believes that the average lease level has been stabilised.

Country	**Prime Rents (EUR/sqm/month)**		**Prime Yields**	
	2005	**2006**	**2005**	**2006**
Czech Republic	5.17	5.25	7.75%	7.00%
Slovak Republic	4.00	4.00	7.55%	7.10%
Hungary	4.50	4.50	7.50%	7.25%
Latvia	n/a	4.50	n/a	n/a
Lithuania	5.20	5.00	8.00%	7.00%
Estonia	5.50	5.00	n/a	n/a
Romania	5.33	5.50	8.00%	8.00%
Germany				
- Berlin	4.58	4.50	7.75%	6.75%
- Düsseldorf	5.40	5.40	6.50%	6.50%
- Frankfurt/M.	6.00	6.00	6.50%	5.50%
- Munich	6.00	6.25	6.75%	6.50%

Source: King Sturge – European Industrial Property Markets – 2007
Colliers (for Baltic States)

2.3 Operating Costs

Operating expenses relating to the costs of the Group's team are for a major part allocated and included in the capital expenditures and hence included in the building cost per m². The operating costs amount to approximately 1.5 percent of the building cost.

2.4 Funding

(a) *Funding through secured bank loans*

The table below summarises VGP's debt position as at 30 June 2007:

Facility	Facility Amount (EUR '000)	Usage (EUR'000)	Available (EUR'000)	Pricing	Interest Rate Protection
Loan Financing	7,400	6,856		Euribor + 1.2%	100%
Loan Financing	3,050	2,862		Euribor + 1.2%	100%
Loan Financing	2,450	2,270		Euribor + 1.2%	100%
Loan Financing	52,047	22,134		Euribor + 1.2% to 1.4%	100%
Loan Financing	7,528	4,099		Euribor + 1.2% to 1.4%	100%
Total	**72,475**	**38,184**	**34,291**		

For the current projects under construction the Group has secured the necessary committed bank credit facilities. As at 30 June 2007, the Group has EUR 34.3 million of available bank credit lines.

Until now, the Group has been funded through a mix of external bank facilities and funding provided by shareholders. As a general approach, the shareholders undertook the funding of the investments in the land bank, whereas bank credit facilities were arranged to fund the development and construction of the properties. As at 30 June 2007, 45 percent of the total funding related to land bank funding by shareholder loans whereas 55 percent related to investment in the property portfolio (finalised and under development) funded by way of bank loans.

It is the Group's intention that as soon as practical after the Offering the Group will start discussions with its core banks with a view to restructure its current bank facilities as well as to arrange for additional committed credit facilities. The Group is confident that by the end of the first quarter of 2008 all existing and new credit facilities will have been re-negotiated/secured.

(b) Funding through loan facilities from shareholders

On top of banking facilities VGP's projects have been funded by VM Invest committing subordinated loan facilities. These loans are in CZK at fixed interest rates, with free instalments and final maturity dates exceeding 10 years and are not secured. The interest rate applicable to all shareholder loans is fixed at 4 percent per annum, and interest accrues over the loan term and is due only upon the final instalment of the loans.

As at 1 September 2007 the principal amount of these loans was EUR 38.7 million.

The existing shareholder debt has always been considered as bridging debt allowing the Group to act as a fast mover on the acquisition of plots of land. The Group will be granted a committed Selling Shareholder back-stop facility by VM Invest for an amount of EUR 50 million allowing the Group to draw under this facility if there would be any slippage in timing or shortfall in the arrangement of the new credit facilities necessary to execute the Group's business plan. The shareholder back-stop facility is a 5 year bullet committed revolving facility priced at Euribor + 1.25 percent margin.

2.5 Exchange rate exposure

The Group's primary exposure is to CZK. This exposure arises as construction costs are mainly denominated in CZK, whereas all the leases are denominated in Euro.

From time to time, the Group enters into foreign exchange contracts to cover its Czech Koruna exchange risks. At the moment these foreign exchange contracts have, for practical reasons, been transacted between VM Invest and the banks upon instruction of the Group. These foreign exchange contracts are transacted on an at arm's length basis.

The settlement of these forward foreign exchange contracts always occur on a back-to-back basis between VM Invest and the Group.

Following the Offering, the outstanding foreign exchange contracts will be run down and settled as they mature with new foreign exchange contracts being concluded directly between the Company and its banks.

2.6 Accounting policies

The combined financial statements of the Group and its subsidiaries are set out in chapter X of this Prospectus and have been prepared in accordance with IFRS.

Going forward, the Group will continue to report its results under IFRS. The principle accounting policies and valuation rules adopted by the Company are disclosed in the notes to the consolidated financial statements as set out in chapter X of this Prospectus.

The application of the Group's accounting policies requires it to make estimates and assumptions that can affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the accounts and reported amounts of profits and expenses during the relevant reporting period.

The Group's critical accounting policies that are subject to significant estimates and assumptions are summarised below:

(a) Investment properties

Investments in property mainly comprise the investment in land and buildings in the form of semi-industrial projects and which are held to earn lease income and capital appreciation by leasing to third parties under long-term operating leases.

Investment in land is recognised on acquisition as investment property and revalued at fair value as determined by third party independent appraisers.

Investment in property is initially recorded at cost including acquisition costs such as taxes, initial lease commissions and legal fees. Expenditure on renovation and development of investment properties is also initially capitalised at cost.

After initial recognition, investment properties are revalued at fair value as determined by third party independent appraisers. The gain or loss arising from a change in the open market value of the investment property is included in the consolidated income statement in the period in which it arises. Cushman & Wakefield has been appointed as independent appraiser.

Depreciation is not provided on investment properties. Realised gains and losses on the disposal of investment in property are included in the consolidated income statement in the period in which it arises.

Assets under construction or developments which have not yet been completed are recorded at cost.

(b) Lease income

Lease income is recognised on a straight line basis over the lease term. The aggregated cost of incentives on operating leases are required to be recognised as a reduction of lease income over the lease term on a straight line basis.

(c) Foreign currency

The functional currency of the Group is the Euro. Transactions in currencies other than the functional currency of an entity are recorded in Euro at the exchange rate applicable at the date of the transaction.

Monetary assets and liabilities denominated in such other currencies are translated in Euro at the exchange rate applicable at the balance sheet date.

(d) Deferred taxation

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised.

3 Results of Operations

The following schedules give an overview of the combined results of operation for the financial years 2006, 2005, 2004 and the results for the six months period ended 30 June 2007 and 30 June 2006, the cash flow statement and balance sheet over the same periods. The summary combined financial data set forth below should be read in conjunction with Chapter X "Financial Information". The combined financial data is extracted from the combined financial statements of the Group which have been audited by KPMG Bedrijfsrevisoren, independent auditors. The financial statements and accounts from which the summary combined financial data set forth have been derived, were prepared in accordance with IFRS.

For ease of reference we summarise the consolidation and combination perimeter which has been used to draw up the IFRS financials included in the Prospectus.

	Audited IFRS financials included in the Prospectus	2004	2005	2006	30-Jun-07 (c)
(a)	VGP NV				x
	VGP Latvia sia				x
	VGP Deutschland GmbH				x
(b)	VGP Properties as (merged with IPS in 2007)	x	x	x	x
	Gudrun Developments as (merged with IPS in 2007)	x	x	x	x
	Caro Developments as (merged with IPS in 2007)	x	x	x	x
	Industry Park Sever as ("IPS")	x	x	x	x
	VGP Park Turnov a.s.	x	x	x	x
	VGP Industrial Stavby a.s.	x	x	x	x
	VGP Park Nýřany a.s.		x	x	x
	VGP Park Olomouc a.s.			x	x
	VGP Park Lovisice a.s.			x	x
	VGP Park Hradec Králové a.s.			x	x
	VGP Park Liberec a.s.			x	x

(a) Consolidated financial statements of the Company (created in February 2007) included as at 30 June 2007. The consolidation perimeter includes VGP NV, VGP Latvia s.i.a. and VGP Deutschland GmbH;

(b) Historic Group of VGP Companies, combined financial statements 2004, 2005, 2006 and 2007 (6 months) of Industrie Park Sever a.s., VGP Park Turnov a.s. and all joint venture companies pre Contribution in Kind;

(c) the Company Pro forma consolidated financial information as at 30 June 2007 by adding (a) and (b) above (activities of all entities that will form part of the Group post Offering).

Please see the notes to the audited financial statements for additional detailed information (see Chapter X "Financial Information").

3.1 Income statement

(All amounts in '000 EUR)	Six Months ended 30-Jun-07**	31-Dec-06	Year ended 31-Dec-05	31-Dec-04
	Audited	**Audited**	**Audited**	**Audited**
Gross rental Income	2,349	2,581	2,130	561
Property operating expenses	(661)	(706)	(398)	(198)
Net Rental and Related Income	**1,688**	**1,875**	**1,732**	**363**
Valuation gains on investment property	23,483	17,024	21,980*	926
Valuation losses on investment property	–	–	–	–
Net Valuation Gain on Investment Property	**23,483**	**17,024**	**21,980**	**926**
Other income	266	40	421	30
Other expenses (incl. administrative expenses)	(20)	(140)	(1)	(29)
Net Other Income / (Expense)	**246**	**(100)**	**420**	**1**
Net Operating Profit Before Net Financing Costs	**25,417**	**18,799**	**24,132**	**1,290**
Finance Income	1,765	991	23	18
Finance Expense	(921)	(1,794)	(1,517)	(774)
Net Finance Costs	**844**	**(803)**	**(1,495)**	**(756)**
Profit Before Income Tax	**26,261**	**17,996**	**22,638**	**534**
Income tax expense	(6,375)	(4,249)	(5,364)	(125)
Net Profit for the Period	**19,886**	**13,747**	**17,275**	**409**

** 12,775 TEUR fair value valuation gain on the land of VGP Park Horní Počernice already included in 2005*

*** 30 June 2007 figures based on VGP NV, pro forma consolidated financials*

Net Profit for the Periods

Net profit for the six months ending 30 June 2007 amounted to EUR 19.9 million, compared to EUR 7.0 million for the same period in 2006. This increase was mainly the result of the positive fair value adjustment of EUR 23.5 million. Furthermore, the net profit was impacted by a deferred tax charge of EUR 6.4 million.

Net profit for the financial year 2006 amounted to EUR 13.7 million, compared to EUR 17.3 million for the financial year 2005, a decrease of 20.4 per cent. This decrease was mainly due to the fair value adjustment of EUR 22.0 million in 2005 as compared to EUR 17.0 million for the financial year 2006. This compared to a net profit for the financial year 2004 of EUR 0.4 million. The increase of the net profit in the financial year 2005 as compared to the financial year 2004 was mainly due to the positive fair value adjustment of EUR 22.0 million (as compared to EUR 1.0 million for the financial year 2004), which was to a limited extent offset by higher net finance costs and higher deferred tax charge related to the fair value adjustment of the portfolio. The EUR 22.0 million fair value adjustment of 2005 included a EUR 12.8 million fair value gain on the development land of VGP Horní Počernice to be recorded according to IFRS accounting rules.

Gross Rental Income 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.

Property operating expenses are costs related to consultancy fees, appraisal fees, repair & maintenance energy, insurance etc.

Net rental and related income for the six months ending 30 June 2007 increased by 79.2 per cent compared to the same period in 2006, from EUR 0.9 million to EUR 1.7 million. The net rental and related income amounted to EUR 0.4 million for the financial year ending 31 December 2004, EUR 1.7 million for the financial year ended 31 December 2005 and EUR 1.9 million for the financial year ended 31 December 2006.

The strong growth reflects the increase in the portfolio of delivered assets with property operating expenses growing in line with the portfolio evolution.

Indeed the property operating expenses for the six months ending 30 June 2007 increased by 125% compared to the same period in 2006, from EUR 0.3 million to EUR 0.7 million. The property operating expenses amounted to EUR 0.2 million for the period ending 31 December 2004, EUR 0.4 million for the period ending 31 December 2005 and EUR 0.7 million for the period ending 31 December 2006. In respect of the breakdown and composition of these costs a significant shift took place over the period 2004-2006 thus reflecting the growing portfolio of completed projects versus the acquisition of a land bank in the initial phase of the expansion process. For the period ending 31 December 2006, the consultancy fees only accounted for 28.6% of the property operating expenses against 80.3% for the period ending 31 December 2004. Repair and maintenance increased to 19.3 for the period ending 31 December 2006 against 0% for the period ending 31 December 2004 and finally the energy costs rose to 21.0% for the period ending 31 December 2006 versus 1.0% for the period ending 31 December 2004.

Valuation Gains on Investment Property

The valuation gained 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 valuation gains on the property portfolio increased from EUR 8.2 million for the period ending 30 June 2006 to EUR 23.5 million for the period ending 30 June 2007. The valuation gains on the property portfolio amounted to EUR 0.9 million for the financial year ending 31 December 2004, EUR 22.0 million for the financial year ended 31 December 2005 and EUR 17.0 million for the financial year ended 31 December 2006.

The fair value movement is partly the result of the revaluation of existing properties, but mainly the result of the valuation of new finalised properties and development land included in the property portfolio. For the period ending 30 June 2007, 21 percent of the valuation gains were related to the revaluation of existing properties. For the period ending 31 December 2005 this percentage was 3 percent versus 23 percent for the period ending 31 December 2006.

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

Net Other Income

Net other income comprises 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.

Other expense for the financial year 2006 included a EUR 0.1 million disposal of a small plot of land following cancellation of a project.

Net Finance Cost

Net finance cost consists of finance income and finance expense. Finance 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. Finance expense 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.

The positive net financial result increased from EUR 0.3 million for the period ending 30 June 2006 to EUR 0.8 million for the period ending 30 June 2007. For the period ending 30 June 2007, the finance income included EUR 1.2 million foreign exchange gains and EUR 0.4 million unrealised gains on interest rate hedge instruments against EUR 0.9 million unrealised gains on interest rate hedge instruments for the period ending 30 June 2006.

The net finance costs decreased from EUR 1.5 million for the financial year 2005 to EUR 0.8 million for the financial year 2006. The main reason for this positive variance was the unrealised gains on interest rate hedge instruments concluded during the financial year 2006 for an amount of EUR 0.9 million.

The net financial costs increase from EUR 0.8 million for the financial year 2004 to EUR 1.5 million for the financial year 2005 was mainly due to the fact that the finance expenses included EUR 1.0 million unrealised foreign exchange losses for the financial year 2005 compared to EUR 0.5 million unrealised foreign exchange losses for the financial year 2004.

Income Tax Expense

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 2.2 million for the period ending 30 June 2006 to EUR 6.4 million for the period ending 30 June 2007. This increase was mainly due to the deferred tax charge related to the fair value adjustment of the portfolio.

Tax charges increased from EUR 0.1 million for the financial year 2004 to EUR 5.4 million for the financial year 2005. For financial year ended 31 December 2006 income tax expense amounted to EUR 4.2 million.

The fluctuation in the tax line was mainly due to the deferred tax charge related to the fair value adjustments of the portfolio.

3.2 Balance Sheet

(All amounts in '000 EUR)	Six Months ended 30-Jun-07*	31-Dec-06	Year ended 31-Dec-05	31-Dec-04
	Audited	**Audited**	**Audited**	**Audited**
Investment Property	139,540	96,146	58,288	7,531
Investment Property Under Construction	11,112	6,955	1,413	7,076
Other	534	375	227	329
Total Non-Current Assets	151,186	103,476	59,928	14,936
Total Current Assets	16,298	6,164	24,009	2,396
Total Assets	167,484	109,640	83,937	17,332
Total Equity	63,091	43,106	19,581	2,240
Total Non Current Liabilities	86,539	59,661	48,932	14,252
Total Current Liabilities	17,853	6,874	15,424	841
Total Liabilities	167,484	109,640	83,937	17,332

** 30 June 2007 figures based on VGP NV, pro forma consolidated financials*

Investment Property

The investment property portfolio has grown substantially in value over the period 31 December 2004 to 30 June 2007. The value of the property portfolio increased 18 fold reflecting the delivery and completion of the different real estate projects as well as the fair value adjustment to the portfolio.

(All amounts in '000 EUR)	Six Months ended 30-Jun-07	31-Dec-06	Year ended 31-Dec-05	31-Dec-04
Fair value of fixed assets	139,540	96,146	58,288	7,531
Acquistion Cost	73,029	53,118	32,284	3,507
Property Investment Fair Value Mouvement	66,511	43,028	26,004	4,024
Value Creation	**23,483**	**17,024**	**21,980**	**926**

Source: Audited Combined Financial Statements under IFRS
Note: Fixed asssets include development land

The cumulative fair value adjustments included in investment property was EUR 4.0 million for the year ending 31 December 2004, EUR 26.0 million for the year ending 31 December 2005, EUR 43.0 million for the year ending 31 December 2006 and EUR 66.5 million for the six month period ending 30 June 2007.

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 deliver of the real estate projects.

Total Current Assets

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

Cash held by the Group amounted to EUR 1.3 million for the financial year ending 31 December 2004, EUR 23.4 million for the year ending 31 December 2005, EUR 2.5 million for the year ending 31 December 2006 and EUR 11.2 million for the six months ending 30 June 2007.

The high cash balance held as at 31 December 2005 was due to the drawing on new bank credit facilities and was mainly used for the repayment of shareholder debt in the financial year 2006.

The cash balance as at 30 June 2007 has been earmarked for the acquisition of land which will be settled during the second half of 2007.

Total Equity

The variance of the equity is mainly due to the change in reserves driven by the impact of the fair value adjustments on the net profit of the Company.

The reserves of the Group stood at EUR 1.0 million for the financial year ending 31 December 2004, EUR 18.3 million for the year ending 31 December 2005, EUR 32.1 million for the year ending 31 December 2006 and EUR 52.0 million for the six months ending 30 June 2007.

During the financial year 2006 a EUR 9.8 million increase in share capital occurred related to a capital increase in Industrie Park Sever.

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 12.9 million as at 31 December 2004, EUR 42.9 million as at 31 December 2005, EUR 48.9 million as at 31 December 2006 and EUR 68.6 million as at 30 June 2007.

The borrowings as at 31 December 2006 can be split in EUR 19.4 million shareholder loan and EUR 30.1 million bank debt. As at 30 June 2007 the split was EUR 31.1 million shareholder loan and EUR 38.2 million bank debt.

3.3 Cash Flow Statement

(All amounts in '000 EUR)	Six-months ended 30-Jun-07*	30-Jun-06	31-Dec-06	Year ended 31-Dec-05	31-Dec-04
	Audited	**Audited**	**Audited**	**Audited**	**Audited**
Net cash flow from operating activities	4,431	(13,300)	(10,685)	15,322	(220)
Cash flow from investing activities					
Acquisition of investment property	(3,404)	(7,320)	(19,759)	(22,704)	–
Acquisition of investment under construction	(20,658)	(1,065)	(6,618)	(410)	(6,325)
Acquisition of property, plant and equipment	(203)	(2)	(88)	(61)	(104)
Proceeds from the sale of fixed assets	–	132	(132)	1	21
Net cash from investing activities	(24,265)	(8,255)	(26,597)	(23,174)	(6,408)
Cash flow from financing activities					
Proceeds from the sale of share capital	100	–	9,777	67	1,002
Proceeds from loans	28,391	516	30,085	29,885	6,658
Loan repayments	–	–	(23,448)	–	–
Net cash from financing activities	28,491	516	16,414	29,952	7,660
Net increase in cash and cash equivalents	8,657	(21,039)	(20,868)	22,100	1,032
Cash and cash equivalents as at beginning period	2,528	23,396	23,396	1,296	264
Cash and cash equivalents as at end period	11,187	2,355	2,528	23,396	1,296

** 30 June 2007 aggregated Historic Group of VGP Companies combined figures and the VGP NV consolidated figures*

Net cash flow from operating activities

Net cash flow from operating activities include net profit for the period and mainly adjusted for non cash items. The main non-cash item is the change in fair value of the investment property.

The change in the value of the investment property amounted to EUR 0.9 million for the year ending 31 December 2004, EUR 22.0 million for the year ending 31 December 2005, and EUR 17.0 million for the year ending 31 December 2006. For the six month period ending 30 June 2006 this amount was EUR 8.2 million versus an amount of EUR 23.5 million for the six month period ending 30 June 2007.

For additional details reference is made to Chapter X.

Net cash flow from investing activities

Net cash flow from investing activities relates to the evolution of the investment property portfolio as well as investments under construction. The amounts exclude any fair value adjustment.

The increase of the investment property portfolio reached EUR 22.7 million for the period ending 31 December 2005 as compared to EUR 19.8 million for the period ending 31 December 2006, reflecting the sustained level of completion of properties under construction as well as acquisition of land (mainly related to VGP Park Horní Počernice).

The amount of EUR 20.7 million investment under construction for the period ending 30 June 2007 mainly relates to the property under construction at VGP Park Horní Počernice.

Net cash flow from financing activities

Net cash flow from financing activities relates to the funding of the business. The proceeds of the loans cover shareholder loans as well as bank debt.

The debt repayment of EUR 23.4 million made during the period ending 31 December 2006 related to the repayment of shareholder debt.

Cash position

Cash and cash equivalent relates to cash freely available to the Company and is kept on a current account and or on bank deposit accounts.

As at 31 December 2005 EUR 29.9 million bank debt was drawn down to be used for EUR 23.4 million for repayment of existing shareholder debt and the balance to fund assets under construction in the financial year 2006. For the six months to 30 June 2007 an amount of EUR 28.4 million bank and shareholder debt was drawn to fund further development of the land bank and to fund the properties under construction.

CHAPTER X: FINANCIAL INFORMATION

General information

Combined Financial Information

No historical consolidated statements exist since the Company is only incorporated in Belgium on 6 February 2007 and after the restructuring it will become the ultimate parent company of the entities listed below. The operating headquarters of the Group are located in Mladá Boleslav I, Staroměstské náměstí 11, PSČ 29301, the Czech Republic.

The combined financial statements include several companies ("the Companies") ultimately controlled directly or indirectly by three individuals Jan Van Geet a citizen having Belgian nationality, Bart Van Malderen a citizen having Belgian nationality and Jan Procházka a citizen having Czech nationality. During 2007 it is proposed that the Companies will be restructured to form a consolidated group ("the Group").

Prior to 31 December 2006, the Companies as listed below, did not constitute a legal group; however, the Companies formed a consortium during the years 2006, 2005 and 2004. Within this specific structure, there is no umbrella holding company but only companies that together form a 'consortium' and of which central management is exercised by the same individuals. However, as none of these companies are a Belgian company, there was no obligation to prepare consolidated financial statements in accordance with Article 111 of the Belgian Company code. No similar obligation is applicable in the Czech Republic, if common control is being exercised by individuals.

As a result, the Group is to be considered as having a complex financial history in the sense of Article 1,4 of Regulation (EC) N 211/2007 of 27 February 2007. Accordingly, instead of including in the prospectus the statutory financial statements of the above mentioned companies, which will be contributed in kind into the Company, "combined financial statements" in accordance to IFRS for the years ended 31 December 2006, 31 December 2005 and 31 December 2004 are presented.

The Companies, all having their registered office in the Czech Republic, include:

	Opening 04	2004	2005	2006	June 07
VGP Properties as	x	x	x	x	x
Gudrun Developments as	x	x	x	x	x
Caro Developments as	x	x	x	x	x
VGP Park Turnov as	x	x	x	x	x
VGP – industriální stavby as	x	x	x	x	x
Industrie Park Sever as		x	x	x	x
VGP Park Nýřany as			x	x	x
VGP Park Olomouc as				x	x
VGP Park Lovosice as				x	x
VGP Park Hradec Králové as				x	x
VGP Park Liberec as				x	x

As of 1 January 2007, VGP Properties a.s., Gudrun Development, a.s. and Caro Development, a.s. merged with Industrie Park Sever a.s.

The consolidation principles were applied to the 'consortium' structure in which the VGP Group operated in, for the financial years 2006, 2005 and 2004. In a consortium, there is no elimination of equity in combined subsidiaries with respect to the carrying amount or the investment in the parent company, unless through direct affiliation. The equity items of the companies included in the combination were combined and maintain their own character (share capital, share premium, reserves and transferred profits).

Control is achieved where the consortium, either directly or indirectly, has the power to govern the financial and operating policies. The annual accounts of the subsidiaries are recorded in the combined accounts from the effective date of acquisition or up to the effective date of disposal, as appropriate.

As for the year 2006, 2005 and 2004 no subsidiaries were controlled by the consortium.

The principal activity of the Group is the development and rental of investment properties in the Czech Republic. The Group leases investment properties to its tenants under operating leases. The investment properties portfolio is owned by the Group.

This combined financial information has been prepared only for the purposes of illustration in relation to the Prospectus issued in the context of the Offering of the Group's proposed ultimate holding Company and serves to inform the reader about the financial position and results of operations of the Group.

Consolidated financial statements the Company

The consolidated financial statements of the Company and its two subsidiaries, are ultimately controlled directly by two individuals, namely Jan Van Geet and Bart Van Malderen, both having the Belgian nationality. The Companies form a consolidated group ("the Group").

The Companies include:

- the Company, Belgium (incorporated in Belgium on 6 February 2007)
- VGP Deutschland GmbH, Germany (incorporated in Germany on 28 June 2007)
- SIA VGP Latvija, Latvia (incorporated in Latvia on 4 April 2007)

Given the recent incorporation of the Company and its subsidiaries only financial information for the period of their incorporation up to 30 June 2007 is available.

The principal activity of the Group is the development and rental of investment properties.

This consolidated financial information has been prepared only for the purposes of illustration in relation to the prospectus issued in the context of the Offering of the Company and serves to inform the reader about the consolidated financial position and consolidated results of operations of the Group.

The Company has an obligation to prepare and will prepare consolidated financial statements for the first time for the financial year ending 31 December 2007. The financial statements of VGP Deutschland and VGP Latvija will be included in the consolidated financial statements as from the date of their incorporation. As VGP NV was established on 6 February 2007 with the intention of becoming the IPO vehicle of the group of companies, the acquisition date (ie IFRS 3 §25, the date on which VGP NV effectively obtained control of the Czech companies) is considered to be the beginning of 2007. The purchase accounting method will be applied for the treatment of the acquired companies.

In respect of the Contribution in Kind of the Czech companies into VGP NV it should be noted that IFRS 3 § 3 will not be applied as it does not relate to "Business combinations involving entities or businesses under common control".

A business combination involving entities or businesses under common control is a business combination in which the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that this control is not transitory. As such the VGP group is to be considered as being under common control.

The VGP group will remain under such common control after the Contribution in Kind of the Czech companies into VGP NV and consequently the Contribution in Kind is considered as being an "internal" reorganisation on which IFRS 3 does not apply.

Pro forma financial information

This pro forma financial information has been prepared to clarify the manner in which the balance sheet and profit and loss account prepared on 30 June 2007 of the "Historic Group" of Companies would be affected under the assumption that on 1 January 2007 the Company would have been the holding company.

As such the combined financial statements of the Historic Group of Companies have been aggregated with the consolidated financial statements of the Company for the 6 months to June 2007. The Company was established on 6 February 2007. However, for the purpose of this exercise, it has been assumed that the Company expenses and income for the period between 1 January and 5 February 2007 are insignificant.

In the hypothetical situation in where VGP NV would have acted as a holding company of the Group as from 1 January 2006, pro forma figures and additional comments have been included in the Pro Forma interim financial information for the 6 months period ended 30 June 2007.

The pro forma financial information was prepared for illustrative purposes only and is based on a hypothetical situation. As a result, this presentation does not present VGP Group's actual financial position and results.

Combined financial statements of the Historic Group of Companies as of and for the years ended 31 December 2006, 31 December 2005 and 31 December 2004

Independent Auditor's Report on the combined financial statements of VGP Historic Group as at and for the years ended 31 December 2006, 31 December 2005 and 31 December 2004

To: Management of VGP Historic Group

We have audited the accompanying combined financial statements, which comprise the combined balance sheets as at 31 December 2006, 31 December 2005 and 31 December 2004, the combined income statements and the combined cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes, of the Group of Companies, comprising eleven companies that together form a consortium, Industrie Park Sever a.s., Caro Development a.s., Gudrun Development a.s., VGP Properties a.s., VGP Park Turnov a.s., VGP Park Olomouc a.s., VGP Park Nýřany a.s., VGP Park Lovosice a.s., VGP Park Hradec Králové a.s., VGP Park Liberec a.s. and VGP – industriální stavby s.r.o., collectively referred to as the "Group".

Basis of preparation

For the purposes of the Initial Public Offering, management of the Group has prepared the combined financial statements of the Group, for the purpose of presenting the combined financial position, combined results of operations and combined cash flows of the Group. The basis of combination is set out in Note 1(d) to the combined financial statements.

Management's responsibility for the combined financial statements

Management is responsible for the preparation and the fair presentation of the combined financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the combined 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The audit procedures selected depend on our judgment, including the assessment of risks of material misstatement in the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the companies' preparation and fair presentation of the combined 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 companies' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the combined financial statements give a true and fair view of the combined financial position of the Group as at 31 December 2006, 31 December 2005 and 31 December 2004, and of its combined financial performance and its combined cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Ghent, 5 November 2007

KPMG Bedrijfsrevisoren – Reviseurs d'Entreprises
represented by

Luc Van Couter
Partner

Combined income statement of the Historic Group of VGP Companies for the years ended 31 December 2006, 31 December 2005 and 31 December 2004

In thousands of Euros

	Note	31 December 2006	31 December 2005	31 December 2004
Gross rental income	*3.1.*	2,581	2,130	561
Property operating expenses	*3.2.*	(706)	(398)	(198)
Net rental and related income		1,875	1,732	363
Valuation gains on investment property	*3.7.*	17,024	21,980	926
Valuation losses on investment property	*3.7.*	–	–	–
Net valuation gains on investment property		17,024	21,980	926
Other income	*3.3.*	40	421	30
Other expenses – incl. administrative expenses	*3.4.*	(140)	(1)	(29)
Net other income / (expenses)		(100)	420	1
Net operating profit before net financial costs		18,799	24,132	1,290
Financial income	*3.5.*	991	23	18
Financial expenses	*3.5.*	(1,794)	(1,517)	(774)
Net financial costs		(803)	(1,494)	(756)
Profit before income tax		17,996	22,638	534
Income tax expense	*3.6.*	(4,249)	(5,364)	(125)
Profit for the period		13,747	17,275	409

The combined income statement is to be read in conjunction with the notes to and forming part of the combined financial information set out in Section 3.

A combined statement of recognized income and expense is not presented separately as the recognized changes in equity include only the profits for 2006, 2005 and 2004.

Combined balance sheet of the Historic Group of VGP Companies for the years ended 31 December 2006, 31 December 2005 and 31 December 2004

In thousands of Euros

	Note	31 December 2006	31 December 2005	31 December 2004
ASSETS				
Investment property	3.7.	96,146	58,288	7,531
Investment property under construction	3.8.	6,955	1,413	7,076
Property, plant and equipment	3.9.	99	85	95
Long term receivables	3.10.	276	142	234
Total non-current assets		103,476	59,929	14,936
Trade and other receivables	3.11.	3,636	613	1,100
Cash and cash equivalents	3.12.	2,528	23,396	1,296
Total current assets		6,164	24,009	2,396
TOTAL ASSETS		109,640	83,937	17,332
EQUITY				
Share Capital	3.13.	10,969	1,192	1,125
Share Premium		69	69	69
Reserves		32,068	18,320	1,046
Total Equity		43,106	19,581	2,240
LIABILITIES				
Interest-bearing loans and borrowings	3.14.	48,857	42,876	12,991
Other liabilities	3.15.	1,141	550	894
Deferred tax liabilities	3.6.	9,663	5,505	367
Total non-current liabilities		59,661	48,932	14,252
Interest-bearing loans and borrowings	3.14.	656	–	–
Income tax payable		71	209	54
Trade and other payables	3.16.	6,147	15,215	787
Total current liabilities		6,874	15,424	841
Total liabilities		66,535	64,356	15,093
TOTAL EQUITY AND LIABILITIES		109,640	83,937	17,332

The combined balance sheet is to be read in conjunction with the notes to and forming part of the combined financial information set out in Section 3.

Combined cash flow statement of the Historic Group of VGP Companies for the years ended 31 December 2006, 31 December 2005 and 31 December 2004

In thousands of Euros

	31 December 2006	31 December 2005	31 December 2004
Cash flows from operating activities			
Profit for the period before tax	17,996	22,638	534
Adjustments for:			
Depreciation	74	71	54
Change in value of investment property	(17,024)	(21,980)	(926)
Unrealised gain on financial instruments	(856)	–	–
Net interest paid	494	459	208
Loss on disposal of other assets	140	–	–
Operating profit before changes in working capital and provisions	**824**	**1,188**	**(130)**
Decrease/(Increase) in trade and other receivables	(2,301)	578	(962)
(Decrease)/Increase in trade and other payables	(8,443)	14,075	1,054
Cash generated from the operations	**(9,920)**	**15,841**	**(38)**
Interest paid	(629)	(482)	(226)
Interest received	135	23	18
Income taxes paid	(270)	(60)	26
Net cash from operating activities	**(10,685)**	**15,322**	**(220)**
Cash flows from investing activities			
Acquisition of investment property	(19,759)	(22,704)	–
Acquisition of investment under construction	(6,618)	(410)	(6,325)
Acquisition of property, plant and equipment	(88)	(61)	(104)
Proceeds from the sale of fixed assets	(132)	1	21
Net cash from investing activities	**(26,597)**	**(23,174)**	**(6,408)**
Cash flows from financing activities			
Proceeds from the issue of share capital	9,777	67	1,002
Proceeds from loans	30,085	29,885	6,658
Loans repayments	(23,448)	–	–
Net proceeds from loans	**6,637**	**29,885**	**6,658**
Net cash from financing activities	**16,414**	**29,952**	**7,660**
Net increase in cash and cash equivalents	(20,868)	22,100	1,032
Cash and cash equivalents at 1 January	23,396	1,296	264
Cash and cash equivalents at 31 December	2,528	23,396	1,296

Notes to the combined financial statements of the Historic Group of VGP Companies for the years ended 31 December 2006, 31 December 2005 and 31 December 2004

1 BACKGROUND

(a) General information

These combined financial statements include several companies ("the Companies") ultimately controlled directly or indirectly by three individuals Jan Van Geet a citizen having Belgian nationality, Bart Van Malderen a citizen having Belgian nationality and Jan Procházka a citizen having Czech nationality. During 2007 it is proposed that the Companies will be restructured to form a consolidated group ("the Group").

The Companies include:

- VGP Properties 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 – industriální stavby s.r.o., Czech Republic;
- Gudrun Development, a.s., Czech Republic;
- Caro Development, a.s., Czech Republic;
- Industrie Park Sever a.s., Czech Republic.

Prior to 31 December 2006, the Companies did not constitute a legal group; however, the Companies formed a consortium during the years 2006, 2005 and 2004. Accordingly, for the purposes of presenting the combined financial information, the financial statements as at and for the years ended 31 December 2006, 31 December 2005 and 31 December 2004 are combined as if the Group existed during that period.

As at 1 January 2007, VGP Properties a.s., Gudrun Development, a.s. and Caro Development, a.s. merged with Industrie Park Sever a.s.

The Company was incorporated in Belgium on 6 February 2007 and after the restructuring will become the ultimate parent company of the entities listed above. The operating headquarters of the Group are located in Mladá Boleslav I, Staroměstské náměstí 11, PSČ 29301.

The principal activity of the Group is the development and rental of investment properties in the Czech Republic. The Group leases investment properties to its tenants under operating leases. The investment properties portfolio is owned by the Group.

This combined financial information has been prepared only for the purposes of illustration in relation to the prospectus issued in the context of the Offering of the Group's proposed ultimate holding Company and serves to inform the reader about the financial position and results of operations of the Group.

The combined financial statements were authorised, for issue by the Board of Directors of the Company, on 5 November 2007.

(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 2006. The figures as at 31 December 2005 and 2004 are adjusted to conform to changes in presentation of the combined financial statements as at 31 December 2006 as required by the amended IFRS. The date of transition to IFRS is 1 January 2004.

The combined 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 (TEUR), unless stated otherwise. Minor rounding differences might occur.

(c) Foreign currency

The combined financial statements are presented in Euro ("EUR"), rounded to the nearest thousand, although the Companies are situated in the Czech Republic where the national currency is the Czech crown ("CZK"). The Companies adopted the EUR as their functional currency. EUR is commonly used for transactions in the real estate market in the Czech Republic

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 combined income statement.

The following CZK/EUR exchange rates were used during the period:

Date	Closing exchange rate CZK/EUR
31 December 2006	27,495
31 December 2005	29,005
31 December 2004	30,465
1 January 2004	32,405

(d) Basis of combination

Prior to 31 December 2006 the Companies did not constitute a legal group; however the companies formed a consortium throughout the years to 31 December 2006, 2005 and 2004. Accordingly for the purposes of presenting historical financial information, the combined financial information as at and for the years ended 31 December 2006, 31 December 2005 and 31 December 2004 is prepared by aggregating the financial statements of the Companies within the Group.

Intra-group balances and any gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the combined 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 combined 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 impact of valuing the infrastructure works at fair value and not at cost on equity (approx. +0,9 mio EUR and +0,8 mio EUR on 31 December 2006 and 30 June 2007 respectively) and results (approx. +0,9 mio EUR and -0,1 mio € for 2006 and 2007 (six months) respectively) is not material.

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. A table showing the range of yields applied at each period end is included below:

Period end	Assumptions applied
31 December 2006	7.0% - 7.5%
31 December 2005	7.75% - 8.5%
31 December 2004	9.5%
1 January 2004	11.5%

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 combined income statement. No registration duties are due upon the transfer of real estate in the Czech Republic. Rental income from investment property is accounted for as described in note 2(m) to the combined financial statements of the Historic Group of VGP Companies.

In accordance with IAS 40 §§ 38-39, the fair values and the valuation gains have been determined at the end of each of the financial years 2004, 2005 and 2006, separately for each of the different properties.

(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 combined 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) Capitalization of borrowing costs

Interest and other financial expenses relating to the acquisition of fixed assets incurred until the asset is put is 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 combined income statement as expenses at the time they are incurred.

(iii) Depreciation

Depreciation is charged to the combined 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	2006	2005	2004
Motor vehicles	4 years	4 years	4 years
Other equipment	4-6 years	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 their nominal value 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 combined 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 combined 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.

As at the date of the preparation of the combined financial statements, the nominal value of loans is increased by unpaid interest.

(h) Trade and other payables

Trade and other payables are stated at their nominal value.

(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(o), 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 combined 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.

Impairment losses of receivables are determined based on an analysis of the credit status of customers and the period for which the receivable has been overdue.

(k) Reversals of impairment

An impairment loss is reversed in the combined 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 combined 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 combined 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. In case the acceptance of completion of the building by the relevant Czech authorities is received after the commencement date of the lease contract, rental income is only recognised as from the acceptance date of completion of the building.

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

(n) Expenses

(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 we 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 combined income statement.

(o) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the combined 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.

(p) 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 all 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.

(q) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretation are not yet effective for the year ended 31 December 2006, and have not been applied in preparation the combined financial statements:

IFRS 8 Operating Segments (effective from 1 January 2009): The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group does not expect the new Standard to significantly alter the presentation and disclosure of its operating segments in the combined financial statements.

Revised IAS 23 Borrowing Costs (effective from 1 January 2009): The revised Standard will require the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Group policy is to capitalise borrowing costs (accounting policy 2(c)).

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007): The Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's parent should be accounted for as cash-settled or equity-settled in the entity's financial statements. IFRIC 11 is not relevant to the Group's operations as the Group has not entered into any share-based payments arrangements.

IFRIC 12 Service Concession Arrangements (effective from 1 January 2008): The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12 is not relevant to the Group's operations as none of the Group entities have entered into any service concession arrangements.

IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008): The Interpretation explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem those award credits. Such entities are required to allocate some of the proceeds of the initial sale to the award credits and recognise these proceeds as revenue only when they have fulfilled their obligations. The Group does not expect the Interpretation to have any impact on the consolidated financial statements.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions (effective for annual periods beginning on or after 1 January 2008): The interpretation addresses 1) when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; 2) how a MFR might affect the availability of reductions in future contributions; and 3) when a MFR might give rise to a liability. No additional liability need be recognized by the employer under IFRIC 14 unless the contributions that are payable under the minimum funding requirement cannot be returned to the company. The Group does not operate defined benefit schemes.

3 SUPPORTING NOTES TO THE COMBINED FINANCIAL STATEMENTS

3.1 Gross rental income

In thousands of EUR	2006	2005	2004
Gross lease payments collected/accrued	2,189	1,865	561
Rent indexation and discounts	111	112	–
Service charge income	218	153	–
Total	**2,581**	**2,130**	**561**

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

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.

The future minimum lease payments under non-cancelable leases are as follows:

In thousands of EUR	2006	2005	2004
Less than one year	268	590	–
Between one and less than five years	392	220	–
Five years and more	1,536	1,022	561
Total	**2,196**	**1,832**	**561**

3.2 Property operating expenses

In thousands of EUR	2006	2005	2004
Consultancy fees (lawyers, brokers and other)	(202)	(85)	(159)
Repairs and maintenance	(136)	(25)	–
Energy	(148)	(87)	(2)
Property management	(50)	(42)	(12)
Taxes	(23)	(10)	(4)
Insurance	(19)	(16)	–
Other expenses	(128)	(133)	(21)
Total	**(706)**	**(398)**	**(198)**

The Group pays to Urraco spol. s r. o. (related party) an administration fee for rent and service charges invoicing and for administrative follow-up of repairs to buildings. The fee is determined for Industrie Park Sever between 1.5 percent to 3 percent of the rental fee depending on the size and the number of tenants of the buildings and for other properties between TEUR 1 – 2 per month.

3.3 Other income

In thousands of EUR	2006	2005	2004
Penalties	–	391	7
Operating result from engineering activities (including facility management for third parties)	9	1	13
Other operating income	31	29	10
Total	**40**	**421**	**30**

The penalty of TEUR 391 relates to Incline Global Technology Services (Czech) s.r.o. (a former tenant).

3.4 Other expenses

In thousands of EUR	2006	2005	2004
Disposal of land and project documentation	140	–	–
Other operating expenses	–	(1)	(29)
Total	**(140)**	**(1)**	**(29)**

In 2006, VGP Turnov sold the land and the project documentation of the cancelled project Zlín.

3.5 Net financial costs

In thousands of EUR	2006	2005	2004
Bank interest income	131	22	16
Increase in fair value on financial instruments	856	–	–
Interest income from related parties	3	1	2
Other interest income	1	–	–
Financial income	**991**	**23**	**18**
Bank interest expense	(1,177)	(2)	–
Interest paid to related parties	(797)	(660)	(218)
Interest capitalised into assets under construction	1,351	186	–
Other interest expense	(5)	(8)	(8)
Bank charges	(144)	(4)	(3)
Net foreign exchange losses	(1,023)	(1,029)	(544)
Financial expenses	**(1,794)**	**(1,517)**	**(774)**
Net financial costs	**(803)**	**(1,494)**	**(756)**

3.6 Taxation

3.6.1 Income tax expense recognised in the combined income statement

In thousands of EUR	2006	2005	2004
Current tax	(96)	(226)	(46)
Deferred tax	(4,153)	(5,137)	(79)
Total	**(4,249)**	**(5,364)**	**(125)**

3.6.2 Reconciliation of effective tax rate

In thousands of EUR		2006		2005		2004
Profit before tax		**17,996**		**22,638**		**534**
Income tax using the domestic corporation tax rate	**24.0%**	**(4,319)**	**26.0%**	**(5,886)**	**28.0%**	**(149)**
Foreign exchange difference		102		14		14
Tax losses		(31)		(1)		3
Non-tax-deductible expenditure		(4)		(18)		(8)
Non-taxed income		5		14		2
Impact of change in corporate tax rate		–		501		6
Other differences (including rounding differences)		2		12		7
Total	**23.6%**	**(4,249)**	**23.7%**	**(5,364)**	**23.4%**	**(125)**

3.6.3 Deferred tax assets and liabilities

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

	Assets			Liabilities			Net		
In thousands of EUR	2006	2005	2004	2006	2005	2004	2006	2005	2004
Fixed assets	–	–	–	(256)	(99)	(52)	(256)	(99)	(52)
CZ GAAP hedging	–	–	–	(321)	–	–	(321)	–	–
Unpaid penalties	–	22	13	–	–	(2)	–	22	11
Investment property – fair value	–	–	–	(10,371)	(6,259)	(515)	(10,371)	(6,259)	(515)
Release of CZ GAAP depreciation	–	–	–	(211)	(121)	(39)	(211)	(121)	(39)
FX differences CZ loans	1,110	506	181	–	–	–	1,110	506	181
Capitalized interest	–	–	–	(373)	(49)	–	(373)	(49)	–
Interest rate swap	–	–	–	(205)	–	–	(205)	–	–
Tax losses carried-forwards	470	–	47	–	–	–	470	–	47
Change in tax rate %	495	495	–	–	–	–	495	495	–
Net tax assets/ (liabilities)	**2,075**	**1, 023**	**241**	**(11, 737)**	**(6,528)**	**(608)**	**(9,662)**	**(5,505)**	**(367)**

3.7 Investment property

In thousands of EUR	2006	2005	2004
Balance at 1 January	**58,289**	**7,531**	**6,605**
Transfer from investment property under construction at cost	1,075	6,074	–
Additions	19,758	22,704	–
Fair value adjustment	17,024	21,980	926
Disposals	–	–	–
Balance at 31 December	**96,146**	**58,289**	**7,531**

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.

As per 2004, the acquisition cost of the Investment Property amounted to TEUR 3,507. The difference with the balance of TEUR 7,531 relates to the fair value adjustment.

The investment property portfolio consists from following properties:

In thousands of EUR	2006	2005	2004
Blue Park Phase 1	7,152	6,124	5,488
Blue Park Phase 2	1,635	1,391	–
Green Park	14,630	12,780	–
Green Tower	5,964	5,194	–
IPS Building I1	6,216	–	–
IPS Building I2	3,504	–	–
IPS Building B2	11,320	–	–
Development Land-IPS	43,919	32,911	–
Development Land-Other	2,029	–	2,043
Balance at 31 December	**96,369**	**58,400**	**7,531**

The impact of the rent indexation and discounts of TEUR 223 in 2006 and of TEUR 112 in 2005 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 2006, all properties were secured in favour of CSOB (see note 3.14.).

3.8 Investment property under construction

In thousands of EUR	2006	2005	2004
Balance at 1 January	**1,413**	**7,076**	**751**
Acquisitions	6,617	410	6,325
Transfer to Investment property	(1,075)	(6,074)	–
Balance at 31 December	**6,954**	**1,413**	**7,076**

Investment property under construction comprises:

In thousands of EUR	2006	2005	2004
Industrie Park Sever (Horní Počernice)	4,446	1,075	666
VGP Park Turnov – Vesecko	2,361	–	–
VGP Park Turnov – Příšovice	38	–	–
VGP Park Nýřany	86	–	–
VGP Park Lovosice	23	–	–
VGP Park Olomouc	0	–	–
VGP Park Hradec Králové	0	–	–
Green Park	–	–	4,514
Green Tower	–	–	1,558
VGP Park Turnov – Zlin	–	338	338
Balance at 31 December	**6,954**	**1,413**	**7,076**

3.9 Property, plant and equipment

In thousands of EUR	2006	2005	2004
Cost			
Balance at 1 January	**249**	**189**	**100**
Acquisitions	88	61	104
Disposals	–	(1)	(15)
Balance at 31 December	**337**	**249**	**189**
Depreciation			
Balance at 1 January	**(164)**	**(94)**	**(40)**
Depreciation charge for the year	(74)	(71)	(54)
Disposals	–	1	–
Balance at 31 December	**(238)**	**(164)**	**(94)**
Carrying amounts			
At 1 January	**85**	**95**	**60**
At 31 December	**99**	**85**	**95**

3.10 Long-term receivables

Long-term receivables totalling to TEUR 276 as at 31 December 2006 (2005 – TEUR 142, 2004 – TEUR 234) comprise long-term receivables from related parties in the amount of TEUR 266 as at 31 December 2006 (2005 – TEUR 142, 2004 – TEUR 234).

3.11 Trade and other receivables

In thousands of EUR	2006	2005	2004
Trade receivables	614	107	119
Receivables due from related parties	122	28	18
Tax receivables – VAT	1,683	89	919
Fair value of financial instruments	856	–	–
Accrued income	278	134	2
Deferred expenses	45	78	10
Other receivables	38	177	32
Total	**3,636**	**613**	**1,100**

3.12 Cash and cash equivalents

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

3.13 Invested equity

The consolidation principles were applied to the 'consortium' structure in which the VGP Group operated in, for the financial years 2006, 2005 and 2004. In a consortium, there is no elimination of equity in combined subsidiaries with respect to the carrying amount or the investment in the parent company, unless through direct affiliation. The equity items of the companies included in the combination were combined and maintain their own character (share capital, share premium, reserves and transferred profits).

In thousands of EUR	*Capital*	Share Premium	Reserves	Total
Balance as of 1 January 2004	**247**	**0**	**582**	**829**
Net profit in 2004	–	–	409	409
Share capital increase	878	69	55	1,002
Balance as of 31 December 2004	**1,125**	**69**	**1,046**	**2,240**
Balance as of 1 January 2005	**1,125**	**69**	**1,046**	**2,239**
Net profit in 2005	–	–	17,275	17,275
Share capital increase	67			67
Balance as of 31 December 2005	**1,192**	**69**	**18,321**	**19,582**
Balance as of 1 January 2006	**1,192**	**69**	**18,321**	**19,581**
Share capital increase	9,777	–	–	9,777
Net profit in 2006	–	–	13,747	13,747
Balance as of 31 December 2006	**10,969**	**69**	**32,068**	**43,106**

According to local legislation only the retained earnings as stated in the local financial statements of the Companies can be distributed. At 31 December 2006 the individual companies had cumulative losses in the local financial statements of TEUR 566.

The increase of the share capital in 2006 for 9,777 relates to a capital increase in Industrie Park Sever s.a..

3.14 Interest-bearing loans and borrowings

In thousands of EUR	2006	2005	2004
Loans from related parties PVM Invest SA	19,428	42,876	12,991
Non current bank loans	29,429	–	–
Current bank loans	656	–	–
Total	**49,513**	**42,876**	**12,991**

Interest bearing loans and borrowings are payable as follows:

In thousands of EUR	Amount as at 31 December 2006	Payable in 1-5 years	Payable after 5 years
Loans from related parties PVM Invest SA	19,428	–	19,428
Non current bank loans	29,429	–	29,429
Current bank loans	656	656	–
Total	**49,513**	**656**	**48,857**

Loans PVM Invest SA

Until January 2006, all financing facilities were granted by PVM Invest SA, a company controlled by VM Invest. All loans are in CZK at fixed interest rates, with free instalments and final maturity dates exceeding 10 years and are not secured. Interest rates equal 4 percent pa, are accrued and taken in P&L over the loan term. However, they are due only upon the final instalment of the loans.

Secured bank loans

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

In thousands of EUR	Interest rate	Credit facility	Outstanding amount as at 31 December 2006	Final repayment date
Green Park	Euribor + 1.2%	7,400	7,041	30/11/2010
Blue Park	Euribor + 1.2%	3,050	2,902	30/11/2010
Green Tower	Euribor + 1.2%	2,450	2,331	30/11/2010
Horní Počernice (A+B)	Euribor + 1.2-1.4%	52,047	17,811	30/11/2010
Total		**64,947**	**30,085**	

As all loans are paid in quarterly instalments, the three-month's Euribor (Euribor 3M) rate is used for the calculation of the interest rate as mentioned in the table above. The Euribor 3M rate as at 31 December 2006 amounted to 3.725 percent (average rate 2006 totalled to 3.081 percent).

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 thousands of EUR	2006
Green Park	7,921
Blue Park	4,784
Green Tower	2,376
IPS (Horní Počernice)	49,506

Interest rate swaps

The Group has a lasting and sound relationship with its partner banks CSOB / KBC and with PVM Invest.

The Group contracted all of its financial debt with CSOB / KBC in EUR at a floating rate, converting immediately to a fixed rate through interest rate swaps. This permits the Group to take advantage of low short-term interest rates but cushioning itself over the period against the effect of a sharp upturn in these short-term rates.

The financial instruments (interest rate swaps) concluded in 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 thousands of EUR	Interest rate	Date of swap contract signature	Credit amount hedged	Fair value as at 31/12/06	Hedged until
Green Park	3.0875%	06/01/2006	7,400	204	30/11/2010
Blue Park	3.0875%	06/01/2006	3,050	78	30/11/2010
Green Tower	3.0875%	06/01/2006	2,450	64	30/11/2010
IPS – Horní Počernice (A)	3.1180%	06/01/2006	15,000	510	30/11/2010
Total			**27,900**	**856**	

3.15 Other non-current liabilities

In thousands of EUR	2006	2005	2004
Deposits	842	188	209
Retentions	195	86	485
Loan from related parties	104	276	9
Other payables	–	–	191
Total	**1,141**	**550**	**894**

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.

3.16 Trade and other payables

In thousands of EUR	2006	2005	2004
Trade payables	3,879	108	557
Accrued expenses	867	35	23
Retentions	555	–	130
Other payables	846	15,072	77
Total	**6,147**	**15,215**	**787**

Other payables as at 31 December 2005 includes TEUR 14,994 which related to the acquisition of land by Industrie Park Sever for the planned construction of Industrie Park Horní Počernice.

3.17 Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business.

Credit risk

The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

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

Foreign currency risk

The Group is exposed to foreign currency risk on borrowings that are denominated in a currency other than the EUR. The currency risk is managed where possible by making investments in the same currency as the financing sources utilised. If the currencies are different, the Group limits the risk, where appropriate, by using hedging instruments and other mechanisms.

The currency risk during the period of repayment of the liabilities to the third parties is usually offset by generating revenues denominated in the same underlying currency, which is applicable to both sales revenues and operating revenues.

EUR is also commonly used for transactions in the real estate market in the Czech Republic. As a result, the Group is exposed to foreign currency risk on its liabilities denominated in other currency than EUR.

Interest Rate Risk

The interest rate risk is applicable generally to those business activities and development projects where the floating interest rates for the debt financing are used. Bank loans usually have flexible interest rates in a vast majority of senior financing cases depending on EURIBOR rates for the reference period from 1 month to 6 months increased by a fixed margin. CSOB / KBC have requested the Group to enter into interest rate hedges using derivatives should the exposure to cash flow interest rate risk exceed predefined levels.

Liquidity Risk

With respect to the nature of its business (where a vast majority of business activities performed are allocated in special purpose companies) and its assets, the Group is naturally exposed, to some extent, to liquidity risk. However, this risk is minimal because of the business strategy adopted and carried out by the Group – to develop a project property and execute an investment exit generating sales revenues or continue to operate the property.

3.18 Personnel

The average number of employees and executives and remuneration paid for the years ended 31 December 2006, 31 December 2005 and 31 December 2004 are as follows:

In thousands of EUR	2006	2005	2004
Average number of employees	8	6	6
Wages and salaries	147	122	103
Social security and health insurance expenses	51	42	36
Other social expenses	1	1	1
Total personnel expenses	**199**	**165**	**140**

3.19 Commitments

The Group has concluded several contracts concerning the future purchase of land from which following commitments have arisen:

In thousands of EUR Company	Size of land in sqm	Total price	Deposit	Commitments
Industrie Park Sever a.s.	146,134	7,922	25	7,897
VGP Park Olomouc a.s.	120,000	3,492	182	3,310
Total	**266,134**	**11,414**	**207**	**11,207**

3.20 Related parties

3.20.1 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 which are currently at the same time shareholders are Jan Van Geet (CEO) and Jan Procházka(COO). The accrued remuneration of Jan Van Geet and Jan Procházka are as follows:

In thousands of EUR	2006	2005	2004
Remuneration and benefits paid to senior managers	51	43	43
Total	**51**	**43**	**43**

3.20.2 Transactions with related parties

The Group identified the following transactions with related parties in 2006, 2005 and 2004:

In thousands of EUR		2006	2005	2004
Mr. Jan Van Geet	Loans provided to the Group	21	41	10
	Interests received from the Group	–	1	–
	Loans granted by the Group – LT	92	82	127
	Loans granted by the Group – ST	70	14	9
	Interests paid to the Group	2	2	2
Mr. Jan Procházka	Loans provided to the Group	76	23	–
	Loans granted by the Group – LT	64	60	107
	Loans granted by the Group – ST	52	14	9
	Interests paid to the Group	1	–	–
Urraco spol. s r. o.	Trade receivables from the Group	–	1	4
	Services provided to the Group	65	52	30
	Services provided by the Group	2	–	–
	Loans granted by the Group – LT	110	–	–
	Interests paid to the Group	28	–	–
PVM Invest SA	Loans provided to the Group	19,428	42,876	12,991
	Interest received from the Group	797	660	218
Van Geet Properties s.r.o.	Rent paid	21	21	18

The loans granted by Mr Jan Van Geet, Mr Jan Procházka and Urraco spol. s.r.o. to the group, are provided on an interest-free basis.

The interest rate charged by the group to Mr Jan Van Geet, Mr Jan Procházka and Urraco spol. s.r.o. is fixed at a rate between 1.5 percent and 2 percent per annum. PVM Invest SA, an entity controlled by VM Invest, charges an interest rate of 4 percent per annum on the loans granted to the group.

The group leases offices from Van Geet Properties s.r.o. at a monthly lease of 50,000 CZK. The lease term is concluded for 5 years from 27 January 2004 onwards. The operating lease rentals are payable as follows:

In thousands of EUR	2006	2005	2004
Less than one year	22	21	20
Between one and five years	24	43	61
More than five years	0	0	0
Total	46	64	81

3.21 Subsequent events

Up to the date of their approval, the figures in the combined financial statements were modified to reflect events that influenced the circumstances as they existed at the balance sheet dates. Events influencing such circumstances arising after the balance sheet dates are explained if they are of a material nature.

A new holding company was incorporated on 6 February 2007 through the cash contribution of EUR 100,000 and they will also hold all shares in the VGP Group after the adoption of the contribution in kind. This new limited liability corporation is called the Company and was incorporated under Belgian law. In early 2007, the board of directors of the Company decided upon an Offering.

3.22 Explanation of the transition to IFRS

As stated in note 1(b) to the combined financial statements of the Historic Group of VGP Companies, these are the Group's first combined financial statements prepared in accordance with IFRS.

The accounting policies set out in note 2 to the combined financial statements of the Historic Group of VGP Companies have been applied in preparing the combined financial statements for the years ended 31 December 2006, 31 December 2005 and 31 December 2004.

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its local basis of accounting (Czech Accounting Standards). An explanation of how the transition from previous GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Impact to equity

In thousands of EUR	31 December 2006	31 December 2005	31 December 2004	1 January 2004
Revaluation of investment property	41,208	24,073	1,981	1,055
Release of CZ GAAP depreciation	839	467	149	43
Capitalized interest	1,538	187	–	–
Interest rate swap	856	–	–	–
Loans translation difference	(4,624)	(1,945)	(695)	–
Deferred tax	(9,557)	(5,428)	(373)	(285)
Total	**30,260**	**17,354**	**1,062**	**813**

Impact to P&L account

In thousands of EUR	31 December 2006	31 December 2005	31 December 2004
Revaluation of investment property	17,135	22,092	926
Release of CZ GAAP depreciation	387	318	106
Capitalized interest	1,351	187	–
Interest rate swap	856	–	–
Loans translation difference	(2,679)	(1,250)	(695)
Local hedge accounting	1,286	–	–
Change in deferred tax	(5,016)	(5,056)	(88)
Other adjustments	410	61	53
Total	**13,730**	**16,352**	**302**

The fair values and the valuation gains for the financial years ended 31 December 2004, 2005 and 2006 have been obtained from the valuation reports of Cushman & Wakefield.

Valuation reports were dated 16 December 2005 and 1 March 2007. The valuation report of 16 December 2005 was used by Cushman & Wakefield as basis for the 31 December 2005 accounts valuation report. The valuation report of 1 March 2007 was used by Cushman & Wakefield as basis for the 31 December 2006 accounts valuation report. For the 31 December 2005 and 31 December 2006 accounts an update of the valuation reports dated 16 December 2005 and 1 March 2007 was made by Cushman & Wakefield which confirmed the validity of the original valuations and assumptions of the aforementioned valuation reports.

Consequently the valuations as at 31 December 2005 and 31 December 2006 were made using the actualisation rates, inflation, market yield and interest rates, prevailing at the moment of the respective 31 December 2005 and 31 December 2006 balance sheet dates.

The valuation reports with respect to the valuations per 31 December 2003 and per 31 December 2004 have been made retroactively on 7 July 2007 as no valuation was initially available as per 31 December 2003 and 31 December 2004.

Cushman & Wakefield has made the necessary enquiries, in accordance with IFRS 1 § 31, to provide an opinion of the market value of the freehold interest in the property on the basis of the lease agreements in place as at 31 December 2003 and 31 December 2004, and on the yields, interest rates and other market conditions valid at the date of these respective balance sheet dates.

Condensed combined interim financial statements of the Historic Group of Companies as of and for the 6 months ended 30 June 2007

Independent Auditor's Report on the condensed combined interim financial statements of VGP Historic Group as at and for the six months period ended 30 June 2007

To: Management of VGP Historic Group

We have audited the accompanying condensed combined interim financial statements which comprise the condensed combined balance sheets as at 30 June 2007, and the condensed combined statements of income and cash flows for the six month period ended 30 June 2007, and explanatory notes of the Group of Companies, comprising eleven companies that together form a consortium, Industrie Park Sever a.s., Caro Development a.s., Gudrun Development a.s., VGP Properties a.s., VGP Park Turnov a.s., VGP Park Olomouc a.s., VGP Park Nýřany a.s., VGP Park Lovosice a.s., VGP Park Hradec Králové a.s., VGP Park Liberec a.s. VGP – industriální stavby s.r.o., collectively referred to as the "Group".

Basis of preparation

For the purposes of the Initial Public Offering, management of the Group has prepared the condensed combined financial statements of the Group, for the purpose of presenting the combined financial position, results of operations and cash flows of the Group. The basis of combination is set out in Note 1(d) to the combined financial statements.

Management's responsibility for the condensed combined interim financial statements

The management of the Group is responsible for the preparation and fair presentation of these condensed combined interim financial statements in accordance with IAS 34 Interim Financial Reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the condensed combined interim 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed combined interim financial statements. The audit procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the condensed combined interim financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the condensed combined interim 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the condensed combined interim financial statements.

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

Opinion

In our opinion the condensed combined interim financial statements give a true and fair view of the combined financial position of the Group as at 30 June 2007 and of its combined financial performance and cash flows for the six month period then ended, in accordance with IAS 34 Interim Financial Reporting.

Ghent, 5 November 2007

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises

Represented by

Luc Van Couter

Partner

Combined income statement of the Historic Group of VGP Companies as at 30 June 2007 and 30 June 2006

In thousands of Euros

	Note	30 June 2007	30 June 2006
Gross rental income		2,349	1,235
Property operating expenses		(660)	(293)
Net rental and related income		1,689	942
Valuation gains on investment property	*2.2.*	23,483	8,186
Valuation losses on investment property		–	–
Net valuation gains on investment property		23,483	8,186
Other income		266	–
Other expenses – incl. administrative expenses		–	(174)
Net other income / (expenses)		266	(174)
Net operating profit before net financial costs		25,438	8,954
Financial income		1,763	967
Financial expenses		(905)	(688)
Net financial income		858	279
Profit before income tax		26,296	9,233
Income tax expense	*2.1.1.*	(6,387)	(2,249)
Profit for the period		19,909	6,984

The condensed combined interim income statement is to be read in conjunction with the notes to and forming part of the condensed combined financial information set out in Section 2.

A condensed combined interim statement of recognized income and expense is not presented separately as the recognized changes in equity include only the profits as at 30 June 2007.

Combined balance sheet of the Historic Group of VGP Companies as at 30 June 2007 and 31 December 2006

In thousands of Euros

	Note	30 June 2007	31 December 2006
ASSETS			
Investment property	*2.2.*	139,540	96,146
Investment property under construction	*2.3.*	11,112	6,955
Property, plant and equipment		204	99
Long term receivables		276	276
Total non-current assets		151,132	103,476
Trade and other receivables		4,904	3,636
Cash and cash equivalents		2,620	2,528
Total current assets		7,524	6,164
TOTAL ASSETS		158,656	109,640
EQUITY			
Share Capital	*2.4.*	10,969	10,969
Share Premium		69	69
Reserves		51,976	32,068
Total Equity		63,014	43,106
LIABILITIES			
Interest-bearing loans and borrowings	*2.5.*	68,631	48,857
Other liabilities		1,960	1,141
Deferred tax liabilities		15,948	9,653
Total non-current liabilities		86,539	59,661
Interest-bearing loans and borrowings	*2.5.*	667	656
Income tax payable		291	71
Trade and other payables		8,145	6,147
Total current liabilities		9,103	6,874
Total liabilities		95,642	66,535
TOTAL EQUITY AND LIABILITIES		158,656	109,640

The condensed combined interim balance sheet is to be read in conjunction with the notes to and forming part of the condensed combined financial information set out in Section 2.

Combined cash flow statement of the Historic Group of VGP Companies as at 30 June 2007 and 30 June 2006

In thousands of Euros

	30 June 2007	30 June 2006
Cash flows from operating activities		
Profit for the period before tax	26,296	9,233
Adjustments for:		
Depreciation	50	30
Change in value of investment property	(23,483)	(8,186)
Unrealised gain on financial property	(412)	(867)
Net interest expense	781	311
Loss on disposal of other assets	–	132
Operating profit before changes in working capital and provisions	**3,232**	**653**
Decrease/(Increase) in trade and other receivables	(855)	(355)
(Decrease)/Increase in trade and other payables	2,817	(13,056)
Cash generated from the operations	**5,194**	**(12,756)**
Interest paid	(905)	(411)
Interest received	124	100
Income taxes paid	116	(233)
Net cash from operating activities	**4,529**	**13,300**
Cash flows from investing activities		
Acquisition of investment property	(3,362)	(7,320)
Acquisition of investment under construction	(20,658)	(1,065)
Acquisition of property, plant and equipment	(203)	(2)
(Proceeds)/losses from the sale of fixed assets	–	132
Net cash from investing activities	**(24,223)**	**(8,255)**
Cash flows from financing activiities		
Proceeds from the issue of share capital	–	–
Proceeds from loans	19,786	516
Loans repayments	–	–
Net proceeds from loans	**19,786**	**516**
Net cash from financing activities	**92**	**(21,039)**
Net increase in cash and cash equivalents	92	(21,039)
Cash and cash equivalents at 1 January	2,528	23,396
Cash and cash equivalents at 30 June	2,620	2,355

Notes to the condensed combined interim financial statements of the Historic Group of VGP Companies as at 30 June 2007

1 BACKGROUND

(a) General information

These condensed combined financial statements include several companies ("the Companies") ultimately controlled directly or indirectly by three individuals Jan Van Geet a citizen having Belgian nationality, Bart Van Malderen a citizen having Belgian nationality and Jan Procházka a citizen having Czech nationality. During 2007 it is proposed that the Companies will be restructured to form a consolidated group ("the Group").

The Companies include:

- VGP Properties 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 – industriální stavby s.r.o., Czech Republic;
- Gudrun Development, a.s., Czech Republic;
- Caro Development, a.s., Czech Republic;
- Industrie Park Sever a.s., Czech Republic;

Prior to 30 June 2007, the Companies did not constitute a legal group; however, the Companies were formed a consortium during the 6 months to 30 June 2007 and the years to 31 December 2006 and 2005. Accordingly, for the purposes of presenting the condensed combined interim financial information, the condensed financial statements as at and for the 6 months ended 30 June 2007 are combined as if the Group existed during that period.

As at 31 December 2006, VGP Properties a.s., Gudrun Development, a.s. and Caro Development, a.s. merged with Industrie Park Sever a.s.

The Company was incorporated in Belgium on 6 February 2007 and after the restructuring will became the ultimate parent company of the entities listed above. The operating headquarters of the Group are located in Mladá Boleslav I, Staroměstské náměstí 11, PSČ 29301, the Czech Republic.

The principal activity of the Group is the development and rental of investment properties in the Czech Republic. The Group leases investment properties to its tenants under operating leases. The investment properties portfolio is owned by the Group.

This condensed combined financial information has been prepared only for the purposes of illustration in relation to the prospectus issued in the context of the Offering of the Group's proposed ultimate holding Company and serves to inform the reader about the financial position and results of operations of the Group.

The condensed combined financial statements were authorised for issue by the Board of Directors of the Company on 5 November 2007.

(b) Statement of compliance

These condensed combined interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the combined financial statements of the Group as at and for the year ended 31 December 2006.

The following CZK/EUR exchange rates were used during the period:

Date	Closing exchange rate CZK/EUR
30 June 2006	28.495
30 June 2007	28.715

(c) Significant accounting policies

The accounting policies applied by the Group in these condensed combined interim financial statements are the same as those applied by the Group in its combined financial statements as at and for the year ended 31 December 2006.

(d) Basis of combination

Prior to 30 June 2007 the Companies did not constitute a legal group; however the companies were formed a consortium during the 6 months to 30 June 2007 and the years to 31 December 2006 and 31 December 2005. Accordingly for the purposes of presenting condensed combined interim financial information, the condensed combined interim financial information as at and for the 6 months ended 30 June 2007 is prepared by aggregating the financial statements of the Companies within the Group.

Intra-group balances and any gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the condensed combined 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 condensed combined interim 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.

In preparing these condensed combined interim financial statements the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the combined financial statements as at and for the year ended 31 December 2006.

2 SUPPORTING NOTES TO THE CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS

2.1 Taxation

2.1.1 Income tax expense recognised in the condensed combined interim income statement

In thousands of EUR	30 June 2007	30 June 2006
Current tax	104	57
Deferred tax	6,283	2,192
Total	**(6,387)**	**(2,249)**

2.2 Investment property

In thousands of EUR	**30 June 2007**	**31 December 2006**
Balance at 1 January	**96,146**	**58,288**
Transfer from investment property under construction at cost	2,361	1,075
Additions	17,550	19,758
Fair value adjustment	23,483	17,024
Disposals	–	–
Balance at balance sheet date	**139,540**	**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 an 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 the following properties:

In thousands of EUR	**30 June 2007**	**31 December 2006**
Blue Park Phase 1	9,497	7,152
Blue Park Phase 2	–	1,635
Green Park	15,846	14,630
Green Tower	6,312	5,964
IPS Building I1	7,108	6,216
IPS Building I2	3,860	3,504
IPS Building B2	12,765	11,320
IPS Building D1	24,625	–
IPS Building H1	8,174	–
IPS Building J	2,314	–
Turnov	7,795	–
Liberec	3,692	–
Development Land-IPS	37,216	43,919
Development Land-Other	625	2,029
Balance at balance sheet date	**139,829**	**96,369**

The impact of the rent indexation and discounts of TEUR 289 in 2007 and of TEUR 223 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.

As at 30 June 2007, all properties were subject to a registered debenture to secure bank loans (see note 2.5.).

2.3 Investment property under construction

In thousands of EUR	**30 June 2007**	**31 December 2006**
Balance at 1 January	**6,954**	**1,413**
Acquisitions	6,518	6,617
Transfer to investment property	(2,361)	(1,075)
Balance at balance sheet date	**11,112**	**6,954**

Investment property under construction comprises:

In thousands of EUR	30 June 2007	31 December 2006
Industrie Park Sever (Horní Počernice)	9,554	4,446
VGP Park Turnov – Vesecko	–	2,361
VGP Park Turnov – Prisovice	225	38
VGP Park Nýřany	210	86
VGP Park Lovosice	110	23
VGP Park Olomouc	48	–
VGP Park Hradec Králové	537	–
Green Park	–	–
Green Tower	–	–
VGP Park Turnov – Zlin	–	–
VGP Park – Liberec	428	–
Balance at balance sheet date	**11,112**	**6,954**

2.4 Invested equity

Invested equity is the combination of equity of Companies in Section 1.

In thousands of EUR	30 June 2007	31 December 2006
Share Capital opening	10,969	1,192
Share Capital increase (decrease)	–	9,778
Share Premium opening	69	69
Share Premium increase (decrease)	–	–
Reserves opening	32,068	18,320
Profit of the period	19,908	13,748
Balance at balance sheet date	**63,014**	**43,106**

2.5 Interest-bearing loans and borrowings

In thousands of EUR	30 June 2007	31 December 2006
Loans from related parties PVM Invest SA	31,114	19,428
Non current bank loans	37,517	29,429
Current bank loans	667	656
Total	**69,298**	**49,513**

Loans PVM Invest SA

Until January 2006, all financing facilities were granted by PVM Invest SA, a related party. All loans are in CZK at fixed interest rates, with free instalments and final maturity dates exceeding 10 years and are not secured. Interest rates equal 4 percent pa, are accrued and taken in P&L over the loan term. However, they are due only upon the final instalment of the loans.

Secured bank loans

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

In thousands of EUR	**Interest rate**	**Credit facility**	**Outstanding amount as at 30 June 2007**	**Final repayment date**
Green Park	Euribor + 1.2%	7,400	6,856	30/11/2010
Blue Park	Euribor + 1.2%	3,050	2,862	30/11/2010
Green Tower	Euribor + 1.2%	2,450	2,270	30/11/2010
Horní Počernice (A+B)	Euribor + 1.2-1.4%	52,047	22,134	30/11/2010
VGP Turnov	Euribor + 1.2-1.4%	7,528	4,062	30/11/2010
Total		**72,475**	**38,184**	

As all loans are paid in quarterly instalments, the three-month's Euribor (Euribor 3M) rate is used for the calculation of the interest rate as mentioned in the table above. The Euribor 3M rate as at 31 December 2006 amounted to 3.725 percent (average rate 2006 totalled to 3.081 percent).

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 N.V. 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 bank:

In thousands of EUR	**30 June 2007**
Green Park	7,921
Blue Park	4,784
Green Tower	2,376
VGP park Turnov	6,050
IPS (Horní Počernice)	49,506

Interest rate swaps

The Group has a lasting and sound relationship with its partner banks CSOB / KBC and with PVM Invest.

The Group contracted all of its financial debt with CSOB / KBC in EUR at a floating rate, converting immediately to a fixed rate through interest rate swaps. This permits the Group to take advantage of low short-term interest rates but cushioning itself over the period against the effect of a sharp upturn in these short-term rates.

The financial instruments (interest rate swaps) concluded in 2006 and 2007 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.

2.6 Commitments

The Group has concluded several contracts concerning the future purchase of land from which following commitments have arisen:

In thousands of EUR Company	Size of land in sqm	Total price	Deposit	Commitments
Industrie Park Sever	243,475	12,462	–	12,398
VGP Park Lovosice	44,041	587	71	579
VGP Park Nýřany	104,000	2,190	4	2,190
VGP Park Liberec	60,484	1,894	287	1,610
VGP Park Hradec Králové	134,000	3,076	535	2,464
VGP Park Olomouc	120,000	3,369	1	3,194
Total	**706,000**	**23,578**	**898**	**22,435**

2.7 Related parties

2.7.1 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 which are currently at the same time shareholders are Jan Van Geet (CEO) and Jan Procházka (COO). The accrued remuneration of Jan Van Geet and Jan Procházka are as follows:

In thousands of EUR	30 June 2007	31 December 2006
Remuneration and benefits paid to key management	26	51
Total	**26**	**51**

The group leases offices from Van Geet Properties s.r.o. at a monthly lease of 50,000 CZK. The lease term is concluded for 5 years from 27 January 2004 onwards. The operating lease rentals are payable as follows:

In thousands of EUR	2006	2005	2004
Less than one year	22	21	20
Between one and five years	24	43	61
More than five years	0	0	0
Total	**46**	**64**	**81**

2.7.2 Transactions with related parties

The Group identified the following transactions with related parties in the 6 months to and as at 30 June 2007 and the year to and as at 31 December 2006:

In thousands of EUR		30 June 2007	31 December 2006
Mr. Jan Van Geet	Loans provided to the Group	–	21
	Interests received from the Group	–	–
	Loans granted by the Group – LT	183	92
	Loans granted by the Group – ST	–	70
	Interests paid to the Group	5	2
Mr. Jan Procházka	Loans provided to the Group	94	76
	Loans granted by the Group – LT	143	64
	Loans granted by the Group – ST	–	52
	Interests paid to the Group	4	1
Urraco spol. s r.o.	Trade receivables from the Group	–	–
	Services provided to the Group	–	65
	Services provided by the Group	–	2
	Loans granted by the Group – LT	107	110
	Interests paid to the Group	2	28
PVM Invest SA	Loans provided to the Group	29,885	19,428
	Interest received from the Group	1 229	797
Van Geet Properties s.r.o.	Rent paid	10	21

The loans granted by Mr Jan Van Geet, Mr Jan Procházka and Urraco spol. s.r.o. to the group, are provided on an interest-free basis.

The interest rate charged by the group to Mr Jan Van Geet, Mr Jan Procházka and Urraco spol. s.r.o. is fixed at a rate between 1.5 percent and 2 percent per annum. PVM Invest SA, an entity controlled by VM Invest, charges an interest rate of 4 percent per annum on the loans granted to the group.

2.8 Subsequent events

Up to the date of their approval, the figures in the condensed combined interim financial statements were modified to reflect events that influenced the circumstances as they existed at the balance sheet date. Events influencing such circumstances arising after the balance sheet date are explained if they are of a material nature.

Consolidated interim financial statements of the Company as of and for the 4.5 months ended 30 June 2007

Independent Auditors' Report on the consolidated financial statements of VGP NV as at and for the 4,5 month period ended 30 June 2007

To: Management of VGP NV

We have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet as at 30 June 2007, and the consolidated income statement and the consolidated cash flows for the 4,5 month period then ended, and a summary of significant accounting policies and other explanatory notes, of VGP NV ("the Company") and its wholly owned subsidiaries VGP Deutschland and VGP Latvia.

Basis of preparation

For the purposes of the Initial Public Offering, management of the Company has prepared the consolidated financial statements of the Company, for the purpose of presenting the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company. The basis of preparation is set out in Note 1(d) to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on our judgment, including the assessment of risks of material misstatement in the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the companies' 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 companies' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 30 June 2007, and of its consolidated financial performance and its consolidated cash flows for the 4,5 month period then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Ghent, 5 November 2007

KPMG Bedrijfsrevisoren – Reviseurs d'Entreprises

represented by

Luc Van Couter

Partner

Consolidated income statement of VGP NV
for the period ended 30 June 2007

In thousands of Euros

	Note	30 June 2007
Gross rental income		–
Service charge income		–
Service charge expenses		–
Property operating expenses	*3.1.*	(1)
Net rental and related income		(1)
Valuation gains on investment property		–
Valuation losses on investment property		–
Net valuation gains on investment property		–
Other income		–
Other expenses – including administrative expenses	*3.2.*	(20)
Net other income / (expenses)		(20)
Net operating profit before net financing costs		(21)
Finance income	*3.3.*	2
Finance expenses	*3.3.*	(16)
Net finance costs		(14)
Profit before income tax		(35)
Income tax expense	*3.4.*	12
Profit for the period		(23)

The consolidated income statement is to be read in conjunction with the notes to and forming part of the consolidated financial information set out in Section 3.

Consolidated balance sheet of VGP NV
for the period ended 30 June 2007

In thousands of Euros

	Note	30 June 2007
ASSETS		
Investment property		–
Investment property under construction		–
Prepayments for investment property	*3.5*	42
Property, plant, equipment and other tangible assets		–
Long term receivables	*3.6.*	12
Deferred tax assets		–
Total non-current assets		54
Trade and other receivables	*3.7.*	207
Cash and cash equivalents	*3.8.*	8,567
Total current assets		8,774
TOTAL ASSETS		8,828
EQUITY		
Share Capital	*3.9.*	100
Share Premium		–
Reserves		(23)
Total Equity		77
LIABILITIES		
Interest-bearing loans and borrowings		–
Other liabilities		–
Deferred tax liabilities		–
Total non-current liabilities		–
Interest-bearing loans and borrowings		–
Income tax payable		–
Trade and other payables	*3.10.*	8,749
Total current liabilities		8,749
Total liabilities		8,749
TOTAL EQUITY AND LIABILITIES		8,828

The consolidated balance sheet is to be read in conjunction with the notes to and forming part of the consolidated financial information set out in Section 3.

Consolidated cash flow statement of VGP NV
for the period ended 30 June 2007

In thousands of Euros

	30 June 2007
Cash flows from operating activities	
Profit for the period before tax	(35)
Adjustments for:	
Depreciation	–
Change in value of investment property	–
Unrealised gain on financial property	–
Net interest expense	14
Loss on disposal of other assets	–
Operating profit before changes in working capital and provisions	**(22)**
Decrease/(Increase) in trade and other receivables	(207)
(Decrease)/Increase in trade and other payables	146
Cash generated from the operations	**(84)**
Interest paid	(16)
Interest received	2
Income taxes paid	–
Net cash from operating activities	**(98)**
Cash flows from investing activities	
Acquisition of fixed assets	(42)
Acquisition of investment property	–
Acquisition of investment under construction	–
Acquisition of property, plant and equipment	–
Proceeds from the sale of fixed assets	–
Net cash from investing activities	**(42)**
Cash flows from financing activities	–
Proceeds from the issue of share capital	100
Proceeds from loans	8,605
Loans repayments	–
Net proceeds from loans	**8,605**
Net cash from financing activities	**8,705**
Net increase in cash and cash equivalents	8,567
Cash and cash equivalents at 1 January 2007	–
Cash and cash equivalents at 30 June 2007	8,567

Notes to the consolidated financial statements of VGP NV for the period ended 30 June 2007

1 BACKGROUND

(a) General information

These consolidated financial statements include the Company and its two subsidiaries, ultimately controlled directly by two individuals, namely Jan Van Geet and Bart Van Malderen, both having the Belgian nationality. The Companies form a consolidated group ("the Group").

The Companies include:

- VGP NV, Belgium;
- VGP Deutschland GmbH i.G., Germany;
- SIA VGP Latvija, Latvia.

The Company was incorporated in Belgium on 6 February 2007 and is the ultimate parent company of the other two entities listed above.

VGP Deutschland GmbH i.G. was incorporated in Germany on 28 June 2007.

SIA VGP Latvija was incorporated in Latvia on 4 April 2007.

The principal activity of the Group is the development and rental of investment properties.

This consolidated financial information has been prepared only for the purposes of illustration in relation to the prospectus issued in the context of the Offering of the Company and serves to inform the reader about the consolidated financial position and consolidated results of operations of the Group.

The consolidated financial statements were authorised for issue by the Board of Directors of the Company on 5 November 2007.

(b) Statement of compliance

The consolidated financial statements of the Company 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 Company and its subsidiaries adopted the amended versions of IFRS that are effective for accounting periods beginning on 1 January 2006.

The consolidated financial statements are prepared on a historic cost basis, with the exception of investment property and financial derivatives which are stated at fair value. All figures are in thousands of Euros (TEUR), unless stated otherwise.

(c) Foreign currency

The consolidated financial statements are presented in Euro ("EUR"), rounded to the nearest thousand. The Company adopted the EUR as its functional currency.

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 historical 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 LVL/EUR exchange rate was used during translation:

Date	Closing exchange rate LVL/EUR
30 June 2007	0,69630

(d) Basis of consolidation

The Companies were constituted in the first 6 months of 2007. Consequently, there is no historical financial information and the figures per 30 June 2007 relate to a first closing.

Subsidiaries are entities over which NV VGP exercises control, which generally means that the Company, directly or indirectly, holds more than 50 percent of the voting rights attaching to the entity's share capital and is able to govern its financial and operating policies so as to obtain benefits from its activities. Acquisitions are accounted for using the purchase method, in accordance with IFRS 3 'Business Combinations'. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations', which are recognized at fair value less costs to sell.

The financial statements of subsidiaries are included in the consolidated financial statements from the date when the Group acquires control until the date when control is relinquished. All intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated; unrealized losses are also eliminated unless the impairment is permanent.

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 are held to earn rental income, for capital appreciation, or for both. Investment properties are stated at fair value. An external independent valuation expert, Cushman & Wakefield, 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.

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

In view of the nature of the properties and the basis of valuation the valuation expert adopted the Income Approach based on the discounted cash flow technique for a 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. Rental income from investment property is accounted for as described in note 2(m) to the consolidated financial statements.

(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) Capitalization of borrowing costs

Interest and other financial expenses relating to the acquisition of fixed assets incurred until the asset is put is 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 costs of improving fixed assets increase their acquisition cost. Repairs and maintenance costs are charged directly to the consolidated income statement.

The estimated useful lives are as follows:

Assets	
Motor vehicles	4 years
Other equipment	4–6 years

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

(e) Goodwill

Goodwill represents the excess of acquisition cost over the Group's interest in the net fair value at the date of acquisition of the acquiree's identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill is not amortized, but is reviewed for impairment at least annually. The excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost is recognized immediately as a profit.

(f) Other and trade receivables

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

(g) 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.

(h) 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.

As at the date of the preparation of the consolidated financial statements, the nominal value of loans is increased by unpaid interest.

(i) Trade and other payables

Trade and other payables are stated at their nominal value.

(j) 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.

(k) 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(o)), 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.

Impairment losses of receivables are determined based on an analysis of the credit status of customers and the period for which the receivable has been overdue.

(l) 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.

(m) 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.

(n) 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. In case the acceptance of completion of the building by the relevant Czech authorities is received after the commencement date of the lease contract, rental income is only recognised as from the acceptance date of completion of the building.

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

(o) Expenses

(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 we 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.

(p) 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 are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) 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 all 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.

(r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretation are not yet effective for the year ended 31 December 2006, and have not been applied in preparation the consolidated financial statements:

IFRS 8 Operating Segments (effective from 1 January 2009): The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group expects the new Standard to significantly alter the presentation and disclosure of its operating segments in the consolidated financial statements.

Revised IAS 23 Borrowing Costs (effective from 1 January 2009): The revised Standard will require the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Group policy is to capitalise borrowing costs (accounting policy 2(c)).

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007): The Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's parent, should be accounted for as cash-settled or equity-settled in the entity's financial statements. IFRIC 11 is not relevant to the Group's operations as the Group has not entered into any share-based payments arrangements.

IFRIC 12 Service Concession Arrangements (effective from 1 January 2008): The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12 is not relevant to the Group's operations as none of the Group entities have entered into any service concession arrangements.

IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008): The Interpretation explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem those award credits. Such entities are required to allocate some of the proceeds of the initial sale to the award credits and recognise these proceeds as revenue only when they have fulfilled their obligations. The Group does not expect the Interpretation to have any impact on the consolidated financial statements.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions (effective for annual periods beginning on or after 1 January 2008): The interpretation addresses 1) when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; 2) how a MFR might affect the availability of reductions in future contributions; and 3) when a MFR might give rise to a liability. No additional liability need be recognized by the employer under IFRIC 14 unless the contributions that are payable under the minimum funding requirement cannot be returned to the company. The Group does not operate in countries that have a minimum funding requirement where there are restrictions on the employer company's ability to get refunds or reduce contributions.

3 SUPPORTING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 Property operating expenses

In thousands of EUR	30 June 2007
Services	(1)
Total property operating expenses	**(1)**

3.2 Other expenses (corporate expenses)

In thousands of EUR	30 June 2007
Accounting	(19)
Other taxes and fees	(1)
Total	**(20)**

3.3 Net financing costs

In thousands of EUR	30 June 2007
Foreign exchange gain	2
Financial income	**2**
Interest paid to VM Invest	(15)
Bank charges	(1)
Financial expenses	**(16)**
Net financing costs	**(14)**

3.4 Taxation

3.4.1 Income tax expense recognised in the consolidated income statement

In thousands of EUR	30 June 2007
Deferred tax	12
Total	**12**

3.4.2 Deferred tax assets and liabilities

See note 3.6. to the consolidated financial statements « Long-term receivables".

3.5 Prepayments for investment property

These prepayments relate to down payments with respect to the acquisition of land by VGP Latvia.

3.6 Long-term receivables

Long-term receivables totalling to TEUR 12 at 30 June 2007 comprise deferred tax assets.

3.7 Trade and other receivables

In thousands of EUR	**30 June 2007**
Accruals – deferred expenses	207
Total	**207**

3.8 Cash and cash equivalents

The Group's cash and cash equivalents comprise primarily cash deposits held at Slovak, German, Latvian and Belgian banks.

3.9 Invested equity

The registered capital of the Company amounts to TEUR 100 and is fully paid in cash. The Company was established on 6 February 2007

Net loss as at 30 June 2007 consists of the aggregated result of the Companies VGP NV, VGP Deutschland and VGP Latvia since incorporation.

In thousands of EUR	**30 June 2007**
Balance as at 1 January	–
Registered capital	100
Net loss	(23)
Balance as at 30 June	77

3.10 Trade and other payables

In thousands of EUR	**30 June 2007**
Trade payables	144
Accrued expenses	15
Other payables – loan to VM Invest NV	8,590
Total	**8,749**

3.10.1 Transactions with related parties

The Group identified the following transactions with related parties per 30 June 2007:

In thousands of EUR		**30 June 2007**
VM Invest NV	Loans provided to the Group	8,590

3.11 Subsequent events

Up to the date of their approval by the Board of Directors, the figures in the consolidated financial statements were modified to reflect events that influenced the circumstances as they existed at the balance sheet date. Events influencing such circumstances arising after the balance sheet date are explained if they are of a material nature.

Pro Forma Consolidated Financial Information of the Group as of and for the 6 months ended 30 June 2007

Independent Assurance Report on Pro-Forma Consolidated Financial Information

To: Management of VGP NV (the "Company")

We report on the pro forma consolidated financial information (the 'pro forma financial information') set out on pages 181 to 183 of the prospectus of the Company ('the prospectus'), which has been compiled on the basis described in the Note, for illustrative purposes only, to provide information about how the acquisition by the Company (which was incorporated on 6 February 2007) of Industrie park Sever a.s. (after the merger by absorption of Caro Development a.s., Gudrun Development a.s. and VGP Properties a.s.), VGP Park Turnov a.s., VGP Park Olomouc a.s., VGP Park Nýřany a.s., VGP Park Lovosice a.s., VGP Park Hradec Králové a.s., VGP Park Liberec a.s. and VGP – industriální stavby s.r.o. might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements as at 30 June 2007 and for the six months period then ended. Because of its nature, the pro forma financial information addresses a hypothetical situation and therefore does not represent the Company's actual financial position or results had the transaction or event occurred at the beginning of the reporting period. Management is responsible for the compilation of the pro forma financial information in accordance with the requirements of the Commission Regulation (EC) No 809/2004. Our responsibility is to express an opinion as required by item 7 of Annex II of the Commission Regulation (EC) No 809/2004, as to the proper compilation of the pro forma financial information. In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000, Assurance Engagements Other Than Audits or Reviews of Historical Information. Our work, which involved no independent examination of any of the underlying financial information, including their adjustment to the Company's accounting policies nor of the pro forma assumptions stated in the pro forma notes, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro-forma consolidated financial information with the Company management. We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro-forma consolidated financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

In our opinion, the pro-forma consolidated financial information has been properly compiled on the basis stated in the Note and such basis is consistent with the accounting policies of the Company, as described in the notes to the consolidated financial statements of the Company for the period ended 30 June 2007.

This report is required by the Commission Regulation (EC) N.809/2004 and is given for the purpose of complying with that Regulation and for no other purpose.

Ghent, 5 November 2007

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises

represented by

Luc Van Couter

Partner

NOTE

This pro forma financial information has been prepared to clarify the manner in which the balance sheet and profit and loss account prepared on 30 June 2007 of the Historic Group of VGP Companies would be affected under the assumption that on 1 January 2007 VGP NV would have been the holding company.

As such the combined financial statements of the historic group of VGP companies has been aggregated with the consolidated financial statements of VGP NV for the 6 months to June 2007. VGP NV was established on 6 February 2007. However, for the purpose of this exercise, it has been assumed that the VGP NV expenses and income for the period between 1 January and 5 February 2007 are insignificant.

The combined financial statements for the period ended 30 June 2007 have been prepared on the basis of a 30 June 2007 interim closing of the accounts of the related entities which have been combined and restated in accordance with IFRS.

No separate financial statements of the different companies exist, as there is no legal obligation to issue financial statements for an interim period.

The pro forma financial information was prepared for illustrative purposes only and is based on a hypothetical situation. As a result, this presentation does not present VGP Group's actual financial position and results.

Moreover, the contribution in kind of the shares of Industrie Park Sever a.s. (merged with Caro Development a.s., Gudrun Development a.s., VGP Properties a.s. as per January 1 2007), VGP Park Turnov a.s., VGP Park Olomouc a.s., VGP Park Nyrany a.s., VGP Park Lovosice a.s., VGP Park Hradec Kralove a.s., VGP Park Liberec a.s., and VGP Industriàlni Stavby s.r.o. has not been reflected in this pro forma financial information.

The contribution in kind of the shares of the above mentioned companies will lead to a share capital increase in VGP NV. As the increase of the share capital of the Company is a.o. subject to the condition precedent of determination of the final Offering Price which shall be established on the basis of a book-building procedure, management is currently unable to determine the amount of the capital increase by means of the contribution in kind. However, as the VGP companies form a business combination involving entities under common control, IFRS 3 Business Combinations will not apply to the contribution of the shares. As a result, the aforementioned contribution of the shares into VGP NV will have no effect on the consolidated pro forma equity as presented below.

However, if the Offering to subscribe to an amount up to 100.000 thousand EUR in new shares will be successful, share capital will increase with 100.000 thousand EUR, leading to a consolidated equity post Offering of 163.091 thousand EUR.

Pro forma consolidated financial information for the 6 month period ended 30 June 2007

In thousands of Euros

June 30, 2007	VGP NV Conso	VGP Combined	VGP Pro Forma
Gross rental income	–	2,349	2,349
Property operating expenses	(1)	(660)	(661)
Net rental and related income	(1)	1,689	1,688
Valuation gains on investment property	–	23,483	23,483
Valuation losses on investment property	–	–	–
Net valuation gains on investment property	–	23,483	23,483
Other income	–	266	266
Other expenses – including administrative expenses	(20)	–	(20)
Net other income / (expenses)	(20)	266	246
Net operating profit before net financing costs	(21)	25,438	25,417
Finance income	2	1,763	1,765
Finance expenses	(16)	(905)	(921)
Net finance costs	(14)	858	844
Profit before income tax	(35)	26,296	26,261
Income tax expense	12	(6,387)	(6,375)
Profit for the period	(23)	19,909	19,886

In the hypothetical situation where VGP NV would have acted as a holding company of the Group as from 1 January 2006, the following pro forma costs would have been incurred:

In thousands of Euros

	30 June 2007	31 December 2006
Profit for the period	19,886	13,746
Pro-forma adjustments		
• Remuneration management and directors	(350)	(700)
• Audit and consultancy fees	(170)	(340)
• Office and other expenses	(35)	(70)
• Tax effect	188	376
	(367)	(734)
Profits for the period after pro-forma adjustments	19,519	13,012

Pro forma consolidated financial information for the 6 month period ended 30 June 2007

In thousands of Euros

June 30, 2007	**VGP NV Conso**	**VGP Combined**	**VGP Pro Forma**
ASSETS			
Investment property	–	139,540	139,540
Investment property under construction	–	11,112	11,112
Prepayments for investment property	42	204	246
Property, plant, equipment and other tangible assets	–	–	–
Long term receivables	12	276	288
Total non-current assets	54	151,132	151,186
Trade and other receivables	207	4,904	5,111
Cash and cash equivalents	8,567	2,620	11,187
Total current assets	8,774	7,524	16,298
TOTAL ASSETS	8,828	158,656	167,484
EQUITY			
Share Capital	100	10,969	11,069
Share Premium	–	69	69
Reserves	(23)	51,976	51,953
Total Equity	77	63,014	63,091
LIABILITIES			
Interest-bearing loans and borrowings	–	68,631	68,631
Other liabilities	–	1,960	1,960
Deferred tax liabilities	–	15,948	15,948
Total non-current liabilities	–	86,539	86,539
Interest-bearing loans and borrowings	–	667	667
Income tax payable	–	291	291
Trade and other payables	8,750	8,145	16,895
Total current liabilities	8,750	9,103	17,853
Total liabilities	8,750	95,642	104,392
TOTAL EQUITY AND LIABILITIES	8,828	158,656	167,484

In the hypothetical situation where VGP NV would have acted as a holding company of the Group as from 1 January 2006, the following pro forma adjustments would have been incurred for the year ending 31 December 2006 and the period ending 30 June 2007. The pro forma adjustments shown are only related to the respective periods and are therefore non-cumulative.

Pro forma consolidated financial information for the 6 month period ended 30 June 2007

In thousands of Euros:

	30 June 2007	**31 December 2006**
TOTAL ASSETS	167,484	109,640
Pro-forma adjustments		
• Changes in the long term receivables	188	376
• Change in cash	(555)	(1,110)
	(367)	(734)
• TOTAL ASSETS AFTER PRO-FORMA ADJUSTMENTS	167,117	108,906
EQUITY AND TOTAL LIABILITIES	167,484	109,640
Pro-forma adjustments		
• Change in equity	(367)	(734)
TOTAL EQUITY AND LIABILITIES AFTER PRO-FORMA ADJUSTMENT	167,117	108,906

CHAPTER XI: OUTLOOK

Certain statements in this Chapter are "forward looking" statements and should be read in conjunction with disclaimer 7 "Forward looking information".

The business model of the Group consists of developing and managing a portfolio of high-end semi-industrial real estate in top locations, in full ownership. The information in this Chapter is based on the Company's internal business plan as per 31 August 2007 and on sources from independent real estate experts so as to give guidance in terms of the expected evolution of the Group.

1 Value drivers of the Group

The value of the Group is mainly impacted by the following drivers:

- The Group's expansion strategy as reflected in the number of m² the Group intends to acquire and subsequently the lettable m² the Group intends to construct, complete and deliver in the coming years;
- The expected rent and the expected yields;
- Capital expenditures needed for this expansion strategy;
- "Operating" costs associated with developing and managing a growing portfolio;

2 Acquisition of land and phasing of construction

2.1 Timing of acquisition of land in m²

The table below gives an overview of the m² of land which the Group intends to acquire for the years 2007 (2nd half 2007) until 2009.

The timing of the acquisition taken into consideration is the effective or anticipated payment date on which the plots of land are expected to be acquired.

Timing of Acquisition in m²	2nd half 2007	2008	2009
Czech Republic	462,525	507,372	160,000
Baltic States	174,600	–	–
Slovak Republic	216,000	–	–
Hungary	121,781	–	–
Romania	–	200,000	–
Germany	–	–	–
Total	**974,906**	**707,372**	**160,000**

2.2 Timing of construction in lettable in m²

The following table gives an overview of m² expected to be constructed for the years 2007 (2nd half 2007) until 2009.

Timing of Construction in Lettable m²	2nd half 2007	2008	2009
Czech Republic	46,775	173,199	206,999
Baltic States	–	34,850	44,700
Slovak Republic	2,867	13,091	13,080
Hungary	–	12,100	12,100
Romania	–	7,766	20,000
Germany	–	–	–
Total	**49,642**	**241,006**	**296,879**

The annual construction is a performance rather than an indication of annual lettable completed surface, as described under Section 2.3 below. The timing of the annual construction is based on the expected percentage of completion of the buildings.

In general it should be noted that the lettable m² constructed represent around 40 percent of m² land acquired.

As a result of the expansion of the VGP team in 2007, the scale advantages of Industrie Park Sever (VGP Park Horní Počernice) and the hiring of country managers outside the Czech Republic, the Group will gradually increase its construction capacity in the coming years to reach an average run rate of approximately 250,000 m² per annum as from 2009 onwards.

2.3 Timing of completed and delivered projects in m²

The following table shows the lettable m² expected to be completed and delivered for the years 2007 (2nd half 2007) until 2009:

Completed and Delivered Lettable m²	2nd half 2007	2008	2009
Czech Republic	105,676	140,588	237,884
Baltic States	–	34,850	44,700
Slovak Republic	–	13,080	13,080
Hungary	–	12,100	12,100
Romania	–	–	20,000
Germany	–	–	–
Total	**105,676**	**200,618**	**327,764**

Completed and Delivered Lettable m²	2nd half 2007	2008	2009
Czech Republic	105,676	140,588	237,884
Baltic States	–	34,850	44,700
Slovak Republic	–	13,080	13,080
Hungary	–	12,100	12,100
Romania	–	–	20,000
Germany	–	–	–
Total	**105,676**	**200,618**	**327,764**

3 Expected rents and yields

Future monthly rent rates are expected to vary between 3.35 EUR/m² and 4.50 EUR/m² for warehouses and between 7.25 EUR/m² and 8.50 EUR/m² for offices. Management has assumed yield rates for the next few years between 6.50 percent to 7.50 percent. Expected rents and yields for the period up to 31 December 2009 can be summarised as follows:

Country	Expected Rents per month		Expected Yields
	Warehouses	Offices	
Czech Republic (Expansion)	3.60 €/m²	8.00 €/m²	7.25%
Baltic States	3.35 €/m² to 4.50 €/m²	7.50 €/m² to 8.50 €/m²	7.40%
Slovak Republic	3.35 €/m² to 4.00 €/m²	7.50 €/m²	7.00%
Romania	4.25 €/m²	7.25 €/m²	7.40%
Hungary	4.00 €/m²	7.50 €/m²	7.00% to 7.75%
Germany	4.00 €/m²	8.50 €/m²	6.50%

Source: Management Estimate

The mix between warehouses and offices range between 90 percent -10 percent up to 95 percent – 5 percent.

For an overview of prime rents and yields by King Sturge, reference is made to Chapter IX, Section 2.2, “Trends in lease rates and yields”.

4 Capital expenditures

4.1 Land acquisition

Land prices vary from country to country and differ according to the exact location. According to management and based on management's on-going commercial discussions, following land prices are applicable:

- for expansion in the Czech Republic 55-60 EUR/m²;
- in the Baltic States 25 – 50 EUR/m²;
- in Hungary 25-32 EUR/m²;
- in Romania 45-55 EUR/m²;
- in Germany 90-110 EUR/m².

4.2 Construction costs

The construction prices for the secured land positions in the Czech Republic are based on estimates made by VGP's management team. Depending on the characteristics of the projects, construction prices for 2007 are expected to vary between 250 EUR/m² and 395 EUR/m² for warehouses and between 450 EUR/m² and 600 EUR/m² for offices.

Management is of the opinion that the above price ranges also apply to constructions costs of this expansion outside the Czech Republic.

Finally, the above price ranges include the internal operating costs of the VGP team which can be directly allocated to the development of the real estate projects.

5 "Operating" costs

Operating expenses related to the costs of the VGP team are for a major part allocated and included in the capital expenditures and hence included in the building cost per m².

The VGP operating team has expanded substantially during the last 12 months. The current team should be able to handle a construction capacity of about 250,000 m² per annum.

The other "operating costs" can be split into general overhead, construction engineering team overheads, facility and marketing & commercial overheads.

6 Expected contractual annual lease income

6.1 Expected annual lease income

Management's expected annual lease income based on the secured land positions as per 31 August 2007 can be summarised as follows:

(All amounts in '000 EUR)	**Actual Lease Income**	**Projected Annual Lease Income**		
	Six Months Ended 30-Jun-07	**Year Ended Dec-07**	**Year Ended Dec-08**	**Year Ended Dec-09**
From Secured Land Positions	2,349	5,103	11,888	23,850

Source: Management Business Plan

As at 30 June 2007 the Group had EUR 7,681,000 of committed leases on an annualised basis. These committed leases relate to existing and future leases.

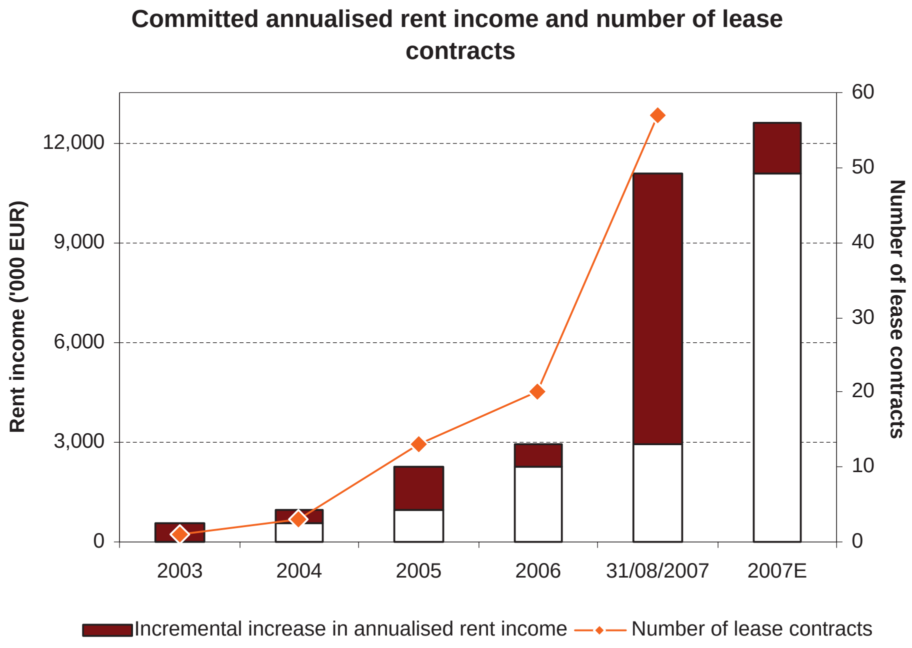
The committed leases are showing a positive evolution and as at 31 August 2007 the outstanding committed leases (on an annualised basis) have increased to EUR 11,072,000. As a result, the Group's expected annual lease income (based on the secured land positions as per 30 June 2007) is secured for 100 percent in 2007, 93 percent in 2008 and 46 percent in 2009.

6.2 Annualised committed leases

The value of the Company is ultimately driven by the fact that it can secure sustainable rent income.

The chart below shows the evolution of the annualised rent income for the years 2003 until 2006, the committed annualised rent income as at 31 August 2007 and for the forecasted position as at 31 December 2007 and the number of signed lease contracts for the same period.

The strong growth in terms of annualised rent income and number of lease contracts for the above mentioned period confirms the fact that tenants are eager to conclude lease contracts for high quality real estate with strategic location.



ANNEXES

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APPENDIX 1

REPORTS OF THE BOARD OF DIRECTORS AND STATUTORY AUDITOR REGARDING THE CONTRIBUTION IN KIND TO VGP NV

VGP

Limited liability company

Greenland - Burgemeester Étienne Demunterlaan 5

1090 Brussels (Jette)

Register of Legal Entities of Brussels

VAT BE 0887.216.042

(the "Company")

SPECIAL REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 602 OF THE COMPANIES CODE

1 Preamble

We have the honour to report to the shareholders of the Company in accordance with article 602 of the Companies Code, which states that whenever a company wishes to increase its share capital by way of a contribution in kind, the board of directors must draw up a special report discussing the benefits to the company of the contribution, as well as the proposed capital increase, and as the case may be, the reasons why there is a divergence from the conclusions of the report of the company's auditor enclosed herewith.

2 Transaction

The purpose of this report is to provide the shareholders of the Company with information about the proposed capital increase through a contribution in kind.

The capital increase shall be conducted by way of issuance of 7,909,500 new shares in the Company to:

(i) Alsgard SA, a company organised and existing under Luxembourg law with registered office at Rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand-Duchy of Luxembourg; registered with the commercial register of Luxembourg, Grand-Duchy of Luxembourg, number B-64290 (**"Alsgard"**), in consideration for the contribution of 100% of the shares in six companies, namely:

- VGP Park Olomouc a.s., a Czech company with registered office at Mladá Boleslav I, Staroměstské náměstí 11, postal code 29301, the Czech Republic, with identification number 27583589, registered with the commercial register of Prague, section B, annex 10981 (**"VGP Park Olomouc a.s."**);

- VGP Park Nýřany a.s., a Czech company with registered office at Mladá Boleslav, Staroměstské náměstí 11, postal code 29301, the Czech Republic, with identification number 27393551, registered with the commercial register of Prague, section B, annex 10274 (**"VGP Park Nýřany a.s."**);

- VGP Park Lovosice a.s., a Czech company with registered office at Mladá Boleslav, Staroměstské náměstí 11, postal code 29301, the Czech Republic, with identification number 27591328, registered with the commercial register of Prague, section B, annex 11049 (**"VGP Park Lovosice a.s."**);

- VGP Park Hradec Králové a.s., a Czech company with registered office at Mladá Boleslav, Staroměstské náměstí 11, postal code 29301, the Czech Republic, with identification number 27582086, registered with the commercial register of Prague, section B, annex 10961 (**"VGP Park Hradec Králové a.s."**);

- VGP Park Liberec a.s., a Czech company with registered office at Mladá Boleslav, Staroměstské náměstí 11, postal code 29301, the Czech Republic, with identification number 27625494, registered with the commercial register of Prague, section B, annex 11297 (**"VGP Park Liberec a.s."**); and

– VGP Industriální Stavby s.r.o., a Czech company with registered office at Sychrov, Paceřice 28, postal code 46344, the Czech Republic, with identification number 25695011, registered with the commercial register of Ústí nad Labem, section C, annex 18622 (**"VGP Industriální Stavby s.r.o."**).

(ii) VM Invest NV, a Belgian company with registered office at Mandekensstraat 123, 9255 Buggenhout, registered with the register of legal entities of Dendermonde and with enterprise number 0418.701.587 (**"VM Invest"**), in consideration for the contribution of 100% of the shares in two companies, namely:

– Industrie Park Sever a.s., a Czech company with registered office at Sychrov, Paceřice čp. 28, postal code 46344, the Czech Republic, with identification number 25492489, registered with the commercial register of Ústí nad Labem, section B, annex 1566 (**"Industrie Park Sever a.s."**); and

– VGP Park Turnov a.s., a Czech company with registered office at Mladá Boleslav, Staroměstské náměstí 11, postal code 29301, the Czech Republic, with identification number 25400363, registered with the commercial register of Prague, section B, annex 10947 (**"VGP Park Turnov a.s."**).

The above-mentioned companies, of which the shares or title deeds shall be contributed, shall hereinafter be jointly referred to as the "**Intended Companies**".

The shares or title deeds in the Intended Companies to be contributed shall hereinafter be jointly referred to as the **"Intended Shares"**. Alsgard and VM Invest shall hereinafter be jointly referred to as the "**Contributors**".

The capital increase through the contribution of the Intended Shares is subject to the condition precedent of (i) the determination of the final offering price by (the representative(s) of) the board of directors of the Company and the selling shareholder in consultation with the global co-ordinator and bookrunner immediately following the bookbuilding procedure which shall take place within the scope of a planned initial public offering by the Company (hereinafter the "**Bookbuilding Procedure**" and the "**Final Offering Price**") and (ii) the execution of the underwriting agreement.

The issue price of the new shares to be issued (and therefore: the amount of the capital increase through a contribution of the Intended Shares) shall be conventionally determined on the basis of the Final Offering Price.

The same extraordinary shareholders' meeting which shall resolve on the contribution in kind of the Intended Shares, shall equally resolve on a capital increase through a contribution in cash within the framework of the initial public offering on Eurolist by Euronext Brussels and the Main Market of the Prague Stock Exchange. For further information regarding the initial public offering of the Company, reference is made to the prospectus which shall be drawn up for that purpose.

The capital increase and the contribution in kind of the Intended Shares shall be realised as follows:

Capital increase: the share capital of the Company shall be increased with an amount equal to the price per share (i.e. the Final Offering Price) multiplied with 7,909,500 new shares which shall be issued by the Company in consideration for the contribution in kind of the Intended Shares.

Issue price of the new shares: the new shares shall be issued at a conventional price per share equal to the Final Offering Price. The method of valuation will be elaborated on in greater detail in sections 4 and 5 of this report. The Final Offering Price cannot be below the fractional value of the existing shares.

Contribution in kind and consideration for the contribution: in consideration for the contribution in kind of the Intended Shares, the contributors shall receive a total of 7,909,500 new shares.

Rights attached to the new shares: the new shares shall be of the same kind as the shares existing in the Company at that time and shall be granted the same rights and benefits as the shares existing in the Company at that time.

Form of the new shares: the new shares shall be registered shares or bearer shares in book-entry form.

3 Description of the Intended Shares

The Contributors shall contribute the following shares:

(i) Alsgard shall contribute 100% of the shares in a total of six companies, namely:

- all 20 shares in VGP Park Olomouc a.s.;
- all 20 shares in VGP Park Nýřany a.s.;
- all 20 shares in VGP Park Lovosice a.s.;
- all 20 shares in VGP Park Hradec Králové a.s.;
- all 20 shares in VGP Park Liberec a.s.; and
- all 2 title deeds in VGP Industriální Stavby s.r.o.

(ii) VM Invest shall contribute 100% of the shares in a total of two companies, namely:

- all 290 shares in Industrie Park Sever a.s.; and
- all 6 shares in VGP Park Turnov a.s.

4 Consideration for the contribution in kind

In order to determine the number of shares in the Company to be issued in consideration for the contribution of the Intended Shares, a calculation was made of the relative value of each of the Intended Companies, as well as of the Company (prior to the contribution of the Intended Shares) vis-à-vis the value of the Company after the contribution of the Intended Shares.

This relative valuation was determined as follows:

(i) 1.80 % for VGP Park Olomouc a.s.;

(ii) 3.45 % for VGP Park Nýřany a.s.;

(iii) 0.94 % for VGP Park Lovosice a.s.;

(iv) 1.62 % for VGP Park Hradec Králové a.s.;

(v) 3.01 % for VGP Park Liberec a.s.;

(vi) 0.08 % for VGP Industriální Stavby s.r.o.;

(vii) 39.90 % for Industrie Park Sever a.s.;

(viii) 1.93 % for VGP Park Turnov a.s.; and

(ix) 47.27 % for the Company (prior to the contribution of the Intended Shares).

It is proposed to bring the total number of shares in the Company after the contribution of the Intended Shares to 15,000,000.

In order to reflect the above-mentioned relative valuation in the number of shares of the Company prior to the contribution of the Intended Shares, a share split with a factor of 70,905 will be carried out immediately preceding the contribution of the Intended Shares (though at the same extraordinary shareholders' meeting). Thus, the number of shares of the Company prior tot the contribution of the Intended Shares will be equal to 7,090,500 (with a fractional value of 0.014 EUR per share), which equals 47.27% of 15,000,000, being the total number of shares following the contribution of the Intended Shares.

Based on this relative valuation, the Company shall issue 7,909,500 new shares in consideration for the contribution in kind of the Intended Shares as follows:

(i) 270,000 new shares in the Company for 20 Intended Shares in VGP Park Olomouc a.s.;

(ii) 517,500 new shares in the Company for 20 Intended Shares in VGP Park Nýřany a.s.;

(iii) 141,000 new shares in the Company for 20 Intended Shares in VGP Park Lovosice a.s.;

(iv) 243,000 new shares in the Company for 20 Intended Shares in VGP Park Hradec Králové a.s.;

(v) 451,500 new shares in the Company for 20 Intended Shares in VGP Park Liberec a.s.;

(vi) 12,000 new shares in the Company for 2 Intended Shares in VGP Industriální Stavby s.r.o.;

(vii) 5,985,000 new shares in the Company for 290 Intended Shares in Industrie Park Sever a.s.; and

(viii) 289,500 new shares in the Company for 6 Intended Shares in VGP Park Turnov a.s.

Since the proposed capital increase shall be carried out through a contribution in kind, the pre-emptive right of the existing shareholders of the Company will not be applicable.

The Contributors shall receive the following newly to be issued shares in the Company in consideration for their respective contribution:

(i) Alsgard: 1,635,000 shares in the Company;

(ii) VM Invest: 6,274,500 shares in the Company;

Total: 7,909,500 shares in the Company.

5 Valuation method

An auditor appointed by the board of directors, KPMG Bedrijfsrevisoren CVBA, represented by Mr. Luc Van Couter, has drawn up a report regarding the capital increase through contribution in kind of the Intended Shares in accordance with article 602 of the Companies Code.

The board of directors agrees with the conclusion of the report of the auditor. Both the report of the auditor and the present report of the board of directors will be deposited with the clerk's office of the Commercial Court of Brussels, in accordance with article 75 of the Companies Code.

Taking into account the above-mentioned relative valuation of the Intended Companies (and thus the Intended Shares), the Intended Shares will be valued on the basis of the price investors are willing to pay for a share in the Company (after the contribution of the Intended Shares) on the capital markets within the framework of the planned public offering. The Final Offering Price will be determined on the basis of the Bookbuilding Procedure to which only institutional investors will be allowed to participate. The Final Offering Price shall be fixed within a price range that will be published in the Belgian and Czech press.

To determine the Final Offering Price, various qualitative and quantitative elements will be taken into account, such as the number of requested shares, the volume of the requests, the quality of the subscribers, the prices at which the requests are being submitted, and the market conditions prevailing during the Bookbuilding Procedure.

In consequence of this price-fixing mechanism, the capital increase through the contribution in kind of the Intended Shares (as described supra) shall be subject to the condition precedent of the determination of the Final Offering Price. The capital increase through contribution in kind of the Intended Shares is also subject to the condition precedent of the execution of the underwriting agreement.

6 Interest of the Company

The board of directors is of the opinion that the contribution in kind of the Intended Shares and the capital increase are in the interest of the Company.

The Company envisages raising funds on the capital markets and plans an initial public offering and a listing of its shares on the Eurolist by Euronext Brussels and the Main Market of the Prague stock exchange.

In order to make the initial public offering possible, the Company was incorporated to function as a holding company for the Intended Companies. Through capital increase by the contribution in kind of the Intended Shares this objective is realised.

The net proceeds realised by the issuance of new shares within the context of the planned initial public offering shall be used by the Company to (i) acquire additional strategically located land in (a.o.) the Czech

Republic, Germany, Hungary, Slovakia, Romania, Estonia, Lithuania and Latvia; (ii) finish the constructions in progress and the building and development of high-quality projects in the business parks; and (iii) repay the bridging debt (in the amount of 38,700,00 EUR as at 1 September 2007) to PVM Invest SA used for acquisition of land and the start-up of developments.

7 Financial consequences for the shareholders

Prior to the above-mentioned share split with a factor of 70,905 and the proposed capital increase through contribution in kind of the Intended Shares, the share capital of the Company amounts to 100,000 EUR represented by 100 shares with a fractional value of 1,000 EUR per share. Following the share split and prior to the contribution of the Intended Shares the share capital of the Company shall be represented by 7,090,500 shares with a fractional value of 0.014 EUR per share. Following the contribution in kind of the Intended Shares, the fractional value of the shares shall conventionally be made equal.

Following the capital increase through the contribution in kind, there shall be 15,000,000 shares in the Company. The existing shareholders shall therefore keep 47.27% of the shares in the Company.

8 Conclusion

In accordance with article 602 of the Companies' Code, the board of directors is of the opinion that the proposed capital increase through a contribution in kind of the Intended Shares, as described supra, and for the reasons referred to in the relevant above-mentioned paragraphs, is undertaken for the purpose of serving the best interests of the Company.

Furthermore, the board of directors notes that the auditor is of the opinion that the valuation method used to determine the contribution in kind is reasonable and not arbitrary. In consequence, the report as composed and issued by the board of directors does not diverge from the auditor's conclusion.

The board of directors invites the shareholders of the Company to resolve in favour of the capital increase through the contribution in kind of the Intended Shares.

Executed on 6 October 2007.

The board of directors:

Bartje Van Malderen Director	Jan Van Geet Director

Inhoud

VGP NV

Verslag overeenkomstig artikel 602 van het Wetboek van vennootschappen betreffende de controle van inbrengen in natura

Oktober 2007

KPMG Bedrijfsrevisoren
LVC/av/KF
Dit rapport bevat 14 pagina's

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1 Aanstelling en taakbeschrijving

Ondergetekende, de BCVBA Klynveld Peat Marwick Goerdeler - Bedrijfsrevisoren, met zetel te 1130 Brussel, Bourgetlaan 40, vertegenwoordigd door Luc Van Couter, bedrijfsrevisor, heeft de eer hierna verslag uit te brengen aangaande de opdracht die hem door de raad van bestuur van de naamloze vennootschap VGP (hierna ook genoemd 'de Vennootschap') werd toevertrouwd overeenkomstig artikel 602 van het Wetboek van vennootschappen, in verband met de controle van een inbreng in natura.

Ter zake bepaalt artikel 602 van voormeld wetboek het volgende:

"Ingeval een kapitaalverhoging een inbreng in natura omvat, maakt de commissaris of, voor vennootschappen waar die er niet is, een bedrijfsrevisor aangewezen door de raad van bestuur, vooraf een verslag op.

Dat verslag heeft inzonderheid betrekking op de beschrijving van elke inbreng in natura en op de toegepaste methoden van waardering. Het verslag moet aangeven of de waardebepalingen waartoe deze methoden leiden, ten minste overeenkomen met het aantal en de nominale waarde of, bij gebreke van een nominale waarde, de fractiewaarde en, in voorkomend geval, met het agio van de tegen de inbreng uit te geven aandelen. Het verslag vermeldt welke werkelijke vergoeding als tegenprestatie voor de inbreng wordt verstrekt.

In een bijzonder verslag, waarbij het in het eerste lid bedoelde verslag wordt gevoegd, zet de raad van bestuur uiteen waarom zowel de inbreng als de voorgestelde kapitaalverhoging van belang zijn voor de vennootschap en eventueel ook waarom afgeweken wordt van de conclusies van het bijgevoegde verslag.

Het bijzonder verslag van de raad van bestuur en het bijgevoegde verslag worden neergelegd op de griffie van de rechtbank van koophandel, overeenkomstig artikel 75.

Wanneer tot verhoging van het kapitaal wordt besloten door de algemene vergadering, overeenkomstig artikel 581, worden de in het derde lid genoemde verslagen in de agenda vermeld. Een afschrift ervan kan worden verkregen overeenkomstig artikel 535.

Het ontbreken van de verslagen bedoeld in dit artikel heeft de nietigheid van de beslissing van de algemene vergadering tot gevolg."

Het doel van onderhavig verslag bestaat erin om aan de aandeelhouders van de Vennootschap informatie te verschaffen betreffende de toepassing van de door de raad van bestuur gehanteerde waarderingsmethoden bij het bepalen van de waarde van de inbreng in natura en vast te stellen of, onder de gegeven omstandigheden, deze methodes bedrijfseconomisch verantwoord zijn. De vaststelling van de waarde van de inbreng en van de als tegenprestatie toe te kennen vergoeding behoort tot de verantwoordelijkheid van de raad van bestuur. In het bestek van deze opdracht doen wij geen uitspraak over de rechtmatigheid en de billijkheid van de verrichting.

2 Identificatie van de voorgenomen verrichting

De Vennootschap plant een beursgang en een notering van haar aandelen op Eurolist van Euronext Brussel en de Main Market van de beurs te Praag.

Om deze beursgang mogelijk te maken wordt overgegaan tot een juridische reorganisatie, waarbij de Vennootschap voortaan zal fungeren als een holdingvennootschap met deelnemingen in een aantal operationele vastgoedvennootschappen, waarvan de meeste zijn gevestigd in de Tsjechische republiek. In deze context zullen de aandelen van een aantal vastgoedvennootschappen worden overgedragen aan de Vennootschap door middel van een inbreng in natura.

De kapitaalverhoging door middel van inbreng in natura geschiedt onder opschortende voorwaarde van (i) de vaststelling van de finale intekenprijs door de raad van bestuur van de Vennootschap en de verkopende aandeelhouder, te weten VM Invest, in overleg met de *global coordinator and bookrunner* na de bookbuilding procedure die zal plaatsvinden in het licht van de geplande beursgang van de Vennootschap en van (ii) de ondertekening van de underwriting overeenkomst.

Vóór de afronding van de bookbuilding procedure is de uitgifteprijs van de als vergoeding van de inbreng uit te geven aandelen, en derhalve ook van het bedrag van de kapitaalverhoging, niet gekend. De uitgifteprijs van de nieuw uit te geven aandelen wordt conventioneel vastgelegd op basis van de finale intekenprijs zoals deze zal worden vastgesteld worden door de raad van bestuur van de Vennootschap en de verkopende aandeelhouder in overleg met de *global coordinator and bookrunner* na de bookbuilding procedure. Door de raad van bestuur wordt gestipuleerd dat de finale intekenprijs niet lager zal zijn dan de fractiewaarde van de bestaande aandelen, na de aandelensplitsing, zoals hierna vermeld.

Tot kapitaalverhoging door inbreng in geld in het kader van de beursgang op Eurolist van Euronext Brussel en de Main Market van de beurs te Praag, zal worden beslist door dezelfde buitengewone algemene vergadering die zal beslissen over de verwezenlijking van de kapitaalverhoging door inbreng in natura.

3 Identificatie van de betrokken partijen

3.1 Verkrijgende vennootschap

De verkrijgende vennootschap VGP werd opgericht onder de vorm van een naamloze vennootschap bij akte verleden voor Meester Leo Bruynincx, notaris te Dendermonde, op 6 februari 2007, bekendgemaakt in de Bijlagen tot het Belgisch Staatsblad van 21 februari 2007, onder nummer 20070221/0029794. De Vennootschap heeft haar maatschappelijke zetel te 1090 Brussel / Jette, Greenland – Burgemeester Etienne Demunterlaan 5, en is ingeschreven in het rechtspersonenregister onder nummer 0887.216.042.

De Vennootschap heeft tot doel *in België en in het buitenland, uitsluitend in eigen naam en voor eigen rekening:*

(a) *het verkrijgen door aankoop of anderszins, verkopen, ruilen, verbeteren, uitrusten, verbouwen, belasten met, beschikken over, productief maken, het verhuren en in huur nemen, de leasing en het beheer van alle onroerende goederen, in het algemeen alle onroerende verrichtingen;*

(b) *de verwerving van participaties onder gelijk welke vorm ook in handels-, industriële en financiële ondernemingen en vennootschappen, zowel Belgische als buitenlandse, het beheer, evenals het te gelde maken, van deze participaties, de verwerving door deelneming, inschrijving, aankoop, optie of om het even welk ander middel, van alle deelbewijzen, aandelen, obligaties, waarden en titels;*

(c) *het vertegenwoordigen van en het voeren van beheer en toezicht over en het vereffenen van alle andere vennootschappen en ondernemingen van welke aard ook;*

(d) *de engineering, ontwikkeling, commercialisering, vertegenwoordiging, dienstverlening met betrekking tot alle roerende goederen, materieel, machines en outillage;*

(e) *het leveren van diensten, het geven van adviezen, het maken van studies, het voorbereiden en op gang brengen van organisatiesystemen, het in toepassing brengen van systemen voor gegevensverwerking en alle technieken in verband met het technisch, administratief, economisch en algemeen beheer van ondernemingen;*

(f) *het verkrijgen, uitbaten of afstaan van alle octrooien, merken, licenties en intellectuele rechten.*

In het algemeen zal zij alle maatregelen treffen tot vrijwaring van haar rechten en zal zij alle, om het even welke, verrichtingen uitvoeren die rechtstreeks of onrechtstreeks aansluiten bij of bijdragen tot de bevordering van haar doel.

Zij mag eveneens belangen hebben bij wijze van inbreng, inschrijvingen of anderszins, in alle ondernemingen, verenigingen of vennootschappen die een gelijkaardig, analoog of aanverwant doel nastreven, of wier doel van aard is dat van de vennootschap te bevorderen. Zij mag leningen doen aan en waarborgen stellen voor derden.

Daartoe kan de vennootschap samenwerken met, deelnemen in, of op gelijk welke wijze, rechtstreeks of zijdelings, belangen nemen in ondernemingen van allerlei aard, alle verbintenissen aangaan, kredieten en leningen toestaan, zich voor derden borgstellen door haar goederen in hypotheek of in pand te geven, inclusief de eigen handelszaak. Kortom, zij mag alles doen wat verband houdt met bovengenoemd doel of kan bijdragen tot de realisatie ervan.

Het kapitaal van de Vennootschap bedraagt momenteel 100.000,00 Euro, vertegenwoordigd door 100 aandelen zonder vermelding van nominale waarde, die elk een gelijk deel van het kapitaal vertegenwoordigen.

De aandelen van de Vennootschap worden aangehouden door de naamloze vennootschap naar Luxemburgs recht Alsgard en door de heer Bart Van Malderen, ieder tot beloop van 50 aandelen. Vóór de geplande inbreng in natura voorziet men een splitsing van de aandelen van de Vennootschap met een factor 70.905, waarna het aantal aandelen 7.090.500 zal bedragen.

3.2 Inbrengers

De identiteit van de inbrengers is de volgende:

- de naamloze vennootschap naar Luxemburgs recht Alsgard, met zetel te l-1258 Luxembourg (Groothertogdom Luxemburg), 6, Rue Jean-Pierre Brasseur, ingeschreven in het handelsregister te Luxemburg (Groothertogdom Luxemburg) onder nummer B 64 290

die inbreng zal doen van de totaliteit van de aandelen van de vennootschappen naar Tsjechisch recht VGP Park Olomouc a.s., VGP Park Nyrany a.s., VGP Park Lovosice a.s., VGP Park Hradec Kralove a.s., VGP Park Liberec a.s. en VGP industrialny stavby s.r.o.

- de Naamloze Vennootschap VM Invest, met maatschappelijke zetel te 9255 Buggenhout, Mandekensstraat 123, ingeschreven in het rechtspersonenregister te Dendermonde onder nummer 0418.701.587

die inbreng zal doen van de totaliteit van de aandelen van de vennootschappen naar Tsjechisch recht Industrie Park Sever a.s. en VGP Park Turnov a.s.

4 Wijze waarop de opdracht werd uitgevoerd

Onze controlewerkzaamheden werden uitgevoerd overeenkomstig de controlenormen van het Instituut der Bedrijfsrevisoren, inzake de controle van inbrengen in natura.

Wij hebben ons de documenten en verantwoordingsstukken laten voorleggen, die wij noodzakelijk geacht hebben voor een oordeelvorming omtrent de geplande verrichting, waaronder:

1. Het ontwerp van de akte houdende kapitaalverhoging middels inbreng in natura;
2. De statuten van de inbreng genietende Vennootschap;
3. Het ontwerp van bijzonder verslag van de raad van bestuur, opgesteld overeenkomstig artikel 602 van het Wetboek van vennootschappen, waarin wordt uiteengezet waarom de inbreng in natura van belang is voor de Vennootschap;
4. De beschrijving en waardebepaling van de in te brengen aandelen;
5. De proef- en saldibalans van de Vennootschap, op 30 juni 2007;
6. De berekening van de relatieve waarde van de in te brengen aandelen, die ons door het bestuur van de Vennootschap werd verstrekt;
7. Nazicht van de verantwoordingsstukken met betrekking tot de eigendom van de in te brengen aandelen;
8. Kennisname van de verklaringen opgesteld door de inbrengers dat de aandelen vrij en onbelast zijn.

Via diverse onderhouden met het bestuur en de aangestelden van de Vennootschap, hebben wij een voldoende inzicht verworven in de beoogde verrichting.

5 Beschrijving van de inbreng in natura

Overeenkomstig het ontwerp van bijzonder verslag van de raad van bestuur, bestaat de voorgenomen inbreng in natura uit:

- alle 20 aandelen van de naamloze vennootschap naar Tsjechisch recht VGP Park Olomouc a.s., met maatschappelijke zetel te Mlada Boleslav (Tsjechië) PSC 293 01, Staromestske namesti 11 en identificatienummer 27583589, ingeschreven in het handelsregister te Praag, deel B, bijlage 10981, die door de naamloze vennootschap naar Luxemburgs recht Alsgard zullen worden ingebracht;

- alle 20 aandelen van de naamloze vennootschap naar Tsjechisch recht VGP Park Nyrani a.s., met maatschappelijke zetel te Mlada Boleslav (Tsjechië) PSC 293 01, Staromestske namesti 11 en identificatienummer 27393551, ingeschreven in het handelsregister te Praag, deel B, bijlage 10274, die door de naamloze vennootschap naar Luxemburgs recht Alsgard zullen worden ingebracht;
- alle 20 aandelen van de naamloze vennootschap naar Tsjechisch recht VGP Park Lovosice a.s., met maatschappelijke zetel te Mlada Boleslav (Tsjechië) PSC 293 01, Staromestske namesti 11 en identificatienummer 27591328, ingeschreven in het handelsregister te Praag, deel B, bijlage 11049, die door de naamloze vennootschap naar Luxemburgs recht Alsgard zullen worden ingebracht;
- alle 20 aandelen van de naamloze vennootschap naar Tsjechisch recht VGP Park Hradec Kralove a.s., met maatschappelijke zetel te Mlada Boleslav (Tsjechië) PSC 293 01, Staromestske namesti 11 en identificatienummer 27582086, ingeschreven in het handelsregister te Praag, deel B, bijlage 10961, die door de naamloze vennootschap naar Luxemburgs recht Alsgard zullen worden ingebracht;
- alle 20 aandelen van de naamloze vennootschap naar Tsjechisch recht VGP Park Liberec a.s., met maatschappelijke zetel te Mlada Boleslav (Tsjechië) PSC 293 01, Staromestske namesti 11 en identificatienummer 27625494, ingeschreven in het handelsregister te Praag, sectie B, deel 11297, die door de naamloze vennootschap naar Luxemburgs recht Alsgard zullen worden ingebracht;
- alle 2 eigendomstitels van de besloten vennootschap met beperkte aansprakelijkheid naar Tsjechisch recht VGP industrialni stavby s.r.o., met maatschappelijke zetel te 46344 Sychrov (Tsjechië), Pacerice 28 en met identificatienummer 25695011, ingeschreven in het handelsregister te Usti nad Labem, deel C, bijlage 18622, die door de naamloze vennootschap naar Luxemburgs recht Alsgard zullen worden ingebracht;
- alle 290 aandelen van de naamloze vennootschap naar Tsjechisch recht Industrie Park Sever a.s., met maatschappelijke zetel te 46344 Sychrov (Tsjechië), Pacerice 28 en met identificatienummer 25492489, ingeschreven in het handelsregister te Usti nad Labem, deel B, bijlage 1566, die door de naamloze vennootschap VM Invest zullen worden ingebracht;
- alle 6 aandelen van de naamloze vennootschap naar Tsjechisch recht VGP Park Turnov a.s., met maatschappelijke zetel te Mlada Boleslav (Tsjechië) PSC 293 01, Staromestske namesti 11 en identificatienummer 25400363, ingeschreven in het handelsregister te Praag, deel B, bijlage 10947, die door de naamloze vennootschap VM Invest. zullen worden ingebracht.

De beschrijving van de inbreng van voormelde aandelen beantwoordt aan de normale vereisten van duidelijkheid en nauwkeurigheid. De eigendom van de in te brengen aandelen werd ons bevestigd aan de hand van recente overdrachtsovereenkomsten en andere verantwoordingsstukken.

Uit de eigendomstitels van de door de vennootschap Alsgard in te brengen aandelen, blijkt dat de betreffende aandelen niet bezwaard zijn met zekerheden. De aandelen van de vennootschappen Industrie Park Sever a.s. en VGP Turnov a.s. daarentegen zijn in pand gegeven bij de Tsjechische financiële instelling Ceskoslovenskà obchodní banka (CSOB). Van laatstgenoemde financiële instelling kregen wij de schriftelijke bevestiging dat het pand op voornoemde aandelen zal worden gelicht ten laatste op het ogenblik van de inbreng in VGP NV.

6 Toegepaste methoden van waardering

In onderlinge overeenstemming tussen de inbrengers en de Vennootschap werd een berekening gemaakt van de relatieve waarde van de in te brengen aandelen en de aandelen van VGP NV vóór de inbreng.

Aldus wordt bepaald dat:

- de waarde van de in te brengen aandelen van VGP Park Olomouc a.s. 1,80 % bedraagt van de totale waarde van de aandelen van VGP NV na verwezenlijking van de inbrengen in natura;
- de waarde van de in te brengen aandelen van VGP Park Nyrany a.s. 3,45 % bedraagt van de totale waarde van de aandelen van VGP NV na verwezenlijking van de inbrengen in natura;
- de waarde van de in te brengen aandelen van VGP Park Lovosice a.s. 0,94 % bedraagt van de totale waarde van de aandelen van VGP NV na verwezenlijking van de inbrengen in natura;

- de waarde van de in te brengen aandelen van VGP Park Hradec Kralove a.s. 1,62 % bedraagt van de totale waarde van de aandelen van VGP NV na verwezenlijking van de inbrengen in natura;
- de waarde van de in te brengen aandelen van VGP Park Liberec a.s. 3,01 % bedraagt van de totale waarde van de aandelen van VGP NV na verwezenlijking van de inbrengen in natura;
- de waarde van de in te brengen eigendomstitels van VGP industialni stavby s.r.o. 0,08 % bedraagt van de totale waarde van de aandelen van VGP NV na verwezenlijking van de inbrengen in natura;
- de waarde van de in te brengen aandelen van Industrie Park Sever a.s. 39,90 % bedraagt van de totale waarde van de aandelen van VGP NV na verwezenlijking van de inbrengen in natura;
- de waarde van de in te brengen aandelen van VGP Park Turnov a.s. 1,93 % bedraagt van de totale waarde van de aandelen van VGP NV na verwezenlijking van de inbrengen in natura;
- de waarde van de bestaande aandelen van VGP NV vóór inbreng 47,27 % bedraagt van de totale waarde van de aandelen van VGP na verwezenlijking van de inbrengen in natura.

Op datum van onderhavig verslag zijn de absolute waarden van de in te brengen aandelen niet gekend, aangezien de in te brengen aandelen zullen worden gewaardeerd aan de prijs die investeerders voor één aandeel van VGP NV bereid zijn te betalen op de kapitaalmarkten. De prijs per aandeel zal worden gelijkgesteld met de finale intekenprijs die zal worden bepaald voor de aangeboden aandelen in het kader van de geplande beursgang.

De raad van bestuur van de Vennootschap en de verkopende aandeelhouder zullen in overleg met de *global coördinator and bookrunner* de finale intekenprijs vaststellen op basis van het resultaat van de bookbuilding procedure, waarin alleen institutionele investeerders zullen deelnemen. Bij de vaststelling van de finale intekenprijs zal luidens het verslag van de raad van bestuur rekening worden gehouden met diverse kwantitatieve en kwalitatieve elementen zoals het aantal gevraagde aandelen, het volume van de aanvragen, de kwaliteit van de inschrijvers, de prijzen waartegen de aanvragen worden ingediend en de marktomstandigheden op dat ogenblik.

Ingevolge dit prijsbepalingsmechanisme zal de kapitaalverhoging door inbreng in natura onderworpen zijn aan de opschortende voorwaarde van de vaststelling van de finale intekenprijs door de raad van bestuur van de Vennootschap en de verkopende aandeelhouder in overleg met de *global coördinator and bookrunner*. De kapitaalverhoging door inbreng in natura is tevens onderworpen aan de opschortende voorwaarde van de ondertekening van de underwriting overeenkomst.

De intekenprijs zal zich situeren binnen een prijsvork die zal worden gepubliceerd in de Belgische en Tsjechische pers omstreeks 30 oktober 2007. Tevens voorziet de raad van bestuur dat de finale intekenprijs niet lager zal zijn dan de fractiewaarde van de bestaande aandelen, te weten 0,014 Euro per aandeel na aandelensplitsing.

De bookbuilding-procedure zal wellicht plaatsvinden tussen 30 oktober 2007 en 16 november 2007. Doordat in deze procedure de finale intekenprijs wordt gebaseerd op orders van onafhankelijke institutionele beleggers en aldus de marktappreciatie op dat ogenblik reflecteert, zijn wij van oordeel dat de voor de inbreng in natura door de partijen weerhouden methode van waardering voldoende bedrijfseconomische grondslag vindt.

7 De als tegenprestatie van de inbreng in natura verstrekte vergoeding

Teneinde de in hoofdstuk 6 vermelde procentuele waardeverhouding te weerspiegelen in het aantal uit te geven aandelen van de Vennootschap als vergoeding van de in te brengen aandelen van de onderscheiden vennootschappen, wordt voorafgaand aan de kapitaalverhoging een splitsing doorgevoerd van de bestaande aandelen van de inbreng genietende Vennootschap met een factor 70.905. Het aantal aandelen van de Vennootschap vóór de inbreng zal derhalve 7.090.500 bedragen, met een fractiewaarde van 0,014 EUR per aandeel, hetgeen overeenkomt met 47,27 % van 15.000.000, zijnde het totaal aantal aandelen na de verwezenlijking van de inbrengen in natura.

Aldus zal als totale vergoeding voor de inbrengen in natura 7.909.500 aandelen van de Vennootschap worden toegekend, zijnde een vergoeding van:

- 270.000 nieuwe aandelen van de Vennootschap tegen 20 aandelen van de vennootschap VGP Park Olomouc a.s.;
- 517.500 nieuwe aandelen van de Vennootschap tegen 20 aandelen van de vennootschap VGP Park Nyrany a.s.;
- 141.000 nieuwe aandelen van de Vennootschap tegen 20 aandelen van de vennootschap VGP Park Lovosice a.s.;
- 243.000 nieuwe aandelen van de Vennootschap tegen 20 aandelen van de vennootschap VGP Park Hradec Kralove a.s.;
- 451.500 nieuwe aandelen van de Vennootschap tegen 20 aandelen van de vennootschap VGP Park Liberec a.s.;
- 12.000 nieuwe aandelen van de Vennootschap tegen 2 eigendomstitels van de vennootschap VGP industrialny stavby s.r.o.;
- 5.985.000 nieuwe aandelen van de Vennootschap tegen 290 aandelen van de vennootschap Industrie Park Sever a.s.;
- 289.500 nieuwe aandelen van de Vennootschap tegen 6 aandelen van de vennootschap VGP Park Turnov a.s.

8 Besluit

Op grond van onze uitgevoerde werkzaamheden met betrekking tot de voorgenomen verrichting besluiten wij als volgt:

1 De verrichting, bestaande uit een inbreng in natura van 20 aandelen van de vennootschap VGP Park Olomouc, 20 aandelen van de vennootschap VGP Park Nyrany, 20 aandelen van de vennootschap VGP Park Lovosice, 20 aandelen van de vennootschap VGP Park Hradec Kralove, 20 aandelen van de vennootschap VGP Park Liberec, 2 eigendomstitels van de vennootschap VGP industrialny stavby, 290 aandelen van de vennootschap Industrie Park Sever en 6 aandelen van de vennootschap VGP Park Turnov, werd nagezien overeenkomstig de normen uitgevaardigd door het Instituut der Bedrijfsrevisoren inzake inbrengen in natura. Het bestuursorgaan van de Vennootschap is verantwoordelijk voor de waardering van de ingebrachte bestanddelen en voor de bepaling van het aantal door de Vennootschap uit te geven aandelen ter vergoeding van de inbrengen in natura.

2 De beschrijving van de inbrengen in natura beantwoordt aan de normale vereisten van duidelijkheid en nauwkeurigheid.

3 De in te brengen aandelen zullen worden gewaardeerd aan de finale intekenprijs waartegen het aandeel VGP op Eurolist van Euronext Brussel en de Main Market van de beurs te Praag in de loop van de maand november 2007 zal worden geïntroduceerd als de beursgang succesvol kan plaatsvinden. Gezien deze prijs op datum van onderhavig verslag nog niet gekend is, wordt de raad van bestuur door de algemene vergadering van de Vennootschap gemachtigd om deze prijs op een later tijdstip vast te stellen. De finale intekenprijs wordt later bepaald op basis van een bookbuilding-procedure waarbij uitsluitend institutionele beleggers kunnen aangeven hoeveel aandelen zij binnen een vooraf vastgestelde prijsvork wensen te kopen en tegen welke prijs. De raad van bestuur van de Vennootschap en de verkopende aandeelhouder zullen in overleg met de *global coördinator and bookrunner* de finale intekenprijs vaststellen, rekening houdend met kwalitatieve en kwantitatieve elementen, zoals het aantal gevraagde aandelen, het volume van de aanvragen, de kwaliteit van de inschrijvers, de prijzen waartegen de aanvragen worden ingediend en de marktomstandigheden op dat ogenblik. Deze gehanteerde waarderingsmethode is in grote mate gebaseerd op inschattingen van de verdere succesvolle ontplooiing van de activiteiten van de Vennootschap. Niettegenstaande de weerhouden waarderingsmethode een bedrijfseconomisch gangbare methode is, kunnen wij ons niet uitspreken over de gehanteerde veronderstellingen omtrent het verloop van de toekomstige ontwikkeling van de activiteiten van de Vennootschap noch over de toekomstige evolutie van de koers van het aandeel.

Vermits de kapitaalverhoging door inbreng in natura onderworpen is aan de opschortende voorwaarde van de vaststelling van de finale intekenprijs door de raad van bestuur van de Vennootschap, is op datum van onderhavig verslag de finale intekenprijs nog niet gekend. Bijgevolg kan op datum van dit verslag niet worden nagegaan of de waardebepaling waartoe de methode van waardering leidt mathematisch ten minste overeenkomt met het aantal, de fractiewaarde en desgevallend het agio van de tegen de inbrengen uit te geven aandelen.

Evenwel voorziet de raad van bestuur dat de finale intekenprijs niet beneden de fractiewaarde van de bestaande aandelen zal liggen. Hierdoor zal in de praktijk de waardebepaling mathematisch ten minste overeenkomen met het aantal, de fractiewaarde en desgevallend het agio van de tegen de inbrengen in natura uit te geven aandelen.

De kapitaalverhoging door inbreng in natura is tevens onderworpen aan de opschortende voorwaarde van de ondertekening van de underwriting overeenkomst.

De vergoeding van de inbrengen in natura bestaat in totaal uit 7.909.500 aandelen van de Vennootschap VGP NV, te verdelen als volgt:

- 270.000 aandelen van de Vennootschap, als vergoeding voor de inbreng van 20 aandelen van de vennootschap VGP Park Olomouc a.s.;
- 517.500 aandelen van de Vennootschap, als vergoeding voor de inbreng van 20 aandelen van de vennootschap VGP Park Nyrany a.s.;
- 141.000 aandelen van de Vennootschap, als vergoeding voor de inbreng van 20 aandelen van de vennootschap VGP Park Lovosice a.s.;
- 243.000 aandelen van de Vennootschap, als vergoeding voor de inbreng van 20 aandelen van de vennootschap VGP Park Hradec Kralove a.s.;
- 451.500 aandelen van de Vennootschap, als vergoeding voor de inbreng van 20 aandelen van de vennootschap VGP Park Liberec a.s.;
- 12.000 aandelen van de Vennootschap, als vergoeding voor de inbreng van 2 eigendomstitels van de vennootschap VGP industrialni stavby s.r.o.;
- 5.985.000 aandelen van de Vennootschap, als vergoeding voor de inbreng van 290 aandelen van de vennootschap Industrie Park Sever a.s.;
- 289.500 aandelen van de Vennootschap, als vergoeding voor de inbreng van 6 aandelen van de vennootschap VGP Park Turnov a.s.

Wij willen er ten slotte aan herinneren dat onze opdracht er niet in bestaat een uitspraak te doen betreffende de rechtmatigheid en billijkheid van de verrichting, en dat onderhavig verslag niet kan worden beschouwd als een 'fairness opinion'.

Onderhavig verslag werd opgesteld voor het gebruik van de aandeelhouders van de Vennootschap in het kader van de verhoging van het maatschappelijk kapitaal zoals hierboven beschreven en kan derhalve voor geen enkel ander doel worden aangewend.

Gent, 5 oktober 2007

Klynveld Peat Marwick Goerdeler – Bedrijfsrevisoren
vertegenwoordigd door

Luc Van Couter
Bedrijfsrevisor

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APPENDIX 2

CUSHMAN & WAKEFIELD REAL ESTATE APPRAISAL REPORTS / CERTIFICATION

VALUATION REPORT

Valuation Advisory Services
Na Príkopé 1
110 00 Praha 1
Czech Republic
Tel: (420) 234 603 603
Fax: (420) 234 603 604

30th June 2007

VGP NV
Kerkstraat 2
9200 Dendermonde
Belgium

KBC Securities NV
Havenlaan 12 Avenue du Port SCF 8369
B-1080 Brussels
Belgium
KBC Securities NV as referred to above, on their own behalf and as representative of the underwriters identified in the Prospectus to which this report is attached.

30 June 2007

Dear Sirs

PROPERTY VALUATION AS AT 30 JUNE 2007
VGP NV ("VGP REAL ESTATE PORTFOLIO)

In accordance with our engagement letter with VGP NV ("the Company") we have pleasure in reporting to you as follows:

1. SCOPE OF INSTRUCTIONS

We have considered the property assets referred to in the attached Appendix (each a "Property" and together the "Properties") in order to advise you of our opinion of their Market Value as at 30th June 2007. Each Property has been valued individually and not as part of a portfolio.

The valuations in this valuation report have been prepared by an appropriate valuer acting in the capacity of an external valuer, and made in accordance with the appropriate sections of both the current Practice Statements ("PS"), and United Kingdom Practice Statements ("UKPS") contained within the RICS Appraisal and Valuation Standards (Fifth Edition) published by the Royal Institution of Chartered Surveyors (the "Red Book") and in accordance with Paragraph 130 of the CESR recommendations for the implementation of the European Commission's Regulation on Prospectus No. 809/2004. These are internationally accepted basis of valuation.

The properties which are subject to this valuation report include the following:

- Properties held as investment (existing properties)
- Properties held as development land
- Development land under the process of acquisition (currently in a third party ownership)

Where there any specific technical facilities present in the existing properties, this have been reflected in out valuation.

We confirm that these valuations are each prepared for a Regulated Purpose as defined in the Red Book.

The valuation report has been prepared in accordance with the instructions agreed with VGP NV and in particular the terms and conditions detailed in the instructions.

The valuation of each of the Properties was undertaken by Michael Edwards MRICS supported by Prague valuations team.

2. PURPOSE OF THE VALUATION REPORT AND LIABILITY

This valuation report has been prepared for the purpose of providing the directors of the Company with the current Market Value (as defined below) of the Properties and for inclusion in the Prospectus and supplementary offering documents to be issued in respect of the public offering of the Company in Belgium and the Czech Republic and the listing of the Company on the Eurolist by Euronext Brussels and the Main Market of the Prague Stock Exchange, which investors will rely on in making their decision to invest in the Company.

We also understand that this valuation report will be relied upon by the directors of the Company and KBC Securities and the Underwriters.

Subject to the preceding paragraph, other than those parties to whom this report is addressed (or any person to whom we have issued a reliance letter and who has accepted the terms contained therein), any third party seeking to rely on this report shall only be entitled to do so for the purposes of determining whether or not to acquire a share in the initial public offering of VGP NV.

3. BASIS OF VALUATION

As instructed and in accordance with the requirements of the Red Book the valuations have been prepared on the basis of Market Value in accordance with PS 3.2. Under these provisions, the term "Market Value" means:

"The estimated amount for which a property should exchange 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."

In undertaking our valuations on the basis of Market Value, we have applied the interpretive commentary which has been settled by the International Valuation Standards Committee and which is included in PS 3.2. The RICS considers that the application of the Market Value definition provides the same result as Open Market Value, a basis of value supported by previous editions of the Red Book.

Our valuations are exclusive of any Value Added Tax.

No allowances have been made for any expenses of realization or any taxation liability arising from a sale or development of the Properties.

4. ASSUMPTIONS AND SOURCES OF INFORMATION

An assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, the Company has confirmed that our assumptions are correct so far as they are aware. In the event that any of these assumptions prove to be incorrect then this may have a significant impact on the values here reported. The general assumptions we have made for the purposes of our valuations are referred to below:

4.1 Title

We have had limited access to leases and our valuations have been based on the information which the Company has supplied to us as to tenure, tenancies and statutory notices.

In particular, unless disclosed to us, each of our valuations is on the basis that:

(1) the Property possesses a good and marketable title, free from any unusually onerous restrictions, covenants, mortgages, charges or any other encumbrances;

(2) leases to which the Property is subject are on terms appropriate to the market in which they fall and contain no unusual or onerous provisions or covenants which would affect value;

(3) in respect of leases subject to impending or outstanding rent reviews and lease renewals, we have assumed that all notices have been served validly and within appropriate time limits;

(4) the Property valued excludes mineral rights, if any;

(5) vacant possession can be given of all accommodation which is unlet, or occupied either by the Company or by its employees on service occupancies; and

(6) where applicable, appropriate planning and building consents have been achieved for the Development Properties as proposed.

4.2 Tenancies

In respect of tenants' covenants, whilst we have taken into account information of which we are aware, we have not received a formal report on the financial status of the tenants. Unless specifically advised to the contrary, we have made the assumption that there are no material arrears of rent or service charges or breaches of covenant or current or anticipated tenant disputes or that the occupiers are unable to meet their commitments under the leases. Our valuation is on the basis that this is correct.

4.3 Planning

We have not made formal searches, but have generally relied on verbal enquiries and any information provided to us.

Subject to the above:

(a) In the absence of information to the contrary, our valuation is on the basis that the Properties are not affected by proposals for road widening or any compulsory purchase orders.

(b) Our valuations are on the basis that the Properties have or will be erected either prior to planning control or in accordance with a valid planning permission and is being occupied and used without any breach of planning or building regulations. We further assume that there are no outstanding statutory obligations or liabilities arising.

(c) We have also assumed that all the Properties currently comply with all statutory and local authority requirements including building, fire and health and safety regulations (where appropriate).

4.4 Structure

We have neither carried out a structural survey of the Properties nor tested any services or other plant or machinery. We are therefore unable to give any opinion on the condition of the structure and services. However, our valuation takes into account any information supplied to us and any defects or hazards noted during our inspection. Otherwise, our valuation is on the basis that there are no latent defects, wants of repair or other matters which would materially affect our valuation.

We have not inspected those parts which are covered, unexposed or inaccessible and our valuation is on the basis that they are in good repair and condition.

We have not investigated the presence or absence of high alumina cement, calcium chloride, asbestos and other deleterious materials. In the absence of information to the contrary, our valuation is on the basis that no hazardous or suspect materials and techniques have been used in the construction of the Properties.

4.5 Site and Contamination/Environmental

We have not investigated ground conditions/stability and, unless advised to the contrary, our valuation is on the basis that all buildings have been constructed having appropriate regard to existing ground conditions.

We have not carried out any investigations or tests, nor been supplied with any information from the owners or any relevant expert that determines the presence or potential presence or otherwise of pollution or contaminative substances in any of the Properties or any other land (including any ground water). We have not carried out any investigation into past uses, either of the Properties or any adjacent land to establish whether there is any potential for contamination from such uses or sites, and have therefore assumed that none exists. Accordingly, our valuation has been prepared on the basis that there are no such matters that would materially affect our valuation.

In respect of any high voltage electrical supply equipment close to the Property, the possible effects of electromagnetic fields have been the subject of media coverage. Independent bodies with responsibility for advising on electromagnetic fields, have advised that, following studies, there may be a risk, in specified circumstances, to the health of certain categories of people. The perception of this risk may affect the marketability and value of property close to such equipment.

4.6 Plant and Machinery

In respect of equivalent freehold Property, usual landlord's fixtures such as lifts, escalators and central heating have been treated as an integral part of the building and are included within the asset valued.

Process related plant/machinery and tenants' fixtures/trade fittings have been excluded from our valuation. However, in relation to the trading Properties, all equipment, fixtures and fittings necessary for the operation of each facility has been included in our valuation.

4.7 Inspections and Areas

We have inspected the Properties internally and externally from 2nd to 6th July 2007. We have not calculated areas and have relied upon areas provided by the owners, which we assume to be calculated in accordance with normal market practice for Central and Eastern Europe. For the avoidance of doubt this does not strictly accord with the Code of Measuring Practice (Fifth Edition) prepared by The Royal Institution of Chartered Surveyors.

4.8 Information

Our valuations are based on the information supplied to us or which we have obtained from our enquiries. We have relied on this being correct and complete and on there being no undisclosed matters which would affect our valuation. The Properties have been valued reflecting trading accounts or development plans provided to us by the Company.

4.9 Development Properties

For development projects we have considered the proposed schemes of the owners and assumed that detailed planning and building consents are in place for these schemes.

The value of land varies depending upon its status and the opportunity to develop. In our valuations, we have assumed that the opportunity exists to develop each development property as an intensive industrial development based upon a specific scheme provided to us by the owning company. To reflect these specifics, the most appropriate method of valuation is the residual approach. The residual approach works on the principle of establishing the latent value that can be released following expenditure on a property; in simple terms, the approach is expressed as follows:

Value of completed development (Gross Development Value) less total expenditure on costs of development (including finance, required profit etc)	=	*Residual Land Value of site in current condition*

It should be noted that the end values derived vary considerably according to the specific inputs. Our inputs have been derived through both our own market knowledge and information provided to us from the Company, which we have relied upon as accurate. Minor changes to these inputs and assumptions will have a significant impact on values reported. Nevertheless, all valuation outputs have been carefully checked against comparable recent land transaction.

4.10 Investment Properties

Investment properties have been valued according to conventional "hardcore" or "Top-Slice" approach. The income from each tenant is capitalized for the duration of the term at the lower of the Estimated

Market Rental level (ERV) or current rent as at the date of valuation. The capitalization rate is calculated from market derived yields on comparable property transactions where available. Upon expiry of each lease, the valuation reverts to the ERV and this income is capitalized at a market derived rate in perpetuity.

Where the current income is above the ERV, the difference between the current rent and ERV known as the "Top-Slice" or "Froth" is capitalized until expiry at a rate that will reflect the short-term nature of this income and the increased risk on tenant default. The rate applied is a discount to the market derived capitalization rate. The discount is calculated according to the level of froth and the tenant covenant.

5. SPECIAL ASSUMPTIONS, RESERVATIONS AND DEPARTURES

In the course of our valuations we have been asked to make various special assumptions. These are listed in the Appendix to this property valuation.

6. DISCLOSURE

The valuation has been provided for the purpose of inclusion in the Prospectus and supplementary offer documents and as such may constitute a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, we can confirm that:

- Cushman & Wakefield have not previously undertaken valuations for the same purposes as this valuation on behalf of VGP NV
- Cushman & Wakefield do not provide other significant professional or agency services to VGP NV although Cushman & Wakefield have previously valued VGP's properties (located in Czech Republic) for internal management purposes on a number of occasions since 2002 and have provided some agency services (Industrial Department). However, Cushman & Wakefield have been mainly instructed by local companies relating to VGP NV.
- In relation to the preceding financial year of Cushman & Wakefield, the proportion of the total fees payable by VGP to the total fee income of the firm is less than 5%.

We confirm that we do not have any material interest in the Company or any of the Properties and that the valuation has been carried out with regard to comparable market transactions at arms length.

7. VALUATION

We understand that many of the properties are partially owned or are in the process of being acquired by VGP. For the avoidance of doubt and in accordance with our instructions, the properties have been valued as assets in their entirety and values have not been apportioned according to the extent they are physically owned by that company.

Subject to the foregoing, and based on values current as at 30th June 2007, we are of the opinion that the aggregate Market Value of the effective freeholds or development lands under the process of acquisition (as applicable) is € 202 872 000 and is made up as follows:

Properties held as investment (income producing, existing properties)		
VGP Park Horni Počernice, Praha, Czech Republic	Freehold	58 846 000 €
Blue Park, Praha, Czech Republic	Freehold	9 497 000 €
Green Park, Praha, Czech Republic	Freehold	15 846 000 €
Green Tower, Praha, Czech Republic	Freehold	6 312 000 €
VGP Park Turnov, Czech Republic	Freehold	7 795 000 €
VGP Park Liberec, Czech Republic	Freehold	3 692 000 €
TOTAL		**101 988 000 €**
Property held as investment (property under construction)		
VGP Park Horni Počernice, Praha, Czech Republic	Freehold	32 487 000 €
TOTAL		**32 487 000 €**
Properties held as development land		
VGP Park Příšovice, Turnov, Czech Republic	Freehold	625 000 €
VGP Park Horni Počernice, Praha, Czech Republic	Freehold	26 492 000 €
TOTAL		**27 117 000 €**
Properties held as development land (mixed ownership)		
VGP Park Lovosice, Czech Republic	Freehold/Third Party Ownership	639 000 €
TOTAL		**639 000 €**
Development land under the process of acquisition		
VGP Park Horni Počernice, Praha, Czech Republic	Third Party Ownership	15 612 000 €
VGP Park Hradec Králové, Czech Republic	Third Party Ownership	3 356 000 €
VGP Park Liberec, Czech Republic	Third Party Ownership	2 415 000 €
VGP Park Nýřany u Plzně, Czech Republic	Third Party Ownership	2 344 000 €
VGP Park Olomouc, Czech Republic	Third Party Ownership	3 654 000 €
VGP Park Malacky, Slovak Republic	Third Party Ownership	7 648 000 €
VGP Park Kekava, Latvia	Third Party Ownership	2 292 000 €
VGP Park Gyor, Hungary	Third Party Ownership	3 320 000 €
TOTAL		**40 641 000 €**

The valuations stated in the table above represent the aggregate of the current values attributable to the individual properties and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot.

8. CONFIDENTIALITY

This valuation report may only be used for inclusion in the Prospectus and any supplementary offer document in relation to the public offering and listing of the Company on the Eurolist by Euronext Brussels and the Main Market of the Prague Stock Exchange. This report or any part of it may not be modified, altered (including altering the context in which the report is displayed) or reproduced without the written consent Cushman and Wakefield (having first been obtained) and any person who contravenes this provision shall be responsible for all of the consequences of the same including indemnifying Cushman and Wakefield for all of the consequences of the contravention. Cushman and Wakefield accepts no liability for any use of the Report which is in contravention of this clause.

9. Declaration

For the purpose of Article 61 of the Belgian law of 16 June 2006 relating to public offers and admissions to trading on a regulated market we accept responsibility for the information contained in the valuation report.

We declare that to the best of our knowledge (having taken all reasonable care to ensure such is the case), the information contained in this valuation report is in accordance with the facts and contains no omission likely to affect its import.

Notwithstanding with the above, for the purpose of the valuation of the development properties we had to make several assumptions which are listed in the Appendix.

Yours faithfully

For and on behalf of
Cushman & Wakefield

Jonathan Hallett MRICS
Managing Director

Michael Edwards MRICS
Partner

APPENDIX I

PROPERTIES HELD AS INVESTMENT

Property Address	Description and Tenure	Additional Comments	Market Value €
VGP Park Horní Počernice (Industrie Park Sever) **Horní Počernice** **Praha** **Czech Republic**	• The Property is situated some 15 km east of city centre of Prague, adjacent to R10 highway, connecting Prague with Mladá Boleslav and Liberec. • The Property currently comprises six warehouses with a total lettable area of 64 029 sq m. It is let on institutionally acceptable leases to good covenants. We are aware that further phases are planned. • The Property is held freehold in the name of Industrie Park Sever a.s. The ownership is registered on Title Deed (List Vlastnictví) No. 4162 in Cadastral Area of Horní Počernice		**58 846 000**
Blue Park **Veselská 686** **Praha 9** **Czech Republic**	• The Property is situated in Prague, some 10 km north-east of the city centre, in the area known as Letnany • The Property comprises a purpose built, modern logistic/warehousing premises with office accommodation, built in two phases with a total lettable area of 9 543 sq m. • The Property is fully let to on institutionally acceptable leases to a single, good covenant tenant on lease term expiring in 2013. • The Property is held freehold in the name of Gudrun Development a.s. The ownership is registered on Title Deed No. 2495 (List Vlastnictví) in the Cadastral area of Praha -Letňany		**9 497 000**

Property Address	Description and Tenure	Additional Comments	Market Value €
Green Park **Veselská 699** **Praha 9** **Czech Republic**	• The Property is situated in Prague, some 10 km north-east of the city centre, in the area known as Letňany • The Property comprises a purpose built, modern warehouse scheme with ancillary office accommodation situated to the first floor. The total lettable area is 16 637 sq m. • The Property is fully let on institutionally acceptable leases to good covenants with anchor tenants' leases expiring in 2010, respectively in 2019 • The Property is held freehold in the name of Caro Developments. The ownership is registered on Title Deed No. 2471 (List Vlastnictví) in the Cadastral area of Praha -Letňany		**15 846 000**
Green Tower **Jeremiášova 1422/7B** **Prague 13** **Czech Republic**	• The Property is situated some 10 km east of the Prague city centre in the area known as Stodulky. • The Property comprises a mixed use building arranged over ground floor and three upper floors. The ground floor comprises retail element, the upper floors provide office accommodation. The total lettable are is 3 660 sq m. • The Property is fully let to international/local tenants of good/acceptable covenant • The Property is held freehold in the name of VGP Properties a.s. The ownership is registered on Title Deed No. 1959 (List Vlastnictví) in the Cadastral area of Praha –Stodulky.		**6 312 000**
VGP Park Turnov **Turnov** **Czech Republic**	• The Property is situated at the edge of Turnov, within an industrial zone, in close proximity to R10 highway connecting Prague with Liberec. • The Property comprises warehouse with additional office accommodation with total lettable area of 12 037 sq m. • The Property is held freehold in the name of VGP Park Trutnov a.s. The ownership is registered on Title Deed (List Vlastnictví) No. 5469 in Cadastral Area of Daliměřice.		**7 795 000**

Property Address	Description and Tenure	Additional Comments	Market Value €
VGP Park Liberec **Liberec – Doubí u Liberce** **Czech Republic**	• The Property is located within an industrial zone in Liberec. • The Property comprises stand alone warehouse with ancillary office accommodation. Total lettable area of whole building is 5 028 sq m. Office areas are designed as open space office accommodation with air-condition. • The Property is currently let to a single tenant. • The Property is held freehold in the name of VGP Park Liberec a.s. on Title Deed No. 846 in Cadastral Area Doubí u Liberce.	• We are aware that the current tenant will move into a different warehouse currently being developed by VGP (as stated in the Lease Contract provided to us). This is scheduled for beginning of the next year. As such we have assumed for the purpose of the valuation that the current lease term expires on 31/12/2007. We have further assumed six months void period for re-letting the Property.	**3 692 000**

DEVELOPMENT PROPERTY (UNDER CONSTRUCTION)

Property Address	Description and Tenure	Additional Comments	Market Value €
VGP Park Horní Počernice (Industrie Park Sever) **Horní Počernice** **Praha** **Czech Republic**	• The Property is situated some 15 km east of city centre of Prague, adjacent to R10 highway, connecting Prague with Mladá Boleslav and Liberec. • The Property is currently under development and will comprise five warehouses with a total lettable area of approximately 56 223 sq m. We have assumed that the planned industrial warehouses will be fully let on institutionally acceptable leases to good covenants. We are aware that also further phases are planned. • The Property is held freehold in the name of Industrie Park Sever a.s. The ownership is registered on Title Deed (List Vlastnictví) No. 4162 in Cadastral Area of Horní Počernice • The site currently extends to 156 573 sq m.	• The property is part of a larger site, part of which is held for investment, part of which is under development and part of which will be held for development. Each part has been valued separately for this exercise.	**32 487 000**

DEVELOPMENT PROPERTIES (LAND)

PROPERTY HELD AS DEVELOPMENT LAND

Property Address	Description and Tenure	Additional Comments	Market Value €
VGP Park Přîšovice **Turnov – Přîšovice** **Czech Republic**	• The Development site is located along R10 highway connecting Prague with Liberec within close proximity to village known as Prîšovice. • The Development site has total area approximately 30 000 sq m. There is planned one warehouse, which will has 10 575 of total lettable area and will be built within one phase till March 2008. Our estimation of the value of the completed scheme is in the region of € 7 395 000. • The Property is registered on two different Title Deeds No. 1038 and No. 1043 in Cadastral area of Prîšovice. The majority of the plots are currently registered on Title Deed No. 1038 and own by VGP Park Turnov a.s. • Plot No. 202/46 is own by VGP Park Turnov a.s. and three other co-owners.	• VGP Park Prîšovice currently owns the entire site except plot No. 202/46 (193 sq m), which is owned by four co- owners including VGP Park Turnov. • We are aware that the Company is currently in the process of purchasing the Property and has signed the Future Purchase Agreement	**625 000**

<table>
<tr><th>Property Address</th><th>Description and Tenure</th><th>Additional Comments</th><th>Market Value €</th></tr>
<tr>
<td>VGP Park Horní Počernice (Industrie Park Sever)

Horní Počernice
Praha
Czech Republic</td>
<td>

The Development site is located some 15 km east of city centre of Prague, adjacent to R10 highway, connecting Prague with Mladá Boleslav and Liberec.
The Development site has total area approximately 386 794 sq m. The Property will be developed in two phases and will provide warehouse and office accommodation. Our estimation of the value of the completed scheme is in the region of € 103 000 000.
The Property is held freehold in the name of Industrie Park Sever a.s. The ownership is registered on Title Deed (List Vlastnictví) No. 4162 in Cadastral Area of Horní Počernice
The areas and timing of the proposed development is listed below:

<table>
<tr><th>Phase</th><th>Completion date</th><th>Building</th><th>Lettable Area</th></tr>
<tr><td>Phase 1</td><td>May 2009;
June 2008</td><td>D2, C3</td><td>35 660</td></tr>
<tr><td>Phase 2</td><td>till October 2010</td><td>A2, G, E, F, K, I3, I4,Other, Office Building 1 and 2, Sport Centre</td><td>79 939</td></tr>
</table>
</td>
<td>

We have not been provided with information in respect of the current zoning of the land. For the purpose of the valuation we have assumed that the sites have legally valid zoning for industrial/ warehousing/distribution use.
The property is part of a larger site, part of which is held for investment, part of which is under development and part of which will be held for development. Each part has been valued separately for this exercise.

</td>
<td>26 492 000</td>
</tr>
</table>

PROPERTY HELD AS DEVELOPMENT LAND (MIXED OWNERSHIP)

<table>
<tr><th>Property Address</th><th>Description and Tenure</th><th>Additional Comments</th><th>Market Value €</th></tr>
<tr>
<td>VGP Park Lovosice

Lovosice
Czech Republic</td>
<td>• The Development site is located at the edge of Lovosice, within an industrial zone. There are several warehouses opposite to the Property.

• The Development site provides total area of approximately 44 041 sq m. The Property will be developed in two phases and will provide two individual warehouses. Our estimation of the value of the completed scheme is in the region of € 12 500 000.

• The Property is held freehold in the name of VGP Park Lovosice, registered on Title Deed No. 5883 in the Cadastral Area of Lovosice; and in the name a private owner registered on Title Deed No. 3081 in the same Cadastral Area.

• The areas and timing of the proposed development is listed below:
<table>
<tr><th>Phase</th><th>Completion date</th><th>Building</th><th>Lettable Area</th></tr>
<tr><td>Phase 1</td><td>October 2008</td><td>H1</td><td>9 410</td></tr>
<tr><td>Phase 2</td><td>October 2009</td><td>H2</td><td>9 410</td></tr>
</table>
</td>
<td>• VGP Park Lovosice currently owns the following plots: No. 2500/6; 2500/7; 2500/8 and 2500/9 which extend to 5 170 sq m

• We are aware that the Company is currently in the process of purchasing the remaining land (plot 2500/1) which extends to almost 39 000 sq m. Based on the information provided the Company has already signed the Future Purchase Agreement</td>
<td>639 000</td>
</tr>
</table>

DEVELOPMENT LAND UNDER THE PROCESS OF ACQUISITION

<table>
<tr><th>Property Address</th><th>Description and Tenure</th><th>Additional Comments</th><th>Market Value €</th></tr>
<tr>
<td>VGP Park Horní Počernice (Industrie Park Sever)

Horní Počernice
Praha
Czech Republic</td>
<td>

The Development site is located some 15 km east of city centre of Prague, adjacent to R10 highway, connecting Prague with Mladá Boleslav and Liberec.
The Development site extends to approximately 241 375 sq m. The Property will be developed in two phases and will provide not only individual warehouses but also separate office buildings. Our estimation of the value of the completed scheme is in the region of € 94 000 000.
The Property is registered on a number of different Title Deeds and is currently in the ownership by third parties.
The areas and timing of the proposed development is listed below:

<table>
<tr><th>Phase</th><th>Completion date</th><th>Building</th><th>Lettable Area</th></tr>
<tr><td>Phase 1</td><td>till July 2009</td><td>I, II, III, IV, V, VI, VII, VIII, B4, C4</td><td>66 659</td></tr>
<tr><td>Phase 2</td><td>till October 2011</td><td>IX, X, XI, XII</td><td>45 650</td></tr>
</table>
</td>
<td>

We are aware that the Company is currently in the process of purchasing the remaining land and has signed the Future Purchase Agreements.
We have not been provided with information in respect of the current zoning of the land. For the purpose of the valuation we have assumed that the sites have legally valid zoning for industrial/ warehousing/distribution use.
The property is part of a larger site, part of which is held for investment, part of which is under development and part of which will be held for development. Each part has been valued separately for this exercise.

</td>
<td>15 612 000</td>
</tr>
</table>

<table>
<tr><th>Property Address</th><th>Description and Tenure</th><th>Additional Comments</th><th>Market Value €</th></tr>
<tr>
<td>VGP Park Hradec Králové

Hradec Králové - Dobřenice Czech Republic</td>
<td>

The Development site is located along D11 highway connecting Prague with Hradec Králové, within close proximity to village known as Dobřenice.
The Development site has total area of approximately 134 000 sq m. The Property will be developed in four phases and will comprise five individual warehouses. Our estimation of the value of the completed scheme is in the region of € 36 000 000.
The Property is held freehold in the name of Municipality of Dobřenice and a private owner and is registered on two Title Deeds No. 282 and No. 10001 in the Cadastral Area of Dobřenice.
The areas and timing of the proposed development is listed below:

<table>
<tr><th>Phase</th><th>Completion date</th><th>Building</th><th>Lettable Area</th></tr>
<tr><td>Phase 1</td><td>October 2009; April 2010</td><td>H1 and H2</td><td>15 810</td></tr>
<tr><td>Phase 2</td><td>April 2009</td><td>H3</td><td>13 420</td></tr>
<tr><td>Phase 3</td><td>August 2010</td><td>H4</td><td>13 420</td></tr>
<tr><td>Phase 4</td><td>August 2010</td><td>H5</td><td>8 110</td></tr>
</table>
</td>
<td>

We are aware that the Company is currently in the process of purchasing the Property and has signed the Future Purchase Agreement.

</td>
<td>3 356 000</td>
</tr>
</table>

<table>
<tr><th>Property Address</th><th>Description and Tenure</th><th>Additional Comments</th><th>Market Value €</th></tr>
<tr>
<td>VGP Park Liberec

Liberec – Strážnad Nisou
Czech Republic</td>
<td>

The Development site is located within an industrial zone in Liberec.
The Development site has total area of over 86 000 sq m. The Property will be developed in four phases and will comprise three individual warehouses. Our estimation of the value of the completed scheme is in the region of € 27 700 000.
The Property is held freehold by a third party and is registered on Title Deed No. 1155 in the Cadastral Area of Stráž nad Nisou.
The areas and timing of the proposed development is listed below:

<table>
<tr><th>Phase</th><th>Completion date</th><th>Building</th><th>Lettable Area</th></tr>
<tr><td>Phase 1</td><td>October 2008</td><td>H1</td><td>9 102</td></tr>
<tr><td>Phase 2</td><td>October 2007</td><td>First part of building H2</td><td>11 896</td></tr>
<tr><td>Phase 3</td><td>July 2009</td><td>Second part of building H2</td><td>9 803</td></tr>
<tr><td>Phase 4</td><td>July 2009</td><td>H3</td><td>9 102</td></tr>
</table>
</td>
<td>

Based on the information provided by the Company we have assumed that building H2 will be let to Baumatic CR (Future Lease Agreement has been signed).
We are aware that the Company is currently in the process of purchasing the Property and has signed the Future Purchase Agreement.

</td>
<td>2 415 000</td>
</tr>
</table>

<table>
<tr><th>Property Address</th><th>Description and Tenure</th><th>Additional Comments</th><th>Market Value €</th></tr>
<tr>
<td>VGP Park Nýřany

Nýrany u Plzně
Czech Republic</td>
<td>

The Property is situated in Plzen region, located adjacent to the D5 highway at the exit 93 - Nýřany.
The Property is a greenfield site of a total area over 104 000 sq m. The planned development comprises six individual warehouse buildings developed in four phases. Our estimation of the value of the completed scheme is in the region of € 30 600 000
The Property is held freehold by a third party and is registered on Title Deed No. 3259 in the Cadastral Area of Nýrany.
The areas and timing of the proposed development is listed below:

<table>
<tr><th>Phase</th><th>Completion date</th><th>Building</th><th>Lettable Area</th></tr>
<tr><td>Phase 1</td><td>May 2008</td><td>B1</td><td>10 737</td></tr>
<tr><td>Phase 2</td><td>October 2008;
August 2009</td><td>A3 and A4</td><td>13 790</td></tr>
<tr><td>Phase 3</td><td>July 2009;
October 2008</td><td>A1 and A2</td><td>14 580</td></tr>
<tr><td>Phase 4</td><td>August 2009</td><td>C5</td><td>5 060</td></tr>
</table>
</td>
<td>

We are aware that the Company is currently in the process of purchasing the Property and has signed the Future Purchase Agreement

</td>
<td>2 344 000</td>
</tr>
</table>

<table>
<tr><th>Property Address</th><th>Description and Tenure</th><th>Additional Comments</th><th>Market Value €</th></tr>
<tr><td>VGP Park Olomouc

Olomouc
Czech Republic</td><td>• The Development site is located at the edge of Olomouc, adjacent to the Ahold distribution centre and within close proximity to R46 highway connecting Brno with Olomouc.
• The Development site provides total area of approximately 120 000 sq m. The Property will be developed in three phases and will provide five individual warehouses. Our estimation of the value of the completed scheme is in the region of € 33 000 000.
• The Property is held freehold by a third party and is registered on Title Deed No. 454 in the Cadastral Area of Nemilany.
• The areas and timing of the proposed development is listed below:
<table><tr><th>Phase</th><th>End date</th><th>Buildings</th><th>Lettable Area</th></tr><tr><td>Phase 1</td><td>October 2009; July 2010</td><td>A and B</td><td>17 250</td></tr><tr><td>Phase 2</td><td>October 2009</td><td>C</td><td>9 730</td></tr><tr><td>Phase 3</td><td>July 2009</td><td>D and E</td><td>19 690</td></tr></table></td><td>• We are aware that the Company is currently in the process of purchasing the Property and has signed the Future Purchase Agreement</td><td>3 654 000</td></tr>
</table>

<table>
<tr><th>Property Address</th><th>Description and Tenure</th><th>Additional Comments</th><th>Market Value €</th></tr>
<tr><td>VGP Park Malacky

Malacky
Slovak Republic</td><td>• The Development site is located within industrial zone at the edge of Malacky, adjacent to D2 highway connecting Bratislava (capital) in Slovak Republic with Brno and Praha in Czech Republic
• The Development site has total area of approximately 216 000 sq m The Property will be developed in five phases and will comprise five individual warehouses Our estimation of the value of the completed scheme is in the region of € 53 80 000.
• The Property is held by a third party and is registered on Title Deed No. 8143 in the Cadastral Area of Malacky.
• The areas and timing of the proposed development is listed below:
<table><tr><th>Phase</th><th>Completion date</th><th>Building</th><th>Lettable Area</th></tr><tr><td>Phase 1</td><td>August 2008</td><td>H1</td><td>13 080</td></tr><tr><td>Phase 2</td><td>August 2009</td><td>H2</td><td>13 080</td></tr><tr><td>Phase 3</td><td>August 2010</td><td>H3</td><td>13 080</td></tr><tr><td>Phase 4</td><td>August 2011</td><td>H4</td><td>13 080</td></tr><tr><td>Phase 5</td><td>August 2012</td><td>H5</td><td>25 340</td></tr></table></td><td>• We are aware that the Company is currently in the process of purchasing the Property and has signed the Letter of Intend.</td><td>7 648 000</td></tr>
</table>

Property Address	Description and Tenure	Additional Comments	Market Value €
VGP Park Kekava **Kekava** **Riga region** **Latvia**	• The Property is located in Kekava in Riga region along the Riga city bypass adjacent to junction to A7 road which forms a part of Via Baltic route - a European transport corridor connecting Finland with Central and Western Europe. • The Property is a greenfield site comprising 83 173 sq m of land. • The planned development consists of three warehouse buildings of total lettable area 35 850 sq m of warehouse and 2 700 sq m of ancillary offices. Our estimation of the value of the completed scheme is in the region of € 28 000 000. • The scheme is scheduled to open in between December 2008 – December 2009 • The Property is held freehold by three different parties.	• We are aware that the Company is currently in the process of purchasing the Property and has signed the Future Purchase Agreement	**2 292 000**
Gyor **Hungary**	• The Development site is located in Gyor, in western Hungary. The Property is situated within industrial park known as The Park, which comprises first functioning business park in central eastern Europe and provides direct access to motorway and to rail line. • The Property is a greenfield site comprising 121 781 sq m of land.		**3 320 000**

APPENDIX II

MARKET REPORTS

CZECH REPUBLIC - MARKET COMMENTARY

Economic Outlook

The pace of economic growth in the Czech Republic strengthened since 2003. Real GDP rose by 6.4% in 2006, mainly due to strong export performance, which remains solid despite an appreciating CZK and slow economic growth in the EU as a whole. The prospect of continued sluggish growth in the EU 15 countries, which take approximately 70% of the Czech Republic's exports, presents some risk to Czech growth over the forecast period.

The current growth is mainly driven by exports (car industry), foreign direct investment, and consumer spending. Household expenditures were stimulated by an increase in income levels and low interest rates. Short term borrowing is becoming more common and this has helped to further fuel consumer spending.

The recent EU expansion has positively affected foreign direct investment inflow. The trend of low inflation in recent years was broken only in 2004. The main factors causing inflation were increases in indirect taxes and the first stages of the public finance reforms that were implemented for EU entry. The inflation rate was around 2.4% in second quarter of 2007.

After a relatively long period of low unemployment in the beginning of the economic transition, the unemployment rate has increased significantly since 1996. Unemployment has been decreasing and is currently around 6.0%.

On the whole, the outlook for the Czech economy remains positive, with solid growth prospects. Standard & Poor's have given a credit rating of A-, this is defined as having a strong capacity to meet its financial commitments. Moody's agency rating for the Czech Republic is A1. The population of the Czech Republic is approximately 10.2 million.

Economic Summary

Economic Indicators*	**2003**	**2004**	**2005**	**2006**	**2007^F**
GDP growth	3.6	4.2	6.1	6.1	4.8
Unemployment rate (%)	9.9	9.8	8.9	8.1	8.1
Inflation	0.1	2.8	1.6	2.8	3.0
Consumer spending	8.4	2.5	2.6	3.4	3.8
Investment	0.4	4.7	3.7	6.6	5.8
Industrial production	5.5	9.6	6.7	10.1	6.7
Koruna/US$ (end year)	25.65	22.37	24.59	20.09	18.99
Koruna/Euro (av)	31.94	31.96	29.82	27.80	27.00
Short term lending rate	5.9%	6.0%	5.8%	6.2%	6.7%

**annual % growth rate unless otherwise indicated. ^{E} estimate ^{F} forecast*

Source: Consensus Economics Inc., Economist Intelligence Unit

Industrial Market Overview

The industrial and logistics market in the Czech Republic continues to be an attractive destination for distribution and logistics occupiers, mainly due to lower costs and the country's central location within Europe. In the early 1990´s most of the existing industrial and logistic properties have been obsolete and unsuitable for recent use. The industrial property market began fully grow after 1998. The market is currently dominated by institutional grade modern warehousing; however there is a significant amount of accommodation that does not meet international standards. This accommodation tends to be smaller (1000 – 5000 sq m) with limited parking and vehicular access. These locations are typically more urbanized which limits access to the main highways and affects distribution chains.

Locations

Developers are no longer focusing solely on Prague but are showing strong interest in other regionally important cities, such as Brno, Plzeò and Ostrava. This reflects the recent highway improvements, opening of international borders and with construction being focused on the city outskirts along the D1, D8, and D5 highways. Prague still remains the most significant hub of the logistics market in the Czech Republic and is also the second largest hub within Central Europe, benefiting from well developed road and rail networks that continue to attract new logistics operators.

The current preferred industrial locations around Prague include areas around D1 highway with Čestlice business zone on exit 8, the first one of this type accommodating retail, showrooms, warehouses and high-tech space. Exit 11 is a gate to D1 Prologis Park Praha with its approx. 160 000 sq m of warehouse space and also the very popular commercial zone Modletice, where the high-tech units have started to gain ground. Also many other locations near important motorways leading out from Prague are increasing in numbers such as – Rudna Logistik Park, Tulipan park, ALP (logistics), Zličín Business Center, Karlovarská Business Park and Ruzyně Business Centre on the western Prague area, PDC Jirny next to D11, Northpoint by D8 and Industrie Park Sever (business/ logistics) by R10 on the eastern one.

Brno suffers from lack of site availability in close vicinity of motorway exits. Most of the development is concentrated to the south of the city centre as D1 motorway is passing city from the south. Most of the regional cities and Brno among them offers a lot of re-development and B-C class space close to the city centre. The tenants tend to prefer these locations as the public transport for out of town location is still rather weak. There are brownfield re-developments in the pipeline in Brno – e.g. Zbrojovka, Zetor and some in Modřice. Escalating consumer's demand for immediate reach of goods and services pushed companies expansion of distribution and service nets. Other major high-tech business parks are located in Brno – Mod ice, City Box (CTP in former Škrobárny), Černovické terasy; Pilsen – Borská Pole; Ostrava – CTPark Ostrava Hrabová.

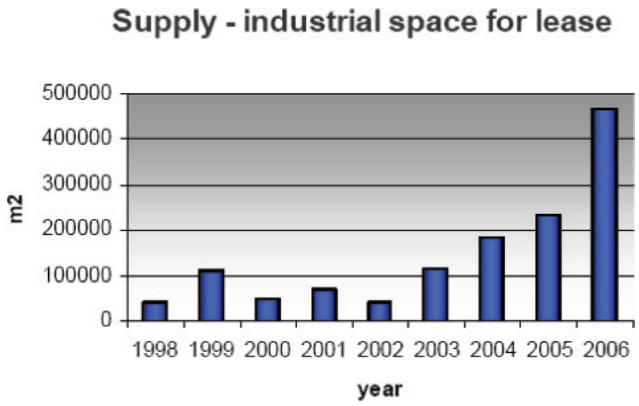
Main Developers

The majority of industrial developers in the Czech Republic are Dutch companies representing more than half of the industrial developers, Czech developers participate by approximately 15% on the industrial developments.

The most significant developers active in the Czech market are ProLogis, Viterra, Grontmij, Europa Capital Partners, CTP Project Invest, Parkridge, AIG/Lincoln and VGP.

Supply

A Class industrial space development in the Czech Republic reached approx. 500 000 sq m in 2006. At present there are approximately 1 300 000 sq m of existing superior modern industrial space intended for lease (A-class) and almost 100 000 sq m of business space offering a combination of office and warehouse space in 1:1 ratio.

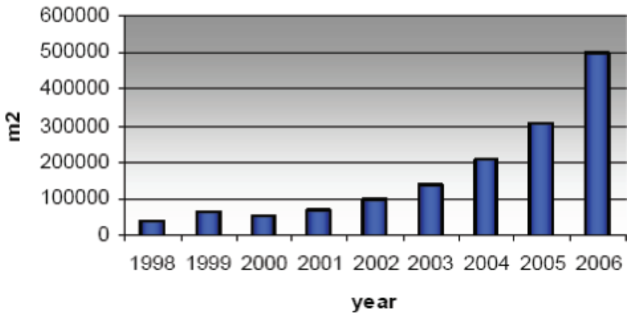


Source: Cushman & Wakefield

Demand

Demand is concentrated especially around main traffic veins on the borders of Prague, such as above mentioned locations along D1 highway or western Prague. In these locations the development continues as recent logistic and business parks are growing in size. Due to the European Union entrance, the logistic network has been restructured and production, warehouse and service have been relocated. This progress causes a new demand inflow, international companies are coming to Czech Republic searching for space suitable for their pan-European expansion.

Take-up – A-class industrial space



Source: Cushman & Wakefield

Due to permanent A-class industrial space demand, the vacancy rates are constantly extremely low, moving around 3 %.

Rental levels

During recent months the rental rates have started to decrease. This is attributed to growing competition and market entry of aggressive developers in the industrial sector. In general, the rental rates vary from €3.75 to €4.50 per sq m per month for warehouse units sized approximately 5 000 sq m (€8.00 – €9.00 per sq m per month) for built-in office space.

Within the business space sector, the rental rates have been stable, moving between €5.00 – €6.30 per sq m per month for warehouse/production space, and €9.00 – €12.50 per sq m per month for office space.

Investment market

In the Czech Republic the confidence of investors is particularly based on the persistent and constantly growing economy, in addition to political stability. After entering the EU, the Czech system of the law started to converge and European standards and regulations were accepted. Investor’s interest is concentrated within the capital city, as well as Brno, Ostrava, Plzeň and other smaller cities are becoming attractive targets.

Together with the growing demand for modern space and the related development, the industrial investment market has strengthened. Nevertheless, the market suffers from a lack of investment opportunities as many developers in the market are choosing to hold onto their stock and not release into the market.

We have listed the major transactions in the industrial/warehouse investment in the table bellow.

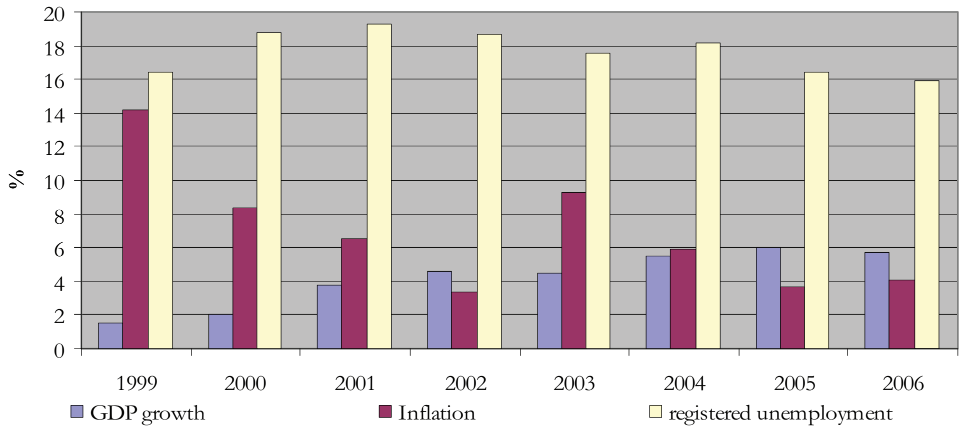
Property	Date	Size	Price € million	Yield	Comment
Karlovarská Business Park	March 07	19 242	24.0	c. 6.50%	Vendor – Portland Trust Purchaser – Morley
Tulipan Logistics Park Buildings Alpha & Beta	June 06	22 000	22.0	7.14%	Vendor – Redevco Purchaser – Standard Life
Sanitas, Říčany	June 06	42 266	23.0	8.60%	Vendor – Mayfield Purchaser – Teesland iOG
Bax Global Solutions	Feb 06	15 000	12.2	7.80%	Vendor – Eurinpro Purchaser – Insight Investments
Brno Slapanice	July 06	24 000	15.0	c. 7.50%	Vendor – Honeywell Purchaser – Heitman
Bratislava Logistic Park	Oct 06	65 000	25.0	7.00%	Vendor – Karimpol Purchaser – Falcon

SLOVAKIA – MARKET COMMENTARY

Economic Outlook

Slovakia is a landlocked republic in Central Europe and borders the Czech Republic and Austria to the west, Poland to the north, Hungary to the south and Ukraine to the east. Bratislava as the capital city of Slovakia has more than 420 000 inhabitants; Košice is the second largest city in the country, comprising a total population of 236 000.

The government of the Slovak Republic has seen many reforms during the 1990's and the new century that have lead to economic success. For instance, the move to create a flat tax and VAT rate of 19% has lead to investors flocking into the country.



As is depicted in the graph above, GDP growth has been strong, partially due to the increase in exports and sustained level of imports. The high unemployment rate has been the one factor that has however held the country back from further success. Measures are in place to lower, and continue lowering, the rate. One such measure is the retraining of the long term unemployed.

Economic Summary

Economic Indicators*	**2003**	**2004**	**2005**	**2006**	**2007F**
GDP growth	4.5	5.4	6.0	8.3	8.8
Unemployment rate (%)	17.1	14.3	11.7	10.3	9.8
Inflation	8.4	7.5	2.7	4.5	2.4

**annual % growth rate unless otherwise indicated. F forecast*

Source: Consensus Economics Inc., Economist Intelligence Unit

Economic activity has improved strongly since 2000, with GDP growth of 8.3% in 2006. Growth is set to accelerate slightly over 2007, underpinned by growth in production and external demand before easing to 6.2% in 2008.

Unemployment, rising from 14.9 % at the end of 1998 to 18.6% at the end of 2001 during the radical reforms introduced by the Slovak government beginning in 1999, decreased again to some 10.3% in 2006.

This does however still remain second highest unemployment rate in EU (after Poland). The unemployment rate is on a steady, although slow decline. Regionally there exists a strong disparity in unemployment. In the western part of the country, mainly Bratislava, there exists an extremely low unemployment rate. Forecasts suggest unemployment will continue to moderate going forward, averaging 9.5% in 2008.

Having remained relatively strong over much of the year, inflation eased to 4.2% in December from 4.3% in November. Increased excise tax and food prices are primarily the cause of higher rates in the final months of the year and, combined with buoyant levels of domestic demand and high oil costs, led to an average inflation rate of 4.5% for the year, compared to 2005's lower 2.7%. Nevertheless inflation will remain relatively subdued over the next two years, rising by 2.6% and 2.5% in 2007 and 2008 respectively.

Slovakia plans to adopt the Euro currency on 1st January 2009 and has already entered the ERM II for this purpose (Slovak Euro coins). Government incentives are still attractive to foreign investors. As for the volume of foreign investment per capita, Slovakia is the Central European leader. Most investment to date has targeted the western part of the country, which has the advantage of being close to Western Europe and the other Central European countries.

Economic performance differs regionally at present. Infrastructural improvements and further government incentives should lead to further improvements of the Eastern regions. Slovakia is among the most attractive countries in the EU for foreign investors mainly because of its low labour costs and low tax rates. This issue has sparked criticism from some other EU countries, which accuse Slovak government of social and tax dumping. In recent years, Slovakia has been pursuing a policy of encouraging foreign investment. However, that has not shown any benefits so far in innovation capabilities within the country.

Industrial Market Overview

The strong performance of the Slovak economy is setting the industrial sector on a growth path. The capital continues to draw the lion's share of both the occupier and investment sectors. Although some strategically located second tier locations are slowly seeing increased levels of interest. However, modern supply across Slovakia continues to fall short of the current demand.

Prime rents in Bratislava held firm at EUR 4.50/sq.m/month.

Supply

Apart from the existing automotive hubs in Trnava and Nitra modern supply is still limited to Bratislava and the surrounding area, with a major hub in Senec (18 km from the Bratislava). Further expansion is likely to come by way of international developers such as Parkridge, UBM and Karimpol who are typically phasing their developments to limit unnecessary vacancies and sustaining rental levels. Due to the lack of a good quality transportation network the potential of other regions, especially in the eastern parts of the country currently remains idle capacity.

Demand

Demand remains high for modern industrial stock, with the main drivers remaining the expansion of the automotive industry and relocation of operations from western Europe seeking cheaper alternatives. KIA's expansion plans at its Žilina plant should make Slovakia one of Europe's leading car production centres on a per capita by 2008. This is likely to encourage suppliers to the country forming the base of additional demand in the market. Investments in Košice airport act as a further step towards significant demand, aimed to create a new logistic centre directly linked to southern Poland, western Ukraine and northern Hungary.

Investment market

From an investment standpoint Bratislava is the only real location of significance especially from an international perspective. The Slovak industrial property market is the youngest amongst the Visegrád countries, reflected in higher yields at around 7.00% at the end of Q1 2007. Further compression is expected although will be contained in the main by the lack of suitable stock.

Both positive forecasts for economic growth and further increase in demand, provide for a healthy outlook for 2007. The favourable geographical characteristics of the country and especially that of the capital are set to attract significant demand towards modern industrial facilities, absorbing the supply coming to the market and forming a healthy environment for property investment.

LATVIA - MARKET COMMENTARY

Economic Outlook

The capital city of Latvia is Riga - the largest city in the Baltic States. Riga is a financial, administrative, cultural and social centre of Latvia and the port of Riga is an important cargo shipping centre.

Important economic reforms, strengthening of macroeconomic conditions as well as EU accession have had a positive impact on the economic development of the country. Economic growth is one of the highest in the EU due to stable domestic demand dynamics, steady increase in exports and increase in foreign investment. The most important industrial branches include wood industry, machine industry, metalwork production, agriculture, transit services and tourism.

Latvia exhibits the highest GDP growth rate in the European Union: in the third quarter of 2006, the GDP increased by 11.8% as compared to the same period of 2005. However, the growth, which is primarily driven by domestic demand, is not balanced across the sectors, with two of them – trade (an increase of 19%) and real estate, renting and business activities (an increase of 18.1%) – accounting for over a half of total GDP growth. Nonetheless, such buoyant economic growth is expected to remain also in 2007, by far outpacing the general European growth.

The unemployment rate has been steadily improving over the last years. The unemployment rate has decreased from 14.4% in 2000 to 8.7% in 2005.

Latvian economy is characterized by the fastest growth and highest inflation in the European Union. The inflation growth was mainly influenced by increase in the administratively regulated prices, harmonization of indirect tax rates, inflation expectations prior to EU accession and increase in price of oil in the world markets. In 2006, the inflation rate was 6.4% which is decrease compared to 6.9% in 2005. In the following years, the inflation is expected to decrease gradually due to diminishing impact of the main factors that stipulated its growth in the previous years.

Industrial Market Overview

Latvian industrial market is in its early stage of development. The existing stock is dominated by old, Soviet type industrial and warehouse facilities, Latvia offers limited supply of quality warehouse space, meanwhile the existing quality premises are mostly owner-occupied. Along with the major part of economic activity in Latvia, warehouse developments are also mostly concentrated in Riga and its suburbs. Developments outside the greater Riga area are mostly limited to warehouse development in Special Economic Zones and the ports of Ventspils and Liepaja.

Supply

Supply of available new modern warehouses and logistics centres is scarce, as local developers seek for “built to suit” projects and are reluctant to start constructions until there is no large tenant and up-front lease agreement in place. Speculative developments are very rare; therefore supply of contemporary warehouse premises does not meet the current demand. Tenants are not ready to sign long term contracts before construction starts and developers are not ready to start constructions without leasing a major share of premises in advance, thus many potentially successful projects remain at the planning stage. The other important issues include shortage of suitable land plots, lack of industrial developers as most of the local developers chase “fast money” in residential sector.

The year 2006 can yet be marked as a turning-point in the development and supply of modern industrial premises in Latvia, due to completion of the 1st phase of two large-scale warehouse developments - Dommo Logistics Park (186 000 sq m in total to be built in several phases) on the Riga Ring Road and Dominante Industrial Park (250 000 sq m to be built in several phases) on the Via Baltica road.

Demand

Demand for industrial/logistic premises with good infrastructure and in proximity to Riga is very high, coupled with increasing requirements for modern industrial premises. This is caused by increasing number of large international producers seeking for locations with lower costs; increasing number of retail and wholesale companies entering the Latvian market; and increasing number of local companies, which find the old industrial facilities inefficient and seek for modern premises.

The most preferable locations for new industrial development are out of town locations near the main transportation roads – up to 30 km from the city centre with easy access through the roads of national and international importance.

Rental Levels

Average rentals of high class warehouses vary between 3 – 5 €/sq m/month and between 2 – 4 €/sq m/month for those matching lower class requirements. Built to suit premises can be let at 5 – 9 €/sq m/ month.

Investment Market

Until 2005 there were virtually no significant developments in this segment, thus no significant transactions took place (except for Rimi Latvia logistics complex “sale and lease back” transaction to Nordic assets management fund Niam III in December 2005). In 2006 several major projects were undertaken by professional developers, thus the major transactions are yet to come in the forthcoming few years. Major transaction in 2006 was a purchase of DHL Logistics Centre (9 000 sq m) by Vicus.

The market has witnessed a yield compression since 2005 when the yields were between 8.0 to 9.5%, to current 7.0 – 7.25%.

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APPENDIX 3

PHOTOGALLERY

PHOTO GALLERY

Commencement of the construction of VGP Park Horni Pocernice – Spring 2006

Before and after….

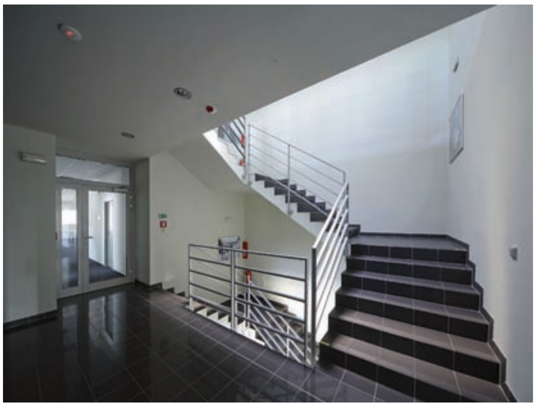
Evolution: VGP Park Horni Pocernice - Summer 2006

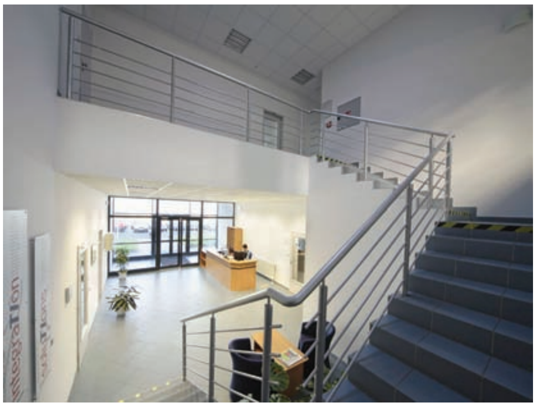
Evolution: VGP Park Horni Pocernice—Spring 2007

Evolution: VGP Park Horni Pocernice - Summer 2007

Building B2 in VGP Park Horni Pocernice
Tenant: Lekkerland

Project: Green Park, Prague - Letnany
Tenant: GSMobile Group





Project: VGP Park Liberec
Tenant: Baumatic ČR

Project: VGP Park Turnov
Tenant: Ontex CZ

VGP