- 116.6% growth in gross rental income (+ EUR 6.5 million) to EUR 12.0 million
- Committed annualised rent income increased to EUR 26.5 million (+EUR 11.5 million)
- 75.0% growth in property portfolio (+ EUR 168.9 million) to EUR 394.0 million
- 99.1% growth in total lettable area (+ 175,047m²) to 351,661m²
- Net profit for the period of EUR 28.6 million despite a EUR 10.5 million adverse valuation effect on the historic property portfolio and including a EUR 7.1 million unrealised losses on hedging instruments (as per IAS 39)
- Earnings per share for the period of EUR 1.54

The year 2008 was another year of strong growth for VGP. Despite increasing difficult market conditions VGP was able to successfully optimise the profitability of its property portfolio, by converting our land bank into income generating assets.

At the same time VGP was able to continue its growth of committed annualised leases and ensured its financial stability by successfully completing its refinancing.

Gross rental income up 116.6% to EUR 12.0 million
The gross rental income more than doubled in 2008. This growth reflects the strong growth of the Group's income generating assets. As at 31 December 2008 VGP had a total of 31 completed projects in its investment portfolio compared to 17 completed projects at the end of December 2007.

Committed annualised rent income increased to EUR 26.5 million
During the year 2008 the committed annual rent income showed a strong growth, increasing from EUR 15.0 million as at 31 December 2007 to EUR 26.5 million as at 31 December 2008 thus exceeding the growth rate of 2007. The committed annual rent income represents the annualised rent income generated or to be generated by executed lease – and future lease agreements.

The signed lease agreements represent a total of 447,313 m² of lettable area and correspond to 102 lease or future lease agreements.

The weighted average term of the committed leases as at 31 December 2008 stood at 6.65 years as compared to 6.22 years at the end of 2007.

Property portfolio up 75.0% to EUR 394.0 million
The investment property portfolio (including assets under construction) continued to grow strongly during 2008 and increased from EUR 225.1 million as at 31 December 2007 to EUR 394.0 million as at 31 December 2008.

The valuations of the investment portfolio were valued by an independent international external valuator and fully reflect the recent evolution of the real estate markets and resulting yield decompression. In this respect it should be noted that the valuation of the investment portfolio as at 31 December 2008 includes a EUR 10.5 million negative variance on the historic property portfolio.

Land bank

At 31 December 2008 the land bank amounts to 2,475,437 m² of which 2,393,715 m² was in full ownership. This brings the balance of owned / total secured land to 97% compared to 76 % as at 31 December 2007.

The current undeveloped land bank represents a potential of over 400,000 m² of gross lettable area located on top locations throughout the mid-European region.

Completed projects
The lettable area of the completed projects increased by 99.1% during the year i.e. from 176,614 m² to 351,661 m². During the year a total of 14 projects were completed representing 175,047 m² of lettable space. The completed projects of VGP therefore increased to a total of 31 projects representing 351,661 m² of lettable area.

The occupancy rate at the end of December was 95%. Negotiations in respect of renting out the vacant space are currently being finalised.

Projects under construction
The current projects under construction relate to 12 projects and represent a future lettable area of 176,034 m². These projects have been pre-let and or are under negotiation for 78% representing an annualised rental income of EUR 9.1 million.

It is expected that from the current projects under construction the majority (>80%) will be completed prior to 30 June 2009.

Given the current market conditions VGP will only start up new projects insofar that these projects have been fully pre-let.

Net profit for the period EUR 28.6 million
Net profit decreased from EUR 36.4 million (EUR 1.96 per share) as at December 2007 to EUR 28.6 million (EUR 1.54 per share) for the financial year ended 31 December 2008.

The net profit was adversely impacted by a EUR 10.5 million adverse valuation variance on existing properties and a by a EUR 7.1 million negative impact of the fair value revaluation on hedging instruments in accordance with IAS 39.

Despite these negative factors the net profit for the period remained significantly positive due to the new projects which were delivered during the year 2008 and which despite the yield decompression generated a significant positive profit contribution.

VGP expects that the current assets under construction pipeline should generate a similar level of profit contribution provided that no further material deterioration of the yields applied to these projects are incurred.

Additional comments on the 31 December 2008 consolidated financials

Property result
The property result increased by 1.4 % from EUR 46.1 million as at 31 December 2007 to EUR

46.7 million for the period ended 31 December 2008.

Financial income

The financial income for the period ended 31 December 2008 included EUR 0.3 million (versus EUR 0.4 million for 2007) interest income from bank deposits.

Financial expenses

The financial expenses increased from EUR 4.8 million for the financial year 2007 to EUR 10.4 million for the financial year 2008. The main reason for the variance relates to the increased level of bank and shareholder debt which increased from EUR 119.4 million as at 31 December 2007 to EUR 188.9 million as at 31 December 2008.

In addition the financial expenses were also significantly impacted by the negative fair value adjustments on the outstanding interest rate swap and forward foreign exchange hedging transactions. As at 31 December 2008 the total unrealised losses on these financial instruments was EUR 11.8 million of which EUR 7.1 million were accounted for through the income statement and EUR 4.7 million (including deferred tax impact) through equity as a portion of these financial instruments qualified for hedge accounting under IAS 39.

Taxes

Taxes increased from EUR 5.4 million for the period ending 31 December 2007 to EUR 6.2 million for the period ending 31 December 2008. The increase was mainly due to the deferred tax charge related to the fair value adjustment of the property portfolio and has therefore no cash effect.

Net debt and gearing

As at 31 December 2008 the net debt (excluding shareholder loans) amounted to 128.5 million and the corresponding net debt / equity ratio was 0.83 compared to 0.41 as at 31 December 2007.

Net debt (including shareholder loans) amounted to EUR 184.6 million and the corresponding net debt / equity ratio was 1.19 compared to 0.52 compared as at 31 December 2007.

Outlook 2009

Based on the strong pre-lease performance of 2008 VGP anticipates a further exponential increase of its gross rental income as well as to grow its property portfolio by 50% in 2009 (+ 175,000 m²) to > 500,000 m².

However, the prolonged uncertainty of the economic outlook and the evolution of the financial markets with spill over effects to the real estate markets could have an adverse effect on the performance of VGP and its current and future tenants.

In this respect VGP will adopt a cautious policy in 2009 whereby any new project started up for construction will need to be pre-let and will need to be supported by adequate credit facilities. At the same time VGP will continue to ensure that adequate measures are taken in order to mitigate as much as possible any adverse effects of the current uncertain economic environment and financial markets

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