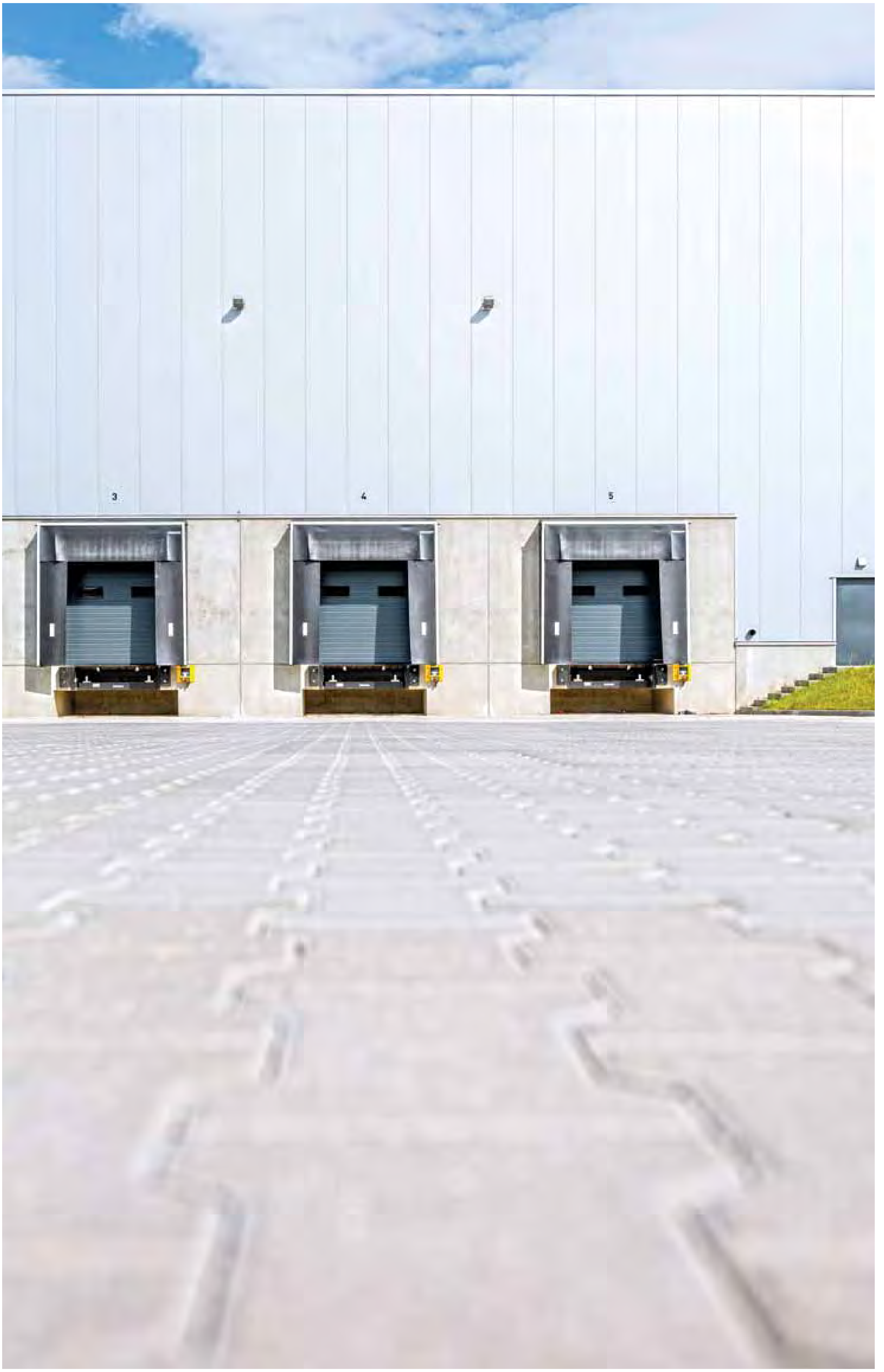
VGP

ANNUAL REPORT 2016

BUILDING TOMORROW TODAY

VGP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5

CONTENT

KEY FIGURES

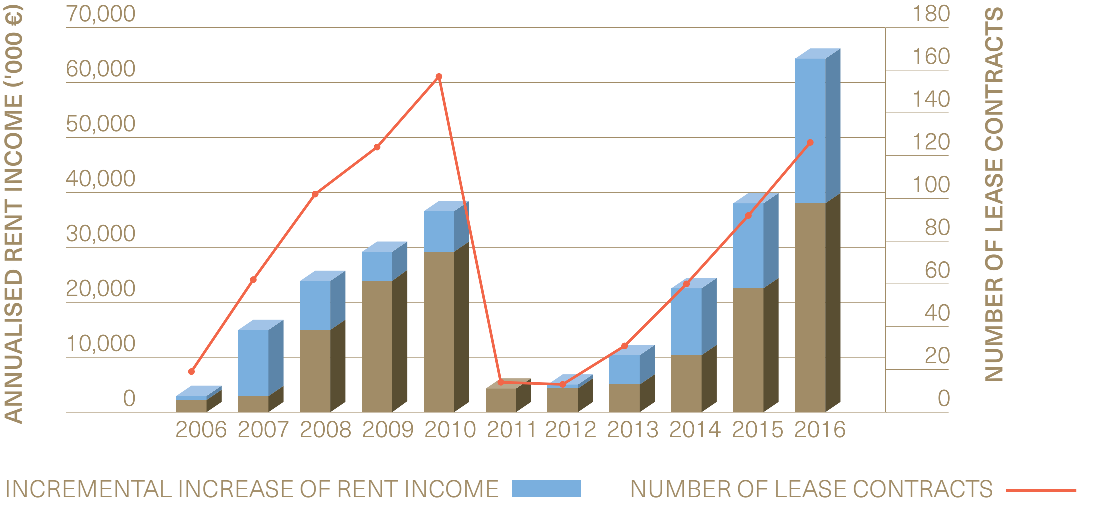
in thousands of €

INVESTMENT PROPERTIES	2016	2015	2014	2013	2012
OWN PORTFOLIO					
TOTAL LETTABLE AREA *(m^2)*	416,158	548,838	268,232	761,724	674,595
OCCUPANCY RATE *(%)*	97.0%	97.3%	94.0%	96.2%	94.5%
FAIR VALUE OF PROPERTY PORTFOLIO	682,525	677,084	416,089	225,804	101,629
VGP EUROPEAN LOGISTICS PORTFOLIO (100%)		—	—	—	—
TOTAL LETTABLE AREA *(m^2)*	593,454	—	—	—	—
OCCUPANCY RATE *(%)*	100.0%	—	—	—	—
FAIR VALUE OF PROPERTY PORTFOLIO	594,198	—	—	—	—

BALANCE SHEET	2016	2015	2014	2013	2012
SHAREHOLDERS' EQUITY	390,305	361,978	215,417	166,057	151,260
GEARING					
NET DEBT/SHAREHOLDERS' EQUITY	0.87	0.71	0.72	0.55	N.A.
NET DEBT/TOTAL ASSETS	39.4%	35.7%	33.2%	24,9%	N.A.

INCOME STATEMENT – ANALYTICAL FORM	2016	2015	2014	2013	2012
GROSS RENTAL INCOME	16,806	17,073	9,596	4,613	3,071
PROPERTY OPERATING EXPENSES AND NET SERVICE CHARGE INCOME/(EXPENSES)	(668)	(550)	(1,082)	(818)	(780)
NET RENTAL AND RELATED INCOME	**16,138**	**16,523**	**8,514**	**3,795**	**2,291**
PROPERTY AND FACILITY MANAGEMENT/ DEVELOPMENT INCOME	3,825	2,547	3,407	3,875	2,724
OTHER INCOME / (EXPENSES) – INCL. ADMINISTRATIVE COSTS	(16,778)	(13,998)	(7,089)	(4,850)	(4,418)
SHARE IN THE RESULTS OF JOINT VENTURE AND ASSOCIATES	7,897	191	14,473	1,526	(1,615)
OPERATING RESULT (BEFORE RESULT ON PORTFOLIO)	**11,082**	**5,263**	**19,305**	**4,346**	**(1,018)**
NET CURRENT RESULT	**(4,702)**	**621**	**9,463**	**4,095**	**1,294**
NET VALUATION GAINS/(LOSSES) ON INVESTMENT PROPERTY	118,900	103,981	53,920	27,872	12,347
DEFERRED TAXES	(22,912)	(18,041)	(14,024)	(7,665)	(2,062)
RESULT ON PROPERTY PORTFOLIO	**95,988**	**85,940**	**39,896**	**20,207**	**10,285**
PROFIT OF THE YEAR	**91,286**	**86,561**	**49,359**	**24,302**	**11,579**

COMMITTED ANNUALISED RENT INCOME AND NUMBER OF LEASE CONTRACTS
(Including joint venture at 100%)



TO THE SHARE– AND BONDHOLDERS OF VGP

Last year we created a new 50/50 Joint Venture vehicle with Allianz Real Estate – the aim of this vehicle is to invest exclusively in income generating assets developed by VGP.

The sale of mature assets to this Joint Venture occurs at market price and allows us to free up our invested equity and to continue our strong growth plans without having to dilute our shareholders with requests for new equity or overstretching our balance sheet with taking on board a disproportionate amount of debt.

The creation of this exclusive vehicle with Allianz has also given us a greater visibility in the investor community. We are now well equipped to roll out our ambitious growth plans in the near future.

Overall, we had a good performance in all the markets where VGP is operating in during the past year. We had a record number of new leases signed. Our contracted annual lease income grew with € 27.3 million to € 64.3 million divided over 126 lease agreements.

There is a clear positive trend towards (i) larger units per leases (the average size increased to 17,353 m² per lease signed in 2016, compared to an average of 7,704 m² per unit in the previous year), and (ii) longer lease terms – our overall weighted average lease term increased to 10.3 years up from 7.5 the year before.

The increase in size and duration is not only a direct result of our geographical presence (in large consumer markets as Germany and Spain the market tends towards larger units) but also of the fact that today's logistic buildings become more and more sophisticated.

There is a clear trend towards robotics and automation which is very present in the growing e-commerce segment. This trend implies big investments into the building by the tenant, who is therefore willing to commit to longer lease terms.

A very positive trend in our customer base is also the loyalty factor – we have more and more customers with whom we are realizing several projects in different locations.
All of these factors allow us to work in a more efficient manner, as you spent as much management time in building a small unit than in a large one. Longer lease terms also mean that you need to put less efforts in the re-letting process freeing-up more management time and finally, having teams develop several similar projects for the same tenant is of course beneficial for the effectiveness of the construction processes.

VGP has significantly invested in the expansion of its team, which counts more than 110 of dedicated professionals as I write this letter.

In most of our markets we now have the necessary management skills and task force to start up construction processes which are entirely coordinated through VGP's own management – in a market where all the general contractors struggle with capacities this is a big advantage, not only from a cost perspective, but especially on timing.

We are now active in eight different countries

Romania

Romania is developing very positively – benefitting a lot from the serious effort the government has put in the expansion of the infrastructure network. We have taken options on new land plots, subject to the necessary permits and will be starting up new developments in the second half year, which we anticipate will be mostly pre-let by that time.

Hungary

In Hungary we will be constructing expansions for existing tenants which will lead to longer lease terms and enhanced rental income.

Slovakia

We are actively looking to expand our activities in Slovakia and have bought new land, again subject to permits in the direct vicinity of the capital city of Bratislava.

Czech Republic

The Czech Republic remains one of our real core markets. We are currently starting-up more than 100,000 m² of new developments which are almost all completely pre-let.

Germany

Germany has evolved into our biggest market in only a few years of activity and remains our main focus. The biggest challenge for the near future will be to find suitable land for further developments. We have recently acquired 4 new development sites on which development activity will start in the very near future.

Spain

We added Spain to our list last year with the acquisition of two major sites in Barcelona and Madrid. We will start up our first developments in the next few weeks and we are very confident that with the current positive economic evolution of the country and together with our very motivated local team, we will make it a success.

Estonia

Our park in Tallinn, Estonia is now almost fully let and we just started the last 10,000 m² construction which is completely pre-let and finally...

Latvia

We started up our new VGP Park in Riga, Latvia.

What we would like to achieve is to become a real European alternative in our markets, which we have said ab initio and we are constantly working towards this goal.

Today we have the necessary capital structure and team in place to be able to move closer to this goal and I hope that I can already write you in next year's letter some words about further progress on new activities and ventures into new European countries.

As always, I would like to finish this letter with a word of thank to our team with whom it is a real pleasure to work with, thanks to their enthusiasm and dedication, our teams' wives, husbands and children for being so supportive, and finally to you our shareholders and bondholders for your trust and loyalty in our company.

Yours sincerely,
Jan van Geet

COMPANY PROFILE

COMPANY PROFILE

VGP (www.vgpparks.eu) constructs and develops high-end logistic real estate and ancillary offices for its own account and for its VGP European Logistics joint venture, which are subsequently rented out to reputable clients on long term lease contracts.

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

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

VGP is quoted on Euronext Brussels and the Main Market of the Prague Stock Exchange.

VGP owns a property portfolio of € 682.5 million as at 31 December 2016 which represents a total lettable area of over 416,158 m² (16 buildings) with another 17 buildings under construction representing 381,041 m² of which 159,981 m² (6 buildings) are being constructed for the VGP European Logistics joint venture.

The VGP European Logistics joint venture owns a property portfolio of € 594.2 million as at 31 December 2016 which represents a total lettable area of over 593,454 m² (33 buildings).

As at 31 December 2016 VGP has a land bank in full ownership of 2,993,779 m². This land bank allows VGP to develop besides the current completed projects and projects under construction (637,218 m²) a further 890,000 m² of lettable area of which 314,000 m² in Germany, 258,000 m² in the Czech Republic, 268,000 m² in Spain and 50,000 m² in the other countries. Besides this, VGP had another 417,000 m² of new plots of land under option, at year-end, allowing to develop approx. 192,000 m² of new projects. It is expected that these remaining land plots will be acquired, subject to permits, during the course of 2017.

VGP European Logistics has a land bank in full ownership of 1,931,383 m² as at 31 December 2016. This land bank allows the Joint Venture to develop besides the current completed projects and projects under construction (753,435 m²) a further 94,700 m² of lettable area of which 21,500 m² in Germany, 41,800 m² in the Czech Republic and 31,400 m² in the other countries.

COMPANY STRATEGY

COMPANY STRATEGY

VGP focuses primarily on Development activities and Asset- and Property management activities.

In order to sustain its growth over the medium term VGP entered into a 50/50 joint venture ('VGP European Logistics') with Allianz Real Estate in February 2016. The new joint venture acts as an exclusive take-out vehicle of the income generating assets and has an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP which are located in Germany, the Czech Republic, Slovakia and Hungary.

VGP provides certain services, including asset-, property- and development advisory and management, for the VGP European Logistics joint venture and receives fees from the Joint Venture for doing so. Those services are carried out on an arm's-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.

The entering into this Joint Venture is of a significant strategic importance to the Group as it allows VGP to recycle its initial (partially or totally) invested equity when such developments are acquired by the Joint Venture and to re-invest these monies in the continued expansion of the development pipeline, including the further expansion of the land bank.

Development activities

Greenfield developments are the core activity of the VGP Group. Developments are undertaken primarily for the Group's own account and to a lesser extent for the Joint Venture. The Group pursues a growth strategy in terms of development of a strategic land bank which is suitable for the development of turnkey and ready-to-be-let logistic projects. The plots are zoned for logistic activities. The management of VGP is convinced that the top location of the land and the high-quality standards of its real estate projects contribute to the long-term value of its portfolio.

The Group concentrates on the sector of logistic and light industrial accommodation projects situated in Germany, the mid-European region and Spain. The Group aims to expand into other European markets in the near future. High quality projects are always developed on the basis of VGP building standards, with adaptations to meet specific requirements of future tenants but always ensuring multiple purpose use and easy future re-leasability.

In their initial phase of development, some projects are being developed at the Group's own risk (i.e., without being pre-let). The development pipeline which was transferred to the Joint Venture as part of the Seed portfolio in May 2016 is or will be developed at VGP's own risk and subsequently acquired and paid for by the Joint Venture subject to pre-agreed completion and lease parameters.

The constructions, which respond to the latest modern quality standards, are leased under long term lease agreements to tenants which are active in the logistic sector, including storing but also assembling, re-conditioning, final treatment of the goods before they go to the industrial clients or the retailers. The land positions are located in the vicinity of highly concentrated living and/or production centres, with an optimal access to transport infrastructure and workforce.

The Group relies on the in-house competences of its team to execute its fully integrated business model, consisting of the identification and acquisition of land and development of the infrastructure, the design of the buildings, the coordination of architectural and engineering aspects, the administration to obtain the necessary permits, the tendering and coordination of the construction works including site management, and upon completion the asset- and property management of the real estate portfolio. The Group's team often operates as a building company, enters into contracts with sub-contractors and monitors the follow up and coordination of the building activities itself.

Asset- and Property management services

Property management services are exclusively provided to the Group's own portfolio and the Joint Venture whereby the respective VGP property management company is responsible for managing the proper and undisturbed operation of the buildings. In addition, the property manager will on behalf of the Group or Joint Venture identify, supervise and manage the relationship with third party suppliers.

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

As part of the property management services VGP will also provide leasing services. The commercial department is responsible for all aspects of the performance and enforcement of the leases and the lease agreements, also on behalf of the VGP European Logistics portfolio, as well as for day-to-day co-operation with the tenants.

The asset management function was created during 2016 as part of the services rendered to the newly established joint venture and entails giving advice and recommendations to the joint venture companies on the joint venture's assets management and strategy. Further advice and recommendations will be given by the asset manager in respect of appropriate tenant mix, execution of leasing strategy that aligns cash flows with portfolio needs, and manage both capital and operating expenses.

Facility management services

Facility management services are carried out in the in the Czech Republic by SUTA s.r.o. ("SUTA") and are focussed on managing the proper and undisturbed operation of the buildings and performing all actions such as maintenance services, waste management services, maintenance greenery etc that may be necessary in this respect.

During 2016 VGP undertook a strategic repositioning of the Suta facility management within the VGP Group. In the past Suta provided facility management services to a broad range of third party customers. In view of the strong growth of the own and the Joint Venture portfolio it was decided during the year to scale down all services provided to third parties and to concentrate solely on the Group's and the Joint Venture's portfolio going forward.

In other countries where no specific facility management team will be in place, the Group will use third party facility management services companies to perform these activities.

KEY PRINCIPLES OF VGP

HIGH QUALITY STANDARDISED LOGISTIC REAL ESTATE

IN-HOUSE COMPETENCES ENABLING A FULLY INTEGRATED BUSINESS MODEL

STRATEGICALLY
LOCATED PLOTS
OF LAND

FOCUS ON BUSINESS
PARKS TO REALISE
ECONOMIES
OF SCALE


A&O

VGP IN 2016

VGP IN 2016

VGP recorded a strong growth in all the markets where the Group is active, with e-commerce gaining increasing importance in driving the demand for new lettable space.

2016 also marked the start of a new 50/50 joint venture with Allianz Real Estate. The new joint venture (VGP European Logistics) has an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP which are located in Germany, the Czech Republic, Slovakia and Hungary. VGP will continue to service the joint venture as asset-, property- and development manager.

VGP European Logistics recorded its first closing at the end of May 2016, in which 15 parks were acquired located in Germany (8 parks), the Czech Republic (4 parks), Slovakia (1 park) and Hungary (2 parks) and comprised 28 logistic buildings. A second closing took place at the end of October 2016, in which a further 5 buildings were acquired i.e. 4 buildings located in Germany and one building located in Slovakia.

During the year 14 buildings were completed totalling 268,945 m² of lettable area and 1 building of 185,000 m² lettable area was acquired. At the end of the year 17 buildings were under construction representing 381,041 m² of lettable are of which 159,981 m² (6 buildings) are being constructed for the VGP European Logistics joint venture.

VGP made also a jump start in Spain in 2016 with a sale and lease back transaction whereby VGP acquired a state of the art brand new warehouse from the fashion Group Mango offering 185,000 m² of usable space (extendable to circa 260,000 m²) and leased it back to Mango under a long-term lease agreement. At the same time VGP also acquired 400,000 m² of additional development land located in Barcelona (adjacent to the Mango building) and Madrid (San Fernando de Henares). The total initial invested amount was around € 195 million.

VGP'S BUSINESS REVIEW

Commercial activities

The increase in demand of lettable area resulted in the signing of new lease contracts in excess of € 30.4 million (own and Joint Venture portfolio) of which € 27.4 million related to new or replacement leases million and € 3.0 million were related to renewals of existing lease contracts. During the year lease contracts for a total amount of € 1.0 million were terminated.

The annualised committed leases (on an aggregate own and Joint Venture portfolio basis) therefore increased to € 64.3 million as at the end of December 2016 (compared to € 38.0 million as at 31 December 2015).

The signed lease agreements as at 31 December 2016 represent a total of 1,278,238 m^2 of lettable area and correspond to 126 different tenants' lease or future lease agreements (on an aggregate own and Joint Venture portfolio basis).

The weighted average term of the annualised committed leases of the combined own and Joint Venture portfolio stood at 10.3 years at the year-end (7.5 years as at 31 December 2015) and the occupancy rate (own and Joint Venture portfolio) reached 98.8% at year-end (compared to 97.3% at the end of 2015).

Own portfolio

During the year 2016 VGP signed new annualised committed leases in excess of € 23.1 million in total, of which € 21.1 million related to new or replacement leases and € 2.0 million to the renewal of existing leases. During the year lease contracts for a total amount of € 0.2 million were terminated.

Germany was the main driver of the increases in annualised committed leases with more than € 8.9 million of new leases signed during the year. The other countries also performed very well with new leases being signed in the Czech Republic + € 3.1 million, Estonia +€ 1.4 million, Slovakia + € 1.1 million and finally in Romania + € 1.0 million. In Spain VGP entered into a € 7.5 million new lease in respect of the newly acquired building in Barcelona.

This brings the annualised committed leases to € 25.7 million as at 31 December 2016. The signed lease agreements represent a total of 565,324 m² of lettable area and correspond to 62 different tenants' lease or future lease agreements. The weighted average term of the annualised committed leases stood at 14.1 years at the year-end (10.6 years to first break).

THE OCCUPANCY RATE OF THE OWN PORTFOLIO REACHED AT THE END OF 2016

97%

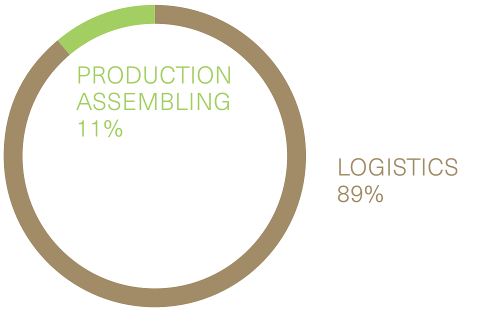
As at 31 December 2016 the investment property portfolio consists of 16 completed buildings representing 416,158 m² of lettable area with another 11 buildings under construction representing 221,060 m² of lettable area.

During the year VGP delivered in total for its own and joint venture portfolio 14 buildings representing 268,945 m² of lettable and 1 building of 185,000 m² lettable area was acquired for its own portfolio. Of these completed buildings, 6 buildings representing 116,726 m² were retained in its own portfolio.

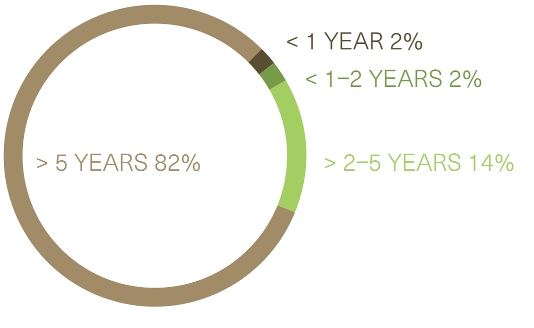
The completed buildings were located in the Czech Republic: 1 building of 2,753 m² in VGP Park Cesky Ujezd and 1 building of 11,436 m² in VGP Park Liberec. In Romania: 2 buildings totalling 35,574 m² in VGP Park Timisoara. In other countries: 1 building of 11,152 m² in VGP Park Nehatu (Estonia) and 1 building of 55,811 m² in VGP Park Soltau (Germany).

The occupancy rate of the own portfolio reached 97.0% at the end of 2016.

PORTFOLIO BREAKDOWN BY USE
31 December 2016 (in m²)



COMMITTED LEASE MATURITY
31 December 2016 (in m²)




ao.de

VGP European Logistics portfolio

During the year 2016 VGP negotiated for its Joint Venture new annualised committed leases in excess of € 7.4 million in total of which € 6.3 million related to new or replacement leases and € 1.1 million to the renewal of existing leases. During the year lease contracts for a total amount of € 0.8 million were terminated.

Germany was the main driver of the increases in annualised committed leases with more than € 5.6 million of new leases signed during the year. In the other countries, new leases were signed in Hungary + € 0.8 million, the Czech Republic + € 0.7 million and finally in Slovakia + € 0.2 million.

This brings the annualised committed leases to € 38.6 million as at 31 December 2016. The signed lease agreements represent a total of 712,914 m² of lettable area and correspond to 64 different tenants' lease or future lease agreements. The weighted average term of the annualised committed leases stood at 7.8 years at the year-end (6.8 years to first break).

THE OCCUPANCY RATE OF THE JOINT VENTURE PORTFOLIO REACHED AT THE END OF 2016

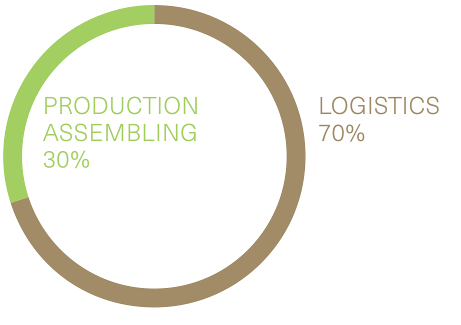
100%

As at 31 December 2016 the investment property portfolio consists of 33 completed buildings representing 593,454 m² of lettable area with another 6 buildings being developed by VGP, on behalf of the Joint Venture, representing 159,981 m² of lettable area.

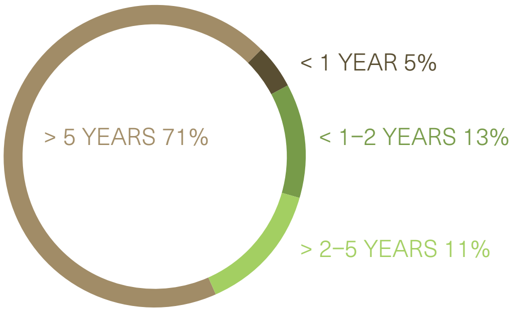
For the Joint Venture, VGP completed 8 buildings i.e. Buildings completed prior to the sale of the Seed portfolio on 31 May 2016: In Germany: 2 buildings totalling 68,129 m² in VGP Park Rodgau. In other countries: 1 building of 3,640 m² in VGP Park Plzen (Czech Republic) and 1 building of 22,892 m² in VGP Park Alsonemedi (Hungary). Buildings completed after 31 May 2016: In Germany: 1 building of 7,062 m² in VGP Park Rodgau, 1 building of 23,270 m² in VGP Park Bobenheim-Roxheim and 1 building of 14,471 m² in VGP Park Hamburg. In other countries: 1 building of 12,756 m² in VGP Park Malacky (Slovakia).

The occupancy rate of the joint venture portfolio was 100% at the end of 2016.

PORTFOLIO BREAKDOWN BY USE
31 December 2016 (in m²)



COMMITTED LEASE MATURITY
31 December 2016 (in m²)

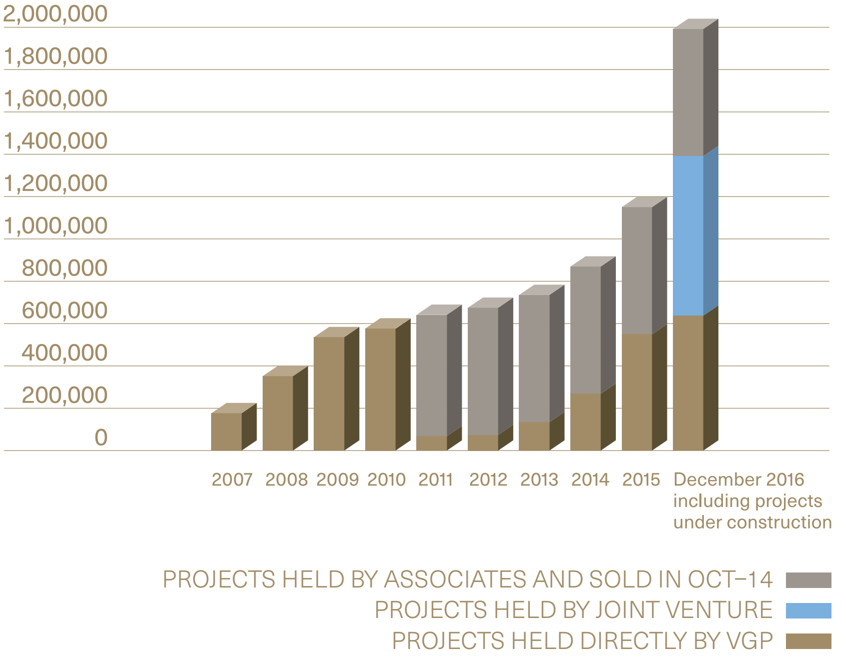


Development activities

Own portfolio

The development activities have shown a consistent strong track record over the past years. Over the past 9 years VGP developed 2.0 million m² of lettable area.

TOTAL SQUARE METRES DEVELOPED
31 December 2016 (in m²)

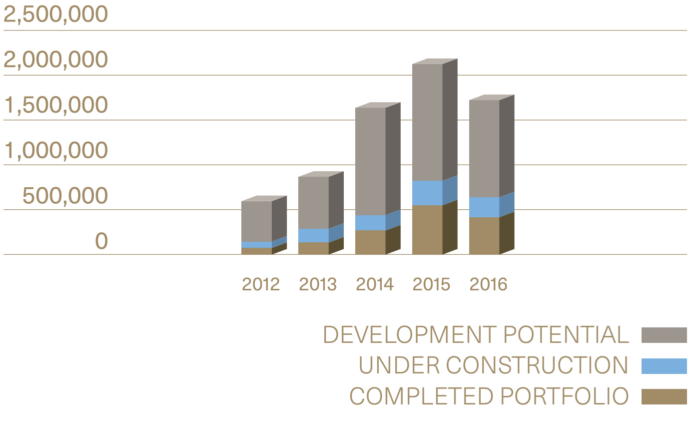


At the end of December 2016 VGP has the following 11 new buildings under construction for its own account: 1 building in each of the following Czech parks, VGP Park Tuchomerice, VGP Park Usti nad Labem, VGP Park Cesky Ujezd and VGP Park Olomouc. In Germany: 1 building in each of the following German parks: VGP Park Berlin, VGP Park Leipzig, VGP Park Ginsheim, VGP Park Hamburg and VGP Park Schwalbach. In the other countries: 1 building in VGP Park Nehatu (Estonia) and 1 building VGP Park Kekava (Latvia). The new buildings under construction on which 69% pre-leases have already been signed, represent a total future lettable area of 221,060 m² which corresponds to an estimated annualised rent income of € 10.0 million.

During the year VGP continued to target land plots to support the development pipeline for future growth. In 2016, VGP acquired 1,166,000 m² development land, of which 408,000 m² was located in Germany, 358,000 m² in the Czech Republic and 400,000 in Spain. These new land plots allow VGP to develop altogether approximately 649,000 m². Besides this, VGP had another 417,000 m² of new land plots under option at year-end which are located in Germany, Slovakia, Romania and the Czech Republic. These land plots have a development potential of approx. 192,000 m² of new lettable areas and are expected to be acquired, subject to permits, during the course of 2017.

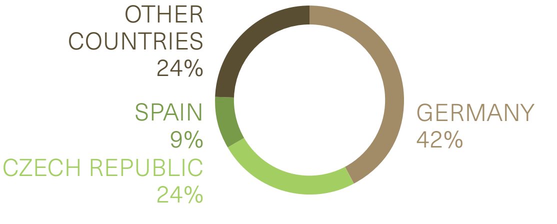
The current land bank allows VGP to develop besides the current completed projects and projects under construction (637,218 m²) a further 890,000 m² of lettable area of which 314,000 m² in Germany, 258,000 m² in the Czech Republic, 268,000 m² in Spain and 50,000 m² in the other countries.

DEVELOPMENT POTENTIAL SECURED LAND BANK *(in m²)*

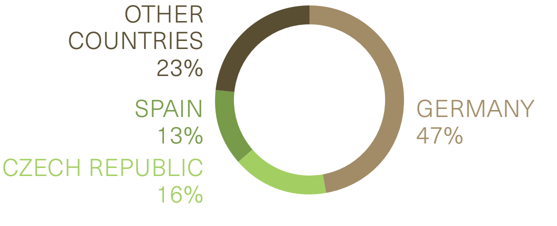


The current development potential of the VGP own portfolio as at 31 December 2016 is as follows:

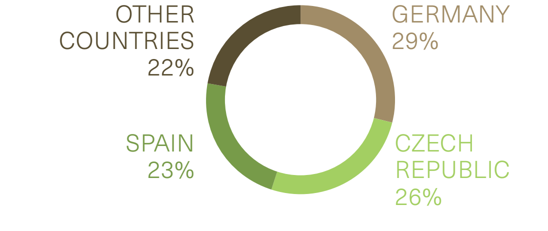
TOTAL LAND AREA *(in m²)*



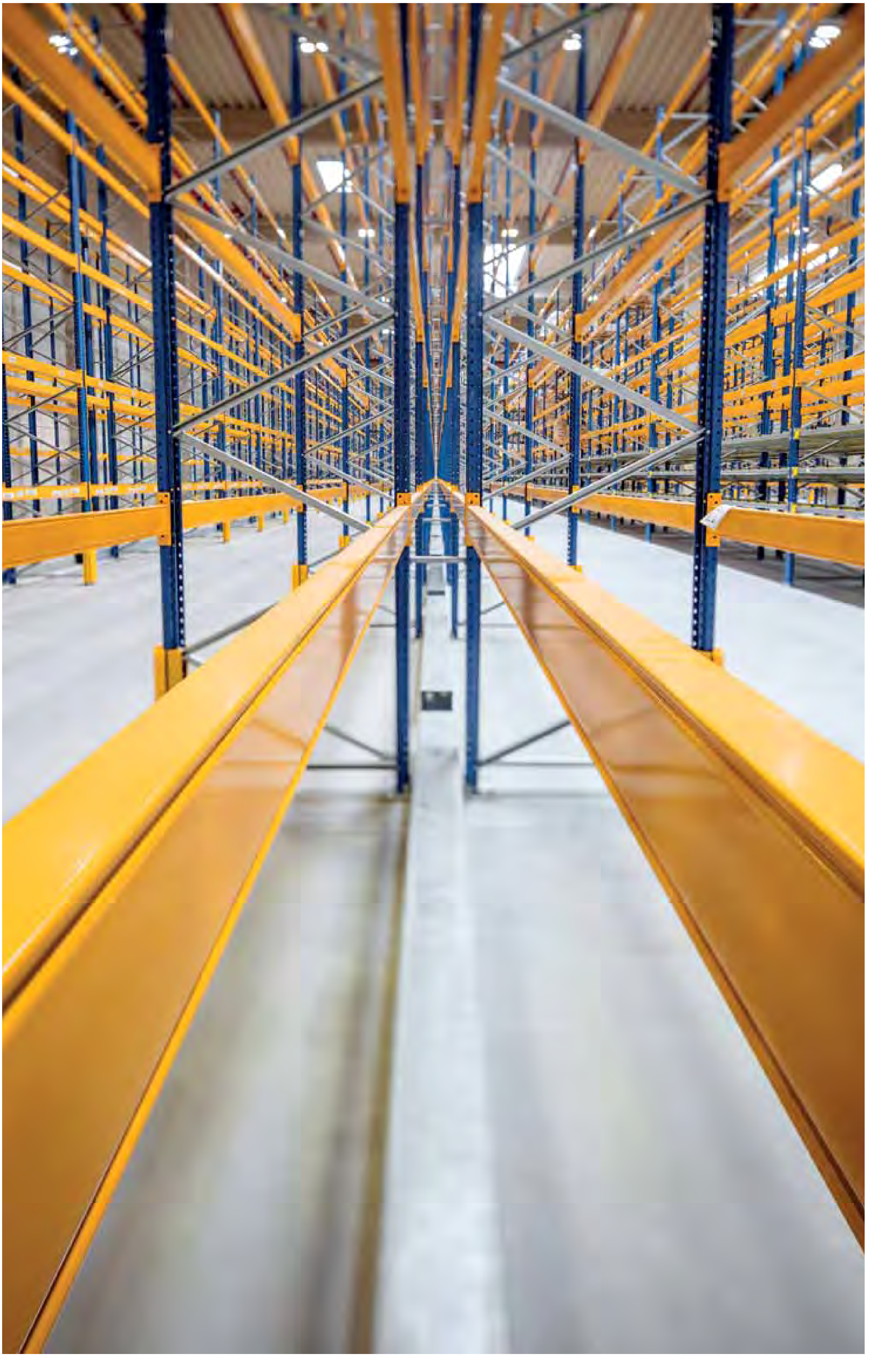
TOTAL COMPLETED & PIPELINE
31 December 2016 (in m²)



REMAINING DEVELOPMENT POTENTIAL
31 December 2016 (in m²)



SOURCE: Company information.
NOTE: The above figures relate to the current secured land bank. The development potential has been calculated by reference to existing or similar developed logistic projects.



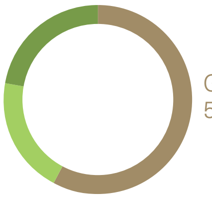
VGP European Logistics portfolio

At the end of the year VGP had 6 buildings under construction on behalf of the Joint Venture. In Germany: 3 buildings in VGP Park Hamburg and 1 building in VGP Park Frankenthal. In the other countries: 1 building in VGP Park BRNO (Czech Republic) and 1 building in VGP Park Malacky (Slovakia). The new buildings under construction on which 81% pre-leases have already been signed, represent a total future lettable area of 159,981 m², which corresponds to an estimated annualised rent income of € 8.6 million.

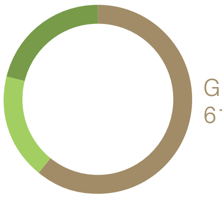
The Joint Venture has currently a land bank in full ownership of 1,931,383 m². The land bank corresponds to a total development potential of 848,163 m² of which 753,435 m² or 89%; has already been developed or is currently being developed.

The current development potential of the VGP European Logistics portfolio as at 31 December 2016 is as follows

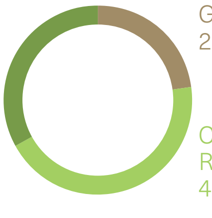
TOTAL LAND AREA *(in m²)*



TOTAL COMPLETED & PIPELINE
31 December 2016 (in m²)



REMAINING DEVELOPMENT POTENTIAL
31 December 2016 (in m²)



SOURCE: Company information.
NOTE: The above figures relate to the current land bank.
The development potential has been calculated by reference to existing or similar developed logistic projects.

GENERAL MARKET OVERVIEW[1]

CEE + Germany and Spain – Key market indicators

CEE + GERMANY & SPAIN KEY MARKET INDICATORS

		PRIME RENT €/m²/P.A.	RENTAL CHANGE Y-O-Y (%)	PRIME YIELD (%)	YIELD CHANGE Y-O-Y (%)
PRAGUE	EUR	48	—	6.00	-50
BRATISLAVA	EUR	54	8	7.75	-25
BUCHAREST	EUR	48	—	9.00	—
BUDAPEST	EUR	46	—	8.25	-50
WARSAW	EUR	43	—	6.50	-25
BERLIN	EUR	56	—	5.10	-30
FRANKFURT	EUR	73	1.4	5.00	-25
MUNICH	EUR	81	—	5.00	-25
BARCELONA	EUR	81	—	6.10	-65
MADRID	EUR	61	7	6.10	-65

SOURCE: Jones Lang LaSalle

1 SOURCE: Jones Lang LaSalle

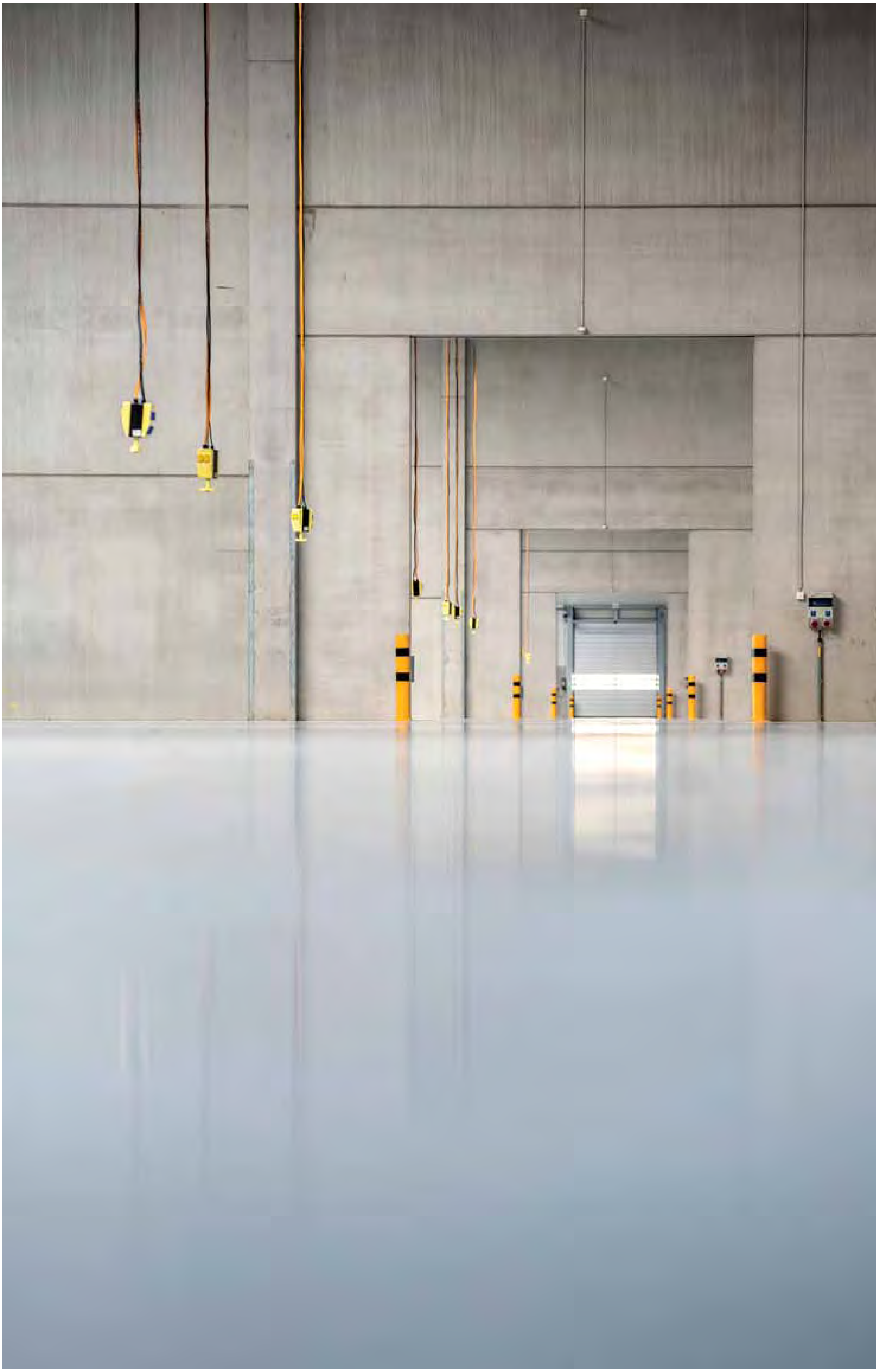
CEE Real estate investment – Market overview 2016

At just over €12.56 billion, the 2016 investment volumes represented a 42% increase over 2015 (€8.82 billion) and is the highest CEE investment volume in the regions' history. 2016 has also been a record breaking year at a country level with the highest ever volumes recorded in the Czech Republic and Slovakia and second best ever results recorded in Poland, Hungary and the SEE region. The full year breakdown saw Poland record an overall transactional volume share of 36%, followed by the Czech Republic (29%), Hungary (13%), SEE markets (8%), Romania (7%) and Slovakia (7%). Table below includes Germany where 2016 transaction volume of €52.9 billion was only about 4% lower compared to 2015 and was ranked third behind 2007 (€54 billion) and 2015 (€55.1 billion) in the long-term statistics. The breakdown of volumes for 2016 is as follows:

CEE, GERMANY AND SPAIN INVESTMENT MARKET OVERVIEW

	2016 VOLUME *(€ millions)*	**2015 VOLUME** *(€ millions)*
POLAND	4,540	4,090
CZECH REPUBLIC	3,600	2,652
ROMANIA	890	674
SLOVAKIA	840	358
HUNGARY	1,700	788
OTHER CEE	994	260
TOTAL CEE	**12,564**	**8,883**
GERMANY	52,900	55,100
SPAIN	8,706	9,448
GRAND TOTAL	**74,170**	**73,431**

SOURCE: Jones Lang LaSalle

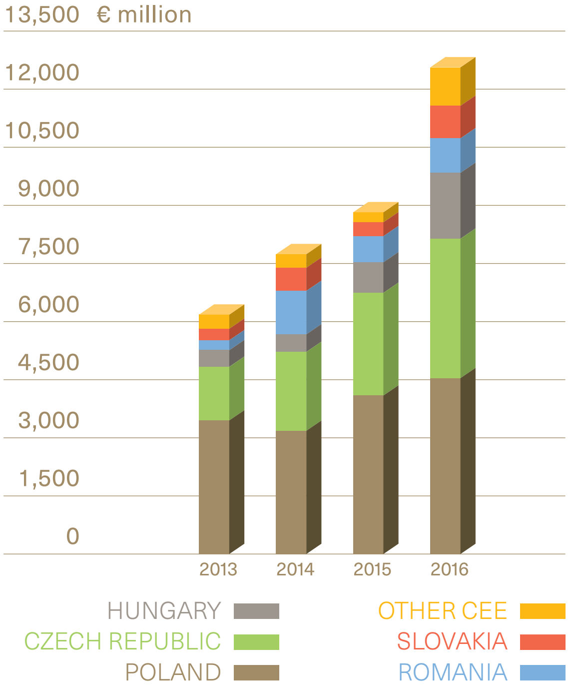


CEE volumes by country

The weight of both international and domestic capital seeking opportunities across the CEE region has provided increased liquidity for a wide range of properties, especially those with large lot-sizes or making up portfolios and platforms.

As core European markets continue to become increasingly tight, the CEE region will attract further capital. Further compression is expected, although at a slower pace than seen in the previous months.

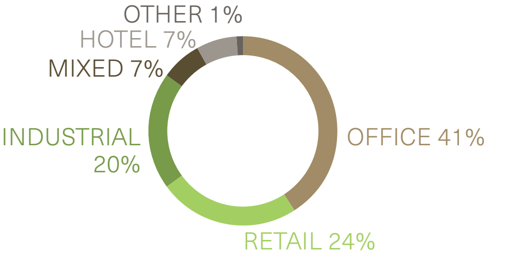
CEE VOLUME BY COUNTRIES



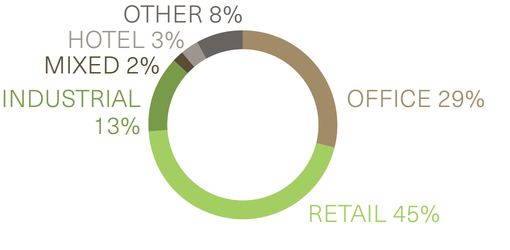
SOURCE: Jones Lang LaSalle, 2017

CEE investment volumes by sector

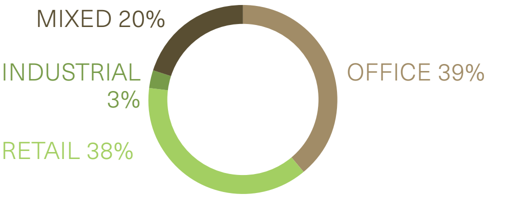
CEE SECTOR SPLIT 2014



CEE SECTOR SPLIT 2015



CEE SECTOR SPLIT 2016



SOURCE: Jones Lang LaSalle, 2017

Focus on Germany

Following six years of consecutive growth (2010–2015) and a record volume in 2015, it seemed unlikely until well into December that the transaction volume on the German commercial investment market would reach the € 50-billion mark. However, an unusually strong final spurt involving numerous large individual and portfolio transactions ensured that the year ended on a high note.

Thus the 2016 transaction volume of € 52.9 billion was only about 4% lower compared to 2015 and was ranked third behind 2007 (€ 54.billion) and 2015 (€ 55.1 billion) in the long-term statistics. Whether the growing insecurity gave the market a final push and brought forward the signing of transactions remains a matter of speculation. It is also not proven if there was a significant shift in the flow of capital as a result of threatening Brexit from the UK to Germany.

The historically low interest rates are still the driving force behind the enormous capital investment requirements of all institutional investors. However, it is becoming increasingly challenging to find adequate products to satisfy this need. This essentially applies to all asset classes used for commercial purposes. The fact that the transaction volume was lower last year compared to the previous year is ultimately due to this supply shortage.

Looking ahead to 2017, this year will be shaped by the political environment to an almost unprecedented degree. A number of elections are pending that could upset the political party landscape in countries such as France, the Netherlands or even Germany. Against this backdrop, it remains to be seen what repercussions this will have for the future economic development of the U.S. and European markets in particular, and how the central banks will ultimately react. The era of zero interest rates at least appears to be over. As inflation rises and yields increase on the bond markets, investors will again turn their attention to other financial market products, especially government bonds. Thus the capital pressure on property will ease somewhat. Germany retains its label as a ‘safe haven’, and still offers good investment opportunities in view of its relatively strong economic and real estate market data. In this respect, it is certainly possible that the transaction volume could again reach between € 45 billion and € 50 billion in 2017.

Focus on the Czech Republic

The second half of 2016 recorded a further € 2.60 billion of transacted commercial real estate, providing a full-year volume of more than € 3.6 billion. This represents the highest ever level of annual trading on record and a 36% increase compared to 2015. This volume is also ca. 26% higher when compared to 2007, the former peak-trading year.

The average transaction size in H2 was € 73 million, which is derived from 36 transactions in total. The highest activity was in the office sector (18) followed by retail (11). Volume-wise, the main transaction of the period was the sale of the P3 industrial portfolio by GIC Real Estate from TPG Real Estate and its partner Ivanhoé Cambridge. The Singapore based fund completed its purchase in Q4 2016 for € 760 million. Other significant transactions in 2016 were The Park -acquired by Deka for € 360 million from Starwood Capital Group and Florentinum -purchased by CEFC for in excess of € 280 million from Penta Investments. The latter was the first major office acquisition by a Chinese investor in the Czech Republic.

For 2017, we expect a robust transactional volume supported by a strong first quarter of the year. A significant pipeline of transactions across sectors remain, specifically retail, held over from 2016. In addition, the continued positive financing environment outlook gives us confidence that we will witness solid transactional activity although this may be limited by a scarcity of product for investors.

Focus on Romania

The 2016 property investment volume for Romania is estimated at € 890 million, a value almost 35% higher than that registered in 2015 (€ 663 million). However, the number of transactions was slightly smaller, meaning that the average deal size increased.

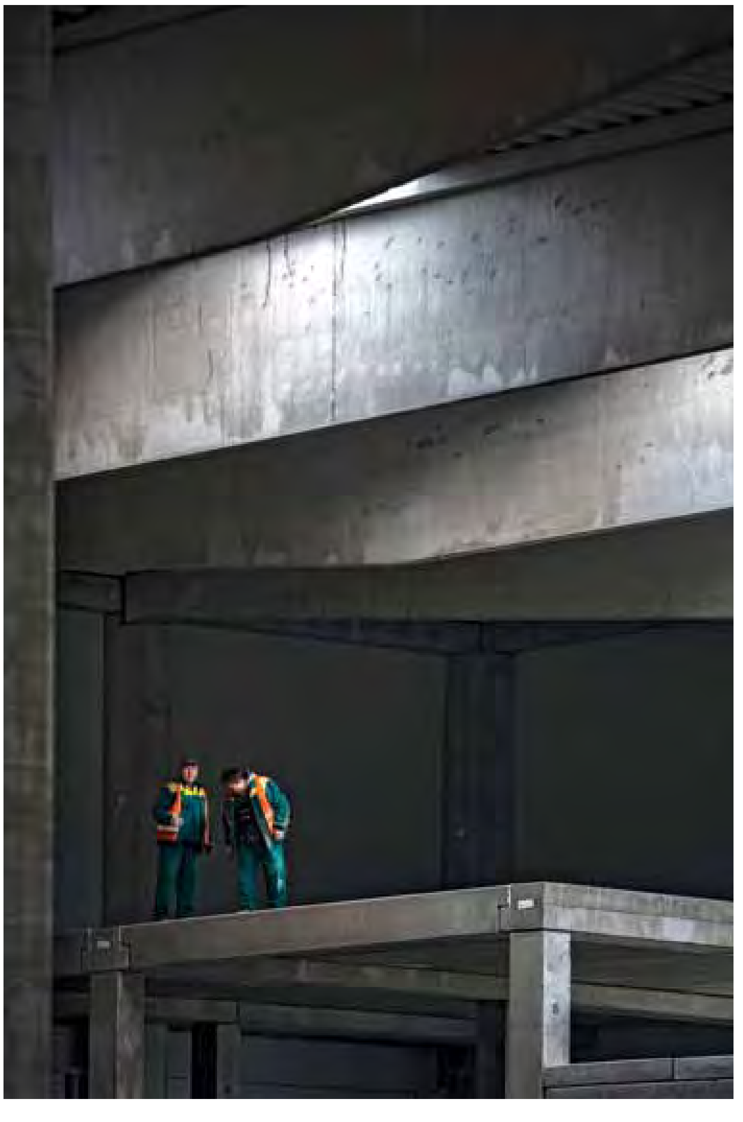
Bucharest accounted for over 70% of the total investment volume, less than in 2015, showing that liquidity in secondary cities has somewhat improved. Market volumes were dominated by office transactions (45%), while retail and industrial accounted for close to 26% each.

The largest transaction registered in 2016 was the acquisition of 26.88% of Globalworth's shares by South African group Growth point for approximately € 186 million. Globalworth is the largest owner of office space in Romania.. In industrial, the largest deal was the acquisition of P3 Logistic Parks by GIC, the Singapore sovereign wealth fund, through the pan-European acquisition of P3.

2016 marked the entry of several new names on the Romanian real estate market, either through the purchase of regional platforms or, individual assets. Among them Logicor (Blackstone's European industrial division), GIC, PPF and Growthpoint.

Market fundamentals remain robust. The macroeconomic forecast for Romania is positive. The country was the EU's top performer in 2016 (with GDP growth estimated at 4.8%) and is expected to hold this position in 2017 as well, despite a minor slowdown. Occupier demand is at record high levels in all market segments. Availability of quality product is increasing and there is significant yield spread between Romania and Poland or the Czech Republic.

Prime office yields are at 7.5%, prime retail yields at 7.25%, while prime industrial yields are at 9.00%. Yields for office and industrial are at the same level as 12 months ago, while retail yields have compressed by 25 bps over the year. However, there is downward pressure on yields and in 2017 significant compression in industrial and mild compression in offices and retail is likely.



Focus on Spain

The promising recovery in Spain's real estate market has come in phases, starting in 2013 with Opportunistic investors like Goldman Sachs and Blackstone, who bet on high-risk assets in search of big returns. The next year, SOCIMIs, led by Lar España, began to list on Spain's stock exchange and raise funds focused particularly on Value Add investing and shopping centres.

Quantitative Easing coupled with low bond yields and a volatile stock market continues to propel capital flows into the commercial real estate sector, as investors desperately search for decent returns. However, lack of available quality product has quieted Spain´s real estate investment party a bit this year, with total investment expected to reach €8.7 billion, below last year´s record € 9.4, but much higher number than previous records of € 6.7 billion in 2008 and 7.3 billion in 2007.

Year-to-date, all sectors have witnessed a slight decrease in investment, except for logistics, where volume has actually already surpassed last year's total of €434 million (+89%).

So far this year, commercial real estate investment sums € 8.7 billion. In terms of property sectors, retail and office have clearly dominated, accounting for € 2.97 billion and € 2.77 billion (or 66%) of that total. Compared to last year, both volumes have dropped less than expected; -3% for retail and -13% for the office market. At around € 2.155 billion, the hotel sector is coming in at third place, making up 24%. While at € 819 million (9%) the logistics sector accounts for the smallest piece of the investment pie, it is, as mentioned above, by far the best performer this year, when compared to last year. The same time last year, this sector had amassed € 434 million, meaning it has increased 89% year-over year.

Despite significant prime yield compression, the spread over the Spanish government bond remains at a healthy level above 115 bps. In the logistics sector, they now stand at 6.10%. Office yields stand at 3.75% for Madrid and at 4.00% for Barcelona.

In 2016, the investor profile remained diverse, with no significant changes from 2015. Like last year, large numbers of private investors from Asia and the Middle East remain eager to diversify their investments in the face of oil price swings and slower growth in some countries. While foreign investors are the protagonists in terms of investment activity, national players, who historically have been 40% on average, too play an important role.

GERMAN MARKET

The market for warehousing and logistic space in Germany achieves a new record

A new record take-up was achieved in the market for warehousing and logistic space in Germany. Around 6.7 million m² of space was taken up (for owner-occupation and letting), exceeding the previous year's record by 8%. It was also 22% and 46% higher than the 5- and 10-year averages, respectively. Many indicators for 2017 are positive: in addition to the economic forecasts of 1.4% GDP growth, they include the unwavering demand for space on the part of companies, their willingness to invest and, to a degree, the continued restructuring of industrial locations. It is possible that the 6 million m² mark will be exceeded in 2017, for the third year in a row.

Above-average space take-up in the "Big 5"

The "Big 5" conurbations (Berlin, Düsseldorf, Frankfurt, Hamburg and Munich) recorded their second -best performance since 2011, at 2.1 million m² (2011: 2.25 million m²). This was 2% higher year-on-year, and 9% and 24% above the 5- and 10-year averages, respectively. The Munich and Frankfurt regions recorded the biggest annual growth, at 36% and 21% respectively, with Frankfurt even registering its best ever result of 570,000 m². Also in positive territory was the Hamburg Region (11%), which assumed pole position in the "Big 5" with total take-up of 665,000 m². Compared to the same period in 2015, market performance in Berlin and Düsseldorf clearly fell short, at -8% and -47%, in Düsseldorf this was due to unusually high take-up volume last year.

The volume of space taken up by retailers increased significantly year-on-year, pushing up their market share from 31% to 41%. They were also responsible for the five biggest deals of the year in the "Big 5": with a major contribution from the Dutch retailer Action, which leased over 82,000 m² of space in the first quarter in a project development for its new logistic centre in Biblis; and a letting by Amazon of around 65,000 m² in Winsen on the southern periphery of Hamburg in the fourth quarter, also in a project development. Around 31% of the space was taken up by companies from the distribution / logistics sector; a similar volume as in 2015. Manufacturers followed with 17%, therefore leasing some 133,000 m² less than in the previous year.

In Berlin, prime rents reach the €5 mark for the first time since 2002

Prime rents for warehouses with more than 5,000 m² remained stable in most regions over the course of the year. One exception was the Berlin Region, where the prime rent increased from € 4.70 to € 5.00/m²/month. Nonetheless, space here was still cheaper than in the other four regions. At € 6.75/m²/month, the highest rents were paid in Munich. This was followed by the Frankfurt (€ 6.00/m²/month), Hamburg (€ 5.60/m²/month) and Düsseldorf regions (€ 5.40/m²/month).

New record performance also outside the "Big 5"

Outside the "Big 5" conurbations*, take-up reached an all-time high at 4.57 million m². This was 11% above the result for the same period last year, and 33% and 64% above the 5- and 10-year averages, respectively. 57% of the take-up was generated by lettings, 9% more than twelve months ago. Take-up by owner-occupiers also increased by 14%. Particularly worthy of mention is the Ruhr Area, a logistics region in which take-up exceeded the 1 million m² mark for the first time. Due to its good supply of highly accessible land, the Ruhr Area is in great demand as a location, particularly in the case of land-intensive companies. Several high-volume contracts were registered here and included lettings by the Metro Group (approx. 225,000 m² in two self-contained buildings in Marl) and high-volume deals concluded by Amazon in Werne and Opel (owner-occupier) in Bochum in the first half of the year. Amazon also concluded the biggest deal in the fourth quarter, taking over 45,000 m² in Dortmund. As a result of the four deals mentioned above and a further nine contracts signed for units of over 25,000 m², almost 90% of take-up in the Ruhr Area was secured in new buildings and project developments.

* NOTE Includes only spaces larger than 5,000 m² in these regions (SOURCE: Jones Lang LaSalle).

WAREHOUSING TAKE-UP GERMANY: LETTINGS / OWNER-OCCUPIERS

	2011 *(m²)*	**2012** *(m²)*	**2013** *(m²)*	**2014** *(m²)*	**2015** *(m²)*	**2016** *(m²)*
OUTSIDE THE "BIG 5"-CONURBATIONS:						
— LETTINGS	2,032,000	1,637,300	1,539,062	1,759,872	2,406,425	2,606,553[1]
— OWNER-OCCUPIERS	1,585,900	1,299,600	1,772,338	1,906,528	1,715,875	1,966,347[1]
— TOTAL	**3,617,900**	**2,936,900**	**3,311,400**	**3,666,400**	**4,122,300**	**4,572,900**
"BIG 5"-CONURBATIONS:						
— LETTINGS	1,781,900	1,365,500	1,206,200	1,406,000	1,545,000	1,724,700
— OWNER-OCCUPIERS	464,300	418,900	499,900	484,300	512,900	380,000
— TOTAL	**2,246,200**	**1,784,400**	**1,706,100**	**1,890,300**	**2,057,900**	**2,104,700**
LETTINGS	3,813,900	3,002,800	2,745,262	3,165,872	3,951,425	4,331,253
OWNER-OCCUPIERS	2,050,200	1,718,500	2,272,238	2,390,828	2,228,775	2,346,347
TOTAL	**5,864,100**	**4,721,300**	**5,017,500**	**5,556,700**	**6,180,200**	**6,677,600**

SOURCE: Jones Lang LaSalle
1 As calculated by the company based on Jones Lang LaSalle data

WAREHOUSING TAKE-UP GERMANY

	2011 *(m²)*	**2012** *(m²)*	**2013** *(m²)*	**2014** *(m²)*	**2015** *(m²)*	**2016** *(m²)*
REGION						
— BERLIN	412,000	333,600	333,000	327,400	456,100	418,300
— DUSSELDORF	205,800	145,100	295,200	283,200	328,900	175,900
— FRANKFURT (INCLUDING WIESBADEN/MAINZ)	540,000	455,600	415,000	559,000	470,500	570,300
— HAMBURG	740000	575,400	450,000	450,000	600,000	665,000
— MUNICH	348,400	274,700	212,900	270,700	202,400	275,200
TOTAL "BIG 5"-CONURBATIONS	2,246,200	1,784,400	1,706,100	1,890,300	2,057,900	2,104,700
OUTSIDE "BIG 5"-CONURBATIONS	3,617,900	2,936,900	3,311,400	3,666,400	4,122,300	4,572,900
TOTAL	**5,864,100**	**4,721,300**	**5,017,500**	**5,556,700**	**6,180,200**	**6,677,600**

SOURCE: Jones Lang LaSalle

SPANISH EXPANSION

Spain — Warehousing market

Logistics sector trends – the impact of new technologies

New advances in technology and growing connectivity are driving e-commerce and revolutionising the logistics sector in a trend we expect to intensify going forwards. Recent figures released by Spain's competition authority, the CNMC, evidence the strong growth of e-commerce, and its huge potential for the future. E-commerce stood at € 5.35 billion in the third quarter of 2016, up 20.3% year on year.

Technology developments and e-commerce are driving a major shift in the retail sector from a multichannel to an omnichannel model. A multichannel model involves various channels (store, online, mobile) which are all managed independently. The omnichannel approach, on the other hand, is based on integrated management of the various channels to offer clients a seamless shopping experience regardless of how they choose to make their purchases. The key to the omnichannel approach is integrating processes, IT systems and infrastructure, including property assets, to allow retailers to meet their customers' needs from wherever they choose. An omnichannel model allows retailers to manage orders both from stores and from warehouses, blurring the line between the two. Spearheading the omnichannel approach is Inditex, which has integrated inventory intelligence into its logistics process through RFID technology to allow for real time monitoring and visibility of its stock. As well as incorporating e-commerce into its stores, Inditex has upped online sales – which now account for 5.5% of total group revenues – by 39.1%.

The large-scale retail segment is changing as a result both of e-commerce and of the clear commitment to fresh produce. Food currently accounts for less than 1% of e-commerce, but companies are focusing increasing efforts on this sales channel, which means they need more dynamic logistics structures. Día, Mercadona, Lidl, Carrefour and El Corte Inglés have all opened new logistics centres or plan to do so in the near future. The latest opening was the El Corte Ingles facility in Tarragona. Día has opened a new logistics platform in Aragón, in addition its other 24 centres in Spain. Mercadona is set to open a 150,000 m² logistics platform in Vitoria, in Alava's Jundíz industrial estate. The centre will supply all of Mercadona's stores in northern Spain. Lidl invested € 70 million in a warehouse in Alcalá de Henares to supply its shopping centres in mainland Spain, and has also announced the acquisition of plots of land in Valencia for its new centres. The logistics space accounted for by major retailers in Spain, including Auchan and Eroski, stands at over 2,000,000 m².

Madrid

Logistics take-up stood at 470,000 m² in 2016, up 23% on the total for 2015. The fourth quarter was the most active of the year, with a total of around 255,000 m² taken up in Madrid. In terms of logistics take-up, 2016 was an extremely active year, hitting 2010 highs. Over the course of the year, seven deals took place for volumes of over 20,000 m².

By sectors, 66% of take-up was accounted for by logistics companies, whilst e-commerce players represented 12% of logistics take-up in Madrid. Transactions in the first ring accounted for 44%, including Amazon's 57,000 m² facility in San Fernando de Henares.

Other major transactions included 57,800 m² taken up by Michelín in Illescas and the rental of a 48,500 m² warehouse by Luis Simoes in Cabanillas del Campo.

The vacancy rate has plummeted by almost half from 6.10% on 2015 to 3.41% in 2016. In the second ring, the vacancy rate stands at a record low of 2.63%. In the third ring, the rate is 3.91%. We expect this downward trend to continue, given the lack of available supply and robust take-up levels.

There is approximately 287,000 m² currently under construction which is set to be delivered in 2017. Tenants have already been secured for 19% of this future supply, and the remaining 81% are speculative developments. There are also a number of logistics projects that are currently undergoing final planning permission processes and will start coming on to the market as of 2018.

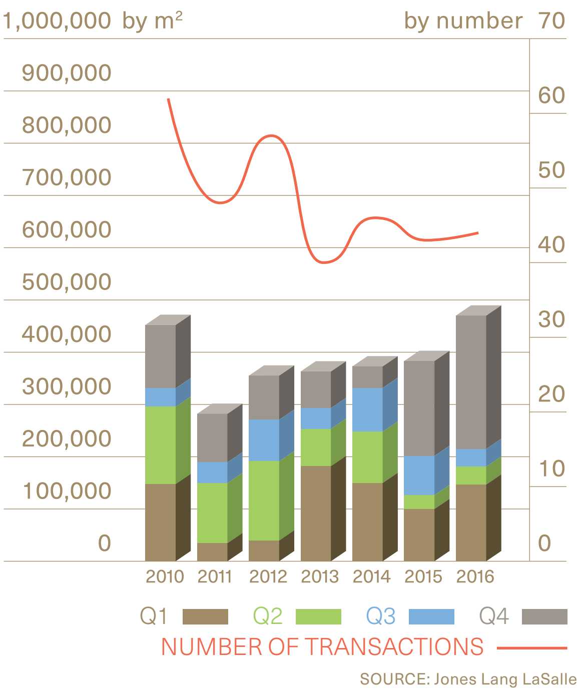
Prime industrial rental levels in Madrid stand at € 5.00/m²/month. In the second and third ring, rental levels are currently at € 3.25 and € 2.60/m²/month, respectively.

Prime logistics rental levels are stable at € 5/m²/month, and second ring rents stand at € 4.50/m²/month. We expect rental levels to rise by 3% overall by the end of 2017.

MADRID	RENTAL LEVELS €/m²/MONTH	
	MIN.	MAX.
1ST RING	4.25	5.00
2ND RING	3.10	4.50
3RD RING	2.00	3.25

WAREHOUSES > 20,000 m²: € 4.70/m²/month

LOGISTICS TAKE-UP IN MADRID



SOURCE: Jones Lang LaSalle

Barcelona

The fourth quarter was the most active of the year in Barcelona, with take-up of around 240,077 m². Logistics take-up hit a record high of 659,000 m² in 2016, up 17% on the total for 2015. It is important to note that this increase was substantially due to Amazon's transaction in El Prat for 200,000 m². Amazon's activity in the Catalan market has meant that 43% of the logistics space taken up is accounted for by e-commerce players. By rings, 45% of take-up took place in the first ring, 34% in the second and 20% in the third.

The top logistics transactions of the year included Amazon's new 200,000 m² centre in El Prat. Amazon's main reasons for locating this major centre in Barcelona were its proximity to "key sites in southern Europe" such as El Prat airport and Barcelona port, as well as the "access to excellent human resources". Kuehne & Nagel leased a 42,000 m² logistics warehouse in Constantí to provide services for Amazon.

We expect to see an uptick in turn key projects next year, for two reasons: a lack of existing quality warehouses and ongoing active demand.

The average logistics vacancy rate in Catalonia remained practically flat year on year at 4.24%. The first ring vacancy rate has dropped substantially to 2.96%, the lowest figure on record, due to rising take-up and limited supply. Vacancy rates stand at 4.28% in the second ring and 5.13% in the third.

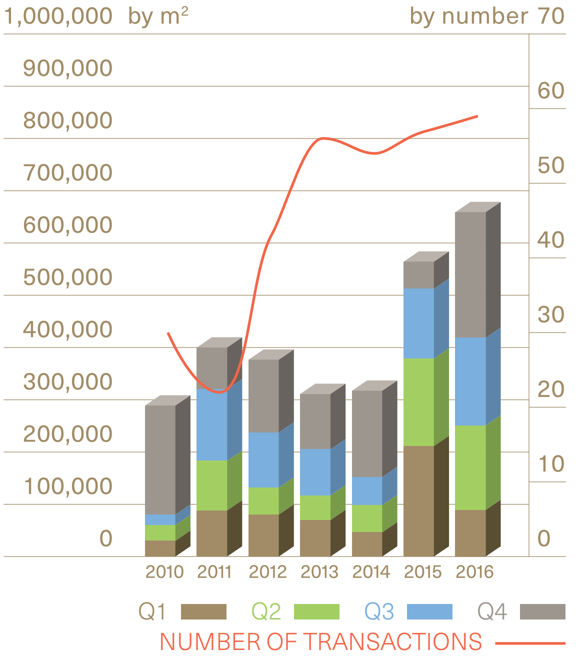
Tenants are already in place for 78% of future supply under construction in Barcelona. A total of 398,897 m² is currently under construction in Barcelona, of which 59% are owner-occupied projects.

Industrial rental levels are holding steady across all areas. Prime rental levels in Barcelona are €5.25/m²/month, second ring levels are €4.25/m²/month and third ring rents are € 2.50/m²/month. Industrial purchase prices are also holding firm in all rings. As for industrial land, supply is extremely limited in the Barcelona market, particularly in terms of plots with strong transport links in strategic logistics areas. Very few transactions have taken place, and some of those were for land that does not yet have planning permission. As a result, land prices have remained stable at between € 150 and € 250/m².

Logistics rental levels are holding steady across all rings, with prime logistics rental levels at € 6.75/m²/month. We expect rental levels to rise by 4% overall by the end of 2017. Logistics rental levels stand at € 5.25/m²/month in the second ring and € 3.50/m²/month in the third ring.

BARCELONA	RENTAL LEVELS €/m²/MONTH	
	MIN.	MAX.
1ST RING	5.50	3.75
2ND RING	4.00	5.25
3RD RING	2.50	3.50

LOGISTICS TAKE-UP IN BARCELONA



SOURCE: Jones Lang LaSalle

VGP's expansion into Spain

Barcelona

2016 saw also the jump start in Spain with the acquisition of the logistics centre and industrial land plots in Mango Logistics Park in Lliçà d'Amunt (Barcelona). The transaction consisted of a sale and lease back transaction whereby VGP acquired a state of the art brand new warehouse from the fashion Group Mango offering 185,000 m² of usable space (extendable to circa 260,000 m²) and leased it back to Mango under a long-term lease agreement. Besides this building, VGP acquired around 150,000 m² of additional development land on which VGP will be able to develop approximately 100,000 m² of new lettable area for other potential tenants in the near future.

The Mango Logistics centre incorporates the latest technology and logistics robotics capable of handling 75,000 clothing units per hour and streamlining all the logistics processes of the Mango Group. This centre will supply the entire Mango network worldwide which consists of more than 2,200 retail outlets in 110 countries.

Madrid

VGP also acquired a large development land plot in San Fernando de Henares located close to the Madrid Barajas International airport.

The transaction consists in the acquisition of 223,000 m² of new development land on which VGP will be able to develop around 140,000 m² of new lettable area for future tenants.

The first developments in Barcelona and Madrid will be started up during the first half of 2017.

THE FIRST DEVELOPMENTS IN BARCELONA AND MADRID WILL BE STARTED UP DURING

THE FIRST HALF OF 2017


JUNGHEINRICH
JUNGHEINRICH
JUNGHEINRICH
3

REPORT OF THE BOARD OF DIRECTORS

CORPORATE GOVERNANCE STATEMENT

In accordance with the original Belgian Code on Corporate Governance published in 2004, the Board of Directors has, on 17 January 2008, adopted the VGP Corporate Governance Charter.

Following the publication of the 2009 Belgian Code on Corporate Governance, the Board of Directors has, on 20 April 2010, adopted the 2009 Code as the reference code for VGP and revised the VGP Corporate Governance Charter.

On 8 December 2016 the Board of Directors has further revised the VGP Corporate Governance Charter. VGP complies in principle with the Belgian Corporate Governance Code and explains in the VGP Corporate Governance Charter and in this Corporate Governance Statement why it departs from some of its provisions

The Belgian Corporate Governance Code is available at **www.corporategovernancecommittee.be**.

The VGP Corporate Governance Charter is available at **www.vgpparks.eu**

Board of Directors

The Board of Directors consists of five members, who are appointed by the General Meeting of Shareholders. The Chairman and the Chief Executive Officer are never the same individual. The Chief Executive Officer is the only Board member with an executive function. All other members are non-executive Directors.

Three of the Directors are independent: Mr Marek Šebesťák (first appointed in 2007), Mr Alexander Saverys (first appointed in 2007) and Rijo Advies BVBA represented by Jos Thys (first appointed in 2007).

The biographies for each of the current directors (see page 72/73), indicate the breadth of their business, financial and international experience. This gives the directors the range of skills, knowledge and experience essential to govern VGP.

For a detailed description of the operation and responsibilities of the Board of Directors we refer to the VGP Corporate Governance Charter, which is published on the company's website.

The Board of Directors have not and do not intend to appoint a company secretary. By doing so the company deviates from the recommendation 2.9 of the Corporate Governance Code. The small size of the company and its Board of Directors make such appointment not necessary.

The Board of Directors is aware of the importance of diversity in the composition of the Board of Directors in general and of gender diversity in particular. The Board is currently establishing a first profile for candidates, given the specific activities of VGP and the countries in which it is active, with the aim to provide an assignment to the remuneration committee to recommend candidates fitting this profile to the Board and consequently by 2019 reaching the upcoming Belgian legal requirements.

The Board of Directors held 6 board meetings in 2016 of which 3 were held by conference call. The most important points on the agenda were:

— approval of the 2015 annual accounts and 2016 semi-annual accounts;
— approval of budgets;
— review and approval to enter into a joint venture (VGP European Logistics) with Allianz Real Estate,
— review and discussion of the sale of the seed portfolio to VGP European Logistics and subsequent closings;
— review and discussion of the property portfolio (i.e. investments, tenant issues etc.);
— review, discussion and approval of the investments and expansion of the land bank and expansion in the Spanish market;
— review and approval of new credit facilities to support the growth of the Group;
— review and approval the repayment of the hybrid instruments;
— approval of the issuance of a new retail bond:
— approval of the recommendation of the audit committee to re-appoint Deloitte as statutory and Group's auditor.

NAME	YEAR APPOINTED	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER			
JAN VAN GEET s.r.o. represented by JAN VAN GEET	2013	2017	6
NON-EXECUTIVE DIRECTOR			
VM INVEST NV, represented by BART VAN MALDEREN	2013	2017	6
INDEPENDENT, NON-EXECUTIVE DIRECTORS			
MAREK ŠEBESŤÁK	2015	2019	5
ALEXANDER SAVERYS	2015	2019	5
RIJO ADVIES BVBA represented by JOS THYS	2015	2019	6

Immediately after the Annual General Meeting of Shareholders of 12 May 2017 the mandates of the Executive Director (Jan Van Geet s.r.o.) and the Non-Executive Director (VM Invest NV) will expiry. The proposal for renewal of the directorships will be submitted to the next Annual General Meeting of Shareholders of 12 May 2017 for approval.

Committees of the Board of Directors

The Board of Directors has also established two advisory committees: an Audit Committee and a Remuneration Committee.

Audit Committee

The Audit Committee is composed of three members whom are all non-executive Directors. Two members, Mr Jos Thys and Mr Marek Šebesťák, are independent.

The members of the committee possess sound knowledge of financial management.

For a detailed description of the operation and responsibilities of the Audit Committee we refer to the VGP Corporate Governance Charter, which is published on the company's website.

The Audit Committee meets at least twice a year with the statutory auditor to consult with them about matters falling under the power of the Audit Committee and about any matters arising from the audit. The CEO and CFO also attend the meetings of the Audit Committee.

Given the size of the Group no internal audit function has currently been created.

NAME	YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
JOS THYS (Chairman)	2015	NON-EXECUTIVE	INDEPENDENT	2019	4
BART VAN MALDEREN	2013	NON-EXECUTIVE	—	2017	4
MAREK ŠEBESŤÁK	2015	NON-EXECUTIVE	INDEPENDENT	2019	3

The Audit Committee met four times in 2016. The Chairman of the Audit Committee reported the outcome of each meeting to the Board of Directors. The most important points on the agenda were:

- discussion on the 2015 annual accounts and 2016 semi-annual accounts and business updates;
- analysis of the recommendations made by the statutory auditor;
- financing structure of the Group;
- the debt and liquidity situation;
- Review and discuss tendering process and outcome of the audit services tendering.

Remuneration Committee

The Remuneration Committee is composed of three members whom are all non-executive Directors. Two members, Mr Jos Thys and Mr Alexander Saverys, are independent.

The committee's competence in the field of remuneration policy is demonstrated by the relevant experience of its members.

For a detailed description of the operation and responsibilities of the Remuneration Committee we refer to the VGP Corporate Governance Charter, which is published on the company's website.

The Remuneration Committee meets at least two times per year, as well as whenever the committee needs to address imminent topics within the scope of its responsibilities.

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

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

NAME	YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
BART VAN MALDEREN (Chairman)	2013	NON-EXECUTIVE	—	2017	2
ALEXANDER SAVERYS	2015	NON-EXECUTIVE	INDEPENDENT	2019	2
JOS THYS	2015	NON-EXECUTIVE	INDEPENDENT	2019	2

The Remuneration Committee met two times in 2016.
The most important points on the agenda were:
— discussion on remuneration policy;
— allocation of variable remuneration;
— mid-term variable remuneration of Little Rock.

Nomination Committee

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

Management Committee

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

Evaluation of the Board of Directors and its committees

In accordance with the VGP Corporate Governance Charter, the Board of Directors shall, at least every three years, conduct an evaluation of its size, composition and performance, and the size, composition and performance of its Committees, as well as the interaction with the Executive Management. Reference is made to the Terms of Reference of the Board of Directors – in Annex 1 of the VGP Corporate Charter – for a description of the main characteristics of the methodology used for this evaluation.

The Board of Directors and its Committees will carry out a new self-assessment during the course of 2017.

Remuneration report

Remuneration policy for non-executive Directors

The independent and non-executive Directors receive an annual fixed remuneration of € 10,000 (the chairman receives an fixed annual remuneration of € 20,000). The Directors also receive an attendance fee of € 1,000 for each meeting of the Board of Directors (the chairman receives an attendance fee of € 2,000) and € 500 for each meeting of the Audit Committee or the Remuneration Committee they attend.

For further details of the remuneration policy of the Directors we refer to Annex 2 point 6.1 of the VGP Corporate Governance Charter.

Non – executive Directors do not receive any remuneration linked to performance or results.

The remuneration of the members of the Board of Directors is reflected in the table below:

NAME *amounts in €*	FIXED REMUNERATION	VARIABLE BOARD ATTENDANCE	VARIABLE COMMITTEE ATTENDANCE	TOTAL
CHAIRMAN				
MAREK ŠEBESŤÁK	20,000	10,000	1,500	31,500
DIRECTORS				
ALEXANDER SAVERYS	10,000	5,000	1,000	16,000
RIJO ADVIES BVBA represented by JOS THYS	10,000	6,000	3,000	19,000
VM INVEST NV represented by BART VAN MALDEREN	10,000	6,000	3,000	19,000
JAN VAN GEET s.r.o. represented by JAN VAN GEET	10,000	6,000	—	16,000
TOTAL	**60,000**	**33,000**	**8,500**	**101,500**

Remuneration policy for Executive Management

For the Executive Management the remuneration is determined by the Remuneration Committee in line with the rules described in the company's charter Annex 2 point 6.2 of the VGP Corporate Governance Charter.

The Executive Management consists of Jan Van Geet s.r.o. represented by Jan Van Geet (Chief Executive Officer), Jan Prochazka (Chief Operating Officer), Dirk Stoop BVBA represented by Dirk Stoop (Chief Financial Officer), Tomas Van Geet s.r.o. represented by Tomas Van Geet (Chief Commercial Officer) and Jan Papoušek s.r.o. represented by Mr Jan Papoušek (Chief Operating Officer – Outside CZ).

VGP strives overall for a position above the market median on the total reward position with a substantial variable part based on company, team and individual performance.

Given the small organisation of the Group the VGP remuneration including the variable remuneration is set based on the performance criteria defined by the Remuneration Committee on an annual basis and paid out in cash. These criteria relate amongst others to the occupancy rate of the income generating assets, the gearing level of the Group, the profit contribution of the development activities and the maximisation of shareholder value.

The Remuneration Committee will from time to time approve an overall variable remuneration envelope based on the company's performance and delegates the effective allocation of this variable remuneration to the CEO. The allocation by the CEO to executive and senior management will occur based on individual performance taking the overall performance criteria as set by the Remuneration Committee into consideration.

The remuneration policy is reviewed on an annual basis to accommodate potential developments in (labour) market characteristics, company strategy, company and individual performance as well as other relevant factors influencing the performance and motivation of the management team. Currently VGP expects to continue the current practice for the next two financial years.

Remuneration package 2016 of the CEO

- fixed remuneration of € 300,000 and a total directorship remuneration of € 16,000
- short term variable remuneration: € 0
- contribution of retirement benefits: € 0
- other components of the remuneration: € 35,160 (includes company car and related expenses)

Total remuneration 2016 for the executive management

The amount of the remuneration and other benefits granted directly or indirectly to the executive management members other than the Chief Executive Officer, by the Company or its subsidiaries, in respect of 2016 is set forth below on a global basis.

- fixed remuneration of € 565,632
- short term variable remuneration: € 700,000
- contribution of retirement benefits of € 35,963
- other components of the remuneration: € 71,161 (company car and related expenses)

Mid-term variable remuneration Little Rock SA

Little Rock SA is responsible for the Group's daily management, financial management and commercial management and is represented for this purpose by the CEO (Mr Jan Van Geet), CFO (Mr Dirk Stoop) and CCO (Mr Tomas Van Geet) respectively. As a consideration for rendering such services, Little Rock SA is entitled to receive a fixed fee, a short-term variable fee subject to certain criteria being met, and a mid-term variable fee of 5% of the profits before taxes of the Group on a consolidated basis, in return for Little Rock SA's (and the aforementioned managers') commitment to observe the Group's daily, financial and commercial management for a period of five years (starting April 2015).

The fixed fee and short term variable remuneration has been included in the remuneration overview of the CEO and the executive management.

The mid-term variable remuneration allocated to Little Rock for 2016 amounts to € 5,951,356 and has been fully provided for in the 2016 consolidated accounts. This amount will be paid out over the next three years at a rate of 1/3 per annum. The aggregate amount which will therefore be paid out in 2017 covering the periods 2015 (1/3) and 2016 (1/3) amounts to € 3,722,209.

For 2016 no post-employment benefits nor share based payment benefits were granted.

The members of the executive team are appointed for an undetermined period and the notification period, in case of termination of their employment contract is 12 months. This rule applies to all members of the executive management.

Furthermore there are no claw back provisions for variable remuneration.

Policies of conduct

Transparency of transactions involving shares of VGP

In line with the Royal Decree of 5 March 2006, members of the Board of Directors and the executive committee must notify the FSMA (Financial Services and Markets Authority) of any transactions involving shares of VGP within 5 business days after the transaction. These transactions are made public on the web site of the FSMA (*http://www.fsma.be*)

Reference is also made to Annex 4 of the VGP Corporate Governance Charter on *http://www.vgpparks.eu/investors/corporate-governance/*.

In 2016 two transactions with "insiders" were reported i.e. in August 2016, VM Invest NV acquired 481 shares and in September 2016 VM Invest NV acquired another 5,000 shares.

Conflict of interest

In accordance with Article 523 of the Companies Code, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interest of a financial nature with the Company. One conflict of interests arose during 2016:

Excerpt from the minutes of the Board of Directors meeting of 30 May 2016.

"The agenda calls for a discussion and approval to (i) to take a conditional decision to redeem the Securities; and (ii) to grant special powers of attorney.

Pursuant to Article 5 "Redemption" of the Terms and Conditions of the Securities, the Company wishes to redeem all Securities against a price equal to the issue price plus the interest accrued from the issue date of each Security until the date of actual payment to the Securities Holder, such redemption being subject to the closing of the transaction entered into with Allianz, being the sale of 50% of the shares in the joint-venture vehicle VGP European Logistics S.à r.l. by the Company to Allianz Finance VII Luxembourg S.A., SAS Allianz Logistique S.A.S.U. and Allianz Benelux S.A. (the "Closing") in accordance with the terms of the SPA signed on 14 March 2016 (the "Transaction").

After deliberation on all of the items on the agenda the board of directors, with respect to the procedure set forth in article 523 of the Belgian Companies Code and article 16 of the articles of association of the Company, decides (i) to approve the Transaction, and (ii) to appoint Mr Jan Van Geet and Mr Dirk Stoop as its special attorney(s), (acting alone or jointly and with the right of substitution), with the power to in general, do all that is necessary or useful to implement the resolutions adopted during this meeting and to realise the Transaction within a period of 12 months as from the date hereof, including the negotiation, amending and execution of all documents connected to the Transaction."

The complete minutes of this Meeting will be included in the Board of Director's report attached to the 31 December 2016 statutory accounts.

Risk management and internal controls

VGP operates a risk management and control function in accordance with the Companies Law Code and the Belgian Corporate Governance Code 2009.

VGP is exposed to a wide variety of risks within the context of its business operations that can result in the objectives being affected or not achieved. Controlling those risks is a core task of the Board of Directors, the Executive Management and all other employees with managerial responsibilities. The risk management and control systems have been set up to reach the following goals:

— achievement of objectives related to effectiveness and efficiency of operations;
— reliability of financial reporting, and;
— compliance with applicable laws and regulations.

The principles of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") reference framework has served as a basis in the set-up of VGP's risk management and control system.

Control environment

VGP strives for an overall compliance and a risk-awareness attitude by defining clear roles and responsibilities in all relevant domains. This way, the company fosters an environment in which its business objectives and strategies are pursued in a controlled manner. This environment is created through the implementation of different policies and procedures, such as:

— Code of ethics and conduct;
— Decision and signatory authority limits;
— Quality management and financial reporting system

Given the size of the company and required flexibility these policies and procedures are not always formally documented.

The Executive Management ensures that all VGP team members are fully aware of the policies and procedures and ensures that all VGP team members have

sufficient understanding or are adequately informed in order to develop sufficient risk management and control at all levels and in all areas of the Group.

Risk management system

Risk management and process and methodology

All employees are accountable for the timely identification and qualitative assessment of the risks (and significant changes to them) within their area of responsibility. Within the different key, management, assurance, and supporting processes, the risks associated with the business are identified, analysed, pre-evaluated and challenged by internal and occasionally by external assessments.

In addition to these integrated risk reviews, periodic assessments are performed to check whether proper risk review and control measures are in place and to discover unidentified or unreported risks. These processes are driven by the CEO, COO and CFO which monitor and analyse on an on-going basis the various levels of risk and develop any action plan as appropriate. In addition, control activities are embedded in all key processes and systems in order to assure proper achievement of the company objectives.

Any identified risks which could have a material impact on the financial or operational performance of the Group are reported to the Board of Directors for further discussion and assessment and to allow the Board to decide whether such risks are acceptable from a level of risk exposure.

Most important risk factors

VGP has identified and analysed all its key corporate risks as disclosed in the 'Risk Factors' section in this annual report. These corporate risks are communicated throughout VGP's organisation.

Statutory auditor

DELOITTE Bedrijfsrevisoren BV o.v.v.e. CVBA having its offices at Gateway Building, Luchthaven Nationaal 1 J, 1930 Zaventem, Belgium represented by Mr. Rik Neckebroeck has been appointed as Statutory Auditor.

Following the implementation of the EU guideline on mandatory firm rotation in Belgian law through the law of 16 June 2016 a mandatory tendering process is required after 3 audit mandates (9 years) and a mandatory audit firm rotation after 6 audit mandates (18 years) is required. As the current audit mandate of Deloitte started in 2007 (thus exceeding the 9-year threshold), a mandatory tendering process took place during 2016.

Based on the outcome of this tendering process the Board of Directors decided to propose that Deloitte be re-appointed as the Statutory Auditor for a new period of three years taking effect after the conclusion of the Annual General Meeting of Shareholders of 12 May 2017 and to set the fees at € 123,500 per year.

This fee will be subject to an annual review reflecting the changes in audit scope which might be required in order to ensure that such audit scope is kept in line with the evolution of the VGP Group. If the General Meeting approves this proposal, the statutory auditor will be represented by Mr Rik Neckebroeck.

RISK FACTORS

The following risk factors that could influence the Group's activities, its financial status, its results and further development, have been identified by the Group. The Group takes and will continue to take the necessary measures to manage those risks as effectively as possible.

THE GROUP IS AMONGST OTHERS EXPOSED TO:

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

Risks related to the nature of the Group's business

Since the Group's business involves the acquisition, development and operation of real estate, it is subject to real estate operating risks, of which some are outside the Group's control. The results and outlook of the Group depend amongst others on the ability to identify and acquire interesting real estate projects and to commercialise such projects at economically viable conditions.

Risks related to the nature and composition of its portfolio: land for development, logistic properties

The Group's real estate portfolio is concentrated on logistic property. Due to this concentration, an economic downturn in this sector could have a material adverse effect on the Group's business, financial condition, operating results and cash flows. These risks are mitigated by the fact that the real estate portfolio is becoming more and more geographically diversified. In addition the properties are as much as possible standardised, allowing easy re-utilisation in case a tenant would terminate its lease.

Risks related to the ability to generate continued rental income

The value of a rental property depends to a large extent on the remaining term of the related rental agreements as well as the creditworthiness of the tenants. The Group applies a strict credit policy by which all future tenants are screened for their creditworthiness prior to being offered a lease agreement. In addition the Group will seek to sign as much as possible future lease agreements in order to secure a sustainable future rental income stream.

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

Risks related to the Group's development activities

The Group could be exposed to unforeseen cost-overruns and to a delay in the completion of the projects undertaken for its own account or for its Joint Venture. Within VGP there are several internal controls available to minimise these risks i.e. specific cost control functions as well as project management resources which monitor the projects on a daily basis.

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

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

Risks related to legal, regulatory and tax matters

The Group is subject to a wide range of EC, national and local laws and regulations. In addition the Group may become subject to disputes with tenants or commercial parties with whom the Group maintains relationships or other parties in the rental or related businesses. Finally a change in tax rules and regulations could have an adverse effect on the tax position of the Group. All these risks are monitored on an on-going basis and there where necessary, the Group will use external advisors to advice on contract negotiations, regulatory matters or tax matters as the case may be.

Property maintenance and insurance risk

To remain attractive and to generate a revenue stream over the longer term a property's condition must be maintained or, in some cases, improved to meet the changing needs of the market. To this end the Group operates an internal facility management team in order to ensure that the properties are kept in good condition. All buildings are insured against such risks as are usually insured against in the same geographical area by reputable companies engaged in the same or similar business.

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

Legal systems in the mid-European countries are not yet fully developed

The legal systems of the mid-European countries have undergone dramatic changes in recent years, which may result in inconsistent applications of existing laws and regulations and uncertainty as to the application and effect of new laws and regulations. The Group mitigates this risk by using reputable external local lawyers to advise on such specific legal issues as they arise.

Joint Venture

Risks related to the Joint Venture.

There is a risk that the Joint Venture would discontinue acquiring the completed assets from the Group. However, if the completed asset meets specific investment criteria and as long as Jan Van Geet, as CEO of the Group, devotes sufficient time to the development of the portfolio of the Joint Venture, then the Joint Venture is in principle required to acquire it. Alternatively, VGP will be authorized to market the proposed assets on the open market, allowing it to generate sales proceeds from another source than the Joint Venture. This risk is further mitigated by the strong historic track record of VGP and the good negotiating position of VGP as the operator and manager of the portfolio.

The main risk results from the fact that the Group undertakes development activities on behalf of the Joint Venture and is required to pre-finance the remaining development pipeline of the Joint Venture. As of 31 December 2016, the total outstanding development and construction loans amounted to € 81.6 million. Upon the acquisition of the developed assets by the Joint Venture these loans should be repaid from the additional bank debt. In addition, VGP will also be entitled to a top-up payment based on the agreed market value of such assets and may be adversely affected in case the actual construction costs would be higher than the market value of the completed building. In such case, such difference would need to be fully borne by the Group.

The Group has recognized that it has de facto a constructive obligation towards the Joint Venture (of up to its proportional share) as it will always ensure that the Joint Venture and its subsidiaries will be in a position to fulfill their respective obligations. There is no legal obligation to support the Joint Venture.

Should a member of the Group or the Company itself breach certain material obligations under any management agreement or the Joint Venture Agreement which are not remedied, then Allianz will have the right to terminate all the management agreements and/or exercise a call option over all the Company's shares in the Joint Venture against payment of a discounted price equal to 90% of the fair market value.

Allianz has the right to dilute the Company in the Joint Venture pursuant to the Company defaulting under its funding obligations towards the Joint Venture or pursuant to Allianz being required to consolidate the Joint Venture within its companies' group.

Risks related to the construction and development loans

The loans granted to the Joint Venture, which comprise development and construction loans granted directly to the project companies of the Joint Venture as well as other shareholder loans granted to the Joint Venture in a total amount of € 89.9 million as at 31 December 2016, are considered fully collectable. The purpose of the Joint Venture is only to invest in income generating assets and both Joint Venture's partners have agreed that as a result, any development undertaken within the Joint Venture will be in first instance pre-financed by VGP. The repayment of these construction and development loans will be principally driven by the subsequent refinancing of the Joint Venture's assets upon their completion. Should the proceeds of such refinancing be significantly lower than the development costs, then it could be possible that VGP is unable to recoup the total amount of the loans granted to the Joint Venture.

Financial risks

Availability of adequate credit facilities

The Group is partly financed by bank credit facilities, bonds and from time to time by shareholder loans. The non- availability of adequate credit facilities or access to the bond markets could have an adverse effect on the growth of the Group as well as on its financial condition in case bank credit facilities cannot be extended at their maturity date or bonds cannot be refinanced through new bank debt or by the issuance of a new bond. The Group ensures that adequate committed credit facilities are in place to sustain its growth. VGP will start renegotiating the extension of maturing credit facilities well in advance of the respective maturity dates (usually 12 months prior to maturity date). For maturing bonds, VGP will gain sufficient comfort well in advance of any bond issue to ensure that the targeted notional amount of the bonds are reached. In case there is insufficient visibility on the outcome of any bond issue VGP will ensure that sufficient back-up credit facilities are in place to finance any shortfall between the targeted notional amount and the effective amount raised through the bond issue.

Compliance of financial covenants

The bonds issued by the Group and the loan agreements of the Group include financial covenants (see section 22 of the Financial Review for further details). Any breach of covenant could have an adverse effect on the financial position of the Group. Covenants are therefore monitored on an on-going basis in order to ensure compliance and to anticipatively identify any potential problems of non-compliance for action. During 2016 the VGP Group remained well within its bond and bank financing covenants.

Evolution of debt ratio of the Group

The Group expects that in the medium term it will significantly increase the amount of borrowings. The Group expects that for the foreseeable future it will be operating within a gearing level (net debt / total equity and liabilities) of up to 55%.

As at 31 December 2016 the "net debt / total equity and liabilities" ratio was 39.4% compared to 35.7% as at 31 December 2015.

Evolution of interest rates

Changes in interest rates could have an adverse effect on the Group's ability to obtain or service debt and other financing on favourable terms. To this end the Group hedges its interest rate exposure by converting the majority of its variable rate debt to fixed rate debt. As at 31 December 2016, 95.2% of the financial debt was at fixed rates.

Fluctuation in currency rates

The Group's revenues are predominantly denominated in Euro, however, expenses, assets and liabilities are recorded in a number of different currencies other than the Euro, in particular the Czech Crown. The Group reviews these risks on a regular basis and uses financial instruments to hedge these exposures as appropriate.

SUMMARY OF THE ACCOUNTS AND COMMENTS

Income statement

CONSOLIDATED INCOME STATEMENT – ANALYTICAL FORM *(in thousands of €)*	2016	2015
NET CURRENT RESULT		
GROSS RENTAL INCOME	16,806	17,073
SERVICE CHARGE INCOME / (EXPENSES)	1,035	422
PROPERTY OPERATING EXPENSES	(1,703)	(972)
NET RENTAL AND RELATED INCOME	**16,138**	**16,523**
PROPERTY AND DEVELOPMENT MANAGEMENT INCOME	3,141	2,215
FACILITY MANAGEMENT INCOME	684	332
OTHER INCOME / (EXPENSES) - INCL. ADMINISTRATIVE COSTS	(16,778)	(13,998)
SHARE IN THE RESULT OF JOINT VENTURE AND ASSOCIATES	7,897	191
OPERATING RESULT (BEFORE RESULT ON PORTFOLIO)	**11,082**	**5,263**
NET FINANCIAL RESULT	(12,287)	(9,835)
REVALUATION OF INTEREST RATE FINANCIAL INSTRUMENTS (IAS 39)	(4,619)	(319)
TAXES	1,122	5,512
NET CURRENT RESULT	**(4,702)**	**621**
RESULT ON PROPERTY PORTFOLIO		
NET VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTIES	118,900	103,981
DEFERRED TAXES	(22,912)	(18,041)
RESULT ON PROPERTY PORTFOLIO	**95,988**	**85,940**
PROFIT FOR THE YEAR	**91,286**	**86,561**

1 Excluding the revaluation of interest rate financial instruments.

Balance sheet

CONSOLIDATED BALANCE SHEET *(in thousands of €)*	**2016**	**2015**
GOODWILL	—	631
INTANGIBLE ASSETS	14	12
INVESTMENT PROPERTIES	550,262	173,972
PROPERTY, PLANT AND EQUIPMENT	517	378
NON-CURRENT FINANCIAL ASSETS	5	216
INVESTMENTS IN JOINT VENTURE AND ASSOCIATES	89,194	(103)
OTHER NON-CURRENT RECEIVABLES	8,315	—
DEFERRED TAX ASSETS	3	89
TOTAL NON-CURRENT ASSETS	**648,310**	**175,195**
TRADE AND OTHER RECEIVABLES	19,426	4,927
CASH AND CASH EQUIVALENTS	71,595	9,825
DISPOSAL GROUP HELD FOR SALE	132,263	527,361
TOTAL CURRENT ASSETS	**223,284**	**542,113**
TOTAL ASSETS	**871,594**	**717,308**
SHARE CAPITAL	62,251	62,251
RETAINED EARNINGS	327,985	239,658
OTHER RESERVES	69	69
OTHER EQUITY	—	60,000
SHAREHOLDERS' EQUITY	**390,305**	**361,978**
NON-CURRENT FINANCIAL DEBT	327,923	170,800
OTHER NON-CURRENT FINANCIAL LIABILITIES	5,348	967
OTHER NON-CURRENT LIABILITIES	2,432	405
DEFERRED TAX LIABILITIES	20,012	8,247
TOTAL NON-CURRENT LIABILITIES	**355,715**	**180,419**
CURRENT FINANCIAL DEBT	81,674	3,522
TRADE DEBTS AND OTHER CURRENT LIABILITIES	35,496	10,342
LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	8,404	161,047
TOTAL CURRENT LIABILITIES	**125,574**	**174,911**
TOTAL LIABILITIES	**481,289**	**355,330**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**871,594**	**717,308**

COMMENTS ON THE ACCOUNTS

Income statement

Net rental income

The net rental income decreased with € 0.4 million to € 16.1 million after taking into effect the full impact of the income generating assets delivered during 2016 and the deconsolidation of the VGP European Logistics portfolio. This newly established joint venture with Allianz Real Estate acquired 15 parks from VGP at the end of May 2016 and another 5 buildings at the end of October 2016.

Including VGP's share of the Joint Venture, net rental income in total has increased by € 7.7 million, or 46.2% compared to 2015 (from € 16.5 million as at 31 December 2015 to 24.2 million as at 31 December 2016) (see Supplementary Notes in the Financial Review section for further details). This increase is mainly due to the impact of income from new developments. The Mango building acquired in December 2016 only contributed a nominal amount of rent income (€ 0.1 million).

Following the significant disposal of assets into the VGP European Logistics joint venture, the analysis of the net rental income on such a 'look-through' basis (with the Joint Venture included at share) provides a more meaningful analysis of the net rent evolution. Given the fact that it is anticipated that there will be around 2 sales closings per year with the Joint Venture in the future we have not adjusted the net rent income for the period in which the sold assets were in full ownership of the Group.

Net valuation gain on investment properties

As at 31 December 2016 the net valuation gains on the property portfolio reaches € 118.9 million against a net valuation gain of € 104.0 million per 31 December 2015. The trend of increasingly lower yields maintained in real estate valuations continued to persist during the year. However due to the change of portfolio mix, following the divestment of the seed portfolio to VGP European Logistics, the own property portfolio, excluding development land, is being valued by the valuation expert at 31 December 2016, at a weighted average yield of 6.49% (compared to 7.02% as at 31 December 2015).

The VGP European Logistics portfolio was valued at a weighted average yield of 6.08% as at 31 December 2016 (compared to 6.35% at 30 June 2016) reflecting the contraction of the yields during the second half of 2016.

The (re)valuation of both portfolios was based on the appraisal report of the property expert Jones Lang LaSalle except for Spain where the valuation was made by the property expert valuator Gesvalt.

Income from property and development management and facility management

The property and development management fee income increased from € 1.4 million as at 31 December 2015 to € 3.1 million as at 31 December 2016. The fee income generated during the year was solely related to asset-, property-, and development management services rendered to the VGP European Logistics joint venture which was set up during 2016.

The € 1.4 million fee recorded during 2015 related solely to property management services provided to P3 following the disposal of the VGP CZ I, II and IV real estate portfolio in October 2014 and this contract was terminated in October 2015.

The facility management income decreased during the year from € 1.1 million as at 31 December 2015 to € 0.7 million as at 31 December 2016. Although there were some adverse spill over effects from the discontinuance of the property management agreement with P3, the main reason for the fall in income was the strategic repositioning of the Suta facility management within the VGP Group. In the past Suta provided facility management services to a broad range of third party customers. In view of the strong growth of the own and the Joint Venture portfolio it was decided during the year to scale down all services provided to third parties and to concentrate solely on the Group's and the Joint Venture's portfolio going forward. As a result, € 0.6 million of goodwill was impaired at year-end.

Share in result of joint ventures and associates

VGP's share of the Joint ventures and associates' profit increased by € 7.7 million (from € 0.2 million at 31 December 2015 to € 7.9 million at 31 December 2016), reflecting the higher income from the Group's VGP European Logistics joint venture. VGP holds 50% directly in the Joint Venture and an additional 5.1% directly into the Joint Venture's subsidiaries holding German assets (Associates).

During the year the associates SNOW CRYSTAL S.à r.l. and SUN S.à r.l. were divested as part of the liquidation process and following the sale of the VGP CZ I, II and IV portfolios to P3 which took place in October 2014.

Other income/(expenses) and administrative costs

The other income / (expenses) and administrative costs increased with € 2.8 million (from € 14.0 million at 31 December 2015 to € 16.8 million at 31 December 2016), reflecting mainly the growth of the VGP team in order to support the growth of the development activities of the Group and its geographic expansion and also included the € 0.6 million goodwill impairment (see supra). As at 31 December 2016 the VGP team comprised 105 people active in more than 9 different countries.

Net financial costs

For the period ending 31 December 2016, the financial income was € 2.8 million (€ 0.5 million as at 31 December 2015) and included € 2.5 million interest income on loans granted to VGP European Logistics and a € 0.2 million unrealised gain on interest rate derivatives (€ 0.1 million as at 31 December 2015).

The reported financial expenses as at 31 December 2016 are mainly made up of € 13.0 million interest expenses related to financial debt (€ 10.2 million as at 31 December 2015), € 4.8 million unrealised losses on interest rate derivatives (€ 0.4 million as at 31 December 2015), € 3.2 million other financial expenses (€ 2.4 million as at 31 December 2015) mainly relating to the amortisation of the transactions costs of the 2 bonds issued during 2013 and the new bond issued during 2016 and the additional financial costs incurred in respect of closing out existing bank debt in respect of the sale of the initial seed portfolio to VGP European Logistics, € 0.1 million of net foreign exchange losses (compared to € 0.1 million net foreign exchange gains as at 31 December 2015) and a positive impact of € 1.4 million (€ 2.4 million per 31 December 2015) related to capitalised interests. As a result, the net financial expenses reached € 16.9 million as at 31 December 2016 compared to € 10.2 million as at 31 December 2015.

Shareholder loans to VGP European Logistics amounted to € 89.9 million as at 31 December 2016 of which € 81.6 million was related to financing of the buildings under construction and development land held by the VGP European Logistics joint venture. Under the joint venture agreement VGP European Logistics has an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP and located in Germany, the Czech Republic, Slovakia and Hungary. Consequently, these assets have been classified as investment properties (Disposal group held for sale) using the accounting principles applicable to Investment Properties.

The gearing ratio of the Group increased slightly from 35.7% at 31 December 2015 to 39.4% at 31 December 2016. The financial debt increased from € 174.3 million as at 31 December 2015 to € 409.6 million as at 31 December 2016. The increase was mainly driven by the issuance of a new € 225 million 7-year bond and the € 13 million drawdown on an new committed credit facility with Raiffeisen Bank in Romania.

Taxes

The Group is subject to tax at the applicable tax rates of the respective countries in which it operates. Additionally, a deferred tax charge is provided for on the fair value adjustment of the property portfolio.

Taxes increased from € 12.5 million as at 31 December 2015 to € 21.8 million for the period ending 31 December 2016. The change in the tax line is mainly due to the variance of the fair value adjustments of the property portfolio and has therefore only residual cash effect.

Profit for the year

Profit for the year increased from € 86.6 million (€ 4.66 per share) as at 31 December 2015 to € 91.3 million (€ 4.91 per share) for the financial year ended 31 December 2016.

Balance sheet

Investment properties

Investment properties relate to completed properties, projects under construction as well as land held for development. The fluctuations from one year to the other reflect the timing of the completion and delivery as well as the divestments or acquisitions of such assets.

As at 31 December 2016 the own investment property portfolio consists of 16 completed buildings representing 416,158 m² of lettable area with another 17 buildings under construction representing 381,041 m² of lettable area of which 6 buildings (159,981 m²) are being developed on behalf of the Joint Venture.

During the year VGP delivered, for its own account, 14 buildings representing 268,945 m² of lettable area of which 4 buildings (57,559 m²) were delivered to the Joint Venture after the sale of the initial seed portfolio which occurred in May 2016.

Investment in joint venture and associates

The consolidated financial statements include the Group's share of the results of the joint venture and associates accounted for using the equity method from the date when a significant influence commences until the date when significant influence ceases. When VGP's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that VGP has incurred obligations in respect of the associate.

At the end of December 2016 the investments in joint venture and associates increased from a negative balance of € 103k (as at 31 December 2015) to a positive balance of € 89.2 million as at 31 December 2016.

The investments in joint venture and associates as at the end of 2016 reflect 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. During the year, the associates SNOW S.à r.l. and SUN S.à r.l. were sold to Tristan Capital Partners as part of the liquidation process of these respective associates.

Disposal group held for sale

Following the sale of the Seed portfolio to VGP European Logistics the balance of the disposal group held for sale fell from € 527.4 million as at 31 December 2015 to € 132.3 million as at 31 December 2016.

Under the joint venture agreement VGP European Logistics has an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP and located in Germany, the Czech Republic, Slovakia and Hungary. The development pipeline which was transferred to the Joint Venture as part of the Seed portfolio is or will be developed at VGP's own risk and subsequently acquired and paid for by the Joint Venture subject to pre-agreed completion and lease parameters. The balance of € 132.3 million shown as at 31 December 2016 corresponds to the fair value of the assets under construction which are being developed by VGP on behalf of VGP European Logistics. This balance includes the interest bearing development and construction loans (€ 81.6 million) granted by VGP to the Joint Venture to finance the development pipeline of the Joint Venture.

Shareholders' equity

The increase in retained earnings from € 239.7 million as at 31 December 2015 to € 328.0 million as at 31 December 2016 was mainly driven by the impact of the fair value adjustments on the property portfolio.

Following the completion of the acquisition of the initial seed portfolio by the new joint venture at the end of May 2016 (VGP European Logistics); the board of directors approved the redemption of all issued hybrid securities against a price equal to the issue price (in total € 60 million) plus the interest accrued (€ 3.0 million). The redemption took place on 1 June 2016.

Total non-current and current financial debt

The financial debt increased from € 174.3 million as at 31 December 2015 (Before reclassification to disposal group held for sale). to € 409.6 million as at 31 December 2016. The increase was mainly driven by the issuance of a new € 225 million 7 year bond and additional bank financing (€ 13 million) in Romania. The gearing ratio of the Group increased slightly from 35.7% at 31 December 2015 to 39.4% at 31 December 2016.

Cash flow statement

SUMMARY *(in thousands of €)*	**2016**	**2015**
CASH FLOW FROM OPERATING ACTIVITIES	6,793	(12,609)
CASH FLOW FROM INVESTING ACTIVITIES	(124,416)	(147,377)
CASH FLOW FROM FINANCING ACTIVITIES	168,871	140,053
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**51,248**	**(19,933)**

The cash from operating activities increased by € 19.4 million, mainly due to the changes in working capital which saw a net increase of € 22.3 million mainly due to the increases in trade payables resulting from the high level of development activities.

The changes in the cash flow from investing activities were due to: (i) € 336.7 million of expenditure incurred for the development activities and land acquisition including the newly acquired building of Mango in Spain; (ii) € 236.1 million cash in from the sale of the initial Seed portfolio and subsequent closings during the year to VGP European Logistics; (iii) € 4.7 million cash in from the repayment of equity from VGP European Logistics; and finally, (iv) € 28.5 million shareholder loans (net) granted to VGP European Logistics.

Events after the balance sheet date

Following the successful sales of assets to VGP European Logistics during 2016 and in order to further optimise the capital structure of VGP NV the Board of Directors has decided to convene an Extraordinary Shareholders' Meeting to propose an additional capital reduction in cash of € 20,069,694.00. This cash distribution would correspond to € 1.08 per share.

On 21 March 2017, Mr Jan Van Geet acquired 100% of the shares of Alsgard SA from Mr Jan Prochazka. By virtue of this acquisition Mr Jan Van Geet holds 38.3% of the voting rights of the Company.

On 30 March 2017 VGP successfully issued an 8 year bond for a nominal amount of € 80 million. The bonds were placed with institutional investors and are not listed. The fixed rate of the bonds is 3.35% (gross) per year.

On 30 March 2017, VM Invest NV successfully placed 766,203 VGP shares with a broad base of institutional investors through a private placement.

INFORMATION ABOUT THE SHARE

Listing of shares

EURONEXT BRUSSELS
MAIN MARKET OF PRAGUE

VGP SHARE	VGP	ISIN BE0003878957
VGP VVPR-STRIP	VGPS	ISIN BE0005621926

MARKET CAPITALISATION 31 DEC-16	1,752,939,107 €
HIGHEST CAPITALISATION	1,752,939,107 €
LOWEST CAPITALISATION	568,641,330 €
SHARE PRICE 31 DEC-15	33.01 €
SHARE PRICE 31 DEC-16	94.33 €

Shareholder structure

As at 31 December 2016 the share capital of VGP was represented by 18,583,050 shares.
Ownership of the Company's shares as at 31 December 2016 is as follows:

SHAREHOLDER	NUMBER OF SHARES	% OF SHARES ISSUED
VM INVEST NV	5,217,871	28.08%
MR BART VAN MALDEREN	3,545,250	19.08%
SUB-TOTAL BART VAN MALDEREN GROUP	*8,763,121*	*47.16%*
LITTLE ROCK SA	4,707,752	25.33%
ALSGARD SA	2,409,914	12.97%
COMM. VA VGP MISV	929,153	5.00%
VADEBO FRANCE NV	655,738	3.53%
PUBLIC	1,117,372	6.01%
TOTAL	**18,583,050**	**100.00%**

VM Invest NV is a company controlled by Mr. Bart Van Malderen.
Little Rock SA is a company controlled by Mr. Jan Van Geet.
Alsgard SA is a company controlled by Mr. Jan Prochazka.
On 21 March 2017, Mr Jan Van Geet acquired 100% of the shares of Alsgard SA from Mr Jan Prochazka.
Comm VA VGP MISV is a company controlled by Mr. Bart Van Malderen and Mr. Jan Van Geet.
VM Invest NV, Mr. Bart Van Malderen, Comm VA VGP MISV, Little Rock SA, and Alsgard SA are acting in concert in respect of the holding, the acquisition or disposal of securities.
Vadebo France NV is a company controlled by Mrs. Griet Van Malderen.

There are no specific categories of shares.

Each share gives the right to one vote.

In accordance with Articles 480 to 482 of the Company Code, the company can create shares without voting rights, subject to the fulfilling requirements related to the change of the articles of association.

All shares are freely transferable.

Authorised capital

The Board of Directors has been authorized by the Extraordinary Shareholders' Meeting held on 8 December 2016 to increase the Company's registered capital in one or more times by an aggregate maximum amount of € 100,000,000 (before any issue premium). The authority is valid for five years from 27 December 2016 and can be renewed in accordance with the applicable statutory provisions. Pursuant to this authorization, the Board of Directors may, among others, effect a capital increase under the authorized capital by means of issuing ordinary shares, subscription rights or convertible bonds and may limit or disapply the preferential subscription right of the Company's shareholders.

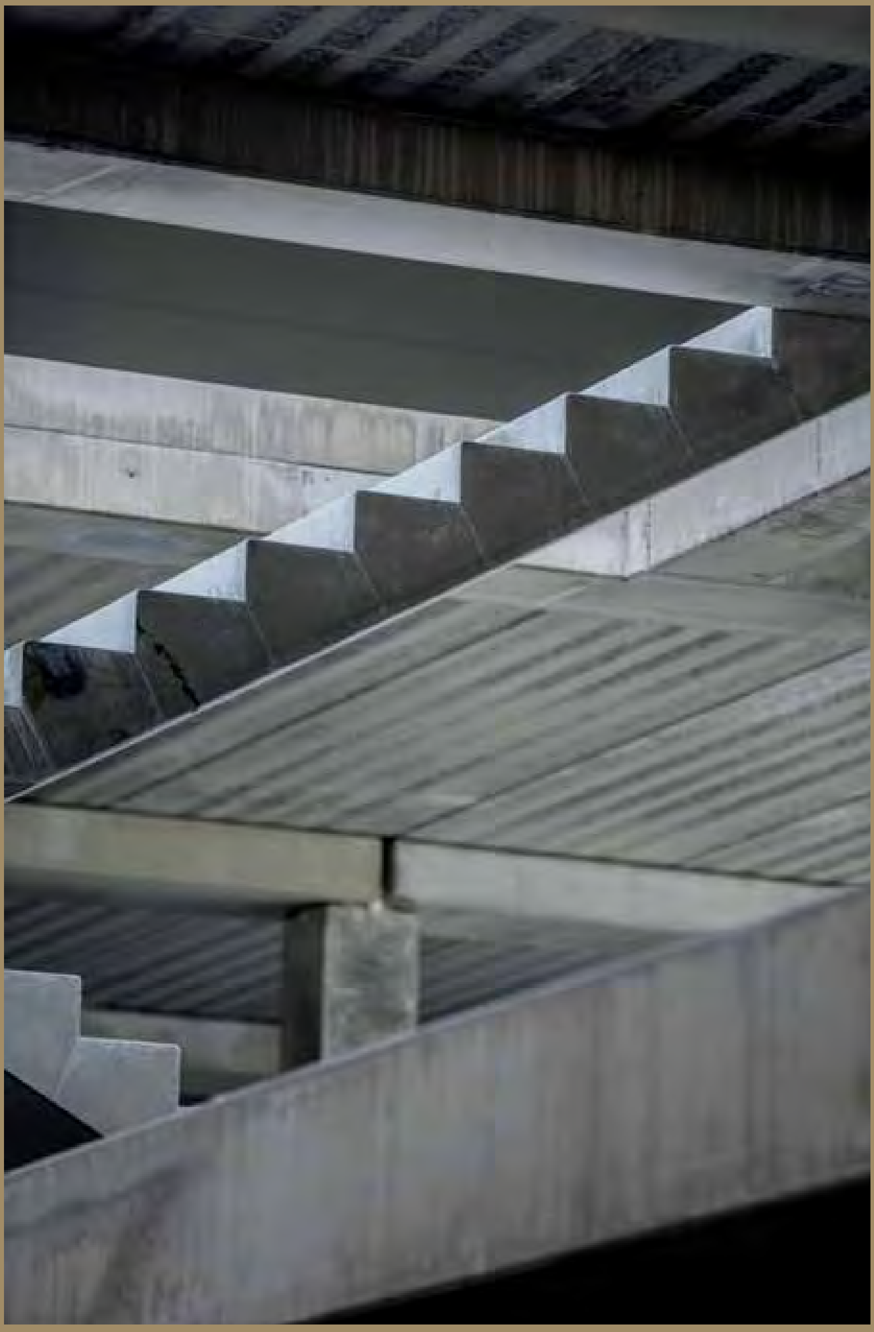
Furthermore, the Board of Directors has been authorized, for a period of three years from 27 December 2016, to make use of the authorized capital upon receipt by the Company of a notice from the FSMA of a public takeover bid for the Company's securities.

Liquidity of the shares

To improve the liquidity of its shares VGP NV concluded a liquidity agreement with KBC Bank. This agreement ensures that there is increased liquidity of the shares which should be to the benefit of the Group in the future as more liquidity allows new shares to be more easily issued in case of capital increases.

Financial calendar

GENERAL MEETING OF SHAREHOLDERS	12 MAY 2017
EXTRAORDINARY SHAREHOLDER'S MEETING	12 MAY 2017
2017 HALF YEAR RESULTS	30 AUGUST 2017



OUTLOOK 2017

Based on the positive trend in the demands for lettable area recorded by VGP during 2016, and provided there are no unforeseen events of economic and financial markets nature, VGP should be able to continue to substantially expand its rent income and property portfolio through the completion and start-up of additional new buildings.

During the first half of 2017 VGP will continue to review its sources of funding and funding strategy in order to enable the Group to continue to invest in the expansion of the land bank to support its development activities as well as to maximise shareholder value. In this respect VGP will continue to actively review to finance its development activities through the bond markets as this source of funding has proven to be an attractive alternative to arranging additional committed bank facilities.

Following the sale of the seed portfolio to VGP European Logistics and the subsequent second closing which occurred in 2016, and in order to further optimise the capital structure of VGP it is the intention to make a € 20 million capital distribution in cash in 2017. As from 2018 it is the intention of the Group to move towards a sustained profit distribution policy whereby VGP's proportional free cash flow generated by and received from the Joint Venture will be distributed to the shareholders.

BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

COMPOSITION ON 31 DECEMBER 2016

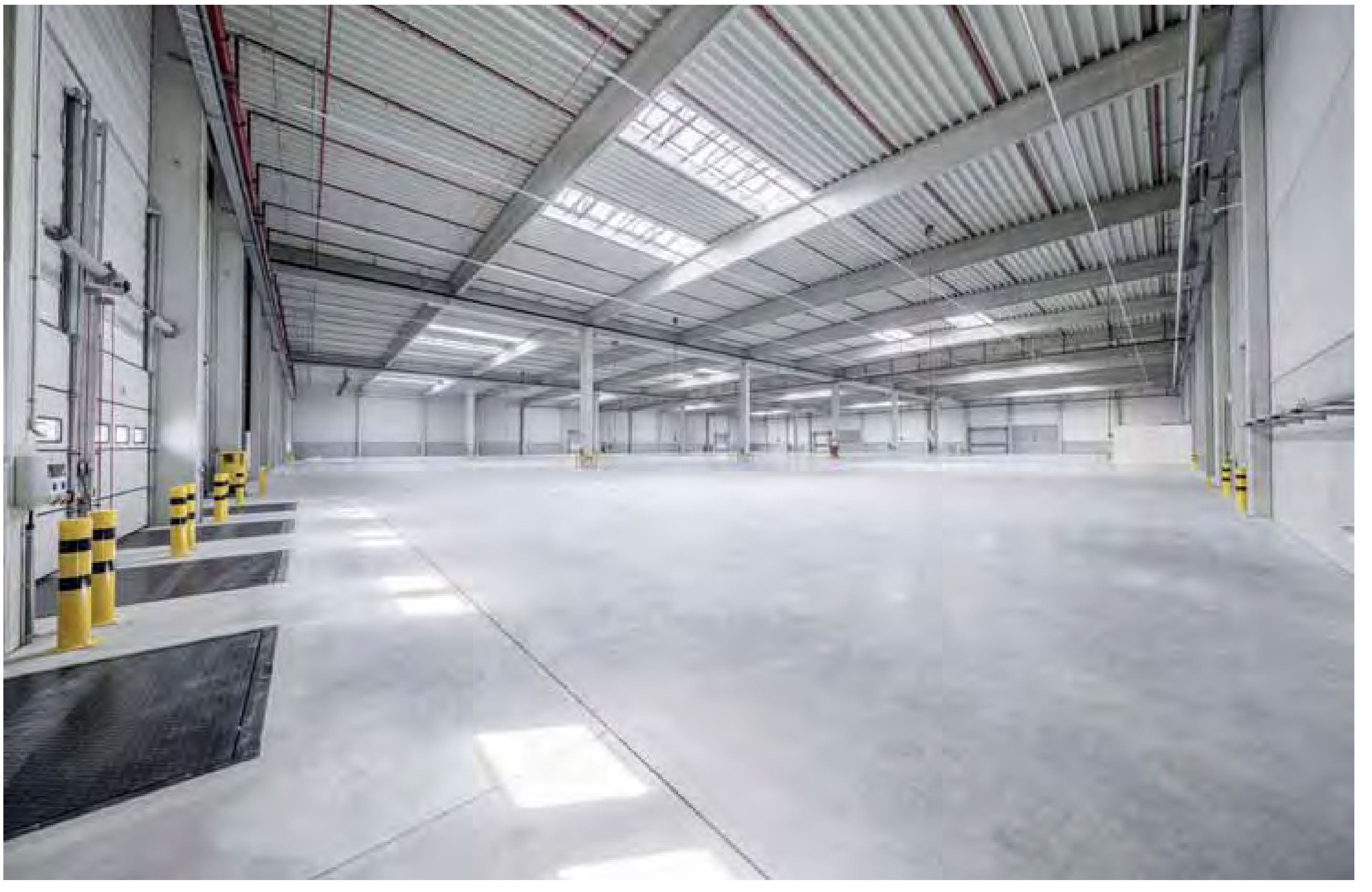
	NAME	YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION
CHAIRMAN	MAREK ŠEBESŤÁK	2015	NON-EXECUTIVE	INDEPENDENT	2019
CEO	JAN VAN GEET s.r.o. represented by JAN VAN GEET	2013	EXECUTIVE AND REFERENCE SHAREHOLDER	—	2017
DIRECTORS	VM INVEST NV represented by BART VAN MALDEREN	2013	NON-EXECUTIVE AND REFERENCE SHAREHOLDER	—	2017
	ALEXANDER SAVERYS	2015	NON-EXECUTIVE	INDEPENDENT	2019
	RIJO ADVIES BVBA represented by JOS THYS	2015	NON-EXECUTIVE	INDEPENDENT	2019

Marek Šebesťák
*1954

Mr Šebesťák is founder and former Chairman of BBDO-Czech Republic, one of the leading international advertising and communication agencies.

Jan Van Geet
*1971

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



Bart Van Malderen
*1966

Mr Bart Van Malderen founded Drylock Technologies in 2012. Drylock Technologies is a new hygienic disposable products manufacturer which introduced the revolutionary flufless diaper in 2013. Prior to this Bart Van Malderen held different management positions at Ontex, a leading European manufacturer of hygienic disposable products where he became CEO in 1996 and Chairman of the Board in 2003, a mandate which he occupied until mid-July 2007.

Alexander Saverys
*1978

Mr Alexander Saverys holds a Master of Laws (University of Leuven and Madrid) and holds an MBA of the Fachhochschule für Wirtschaft Berlin. In 2004 he founded Delphis NV a company offering multimodal transport solutions throughout Europe. He became a director of CMB (Compagnie Maritime Belge SA) in 2006 and was appointed CEO in September 2014.

Jos Thys
*1962

Mr Jos Thys holds a Master's Degree in Economics from the University of Antwerp (UFSIA). He is counsel to family owned businesses where he advises on strategic and structuring issues. He also acts as a counsel for the implementation of Corporate Governance at corporate and non-profit organisations. Jos previously had a long career in corporate and investing banking with Paribas, Artesia and Dexia.

EXECUTIVE MANAGEMENT TEAM

COMPOSITION ON 31 DECEMBER 2016	
JAN VAN GEET s.r.o. represented by JAN VAN GEET	CHIEF EXECUTIVE OFFICER
JAN PROCHÁZKA	CHIEF OPERATING OFFICER
DIRK STOOP BVBA represented by DIRK STOOP	CHIEF FINANCIAL OFFICER
TOMAS VAN GEET represented by TOMAS VAN GEET	CHIEF COMMERCIAL OFFICER
JAN PAPOUŠEK s.r.o. represented by JAN PAPOUŠEK	CHIEF OPERATING OFFICER – OUTSIDE CZ

Mr. Jan Van Geet
*1971

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

Mr. Jan Procházka
*1964

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

Mr. Dirk Stoop
*1961

Joined VGP in 2007. He is responsible for all finance matters i.e. financial planning, control, forecasting, treasury, tax and insurance for all the countries where VGP is/ will be active, as well as investor relations. Dirk worked at Ontex for 5 years as Group Treasurer where he was also responsible for tax and insurance matters. Prior to this he worked at CHEP Europe based in London as Treasurer Europe, South America & Asia. Dirk Stoop holds a Master's Degree in Financial and Commercial Sciences from VLEKHO (HUB) in Belgium.

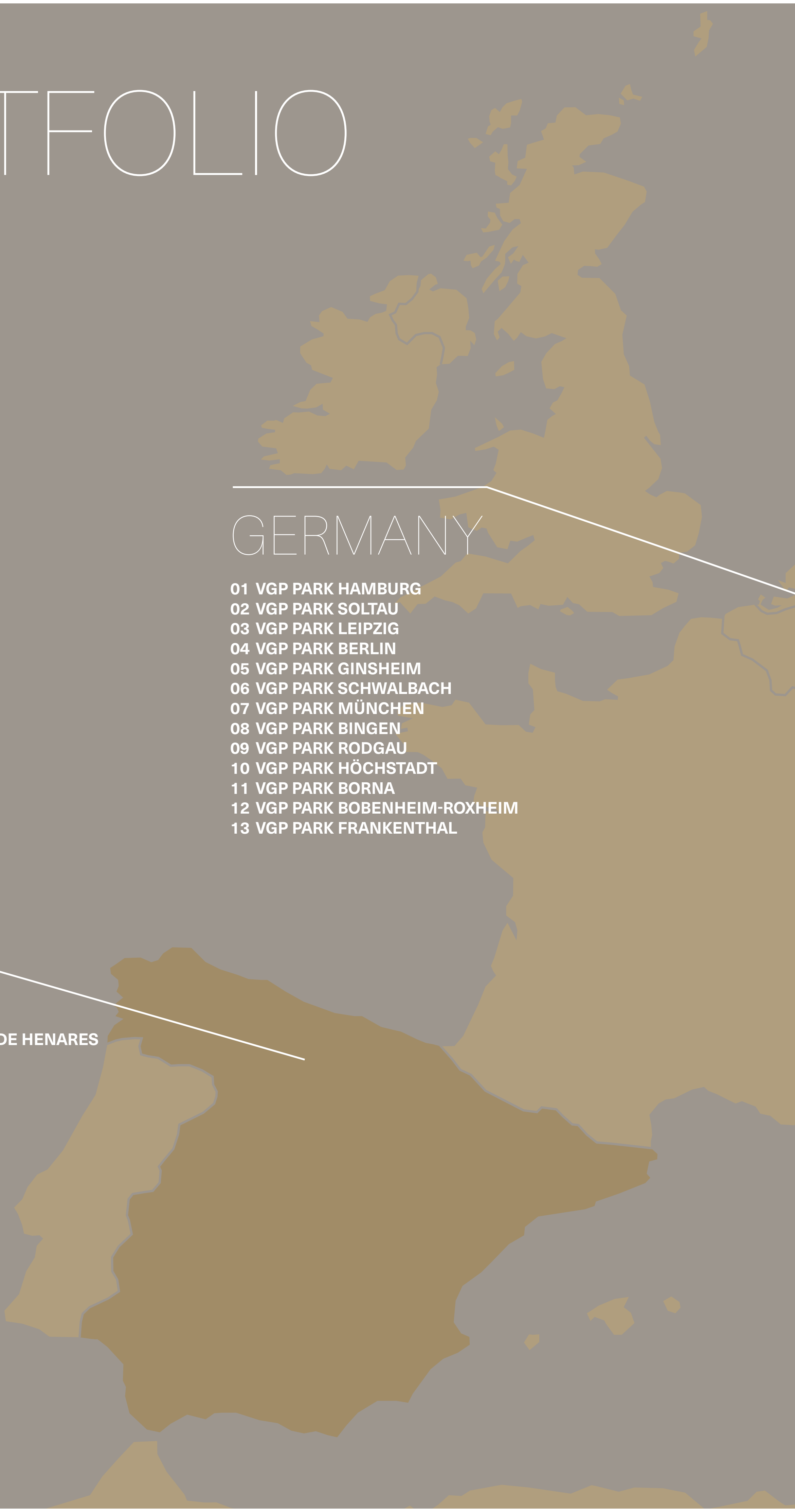
Mr. Tomas Van Geet
*1976

Joined VGP in 2005. He takes responsibility for all commercial strategic matters and commercial co-ordination of VGP's key accounts. Prior to joining VGP, Tomas held several positions in the planning and logistics departments of Domo in Germany, Spain, Czech Republic and South Africa, Associated Weavers and Ontex.

Mr. Jan Papoušek
*1974

He is civil engineer and joined VGP's team in 2007. He takes responsibility for technical concepts and contract execution for all projects outside the Czech Republic. Jan formerly worked for Gardiner and Teobald, a UK based well known cost controlling company with international activities, where he occupied the function of cost and project manager.

PORTFOLIO



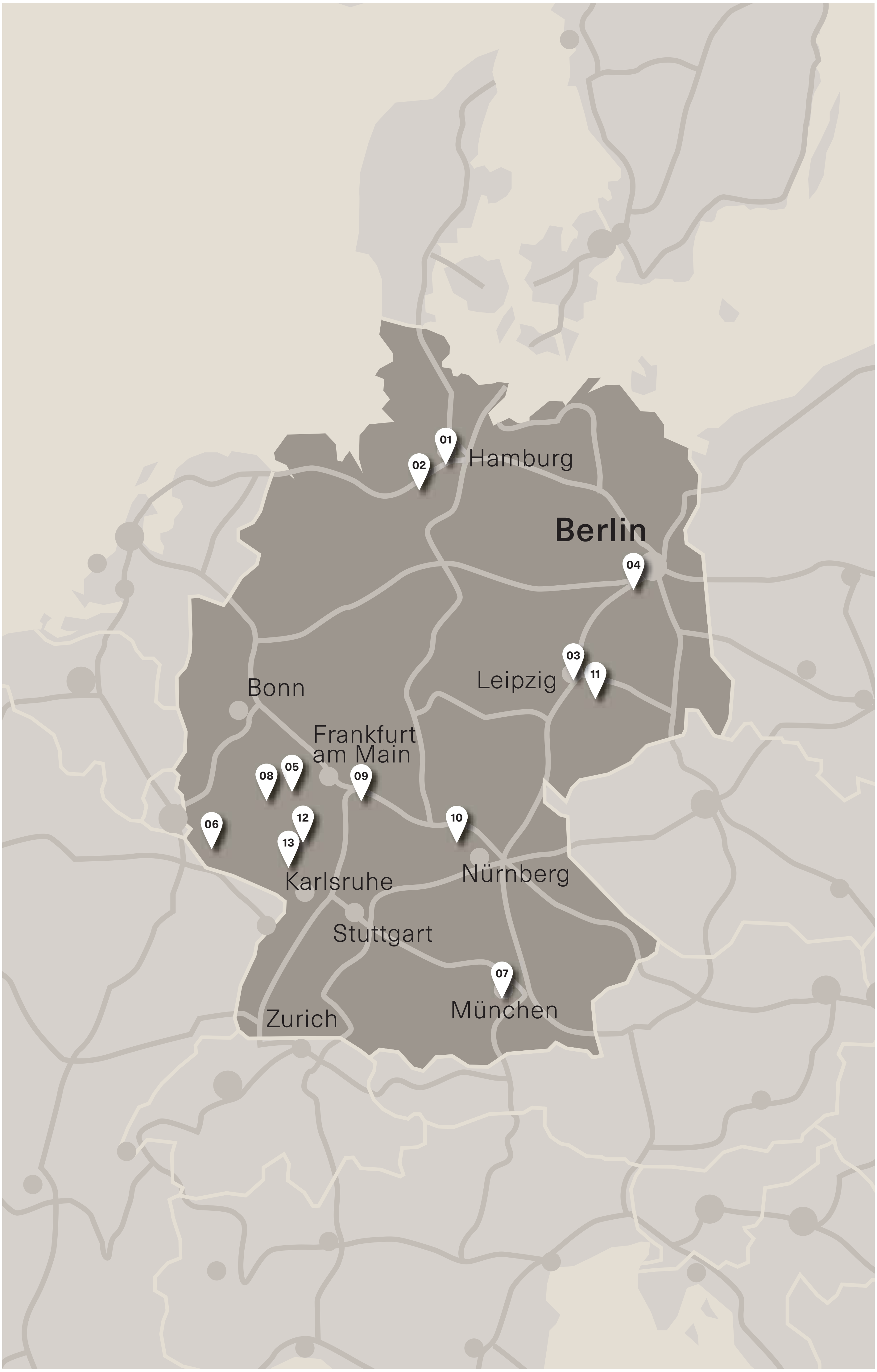
GERMANY

01 VGP PARK HAMBURG
02 VGP PARK SOLTAU
03 VGP PARK LEIPZIG
04 VGP PARK BERLIN
05 VGP PARK GINSHEIM
06 VGP PARK SCHWALBACH
07 VGP PARK MÜNCHEN
08 VGP PARK BINGEN
09 VGP PARK RODGAU
10 VGP PARK HÖCHSTADT
11 VGP PARK BORNA
12 VGP PARK BOBENHEIM-ROXHEIM
13 VGP PARK FRANKENTHAL

SPAIN

27 VGP PARK SAN FERNADO DE HENARES
28 VGP PARK MANGO


ESTONIA
25 VGP PARK NEHATU
LATVIA
26 VGP PARK KEKAVA
CZECH REPUBLIC
14 VGP PARK TUCHOMĚŘICE
15 VGP PARK ÚSTÍ NAD LABEM
16 VGP PARK CESKY UJEZD
17 VGP PARK LIBEREC
18 VGP PARK OLOMOUC
19 VGP PARK JENEC
20 VGP PARK CHOMUTOV
21 VGP PARK BRNO
22 VGP PARK HRÁDEK NAD NISOU
23 VGP PARK PLZEŇ
SLOVAKIA
31 VGP PARK MALACKY
HUNGARY
29 VGP PARK GYŐR
30 VGP PARK ALSÓNÉMEDI
ROMANIA
24 VGP PARK TIMISOARA



01
02
Hamburg
Berlin
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Leipzig
Bonn
Frankfurt am Main
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Karlsruhe
Nürnberg
Stuttgart
07
München
Zurich

GERMANY

01 — VGP PARK HAMBURG
02 — VGP PARK SOLTAU
03 — VGP PARK LEIPZIG
04 — VGP PARK BERLIN
05 — VGP PARK GINSHEIM
06 — VGP PARK SCHWALBACH
07 — VGP PARK MÜNCHEN
08 — VGP PARK BINGEN
09 — VGP PARK RODGAU
10 — VGP PARK HÖCHSTADT
11 — VGP PARK BORNA
12 — VGP PARK BOBENHEIM-ROXHEIM
13 — VGP PARK FRANKENTHAL

GERMANY

VGP Park Berlin

BUILDING A

TENANT	Van Eupen Logistik GmbH & Co. KG; Laser Automotive Brandenburg GmbH; Lidl E-Commerce International GmbH & Co. KG
LETTABLE AREA	23,891 m²
BUILT	2015

GERMANY

VGP Park Berlin

BUILDING D

TENANT	Lidl E-Commerce International GmbH & Co. KG
LETTABLE AREA	53,776 m²
BUILT	under construction

GERMANY

VGP Park Bingen

BUILDING A

TENANT	Custom Chrome Europe GmbH
LETTABLE AREA	6,400 m²
BUILT	2014

GERMANY

VGP Park Bobenheim-Roxheim

BUILDING A

TENANT	Lekkerland Deutschland GmbH & Co.KG
LETTABLE AREA	23,270 m²
BUILT	2016

GERMANY

VGP Park Borna

BUILDING A

TENANT	Lekkerland Deutschland GmbH & Co.KG
LETTABLE AREA	13,617 m²
BUILT	2015

GERMANY

VGP Park Frankenthal

BUILDING A

TENANT	Amazon Logistik GmbH
LETTABLE AREA	56,745 m²
BUILT	under construction

GERMANY

VGP Park Ginsheim

BUILDING A

TENANT	INDAT Robotics GmbH
LETTABLE AREA	33,662 m²
BUILT	under construction

GERMANY

VGP Park Hamburg

BUILDING A0

TENANT	GEODIS Logistics Deutschland GmbH; JOB AG Personaldienstleistungen AG; Deutsche Post Immobilien GmbH
LETTABLE AREA	35,167 m²
BUILT	2013

GERMANY

VGP Park Hamburg

BUILDING A1

TENANT	**Volkswagen Konzernlogistik GmbH & Co. OHG; Drive Medical GmbH & Co. KG; CHEP Deutschland GmbH**
LETTABLE AREA	**24,665 m²**
BUILT	**2014–2016**

GERMANY

VGP Park Hamburg

BUILDING A2.1

TENANT	**Syncreon Deutschland GmbH**
LETTABLE AREA	**18,743 m²**
BUILT	**2015**

GERMANY

VGP Park Hamburg

BUILDING A3

TENANT	**Zebco Europe GmbH; Karl Heinz Dietrich GmbH & Co KG**
LETTABLE AREA	**9,387 m²**
BUILT	**2015**

GERMANY

VGP Park Hamburg

BUILDING A4

TENANT	**LZ Logistik GmbH**
LETTABLE AREA	**14,471 m²**
BUILT	**2016**

GERMANY

VGP Park Hamburg

BUILDING B1

TENANT	**Rhenus SE & Co. KG**
LETTABLE AREA	**57,479 m²**
BUILT	**2015 – under construction**

GERMANY

VGP Park Hamburg

BUILDING B2

TENANT	**Geis Industrie-Service GmbH; Karl Heinz Dietrich GmbH & Co KG**
LETTABLE AREA	**41,388 m²**
BUILT	**under construction**

GERMANY

VGP Park Hamburg

BUILDING C

TENANT	**Rieck Projekt Kontakt Logistik Hamburg GmbH & Co. KG**
LETTABLE AREA	**23,615 m²**
BUILT	**under construction**

GERMANY

VGP Park Hamburg

BUILDING D1

TENANT	**AO Deutschland Ltd.**
LETTABLE AREA	**2,502 m²**
BUILT	**2015**

GERMANY

VGP Park Höchstadt

BUILDING A

TENANT	C&A Mode GmbH & Co. KG
LETTABLE AREA	15,140 m^2
BUILT	2015

GERMANY

VGP Park Leipzig

BUILDING B1

TENANT	USM operations GmbH
LETTABLE AREA	24,007 m^2
BUILT	under construction

GERMANY

VGP Park Rodgau

BUILDING A

TENANT	A & O GmbH, Geis Ersatzteil-Service GmbH; ELTETE Deutschland GmbH; PTG Lohnabfüllung GmbH
LETTABLE AREA	24,754 m^2
BUILT	2016

GERMANY

VGP Park Rodgau

BUILDING B

TENANT	Rhenus SE & Co. KG
LETTABLE AREA	43,375 m^2
BUILT	2016

GERMANY

VGP Park Rodgau

BUILDING C

TENANT	Logistik Dienstleistungszentrum GmbH (LDZ)
LETTABLE AREA	19,774 m²
BUILT	2015

GERMANY

VGP Park Rodgau

BUILDING D

TENANT	EBARA Pumps Europe S.p.A.; ASENDIA Operations GmbH & Co KG
LETTABLE AREA	7,062 m²
BUILT	2016

GERMANY

VGP Park Rodgau

BUILDING E

TENANT	PTG Lohnabfüllung GmbH
LETTABLE AREA	8,734 m²
BUILT	2015

GERMANY

VGP Park Schwalbach

BUILDING A

TENANT	Optimas OE Solutions GmbH
LETTABLE AREA	8,386 m²
BUILT	under construction

GERMANY

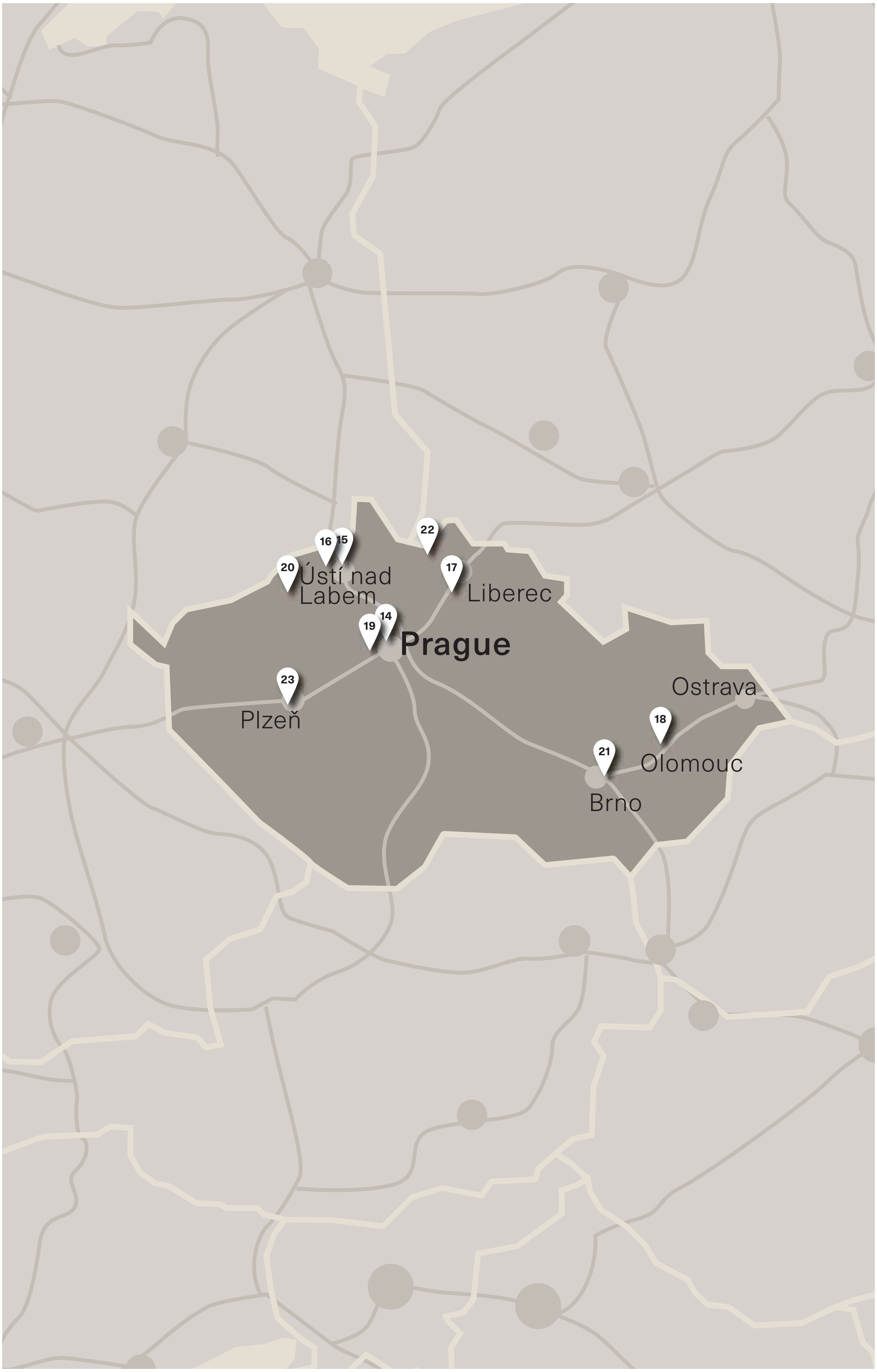
VGP Park Soltau

BUILDING A

TENANT	AUDI AG
LETTABLE AREA	55,811 m²
BUILT	2016

Overview of portfolio in Germany

VGP PARK	OWNER	LAND AREA *(m²)*	LETTABLE AREA *(m²)*			
			COMPLETED	UNDER CONSTRUCTION	POTENTIAL	TOTAL
VGP PARK HAMBURG	VGP	106,941	—	23,615	20,160	43,775
VGP PARK SOLTAU	VGP	119,868	55,811	—	—	55,811
VGP PARK LEIPZIG	VGP	105,885	—	24,007	22,650	46,657
VGP PARK BERLIN	VGP	164,537	—	53,776	26,765	80,541
VGP PARK GINSHEIM	VGP	59,845	—	33,662	—	33,662
VGP PARK SCHWALBACH	VGP	19,587	—	8,386	—	8,386
VGP PARK MÜNCHEN	VGP	537,003	—	—	244,304	244,304
TOTAL		**1,113,666**	**55,811**	**143,445**	**313,879**	**513,135**
VGP PARK BINGEN	Joint Venture	15,000	6,400	—	—	6,400
VGP PARK HAMBURG	Joint Venture	518,123	141,481	71,697	21,458	234,635
VGP PARK RODGAU	Joint Venture	212,740	103,699	—	—	103,699
VGP PARK HÖCHSTADT	Joint Venture	45,680	15,140	—	—	15,140
VGP PARK BERLIN	Joint Venture	46,540	23,891	—	—	23,891
VGP PARK BOBENHEIM-ROXHEIM	Joint Venture	56,655	23,270	—	—	23,270
VGP PARK BORNA	Joint Venture	42,533	13,617	—	—	13,617
VGP PARK FRANKENTHAL	Joint Venture	174,832	—	56,745	—	56,745
TOTAL		**1,112,103**	**327,497**	**128,442**	**21,458**	**477,397**


22
16
15
20
Ústí nad Labem
17
Liberec
19
14
Prague
23
Plzeň
Ostrava
18
21
Olomouc
Brno

CZECH REPUBLIC

CZECH REPUBLIC

VGP Park Brno

BUILDING I.

TENANT	**KARTON P+P, spol. s r.o.**
LETTABLE AREA	**12,986 m²**
BUILT	**under construction**

CZECH REPUBLIC

VGP Park Brno

BUILDING II.

TENANT	**Internet shop s.r.o., SUTA s.r.o.; SECUPACK s.r.o.**
LETTABLE AREA	**13,673 m²**
BUILT	**2013–2016**

CZECH REPUBLIC

VGP Park Brno

BUILDING III.

TENANT	**HARTMANN – RICO a.s.**
LETTABLE AREA	**8,621 m²**
BUILT	**2013**

CZECH REPUBLIC

VGP Park Český Újezd

BUILDING I.

TENANT	**Yusen Logistics (Czech) s.r.o.**
LETTABLE AREA	**13,071 m²**
BUILT	**under construction**

CZECH REPUBLIC

VGP Park Český Újezd

BUILDING II.

TENANT	FIA ProTeam s.r.o.
LETTABLE AREA	2,753 m^2
BUILT	2016

CZECH REPUBLIC

VGP Park Hrádek nad Nisou

BUILDING H1

TENANT	Drylock Technologies s.r.o.
LETTABLE AREA	40,361 m^2
BUILT	2012–2014

CZECH REPUBLIC

VGP Park Liberec

BUILDING L1

TENANT	KNORR-BREMSE Systémy pro užitková vozidla ČR, s.r.o.
LETTABLE AREA	11,436 m^2
BUILT	2016

CZECH REPUBLIC

VGP Park Olomouc

BUILDING G1

TENANT	Benteler Automotive Rumburk s.r.o.; Gerflor CZ s.r.o.
LETTABLE AREA	11,648 m^2
BUILT	2016

CZECH REPUBLIC

VGP Park Olomouc

BUILDING G2

TENANT	Euro Pool System CZ s.r.o.; FENIX solutions s.r.o.
LETTABLE AREA	19,859 m²
BUILT	2015

CZECH REPUBLIC

VGP Park Pilsen

BUILDING A

TENANT	ASSA ABLOY ES Production s.r.o.
LETTABLE AREA	8,711 m²
BUILT	2014

CZECH REPUBLIC

VGP Park Pilsen

BUILDING B

TENANT	FAIVELEY TRANSPORT CZECH a.s.
LETTABLE AREA	21,918 m²
BUILT	2015

CZECH REPUBLIC

VGP Park Pilsen

BUILDING C

TENANT	Excell Czech s.r.o.; Sumisho Global Logistics Europe GmbH, odštěpný závod
LETTABLE AREA	9,542 m²
BUILT	2014–2015

CZECH REPUBLIC

VGP Park Pilsen

BUILDING D

TENANT	**COPO TÉXTIL PORTUGAL S.A., organizační složka; TRANSTECHNIK CS, spol. s r.o.**
LETTABLE AREA	**3,640 m²**
BUILT	**2015–2016**

CZECH REPUBLIC

VGP Park Tuchoměřice

BUILDING A

TENANT	**CAAMANO CZ INTERNATIONAL GLASS CORPORATION, s.r.o.; invelt – s.r.o.; Lidl Česká republika v.o.s.**
LETTABLE AREA	**6,396 m²**
BUILT	**2013**

CZECH REPUBLIC

VGP Park Tuchoměřice

BUILDING B

TENANT	**HARTMANN – RICO a.s.; FM ČESKÁ, s.r.o.**
LETTABLE AREA	**18,594 m²**
BUILT	**2014–2016 – partly under construction**

CZECH REPUBLIC

VGP Park Ústí nad Labem

BUILDING P1

TENANT	**JOTUN CZECH a.s.; Minda KTSN Plastic Solutions s.r.o.**
LETTABLE AREA	**5,351 m²**
BUILT	**2014**

CZECH REPUBLIC

VGP Park Ústí nad Labem

BUILDING P3

TENANT	**Treves CZ s.r.o.**
LETTABLE AREA	**8,296 m²**
BUILT	**under construction**

CZECH REPUBLIC

VGP Park Ústí nad Labem

BUILDING P6.1

TENANT	**SSI Technologies s.r.o.**
LETTABLE AREA	**8,025 m²**
BUILT	**2015**

Overview of portfolio in the Czech Republic

VGP PARK	OWNER	LAND AREA *(m²)*	LETTABLE AREA *(m²)*			
			COMPLETED	UNDER CONSTRUCTION	POTENTIAL	TOTAL
VGP PARK TUCHOMĚŘICE	VGP	58,701	11,630	13,360	—	24,990
VGP PARK ÚSTÍ NAD LABEM	VGP	133,209	13,376	8,296	17,425	39,096
VGP PARK CESKY UJEZD	VGP	45,383	2,753	13,071	—	15,824
VGP PARK LIBEREC	VGP	36,062	11,436	—	2,000	13,436
VGP PARK OLOMOUC	VGP	350,344	—	11,648	138,489	150,137
VGP PARK JENEC	VGP	173,859	—	—	50,490	50,490
VGP PARK CHOMUTOV	VGP	95,057	—	—	50,096	50,096
TOTAL		**892,615**	**39,195**	**46,375**	**258,499**	**344,069**
VGP PARK BRNO	Joint Venture	63,974	22,294	12,986	—	35,280
VGP PARK HRÁDEK NAD NISOU	Joint Venture	180,638	40,361	—	41,819	82,180
VGP PARK PLZEŇ	Joint Venture	92,354	43,809	—	—	43,809
VGP PARK OLOMOUC	Joint Venture	54,674	19,859	—	—	19,859
TOTAL		**391,640**	**126,323**	**12,986**	**41,819**	**181,128**

OTHER COUNTRIES IN EUROPE

ROMANIA
24 — VGP PARK TIMISOARA

ESTONIA
25 — VGP PARK NEHATU

LATVIA
26 — VGP PARK KEKAVA

SPAIN
27 — VGP PARK SAN FERNADO DE HENARES
28 — VGP PARK MANGO

HUNGARY
29 — VGP PARK GYŐR
30 — VGP PARK ALSÓNÉMEDI

SLOVAKIA
31 — VGP PARK MALACKY

25
Tallinn
26
Riga
31
29
Bratislava
30
Budapest
24
Bucharest

HUNGARY

VGP Park Alsónémedi

BUILDING A1.1

TENANT	Nagel Hungária Logisztikai Korlátolt Felelösségü Társaság
LETTABLE AREA	22,892 m^2
BUILT	2016

HUNGARY

VGP Park Győr

BUILDING A

TENANT	SKINY Gyártó Korlátolt Felelösségü Társaság; Waberer's-Szemerey Kft.; Gebrüder Weiss Szállítmányozási Kft.
LETTABLE AREA	20,290 m^2
BUILT	2009

HUNGARY

VGP Park Győr

BUILDING B1

TENANT	Lear Corporation Hungary Kft.
LETTABLE AREA	11,740 m^2
BUILT	2012

HUNGARY

VGP Park Győr

BUILDING C

TENANT	Dana Hungary Kft.
LETTABLE AREA	6,154 m^2
BUILT	2011

SLOVAKIA
VGP Park Malacky
BUILDING A

TENANT	Benteler Automotive SK s.r.o.
LETTABLE AREA	14,863 m²
BUILT	2009

SLOVAKIA
VGP Park Malacky
BUILDING B

TENANT	Benteler Automotive SK s.r.o.
LETTABLE AREA	18,553 m²
BUILT	2016 – partly under construction

SLOVAKIA
VGP Park Malacky
BUILDING C

TENANT	FROMM SLOVAKIA, a.s.; Tajco Slovakia s. r. o.; IKEA Components s.r.o.
LETTABLE AREA	15,255 m²
BUILT	2015

SLOVAKIA
VGP Park Malacky
BUILDING D

TENANT	Volkswagen Konzernlogistik GmbH & Co. OHG
LETTABLE AREA	35,683 m²
BUILT	2015

SLOVAKIA

VGP Park Malacky

BUILDING E1

TENANT	IDEAL Automotive Slovakia, s.r.o.
LETTABLE AREA	12,756 m²
BUILT	2016

ESTONIA

VGP Park Nehatu

BUILDING A

TENANT	Boomerang Distribution OÜ; CF&S Estonia AS; Comforta OÜ; Freselle OÜ
LETTABLE AREA	23,235 m²
BUILT	2014

ESTONIA

VGP Park Nehatu

BUILDING B

TENANT	ANOBION HULGIMÜÜGI OÜ; SIRELDUS OÜ; Lemoine Estonia OÜ; ON24 AS; Turritis OÜ; D.T.L. Consumer Products Eesti AS
LETTABLE AREA	21,841 m²
BUILT	2015

ESTONIA

VGP Park Nehatu

BUILDING C

TENANT	Estonian Ministry of Defence
LETTABLE AREA	7,410 m²
BUILT	2015

ESTONIA

VGP Park Nehatu

BUILDING D

TENANT	Instrumentarium Optika Osaühing; WEXL GRUPP OÜ; Fruit Express OÜ
LETTABLE AREA	11,152 m²
BUILT	2016

ESTONIA

VGP Park Nehatu

BUILDING E

TENANT	on-going negotiations
LETTABLE AREA	11,088 m²
BUILT	under construction

LATVIA

VGP Park Kekava

BUILDING A1.1

TENANT	on-going negotiations
LETTABLE AREA	20,152 m²
BUILT	under construction

ROMANIA

VGP Park Timisoara

BUILDING A1

TENANT	QUEHENBERGER LOGISTICS ROU SRL; cargo-partner Expeditii SRL
LETTABLE AREA	17,565 m²
BUILT	2016

ROMANIA

VGP Park Timisoara

BUILDING A2

TENANT	SC EKOL INTERNATIONAL LOGISTICS SRL; SC FAN COURIER EXPRESS SRL; VAN MOER GROUP SRL; KLG Europe Logistics SRL
LETTABLE AREA	18,009 m²
BUILT	2016

ROMANIA

VGP Park Timişoara

BUILDING B1

TENANT	QUEHENBERGER LOGISTICS ROU SRL; WHITELAND LOGISTICS SRL; CARGO-PARTNER EXPEDITII SRL; UPS Romania SRL; World Media Trans SRL; S.C. PROFI ROM FOOD SRL; ITC LOGISTIC ROMANIA SRL; CSC ETICHETE SRL
LETTABLE AREA	17,841 m²
BUILT	2013–2014

ROMANIA

VGP Park Timişoara

BUILDING B2

TENANT	DHL International Romania SRL; QUEHENBERGER LOGISTICS ROU SRL; RESET EMS srl; SC SIDE TRADING SRL; S.C. DSV SOLUTIONS SRL.; NEFAB PACKAGING ROMANIA SRL; HELBAKO ELECTRONICA SRL; BCVO Logistics SRL
LETTABLE AREA	18,161 m²
BUILT	2015/under construction

SPAIN

VGP Park Mango

BUILDING B1

TENANT	PUNTO FA, S.L.
LETTABLE AREA	185,938 m²
BUILT	2016

Overview portfolio in other countries in Europe

VGP PARK	OWNER	LAND AREA *(m²)*	LETTABLE AREA *(m²)*			
			COMPLETED	UNDER CONSTRUCTION	POTENTIAL	TOTAL
VGP PARK TIMISOARA ROMANIA	VGP	188,347	71,576	—	10,500	82,076
VGP PARK NEHATU ESTONIA	VGP	155,450	63,637	11,088	—	74,725
VGP PARK KEKAVA LATVIA	VGP	146,873	—	20,152	40,320	60,472
VGP PARK SAN FERNANDO DE HENARES SPAIN	VGP	222,666	—	—	134,764	134,764
VGP PARK MANGO SPAIN	VGP	274,163	185,938	—	133,934	319,872
TOTAL		**987,498**	**321,151**	**31,240**	**319,518**	**671,909**
VGP PARK GYŐR HUNGARY	Joint Venture	121,798	38,183	—	9,572	47,754
VGP PARK ALSÓNÉMEDI HUNGARY	Joint Venture	85,349	22,892	—	12,000	34,892
VGP PARK MALACKY SLOVAKIA	Joint Venture	220,492	78,557	18,553	9,880	106,990
TOTAL		**427,639**	**139,632**	**18,553**	**31,452**	**189,637**

FINANCIAL REVIEW VGP NV

FOR THE YEAR ENDED
31 DECEMBER 2016

CONTENT OF THE FINANCIAL REPORT

Consolidated income statement

For the year ended 31 December 2016

INCOME STATEMENT *(in thousands of €)*	**NOTE**	**2016**	**2015**
REVENUE	5	24,739	23,118
GROSS RENTAL INCOME	5	16,806	17,073
SERVICE CHARGE INCOME	6	4,108	3,498
SERVICE CHARGE EXPENSES	6	(3,073)	(3,076)
PROPERTY OPERATING EXPENSES	7	(1,703)	(972)
NET RENTAL INCOME		**16,138**	**16,523**
PROPERTY AND DEVELOPMENT MANAGEMENT INCOME	5	3,141	1,433
FACILITY MANAGEMENT INCOME	5	684	1,114
NET VALUATION GAINS/(LOSSES) ON INVESTMENT PROPERTIES	8	118,900	103,981
ADMINISTRATION EXPENSES	9	(15,446)	(13,451)
OTHER INCOME		483	487
OTHER EXPENSES		(1,815)	(1,034)
SHARE IN RESULT OF JOINT VENTURE AND ASSOCIATES	10	7,897	191
OPERATING PROFIT/(LOSS)		**129,982**	**109,244**
FINANCIAL INCOME	11	2,814	466
FINANCIAL EXPENSES	11	(19,720)	(10,620)
NET FINANCIAL RESULT		**(16,906)**	**(10,154)**
PROFIT BEFORE TAXES		**113,076**	**99,090**
TAXES	12	(21,790)	(12,529)
PROFIT FOR THE YEAR		**91,286**	**86,561**
ATTRIBUTABLE TO:			
SHAREHOLDERS OF VGP NV	13	91,286	86,561
NON-CONTROLLING INTERESTS		—	—

The consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

For the year ended 31 December 2016

STATEMENT OF COMPREHENSIVE INCOME *(in thousands of €)*	**2016**	**2015**
PROFIT FOR THE YEAR	**91,286**	**86,561**
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	—	—
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	—	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	—	—
TOTAL COMPREHENSIVE INCOME/(LOSS) OF THE PERIOD	**91,286**	**86,561**
ATTRIBUTABLE TO:		
SHAREHOLDERS OF VGP NV	91,286	86,561
NON-CONTROLLING INTEREST	—	—

Consolidated balance sheet

For the year ended 31 December 2016

ASSETS *(in thousands of €)*	NOTE	2016	2015
GOODWILL	14	—	631
INTANGIBLE ASSETS	15	14	12
INVESTMENT PROPERTIES	16	550,262	173,972
PROPERTY, PLANT AND EQUIPMENT	15	517	378
NON-CURRENT FINANCIAL ASSETS	17	5	216
INVESTMENTS IN JOINT VENTURE AND ASSOCIATES	10	89,194	(103)
OTHER NON-CURRENT RECEIVABLES	10	8,315	—
DEFERRED TAX ASSETS	12	3	89
TOTAL NON-CURRENT ASSETS		**648,310**	**175,195**
TRADE AND OTHER RECEIVABLES	18	19,426	4,927
CASH AND CASH EQUIVALENTS	19	71,595	9,825
DISPOSAL GROUP HELD FOR SALE	26	132,263	527,361
TOTAL CURRENT ASSETS		**223,284**	**542,113**
TOTAL ASSETS		**871,594**	**717,308**

SHAREHOLDERS‘ EQUITY AND LIABILITIES *(in thousands of €)*	NOTE	2016	2015
SHARE CAPITAL	20	62,251	62,251
RETAINED EARNINGS		327,985	239,658
OTHER RESERVES	21	69	69
OTHER EQUITY	21	—	60,000
SHAREHOLDERS' EQUITY		**390,305**	**361,978**
NON-CURRENT FINANCIAL DEBT	22	327,923	170,800
OTHER NON-CURRENT FINANCIAL LIABILITIES	23	5,348	967
OTHER NON-CURRENT LIABILITIES	24	2,432	405
DEFERRED TAX LIABILITIES	12	20,012	8,247
TOTAL NON-CURRENT LIABILITIES		**355,715**	**180,419**
CURRENT FINANCIAL DEBT	22	81,674	3,522
TRADE DEBTS AND OTHER CURRENT LIABILITIES	25	35,496	10,342
LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	26	8,404	161,047
TOTAL CURRENT LIABILITIES		**125,574**	**174,911**
TOTAL LIABILITIES		**481,289**	**355,330**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**871,594**	**717,308**

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 December 2016

STATEMENT OF CHANGES IN EQUITY *(in thousands of €)*	STATUTORY SHARE CAPITAL	CAPITAL RESERVE *(see note 6.8)*	IFRS SHARE CAPITAL	RETAINED EARNINGS	SHARE PREMIUM	OTHER EQUITY	TOTAL EQUITY
BALANCE AS AT 1 JANUARY 2015	**112,737**	**(50,486)**	**62,251**	**153,097**	**69**	**—**	**215,417**
OTHER COMPREHENSIVE INCOME/(LOSS)	—	—	—	—	—	—	—
RESULT OF THE PERIOD	—	—	—	86,561	—	—	86,561
EFFECT OF DISPOSALS	—	—	—	—	—	—	—
TOTAL COMPREHENSIVE INCOME/(LOSS)	**—**	**—**	**—**	**86,561**	**—**	**—**	**86,561**
DIVIDENDS TO SHAREHOLDERS	—	—	—	—	—	—	—
SHARE CAPITAL DISTRIBUTION TO SHAREHOLDERS	—	—	—	—	—	—	—
HYBRID SECURITIES (SEE NOTE 21)	—	—	—	—	—	60,000	60,000
BALANCE AS AT 31 DECEMBER 2015	**112,737**	**(50,486)**	**62,251**	**239,658**	**69**	**60,000**	**361,978**
BALANCE AS AT 1 JANUARY 2016	**112,737**	**(50,486)**	**62,251**	**239,658**	**69**	**60,000**	**361,978**
OTHER COMPREHENSIVE INCOME/(LOSS)	—	—	—	—	—	—	—
RESULT OF THE PERIOD	—	—	—	91,286	—	—	91,286
EFFECT OF DISPOSALS	—	—	—	—	—	—	—
TOTAL COMPREHENSIVE INCOME/(LOSS)	**—**	**—**	**—**	**91,286**	**—**	**—**	**91,286**
DIVIDENDS TO SHAREHOLDERS	—	—	—	—	—	—	—
SHARE CAPITAL DISTRIBUTION TO SHAREHOLDERS	—	—	—	—	—	—	—
HYBRID SECURITIES (SEE NOTE 21)	—	—	—	(2,959)	—	(60,000)	(62,959)
BALANCE AS AT 31 DECEMBER 2016	**112,737**	**(50,486)**	**62,251**	**327,985**	**69**	**—**	**390,305**

Consolidated cash flow statement

For the year ended 31 December 2016

CASH FLOW STATEMENT *(in thousands of €)*	**NOTE**	**2016**	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES	27		
PROFIT BEFORE TAXES		113,076	99,090
ADJUSTMENTS FOR:			
DEPRECIATION		897	734
UNREALISED (GAINS) /LOSSES ON INVESTMENT PROPERTIES	8	(97,696)	(103,975)
REALISED (GAINS)/LOSSES ON DISPOSAL OF SUBSIDIARIES AND INVESTMENT PROPERTIES	8	(21,204)	(6)
UNREALISED (GAINS)/LOSSES ON FINANCIAL INSTRUMENTS AND FOREIGN EXCHANGE	11	4,723	245
INTEREST (RECEIVED)		(2,636)	(21)
INTEREST PAID		14,820	10,194
SHARE IN (PROFIT)/LOSS OF JOINT VENTURE AND ASSOCIATES	10	(7,897)	(191)
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		**4,083**	**6,070**
DECREASE/(INCREASE) IN TRADE AND OTHER RECEIVABLES		(14,505)	(8,555)
(DECREASE)/INCREASE IN TRADE AND OTHER PAYABLES		28,681	416
CASH GENERATED FROM THE OPERATIONS		**18,259**	**(2,072)**
INTEREST RECEIVED		157	21
INTEREST (PAID)		(10,684)	(10,194)
INCOME TAXES PAID		(939)	(364)
NET CASH FROM OPERATING ACTIVITIES		**6,793**	**(12,609)**
CASH FLOWS FROM INVESTING ACTIVITIES	27		
PROCEEDS FROM DISPOSAL OF TANGIBLE ASSETS AND OTHER		46	337
ACQUISITION OF SUBSIDIARIES		—	(224)
INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER CONSTRUCTION		(336,654)	(147,490)
DISPOSAL OF SUBSIDIARIES AND INVESTMENT PROPERTIES TO VGP EUROPEAN LOGISTICS JOINT VENTURE	28	236,060	—
DISTRIBUTION BY/(INVESTMENT IN) VGP EUROPEAN LOGISTICS JOINT VENTURE		4,678	—
(LOANS PROVIDED TO)/LOANS REPAID BY JOINT VENTURE AND ASSOCIATES		(28,546)	—
NET CASH USED IN INVESTING ACTIVITIES		**(124,416)**	**(147,377)**
CASH FLOWS FROM FINANCING ACTIVITIES	27		
NET PROCEEDS/(CASH OUT) FROM THE ISSUE/(REPAYMENT) HYBRID INSTRUMENTS	21	(62,960)	60,000
PROCEEDS FROM LOANS		283,367	83,967
LOAN REPAYMENTS		(51,536)	(3,914)
NET CASH USED IN FINANCING ACTIVITIES		**168,871**	**140,053**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**51,248**	**(19,934)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		9,825	43,595
EFFECT OF EXCHANGE RATE FLUCTUATIONS		234	347
RECLASSIFICATION TO (-)/FROM HELD FOR SALE	28	10,288	(14,184)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**71,595**	**9,825**

The consolidated cash flow statement should be read in conjunction with the accompanying notes.

For the year ended 31 December 2016

1. General information

VGP NV (the "Company") is a limited liability company and was incorporated under Belgian law on 6 February 2007 for an indefinite period of time with its registered office located at Spinnerijstraat 12, 9240 Zele, and the Company is registered under enterprise number 0887.216.042 (Register of Legal Entities of Ghent – Division Dendermonde).

The Group is a real estate group specialised in the acquisition, development, and management of logistic real estate. The Group focuses on strategically located plots of land in the mid-European region suitable for the development of logistic business parks of a certain size, so as to build up an extensive and well-diversified property portfolio on top locations.

The Company's consolidated financial statements include those of the Company and its subsidiaries (together referred to as "Group"). The consolidated financial statements were approved for issue by the board of directors on 7 April 2017.

2. Summary of principal accounting policies

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) which have been adopted by the European Union.

These standards comprise all new and revised standards and interpretations published by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Interpretations Committee of the IASB, as far as applicable to the activities of the Group and effective as from 1 January 2016.

New standards and interpretations applicable during 2016

A number of new standards, amendments to standards and interpretations became effective during the financial year:

- Improvements to IFRS (2010–2012) (applicable for annual periods beginning on or after 1 February 2015);
- Improvements to IFRS (2012–2014) (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 11 *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 1 *Presentation of Financial Statements – Disclosure Initiative* (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 and IAS 38 *Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation* (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 19 *Employee Benefits – Employee Contributions* (applicable for annual periods beginning on or after 1 February 2015);
- Amendments to IAS 27 *Separate Financial Statements – Equity Method* (applicable for annual periods beginning on or after 1 January 2016).

The above new standards, amendments to standards and interpretation did not give rise to any material changes in the presentation and preparation of the consolidated financial statements of the year.

New standards and interpretations not yet effective during 2016

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2016, and have not been applied when preparing financial statements:

- IFRS 9 *Financial Instruments and subsequent amendments* (applicable for annual periods beginning on or after 1 January 2018);
- IFRS 14 *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU);
- IFRS 15 *Revenue from Contracts with Customers* (applicable for annual periods beginning on or after 1 January 2018);
- IFRS 16 *Leases* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU);
- Improvements to IFRS (2014–2016) (applicable for annual periods beginning on or after 1 January 2017 or 2018, but not yet endorsed in the EU);
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU);
- Amendments to IFRS 4 *Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4* (applicable for annual periods beginning on or after 1 January 2018, 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 IAS 7 *Statement of Cash Flows – Disclosure Initiativen* (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU);
- Amendments to IAS 12 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses* (applicable

for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU);
- Amendments to IAS 40 *Transfers of Investment Property* (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU);
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU).

The impact, if any, of IFRS 9, IFRS 15 and IFRS 16 is under investigation by the Group The initial application of the other above standards, amendments to standards and interpretation is estimated not to give rise to any material changes in the presentation and preparation of the consolidated financial statements.

2.2 Basis of preparation

The consolidated financial statements are prepared on a historic cost basis, with the exception of investment properties and financial derivatives which are stated at fair value. All figures are in thousands of Euros (in thousands of €), unless stated otherwise. Minor rounding differences might occur.

2.3 Principles of consolidation

Subsidiaries

Subsidiaries are entities over which VGP NV exercises control, which is the case when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Joint venture and associates

A joint venture exists when VGP NV has contractually agreed to share control with one or more other parties, which is the case only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Associates are companies in which VGP NV, directly or indirectly, has a significant influence and which are neither subsidiaries nor joint ventures. This is presumed if the Group holds at least 20% of the voting rights attaching to the shares. The financial information included for these companies is prepared using the accounting policies of the Group. When the Group has acquired joint control in a joint venture or significant influence in an associate, the share in the acquired assets, liabilities and contingent liabilities is initially re-measured to fair value at the acquisition date and accounted for using the equity method. Any excess of the purchase price over the fair value of the share in the assets, liabilities and contingent liabilities acquired is recognized as goodwill. When the goodwill is negative, it is immediately recognized in profit or loss. Subsequently, the consolidated financial statements include the Group's share of the results of joint ventures and associates accounted for using the equity method until the date when joint control or significant influence ceases. If the Group's share of the losses of a joint venture or associate exceeds the carrying amount of the investment, the investment is carried at nil value and recognition of additional losses is limited except to the extent that VGP has incurred constructive or contractual obligations in respect of the associate.

Unrealized gains arising from transactions with joint ventures and associates are set against the investment in the joint venture or associate concerned to the extent of the Group's interest. The carrying amounts of investments in joint ventures and associates are reassessed if there are indications that the asset has been impaired or that impairment losses recognized in prior years have ceased to apply. The investments in joint ventures and associates in the balance sheet include the carrying amount of any related goodwill.

IAS 28.28 only permits recognition of the gain or loss from downstream transactions "to the extent of unrelated investors' interests in the associate or joint venture". However, the standard does not specifically address the treatment of revenue derived from transactions with equity-method investees (e.g. revenue from the sale of goods, or interest revenue) and whether that revenue should be eliminated from the consolidated financial statements. In contrast, according to IFRS 10.25 upon loss of control of a subsidiary, a parent derecognises the assets and liabilities of the subsidiary (including non-controlling interests) in full and measures any investment retained in the former subsidiary at its fair value. In the absence of any other relevant guidance, entities have, in effect, an accounting policy choice of applying either the approach in IFRS 10 or the approach in IAS 28.

VGP has made the accounting policy choice to recognize the gain or loss on the disposal of a subsidiary to a joint venture or associate in full in profit or loss. In respect of the treatment of revenues derived from transactions with joint ventures and associates (e.g. sales services, interest revenue, …), the Group has opted not to eliminate its interest in these transactions. As a matter of example, VGP receives € 100 interest income on a loan provided to a 50/50 joint venture. Under the accounting policy adopted by VGP this interest income would be accounted for as € 100 interest income of the Group. The cost incurred by the joint venture would be accounted for on a proportional (50%) basis through "results in joint ventures and associates" without making any adjustment for the proportional interest held by VGP. By doing so the Group will only recognise its proportional profit or loss in its consolidated figures and ensure that it does not recognise a higher profit or loss than its share in the "results in joint ventures and associates".

2.4 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros (€), which is the Company's functional currency and the Group's presentation currency.

Transactions in foreign currencies are translated to Euro at the foreign exchange rate ruling at the date of the transaction. Consequently, non-monetary assets and liabilities are presented at Euro using the historic foreign exchange rate. Monetary assets and liabilities denominated in a currency other than Euro at the balance sheet date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement.

2.5 Goodwill

When VGP acquires the control over an integrated set of activities and assets, as defined in IFRS 3 Business Combinations, the identifiable assets, obligations and conditional obligations of the acquired company will be booked to their fair value on the purchase date. The goodwill represents the positive difference between the acquisition cost and the part of the group in the fair value of the acquired net assets. If this difference is negative (negative goodwill) it is immediately booked in the result after a re-evaluation of the values.

After the initial take-up the goodwill is not written down, but subject to an impairment test, which is carried out each year on the cash flow generating units to which the goodwill is allocated. If the book value of a cash flow generating unit exceeds the operating value, the loss of value following from this will be booked in the result and in the first instance included in the reduction of the possible goodwill and then subsequently to the other assets of the unit, in proportion to their book value. A write-down on the goodwill cannot be reversed in a subsequent financial year.

2.6 Intangible assets

Intangible assets are measured at cost or fair value less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and method are reviewed at each financial year-end.

2.7 Investment properties

Completed projects

Completed properties are initially measured at cost (including transaction costs). After initial recognition, investment property is carried at fair value. An external independent valuation expert with recognised professional qualifications and experience in the location and category of the property being valued, values the portfolio at least annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion

Any gain or loss arising from a change in fair value is recognised in the consolidated income statement.

Property under construction

Property that is being constructed or developed is also stated at fair value. The properties under construction are valued by the same external independent valuation expert used for the valuations of the completed projects but deducting the remaining construction costs from the calculated market value.

Any gain or loss arising from a change in fair value is recognised in the consolidated income statement.

All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure qualifying as acquisition costs are capitalised.

Development land

Land of which the Group has the full ownership i.e. registered in the respective land registry as owner and on which the Group intends or has started construction (so called 'development land') is immediately valued at fair value. The development land is valued by the same external independent valuation expert used for the valuations of the completed projects.

Any gain or loss arising from a change in fair value is recognised in the consolidated income statement.

All costs directly associated with the purchase of the development land are capitalised.

Land which is not yet in full ownership but which is secured by a future purchase agreement or purchase option is not recognised as investment property until the Group has become full owner of this land.

The Group will be required to make from time to time down payments when entering into such future purchase agreements or purchase options. The down payments of the land will be recorded as other receivables unless such amounts are immaterial, in which case the Board of Directors may elect to classify such amounts under investment properties.

Infrastructure works are not included in the fair value of the development land but are recognised as investment property and valued at cost.

In case the Board of Directors is of the opinion that the fair value of the development land cannot be reliable determined the Board may elect to value the development land at cost less impairment until the fair value becomes reliably determinable.

2.8 Capitalisation of borrowing costs

Interest and other financial expenses relating to the acquisition of fixed assets incurred until the asset is put in use are capitalised. Subsequently, they are recorded as financial expenses.

2.9 Leases

Group company is the lessee

Operating leases

Leases under which substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognized, on a straight-line basis, as a reduction of rental expense over the lease term. Improvements to buildings held under operating leases are depreciated over their expected useful lives, or, where shorter, the term of the relevant lease.

Finance leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. At the start of the lease, financial leases are recorded as assets and liabilities in the balance sheet at the fair value of the leased asset or at the cash value of the minimal lease payments, whichever is lower. The minimal lease payments are recorded partly as financing costs and partly as settlement of the outstanding debt such that this results in constant periodic interest over the remaining balance of the liability. The financial charges are directly charged to the result. Conditional lease payments are included as charges in the periods in which they are made.

Group company is the lessor in an operating lease

Properties leased out under operating leases are included in investment property in the consolidated balance sheet. See point 2.20 for the recognition of rental income.

Group company is the lessor – fees paid in connection with arranging leases and lease incentives

The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's lessees. The letting fees are capitalised within the carrying amount of the related investment property and amortised over the lease term. Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

2.10 Property, plant and equipment

Property, plant and equipment are valued at their cost price less the accumulated depreciations and write-downs. The cost price includes all directly attributable costs and the relevant part of the indirect costs incurred to make the asset ready for use. Future disbursements for repairs are immediately recorded in the result unless they increase the future financial profits of the asset. The straight-line depreciation method is applied over the estimated lifetime of the assets. The useful life and the depreciation method are revised at least annually at the end of each financial year. The tangible fixed assets are depreciated in accordance with the following percentages:

— software: 33%;
— IT equipment: 10–33%;
— office furniture and fittings: 7–20%;
— cars: 25%;

2.11 Trade and other receivables

Trade receivables do not carry any interest and are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date. An allowance for impairment of trade and other receivables is established if the collection of a receivable becomes doubtful. Such receivable becomes doubtful when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows. An impairment loss is recognized in the statement of income, as are subsequent recoveries of previous impairments.

2.12 Cash and cash equivalent

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash-flow statement.

2.13 Non-current assets held for sale and discontinued operations

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

For a sale to be highly probable, the entity should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and complete the plan should be initiated, and the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification. Assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs necessary to make the sale. Any excess of the carrying amount over the fair value less costs to sell is included as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale.

Comparative balance sheet information for prior periods is not restated to reflect the new classification in the balance sheet.

2.14 Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated income statement over the period of the borrowings on an effective interest basis. The Group classifies as a current portion any part of long-term loans that is due to be settled within one year from the balance sheet date.

2.15 Trade and other payables

Trade and other payables are stated at amortised cost.

2.16 Derivative financial instruments

A derivative is a financial instrument or other contract which fulfils the following conditions:

— its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract;
— it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
— it is settled at a future date.

Hedging derivatives are defined as derivatives that comply with the company's risk management strategy, the hedging relationship is formally documented and the hedge is effective, that is, at inception and throughout the period, changes in the fair value or cash flows of the hedged and hedging items are almost fully offset and the results are within a range of 80 percent to 125 percent.

Derivative financial instruments that are not designated as hedging instruments are classified as held-for-trading and carried at fair value, with changes in fair value included in net profit or loss of the period in which they arise.

Fair values are obtained from quoted market prices or discounted cash-flow models, as appropriate. All non-hedge derivatives are carried (as applicable) as current or non-current assets when their fair value is positive and as current or non-current liabilities when their fair value is negative.

VGP holds no derivative instruments nor intends to issue any for speculative purposes.

2.17 Impairment on property, plant and equipment and intangible assets

The carrying amounts of the Group's property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Impairment losses recognised in respect of cash-generating units reduce the carrying amount of the assets in the unit (group of units) on a pro-rata basis.

2.18 Reversal of impairment

An impairment loss is reversed in the consolidated income statement if there has been a change in the estimates used to determine the recoverable amount to the extent it reverses an impairment loss of the same asset that was recognised previously as an expense.

2.19 Provisions

A provision is recognised in the consolidated balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.20 Rental income

Rental income from investment property leased out under an operating lease is recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Rental income is recognised as from the commencement of the lease contract.

The Group did not enter into any financial lease agreements with tenants, all lease contracts qualify as operating leases.

The lease contracts concluded can be defined as ordinary leases whereby the obligations of the lessor under the lease remain essentially those under any lease, for instance to ensure that space in a state of being occupied is available to the lessee during the whole term of the lease. The lease contracts are usually concluded for periods between 5–10 years (first break option) and include most of the time an automatic extension clause. The lessee cannot cancel the lease contract until the first break option date.

2.21 Expenses

Service costs and property operating expenses

Service costs for service contracts entered into and property operating expenses are expensed as incurred.

Net financial result

Net financial result comprises interest payable on borrowings and interest rate swaps calculated using the effective interest rate method net of interest capitalised, interest receivable on funds invested and interest rate swaps, foreign exchange and interest rate swap gains and losses that are recognised in the consolidated income statement.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets and deferred tax liabilities have been offset, pursuant to the fulfilment of the criteria of IAS 12 §74. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 General business risk

We refer to the chapter ‘Risk factors’ for an overview of the risks affecting the businesses of the VGP Group.

3.2 Critical judgements in applying accounting policies

The following are the critical judgments made by management, apart from those involving estimations (see note 3.3. below), that have a significant effect on the amounts reported in the consolidated financial statements:

— Determining whether control, joint control or a significant influence is exercised over investments. In this respect management concluded that it has joint control over VGP European Logistics and hence this joint venture and the related associates are accounted for using the equity method.

— VGP has made the accounting policy choice to recognize the gain or loss on the disposal of a subsidiary to a joint venture or associate in full in profit or loss. In respect of the treatment of revenues derived from transactions with joint ventures and associates (e.g. sales services, interest revenue,…), the Group has opted not to eliminate its interest in these transactions nor to make any adjustment for the proportional adjustment to the joint venture corresponding figures. By doing so the Group will only recognise its proportional profit or loss in its consolidated figures and ensure that it does not recognise a higher profit or loss than its share in the “results in joint ventures and associates”. (See note 2.3 further information).

3.3 Key sources of estimation uncertainty

- VGP's portfolio is valued at least annually by independent real estate experts. This valuation by real estate experts is intended to determine the market value of a property at a certain date, as a function of the market evolution and the characteristics of the property concerned. The property portfolio is recorded at the fair value established by the real estate experts in the Group's consolidated accounts. (see note 16).
- VGP's derivative financial instruments are assessed at the moment of transaction whether such instruments qualify for hedge accounting. VGP has no hedging instruments which qualify for hedge accounting and as a result the changes in fair value of the hedging instruments are recognised through profit and loss. (see note 29)
- Deferred tax assets are recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. In making its judgment, management takes into account elements such as long-term business strategy and tax planning opportunities (see note 12.3 'Deferred tax assets and liabilities').

4. 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 country level.

The basic segmentation for segment reporting within VGP is by geographical region. 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.

Business decisions are taken at that level and various key performance indicators (such as rental income, – activity, occupancy and development yields) are monitored in this way as VGP primarily focuses on developing and letting logistical sites. A second segmentation basis is based on the split of income on the property and facility management as well as the development activities carried out on behalf of the Joint Venture.

Segment information
Czech Republic, Germany and other countries

INCOME STATEMENT *(in thousands of €)*	CZECH REPUBLIC	
	2016	2015
GROSS RENTAL INCOME	3,986	4,663
SERVICE CHARGE INCOME/(EXPENSES)	177	42
PROPERTY OPERATING EXPENSES	(151)	(284)
NET RENTAL INCOME	**4,012**	**4,421**
PROPERTY AND DEVELOPMENT MANAGEMENT INCOME	894	1,324
FACILITY MANAGEMENT INCOME	684	1,114
NET VALUATION GAINS/(LOSSES) ON INVESTMENT PROPERTY	17,337	25,059
OTHER INCOME/(EXPENSES) - INCL. ADMINISTRATIVE COSTS	(2,570)	(3,616)
SHARE IN THE RESULT OF JOINT VENTURE AND ASSOCIATES	—	—
OPERATING PROFIT/(LOSS)	**20,357**	**28,302**
NET FINANCIAL RESULT	**—**	**—**
TAXES	**—**	**—**
PROFIT FOR THE YEAR	**—**	**—**

BALANCE SHEET *(in thousands of €)*	CZECH REPUBLIC	
	2016	2015
ASSETS		
INVESTMENT PROPERTIES	90,016	47,167
OTHER ASSETS (INCL. DEFERRED TAX)	13,981	2,785
DISPOSAL GROUP HELD FOR SALE	4,465	106,139
TOTAL ASSETS	**108,462**	**156,091**
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY	—	—
TOTAL LIABILITIES	—	—
LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	—
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**—**	**—**

	GERMANY		OTHER COUNTRIES		UNALLOCATED AMOUNTS		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
	5,733	5,740	7,087	6,670	—	—	16,806	17,073
	183	29	675	351	—	—	1,035	422
	(765)	(429)	(787)	(259)	—	—	(1,703)	(972)
	5,151	5,340	6,975	6,762	—	—	16,138	16,523
	1,314	94	933	15	—	—	3,141	1,433
	—	—	—	—	—	—	684	1,114
	41,504	58,447	7,777	20,475	52,282	—	118,900	103,981
	(3,314)	(981)	(2,397)	(513)	(8,497)	(8,887)	(16,778)	(13,997)
	—	—	—	—	7,897	191	7,897	191
	44,655	62,900	13,288	26,739	51,682	(8,696)	129,982	109,244
	—	—	—	—	(16,906)	(10,154)	(16,906)	(10,154)
	—	—	—	—	(21,790)	(12,529)	(21,790)	(12,529)
	—	—	—	—	91,286	86,561	91,286	86,561

	GERMANY		OTHER COUNTRIES		UNALLOCATED AMOUNTS		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
	174,005	53,228	286,241	73,577	—	—	550,262	173,972
	9,063	617	27,050	3,574	138,975	8,999	189,069	15,975
	41,440	333,887	4,797	87,335	81,561	—	132,263	527,361
	224,508	387,732	318,088	164,486	220,536	8,999	871,594	717,308
	—	—	—	—	390,305	361,978	390,305	361,978
	—	—	—	—	472,885	194,283	472,885	194,283
	—	—	—	—	8,404	161,047	8,404	161,047
	—	—	—	—	871,594	717,308	871,594	717,308

Segment information
Other Countries

INCOME STATEMENT *(in thousands of €)*	ESTONIA		SLOVAKIA		
	2016	2015	2016	2015	
GROSS RENTAL INCOME	2,470	2,222	1,094	1,291	
SERVICE CHARGE INCOME/(EXPENSE)	29	59	60	18	
PROPERTY OPERATING EXPENSES	(103)	(13)	(144)	(86)	
NET RENTAL INCOME	**2,396**	**2,268**	**1,010**	**1,223**	
PROPERTY AND DEVELOPMENT MANAGEMENT INCOME	—	—	11	15	
FACILITY MANAGEMENT INCOME	—	—	—	—	
NET VALUATION GAINS/(LOSSES) ON INVESTMENT PROPERTY	3,350	3,281	—	7,129	
OTHER INCOME/(EXPENSES)- INCL. ADMINISTRATIVE COSTS	(136)	(53)	(633)	62	
SHARE IN THE RESULT OF JOINT VENTURE AND ASSOCIATES	—	—	—	—	
OPERATING PROFIT/(LOSS)	**5,610**	**5,496**	**388**	**8,429**	
NET FINANCIAL RESULT	**—**	**—**	**—**	**—**	
TAXES	**—**	**—**	**—**	**—**	
PROFIT FOR THE YEAR	**—**	**—**	**—**	**—**	

BALANCE SHEET *(in thousands of €)*	ESTONIA		SLOVAKIA		
	2016	2015	2016	2015	
ASSETS					
INVESTMENT PROPERTIES	47,400	39,776	663	56	
OTHER ASSETS (INCL. DEFERRED TAX)	880	1,157	10	14	
DISPOSAL GROUP HELD FOR SALE	—	—	4,333	43,078	
TOTAL ASSETS	**48,280**	**40,933**	**5,006**	**43,148**	
SHAREHOLDERS' EQUITY AND LIABILITIES	**—**	**—**	**—**	**—**	
SHAREHOLDERS' EQUITY	—	—	—	—	
TOTAL LIABILITIES	—	—	—	—	
LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	—	—	—	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES					

	HUNGARY		ROMANIA		SPAIN		OTHER		TOTAL	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	1,000	1,929	2,281	1,228	242	—	—	—	7,087	6,670
	41	137	549	140	—	—	(4)	(3)	675	351
	(85)	(117)	(437)	(29)	(3)	—	(15)	(14)	(787)	(259)
	956	**1,949**	**2,393**	**1,339**	**239**	**—**	**(19)**	**(17)**	**6,975**	**6,762**
	—	—	—	—	—	—	922	—	933	15
	—	—	—	—	—	—	—	—	—	—
	—	6,663	3,763	2,591	—	—	664	811	7,777	20,475
	(196)	(91)	(386)	(123)	(851)	(211)	(195)	(97)	(2,397)	(513)
	—	—	—	—	—	—	—	—	—	—
	760	**8,521**	**5,770**	**3,807**	**(612)**	**(211)**	**1,372**	**697**	**13,288**	**26,739**
	—	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	—	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**-—**	**—**
	—	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

	HUNGARY		ROMANIA		SPAIN		OTHER		TOTAL	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	—	—	36,043	26,021	195,842	3,563	6,293	4,160	286,241	73,576
	88	10	13,900	1,369	12,108	988	64	36	27,050	3,574
	464	44,258	—	—	—	—	—	—	4,797	87,336
	552	**44,268**	**49,943**	**27,390**	**207,950**	**4,551**	**6,357**	**4,196**	**318,088**	**164,486**
	—	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—		

5. Revenue

(in thousands of €)	2016	2015
RENTAL INCOME FROM INVESTMENT PROPERTIES	14,502	17,854
RENT INCENTIVES	2,304	(781)
TOTAL GROSS RENTAL INCOME	**16,806**	**17,073**
PROPERTY MANAGEMENT INCOME	2,515	1,101
DEVELOPMENT MANAGEMENT INCOME	626	332
FACILITY MANAGEMENT INCOME	684	1,114
SERVICE CHARGE INCOME	4,108	3,498
TOTAL REVENUE	**24,739**	**23,118**

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 2016 and the sale of the Seed portfolio to the Joint Venture on 31 May 2016. The 2016 rental income included the gross rental income of the Seed portfolio sold, for the period 1 January 2016 to 31 May 2016 for € 10.2 million.

At the end of December 2016 the Group (including the Joint Venture) had annualised committed leases of € 64.3 million[1] compared to € 38.0 million[2] as at 31 December 2015.

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

(in thousands of €)	2016	2015
LESS THAN ONE YEAR	25,340	37,713
BETWEEN ONE AND FIVE YEARS	94,376	128,461
MORE THAN FIVE YEARS	242,916	117,661
TOTAL	**362,632**	**283,835**

6. Service charge income/(expenses)

(in thousands of €)	2016	2015
SERVICE CHARGE INCOME		
RECHARGE OF COSTS BORNE BY TENANTS	4,108	3,498
TOTAL	**4,108**	**3,498**
SERVICE CHARGE EXPENSES		
ENERGY	(1,778)	(1,838)
MAINTENANCE AND CLEANING	(652)	(589)
PROPERTY TAXES	(207)	(322)
OTHERS	(436)	(327)
TOTAL	**(3,073)**	**(3,076)**

Service charge income represents income receivable from tenants for energy, maintenance, cleaning, security, garbage management and usage of infrastructure which relates to the service charge expenses charged to the Group.

1 € 38.6 million related to the Joint Venture Property Portfolio and € 25.6 million related to the Own Property Portfolio.
2 All related to the Own Property Portfolio.

7. Property operating expenses

(in thousands of €)	2016	2015
REPAIRS AND MAINTENANCE	(398)	(185)
MARKETING, LEGAL AND PROFESSIONAL FEES	(282)	(354)
REAL ESTATE AGENTS	(783)	(237)
OTHER	(240)	(196)
TOTAL	**(1,703)**	**(972)**

8. Net valuation gains/(losses) on investment properties

(in thousands of €)	2016	2015
UNREALISED VALUATION GAINS/(LOSSES) ON INVESTMENT PROPERTIES	66,006	17,211
UNREALISED VALUATION GAINS/(LOSSES) ON DISPOSAL GROUP HELD FOR SALE	31,690	86,764
REALISED VALUATION GAINS/(LOSSES) ON DISPOSAL OF SUBSIDIARIES AND INVESTMENT PROPERTIES	21,204	6
TOTAL	**118,900**	**103,981**

The own property portfolio, excluding development land, is valued by the valuation expert at 31 December 2016 based on a weighted average yield of 6.49% (compared to 7.02% as at 31 December 2015) 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 total portfolio value of € 6.9 million.

9. Administration expenses

(in thousands of €)	2016	2015
WAGES AND SALARIES	(3,303)	(2,230)
AUDIT, LEGAL AND OTHER ADVISORS	(9,428)	(8,987)
OTHER EXPENSES	(2,573)	(1,862)
DEPRECIATION	(142)	(372)
TOTAL	**(15,446)**	**(13,451)**

10. Investments in joint venture and associates

10.1 Profit from joint venture and associates after tax

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. During the year, the associates SNOW S.à.r.l. and SUN S.à.r.l. were sold to Tristan Capital Partners as part of the liquidation process of these respective associates.

INCOME STATEMENT *(in thousands of €)*	**VGP EUROPEAN LOGISTICS JV AT 100%**	**VGP EUROPEAN LOGISTICS GERMAN ASSET COMPANIES AT 100%**	**VGP EUROPEAN LOGISTICS GERMAN ASSET COMPANIES AT 5.1%**	**VGP EUROPEAN LOGISTICS JV AT 50%**	**2016**	**2015**
GROSS RENTAL INCOME	16,982	9,511	485	8,491	8,976	—
PROPERTY OPERATING EXPENSES						
— SERVICE CHARGE INCOME/(EXPENSES)(NET)	557	427	22	279	300	—
— UNDERLYING PROPERTY – OPERATING EXPENSES	(1,074)	(517)	(26)	(537)	(563)	—
— PROPERTY MANAGEMENT FEES	(1,315)	(752)	(38)	(658)	(696)	—
NET RENTAL INCOME	**15,150**	**8,669**	**442**	**7,575**	**8,017**	**—**
NET VALUATION GAINS/ (LOSSES) ON INVESTMENT PROPERTIES	13,384	6,198	316	6,692	7,008	—
ADMINISTRATION EXPENSES	(1,576)	(801)	(41)	(788)	(829)	—
OTHER INCOME/ (EXPENSES) (NET)	(493)	(75)	(5)	(246)	(250)	191
OPERATING PROFIT/(LOSS)	**26,465**	**13,991**	**713**	**13,234**	**13,946**	**191**
FINANCIAL INCOME	224	(250)	(12)	112	100	—
FINANCIAL EXPENSES	(7,756)	(3,771)	(192)	(3,878)	(4,070)	—
NET FINANCIAL RESULT	**(7,532)**	**(4,021)**	**(204)**	**(3,766)**	**(3,970)**	**—**
PROFIT BEFORE TAXES	**18,933**	**9,970**	**508**	**9,468**	**9,976**	**191**
TAXES	(3,980)	(1,735)	(88)	(1,990)	(2,078)	—
PROFIT FOR THE YEAR	**14,953**	**8,235**	**420**	**7,478**	**7,897**	**191**

10.2 Summarised balance sheet information in respect of joint venture and associates

INCOME STATEMENT *(in thousands of €)*	**VGP EUROPEAN LOGISTICS JV AT 100%**	**VGP EUROPEAN LOGISTICS GERMAN ASSET COMPANIES AT 100 %**	**VGP EUROPEAN LOGISTICS GERMAN ASSET COMPANIES AT 5.1%**	**VGP EUROPEAN LOGISTICS JV AT 50%**	**2016**	**2015**
INVESTMENT PROPERTIES	574,291	390,341	19,907	287,145	307,053	—
OTHER ASSETS	189	29	1	94	96	—
TOTAL NON-CURRENT ASSETS	**574,479**	**390,370**	**19,909**	**287,240**	**307,148**	**—**
TRADE AND OTHER RECEIVABLES	8,335	6,972	356	4,168	4,523	—
CASH AND CASH EQUIVALENTS	17,342	11,464	585	8,671	9,256	—
TOTAL CURRENT ASSETS	**25,678**	**18,436**	**940**	**12,839**	**13,779**	**—**
TOTAL ASSETS	**600,157**	**408,806**	**20,849**	**300,078**	**320,928**	**—**
NON-CURRENT FINANCIAL DEBT	376,036	266,636	13,598	188,018	201,616	—
OTHER NON-CURRENT FINANCIAL LIABILITIES	1,075	—	—	538	538	—
OTHER NON-CURRENT LIABILITIES	1,440	16	1	720	721	—
DEFERRED TAX LIABILITIES	32,723	21,318	1,087	16,361	17,449	—
TOTAL NON-CURRENT LIABILITIES	**411,274**	**287,970**	**14,686**	**205,637**	**220,323**	**—**
CURRENT FINANCIAL DEBT	8,117	6,065	309	4,058	4,368	—
TRADE DEBTS AND OTHER CURRENT LIABILITIES	12,894	9,663	493	6,447	6,940	311
TOTAL CURRENT LIABILITIES	**21,011**	**15,728**	**802**	**10,505**	**11,308**	**311**
TOTAL LIABILITIES	**432,284**	**303,698**	**15,489**	**216,142**	**231,631**	**311**
ADJUSTMENT DISPOSAL OF ASSOCIATES	**—**	**—**	**—**	**—**	**103**	**—**
NET ASSETS	**167,872**	**105,108**	**5,361**	**83,936**	**89,194**	**(311)**

2016 marked the start of a new 50/50 joint venture with Allianz Real Estate. The new joint venture (VGP European Logistics) has an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP in Germany, the Czech Republic, Slovakia and Hungary.

VGP European Logistics recorded its first closing at the end of May 2016, in which 15 parks were acquired located in Germany (8 parks), the Czech Republic (4 parks), Slovakia (1 park) and Hungary (2 parks) and comprised 28 logistic buildings. A second closing took place at the end of October 2016, in which a further 5 buildings were acquired i.e. 4 buildings located in Germany and one building located in Slovakia.

The VGP European Logistics portfolio was valued at a weighted average yield of 6.08% as at 31 December 2016 (compared to 6.35% at 30 June 2016) reflecting the contraction of the yields during the second half of 2016. The (re)valuation of the Joint Venture portfolio was based on the appraisal report of the property expert Jones Lang LaSalle.

A 0.10% variation of this market rate would give rise to a variation of the total portfolio value of € 10.9 million. 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.

10.3 Other non-current receivables

(in thousands of €)	2016	2015
SHAREHOLDER LOANS TO VGP EUROPEAN LOGISTICS S.à r.l.	7,506	—
SHAREHOLDER LOANS TO ASSOCIATES (SUBSIDIARIES OF VGP EUROPEAN LOGISTICS S.à r.l.)	809	—
CONSTRUCTION AND DEVELOPMENT LOANS TO SUBSIDIARIES OF VGP EUROPEAN LOGISTICS S.à r.l.	81,561	—
CONSTRUCTION AND DEVELOPMENT LOANS RECLASSIFIES AS ASSETS HELD FOR SALE	(81,561)	—
TOTAL	**8,315**	**—**

For further information, please refer to note 26.

10.4 Investments in joint ventures and associates

(in thousands of €)	2016	2015
AS AT 1 JANUARY	**(103)**	**17**
ADDITIONS	86,077	—
RESULT OF THE YEAR	7,897	191
REPAYMENT OF EQUITY	(4,677)	—
PROCEEDS FROM SALE OF PARTICIPATIONS	—	(311)
AS AT 31 DECEMBER	**89,194**	**(103)**

11. Net financial result

(in thousands of €)	2016	2015
BANK INTEREST INCOME	1	19
INTEREST INCOME - LOANS TO JOINT VENTURE AND ASSOCIATES	2,479	—
UNREALISED GAIN ON INTEREST RATE DERIVATIVES	177	107
NET FOREIGN EXCHANGE GAINS	—	339
OTHER FINANCIAL INCOME	157	1
FINANCIAL INCOME	**2,814**	**466**
BOND INTEREST EXPENSE	(10,133)	(7,682)
BANK INTEREST EXPENSE – VARIABLE DEBT	(2,476)	(2,174)
BANK INTEREST EXPENSE – INTEREST RATE SWAPS – HEDGING	(405)	(406)
INTEREST CAPITALISED INTO INVESTMENT PROPERTIES	1,419	2,442
UNREALISED LOSS ON INTEREST RATE DERIVATIVES	(4,796)	(426)
NET FOREIGN EXCHANGE LOSSES	(104)	—
OTHER FINANCIAL EXPENSES	(3,225)	(2,374)
FINANCIAL EXPENSES	**(19,720)**	**(10,620)**
NET FINANCIAL COSTS	**(16,906)**	**(10,154)**

Increase in interest income on loans to the Joint Venture and associates is due to the loans granted to VGP European Logistics during the year. The increase in the bond interest was due to the new € 225 million Sep-23 bond issued during September 2016.

12. Taxation

12.1 Income tax expense recognised in the consolidated income statement

(in thousands of €)	2016	2015
CURRENT TAX	(939)	(383)
DEFERRED TAX	(20,851)	(12,146)
TOTAL	**(21,790)**	**(12,529)**

12.2 Reconciliation of effective tax rate

(in thousands of €)		2016		2015
PROFIT BEFORE TAXES		**113,076**		**99,090**
ADJUSTMENT FOR SHARE IN RESULT OF JOINT VENTURE AND ASSOCIATES		(7,897)		(191)
RESULT BEFORE TAXES AND SHARE IN RESULT OF JOINT VENTURE AND ASSOCIATES		105,179		98,899
INCOME TAX USING THE DOMESTIC CORPORATION TAX RATE	**15.8%**	**(16,645)**	**15.8%**	**(15,651)**
IMPACT OF CHANGE IN TAX RATE USED FOR GERMANY (FROM 30.825% TO 15.825%)		—		7,056
DIFFERENCE IN TAX RATE NON-GERMAN COMPANIES		(7,927)		(1,246)
NON-TAX-DEDUCTIBLE EXPENDITURE		(2,585)		(515)
LOSSES/NOTIONAL INTEREST DEDUCTION		5,362		(2,202)
OTHER		5		29
TOTAL	**20.7%**	**(21,790)**	**12.7%**	**(12,529)**

The non-tax deductible expenses are mainly related to the set up VGP European Logistic joint venture and the sale of the Seed portfolio.

In view of the change of place of management of the German assets to Luxembourg during 2015 the tax rate applied for Germany was the corporate income tax rate of 15.825% excluding the trade tax rate of circa 15% for 2015.

The expiry of the tax loss carry forward of the Group can be summarised as follows:

2016 *(in thousands of €)*	< 1 YEAR	2–5 YEARS	> 5 YEARS
TAX LOSS CARRY FORWARD	64	1,823	11,902

2015 *(in thousands of €)*	< 1 YEAR	2–5 YEARS	> 5 YEARS
TAX LOSS CARRY FORWARD	86	3,316	18,234

12.3 Deferred tax assets and liabilities

The deferred tax assets and liabilities are attributable to the following:

(in thousands of €)	ASSETS		LIABILITIES		NET	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
FIXED ASSETS	—	—	(28,151)	(38,944)	(28,151)	(38,944)
CURRENCY HEDGE ACCOUNTING/DERIVATIVES	166	458	—	—	166	458
TAX LOSSES CARRIED-FORWARD	361	676	—	—	361	676
CAPITALISED INTEREST	—	—	(594)	(1,334)	(594)	(1,334)
CAPITALISED COST	—	—	(40)	(60)	(40)	(60)
OTHER	—	—	(156)	(11)	(156)	(11)
TAX ASSETS/LIABILITIES	**527**	**1,134**	**(28,940)**	**(40,349)**	**(28,413)**	**(39,215)**
SET-OFF OF ASSETS AND LIABILITIES	(524)	(1,045)	524	1,045	—	—
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	—	8,404	31,057	8,404	31,057
NET TAX ASSETS/LIABILITIES	**3**	**89**	**(20,012)**	**(8,247)**	**(20,009)**	**(8,158)**

A total deferred tax asset of € 1,840k (€2,655k in 2015) was not recognised.

13. Earnings per share

(in number)	**2016**	**2015**
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (BASIC)	18,583,050	18,583,050
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)	18,583,050	18,583,050
CORRECTION FOR RECIPROCAL INTEREST THROUGH ASSOCIATES	(398,368)	(398,368)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED AND AFTER CORRECTION FOR RECIPROCAL INTEREST THROUGH ASSOCIATES	18,184,682	18,184,682

(in thousands of €)	**2016**	**2015**
RESULT FOR THE PERIOD ATTRIBUTABLE TO THE GROUP AND TO ORDINARY SHAREHOLDERS	91,286	86,561
EARNINGS PER SHARE (IN €) – BASIC	4.91	4.66
EARNINGS PER SHARE (IN €) – DILUTED	4.91	4.66
EARNINGS PER SHARE (IN €) – AFTER DILUTION AND CORRECTION FOR RECIPROCAL INTEREST THROUGH ASSOCIATES	5.02	4.76

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 42.87% in VGP Misv Comm. VA.

14. Goodwill

(in thousands of €)	**2016**	**2015**
COST AND CARRYING AMOUNT AT 1 JANUARY	631	631
IMPAIRMENT LOSSES	(631)	—
COST AND CARRYING AMOUNT AS AT 31 DECEMBER	—	631

Impairment charge arose as a result of the strategic repositioning of the SUTA facility management services by which the services provided to third party was scaled down in favour of services delivered to the Group and Joint Venture.

15. Intangible assets and property, plant and equipment

(in thousands of €)	INTANGIBLE ASSETS		PROPERTY, PLANT AND EQUIPMENT	
	2016	2015	2016	2015
AS AT 1 JANUARY	**12**	**57**	**378**	**370**
ACQUISITIONS	13	5	322	187
DISPOSALS	—	—	(46)	(10)
DEPRECIATION	(11)	(50)	(140)	(144)
RECLASSIFICATION TO (-)/FROM HELD FOR SALE	—	—	3	(25)
AS AT 31 DECEMBER	**14**	**12**	**517**	**378**

16. Investment properties

(in thousands of €)	2016			
	COMPLETED	UNDER CONSTRUCTION	DEVELOPMENT LAND	TOTAL
AS AT 1 JANUARY	**38,530**	**47,180**	**88,262**	**173,972**
CAPEX	34,957	39,378	—	**74,335**
ACQUISITIONS	126,173	—	107,951	**234,124**
CAPITALISED INTEREST	783	636	—	**1,419**
CAPITALISED RENT FREE	406	—	—	**406**
TRANSFER ON START-UP OF DEVELOPMENT	—	39,380	(39,380)	**—**
TRANSFER ON COMPLETION OF DEVELOPMENT	47,775	(47,775)	—	**—**
NET GAIN FROM VALUE ADJUSTMENTS IN INVESTMENT PROPERTIES	17,189	47,190	1,627	**66,006**
AS AT 31 DECEMBER	**265,813**	**125,989**	**158,460**	**550,262**

(in thousands of €)	2015			
	COMPLETED	UNDER CONSTRUCTION	DEVELOPMENT LAND	TOTAL
AS AT 1 JANUARY	**173,616**	**81,083**	**161,390**	**416,089**
CAPEX	61,621	59,817	240	**121,678**
CAPITALISED INTEREST	1,493	858	91	**2,442**
CAPITALISED RENT FREE	1,469	440	—	**1,909**
CAPITALISED AGENT'S FEE	1,349	—	—	**1,349**
ACQUISITIONS	418	8,525	20,715	**29,658**
SALES AND DISPOSALS	—	—	(16)	**(16)**
TRANSFER FROM DEVELOPMENT LAND	9,320	55,739	(65,059)	
TRANSFER FROM UNDER CONSTRUCTION	79,150	(79,150)		
NET GAIN FROM VALUE ADJUSTMENTS IN INVESTMENT PROPERTIES	46,054	50,938	6,983	**103,975**
RECLASSIFICATION TO (-)/FROM HELD FOR SALE	(335,960)	(131,070)	(36,082)	**(503,112)**
FAIR VALUE AS AT 31 DECEMBER	**38,530**	**47,180**	**88,262**	**173,972**

As at 31 December 2016 investment properties totalling € 110.61 million (€ 396.1 million as at 31 December 2015) were pledged in favour the Group's banks. (see note 22).

16.1 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 31 December 2016 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).

16.2 Property valuation techniques and related quantitative information

(i) Valuation process

The Group's investment properties were valued at 31 December 2016 by independent professionally qualified valuers. The valuation contracts are typically entered into for a term of one year and the fees of the property experts are fixed for the term of their appointment and are not related to the value of the properties for which an estimate is made.

The valuation methods are determined by the external experts and are based on a multi-criteria approach.

Completed properties are stated at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations of properties are prepared by considering the aggregate of the net annual rents receivable from the properties, and where relevant, associated costs. A yield which reflects the risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

In view of the nature of the properties and the basis of valuation the valuation expert, adopted the Income Approach based on the discounted cash flow technique for a 10 year period. The cash flow assumes a ten-year hold period with the exit value calculated on the Estimated Rental Value (ERV). To calculate the exit value the valuation expert has used the exit yield which represents his assumption of the possible yield in the 10th year.

The cash flow is based on the rents receivable under existing lease agreements until their expiry date and the expected rental value for the period remaining in the ten-year period, as applicable. After the termination of existing leases (first break option) the valuator has assumed a certain expiry void i.e. an expiry void of 3-12 months for industrial and office premises. The assumed voids are used to cover the time and the cost of marketing, re-letting and possible reconstruction. For currently vacant industrial and office premises an initial void of 8-12 months has been assumed. Finally, the valuator made a general deduction of 0.5%-2.25% from the gross income to cover potential capital expenditure on the portfolio.

Property that is being constructed or developed for future use as investment property is also stated at fair value. The investment properties under construction are also valued by an independent valuation expert. For the properties under construction the valuation expert has used the same approach as applicable for the completed properties but deducting the remaining construction costs from the calculated market value. whereby "remaining construction costs" means overall pending development cost, which include all hard costs, soft costs, financing costs and developer profit (developer profit expresses the level of risk connected with individual property and is mainly dependent on development stage and pre-letting status).

Land held for development is valued using the Valuation Sales Comparison Approach. The sales comparison approach produces a value indication by comparing the subject property to similar properties and applying adjustments to reflect advantages and disadvantages to the subject property. This is most appropriate when a number of similar properties have recently been sold or are currently for sale in the market.

For the 31 December 2016 valuations Jones Lang LaSalle was retained as external independent valuation expert, except for Spain where the valuation was made by the property expert valuator Gesvalt.

The Group's financial controller reviews the valuations performed by the independent valuers for financial reporting purposes. This financial controller reports directly to the Chief Financial Officer (CFO).

Discussions of valuation processes and results are held between the financial controller CFO, CEO and the independent valuers at least twice a year. The CFO and CEO report on the outcome of the valuation processes and results to the audit committee and take any comments or decision in consideration when performing the subsequent valuations.

At each semi-annual period end, the financial controller together with the CFO: (i) verify all major inputs to the independent valuation report; (ii) assess property valuation movements when compared to the prior semi-annual and annual period; (iii) holds discussions with the independent valuer.

(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 31 DEC-16 (€ '000)	VALUATION TECHNIQUE	LEVEL 3 – UNOBSERVABLE INPUTS	RANGE
CZECH REPUBLIC	IP	30,080	DISCOUNTED CASH FLOW	ANNUAL RENT PER m^2	50–84
				DISCOUNT RATE	6.50–8.00%
				EXIT YIELD	6.25–6.50%
				WEIGHTED AVERAGE YIELD	6.77%
				COST TO COMPLETION (in '000)	1,200
	IPUC	25,620	DISCOUNTED CASH FLOW	ANNUAL RENT PER m^2	45–55
				DISCOUNT RATE	6.50–8.00%
				EXIT YIELD	6.25–6.50%
				WEIGHTED AVERAGE YIELD	6.88%
				COST TO COMPLETION (in '000)	8,700
	DL	34,316	SALES COMPARISON	PRICE PER m^2	—
GERMANY	IP	30,360	DISCOUNTED CASH FLOW	ANNUAL RENT PER m^2	33
				DISCOUNT RATE	6.25%
				EXIT YIELD	5.50%
				WEIGHTED AVERAGE YIELD	5.83%
				COST TO COMPLETION (in '000)	—
	IPUC	93,169	DISCOUNTED CASH FLOW	ANNUAL RENT PER m^2	45-68
				DISCOUNT RATE	6.50–7.50%
				EXIT YIELD	5.25–6.00%
				WEIGHTED AVERAGE YIELD	5.71%
				COST TO COMPLETION (in '000)	31,838
	DL	50,475	SALES COMPARISON	PRICE PER m^2	—
SPAIN	IP	126,173	SALES COMPARISON	ACQUISITION VALUE	
	DL	69,670	SALES COMPARISON	ACQUISITION VALUE	
OTHER COUNTRIES	IP	79,200	DISCOUNTED CASH FLOW	ANNUAL RENT PER m^2	41–62
				DISCOUNT RATE	8.00–10.00%
				EXIT YIELD	7.80–9.25%
				WEIGHTED AVERAGE YIELD	8.54%
				COST TO COMPLETION (in '000)	8,300
	IPUC	7,200	DISCOUNTED CASH FLOW	ANNUAL RENT PER m^2	46–55
				DISCOUNT RATE	10.00%
				EXIT YIELD	7.80–8.5%
				WEIGHTED AVERAGE YIELD	9.94%
				COST TO COMPLETION (in '000)	1,185
	DL	3,999	SALES COMPARISON	PRICE PER m^2	—
TOTAL		**550,262**			

Given the fact that the new Spanish parks were acquired at the end of December 2016 no revaluation was recorded on the acquired building and development land. The valuation made by the independent valuer Gesvalt confirmed that the acquisition prices were in line with the fair value of the acquired building and land.

REGION	SEGMENT	FAIR VALUE 31 DEC-15 (€ '000)	VALUATION TECHNIQUE	LEVEL 3 – UNOBSERVABLE INPUTS	RANGE
CZECH REPUBLIC	IP AND IPUC	124,260	DISCOUNTED CASH FLOW	ANNUAL RENT PER m^2	47–66
				LETTABLE AREA IN m^2	174,608
				DISCOUNT RATE	7.00%–9.00%
				EXIT YIELD	6.75%–7.00%
				WEIGHTED AVERAGE YIELD	7.08%
				COST TO COMPLETION (in '000)	3,930
	DL	27,207	SALES COMPARISON	PRICE PER m^2	—
				LAND AREA IN m^2	520,017
GERMANY	IP AND IPUC	288,510	DISCOUNTED CASH FLOW	ANNUAL RENT PER m^2	41–86
				LETTABLE AREA IN m^2	364,038
				DISCOUNT RATE	4.90%–7.00%
				EXIT YIELD	5.25%–6.00%
				WEIGHTED AVERAGE YIELD	6.25%
				COST TO COMPLETION (in '000)	43,901
	DL	83,257	SALES COMPARISON	PRICE PER m^2	—
				LAND AREA IN m^2	973,009
OTHER COUNTRIES	IP AND IPUC	139,970	DISCOUNTED CASH FLOW	ANNUAL RENT PER m^2	43–63
				LETTABLE AREA IN m^2	262,175
				DISCOUNT RATE	8.00%–10.00%
				EXIT YIELD	8.00%–9.75%
				WEIGHTED AVERAGE YIELD	8.58%
				COST TO COMPLETION (in '000)	21,050
	DL	13,880	SALES COMPARISON	PRICE PER m^2	—
				LAND AREA IN m^2	320,116
TOTAL		**677,084**			

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

(iii) Sensitivity of valuations

The sensitivity of the fair value based on changes to the significant non-observable inputs used to determine the fair value of the properties classified in level 3 in accordance with the IFRS fair value hierarchy is as follows (all variables remaining constant):

NON OBSERVABLE INPUT	IMPACT ON FAIR VALUE IN CASE OF	
	FALL	RISE
ERV (in EUR/m^2)	NEGATIVE	POSITIVE
DISCOUNT RATE	POSITIVE	NEGATIVE
EXIT YIELD	POSITIVE	NEGATIVE
REMAINING LEASE TERM (UNTIL FIRST BREAK)	NEGATIVE	POSITIVE
REMAINING LEASE TERM (UNTIL FINAL EXPIRY)	NEGATIVE	POSITIVE
OCCUPANCY RATE	NEGATIVE	POSITIVE
INFLATION	NEGATIVE	POSITIVE

A decrease in the estimated annual rent will decrease the fair value.

An increase in the discount rates and the capitalisation rates used for the terminal value i.e. the exit yield of the discounted cash flow method will decrease the fair value.

There are interrelationships between these rates as they are partially determined by market rate conditions.

For investment properties under construction, the cost to completion and the time to complete will reduce the fair values whereas the consumption of such cost over the period to completion will increase the fair value.

In addition, the sensitivity of the fair value of the portfolio can be estimated as follows: the effect of a rise (fall) of 1% in rental income results in a rise (fall) in the fair value of the portfolio of approximately € 4.6 million (all variables remaining constant).

The effect of a rise (fall) in the weighted average yield (see note 8) of 25 basis points results in a fall (rise) in the fair value of the portfolio of approximately € 16.9 million (all variables remaining constant).

17. Non-current financial assets

(in thousands of €)	2016	2015
FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FAFVTPL)		
HELD FOR TRADING DERIVATIVES NOT DESIGNATED IN HEDGE ACCOUNTING RELATIONSHIPS	5	216
RECLASSIFICATION TO DISPOSAL GROUP HELD FOR SALE	—	—
TOTAL	**5**	**216**

See also note 29.

18. Trade and other receivables

(in thousands of €)	2016	2015
TRADE RECEIVABLES	2,663	2,673
TAX RECEIVABLES – VAT	14,526	9,866
ACCRUED INCOME AND DEFERRED CHARGES	391	300
OTHER RECEIVABLES	1,846	2,129
RECLASSIFICATION TO (-)/FROM HELD FOR SALE		(10,041)
TOTAL	**19,426**	**4,927**

19. Cash and cash equivalent

The Group's cash and cash equivalents comprise primarily cash deposits held at German, Czech and Belgian banks.

20. Share capital

		SHARE CAPITAL MOVEMENT	TOTAL OUTSTANDING SHARE CAPITAL AFTER THE TRANSACTION	NUMBER OF SHARES ISSUED	TOTAL NUMBER OF SHARES
		(in thousands of €)	*(in thousands of €)*	*(in units)*	*(in units)*
01. 01. 2006	CUMULATIVE SHARE CAPITAL OF ALL CZECH COMPANIES	10,969	10,969	—	—
06. 02. 2007	INCORPORATION OF VGP NV	100	11,069	100	100
05. 11. 2007	SHARE SPLIT	—	11,069	7,090,400	7,090,500
11. 12. 2007	CONTRIBUTION IN KIND OF CZECH COMPANIES	120,620	131,689	7,909,500	15,000,000
11. 12. 2007	CAPITAL INCREASE IPO	50,000	181,689	3,278,688	18,278,688
28. 12. 2007	EXERCISE OF OVER ALLOTMENT OPTION – IPO	4,642	186,331	304,362	18,583,050
31. 12. 2007	**ELIMINATION CAPITAL INCREASE – CONTRIBUTION IN KIND**	**(120,620)**	**65,711**	**—**	**18,583,050**

The statutory share capital of VGP NV amounts to € 112,737k. The € 50.5 million capital reserve included in the Statement of Changes in Equity, 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").

21. Other reserves and equity

(in thousands of €)	2016	2015
SHARE PREMIUM	69	69
OTHER EQUITY	—	60,000
TOTAL	**69**	**60,069**

Following the completion of the acquisition of the initial Seed portfolio by the new joint venture with Allianz Real Estate at the end of May 2016 (VGP European Logistics); the Board of Directors approved the redemption of all issued hybrid securities against a price equal to the issue price (in total € 60 million) plus the interest accrued (€ 3.0 million) from the issue date of each Security, after complying with the conflict of interest procedure in accordance with article 523 of the Belgian Companies Code. The redemption took place on 1 June 2016.

22. Current and non-current financial debt

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

MATURITY *(in thousands of €)*	**2016**			
	OUTSTANDING BALANCE	**< 1 YEAR**	**> 1–5 YEARS**	**> 5 YEARS**
NON-CURRENT				
BANK BORROWINGS	35,290	2,417	32,873	—
BONDS				
5.10% BONDS DEC-18	74,380	—	74,380	—
3.90% BONDS SEP-23	220,670	—	—	220,670
	295,050	—	74,380	220,670
TOTAL NON-CURRENT FINANCIAL DEBT	**330,340**	**2,417**	**107,253**	**220,670**
CURRENT				
BANK BORROWINGS	—	—	—	—
BONDS				
5.15% BONDS JUL-17	74,747	74,747	—	—
ACCRUED INTEREST	4,510	4,510	—	—
TOTAL CURRENT FINANCIAL DEBT	79,257	79,257	—	—
TOTAL CURRENT AND NON-CURRENT FINANCIAL DEBT	**409,597**	**81,674**	**107,253**	**220,670**

MATURITY *(in thousands of €)*	**2015**			
	OUTSTANDING BALANCE	**< 1 YEAR**	**> 1–5 YEARS**	**> 5 YEARS**
NON-CURRENT				
BANK BORROWINGS	128,317	6,740	92,002	29,575
BONDS				
5.15% BONDS JUL-17	74,268	—	74,268	—
5.10% BONDS DEC-18	74,059	—	74,059	—
	148,327	**—**	**148,327**	**—**
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	(104,398)	(5,294)	(69,529)	(29,575)
TOTAL NON-CURRENT FINANCIAL DEBT	**172,246**	**1,446**	**170,800**	**—**
CURRENT				
BANK BORROWINGS	1,070	1,070	—	—
ACCRUED INTEREST	2,076	2,076	—	—
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	(1,070)	(1,070)	—	—
TOTAL CURRENT FINANCIAL DEBT	**2,076**	**2,076**	**—**	**—**
TOTAL CURRENT AND NON-CURRENT FINANCIAL DEBT	**174,322**	**3,522**	**170,800**	**—**

The above 31 December 2016 balances include capitalised finance costs on bank borrowings of € 228k (as compared to € 990k for 2015) and capitalised finance costs on bonds € 5,023k (as compared to 1,673k for 2015).

The accrued interest relates to the 3 issued bonds. The coupons of the bonds are payable annually on 12 July, 6 December and 21 September.

22.1 Secured bank loans

The loans granted to the VGP Group are all denominated in € (except for the "other bank debt" which is denominated in CZK) can be summarised as follows:

2016 *(in thousands of €)*	FACILITY AMOUNT	FACILITY EXPIRY DATE	OUTSTANDING BALANCE	< 1 YEAR	> 1–5 YEARS	> 5 YEARS
UNICREDIT BANK – CZECH REPUBLIC	3,030	31-DEC-19	3,030	214	2,816	—
RAIFEISEN – ROMANIA	16,500	31-DEC-19	13,000	750	12,250	—
SWEDBANK – ESTONIA	19,477	30-AUG-18	19,477	1,444	18,033	—
OTHER BANK DEBT	11	2016-2018	11	9	2	—
TOTAL BANK DEBT	**39,018**		**35,518**	**2,417**	**33,101**	**—**

2015 *(in thousands of €)*	FACILITY AMOUNT	FACILITY EXPIRY DATE	OUTSTANDING BALANCE	< 1 YEAR	> 1–5 YEARS	> 5 YEARS
TATRA BANKA	1,070	31-MAR-16	1,070	1,070	—	—
TATRA BANKA	3,232	31-DEC-18	3,232	342	2,890	—
UNICREDIT BANK – HUNGARY	13,022	30-SEP-19	13,006	815	12,191	—
UNICREDIT BANK – CZECH REPUBLIC	56,611	31-DEC-19	14,332	591	13,741	—
SWEDBANK	20,888	30-AUG-18	20,864	1,411	19,453	—
DEUTSCHE-HYPO	30,501	24-JUL-19	30,336	1,309	29,027	—
DEUTSCHE-HYPO	52,900	31-DEC-21	20,551	1,171	3,412	15,968
DEUTSCHE-HYPO	27,040	30-SEP-22	18,324	751	3,966	13,607
DEUTSCHE-HYPO	7,688	30-JUN-20	7,633	315	7,318	—
OTHER BANK DEBT	39	2016-2018	39	35	4	—
TOTAL BANK DEBT	**212,991**		**129,387**	**7,810**	**92,002**	**29,575**

The credit facilities with Tatra Banka, UniCredit Bank Czech Republic (partly), UniCredit Bank Hungary and Deutsche Hypo were prepaid in 2016 as part of the sale of the Seed portfolio to VGP European Logistics.

In order to secure the obligations under these agreements, the Group created:
— Mortgage agreement over the existing properties;
— Mortgage agreement over the land;
— Agreement on future mortgage agreement with respect to the remaining part of the project land and project buildings;
— Pledge on all existing and future receivables;
— Pledge over the shares whereby VGP NV as the pledgor and the security agent as the pledgee enter into the Share Pledge Agreement. All shares issued by the borrower are pledged in favour of the security agent;
— Pledge of rental fee revenues and guarantees;
— Pledge of bank accounts receivables;
— Pledge of rights and receivables under the construction contracts.

Interest rate swaps

As a general principle, loans are entered into by the Group in Euro at a floating rate, converting to a fixed rate through interest rate swaps in compliance with the respective loan agreements.
For further information on financial instruments we refer to note 29.

Events of default and breaches of loan covenants

The loan agreements granted by the banks are subject to a number of covenants which can be summarised as follows:
— Loan to cost ratio for development loan tranches between 50% - 70% of investment cost;
— Loan to value ratio for investment loan tranches equal or less than 65%;
— Debt service cover ratio equal or higher than 1.2;
— Interest cover ratio equal or higher than 1.2. For some loan agreements this ratio varies over the term of the credit facility between 1.2 and 1.3;
— Pre-lease requirement to ensure that interest cover ratio equal or higher than 1.2 is achieved or alternatively pre-lease requirement ranging from 35% to 70%.

The above mentioned ratios are tested based on a 12 month period and are calculated as follows:
— Loan to cost ratio means in respect of a project the aggregate loans divided by the total investment costs;
— Loan to value ratio means in respect of a project the aggregate loans divided by the open market value as valued by an independent valuator;
— Debt service cover ratio means cash available for debt service divided by debt service whereby debt service means the aggregate amount of financial expenses due and payable together with any loan principal due and payable;
— Interest cover ratio means in respect of a project the net rent income divided by the aggregate amount of the financial expenses due and payable.

During the year 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.

22.2 Bonds

VGP has issued the following 3 retail bonds:
— € 75 million fixed rate bonds due 12 July 2017 which carry a coupon of 5.15% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002201672 - Common Code: 094682118)
— € 75 million fixed rate bonds due 6 December 2018 carry a coupon of 5.10% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002208743 - Common Code: 099582871).
— € 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).

All bonds are unsecured.

Events of default and breaches of bond covenants
The terms and conditions of the bonds include following financial covenants:
— Consolidated gearing to equal or to be below 55%;-65%
— Interest cover ratio to equal or to be above 1.2
— Debt service cover ratio to equal or to be above 1.2

The above mentioned ratios are tested semi-annually based on a 12 month period and are calculated as follows:
— Consolidated gearing means consolidated total net debt divided by the sum of the equity and total liabilities;
— Interest cover ratio means the aggregate net rental income (increased with the available cash and cash equivalents) divided by the net finance charges;
— Debt service cover ratio means cash available for debt service divided by net debt service.

During the year 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.

23. Other non-current financial liabilities

(in thousands of €)	2016	2015
FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FLFVTPL)		
HELD FOR TRADING DERIVATIVES NOT DESIGNATED IN HEDGE ACCOUNTING RELATIONSHIPS	5,348	2,191
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	(1,224)
TOTAL	**5,348**	**967**

See also note 29.

24. Other non-current liabilities

(in thousands of €)	2016	2015
DEPOSITS	1,203	869
RETENTIONS	1,229	1,272
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	(1,736)
TOTAL	**2,432**	**405**

Deposits are received from tenants. Retentions are amounts withheld from constructors' invoices. It is common to pay only 90 percent of the total amount due. 5 percent is due upon final delivery of the building; the remaining part is paid, based on individual agreements, most commonly after 3 or 5 years.

25. Trade debts and other current liabilities

(in thousands of €)	2016	2015
TRADE PAYABLES	32,622	26,684
DEPOSITS	—	575
RETENTIONS	900	2,325
ACCRUED EXPENSES AND DEFERRED INCOME	678	1,393
OTHER PAYABLES	1,297	926
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE		(21,562)
TOTAL	**35,497**	**10,341**

Trade payables increased in 2016 reflecting the increase of the projects under construction.

26. Assets classified as held for sale and liabilities associated with those assets

(in thousands of €)	2016	2015
INTANGIBLE ASSETS	—	—
INVESTMENT PROPERTIES	132,263	503,112
PROPERTY, PLANT AND EQUIPMENT		25
DEFERRED TAX ASSETS		—
TRADE AND OTHER RECEIVABLES		10,040
CASH AND CASH EQUIVALENTS		14,184
DISPOSAL GROUP HELD FOR SALE	**132,263**	**527,361**
NON-CURRENT FINANCIAL DEBT		(99,104)
OTHER NON-CURRENT FINANCIAL LIABILITIES		(1,224)
OTHER NON-CURRENT LIABILITIES		(1,736)
DEFERRED TAX LIABILITIES	(8,405)	(31,057)
CURRENT FINANCIAL DEBT		(6,364)
TRADE DEBTS AND OTHER CURRENT LIABILITIES		(21,562)
LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**(8,405)**	**(161,047)**
TOTAL NET ASSETS	**123,858**	**366,314**

Under the joint venture agreement VGP European Logistics has an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP in Germany, the Czech Republic, Slovakia and Hungary. The development pipeline which was transferred to the Joint Venture as part of the Seed portfolio is being or will be developed at VGP's own risk and subsequently acquired and paid for by the Joint Venture subject to pre-agreed completion and lease parameters. The balance of € 132.3 million shown as at 31 December 2016 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 the interest bearing development and construction loans (€ 81.6 million) granted by VGP to the Joint Venture to finance the development pipeline of the Joint Venture. (See also note 10.3)

As at 31 December 2015 the assets of the respective project companies which were earmarked to be transferred to the joint venture (the "Seed Portfolio") were reclassified as disposal group held for sale.

27. Cash flow statement

SUMMARY *(in thousands of €)*	**2016**	**2015**
CASH FLOW FROM OPERATING ACTIVITIES	6,793	(12,609)
CASH FLOW FROM INVESTING ACTIVITIES	(124,416)	(147,377)
CASH FLOW FROM FINANCING ACTIVITIES	168,871	140,053
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**51,248**	**(19,933)**

The cash from operating activities increased by € 19.4 million, mainly due to the changes in working capital which saw a net increase of € 22.3 million mainly due to the increases in trade payables resulting from the high level of development activities.

The changes in the cash flow from investing activities were due to: (i) € 336.7 million of expenditure incurred for the development activities and land acquisition including the newly acquired building of Mango in Spain; (ii) € 236.1 million cash in from the sale of the initial Seed portfolio and subsequent closings during the year to VGP European Logistics (see below); (iii) € 4.7 million cash in from the repayment of equity from VGP European Logistics; and finally (iv) € 28.5 million shareholder loans (net) granted to VGP European Logistics.

28. Cash flow from the sale of the VGP European Logistics portfolio

SUMMARY *(in thousands of €)*	**2016**	**2015**
INVESTMENT PROPERTY	534,035	—
TRADE AND OTHER RECEIVABLES	7,613	—
CASH AND CASH EQUIVALENTS	10,288	—
NON-CURRENT FINANCIAL DEBT	(128,678)	—
SHAREHOLDER DEBT	(222,572)	—
OTHER NON-CURRENT FINANCIAL LIABILITIES	(888)	—
DEFERRED TAX LIABILITIES	(32,064)	—
TRADE DEBTS AND OTHER CURRENT LIABILITIES	(11,782)	—
TOTAL NET ASSETS DISPOSED	**155,952**	**—**
REALISED VALUATION GAIN ON SALE	21,184	—
TOTAL NON-CONTROLLING INTEREST RETAINED BY VGP	(4,940)	—
SHAREHOLDER LOANS REPAID AT CLOSING	150,612	—
EQUITY CONTRIBUTION	(76,460)	—
CONSIDERATION PAID IN CASH	**246,348**	**—**
CASH DISPOSED	(10,288)	—
NET CASH INFLOW FROM SALE OF VGP EUROPEAN LOGISTICS PORTFOLIO	**236,060**	**—**

29. Financial risk management and financial derivatives

29.1 Terms, conditions and risk management

Exposures to foreign currency, interest rate, liquidity and credit risk arises in the normal course of business of VGP.

The company analyses and reviews each of these risks and defines strategies to manage the economic impact on the company's performance. The results of these risk assessments and proposed risk strategies is reviewed and approved by the Board of Directors on regular basis.

Some of the risk management strategies include the use of derivative financial instruments which mainly consists of forward exchange contracts and interest rate swaps. The company holds no derivative instruments nor would it issue any for speculative purposes.

The following provides an overview of the derivative financial instruments as at 31 December 2016. The amounts shown are the notional amounts.

DERIVATIVES *(in thousands of €)*	**2016**			**2015**		
	< 1 YEAR	**1–5 YEARS**	**> 5 YEARS**	**< 1 YEAR**	**1–5 YEARS**	**> 5 YEARS**
FORWARD EXCHANGE CONTRACTS						
HELD FOR TRADING	—	—	—	8,915	—	—
INTEREST RATE SWAPS						
HELD FOR TRADING		15,900	150,000	—	70,846	150,000

The outstanding € 150 million interest rate swaps relate to 2 interest rate swaps, each for a notional amount of € 75 million. These 2 interest rate swaps will respectively start in July 2017 and December. The weighted average interest rate which has been fixed by the interest rate swaps is 0.87% p.a.
We refer also to note 17 and 23.

29.2 Foreign currency risk

VGP incurs principally foreign currency risk on its capital expenditure as well as some of its borrowings and net interest expense/income.

VGP's policy is to economically hedge its capital expenditure as soon as a firm commitment arises, to the extent that the cost to hedge outweighs the benefit and in the absence of special features which require a different view to be taken.

The table below summarises the Group's main net foreign currency positions at the reporting date. Since the Group has elected not to apply hedge accounting, the following table does not include the forecasted transactions. However, the derivatives the Group has entered into, to economically hedge the forecasted transactions are included.

(in thousands of €)	**2016**	
	CZK	**RON**
TRADE & OTHER RECEIVABLES	39,319	1,286
NON-CURRENT LIABILITIES AND TRADE & OTHER PAYABLES	(171,064)	(6,033)
GROSS BALANCE SHEET EXPOSURE	**(131,745)**	**(4,748)**
FORWARD FOREIGN EXCHANGE		—
NET EXPOSURE	**(131,745)**	**(4,748)**

(in thousands of €)	2015		
	CZK	**HUF**	**RON**
TRADE & OTHER RECEIVABLES	50,851	17,493	4,656
NON-CURRENT LIABILITIES AND TRADE & OTHER PAYABLES	(192,716)	(16,310)	(3,308)
GROSS BALANCE SHEET EXPOSURE	**(141,866)**	**1,183**	**1,348**
FORWARD FOREIGN EXCHANGE	240,035	—	—
NET EXPOSURE	**98,176**	**1,183**	**1,348**

The following significant exchange rates applied during the year:

1 € =	**2016 CLOSING RATE**	**2015 CLOSING RATE**
CZK	27.020	27.0250
RON	4.5411	4.5245

Sensitivity

A 10 percent strengthening of the euro against the following currencies at 31 December 2016 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

EFFECTS *(in thousands of €)*	**2016**	
	EQUITY	**PROFIT OR (LOSS)**
CZK	—	443
RON	—	95
TOTAL	**—**	**538**

EFFECTS *(in thousands of €)*	**2015**	
	EQUITY	**PROFIT OR (LOSS)**
CZK	—	(328)
HUF	—	—
RON	—	(27)
TOTAL	**—**	**(355)**

A 10 percent weakening of the euro against the above currencies at 31 December 2016 would have had the equal but opposite effect on the above currencies to amounts shown above, on the basis that all other variables remain constant.

29.3 Interest rate risk

The Group applies a dynamic interest rate hedging approach whereby the target mix between fixed and floating rate debt is reviewed periodically. These reviews are carried out within the confines of the existing loan agreements which require that interest rate exposure is to be hedged when certain conditions are met.

Where possible the Group will apply IAS 39 to reduce income volatility whereby some of the interest rate swaps may be classified as cash flow hedges. Changes in the value of a hedging instrument that qualifies as highly effective cash flow hedges are recognised directly in shareholders' equity (hedging reserve).

The Group also uses interest rate swaps that do not satisfy the hedge accounting criteria under IAS 39 but provide effective economic hedges. Changes in fair value of such interest rate swaps are recognised immediately in the income statement. (Interest rate swaps held for trading).

At the reporting date the Group interest rate profile of the Group's (net of any transaction costs) was as follows:

NOMINAL AMOUNTS *(in thousands of €)*	**2016**	**2015**
FINANCIAL DEBT		
FIXED RATE		
BONDS	375,000	150,000
VARIABLE RATE		
BANK DEBT	35,518	130,376
RECLASSIFIED TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	(106,315)
	35,518	**174,061**
INTEREST RATE HEDGING		
INTEREST RATE SWAPS		
HELD FOR TRADING	15,900	70,846
RECLASSIFIED TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	(54,946)
	15,900	**15,900**
FINANCIAL DEBT AFTER HEDGING		
VARIABLE RATE		
BANK DEBT	35,518	8,161
FIXED RATE		
BONDS	375,000	150,000
BANK DEBT	15,900	15,900
	390,900	**165,900**
FIXED RATE/TOTAL FINANCIAL LIABILITIES	**95.2%**	**95.3%**

The effective interest rate on financial debt (bank debt and bonds), including all bank margins and cost of interest rate hedging instruments was 4.16 % for the year 2016. (3.81% in 2015)

Sensitivity analysis for change in interest rates or profit

In case of an increase/decrease of 100 basis points in the interest rates, profit before taxes would have been € 190k lower/higher (as compared to € 569k lower/higher profit before taxes for 2015). This impact comes from a change in the floating rate debt, with all variables held constant.

Sensitivity analysis for changes in interest rate of other comprehensive income

For 2016 there is no impact given the fact that there are no interest rate swaps outstanding classified as cash flow hedges as at the reporting date. The same situation applied at the 31 December 2015 reporting date.

29.4 Credit risk

Credit risk is the risk of financial loss to VGP if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from VGP's receivables from customers and bank deposits.

The management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Each new tenant is analysed individually for creditworthiness before VGP offers a lease agreement. In addition, the Group applies a strict policy of rent guarantee whereby, in general, each tenant is required to provide a rent guarantee for 6 months. This period will vary in function of the creditworthiness of the tenant.

At the balance sheet date there were no significant concentrations of credit risk except for the lease concluded with Punta Fa in Spain which was concluded at the end of December 2016 and which represents an annual rent of € 7.5 million.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The maximum exposure to credit risk at the reporting date was:

In thousands of €	2016 CARRYING AMOUNT	2015 CARRYING AMOUNT
OTHER NON-CURRENT RECEIVABLES	8,315	—
TRADE & OTHER RECEIVABLES	19,426	14,968
CASH AND CASH EQUIVALENTS	68,033	24,009
RECLASSIFICATION TO (-)/FROM HELD FOR SALE	—	(24,225)
TOTAL	**95,774**	**14,752**

As at 31 December 2016 there was € 3.6 million of restricted cash held in a bank account for settlement of a final payment on land which is due to occur within the first quarter of 2017.

The aging of trade receivables as at the reporting date was:

In thousands of €	2016 CARRYING AMOUNT	2015 CARRYING AMOUNT
GROSS TRADE RECEIVABLES		
GROSS TRADE RECEIVABLES NOT PAST DUE	2,121	2,172
GROSS TRADE RECEIVABLES PAST DUE	542	502
BAD DEBT AND DOUBTFUL RECEIVABLES	—	362
PROVISION FOR IMPAIRMENT OF RECEIVABLES (-)	—	(362)
RECLASSIFICATION TO (-)/FROM HELD FOR SALE	—	(1,791)
TOTAL	**2,663**	**883**

29.5 Liquidity risk

The company manages its liquidity risk by ensuring that it has sufficient cash available and that it has sufficient available credit facilities and by matching as much as possible its receipts and payments.

The following are contractual maturities of financial assets and liabilities, including interest payments and derivative financial assets and liabilities but excluding non-financial assets or liabilities. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

(in thousands of €)	2016					
	CARRYING AMOUNT	CONTRACTUAL CASH FLOW	< 1 YEAR	1–2 YEARS	2–5 YEARS	MORE THAN 5 YEARS
ASSETS						
CASH AND CASH EQUIVALENTS	68,033	68,033	68,033	—	—	—
DERIVATIVE FINANCIAL INSTRUMENTS	5	5	5	—	—	—
TRADE AND OTHER RECEIVABLES	19,035	19,035	19,035	—	—	—
RECLASSIFIED TO (-) FROM HELD FOR SALE	—	—	—	—	—	—
	87,073	**87,073**	**87,073**	**—**	**—**	**—**
LIABILITIES						
SECURED BANK LOANS	35,518	(37,648)	(3,347)	(19,750)	(14,551)	—
UNSECURED BONDS	369,796	(447,938)	(91,463)	(87,600)	(26,325)	(242,550)
DERIVATIVE FINANCIAL INSTRUMENTS	(5,348)	(320)	(256)	(64)	—	—
TRADE AND OTHER PAYABLES	(37,250)	(37,250)	(34,818)	(312)	(1,221)	(899)
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	—	—	—	—	—
	362,716	**(523,156)**	**(129,884)**	**(107,726)**	**(42,097)**	**(243,449)**

(in thousands of €)	2015					
	CARRYING AMOUNT	CONTRACTUAL CASH FLOW	< 1 YEAR	1–2 YEARS	2–5 YEARS	MORE THAN 5 YEARS
ASSETS						
CASH AND CASH EQUIVALENTS	24,009	24,009	24,009	—	—	—
DERIVATIVE FINANCIAL INSTRUMENTS	216	216	216	—	—	—
TRADE AND OTHER RECEIVABLES	14,669	14,669	14,669	—	—	—
RECLASSIFIED TO (-) FROM HELD FOR SALE	(23,957)	(23,957)	(23,957)	—	—	—
	14,937	**14,937**	**14,937**	**—**	**—**	**—**
LIABILITIES						
SECURED BANK LOANS	(129,387)	(138,711)	(16,702)	(8,729)	(82,244)	(31,036)
UNSECURED BONDS	(148,327)	(169,313)	(7,725)	(82,725)	(78,863)	—
DERIVATIVE FINANCIAL INSTRUMENTS	(2,191)	(2,323)	(1,176)	(728)	(419)	—
TRADE AND OTHER PAYABLES	(32,651)	(32,651)	(30,511)	(210)	(1,043)	(887)
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	133,747	133,747	34,692	5,842	62,024	31,189
	(178,809)	**(209,251)**	**(21,422)**	**(86,550)**	**(100,545)**	**(734)**

29.6 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 targets a maximum gearing ratio of net debt/total shareholders' equity and liabilities at 55%.

As at 31 December 2016 the Group's gearing was as follows:

(in thousands of €)	2016	2015
NON-CURRENT FINANCIAL DEBT	327,923	170,800
OTHER NON-CURRENT FINANCIAL LIABILITIES	5,348	967
CURRENT FINANCIAL DEBT	81,674	3,522
FINANCIAL DEBT CLASSIFIED UNDER LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	104,492
TOTAL FINANCIAL DEBT	**414,945**	**279,781**
CASH AND CASH EQUIVALENTS	(71,595)	(9,825)
CASH AND CASH EQUIVALENTS CLASSIFIED AS DISPOSAL GROUP HELD FOR SALE	—	(14,184)
TOTAL NET DEBT	**343,350**	**255,772**
TOTAL SHAREHOLDERS 'EQUITY AND LIABILITIES	**871,594**	**717,308**
GEARING RATIO	**39.4%**	**35.7%**

29.7 Fair value

The following tables list the carrying amount of the Group's financial instruments that are showing in the financial statements. In general, the carrying amounts are assumed to be a close approximation of the fair value.

The fair value of the financial assets and liabilities is defined as the amount at which the instrument could be exchanged, or settled, between knowledgeable, willing parties in an arm's length transaction.

2016 *(in thousands of €)*	**CARRYING AMOUNT**	**AMOUNTS RECOGNISED IN BALANCE SHEET IN ACCORDANCE WITH IAS 39**			**FAIR VALUE**	**FAIR VALUE HIERARCHY**
	2016	**AMORTISED COSTS**	**FAIR VALUE THROUGH EQUITY**	**FAIR VALUE THROUGH PROFIT OR LOSS**	**2016**	**2016**
ASSETS						
OTHER NON-CURRENT RECEIVABLES	8,315	8,315	—	—	8,315	LEVEL 2
TRADE RECEIVABLES	2,663	2,663	—	—	2,663	LEVEL 2
OTHER RECEIVABLES	16,371	16,371	—	—	16,371	LEVEL 2
DERIVATIVE FINANCIAL ASSETS	5	—	—	5	5	LEVEL 2
CASH AND CASH EQUIVALENTS	68,033	68,033	—	—	68,033	LEVEL 2
RECLASSIFICATION TO (-) FROM HELD FOR SALE	—	—	—	—	—	
TOTAL	**95,387**	**95,382**	**—**	**5**	**95,387**	
LIABILITIES						
FINANCIAL DEBT						
BANK DEBT	35,290	35,290	—	—	35,290	LEVEL 2
BONDS	369,796	369,796	—	—	385,212	LEVEL 1
TRADE PAYABLES	31,661	31,661	—	—	31,661	LEVEL 2
OTHER LIABILITIES	4,628	4,628	—	—	4,628	LEVEL 2
DERIVATIVE FINANCIAL LIABILITIES	5,348	—	—	5,348	5,348	LEVEL 2
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	—	—	—	—	
TOTAL	**446,723**	**441,375**	**—**	**5,348**	**462,139**	

2015 *(in thousands of €)*	**CARRYING AMOUNT**	**AMOUNTS RECOGNISED IN BALANCE SHEET IN ACCORDANCE WITH IAS 39**			**FAIR VALUE**	**FAIR VALUE HIERARCHY**
	2015	**AMORTISED COSTS**	**FAIR VALUE THROUGH EQUITY**	**FAIR VALUE THROUGH PROFIT OR LOSS**	**2015**	**2015**
ASSETS						
OTHER NON-CURRENT RECEIVABLES	—	—	—	—	—	LEVEL 2
TRADE RECEIVABLES	2,673	2,673	—	—	2,673	LEVEL 2
OTHER RECEIVABLES	11,995	11,995	—	—	11,995	LEVEL 2
DERIVATIVE FINANCIAL ASSETS	216	—	—	216	216	LEVEL 2
CASH AND CASH EQUIVALENTS	24,009	24,009	—	—	24,009	LEVEL 2
RECLASSIFICATION TO (-) FROM HELD FOR SALE	(16,474)	(16,474)	—	—	(16,474)	
TOTAL	**22,419**	**22,203**	—	**216**	**22,419**	
LIABILITIES						
FINANCIAL DEBT						
BANK DEBT	129,386	129,386	—	—	129,386	LEVEL 2
BONDS	148,327	148,327	—	—	154,411	LEVEL 1
TRADE PAYABLES	25,565	25,565	—	—	25,565	LEVEL 2
OTHER LIABILITIES	5,949	5,949	—	—	5,949	LEVEL 2
DERIVATIVE FINANCIAL LIABILITIES	2,191	—	—	2,191	2,191	LEVEL 2
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	(145,016)	(143,792)	—	(1,224)	(145,016)	
TOTAL	**166,402**	**165,435**	—	**967**	**172,486**	

The following methods and assumptions were used to estimate the fair values:

— Cash and cash equivalents and trade and other receivables, primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values;

— The Other non-current receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the counterparty and the risk characteristics of the financed project. As at 31 December 2016, the carrying amounts of these receivables, are assumed not to be materially different from their calculated fair values.

— Trade and other payables also generally have short times to maturity and, hence, their carrying amounts also approximate their fair values.

— The fair value of financial instruments is determined based on quoted prices in active markets. When quoted prices in active markets are not available, valuation techniques are used. Valuation techniques make maximum use of market inputs but are affected by the assumptions used, including discount rates and estimates of future cash flows. Such techniques include amongst others market prices of comparable investments and discounted cash flows. The principal methods and assumptions used by VGP in determining the fair value of financial instruments are obtained from active markets or determined using, as appropriate, discounted cash flow models and option pricing models.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period ending 31 December 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.
As at 31 December 2016 the Group did not provide for any rental guarantees.
Financial assets amounting to € 691k in 2016 (€ 4,580k in 2015) were pledged in favour of VGP's financing banks.

30. Personnel

Employee benefit obligations
The Group had no post-employment benefit plans in place at the reporting date.

31. Commitments

The Group has concluded a number of contracts concerning the future purchase of land. As at 31 December 2016 the Group had future purchase agreements for land totalling 417,000 m^2, representing a commitment of € 16.2 million and for which deposits totalling € 0.6 million had been made. As at 31 December 2015 Group had future purchase agreements for land totalling 1,042,000 m^2, representing a commitment of € 80.8 million and for which deposits totalling € 3.6 million had been made.

The € 0.6 million down payment on land was classified under investment properties as at 31 December 2016 given the immateriality of the amounts involved (same classification treatment applied for 2015).

As at 31 December 2016 the Group had contractual obligations to develop new projects for a total amount of € 80.3 million compared to € 68.9 million as at 31 December 2015.

All commitments are of a short-term nature. The secured land is expected to be acquired during the course of 2017. The contractual construction obligations relate to new buildings or buildings under construction which will be delivered or started-up during the course of 2017 for the own and Joint Venture portfolio.

32. 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.

32.1 Shareholders

Shareholding
As at 31 December 2016 the main shareholders of the company are:
— VM Invest NV (28.08%): a company controlled by Mr. Bart Van Malderen;
— Bart Van Malderen (19.08%)
— Little Rock SA (25.33%): a company controlled by Mr. Jan Van Geet;
— Comm VA VGP MISV (5%): a company controlled by Mr. Bart Van Malderen en Mr. Jan Van Geet.

The two main ultimate reference shareholders of the company are therefore (i) Mr Bart Van Malderen who holds 49.6%[1] and who is a non-executive director; and (ii) Mr Jan Van Geet who holds 27.3%[1] and who is CEO and an executive director. The full details of the shareholding of VGP can be found on page 66.

Hybrid securities
Following the completion of the acquisition of the initial seed portfolio by the new joint venture with Allianz Real Estate at the end of May 2016 (VGP European Logistics); the board of directors approved the redemption of all issued hybrid securities against a price equal to the issue price (in total € 60 million) plus the interest accrued (€ 3.0 million) from the issue date of each Security, after complying with the conflict of interest procedure in accordance with article 523 of the Belgian Companies Code. The redemption took place on 1 June 2016.

Lease activities
Drylock Technologies s.r.o,, a company controlled by Bart Van Malderen, leases a warehouse from VGP under a long term lease contract. This lease contract was entered into during the month of May 2012. The rent received over the year 2016 amounts to € 0.9 million (compared to € 2.0 million for the year 2015). The warehouse was included in the sale of the Seed portfolio to VGP European Logistics at the end of May 2016.

VGP NV leases a small office from VM Invest NV in Belgium for which it pays € 4k per annum. (same level as in 2015). The lease is for an undetermined period.

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 2018 and 2021 respectively. During 2016 aggregate amount paid under these leases was € 98k compared to € 90k for 2015.

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

1 Shareholding calculated after taking the respective shareholding of Mr Bart Van Malderen en Mr Jan Van Geet in Comm. VA VGP MISV VGP into consideration.

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.

(in thousands of €)	**2016**	**2015**
TRADE RECEIVABLE/(PAYABLE)	(52)	(5)

VGP also provides real estate support services (mainly maintenance work) to Jan Van Geet s.r.o. During 2016 VGP recorded a € 18k revenue for these activities (which was the same amount as in 2015).

32.2 Subsidiaries

The consolidated financial statements include the financial statements of VGP NV and the subsidiaries listed in note 35.

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.

32.3 Joint Venture 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 Joint Venture and 5.1% directly in the subsidiaries of the Joint Venture holding assets in Germany (associates). During the year, the associates SNOW S.à.r.l. and SUN S.à.r.l. were sold Tristan Capital Partners as part of the liquidation process of these respective associates.

(in thousands of €)	**2016**	**2015**
LOANS OUTSTANDING AT THE YEAR END	89,876	30
EQUITY DISTRIBUTIONS RECEIVED	4,678	—
ASSETS SOLD TO JOINT VENTURE	236,060	—
OTHER RECEIVABLES FROM ASSOCIATES AT YEAR END	32	30
MANAGEMENT FEE INCOME	3,029	—
INTEREST AND SIMILAR INCOME FROM JOINT VENTURE AND ASSOCIATES	2,191	—

32.4 Key Management

Key Management includes the Board of Directors and the executive management. The details of these persons can be found on page 74/75.

KEY MANAGEMENT REMUNERATION *(in thousands of €)*	**2016**	**2015**
NUMBER OF PERSONS	9	9
SHORT TERM EMPLOYEE BENEFITS		
BASIC REMUNERATION	866	837
SHORT TERM VARIABLE REMUNERATION	700	925
REMUNERATION OF DIRECTORS	102	96
TOTAL GROSS REMUNERATION	**1,668**	**1,858**
AVERAGE GROSS REMUNERATION	185	206

The disclosures relating to the Belgian Corporate Governance Code are included in the Corporate Governance Statement of this annual report.

For 2016 no post-employment benefits nor share based payment benefits were granted.

Little Rock SA is responsible for the Group's daily management, financial management and commercial management and is represented for this purpose by the CEO, CFO and CCO. As a consideration for rendering such services, Little Rock SA receives a fixed fee, a variable fee subject to certain criteria being met, and 5% of the profits before taxes of the Group on a consolidated basis. In return for Little Rock SA's commitment to observe the Group's daily, financial and commercial management for an additional period of five years (starting as from April 2015).

The variable fee allocated to Little Rock for 2016 amounts to € 5,951 thousand of which 1/3 will be paid out in 2016 (together with 1/3 of the 2015 fee) with the remaining balance to be paid out in equal portions in 2017 and 2018. The 1/3 of the 2015 fee together with the 1/3 of the 2016 fee amount to € 3,722 thousand. We refer to the Remuneration Report in the Corporate Governance Statement for further details.

33. Events after the balance sheet date

Following the successful sales of assets to VGP European Logistics during 2016 and in order to further optimise the capital structure of VGP NV the board of directors has decided to convene an Extraordinary Shareholders' Meeting to propose an additional capital reduction in cash of € 20,069,694.00. This cash distribution would correspond to € 1.08 per share.

On 21 March 2017, Mr Jan Van Geet acquired 100% of the shares of Alsgard SA from Mr Jan Prochazka. By virtue of this acquisition Mr Jan Van Geet now holds, 38.3% of the voting rights of the Company.

On 30 March 2017 VGP successfully issued an 8 year bond for a nominal amount of € 80 million. The bonds were placed with institutional investors and are not listed. The fixed rate of the bonds is 3.35% (gross) per year.

On 30 March 2017, VM Invest NV successfully placed 766,203 VGP shares with a broad base of institutional investors through a private placement.

34. Services provided by the statutory auditor and related persons

The audit fees for VGP NV and its fully controlled subsidiaries amounted to € 106k. In addition, additional non-audit services were performed during the year by Deloitte and related persons for which a total fee of € 30k was incurred.

Non-audit-fees mainly relate to the audit of the closing accounts of SPV's sold to VGP European Logistics in 2016.

35. Subsidiaries, joint venture and associates

35.1 Full consolidation

The following companies were included in the consolidation perimeter of the VGP Group as at 31 December 2016 and were fully consolidated:

SUBSIDIARIES	REGISTERED SEAT ADDRESS	%	
VGP NV	ZELE, BELGIUM	PARENT	(1)
VGP CZ III a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP CZ VII a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP CZ IX a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP CZ X a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP CZ XI a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP CZ XII a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
TPO HALA G1 a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
GEHOJEDNA a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
GEOVYCHOD a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP PARK CESKY UJEZD a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP – INDUSTRIALNI STAVBY s.r.o.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(3)
SUTA s.r.o.	PRAGUE, CZECH REPUBLIC	100	(3)
HCP SUTA s.r.o.	PRAGUE, CZECH REPUBLIC	100	(3)
VGP FM SERVICES s.r.o.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(3)
VGP INDUSTRIEBAU GMBH	DÜSSELDORF, GERMANY	100	(3)
VGP PM SERVICES GMBH	DÜSSELDORF, GERMANY	100	(3)
VGP PARK LEIPZIG GMBH	DÜSSELDORF, GERMANY	100	(2)
VGP PARK MÜNCHEN GMBH	DÜSSELDORF, GERMANY	100	(2)
VGP PARK HAMMERSBACH GMBH	DÜSSELDORF, GERMANY	100	(2)
VGP DEUTSCHLAND – PROJEKT 8 GMBH	DÜSSELDORF, GERMANY	100	(2)
VGP PARK HAMBURG 3 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(2)
VGP DEU 1 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(2)
VGP DEU 2 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(2)
VGP DEU 3 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(2)
VGP DEU 5 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(2)
VGP DEU 6 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(2)
VGP DEU 7 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(2)
VGP DEU 8 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(2)
VGP ASSET MANAGEMENT S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(3)
VGP ESTONIA OÜ	TALLINN, ESTONIA	100	(2)
VGP FINANCE NV	ZELE, BELGIUM	100	(5)
VGP LATVIA S.I.A.	KEKAVA, LATVIA	100	(2)
VGP ROMANIA S.R.L.	TIMISOARA, ROMANIA	100	(2)
VGP CONSTRUCTII INDUSTRIALE S.R.L.	TIMISOARA, ROMANIA	99	(3)
VGP PARK BRATISLAVA a.s.	BRATISLAVA, SLOVAKIA	100	(2)
VGP SERVICE KFT	GYÖR, HUNGARY	100	(3)
VGP NEDERLAND BV	TILBURG, THE NETHERLANDS	100	(4)
VGP NAVES INDUSTRIALES PENINSULA, S.L.	BARCELONA, SPAIN	100	(1)
VGP (PARK) ESPANA 1 S.L.	BARCELONA, SPAIN	100	(2)
VGP (PARK) ESPANA 2 S.L.	BARCELONA, SPAIN	100	(2)
VGP (PARK) ESPANA 3 S.L.	BARCELONA, SPAIN	100	(2)

35.2 Companies to which the equity method is applied

JOINT VENTURE	REGISTERED SEAT ADDRESS	%	
VGP EUROPEAN LOGISTICS S.à r. l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	50.00	(4)

The equity method is applied to the following companies:

ASSOCIATES	REGISTERED SEAT ADDRESS	%	
VGP MISV COMM. VA	ZELE, BELGIUM	42.87	(4)
VGP PARK RODGAU GMBH	DÜSSELDORF, GERMANY	5.10	(2)
VGP PARK BINGEN GMBH	DÜSSELDORF, GERMANY	5.10	(2)
VGP PARK HAMBURG GMBH	DÜSSELDORF, GERMANY	5.10	(2)
VGP PARK HÖCHSTADT GMBH	DÜSSELDORF, GERMANY	5.10	(2)
VGP PARK BERLIN GMBH	DÜSSELDORF, GERMANY	5.10	(2)
VGP PARK HAMBURG 2 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	5.10	(2)
VGP PARK FRANKENTHAL S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	5.10	(2)
VGP PARK LEIPZIG S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	5.10	(2)

(1) Holding and service company
(2) Existing or future asset company
(3) Services company
(4) Holding company
(5) Dormant
(6) The remaining 94.9% are held directly by VGP European Logistics S.à r.l.

35.3 Changes in 2016

(i) New Investments

SUBSIDIARIES	REGISTERED SEAT ADDRESS	%
VGP CZ XII a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100

(ii) Subsidiaries acquired

SUBSIDIARIES	REGISTERED SEAT ADDRESS	%
GEHOJEDNA a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100
GEOVYCHOD a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100

(iii) Subsidiaries sold to VGP European Logistics joint venture

SUBSIDIARIES	REGISTERED SEAT ADDRESS	
VGP CZ V a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100
VGP CZ VI a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100
VGP CZ VIII s.r.o.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100
VGP MALACKY a.s.	MALACKY, SLOVAKIA	100
VGP HUNGARY KFT	GYÖR, HUNGARY	100
VGP PARK GYÖR KFT	GYÖR , HUNGARY	100
VGP PARK ALSÓNÉMEDI KFT	GYÖR , HUNGARY	100
VGP PARK RODGAU GMBH	DÜSSELDORF, GERMANY	94.9
VGP PARK BINGEN GMBH	DÜSSELDORF, GERMANY	94.9
VGP PARK HAMBURG GMBH	DÜSSELDORF, GERMANY	94.9
VGP PARK HÖCHSTADT GMBH	DÜSSELDORF, GERMANY	94.9
VGP PARK BERLIN GMBH	DÜSSELDORF, GERMANY	94.9
VGP PARK HAMBURG 2 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	94.9
VGP PARK FRANKENTHAL S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	94.9
VGP PARK LEIPZIG S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	94.9

(iv) Registered numbers of the Belgian companies

COMPANIES	COMPANY NUMBER
VGP NV	BTW BE 0887.216.042 RPR – GHENT (DIVISION DENDERMONDE)
VGP FINANCE NV	BTW BE 0894.188.263 RPR – GHENT (DIVISION DENDERMONDE)
VGP MISV COMM. VA	BTW BE 0894.442.740 RPR – GHENT (DIVISION DENDERMONDE)

For the year ended 31 December 2016

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 the Joint Venture have been included in the 50% Joint Venture figures (share of VGP).

(in thousands of €)	2016			2015		
	GROUP	JOINT VENTURE	TOTAL	GROUP	JOINT VENTURE	TOTAL
NET CURRENT RESULT						
GROSS RENTAL INCOME	16,806	8,976	25,782	17,073	—	17,073
SERVICE CHARGE INCOME/(EXPENSES)	1,035	300	1,335	422	—	422
PROPERTY OPERATING EXPENSES	(1,703)	(1,259)	(2,962)	(972)	—	(972)
NET RENTAL AND RELATED INCOME	**16,138**	**8,017**	**24,155**	**16,523**	**—**	**16,523**
PROPERTY AND DEVELOPMENT MANAGEMENT FEE INCOME	3,141	—	3,141	1,433	—	1,433
FACILITY MANAGEMENT INCOME	684	—	684	1,114	—	1,114
OTHER INCOME/(EXPENSES) – INCLUDING ADMINISTRATIVE COSTS	(16,778)	(1,079)	(17,857)	(13,998)	191	(13,807)
OPERATING RESULT (BEFORE RESULT ON PORTFOLIO)	**3,185**	**6,938**	**10,123**	**5,072**	**191**	**5,263**
NET FINANCIAL RESULT (EXCL. IAS 39)	(12,287)	(3,323)	(15,610)	(9,835)	—	(9,835)
REVALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS (IAS 39)	(4,619)	(647)	(5,266)	(319)	—	(319)
TAXES	1,122	(605)	517	5,512	—	5,512
NET CURRENT RESULT	**(12,599)**	**2,363**	**(10,236)**	**430**	**191**	**621**
RESULT ON PROPERTY PORTFOLIO						
NET VALUATION GAINS/(LOSSES) ON INVESTMENT PROPERTY	118,900	7,008	125,908	103,981	—	103,981
DEFERRED TAXES	(22,912)	(1,473)	(24,385)	(18,041)	—	(18,041)
RESULT ON PROPERTY PORTFOLIO	**95,988**	**5,535**	**101,523**	**85,940**	**—**	**85,940**
PROFIT FOR THE PERIOD	**83,389**	**7,897**	**91,286**	**86,370**	**191**	**86,561**

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 the Joint Venture have been included in the 50% Joint Venture figures (share of VGP).

(in thousands of €)	2016			2015		
	GROUP	JOINT VENTURE	TOTAL	GROUP	JOINT VENTURE	TOTAL
INVESTMENT PROPERTIES	550,262	307,053	857,315	173,972	—	173,972
OTHER ASSETS	8,854	96	8,950	1,223	—	1,223
TOTAL NON-CURRENT ASSETS	**559,116**	**307,148**	**866,264**	**175,195**	**—**	**175,195**
TRADE AND OTHER RECEIVABLES	19,426	4,523	23,949	4,927	—	4,927
CASH AND CASH EQUIVALENTS	71,595	9,256	80,851	9,825	—	9,825
DISPOSAL GROUP HELD FOR SALE	132,263	—	132,263	527,361	—	527,361
TOTAL CURRENT ASSETS	**223,284**	**13,779**	**237,063**	**542,113**	**—**	**542,113**
TOTAL ASSETS	**782,400**	**320,928**	**1,103,328**	**717,308**	**—**	**717,308**
NON-CURRENT FINANCIAL DEBT	327,923	201,616	529,539	170,800	—	170,800
OTHER NON-CURRENT FINANCIAL LIABILITIES	5,348	538	5,886	967	—	967
OTHER NON-CURRENT LIABILITIES	2,432	721	3,153	405	—	405
DEFERRED TAX LIABILITIES	20,012	17,449	37,461	8,247	—	8,247
TOTAL NON-CURRENT LIABILITIES	**355,715**	**220,323**	**576,038**	**180,419**	**—**	**180,419**
CURRENT FINANCIAL DEBT	81,674	4,368	86,042	3,522	—	3,522
TRADE DEBTS AND OTHER CURRENT LIABILITIES	35,496	7,043	42,539	10,342	—	10,342
LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	8,404	—	8,404	161,047	—	161,047
TOTAL CURRENT LIABILITIES	**125,574**	**11,411**	**136,985**	**174,911**	**—**	**174,911**
TOTAL LIABILITIES	**481,289**	**231,734**	**713,023**	**355,330**	**—**	**355,330**
NET ASSETS	**301,111**	**89,194**	**390,305**	**361,978**	**—**	**361,978**

1 Financial statements VGP NV

1.1 Parent company accounts

The financial statements of the parent company VGP NV, are presented below in a condensed form.
In accordance with Belgian company law, the directors' report and financial statements of the parent company VGP NV, together with the auditor's report, have been deposited at the National Bank of Belgium.

They are available on request from:

VGP NV
Spinnerijstraat 12
B-9240 Zele
Belgium

www.vgpparks.eu

The statutory auditor issued an unqualified opinion on the financial statements of VGP NV.

1.2 Condensed income statement

(in thousands of €)	**2016**	**2015**
OTHER OPERATING INCOME	3,126	3,539
OPERATING PROFIT OR LOSS	(13,797)	(1,985)
FINANCIAL RESULT	(72)	3,062
EXTRAORDINARY RESULT	132,262	(123)
CURRENT AND DEFERRED INCOME TAXES	(516)	4
PROFIT OR (LOSS) FOR THE YEAR	**117,877**	**958**

1.3 Condensed balance sheet after profit appropriation

(in thousands of €)	2016	2015
FORMATION EXPENSES, INTANGIBLE ASSETS	5,206	1,677
TANGIBLE FIXED ASSETS	—	—
FINANCIAL FIXED ASSETS	602,433	355,575
TOTAL NON-CURRENT ASSETS	**607,639**	**357,252**
TRADE AND OTHER RECEIVABLES	491	92
CASH & CASH EQUIVALENTS	51,009	7,990
TOTAL CURRENT ASSETS	**51,500**	**8,082**
TOTAL ASSETS	**659,139**	**365,334**
SHARE CAPITAL	112,737	112,737
NON-DISTRIBUTABLE RESERVES	7,939	2,045
RETAINED EARNINGS	145,499	33,515
SHAREHOLDERS' EQUITY	**266,175**	**148,297**
AMOUNTS PAYABLE AFTER ONE YEAR	300,081	210,160
AMOUNTS PAYABLE WITHIN ONE YEAR	92,883	6,877
CREDITORS	**392,964**	**217,037**
TOTAL EQUITY AND LIABILITIES	**659,139**	**365,334**

Valuation principles

Valuation and foreign currency translation principles applied in the parent company's financial statements are based on Belgian accounting legislation.

2 Proposed appropriation of VGP NV 2016 result

The profit after tax for the year ended was € 117,877,265.63

At the General Meeting of Shareholders on 12 May 2017, the Board of Directors will propose that the above result be appropriated as follows:

(in €)	**2016**	**2015**
PROFIT OF THE FINANCIAL YEAR	117,877,265.63	957,824.95
PROFIT CARRIED FORWARD	33,515,296.24	32,605,362.54
TRANSFER TO LEGAL RESERVES	(5,893,863.28)	(47,891.25)
PROFIT/(LOSS) TO BE CARRIED FORWARD	145,498,698.59	33,515,296.24
PROFIT TO BE DISTRIBUTED (GROSS DIVIDEND)	—	—

Following the successful sales of assets to VGP European Logistics during 2016 and in order to further optimise the capital structure of VGP NV the Board of Directors has decided to convene an Extraordinary Shareholders' Meeting to propose an additional capital reduction in cash of € 20,069,694.00. This cash distribution would correspond to € 1.08 per share.

VGP NV

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2016.

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of VGP NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 871,594 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 91,286 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) as adopted in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of VGP NV give a true and fair view of the group's net equity and financial position as of 31 December 2016, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

— The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Zaventem, 7 April 2017
The statutory auditor

DELOITTE Bedrijfsrevisoren/Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck

Acquisition price
This means the value of the property at the time of acquisition. Any transfer costs paid are included in the acquisition price.

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.

Associates
Means all subsidiaries of VGP European Logistics S.à r.l. in which VGP NV holds a direct 5.1% participation, VGP MISV Comm. VA in which the Company holds 42.87%; and until December 2016 Snow Crystal S.à.r.l. and SUN S.à.r.l., in which the Company held 20% participation.

Belgian Corporate Governance Code
Drawn up by the Corporate Governance Commission and including the governance practices and provisions to be met by companies under Belgian Law which shares are listed on a regulated market (the"2009 Code"). The Belgian Corporate Governance Code is available online at *www. corporategovernancecommittee.be.*

Break
First option to terminate a lease.

CEE
Central and Eastern Europe

Compliance Officer
The compliance officer is responsible for monitoring compliance with the code of conduct for financial transactions in the Corporate Governance Charter (the dealing code).

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

Contribution in kind
The non-cash assets contributed to a company at the time of formation or when the capital is increased.

Dealing Code
The code of conduct containing rules that must be complied with by the members of the Board of Directors, the members of executive management, and all employees of the VGP Group, who by virtue of their position, possess information they know or should know is insider information.

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.

Estimated rental value
Estimated rental value (ERV) is the 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 forthe Joint Venture.

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.

FSMA (Financial Services and Markets Authority)
The Financial Services and Market Authority (FSMA) is the autonomous regulatory authority governing financial and insurance markets in Belgium.

Gearing ratio
Is a ratio calculated as net financial debt divided by total equity and liabilities.

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.

IAS 39 Fair Value
IAS 39 is an IAS/IFRS standard which sets out the way in which a company has to classify and evaluate its financial instruments in its balance sheet. It requires that all derivatives be booked in the balance sheet at their fair value, i.e. their market value at closing date.

Indexation
The rent is contractually adjusted annually on the anniversary of the contract effective date on the basis of the inflation rate according to a benchmark index in each specific country.

Initial yield
The ratio of (initial) contractual rent of a purchased property to the acquisition price. See also Acquisition price.

Insider information
Any information not publicly disclosed that is accurate and directly or indirectly relates to one or more issuers of financial instruments or one or more financial instruments and that, if it were publicly disclosed, could significantly affect the price of those financial instruments (or financial instruments derived from them).

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

Investment value
The value of the portfolio, including transaction costs, as appraised by independent property experts

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.

Joint Venture or 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 VGP NV and Allianz Real Estate and including all of its subsidiaries.

Lease expiry date
The date on which a lease can be cancelled

Market capitalisation
Closing stock market price multiplied by the total number of outstanding shares on that date

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

Net current result
Operating result plus net financial result (financial income – financial charges) less income and deferred taxes.

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 (m²) by the total lettable area (m²) including any vacant area (m²).

Profit for the year
Net current result + result on the portfolio.

Project management
Management of building and renovation projects. VGP employs an internal team of project managers who work exclusively for the company.

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.

Seed portfolio
The first 15 VGP parks acquired by the Joint Venture at the end of May 2016, including the respective completed buildings, buildings under construction and development land at the end of May 2016.

Suta
Means SUTA s.r.o., having its registered office at Rozšířená 2159/15, Libeň, 182 00 Praha 8 and registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Entry No. 201835 and being a subsidiary of VGP.

VGP European Logistics portfolio
The respective completed buildings, buildings under construction and development land of the Joint Venture.

Weighted average term of financial debt
The weighted average term of financial debt is the sum of the current financial debt (loans and bonds) multiplied by the term remaining up to the final maturity of the respective loans and bonds divided by the total current financial debt.

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.

Result on the portfolio
Realised and non-realised changes in value compared to the most recent valuation of the expert, including the effective or latent capital gain tax payable in the countries where VGP is active.

Take-up
Letting of rental spaces to users in the rental market during a specific period.

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

— The annual accounts, which are in line with the standards applicable for annual accounts, give a true and fair view of the capital, the financial situation and the results of the issuer and the consolidated subsidiaries;

— The annual report gives a true and fair view of the development and the results of the company and of the position of the issuer and the consolidated companies, as well as a description of the main risks and uncertainties they are faced with.

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

Dirk Stoop
as permanent representative
of Dirk Stoop BVBA
CFO

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