



[WWW.VGPPARKS.EU](http://WWW.VGPPARKS.EU)

---

# HALF-YEAR FINANCIAL RESULTS PRESS RELEASE

---

For the period  
1 January 2019 – 30 June 2019

Regulated Information  
Friday, 23 August 2019, 7:00 am CET

## **RECORD AMOUNT OF NEW LEASE CONTRACTS SOLIDIFIES PATH OF CONTINUED FUTURE GROWTH**

**23 August 2019, 7:00am, Antwerp (Berchem), Belgium:** VGP NV ('VGP' or 'the Group'), a leading European provider of high-quality logistics and semi-industrial real estate, today announces the results for half-year ended 30 June 2019:

- Solid operating performance resulting in a net profit of € 75.0 million
  - Signed and renewed lease agreements corresponding to € 27.0 million of annualised rent income bringing the total annualised rental income to € 129.3 million (+24% YTD)<sup>1</sup>
  - Delivered 175,000 m<sup>2</sup> of lettable area in first half of 2019
  - 480,000 m<sup>2</sup> under construction as of 30 June 2019
  - After the reporting period end a milestone project near Munich was announced with the development of a new park which is completely pre-let with 250,000 m<sup>2</sup> of lettable space
- Significant strengthening of platform for future growth
  - VGP invested in its future pipeline with 1.7 million m<sup>2</sup> of new land bought
  - A further 2.24 million m<sup>2</sup> committed subject to permits
- Announced broadened partnership with Allianz through the launch of second 50:50 Joint Venture on 1 July 2019
  - VGP European Logistics 2 is an investment vehicle targeting core logistics assets in Austria, Italy, the Netherlands, Portugal, Romania and Spain<sup>2</sup>

VGP's Chief Executive Officer, **Jan van Geet**, said: *"The last few months have been very exciting as we have presented two milestone projects in Germany on which VGP has worked intensively over the past few years: a new Munich business park for around 40 hectares and a new land site in Laatzen near the Hannover fair for the construction of a 28 hectare industrial park. Both parks together are already for 88% pre-let."*

Jan Van Geet added: *"In addition to these two parks we have acquired highly attractive land positions across Europe and a record amount of new lease contracts secured thereby setting our course for continued future growth. Last but not least, our ability to finance our growth has been significantly enhanced through the announced second 50/50 joint venture with Allianz Real Estate. This proven partnership will help us to grow further in already developed markets such as Spain and Italy but also in fast growing markets such as Romania."*

Jan van Geet concluded: *"Driven by structural demand drivers like urbanization and supply chain reconfigurations as well as rising ecommerce adoption rates we see continued momentum for European Logistics real estate into the second half of 2019. We are very positive about our immediate and medium term outlook driven by our significant and mostly pre-let construction pipeline with multiple large projects kicking-off over the next 12 months."*

---

<sup>1</sup> Compared to 31 December 2018 inclusive of Joint Venture at 100%

<sup>2</sup> First 50:50 JV (VGP European Logistics) covers the markets of Germany, Slovakia, Czech Republic and Hungary

## FINANCIAL AND OPERATING HIGHLIGHTS

### Record new signed leases

- Record signed and renewed rental income of € 27.0 million driven by 306,000 m<sup>2</sup> of new lease agreements signed, corresponding to € 25.9 million of new annualised rental income<sup>1</sup> combined with 19,000 m<sup>2</sup> of lease agreements renewed corresponding to € 1.1 million of annualised rental income<sup>2</sup>.
- The signed annualised committed leases represent € 129.3 million<sup>3</sup> (equivalent to 2.28 million m<sup>2</sup> of lettable area), a 24% increase since December 2018.

### Healthy level of construction activity

- A total of 11 projects completed delivering 175,000 m<sup>2</sup> of lettable area, representing €9.2 million of annualised committed leases.
- Additional 24 projects under construction which will create 480,000 m<sup>2</sup> of future lettable area, representing €24.7 million of annualised committed leases once built and fully let.

### Land bank has continued to expand

- Acquisition of 1.7 million m<sup>2</sup> of development land and a further 2.24 million m<sup>2</sup> committed subject to permits which brings the remaining total owned and secured land bank for development to 6.1 million m<sup>2</sup>, which supports 2.8 million m<sup>2</sup> of future lettable area.
- A further 2.0 million m<sup>2</sup> of new land plots identified which are under negotiation and having a development potential of 1.0 million m<sup>2</sup> of future lettable area.

### Announcement of two new milestone projects in Germany

- On 18 July 2019, VGP announced the development of a new 40 ha site business park for BMW and KraussMaffei Group near Munich which will offer 250,000m<sup>2</sup> of future lettable area whilst the construction phase is anticipated to start in October 2019, this project will have a timeframe of several years and involve an investment of more than € 500 million.
- The other project, VGP Park Laatzen, is a 28 ha land site near the Hannover Fair, which will offer 121,000 m<sup>2</sup> of future lettable area with KraussMaffei Berstorf as anchor tenant, with the construction kicking off in November 2019 and opening planned for the second half of 2020.
- The two new parks together are already 88% pre-let to-date.

### Strengthened and diversified board

- Our board has been strengthened as three new highly commendable independent members were elected to our board in May 2019: Mrs. Katherina Reiche, Mrs. Vera Gäde-Butzlaff and Mrs. Ann Gaeremynck.

---

<sup>1</sup> Of which 287,000 m<sup>2</sup> (€ 23.5 million) related to the own portfolio

<sup>2</sup> Of which 19,000 m<sup>2</sup> (€ 1.0 million) related to the VGP European Logistics portfolio

<sup>3</sup> For Joint Venture at 100%

- The new members replaced the former three independent directors, following the expiry of their statutory terms of independence qualification. As a result, the board maintained a ratio of 60 percent independent and the gender makeup now comprises 60 percent women.

#### Expansion of partnership with Allianz Real Estate through launch of second joint venture

- On 1 July 2019, VGP and Allianz announced the expansion of their strategic partnership with a new 50:50 joint venture “VGP European Logistics 2”, which is an investment vehicle targeting the acquisition of logistics assets from VGP in Austria, Italy, the Netherlands, Portugal, Romania and Spain.
- VGP and Allianz are targeting to grow the joint venture to a gross asset value of €1.7 billion within five years by exclusively acquiring prime assets developed by VGP in these countries.
- Allianz initial equity commitment into the new joint venture amounts to €350 million, which is similar to the first joint venture, VGP will service the new joint venture as its asset, property and development manager.

#### Balance sheet strengthened by a successful joint venture closing, with another closing just after the end of the reporting period and third closing envisaged before the end of the year

- VGP European Logistics joint venture saw one closing during the first half of 2019 for €203 million (net cash proceeds of €125.4 million)
- Gearing<sup>1</sup> on 30 June 2019 stood at 39.8%, (versus 34.6% at year-end 2018), well below the Company’s maximum consolidated gearing of 65%.
- After reporting period end, VGP European Logistics 2 saw the initial transaction closing on 31 July 2019 for an initial transaction value of € 175 million with gross proceeds of circa € 96 million. A further closing with VGP European Logistics (first joint venture) is expected to occur before the end of 2019. We current estimate the transaction value of this closing to be > € 150 million.

### KEY FINANCIAL METRICS

Operations and results	H1 2019	H1 2018	Change (%)
Signed committed annualised rental income (€mm)	27.0	18.5	45.9%
IFRS Operating profit (€mm)	96.1	91.1	5.6%
IFRS net profit (€mm)	75.0	74.8	0.3%
IFRS earnings per share (€ per share)	4.04	4.02	0.5%

Portfolio and balance sheet	30 Jun 19	31 Dec 18	Change (%)
Portfolio value, including joint venture at 100% (€mm)	2,249	1,936	16.2%
Portfolio value, including joint venture at share (€mm)	1,560	1,355	15.1%
EPRA NAV per share (€ per share)	32.51	30.94	5.1%
IFRS NAV per share (€ per share)	30.63	29.25	4.7%
Net financial debt (€mm)	510.9	419.3	21.8%
Gearing <sup>1</sup> (%)	39.8	34.6	-

<sup>1</sup> Calculated as Net debt / Total equity and liabilities

## CONFERENCE CALL FOR INVESTORS AND ANALYSTS

**VGP will host a conference call at 10:30 (CEST) on 23 August 2019**

The conference call will be available on:

- Belgium: 0800 58228 (toll free) / +32 (0)2 404 0659
- UK: 0800 358 6377 (toll free) / +44 (0)330 336 9105
- US: 800-239-9838 (toll free) / +1 323-794-2551
- Confirmation Code: 5567733

A presentation is available on VGP website:

<http://www.vgpparks.eu/investors/en/reports-and-presentations/presentations>

## CONTACT DETAILS FOR INVESTORS AND MEDIA ENQUIRIES

Martijn Vlutters (VP – Business Development & Investor Relations)	Tel: +32 (0)3 289 1433
Petra Vanclova (External Communications)	Tel: +42 0 602 262 107
Anette Nachbar Brunswick Group	Tel: +49 152 288 10363

## ABOUT VGP

VGP is a leading pan-European developer, manager and owner of high-quality logistics and semi-industrial real estate. VGP operates a fully integrated business model with capabilities and longstanding expertise across the value chain. The company has a well-advanced development land bank of 8.1 million m<sup>2</sup> and the strategic focus is on the development of business parks. Founded in 1998 as a family-owned real estate developer in the Czech Republic, VGP with a staff of 190 employees today owns and operates assets in 12 European countries directly and through VGP European Logistics, a joint venture with Allianz Real Estate. As of June 2019, the Gross Asset Value of VGP, including the joint venture at 100%, amounted to €2.2 billion and the company had a Net Asset Value (EPRA NAV) of €604 million. VGP is listed on Euronext Brussels and on the Prague Stock Exchange (ISIN: BE0003878957).

For more information, please visit: <http://www.vgpparks.eu>

**Forward-looking statements:** This press release may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. VGP is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release considering

new information, future events or otherwise. The information in this announcement does not constitute an offer to sell or an invitation to buy securities in VGP or an invitation or inducement to engage in any other investment activities. VGP disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release issued by VGP.



## BUSINESS REVIEW

During the first half of 2019 the strong market fundamentals of robust demand, disciplined supply, land scarcity and historic low vacancy rates continued. VGP benefited showing strong growth with letting activities continue to perform at record levels.

A fifth closing was made with VGP European Logistics in which the joint venture acquired 9 logistic buildings, including 3 buildings each in a new VGP park and another 6 newly completed logistic buildings which were developed in parks previously transferred to the Joint Venture. The 9 buildings are located in Germany (5) and in the Czech Republic (4). The transaction value was € 175 million, which included some future development pipeline. The net proceeds from this transaction (including disposed cash) amounted to € 125.4 million.

The signed annualised committed leases amount to € 129.3 million<sup>1</sup> at the end of June 2019 and represent a total of 2,276,000 m<sup>2</sup> of lettable area. Of this total space 764,000 m<sup>2</sup> belong to the own portfolio (635,000 m<sup>2</sup> as at 31 December 2018) and 1,512,000 m<sup>2</sup> to the VGP European Logistics joint venture (1,347,000 m<sup>2</sup> at 31 December 2018).

During the first half of 2019 VGP delivered a total of 11 projects representing 175,000 m<sup>2</sup> of lettable area, with an additional 24 projects under construction representing 480,000 m<sup>2</sup> of future lettable area.

The net valuation of the property portfolio as at 30 June 2019 showed a net valuation gain of € 65.3 million (against a net valuation gain of € 61.7 million per 30 June 2018).

The own investment property portfolio consists of 17 completed buildings representing 305,000 m<sup>2</sup> of lettable area whereas the Joint Venture property portfolio consists of 74 completed buildings representing 1,493,000 m<sup>2</sup> of lettable area.

Gearing level of the Group as at 30 June 2019 was 39.8%, up slightly versus 34.6% as at 31 December 2018, primarily as available cash balances were partially re-invested into new construction works.

---

<sup>1</sup> Including VGP European Logistics. As at 30 June 2019 the annualised committed leases for VGP European Logistics stood at € 79.6 million (Dec 2018: € 70.9 million).

## OPERATING RESULT

<i>(in thousands of €)</i>	<b>June 2019</b>	<b>June 2018</b>
<b>Revenue<sup>1</sup></b>	<b>14,804</b>	<b>15,686</b>
Gross rental income	7,354	8,970
Property operating expenses	(922)	(622)
<b>Net rental income</b>	<b>6,432</b>	<b>8,348</b>
Joint venture management fee income	4,943	4,585
Net valuation gains / (losses) on investment properties	65,296	61,734
Administration expenses	(9,853)	(8,384)
Share in result from joint ventures and associates	29,301	24,777
<b>Operating profit / (loss)</b>	<b>96,119</b>	<b>91,060</b>
Net financial results	(7,138)	(6,083)
<b>Profit before taxes</b>	<b>88,981</b>	<b>84,977</b>
Taxes	(13,949)	(10,188)
<b>Profit for the year</b>	<b>75,032</b>	<b>74,789</b>

### Net rental income

The net rental income decreased to € 6.4 million for the first half of 2019 compared to € 8.3 million for the first half of 2018 primarily due to the sale of the Mango building in September 2018 and after taking into effect the impact of the income generating assets delivered since June 2018 offset by the fifth closing with the first joint venture in April 2019.

Including VGP's share of the Joint Venture on a "look-through" basis net rental income increased by € 3.5 million, or 17% compared to H1 2018 (from € 20.7 million for the period ending 30 June 2018 to € 24.2 million for the period ending 30 June 2019)<sup>2</sup>.

### Annualised committed rent income

During the first half of 2019 we saw continued strong leasing growth with letting activities performing at record levels.

The increase in demand for lettable area resulted in the signing of new lease contracts during the first half of 2019 of € 27.0 million in total of which € 25.9 million related to new or replacement leases (€ 2.5 million on behalf of VGP European Logistics) and € 1.1 million (€ 1.0 million on behalf of VGP European Logistics) were related to renewals of existing lease contracts.

During the period lease contracts for a total amount of € 0.7 million (€ 0.1 million on behalf of VGP European Logistics) were terminated.

<sup>1</sup> Revenue is composed of gross rental income, service charge income, property and facility management income and property development income.

<sup>2</sup> See attached section 'Supplementary notes not part of the condensed financial information' for further details



Net, the annualised committed leases increased to € 129.3 million as at the end of June 2019<sup>1</sup> (compared to € 104.1 million as at 31 December 2018).

Germany was the main driver of the growth in committed leases with € 20.0 million of new leases signed during the year (€ 1.7 million on behalf of VGP European Logistics) but the other countries also performed well with new leases being signed in Spain for € 2.1 million (own portfolio), in the Czech Republic for € 1.8 million (€ 0.6 million on behalf of VGP European Logistics), in Italy for € 1.5 million (own portfolio) and in Romania for € 0.5 million (own portfolio).

As at 30 June 2019, the weighted average term of the combined own and joint venture portfolio stood at 8.6 years<sup>2</sup> (compared to 7.8 years as at 31 December 2018). The own portfolio stood at 10.4 years<sup>3</sup> and the Joint Venture portfolio stood at 7.4 years<sup>4</sup>.

The Group's completed property portfolio, including the own and Joint Venture property portfolio, reached an occupancy rate of 99.4% at the end of June 2019 compared to 99.3% at the end of December 2018.

The signed annualised committed leases represent € 129.3 million<sup>5</sup> at the end of June 2019 represent a total of 2,276,000 m<sup>2</sup> of lettable area. Of this total space 764,000 m<sup>2</sup> belong to the own portfolio (635,000 m<sup>2</sup> as at 31 December 2018) and 1,512,000 m<sup>2</sup> to the VGP European Logistics joint venture (1,347,000 m<sup>2</sup> at 31 December 2018).

### **Net valuation gains on the property portfolio**

As at 30 June 2019 the net valuation gains on the property portfolio reached € 65.3 million compared to a net valuation gain of € 61.7 million for the period ended 30 June 2018.

The low yields in real estate valuations continued to persist during the first half of the year.

The own property portfolio, excluding development land but including the buildings being constructed on behalf of the Joint Venture, is valued by the valuation expert at 30 June 2019 based on a weighted average yield of 6.40% (compared to 6.29% as at 31 December 2018) applied to the contractual rents increased by the estimated rental value on unlet space.

The (re)valuation of the own portfolio was based on the appraisal report of the property expert Jones Lang LaSalle.

---

<sup>1</sup> Including VGP European Logistics (joint venture with Allianz Real Estate). As at 30 June 2019 the annualised committed leases for VGP European Logistics stood at € 79.6 million compared to € 70.9 million as at 31 Dec '18

<sup>2</sup> Weighted average term of the combined committed leases up to the first break stands at 8.0 years at 30 Jun '19

<sup>3</sup> Weighted average term of the own portfolio committed leases up to the first break stands at 9.9 years at 30 Jun '19

<sup>4</sup> Weighted average term of the JV portfolio committed leases up to the first break stands at 6.8 years at 30 Jun '19

<sup>5</sup> Including VGP European Logistics. At 30 Jun '19 the annualised committed leases for VGP European Logistics stood at € 79.6 million (Dec 2018: € 70.9 million).

### **Income from Joint venture**

The Joint Venture management fee income increased by € 0.4 million to € 4.9 million. The increase was mainly due to the growth of the Joint Venture portfolio, offsetting a lower development fee driven by less development activities undertaken on behalf of the Joint Venture during the period.

Property and facility management fee income increased from € 2.7 million for the period ending 30 June 2018 to € 3.7 million for the period ending 30 June 2019. The development management fee income generated during the period was € 1.2 million compared to € 1.9 million for the period ending 30 June 2018.

### **Share in result of the Joint Venture**

VGP's share of the Joint Venture's profit for the period increased by € 4.5 million from € 24.8 million for the period ending 30 June 2018 to € 29.3 million for the period ending 30 June 2019, reflecting the increased income generating contribution of the Joint Venture portfolio and the contraction of the yields on the investment properties.

Net rental income at share increased to € 17.8 million for the period ending 30 June 2019 compared to € 12.3 million for the period ended 30 June 2018. The increase reflects the underlying growth of the Joint Venture Portfolio resulting from the different closings made between the Joint Venture and VGP since May 2016.

At the end of June 2019, the Joint Venture (100% share) had € 79.6 million of annualised committed leases representing 1,512,000 m<sup>2</sup> of lettable area compared to € 70.9 million of annualised committed leases representing 1,347,000 m<sup>2</sup> at the end of December 2018.

The net valuation gains on investment properties at share increased to € 28.9 million for the period ending 30 June 2019 (compared to € 23.4 million for the period ending 30 June 2018). The VGP European Logistics portfolio, excluding development and the buildings being constructed by VGP on behalf of the Joint Venture, was valued at a weighted average yield of 5.23% as at 30 June 2019 (compared to 5.31% as at 31 December 2018) reflecting the further contraction of the yields during the first half of 2019. The (re)valuation of the Joint Venture portfolio was based on the appraisal report of the property expert Jones Lang LaSalle.

The net financial expenses of the Joint Venture at share for the period ending 30 June 2019 increased to € 9.5 million from € 5.4 million for the period ending 30 June 2018. For the period ending 30 June 2019, the financial income at share was € (0.1) million (€ 0.3 million for the period ending 30 June 2018). The financial expenses at share increased from € 5.7 million for the period ending 30 June 2018 to € 9.4 million for the period ending 30 June 2019 and included € 1.7 million interest on shareholder debt (€ 1.7 million as at 30 June 2018), € 3.4 million interest on financial debt (€ 2.5 million as at 30 June 2018), € 2.3 million unrealised losses on interest rate derivatives (€ 1.6 million as at 30 June 2018) and € 2.1 million other financial expenses (€ 0.5 million as at 30 June 2018) mainly relating to the amortisation of capitalised finance costs on bank borrowings.

### **Administrative costs**

The administrative costs for the period were € 9.9 million compared to € 8.4 million for the period ended 30 June 2018, reflecting the continued growth of the VGP team in order to support the growth of the development activities of the Group and its geographic expansion. As at 30 June 2019 the VGP team comprised more than 190 people active in 12 different countries.

### **Net financial costs**

For the period ending 30 June 2019, the financial income was € 2.5 million (€ 3.5 million for the period ending 30 June 2018) driven by € 2.5 million interest income on loans granted to VGP European Logistics (€ 3.0 million for the period ending 30 June 2018) whilst no net foreign exchange gains were booked (€ 0.4 million for the period ending 30 June 2018).

The reported financial expenses as at 30 June 2019 of € 9.7 million (€ 9.6 million as at 30 June 2018) are mainly made up of € 10.6 million expenses related to financial debt (€ 9.2 million as at 30 June 2018) and other financial expenses of € 0.8 million (compared to € 0.8 million as at 30 June 2018), partially offset by € 1.9 million of capitalised interests (€ 1.4 million as at 30 June 2018). The period saw no fair value loss on interest rate derivatives (compared to a loss of € 1.0 million as at 30 June 2018).

As a result, the net financial costs reached € 7.1 million for the period ending 30 June 2019 compared to € 6.1 million at the end of June 2018.

Shareholder loans to VGP European Logistics amounted to € 125.6 million as at 30 June 2019 (compared to € 143.3 million as at 30 June 2018) of which € 72.5 million (€ 101.9 million as at 30 June 2018) was related to financing of the buildings under construction and development land held by the VGP European Logistics joint venture.

## **EVOLUTION OF THE DEVELOPMENT ACTIVITIES**

The development activities in the first half of 2019 can be summarised as follows:

### **Completed projects**

During the first half of the year 11 projects were completed totalling 175,000 m<sup>2</sup> of lettable area and representing €9.2 million of annualised committed leases (€6.7 million for VGP's own account and €2.6 million for the Joint Venture).

For its own account VGP delivered 7 buildings totalling 116,000 m<sup>2</sup> of lettable area:

- Spain: 2 building in VGP Park San Fernando de Henares of 20,000 m<sup>2</sup> and 12,000 m<sup>2</sup> respectively and 1 building in VGP Park Mango of 32,000 m<sup>2</sup>;
- Germany: 1 building in VGP Park Wustermark of 12,000 m<sup>2</sup>, 1 building in VGP Park Gottingen 2 of 6,000 m<sup>2</sup> and 1 building in VGP Park Bischofsheim of 6,000 m<sup>2</sup>;
- Latvia: 1 building in VGP Park Kekava of 27,000 m<sup>2</sup>.

For VGP European Logistics 4 buildings were delivered totalling 59,000m<sup>2</sup> of lettable area:

- Germany: 1 building in VGP Park Gottingen of 39,000 m<sup>2</sup> and 2 buildings in VGP Park Leipzig of 10,000 m<sup>2</sup> and 7,000 m<sup>2</sup> respectively;
- Czech Republic: 1 building in VGP Park Jenec of 4,000 m<sup>2</sup>.

## Projects under construction

At the end of June 2019, VGP had 24 buildings under construction for a total future lettable area of 480,000 m<sup>2</sup>. The new buildings under construction, which are pre-let for 57%<sup>1</sup>, represent €24.7 million of annualised leases when fully built and let.

For its own account VGP had 21 buildings under construction totalling 441,000 m<sup>2</sup> of lettable area representing €22.8 million of annualised leases:

- Germany: 4 buildings in VGP Park Berlin 3, 1 building in VGP Park Halle, 1 building in VGP Park Wustermark and 1 building in VGP Park Chemnitz and 1 building in VGP Park Giessen-Buseck;
- Czech Republic: 3 building in VGP Park Olomouc;
- Spain: 1 building in VGP Park San Fernando de Henares;
- Romania: 1 building in VGP Park Timisoara and 1 building in VGP Park Sibiu;
- Hungary: 1 building in VGP Park Kecskemet and 1 building in VGP Park Hatvan;
- Italy: 1 building in VGP Park Calcio and 2 buildings in VGP Park Valsamoggia;
- Netherlands: 1 building in VGP Park Nijmegen and 1 building in VGP Park Roosendaal.

On behalf of the Joint Venture, VGP is constructing 3 new buildings totalling 39,000 m<sup>2</sup> of lettable area representing €1.9 million of annualised leases:

- Czech Republic: 1 building in VGP Park Olomouc and 1 building in VGP Park Chomutov;
- Slovakia: 1 building in VGP Park Malacky.

## Land bank

During the first half of the year, VGP continued to acquire new land plots to support the future development pipeline. During this period, VGP acquired 1,700,000 m<sup>2</sup> of land with a future development potential of 850,000 m<sup>2</sup>. Of these land plots, 795,000 m<sup>2</sup> (47%) is in Germany, 575,000 m<sup>2</sup> in Slovakia (34%), 87,000 m<sup>2</sup> (5%) in Netherlands, 84,000 m<sup>2</sup> (5%) in Spain and 81,000 m<sup>2</sup> (5%) in Hungary and the remainder in Italy and Romania.

As at 30 June 2019, VGP had another 2.24 million m<sup>2</sup> of secured land plots which are expected to be purchased during the next 6-18 months, subject to obtaining the necessary permits. This brings the remaining total owned and secured land bank for development to 6.1 million m<sup>2</sup> which represents a remaining development potential of 2.8 million m<sup>2</sup> of which 950,000 m<sup>2</sup> in Germany, 565,000 m<sup>2</sup> in the Czech Republic, 320,000 m<sup>2</sup> in Slovakia, 315,000 m<sup>2</sup> in Romania, 245,000 m<sup>2</sup> in Spain, 130,000 m<sup>2</sup> in Hungary and 100,000 m<sup>2</sup> in Netherlands, 78,000 m<sup>2</sup> in Italy, 45,000 m<sup>2</sup> in Austria and 30,000 m<sup>2</sup> in Portugal. Included in the above is the remaining 155,000 m<sup>2</sup> development land bank held by the Joint Venture with a development potential of circa 60,000 m<sup>2</sup> of new lettable area.

Besides the owned and secured land bank, VGP has signed non-binding agreements and is currently performing due diligence investigations, on an exclusive basis, on the potential acquisitions of in total circa 2.0 million m<sup>2</sup> of new land plots located in Germany, Romania, Spain, Italy, Czech Republic and the Netherlands. This land represents a development potential of circa 1 million m<sup>2</sup> and it is expected that a significant number of these land plots will be contractually locked in during the next 12 months.

---

<sup>1</sup> Calculated based on the contracted rent and estimated market rent for the vacant space.

## **DISPOSAL GROUP HELD FOR SALE**

The balance of the Disposal group held for sale increased from € 275.0 million as at 31 December 2018 to € 291.0 million as at 30 June 2019. The net increase is mainly driven by reclassified assets of VGP's investment properties earmarked for the first closing with VGP European Logistics2 joint venture which occurred after the reporting period end on 31 July 2019 for an initial transaction value of € 175 million and generated gross proceeds of € 96 million.

Under the respective joint venture agreements, **VGP European Logistics** has an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP that are in Germany, the Czech Republic, Slovakia and Hungary and **VGP European Logistics 2** has a similar right for Austria, Italy, the Netherlands, Portugal, Romania and Spain. The development pipeline which is transferred to either of the two joint ventures as part of the different closings between the joint ventures and VGP is being developed at VGP's own risk and subsequently acquired and paid for by the respective joint venture subject to pre-agreed completion and lease parameters. The fair value of the asset under construction which are being developed by VGP on behalf of VGP European Logistics and VGP European Logistics 2 amounted to € 108.1 million as at 30 June 2019 (compared to € 154.5 million as at 31 December 2018).

## **FINANCING**

The financial debt increased from € 586.9 million as at 31 December 2018 to € 591.3 million as at 30 June 2019 of which € 14.7 million of outstanding bank debt related to disposal group held for sale and which has been repaid after the end of the reporting period as part of the initial closing with VGP European Logistics 2 on 31 July 2019.

The gearing ratio<sup>1</sup> of the Group increased from 34.6% at 31 December 2018 to 39.8% as at 30 June 2019. The gearing remains well within the Company's maximum consolidated gearing of 65%.

## **DIVIDEND**

At the Annual General Meeting held on 10 May 2019 a distribution of a gross dividend of € 40.9 million equal to €2.20 per share for year 2018 was approved and this has since been distributed to shareholders on 22 May 2019.

## **EVENTS AFTER BALANCE SHEET DATE**

At the beginning of July 2019, the Group entered into a new 50:50 joint venture with Allianz Real Estate – VGP European Logistics 2 – for an initial term of 10 years. VGP European Logistics 2 targets the acquisition of assets developed by VGP in Austria, Italy, the Netherlands, Portugal, Romania and Spain. On 31 July 2019 a first closing was realized whereby VGP European Logistics 2 completed the acquisition of 3 parks from VGP, comprising of 8 logistic buildings of which 3 buildings are located in Spain, 1 building in Austria and 4 buildings in Romania.

---

<sup>1</sup> Calculated as Net debt / Total equity and liabilities

The initial transaction value is € 175 million, which includes some future development pipeline. The gross proceeds from this transaction amounts to circa € 96 million<sup>1</sup>.

In July 2019 also successfully completed the acquisition of the new VGP Park Laatzen development land (circa 28 ha) and for VGP Park München contractual terms were agreed with the Free State of Bavaria and approved by the Budget Committee of the Bavarian Parliament whereby VGP acquired 67ha from the Free State of Bavaria by way of an exchange contract, in which approx. 67 ha of land was acquired by VGP and approx. 52 ha were exchanged.

---

<sup>1</sup> After prepayment of €14.6 million secured bank loan with Raiffeisen Romania



## **OUTLOOK SECOND HALF 2019**

Based on the continued strong demand for lettable area as recorded during the first half of 2019, VGP expects to be able to continue expanding its rental income and property portfolio through the completion and start-up of additional new buildings in the second half of 2019. Development activities are anticipated to expand during the second half of 2019, in particular with the start of construction works of two significant and largely pre-let projects in Germany – VGP Park Munich and VGP Park Laatzen –, and other large projects currently in the pipeline. Our pipeline is supported by solid demand from potential tenants, driven by increasing e-commerce adoption rates and supply chain reconfigurations.

As we increasingly leverage the realised geographic expansion of VGP's footprint these development activities are underpinned by the current owned as well as committed land bank on top locations across Europe which should provide a solid base to support and fuel the development activities.

In terms of further expansion with the joint ventures, a further closing with VGP European Logistics (first joint venture) is expected to occur before the end of 2019. We current estimate the transaction value of this closing to be > € 150 million.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS<sup>1</sup>

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

INCOME STATEMENT <i>(in thousands of €)</i>	NOTE	30.06.2019	30.06.2018
Revenue <sup>2</sup>	4	14,804	15,686
Gross rental income	4	7,354	8,970
Property operating expenses		(922)	(622)
<b>Net rental income</b>		<b>6,432</b>	<b>8,348</b>
Joint Venture management fee income	4	4,943	4,585
Net valuation gains / (losses) on investment properties	5	65,296	61,734
Administration expenses		(9,853)	(8,384)
Share in result of joint ventures and associates	6	29,301	24,777
<b>Operating profit / (loss)</b>		<b>96,119</b>	<b>91,060</b>
Financial income	7	2,538	3,474
Financial expenses	7	(9,676)	(9,557)
<b>Net financial result</b>		<b>(7,138)</b>	<b>(6,083)</b>
<b>Profit before taxes</b>		<b>88,981</b>	<b>84,977</b>
Taxes <sup>3</sup>		(13,949)	(10,188)
<b>Profit for the period</b>		<b>75,032</b>	<b>74,789</b>
Attributable to:			
Shareholders of VGP NV		75,032	74,789
Non-controlling interests			-
<b>RESULT PER SHARE</b>		<b>30.06.2019</b>	<b>30.06.2018</b>
Basic earnings per share (in €)	8	4.04	4.02
Diluted earnings per share (in €)	8	4.04	4.02

<sup>1</sup> The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

<sup>2</sup> Revenue is composed gross rental income, service charge income and joint venture management fee income.

<sup>3</sup> The change in taxes of the first half of 2019 compared to the first half of 2018 is mainly driven by the country in which profits are recognized: profits recognized in 2019 were realized in countries with (on average) higher tax rates

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the period ended 30 June

<b>STATEMENT OF COMPREHENSIVE INCOME</b> <i>(in thousands of €)</i>	<b>30.06.2019</b>	<b>30.06.2018</b>
<b>Profit for the period</b>	<b>75,032</b>	<b>74,789</b>
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>	-	-
<b>Other comprehensive income for the period</b>	-	-
<b>Total comprehensive income / (loss) of the period</b>	<b>75,032</b>	<b>74,789</b>
Attributable to:		
Shareholders of VGP NV	<b>75,032</b>	<b>74,789</b>
Non-controlling interest	-	-

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**For the period ended**

<b>ASSETS</b> (in thousands of €)	<b>NOTE</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Intangible assets		44	41
Investment properties	9	540,968	468,513
Property, plant and equipment		3,058	742
Non-current financial assets		0	-
Investments in joint ventures and associates	6	298,708	241,427
Other non-current receivables	6	53,132	41,461
Deferred tax assets		928	785
<b>Total non-current assets</b>		<b>896,838</b>	<b>752,969</b>
Trade and other receivables		22,665	23,064
Cash and cash equivalents		72,726	161,446
Disposal group held for sale	12	290,963	274,939
<b>Total current assets</b>		<b>386,354</b>	<b>459,449</b>
<b>TOTAL ASSETS</b>		<b>1,283,192</b>	<b>1,212,418</b>

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> (in thousands of €)	<b>NOTE</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Share capital		62,251	62,251
Retained earnings		506,879	481,147
Other reserves		69	69
<b>Shareholders' equity</b>		<b>569,199</b>	<b>543,467</b>
Non-current financial debt	10	564,899	564,375
Other non-current financial liabilities		0	60
Other non-current liabilities	11	37,810	1,215
Deferred tax liabilities		18,028	16,692
<b>Total non-current liabilities</b>		<b>620,737</b>	<b>582,342</b>
Current financial debt	10	11,724	22,479
Trade debts and other current liabilities		45,032	38,769
Liabilities related to disposal group held for sale	12	36,500	25,361
<b>Total current liabilities</b>		<b>93,256</b>	<b>86,609</b>
<b>Total liabilities</b>		<b>713,993</b>	<b>668,951</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,283,192</b>	<b>1,212,418</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the period ended 30 June**

<b>STATEMENT OF CHANGES IN EQUITY</b> <i>(in thousands of €)</i>	<b>Statutory share capital</b>	<b>Capital reserve <sup>1</sup></b>	<b>IFRS share capital</b>	<b>Retained earnings</b>	<b>Share premium</b>	<b>Other equity</b>	<b>Total equity</b>
<b>Balance as at 1 January 2018</b>	<b>92,667</b>	<b>(30,416)</b>	<b>62,251</b>	<b>403,910</b>	<b>69</b>	-	<b>466,230</b>
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Result of the period	-	-	-	74,789	-	-	<b>74,789</b>
Effect of disposals	-	-	-	-	-	-	-
<b>Total comprehensive income / (loss)</b>	-	-	-	<b>74,789</b>	-	-	<b>74,789</b>
Dividends to shareholders	-	-	-	(35,308)	-	-	<b>(35,308)</b>
Share capital distribution to shareholders	-	-	-	-	-	-	-
<b>Balance as at 30 June 2018</b>	<b>92,667</b>	<b>(30,416)</b>	<b>62,251</b>	<b>443,391</b>	<b>69</b>	-	<b>505,711</b>
<hr/>							
<b>Balance as at 1 January 2019</b>	<b>92,667</b>	<b>(30,416)</b>	<b>62,251</b>	<b>481,147</b>	<b>69</b>	-	<b>543,467</b>
Other comprehensive income / (loss)	-	-	-	-	-	-	<b>0</b>
Result of the period	-	-	-	75,032	-	-	<b>75,032</b>
Effect of disposals	-	-	-	-	-	-	<b>0</b>
<b>Total comprehensive income / (loss)</b>	-	-	-	<b>75,032</b>	-	-	<b>75,032</b>
Dividends to shareholders	-	-	-	(40,883)	-	-	<b>(40,883)</b>
Share capital distribution to shareholders	-	-	-	-	-	-	<b>0</b>
Remeasurement of VGP Misv management incentive plan <sup>2</sup>	-	-	-	(8,417)	-	-	<b>(8,417)</b>
<b>Balance as at 30 June 2019</b>	<b>92,667</b>	<b>(30,416)</b>	<b>62,251</b>	<b>506,879</b>	<b>69</b>	-	<b>569,199</b>

<sup>1</sup> Capital reserve relates to the elimination of the contribution in kind of the shares of a number of Group companies and the deduction of all costs in relation to the issuing of the new shares and the stock exchange listing of the existing shares from the equity of the company, at the time of the initial public offering ("IPO") in 2007.

<sup>2</sup> As from 2019 the remaining VGP Misv plan has been considered a cash-settled plan for which an EUR 8.4 million opening equity adjustment has been recognised, reflecting the total cash lay-out of VGP NV if the latter were to acquire the remaining 20.09% VGP Misv Comm. VA. shares.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
For the period ended 30 June

<b>CASH FLOW STATEMENT</b> <i>(in thousands of €)</i>	<b>30.06.2019</b>	<b>30.06.2018</b>
<i>Cash flows from operating activities</i>		
Profit before taxes	88,981	84,977
<i>Adjustments for:</i>		
Depreciation	135	60
Unrealised (gains) / losses on investment properties	(60,906)	(46,354)
Realised (gains) / losses on disposal of subsidiaries and investment properties	(4,390)	(15,380)
Unrealised (gains) / losses on financial instruments and foreign exchange	173	539
Interest (income)	(2,527)	(3,037)
Interest expense	9,492	8,581
Share in (profit)/loss of joint venture and associates	(29,301)	(24,777)
<b>Operating profit before changes in working capital and provisions</b>	<b>1,657</b>	<b>4,609</b>
Decrease/(Increase) in trade and other receivables	(2,876)	(4,385)
(Decrease)/Increase in trade and other payables	2,158	(10,615)
<b>Cash generated from the operations</b>	<b>939</b>	<b>(10,391)</b>
Interest income	26	18
Interest (expense)	(6,693)	(3,326)
Income taxes paid	(145)	(271)
<b>Net cash from operating activities</b>	<b>(5,873)</b>	<b>(13,970)</b>
<i>Cash flows from investing activities</i>		
Proceeds from disposal of tangible assets and other	22	29
Proceeds from disposal of subsidiaries and investment properties	125,352	289,704
Investment property and investment property under construction	(159,134)	(105,023)
Distribution by / (investment in) joint venture and associates		0
Loans provided to joint venture and associates	(11,332)	(49,721)
Loans repaid by joint venture and associates	4,407	
<b>Net cash used in investing activities</b>	<b>(40,685)</b>	<b>134,989</b>
<i>Cash flows from financing activities</i>		
Dividends paid	(40,883)	(35,308)
Net Proceeds / (cash out) from the issue / (repayment) of share capital		-
Proceeds from loans		-
Loan repayments	(350)	(375)
<b>Net cash used in financing activities</b>	<b>(41,233)</b>	<b>(35,683)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(87,792)</b>	<b>85,336</b>
Cash and cash equivalents at the beginning of the period	161,446	30,269
Effect of exchange rate fluctuations	581	671
Reclassification to (-) / from held for sale	(1,509)	11,253
<b>Cash and cash equivalents at the end of the period</b>	<b>72,726</b>	<b>127,529</b>



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### For the period ended 30 June

#### 1 Basis of preparation

The condensed interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”, as adopted by the European Union. The consolidated financial information was approved for issue on 22 August 2019 by the Board of Directors.

#### 2 Significant accounting policies

The condensed interim financial statements are prepared on a historic cost basis, with the exception of investment properties and investment property under construction as well as financial derivatives which are stated at fair value. All figures are in thousands of Euros (*EUR '000*).

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018 except for following new standards, amendments to standards and interpretations and the accounting policy re share based payments, which became effective during the first half year of 2019:

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement*
- Amendments to IAS 28 *Long term interests in Associates and Joint Ventures*
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- Annual improvements to IFRS Standards 2015-2017 Cycle

The initial recognition of the above new standards did not have a material impact on the financial position and performance of the Group. The impact of the adoption of IFRS 16 leasing standard on the Group as lessee are disclosed below.

##### IFRS 16 Leases – Group as a lessee

The Group has applied IFRS 16, ‘Leases’ on 1 January 2019. In accordance with the transition provisions in IFRS 16, the new rules have been adopted retrospectively, where the right of use assets are equal to the lease liabilities as at 1 January 2019. Comparatives for the 2018 financial year have not been restated.

The table below shows the amount of the adjustment for each section of the financial statements due to application of IFRS 16 as of 1 January 2019.

<b>In thousands €</b>	
Property, plant and equipment	1,977
Other non-current liabilities	(1,520)
Trade debts and other current liabilities	(457)

The following table summarizes reconciliation of the operating lease commitments reported in accordance with IAS 17 as of 31 December 2018 with the opening lease liability recognised in accordance with IFRS 16 as of 1 January 2019.

<b>In thousands €</b>	
Operating lease commitments at 31 December 2018 as disclosed in the VGP consolidated financial statements	2,246
Discount using the incremental borrowing rate at 1 January 2019	(225)
Recognition exemption for short term leases	(44)
<b>Lease liability recognised at 1 January 2019</b>	<b>1,977</b>

There is no impact on opening retained earnings at 1 January 2019.

### **Accounting policies – Share based payments**

#### *Share based payment transactions of the Company*

Per 30 June 2019 the Company only has cash-settled share-based payment plans. For cash settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at their value of the liability. At each reporting date until the liability is settled and at the date on settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

New standards, amendments to standards and interpretations not yet effective during the first half year of 2019:

- Amendments to IAS 1 and IAS 8 *Definition of Material* (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IFRS 3 *Business Combinations* (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- IFRS 14 *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 17 *Insurance Contracts* (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)

### 3 Segment reporting

The chief operating decision maker is the person that allocates resources to and assesses the performance of the operating segments. The Group has determined that its chief operating decision-maker is the chief executive officer (CEO) of the Company. He allocates resources to and assesses the performance at business line and country level.

The segmentation for segment reporting within VGP is based on the Group's business lines.

#### 3.1 Business lines (operating segments)

Business decisions are taken based on various key performance indicators (such as rental income, - activity, occupancy and development yields) and are monitored in this way as VGP primarily focuses on (i) development activities; (ii) letting logistical sites; and finally (iii) asset- and property management (including facility management) mainly provided to the VGP European Logistics joint venture.

For management purpose, the Group also presents financial information according to management breakdowns, based on these functional allocations of revenues and costs. These amounts are based on a number of assumptions, and accordingly are not prepared in accordance with IFRS audited consolidated financial statements of VGP NV for the periods ended 30 June 2019 and the year ended 31 December 2018.

In July 2019, the Group entered into a new 50/50 joint venture with Allianz Real Estate -VGP European Logistics 2- for an initial term of 10 years. VGP European Logistics 2 targets the acquisition of assets developed by VGP in Austria, Italy, the Netherlands, Portugal, Romania and Spain. This second joint venture follows the first joint venture -VGP European Logistics -, launched in March 2016 and which targets the acquisition of assets developed by VGP in Germany, the Czech Republic, Slovakia and Hungary. Consequently, as from 2019 onwards the business lines have been amended to take the new VGP European Logistics 2 joint venture into consideration.

##### *Investment business*

The Group's investment or so-called rental business consists of operating profit generated by the completed and leased out projects of the Group's portfolio and the proportional share of the operating profit (excluding net valuation gains) of the completed and leased out projects of the Joint Ventures' portfolio. Revenues and expenses allocated to the rental business unit include 10% of the Group's property operating expenses; other income; other expenses, after deduction of expenses allocated to property development; and share in result of the joint ventures, excluding any revaluation result.

##### *Property development*

The Group's property development business consists of the net development result on the Group's development activities. Valuation gains (losses) on investment properties outside the VGP European Logistics and VGP European Logistics 2 joint venture perimeter i.e. Latvia are excluded, as they are assumed to be non-cash generating, on the basis that these assets are assumed to be kept in the Group's own portfolio for the foreseeable future. In addition, 90% of total property operating expenses are allocated to the property development business, as are administration expenses after rental business and property management expenses.

##### *Property and asset management*

Property and asset management revenue includes asset management, property management and facility management income. Associated operating, administration and other expenses include directly allocated expenses from the respective asset management, property management and facility management service companies. The administrative expenses of the Czech and German property management companies have

been allocated on a 50:50 basis between the rental business and the property and asset management business.

*Breakdown summary of the business lines*

<i>In thousands of €</i>	30.06.2019	30.06.2018
Investment EBITDA	23,488	20,644
Property development EBITDA	55,751	31,439
Property management and asset management EBITDA	3,622	4,614
<b>Total operating EBITDA</b>	<b>82,860</b>	<b>56,698</b>

<i>In thousands of €</i>	For the year ended 30 June 2019			
	Investment	Development	Property and asset management	Total
Gross rental income	7,354	-	-	7,354
Property operating expenses	(92)	(830)	-	(922)
<b>Net rental income</b>	<b>7,262</b>	<b>(830)</b>	-	<b>6,432</b>
Joint venture management fee income	-	-	4,943	4,943
Net valuation gains / (losses) on investment properties destined to the joint ventures	-	63,916	-	63,916
Administration expenses	(1,062)	(7,335)	(1,322)	(9,718)
Share of joint ventures' adjusted operating profit after tax <sup>1</sup>	17,287	-	-	17,287
<b>EBITDA</b>	<b>23,488</b>	<b>55,751</b>	<b>3,622</b>	<b>82,860</b>
				<b>0</b>
Depreciation and amortisation	-	(95)	(40)	(135)
<b>Earnings before interest and tax</b>	<b>23,488</b>	<b>55,656</b>	<b>3,582</b>	<b>82,725</b>
Net financial costs - Own				(7,149)
Net financial costs - joint ventures and associates				(7,204)
<b>Profit before tax</b>				<b>68,372</b>
Current income taxes - Own				(145)
Current income taxes - joint ventures and associates				(698)
<b>Recurrent net income</b>				<b>67,529</b>
Net valuation gains / (losses) on investment properties - other countries <sup>2</sup>				1,379
Net valuation gains / (losses) on investment properties - joint ventures and associates				28,879
Net fair value gain/(loss) on interest rate swaps and other derivatives				11
Net fair value gain/(loss) on interest rate swaps and other derivatives - joint ventures and associates				(2,260)
Deferred taxes -Own				(13,804)
Deferred taxes -joint ventures and associates				(6,702)
<b>Reported profit for the period</b>				<b>75,032</b>

<sup>1</sup> The adjustments to the share of profit from the joint venture (at share) are composed of € 28.9 million of net valuation gains/(losses) on investment properties, € 2.3 million of net fair value gain/(loss) on interest rate derivatives and € 6.7 million of deferred taxes in respect of these adjustments.

<sup>2</sup> Relates to developments in countries outside of the joint ventures' perimeter i.e. Latvia.

<i>In thousands of €</i>	For the year ended 30 June 2018			
	Investment	Development	Property and asset management	Total
Gross rental income	8,970	-	-	8,970
Property operating expenses	(62)	(560)	-	(622)
<b>Net rental income</b>	<b>8,908</b>	<b>(560)</b>	-	<b>8,348</b>
Joint venture management fee income	-	-	4,585	4,585
Net valuation gains / (losses) on investment properties destined to the joint ventures	-	40,311	-	40,311
Administration expenses	-	(8,312)	29	(8,283)
Share of joint ventures' adjusted operating profit after tax <sup>1</sup>	11,737	-	-	11,737
<b>EBITDA</b>	<b>20,644</b>	<b>31,439</b>	<b>4,614</b>	<b>56,698</b>
				<b>0</b>
Depreciation and amortisation	0	(72)	(29)	(101)
<b>Earnings before interest and tax</b>	<b>20,644</b>	<b>31,367</b>	<b>4,585</b>	<b>56,597</b>
Net financial costs - Own				(5,119)
Net financial costs - joint ventures and associates				(3,804)
<b>Profit before tax</b>				<b>47,674</b>
Current income taxes - Own				(271)
Current income taxes - joint ventures and associates				(361)
<b>Recurrent net income</b>				<b>47,042</b>
Net valuation gains / (losses) on investment properties - other countries <sup>2</sup>				21,423
Net valuation gains / (losses) on investment properties - joint ventures and associates				23,356
Net fair value gain/(loss) on interest rate swaps and other derivatives				(964)
Net fair value gain/(loss) on interest rate swaps and other derivatives - joint ventures and associates				(1,570)
Deferred taxes -Own				(9,917)
Deferred taxes -joint ventures and associates				(4,580)
<b>Reported profit for the period</b>				<b>74,789</b>

<sup>1</sup> The adjustments to the share of profit from the joint venture (at share) are composed of € 23.4 million of net valuation gains/(losses) on investment properties, € 1.6 million of net fair value gain/(loss) on interest rate derivatives and € 4.6 million of deferred taxes in respect of these adjustments.

<sup>2</sup> Relates to developments in countries outside of the joint venture's perimeter i.e. Spain, Romania and Latvia.

## 3.2 Geographical information

This basic segmentation reflects the geographical markets in Europe in which VGP operates. VGP's operations are split into the individual countries where it is active. This segmentation is important for VGP as the nature of the activities and the customers have similar economic characteristics within those segments.

<b>30 June 2019</b>							
<i>In thousands of €</i>	<b>Gross rental income<sup>1</sup></b>	<b>Net rental income<sup>1</sup></b>	<b>Share of joint venture's operating EBITDA</b>	<b>Operating EBITDA (Incl. JV at share)</b>	<b>Investment properties Own</b>	<b>Investment properties JV at share</b>	<b>Capital expenditure<sup>2</sup></b>
Western Europe							
Germany	14,008	11,586	11,117	35,004	295,071	514,254	89,792
Spain	1,611	892	-	2,750	170,225	-	22,644
Austria	572	513	-	2,438	21,918	-	18
Netherlands	-	(156)	-	17,794	71,070	-	18,708
Italy	-	122	-	5,539	19,791	-	10,178
Portugal	-	(30)	-	(119)	178	-	178
	<b>16,191</b>	<b>12,927</b>	<b>11,117</b>	<b>63,406</b>	<b>578,253</b>	<b>514,254</b>	<b>141,519</b>
Central and Eastern Europe							
Czech Republic	5,380	6,031	4,435	9,380	73,242	172,585	13,052
Slovakia	990	914	905	1,189	41,424	23,209	28,418
Hungary	1,070	1,503	831	2,051	15,621	28,444	5,985
Romania	1,944	1,667	-	6,279	75,391	-	7,010
	<b>9,383</b>	<b>10,114</b>	<b>6,170</b>	<b>18,898</b>	<b>205,678</b>	<b>224,237</b>	<b>54,465</b>
Baltics							
Latvia	1,033	855	-	<b>816</b>	37,699	-	2,680
Other <sup>3</sup>	-	290	-	(260)	-	-	-
<b>Total</b>	<b>26,607</b>	<b>24,186</b>	<b>17,287</b>	<b>82,860</b>	<b>821,630</b>	<b>738,491</b>	<b>198,665</b>

<sup>1</sup> Includes joint venture at share.

<sup>2</sup> Capital expenditures includes additions and acquisition of investment properties and development land but does not include tenant incentives, letting fees, and capitalised interest. Capital expenditure directly incurred for the own portfolio amounts to € 192.3 million and amounts to € 6.4 million on development properties of the Joint Venture.

<sup>3</sup> Other includes the Group central costs and costs relating to the operational business which are not specifically geographically allocated.



30 June 2018							
<i>In thousands of €</i>	Gross rental income <sup>1</sup>	Net rental income <sup>1</sup>	Share of joint venture's operating EBITDA	Operating EBITDA (Incl. JV at share)	Investment properties Own	Investment properties JV at share	Capital expenditure <sup>2</sup>
Western Europe							
Germany	10,103	8,896	7,690	31,187	203,122	429,164	84,646
Spain	3,796	3,861	-	2,290	248,501	-	18,920
	<b>13,899</b>	<b>12,757</b>	<b>7,690</b>	<b>33,477</b>	<b>451,623</b>	<b>429,164</b>	<b>103,566</b>
Central and Eastern Europe							
Czech Republic	4,860	4,049	2,455	21,282	89,958	126,524	19,249
Slovakia	931	869	853	1,019	5,880	25,196	38
Hungary	1,029	997	921	(340)	1,417	28,036	688
Romania	1,552	1,524		1,480	57,436	-	10,970
	<b>8,372</b>	<b>7,438</b>	<b>4,228</b>	<b>23,440</b>	<b>154,691</b>	<b>179,756</b>	<b>30,945</b>
Baltics							
Latvia	-	(78)	\$	(236)	24,600	-	7,725
Other <sup>3</sup>	-	47	(182)	17	69	-	70
<b>Total</b>	<b>22,270</b>	<b>20,164</b>	<b>11,736</b>	<b>56,698</b>	<b>630,984</b>	<b>608,921</b>	<b>142,306</b>

<sup>1</sup> Includes joint venture at share.

<sup>2</sup> Capital expenditures includes additions and acquisition of investment properties and development land but does not include tenant incentives, letting fees, and capitalised interest. Capital expenditure directly incurred for the own portfolio amounts to € 96.6 million and amounts to € 45.7 million on development properties of the Joint Venture.

<sup>3</sup> Other includes the Group central costs and costs relating to the operational business which are not specifically geographically allocated.

## 4 Revenue

<i>In thousands of €</i>	30.06.2019	30.06.2018
Rental income from investment properties	5,559	8,065
Rent incentives	1,795	905
<b>Total gross rental income</b>	<b>7,354</b>	<b>8,970</b>
Property and facility management income	3,727	2,698
Development management income	1,216	1,887
<b>Joint Venture management fee income</b>	<b>4,943</b>	<b>4,585</b>
Service charge income	2,507	2,131
<b>Total revenue</b>	<b>14,804</b>	<b>15,686</b>

The Group leases out its investment property under operating leases. The operating leases are generally for terms of more than 5 years. The gross rental income reflects the full impact of the income generating assets delivered during 2019 and the fifth closing with the VGP European Logistics joint venture on 1 April 2019. The 2019 rental income includes € 0.7 million of rent for the period 1 January 2019 to 1 April 2019 related to the property portfolio sold during the fifth closing on 1 April 2019. (compared to € 3.2 million of rent for the period 1 January 2018 to 30 April 2018 related to the property portfolio sold during the fourth closing at the end of April 2018).

At the end of June 2019, the Group (including the joint ventures) had annualised committed leases of € 129.3 million<sup>1</sup> compared to € 104.1 million<sup>2</sup> as at 31 December 2018.

The breakdown of future lease income on an annualised basis for the own portfolio was as follows:

<i>In thousands of €</i>	30.06.2019	31.12.2018
Less than one year	49,556	33,092
Between one and five years	182,400	118,267
More than five years	283,625	100,175
<b>Total</b>	<b>515,581</b>	<b>251,534</b>

## 5 Net valuation gains / (losses) on investment properties

<i>In thousands of €</i>	30.06.2019	30.06.2018
Unrealised valuation gains / (losses) on investment properties	45,219	32,921
Unrealised valuation gains / (losses) on disposal group held for sale	15,687	13,433
Realised valuation gains / (losses) on disposal of subsidiaries and investment properties	4,390	15,380
<b>Total</b>	<b>65,296</b>	<b>61,734</b>

The own property portfolio, excluding development land but including the assets being developed on behalf of the European Logistics joint venture, is valued by the valuation expert at 30 June 2019 based on a weighted average yield of 6.40% (compared to 6.29% as at 31 December 2018) applied to the contractual rents increased by the estimated rental value on unlet space. The increase in yields is due to the change in the portfolio mix following the fourth closing with VGP European Logistics in April 2019. A 0.10% variation of this market rate would give rise to a variation of the total portfolio value of € 10.4 million.

<sup>1</sup> € 79.6 million related to the JV Property Portfolio and € 49.7 million related to the Own Property Portfolio.

<sup>2</sup> € 70.9 million related to the JV Property Portfolio and € 33.2 million related to the Own Property Portfolio.

## 6 Investments in joint ventures and associates

### 6.1 Profit from joint ventures and associates

The table below presents a summary Income Statement of the Group's Joint Venture with Allianz Real Estate (VGP European Logistics) and the associates, all of which are accounted for using the equity method. VGP European Logistics is incorporated in Luxembourg and owns logistics property assets in Germany, the Czech Republic, Slovakia and Hungary. The associates relate to the 5.1% held directly by VGP NV in the subsidiaries of the Joint Venture holding assets in Germany.

<b>INCOME STATEMENT</b> <i>(in thousands of €)</i>	<b>VGP European Logistics JV at 100%</b>	<b>VGP European Logistics German Asset Companies at 100 %</b>	<b>VGP European Logistics German Asset Companies at 5.1%</b>	<b>VGP European Logistics JV at 50%</b>	<b>30.06.2019</b>
Gross rental income	36,100	23,586	1,203	18,050	19,253
Property Operating expenses					
- underlying property operating expenses	(35)	(164)	(8)	(17)	(26)
- property management fees	(2,752)	(1,897)	(97)	(1,376)	(1,473)
<b>Net rental income</b>	<b>33,313</b>	<b>21,525</b>	<b>1,098</b>	<b>16,657</b>	<b>17,754</b>
Net valuation gains / (losses) on investment properties	53,664	40,132	2,047	26,832	28,879
Administration expenses	(896)	(369)	(20)	(448)	(468)
<b>Operating profit / (loss)</b>	<b>86,081</b>	<b>61,288</b>	<b>3,125</b>	<b>43,041</b>	<b>46,165</b>
Net financial result	(18,156)	(7,559)	(386)	(9,078)	(9,464)
Taxes	(13,956)	(8,280)	(422)	(6,978)	(7,400)
<b>PROFIT FOR THE PERIOD</b>	<b>53,969</b>	<b>45,449</b>	<b>2,317</b>	<b>26,985</b>	<b>29,301</b>

<b>INCOME STATEMENT</b> <i>(in thousands of €)</i>	<b>VGP European Logistics JV at 100%</b>	<b>VGP European Logistics German Asset Companies at 100 %</b>	<b>VGP European Logistics German Asset Companies at 5.1%</b>	<b>VGP European Logistics JV at 50%</b>	<b>30.06.2018</b>
Gross rental income	24,950	16,186	825	12,475	13,300
Property Operating expenses					
- underlying property operating expenses	34	245	12	17	29
- property management fees	(1,907)	(1,272)	(65)	(954)	(1,018)
<b>Net rental income</b>	<b>23,076</b>	<b>15,159</b>	<b>773</b>	<b>11,538</b>	<b>12,311</b>
Net valuation gains / (losses) on investment properties	43,729	29,237	1,491	21,864	23,356
Administration expenses	(1,095)	(525)	(28)	(548)	(575)
<b>Operating profit / (loss)</b>	<b>65,710</b>	<b>43,871</b>	<b>2,236</b>	<b>32,855</b>	<b>35,091</b>
Net financial result	(10,202)	(5,340)	(272)	(5,101)	(5,373)
Taxes	(9,248)	(6,223)	(317)	(4,624)	(4,941)
<b>PROFIT FOR THE PERIOD</b>	<b>46,260</b>	<b>32,308</b>	<b>1,647</b>	<b>23,130</b>	<b>24,777</b>

## 6.2 Summarised balance sheet information in respect of joint ventures and associates

<b>BALANCE SHEET</b> <i>(in thousands of €)</i>	<b>VGP European Logistics JV at 100%</b>	<b>VGP European Logistics German Asset Companies at 100 %</b>	<b>VGP European Logistics German Asset Companies at 5.1%</b>	<b>VGP European Logistics JV at 50%</b>	<b>30.06.2019</b>
Investment properties	1,377,162	978,599	49,909	688,581	738,490
Other assets	870	0	0	435	435
<b>Total non-current assets</b>	<b>1,378,032</b>	<b>978,599</b>	<b>49,909</b>	<b>689,016</b>	<b>738,925</b>
Trade and other receivables	10,103	6,494	331	5,051	5,383
Cash and cash equivalents	57,737	39,625	2,021	28,869	30,889
<b>Total current assets</b>	<b>67,840</b>	<b>46,119</b>	<b>2,352</b>	<b>33,920</b>	<b>36,272</b>
<b>Total assets</b>	<b>1,445,872</b>	<b>1,024,718</b>	<b>52,261</b>	<b>722,936</b>	<b>775,197</b>
Non-current financial debt	735,809	539,191	27,499	367,905	395,403
Other non-current financial liabilities	9,685	0	0	4,843	4,843
Other non-current liabilities	5,989	2,329	119	2,995	3,113
Deferred tax liabilities	97,653	61,225	3,122	48,826	51,949
<b>Total non-current liabilities</b>	<b>849,136</b>	<b>602,745</b>	<b>30,740</b>	<b>424,568</b>	<b>455,308</b>
Current financial debt	19,699	12,429	634	9,850	10,483
Trade debts and other current liabilities	20,287	10,896	554	10,144	10,697
<b>Total current liabilities</b>	<b>39,986</b>	<b>23,325</b>	<b>1,188</b>	<b>19,993</b>	<b>21,181</b>
<b>Total liabilities</b>	<b>889,122</b>	<b>626,070</b>	<b>31,928</b>	<b>444,561</b>	<b>476,489</b>
<b>Net assets</b>	<b>556,750</b>	<b>398,648</b>	<b>20,333</b>	<b>278,375</b>	<b>298,708</b>

<b>BALANCE SHEET</b> <i>(in thousands of €)</i>	<b>VGP European Logistics JV at 100%</b>	<b>VGP European Logistics German Asset Companies at 100 %</b>	<b>VGP European Logistics German Asset Companies at 5.1%</b>	<b>VGP European Logistics JV at 50%</b>	<b>31.12.2018</b>
Investment properties	1,162,881	840,001	42,840	581,441	624,281
Other assets	815	-	-	408	408
<b>Total non-current assets</b>	<b>1,163,696</b>	<b>840,001</b>	<b>42,840</b>	<b>581,849</b>	<b>624,689</b>
Trade and other receivables	12,315	6,096	311	6,158	6,469
Cash and cash equivalents	42,255	26,917	1,373	21,128	22,501
<b>Total current assets</b>	<b>54,570</b>	<b>33,013</b>	<b>1,684</b>	<b>27,286</b>	<b>28,970</b>
<b>Total assets</b>	<b>1,218,266</b>	<b>873,014</b>	<b>44,524</b>	<b>609,135</b>	<b>653,659</b>
Non-current financial debt	633,720	467,603	23,848	316,860	340,708
Other non-current financial liabilities	5,147	-	-	2,574	2,574
Other non-current liabilities	6,345	3,044	155	3,173	3,328
Deferred tax liabilities	75,097	47,083	2,401	37,549	39,950
<b>Total non-current liabilities</b>	<b>720,309</b>	<b>517,730</b>	<b>26,404</b>	<b>360,156</b>	<b>386,560</b>
Current financial debt	16,346	10,071	514	8,173	8,687
Trade debts and other current liabilities	31,636	22,892	1,167	15,818	16,985
<b>Total current liabilities</b>	<b>47,982</b>	<b>32,963</b>	<b>1,681</b>	<b>23,991</b>	<b>25,672</b>
<b>Total liabilities</b>	<b>768,291</b>	<b>550,693</b>	<b>28,085</b>	<b>384,147</b>	<b>412,232</b>
<b>Net assets</b>	<b>449,975</b>	<b>322,321</b>	<b>16,439</b>	<b>224,988</b>	<b>241,427</b>

VGP European Logistics recorded its fifth closing on 1 April 2019, with the acquisition of 3 new parks from VGP, comprising of 3 logistic buildings and another 6 newly completed logistic buildings which were developed in parks previously transferred to the VGP European Logistics joint venture. The 3 parks are located in Germany (2) and in the Czech Republic (1). The additional 6 buildings which have been acquired by the VGP European Logistics joint venture are located in Germany (3 buildings) and in the Czech Republic (3 buildings).

The Joint Venture's property portfolio, excluding development land but including the buildings being constructed by VGP on behalf of the VGP European Logistics joint venture, is valued by the valuation expert at 30 June 2019 based on a weighted average yield of 5.23% (compared to 5.31% as at 31 December 2018) applied to the contractual rents increased by the estimated rental value on unlet space. A 0.10% variation of this market rate would give rise to a variation of the VGP European joint venture portfolio value (100%) of € 27.5 million.

The (re)valuation of the VGP European joint venture portfolio was based on the appraisal report of the property expert Jones Lang LaSalle.

VGP provides certain services, including asset-, property- and development advisory and management, for the VGP European joint venture and receives fees from the joint venture for doing so. Those services are carried out on an arms-length basis and do not give VGP any control over the relevant Joint Venture (nor any unilateral material decision-making rights). Significant transactions and decisions within the Joint Venture require full Board and/or Shareholder approval, in accordance with the terms of the Joint Venture agreement.

### 6.3 Other non-current receivables

<i>in thousands of €</i>	30.06.2019	31.12.2018
Shareholder loans to VGP European Logistics S.à r.l.	48,335	37,739
Shareholder loans to associates (subsidiaries of VGP European Logistics S.à r.l.)	4,797	3,722
Construction and development loans to subsidiaries of VGP European Logistics S.à r.l.)	72,467	101,887
Construction and development loans reclassified as assets held for sale	(72,467)	(101,887)
<b>Total</b>	<b>53,132</b>	<b>41,461</b>

For further information, please refer to note 12.

### 6.4 Investments in joint venture and associates

<i>in thousands of €</i>	30.06.2019	31.12.2018
<b>As at 1 January</b>	241,427	143,312
Additions	27,979	52,895
Result of the year	29,302	45,220
Repayment of equity	-	-
Adjustments from sale of participations	-	-
<b>As at the end of the period</b>	<b>298,708</b>	<b>241,427</b>

## 7 Net financial result

<i>in thousands of €</i>	30.06.2019	30.06.2018
Bank and other interest income	26	16
Interest income - loans to joint ventures and associates	2,501	3,019
Fair value gain on interest rate derivatives	11	11
Net foreign exchange gains	-	426
Other financial income	-	2
<b>Financial income</b>	<b>2,538</b>	<b>3,474</b>
Bond interest expense	(10,180)	(8,786)
Bank interest expense - variable debt	(416)	(455)
Bank interest expense - interest rate swaps - hedging	-	-
Interest capitalised into investment properties	1,939	1,435
Fair value loss on interest rate derivatives	-	(975)
Net foreign exchange losses	(184)	0
Other financial expenses	(835)	(776)
<b>Financial expenses</b>	<b>(9,676)</b>	<b>(9,557)</b>
<b>Net financial costs</b>	<b>(7,138)</b>	<b>(6,083)</b>

## 8 Earnings per share

### 8.1 Earnings per ordinary share (EPS)

<i>In number</i>	<b>30.06.2019</b>	<b>30.06.2018</b>
Weighted average number of ordinary shares (basic)	18,583,050	18,583,050
Dilution	-	-
Weighted average number of ordinary shares (diluted)	18,583,050	18,583,050
Correction for reciprocal interest through associates	(742,478)	(401,648)
Weighted average number of ordinary shares (diluted and after correction for reciprocal interest through associates)	17,840,572	18,181,402

<i>In thousands of €</i>	<b>30.06.2019</b>	<b>30.06.2018</b>
Result for the period attributable to the Group and to ordinary shareholders	75,032	74,789
Earnings per share (in €) - basic	4.04	4.02
Earnings per share (in €) - diluted	4.04	4.02
Earnings per share (in €) – after dilution and correction for reciprocal interest through associates	4.21	4.11

Correction for reciprocal interest relates to the elimination of the proportional equity component of the respective VGP NV shares held by VGP Misv Comm. VA. VGP NV holds 79.91% in VGP Misv Comm. VA.

### 8.2 Net asset value per share (NAV)

<i>EPRA NAV – In thousands of €</i>	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>IFRS NAV</b>	569,199	543,467
Effect of exercise of options, convertibles and other equity interests	-	-
<b>Diluted NAV</b>	<b>569,199</b>	<b>543,467</b>
To exclude:		
Fair value of financial instruments	50	60
Deferred tax	34,803	31,390
<b>EPRA NAV</b>	<b>604,052</b>	<b>574,917</b>
Number of shares	18,583,050	18,583,050
EPRA NAV per share (EUR/share)	32.51	30.94

<i>EPRA NNAV – In thousands of €</i>	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>EPRA NAV</b>	<b>604,053</b>	<b>574,917</b>
To include:		
Fair value of financial instruments	(50)	(60)
Deferred tax	(34,803)	(31,390)
Fair value adjustment in respect of issued debt	(16,021)	2,510
<b>EPRA triple net NAV (NNAV)</b>	<b>553,180</b>	<b>545,977</b>
Number of shares	18,583,050	18,583,050
EPRA NNAV per share (EUR/share)	29.77	29.38

## 9 Investment properties

<i>In thousands of €</i>	30.06.2019			
	Completed	Under Construction	Development land	Total
<b>As at 1 January</b>	121,454	134,286	212,773	<b>468,513</b>
Capex	25,426	61,758	8,583	<b>95,767</b>
Acquisitions	0	0	96,535	<b>96,535</b>
Capitalised interest	0	1,939	0	<b>1,939</b>
Capitalised rent free and agent's fee	1,876	0	0	<b>1,876</b>
Sales and disposal	(6,011)	0	0	<b>(6,011)</b>
Transfer on start-up of development		68,477	(68,477)	<b>0</b>
Transfer on completion of development	88,248	(88,248)		<b>0</b>
Net gain from value adjustments in investment properties	7,314	44,604	2,483	<b>54,401</b>
Reclassification to (-) / from held for sale	(136,697)	(18,200)	(17,155)	<b>(172,052)</b>
<b>As at 30 June</b>	<b>101,610</b>	<b>204,616</b>	<b>234,742</b>	<b>540,968</b>

<i>In thousands of €</i>	31.12.2018			
	Completed	Under Construction	Development land	Total
<b>As at 1 January</b>	<b>152,611</b>	<b>95,005</b>	<b>144,675</b>	<b>392,291</b>
Capex	68,974	86,090	4,454	<b>159,518</b>
Acquisitions	-	8,971	106,120	<b>115,091</b>
Capitalised interest	2,631	359	240	<b>3,230</b>
Capitalised rent free and agent's fee	2,817	1,176	-	<b>3,993</b>
Sales and disposal	(134,066)	-	(5,160)	<b>(139,226)</b>
Transfer on start-up of development	-	40,945	(40,945)	-
Transfer on completion of development	99,749	(99,749)	-	-
Net gain from value adjustments in investment properties	958	36,649	3,639	<b>41,246</b>
Reclassification to (-) / from held for sale	(72,220)	(35,160)	(250)	<b>(107,630)</b>
<b>As at 31 December</b>	<b>121,454</b>	<b>134,286</b>	<b>212,773</b>	<b>468,513</b>

### 9.1 Fair value hierarchy of the Group's investment properties

All of the Group's properties are level 3, as defined by IFRS 13, in the fair value hierarchy as at 30 June 2019 and there were no transfers between levels during the year. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to level 1 (inputs from quoted prices) and level 2 (observable inputs either directly, i.e. as prices, or indirectly, i.e. derived from prices).

### 9.2 Property valuation techniques and related quantitative information

#### (i) Valuation process

The Group's own investment properties and the Joint Venture's investment properties were valued at 30 June 2019 by Jones Lang LaSalle. The valuation process was unchanged compared to the valuation process described in the 2018 Annual Report (page 146-149).

#### (ii) Quantitative information about fair value measurements using unobservable inputs

The quantitative information in the following tables is taken from the different reports produced by the



independent real estate experts. The figures provide the range of values and the weighted average of the assumptions used in the determination of the fair value of investment properties.

Region	Segment	Fair value 30 Jun-19 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range
Czech Republic	IPUC	30,985	Discounted cash flow	ERV per m <sup>2</sup> (in €)	49-51
				Discount rate	6.00-7.50%
				Exit yield	6.00%
				Weighted average yield	6.37%
				Cost to completion (in '000)	8,715
				Properties valued (aggregate m <sup>2</sup> )	51,649
				DL	20,121
Germany	IP	36,010	Discounted cash flow	ERV per m <sup>2</sup> (in €)	48-62
				Discount rate	5.90%-6.15%
				Exit yield	4.50%-4.90%
				Weighted average yield	5.06%
				Cost to completion (in '000)	1,700
				Properties valued (aggregate m <sup>2</sup> )	43,655
				WAULT (until maturity) (in years)	9.1
	WAULT (until first break) (in years)	9.1			
	IPUC	93,041	Discounted cash flow	ERV per m <sup>2</sup> (in €)	46-78
				Discount rate	5.65%-7.50%
				Exit yield	4.70%-5.25%
				Weighted average yield	5.59%
				Cost to completion (in '000)	56,850
				Properties valued (aggregate m <sup>2</sup> )	154,604
DL				96,768	Sales comparison
Spain	IP	89,697	Equivalent yield	ERV per m <sup>2</sup> (in €)	57-90
				Equivalent yield	5.25%-5.75%
				Reversionary yield (nominal)	5.25%-5.96%
				Weighted average yield	5.89%
				Cost to completion (in '000)	3,900
				Properties valued (aggregate m <sup>2</sup> )	86,967
				WAULT (until maturity) (in years)	5.7
	WAULT (until first break) (in years)	5.7			
	IPUC	9,500	Equivalent yield	ERV per m <sup>2</sup> (in €)	79
				Equivalent yield	5.25%
				Reversionary yield (nominal)	5.29%
				Weighted average yield	6.52%
				Cost to completion (in '000)	3,100
				Properties valued (aggregate m <sup>2</sup> )	12,225
DL				71,028	Sales comparison
Romania	IP	53,000	Discounted cash flow	ERV per m <sup>2</sup> (in €)	45-49
				Discount rate	9.00%
				Exit yield	8.50%
				Weighted average yield	9.01%
				Cost to completion (in '000)	300

Region	Segment	Fair value 30 Jun-19 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range
				Properties valued (aggregate m <sup>2</sup> )	92,333
				WAULT (until maturity) (in years)	2.6
				WAULT (until first break) (in years)	1.7
	IPUC	14,300	Discounted cash flow	ERV per m <sup>2</sup> (in €)	45
				Discount rate	9.25%-9.75%
				Exit yield	8.75%-9.25%
				Weighted average yield	10.26%
				Cost to completion (in '000)	3,150
				Properties valued (aggregate m <sup>2</sup> )	38,041
	DL	8,091	Sales comparison	Price per m <sup>2</sup>	
Netherlands	IPUC	49,100	Discounted cash flow	ERV per m <sup>2</sup> (in €)	49-52
				Discount rate	5.95%-6.15%
				Exit yield	6.60%-6.90%
				Weighted average yield	6.01%
				Cost to completion (in '000)	39,950
				Properties valued (aggregate m <sup>2</sup> )	105,466
	DL	21,970	Sales comparison	Price per m <sup>2</sup>	
Italy	IPUC	19,580	Discounted cash flow	ERV per m <sup>2</sup> (in €)	48-63
				Discount rate	6.70%-6.80%
				Exit yield	6.10%-6.20%
				Weighted average yield	6.51%
				Cost to completion (in '000)	19,400
				Properties valued (aggregate m <sup>2</sup> )	45,479
	DL	211	Sales comparison	Price per m <sup>2</sup>	
Austria	IP	21,900	Discounted cash flow	ERV per m <sup>2</sup> (in €)	68
				Discount rate	6.55%
				Exit yield	5.35%
				Weighted average yield	5.22%
				Cost to completion (in '000)	-
				Properties valued (aggregate m <sup>2</sup> )	17,735
				WAULT (until maturity) (in years)	13.5
				WAULT (until first break) (in years)	13.5
	DL	18	Sales comparison	Price per m <sup>2</sup>	
Hungary	IPUC	6,310	Discounted cash flow	ERV per m <sup>2</sup> (in €)	53-54
				Discount rate	7.65%
				Exit yield	7.50%
				Weighted average yield	7.74%
				Cost to completion (in '000)	17,200
				Properties valued (aggregate m <sup>2</sup> )	33,460
	DL	4,350	Sales comparison	Price per m <sup>2</sup>	
Latvia	IP	37,700	Discounted cash flow	ERV per m <sup>2</sup> (in €)	49-50
				Discount rate	8.25%
				Exit yield	8.00%

Region	Segment	Fair value 30 Jun-19 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range
				Weighted average yield	8.85%
				Cost to completion (in '000)	500
				Properties valued (aggregate m <sup>2</sup> )	62,545
				WAULT (until maturity) (in years)	5.0
				WAULT (until first break) (in years)	3.7
	DL	177	Sales comparison	Price per m <sup>2</sup>	
Slovakia	DL	29,163	Sales comparison	Price per m <sup>2</sup>	
<b>Total</b>		<b>713,020</b>			

Region	Segment	Fair value 31 Dec-18 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range			
Czech Republic	IP	24,300	Discounted cash flow	ERV per m <sup>2</sup> (in €)	46-56			
				Discount rate	6.15%			
				Exit yield	6.00%			
				Weighted average yield	6.14%			
				Cost to completion (in '000 €)	200			
				Properties valued (aggregate m <sup>2</sup> )	85,392			
				WAULT (until maturity) (in years)	8.1			
				WAULT (until first break) (in years)	5.4			
				IPUC	17,240	Discounted cash flow	ERV per m <sup>2</sup> (in €)	48-63
							Discount rate	7.25%
							Exit yield	6.00%
							Weighted average yield	6.59%
							Cost to completion (in '000 €)	5,570
							Properties valued (aggregate m <sup>2</sup> )	35,143
DL	25,419	Sales comparison	Price per m <sup>2</sup> (in €)	-				
Germany	IP	65,960	Discounted cash flow	ERV per m <sup>2</sup> (in €)	44-63			
				Discount rate	5.90%-6.40%			
				Exit yield	4.75%-5.20%			
				Weighted average yield	5.05%			
				Cost to completion (in '000 €)	2,028			
				Properties valued (aggregate m <sup>2</sup> )	149,639			
				WAULT (until maturity) (in years)	7.7			
				WAULT (until first break) (in years)	7.7			
				IPUC	61,490	Discounted cash flow	ERV per m <sup>2</sup> (in €)	45-60
							Discount rate	5.90%-7.90%
							Exit yield	4.80%-5.25%
							Weighted average yield	5.41%
							Cost to completion (in '000 €)	30,172
							Properties valued (aggregate m <sup>2</sup> )	126,940
DL	80,158	Sales comparison	Price per m <sup>2</sup> (in €)	-				
Spain	IP	22,190	Equivalent yield	ERV per m <sup>2</sup> (in €)	57			
				Equivalent yield	5.50%			

Region	Segment	Fair value 31 Dec-18 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range
				Reversionary yield (nominal)	5.52%
				Weighted average yield	6.24%
				Cost to completion (in '000 €)	405
				Properties valued (aggregate m <sup>2</sup> )	22,819
				WAULT (until maturity) (in years)	6.1
				WAULT (until first break) (in years)	6.1
	IPUC	63,080	Equivalent yield	ERV per m <sup>2</sup> (in €)	57-90
				Equivalent yield	5.50%-6.00%
				Reversionary yield (nominal)	5.70%-6.27%
				Weighted average yield	6.42%
				Cost to completion (in '000 €)	14,832
				Properties valued (aggregate m <sup>2</sup> )	78,091
	DL	58,232	Sales comparison	Price per m <sup>2</sup> (in €)	-
Romania	IP	48,300	Discounted cash flow	ERV per m <sup>2</sup> (in €)	45-49
				Discount rate	9.00%
				Exit yield	8.50%
				Weighted average yield	8.85%
				Cost to completion (in '000)	292
				Properties valued (aggregate m <sup>2</sup> )	92,333
				WAULT (until maturity) (in years)	3.8
				WAULT (until first break) (in years)	1.8
Romania	IPUC	7,600	Discounted cash flow	ERV per m <sup>2</sup> (in €)	45
				Discount rate	9.25%-9.75%
				Exit yield	8.75%-9.25%
				Weighted average yield	9.99%
				Cost to completion (in '000)	8,790
				Properties valued (aggregate m <sup>2</sup> )	36,857
Romania	DL	7,391	Sales comparison	Price per m <sup>2</sup> (in €)	
Austria	IP	19,840	Discounted cash flow	ERV per m <sup>2</sup> (in €)	68
				Discount rate	6.70%
				Exit yield	5.50%
				Weighted average yield	5.76%
				Cost to completion (in '000)	-
				Properties valued (aggregate m <sup>2</sup> )	16,535
				WAULT (until maturity) (in years)	14.0
				WAULT (until first break) (in years)	14.0
Latvia	IP	20,870	Discounted cash flow	ERV per m <sup>2</sup> (in €)	49
				Discount rate	8.40%
				Exit yield	8.15%
				Weighted average yield	9.36%
				Cost to completion (in '000)	630
				Properties valued (aggregate m <sup>2</sup> )	35,557
				WAULT (until maturity) (in years)	6.7
				WAULT (until first break) (in years)	4.3
	IPUC	12,250	Discounted cash flow	ERV per m <sup>2</sup> (in €)	50

Region	Segment	Fair value 31 Dec-18 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range
				Discount rate	8.30%
				Exit yield	8.15%
				Weighted average yield	8.77%
				Cost to completion (in '000)	3,050
				Properties valued (aggregate m <sup>2</sup> )	26,988
Netherlands	DL	34,147	Sales comparison	Price per m <sup>2</sup> (in €)	-
Italy	DL	3,842	Sales comparison	Price per m <sup>2</sup> (in €)	-
Slovakia	DL	1,042	Sales comparison	Price per m <sup>2</sup> (in €)	-
Hungary	DL	2,810	Sales comparison	Price per m <sup>2</sup> (in €)	-
<b>Total</b>		<b>576,143</b>			

IP= completed investment property  
 IPUC= investment property under construction  
 DL= development land

## 10 Current and non-current financial debts

The contractual maturities of interest bearing loans and borrowings (current and non-current) are as follows:

MATURITY <i>In thousands of €</i>	30.06.2019			
	Outstanding balance	< 1 year	> 1-5 year	> 5 year
<b>Non-current</b>				
Bank borrowings	-	-	-	-
Bonds				
3.90% bonds Sep-23	222,277	-	222,277	-
3.25% bonds Jul-24	74,405	-	-	74,405
3.35% bonds Mar-25	79,690	-	-	79,690
3.50% bonds Mar-26	188,527	-	-	188,527
	564,899	-	222,277	342,622
<b>Total non-current financial debt</b>	<b>564,899</b>	<b>-</b>	<b>222,277</b>	<b>342,622</b>
<b>Current</b>				
Bank borrowings	14,629	14,629	-	-
Accrued interest	11,724	11,724	-	-
Liabilities related to disposal group held for sale	(14,629)	(14,629)	-	-
<b>Total current financial debt</b>	<b>11,724</b>	<b>11,724</b>	<b>-</b>	<b>-</b>
<b>Total current and non-current financial debt</b>	<b>576,623</b>	<b>11,724</b>	<b>222,277</b>	<b>342,622</b>

MATURITY <i>In thousands of €</i>	31.12.2018			
	Outstanding balance	< 1 year	> 1-5 year	> 5 year
<b>Non-current</b>				
Bank borrowings	-	-	-	-
Bonds				
3.90% bonds Sep-23	221,957	-	221,957	-
3.25% bonds Jul-24	79,663	-	-	79,663
3.35% bonds Mar-25	74,346	-	-	74,346
3.50% bonds Mar-26	188,409	-	-	188,409
	564,375	-	221,957	342,418
<b>Total non-current financial debt</b>	<b>564,375</b>	<b>-</b>	<b>221,957</b>	<b>342,418</b>
<b>Current</b>				
Bank borrowings	14,959	14,959	-	-
Accrued interest	7,520	7,520	-	-
<b>Total current financial debt</b>	<b>22,479</b>	<b>22,479</b>	<b>-</b>	<b>-</b>
<b>Total current and non-current financial debt</b>	<b>586,854</b>	<b>22,479</b>	<b>221,957</b>	<b>342,418</b>

The above 30 June 2019 balances include capitalised finance costs on bank borrowings of € 21k (as compared to € 41k as per 31 December 2018) and capitalised finance costs on bonds € 5,101k (as compared to € 5,615k as per 31 December 2018).

## 10.1 Secured bank loans

All bank loans granted to the VGP Group are secured and are denominated in €: The bank loans can be summarised as follows:

30.06.2019 <i>In thousands of €</i>	Facility amount	Facility expiry date	Outstanding balance	< 1 year	> 1-5 years	> 5 years
Raiffeisen - Romania	14,629	31-Dec-19	14,629	14,629	-	-
<b>KBC Bank</b>	100,000	31-Dec-19	-	-	-	-
<b>Total bank debt</b>	<b>114,629</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

31.12.2018 <i>In thousands of €</i>	Facility amount	Facility expiry date	Outstanding balance	< 1 year	> 1-5 years	> 5 years
Raiffeisen - Romania	14,959	31-Dec-19	14,959	14,959	-	-
<b>Total bank debt</b>						

During the first half year of 2019, the Group operated well within its loan covenants and there were no events of default nor were there any breaches of covenants with respect to loan agreements noted.

## 10.2 Bonds

As at 30 June 2019 VGP has following 4 retail bonds outstanding:

- € 225 million fixed rate bonds due 21 September 2023 carry a coupon of 3.90% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002258276 - Common Code: 148397694). ("Sep-23 Bond")

- € 75 million fixed rate bonds due 6 July 2024 which carry a coupon of 3.25% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002287564 - Common Code: 163738783). (“Jul-24 Bond”)
- € 80 million fixed rate bonds due 30 March 2025 carry a coupon of 3.35% per annum. The bonds are not listed (ISIN Code: BE6294349194 - Common Code: 159049558). (“Mar-25 Bond”)
- € 190 million fixed rate bonds due 19 March 2026 carry a coupon of 3.50% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002611896 - Common Code: 187793777). (“Mar-26 Bond”)

All bonds are unsecured.

During the first half year of 2019, the Group operated well within its bond covenants there were no events of default nor were there any breaches of covenants with respect to the bonds noted.

## 11 Other non-current liabilities

<i>(in thousands of €)</i>	30.06.2019	31.12.2018
Deposits	1,875	542
Retentions	1,663	2,575
Other non-current liabilities	35,019	-
Reclassification to liabilities related to disposal group held for sale	(747)	(1,902)
<b>Total</b>	<b>37,810</b>	<b>1,215</b>

Other non-current liabilities relate to the remaining balance due in respect of acquired development land of VGP Park Bratislava (€ 26.4 million), liabilities in respect of capitalisation of operating leases (€ 1.2 million) and non-current liabilities in respect of the remeasured VGP Misv incentive plan (€ 7.4 million)(see also note 16).

## 12 Assets classified as held for sale and liabilities associated with those assets

<i>(in thousands of €)</i>	30.06.2019	31.12.2018
Intangible assets	-	-
Investment properties	280,662	262,172
Property, plant and equipment	9	0
Deferred tax assets	(2)	0
Trade and other receivables	2,655	6,637
Cash and cash equivalents	7,639	6,130
<b>Disposal group held for sale</b>	<b>290,963</b>	<b>274,939</b>
Non-current financial debt	-	-
Other non-current financial liabilities	(50)	-
Other non-current liabilities	(747)	(1,902)
Deferred tax liabilities	(17,701)	(15,483)
Current financial debt	(14,629)	-
Trade debts and other current liabilities	(3,373)	(7,976)
<b>Liabilities associated with assets classified as held for sale</b>	<b>(36,500)</b>	<b>(25,361)</b>
<b>Total net assets</b>	<b>254,463</b>	<b>249,578</b>

Under the joint venture agreements VGP European Logistics and VGP European Logistics 2 have an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP in Germany, the Czech Republic, Slovakia, Hungary, Austria, Italy, the Netherlands, Portugal, Romania and Spain. The development pipeline which will be transferred as part of any future acquisition transaction between these joint ventures and VGP is being developed at VGP's own risk and subsequently acquired and paid for by the joint ventures subject to pre-agreed completion and lease parameters.

As at 30 June 2019 the assets of the respective project companies which were earmarked to be transferred to the joint ventures in the future, including the end of July 2019 closing with VGP European Logistics 2, were therefore reclassified as disposal group held for sale.

The investment properties correspond to the fair value of the asset under construction which are being developed by VGP on behalf of VGP European Logistics. This balance includes € 72.5 million of interest bearing development and construction loans (2018: € 101.9 million) granted by VGP to the joint ventures to finance the development pipeline of the joint ventures. (See also note 6.3).

### 13 Cash flow from the sales to VGP European Logistics

<i>In thousands of €</i>	30.06.2019	30.06.2018
Investment property	174,531	272,182
Trade and other receivables	2,242	5,286
Cash and cash equivalents	6,094	11,253
Non-current financial debt	0	0
Shareholder Debt	(115,768)	(168,775)
Other non-current financial liabilities	(1,047)	(923)
Deferred tax liabilities	(10,307)	(15,405)
Trade debts and other current liabilities	(5,751)	(15,968)
<b>Total net assets disposed</b>	<b>49,994</b>	<b>87,650</b>
Realised valuation gain on sale	4,390	15,381
Total non-controlling interest retained by VGP	(1,575)	(3,832)
Shareholder loans repaid at closing	105,041	251,357
Equity contribution	(26,405)	(49,599)
<b>Total consideration</b>	<b>131,445</b>	<b>300,957</b>
Cash disposed	(6,093)	(11,253)
<b>Net cash inflow from Joint Ventures closing(s)</b>	<b>125,352</b>	<b>289,704</b>



## 14 Capital management

VGP is continuously optimising its capital structure targeting to maximise shareholder value while keeping the desired flexibility to support its growth. The Group operates within and applies a maximum gearing ratio of net debt / total shareholders' equity and liabilities at 65%.

As at 30 June 2019 the Group's gearing was as follows:

<i>In thousands of €</i>	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2018</b>
Non-current financial debt	564,899	564,375	390,146
Other non-current financial liabilities	-	60	2,608
Current financial debt	11,724	22,479	87,593
Financial debt classified under liabilities related to disposal group held for sale	14,679	-	-
<b>Total financial debt</b>	<b>591,302</b>	<b>586,914</b>	<b>480,347</b>
Cash and cash equivalents	(72,726)	(161,446)	(127,529)
Cash and cash equivalents classified as disposal group held for sale	(7,639)	(6,130)	-
<b>Total net debt (A)</b>	<b>510,937</b>	<b>419,338</b>	<b>352,818</b>
<b>Total shareholders' equity and liabilities (B)</b>	<b>1,283,192</b>	<b>1,212,418</b>	<b>1,043,556</b>
<b>Gearing ratio (A)/(B)</b>	<b>39.8%</b>	<b>34.6%</b>	<b>33.8%</b>

## 15 Fair value

The following tables list the different classes of financial assets and financial liabilities with their carrying amounts in the balance sheet and their respective fair value and analyzed by their measurement category under IFRS 9.

Abbreviations used in accordance with IFRS 9 are:

AC	Financial assets or financial liabilities measured at amortised cost
FVTPL	Financial assets measured at fair value through profit or loss
HFT	Financial liabilities Held for Trading

30 June 2019 <i>In thousands of €</i>	Category in accordance with IFRS 9	Carrying amount	Fair value	Fair value hierarchy
<b>Assets</b>				
Other non-current receivables	AC	53,131	53,131	Level 2
Trade receivables	AC	5,055	5,055	Level 2
Other receivables	AC	19,960	19,960	Level 2
Derivative financial assets	FVTPL	0	-	Level 2
Cash and cash equivalents	AC	78,652	78,652	Level 2
Reclassification to (-) from held for sale		(10,185)	(10,185)	
<b>Total</b>		<b>146,613</b>	<b>146,613</b>	
<b>Liabilities</b>				
Financial debt				
Bank debt	AC	14,629	14,629	Level 2
Bonds	AC	564,899	587,543	Level 1
Trade payables	AC	40,276	40,276	Level 2
Other liabilities	AC	43,933	43,933	Level 2
Derivative financial liabilities	HFT	50	50	Level 2
Reclassification to liabilities related to disposal group held for sale		(18,464)	(18,464)	
<b>Total</b>		<b>645,323</b>	<b>667,967</b>	

31 December 2018 <i>In thousands of €</i>	Category in accordance with IFRS 9	Carrying amount	Fair value	Fair value hierarchy
<b>Assets</b>				
Other non-current receivables	AC	41,460	41,460	Level 2
Trade receivables	AC	7,279	7,279	Level 2
Other receivables	AC	22,214	22,214	Level 2
Derivative financial assets	FVTPL		0	Level 2
Cash and cash equivalents	AC	166,046	166,046	Level 2
Reclassification to (-) from held for sale		(12,767)	(12,767)	
<b>Total</b>		<b>224,232</b>	<b>224,232</b>	
<b>Liabilities</b>				
Financial debt				
Bank debt	AC	14,953	14,953	Level 2
Bonds	AC	564,385	563,972	Level 1
Trade payables	AC	39,942	39,942	Level 2
Other liabilities	AC	9,460	9,460	Level 2
Derivative financial liabilities	HFT	-	-	Level 2
Reclassification to liabilities related to disposal group held for sale		(9,808)	(9,808)	
<b>Total</b>		<b>618,932</b>	<b>618,519</b>	

## 16 Personnel

### *VGP Misv incentive plan*

As from 2019 the remaining VGP Misv plan (see Remuneration Report (page 51) and Note 25 of the Annual Report 2018) has been considered a cash-settled share based plan for which an EUR 8.4 million opening equity adjustment has been recognised, reflecting the total cash lay-out of VGP NV if the latter were to acquire the remaining 20.09% VGP Misv Comm. VA. shares.

Fair value of the VGP Misv shares is determined using the net asset value valuation methodology using the expected growth of the net profit after tax excluding any dividend distribution. The Group did not record any expense for the period ending 30 June 2019.

30-June 2019	Number of VGP Misv shares	Weighted average remaining term (in years)	Weighted average exercise price per share (in €)
<b>Outstanding at beginning of year</b>	196,674		42.80
Exercised during the period	(10,000)		26.94
<b>Outstanding at the end of the period</b>	<b>186,674</b>	<b>2.06</b>	<b>43.65</b>

## 17 Commitments

The Group has concluded a number of contracts concerning the future purchase of land. As at 30 June 2019, the Group had future purchase agreements for land totalling 2,242,373 m<sup>2</sup>, representing a commitment of € 213.7 million and for which deposits totalling € 3.7 million had been made. As at 31 December 2018 Group had future purchase agreements for land totalling 1,597,599 m<sup>2</sup>, representing a commitment of € 98.5 million and for which deposits totalling € 2.1 million had been made.

The € 3.7 million down payment on land was classified under investment properties as at 30 June 2019 given the immateriality of the amounts involved (same classification treatment applied per 31 December 2018).

As at 30 June 2019 Group had contractual obligations to develop new projects for a total amount of € 168.8 million compared to € 75.5 million as at 31 December 2018.

All commitments are of a short-term nature. The secured land is expected to be acquired during the course of the next 12-18 months subject to obtaining the necessary permits. The contractual construction obligations relate to new buildings or buildings under construction which will be delivered or started-up during the following 12 months.

## 18 Related Parties

Unless otherwise mentioned below, the settlement of related party transactions occurs in cash, there are no other outstanding balances which require disclosure, the outstanding balances are not subject to any interest unless specified below, no guarantees or collaterals provided and no provisions or expenses for doubtful debtors were recorded.

### 18.1 Shareholders

#### Shareholding

As at 30 June 2019 the main shareholders of the company are:

- Little Rock SA (20.84%): a company controlled by Mr. Jan Van Geet;
- Alsgard SA (12.97%): a company controlled by Mr. Jan Van Geet;
- VM Invest NV (20.16%): a company controlled by Mr. Bart Van Malderen;
- Comm VA VGP MISV (5%): a company controlled by Mr. Bart Van Malderen.

The two main ultimate reference shareholders of the company are therefore (i) Mr Jan Van Geet who holds 33.81% of the voting rights of VGP NV and who is CEO and an executive director. and (ii) Mr Bart Van Malderen who holds 25.16% of the voting rights of VGP NV and who is a non-executive director.

#### Lease activities

Drylock Technologies s.r.o., a company controlled by Bart Van Malderen, leases a warehouse from VGP European Logistics under a long term lease contract. This lease contract was entered into during the month of May 2012. The rent received over the first half year of 2019 amounts to € 1.838k (compared to € 1.052k for the period ending 30 June 2018). The warehouse is owned by the VGP European Logistics joint venture. Jan Van Geet s.r.o. leases out office space to the VGP Group in the Czech Republic used by the VGP operational team. The leases run until 2021 and 2023 respectively. During the first half year of 2019 the aggregate amount paid under these leases was € 48k equivalent which was similar as for the corresponding period in 2018.

All lease agreements have been concluded on an arm's length basis.

#### Other services

The table below provides the outstanding balances with Jan Van Geet s.r.o.. The payable balance relates to unsettled invoices. The receivable balances relate to cash advances made to cover representation costs.

<i>in thousands of €</i>	30.06.2019	31.12.2018
Trade receivable / (payable)	-	(31)

VGP also provides real estate support services to Jan Van Geet s.r.o. During the first half of 2019 VGP recorded a € 13k revenue for these activities (same as for first half 2018).

## 18.2 Subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not disclosed in this note.

## 18.3 Joint ventures and associated companies

The table below presents a summary of the related transactions with the Group's joint venture with Allianz Real Estate (VGP European Logistics) and the associates. VGP European Logistics is incorporated in Luxembourg and owns logistics property assets in Germany, the Czech Republic, Slovakia and Hungary. VGP NV holds 50% directly in the VGP European Logistics joint venture and 5.1% directly in the subsidiaries of this joint venture holding assets in Germany (associates).

<i>in thousands of €</i>	30.06.2019	31.12.2018
Loans outstanding at the end of the period	125,599	143,347
Investments in Joint Venture of the period	27,979	52,895
Equity distributions received	-	-
Net proceeds from sales to joint venture	125,352	289,704
Other receivables from / (payables) to the Joint Venture at end of the period	(74)	(74)

<i>in thousands of €</i>	30.06.2019	30.06.2018
Management fee income	4,065	3,859
Interest and similar income from joint ventures and associates	2,501	3,019

## 19 Events after the balance sheet date

At the beginning of July 2019, the Group entered into a new 50/50 joint venture with Allianz Real Estate - VGP European Logistics 2- for an initial term of 10 years. VGP European Logistics 2 targets the acquisition of assets developed by VGP in Austria, Italy, the Netherlands, Portugal, Romania and Spain. On 31 July 2019 a first closing was realized whereby VGP European Logistics 2 completed the acquisition of 3 parks from VGP, comprising of 8 logistic buildings of which 3 buildings are located in Spain, 1 building in Austria and 4 buildings in Romania.

The initial transaction value is € 175 million, which includes some future development pipeline. The gross proceeds from this transaction amounts to circa € 96 million<sup>1</sup>.

In July 2019 also successfully completed the acquisition of the new VGP Park Laatzen development land (circa 28 ha) and for VGP Park München contractual terms were agreed with the Free State of Bavaria and approved by the Budget Committee of the Bavarian Parliament whereby VGP acquired 67ha from the Free State of Bavaria by way of an exchange contract, in which approx. 67 ha of land was acquired by VGP and approx. 52 ha were exchanged.

<sup>1</sup> After prepayment of €14.6 million secured bank loan with Raiffeisen Romania

**SUPPLEMENTARY NOTES NOT PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**For the period ended 30 June**

**1 INCOME STATEMENT, PROPORTIONALLY CONSOLIDATED**

The table below includes the proportional consolidated income statement interest of the Group in the VGP European Logistics joint venture. The interest held directly by the Group (5.1%) in the German asset companies of this joint venture have been included in the 50% joint venture figures (share of VGP).

<i>In thousands of €</i>	30.06.2019			30.06.2018		
	Group	Joint venture	Total	Group	Joint venture	Total
Gross rental income	7,354	19,253	26,607	8,970	13,300	22,270
Property operating expenses	(922)	(1,499)	(2,421)	(622)	(989)	(1,611)
<b>Net rental and related income</b>	<b>6,432</b>	<b>17,754</b>	<b>24,186</b>	<b>8,348</b>	<b>12,311</b>	<b>20,659</b>
Joint venture management fee income	4,943	-	4,943	4,585	-	4,585
Net valuation gains / (losses) on investment properties	65,296	28,879	94,175	61,734	23,356	85,090
Administration expenses	(9,853)	(468)	(10,321)	(8,384)	(575)	(8,959)
<b>Operating profit / (loss)</b>	<b>66,818</b>	<b>46,165</b>	<b>112,983</b>	<b>66,283</b>	<b>35,091</b>	<b>101,374</b>
Net financial result	(7,138)	(9,464)	(16,602)	(6,083)	(5,373)	(11,456)
Taxes	(13,949)	(7,400)	(21,349)	(10,188)	(4,941)	(15,129)
<b>Profit for the period</b>	<b>45,731</b>	<b>29,301</b>	<b>75,032</b>	<b>50,012</b>	<b>24,777</b>	<b>74,789</b>

## 2 BALANCE SHEET, PROPORTIONALLY CONSOLIDATED

The table below includes the proportional consolidated balance sheet interest of the Group in the VGP European Logistics joint venture. The interest held directly by the Group (5.1%) in the German asset companies of this joint venture have been included in the 50% joint venture figures (share of VGP).

<i>In thousands of €</i>	30.06.2019			31.12.2018		
	Group	Joint venture	Total	Group	Joint venture	Total
Investment properties	540,968	738,490	1,279,458	468,513	624,281	1,092,794
Investment properties included in assets held for sale	280,662	-	280,662	262,172	-	262,172
<b>Total investment properties</b>	<b>821,630</b>	<b>738,490</b>	<b>1,560,120</b>	<b>730,685</b>	<b>624,281</b>	<b>1,354,966</b>
Other assets	57,162	435	57,597	43,029	408	43,437
<b>Total non-current assets</b>	<b>878,792</b>	<b>738,925</b>	<b>1,617,717</b>	<b>773,714</b>	<b>624,689</b>	<b>1,398,403</b>
Trade and other receivables	22,666	5,383	28,049	23,064	6,469	29,533
Cash and cash equivalents	72,725	30,889	103,614	161,446	22,501	183,947
Disposal group held for sale	10,301	-	10,301	12,767	-	12,767
<b>Total current assets</b>	<b>105,692</b>	<b>36,272</b>	<b>141,964</b>	<b>197,277</b>	<b>28,970</b>	<b>226,247</b>
<b>Total assets</b>	<b>984,484</b>	<b>775,197</b>	<b>1,759,681</b>	<b>970,991</b>	<b>653,659</b>	<b>1,624,650</b>
Non-current financial debt	564,899	395,403	960,302	564,375	340,708	905,083
Other non-current financial liabilities	0	4,843	4,843	60	2,574	2,634
Other non-current liabilities	37,810	3,113	40,923	1,515	3,328	4,843
Deferred tax liabilities	18,028	51,949	69,977	16,692	39,950	56,642
<b>Total non-current liabilities</b>	<b>620,737</b>	<b>455,308</b>	<b>1,076,045</b>	<b>582,642</b>	<b>386,560</b>	<b>969,202</b>
			0			
Current financial debt	11,724	10,483	22,207	22,479	8,687	31,166
Trade debts and other current liabilities	45,032	10,697	55,729	38,469	16,985	55,454
Liabilities related to disposal group held for sale	36,500	0	36,500	25,361		25,361
<b>Total current liabilities</b>	<b>93,256</b>	<b>21,181</b>	<b>114,437</b>	<b>86,309</b>	<b>25,672</b>	<b>111,981</b>
<b>Total liabilities</b>	<b>713,993</b>	<b>476,489</b>	<b>1,190,482</b>	<b>668,951</b>	<b>412,232</b>	<b>1,081,183</b>
<b>Net assets</b>	<b>270,491</b>	<b>298,708</b>	<b>569,199</b>	<b>302,040</b>	<b>241,427</b>	<b>543,467</b>

## AUDITOR'S REPORT

Report on the review of the consolidated interim financial information of VGP NV for the six-month period ended 30 June 2019

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the condensed consolidated balance sheet as at 30 June 2019, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the period of six months then ended, as well as selective notes 1 to 17.

### Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of VGP NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated balance sheet shows total assets of 1 283 192 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 75 032 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

### Scope of review

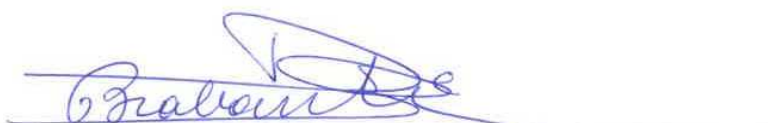
We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of VGP NV has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Antwerp, 22 August 2019

### The statutory auditor



**Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL**

Represented by Kathleen De Brabander



## **GLOSSARY**

### **Annualised committed leases or annualised rent income**

The annualised committed leases or the committed annualised rent income represents the annualised rent income generated or to be generated by executed lease – and future lease agreements.

### **Break**

First option to terminate a lease.

### **Contractual rent**

The gross rent as contractually agreed in the lease on the date of signing.

### **Gearing ratio**

Is a ratio calculated as consolidated net financial debt divided by total equity and liabilities or total assets.

### **Derivatives**

As a borrower, VGP wishes to protect itself from any rise in interest rates. This interest rate risk can be partially hedged by the use of derivatives (such as interest rate swap contracts).

### **Discounted cash flow**

This is a valuation method based on a detailed projected revenue flow that is discounted to a net current value at a given discount rate based on the risk of the assets to be valued.

### **EPRA**

The European Public Real Estate Association, a real estate industry body, which has issued Best Practices Recommendations Guidelines in order to provide consistency and transparency in real estate reporting across Europe.

### **Estimated rental value**

Estimated rental value (ERV) is the market rental value determined by independent property experts.

### **Exit yield**

Is the capitalisation rate applied to the net income at the end of the discounted cash flow model period to provide a capital value or exit value which an entity expects to obtain for an asset after this period.

### **Facility Management**

Day-to-day maintenance, alteration and improvement work. VGP employs an internal team of facility managers who work for the VGP Group and for third parties

### **Fair value**

The fair value is defined in IAS 40 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In addition, market value must reflect current rental agreements, the reasonable assumptions in respect of potential rental income and expected costs.

### **IAS/IFRS**

International Accounting Standards / International Financial Reporting Standards. The international accounting standards drawn up by the International Accounting Standards Board (IASB), for the preparation of financial statements.

### **Interest hedging**

The use of derived financial instruments to protect debt positions against interest rate rises.

**IRS (Interest Rate Swap)**

A transaction in which the parties swap interest rate payments for a given duration. VGP uses interest rate swaps to hedge against interest rate increases by converting current variable interest payments into fixed interest payments.

**VGP European Logistics or VGP European Logistics joint venture**

Means VGP European Logistics S.à r.l., the newly established 50:50 joint venture between the Issuer and Allianz.

**VGP European Logistics 2 or VGP European Logistics 2 joint venture**

Means VGP European Logistics S.à r.l., the newly established 50:50 joint venture between the Issuer and Allianz.

**Joint Ventures**

Means VGP European Logistics and VGP European Logistics 2.

**Lease expiry date**

The date on which a lease can be cancelled

**Net asset value**

The value of the total assets minus the value of the total liabilities.

**Net financial debt**

Total financial debt minus cash and cash equivalents.

**Occupancy Rate**

The occupancy rate is calculated by dividing the total leased out lettable area (m<sup>2</sup>) by the total lettable area (m<sup>2</sup>) including any vacant area (m<sup>2</sup>).

**Property expert**

Independent property expert responsible for appraising the property portfolio.

**Property portfolio**

The property investments, including property for lease, property investments in development for lease, assets held for sale and development land.

**Weighted average term of the leases**

The weighted average term of leases is the sum of the (current rent and committed rent for each lease multiplied by the term remaining up to the final maturity of these leases) divided by the total current rent and committed rent of the portfolio

**Weighted average yield**

The sum of the contractual rent of a property portfolio to the acquisition price of such property portfolio.

## STATEMENT ON THE INTERIM FINANCIAL REPORT

The undersigned declare that, to the best of their knowledge:

- (i) the condensed interim financial statements of VGP NV and its subsidiaries as of 30 June 2019 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the consolidated assets and liabilities, financial position and consolidated results of the company and of its subsidiaries included in the consolidation for the six month period
- (ii) the interim financial management report, in all material respect, gives a true and fair view of all important events and significant transactions with related parties that have occurred in the first six month period and their effects on the interim financial statements, as well as an overview of the most significant risks and uncertainties we are confronted with for the remaining six months of the financial year.

A handwritten signature in blue ink, appearing to read 'Jan Van Geet', with a long horizontal flourish underneath.

Jan Van Geet  
as permanent representative of  
Jan Van Geet s.r.o.  
CEO

A handwritten signature in blue ink, appearing to read 'Dirk Stoop', with a long horizontal flourish underneath.

Dirk Stoop  
as permanent representative of  
Dirk Stoop BVBA  
CFO