



## VGP NV

public limited liability company (*naamloze vennootschap / société anonyme*)  
under Belgian law

Public offer in Belgium  
5.15 per cent. fixed rate bonds due 12 July 2017

Issue Price: 100 per cent.  
Yield (gross actuarial return): 5.15 per cent. (on an annual basis)  
Net yield: 3.862 per cent. (on an annual basis)

*The yield is calculated on the basis of the issue of the Bonds on the Issue Date, the Issue Price, the interest rate of 5.15% per annum and is based on the assumption that the Bonds will be held until 12 July 2017 when they will be repaid at 100% of their principal amount in accordance with the Conditions. It is not an indication of future yield if the Bonds are not held until their maturity date. The net yield reflects a deduction of Belgian WHT at the rate of 25 per cent. (Investors should consult the Part XI: Taxation of this Prospectus for further information about Belgian taxation).*

ISIN Code: BE0002201672  
Common Code: 094682118 (the **Bonds**)

for an expected minimum amount of EUR 40,000,000 and a maximum amount of EUR 75,000,000

Issue Date: 12 July 2013  
Subscription Period: from 24 June 2013 until 5 July 2013 included (subject to early closing)

Application has been made for the Bonds to be listed on  
the regulated market of NYSE Euronext Brussels and to be admitted to trading on the regulated market of NYSE Euronext  
Brussels

### Lead Manager and Bookrunner

KBC Bank NV

The date of this Prospectus is 19 June 2013

**These Bonds constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to pay interest on an annual basis and to reimburse the principal on the maturity date. In case of bankruptcy or default by the Issuer, however, investors may not recover the amounts they are entitled to and risk losing all or a part of their investment. These Bonds are intended for investors who are capable of evaluating the interest rates in light of their knowledge and financial experience. Each decision to invest in these Bonds must be based solely on the information contained in this Prospectus (including the section *Risk Factors* and in particular the risk factors relating to the Associates, to the total or partial sale of income generating assets, to the structural subordination of the Bonds and to the circumstances that indebtedness at the level of the Group is secured (cf. Part I: *Summary*, on pages 15-16 and 19 and Part II: *Risk Factors, Risks related to the Associates* and *Risks related to the total or partial sale of income generating assets*, on pages 24-25, 27-29 and 41-42) and more generally Factors that may affect the Issuer's ability to fulfil its obligations under the Bonds and Factors which are material for the purpose of assessing the market risks associated with the Bonds.**

**In 2011 and 2012, VGP completed the sale of an 80% equity interest in a part of its income generating assets by means of the transfer of such assets to two joint ventures (on pages 15-16 and 83-86). As a 20% shareholder and as development, property and leasing manager of these joint ventures, VGP has a constructive obligation (of up to its 20% proportional share) to ensure that the joint ventures can fulfil their obligations, as well as potential liability for cost overruns in respect of development budgets. These transactions as well as possible future divestments of income generating assets may affect VGP's short and mid-term income and therefore its ability to fulfil its obligations under the Bonds, as well as its net value.**

VGP NV, a public limited liability company (*naamloze vennootschap / société anonyme*) incorporated under Belgian law, having its registered office at Greenland – Burgemeester E. Demunterlaan 5, box 4, 1090 Brussels, Belgium, registered with the Crossroads Bank for Enterprises under number 0887.216.042, commercial court of Brussels (the **Issuer** or the **Company**) intends to issue the Bonds for an expected minimum amount of EUR 40,000,000 and a maximum amount of EUR 75,000,000. The Bonds will bear interest at the rate of 5.15 per cent. per annum, subject to Condition 5 (*Interest*). Interest on the Bonds is payable annually in arrear on the Interest Payment Dates (as defined below) falling on, or nearest to 12 July in each year. The first payment on the Bonds will occur on 12 July 2014, and the last payment on 12 July 2017. The Bonds will mature on 12 July 2017.

KBC Bank NV (having its registered office at Havenlaan 2, 1080 Brussels, Belgium) (**KBC**) is acting as exclusive lead manager and bookrunner and as domiciliary, calculation, paying and listing agent (the **Lead Manager, Manager, or Agent**) for the purpose of the offer of the Bonds to the public in Belgium (the **Public Offer**).

The denomination of the Bonds shall be EUR 1,000. Investors shall be required to subscribe for a minimum investment amount of EUR 10,000.

This listing and offering prospectus dated 19 June 2013 (the **Prospectus**) was approved on 19 June 2013 by the Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten / Autorité des services et marchés financiers*) (the **FSMA**) in its capacity as competent authority under Article 23 of the Belgian Law dated 16 June 2006 concerning the public offer of investment securities and the admission of investment securities to trading on a regulated market (the **Prospectus Law**). This approval cannot be considered as a judgment as to the opportunity or the quality of the transaction, nor on the situation of the Issuer and the FSMA gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer, in line with the provisions of Article 23 of the Prospectus Law. Application has been made to NYSE Euronext Brussels for the Bonds to be listed on the regulated market of NYSE Euronext Brussels. References in this Prospectus to the Bonds as being **listed** (and all related references) shall mean that the Bonds have been listed on the official list of NYSE Euronext Brussels and admitted to trading on the regulated market of NYSE Euronext Brussels. The regulated market of NYSE Euronext Brussels is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on market in financial instruments, as amended. Prior to the offering of the Bonds referred to in this Prospectus, there has been no public market for the Bonds. This Prospectus will be published on the website of NYSE Euronext Brussels ([www.nyx.com](http://www.nyx.com)). The Prospectus and the summaries in French and Dutch will also be available on the website of the Issuer in the section addressed to investors as “Bonds” ([www.vgpparks.eu](http://www.vgpparks.eu)) and on the website of KBC at [www.kbc.be/vgp](http://www.kbc.be/vgp).

The Prospectus is a prospectus for the purposes of Article 5(3) of 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, as amended (the **Prospectus Directive**) and the Prospectus Law. This Prospectus has been prepared in accordance with the Prospectus Law and Commission Regulation (EC) 809/2004 of 29 April 2004 implementing the Prospectus Directive, as amended (the **Prospectus Regulation**). It intends to give the information with regard to the Issuer and the Bonds, which according to the particular nature of the Issuer and the Bonds, is necessary to enable investors to make an informed assessment of the rights attaching to the Bonds and of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Bonds will be issued in dematerialised form (*gedematerialiseerd / dématérialisé*) under the Belgian Companies Code (*Wetboek van Vennootschappen / Code des Sociétés*) (the **Belgian Companies Code**) and cannot be physically delivered. The Bonds will be represented exclusively by book entries in the records of the X/N securities and cash clearing system operated by the National Bank of Belgium (the **NBB**) or any successor thereto (the **Clearing System**). Access to the Clearing System is available through those of its Clearing System participants whose membership extends to securities such as the Bonds. Clearing System participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme*, Luxembourg (**Clearstream, Luxembourg**). Accordingly, the Bonds will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream, Luxembourg and investors can hold their Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

Unless otherwise stated, capitalised terms used in this Prospectus have the meanings set forth in this Prospectus. Where reference is made to the **Conditions of the Bonds** or to the **Conditions**, reference is made to the **Terms and Conditions of the Bonds** (see Part IV: *Terms and Conditions of the Bonds*).

In this Prospectus, references to **we**, **VGP** or the **Group** shall be construed as reference to the Issuer and its Subsidiaries.

An investment in the Bonds involves certain risks. Prospective investors should refer to the section entitled *Risk Factors* on page 25 for an explanation of certain risks of investing in the Bonds.

#### **RESPONSIBLE PERSON**

The Issuer (the **Responsible Person**), having its registered office at Greenland – Burgemeester E. Demunterlaan 5, box 4, 1090 Brussels, Belgium accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Market data and other statistical information used in this Prospectus have been extracted from a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an **Independent Source**). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Prospectus has been prepared in English. The summary of the Prospectus has also been translated into Dutch and French. The Issuer is responsible for the consistency between the English, Dutch and French version of the summary of the Prospectus. In connection with the Public Offer of the Bonds, in case of inconsistencies between the language versions, the English version shall prevail.

#### **PUBLIC OFFER IN BELGIUM**

This Prospectus has been prepared in connection with the Public Offer (as defined above) and with the listing on the regulated market of NYSE Euronext Brussels. This Prospectus has been prepared on the basis that any offer of Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) other than offers in Belgium (the **Permitted Public Offer**), will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Bonds. Accordingly any person making or intending to make an

offer in that Relevant Member State of Bonds which are the subject of the offering contemplated in this Prospectus, other than the Permitted Public Offer, may only do so in circumstances in which no obligation arises for the Issuer or the Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Manager have authorised, nor do they authorise, the making of any offer (other than the Permitted Public Offer) of Bonds in circumstances in which an obligation arises for the Issuer or the Manager to publish or supplement a prospectus for such offer.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see Part III: *Documents Incorporated by Reference*). This Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of the Prospectus.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer and the Manager do not represent that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Manager which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds.

The Issuer authorises that this Prospectus may be used for the purposes of a public offer until the last day of the Subscription Period (regardless of a possible early termination as specified in Part XII: *Subscription and Sale* below) in Belgium, by any credit institution authorised pursuant to Directive 2006/48/EC or any investment firm authorised pursuant to Directive 2004/39/EC to conduct such offers (a **Financial Intermediary**).

**Any Financial Intermediary envisaging to use this Prospectus in connection with a Permitted Public Offer is obliged to state on its website, during the relevant subscription period, that this Prospectus is used for a Permitted Public Offer with the authorisation of the Issuer and in accordance with the relevant applicable conditions.**

If, during the period for which the Issuer authorised the use of this Prospectus, a public offer was made in Belgium, the Issuer accepts responsibility for the content of this Prospectus as set out below. Neither the Issuer, nor the Manager can be held responsible or liable for any act or omission from any Financial Intermediary, including compliance with any rules of conduct or other legal or regulatory requirements under or in connection with such public offer.

Neither the Issuer nor the Manager has authorised any public offer of the Bonds by any person in any circumstance and such person is under no circumstance authorised to use this Prospectus in connection with a public offer of the Bonds, unless (i) the public offer is made by a Financial Intermediary, or (ii) the public offer is made within an exemption from the requirement to publish a prospectus under the Prospectus Directive. Any such unauthorised public offer is not made by or

on behalf of the Issuer or the Manager and the Issuer nor the Manager can be held responsible or liable for the actions of any such person engaging in such unauthorised public offers.

**Each offer and each sale of the Bonds by a Financial Intermediary will be made in accordance with the terms and conditions agreed between a Financial Intermediary and the investor, including in relation to the price, the allocation and the costs and/or taxes to be borne by an investor. The Issuer is not a party to any arrangements or terms and conditions in connection with the offer and sale of the Bonds between the Financial Intermediary and an investor. This Prospectus does not contain the terms and conditions of any Financial Intermediary. The terms and conditions of the Manager are however included in this Prospectus (see Part XII: *Subscription and Sale*). The terms and conditions in connection with the offer and sale of the Bonds will be provided to any investor by a Financial Intermediary during the Subscription Period. The Issuer nor the Manager can be held responsible or liable for any such information. This Prospectus may be used for the purposes of a public offer in Belgium by a Financial Intermediary until the last day of the Subscription Period (regardless of a possible early termination as specified in Part XII: *Subscription and Sale* below).**

For a description of further restrictions on offers and sales of Bonds and distribution of this Prospectus see Part XII: *Subscription and Sale* below.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus and any information or representation not so contained or inconsistent with this Prospectus or any other information supplied in connection with the Bonds and, if given or made, such information must not be relied upon as having been authorised by or on behalf of the Issuer or the Manager. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or otherwise that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date hereof or, if later, the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Bonds is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Manager and the Issuer expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Bonds.

Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Manager that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each investor contemplating a purchase of the Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Save for the Issuer, no other party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Manager as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information in connection with the Issuer or the offering of the Bonds. The Manager does not accept any liability, whether arising in tort or in contract or in any other event, in relation to the information contained or

incorporated by reference in this Prospectus or any other information in connection with the Issuer, the offering of the Bonds or the distribution of the Bonds.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or the securities laws of any state or other jurisdiction of the United States. The Bonds are being offered and sold solely outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**). The Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S) unless they have been so registered or pursuant to an available exemption from the registration requirements of the Securities Act. For a further description of certain restrictions on the offering and sale of the Bonds and on the distribution of this document, see Part XII: *Subscription and Sale* below.

All references in this document to euro, EUR and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

This Prospectus contains various amounts and percentages which are rounded and, as a result, when these amounts and percentages are added up, they may not total.

### **WARNING**

The Prospectus has been prepared to provide information on the Public Offer. When potential investors make a decision to invest in the Bonds, they should base this decision on their own research of the Issuer and the conditions of the Bonds, including, but not limited to, the associated benefits and risks, as well as the conditions of the Public Offer itself. The investors must themselves assess, with their own advisors if necessary, whether the Bonds are suitable for them, considering their personal income and financial situation. In case of any doubt about the risk involved in purchasing the Bonds, investors should abstain from investing in the Bonds.

The summaries and descriptions of legal provisions, taxation, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Prospectus may in no circumstances be interpreted as investment, legal or tax advice for potential investors. Potential investors are urged to consult their own advisor, bookkeeper, accountant or other advisors concerning the legal, tax, economic, financial and other aspects associated with the subscription to the Bonds.

In the event of important new developments, material errors or inaccuracies that could affect the assessment of the securities, and which occur or are identified between the time of the approval of the Prospectus and the final closure of the Public Offer, or, if applicable, the time at which trading on the regulated market of NYSE Euronext Brussels commences, the Issuer will have a supplement to the Prospectus published containing this information. This supplement will (i) need to be approved by the FSMA and (ii) be published in compliance with at least the same regulations as the Prospectus and applicable law, and will be published on the websites of the Issuer (within the section addressed to investors as “Bonds” ([www.vgpparks.eu](http://www.vgpparks.eu)), and the Manager ([www.kbc.be/vgp](http://www.kbc.be/vgp)). The Issuer must ensure that any such supplement is published as soon as possible after the occurrence of such new significant factor.

Investors who have already agreed to purchase or subscribe to securities before the publication of the supplement to the Prospectus, have the right to withdraw their agreement during a period of two working days commencing on the day after the publication of the supplement.

## **FURTHER INFORMATION**

For more information about the Issuer, please contact:

VGP NV

Greenland – Burgemeester E. Demunterlaan 5, box 4

B-1090 Brussels

Tel.: 0032 2 737.74.06

[www.vgpparks.eu](http://www.vgpparks.eu)

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## PART I: SUMMARY

*The summary has been prepared in accordance with the content and format requirements of the Prospectus Regulation.*

*Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7).*

*This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.*

### Section A – Introduction and warnings

A.1 This summary should be read as an introduction to the Prospectus and any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court in any Member State of the European Economic Area, the plaintiff investor might, under the national legislation of the Member State of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such Bonds.

A.2 The Issuer authorises that this Prospectus may be used for the purposes of a public offer until 5 July 2013 (regardless of a possible early termination as specified in Part XII: *Subscription and Sale* below) in Belgium, by any credit institution authorised pursuant to Directive 2006/48/EC or any investment firm authorised pursuant to Directive 2004/39/EC to conduct such offers (a **Financial Intermediary**).

**Each offer and each sale of the Bonds by a Financial Intermediary will be made in accordance with the terms and conditions agreed between a Financial Intermediary and the investor, including in relation to the price, the allocation and the costs and/or taxes to be borne by an investor. The Issuer is not a party to any arrangements or terms and conditions in connection with the offer and sale of the Bonds between the Financial Intermediary and an investor. This Prospectus does not contain the terms and conditions of any Financial Intermediary. The terms and conditions of the Lead Manager are however included in this Prospectus (see Part XII: *Subscription and Sale*). The terms and conditions in connection with the offer and sale of the Bonds will be provided to any investor by a Financial Intermediary until and including the last day of the Subscription Period, being 5 July 2013.**

### Section B - Issuer

B.1 **Legal and** VGP NV

**commercial name  
of the Issuer**

- B.2 **Domicile / Legal Form / Legislation / Country of incorporation** The Issuer is a public limited liability company (*naamloze vennootschap / société anonyme*) incorporated under Belgian law, having its registered office at Greenland – Burgemeester E. Demunterlaan 5, box 4, 1090 Brussels, Belgium.
- B.4b **Trends** The Issuer is the holding company of the VGP Group. The Group is specialised in the acquisition, development, and management of semi industrial real estate, i.e. building suitable for logistical purposes and light industrial activities.
- Since 2010, the Group changed its business model and strategy from a strict develop and hold strategy towards a strategy with an increased focus on development and more pro-active approach in respect of potential disposal of the income generating assets, as a result of which VGP could realise valuation gains and generates additional fee income from facility management. This change in strategy has also led to a significant decrease in recurrent rent income for the Group. Such rent income will grow again in the short and medium term once new developments are constructed on the land bank that has been acquired, among others, with proceeds from these transactions and that will subsequently be let to tenants.
- The Group's assets are currently geographically concentrated mainly in the Czech Republic and Germany, and, to a lesser extent in Estonia, Latvia, Slovakia, Hungary and Romania. The Group's property portfolio is rapidly expanding, mainly in Germany, where the Group has been able to secure a number of significant land plots on very attractive locations. Germany is one of the top logistics locations in Europe. In recent years the supply of stock available for leasing in Germany has become very scarce, and there is an increasing demand for lettable spaces of around and above 10,000 m<sup>2</sup> which is line with the niche market in which the VGP Group wants to be active in. The property market in which the Group is active in the mid-European countries has experienced a significant increase of investment activity in the last decade, caused by, among others a climate of falling interest rates, strong economic growth and increasing exchange rate stability. In the Czech Republic, prime headline rents for modern logistics space have remained flat over the past 12 months and are expected to remain stable for the foreseeable future.
- B.5 **Group** The Issuer is the holding company of the different entities that constitute the VGP Group. The Group constructs and develops high-end semi-industrial real estate and ancillary offices, which are subsequently rented out to reputable clients on long term lease contracts. VGP has an in-house team which manages all activities of the fully integrated business model: from identification and acquisition of land, to the conceptualisation and design of the project, the supervision of the construction works, contracts with

potential tenants and the facility management of its own real estate portfolio. The Issuer holds 100% of the shares in a number of subsidiaries (the **Subsidiaries**). In addition, VGP NV currently also holds a 20% participation in the share capital of Snow Crystal S.à.r.l. and Sun S.à.r.l. (the **Associates**).

- B.9 **Profit forecast / estimate** Not applicable; no profit forecasts or estimates have been made by the Issuer.
- B.10 **Qualification audit report** Not applicable; there are no qualifications in any auditor report on the historical financial information included in the Prospectus.

B.12 **Key Financial Information / material adverse changes**

<b>INCOME STATEMENT</b>	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Gross rental income	3,071	14,446	28,573
Property operating expenses and net service charge income / (expenses)	(449)	(516)	(1,245)
<b>Net rental and related income</b>	<b>2,622</b>	<b>13,930</b>	<b>27,328</b>
Other income / (expenses) - incl. Administrative costs	(2,025)	(1,700)	(1,809)
<b>Operating result (before result on portfolio)</b>	<b>597</b>	<b>12,230</b>	<b>25,519</b>
<b>Net current result</b>	<b>3,193</b>	<b>9,555</b>	<b>7,967</b>
Net valuation gains / (losses) on investment property	12,347	3,133	22,759
Deferred taxes	(2,346)	(595)	(4,324)
<b>Result on property portfolio</b>	<b>10,001</b>	<b>2,538</b>	<b>18,435</b>
Share in the results of associates	(1,615)	844	-
<b>Net result</b>	<b>11,579</b>	<b>12,937</b>	<b>26,402</b>
<b>BALANCE SHEET</b>			
Investment properties	101,629	71,643	186,982
Other non-current receivables	45,758	45,313	-
Other	(167)	1,529	1,271
<b>Total non-current assets</b>	<b>147,220</b>	<b>118,485</b>	<b>188,253</b>
Trade and other receivables	9,037	9,138	3,701
Cash and cash equivalents	19,123	16,326	5,341
Disposal group held for sale	-	33,944	299,942
<b>Total current assets</b>	<b>28,160</b>	<b>59,408</b>	<b>308,984</b>
<b>Total Assets</b>	<b>175,380</b>	<b>177,893</b>	<b>497,237</b>
<b>Total equity</b>	<b>151,260</b>	<b>154,735</b>	<b>176,342</b>
Total non-current liabilities	8,225	5,708	130,351
Total Current Liabilities	15,895	17,450	190,544
<b>Total Liabilities</b>	<b>24,120</b>	<b>23,158</b>	<b>320,895</b>
<b>Total equity and liabilities</b>	<b>175,380</b>	<b>177,893</b>	<b>497,237</b>
<b>INVESTMENT PROPERTY</b>			
Total lettable area (m <sup>2</sup> )	674,595 <sup>1</sup>	641,378	576,936
Occupancy rate (%)	94.5% <sup>2</sup>	98.5%	98.8%
Fair value of property portfolio <sup>3</sup>	101,629	105,565	481,624
<b>GEARING</b>			
Net debt / shareholders' equity	n.a.	n.a.	1.47
Net debt / total assets	n.a.	n.a.	52.2%

<sup>1</sup> Including 601,217 m<sup>2</sup> under management (573,426 m<sup>2</sup> under management as at 31 December 2011 )

<sup>2</sup> Including Associates. Excluding Associates the occupancy rate would be 94.9%

<sup>3</sup> Property that is being constructed or developed for future use as investment property is also stated at fair value. The investment properties under construction are valued by the same independent valuation expert i.e. Jones Lang LaSalle. For the properties under construction the valuation expert has used the same approach as applicable for the completed properties but deducting the remaining construction costs from the calculated market value, whereby "remaining construction costs" means overall pending development cost, which include all hard costs, soft costs, financing costs and developer profit (developer profit expresses the level of risk connected with individual property and is mainly depend ent on development stage and pre-letting status). All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure qualifying as acquisition costs are capitalised .

(in thousands of EUR)

During April 2013, a small plot of land of 16,000 m<sup>2</sup> was bought in Bingen (Germany) allowing VGP to develop a building of 6,400 m<sup>2</sup>. At the end of May 2013, VGP concluded the purchase of the remaining 51 hectare development land of LogPark Hamburg, which will allow VGP to develop around 210,000 m<sup>2</sup> of high-end

semi-industrial real estate. In the first half of June 2013, a plot of land of 110,000 m<sup>2</sup> was bought in Tallinn (Estonia) on which VGP can develop 50,000 m<sup>2</sup> of lettable area.

Notwithstanding, there has been no material adverse change in the prospects of the Issuer since the date of its last audited financial statements, i.e. 31 December 2012.

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2012.

- B.13 Recent Events** Not applicable; there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.
- B.14 Dependence on other entities within the Group** At the date of the Prospectus, the Issuer is a holding company. The real estate portfolios of the Group are owned through specific asset companies which are 100% Subsidiaries of the Issuer. The Issuer's sole activity consists of financing its Subsidiaries and Associates and supplying these entities with daily operational management services. Besides interests income, as well as recharging of costs and services which are invoiced to these entities, the Issuer's cash inflow comes from dividends and from the sale of specific asset companies holding income generating assets or parks. Hence, the Issuer has no operational income and is solely dependent on members of the Group in respect of its income. The Group financings contain restrictions on distributions by such members of the Group and the Associates to the Issuer in case of an event of default, a potential event of default or in case of a breach of the financial covenants and, in some cases, as regards frequency and maximum amount distributed.
- B.15 Principal activities of the Issuer** The Issuer is the holding company of the VGP Group whose main activity is the acquisition, development and management of semi industrial real estate.
- B.16 Control** 46.90% of the shares in the Issuer are, directly or indirectly, held by Mr Bart Van Malderen: 19.08% of the shares in the Issuer are held by Mr Bart Van Malderen personally, and 27.82% of the shares in the Issuer are held by VM Invest NV, a company controlled by Mr Bart Van Malderen.
- 25.33% of the shares in the Issuer are, directly or indirectly, held by Mr Jan Van Geet: 0.05% of the shares in the Issuer are held by Mr Jan Van Geet personally and 25.29% of the shares in the Issuer are held by Little Rock SA, a company controlled by Mr Jan Van Geet.
- In addition, 5.00% of the shares in the Issuer are held by VGP MISV Comm. VA, a company controlled by Mr Bart Van Malderen and Mr Jan Van Geet.
- 12.97% of the shares in the Issuer are, directly or indirectly, held by Mr Jan Prochazka: 0.32% of the shares in the Issuer are held by Mr Jan Prochazka personally, and 12.64% of the shares in the

Issuer are held by Alsgard SA, a company controlled by Mr Jan Prochazka.

VM Invest NV, Mr Bart Van Malderen, Little Rock SA, Mr Jan Van Geet, Alsgard SA, Mr Jan Pochazka and VGP MISV Comm. VA are acting in concert in respect of the holding, the acquisition and disposal of securities.

3.53% of the shares in the Issuer are held by Vadebo France NV, a company controlled by Mrs Griet Van Malderen.

6.27% of the shares in the Issuer are held by the public.

**B.17 Credit ratings** Not applicable; the Issuer is not rated. The Bonds are not rated and the Issuer does not intend to request a rating for the Bonds.

Section C – Securities

**C.1 Description of the Bonds and security identification number** 5.15 per cent. fixed rate bonds due 12 July 2017 denominated in euro. ISIN BE0002201672 Common Code 094682118. Dematerialised form under the Belgian Company Code.

**C.2 Settlement currency** EUR

**C.5 Transferability** Subject to the restrictions in all jurisdictions in relation to offers, sales or transfers, the Bonds are freely transferrable in accordance with the Belgian Companies Code. In all jurisdictions, offers, sales or transfers of Bonds may only be effected to the extent lawful in the relevant jurisdiction. The distribution of the Prospectus or its summary may be restricted by law in certain jurisdictions.

**C.8 Description of rights attached to the Bonds**

*Status* The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will at all times rank pari passu and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations that may be preferred by provisions of law that are both mandatory and of general application.

*Issue Date* 12 July 2013

*Issue Price* 100 per cent.

*Specified Denomination* EUR 1,000 per Bond

*Events of Default* Events of Default under the Bonds include (i) Non-payment, (ii) Breach of ratios, (iii) Breach of other covenants, agreements or undertakings, (iv) Cross-Default of the Issuer or a Subsidiary, (v) Enforcement Proceedings, (vi) Security Enforced, (vii) Unsatisfied Judgement, (viii) Insolvency and insolvency proceedings, (ix)

	Reorganisation, change of or transfer of business or transfer of assets, (x) Winding-Up, (xi) Failure to take action, (xii) Unlawfulness and (xiii) Delisting of the Bonds.
<i>Cross-Default and Negative Pledge</i>	Applicable as set out in the Conditions.
<i>Meeting of Bondholders</i>	The Conditions of the Bonds contain certain provisions for calling of meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
<b>C.9 Further description of rights attached to the Bonds (see also Element C.8)</b>	Please also see Element C.8 above for additional information.
<i>Interest</i>	Subject to an increase as described in Condition 6.3(c), each Bond bears interest from (and including) the Issue Date at the rate of 5.15 per cent. per annum (the <b>Interest Rate</b> ) calculated by reference to its Specified Denomination (being EUR 1,000).
<i>Interest Payment Date</i>	Interest will be payable annually in arrear on 12 July of each year (each an <b>Interest Payment Date</b> ), commencing with the Interest Payment Date falling on 12 July 2014. An Interest Period shall mean the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.
<i>Change of Control Step-Up and Change of Control Step-Down</i>	If by not later than 31 December 2013 (the <b>Long Stop Date</b> ) (i) the decisions by the general shareholders' meeting of the Issuer approving Condition 6.3 (the <b>Change of Control Resolutions</b> ) are not passed, approved or adopted or (ii) the Change of Control Resolutions have not been duly filed with the Clerk of the Commercial Court of Brussels, then, with effect from the Interest Period starting on the first Interest Payment Date following the Long Stop Date, the then prevailing Interest Rate shall be increased by 0.50 per cent. until the last day of the Interest Period during which the Change of Control Resolutions were approved by a general meeting of the Shareholders of the Issuer and deposited with the Clerk of the Commercial Court of Brussels.
<i>Yield</i>	Gross actuarial yield: 5.15 per cent. (on an annual basis) Net yield: 3.862 per cent. (on an annual basis)  The yield is calculated on the basis of the issue of the Bonds on the Issue Date, the Issue Price, the interest rate of 5.15% per annum and is based on the assumption that the Bonds will be held until 12 July 2017 when they will be repaid at 100% of their principal amount in accordance with the Conditions. It is not an

indication of future yield if the Bonds are not held until their Maturity Date. The net yield reflects a deduction of Belgian WHT at the rate of 25 per cent. (Investors should consult the Part XI: *Taxation* of this Prospectus for further information about Belgian taxation).

<i>Maturity Date</i>	12 July 2017
<i>Redemption Amount at Maturity Date</i>	The Bonds will be redeemed at 100 per cent. of the nominal amount.
<i>Early Redemption</i>	The Bonds may be redeemed early following an Event of Default (see above) (at 100 per cent. of the nominal amount). Bonds will also be redeemable at the option of the Bondholders prior to the maturity in case of a Change of Control at the Put Redemption Amount (as specified in the Conditions). If Bondholders submit Change of Control Put Exercise Notices (as specified in the Conditions) in respect of at least 85 per cent. of the aggregate principal amount of the Bonds for the time being outstanding, all (but not some only) of the Bonds may be redeemed at the option of the Issuer prior to maturity (at the Put Redemption Amount). The Put Redemption Amount applicable in the case of, or following, a Change of Control reflects a maximum yield of 0.75 points above the yield of the Bonds on the Issue Date up to the Maturity Date.
<i>Name of the representative of the security holders</i>	Not applicable
C.10 <i>Derivative component in the interest payment</i>	Not applicable
C.11 <b>Listing and admission to trading</b>	An application has been made with NYSE Euronext Brussels to list the Bonds on the regulated market of NYSE Euronext Brussels and to be admitted to trading on the regulated market of NYSE Euronext Brussels.

#### Section D – Risks

D.2 <b>Risks specific to the Issuer and the Group</b>	<p><u>Total or partial sale of income generating assets.</u> The Group may divest its income generating assets, as a result of which its operational income would decrease. The proceeds of such divestments may be used for a new development cycle, i.e. to fund the acquisition and development of new plots of land. During the first phase of the development of a new project, no income is generated by the new development until such project is completed and delivered to a tenant.</p> <p>In 2011, an 80% equity interest in VGP CZ I and VGP CZ II, two portfolios comprising notable logistics and industrial properties in the Czech Republic, was sold. In order to support these transactions, the Associates were incorporated, holding 100% in VGP CZ I and VGP CZ II respectively. In 2012, VGP CZ IV was sold to Snow Crystal S.à.r.l. and the VGP Estonia income</p>
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generating assets were sold to a major Scandinavian investor. Prior to their sale, these portfolios generated a significant contribution to the income and results of the Group in 2010 and the deconsolidation of these portfolios resulted in a decrease of the reported net profits of the Group: the gross rent income fell as a result of these transactions from EUR 28.6 million at the end of 2010 to EUR 14.4 million at the end of 2011 and to EUR 3.1 million as at 31 December 2012. The revenues from these sales (the gross sales price was EUR 465 million and the net proceeds received amounted to EUR 180 million) allowed the Group, among others, to start a new development cycle with a focus on developments in Germany. The Group still performs development activities and provides facility management and leasing services for the Associates. As at 31 December 2012 the fees generated by the services provided to the Associates amounted to EUR 2.9 million (EUR 1.1 million for facility management services and the remaining balance for leasing fees, property development fees, administration and accounting support services and asset management fees).

Evolution of debt ratio of the Group. In order to finance the Group's growth, a significant increase in the amount of the Group's borrowings is expected, which would result in higher financing costs and financing and refinancing risks. The recent expansion in Hamburg and Frankfurt will entail a total investment of around EUR 122 million and around EUR 52 million respectively for the development of these parks. It is expected that for the foreseeable future, the Group will operate within a gearing level (net debt / equity) of up to 2:1.

Risks related to the Associates. The Associates' majority shareholder may take decisions relating to the sale of real estate portfolios held by the Associates, that are not supported by the Issuer. The transactions whereby income generating assets were transferred to the Associates as well as possible future divestments of income generating assets may affect the Issuer's short and mid-term income and therefore its ability to fulfil its obligations under the Bonds, as well as its net value. The Group may incur liability for the development activities undertaken on behalf of the Associates, among others for a cost overrun in respect of the developments, and has a constructive obligation (of up to its proportional share of 20%) to ensure that the Associates are capable of complying with their obligations. The Associates may not be able to repay the shareholder loans granted by the Issuer to them in case the proceeds from the sale of their assets are significantly lower than the initial purchase price.

The Group may not be able to generate sufficient cash flows. The Group's short term cash flow may be affected if it is unable to continue successfully signing new lease contracts, which, in its turn, may affect the interest payment capacity of the Group. The medium term results of the Group may fluctuate significantly



depending on the projects/parks that can be divested in a given year. Inability to generate sufficient cash in the medium term may affect the debt repayment capacity of the Group.

Nature of the Group's business. The results and the outlook of the Group depend among others on the ability of the management to identify and acquire interesting real estate projects and to develop and commercialise such projects at economically viable conditions.

Nature and composition of portfolio. The valuation of the property depends largely on national and regional economic conditions. Due to the nature of the real estate and the lack of alternative uses of semi-industrial properties with its ancillary offices, the ability to respond to adverse changes in the performance of the properties could be limited.

The Group's real estate portfolio is concentrated on semi-industrial property. Due to this concentration an economic downturn in this sector could have a material adverse effect on the Group's business.

Ability to generate continued rental income. The value of a rental property depends largely on the remaining term of the related rental agreement as well as of the creditworthiness of the tenants. If one or more of the Group's largest customers is unable to meet its lease obligations, the Group's business could be materially adversely affected.

Group's development activities. During the development phase of projects, the Group usually carries the costs of the project and begins to receive revenues only at a later point in time. Delays in the completion, cost overruns, underestimation of costs, etc. could decrease the Group's cash flows.

Disposal of projects. The Issuer's cash flow can fluctuate considerably from year to year depending on the number of projects which can be sold in a given year.

Insurance risks of the real estate. The Group may have to bear the costs related to or be liable for any debt or other financial obligation related to the property in case of damages or loss of the property. Certain types of losses may be uninsurable or not economically insurable and insurance proceeds are not always sufficient to cover the costs.

Regulatory matters. Regulatory changes in the different countries where the Group is active could have a material adverse effect on the Group's business. Additionally, the Group may encounter difficulties in obtaining the relevant permits (within the expected timeframe).

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 could decrease the value of the property of the Group.

Competition. Increased competition could have an impact on the

purchase price and development costs of the sites, as well as on rental revenues and occupancy rates.

Dependency on key personnel. As the Group depends largely on the expertise and commercial quality of its management, commercial and technical team, the loss of or failure to attract such persons may have a material adverse effect on the Group's business.

Counterparty risk. Counterparties of the Group's agreements may not be able to comply with their contractual obligations.

Availability of adequate credit facilities or shareholder loans. The non-availability of adequate credit facilities may have an adverse effect on the growth of the Group and its financial condition.

Compliance of financial covenants. A breach of financial covenants could have an adverse effect on the financial position of the Group.

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 exchange rates. The Group's revenues are predominantly denominated in euro, whereas expenses, assets and liabilities are recorded in a number of different currencies other than euro. Variations in exchange rates may affect the amount of these items in the consolidated financial statements.

Defects in the ownership title. Real estate registries in some of the mid-European countries do not provide conclusive evidence of ownership of title to property. Some of the members of the Group may not have title to some of the plots of land despite being registered as owners.

Other risk factors relating to property maintenance, regulatory matters, competition, ability to manage growth and to continue adequate and efficient monitoring of the portfolio, environmental claims, goods stored by customers, litigation, counterparty risks liquidity and financing risks, land subject to future purchase agreements and restitution claims are included in Part II: *Risk Factors* of this Prospectus and should be taken into consideration by investors as well.

**D.3 Risks specific to the Bonds**

The main risk factors in relation to the Bonds include:

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of the investment in light of its own circumstances, based on its own independent review and such professional advice as it deems appropriate under the circumstances. In particular, each potential investor should have sufficient knowledge and experience, appropriate analytical tools to make a meaningful evaluation of the Bonds, evaluate the impact of the Bonds on its overall investment portfolio, and have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds.

The Issuer may not have the ability to repay the Bonds. The Issuer

may not be able to repay the Bonds at their maturity. If the Bondholders were to ask the Issuer to repay their Bonds upon the occurrence of an Event of Default, the Issuer cannot be certain that it will be able to pay the required amount in full.

Holding company. the Issuer is a holding company with no operating income and is therefore solely dependent on distributions made by members of the Group to the Issuer. Accordingly, the Issuer's ability to meet its financial obligations under the Bonds will largely depend on the cash flows from the members of the Group and the distributions paid to it by members of the Group. The Group Financings (as defined below) contain restrictions on the distributions by members of the Group to the Issuer, in case certain financial tests are not met.

Outstanding debt. Substantial outstanding financial debt could negatively impact the Issuer and its ability to make payments under the Bonds.

The Issuer may incur additional indebtedness. This could have an impact on its ability to meet the obligations under the Bonds or could cause the value of the Bonds to decrease. The Conditions do not limit the amount of unsecured or secured debts that the Issuer can incur.

Status and structural subordination. The right of the Bondholders to receive payment on the Bonds is not secured or guaranteed and will effectively be subordinated to any secured indebtedness of the Issuer and will be effectively structurally subordinated to any indebtedness of the members of the Group (other than the Issuer). Currently, substantially all assets of the members of the Group are encumbered with security interests for the benefit of indebtedness incurred by members of the group: EUR 88.9 million out of EUR 101.6 million investment properties were pledged in favour of the banks that are creditors of VGP covering a total bank debt of EUR 16.2 million as at 31 December 2012 (EUR 22.2 million as at the end of May 2013). No assets of VGP have been encumbered as a security of the Associates' indebtedness. It cannot be excluded that following demands under the guarantees granted by the members of the Group and/or enforcement of the security interest granted by the members of the Group, no or only limited amounts remain available for distribution to other holders of indebtedness owed by members of the Group and, hence, that no or only limited amounts will remain available for distribution to the Issuer and payments to the creditors of the Issuer, including the Bondholders.

The Issuer may not be able to repay the Bonds at their maturity. The Issuer's ability to repay the Bonds will depend on the Issuer's financial condition (including its cash position resulting from its ability to receive income and dividends from its Subsidiaries) at the time of the requested repayment, and may be limited by law, by the terms of its indebtedness and by the agreements that it may

have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness.

The Bonds may be redeemed prior to maturity. In the event: (A) of the occurrence of an Event of Default; (B) that the Issuer would choose to repay all outstanding Bonds if Bondholders have submitted Change of Control Put Exercise Notices in respect of at least 85 per cent. of the aggregate principal amount of the Bonds; or (C) that the Issuer would be obliged to increase the amounts payable in respect of any Bonds as a result of any change in, or amendment to, Belgian tax law on or after the Issue Date, the Bonds may be redeemed prior to maturity. In such circumstances, an investor may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the Bonds.

Taxes. Payments with respect to the Bonds may be subject to Belgian withholding tax. Potential purchasers and sellers of the Bonds may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the countries where the Bonds are transferred or other jurisdictions. Belgian withholding tax, currently at a rate of 25%, will in principle be applicable to the interest on the Bonds held in a non-exempt securities account (an N account) in the X/N System. Certain payments with respect to the Bonds may be affected by the EU Savings Directive.

Other risk factors in relation to the Bonds include:

Credit rating. The Issuer and the Bonds do not have a credit rating and the Issuer currently does not intend to request a credit rating for itself or the Bonds at a later date, which may render the price setting of the Bonds more difficult.

There is no active trading market for the Bonds. Illiquidity may have a severely adverse effect on the market value of Bonds.

The Bonds are exposed to market interest rate risk. The Bonds provide a fixed interest rate until the Maturity Date. An increase in the market interest rates can result in the Bonds trading at prices lower than the nominal amount of such Bonds.

Market value of the Bonds. The market value of the Bonds will be affected by the creditworthiness of the Issuer and a number of additional factors.

The Bonds may be redeemed prior to maturity in the event of a Change of Control. Bonds in respect of which the Change of Control put option is not exercised may be illiquid and difficult to trade. A Change of Control as defined in the Conditions may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Issuer.

Change of Control Put – shareholders' approval. The Change of Control Put has to be approved by the shareholders of the Issuer in order to be effective.

The Bonds may be affected by turbulence in the global credit

markets. Turbulence in the global credit markets has led to a general lack of liquidity in the secondary market for instruments similar to the Bonds.

Eurozone crisis. Potential investors should be aware of the crisis affecting the eurozone, the turbulence in the global credit markets and the general economic outlook.

Modification to the Conditions. Modification to the Conditions can be imposed by all Bondholders upon defined majorities of Bondholders.

Foreign exchange and exchange controls. It is possible that the Bonds are exposed to foreign exchange risks and exchange controls.

Risk of inflation. The actual yield of an investment in the Bonds is being reduced by the risk of inflation.

Changes in governing law could modify certain conditions.

Duties of the Agent. The Agent assumes no fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further the interests of the Bondholders.

Reliance on the procedures of the NBB System, Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer.

The Agent is not required to segregate amounts received by it in respect of Bonds cleared through the Clearing System.

Transactions with parties involved in the transaction. The Issuer, Agent, Calculation Agent and the Lead Manager may engage in transactions adversely affecting the interests of Bondholders.

Investment restrictions. legal investment considerations may restrict certain investments.

Risk of withdrawal and cancellation of the Public Offer/ Issue of a lower amount than the expected minimum amount.

Financial transaction tax. A financial transaction tax (FTT) may become payable on the sale, purchase, or exchange of the Bonds.

## Section E – Offer

### E.2b Reasons of the offer

The net proceeds of the issue of the Bonds will be primarily used to acquire and expand the land bank in Germany and to a lesser extent to finance the development pipeline in the amounts not financed by the banking institutions. The recent expansion of land in Hamburg and Frankfurt will entail a total investment of around EUR 122 million and around EUR 52 million respectively for the development of these parks. The level of bank indebtedness for these developments will depend on the number of Bonds which the Issuer will be able to place.

### E.3 **Terms and conditions of the Offer**

*Offer period* From 24 June 2013 to 5 July 2013 (subject to early closing).

*Lead Manager and Bookrunner* KBC Bank NV

*Paying Agent, Domiciliary Agent and Calculation Agent* KBC Bank NV

*Listing Agent* KBC Bank NV

*Public Offer Jurisdictions* Belgium

*Conditions to which the Offer is subject* The Public Offer and the issue of the Bonds is subject to a limited number of conditions set out in the Placement Agreement, which are customary for this type of transaction, and which include, amongst others: (i) the correctness of the representations and warranties made by the Issuer and in the Placement Agreement, (ii) the Placement Agreement, the Clearing Agreement and the Agency Agreement having been executed by all parties thereto prior to the Issue Date, (iii) the admission to trading of the Bonds on the regulated market of the NYSE Euronext Brussels having been granted on or prior to the Issue Date, (iv) there having been, as at the Issue Date, no material adverse change (as described in the Placement Agreement) affecting the Issuer or any of its Subsidiaries (v) the Issuer having performed all the obligations to be performed by it under the Placement Agreement on or before the Issue Date (vi) no financial markets change (as described in the Placement Agreement) having occurred, (vii) no force majeure having been invoked by the Lead Manager as determined on their discretion and (viii) at the latest on the Issue Date, the Lead Manager having received customary confirmations as to certain legal and financial matters pertaining to the Issuer and the Group. These conditions can be waived (in whole or in part) by the Lead Manager. The Placement Agreement does not entitle the Lead Manager to terminate its obligations prior to payment being made to the Issuer, except in certain limited circumstances. If the conditions are not fulfilled and not waived, the Bonds will not be issued and the total amount of funds already paid by investors for the Bonds will be returned.

*Allocation* Early termination of the Subscription Period will intervene at the earliest on 24 June 2013 at 5.30 pm (Brussels time) (the minimum Subscription Period is referred to as the **Minimum Sales Period**) (this is the third business day in Belgium following the day on which the Prospectus has been made available on the websites of the Issuer and the Lead Manager (including the day on which the

Prospectus was made available). All subscriptions that have been validly introduced by the Retail Investors with the Lead Manager before the end of the Minimum Sales Period will be taken into account when the Bonds are allotted, it being understood that in case of oversubscription, a reduction may apply, i.e. the subscriptions will be scaled back proportionally, with an allocation of a multiple of EUR 1,000, and to the extent possible, a minimum nominal amount of EUR 10,000, which is the minimum subscription amount for investors.

*Authorised Offerors*

The terms and conditions of any Authorised Offeror (other than the public offer by Lead Manager set out in this Prospectus) shall be published by the relevant Authorised Offeror on its website at the relevant time.

**E.4 Interest material to the issue**

Investors should be aware that the Issuer is involved in a general business relationship or/and in specific transactions with the Lead Manager and the Agent and that they might have conflicts of interests which could have an adverse effect to the interests of the Bondholders. Potential investors should also be aware that the Agent may hold from time to time debt securities, shares or/and other financial instruments of the Issuer. Within the framework of normal business relationship with its banks, the Issuer or any Subsidiary has entered or could enter into loans and other facilities with the Lead Manager and the Agent (or some of its affiliates) (via bilateral transactions or/and syndicated loans together with other banks). The terms and conditions of these debt financings may differ from the terms and conditions of the proposed Bonds and certain of the terms and conditions of such debt financings could be stricter or more extensive than the terms and conditions of the proposed Bonds. When acting in the capacity of lenders, the Lead Manager and the Agent have no duty to take into account the interests of the Bondholders.

**E.7 Expenses**

The net proceeds (before deduction of expenses) will be an amount equal to the aggregate nominal amount of the Bonds issued (the **Aggregate Nominal Amount**) multiplied by the Issue Price expressed in percentage, minus placement fee of 1.875 per cent. of the Aggregate Nominal Amount and the fee agreed between the Issuer and the Lead Manager in relation to the structuring of the issuance of the Bonds. The financial services in relation to the Bonds will be provided free of charge by the Lead Manager. The costs for the custody fee for the Bonds are charged to the subscribers. Investors must inform themselves about the costs their financial institutions might charge them. Any expenses chargeable by an Authorised Offeror (other than the Lead Manager) to an investor shall be charged in accordance with any contractual arrangement agreed between the investor and such Authorised Offeror at the time of the relevant offer. Investors should inform themselves concerning the costs and fees charged by Authorised Offerors.





## PART II: RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The risk factors may relate to the Issuer or any of its Subsidiaries (together, the **Group**).*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Bonds are also described below.*

*Before investing in the Bonds, prospective investors should consider carefully all of the information in this Prospectus, including the following specific risks and uncertainties. If any of the following risks materialises, the Issuer's business, results of operations, financial condition and prospects could be materially adversely affected. In that event, the value of the Bonds could decline and an investor might lose part or all of the investor's investment due to an inability of the Issuer to fulfil its obligations under the Bonds. Although the Issuer believes that the risks and uncertainties described below represent all material risks and uncertainties considered relevant, on the date of publication of this Prospectus, for the Issuer's business, the Issuer may face additional risks and uncertainties not presently known to the Issuer or that the Issuer currently deems to be immaterial. The latter may also have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects, and could negatively affect the value of the Bonds and/or the ability of the Issuer to fulfil its obligations under the Bonds. The sequence in which risk factors are listed is not an indication of their likelihood to occur or the extent of their commercial consequences.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and should reach their own views before making an investment decision with respect to any Bonds. Furthermore, before making an investment decision with respect to any Bonds, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Bonds and consider such an investment decision in light of the prospective investor's own circumstances.*

*Terms defined in Part IV: Terms and Conditions of the Bonds shall have the same meaning when used below.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under the Bonds**

The Group is among others exposed to:

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

##### *Risks related to the total or partial sale of income generating assets*

The Group may divest real estate in its portfolio, i.e. the income generating assets, as a result of which its operational income would decrease. The proceeds of such divestments may be used for a new development cycle, i.e. to fund the acquisition and development of new plots of land. During the first phase of the development of a new project, however, no income will be generated by the new development until such project is completed and delivered to a tenant.

In 2011, an 80% equity interest in VGP CZ I and VGP CZ II, two portfolios comprising notable logistics and industrial properties in the Czech Republic, was sold for a total transaction value (gross sales price) of around EUR 430 million. In order to support these transactions, Snow Crystal S.à.r.l. and Sun S.à.r.l. (the **Associates**) were incorporated,

holding 100% in VGP CZ I and VGP CZ II respectively. In 2012, VGP CZ IV was sold to Snow Crystal S.à.r.l. and the VGP Estonia income generating assets were sold to a major Scandinavian investor. The aggregate transaction value for the VGP CZ IV and VGP Estonia transactions was EUR 35 million. The portfolios that were sold generated a significant contribution to the income and result of the Group, prior to their sale, and their deconsolidation resulted in a decrease of the reported net profits of the Group: the gross rent income fell as a result of these transactions from EUR 28.6 million at the end of 2010 to EUR 14.4 million at the end of 2011 and to EUR 3.1 million as at 31 December 2012. The Group now performs development activities and provides facility management and leasing services for these Associates. As at 31 December 2012, the fees generated by the services provided to the Associates amounted to EUR 2.9 million. Of this EUR 1.1 million was directly attributable to facility management services. The remaining balance was generated through leasing fees, property development fees, administration and accounting support services and asset management fees. In addition, during 2012 an interest income of EUR 3.4 million was recorded on loans granted to Associates.

The net cash proceeds from these transactions was around EUR 180 million and allowed the Group to deleverage itself with the repayment of shareholder loans (EUR 74 million including interest paid), optimise its capital structure and to pay to its shareholders a capital reduction of EUR 55 million in cash. The remaining amount has been applied towards a new development cycle, during which the Group will focus on developments in Germany.

#### *Evolution of debt ratio of the Group*

The Group expects that the further realisation of its development pipeline will result, in the medium term, in a significant increase of its amount of borrowings. 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. The development pipeline in the Czech Republic is covered through the UniCredit Bank CZ facility. The Group is currently finalising a new credit application for VGP Estonia which will cover the first initial building and this bank has confirmed that it would subsequently increase the credit facility once the Group starts with the second and third building. For Germany the level of bank indebtedness will depend on the amount of Bonds which the Issuer will be able to place, as well as of the pace of development of new projects. The recent expansion of land in Hamburg and Frankfurt, as described in Part VI: *Description of the Issuer* (section 7), for example, will entail a total investment value of around EUR 122 million and around EUR 52 million respectively for the development of these parks. A number of discussions / negotiations have already been initiated with German banks and two very large banks have expressed their interest to finance the total German development pipeline. These discussions / negotiations should lead to additional committed credit facilities in Germany during the second half of 2013. 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 Group expects that for the foreseeable future it will be operating within a gearing level (net debt / equity) of up to 2:1. As at 31 December 2012, the Group was debt free on a net

debt basis<sup>1</sup>. It is anticipated that as new development activities are undertaken, the Group will become indebted again.

Based on the main capital investments which are anticipated to occur during the coming years the net debt to equity would look as follows:

				<b>Adjusted</b>
('000 EUR)	<b>31-Dec-12</b>	<b>Bond</b>	<b>Assumed investment costs</b>	<b>31-Dec-12</b>
<b>Total Equity</b>	<b>151,260</b>			<b>151,260</b>
Financial debt	16,158			16,158
Available Cash	(19,123)			
<b>Net Debt / (surplus cash)</b>	<b>(2,965)</b>			<b>16,158</b>
<b>Assumed financing major investments</b>				
Hamburg			122,000	122,000
Frankfurt			52,000	52,000
Czech Republic			56,611	56,611
Tallinn			7,500	7,500
	<b>0</b>		<b>238,111</b>	<b>238,111</b>
<b>Bond</b>		<b>75,000</b>		<b>75,000</b>
<b>Total adjusted net debt</b>	<b>0</b>	<b>75,000</b>	<b>238,111</b>	<b>313,111</b>
<b>Net Debt to equity</b>	<b>n.a.</b>			<b>2.07</b>

**However, the above figures do not take any potential development gain into consideration which VGP would normally generate once a building is delivered to a tenant nor does it take any future rent income into consideration.**

VGP is therefore convinced that it will be able to operate within a net debt / equity gearing level of 2:1. The net debt will only increase gradually over the next years in line with the development pace of the different parks. In addition the expected development valuation gains and the rent income generated by the underlying completed buildings should generate sufficient profits to ensure that a 2:1 ratio can be adhered to.

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.

The trade and other receivables amount to EUR 9,037k as at 31 December 2012 and are mainly composed of EUR 1.0 million vat receivable, EUR 0.7 million receivables from tenants and EUR 6.5 million receivable regarding the VGP CZ II transaction. The VGP CZ II receivable relates to an additional amount which VGP will receive once two buildings, which are currently partly delivered / under construction, will be leased for 90%. The net cash inflow from this transaction will amount to EUR 5.2 million (80% of EUR 6.5 million). The remaining balance will be converted to a loan to Associates.

<sup>1</sup> Whereby net debt is measured as: (outstanding bank debt + shareholder loans) minus cash.

The trade receivables are not covered by any credit insurance.

The impact of the Bonds on the financial costs will depend on the amount placed. The increase in the financial costs are expected to be mainly offset by the interest income from loans granted to the Associates. On a net interest basis the Group will therefore become a net interest payer as opposed to a net interest receiver.

#### *Risks related to the Associates*

Due to the fact that the Issuer does not have a veto for decisions on divestments, the Group depends on the decisions taken by the majority shareholders relating to the potential sale of the real estate portfolios held by the Associates. This risk is, however, mitigated by the strong historic track record of the manager of the majority shareholders and by the fact that the Issuer has a good negotiating position as the operator and manager of the portfolio. The majority shareholders of the Associates are investment funds which will usually adopt a policy of re-selling their assets within a 5-7 year timeframe. This period usually corresponds to the lifetime of a fund. The transactions whereby income generating assets were transferred to the Associates as well as possible future divestments of income generating assets may affect the Issuer's short and mid-term income and therefore its ability to fulfil its obligations under the Bonds, as well as its net value.

The main potential liability that the Group has towards its Associates relates to the development activities undertaken by the Group on behalf of the Associates. As the VGP Group will be effectively contracted as a general contractor vis-à-vis the Associates the Group will also have a potential liability in case there would be a cost overrun in respect of these developments, i.e. in case the actual construction costs would be higher than the initially agreed construction price/budget. In such case this cost would need to be fully borne by the Group (provided the overrun was due to the Group). At the moment there is no outstanding quantifiable potential liability in this respect.

In addition the Group has recognised that it has de facto a constructive obligation towards its Associates (of up to its proportional share of 20%) as it will always ensure that the Associates will be in a position to fulfil their respective obligations. There is no legal obligation to support the Associates but in reality the Group will always ensure (for its proportional part) that its Associates are in a position to fulfil their obligations. It should be noted that VGP CZ I and VGP CZ II portfolios are prime assets on top locations and both portfolios are generating excess cash used to repay the loans from the Group/investors from time to time.

The current negative net amount of the assets of the Associates shown in the consolidated balance sheet is expected to be temporary and is non-cash in nature. This negative amount is principally driven by the negative fair value of the interest rate swaps at the level of the Associates which are of a non-cash nature. The Associates do not apply hedge accounting. The existing interest rate swaps of VGP CZ I and VGP CZ II were liquidated at the moment of the sale of the respective portfolios. For VGP CZ I the existing interest rate swap was rolled up into a new interest rate swap without cash settlement. As a result this interest rate swap no longer qualified for hedge accounting. The interest rate swap of VGP CZ II had to be terminated in view of the new arrangements with a new syndicate of banks. The new interest rate hedging did not qualify for hedge accounting. The Issuer is of the opinion that there are no indicators of impairment at this stage and that the Associates will generate sufficient cash inflows in the future to reimburse their loans.

For its Subsidiaries, the Issuer has aligned its accounting policies to that of the Associates. In January 2013, an additional EUR 37 million (notional amount) interest rate swap was concluded between the Czech Subsidiaries and UniCredit Bank CZ. This new interest rate swap transaction did not qualify as a highly effective cash flow hedge under IAS 39 and consequently no hedge accounting could be applied.

The loans granted to the Associates are considered fully collectable. The repayment of these loans will be principally driven by the subsequent sale of the real estate portfolios of the Associates. Should the proceeds of such sale be significantly lower than the initial sale price then it could be possible that VGP is unable to recoup the total amount of the loans granted to the Associates.

The amounts contained in the following chart relate to 20% of the Associates' assets and results:

<i>in thousands of EUR</i>	<b>31-Dec-12</b>	<b>31-Dec-11</b>
As at 1 January	965	-
Fair value at initial recognition	105	121
Result of the year	(1,615)	844
<b>Total</b>	<b>(545)</b>	<b>965</b>

<i>in thousands of EUR</i>	<b>31-Dec-12</b>	<b>31-Dec-11</b>
Investment properties	93,685	91,468
Other non-current assets	20	118
Current assets	9,361	2,115
Non-current financial liabilities (IRS)	(4,197)	(3,009)
Non-current liabilities	(94,980)	(85,256)
Current liabilities	(4,433)	(4,471)
<b>Total net assets</b>	<b>(545)</b>	<b>965</b>

Gross rental income	6,887	3,871
Result for the period before fair value adjustments	1,852	(687)
Unrealised valuation gain / (loss) property portfolio	(2,353)	4,011
Fair value IRS (VGP CZ I & VGP CZ II)	(1,113)	(2,481)
Result for the period	(1,615)	844

As at 31 December 2012 the negative contribution of the Associates is mainly due to the negative fair value of the interest rate swaps of EUR 1,113k and the unrealized loss on the property valuation of EUR 2,353k. This is also reflected in the negative amount of the net assets which is mainly due to the increase in the non-current financial liabilities recorded in respect of the interest rate swaps.

The following chart contains the amounts of shareholder loans outstanding (the amounts relate to 100% of the Issuer's receivables on the Associates):

<i>in thousands of EUR</i>		<b>31-Dec-12</b>	<b>31-Dec-11</b>
SUN S.a.r.l.	VGP CZ II portfolio	6,694	7,165
VGP SUN s.r.o.	VGP CZ II portfolio	0	762
VGP CZ II a.s.	VGP CZ II portfolio	0	2,958
VGP CZ II s.r.o.	VGP CZ II portfolio	4,659	0

Snow Crystal S.a.r.l.	VGP CZ I portfolio	20,044	18,506
VGP CZ I a.s.	VGP CZ I portfolio	0	15,922
VGP Park Horní Počernice, a.s.	VGP CZ I portfolio	10,504	0
VGP Blue Park, a.s.	VGP CZ I portfolio	249	0
VGP Green Park, a.s.	VGP CZ I portfolio	615	0
VGP Green Tower, a.s.	VGP CZ I portfolio	214	0
VGP Park Příšovice, a.s.	VGP CZ I portfolio	479	0
VGP Park Turnov, a.s.	VGP CZ I portfolio	371	0
VGP CZ IV a.s.	VGP CZ IV portfolio	1,929	0
<b>Total</b>		<b>45,758</b>	<b>45,313</b>

*The Group may not be able to generate sufficient cash flows*

The Group's revenues are determined by the ability to sign new lease contracts and by the disposal of real estate assets. The Group's short term cash flow may be affected if it is unable to continue successfully signing new lease contracts. The inability to generate sufficient short term cash flow may affect the interest payment capacity of the Group.

In the medium term the Group's results and cash flows may fluctuate significantly depending on the projects/parks which can be put up for sale and sold in a given year. The inability to generate sufficient cash in the medium term may affect the debt repayment capacity of the Group.

The increase in the financial costs resulting from the Bond are expected to be mainly offset by the interest income from loans granted to the associates. On a net interest basis the Group will therefore become a net interest payer as opposed to a net interest receiver. It is expected that additional interest expenses resulting from increased bank debt incurred to finance the development of new projects should be mainly offset by the rent income of such financed projects once these projects become fully income generating.

*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 Germany, and to a lesser extent, in Estonia, Latvia, Slovakia, Hungary and Romania. The Group intends to expand its portfolio cautiously into these countries.

In Hungary, Slovakia and Romania, the Group plans to develop new buildings, but not to acquire any new development land as the development potential on the existing land plots is sufficiently large for the Group. In the Baltics, the situation is slightly different and the Group considers this market as a small niche market where it can achieve above market returns. This is also the reason why a plot of land was acquired in Tallinn in the first half of June 2013.

The Group intends only to start any new building in a park if all existing buildings in these parks will be fully let or if there is a full pre-let for a specific building. For instance in Romania, the Group is building the first building for which it has existing and is signing new lease contracts. The second building in Romania will not be started up if the current first building has not been fully let.

The results and the outlook of the Group depend among others 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 geographic 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 nature and composition of its portfolio: land for development, semi-industrial properties and ancillary offices*

The valuation of a property depends largely 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. These risks are mitigated by the fact that the real estate portfolio is becoming more and more geographically diversified. In addition the properties are as much as possible standardised, allowing easy re-utilisation in case a tenant would terminate its lease.

*Risks related to the ability to generate continued rental income*

The 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 largely 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 in general a six-month lease period. 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. The Group applies a strict credit policy by which all future tenants are screened for their creditworthiness prior to being offered a lease agreement. In addition, the Group will seek to sign as many as possible future lease agreements in order to secure a sustainable future rental income stream.

Nearly 100% of the lease contracts incorporate a provision whereby rents are annually indexed. Tenants will, in general, be required to provide a deposit or bank guarantee or a corporate guarantee depending on their creditworthiness. The lease contracts are usually concluded for periods between 5-10 years (first break option) and include most of the time an automatic extension clause. The lessee cannot cancel the lease contract until the first break option date.

In addition, the Group's strategy has changed since 2010 towards a more pro-active approach in respect of potential disposal of income generating assets. As a result of such divestments of real estate portfolios, the Group's rental income will decrease. The proceeds from such sales, however, can be used for the acquisition and development of new projects. For more information on the impact of the disposal of income generating assets on the Group's rental income, reference is made to Part VI: *Description of the Issuer*, section 1 (*General Information*).

*Risks related to the Group's development activities*

VGP's strategy focuses on development and a pro-active approach in respect of potential disposal of the Group's income generating assets once such assets have reached a mature stage.



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

When considering property development investments, the Issuer makes certain estimates as to economic, market and other conditions, including estimates relating to the value or potential value of a property and the potential return on investment. These estimates may prove to be incorrect, rendering the Issuer's strategy inappropriate with consequent negative effects on the Issuer's business, results of operations, financial conditions and prospects.

#### *Risks associated with the disposal of projects*

In addition to its focus on development, the Group also adopts a pro-active approach in respect of potential disposal of the Group's income generating assets.

The Issuer's revenues will as a result be partly determined by disposals of real estate projects. This means that Issuer's results and cash flow can fluctuate considerably from year to year depending on the number of projects that can be put up for sale and can be sold in a given year. The Issuer's inability to conclude sales can give rise to significant fluctuations of the cash flows of the Issuer.

#### *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 that 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. The Group operates an internal facility management team in order to ensure that the properties are kept in good condition.

The facility management has become a standalone business line whereby it not only provides internal services but also facility management services to third parties. VGP FM services will therefore be potentially liable for the quality and or non-performance of its services. In order to minimise this risk a professional indemnity insurance cover has been taken out.

#### *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. All buildings are insured against such risks as are usually insured against in the same geographic area by reputable companies engaged in the same or similar business.

#### *Risks related to legal and regulatory matters*

As the Group is active and intends to further develop business in the 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 for projects to be developed and let), as well as zoning, health and safety, environmental, monument protection, tax, planning, foreign ownership limitations and other laws and regulations. These risks are monitored on an ongoing basis and where necessary, the Group will use external advisers to advise on regulatory matters.

The Group applies for the permits necessary to construct and exploit its real estate. Because 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 ability to generate valuation gains*

Valuation gains and losses (which are not realised) are recognised in the income statement. Consequently, 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 or development activity gains, which may adversely affect the operating results.

#### *Risks related to 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. 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.

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 have a Material Adverse Effect on 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 Group's 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. The Group's headcount as at 31 December 2012 amounts to 58 people, which should be adequate to support the current growth rate of the Group.

#### *Risk of environmental claims*

Although the Group has so far realised all of its projects on greenfields where the presence of environmental pollutants is unlikely, when acquiring new plots of land, the Group runs 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 mid-European countries 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.

#### *Risks related to goods stored by the Group's customers*

Generally, the Group does not 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.

In order to retain key personnel, the Group has adopted a long-term incentive plan.

#### *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. These risks are monitored on an on-going basis and where necessary, the Group will use external advisers to advise on contract negotiations.

#### *The Issuer is exposed to counterparty risk*

The Issuer has contractual relationships with multiple parties, such as partners, investors, tenants, contractors, architects, financial institutions. The inability of such counterparty to live up to their contractual obligations could have a significant impact on the Issuer's financial and operational position.

### *Availability of adequate credit facilities or shareholder loans*

Apart from the funds generated by the Bonds, the Group is partly financed by shareholder loans and partly by bank credit facilities from time to time. Currently, no shareholder loans which have been granted to the Issuer are in place. The non-availability of adequate credit facilities could have an adverse effect on the growth of the Group as well as on its financial condition in case bank credit facilities cannot be extended at their maturity date. The Group ensures that adequate committed credit facilities are in place to sustain its growth. VGP will start renegotiating the extension of maturing credit facilities well in advance of the respective maturity dates (usually 12 months prior to maturity date). As at 31 December 2012 the Group had EUR 72.8 million committed credit facilities in place with an average maturity of 5.9 years and which were drawn for 22%.

<b>2012</b> <i>In thousands of EUR</i>	<b>FACILITY AMOUNT</b>	<b>FACILITY EXPIRY DATE</b>	<b>OUTSTANDING BALANCE</b>	<b>&lt; 1 YEAR</b>	<b>&gt; 1-5 YEARS</b>	<b>&gt; 5 YEARS</b>
Tatra Banka	1,460	31-Dec-13	1,460	1,460	-	-0
Tatra Banka	4,258	31-Dec-18	4,258	342	1,368	2,548
UniCredit Bank - Hungary	10,440	25-Sep-13	10,440	10,440	-	-
UniCredit Bank - Czech Republic	56,611	31-Dec-19	-	-	-	-
<b>Total</b>	<b>72,769</b>		<b>16,158</b>	<b>12,242</b>	<b>1,368</b>	<b>2,548</b>

During the month of March 2013 an additional amount of EUR 6.3 million was drawn under the UniCredit Bank (CZ) credit facility to finance the construction of a building in the Czech Republic. The extension of the two credit facilities expiring in 2013 are currently being negotiated. Both banks have currently expressed their intention to renew the respective facility for a further year. Given the economic conditions in Hungary it is currently virtually impossible to negotiate credit facilities with a term > 1 year.

### *Compliance of financial covenants*

The loan agreements of the Group include financial covenants. Any breach of covenants could have an adverse effect on the financial position of the Group. Covenants are therefore monitored on an on-going basis in order to ensure compliance and to anticipatively identify any potential problems of non-compliance for action. During 2010, 2011 and 2012 the Group remained well within its covenants. More information regarding the covenants is set out in pages 99 and 100 of the Annual Report of VGP NV for the year ended 31 December 2012.

The covenants in the bank facilities can be summarized as follows:

Tatra Banka:	Debt service cover ratio "DSCR" to be equal or higher than 1.15
UniCredit Bank Hungary:	DSCR to be equal or higher than 1.25
UniCredit Bank CZ:	DSCR to be equal or higher than 1.10
	Loan to Value to be equal or lower than 60%
	Loan to Cost to be equal or lower than 70%

The abovementioned ratios are tested based on a 12 month period and are calculated as follows:

- Loan to cost ratio means in respect of a project the aggregate loans divided by the total investment costs;
- Loan to value ratio means in respect of a project the aggregate loans divided by the open market value as valued by an independent valuator;
- Debt service cover ratio means net rental income divided by debt service whereby debt service means the aggregate amount of financial expenses due and payable together with any loan principal due and payable on the respective bank debt.

As at 31 December 2012 the DSCR for VGP Slovakia a.s. (Tatra Banka) was 1.35 and for VGP Park Gyor Kft (UniCredit Bank Hungary) 1.90. There was no covenant testing for UniCredit Bank CZ at the end of December 2012 as the facility was unutilized.

The next testing dates are 31 December 2013 for Tatra Bank and UniCredit Bank CZ and 25 September 2013 (date of renewal) for UniCredit Bank Hungary.

The Group has never been in breach of covenants in the past. It is not expected that the increase in debt level due to the Bonds will endanger the current solvency or that it will trigger any breach in the conditions of the existing credit facilities.

#### *Evolution of interest rates*

Changes in interest rates could have an adverse effect on the Group's ability to obtain or service debt and other financing on favourable terms. To this end, the Group hedges its interest rate exposure by converting the majority of its variable rate debt to fixed rate debt. As at 31 December 2012, the Group was debt free on a net debt basis and therefore none of the gross financial debt was fixed.

The interest rate risk will depend on the evolution of the gearing level of the Group and the evolution of the interest rates on the financial markets. The Group has already taken steps to mitigate these risks by entering into a 5 year interest rate swap for a nominal amount of EUR 37 million during 2013. In addition the Bond will be issued at a fixed rate decreasing further any dependence on interest rate volatility.

#### *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 euro. 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. The Group reviews these risks on a regular basis and uses financial instruments to hedge these exposures as appropriate.

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.

As at 31 December 2012 the Group had a net currency payable exposure of CZK 10.6 million (EUR 0.4 m equivalent) and HUF 154 million (EUR 0.6 million equivalent) and a net currency receivable of RON 4.4 million (EUR 1.1 million).

*The Group is exposed to liquidity and financing risks*

The Group is exposed to a liquidity and financing risk which might result from a lack of funds in the event of non-renewal or cancellation of its existing credit facilities or its inability to attract new financing.

The Group ensures that it is adequately financed prior to undertaking any new development and does not initiate the development of new projects if the financing is not assured for its estimate duration, by external as well as internal sources.

*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. These risks are monitored on an on-going basis and where necessary, the Group will use external advisers to advise on tax matters.

**Risks relating to the mid-European countries**

*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). 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, some members of the Group 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 these countries may 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 members of the Group 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 risk exists that members of the Group may not acquire or have acquired titles to some of the plots of land, and/or that the relevant member of the Group could be held to be in violation of applicable law. Any such outcome could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The Group mitigates this risk as much as possible by carrying out a thorough due diligence prior to any acquisition of a plot of land.

- Land subject to future purchase agreements

A small number of plots of land intended for a limited number of projects of the relevant member of the Group 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 member of the Group may lead to a delay in the time schedule for the realisation of the relevant project or jeopardise the acquisition of such plots of land by the relevant member of the Group.

The total land bank that is currently owned by the Group or for which future purchase agreements exist, amounts to 2,094,568 m<sup>2</sup> of which 1,724,970 m<sup>2</sup> (82%) was in full ownership. The majority of the secured land plots relate to 2 plots of land in Germany and which are expected to be bought (218,000 m<sup>2</sup>) in September 2013 and at the beginning of 2014 (105,000 m<sup>2</sup>) following the receipt of the zoning permits.

- Restitution claims

Under Czech, Slovak, Latvian, Estonian, Romanian and Hungarian law it was possible file restitution claims to claim back ownership of previously nationalised property (including real estate) until the end of 2005. Not all such restitution claims have been fully settled to date, and no assurance can be given 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 VGP Group in the Czech Republic, Slovakia, Latvia, Estonia, Romania and Hungary. As a result of such restitution claim, the ownership title to the plots of land of the VGP Group in the Czech Republic, Slovakia, Latvia, Estonia, Romania 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 Group is not aware of any outstanding challenges of ownership title to the plots of land owned (or planned to be acquired) by members of the Group or by the Associates in any of the above-mentioned countries through a restitution claim. It should be noted that for the Associates' portfolio, a title insurance has been obtained by the respective Associate companies which covers this title risk.

*Legal systems are not yet fully developed*

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

The legal systems of the mid-European countries have undergone dramatic changes in recent years. 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 mid-European countries, 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. The Group mitigates this risk by using reputable external local lawyers to advise on such specific legal issues as they arise.

### **Factors which are material for the purpose of assessing the market risks associated with the Bonds**

#### **The Bonds may not be a suitable investment for all investors**

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact the investment will have on the potential investor's overall investment portfolio.

#### **Independent Review and Advice**

Each prospective investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Bonds.

**Risk related to the fact that the Issuer is a holding company with no operating income and is hence solely dependent on distributions made by the members of the Group to the Issuer**

The Issuer is a holding company with as sole activity the holding and managing of its only asset, i.e. its participations in the members of the Group. The real estate portfolios of the Group are owned through specific asset companies which are 100% Subsidiaries of the Issuer. Apart from interests income, as well as recharging of costs and services which are invoiced to the Subsidiaries and Associates, the Issuer's sole source of cash inflow comes from dividends and from the sale of income generating assets or parks. Accordingly, the Issuer's ability to meet its financial obligations under the Bonds will largely depend on the cash flows from the members of the Group and the distributions paid to it by members of the Group. The Group members' ability to make distributions to the Issuer depends on the rental income generated by their respective portfolios. The Group Financings (as defined below) contain restrictions on distributions by members of the Group to the Issuer, in case certain financial tests are not met.

**Substantial outstanding financial debt which could negatively impact the Issuer and its ability to make payments under the Bonds**

The Issuer's ability to pay principal and interest on the Bonds largely depends on the future operating performance of the Group and the ability of the members of the Group to upstream cash to the Issuer. The members of the Group also have to pay principal and interests on their existing debt financings (see Part IV *Description of the Issuer – 6 Funding Sources*). Moreover, the Group Financings are subject to a number of covenants and restrictions which, in the case of a default or breach which is not remedied or cured, could restrict the ability of the members of the Group to upstream cash to the Issuer. The bank facilities of the members of the Group require the members of the Group to maintain specified financial ratios and meet specific financial tests. The failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in the members of the Group being required to repay these borrowings before their due date. If the members of the Group would be unable to make this repayment or otherwise refinance these borrowings, its lenders could foreclose on its assets. If the Group was unable to refinance borrowings on favourable terms, its business could be adversely impacted. These events would have a severe negative impact on the Issuer's financial position and its capability to pay all amounts due to its Bondholders.

Furthermore, future operating performance of the Group is subject to market conditions and business factors that often are beyond the control of the Issuer. If cash flows and capital resources of the Issuer and the Group are insufficient to allow them to make scheduled payments on their debt, they may have to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance their debt. If the Issuer and the Group cannot make scheduled payments on its debt, it will be in default and, as a result, its debt holders could declare all outstanding principal and interest to be due and payable, terminate their commitments and force the concerned entities of the Group into bankruptcy or liquidation. This would also have a direct negative impact on the Issuer's financial position. In such case, Bondholders may not receive all amounts due by the Issuer. Hence, they may lose all or part of the capital invested in the Bonds.

**The Bonds are unsecured obligations of the Issuer which do not benefit from any guarantee – Structural Subordination**

The right of the Bondholders to receive payment on the Bonds is not secured or guaranteed. In the event of liquidation, dissolution, reorganisation, bankruptcy or similar procedure affecting the Issuer, the holders of secured indebtedness will be repaid first with the proceeds of the enforcement of such security. The Bondholders will effectively be subordinated to any secured

indebtedness of the Issuer. In addition, the Bondholders will effectively be structurally subordinated to any indebtedness of the members of the Group (other than the Issuer).

Moreover, the Issuer and certain members of the Group have provided and may in the future (subject to Condition 3 (*Negative Pledge*)) provide guarantees and security interests for the benefit of holders of other indebtedness incurred by certain Subsidiaries (see Part IV: *Description of the Issuer – 6 Funding Sources*). Currently, substantially all assets of the members of the Group are encumbered with security interests for the benefit of indebtedness incurred by the members of the Group. None of the assets of the Group have been encumbered as a security for the indebtedness of the Associates though. For more information on the encumbrances on the Group's assets, see Part VI: *Description of the Issuer, (6.2 Group's Funding Sources)* of this Prospectus.

In circumstances where the holders of indebtedness are allowed to claim payment from a member of the Group in respect of any indebtedness (including in the event of liquidation, dissolution, reorganisation, bankruptcy or similar procedure affecting the Group), the holders of any indebtedness which benefit from guarantees from Group members may recover their claims through payments by such group members under the guarantees provided by them, whereas such right will not be available to the Bondholders. In addition, the holders of any indebtedness which benefit from security interests granted by Group members in respect of their respective assets may recover their claims through the enforcement of security interests granted by such Group members under the security interests granted by them, whereas such right will not be available to the Bondholders. It cannot be excluded that following demands under the guarantees granted by the members of the Group and/or enforcement of the security interest granted by the members of the Group, no or only limited amounts remain available for distribution to other holders of indebtedness owed by members of the Group and, hence, that no or only limited amounts will remain available for distribution to the Issuer and payments to the creditors of the Issuer, including the Bondholders.

The Bonds do not provide for any limitations on the amount of any indebtedness which the Issuer or its Subsidiaries may incur, except that if guarantees or security are provided in respect of any present or future indebtedness in whatever form, the Bonds will have to benefit from similar guarantees or security (as set out in Condition 3 (*Negative Pledge*) (subject to certain exceptions, including Personal Security given by the Issuer to guarantee (i) the Financial Indebtedness of a Subsidiary incurred in order to finance Project Land or Project Buildings of such relevant Subsidiary or (ii) the performance of Projects by a Subsidiary including the payment of any indemnities or penalties under performance guarantees in relation to Projects of such Subsidiary).

#### **The Issuer may incur additional indebtedness**

In the future, the Issuer or any other member of the Group could decide to incur additional indebtedness or further increase their indebtedness. This could have an impact on its ability to meet its obligations under the Bonds or could cause the value of the Bonds to decrease. The Conditions do not limit the amount of unsecured or secured debts that the Issuer can incur.

#### **The Issuer may not have the ability to repay the Bonds**

The Issuer may not be able to repay the Bonds at their maturity. The Issuer may also be required to repay all or part of the Bonds upon the occurrence of an Event of Default (as defined in Condition 9 (*Events of Default*)). If the Bondholders were to ask the Issuer to repay their Bonds upon the occurrence of an Event of Default, the Issuer cannot be certain that it will be able to pay the required amount in full. The Issuer's ability to repay the Bonds will depend on the Issuer's financial condition (including its cash position resulting from its ability to receive income and dividends from its Subsidiaries) at the time of the requested repayment, and may be limited by law,

by the terms of its indebtedness and by the agreements that it may have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness. The Issuer's failure to repay the Bonds may result in an event of default under the terms of other outstanding indebtedness.

**The Issuer and the Bonds do not have a credit rating, and the Issuer currently does not intend to request a credit rating for itself or for the Bonds at a later date. This may render the price setting of the Bonds more difficult**

The Issuer and the Bonds do not have a credit rating and the Issuer does not intend to request a credit rating for itself or the Bonds. This may impact the trading price of the Bonds. There is no guarantee that the price of the Bonds will cover the credit risk related to the Bonds and the Issuer. In addition, there can be no assurance that, should a rating be requested in respect of the Issuer or the Bonds, an investment grade rating would be assigned.

**There is no guarantee to an active trading market for the Bonds; the Bonds may be illiquid**

The only manner for the holder of the Bonds to convert its investment in the Bonds into cash before their maturity date is to sell them at the applicable market price at that moment. The price can be less than the nominal value of the Bonds. The Bonds are new securities which may not be widely traded and for which there is currently no active trading market. The Issuer has filed an application to have the Bonds listed on and admitted to trading on the regulated market of NYSE Euronext Brussels. If the Bonds are admitted to trading after their issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds. Therefore, investors may not be able to sell their Bonds easily or at all, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Bonds. In the event that put options are exercised in accordance with Condition 6.3 (*Redemption at the Option of Bondholders*), liquidity will be reduced for the remaining Bonds. Furthermore, it cannot be guaranteed that the admission to listing and trading once approved will be maintained.

**The Bonds are exposed to market interest rate risk**

The Bonds provide a fixed interest rate until the Maturity Date. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. The longer the maturity of bonds, the more exposed bonds are to fluctuations in market interest rates. An increase in the market interest rates can result in the Bonds trading at prices lower than the nominal amount of such Bonds.

**The market value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors**

The value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors, such as market interest, exchange rates and yield rates and the time remaining to the maturity date and more generally all economic, financial and political events in any country, including factors affecting capital markets generally and the stock exchanges on which the Bonds are traded. The price at which a Bondholder will be able to sell the Bonds prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such investor.

### **The Bonds may be redeemed prior to maturity**

In the event: (A) of the occurrence of an Event of Default (as defined in Condition 9 (*Events of Default*)); (B) that the Issuer would choose to repay all outstanding Bonds if Bondholders have submitted Change of Control Put Exercise Notices in respect of at least 85 per cent. of the aggregate principal amount of the Bonds (in accordance with Condition 6.3 (*Redemption at the Option of Bondholders*)); or (C) that the Issuer would be obliged (as set out in Condition 6.2 (Redemption for tax reasons)) to increase the amounts payable in respect of any Bonds as a result of any change in, or amendment to, the laws, treaties or regulations of, or applicable in, Belgium or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, treaties or regulations, which change, amendment, application or interpretation becomes effective on or after the Issue Date, the Bonds may be redeemed prior to maturity in accordance with the Conditions. In such circumstances, an investor may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the Bonds.

### **The Bonds may be redeemed prior to maturity in the event of a Change of Control**

Each Bondholder will have the right to require the Issuer to repurchase all or any part of such holder's Bonds at the Put Redemption Amount upon the occurrence of a Change of Control, as such terms are defined herein, and in accordance with the Conditions of the Bonds (the **Change of Control Put**). In the event that the Change of Control Put right is exercised by holders of at least 85 per cent. of the aggregate principal amount of the Bonds, the Issuer may, at its option, redeem all (but not less than all) of the Bonds then outstanding pursuant to Condition 6.3 (*Redemption at the Option of Bondholders*). However, Bondholders should be aware that, in the event that (i) holders of 85 per cent. or more of the aggregate principal amount of the Bonds exercise their option under Condition 6.3 (*Redemption at the Option of Bondholders*), but the Issuer does not elect to redeem the remaining outstanding Bonds, or (ii) holders of a significant proportion, but less than 85 per cent. of the aggregate principal amount of the Bonds exercise their option under Condition 6.3 (*Redemption at the Option of Bondholders*), Bonds in respect of which the Change of Control Put is not exercised may be illiquid and difficult to trade.

Accordingly, the put option may arise, at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the Bonds. Potential investors should be aware that the Change of Control Put can only be exercised upon the occurrence of a Change of Control as defined in the Conditions, which may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Issuer.

Bondholders deciding to exercise the Change of Control Put shall have to do this through the bank or other financial intermediary through which the Bondholder holds the Bonds (the **Financial Intermediary**) and are advised to check when such Financial Intermediary would require to receive instructions and Change of Control Put Exercise Notices from Bondholders in order to meet the deadlines for such exercise to be effective. The fees and/or costs, if any, of the relevant Financial Intermediary shall be borne by the relevant Bondholders.

### **The Bondholders' put option upon a Change of Control under the Bonds is subject to shareholders' approval**

The exercise by any of the Bondholders of the option to demand an early redemption in the event of a change of control as set out in Condition 6.3 (*Redemption at the Option of the Bondholders*) may only be effective against the Issuer under Belgian law if and when (i) the terms of Condition 6.3 (*Redemption at the Option of the Bondholders*) have been approved by the shareholders of the

Issuer in general shareholders' meeting, and if such resolution has been filed with the Clerk of the Commercial Court of Brussels (*griffie van de rechtbank van koophandel / greffe du tribunal de commerce*).

An extraordinary shareholders' meeting of the Issuer to take place before 31 December 2013 will be requested to approve, the terms of Condition 6.3 (*Redemption at the Option of the Bondholders*) of the Bonds in accordance with Belgian law. The resolution to approve these terms requires an approval of more than 50 per cent. of the votes cast at the general shareholders' meeting and does not have quorum requirement. There can be no assurance that such approval will be granted at such meeting.

If a change of control occurs prior to such approval and filing, Bondholders may not be entitled to exercise the option set out in the terms of Condition 6.3 (*Redemption at the Option of the Bondholders*).

### **The Bonds may be affected by the turbulence in the global credit markets**

Potential investors should be aware of the turbulence in the global credit markets which has led to a general lack of liquidity in the secondary market for instruments similar to the Bonds. The Issuer cannot predict when these circumstances will change and if and when they do there can be no assurance that conditions of general market illiquidity for the Bonds and instruments similar to the Bonds will not return in the future.

### **Eurozone crisis**

Potential investors should be aware of the crisis affecting the eurozone, the turbulence in the global credit markets and the general economic outlook. The Issuer cannot predict when these circumstances will change and potential investors need to be aware of the significant uncertainty about future developments in this regard.

### **Modification to the Conditions of the Bonds can be imposed on all Bondholders upon approval by defined majorities of Bondholders**

The Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

### **The Bonds may be exposed to exchange rate risks and exchange controls**

The Issuer will pay principal and interest on the Bonds in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds, and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

## **Risk of inflation**

The inflation risk is the risk of future value of money. The actual yield of an investment in the Bonds is being reduced by inflation. The higher the rate of inflation, the lower the actual yield of a Bond will be. If the rate of inflation is equal to or higher than the nominal output of the Bonds, then the actual output is equal to zero, or the actual yield will even be negative.

## **Certain payments in respect of the Bonds may be impacted by the EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **EU Savings Directive**), member states of the European Union (the **EU Member States** and each a **EU Member State**) are required to provide to the tax authorities of another EU Member State details of payments of interest (or similar income) paid by a person within their jurisdiction to an individual resident in that other EU Member State or to certain limited types of entities established in that other EU Member State. However, for a transitional period, the Grand Duchy of Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above. Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers.

If a payment were to be made or collected through a paying agent established in any state which applies the withholding tax system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor the Agent nor any other person would be obliged to pay additional amounts to the Bondholders or to otherwise compensate Bondholders for the reductions in the amounts that they will receive as a result of the imposition of such withholding tax.

## **Payments made in respect of the Bonds may be subject to Belgian withholding tax**

Potential investors should be aware that neither the Issuer, the NBB, the Agent nor any other person will be liable for or otherwise obliged to pay, and the relevant Bondholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Bonds, except as provided for in Condition 8 (*Taxation*).

If the Issuer, the NBB, the Agent or any other person is required by law to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Bonds, the Issuer, the NBB, the Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

Belgian withholding tax, currently at a rate of 25%, will in principle be applicable to the interest on the Bonds held in a non-exempt securities account (an **N account**) in the X/N System, as further described in Part X: *Taxation*. Potential investors should be aware that any relevant tax law or practice applicable as at the date of this Prospectus and/or the date of purchase or subscription of the Bonds may change at any time (including during any subscription period or the term of the Bonds). Any such change may have an adverse effect on a Bondholder, including that the liquidity of the Bonds may decrease and/or the amounts payable to or receivable by an affected Bondholder may be less than otherwise expected by such Bondholder.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers.

**Potential purchasers and sellers of the Bonds may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions**

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to seek the advice of a tax professional regarding their individual tax liabilities with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus. Such taxes or documentary charges could also be due in case of a possible change of the statutory seat of the Issuer. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

**Changes in governing law could modify certain Conditions**

The Conditions are based on the laws of Belgium in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Belgium, the official application, interpretation or the administrative practice after the date of this Prospectus.

**Relationship with the Issuer**

All notices and payments to be delivered to the Bondholders will be distributed by the Issuer to such Bondholders in accordance with the Conditions. In the event that a Bondholder does not receive such notices or payments, its rights may be prejudiced, but it may not have a direct claim against the Issuer with respect to such prejudice.

**The transfer of the Bonds, any payments made in respect of the Bonds and all communications with the Issuer will occur through the Clearing System**

The Bonds will be issued in dematerialised form under the Belgian Companies Code and cannot be physically delivered. The Bonds will be represented exclusively by book entries in the records of the Clearing System. Access to the Clearing System is available through its Clearing System participants whose membership extends to securities such as the Bonds. Clearing System participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), and Euroclear and Clearstream, Luxembourg. Transfers of interests in the Bonds will be effected between the Clearing System participants in accordance with the rules and operating procedures of the Clearing System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Clearing System participants through which they hold their Bonds. The Issuer and the Agent will have no responsibility for the proper performance by the Clearing System or the Clearing System participants of their obligations under their respective rules and operating procedures.

A Bondholder must rely on the procedures of the Clearing System to receive payments under the Bonds. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Bonds within the Clearing System.



**The Agent is not required to segregate amounts received by it in respect of Bonds cleared through the Clearing System**

The Conditions of the Bonds and the Agency Agreement provide that the Agent will debit the relevant account of the Issuer and use such funds to make payment to the Bondholders. The Agency Agreement provides that the Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the Bondholders, directly or through the NBB, any amounts due in respect of the relevant Bonds. However, the Agent is not required to segregate any such amounts received by it in respect of the Bonds. The Conditions provide that the payment obligations of the Issuer will be discharged by payment to the Clearing System in respect of each amount so paid.

**The Issuer, the Agent and the Lead Manager may engage in transactions adversely affecting the interests of the Bondholders**

The Agent might have conflicts of interests which could have an adverse effect on the interests of the Bondholders. Potential investors should be aware that the Issuer is involved in a general business relationship or/and in specific transactions with the Lead Manager and the Agent and that they might have conflicts of interests which could have an adverse effect to the interests of the Bondholders. Potential investors should also be aware that the Agent may hold from time to time debt securities, shares or/and other financial instruments of the Issuer.

Within the framework of normal business relationship with its banks, the Issuer or any Subsidiary has entered or could enter into loans and other facilities with the Lead Manager and the Agent (or some of its affiliates) (via bilateral transactions or/and syndicated loans together with other banks). The terms and conditions of these debt financings may differ from the terms and conditions of the proposed Bonds and certain of the terms and conditions of such debt financings could be stricter or more extensive than the terms and conditions of the proposed Bonds. In addition, as part of these debt financings, the lenders may have the benefit of guarantees, whereas the Bondholders will not have the benefit from similar guarantees. This results in the Bondholders being subordinated to the lenders under such debt financings. As a consequence the Agent may have interests that are different than and/or adverse to the interests of the Bondholders during the term of the Bonds. Such diverging interests may manifest themselves, for example, in case of an event of default under those facility agreements before the maturity of the Bonds or in case of a mandatory early repayment and may have a negative impact on the repayment capacity of the Issuer. The Lead Manager has, in its capacity of lender, no obligation to take into account the interests of the Bondholders when exercising its rights as lender under those facility agreements.

The Bondholders should be aware of the fact that the Agent, when it acts as lender to the Issuer or another company within the Group (or when they act in any other capacity whatsoever), have no fiduciary duties or other duties of any nature whatsoever vis-à-vis the Bondholders and that it is under no obligation to take into account the interests of the Bondholders.

The Agent and its affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Agent and its affiliates may also make investment recommendations and/or publish or express independent research

views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

#### **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Bonds. The investors should consult their legal advisers to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

#### **Financing of purchase of the Bonds**

If an investor obtains financing to purchase the Bonds and an Event of Default occurs with respect to the Bonds or the price at which the Bonds decreases significantly, then the Bondholder-investor will possibly not only be confronted with a loss on its investment, but it will also be required to repay the loan obtained by it as well as the interest in respect of such a loan. Such a credit facility can therefore lead to a significant increase in the loss on the investment for the investor. Potential investors in the Bonds should therefore not assume that they will be in a position to repay a loan (principal as well as interests on the loan) solely based on a transaction involving the Bonds. On the contrary, potential investors must make a careful assessment of their financial situation and in particular assess whether they would be capable to pay interest and to repay the loans and they must also take into account that they will possible incur a loss instead of a gain in respect of their investment in the Bonds.

#### **The Agent does not assume any fiduciary duties or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect their interests**

KBC Bank NV will act as the Issuer's domiciliary, calculation, paying and listing agent (the **Agent**). In its capacity as Agent, it will act in accordance with the Conditions of the Bonds in good faith and endeavour at all times to make its determinations in a commercially reasonable manner. However, Bondholders should be aware that the Agent does not assume any fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further the interests of the Bondholders.

The Agent may rely on any information that is reasonably believed by it to be genuine and to have been originated by the proper parties. The Agent shall not be liable for the consequences to any person (including Bondholders) of any errors or omissions in (i) the calculation by the Agent of any amount due in respect of the Bonds or (ii) any determination made by the Agent in relation to the Bonds or interests, in each case in the absence of bad faith or wilful default. Without prejudice to the generality of the foregoing, the Agent shall not be liable for the consequences to any person (including Bondholders) of any such errors or omissions arising as a result of (i) any information provided to the Agent proving to have been incorrect or incomplete or (ii) any relevant information not being provided to the Agent on a timely basis.

#### **Belgian insolvency laws**

The Issuer is subject to applicable Belgian bankruptcy and insolvency laws. The application of these bankruptcy and insolvency laws may substantially affect the Bondholders' claims to obtain repayment in full of the Bonds, e.g. through a suspension of payments, a stay on enforcement measures or an order providing for partial repayment of the Bonds only. At the date of the Prospectus, certain Subsidiaries of the Issuer have their statutory seat outside Belgium (in the

Netherlands, Luxembourg, Germany, the Czech Republic, Romania, Latvia, Estonia, Poland and Hungary).

### **Risk of withdrawal or cancellation of the Public Offer / issue of a lower amount than the expected minimum amount**

As from the date of this Prospectus and at any time prior to the Issue Date of the Bonds, the Public Offer may be wholly or partially retracted or cancelled in accordance with the provisions of the Placement Agreement. In this case, investors who paid the issue price for the Bonds prior to the notification of retraction or cancellation of the offer shall receive the total amounts of funds already paid by them as issue price for the Bonds. However, such investor may not receive the interest on such amount they otherwise could have earned if they had not paid the issue price for the Bonds. Investors should also note that the Issuer with the consent of the Manager may decide to issue a lower amount than the expected minimum amount. In such case, a supplement to the Prospectus will be published (and investors will have a withdrawal right as described in this Prospectus). If Bonds are issued for a lower amount than the expected minimum amount, the Issuer may need to obtain additional financing in relation to the projects mentioned in the use of proceeds.

### **Financial Transaction Tax**

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the **Draft Directive**) on a common financial transaction tax (**FTT**). According to the Draft Directive, the FTT shall be implemented and enter into effect in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia; the **Participating Member States**) on 1 January 2014.

Pursuant to the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (inter alia) primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

Prospective holders should therefore note, in particular, that any sale, purchase or exchange of the Bonds will be subject to the FTT at a minimum rate of 0.1% provided the abovementioned prerequisites are met. The holder may be liable to pay itself this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Bonds.

The Draft Directive is still subject to negotiation between the Participating Member States and therefore may be changed at any time. Moreover, once the Draft Directive has been adopted (the **Directive**), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the

Directive itself. Finally, the U.K. government recently instituted proceedings before the Court of Justice of the European Union with a view to the annulment of Council Decision 2013/52/EU of 22 January 2012 authorising enhanced cooperation in the area of FTT, which could have an impact on the validity of the Directive.

Prospective holders of the Bonds should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Bonds.

### PART III: DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with the annual report and audited financial statements of the Issuer for the years ended 31 December 2012 and 31 December 2011 (statutory in accordance with Belgian GAAP as well as consolidated in accordance with IFRS), together with the audit reports thereon and the first quarter trading update of 2013, which have been previously published or are published simultaneously with this Prospectus and which have been filed with the FSMA. Such documents shall be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered offices of the Issuer, the website of the Issuer ([www.vgpparks.eu](http://www.vgpparks.eu)).

The Issuer confirms that it has obtained the approval from its auditor to incorporate by reference in this Prospectus the auditor's reports for the financial years ended 31 December 2012 and 31 December 2011.

Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes only.

#### **Annual audit report and audited statutory IFRS consolidated accounts of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2011**

<b>VGP NV Consolidated Annual Accounts 2011 (IFRS)</b>	
Statutory balance sheet	Page 72
Statutory income statement	Page 70
Explanatory notes	Page 24-43
Statutory Auditor's report on the consolidated annual accounts 2012	Page 112

#### **Annual audit report and audited statutory IFRS consolidated accounts of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2012**

<b>VGP NV Consolidated Annual Accounts 2012 (IFRS)</b>	
Statutory balance sheet	Page 78
Statutory income statement	Page 76
Explanatory notes	Page 22-43
Statutory Auditor's report on the consolidated annual accounts 2012	Page 114

**Annual audit report and audited statutory Belgian GAAP accounts of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2011**

<b>VGP NV Annual Accounts 2011 (Belgian GAAP)</b>	
Statutory balance sheet	Page 4-5
Statutory income statement	Page 6-7
Explanatory notes	Page 34-44
Statutory Auditor's report on the annual accounts 2012	Page 45-46

**Annual audit report and audited statutory Belgian GAAP accounts of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2012**

<b>VGP NV Annual Accounts 2012 (Belgian GAAP)</b>	
Statutory balance sheet	Page 18-19
Statutory income statement	Page 20-21
Explanatory notes	Page 4-14
Statutory Auditor's report on the annual accounts 2012	Page 1-3

**First quarter trading update of 2013**

## PART IV: TERMS AND CONDITIONS OF THE BONDS

*The following is the text of the Conditions of the Bonds save for the paragraphs in italics that shall be read as complementary information.*

The issue of the 5.15 per cent. fixed rate Bonds due 12 July 2017, for an expected aggregate amount of minimum EUR 40,000,000 and a maximum aggregate amount of EUR 75,000,000 (the **Bonds**) was authorised by a resolution of the Board of Directors of VGP NV (the **Issuer**) passed on 17 June 2013. The Bonds are issued subject to and with the benefit of a domiciliary agency agreement dated 19 June 2013 entered into between the Issuer and KBC Bank NV acting as domiciliary and paying agent (the **Agent**, which expression includes any successor as Agent under the Agency Agreement) (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**). The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement and the Clearing Agreement (as defined below). The Agency Agreement contains, amongst other things, provisions dealing with the appointment, changes in Agents and the respective obligations and duties of the Issuer and the Agent in respect of (i) the issue, payment and delivery of the Bonds; (ii) the payment of principal and interest on the Bonds; (iii) the redemption of the Bonds; (iv) the calculation of the Put Redemption Amount; and (v) the application for the listing of the Bonds. The Agency Agreement also contains detailed provisions in relation to the meetings of Bondholders, which are set out in full in Schedule 1 to the Conditions. Summaries of the provisions of the Agency Agreement and of the Clearing Agreement that are relevant to the Bondholders are reflected in the Prospectus. Copies of the Agency Agreement and the Clearing Agreement are available for inspection during normal business hours at the specified office of the Agent. The specified office of the Agent is at Havenlaan 12, 1080 Brussels, Belgium. The Bondholders are bound by and deemed to have notice of all the provisions of the Agency Agreement applicable to them.

References herein to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

### 1. **Form, Denomination and Title**

The Bonds are issued in dematerialised form in accordance with Article 468 et seq. of the Belgian Company Code (*Wetboek van vennootschappen / Code des sociétés*) and cannot be physically delivered. The Bonds will be exclusively represented by book entry in the records of the clearing system operated by the National Bank of Belgium (the **NBB**) or any successor thereto (the **Clearing System**). The Bonds can be held by their holders through participants in the Clearing System, including Euroclear and Clearstream, Luxembourg and through other financial intermediaries which in turn hold the Bonds through Euroclear and Clearstream, Luxembourg, or other participants in the Clearing System. The Bonds are accepted for clearance through the Clearing System, and are accordingly subject to the applicable Belgian clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the Clearing System and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition being referred to herein as the **Clearing System Regulations**). Title to the Bonds will pass by account transfer. The Bonds may not be exchanged for bonds in bearer form.

If at any time the Bonds are transferred to another clearing system, not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such

successor clearing system and successor clearing system operator or any additional clearing system and additional clearing system operator (any such clearing system, an **Alternative Clearing System**).

Bondholders are entitled to exercise the rights they have, including voting rights, making requests, giving consents, and other associative rights (as defined for the purposes of Article 474 of the Belgian Company Code) upon submission of an affidavit drawn up by the NBB, Euroclear, Clearstream, Luxembourg or any other participant duly licensed in Belgium to keep dematerialised securities accounts showing such holder's position in the Bonds (or the position held by the financial institution through which such holder's Bonds are held with the NBB, Euroclear, Clearstream, Luxembourg or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

The Bonds are in principal amounts of EUR 1,000 each (the **Specified Denomination**).

## 2. Status of the Bonds

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will at all times rank *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations that may be preferred by provisions of law that are both mandatory and of general application.

## 3. Negative Pledge

3.1 So long as any Bond remains outstanding, the Issuer:

- (a) will not create or permit to subsist any Security upon the whole or any part of its undertaking, assets or revenues present or future to secure any Financial Indebtedness of the Issuer or a Subsidiary or any other person or to secure any Personal Security, guarantee of or indemnity in respect of any Financial Indebtedness of the Issuer or a Subsidiary or any other person;
- (b) will procure that no Subsidiary creates or permits to subsist any Security upon the whole or any part of its undertaking, assets or revenues present or future to secure any Financial Indebtedness of the Issuer or a Subsidiary or any other person or to secure any Personal Security, guarantee of or indemnity in respect of a Financial Indebtedness of the Issuer or a Subsidiary or any other person;
- (c) will not give any Personal Security, guarantee of or indemnity in respect of any of the Financial Indebtedness of a member of the Group or any other person; and
- (d) will procure that no Subsidiary gives any Personal Security, guarantee of or indemnity in respect of any of the Financial Indebtedness of the Issuer or a member of the Group or any other person;

unless, other than with respect to (c) above where there will be no exception to the negative pledge undertaking contained in such paragraph (c) except as set forth in Condition 3.2 below, at the same time or prior thereto, the Issuer's obligations under the Bonds (i) are secured equally and rateably therewith or benefit from a Personal Security, guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by a general meeting of the Bondholders. The Issuer shall be deemed to



have satisfied the obligation under (i) above if the benefit of such Security, Personal Security, guarantee or indemnity is equally granted to an agent or trustee on behalf of the Bondholders or through any other structure which is customary in the debt capital markets (whether by way of supplement, guarantee agreement, deed or otherwise).

3.2 The prohibition contained in this Condition 3 (*Negative Pledge*) does not apply to

- (a) Security existing prior to any entity becoming a Subsidiary (provided that such Security was not created or assumed in contemplation of such company or other entity becoming a Subsidiary of the Issuer and that the principal amount of such Financial Indebtedness is not subsequently increased);
- (b) Security arising by operation of law in the ordinary course of business of the Issuer or a Subsidiary and not resulting of any default or omission of the Issuer or a Subsidiary;
- (c) Personal Security given by the Issuer to guarantee (i) the Financial Indebtedness of a Subsidiary incurred in order to finance Project Land or Project Buildings of such relevant Subsidiary or (ii) the performance of Projects by a Subsidiary including the payment of any indemnities or penalties under performance guarantees in relation to Projects of such Subsidiary;
- (d) Personal Security given by a Subsidiary in respect of a Financial Indebtedness of another Subsidiary; or
- (e) Security granted by a Subsidiary to secure its own Financial Indebtedness incurred in order to finance Project Land or Project Buildings of such relevant Subsidiary.

#### 4. Definitions

In these Conditions, unless otherwise provided:

**Bonds** has the meaning provided in the introduction to these Conditions.

**Accounting Standards** means the accounting standards that are generally accepted in Belgium, including IFRS, to the extent applicable to the relevant financial statements.

**Aggregate Net Rental Income** means the sum of any and all income of any member of the Group related to rent of its respective Project Buildings less the Rental Expenses.

**Alternative Clearing System** has the meaning provided in Condition 1 (*Form, Denomination and Title*).

**Annual Relevant Period** means each period of 12 months ending on the last day of a financial year of the Issuer and each period of 12 months ending on the last day of the first half of the financial year of the Issuer.

**Arrangement Fee** means the arrangement fee agreed between the Issuer and the Lead Manager in relation to the structuring of the issuance of the Bonds.

**Auditors** means DELOITTE Bedrijfsrevisoren BV o.v.v.e. CVBA, with registered office at Berkenlaan 8B, 1831 Diegem, Belgium, represented by Mr Rik Neckebroeck (or such auditor or statutory auditor of the Issuer as may be appointed from time to time).

**Board of Directors** means the board of directors of the Issuer or any committee thereof duly authorised to act on behalf of the board of directors.

**Bondholder** means, in respect of any Bond, the person entitled thereto in accordance with the Belgian Company Code and the Clearing System Regulations.

**Business Day** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Brussels.

**Calculation Agent** has the meaning provided in Condition 6.3 (*Redemption at the Option of Bondholder*).

**Cash and Cash Equivalents means**

- (a) any cash at hand or on a deposit that is callable on first demand; and
- (b) highly liquid financial instruments that are easily convertible into cash, for which a recognised trading market exists, and which are not issued or guaranteed by any member of the Group or subject to any Security,

which in both cases (a) and (b) are freely available for the repayment of any Financial Indebtedness and are held by any member of the Group, and shall exclude restricted or unavailable cash.

**Cash Available for Debt Service** means, for any Annual Relevant Period:

- (a) after tax profit of the Issuer earned in the relevant Annual Relevant Period;
- (b) **plus** any interest (i) accounted for but unpaid or (ii) accounted for and paid by all members of the Group under the subordinated financial indebtedness provided for by the Issuer during the relevant Annual Relevant Period;
- (c) **plus** any amount accounted for by all members of the Group in respect of depreciation and amortisation during the relevant Annual Relevant Period;
- (d) **plus** any expenses accounted for and payable by all members of the Group on non-realised foreign exchange losses in respect of such relevant Annual Relevant Period;
- (e) **plus** the aggregate amount of interest, commissions and other finance charges (including any interest rate hedging costs) due and payable by all the members of the Group under any Financial Indebtedness in such relevant Annual Relevant Period;
- (f) **less** any revenue resulting from re-evaluation (accounted for but unpaid) of any derivatives, options, futures or hedging or other similar financial instruments or contracts;
- (g) **plus** any expense resulting from re-evaluation (accounted for but unpaid) of any derivatives, options, futures or hedging or other similar financial instruments or contracts; and
- (h) **plus** any available Cash and Cash Equivalents on the last day of the Annual Relevant Period.

**Change of Control** has the meaning provided in Condition 6.3 (*Redemption at the Option of Bondholder*).

**Change of Control Notice** has the meaning provided in Condition 6.3 (*Redemption at the Option of Bondholder*).

**Change of Control Put Date** means the fourteenth TARGET Business Day after the expiry of the Change of Control Put Exercise Period.

**Change of Control Put Exercise Notice** has the meaning provided in Condition 6.3 (*Redemption at the Option of Bondholder*).

**Change of Control Put Exercise Period** means the period commencing on the date of a Change of Control and ending 90 calendar days following such Change of Control, or, if later, 90 calendar days following the date on which a Change of Control Notice is given to Bondholders as required by Condition 6.3 (*Redemption at the Option of Bondholder*).

**Change of Control Resolutions** means one or more decisions validly taken by the general meeting of shareholders of the Issuer approving Condition 6.3 (*Redemption at the Option of Bondholder*).

**Clearing Agreement** means the clearing services agreement (*Overeenkomst van dienstverlening inzake de uitgifte van gedematerialiseerde obligaties / Convention de services de clearing relatifs à l'émission d'obligations dématérialisées*) to be dated on or about the Issue Date between the Issuer, the Agent and the NBB.

**Clearing System** has the meaning provided in Condition 1 (*Form, Denomination and Title*).

**Clearing System Regulations** has the meaning provided in Condition 1 (*Form, Denomination and Title*).

**Clearstream, Luxembourg** means Clearstream Banking, *société anonyme*, Luxembourg, 42, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

**Comm. VA VGP MISV** means the company (*commanditaire vennootschap op aandelen / société en commandite par actions*), organised and existing under the laws of Belgium, having its registered office at Greenland – Burgemeester E. Demunterlaand 5, 1090 Brussels, Belgium, registered with the Register of Legal Entities under number 0894.442.740 .

**Compliance Certificate** has the meaning provided in Condition 11 (*Compliance Certificate*).

**Consolidated Financial Indebtedness** means, at any time, the aggregate amount of all obligations of the Group for or in respect of Financial Indebtedness but:

- (a) **excluding** any such obligation to any other member of the Group; and
- (b) **deducting** the aggregate amount of Cash and Cash Equivalents held by any member of the Group at such time

and so that no amount shall be included or excluded more than once.

**Consolidated Gearing** means, in respect of any Annual Relevant Period, the ratio of Consolidated Total Net Debt on the last day of that Annual Relevant Period to the sum of the equity and the total liabilities (including off-balance sheet liabilities) at Group level in respect of that Annual Relevant Period.

**Consolidated Total Net Debt** means, at any time, Total Net Debt calculated at Group level.

**Net Debt Service** means, in respect of any Annual Relevant Period, the sum of:

- (a) the Finance Charges; and
- (b) any principal due and payable by all members of the Group under any Financial Indebtedness in respect of such relevant Annual Relevant Period.

**Debt Service Cover Ratio** means:

- (a) the Cash Available for Debt Service,  
divided by
- (b) the Net Debt Service.

**EUR, euro or €** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

**Euroclear** means Euroclear Bank SA/NV.

**Event of Default** has the meaning provided in Condition 9 (*Events of Default*).

**Extraordinary Resolution** means a resolution passed at a meeting of Bondholders duly convened and held in accordance with these Conditions and the Belgian Company Code by a majority of at least 75 per cent. of the votes cast.

**Finance Charges** means, for any Annual Relevant Period, the difference between on the one hand the interest charges (being the sum of the aggregate amount of interest, commissions and other finance charges (including any interest rate hedging costs but excluding the Arrangement and Placement Fee paid by the Issuer to the Lead Manager for the first 12 months Testing Period) due and payable by all the members of the Group under any Financial Indebtedness in such relevant Annual Relevant Period and on the other hand the interest received (being the sum of the aggregate amount of interest, commissions and other finance income (including any interest rate hedging income) and remuneration on finance leases and related products ) in each case calculated on a consolidated basis on the last day of a financial year of the Issuer and on the last day of the first half of the financial year of the Issuer.

**Financial Indebtedness** means any indebtedness for or in respect of:

- (a) moneys borrowed (on the basis of any credit agreement, loan agreement or any similar agreement);
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including without limitation the Bonds;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the relevant Accounting Standards, be treated as a finance or capital lease;

- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis) and any assumed debt;
- (f) any Treasury Transaction and, when calculating the value of any Treasury Transaction, only the marked to market value shall be taken into account;
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (h) any amount of any liability under any advance or deferred purchase agreement if one of the primary reasons behind entering into the agreement is to raise finance for a purchase of assets and payment is due after more than 90 (ninety) days;
- (i) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and
- (j) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (i) above.

**Group** means the Issuer and each of its Subsidiaries.

**Interest Cover Ratio** means the ratio of Aggregate Net Rental Income (increased with the available Cash and Cash Equivalents on the last day of an Annual Relevant Period) to Finance Charges in respect of any Annual Relevant Period.

**Interest Payment Date** has the meaning provided in Condition 5.1 (*Interest Rate and Interest Payment Dates*).

**Interest Period** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**Interest Rate** has the meaning provided in Condition 5.1 (*Interest Rate and Interest Payment Dates*).

**Issue Date** means 12 July 2013.

**Line item** means a line item (*rubriek /rubrique*) of the relevant consolidated financial statements of the Issuer.

**Little Rock SA** means the company (*société anonyme*) organised and existing under the laws of Luxembourg, having its registered office at 6, rue Jean Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B156902.

**Long Stop Date** means 31 December 2013.

**Maturity Date** means 12 July 2017.

**NBB** has the meaning assigned to it in Condition 1 (*Form, Denomination and Title*).

**Ordinary Shares** means fully paid ordinary shares in the capital of the Issuer currently with no-par value.

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

**Personal Security** means in relation to any Financial Indebtedness of any person, any obligation of another person to pay such Financial Indebtedness including (without limitation): (a) any obligation to purchase such Financial Indebtedness; (b) any obligation to lend money or to provide funds for the payment of such Financial Indebtedness; (c) any indemnity against the consequences of a default in the payment of such Financial Indebtedness; and (d) any other agreement to be responsible for such Financial Indebtedness.

**Placement Fee** means a placement fee of 1.875 per cent. calculated on the aggregate principal amount of Bonds effectively placed with investors (borne by the Issuer).

**Projects** means the predevelopment of Project Land and the development, construction and operation of Project Buildings.

**Project Buildings** means any buildings the construction and development of which are carried out by any member of the Group.

**Project Land** means plots of land owned by any member of the Group on which any Project Buildings are to be constructed and developed.

**Put Redemption Amount** has the meaning provided in Condition 6.3 (*Redemption at the Option of Bondholders*).

**Reference Shareholders** means (i) VM Invest NV, (ii) Van Malderen Bart, (iii) Little Rock SA, (iv) Van Geet Jan, and (v) Comm. VA VGP MISV.

**Relevant Date** means, in respect of any Bond, whichever is the later of:

- (a) the date on which payment in respect of it first becomes due; and
- (b) if any amount of the money payable is improperly withheld or refused, the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer to the Bondholders in accordance with Condition 14 (*Notices*) that such payment will be made, provided that such payment is in fact made as provided in these Conditions.

**Rental Expenses** means the sum of any and all expenses incurred in relation to the operation, administration, maintenance and repairs by any member of the Group in relation to its Projects.

**Security** means any mortgage, charge, pledge, lien or any other form of encumbrance or security interest or any mandate to create the same, including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

**Shareholders** means the holders of Ordinary Shares.

**Specified Denomination** has the meaning provided in Condition 1 (*Form, Denomination and Title*).

**Subsidiary** means a subsidiary within the meaning of Article 6, 2° j° Article 8 of the Belgian Company Code.

**TARGET Business Day** means a day (other than a Saturday or Sunday) on which the TARGET System is operating for the settlement of payments in euro.

**TARGET System** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system, or any successor thereto.

**Taxes** has the meaning provided in Condition 8 (*Taxation*).

**Total Debt** means at any time (but so that no amount shall be included or excluded more than once), the Consolidated Financial Indebtedness of the Group, excluding however all intra-Group Financial Indebtedness. For the avoidance of doubt, such intra-Group Financial Indebtedness shall include Financial Indebtedness incurred pursuant to any Financial Indebtedness of a member of the Group owed to another member of the Group which is senior, junior or *pari passu* with the Bonds.

**Total Net Debt** means the Total Debt less Cash and Cash Equivalents.

**Treasury Transaction** means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

**VM Invest NV** means the limited liability company (*naamloze vennootschap / société anonyme*) organised and existing under the laws of Belgium, having its registered office at Spinnerijstraat 12, 9240 Zele, registered with the Register of Legal Entities under number 0418.701.587.

A reference to any act, law, statute or any provision of any act, law or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

## 5. Interest

### 5.1 Interest Rate and Interest Payment Dates

Subject to an increase as described in Condition 6.3(c), each Bond bears interest from (and including) the Issue Date at the rate of 5.15 per cent. per annum (the **Interest Rate**) calculated by reference to its Specified Denomination and such interest amount is payable annually in arrear on 12 July of each year (each an **Interest Payment Date**), commencing with the Interest Payment Date falling on 12 July 2014.

When interest is required to be calculated in respect of any period which is shorter than an Interest Period, it shall be calculated by multiplying the product of the Interest Rate and the Specified Denomination with (i) the actual number of days in the relevant period from (and including) the first day of such period to (but excluding) the date on which it falls due divided by (ii) the actual number of days from (and including) the immediately preceding Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next following Interest Payment Date.

### 5.2 Accrual of Interest

Each Bond will cease to bear interest from and including its due date for redemption or repayment thereof unless payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which case interest will continue to accrue at the rate specified in Condition 5.1 (*Interest Rate and Payment Dates*) (both before and after judgment and if necessary to be increased with judicial interest) until the

day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder.

## 6. Redemption and Purchase

### 6.1 Redemption at maturity

Unless previously purchased and cancelled or redeemed as herein provided, the Bonds will be redeemed at their principal amount on the Maturity Date.

### 6.2 Redemption for taxation reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if

- (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of (i) any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or (ii) any change in the application or official interpretation of such laws or regulations, which change, amendment application or interpretation becomes effective on or after the Issue Date, and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Bonds will be redeemed on the date of redemption specified in the notice of redemption pursuant to this subclause 6.2 at their principal amount, together with interest accrued to the date of redemption.

### 6.3 Redemption at the Option of Bondholders

#### (a) Upon a Change of Control

In the event that a Change of Control occurs, then each Bondholder will have the right to require the Issuer to redeem all or any part of its Bonds on the Change of Control Put Date at the Put Redemption Amount.

For the purpose of this Condition, a **Change of Control** shall be deemed to have occurred if (a) any person other than the Reference Shareholders or (b) a group of persons other than the Reference Shareholders, Acting in Concert, gain(s) Control of the Issuer;

whereby:



- (i) **Control** means (A) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to (i) cast, or control the casting of more than 50 per cent. of the maximum number of votes that might be cast at a general meeting of the Issuer; or, (ii) exercise a decisive influence on the appointment or removal of all or a majority of the directors of the Issuer (including, but not limited to the right to nominate, pursuant to the articles of association or pursuant to agreements known by the Issuer, the majority of the directors of the Issuer); or (iii) exercise a decisive influence on the operating or financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are to comply or (B) the acquisition or the holding of a number of voting rights, even if such number is less than 50 per cent. of the outstanding voting rights in the Issuer, if such acquisition or holding has resulted in a mandatory public offer over the whole of the outstanding shares of the Issuer; and
- (ii) **Acting in Concert** means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them to obtain or consolidate control over the Issuer.

To exercise such right, the relevant Bondholder must complete and deposit with the bank or other financial intermediary through which the Bondholder holds Bonds (the **Financial Intermediary**) for further delivery to the Issuer (with a copy to the specified office of the Agent) a duly completed and signed notice of exercise in the form attached to the Prospectus (a **Change of Control Put Exercise Notice**), at any time during the Change of Control Put Exercise Period, provided that the Bondholders must check with their Financial Intermediary, as applicable, when such Financial Intermediary would require to receive instructions and Change of Control Put Exercise Notices in order to meet the deadlines for such exercise to be effective. By delivering a Change of Control Put Exercise Notice, the Bondholder shall undertake to hold the Bonds up to the date of effective redemption of the Bonds

Payment in respect of any such Bond shall be made by transfer to a euro account maintained with a bank in a city in which banks have access to the TARGET System as specified by the relevant Bondholder in the relevant Change of Control Put Exercise Notice.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

*Bondholders should note that the exercise by any of them of the option set out in this Condition 6.3. will only be effective under Belgian law if, prior to the earliest of (a) the Issuer being notified by the Belgian Financial Services and Markets Authority of a formal filing of a proposed offer to the shareholders of the Issuer or (b) the occurrence of a change of control within the meaning of Article 5 of the Belgian Company Code, (i) the Change of Control Resolutions have been approved by the Shareholders of the Issuer in a general meeting and (ii) such resolutions have been filed with the Clerk of the Commercial Court of Brussels (greffe du tribunal de commerce/griffie van de rechtbank van koophandel). Pursuant to Condition 10, the Issuer has undertaken to file a copy of the Change of Control Resolutions by the Long Stop Date. If a change of control within the meaning of Article 5 of the Belgian Company Code occurs prior to such approval and filing, the Bondholders will not be entitled to exercise the option set out in this Condition 6.3.*

*There can be no assurance that such approval will be granted at such shareholders' meeting. Reference is however made to the increase of Interest Rate included in Condition 6.3(c).*

If, as a result of this Condition 6.3, Bondholders submit Change of Control Put Exercise Notices in respect of at least 85 per cent. of the aggregate principal amount of the Bonds for the time being outstanding, the Issuer may, having given not less than 15 nor more than 30 days notice to the Bondholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Bonds then outstanding at the Put Redemption Amount. Payment in respect of any such Bond shall be made as specified above.

For the purposes of this Condition 6.3:

**Calculation Agent** means KBC Bank NV or such other leading investment, merchant or commercial bank as may be appointed from time to time by the Issuer for purposes of calculating the Put Redemption Amount, and notified to the Bondholders in accordance with Condition 14 (*Notices*);

**Put Redemption Amount** means an amount per Bond calculated by the Calculation Agent by multiplying the Redemption Rate by the Specified Denomination of such Bond and rounding, if necessary, the resultant figure to nearest minimum sub-unit of euro (half of such unit being rounded downwards), and by adding any accrued but unpaid interest of such Bond to (but excluding) the relevant repayment date; and

**Redemption Rate** means MIN (101%;  $100\% \times \text{Exp}(T \times 0,74720148386\%)$ ), rounded down to the 9th decimal.

**T** means the time, expressed in decimals of a year, elapsed from (and including) the Issue Date until (and including) the relevant redemption date.

For the avoidance of any doubt, "**Exp**" means the exponential function meaning the function  $e^x$ , where  $e$  is the number (approximately 2.718) such that the function  $e^x$  equals its own derivative.

*The Put Redemption Amount applicable in the case of, or following, a Change of Control referred to under Condition 6.3 (i)(a), will be equal to the amount which is the lowest of the following two possibilities: (i) 101% of the principal amount of each Bond or (ii) such percentage (higher than 100%) of the principal amount of each Bond, which results in the actuarial yield of an investor between the Issue Date and the date of redemption in accordance with Condition 6.3 (i)(a) not being higher than the Interest Rate plus 0.75 points. This reflects a maximum yield of 0.75 points above the yield of the Bonds on the Issue Date up to the Maturity Date in accordance with the "Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier" (Royal decree of 26 May 1994 on the deduction of withholding tax) (the Royal Decree). The Royal Decree indeed requires that in relation to Bonds that can be traded on N accounts, if investors exercise a right to have the Bonds redeemed early, the actuarial return cannot exceed the actuarial return of the Bonds upon the issue up to the final maturity, by more than 0.75 points.*

(b) Change of Control Notice

Within 5 Business Days following a Change of Control, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 14 (*Notices*) (a **Change of Control**

**Notice**). The Change of Control Notice shall contain a statement informing Bondholders of their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 6.3 (*Redemption at the Option of Bondholders*). Such notice shall be irrevocable.

The Change of Control Notice shall also specify:

- (i) to the fullest extent permitted by applicable law, all information material to Bondholders concerning the Change of Control;
- (ii) the last day of the Change of Control Put Exercise Period;
- (iii) the Change of Control Put Date; and
- (iv) the Put Redemption Amount.

The Agent shall not be required to monitor or take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so.

(c) Change of Control Resolutions

If by not later than the Long Stop Date:

- (i) the Change of Control Resolutions are not passed, approved or adopted at a general meeting of the Shareholders of the Issuer; or
- (ii) the Change of Control Resolutions have not been duly filed with the Clerk of the Commercial Court of Brussels,

then, with effect from the Interest Period starting on the first Interest Payment Date following the Long Stop Date, the then prevailing Interest Rate shall be increased by 0.50 per cent. until the last day of the Interest Period during which the Change of Control Resolutions were approved by a general meeting of the Shareholders of the Issuer and deposited with the Clerk of the Commercial Court of Brussels.

6.4 Purchase

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase any Bonds in the open market or otherwise at any price.

6.5 Cancellation

All Bonds which are redeemed will be cancelled and may not be reissued or resold. Bonds purchased by the Issuer or any of its Subsidiaries may be held, reissued or resold at the option of the Issuer or relevant Subsidiary, or surrendered to the Agent for cancellation.

6.6 Multiple Notices

If more than one notice of redemption is given pursuant to this Condition 6 (*Redemption and Purchase*), the first of such notices to be given shall prevail.

## 7. Payments

### 7.1 Principal, Premium and Interest

Without prejudice to Article 474 of the Belgian Company Code, all payments of principal, premium or interest in respect of the Bonds shall be made through the Agent and the Clearing System in accordance with the Clearing System Regulations. The payment obligations of the Issuer under the Bonds will be discharged by payment to the Clearing System in respect of each amount so paid.

### 7.2 Payments

Each payment in respect of the Bonds pursuant to Condition 7.1 (*Principal, Premium and Interest*) will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

### 7.3 Payments subject to fiscal and other applicable laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, without prejudice to the provisions of Condition 8 (*Taxation*). No commission or expenses shall be charged to the Bondholders in respect of such payments.

### 7.4 Agents, etc.

The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Agent, to vary or terminate the appointment of the Agent and appoint additional or other agents, provided that it will (i) maintain a principal paying agent, (ii) maintain a domiciliary agent and the domiciliary agent will at all times be a participant in the Clearing System and (iii) if required, appoint an additional paying agent, from time to time with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any change in Agent or its specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 14 (*Notices*).

### 7.5 No Charges

The Agent shall not make or impose on a Bondholder any charge or commission in relation to any payment in respect of the Bonds.

### 7.6 Fractions

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

### 7.7 Non-TARGET Business Days

If any date for payment in respect of the Bonds is not a TARGET Business Day, the Bondholder shall not be entitled to payment until the next following TARGET Business Day, nor to any interest or other sum in respect of such postponed or anticipated payment. For the purpose of calculating the interest amount payable under the Bonds, the Interest Payment Date shall not be adjusted.

## 8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected, withheld or assessed by or on behalf of Belgium, or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction of the Taxes is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) **Other connection:** to, or to a third party on behalf of, a Bondholder who is liable to such Taxes in respect of such Bond by reason of his having some connection with Belgium other than the mere holding of the Bond; or
- (b) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or any agreement between the EU and any other country or territory providing for similar measures; or
- (c) **Non-Eligible Investor:** to a Bondholder, who at the time of issue of the Bonds, was not an eligible investor within the meaning of Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax or to a Bondholder who was such an eligible investor at the time of issue of the Bonds but, for reasons within the Bondholder's control, either ceased to be an eligible investor or, at any relevant time on or after the issue of the Bonds, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities; or
- (d) **Conversion into registered securities:** to a Bondholder who is liable to such Taxes because the Bonds were upon his/her request converted into registered Bonds and could no longer be cleared through the Clearing System.

Every reference in these Conditions to principal payments and interest contains any additional amounts in respect of principal payments and interest which would be payable pursuant to this Condition 8 (*Taxation*).

## 9. Events of Default

If any of the following events (each an **Event of Default**) occurs and is continuing then any Bond may, by notice in writing given to the Issuer at its registered office with a copy to the Agent at its specified office by the Bondholder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further formality unless such event of default shall have been remedied prior to the receipt of such notice by the Agent:

- (a) **Non-payment:** the Issuer fails to pay the principal of or interest on any of the Bonds when due and such failure continues for a period of 10 Business Days;
- (b) **Breach of ratios:** any of the Consolidated Gearing, the Interest Cover Ratio or the Debt Service Cover Ratio does not comply with the applicable ratios and thresholds as set out in Condition 10;
- (c) **Breach of other covenants, agreements or undertakings:** the failure on the part of the Issuer to observe or perform (i) any provision (other than those referred to under (a) and (b) above) set out in the Conditions, the Agency Agreement or the Clearing Agreement or (ii) any other provision, covenant, agreement, undertaking or obligation relating to the Bonds, which default is incapable of remedy, or if capable of remedy, is not remedied within 10 Business Days after notice of such default has been given to the Issuer by any Bondholder or the Agent;
- (d) **Cross-Default of the Issuer or a Subsidiary:** at any time, (i) any Financial Indebtedness of the Issuer or any Subsidiary is not paid when due or, as the case may be, within any originally applicable grace period; (ii) any Financial Indebtedness of the Issuer or any Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); (iii) any commitment for any Financial Indebtedness of the Issuer or any Subsidiary is cancelled or suspended by any creditor as a result of an event of default (however described); or (iv) any creditor of the Issuer or any Subsidiary becomes entitled to declare any Financial Indebtedness of the Issuer or any Subsidiary due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default under this paragraph (d) will occur if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within this paragraph (d) (i) through (iv) is less than EUR 20,000 (or its equivalent in other currency);
- (e) **Enforcement Proceedings:** a distress, attachment, execution or other process is levied or enforced upon or against all or any part of the property, assets or revenues of the Issuer or any Subsidiary and is not discharged or stayed within 30 Business Days after their commencement;
- (f) **Security Enforced:** any Security created or assumed by the Issuer or any of its Subsidiaries in respect of any of its property or assets or any Personal Security granted or assumed by the Issuer or any of its Subsidiaries for an amount at the relevant time of at least EUR 250,000 or its equivalent becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (g) **Unsatisfied judgment:** one or more judgment(s) or order(s) for the payment of an amount in excess of EUR 250,000 (or its equivalent in any other currency or currencies, whether individually or in aggregate) is rendered against the Issuer or any of its respective Subsidiaries, and it is no longer possible for the relevant entity to lodge an appeal or other legal remedy against such judgement(s) or order(s) that would suspend the payment obligation thereunder, and continue(s)

unsatisfied and unstayed for a period of 15 Business Days after the date(s) thereof or, if later, the date therein specified for payment;

**(h) Insolvency and insolvency proceedings:**

- (i) the Issuer or any of its Subsidiaries becomes insolvent or bankrupt (*est déclaré en faillite / wordt failliet verklaard*) or is unable to pay its debts as they fall due;
- (ii) the Issuer or any Subsidiary initiates a bankruptcy proceeding or another insolvency proceeding (or such proceedings are initiated against the Issuer or any Subsidiary), under applicable Belgian or foreign bankruptcy laws, insolvency laws or similar laws (including the Belgian Law of 8 August 1997 on bankruptcy proceedings and the Belgian Law of 31 January 2009 regarding judicial reorganisation),
- (iii) a petition has been filed with a court for the bankruptcy, impending insolvency, a protection period, moratorium or settlement or reorganisation or any other insolvency petition has been filed in respect thereof, provided that no Event of Default under this paragraph will occur if the Issuer or the relevant Subsidiary (acting reasonably and in good faith) promptly disputes any such petition, proceedings or actions before a court as being unsubstantiated or vexatious and the proceedings initiated on the basis of such petition are dismissed within 45 days after their commencement,
- (iv) the Issuer or any Subsidiary are declared bankrupt by a competent court or if a bankruptcy trustee, liquidator, administrator (or any similar official under any applicable law) is appointed with respect to the Issuer or any Subsidiary, or a bankruptcy trustee, liquidator, administrator (or any similar official under any applicable law) takes possession of all or a substantial part of the assets of the Issuer or any Subsidiary,
- (v) the Issuer or any Subsidiary stops, suspends or announces its intention to stop or suspend payment of all, or a material part of (or a particular type of) its debts; or
- (vi) the Issuer or any of its Subsidiaries (in each case by reason of actual or anticipated financial difficulties) commences negotiations with one or more of its creditors with the view of deferring, rescheduling or otherwise readjusting any of its debts or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is declared or comes into effect in respect of all or any part of (or of a particular type of) the debts of the Issuer or any of Subsidiary (including judicial reorganisation (*gerechtelijke reorganisatie / réorganisation judiciaire*), as applicable);

- (i) **Reorganisation, change of or transfer of business or transfer of assets:** (a) a material change of the nature of the activities of the Issuer or the Group, as

compared to the activities as these are carried out on the Issue Date, occurs or (b) a reorganisation or transfer of the assets of the Issuer or the Group occurs resulting in (i) a material change of the nature of the activities of the Issuer or the Group or (ii) a transfer of all or substantially all of the assets of the Issuer or the Group, whereby (ii) will not give rise to an Event of Default if the proceeds from such transfer of assets are reinvested by the Issuer or the relevant member of the Group in line with the current business model of the Group or are used to repay existing Financial Indebtedness, or (c) the Issuer or the Group (taken as a whole) ceases to carry on all or substantially all of its business, other than for (a), (b) and (c) on terms approved by the general meeting of Bondholders.

- (j) **Winding-Up:** a court order or an effective resolution passed for the winding-up or the liquidation of the Issuer or any of its Subsidiaries (except for (in the case of any of the Subsidiaries) a solvent winding-up or liquidation procedure), or the Issuer or any of its Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on a solvent basis;
- (k) **Failure to take action:** any action, condition or thing at any time required to be taken, fulfilled or done in order:
  - (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Bonds;
  - (ii) to ensure that those obligations are legal, valid, binding and enforceable; or
  - (iii) to make the Bonds admissible in evidence in the courts of Belgium,is not taken, fulfilled or done;
- (l) **Unlawfulness:** it is or becomes unlawful for the Issuer to perform or comply with its obligations under or in respect of the Bonds;
- (m) **Delisting of the Bonds:** the listing of the Bonds on the regulated market of NYSE Euronext Brussels is withdrawn or suspended for a period of at least 7 subsequent Business Days as a result of a failure of the Issuer, unless the Issuer obtains the listing of the Bonds on another regulated market of the European Union at the latest on the last day of this period of 7 Business Days.

## 10. Undertakings

### 10.1 Consolidated Gearing

The Issuer shall, as long as any Bond remains outstanding, ensure that the Consolidated Gearing on each testing date is equal to or below 55 per cent.

### 10.2 Interest Cover Ratio

- (a) The Issuer shall, as long as any Bond remains outstanding, ensure that the Interest Cover Ratio on each testing date shall be equal to or shall exceed 1.2.



- (b) For the avoidance of doubt, the Interest Cover Ratio will not be considered to be breached on a testing date, if in relation to the Annual Relevant Period immediately preceding such testing date the Finance Charges are negative or equal to zero.

#### 10.3 Debt Service Cover Ratio

- (a) The Issuer shall, as long as any Bond remains outstanding, ensure that the Debt Service Cover Ratio on each testing date shall be equal to or shall exceed 1.2.
- (b) For the avoidance of doubt, the Debt Service Cover Ratio will not be considered to be breached on a testing date, if in relation to the Annual Relevant Period immediately preceding such testing date the Net Debt Service is negative or equal to zero.

#### 10.4 Financial testing

- (a) The Consolidated Gearing shall be calculated and tested semi-annually on a rolling annual basis in relation to the relevant Annual Relevant Period as at the last day of each calendar half-year, for the first time as of 31 December 2013.
- (b) The Interest Cover Ratio and the Debt Service Cover Ratio shall be calculated and tested semi-annually on a rolling annual basis in relation to the relevant Annual Relevant Period as at the last day of each calendar half-year, for the first time as of 30 June 2014.

#### 10.5 Representation by the Issuer

The Issuer represents and confirms that as of 31 December 2012 the Consolidated Gearing, the Interest Cover Ratio or the Debt Service Cover Ratio comply with the applicable ratios and thresholds as set out in Conditions 10.1 through 10.3.

#### 10.6 Domiciliation of the Issuer

The Issuer will procure that the Issuer shall not become domiciled or resident in or subject generally to the taxing authority of any jurisdiction other than Belgium.

#### 10.7 Listing of the Bonds on a regulated market

Upon the Bonds becoming listed on the regulated market of NYSE Euronext Brussels on or prior to the Issue Date, the Issuer undertakes to furnish to the relevant stock exchange all documents, information and undertakings and publish all advertisement or other material that may be necessary in order to effect and maintain such listing, and to cause such listing to be continued so long as any of the Bonds remain outstanding. If the Bonds are not or cease to be listed on NYSE Euronext Brussels, the Issuer undertakes to ensure admission of the Bonds to trading on another regulated market in the European Union.

#### 10.8 Change of Control Resolutions

The Issuer undertakes to (i) use its best endeavours to procure that the Change of Control Resolutions be passed at the general meeting of Shareholders of the Issuer scheduled to be held prior to 31 December 2013 and (ii) file a copy of the resolutions as aforesaid promptly thereafter with the Clerk of the Commercial Court of Brussels (*greffe du tribunal de commerce/griffie van de rechtbank van koophandel*) by the Long Stop Date.

## 11. Compliance Certificate

On the date falling no later than (i) 120 days after the end of each of its financial years, starting from the financial year 2013 or on the date of the publication of its financial statements for the relevant financial year, starting from the financial year 2013, whichever is earlier and (ii) 60 days after the end of the first half of each of its financial years, starting from the financial year 2014, the Issuer shall publish on its website a copy of the Compliance Certificate and a statement that indicates whether the applicable ratio's set out in Condition 10 have or have not been breached.

For the purpose hereof, **Compliance Certificate** means a certificate from the Issuer, signed by two directors of the Issuer (one of which must be its executive director) or alternatively by the executive director and the chief financial officer and approved by the Auditors, setting out in detail computations, indicating and confirming whether the Consolidated Gearing, the Interest Cover Ratio and the Debt Service Cover Ratio comply with the applicable ratios and thresholds as set out in Condition 10, as at the date of the relevant financial statements to which such Compliance Certificate relates.

## 12. Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of such payment.

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

## 13. Meeting of Bondholders, Modification and Waiver

### 13.1 Meetings of Bondholders

The Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions.

All meetings of Bondholders will be held in accordance with the Belgian Company Code with respect to bondholders meetings; provided however that the Issuer shall, at its own expense, promptly convene a meeting of Bondholders upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. Subject to the quorum and majority requirements set out in Article 574 of the Belgian Company Code, and if required thereunder subject to validation by the court of appeal, the meeting of Bondholders shall be entitled to exercise the powers set out in Article 568 of the Belgian Company Code and, upon proposal of the Board of Directors, to modify or waive any provision of these Conditions, provided however that the following matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum: (i) proposal to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds or to alter the method of calculating the amount of any payment in respect of the Bonds on redemption or maturity or the date for any such payment; (ii) proposal to effect the exchange, conversion or substitution of the

Bonds for, or the conversion of the Bonds into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; (iii) proposal to change the currency in which amounts due in respect of the Bonds are payable; (iv) proposal to change the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution.

Convening notices for meetings of Bondholders shall be made in accordance with Article 570 of the Belgian Company Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting in the Belgian Official Gazette (*Moniteur Belge / Belgisch Staatsblad*) and in a newspaper of national distribution in Belgium. Convening notices shall also be made in accordance with Condition 14 (*Notices*).

Resolutions duly passed in accordance with these provisions shall be binding on all Bondholders, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

The Agency Agreement provides that a resolution in writing signed by or on behalf of all Bondholders shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

#### 13.2 Modification and Waiver

The Agent may agree, without the consent of the Bondholders, to any modification of the provisions of the Agency Agreement or any agreement supplemental to the Agency Agreement either (i) which in the Agent's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification to the provisions of the Agency Agreement or any agreement supplemental to the Agency Agreement, which is, in the opinion of the Agent, not materially prejudicial to the interests of the Bondholders. In addition, the Issuer shall only permit any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

#### 13.3 Meetings of Shareholders and Right to Information

The Bondholders shall be entitled to attend all general meetings of Shareholders of the Issuer, in accordance with Article 537 of the Belgian Company Code, and they shall be entitled to receive or examine any documents that are to be remitted or disclosed to them in accordance with the Belgian Company Code. The Bondholders who attend any general meeting of shareholders shall be entitled only to a consultative vote.

### 14. Notices

Notices to the Bondholders shall be valid (i) if delivered by or on behalf of the Issuer to the Clearing System for communication by it to the Clearing System Participants and (ii) if published on the website of the Issuer, and (iii) if published through the usual newswires agency (or any of the usual newswires agencies) used by the Issuer to discharge its ongoing information duties pursuant to the Royal Decree of 14 November 2007. Any such notice shall be deemed to have been given on the latest day of (i) seven days after its delivery to the Clearing System and (ii) the date of first publication. The Issuer shall bear

all fees, costs and expenses in relation to the drafting, delivery and publication of such notices.

The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if required to be published in more than one newspaper or in more than one manner, on the date of the first such publication in all the required newspapers or in each required manner.

In addition to the above communications and publications, with respect to notices for a meeting of Bondholders, any convening notice for such meeting shall be made in accordance with Article 570 of the Belgian Company Code, by an announcement to be inserted at least fifteen days prior to the meeting, in the Belgian Official Gazette (*Moniteur belge / Belgisch Staatsblad*) and in a newspaper with national coverage. Resolutions to be submitted to the meeting must be described in the convening notice.

## **15. Further Issues**

The Issuer may from time to time without the consent of the Bondholders create and issue further notes, bonds or debentures either (i) having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) or (ii) having the same terms and conditions in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to interest, premium, redemption and otherwise as the Issuer may determine at the time of their issue. The Agency Agreement contains provisions for convening a single meeting of the Bondholders.

## **16. Governing Law and Jurisdiction**

### **16.1 Governing Law**

The Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by, and shall be construed in accordance with, Belgian law.

### **16.2 Jurisdiction**

The courts of Brussels, Belgium are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement and the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Agency Agreement or the Bonds (**Proceedings**) may be brought in such courts.

## **Schedule 1 to the Conditions**

### **Provisions for Meetings of Bondholders**

#### **1. CALLING OF THE GENERAL MEETING**

- (a) The board of directors of the Issuer or the auditors for the time being may at any time convene a meeting of Bondholders. The Issuer shall, at its own expense, promptly convene a meeting of Bondholders upon the request in writing of Bondholders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Bonds.
- (b) At least 15 days' notice (exclusive of the day on which the notice is given and the day on which the general meeting is held) specifying the day, time and place of general meeting shall be given to the Bondholders in the manner provided by Condition 14. Such notice shall include the agenda of the meeting. The agenda shall state the nature of the business to be transacted at the general meeting thereby convened and specify the terms of any resolution to be proposed. Such notice shall include a statement to the effect that Bonds must be held with or under the control of and blocked by a Recognised Accountholder (as defined below) for the purpose of obtaining Voting Certificates or appointing proxies, until three Business Days before the time fixed for the general meeting but not thereafter.

#### **2. ACCESS TO THE GENERAL MEETING**

- (a) Save as expressly provided otherwise herein, no person shall be entitled to attend or vote at any general meeting of the Bondholders unless he produces a Voting Certificate or is a proxy.
- (b) The Issuer (through its respective officers, employees, advisers, agents or other representatives) and its financial and legal advisers shall be entitled to attend and speak at any general meeting of the Bondholders.
- (c) Proxies (as defined below) need not to be Bondholders.
- (d) If foreseen by the articles of association of the Issuer, the Bondholders may participate at the meeting by electronic means in accordance with article 571bis of the Belgian Company Code, as from the entry into force of such article. In that case, these Bondholders are deemed to be present at the place where the meeting of the Bondholders is held for quorum and majorities purposes.

#### **3. QUORUM AND MAJORITIES**

- (a) All meetings of Bondholders will be held in accordance with the Belgian Company Code.
- (b) The quorum at any such meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent. of the aggregate principal amount of Bonds then outstanding. If within half an hour from the time appointed for such general meeting a quorum is not present, the general meeting shall, if convened upon the requisition of the Bondholders, be dissolved. In any other case, it shall be adjourned for such period being not less than 14 days nor more than 42 days, and at such place as may be decided by the chairman. At any adjourned meeting after publication of a new convening notice pursuant to Condition 13, two or more persons holding or

representing not less than 25 per cent. of the aggregate principal amount of Bonds then outstanding shall form the quorum.

- (c) In accordance with article 574 of the Belgian Company Code, no Extraordinary Resolution shall be adopted if not approved by members voting in their own name or as proxy, representing at least 75 per cent. of the amounts of Bonds having participated in the vote. If an Extraordinary Resolution is adopted by Bondholders holding or representing less than one-third of the aggregate principal amount of the Bonds outstanding (whether present or represented at the meeting or not), such Extraordinary Resolution is not binding unless approved by the competent Court of Appeal in the district where the Issuer's registered office is located.
- (d) In accordance with article 574 of the Belgian Company Code, the above quorum and special majority requirements do not apply to Extraordinary Resolutions relating to interim measures taken in the common interest of the Bondholders or to the appointment of a representative of the Bondholders. In such cases, the Extraordinary Resolutions are adopted by Bondholders holding or representing at least a majority of the aggregate principal amount of the Bonds outstanding present or represented at the meeting.
- (e) The matters listed in Article 568 of the Belgian Company Code in respect of which an Extraordinary Resolution may be adopted, upon proposal of the board of directors of the Issuer, include modifying or suspending the date of maturity of Bonds, postponing any day for payment of interest thereon, reducing the rate of interest applicable in respect of such Bonds, altering the method of calculating the amount of any payment in respect of the Bonds on redemption or maturity or the date for any such payment, deciding urgent interim actions in the common interest of Bondholders, accepting a security in favour of the Bondholders, effecting the exchange, conversion or substitution of the Bonds for, or the conversion of the Bonds into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed, changing the currency in which amounts due in respect of the Bonds are payable, changing the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, and appointing a special agent of the Bondholders to implement the resolutions of the meeting of Bondholders.
- (f) The term **Extraordinary Resolution** when used herein means a resolution passed at a meeting of Bondholders duly convened in accordance with the provisions contained herein.

#### **4. MANAGEMENT OF THE GENERAL MEETINGS**

- (a) The Issuer may appoint a chairman. Failing such choice the Bondholders may appoint a chairman.
- (b) In accordance with Article 573 of the Belgian Company Code, the Issuer will make a list of the outstanding Bonds available to the Bondholders at the start of the meeting.
- (c) The chairman may with the consent of (and shall if directed by) any general meeting, adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned general meeting except business which could have been transacted at the general meeting from which the adjournment took place.
- (d) Notice of any adjourned general meeting shall be given in the same manner as for an original general meeting, and such notice shall state the quorum required at the adjourned

general meeting. Subject as aforesaid, it shall not be necessary to give any other notice of an adjourned general meeting.

## **5. VOTING**

- (a) Every question submitted to a general meeting shall be decided in the first instance by a show of hands, then (subject to paragraph 5(b)) by a poll.
- (b) At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer, one or more persons holding Voting Certificates in respect of the Bonds or proxies holding or representing in the aggregate not less than 2 per cent. of the aggregate principal amount of the outstanding Bonds, a declaration by the chairman that a resolution has passed or not passed, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- (c) If at any general meeting a poll is so demanded, it shall be taken in such manner and (subject as hereinafter provided) either at once or after such an adjournment as the chairman directs. The result of such poll shall be deemed to be the resolution of the general meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the general meeting for the transaction of any business other than the question on which the poll has been demanded.
- (d) Any poll demanded at any general meeting on the election of a chairman or on any question of adjournment shall be taken at the general meeting without adjournment.
- (e) Any vote given in accordance with the terms of a Block Voting Instruction shall be valid notwithstanding the previous revocation or amendment of the Block Voting Instruction or of any Bondholder's instructions pursuant to which it was executed, provided that no confirmation in writing of such revocation or amendment shall have been received from the Recognised Accountholder by the Issuer at its headquarters (Demunterlaan 5, 1090 Brussels), or such other address as notified to the Bondholders in accordance with the Conditions of the Bonds) by the time being 24 hours before the commencement of the general meeting or adjourned general meeting at which the Block Voting Instruction is intended to be used.

## **6. BINDING RESOLUTIONS**

Any resolution passed at a meeting of the Bondholders duly convened and held in accordance with the Belgian Company Code and the provisions contained herein shall be binding upon all the Bondholders whether or not they are present at the meeting and whether or not they vote in favour of such resolution.

## **7. RESOLUTIONS IN WRITING**

A resolution in writing signed by or on behalf of all Bondholders shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held in accordance with the provisions herein contained. Such resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

## 8. MINUTES

Minutes of all resolutions and proceedings at every such general meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and signed by the chairman, the Bondholders so requesting and the members of the "bureau" if a bureau is formed at the meeting, and any such minutes as aforesaid shall be conclusive evidence of the matters therein contained, and until the contrary is proved each such general meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted. An attendance list will be attached to the minutes. Certified copies or extracts of the minutes shall be signed by two directors of the Issuer.

## 9. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

- (a) As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:

**Recognised Accountholder** shall mean, in relation to one or more Bonds, the Recognised Accountholder (*erkende rekeninghouder/teneur de compte agréé*) within the meaning of Article 468 of the Belgian Company Code with which the Bondholder holds such Bonds on a securities account;

**Voting Certificate** shall mean a certificate in Dutch or French (with a translation in English) issued by the Recognised Accountholder and dated in which it is stated:

- (i) that on the date thereof Bonds (not being Bonds in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder) held to its order or under its control and blocked by it and that no such Bonds will cease to be so held and blocked until the first to occur of:
- (A) the conclusion of the meeting specified in such certification or, if applicable, any adjourned such meeting; and
- (B) the surrender of the certificate to the Recognised Accountholder who issued the same; and
- (ii) that until the release of the Bonds represented thereby the bearer thereof is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Bonds represented by such certificate;

**Block Voting Instruction** shall mean a document in Dutch or French (with a translation in English) issued by the Recognised Accountholder and dated in which:

- (i) it is certified that Bonds (not being Bonds in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder) held to its order or under its control and blocked by it and that no such Bonds will cease to be so held and blocked until the first to occur of:
- (A) the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and



- (B) the giving of notice by the Recognised Accountholder to the Issuer in accordance with paragraph 5(e) hereof, stating that certain of such Bonds cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;
  - (ii) it is certified that each holder of such Bonds has instructed such Recognised Accountholder, that the vote(s) attributable to the Bond(s) so held and blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any such adjourned meeting and that all such instructions are during the period commencing three Business Days prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;
  - (iii) the nominal amount of the Bonds so held and blocked is stated, distinguishing with regard to each resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
  - (iv) one or more persons named in such document (each hereinafter called a proxy) is or are authorised and instructed by such Recognised Accountholder to cast the votes attributable to the Bonds so listed in accordance with the instructions referred to in paragraph (ii) above as set out in such document.
- (b) Voting Certificates and Block Voting Instructions will only be issued in respect of Bonds (to the satisfaction of such Recognised Accountholder) held to the order or under the control and blocked by a Recognised Accountholder not less than three Business Days before the time for which the meeting or the poll to which the same relate has been convened or called and shall be valid for so long as the relevant Bonds continue to be so held and blocked and during the validity thereof the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant meeting of the Bondholders, be deemed to be the holder of the Bonds to which such Voting Certificate or Block Voting Instruction relates and the Recognised Accountholder with which such Bonds have been deposited or to whose order or under whose control they are held or the person holding them blocked as aforesaid shall be deemed for such purpose not to be the holder of those Bonds.
- (c) Each Block Voting Instruction shall be deposited at the registered office of the Issuer not less than three Business Days before the time appointed for holding the general meeting or adjourned general meeting at which the proxies named in the Block Voting Instruction propose to vote and in default of such deposit the Block Voting Instruction shall not be treated as valid unless the chairman of the general meeting decides otherwise before such general meeting or adjourned general meeting proceeds to business.
- (d) Articles 578 and 579 of the Belgian Company Code shall apply.

## **10. COMPLIANCE WITH BELGIAN LAW**

Subject to all other provisions contained in this Schedule, the Issuer may prescribe such further regulations regarding the holding of general meetings of Bondholders and attendance and voting thereat as are necessary to comply with Belgian law.

Article 575 of the Belgian Company Code shall apply.

## PART V: CLEARING

The Bonds will be accepted for clearance through the Clearing System under the ISIN number BE0002201672 with respect to the Bonds and will accordingly be subject to the Clearing System regulations.

The number of Bonds in circulation at any time will be registered in the register of registered securities of the Issuer in the name of the NBB (National Bank of Belgium, Boulevard de Berlaimont 14, B-1000 Brussels).

Access to the Clearing System is available through those of its Clearing System participants whose membership extends to securities such as the Bonds.

Clearing System participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), and Euroclear and Clearstream, Luxembourg. Accordingly, the Bonds will be eligible to clear through, and therefore accepted by Euroclear and Clearstream, Luxembourg and investors can hold their Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Bonds will be effected between Clearing System participants in accordance with the rules and operating procedures of the Clearing System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Clearing System participants through which they hold their Bonds.

The Agent will perform the obligations of domiciliary agent included in the clearing services agreement that will be entered into on or about 19 June 2013 by the NBB, the Issuer and KBC Bank NV as domiciliary Agent (the **Clearing Agreement**) and the Agency Agreement. The Issuer and the Agent will not have any responsibility for the proper performance by the Clearing System or its Clearing System participants of their obligations under their respective rules and operating procedures.

## PART VI: DESCRIPTION OF THE ISSUER

### 1 General information

VGP NV is a limited liability company that was incorporated under Belgian law on 6 February 2007 for an indefinite period of time with its registered office located at Greenland – Burgemeester Etienne Demunterlaan 5, box 4, 1090 Brussels, with telephone number +32 2 737 74 06. VGP is registered under enterprise number VAT BE 0887 216 042 (RPM-RLP Brussels, Belgium).

VGP NV, 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 beleggingsportefeuilles*), 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.

VGP NV, together with its Subsidiaries (as defined below) (collectively, **VGP**, the **VGP Group** or 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 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 and for the account of its Associates, 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.

VGP focuses on top locations which are located in the vicinity of highly concentrated living and/or production centres, with an optimal access to transport infrastructure.

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.

In addition the Group takes a pro-active approach in respect of potential disposal of the Group's income generating assets once such assets have reached a mature stage. The VGP CZ I and VGP CZ II portfolios (cf. transactions described below) were mature parks with still a very small development potential (which was very interesting for the investor and VGP). The VGP Estonia transaction (cf. below) was a fully developed park without any further development potential. The only exception was the VGP CZ IV portfolio (cf. description below). This portfolio only consisted of development land and the sale was already pre-negotiated at the time of the sale of the VGP CZ I portfolio. The VGP CZ IV development land is situated adjacent to the existing VGP Park Horni Pcernice (main part of VGP CZ I portfolio) and hence it was impossible from a competitive point of view to have this position retained by VGP. It was for that reason that both parties agreed to the VGP CZ IV transaction.

Against the background of the financial crisis, which saw the availability of financing as well as the raising of capital at commercially acceptable terms and conditions almost disappear, the Group changed its business model and strategy, during 2010, from a strict develop and hold strategy towards a strategy with an increased focus on development and more proactive approach in respect of potential disposal of the income generating assets.

This change in strategy resulted in 2011 in the VGP CZ I and VGP CZ II transactions whereby an 80% equity interest of VGP CZ I a.s. was sold to the European Property Investors Special Opportunities, L.P. (EPISO) fund, a real estate property fund co-advised by AEW Europe and Tristan Capital Partners and whereby an 80% equity interest of VGP CZ II a.s. was sold to Curzon Capital Partners III (CCP III), a real estate fund managed by Tristan Capital Partners. These transactions were followed by two additional transactions in 2012 whereby an 80% equity interest of VGP CZ IV a.s. was also sold to the European Property Investors Special Opportunities, L.P. (EPISO) and the sale of all income generating assets of VGP Estonia to East Capital Baltic Property Fund II, a fund managed by East Capital.

The VGP CZ I portfolio includes 6 VGP parks which are mainly located in the Prague region. The VGP CZ II portfolio also includes over 6 VGP parks all located in the main regional cities of the Czech Republic. The VGP CZ IV portfolio currently only comprises development land which is situated adjacent to the existing VGP Park Horni Pocernice (main part of VGP CZ I portfolio). This transaction was pre-negotiated at the time of the sale of the VGP CZ I portfolio in order to avoid any competitive problems between VGP and its associates. Finally the VGP Estonia transaction was an asset deal whereby VGP Estonia sold its mature income generating assets comprising 2 buildings (40,000 m<sup>2</sup>).

The proceeds received from these transactions can be summarized as follows:

Date of transaction:	16-Mar-11	09-Nov-11	26-Apr-12	24-May-12 VGP Estonia	Total
EUR '000	VGP CZ I	VGP CZ II	VGP CZ IV		
Gross sales price of the assets	293,208	137,024	10,901	24,252	465,385
Deduction for bank debt	(141,833)	(54,247)	-	(6,385)	(202,465)
Net balance sheet adjustment	(22,025)	(10,193)	(181)	0	(32,399)
VGP CZ II receivable adjustment	--	(6,450)	-	0	(6,450)
Shareholder loans provided to associates	(30,460)	(11,247)	(2,144)	0	(43,851)
Final settlement adjustment 2012	0	95	0	0	95
<b>Net cash received</b>	<b>98,890</b>	<b>54,982</b>	<b>8,576</b>	<b>17,867</b>	<b>180,315</b>

An aggregate amount of EUR 153.8 million was received during 2011 for the VGP CZ I and VGP CZ II transactions. In 2012 an aggregate amount of EUR 26.5 million was received for the VGP CZ IV transaction, the VGP Estonia transaction and for the final settlement of VGP CZ II transaction.

The VGP CZ II receivable relates to an additional amount which VGP will receive once two buildings, which are currently partly completed / under construction, will be leased for 90%. The net cash inflow from this transaction will amount to EUR 5.2 million (80% of EUR 6.5 million). The remaining balance will be converted into a loan to Associates.

The total consolidated assets of the VGP Group as at 31 December 2010 stood at EUR 497.2 million of which EUR 300.0 million (60%) was classified as disposal group held for sale representing the respective VGP CZ I and VGP CZ II assets.

The total consolidated assets of the VGP Group as at 31 December 2011 stood at EUR 177.9 million of which EUR 33.9 million (19%) was classified as disposal group held for sale representing the respective VGP CZ IV and VGP Estonia transactions.

As at 31 December 2012 the total assets of the Group amounted to EUR 175.4 million.

The impact of the change in strategy also allowed VGP to realize its historic fair value gains on the respective property portfolios. The VGP CZ I, VGP CZ II, VGP CZ IV and VGP Estonia transactions allowed the Group to realize EUR 78 million of historically built up valuation gains.

With the Associates VGP is able to generate additional fee income from its facility management. As at 31 December 2012 the fees generated by the services provided to the Associates amounted to EUR 2.9 million. Of this EUR 1.1 million was directly attributable to facility management services. The remaining balance was generated through leasing fees, property development fees, administration and accounting support services and asset management fees. In addition during 2012 an interest income of EUR 3.4 million was recorded on loans granted to associates.

Finally the VGP CZ I, VGP CZ II, VGP CZ IV and the VGP Estonia transactions allowed the Group to become debt free on a net debt basis.

On the other hand the change in strategy has had a significant adverse impact on the recurrent rent income. The gross rent income fell as a result of the different transactions from EUR 28.6 million at the end of 2010 to EUR 14.4 million at the end of 2011 and to EUR 3.1 million as at 31 December 2012. The rent income will grow again once new buildings are being delivered to tenants. At the moment the Group has committed leases signed which represent EUR 6.1 million of annualised rent income (see below).

The total EUR 180.3 million of net proceeds received from the above transactions were used to deleverage the Group through the repayment of shareholder loans (EUR 74 million - including interest paid until 2011), distribution to shareholders (EUR 55 million). The remaining amount has been applied to invest in the development pipeline for an amount of EUR 44.7 million. The Group has additional commitments (subject to receiving the necessary permits) for an additional amount of EUR 44 million for the acquisition of development land in the coming months and which is currently under option.

The plots of land that have been acquired or secured in the Czech Republic and Germany in 2012 and 2013 with the proceeds from the total or partial sale of income generating assets should start generating additional development profits and additional rent income within the next twelve to eighteen months. Until then, the Group will receive rent income from the income generating assets that are still held and being constructed and completed by it. The annualised committed leases as at 31 December 2012 amounted to EUR 5.0 million. During the first months of 2013, EUR 1.0 million of new lease agreements were signed. The annualised committed leases stood at EUR 6.1 million as at 31 May 2013. The committed annualised rent income represents the annualised rent income generated or to be generated by executed lease – and future lease agreements. The rent income will gradually increase over the next 9 months based on the current expected timing of the completion of the buildings under construction. VGP should be able to

recognise the full impact of the current signed committed leases as from the end of Q1 2014. The current completed buildings generate an annualised rent income of EUR 4.6 million.

Besides rental income, additional buildings will be delivered during the second half of 2013. Finally the Group generates income from its relationship with its Associates through interest income and additional operational fee income as manager and operator of the Associates' portfolios.

For an overview of VGP's real estate portfolios as at 31 December 2012, reference is made to pages 48-71 of the Issuers annual report for 2012.

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VGP owns a rapidly expanding property portfolio of EUR 101.6 million as at 31 December 2012 which represents a total lettable area of over 73,378 m<sup>2</sup> with another 6 buildings under construction representing 71,485 m<sup>2</sup>. Most of the buildings under construction have already been partially delivered or will be delivered during the second half of 2013. They are currently pre-let for more than 60% and a number of additional lease contracts are under negotiations. Besides this VGP FM Services manages 55 buildings which are owned through its Associates representing 601,217 m<sup>2</sup> of lettable area.

At the end of April 2013 the property portfolio consists of 6 completed buildings representing 82,000 m<sup>2</sup> of lettable area with another 6 buildings under construction representing 68,940 m<sup>2</sup> of lettable area. The buildings under management by VGP FM Services increased to 56 buildings which represent 608,348 m<sup>2</sup> of lettable area.

The Group currently has a secured land bank of 2,094,568 m<sup>2</sup> of which 1,724,970 m<sup>2</sup> (82%) is in full ownership. The land bank allows VGP to develop besides the current completed projects and projects under construction (in total 150,940 m<sup>2</sup>) some 730,000 m<sup>2</sup> of additional lettable area of which approximately 359,000m<sup>2</sup> in Germany and approximately 148,000 m<sup>2</sup> in the Czech Republic.

## 2 Corporate purpose

Article 3 of the articles of association<sup>1</sup> (see [www.vgpparks.eu](http://www.vgpparks.eu)) sets forth that 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; and
- (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. 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.

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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.

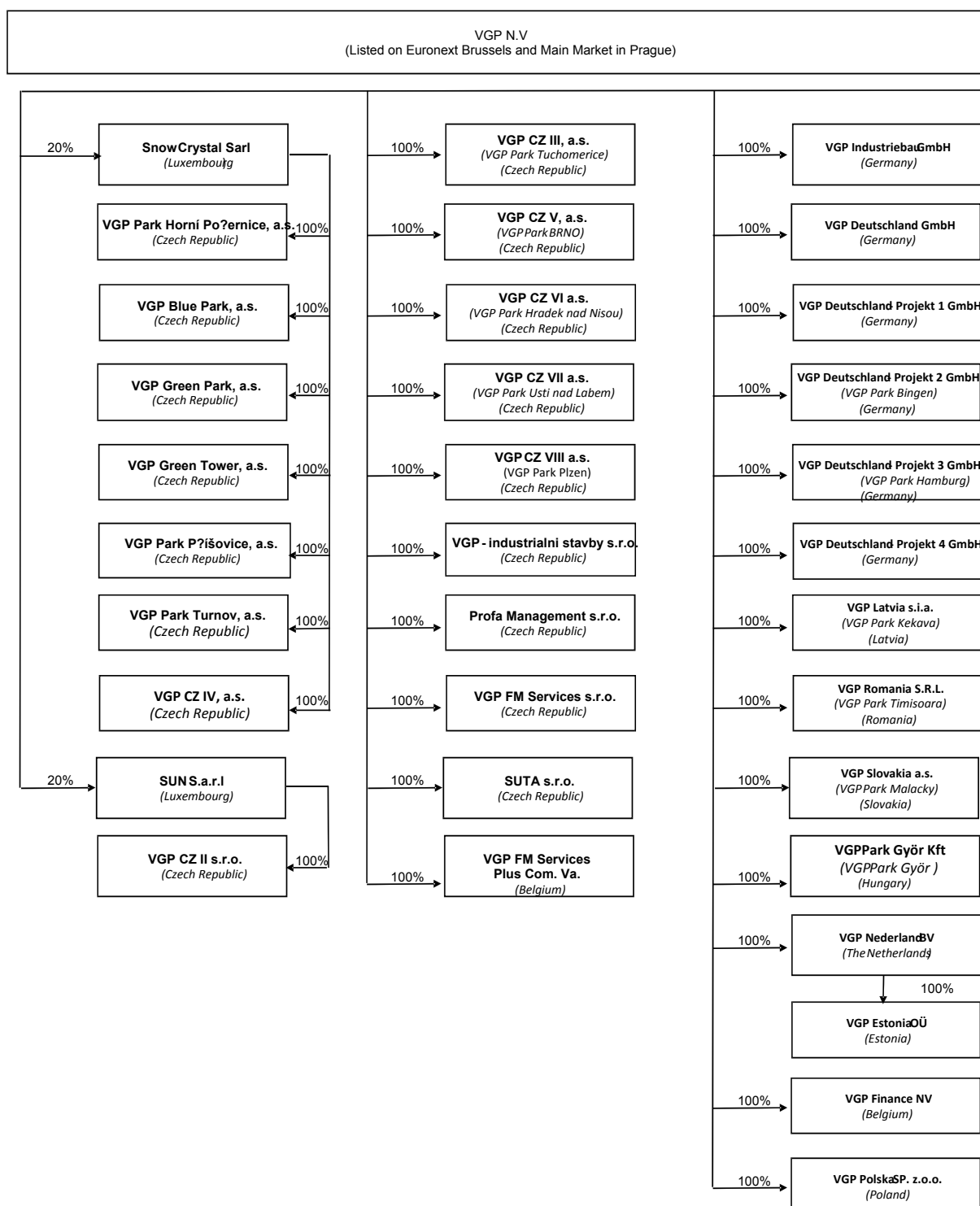
The Company can work together with and participate in, directly or indirectly, companies of whatever nature, make any undertakings, grant facilities and loans, guarantee third parties' obligations, mortgage or pledge its goods, including its own commerce. It can do all that is in relation to abovementioned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

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<sup>1</sup> Translation for information purposes only – the legally binding document is the Dutch version.

### 3 VGP Group

#### 3.1 Organisational structure



The entities included in the Group structure above, with the exception of (i) Snow Crystal S.à.r.l. and SUN S.à.r.l. and their respective subsidiaries, and (ii) the Company, are the Company's **Subsidiaries**. Snow Crystal S.à.r.l. and SUN S.à.r.l. and their respective subsidiaries, i.e. the entities in which the Company (directly or indirectly) holds a 20% participation are the Company's **Associates**.



### 3.2 Relationship with the Associates

The Associates are 80:20 joint ventures whereby the Group, in addition to being a co-owner, provides development management services and acts as asset manager, responsible for property management, facility management and leasing services in respect of the portfolios.

#### *Snow Crystal S.à.r.l.*

In Q1 of 2011, a share purchase agreement was entered into by the Issuer as seller and EPISO CZ S.à.r.l. as purchaser relating to the sale of 80% of the shares in Snow Crystal S.à.r.l. EPISO CZ S.à.r.l. (European Property Investors Special Opportunities, L.P.) is a property fund co-advised by AEW Europe and Tristan Capital Partners.

Snow Crystal S.à.r.l. is a holding company that was incorporated specifically for the purpose of entering into a joint venture with EPISO CZ S.à.r.l. with regard to the VGP CZ I real estate portfolio: all shares in VGP CZ I a.s., which were previously held by the Issuer, were transferred to Snow Crystal S.à.r.l. and subsequently 80% of the shares in Snow Crystal S.à.r.l. were sold by the Issuer to EPISO CZ S.à.r.l.

In the framework of this transaction, the shares in VGP CZ IV a.s. were sold by the Issuer to Snow Crystal S.à.r.l. in 2012: as the plots of land owned by VGP CZ IV a.s. were located in the vicinity of VGP Park Horni Pocernice, the main VGP Park held by VGP CZ I a.s., VGP CZ IV a.s. was sold to Snow Crystal S.à.r.l. so that VGP would not directly compete with the Associate.

#### *Sun S.à.r.l.*

In Q4 of 2011, a share purchase agreement was entered into by the Issuer as seller and CCP III CZ S.à.r.l. as purchaser relating to the sale of 80% of the shares in SUN S.à.r.l. CCP III CZ S.à.r.l. (Curzon Capital Partners III) is a fund managed by Tristan Capital Partners.

SUN S.à.r.l. is a holding company that was incorporated specifically for the purpose of entering into a joint venture with CCP III CZ S.à.r.l. with regard to the VGP CZ II real estate portfolio: all shares in VGP CZ II a.s. which were previously held by the Issuer were transferred to VGP SUN s.r.o. a subsidiary of SUN S.à.r.l. and subsequently 80% of the shares in SUN S.à.r.l. were sold by the Issuer to CCP III CZ S.à.r.l.

The funds that are the majority shareholders of the Associates, as well as their fund managers are well known and recognised in the real estate investor world and apply a strong corporate governance policy towards the management of the funds.

#### *Share purchase agreements*

Each of the share purchase agreements that were entered into with respect to the sale of 80% of the shares in the Associates contained a set of representations and warranties which were granted by the Issuer to the respective purchasers and which were in accordance with market practice. The maximum liability of the Issuer for breaches of the representations and warranties granted in the share purchase agreements amounts to EUR 75 million in respect of Snow Crystal S.à.r.l. and EUR 50 million for SUN S.à.r.l. For some of the representations and warranties, the time period during which claims could have been submitted, has already lapsed. Until the date of this Prospectus, the Issuer has not received any claims under these share purchase agreements.

### *Joint venture agreements*

In the framework of these transactions, joint venture agreements have been entered into by the Issuer on the one hand and EPISO CZ S.à.r.l. and CCP III CZ S.à.r.l. respectively on the other hand.

Under these joint venture agreements, the Issuer has the right to appoint one representative in the management bodies of the Associates and of their respective subsidiaries. The director appointed upon nomination of VGP has a veto on a few reserved matters, more specifically: (i) commencing the winding-up or liquidation of the Associate or any of its subsidiaries or filing any of these companies as bankrupt (except if otherwise provided under mandatory legal provisions), (ii) initiating capital calls to the shareholders of the Associate which were not contemplated by the business plan of such company, (iii) making any distributions to the shareholders that are not in proportion to their shareholdings in the Associate, (iv) any amendment to the articles of association of the Associate or any of its subsidiaries, not in line with the joint venture agreement, (v) the acquisition of additional immovable properties or formation of a subsidiary by the Associate or any of its subsidiaries, and (vi) the entering into by the Associate or any of its subsidiaries of any joint venture, partnership or similar agreement.

In the joint venture agreements, the Issuer has taken up the obligation to provide the Associates with 20% of future financing. For the VGP CZ I and VGP CZ II portfolios, there are adequate credit facilities available to finance the remaining development pipeline. This should ensure that VGP should not be required to provide any future financing for these 2 portfolios. For the VGP CZ I portfolio, 4 new buildings can still be developed for an aggregate investment amount of EUR 11.6 million against which there are available credit facilities of EUR 14.7 million. For the VGP CZ II portfolio, 5 new buildings can still be developed for an aggregate investment amount of EUR 14.8 million against which there are available credit facilities of EUR 15.9 million. For VGP CZ IV, the situation is different as no external bank financing has been arranged to finance the future development pipeline. VGP CZ IV can potentially construct in total 4 buildings representing a total investment value of EUR 12.6 million. If VGP CZ IV would be unable to arrange adequate bank financing, VGP could be obliged to provide additional funding to VGP CZ IV for an amount of EUR 2.5 million (20% of EUR 12.6 million).

In case a shareholder wishes to transfer its shares, the other shareholder has a pre-emption right to purchase such shares under the joint venture agreements. In case the majority shareholder wishes to transfer its shares and VGP does not exercise its pre-emption right, (i) the majority shareholder has a drag along right pursuant to which it can require VGP to transfer its shares in the Associate as well, and (ii) VGP has a tag along right pursuant to which the majority shareholder must ensure that the third party that will acquire the majority shareholders' shares in the Associate also purchases VGP's shares in the Associate. The joint venture agreements also provide for a lock-up period of five years as from the closing date during which VGP is not allowed to transfer its shares in the Associates other than to one of its affiliates, or following the exercise of the majority shareholders' drag along right or VGP's tag along right.

In addition, VGP acts as development manager, as well as property and leasing manager of the Associates, activities which generate recurrent income for VGP.

### *Development agreements*

The development agreements that have been entered into with respect to the Associates detail the duties and services that VGP has to observe, i.e. to perform and carry out the construction works with all due care, attention and diligence as is expected of a competent and experienced general contractor.

Prior to starting any construction works, the respective joint venture asset company will need to formally approve the construction budget and all building specifications. As the developer, VGP will be entitled to a development fee of 10% of the total construction costs. The agreements also foresee in a standard cost overrun guarantee by VGP which is not capped. VGP's risks under the development agreements are not different from the risks for its own projects, it being understood that, with the exception of the cost overrun guarantee, VGP will only have to bear 20% of the costs.

At the moment, the joint venture asset companies can still develop in total 13 new buildings, i.e. VGP CZ I portfolio (4 new buildings), VGP CZ II portfolio (5 new buildings) and VGP CZ IV (4 new buildings), as described above. The estimated total development cost is EUR 39.0 million. In the past, VGP has always completed its projects below the respective initial budget.

The general policy of the Associates is to start up a building only if and when a building is pre-let. This effectively means that the construction of the 13 buildings is expected to be spread over the next 3 to 5 years reducing significantly any material potential cost overrun liability in one given year. This risk is also further reduced by the fact that VGP will have already agreed the prices of the different construction components at the moment of submitting the final construction budget to the Associates for approval.

### *Property management and leasing services agreements*

The property management and leasing services agreements that have been entered into with respect to the Associates detail the services to be provided by VGP in respect of facility management services, project management services (which covers additional smaller building improvements to existing buildings), lease management services, budgeting and reporting.

The fees received for VGP's services are composed of a facility management fee which corresponds to the administration fee included in each respective lease contract and varies between 0%-3% of the monthly rent. The project management fee is based on the respective improvement costs to the building and consists of a scaling fee structure with a maximum fee of 4% for smaller improvements going down to 2% for larger improvements. Finally, VGP will be entitled to a leasing fee for each new / renewed lease contract which is the result of the direct marketing of VGP. The leasing fee is based on what a third party real estate broker would usually receive, i.e. between 10% and 15% of the annual rent of the respective lease contract. VGP will only be liable for the qualitative performance of its services and no specific quantifiable liability clause has been included in these agreements.

### *Corporate restructuring of the associates during 2012*

During the financial year a corporate restructuring took place in the Associates.

In order to facilitate any future sale of assets, the VGP CZ I portfolio, held by VGP CZ I a.s., was demerged into 6 new companies i.e. VGP Park Horni Počernice, a.s., VGP Blue

Park, a.s., VGP Green Park, a.s, VGP Green Tower, a.s., VGP Park Příšovice, a.s. and VGP Park Turnov, a.s.

The legal ownership of the VGP CZ II portfolio was simplified as VGP SUN s.r.o. and VGP CZ II a.s. were merged to create a new company VGP CZ II s.r.o.

The above corporate restructurings did not affect any of the contractual rights or obligations of the respective portfolios nor did it have any operational implications. The demerger and merger became effective retroactively as from 1 January 2012.

#### *Constructive Obligation*

Besides the aforementioned potential liabilities the board of directors have taken a conservative view in respect of the financial support of the Issuer towards its Associates. Although the Issuer does not have any other contractual obligations outside the share purchase agreements, joint venture agreements, the development agreements and the property management and leasing services agreements, the board of directors has taken a conservative approach vis-à-vis its Associates and has therefore recognised that the Issuer has a constructive obligation towards the Associates. Given the importance of the Associates' portfolio, VGP will take all necessary measures to ensure that for its 20% proportional share in the Associates it will ensure that the respective Associate will always be in a position to fulfil all its obligations. It is therefore that as at 31 December 2012 the board of directors of the Issuer recognised in the consolidated balance sheet under "Investments in associates" a negative amount of EUR 545k rather than adjusting this amount to nil. This negative amount is temporary in nature and is non-cash. The negative amount is principally driven by the negative fair value of the interest rate swaps at the level of the Associates which are of a non-cash nature and is recorded through the profit and loss accounts as the Associates do not apply hedge accounting. VGP is of the opinion that there are no indicators of impairment at this stage.

#### *Bank financing*

The VGP CZ I and VGP CZ II portfolios are financed through shareholder loans and bank financing.

For VGP CZ I a EUR 206 million syndicated facility was arranged by CSOB. CSOB is the Agent and Arranger of the facility and CSOB, Credit Agricole and Komerční Banka are the Lending Banks. The outstanding amount under the facility as at 31 December 2012 was EUR 184.6 mio (EUR 183.4 million as at 31 May 2013). The maturity date of the facility is 30 June 2016.

For VGP CZ II a EUR 101 million facility was arranged by CSOB. CSOB is the Agent and Arranger of the facility and CSOB and Komerční Banka are the Lending Banks. The outstanding amount under the facility as at 31 December 2012 was EUR 82.8 million (EUR 82.3 million as at 31 May 2013). The maturity date of the facility is 31 October 2016.

Both credit facilities are secured and have the same security structure as is applicable to VGP's own portfolio of which the main is the mortgage on all the assets.

As at 31 December 2012 the balance sheet (IFRS) of the VGP CZ I portfolio records investment properties (comprising the completed projects, projects under construction and development land) of EUR 307.4 million which were pledged to the banks.

As at 31 December 2012 the balance sheet (IFRS) of the VGP CZ II portfolio records investment properties (comprising the completed projects, projects under construction and development land) of EUR 144.5 million which were pledged to the banks.

The covenants applied are as follows:

<u>VGP CZ I</u>	<u>31 Dec-12</u>	<u>Covenant</u>
Interest cover ratio	2.23	1.50
Debt service cover ratio	1.56	1.10
Loan to value	59%	65%
<u>VGP CZ II</u>	<u>31 Dec-12</u>	<u>Covenant</u>
Interest cover ratio	2.97	1.50
Debt service cover ratio	1.91	1.10
Loan to value	57%	62%

The above mentioned ratios are tested based on a semi-annual period and are calculated as follows:

- Interest service cover ratio means the cash available for debt service whereby the cash available for debt service means after tax profit of the Borrower plus any interest paid or accrued on shareholder loans plus any amount accounted for in respect of depreciation and amortization plus any expenses accounted for and payable on non-realized foreign exchange losses plus the aggregate amount of interest, commissions and other finance charges (including any interest rate hedging costs) due and payable less any revenue resulting from the re-valuation (accounted for but unpaid) of any financial instrument plus any expense resulting from the re-valuation (accounted for but unpaid) of any financial instrument or contract plus any asset management fees paid or payable by the borrower to the shareholders; divided by interest service whereby interest service means the sum of the aggregate amount of interest, commissions and other finance charges (including any interest rate hedging costs) due and payable on the respective bank debt.
- Debt service cover ratio means the cash available for debt service divided by debt service whereby debt service means the aggregate amount of financial expenses due and payable together with any loan principal due and payable on the respective bank debt.
- Loan to value ratio means the aggregate loans outstanding divided by the open market value as valued by an independent valuator.

*Permitted distributions under the credit facilities*

Following distributions are permitted under the VGP CZ I credit facility:

- distribution in the form of payment of interest under any shareholder loan on a quarterly basis, provided that neither event of default nor any potential event of

default is continuing at the time of such distribution or would result from making such distribution and that all financial covenants are complied with;

- distribution in the form of payment of any asset management fees by the Associates to the shareholders on a quarterly basis, provided that neither event of default nor any potential event of default is continuing at the time of such distribution or would result from making such distribution and that all financial covenants are complied with; and that such distribution does not exceed in one calendar year the amount of EUR 1.4 million
- distribution in the form of dividends or other distribution of profit by the Associate to the shareholders, provided that neither event of default nor any potential event of default is continuing at the time of such distribution or would result from making such distribution and that all financial covenants are complied with, whereby payment can only occur once per annum on the Associates' annual audited financial statements.

Besides this VGP CZ I will be required that any proceeds from the sale of the smaller parks i.e. VGP Green Park, VGP Blue Park, VGP Green Tower, VGP Park Turnov and VGP Park Prisovice is applied towards the prepayment of the bank loans.

For VGP CZ II the following distributions are permitted under the VGP CZ II credit facility:

- distribution in the form of payment of interest under any shareholder loan on a quarterly basis, provided that neither event of default nor any potential event of default is continuing at the time of such distribution or would result from making such distribution and that all financial covenants are complied with;
- distribution in the form of payment of any asset management fees by the Associates to the shareholders on a quarterly basis, provided that neither event of default nor any potential event of default is continuing at the time of such distribution or would result from making such distribution and that all financial covenants are complied with;
- distribution in the form of repayment of principal under any shareholder loan provided that neither event of default nor any potential event of default is continuing at the time of such distribution or would result from making such distribution and that all financial covenants are complied with. In addition such repayment is to be made from the excess cash remaining after payment of interest on shareholder loans and payment of any asset management fees and that such repayment does not exceed in one calendar year the amount of EUR 2.0 million or does not exceed, in case of the sale of assets, the amount calculated as the difference of the net sales price and the sum of all respective prepaid loans whereby such payment can only occur once per annum;
- distribution in the form of dividends or other distribution of profit by the Associate to the shareholders, provided that neither event of default nor any potential event of default is continuing at the time of such distribution or would result from making such distribution and that all financial covenants are complied with, whereby payment can only occur once per annum on the Associates' annual audited financial statements.

### Shareholder loans

All shareholder loans are provided in proportion to the equity stake i.e. VGP will provide 20% of shareholder loans and the investors will grant their respective 80% shareholder loans.

As at 31 December 2012 the outstanding shareholder loans provided by VGP to the Associates was as follows:

<i>in thousands of EUR</i>		<b>31-Dec-12</b>
SUN S.a.r.l.	VGP CZ II portfolio	6,694
VGP CZ II s.r.o.	VGP CZ II portfolio	4,659
Snow Crystal S.a.r.l.	VGP CZ I portfolio	20,044
VGP Park Horní Počernice, a.s.	VGP CZ I portfolio	10,504
VGP Blue Park, a.s.	VGP CZ I portfolio	249
VGP Green Park, a.s.	VGP CZ I portfolio	615
VGP Green Tower, a.s.	VGP CZ I portfolio	214
VGP Park Příšovice, a.s.	VGP CZ I portfolio	479
VGP Park Turnov, a.s.	VGP CZ I portfolio	371
VGP CZ IV a.s.	VGP CZ IV portfolio	1,929
<b>Total</b>		<b>45,758</b>

The loans have a term of 60 months and can be prepaid at first demand. The interest rates applied on the shareholder loans are between 7.875% and 8.00%. All shareholder loans are unsecured and subordinated to the bank debt.

## 4 Profile of the VGP Group

### 4.1 Activities

#### *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.

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.

For legal assistance, drafting of contracts as well as legal due diligence of acquisition targets, the Group relies on reputable local or international law firms.

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.

#### *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. This design ensures multi-purpose utilisation throughout the life cycle of the building.

For architectural and design matters, the Group works with its internal team supported where necessary by 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 (layout, 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.

#### *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. Outside the Czech Republic the Group will work with a general contractor in combination with the support of the local and central procurement team as appropriate.



### *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 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 handover 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 or through its Associates. The maintenance of the properties is centralised within the facility management team responsible for the Group's portfolio. The facility management team is assisted by external facility management specialists when necessary.

### *Activities for third parties*

The Group manages all assets on behalf of its associated companies. The services provided cover activities such as development, property management, facility management and leasing activities.

In addition the Group intends to further develop its facility management services by extending its services not only to the Group and its Associates but also offering its services to third parties. It is in this respect that the facility management team has been substantially expanded over the past 12 months to provide a solid base for growth, to ensure that VGP could offer a full service to the associates which are de facto third parties of VGP and with the intention to continue to build on this base to attract new third party customers outside the Group.

As at 31 December 2012 the fees generated by the services provided to the Associates amounted to EUR 2.9 million. Of this EUR 1.1 million was directly attributable to facility management services. The remaining balance was generated through leasing fees, property development fees, admin and accounting support services and asset management fees.

In 2012 VGP FM Services charged EUR 0.1 million to other third parties.

As from 2013 and with the recent acquisition of SUTA (on 9 May 2013), a company specialised in cleaning and maintenance works, there will be a significant expansion of the services and income generated from third parties as SUTA's current customer base are all third parties. As at 31 December 2012 SUTA had revenues of EUR 0.9 million equivalent and had an EBITDA of EUR 0.2 million equivalent. SUTA currently only services third parties and its services are provided to 168 buildings. SUTA will not require any significant (> EUR 50k) capital expenditure for the foreseeable future.

## 4.2 Expansion into Germany

### (a) Background and rationale

Over the past few years VGP has carried out a strategic review of the geographic areas where the Group wants to be active in.

VGP reviewed the different opportunities in the German markets. The German market is closely linked to the Czech Republic as a significant number of German companies have been investing in and localising parts of their distribution or manufacturing capabilities to the Czech Republic over the past years. The decision centres of these German companies usually remain fully in Germany and VGP has therefore over the past years been negotiating several times directly with the respective head offices of these German tenants in Germany. Over the years VGP has therefore had a very extensive experience of and exposure to Germany and has been able to build relationships with several large, international active, German companies.

VGP has come to the conclusion that the mix of available top locations, which can be bought at acceptable prices, combined with attractive rent rates and dynamics of the German markets which has significant annual take up of lettable stock makes the German markets a very attractive proposal. In addition some major existing tenants have expressed several times in the past their desire to work with VGP on German based projects.

As a result VGP has been putting in place solid foundations during 2012 to allow the Group to expand and grow in Germany.

VGP's first building in Germany, which is already fully pre-let, is currently being constructed. VGP has not developed any projects in Germany before.

### (b) Future development pipeline

During 2012 VGP has been able to secure 2 top locations in Germany. One plot of land of 218,000 m<sup>2</sup> is located close to the airport of Frankfurt and allows the Group to develop some 100,000 m<sup>2</sup> of lettable area. VGP expects to buy this plot of land by the middle of 2013, and will start developing the site as soon as possible thereafter. There has been a significant amount of interest from blue chip logistics companies to re-locate to this new VGP Park.

Besides this VGP has secured a 108,000 m<sup>2</sup> plot of land on a top location in Leipzig. This plot is situated close to the Leipzig Messe and will allow VGP to develop in total 50,000 m<sup>2</sup> of lettable area. This area has seen significant inflow of investments from German companies such as BMW, DHL, Porsche, Schenker, etc. and has developed itself as a regional logistic hub. VGP should be well placed with this plot of land to take full benefit from these inbound regional investments.

During the first quarter of 2013 the first EUR 0.4 million lease contract was signed which has formally started the development activities in this new market. VGP continues to record strong demand for lettable space for its German parks and is confident that additional committed leases will materialise within the next few months.

Finally, during the month of May 2013 VGP acquired a significant (500,000 m<sup>2</sup>) land plot in Hamburg. This new land plot allows VGP to develop an additional

210,000 m<sup>2</sup> of lettable area. It is expected that VGP will start developing its first building on this new land plot within the next few months.

The expansion in Germany will be funded through the proceeds of the Bond and additional new bank debt. The bank financing in Germany will be structured in the same way as in the other countries i.e. medium/long term project financing credit facilities and hence same or similar security will be granted to the financing banks (as set forth on pages 99-100 of the Issuers annual report for 2012). Given the prime locations of the plots of land in Germany and the conditions on the market, the Group currently does not anticipate any problems in securing project financing.

### **4.3 Main markets**

The main market overview describes the geographical and real estate markets in which VGP is active and provides an update on current market circumstances.

VGP is active in Germany and a number of mid-European countries with main focus on the Czech Republic. Besides the Czech Republic, VGP is also active in the following periphery countries: Slovakia, Hungary, Romania, Estonia and Latvia. Given the small size of the activities in these periphery countries it is the intention of VGP that once these parks will have reached a mature stage i.e. fully developed that these parks will be put into the market for sale. VGP does not intend to further expand its current presence by acquiring new development land in Hungary, Slovakia and Romania as these countries only provide a limited growth potential because the general demand for lettable area is significantly lower than in countries such as Germany and the Czech Republic. In the Baltics, the situation is slightly different and the Group considers this market as a small niche market where it can achieve above market returns. This is also the reason why a plot of land was acquired in Tallinn in the first half of June 2013.

The income generating assets in Tallinn (40,000 m<sup>2</sup>) were disposed of in May 2012. The timing of the sale of additional assets in the periphery countries depends on the market conditions and timing i.e. when these parks attain a sufficiently mature stage to attract investor interest. Unless the market conditions are sufficiently attractive VGP is under no pressure to sell such assets as all these locations are prime locations and assets are income generating.

The markets in which the Group operates are exposed to local and international competition. Basically, there are 4 types of competitors i.e. small local players; large established real estate players; occasional new real estate players and lease companies.

The competition in the Czech Republic comes mainly from large established real estate developers. These developers have land bank positions and established projects and business parks in the Czech Republic. The biggest competitors amongst them are: CTP Invest, Pointparks, Prologis, Goodman and Pannatoni. Besides these there are a number of investment funds who have bought existing stock from developers which may from time to time lose a tenant and promote the resulting vacancy in the market. The biggest competitors amongst them are Segro and Heitman.

As regards Germany and the countries in the mid-European region, ProLogis, Segro, Goodman and Pannatoni are some of the largest market players in Germany and the CEE region. None of the above-mentioned developers, however, occupies a dominant position in Germany or in the mid-European market as a whole.

In Germany there are also a number of regional local developers active which are typically developing in their respective Länder.

The different real estate companies usually have different business models. Whereas the large real estate players will usually concentrate on “big box” logistic warehouses i.e. large buildings >20,000 m<sup>2</sup>, VGP operates in a niche market concentrating on smaller buildings 5,000 m<sup>2</sup> - 20,000 m<sup>2</sup> which attract more interest from end users. VGP experienced this model to be more resilient to the economic downturn of the past few years.

In the Czech Republic VGP occupies the top 2 position. In the other periphery markets VGP will be a smaller player. In Germany VGP will face competition from small and large real estate players as the German market for semi industrial real estate is the largest in Europe.

(a) The semi-industrial property market in Germany

*Economic Overview*

The German economy grew for the third year in succession in 2012. However, when adjusted for prices the Gross Domestic Product grew only by an average of 0.7% in 2012 according to preliminary calculations by the Federal Statistical Office. GDP growth was stronger in the past two years, at 4.2% (2010) and 3.0% (2011). The second half of last year was weaker than the first half, and a sequential decline was even registered in the fourth quarter (-0.6%). For 2013, the consensus forecast of economic research institutes is for growth of around 0.7%.

Germany is one of the top logistics locations in Europe. According to the recent study, “Die Top 100 der Logistik 2012/2013”, published by the Fraunhofer study group for Supply Chain Services (SCS), the logistics industry grew by 6% in 2011. In 2011, Germany registered the highest logistics revenue within Europe (EUR 950 billion as a whole) of around EUR 223 billion. Next by some distance are France (around EUR 131 billion) and the UK (around EUR 93 billion). According to the study, the logistics industry employs around 2.82 million people in Germany. The logistics industry is a growth industry and has achieved average growth of 3.9% over the past 10 years, thus outperforming the overall economy (average 2%).

Germany is also one of the top locations on a global basis: the Logistics Performance Index (LPI) prepared every two years by the World Bank use various indicators to assess the attractiveness of more than 150 countries as logistics locations. Germany – ranked number 1 in 2010 – was ranked fourth in 2012 after Singapore, Hong Kong and Finland. However, there is little to separate the top four. Germany has a number of recognised advantages as a logistics location, such as its geographic location at the centre of Europe and its extensive national road, motorway and rail networks. Germany also has a well-developed information and communications network, which is a fundamental requirement for the operation of high-quality logistics services. In addition, Germany is the most populous country in the EU with around 82 million inhabitants and is therefore an attractive sales market for international trade companies. Germany also has a well-developed information and communications network, which is a fundamental requirement for the operation of high-quality logistics services.

## *Semi-industrial property market*

### **Supply**

The reported distribution warehouse stock amounts to a total area of around 330 million m<sup>2</sup> in Germany. The stock includes all space used for logistics purposes irrespective of size, age, building quality or ability to be adapted for different purposes. However, only around 15% of this space fulfils the following criteria required for buildings to be fit for logistics purposes: floor space in excess of 8,000 m<sup>2</sup>, overhead clearance of at least 6.5 metres and built after 1985. This reduces the volume of distribution warehouse stock that is of interest to investors to around 50 million m<sup>2</sup> nationwide. Property that is relevant to investors also includes the stock that Jones Lang LaSalle monitors and updates annually in the “Big 5” conurbations of Berlin, Düsseldorf, Frankfurt including Wiesbaden and Mainz, Hamburg and Munich. This stock amounted to about 12.6 million m<sup>2</sup> by the end of 2012. If distribution warehouse space in the Ruhr area is also included, the total area is around 16.0 million m<sup>2</sup> over 800 properties. This means that about 32% of the stock that is of interest to investors is located in the six regions mentioned. Hamburg accounts for the largest share of stock at around 3.7 million m<sup>2</sup>, followed by the Ruhr area with around 3.5 million m<sup>2</sup> and the Frankfurt region with at least 3.2 million m<sup>2</sup>. At the end of 2012, around 430,000 m<sup>2</sup> of distribution warehouse space was under construction in the “Big 5” conurbations – 45% more than in the previous year. Around 45% is being built for owner-occupiers; almost as much (42%) again has already been let and 13% is being built on a speculative basis. Speculative building activity in the Big 5 conurbations therefore remains at a low level of around 55,000 m<sup>2</sup>, although this was 12% above the year-ago level. At regional level, most space is under construction in Hamburg (127,000 sqm) and Frankfurt (118,000 m<sup>2</sup>). While most of the new building space in Frankfurt is distributed entirely between owner occupiers and pre-lettings, some 9,000 m<sup>2</sup> is still available on the open market in Hamburg.

In recent years, the supply of stock available for leasing has become very scarce in most logistics regions. Continuous spaces with an area greater than 10,000 m<sup>2</sup>, which are in increasing demand, are often only to be found in fewer than a handful of available properties in the individual regions. The shortage of modern building stock means that companies extend their leases even when the space is no longer an optimal fit for them.

### **Take-up**

The German distribution warehouse market was astonishingly robust in 2012, achieving the second-highest space take-up of the last 10 years in spite of the euro crisis and the weak economy. Contrary to the crisis year of 2009, many planned projects were implemented and did not simply get put on the backburner. The strongest demand for warehouse space came from retailers, e-commerce companies, industry (particularly automotive), parcel services and contract logistics, and this will also be the case in 2013.

Across Germany, the take-up of distribution warehouse space reached around 4.7 million m<sup>2</sup> (owner-occupiers and lettings). While this was 19% below the previous year's volume, it was still 13% higher than the five-year average (2007-2011). Across German, there was a decline in both lettings and take-up by owner-

occupiers. For 2013, we expect the market to be stable on the whole. Take-up could again approach the 5 million-m<sup>2</sup> mark, mainly due to space requirements of contract logistics providers and e-commerce companies.

**Warehousing take-up Germany: lettings / owner-occupier**

	2007 (m <sup>2</sup> )	2008 (m <sup>2</sup> )	2009 (m <sup>2</sup> )	2010 (m <sup>2</sup> )	2011 (m <sup>2</sup> )	2012 (m <sup>2</sup> )
Outside the "Big 5"- Conurbations"						
Lettings	1,377,300	1,561,700	847,300	1,381,200	2,032,000	1,637,300
Owner-occupiers	1,230,500	639,200	1,107,900	1,141,900	1,585,900	1,299,600
<b>Total</b>	<b>2,607,800</b>	<b>2,200,900</b>	<b>1,955,200</b>	<b>2,523,100</b>	<b>3,617,900</b>	<b>2,936,900</b>
"Big 5"-Conurbations"						
Lettings	1,087,100	1,212,000	957,200	1,431,900	1,781,900	1,365,500
Owner-occupiers	188,200	196,700	338,900	363,400	464,300	418,900
<b>Total</b>	<b>1,275,300</b>	<b>1,408,700</b>	<b>1,296,100</b>	<b>1,795,300</b>	<b>2,246,200</b>	<b>1,784,400</b>
Lettings	2,464,400	2,773,700	1,804,500	2,813,100	3,813,900	3,002,800
Owner-occupiers	1,418,700	835,900	1,446,800	1,505,300	2,050,200	1,718,500
<b>Total</b>	<b>3,883,100</b>	<b>3,609,600</b>	<b>3,251,300</b>	<b>4,318,400</b>	<b>5,864,100</b>	<b>4,721,300</b>

**Warehousing take-up Germany**

	2007 (m <sup>2</sup> )	2008 (m <sup>2</sup> )	2009 (m <sup>2</sup> )	2010 (m <sup>2</sup> )	2011 (m <sup>2</sup> )	2012 (m <sup>2</sup> )
Region						
Berlin	209,100	289,400	246,800	359,900	412,000	333,600
Dusseldorf	221,600	242,500	178,000	166,000	205,800	145,100
Frankfurt (incl. Wiesb/Mainz)	302,000	248,400	275,700	326,400	540,000	455,600
Hamburg	301,000	356,500	373,500	616,300	740,000	575,400
Munich	241,600	271,900	222,100	326,700	348,400	274,700
Total "Big 5"-Conurbations"	1,275,300	1,408,700	1,296,100	1,795,300	2,246,200	1,784,400
Outside "Big 5"-Conurbations"	2,607,800	2,200,900	1,955,200	2,523,100	3,617,900	2,936,900
<b>Total</b>	<b>3,883,100</b>	<b>3,609,600</b>	<b>3,251,300</b>	<b>4,318,400</b>	<b>5,864,100</b>	<b>4,721,300</b>

**Rents**

In 2011 the diminishing supply of large spaces and the low level of speculative building activity in all Big 5 regions caused prime rents to increase slightly. However, in 2012 only Hamburg and Munich registered further increases (each by 0.10 Euro/m<sup>2</sup>/month). Overall, prime rents for spaces larger than 5,000 m<sup>2</sup> in the German logistics regions ranged from around 4.00 Euro/m<sup>2</sup>/month in the Leipzig/Halle region and 6.40 Euro/m<sup>2</sup>/month in the Munich region. Prime rents are higher in isolated cases, for example in Cargo City at Frankfurt airport (up to 9.50 Euro/m<sup>2</sup>/month). However, such rents are not typical of the market and are to be regarded as outliers. In 2013, we expect to see stable development in prime rents in spite of the strong demand. The scope for price increases is limited in this segment since users of the spaces are extremely cost sensitive.

The average weighted rent for all spaces in the Big 5 conurbations is calculated at 4.54 Euro/m<sup>2</sup>/month, which is 6% higher than in the previous year. In a regional breakdown, the average rents range between 3.79 Euro/m<sup>2</sup>/month in the Berlin region and 5.85 Euro/m<sup>2</sup>/month in the Munich region. Average prices ranged between 4.00 and 5.00 Euro/m<sup>2</sup>/month in Frankfurt (4.09 Euro/m<sup>2</sup>/month), Düsseldorf (4.24 Euro/m<sup>2</sup>/month) and Hamburg (4.69 Euro/m<sup>2</sup>/month).

(Source: Jones Lang LaSalle)

(b) The semi-industrial property markets in the mid-European countries

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 capacity of the market with regard to new construction in Central Europe is estimated at between 500,000 to 1 million square metres a year. Such an amount of modern logistic and production halls needs to be built every year. In 2012, new construction was concentrated mainly in Poland (514,000 m<sup>2</sup>) and partly in the Czech Republic (106,000 m<sup>2</sup>) and Slovakia (82,000 m<sup>2</sup>). In Romania and Hungary, new construction amounted to only about 20,000 m<sup>2</sup>. In 2012, there were a total of 2.8 million m<sup>2</sup> of modern industrial halls leased in the region (the Czech Republic, Hungary, Poland, Romania, and Slovakia), of which more than half were in Poland (1.5 million m<sup>2</sup>) and roughly one-quarter in the Czech Republic (670,000 m<sup>2</sup>). The average for the past five years amounts to 2.7 million m<sup>2</sup> a year, which means that last year was slightly above average. A record volume of leases was historically reached in 2011, when a total of 3.2 million m<sup>2</sup> were leased in the region. (*Source: Cushman & Wakefield*)

In the region, there are over 15 million m<sup>2</sup> of modern premises, of which 10.5% remains available to be leased (approximately 1.6 million m<sup>2</sup>). This is an average for the whole region, with the differences between the individual countries. The basic rent has been stable for over a year, ranging between EUR 3.5 and EUR 3.7 per m<sup>2</sup> a month, depending on the location. (*Source: Cushman & Wakefield*)

The construction of industrial real estate remains an attractive segment – last year alone, around EUR 350 million was invested into construction in the region. (*Source: Cushman & Wakefield*)

The investment property portfolio of VGP currently consists of 6 completed buildings representing 82,000 m<sup>2</sup> of lettable area which are located in the Czech Republic (2 buildings), Hungary (3 buildings) and Slovakia (1 building). There are currently another 6 buildings under construction representing 68,940 m<sup>2</sup> of lettable area and which are located in the Czech Republic (3 buildings), Slovakia (1 building), Romania (1 building) and finally the first building under construction in Germany.

Besides this VGP partially owns through its Associates another 56 buildings which represent 608,348 m<sup>2</sup> of lettable area and for which property and facility management services are provided by the VGP Group. All the buildings of the associated companies are located in the Czech Republic.

The Group's property portfolio continues to perform significantly better than the market occupancy rate of 89.5% with an occupancy rate of 97.2% at the end of

April 2013 (excluding the Associates) compared to 94.9% at the end of December 2012. The occupancy rate of the Associates' portfolio reached 95.2% at the end of April 2013, slightly higher than the 94.5% at the end of 2012.

(c) The semi-industrial property market in the Czech Republic

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.

In Q1 2013, the total modern industrial stock in the Czech Republic reached 4,226,000 m<sup>2</sup>. Approximately 1,695,000 m<sup>2</sup> of the total stock is situated in Greater Prague, the largest submarket of the country (40% of the stock). The Brno region, with over 700,000 m<sup>2</sup> is in second place, followed by the Pilsen region with some 580,000 m<sup>2</sup>. The Ostrava region, which is the fourth largest submarket of the country, has approximately 319,000 m<sup>2</sup>. The region of Central Bohemia makes the fifth largest submarket of the country, has almost 190,000 m<sup>2</sup>. (Source: *JonesLangLaSalle*)

Vacancy rate increased in Q1 2013 to 8.1% from 6.9% recorded in Q4 2012. A total of 340,200 m<sup>2</sup> of modern warehouse space is vacant. Prime headline rents for modern logistics space have remained flat at EUR 3.6-4.3 per m<sup>2</sup> per month and they are expected to remain stable. For selected smaller units or for leases for a shorter period rents can reach up to EUR 4.5 per m<sup>2</sup> per month. (Source: *DTZ*)

For the entire year of 2012, gross take-up reached nearly 892,000 m<sup>2</sup> and surpassed the 2011 figure by almost 9%. Net take-up (excluding renegotiations) registered an even more positive result, with approximately 585,000 m<sup>2</sup> of new lettings exceeding the 2011 results by nearly 26%. Greater Prague confirmed its leading position in terms of industrial demand with 43% of all gross deals being closed in the capital city region. The Pilsen region overtook Brno from last year's ranking to take second place with 19%. The third and fourth places in terms of demand were taken by the Brno and the Central Bohemian region. (Source: *JonesLangLaSalle*)

(d) 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. 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 logistics market in Slovakia can be divided into two main submarkets: i.e. Submarket 1 – Greater Bratislava Area: Warehouses and Warehouse Business Parks located within ca. 40km of the centre and Submarket 2 – Pan-Regional Slovakia: Warehouses and Logistic Centres located in the rest of Slovakia. (Source: CBRE)

Total modern developer-led warehouse space in Slovakia currently amounts to approximately 1,280,000 m<sup>2</sup> where almost 80% of this is located in the Greater Bratislava Area. The amount of vacant space reaches 5.6% across Slovakia. Average headline rents across all of Slovakia currently stand between ca. 3.50 – 4.00 EUR/m<sup>2</sup>/month. (Source: CBRE)

(e) 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 market in and around the capital has been favourable for tenants for three years already as vacancy stuck at a relatively high level. Countryside markets show a mixed picture with increasing availability in the Miskolc region but still short supply in key cities like Győr and Kecskemét. (Source: CBRE)

At the end of 2012 the modern industrial stock in greater Budapest stood at 1,822,930 m<sup>2</sup>. The majority of industrial space accounts for logistics parks ca 90% (1,643,920 m<sup>2</sup>). The vacancy rate increased to 19.4% at year-end. The annual total leasing activity equalled 354,740 m<sup>2</sup>, which was 8% higher than in 2011. Renewals represented nearly 63%. (222,190 m<sup>2</sup>). Average rents are around 3.0 – 4.0 EUR/m<sup>2</sup>/month. (Source: Jones Lang LaSalle)

(f) 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.

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.

At the end of 2012 the modern industrial stock in Romania stood at 1.8 million m<sup>2</sup> with 55% of the stock located in Bucharest's industrial hubs. In Romania for the full year 2012 the modern industrial supply increased by approximately 130,000 m<sup>2</sup>. According to market data the gross industrial take-up in 2012 reached 170,000 m<sup>2</sup> of which 80% was recorded in modern industrial stock. Bucharest captured 50% of the gross industrial take up. Rents for prime distribution facilities are estimated at 3.8 – 4.3 EUR/m<sup>2</sup>/month. Rents for prime light industrial facilities are quoted between 3.5 – 4.25 EUR/m<sup>2</sup>/month. Large distribution units (> 20,000 m<sup>2</sup>) records rent as low as 3.5 - 3.75 EUR/m<sup>2</sup>/month. (*Source: Jones Lang LaSalle*)

(g) The semi-industrial property market in Latvia

Amid Latvia's export and import growth, logistics operators have increased their volumes, which in turn has led to an increased demand for industrial and warehouse premises. In December 2012, year-on-year growth of freight carried by Latvian transport has reached about 12 per cent. The volume of industrial production has been growing since 2010. Positive tendencies in freight volumes and industrial growth are improving the overall situation in the industrial and warehouse markets in Latvia.

During 2012, end-users were actively searching for qualitative premises; this led to a healthy take up of space, resulting in a decrease in vacancies and a slight increase in rental rates. As of March 2013, there is a lack of A and B class industrial and warehouse premises in the market. The deficiency in qualitative space of 10,000 m<sup>2</sup> or more has prompted end-users to discuss with developers the possibility of new build-to-suit projects, which could lead to new constructions in 2013.

Another trend that has been observed since 2010 is the presence of trading and retail companies from Russia who use logistics operators' warehouses and services located in Latvia as a trading platform between the EU, Russia, and China. The main advantages for such cooperation schemes include lower overhead and operational costs for real estate and logistics services in comparison to Russia, especially Moscow and its vicinity.

As of January 2013, the total stock of A and B class industrial and warehouse space is 729,000 m<sup>2</sup>. Around 40 per cent of the total stock is located within the Riga city limits. The other 60 per cent is located around the Riga Ring Road (near Kekava, Olaine, Marupe, Salaspils and Jelgava).

Rental rates for A class warehouse and industrial premises range from 3.0 to 4.5 EUR/m<sup>2</sup>/month, while for B class premises, the lower bound of rental rates are around 2.0 to 3.6 EUR/m<sup>2</sup>/month on average. The distribution of vacant space among industrial objects is highly irregular; some objects have 15-25 per cent vacancy and others have zero vacancy. The performance and vacancy levels in industrial properties in Latvia depend on location, management and construction quality. (*Source: Colliers*)

(h) The semi-industrial property market in Estonia

For six quarters since 2Q 2010, GDP growth in Estonia was mainly driven by manufacturing, supporting 7.6 per cent yoy GDP growth in 2011. While in 2011 an increase in export figures (Estonian industrial enterprise production grew 17 per

cent y-o-y in 2011, while more than 70 per cent of all manufacturing production was sold on the external market) improved industrial companies' future outlook, and therefore increased demand mainly for industrial space, in 2012 the focus was largely on warehouse and logistics companies, who were expanding and looking for larger premises. One of the factors supporting logistics companies' positive development in 2012 is increased consumption and improved retail sales numbers.

In 2012 the industrial and warehouse market was also largely driven by foreign companies who were relocating their business activities for cost saving and/or logistical purposes to Estonia – a trend that is expected to continue in 2013.

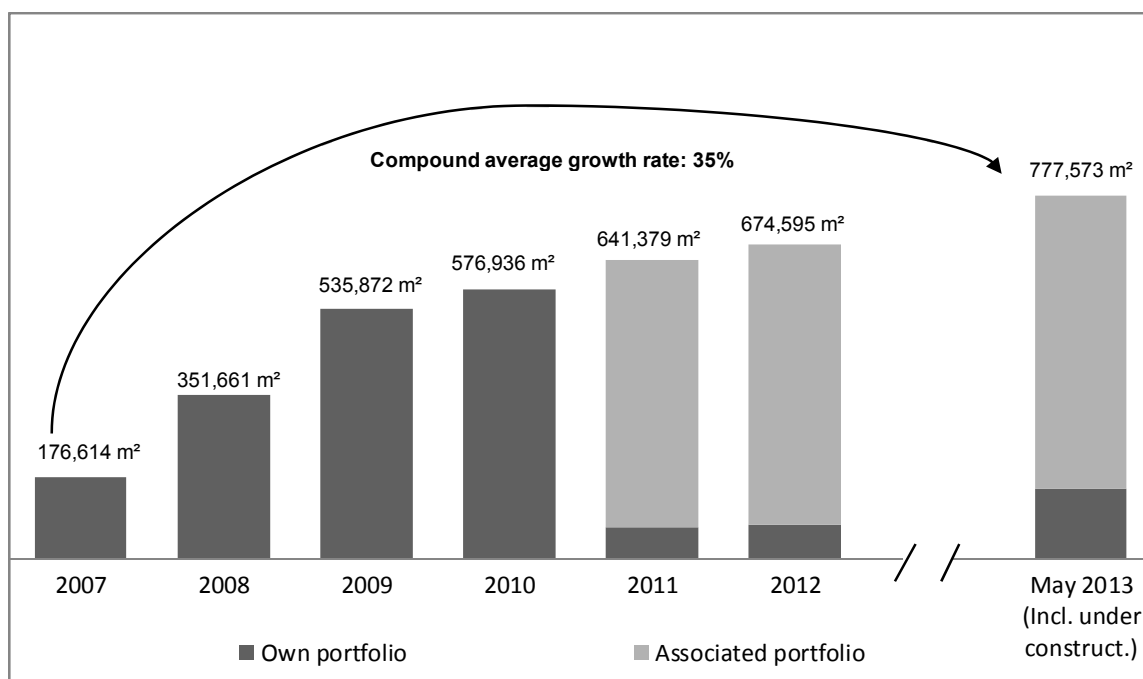
During recent years the most intensive development of new industrial and warehouse facilities has been concentrated in Tallinn's suburbs and nearby municipalities. The most developed logistics areas lie in the eastern and south-eastern part of the city. Development of manufacturing facilities and warehouses is concentrated in three main areas of Tallinn and its suburbs. By the beginning of 2013, the estimated total stock of industrial facilities was approximately 763,300 m<sup>2</sup>. In 2012 average rental costs for modern logistics warehouses remained largely stable and stood at between 4.5-5.2 EUR/m<sup>2</sup>/month. Historically, rental rates in the industrial sector are relatively stable, more recently showing a small increase and then decrease of 4-5 per cent in boom and post-boom periods respectively. However, as the asking rates are directly related to the development cost, which has increased significantly over the past few years, the actual asking rents of warehouse/industrial premises are expected to stay between 4.5 – 5.0 EUR/m<sup>2</sup>/month. Improved demand together with increased construction costs led to vacancy decline during the last two years below 10 per cent level to approximately 8 per cent. (Source: Colliers)

#### 4.4 Brief History of VGP

Period	Description
1998	<ul style="list-style-type: none"> <li>Start-up of the Group.</li> <li>Start of the coordination and construction of commercial and semi-industrial buildings on behalf of third parties.</li> </ul>
2002	<ul style="list-style-type: none"> <li>Start of the development of a proprietary portfolio with first developments Blue Park, Green Park and Green Tower.</li> </ul>
2005-2006	<ul style="list-style-type: none"> <li>Acquisition of a large plot of land in Prague (Horní Počernice - 73ha).</li> </ul>
2006	<ul style="list-style-type: none"> <li>Start of construction of VGP Park Horní Počernice.</li> <li>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.</li> <li>EUR 3 million of committed leases signed.</li> </ul>
2007	<ul style="list-style-type: none"> <li>Expansion throughout the mid-European region with the acquisition of plots of land in Latvia (Riga), Slovakia (Bratislava) and Hungary (Győr).</li> <li>Initial Public Offering.</li> <li>Listing on Euronext Brussels and Main Market in Prague (Czech Republic).</li> <li>EUR 15 million of committed leases signed.</li> </ul>
2009	<ul style="list-style-type: none"> <li>First realisations outside the Czech Republic with construction works started in Slovakia, Hungary and Estonia.</li> <li>EUR 29 million of committed leases signed.</li> </ul>
2011	<ul style="list-style-type: none"> <li>VGP steps into a 20:80 joint venture (Snow Crystal S.à.r.l.) with EPISO</li> </ul>

	<p>fund (AEW) on its VGP CZ I portfolio.</p> <ul style="list-style-type: none"> <li>• VGP steps into a 20:80 joint venture (SUN S.à.r.l.) with CCP III fund (Tristan Capital Partners) on its VGP CZ II portfolio.</li> <li>• EUR 40 million of committed leases signed.</li> </ul>
2012	<ul style="list-style-type: none"> <li>• VGP steps into a 20:80 joint venture with EPISO fund (AEW) on its VGP CZ IV portfolio.</li> <li>• VGP sells the Estonian assets of VGP Estonia to East Capital Baltic Property Fund II (East Capital).</li> </ul>
2012-2013	<ul style="list-style-type: none"> <li>• Expansion of land bank in the Czech Republic and securing substantial land positions in Germany.</li> </ul>
2013	<ul style="list-style-type: none"> <li>• First lease contract and development in Germany and acquisition of &gt; 500,000 m<sup>2</sup> land plot in Hamburg (Germany).</li> </ul>

### Growth of the real estate portfolio until May 2013:



## 5 Strategy

### 5.1 General

VGP's strategy focuses on development and a pro-active approach in respect of potential disposal of the Group's income generating assets once such assets have reached a mature stage. This strategy has resulted in the disposal of a number of income generating assets over the past few years.

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

- strategically located plots of land;
- focus on business parks to realise economies of scale;
- high quality standardised semi-industrial real estate;
- in-house competences enabling a fully integrated business model;

- develop strategy with pro-active approach in respect of holding and potential disposal of income generating assets.

VGP operates three main business lines, i.e. development activities, facility management activities and property management services.

## 5.2 Development activities

Development activities are the core of the VGP Group. Developments are undertaken primarily for the Group's own account. Besides this additional development activities can be carried out on behalf of associate companies or in some exceptional cases for third parties.

The Group pursues a growth strategy in terms of development of a strategic land bank which is suitable for the development of turnkey and ready-to-be-let semi-industrial projects. The plots are zoned for semi-industrial activities. The management of VGP is convinced that the top location of the land and the high quality standards of its real estate projects contribute to the long term value of its portfolio.

The Group concentrates on the sector of semi-industrial accommodation projects situated in the mid-European region. High quality projects are always developed on the basis of VGP building standards, with adaptations to meet specific requirements of future tenants but always ensuring multiple purpose use and easy future re-leasability. In their initial phase of development, some projects may be developed at the Group's own risk (i.e., without being pre-let). Currently, only 1 building has been built on a own risk basis, namely building C in VGP Park Malacky (Slovakia). All other buildings are either partially or fully let/pre-let. It is currently not the intention to develop any additional buildings on a speculative basis in the future. In Germany the first building which is currently starting up is fully 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 tendering and coordination of the construction works including site management, and upon completion the facility management of the real estate portfolio.

The Group's team negotiates and contracts building subcontractors and building material deliveries directly and monitors the follow up and coordination of the building activities itself.

## 5.3 Facility management services

Facility and property management services have been regrouped into three group Subsidiaries, i.e. VGP FM Services s.r.o., Profa Management s.r.o. and SUTA s.r.o. (**VGP FM Services**). The services provided by VGP FM Services cover the usual facility management as well as the property management services.

Facility management services are provided internally as well as externally whereby VGP FM Services is responsible for managing the proper and undisturbed operation of the buildings and performs all actions such as maintenance services, waste management services, maintenance greenery etc. that may be necessary in this respect. In addition VGP FM services will on behalf of the Group or the respective third parties identify, contract, supervise and manage the relationship with third party suppliers.

As part of its offered services VGP FM services will also perform project management services. These services cover the performance of capital improvements and any other construction works as may be requested by the owner of the buildings. This scope covers the full range of project management services (supervision and coordination of the contractors for design, obtaining permits, performing the works and any tenders relating thereto).

#### **5.4 Leasing management services**

Although the leasing activities have been historically linked to the development activities, the VGP commercial department also provides leasing services to third parties (associate companies). The commercial department is responsible for all aspects of the performance and enforcement of the leases and the lease agreements on behalf of the associated companies, as well as for day-to-day cooperation with the tenants.

### **6 Funding Sources**

As of the issuance of the Bonds, the Issuer will, besides the Bonds, also have bank debt.

The Issuer's source of income comes from the operating activities of its Subsidiaries and interest income and asset management fee income from its associated companies. In addition the Issuer will benefit on an ad hoc basis from the sale of income generating assets or business parks which are put into the market once they reach a certain maturity, i.e. level of income generation.

As at 31 December 2012 the Group was debt free on a net debt basis (measured as total bank and shareholder debt less cash and cash equivalents).

#### **6.1 Issuer's Funding Sources**

Besides the issuance of the Bonds, the Issuer has no available committed bank credit facilities nor does it currently intend to arrange bank credit facilities in the future. Occasionally the Issuer will benefit from shareholder loans. They have always been considered as bridging debt allowing the Group to act as a fast mover on the acquisition of plots of land and are provided at arm's length.

#### **6.2 Group's Funding Sources**

As at 31 December 2012 the Subsidiaries had committed credit facilities of EUR 72,769,000 which were utilised for 22% or EUR 16,158,000. The weighted average of the committed credit facilities was 5.9 years at the end of December 2012. The detailed terms and conditions can be found in the Annual Report 2012 (page 99). During the month of March 2013 an additional amount EUR 6,300,000 was drawn under the UniCredit Bank (CZ) credit facility to finance the construction of a building in the Czech Republic.

As at 31 December 2012 the consolidated balance sheet records investment properties (comprising the completed projects, projects under construction and development land) of EUR 101.6 million. Of this, the Investment properties pledged in favour of the banks were

EUR 88.9 million covering a total bank debt at the end of 31 December 2012 of EUR 12.2 million. As a result the bank debt was 7.29 times covered by the secured assets.

As the end of May 2013 the total bank debt amounted to EUR 22.2 million.

Given the fact the Group adopts as much as possible a standardised approach in respect of financial bank covenants in general a Loan to Value of 60% will apply in respect of borrowings. This effectively means that the Group would only be able to leverage its assets base for a maximum amount corresponding to 60% of the value of the investment properties.

Besides the bank financing the Subsidiaries benefit from intra-group loans provided by the Issuer. These loans are used to finance the development pipeline.

As at 31 December 2012 the Issuer had granted EUR 65 million intragroup loans to its subsidiaries (EUR 69.8 million at the end of May 2013).

The intragroup loans are granted by the Issuer to the Group members on an arm's length basis, are unsecured and are on first demand.

Of these loans, as at 31 December 2012, EUR 44 million were subordinated intragroup loans, i.e. subordinated to bank financing (as compared to EUR 42 million as at the end of May 2013).

The intragroup loans are usually used to finance the land and the initial stages of the development. Once a building becomes income generating and provided adequate bank financing is in place, the respective intragroup loan will be repaid by the bank financing and the proceeds received by the Issuer will be recycled and re-lent to finance other / new developments.

### **6.3 Funding Sources granted by the Manager and/or its affiliates**

Two major syndicated secured loans granted by the Manager's affiliates have been arranged at the level of VGP CZ I and VGP CZ II portfolios. For more information on these loans, reference is made to section 3.2 (*Relationship with the Associates*) of this Part VI.

The Manager, nor any of its affiliates is a creditor of any of the members of the VGP Group.

## **7 Recent Developments, Investments and Trends**

### **7.1 Acquisition of land in Germany**

During the month of April 2013, a small plot of land of 16,000 m<sup>2</sup> was bought in Bingen (Germany), allowing VGP to develop a building of 6,400 m<sup>2</sup>.

At the end of May 2013 VGP acquired a substantial plot of land in the vicinity of Hamburg (Germany). The land plot which is around (500,000 m<sup>2</sup>) allows the Group to develop around 210,000 m<sup>2</sup> of lettable area. The land is fully zoned and the Group is currently involved in several negotiations with potential tenants. It is expected that the first building in this new park will be started-up within the next 2 months. The development of this park is expected to take 3-4 years and will have a total investment value of around EUR 122 million (including land acquisition).

Besides the plot in Hamburg the second most significant investment in Germany is the acquisition of the land in Frankfurt (Rodgau) This land plot has an area of around

218,000 m<sup>2</sup> allowing to develop approximately 100,000 m<sup>2</sup> of lettable area. The development of this park is expected to take 2-2 years and will have a total investment value of around EUR 52 million (including land acquisition).

Besides the aforementioned investments additional investments are foreseen in Germany which will materialise within the next 12 months but which are smaller in size of investments compared to Hamburg and Rodgau.

The Group intends to attract additional bank financing to fund the investments in Germany.

## 7.2 Financing of development pipeline in the Czech Republic

VGP has invested a significant amount in a new land bank in the Czech Republic. The respective Czech asset companies fully own the development land. The development of new buildings is being undertaken once a building is fully pre-let or when a significant portion of the building has been pre let. The Czech Subsidiaries have arranged a EUR 56.6 million committed facility which finances the total Czech development pipeline. On top of this bank financing the respective companies will be able to benefit from intra group funding by the Issuer as and when appropriate.

## 7.3 Development in the periphery countries

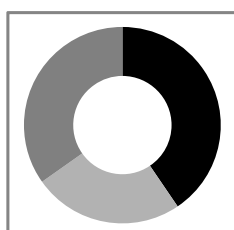
Besides Germany and Czech Republic the Group is also active in the following periphery countries: Slovakia, Hungary, Romania, Estonia and Latvia. It is the intention of VGP to divest these parks once they have come to maturity. The financing of the developments in these countries is done through a mix of external bank facilities and intra group loans from the Issuer.

For Tallinn (Estonia), where a plot of land of 110,000 m<sup>2</sup> was acquired in the first half of June 2013, allowing VGP to develop 50,000 m<sup>2</sup> lettable area, the Group is discussing a new credit facility which is expected to be finalised during the summer of 2013.

Today these parks represent 6 buildings (of which 2 under construction / partially delivered) which generate EUR 2.8 million of annualised rent income.

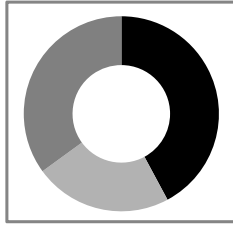
## 7.4 Summary of development potential own portfolio

The following chart contains a summary of the development potential of the Group's current secured land bank. The assessment of the development potential is based on the development of similar projects.



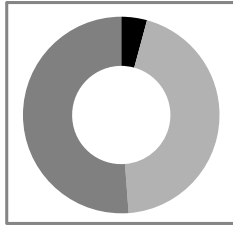
Total land area ( in m <sup>2</sup> )		
■ Germany	848,429	41%
■ Czech Republic	517,630	25%
■ Other Countries	728,509	35%
	<b>2,094,568</b>	<b>100%</b>





**Total development potential (in m<sup>2</sup>)**

■ Germany	364,070	42%
■ Czech Republic	197,322	23%
■ Other Countries	302,462	35%
	<b>863,854</b>	<b>100%</b>



**Total completed & current pipeline (in m<sup>2</sup>)**

■ Germany	6,400	4%
■ Czech Republic	67,256	45%
■ Other Countries	77,282	51%
	<b>150,938</b>	<b>100%</b>

**8 Material Adverse Effect**

There has been no material adverse change in the prospects of the Group since 31 December 2012, except for those circumstances or events elsewhere stated or referred to in this Prospectus.

**9 No Significant Change in Financial or Trading Position**

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2012, except for those circumstances or events elsewhere stated or referred to in this Prospectus.

**10 Material Contracts**

Neither the Issuer nor any other company of the Group has entered into any material contracts outside the ordinary course of its business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation in respect of the Bonds, except for those elsewhere stated or referred to in this Prospectus, such as the agreements governing the relationship with the Associates and/or the majority shareholders of the Associates as referred to in Section 3 (*Organisational Structure of the Group*) of this Part VI: *Description of the Issuer*.

**11 Governmental, Legal and Arbitration Proceedings**

The Issuer and its Subsidiaries are currently not aware of nor subject to any claim, legal or governmental and arbitration proceedings, nor have they been subject to any claim, legal or governmental and arbitration proceedings during the last 12 months, which on aggregate, would have had or are likely to have a significant effect on the financial position of the Issuer and its Subsidiaries.

## **PART VII: MANAGEMENT AND CORPORATE GOVERNANCE**

### **1 Board of Directors**

In accordance with Article 15 of the articles of association of the Company and paragraph 2 of Annex 1 to the VGP Charter (as defined below), the board of directors of the Company (the **Board of Directors** or the **Board**) is composed of at least three (3) members, who must not be shareholders. The actual number of directors may vary depending on the needs of the Issuer. At least half of the directors must be non-executive directors and at least three of them must be independent based on the criteria of independence drawn up by the Board of Directors and set forth in paragraph 3 of Annex 1 to the VGP Charter.

The directors are appointed for a term of no more than four (4) years by the shareholders' meeting, and may be re-elected.

The Board of Directors must draw up nomination procedures and selection criteria for board members, including specific rules for executive and non-executive directors where appropriate. Based on these nomination procedures and the selection criteria, the Board of Directors recommends one or more candidates for nomination, taken into account the needs of the Issuer.

Any proposal for the appointment of a director by the shareholders' meeting is accompanied by a recommendation from the Board of Directors.

Whenever a legal entity is appointed as a director, it must specifically appoint an individual as its permanent representative, chosen from among its shareholders, managers, directors or employees, and who will carry out the office of director in the name and on behalf of such legal entity. The legal entity may not revoke its permanent representative without simultaneously appointing a successor. The appointment and termination of the office of the permanent representative are governed by the same disclosure rules as if he/she were exercising the office on his/her own behalf.

The directors may be re-elected for a new term subject to the provisions regarding independent directors. The duties of directors who are not appointed for a new term terminate immediately after the shareholders' meeting which decided on any re-election.

Gender diversity and diversity in general, as well as complementary skills, experience and knowledge must be given due consideration in the composition of the Board of Directors.

Adequacy of size and composition will be regularly assessed by the Board of Directors upon the initiative of the chairman.

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

### Current composition

The Issuer's Board of Directors is currently composed of the following 5 members:

<u>Name</u>	<u>Function</u>	<u>Date of first appointment</u>	<u>Executive / Non-Executive</u>	<u>Independent</u>	<u>Next due for re-election</u>
Marek Šebest'ák	Chairman	2007	Non-executive	Independent	2015
Jan Van Geet <sup>1</sup>	CEO	2007	Executive and reference shareholder		2017
Bart Van Malderen <sup>2</sup>	Director	2007	Non-executive and reference shareholder		2017
Alexander Saverys	Director	2007	Non-executive	Independent	2015
Jos Thys <sup>3</sup>	Director	2007	Non-executive	Independent	2015

**Marek Šebest'ák** (b. 1954), is founder and former Chairman of BBDO-Czech Republic, one of the leading international advertising and communication agencies

**Jan Van Geet** (b. 1971), is the founder of VGP. He has overall daily as well as strategic management responsibilities of the Group. He started in the Czech Republic in 1993 and was manager of Ontex in Turnov, a producer of hygienic disposables. Until 2005, he was also managing director of WDP Czech Republic. WDP is a Belgian real estate investment trust.

**Bart Van Malderen** (b. 1966). 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.

**Alexander Saverys** (b. 1978). After his university education in Law (KU Leuven and Complutense Madrid) and his MBA in Berlin and London, Mr Alexander Saverys founded Delphis NV in 2004. Delphis is a company offering multimodal container transport solutions in Europe and Asia, where he acts as managing director. He holds directorships in various companies within the Delphis group, and in stock-listed CMB, the Belgian Shipowner's Association and the Feeder Leistungs Zentrale in Hamburg. Delphis currently owns 14 container vessels (1.000-4.000 TEU) and is the owner of 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.

## 2 Board's Committees

### 2.1 Audit Committee

The audit committee of the Company (the **Audit Committee**) supervises the integrity of the financial information provided by the Company, and is more in particular responsible for, as set forth in paragraph 2 of Annex 3 to the VGP Charter:

<sup>1</sup> As permanent representative of Jan Van Geet s.r.o.

<sup>2</sup> As permanent representative of VM Invest NV.

<sup>3</sup> As permanent representative of Rijo Advies BVBA.

- ensuring that financial reporting gives a truthful, honest and clear picture of the situation and prospects of the Company, on both an individual and a consolidated basis, as the case may be;
- checking the accuracy, completeness and consistency of financial information, including the verification of the periodical information before it is announced;
- assessing the relevance and consistency of the accounting standards.

The composition of the Audit Committee is determined by paragraph 3 of Annex 3 of the VGP Charter. The members of the Audit Committee are appointed by the Board of Directors. They may be dismissed by the Board of Directors at any time.

The Audit Committee consists out of at least three directors. The members of the Audit Committee must be non-executive directors, with a majority of independent directors. At least one of them has accounting and auditing experience.

The members of the Audit Committee have sufficient relevant expertise, especially in accounting, auditing and financial matters, to effectively perform their functions.

The duration of the appointment of a member of the Audit Committee may not exceed the duration of his/her directorship.

#### *Current composition*

Name	Expiration of mandate
Jos Thys <sup>1</sup> <i>Chairman</i>	2015
Bart Van Malderen <sup>2</sup>	2017
Marek Šebesták	2015

In accordance with paragraph 5 of Annex 3 to the VGP Charter, the Audit Committee meets at least twice a year. By doing so the Company deviates from the recommendation in the provisions 5.2/28 of the Corporate Governance Code that requires the Audit Committee to convene at least four times a year. The deviation is justified considering the smaller size of the Company.

Each year, the Audit Committee assesses its composition and its operation, evaluates its own effectiveness, and makes the necessary recommendations regarding these matters to the Board of Directors.

Given the size of the Group no internal audit function has currently been created. The statutory auditor has direct and unlimited access to the chairman of the Audit Committee and the chairman of the Board of Directors.

The Chief Executive Officer and the Chief Financial Officer attend all the meetings.

<sup>1</sup> As permanent representative of Rijo Advies BVBA.

<sup>2</sup> As permanent representative of VM Invest NV.

## 2.2 Remuneration Committee

In accordance with paragraph 2 of Annex 2 to the VGP Charter, the remuneration committee of the Company (the **Remuneration Committee**) is responsible for the following tasks with respect to the remuneration:

- drawing up and evaluating proposals to the Board of Directors concerning the remuneration policy to be pursued for directors, members of the management committee, other leaders (*andere leiders / autres dirigeants*) and the executive managers and, where appropriate, on the resulting proposals to be submitted by the Board to the general shareholders' meeting;
- drawing up and evaluating proposals to the Board regarding the individual remuneration of directors, members of the management committee, other leaders (*andere leiders / autres dirigeants*) and the executive managers, including variable remuneration and long-term incentives, whether or not stock-related, in the form of stock options or other financial instruments, and regarding the arrangements on early termination, and where applicable, on the resulting proposals to be submitted by the Board to the general shareholders' meeting;
- drawing up and submitting of a remuneration report to the Board of Directors, to be included in the corporate governance statement of the annual report;
- explaining the remuneration report at the general shareholders' meeting;
- giving a motivated advice to the Board of Directors, every time when a severance payment up to 18 months is proposed in an agreement with an executive director, a member of the management committee, another leader (*andere leider / autre dirigeant*) or an executive manager.

The Remuneration Committee comprises at least three directors, in accordance with paragraph 3 of Annex 2 to the VGP Charter. All members of the Remuneration Committee must be non-executive directors, a majority of whom are independent.

The members of the Remuneration Committee are appointed and may be dismissed at any time by the Board of Directors. The duration of the appointment of a member of the Remuneration Committee must not exceed the duration of his/her directorship.

The CEO and CFO participate in the meetings when the remuneration plan proposed by the CEO for members of the management team is discussed, but not when their own remunerations are being decided.

In fulfilling its responsibilities, the Remuneration Committee has access to all resources that it deems appropriate, including external advice or benchmarking as appropriate.

### *Current composition*

Name	Expiration of mandate
Bart Van Malderen <sup>1</sup> <i>Chairman</i>	2017
Alexander Saverys	2015
Jos Thys <sup>2</sup>	2015

## **2.3 Nomination Committee**

The Company has not set up a nomination committee. By doing so the Company deviates from the recommendation in the provisions 5.3 of the Corporate Governance Code. The deviation is justified considering the smaller size of the Company.

## **2.4 Management**

### *Management Committee*

Since no management committee in the meaning of article 524bis *et seq* of the Belgian Companies Code has been established, the Company has not included specific terms of reference of the executive management. The tasks, responsibilities and powers of the CEO and the executive management are set out in the terms of reference of the Board of Directors, as set forth in paragraph 19 of Annex 1 to the VGP Charter. By doing so, the Company as a smaller listed company deviates from the recommendation in provision 6.1 of the Corporate Governance Code.

### *Executive Management*

The executive management is composed of the following members:

- Jan Van Geet<sup>3</sup> - Chief Executive Officer;
- Jan Procházka - Chief Operating Officer; and
- Dirk Stoop<sup>4</sup> - Chief Financial Officer;

(the **Executive Management**). The curriculum vitae of the members of the Executive Management (except for the CEO – see supra) may be summarised as follows:

**Mr Jan Procházka** (b. 1964), is civil engineer and architect and joined VGP's team in 2002. He takes responsibility for technical concepts and contract execution. Prior to this position, Jan was the managing director of Dvořák, a civil contracting company, at his time one of the major players in the Czech market. Well known projects realised 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** (b. 1961), joined VGP in 2007. He is responsible for all finance matters, i.e. financial planning, control, forecasting, treasury, tax and insurance for all the countries where VGP is/ will be active, as well as investor relations. Dirk worked at Ontex for 5 years

<sup>1</sup> As permanent representative of VM Invest NV.

<sup>2</sup> As permanent representative of Rijo Advies BVBA.

<sup>3</sup> As permanent representative of Jan Van Geet s.r.o.

<sup>4</sup> As permanent representative of Dirk Stoop BVBA

as Group Treasurer where he was also responsible for tax and insurance matters. Prior to this he worked at Chep Europe based in London as Treasurer Europe, South America & Asia. Dirk Stoop holds a Masters Degrees in Financial and Commercial Sciences from VLEKHO (HUB) in Belgium.

### **3 Evaluation of the Board of Directors and its Committees**

In accordance with its rules of procedure as set forth in paragraph 6 of Annex 1 to the VGP Charter, the Board of Directors assesses its performance every three years as well as to the operation of the Audit Committee and the Remuneration Committee.

The Board of Directors and its committees carried out the last self-assessment in March 2011 with satisfactory result.

### **4 Statutory Auditor**

The Issuer's statutory auditor is DELOITTE Bedrijfsrevisoren BV o.v.v.e. CVBA, with registered office at Berkenlaan 8B, 1831 Diegem, Belgium, represented by Mr Rik Neckebroeck.

It has been re-appointed at the general meeting of shareholders on 10 May 2013 for a period of three years.

The audit fees at the consolidated level have been set at EUR 57,000 per year by the general meeting of shareholders.

### **5 Corporate Governance**

The Company has adopted the principles of corporate governance contained Belgian Code on Corporate Governance published on 12 March 2009 (the **Corporate Governance Code**) which can be consulted on [http://www.corporategovernancecommittee.be/en/2009\\_code/latest\\_edition/](http://www.corporategovernancecommittee.be/en/2009_code/latest_edition/).

In accordance with the recommendations set out by the Belgian Code on Corporate Governance, the Board of Directors adopted a corporate governance charter (the **VGP Charter**) which is available on the Company's website [http://www.vgpparks.eu/images/Corporate\\_Governance\\_Charter\\_20110317.pdf](http://www.vgpparks.eu/images/Corporate_Governance_Charter_20110317.pdf).

Except as stated otherwise in sections 1, 2.1, 2.3 and 2.4 of this Part VII: *Management and Corporate Governance*, the Issuer complies with the obligations of the 2009 Code.

### **6 Conflicts of Interest**

In accordance with Article 523 of the Belgian Companies Code, a member of the Board of Directors should give the other members prior notice of any agenda item in respect of which he has a direct or indirect conflict of interest of a financial nature with the Company. During 2012 there were no conflicts of interest raised.

## PART VIII: MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 1 Major Shareholders

The Company's shares are listed on NYSE Euronext Brussels and on the Main Market of the Prague Stock Exchange. Pursuant to Article 6 of the Law of 2 May 2007 on the disclosure of important participations in listed companies and Article 14 of the articles of association, the identity of the shareholders acquiring a participation of 3%, 5% or a multiple of 5% in the Company has to be made public.

It results from the transparency declarations received by the Issuer as of 31 May 2013, that the Issuer's main known shareholders were as follows:

Shareholders	Number of shares	% of shares issued
VM Invest NV	5,169,926	27.82%
Mr Bart Van Malderen	3,545,250	19.08%
<b>Sub-total Bart Van Malderen Group</b>	<b>8,715,176</b>	<b>46.90%</b>
Little Rock SA	4,699,187	25.29%
Mr Jan Van Geet	8,565	0.05%
<b>Sub-total Jan Van Geet Group</b>	<b>4,707,752</b>	<b>25.33%</b>
Alsgard SA	2,349,593	12.64%
Mr Jan Prochazka	60,321	0.32%
<b>Sub-total Jan Prochazka Group</b>	<b>2,409,914</b>	<b>12.97%</b>
Comm. VA VGP MISV	929,153	5.00%
Vadebo France NV	655,738	3.53%
Public	1,165,317	6.27%
<b>Total</b>	<b>18,583,050</b>	<b>100.00%</b>

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

Little Rock SA (previously named JVG Invest SA) is a company controlled by Mr Jan Van Geet.

Alsgard SA is a company controlled by Mr Jan Prochazka.

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

VM Invest NV, Mr Bart Van Malderen, Comm VA VGP MISV, Little Rock SA, Mr Jan Van Geet, Alsgard SA and Mr Jan Prochazka are acting in concert in respect of the holding, the acquisition or disposal of securities.

Vadebo France NV is a company controlled by Mrs Griet Van Malderen.

In 2013, following the expiry of the five year lock-up period in December 2012, the Company acquired a 43.23% participation in Comm. VA VGP MISV (401,648 out of 929,153 shares). It is currently the intention of the Board of Directors to recycle these shares into a new incentive scheme in the future. No firm timing as to when such new incentive scheme would be launched has been decided yet.



## **2 Share Capital**

### **2.1 Share Capital**

On the date of the Prospectus, the share capital of VGP NV amounts to EUR 120,355,559.50 and is fully paid-up. It is divided into 18,583,050 shares without nominal value.

There are no specific categories of shares. Each share gives the right to one vote.

In accordance with Articles 480 to 482 of the Companies Code, the Company can create shares without voting rights, subject to the fulfilling requirements related to the change of the articles of association.

All shares are freely transferable.

### **2.2 Authorised Capital**

According to Article 44 of the Issuer's articles of association, the Board of Directors may increase the share capital, on one or more occasions, by an amount of EUR 100,000,000. This authorisation is valid for a period of five (5) years as from 31 May 2012.

The articles of association of the Issuer also authorise the Board of Directors to use the technique of the authorised capital as a defence mechanism in case of a public takeover bid on the securities of the Company, even after the Company has received a notification from the Financial Services and Markets Authority (FSMA) that the FSMA was notified of a public takeover bid on the securities of the Company provided that (i) the shares issued in the context of the capital increase are fully paid-up as from issuance, (ii) the issue price of the shares issued in the context of the capital increase is not lower than the offer price, and (iii) the number of shares issued in the context of the capital increase is 10% or less of the number of shares representing the Issuer's share capital which have been issued by the Issuer prior to the capital increase. This authorisation is valid for a period of three (3) years as from 13 May 2011.

### **2.3 Treasury Stock**

The Issuer does not hold any treasury shares.

### **2.4 Other Securities with Voting Rights or Giving Access to Voting Rights**

On the date of this Prospectus, the Issuer has not issued any securities with voting rights or giving access to voting rights, other than the shares referred to in this section of the Prospectus.

### **2.5 Acquisition of Own Shares**

According to Article 45 of the Issuer's articles of association, the Board of Directors may acquire the Company's own shares, by purchasing or exchanging them, directly or through a person acting in its own name but on behalf of the Issuer, in accordance with Articles 620 until 625 of the Belgian Companies Code.

The Board of Directors is authorised to acquire and sell the Company's own shares, in accordance with Article 620 of the Belgian Companies Code, in case such acquisition is required in order to avoid serious and imminent harm to the Company. This authorisation is valid for a period of three (3) years as from the publication in the Annexes to the Belgian State Gazette of the acknowledgement of the fulfilment of the conditions precedent subject to which such authorisation was granted to the Board of Directors.

The Board of Directors is authorised, in accordance with Article 620 of the Belgian Companies Code, to acquire shares representing a maximum 20% of the share capital of the Issuer against a price which must be more than 90% and less than 115% of the shares' listing price on the day preceding the acquisition or exchange. This authorisation is valid for a period of five (5) years as from the publication in the Annexes to the Belgian State Gazette of the acknowledgement of the fulfilment of the conditions precedent subject to which such authorisation was granted to the Board of Directors.

## PART IX: FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES

Selected consolidated financial information (in thousands of EUR) as at 31 December 2012, 31 December 2011 and 31 December 2010 is included below.

<b><u>INCOME STATEMENT</u></b>	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Gross rental income	3,071	14,446	28,573
Property operating expenses and net service charge income / (expenses)	(449)	(516)	(1,245)
<b>Net rental and related income</b>	<b>2,622</b>	<b>13,930</b>	<b>27,328</b>
Other income / (expenses) - incl. Administrative costs	(2,025)	(1,700)	(1,809)
<b>Operating result (before result on portfolio)</b>	<b>597</b>	<b>12,230</b>	<b>25,519</b>
<b>Net current result</b>	<b>3,193</b>	<b>9,555</b>	<b>7,967</b>
Net valuation gains / (losses) on investment property	12,347	3,133	22,759
Deferred taxes	(2,346)	(595)	(4,324)
<b>Result on property portfolio</b>	<b>10,001</b>	<b>2,538</b>	<b>18,435</b>
Share in the results of associates	(1,615)	844	-
<b>Net result</b>	<b>11,579</b>	<b>12,937</b>	<b>26,402</b>
<b><u>BALANCE SHEET</u></b>			
Investment properties	101,629	71,643	186,982
Other non-current receivables	45,758	45,313	-
Other	(167)	1,529	1,271
<b>Total non-current assets</b>	<b>147,220</b>	<b>118,485</b>	<b>188,253</b>
Trade and other receivables	9,037	9,138	3,701
Cash and cash equivalents	19,123	16,326	5,341
Disposal group held for sale	-	33,944	299,942
<b>Total current assets</b>	<b>28,160</b>	<b>59,408</b>	<b>308,984</b>
<b>Total Assets</b>	<b>175,380</b>	<b>177,893</b>	<b>497,237</b>
<b>Total equity</b>	<b>151,260</b>	<b>154,735</b>	<b>176,342</b>
Total non-current liabilities	8,225	5,708	130,351
Total Current Liabilities	15,895	17,450	190,544
<b>Total Liabilities</b>	<b>24,120</b>	<b>23,158</b>	<b>320,895</b>
<b>Total equity and liabilities</b>	<b>175,380</b>	<b>177,893</b>	<b>497,237</b>
<b><u>INVESTMENT PROPERTY</u></b>			
Total lettable area (m <sup>2</sup> )	674,595 <sup>1</sup>	641,378	576,936
Occupancy rate (%)	94.5% <sup>2</sup>	98.5%	98.8%
Fair value of property portfolio <sup>3</sup>	101,629	105,565	481,624
<b><u>GEARING</u></b>			
Net debt / shareholders' equity	n.a.	n.a.	1.47
Net debt / total assets	n.a.	n.a.	52.2%

<sup>1</sup> Including 601,217 m<sup>2</sup> under management (573,426 m<sup>2</sup> under management as at 31 December 2011 )

<sup>2</sup> Including Associates. Excluding Associates the occupancy rate would be 94.9%

<sup>3</sup> Property that is being constructed or developed for future use as investment property is also stated at fair value. The investment properties under construction are valued by the same independent valuation expert i.e. Jones Lang LaSalle. For the properties under construction the valuation expert has used the same approach as applicable for the completed properties but deducting the remaining construction costs from the calculated market value, whereby "remaining construction costs" means overall pending development cost, which include all hard costs, soft costs, financing costs and developer profit (developer profit expresses the level of risk connected with individual property and is mainly dependent on development stage and pre-letting status). All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure qualifying as acquisition costs are capitalised.

## **PART X: USE OF PROCEEDS**

The net proceeds of the issue of the Bonds, expected to amount to approximately EUR 73,178,750 for a nominal amount of EUR 75,000,000 (subject to increase), will be primarily used to acquire and expand the land bank in Germany and to a lesser extent to finance the development pipeline in the amounts not financed by the banking institutions. The recent expansion of land in Hamburg and Frankfurt will entail a total investment value of around EUR 122 million and around EUR 52 million respectively for the development of these parks.

The development pipeline in the Czech Republic has adequate external financing and the Group is currently finalising a new credit application for VGP Estonia which will cover the first initial building and this bank has confirmed that it would subsequently increase the credit facility once we start with the second and third building.

Since late 2012 and throughout 2013 VGP has been looking at several new strategic land positions, mainly in Germany. As a general rule, any acquisition of land is subject to, besides a thorough legal due diligence by external legal counsel, also to obtaining the relevant zoning and/or building permit for semi-industrial activities and the absence of any other obstacles such as environmental issues etc. Hence in a first instance land will usually be subject to a future purchase agreement whereby VGP secures the respective land plots and has therefore certainty that once the result of the due diligence is satisfactory and the necessary permits have been obtained it can conclude the effective acquisition of these land plots. A number of secured land plots in Germany are close to receiving the necessary permits and will be acquired during the second half of 2013. In addition VGP has earmarked a number of additional interesting land plots which it expects to acquire during 2013-2014.

Besides the acquisition of the land the proceeds of the Bond will also allow VGP to pre-finance the development phase of a number of pre-let projects.

The expenses in connection with the issue of the Bonds, including the Placement Fee and the arrangement fee, are expected to amount to EUR 1,821,250.

## PART XI: TAXATION

### 1 Belgian Taxation on the Bonds

The following is a general description of the main Belgian tax consequences of acquiring, holding, redeeming and/or disposing of the Bonds. It is restricted to the matters of Belgian taxation stated herein and is intended neither as tax advice nor as a comprehensive description of all Belgian tax consequences associated with or resulting from any of the aforementioned transactions. Prospective investors are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Bonds, including under the laws of their countries of citizenship, residence, ordinary residence or domicile.

The summary provided below is based on the information provided in this Prospectus and on Belgium's tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Prospectus and with the exception of subsequent amendments with retroactive effect.

#### 1.1 Belgian Withholding Tax

All payments by or on behalf of the Issuer of interest on the Bonds are in principle subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 25 per cent. Tax treaties may provide for lower rates subject to certain conditions and formalities.

In this regard, "interest" means the periodic interest income, any amount paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not on the maturity date, or upon purchase by the Issuer) and, in case of a disposal of Bonds between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

However, payments of interest and principal under the Bonds by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Bonds if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "Tax Eligible Investors", see hereinafter) in an exempt securities account (an "X Account") that has been opened with a financial institution that is a direct or indirect participant (a "Participant") in the NBB System. Euroclear and Clearstream, Luxembourg are directly or indirectly Participants for this purpose.

Holding the Bonds through the NBB System enables Tax Eligible Investors to receive the gross interest income on their Bonds and to transfer Bonds on a gross basis.

Participants to the NBB system must enter the Bonds which they hold on behalf of Tax Eligible Investors in an X Account.

Tax Eligible Investors are those listed in article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier / koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing*) which include, inter alia:

- (i) Belgian corporations subject to Belgian corporate income tax;
- (ii) institutions, associations or companies specified in article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in

1° and 3° subject to the application of article 262, 1° and 5° of the Belgian code on income tax of 1992 (*code des impôts sur les revenus 1992 / wetboek van de inkomstenbelastingen 1992*, the **BITC 1992**);

- (iii) state regulated institutions (*institutions parastatales / parastatalen*) for social security, or institutions which are assimilated therewith, provided for in article 105, 2° of the royal decree implementing the BITC 1992 (*arrêté royal d'exécution du code des impôts sur les revenus 1992 / koninklijk besluit tot invoering van het wetboek inkomstenbelastingen 1992*, the **RD/BITC 1992**);
- (iv) non-resident investors provided for in article 105, 5° of the RD/BITC 1992;
- (v) investment funds, recognised in the framework of pension savings, provided for in article 115 of the RD/BITC 1992;
- (vi) tax payers provided for in article 227, 2° of the BITC 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to article 233 of the BITC 1992;
- (vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with article 265 of the BITC 1992;
- (viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and
- (ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

Eligible Investors do not include, inter alia, Belgian resident investors who are individuals or non-profit making organisations, other than those mentioned under (ii) and (iii) above.

Participants to the NBB System must keep the Bonds which they hold on behalf of the non-Tax Eligible Investors in a non-exempt securities account (an **N Account**). In such instance, all payments of interest are subject to withholding tax (currently at the rate of 25 per cent.), which is withheld by the NBB and paid to the Belgian Treasury.

Transfers of Bonds between an X Account and an N Account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N Account (to an X Account or N Account) gives rise to the payment by the transferor non-Tax Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- A transfer (from an X Account or N Account) to an N Account gives rise to the refund by the NBB to the transferee non-Tax Eligible Investor of an amount equal to the withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- Transfers of Bonds between two X Accounts do not give rise to any adjustment on account of withholding tax.

Upon opening of an X Account for the holding of Bonds, the Tax Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved

by the Belgian Minister of Finance. There are no ongoing declaration requirements for Tax Eligible Investors save that they need to inform the Participants of any changes to the information contained in the statement of their tax eligible status. Participants are required to annually provide the NBB with listings of investors who have held an X Account during the preceding calendar year.

An X Account may be opened with a Participant by an intermediary (an **Intermediary**) in respect of Bonds that the Intermediary holds for the account of its clients (the **Beneficial Owners**), provided that each Beneficial Owner is a Tax Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that: (i) the Intermediary is itself a Tax Eligible Investor; and (ii) the Beneficial Owners holding their Bonds through it are also Tax Eligible Investors. The Beneficial Owner is also required to deliver a statement of its eligible status to the intermediary.

These identification requirements do not apply to Bonds held in Euroclear or Clearstream, Luxembourg as Participants to the NBB System, provided that Euroclear or Clearstream only hold X Accounts and that they are able to identify the holders for whom they hold Bonds in such account.

## **1.2 Belgian Income Tax on Capital Gains**

### **Belgian resident individuals**

Belgian resident individuals, i.e., natural persons who are subject to the Belgian personal income tax (*personenbelasting / impôt des personnes physiques*) and who hold the Bonds as a private investment, do not have to declare interest in respect of the Bonds in their personal income tax return, provided that withholding tax has effectively been levied on the interest.

Nevertheless Belgian resident individuals may elect to declare interest in respect of the Bonds in their personal income tax return. Interest income which is declared in this way will in principle be taxed at a flat rate of 25 per cent. (or at the relevant progressive personal income tax rate(s) taking into account the taxpayer's other declared income, whichever is more beneficial). The Belgian withholding tax levied may be credited.

Capital gains realised on the sale of the Bonds are in principle tax exempt, except to the extent the capital gains are realised outside the scope of the management of one's private estate or except to the extent they qualify as interest (as described in *Belgian Withholding Tax* above). Capital losses are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Bonds as a private investment.

### **Belgian resident companies**

Interest attributed or paid to corporations which are Belgian residents for tax purposes, i.e. which are subject to Belgian corporate income tax (*vennootschapsbelasting / impôt des sociétés*), as well as capital gains realised upon the disposal of Bonds are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. (or the relevant progressive corporate income tax rate(s) in the case of certain corporations with limited profits). Capital losses realised upon the disposal of the Bonds are in principle tax deductible.

## **Belgian legal entities**

Belgian legal entities subject to Belgian legal entities tax (*rechtspersonenbelasting / impôts des personnes morales*) and which do not qualify as Tax Eligible Investors will not be subject to any further taxation on interest in respect of the Bonds over and above the withholding tax. Belgian legal entities which qualify as Tax Eligible Investors and which consequently have received gross interest income are required to declare and pay the 25 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Bonds are in principle tax exempt, unless the capital gains qualify as interest (as described in *Belgian Withholding Tax above*). Capital losses are in principle not tax deductible.

## **Organisations for Financing Pensions**

Interest and capital gains derived by Organisations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

## **Belgian non-residents**

Bondholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Bonds through a permanent establishment in Belgium will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Bonds, provided that they qualify as Tax Eligible Investors and that they hold their Bonds in an X Account.

### **1.3 Tax on stock exchange transactions and tax on repurchase transactions**

A tax on stock exchange transactions (*taxe sur les opérations de bourse / beurstaks*) will be levied on the acquisition and disposal of Bonds on the secondary market if executed in Belgium through a professional intermediary. The tax is due at a rate of 0.09 per cent. on each acquisition and disposal separately, with a maximum amount of Euro 650 per transaction and per party and collected by the professional intermediary.

A tax on repurchase transactions (*taxe sur les reports / repotaks*) at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of Euro 650 per transaction and per party).

However neither of the taxes referred to above will be payable by exempt persons acting for their own account including investors who are not Belgian residents, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional investors as defined in Article 126.1 2° of the code of miscellaneous duties and taxes (*Code des droits et taxes divers / wetboek diverse rechten en taksen*) for the tax on stock exchange transactions and Article 139, second paragraph, of the same code for the tax on repurchase transactions.



## 2 EU Directive on the Taxation of Savings Income

EC Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State (hereinafter **Disclosure of Information Method**), except that Austria and Luxembourg will instead impose a withholding system (hereinafter **Source Tax**) for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. Luxembourg recently announced that it will switch to the Disclosure of Information Method as from 1 January 2015. A number of non-EU countries and territories (including Switzerland) have adopted similar measures (Disclosure of Information Method or Source Tax). The European Commission has proposed certain amendments to the Savings Directive, which may, if adopted, amend or broaden the scope of the requirements described above.

### 2.1 Individuals not resident in Belgium

Interest paid or collected through Belgium on the Bonds and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

### 2.2 Individuals resident in Belgium

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in its personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excess amount will be reimbursed, provided it reaches a minimum of Euro 2.5.

## PART XII: SUBSCRIPTION AND SALE

KBC Bank NV (having its registered office at Havenlaan 2, 1080 Brussels, Belgium) (**KBC**) is acting as lead manager (the **Lead Manager** or **Manager**). The Manager has, pursuant to a placement agreement dated on or around 19 June 2013 (the **Placement Agreement**), agreed with the Issuer, subject to certain terms and conditions, to use best efforts to place the Bonds in a minimum amount of EUR 40,000,000 and a maximum amount of EUR 75,000,000 with third parties at the Issue Price and at the conditions specified below. KBC has also been appointed as domiciliary, calculation, paying and listing agent for the purposes of the Public Offer in Belgium.

This section contains the terms and conditions of the Public Offer of the Bonds by the Manager. Each offer and sale of the Bonds by a Financial Intermediary will be made in accordance with the terms and conditions as agreed between a Financial Intermediary and an investor, including in relation to the price, the allocation and the costs and/or taxes to be borne by an investor. The Issuer is not a party to any arrangements or terms and conditions in connection with the offer and sale of the Bonds between the Financial Intermediary and an investor. This Prospectus does not contain the terms and conditions of any Financial Intermediary. The terms and conditions in connection with the offer and sale of the Bonds will be provided to any investor by a Financial Intermediary during the Subscription Period. The Issuer nor the Manager can be held responsible or liable for any such information.

### Subscription Period

The Bonds will be offered to the public in Belgium (the **Public Offer**). Presently the Manager expects to offer the Bonds to qualified investors (as defined in the Prospectus Law, the **Qualified Investors**) and to investors who are not **Qualified Investors** (the **Retail Investors**). The Bonds will be issued on 12 July 2013 (the **Issue Date**). However, in case a supplement to the Prospectus gives rise to withdrawal rights exercisable on or after the Issue Date of the Bonds in accordance with Article 34 of the Prospectus Law, the Issue Date will be postponed until the first business day following the last day on which the withdrawal rights may be exercised. Investors who have already agreed to purchase or subscribe to securities before the publication of the supplement to the Prospectus, have the right to withdraw their agreement during a period of two working days commencing on the day after the publication of the supplement.

The Public Offer will start on 24 June 2013 at 9.00 a.m. (Brussels time) and end on 5 July 2013 at 4.00 p.m. (Brussels time) (the **Subscription Period**), or such earlier date as the Issuer may determine in agreement with the Manager. In this case, such closing date will be announced by or on behalf of the Issuer, on its website (within the section addressed to investors as “Bonds”) ([www.vgpparks.eu](http://www.vgpparks.eu)), and on the Manager’s website ([www.kbc.be/vgp](http://www.kbc.be/vgp)).

Except in case of oversubscription as set out below under *Early closure and reduction – allotment / over-subscription in the Bonds*, a prospective subscriber will receive 100 per cent. of the amount of the Bonds validly subscribed to it during the Subscription Period.

Prospective subscribers will be notified of their allocations of Bonds by the applicable financial intermediary in accordance with the arrangements in place between such financial intermediary and the prospective subscriber.

No dealings in the Bonds on a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, as amended, may take place prior to the Issue Date.

After having read the entire Prospectus, the investors can subscribe to the Bonds via the branches of following Manager appointed by the Issuer, using the subscription form provided by the Manager (if any): KBC Bank NV (including CBC Banque SA and KBC Securities NV (through [www.bolero.be](http://www.bolero.be))). Investors shall be required to subscribe for a minimum investment amount of EUR 10,000.

The applications can also be submitted via agents or any other financial intermediaries in Belgium. In this case, the investors must obtain information concerning the commission fees that the financial intermediaries can charge. These commission fees are charged to the investors.

### **Conditions to which the Public Offer is subject**

The Public Offer and the issue of the Bonds is subject to a limited number of conditions set out in the Placement Agreement, which are customary for this type of transaction, and which include, amongst others: (i) the correctness of the representations and warranties made by the Issuer and in the Placement Agreement, (ii) the Placement Agreement, the Clearing Agreement and the Agency Agreement having been executed by all parties thereto prior to the Issue Date, (iii) the admission to trading of the Bonds on the regulated market of the NYSE Euronext Brussels having been granted on or prior to the Issue Date, (iv) there having been, as at the Issue Date, no material adverse change (as described in the Placement Agreement) affecting the Issuer or any of its Subsidiaries (v) the Issuer having performed all the obligations to be performed by it under the Placement Agreement on or before the Issue Date (v) no financial markets change (as described in the Placement Agreement) having occurred, (vi) no force majeure having been invoked by the Manager as determined on their discretion and (vi) at the latest on the Issue Date, the Lead Manager having received customary confirmations as to certain legal and financial matters pertaining to the Issuer and the Group. These conditions can be waived (in whole or in part) by the Manager. The Placement Agreement does not entitle the Manager to terminate its obligations prior to payment being made to the Issuer, except in certain limited circumstances. If the conditions are not fulfilled and not waived, the Bonds will not be issued and the total amount of funds already paid by investors for the Bonds will be returned.

### **Issue Price**

The issue price for the Bonds will be 100 per cent. (the **Issue Price**). The Retail Investors will pay the Issue Price.

The Qualified Investors will pay the Issue Price less a discount, such resulting price being subject to change during the Subscription Period based among others on (i) the evolution of the credit quality of the Issuer (credit spread), (ii) the evolution of interest rates, (iii) the success (or lack of success) of the placement of the Bonds, and (iv) the amount of Bonds purchased by an investor, each as determined by the Manager in its sole discretion. The discount applicable to Qualified Investors shall be in the range of 0 to 1.875 per cent.

The yield of the Bonds is 3.862 per cent. on an annual basis. The yield is calculated on the basis of the issue of the Bonds on the Issue Date, the Issue Price, the interest rate of 5.15% per annum and is based on the assumption that the Bonds will be held until 12 July 2017 when they will be repaid at 100% of their principal amount in accordance with the Conditions. It is not an indication of future yield if the Bonds are not held until their maturity date. The net yield reflects a deduction of Belgian WHT at the rate of 25 per cent. (Investors should consult the Part XI: *Taxation* of this Prospectus for further information about Belgian taxation).

The minimum amount of application for the Bonds is EUR 10,000. The maximum amount of application is the Aggregate Nominal Amount.

### **Aggregate Nominal Amount**

The expected minimum nominal amount of the issue amounts to EUR 40,000,000 and the maximum nominal amount amounts to EUR 75,000,000.

As the case may be, upon the decision of the Issuer in consultation with the Manager (taking into account the demand from investors), the final aggregate nominal amount of the Bonds may be increased at the end (or upon the early closing) of the Subscription Period. In such case, a supplement to the Prospectus shall be published.

The criteria in accordance with which the final aggregate nominal amount of the Bonds will be determined by the Issuer are the following: (i) the funding needs of the Issuer, which could evolve during the Subscription Period for the Bonds, (ii) the levels of the interest rates and the credit spread of the Issuer on a daily basis, (iii) the level of demand from investors for the Bonds as observed by the Manager on a daily basis, (iv) the occurrence or not of certain events during the Subscription Period of the Bonds giving the possibility to the Issuer and/or the Manager to early terminate the Subscription Period or not to proceed with the offer and the issue in accordance with section *Conditions to which the Public Offer is subject* and (v) the fact that the Bonds, if issued, will have a minimum aggregate amount of EUR 40,000,000 and a maximum aggregate amount of EUR 75,000,000.

The Issuer has reserved the right not to proceed with the issue of the Bonds if at the end of the Subscription Period, the aggregate principal amount of the Bonds that have been subscribed for is lower than EUR 40,000,000. If the Issuer proceeds with the issue of the Bonds and the Aggregate Nominal Amount is lower than the expected minimum amount of EUR 40,000,000, a supplement to the Prospectus shall be published.

The final aggregate nominal amount shall be published as soon as possible after the end (or the early closing) of the Subscription Period by the Issuer, on its website (within the section addressed to investors as "Bonds") ([www.vgpparks.eu](http://www.vgpparks.eu)), and on the website of the Manager ([www.kbc.be/vgp](http://www.kbc.be/vgp)).

### **Payment date and details**

The payment date is 12 July 2013. The payment for the Bonds can only occur by means of debiting from a deposit account.

On the date that the subscriptions are settled, the Clearing System will credit the custody account of the Agent according to the details specified in the rules of the Clearing System.

Subsequently, the Agent, at the latest on the payment date, will credit the amounts of the subscribed Bonds to the account of the participants for onward distribution to the subscribers, in accordance with the usual operating rules of the Clearing System.

### **Costs and fees**

The net proceeds (before deduction of expenses) will be an amount equal to the aggregate nominal amount of the Bonds issued (the **Aggregate Nominal Amount**) multiplied by the Issue Price expressed in percentage, minus the Placement Fee and the Arrangement Fee both as defined under the Conditions.

### **Financial services**

The financial services in relation to the Bonds will be provided free of charge by the Lead Manager.

The costs for the custody fee for the Bonds are charged to the subscribers. Investors must inform themselves about the costs their financial institutions might charge them.

Bondholders should be aware that additional costs and expenses may be due to the relevant financial intermediary upon exercising the put option referred to Condition 6.3 (*Redemption at the option of Bondholders following a Change of Control*) through a financial intermediary (other than the Agent).

#### **Early closure and reduction – allotment / over-subscription in the Bonds**

Early termination of the Subscription Period will intervene at the earliest on 24 June 2013 at 5.30 pm (Brussels time) (the minimum Subscription Period is referred to as the **Minimum Sales Period**) (this is the third business day in Belgium following the day on which the Prospectus has been made available on the websites of the Issuer and the Manager (including the day on which the Prospectus was made available)). This means that the Subscription Period will remain open at least one business day until 5.30 pm. Thereafter, early termination can take place at any moment (including in the course of a business day). In case of early termination of the Subscription Period, a notice will be published as soon as possible on the websites of the Issuer and the Manager. This notice will specify the date and hour of the early termination.

The Subscription Period may be shortened by the Issuer during the Subscription Period with the consent of the Manager (i) as soon as the total amount of the Bonds reaches EUR 40,000,000, (ii) in the event that a major change in market conditions occurs, or (iii) in case a Material Adverse Change (as defined in the Placement Agreement) occurs with respect to the Issuer. In case the Subscription Period is terminated early as a result of the occurrence described under (ii) and (iii) in the preceding sentence, then the Issuer will publish a supplement to the Prospectus (see page 6 of the Prospectus, for further information with respect to the publication of supplements to the Prospectus).

The Issuer may, with the consent of the Manager, decide to limit the Aggregate Nominal Amount of the Bonds if the Subscription Period is closed early in response to a major change in market conditions (among others, but not limited to a change in national or international financial, political or economic circumstances, exchange rates or interest rates) or a Material Adverse Change. Thus the Aggregate Nominal Amount of the Bonds may be lower than expected minimum nominal amount of EUR 40,000,000.

The Issuer has reserved the right not to proceed with the issue of the Bonds if at the end of the Subscription Period, the aggregate nominal amount of the Bonds that have been subscribed for is lower than EUR 40,000,000.

In addition, the offer is subject to specific conditions negotiated between the Manager and the Issuer that are included in the Placement Agreement, and in particular, the obligations of the Manager under the Placement Agreement could terminate, inter alia, as set out above.

All subscriptions that have been validly introduced by the Retail Investors with the Manager before the end of the Minimum Sales Period (as defined above) will be taken into account when the Bonds are allotted, it being understood that in case of oversubscription, a reduction may apply, i.e. the subscriptions will be scaled back proportionally, with an allocation of a multiple of EUR 1,000, and to the extent possible, a minimum nominal amount of EUR 10,000, which is the minimum subscription amount for investors.

At the end of the Minimum Sales Period, the Manager may publish a notice on its website to inform its clients that it will stop collecting subscriptions and will then send the same notice to the Issuer that will publish it on its website as soon as practicable.

Subscribers may have different reduction percentages applicable to them depending on the Financial Intermediary through which they have subscribed to the Bonds.

The Manager shall in no manner whatsoever be responsible for the allotment criteria that will be applied by other financial intermediaries.

In case of early termination of the Subscription Period, the investors will be informed regarding the number of Bonds that have been allotted to them as soon as possible after the date of the early termination of the Subscription Period.

Any payment made by a subscriber to the Bonds in connection with the subscription of Bonds which are not allotted will be refunded within 7 Business Days (as defined in the Terms and Conditions of the Bonds) after the date of payment in accordance with the arrangements in place between such relevant subscriber and the relevant financial intermediary, and the relevant subscriber shall not be entitled to any interest in respect of such payments.

### **Results of the Public Offer**

The results of the offer of the Bonds (including its net proceeds) shall be published as soon as possible after the end of the Subscription Period and on or before the Issue Date by the Issuer, on its website (within the section addressed to investors as "Bonds") ([www.vgpparks.eu](http://www.vgpparks.eu)), and by the Manager ([www.kbc.be/vgp](http://www.kbc.be/vgp)). The same method of publication will be used to inform the investors in case of early termination of the Subscription Period. Furthermore, the amount of Bonds will be notified to the FSMA as soon as possible at the earlier of the end of the Subscription Period and the date of the early termination of the Subscription Period.

In the event of the Public Offer being completed, the Manager shall have the right, at its own expenses, to disclose its participation in the Public Offer in investor presentations, reports or/and by way of placement of "tombstone" advertisements in financial or other newspapers or via any other communication means after prior approval of the Issuer.

### **Expected timetable of the Public Offer**

The main steps of the timetable of the Public Offer can be summarised as follows:

- 20 June 2013: publication of the Prospectus on the website of the Issuer;
- 24 June 2013, 9.00 a.m. (Brussels time): opening date of the Subscription Period;
- 5 July 2013, 4.00 p.m. (Brussels time): closing date of the Subscription Period (if not closed earlier);
- between 5 July 2013 and 12 July 2013: expected publication date of the results of the offer of the Bonds (including its net proceeds), unless published earlier in case of early closing;
- 12 July 2013: Issue Date and listing of the Bonds on the regulated market of NYSE Euronext Brussels.

The dates and times of the Public Offer and periods indicated in the above timetable and throughout this Prospectus may change. Should the Issuer decide to amend such dates, times or periods, it will inform investors through a publication in the financial press. Any material alterations to this Prospectus are to be approved by the FSMA, and will be, in each case as and when required by applicable law, published in a press release, an advertisement in the financial press, and/or a supplement to this Prospectus.

## **Costs**

Each subscriber shall make his own enquiries with his financial intermediaries on the related or incidental costs (transfer fees, custody charges, etc.), which the latter may charge him with.

## **Transfer of the Bonds**

Subject to compliance with any applicable selling restrictions, the Bonds are freely transferable. See also *Selling Restrictions* below.

## **Selling Restrictions**

### ***Countries in which the Public Offer is open***

The Bonds are being offered only to investors to whom such offer can be lawfully made under any law applicable to those investors. The Issuer has taken necessary actions to ensure that Bonds may lawfully be offered to the public in Belgium. The Issuer has not taken any action to permit any offering of the Bonds in any other jurisdiction outside of Belgium.

The distribution of this Prospectus and the subscription for and acquisition of the Bonds may, under the laws of certain countries other than Belgium, be governed by specific regulations or legal and regulatory restrictions. Individuals in possession of this Prospectus, or considering the subscription for, or acquisition of, the Bonds, must inquire about those regulations and about possible restrictions resulting from them, and comply with those restrictions. Intermediaries cannot permit the subscription for, or acquisition of, the Bonds for clients whose addresses are in a country where such restrictions apply. No person receiving this Prospectus (including trustees and nominees) may distribute it in, or send it to, such countries, except in conformity with applicable law.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, or an offer to sell or the solicitation of an offer to buy the Bonds in any circumstances in which such offer or solicitation is unlawful. Neither the Issuer nor the Manager has authorised, nor do they authorise, the making of any offer of the Bonds (other than in the Public Offer in Belgium) in circumstances in which an obligation arises for the Issuer or the Manager to publish a prospectus for such offer.

The following sections set out specific notices in relation to certain countries that, if stricter, shall prevail over the foregoing general notice.

### ***Selling restriction in the EEA***

The Issuer has not authorised any offer to the public of the Bonds in any Member State of the European Economic Area, other than Belgium. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), an offer to the public of any Bonds may not be made in that Relevant Member State, other than the offer in Belgium contemplated in this Prospectus once this Prospectus has been approved by the FSMA and published in Belgium in accordance with the Prospectus Directive as implemented in Belgium, respectively, except that an offer to the public in that Relevant Member State of any Bonds may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are qualified investors as defined under the Prospectus Directive;
- to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the

Prospectus Directive, subject to obtaining the prior consent of the Issuer for any such offer;  
or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Bonds shall result in a requirement for the Issuer or the Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the provisions above, the expression an offer to the public in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Public Offer and the Bonds to be offered so as to enable an investor to decide to purchase any Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

### ***United Kingdom***

The Manager has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **Financial Services and Markets Act**)) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the Financial Services and Markets Act does not apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the Financial Services and Markets Act with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

### ***United States***

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or the securities laws of any State or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold solely outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**). Terms used in this paragraph have the meaning given to them in Regulation S.

The Manager has agreed that it will not offer, sell or deliver the Bonds (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Public Offer and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons, and that they will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration (if any) to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them in Regulation S.

In addition, until 40 days after the commencement of the Public Offer, an offer or sale of the Bonds within the United States by a dealer (whether or not participating in the Public Offer) may violate



the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### PART XIII: GENERAL INFORMATION

- (1) Application has been made for the Bonds to be listed as from the Issue Date on the regulated market of NYSE Euronext Brussels. KBC has been appointed as listing agent for that purpose.
- (2) The issue of the Bonds was authorised by resolutions passed by the Board of Directors of the Issuer on 17 June 2013.
- (3) The Bonds have been accepted for clearance through the clearing system of the National Bank of Belgium. The Common Code of the Bonds is 094682118. The International Securities Identification Number (ISIN) of the Bonds is BE0002201672. The address of the National Bank of Belgium is Boulevard de Berlaimont 14, B-1000 Brussels.
- (4) The Manager and some of its subsidiaries are a creditor of certain Associates in the framework of their banking operations (cf. Part VII: *Description of the Issuer – 6.3 Funding Sources granted by the Manager and/or its affiliates*). So far as the Issuer is aware, no other person involved in the Public Offer has any interest, including conflicting ones, that is material to the Public Offer, save for any fees payable to the Manager.
- (5) Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain, to its reasonable knowledge, from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading in any material respect. The source of third party information is identified where used.
- (6) During the Subscription Period and during the life of the Bonds, copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer, Greenland – Burgemeester E. Demunterlaan 5, box 4, Belgium, as well as on the Issuer's website ([www.vgpparks.eu](http://www.vgpparks.eu)):
  - the articles of association (*statuts / statuten*) of the Issuer, in Dutch;
  - the annual report and audited financial statements of the Issuer for the years ended 31 December 2012 and 31 December 2011 (statutory in accordance with Belgian GAAP) and the annual report and audited financial statements of the year ended 31 December 2012 and 31 December 2011 (consolidated in accordance with IFRS) together with the audit reports thereon;
  - a copy of this Prospectus together with any supplement to this Prospectus; and
  - all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in this Prospectus.
- (7) The statutory auditor Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Rik Neckebroeck (member of the *Institut des Réviseurs d'Entreprises / Instituut der Bedrijfsrevisoren*) has audited, and rendered unqualified audit reports on, the annual financial statements of the Issuer for the years ended 31 December 2012 and 31 December 2011 and the consolidated IFRS financial statements of the Issuer for the financial year ended 31 December 2012 and 31 December 2011.

**Registered Office of the Issuer**

VGP NV  
Greenland – Burgemeester E. Demunterlaan 5, box 4  
1090 Brussels  
Belgium

**Lead Manager and Bookrunner**

KBC Bank NV  
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1080 Brussels  
Belgium

**Domiciliary and Paying Agent and Calculation Agent**

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**Legal Advisors**

**To the Issuer**

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**To the Lead Manager and Bookrunner**

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