VGP BUILDING TOMORROW TODAY

Annual Report 2019

Demanding plans?
Challenge accepted!

Our world needs them more than ever before

VGP

BUILDING TOMORROW TODAY

Content

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Key figures

in thousands of €

Investment properties	2019	2018	2017	2016	2015
Own portfolio					
Total lettable area *(m²)*	146,079	288,372	445,958	416,158	548,838
Occupancy rate *(%)*	100.0%	99.2%	100.0%	97.0%	97.3%
Fair value of property portfolio	792,944	576,143	627,737	550,262	677,084
Joint Ventures' portfolio (100%)					—
Total lettable area *(m²)*	1,764,640	1,333,476	830,905	593,454	—
Occupancy rate *(%)*	99.8%	99.4%	100.0%	100.0%	—
Fair value of property portfolio*	1,978,266	1,360,263	877,761	644,900	—

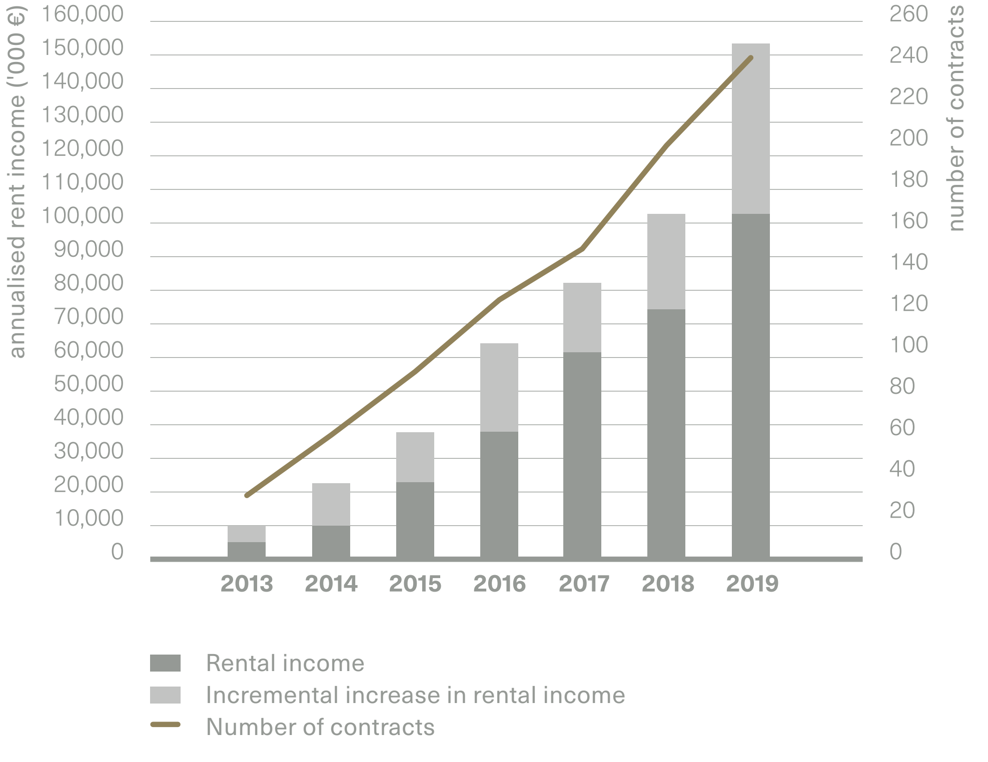
Balance sheet	2019	2018	2017	2016	2015
Shareholders' equity	699,781	543,467	466,230	390,305	361,978
Gearing					
Net debt/total assets	37.2%	34.6%	42.3%	39.4%	35.7%

Income statement	2019	2018	2017	2016	2015
Gross rental income	11,653	16,627	17,046	16,806	17,073
Property operating expenses	(2,556)	(1,123)	(1,941)	(2,000)	(1,097)
Net rental and related income	**9,097**	**15,504**	**15,105**	**14,806**	**15,976**
Property and facility management/ development income	10,492	9,965	8,057	3,825	2,547
Net valuation gains/(losses) on investment property	188,165	98,552	94,628	118,900	103,981
Administrative costs	(21,100)	(18,167)	(19,353)	(15,446)	(13,451)
Share in the results of joint ventures and associates	65,703	45,220	29,229	7,897	191
Operating profit	**252,357**	**151,074**	**127,666**	**129,982**	**109,244**
Net financial result	(14,238)	(13,970)	(10,466)	(16,906)	(10,154)
Taxes	(32,506)	(15,998)	(21,205)	(21,790)	(12,529)
Profit for the year	**205,613**	**121,106**	**95,995**	**91,286**	**86,561**

Result per share	2019	2018	2017	2016	2015
Number of ordinary shares	18,583,050	18,583,050	18,583,050	18,583,050	18,583,050
Net result per share *(in €)* – Basic	11.06	6.52	5.17	4.91	4.66
Net result per share *(in €)* – Diluted	11.06	6.52	5.17	4.91	4.66

* Includes buildings under construction and development land which are/will be developed by VGP on behalf of the Joint Ventures.

Committed annualised rent income and number of lease contracts (including joint venture at 100%)



Letter to the shareholders

Dear fellow share- and bond holders of VGP,

I mentioned in the announcement of our annual results that “last year was a busy year (as usual)”.

This was actually an understatement.

Last year was a grand cru year like we never had before – it was a year in which many things came together, a year with such a lot of commercial success throughout our group and across our different offices (our contracted rental income increased with 50% and our land bank with nearly 40%), in other words a year that, in normal times, would be such a good foundation for the future that our result in 2020 could not but be otherwise than good.

However – that was before the coronavirus COVID-19 forced governments across the world to take extreme (precautionary) measures and I think no one can predict today what the impact of that will be.

With a full order book and 80% of our developments under construction pre-let and VGP being well financed, we are however well sheltered far away from the tempest created by the massive economic disruptions and potential global economic recession due to the coronavirus COVID-19 outbreak. But we will have to see which impact all of the measures taken to control the spread of the coronavirus COVID-19 will have on our customers and suppliers before being able to make a more detailed analysis.

Making abstraction of the current events, we can look back at a year in which VGP’s performance continues on a much stronger foundation with, as I mentioned before, a significant growth in our contracted rental income of nearly 50% in combination with the growth of our land bank with nearly 40%. We expanded our Allianz Real Estate partnership through the launch of a second joint venture, and we strengthened our position in the German market following the acquisition and the launch of several iconic projects such as VGP Park Laatzen, VGP Park Göttingen and especially VGP Park München, our most iconical project until now. These projects are the result of our intense cooperation with authorities, communities and SME clients over the past few years.

Next to our real estate expansion, we also continued to expand our organization. We are now with almost 220 people spread over 13 different countries. With Jon Watkins joining us as COO Western Europe from Amazon, where he was head of Real Estate EME, we are strengthening our organization for the further expansion of VGP across Europe. Together with Matthias Sander as COO Eastern Europe, they are working closely with the dedicated, specialized and local teams within the group to further expand our land bank and streamline the teams. In addition, we have also further strengthened our local teams to provide our customers with local, professional and tailormade logistics solutions. I am very pleased with the new talent that we have managed to bring on board and, while it is still early to assess the full impact of these efforts, we’re seeing tangible results even in today’s changing market.

All this is done with a long-term view as we continue to only purchase land when we have the legal certainty that we can use the land for its intended purpose. We are and remain confident that the real value of VGP is embedded in its land bank and the excellent locations it is made from and we believe that this will remain so over time, throughout any crisis.

My father always says: land, the enemy can only run over it, not take it with him. Over the years, our significant land bank has always been our strategic advantage, allowing us to offer our customers the logistics facilities they need in large, dense and supply-constrained areas.

Developing the best plots of land requires more and more time and effort and when the opportunity arises is difficult to predict. That is why it is extremely important that we keep a large capital buffer available at all times. Only in this way and provided we have enough reserves, can we respond quickly and ingeniously to opportunities for land purchases in a market where scarcity prevails.

Despite the current uncertainties in the market, VGP must constantly be ready to respond to new investment opportunities and remain loyal to its basic investment principles, which are based on a long-term vision, throughout the economic cycles. Only in this way can we secure the further organic growth of VGP in the long term. Also thanks to the current large pipeline of pre-let projects under construction, I am optimistic about our future.

Corporate Responsibility

2019 was the year in which a courageous teenager, Greta Thurnberg, aroused the attention of the whole world with the sentence: "We cannot continue to live in this world as if there is no future, because after today tomorrow will come", a sentence that mobilised a whole movement of mainly young people and caused a growing awareness and commitment among the political elite, governments and agencies to improve the impact of mankind on climate change. There is a general awareness that climate change poses major problems and that a fundamental change of mentality is needed. Our adagio "Building Tomorrow Today" commits us to support our future generations in this and we are convinced that VGP can make an important contribution in relation to sustainability and climate change. In this spirit we have set ourselves enhanced sustainability goals for 2020 to address climate change.

As part of a comprehensive strategy to advance environmentally sustainable solutions for our customers and our own operations, VGP decided to obtain BREEAM 'Very Good' certificates for all our developments under construction from 2020 onwards. Furthermore, we would like to provide renewable energy solutions for as many of our parks as possible – starting with increasing investments into roof-fixed photovoltaic installations.

For this purpose, we have created a new brand and business unit: “VGP Renewable Energy”. We expect to have the first photovoltaic installations up and running in our parks by the end of 2020.

These commitments build on VGP’s efforts to advance our corporate responsibility in our business and operations, and our effort to support our clients and the communities in which we operate in managing their carbon footprint. Some people consider corporate responsibility to be enhanced philanthropy. While we are devoted to philanthropy (we are on our way to make € 3 million available this year to the VGP Foundation – the launch of which I announced in my letter last year), corporate responsibility is far more than just that and I personally look forward to accelerate this transition in 2020 and beyond.

Dividend

Notwithstanding the difficult and uncertain market situation due to the COVID-19 outbreak, the board of directors would like to propose to the annual shareholders meeting a dividend of € 60.4 million, which amounts to a payout ratio of 29% – an annual increase of 48% but below the payout ratio of 34% last year.

Finally, I would like to say that we know we have to earn the trust and respect of our shareholders, employees, customers and the communities we serve every single day. We are devoted to doing this.

I would like to express my deep gratitude and appreciation for my colleagues at VGP and our partners, and their families for supporting them.

Today, in response to the outbreak of COVID-19, as the health and safety of our employees, their families, our partners, and communities remains a top priority, we have taken all possible (precautionary) measures to minimize health risks throughout our pan-European platform and to contribute to the attempt to stop this pandemic.

I wish to all of you good health and I am confident that the future is bright. Looking forward to be seeing you hopefully soon,

Yours sincerely,
Jan Van Geet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Log it

Profile

VGP's profile

VGP (***www.vgpparks.eu***) constructs and develops high-end logistic real estate and ancillary offices for its own account and for its Joint Ventures, 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 and development of the infrastructure, to the conceptualisation and design of the project, the supervision of the construction works, contracts with potential tenants and upon completion the asset- and property management of the 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 € 792.9 million (in full ownership) as at 31 December 2019 which represents a total lettable area of over 146,000 m² (7 buildings) (€ 94.1 million), 23 buildings under construction representing 512,000 m² of lettable area (€ 338.2 million) and remaining development land in the amount of € 360.6 million.

The Joint Ventures own a property portfolio of € 1,978.3 million as at 31 December 2019 which represents a total lettable area of over 1,765,000 m² (92 buildings)(€ 1,817.3 million), 12 buildings being developed by VGP representing 194,000 m² of lettable area (€ 131.0 million) and some residual development land in the amount of € 30.0 million.

As at 31 December 2019 VGP has a remaining development land bank in full ownership of 4,111,000 m². This land bank allows VGP to develop besides the current completed projects and projects under construction (658,000 m²) a further 1,897,000 m² of lettable area of which 781,000 m² in Germany, 151,000 m² in the Czech Republic, 173,000 m² in Spain, 144,000 m² in the Netherlands, 258,000 in Slovakia, 229,000 m² in Romania and 119,000 m² in Hungary. Besides this, VGP had another 1,797,000 m² of new plots of land under option, at year-end, allowing to develop approx. 751,000 m² of new projects. It is expected that these remaining land plots will be acquired, subject to permits, during the next 18–24 months.

The Joint Ventures i.e. VGP European Logistics and VGP European Logistics 2, have a remaining development land bank in full ownership of 303,000 m² as at 31 December 2019. This land bank allows the Joint Ventures to develop besides the current completed projects and projects under construction (1,958,000 m²) a further 136,000 m² of lettable area.

Strategy

VGP is a pan-European pure-play logistics real-estate group, specialised in the acquisition, development, and management of logistic real estate, i.e. buildings suitable for logistical purposes and light industrial activities and which is active in Germany, Spain, Italy, the Netherlands, Austria, Portugal, the Czech Republic and certain other Central European countries and the Baltic countries.

The Group focuses on (i) strategically located plots of land suitable for development of logistic business parks of a certain size, so as to build up an extensive and well-diversified land bank and property portfolio on top locations; (ii) striving to optimise the operational performance of the portfolio and the activities of our tenants through dedicated teams which provide asset- property and development services; and (iii) growing the 50:50 joint ventures with Allianz Real Estate (see below).

These elements should allow the Group to provide attractive return for our shareholders through progressive dividend and net asset value growth over time.

Strategic partnership with Allianz

In order to sustain its growth over the medium term, VGP entered into two 50/50 joint ventures with the well-known Allianz SE Group, a worldwide leading insurance group. These joint venture structures allow VGP to partially recycle its initial invested capital when completed projects are acquired by the Joint Ventures and allow VGP to re-invest these monies in the continued expansion of the development pipeline, including the further expansion of the land bank, thus allowing VGP to concentrate on its core development activities.

First Joint Venture

VGP entered into the first 50:50 joint venture with Allianz in May 2016. The First Joint Venture's objective is to build a platform of new, grade A logistics and industrial properties with a key focus on expansion in core German markets and high growth CEE markets with the aim of delivering stable income-driven returns with potential for capital appreciation. The First Joint Venture aims to increase its portfolio size to circa € 1.7 billion by May 2021 at the latest, via the contribution to the First Joint Venture of new logistics developments carried out by VGP. The First Joint Venture's strategy is therefore primarily a hold strategy.

The First Joint Venture has the exclusive right of first refusal in relation to acquiring the income generating assets located in Germany, the Czech Republic, the Slovak Republic and Hungary.

At the end of November 2019, VGP announced the completion of a sixth, and currently last, closing whereby the First Joint Venture acquired 13 logistic buildings, including 7 buildings in 3 new VGP parks and another 6 newly completed buildings (in parks which were previously transferred to the First Joint Venture), for an aggregate transaction value* of € 232 million (including some future development pipeline) and resulting into net cash proceeds of € 122.5 million. Following this sixth closing, the First Joint Venture's property portfolio consists of 82 completed buildings representing a total lettable area of over 1,587,000 m².

The development pipeline and future development of other new projects in Germany, the Czech Republic, the Slovak Republic and Hungary will continue to be developed at VGP's own risk to be subsequently acquired by the First Joint Venture if the right of first refusal is exercised subject to pre-agreed completion and lease parameters. The acquisition of any building by the First Joint Venture will always occur on the basis of the prevailing market rates at the moment of such acquisition. There are no strategic differences between VGP's development for the First Joint Venture and VGP's development for its own subsidiaries. VGP carries 100% of the development risk of the First Joint Venture.

Second Joint Venture

VGP announced the entering into of the second 50:50 joint venture with Allianz on 1 July 2019. The Second Joint Venture exclusively targets core, prime logistic assets in Austria, Italy, the Netherlands, Portugal, Romania and Spain with the aim of delivering stable income-driven returns with potential for capital appreciation. The Second Joint Venture aims to increase its portfolio size to circa € 1.7 billion by July 2024 at the latest, via the contribution to the Second Joint Venture of new or recently built logistics developments carried out by VGP. The Second Joint Venture's strategy is therefore also primarily a hold strategy.

The Second Joint Venture has the exclusive right of first refusal in relation to acquiring the income generating assets located in Austria, Italy, the Netherlands, Portugal, Romania and Spain.

On 31 July 2019, the then newly established Second Joint Venture ("VGP European Logistics 2 S.à r.l.") completed its first, and currently only, closing with the acquisition of 3 business parks from VGP, including 8 prime logistic buildings, for an initial transaction value of € 175 million and resulting into net cash proceeds of € 91.1 million.

The development pipeline and future development of other new projects in Austria, Italy, the Netherlands, Portugal, Romania and Spain will continue to be developed at VGP's own risk to be subsequently acquired by the Second Joint Venture if the right of first refusal is exercised subject to pre-agreed completion and lease parameters. The acquisition of any building by the Second Joint Venture will always occur on the basis of the prevailing market rates at the moment of such acquisition. There are no strategic differences between VGP's development for the Second Joint Venture and VGP's development for its own subsidiaries. VGP carries 100% of the development risk of the Second Joint Venture.

* Aggregate transaction value is composed of the purchase price for the completed income generating buildings and the net book value of the development pipeline which is transferred as part of a closing but not yet paid for by the Joint Ventures.

Roll-out of renewable energy strategy

VGP is focused on continuously optimizing its buildings in accordance with the demands of the market and the latest technical developments. This means that energy efficiency and sustainability are among the Group's top priorities.

Therefore, a high quality and sustainable building standard is included in the Group's building protocol, which also applies to the Joint Ventures. The current building standard aims to develop new properties on at least a BREEAM "Very Good" (three stars) or equivalent building standard rating level, whereby the actual post-construction building standard certification is only obtained in case the tenant requires this. However, as from January 2020, all buildings will be subject to a formal certification process whereby all new buildings will obtain an official BREEAM "Very Good" or equivalent certification. This updated policy emphasizes the increasing sustainability commitment of VGP and contributes to increasing the share of sustainable certified buildings in the VGP portfolio.

Until December 2019, VGP has enabled the development of 165,000 m² of rooftop solar panels with a generation capacity of 16,500 kWp.

The Group intends to change its strategy from an enabler to a direct investor into renewable energy and will therefore step up its direct investments into renewable energy as from 2020 onwards. The photovoltaic panels in which VGP will invest in VGP Park Munich represent already 12,500 kWp on their own. (see Corporate Responsibility Report for further information).

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 Ventures.

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 acoss Continental Europe. The Group is active in 12 countries and 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 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.

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 negotiates and contracts building subcontractors and building material deliveries directly and monitors the follow up and coordination of the building activities itself.

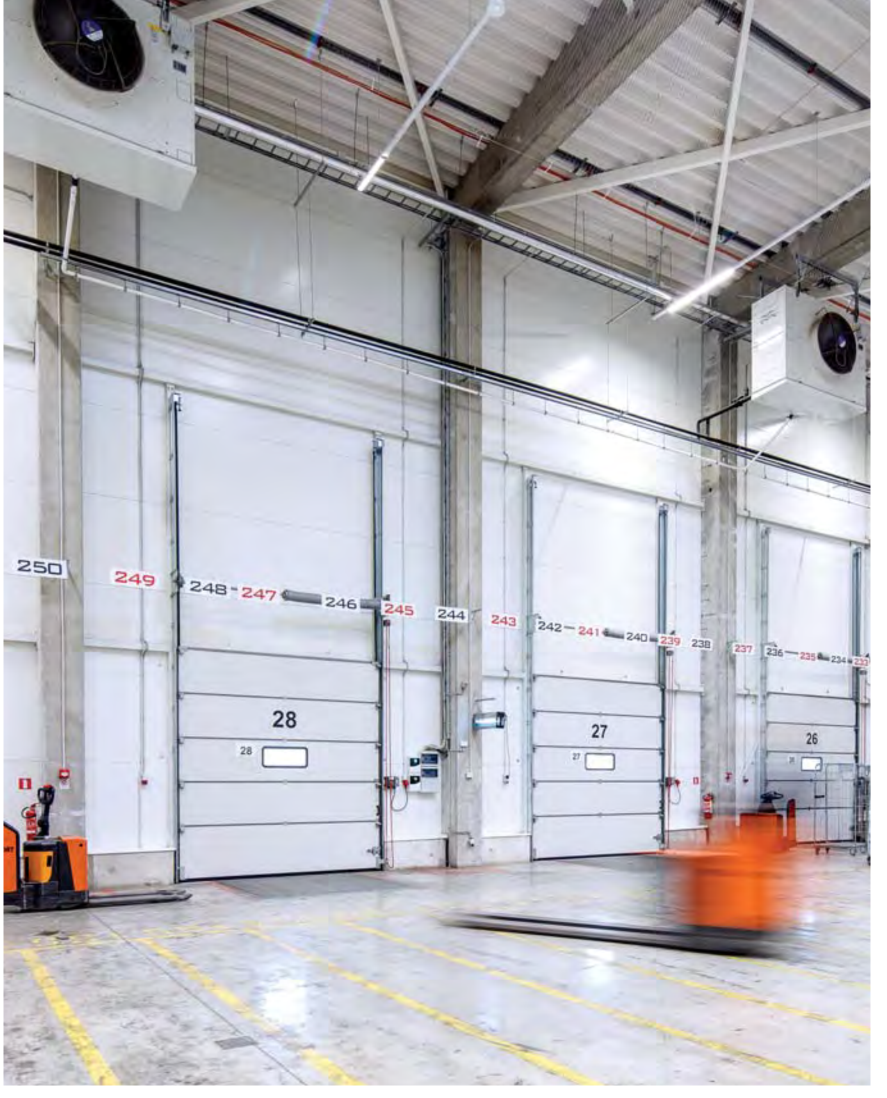
Asset- and property management services

Property management services are exclusively provided to the Group's own portfolio and the Joint Ventures 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 Ventures 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 coordination of the contractors for design, advising on obtaining permits, advising on the 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 Joint Ventures' portfolio, as well as for day-to-day co-operation with the tenants.

The asset management services entails giving advice and recommendations to the Joint Ventures' companies on the joint venture's asset management and strategy, thereby optimising the value of the joint venture assets. 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 Czech Republic and Germany by specific dedicated teams which 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.

In other countries where no local facility management team is in place, the Group uses third party facility management services companies to perform these activities.

Key principles of VGP's investment strategy

Strategically located plots of land

Focus on business parks with a view to realising economies of scale

High quality standardised and sustainable logistic real estate

In-house competences enabling a fully integrated business model

Primary focus on development activities and asset- and property management activities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VGP in 2019

2019 was another year of record growth for VGP. Strong growth was recorded in all the markets where the Group is active with Germany, the Czech Republic and Spain being the strongholds. These 3 counties accounted for 86% of the total signed annualised committed leases. The new lease contracts (excluding the renewals of existing lease contract) signed during the year reached an all-time record of € 53.3 million[1] at the end of December 2019.

During the year 2019 VGP signed **53.3 million of new leases**

The signed annualised committed leases represent € 155.0 million[2] at the end of December 2019 which represent a total of 2,662,000 m^2 of lettable area. Of this total space 749,000 m^2 belong to the own portfolio (635,000 m^2 as at 31 December 2018) and 1,913,000 m^2 to the Joint Ventures (1,347,000 m^2 at 31 December 2018).

During the year VGP entered into a second 50:50 joint venture with Allianz Real Estate (Second Joint Venture) and completed the first closing in which the Second Joint Venture acquired 8 prime logistic buildings of which 4 in the established markets of respectively Spain (3) and Austria (1), and 4 in the fast-growing market of Romania.

A fifth and sixth closing was made with the first 50:50 joint venture with Allianz Real Estate)(First Joint Venture) in which the First Joint Venture acquired 22 prime logistic including 10 buildings each in a new VGP park and another 12 newly completed logistic buildings which were developed in parks previously transferred to the First Joint Venture.

1 € 47.0 million related to the own portfolio and € 6.3 million related to the Joint Ventures.

2 Including the Joint Ventures. As at 31 December 2019 the annualised committed leases for the Joint Ventures stood at € 102.3 million (2018: € 70.9 million).

VGP successfully completed the acquisition of a significant number of new development land plots on top locations laying amongst others the foundations for two new milestone projects. The first one being the development of a new business park for BMW and KraussMaffei Group near Munich which will offer more than 250,000 m² of future lettable area. The construction phase was initiated during the month of September 2019. This project will have a timeframe of several years and involve an investment of around € 500 million. The second milestone project, VGP Park Laatzen, will offer circa 121,000 m² of future lettable area with KraussMaffei Berstorf as anchor tenant (representing 63% of the anticipated future rent income). The development phase of this park will have a timeframe of circa 2.5 years and involve an investment of around € 150 million. The land and infrastructure works were initiated in September 2019 and the construction of the first building in VGP Park Laatzen will be initiated during the first quarter of 2020.

During the year 19 buildings were completed totalling 287,000 m² of lettable area. At the end of the year 34 buildings were under construction representing 706,000 m² of lettable area of which 194,000 m² (12 buildings) are being constructed for the Joint Ventures.

VGP continued to increase its overall level of financial debt in 2019, in view of the current and planned development pipeline with (i) the issuance of a € 33.5 million Schuldschein Loan; (ii) a € 22.5 million secured bank loan for its VGP Park Latvia; (iii) issuance of a new 3.4 year, € 150 million retail bond, and finally (iv) additional unsecured 3 year committed credit facilities were arranged for an aggregate amount of € 150 million, in order to bridge the financing peaks in between the different closings with the Joint Ventures.

At the end of December 2019 –
under construction 706,000 m²
of lettable area

Business review

Commercial activities

The increase in demand of lettable area resulted in the signing of new lease contracts in excess of € 54.9 million (own and Joint Ventures' portfolio) of which € 53.3 million related to new or replacement leases million and € 1.6 million were related to renewals of existing lease contracts. During the year lease contracts for a total amount of € 2.4 million were terminated.

The annualised committed leases (on an aggregate own and Joint Ventures' portfolio basis) therefore increased to € 155.0 million* at the end of December 2019 (compared to € 104.1 million* as at the end of December 2018).

The signed lease agreements as at 31 December 2019 represent a total of 2,662,000 m^2 of lettable area and correspond to 245 different tenants' lease or future lease agreements (on an aggregate own and Joint Ventures' portfolio basis).

The weighted average term of the annualised committed leases of the combined own and Joint Ventures' portfolio stood at 8.9 years at the year-end (7.8 years as at 31 December 2018) and the occupancy rate (own and Joint Ventures' portfolio) reached 99.8 % at year-end (compared to 99.3% at the end of 2018).

* Including the Joint Ventures. As at 31 December 2019 the annualised committed leases for the Joint Ventures stood at € 102.3 million (2018: € 70.9 million).

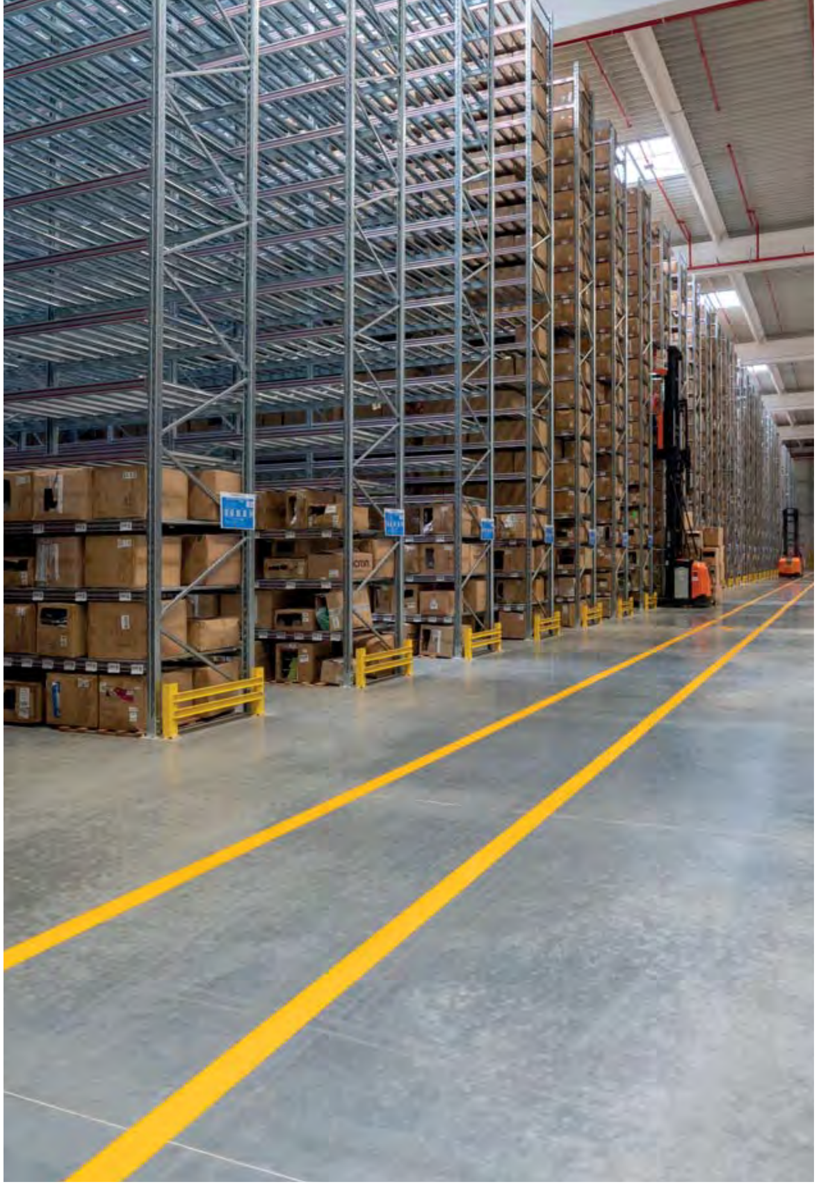
Own portfolio

During the year 2019 VGP signed new annualised committed leases in excess of € 47.0 million in total, all related to new or replacement leases. During the year lease contracts for a total amount of € 0.9 million were terminated.

Germany was the main driver of the increases in annualised committed leases with more than € 36.4 million of new leases signed during the year. The other countries also performed very well with new leases being signed in Spain + € 2.8 million, the Czech Republic + € 1.7 million, Latvia + € 1.7 million, the Netherlands + € 1.6 million, Italy + € 1.5 million, Romania + € 0.7 million and finally Hungary + € 0.6 million. This brings the annualised committed leases to € 52.7 million as at 31 December 2019.

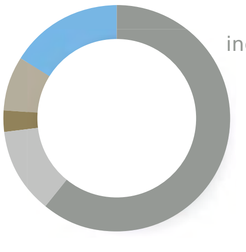
The signed lease agreements represent a total of 749.000 m² of lettable area and correspond to 29 different tenants' lease or future lease agreements.

The weighted average term of the annualised committed leases stood at 12.5 years at the year-end (12.3 years to first break).



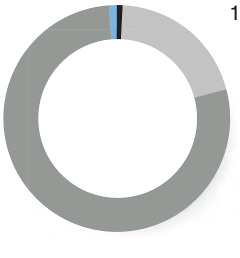
Tenant portfolio breakdown by industry

31 December 2019 *(in €)*



Committed lease maturity

31 December 2019 *(in m²)*



As at 31 December 2019 the investment property portfolio consists of 7 completed buildings representing 146,000 m² of lettable area with another 34 buildings under construction representing 706,000 m² of lettable area, of which 12 buildings (194,000 m²) are being developed for the Joint Ventures. During the year 19 buildings were completed totalling 287,000 m² of lettable area.

For its own account VGP delivered 6 buildings i.e. in Germany: 1 building of 13,000 m² in VGP Park Chemnitz and 1 building of 6,000 m² in VGP Park Göttingen. In other countries: 1 building of 32,000 m² in VGP Park Lliçà d'Amunt (Spain), 1 building of 16,000 m² in VGP Park Valsamoggia (Italy), 1 building of 17,000 m² in VGP Park Hatvan (Hungary) and finally 1 building of 27,000 m² in VGP Park Kekava (Latvia). The occupancy rate of the own portfolio reached 100.0% at the end of 2019 (compared to 99.4% at the end of 2018).

Joint Ventures' portfolio

During the year 2019 VGP negotiated for its Joint Ventures new annualised committed leases in excess of € 7.8 million in total of which € 6.3 million related to new or replacement leases and € 1.5 million to the renewal of existing leases. During the year lease contracts for a total amount of € 1.5 million were terminated.

Germany was the main driver of the increases in annualised committed leases with more than € 3.2 million of new leases signed during the year. In the other countries, new leases were signed in the Czech Republic + € 2.0 million, Romania + € 0.9 million and Slovakia + € 0.2 million. This brings the annualised committed leases to € 102.3 million as at 31 December 2019.

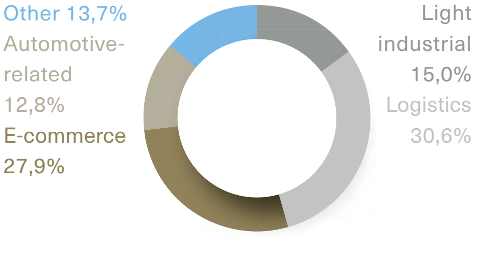
The signed lease agreements represent a total of 1,913,000 m² of lettable area and correspond to 216 different tenants' lease or future lease agreements. The weighted average term of the annualised committed leases stood at 7.0 years at the year-end (6.3 years to first break).

As at 31 December 2019 the investment property portfolio consists of 92 completed buildings representing 1,765,000 m² of lettable area with another 12 buildings being developed by VGP, on behalf of the Joint Ventures, representing 194,000 m² of lettable area.

For the Joint Ventures, VGP completed 13 buildings i.e. in the Czech Republic: 1 building of 3,700 m² in VGP Park Jenec[1], 3 buildings totalling 31,000 m² in VGP Park Olomouc[2]. In Germany: 1 building of 23,000 m² in VGP Park Berlin[1], 2 buildings totalling 17,000 m² in VGP Park Leipzig, 1 building of 39,000 m² in VGP Park Göttingen[1], 1 building of 12,000 m² in VGP Park Wustermark[1] and 1 building of 6,700 m² in VGP Park Bischofsheim[1]. In Spain: 3 buildings totalling 44,000 m² in VGP Park San Fernando de Henares[3].

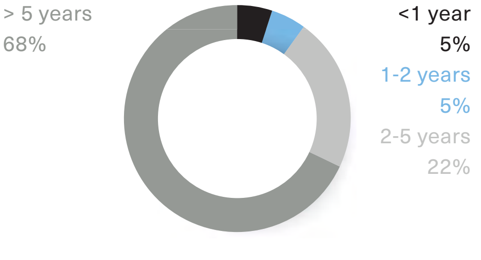
Tenant portfolio breakdown by industry

31 December 2019 *(in €)*



Committed lease maturity

31 December 2019 *(in m²)*



1 Initially developed by VGP for its own account and sold to the First Joint Venture as part of the 6th closing in November 2019.

2 Of which two buildings (28,000 m² in total) were initially developed by VGP for its own account and sold to the First Joint Venture as part of the 6th closing in November 2019.

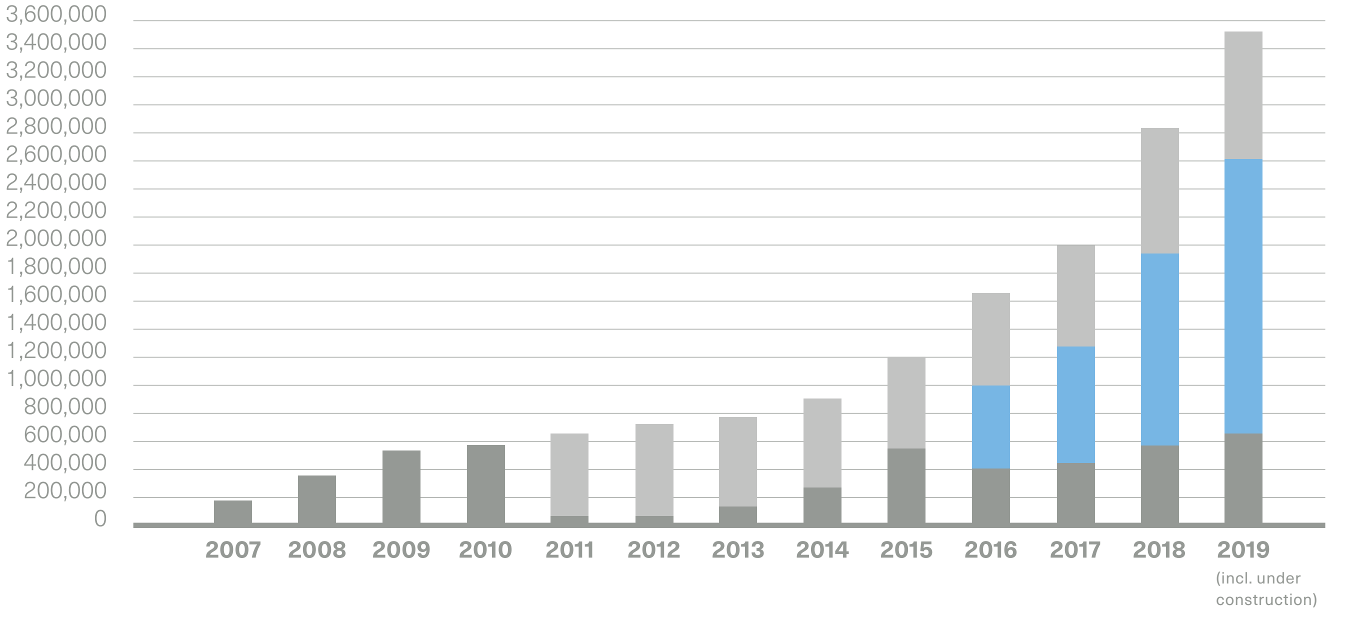
3 Of which two buildings (32,000 m² in total) were initially developed by VGP for its own account and sold to the Second Joint Venture as part of the 1st closing in July 2019.

Development activities

Own portfolio

The development activities have shown a consistent strong track record over the past years. Over the past 12 years VGP developed more than 3.5 million m² of lettable area.

Total square meters developed
31 December 2019 *(in m²)*



At the end of December 2019 VGP has 34 buildings (of which 12 buildings on behalf of the Joint Ventures) under construction. The new buildings under construction, which are already pre-let for 62%*, represent € 37.2 million of annualised rental income when fully built and let.

For its own account VGP had 22 buildings under construction totalling 512,000 m² of lettable area representing €27.7 million of annualised leases:

In Germany: 4 buildings in VGP Park München, 1 building in VGP Park Göttingen, 1 building in VGP Park Halle, 1 building in VGP Park Giessen-Buseck, 1 building in VGP Park Magdeburg and 1 building in VGP Park Einbeck. In Spain: 2 buildings in VGP Park Valencia Cheste, 1 building in VGP Park Zaragoza and 3 buildings in VGP Park Llica d'Amunt. In the Netherlands: 1 building in VGP Park Nijmegen and 1 building in VGP Park Roosendaal. In Italy: 1 building in VGP Park Valsamoggia and 1 building in VGP Park Calcio. In the Czech Republic: 1 building in VGP Park Prostejov and finally in Romania: 1 building in VGP Park Sibiu and 1 building in VGP Park Kecskemet.

In 2019, VGP acquired 2,881,000 m² of new development land. Of these land plots, 1,290,000 m² (45%) are located in Germany, 575,000 m² (20%) in Slovakia, 225,000 m² (8%) in Spain, 177,000 m² (6%) in Hungary, 168,000 m² (6%) in the Netherlands, 166,000 m² (6%) in Romania, 92,000 m² (3%) in Austria, 74,000 m² (3%) in Portugal, 61,000 m² (2%) in the Czech Republic and finally 53,000 m² (1%) in Italy. These new land plots have a development potential of 1,171,000 m² of future lettable area.

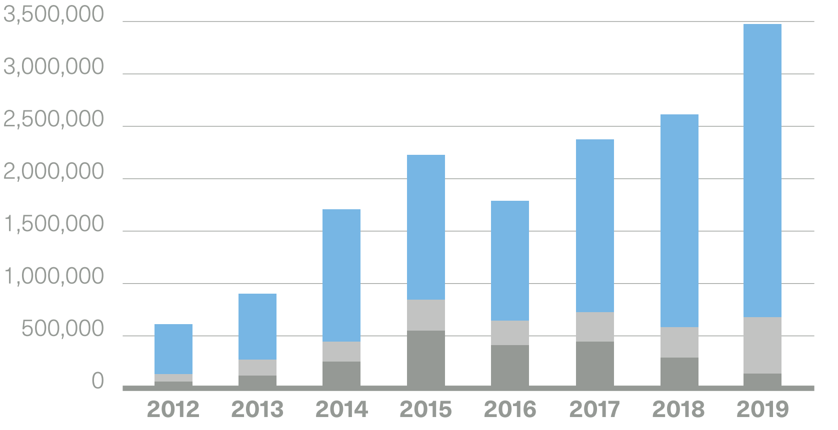
* Calculated based on the contracted rent and estimated market rent for the vacant space.

Besides this VGP has another 1,797,000 m² of new land plots under option which are located in Germany, the Czech Republic, Italy, Romania and Slovakia. The bulk of the land plots are expected to be purchased during the next 18 – 24 months, subject to obtaining the necessary permits.

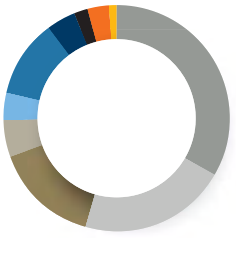
As a result, VGP has currently a remaining secured development land bank of 6,212,000 m² of which 71% or 4,414,000 m² is in full ownership. The secured land bank allows VGP to develop, in addition to, the current completed projects and projects under construction an additional 2,784,000 m² of lettable area of which 909,000 m² in Germany, 532,000 m² in the Czech Republic, 385,000m² in Romania, 320,000 m² in Slovakia, 215,000 m² in Spain, 143,000 m² in the Netherlands, 131,000 m² in Hungary, 78,000 m² in Italy, 42,000 m² in Austria and 29,000 m² in Portugal.

The development potential of the VGP own portfolio on the remaining secured land bank as at 31 December 2019 is as follows:

Remaining development potential own secured portfolio
31 December 2019 *(in m²)*

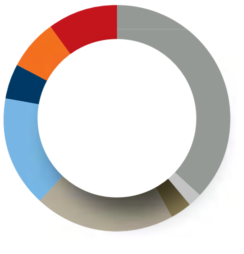


Remaining development land
31 December 2019 *(in m²)*



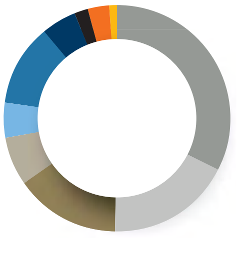
- Germany 33%
- Czech Republic 21%
- Romania 15%
- Spain 5%
- Netherlands 4%
- Slovakia 11%
- Hungary 4%
- Austria 2%
- Italy 3%
- Portugal 1%

Total completed & under construction
31 December 2019 *(in m²)*



- Germany 37%
- Czech Republic 2%
- Romania 3%
- Spain 20%
- Netherlands 16%
- Hungary 5%
- Italy 7%
- Lavia 10%

Remaining development potential
31 December 2019 *(in m²)*



- Germany 33%
- Czech Republic 18%
- Romania 15%
- Spain 7%
- Netherlands 5%
- Slovakia 12%
- Hungary 5%
- Austria 2%
- Italy 3%
- Portugal 1%

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.

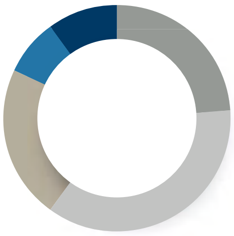
Joint Ventures' portfolio

At the end of December 2019 VGP is constructing 12 new buildings on behalf of the Joint Ventures, totalling 194,000 m² of lettable area. These buildings represent €9.5 million of annualised rental income when fully built and let.

The buildings under construction are located in the Czech Republic: 2 buildings in VGP Park Olomouc, 1 building in VGP Park Chomutov and 1 building in VGP Park Usti and Labem; in Germany: 3 buildings in VGP Park Berlin and 1 building in VGP Park Wustermark; in Spain: 2 buildings in VGP Park San Fernando de Henares; in Slovakia: 1 building in VGP Park Malacky and finally in Romania 1 building in VGP Park Sibiu.

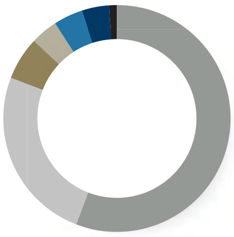
The Joint Ventures have currently a remaining development land bank in full ownership of 303,000 m² on which circa 136,000 m² of new lettable area can be developed. The current development potential of the Joint Ventures as at 31 December 2019 is as follows:

Remaining development land
31 December 2019 *(in m²)*



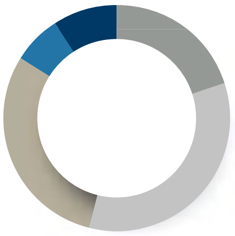
- Germany 24%
- Czech Republic 36%
- Spain 22%
- Slovakia 8%
- Hungary 10%

Total completed & under construction
31 December 2019 *(in m²)*



- Germany 56%
- Czech Republic 25%
- Romania 6%
- Spain 4%
- Slovakia 4%
- Hungary 4%
- Austria 1%

Remaining development potential
31 December 2019 *(in m²)*



- Germany 20%
- Czech Republic 34%
- Spain 30%
- Slovakia 7%
- Hungary 9%

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.

General market overview*

Key market indicators CEE + Germany, Spain, Portugal, Netherlands and Italy

		Warehousing			
		Prime Rent *m^2 per annum*	**Rental Change** *y-o-y (%)*	**Prime Yield** *(%)*	**Yield Change** *y-o-y (bp)*
Prague	EUR	57	0.0	5.50	0
Berlin	EUR	66	0.0	3.75	-5
Frankfurt	EUR	74	0.0	3.75	-5
Munich	EUR	85	0.0	3.75	-5
Budapest	EUR	57	0.0	7.25	0
Milan	EUR	56	0.0	4.70	-25
Amsterdam	EUR	85	0.0	3.90	-10
Warsaw	EUR	46	0.0	5.95	-30
Lisbon	EUR	48	0.0	6.00	0
Bucharest	EUR	49	0.0	8.00	0
Bratislava	EUR	59	0.0	6.00	-25
Barcelona	EUR	82	0.7	4.75	0
Madrid	EUR	66	1.9	4.75	0

Source: Jones Lang LaSalle Research, January 2020

* Source : Jones Lang LaSalle – 2019 Industrial Report CEE & Western Europe

The breakdown of volumes for 2019 is as follows:

Country	**2019 Volume** *(€ million)*	**2019 Volume** *(€ million)*	**2019 Volume** *(€ million)*	**2019 Volume** *(€ million)*
Poland	7,756	7,200	5,030	4,540
Czech Republic	3,103	2,510	3,538	3,600
Romania	683	900	1,840	890
Slovakia	770	820	1,000	840
Hungary	1700	1,800	525	1,700
Other CEE	N/A	N/A	1,045	994
Total CEE	**14,012**	**13,230**	**12,980**	**12,564**
Germany	69,390	55,000	53,500	52,900
Spain	11,275	10,400	11,230	8,706
Portugal	3,240	3,300	2,020	N/A
The Netherlands	11,720	14,100	18,400	N/A
Italy	12,300	8,700	10,260	N/A
Grand Total	**121, 940**	**104,730**	**108,390**	**74,170**

Source: Jones Lang LaSalle Research, February 2020

Western Europe

Focus on Germany

The last decade will rightly go down in history as the "property decade". The positive development on the investment market not only continued in 2019 but culminated in an explosion of deals in a year-end rally that had been almost inconceivable in terms of its form and dynamism. The market is able to look back on an upswing that has now endured for ten years.

On the basis of the low interest rates, it seems that property has become virtually the only investment option for institutional investors. And an increasing number of investors from Germany and abroad are gradually restructuring their portfolios and increasing the property component. Over the next five years, German government bonds with a volume of over €800bn will expire and will have to be reinvested. The previous interest rate on these government bonds was around 3% on average, which is significantly higher than the current rate of return. Some of this capital should be invested in real estate, meaning that demand on the German investment market will remain high in the next few years.

The spectacular end to the year ensured that the German investment market achieved a new record result. The fourth quarter alone registered an unprecedented € 34bn, which has never been achieved in any previous quarter (the former record was set in Q4 2016 with € 26.5bn). In the last three months of the year, 73 transactions in the three digit-million or even billion-euro range were completed. As a result, the total transaction volume including Living amounted to € 91.3bn in 2019, with 187 transactions beyond the € 100m mark.

Considering the, at times, enormous pressure on capital for investors, it comes as no surprise that the Big 7 still accounts for the majority of the transaction volume. Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich and Stuttgart generated a total volume of € 52.6bn, which was 14% higher compared to 2018. This volume also represents 58% of the capital invested in German property.

This value is in line with the average for the past five years and once again demonstrates the particular importance of the seven cities as destinations for national and international capital.

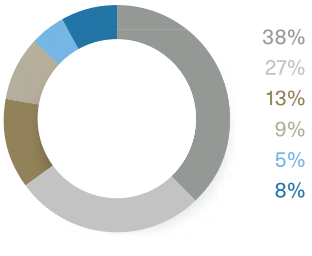
Berlin remains the undisputed leader with € 15.8bn and an increase of 46% compared to 2018. Thus, the German capital alone accounts for 30% of the capital invested in the Big 7. Munich is in second place with € 10.9bn and 65% growth compared to the previous year, followed by third-placed Frankfurt with € 10bn and a 14% decline. The increasing concentration on the three cities Berlin, Munich and Frankfurt is certainly not a surprise and illustrates the enormous demand primarily for large-scale properties. Apart from a few exceptions, such opportunities in Germany are mostly available in these three markets.

Transaction Volume Germany *(€mn)*	**2017**	**2018**	**2019**	**17-18** *(%)*	**18-19** *(%)*
Single assets	42,900	50,700	56,200	18%	11%
Portfolios	29,600	28,300	35,100	-4%	24%
Total	72,500	79,000	91,300	9%	16%

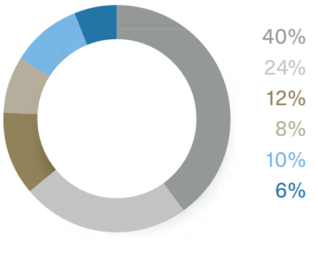
Source: JLL, February 2020

Transaction Volume Germany by type of use

2018: 79,0 € bn



2019: 91,3 € bn



- Office
- Living
- Retail
- Logistic/industrial
- Mixed
- Other*

*Other: Hotels, Sites, Special Properties, Source: JLL, January 2020

The strongest dynamic in yields is still evident in the logistics property segment. The initial yield continued to drop, reaching 3.75% in 2019. Yields have fallen by more than 240 basis points since 2014, and the distance from the office yield is at its lowest level ever with 82 points. The strong demand for logistics property, combined with the benefits of a loose monetary policy, should continue to put downward pressure on yields in 2020. The differentiation in retail yields that has already begun will continue in 2020. Yields for centrally located commercial buildings have remained stable in the Big 7 and averaged 2.84% at the end of 2019. In the meantime, lower returns are now being accepted for top retail parks that act as local suppliers (4.2%) than for premium shopping centers (4.5%). For the latter, the upward trend (an increase of 60 basis points since the low point in mid-2018) in yields in recent quarters will take firm hold.

Focus on Spain

The Spanish economy appears to have ended 2019 on a slightly stronger note despite continuing political uncertainty. GDP growth for the total of 2019 is estimated at 2% and the forecasts for 2020 are more moderate, with an expected advance of 1.7% in GDP, according to advanced data from Oxford Economics. Both private consumption and fixed investment, although continuing to grow, slowed down during the fourth quarter, with increases of 1.4% and 2.7% y-o-y respectively. Exports, despite global tensions and the slowdown of the economy in the Eurozone, grew by 2.7% in the last quarter of the year. By 2020, exports are expected to increase slightly, to an average of 2.0% per year.

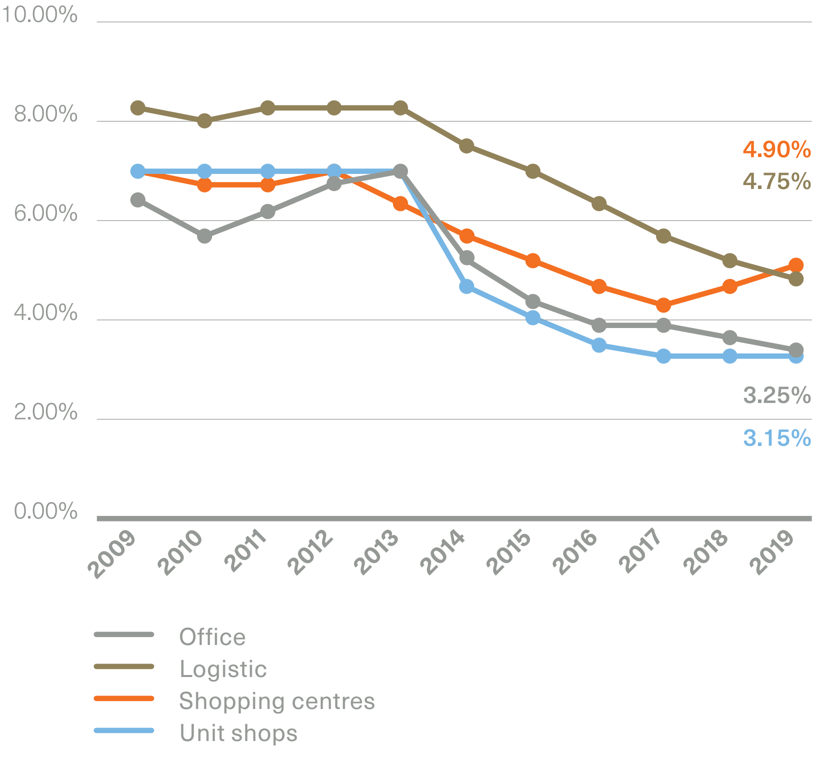
Inflation rose to 0.8% in December, the highest in seven months but still below the ECB target. Forecasts point to an average inflation of only 1.0% in 2020 (above 0.7% in 2019), according to Oxford Economics.

The investment volume during the last quarter of the year was € 658M. In total in 2019 the investment volume was € 1,875M, a 31.4% more y-o-y, breaking a new historical record. About half of the investment volume was in Madrid, a 25% in Barcelona and the rest in markets such as Zaragoza or Bilbao, which are increasingly gaining prominence in our country. Funds represented around 85% of the total investment, so they continue to be the most active in the mark et, with the presence of international funds standing out.

Due to the boom in the logistics sector, prime yields have fallen by 25 basis points in Madrid and 40 in Barcelona since 4Q 2018. Both markets are at 4.75% at the end of 2019. This drop in prime yield, together with a rise in rents in Madrid (+4.7% y-o-y to 5.5 €/m²/month) and in Barcelona (+0.7% YoY to 6.8 €/m²/month), have led to increases in market values of close to 10% in both markets. By 2020 we expect an investment volume in line with that of the last three years and we anticipate that the yield prime in both Madrid and Barcelona will continue to fall, at least to 4.6%.

In the coming years, the logistics sector will keep consolidating in Spain, where it will tend towards the intensive use of new technologies, with spaces equipped with constructive quality for its activities related to e-commerce, among others.

Development of prime yields in Spain



Source: JLL EMEA, February 2020

Focus on the Netherlands

The Dutch economy overall remains relatively robust compared with its neighbours. However, due to a downward revision to Q2 growth, this means that Oxford Economics now forecast 2019 GDP growth of 1.6%. Although 1.6% seems modest growth it is outperforming other European countries.

Sentiment in the Dutch manufacturing industry continues to worsen, spilling over into the services and consumer sectors. This is weighing on activity, but the economy overall remains relatively robust compared with its neighbours. However, together with a downward revision to Q2 growth, this means that Oxford Economics now forecast 2019 GDP growth of 1.6% (down from 1.7%), while our 2020 forecast is unchanged at 1.2%.

Headline inflation came down a bit to 2.4% y/y in September, remaining much higher than 0.8% for the eurozone overall primarily due to the Dutch VAT and energy tax increases at the start of the year. Similarly, core inflation remained high at 2.2%.

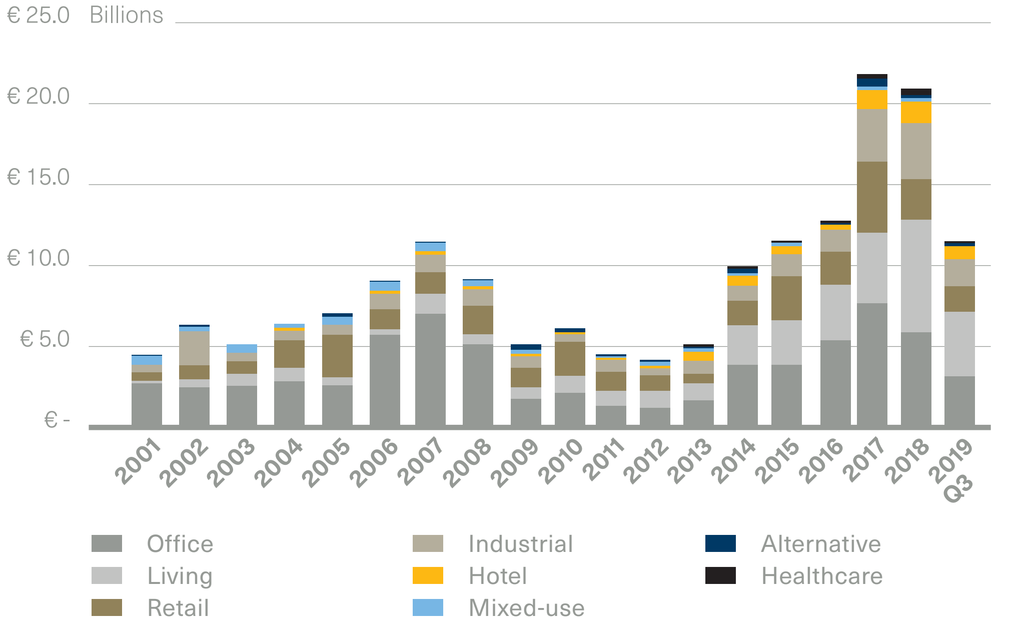
The Dutch investment market remains buoyant. The total investment volume in 2018 nearly equalled that of the preceding year, especially due to a historically high investment volume for residential space. The office investment class saw the total volume fall by 24% due to a lack of investment supply in the most sought-after markets. The limited supply led to investors widening their geographical horizon within the Netherlands as well as to a further compression of yield levels in the Netherlands.

The logistics investment market in the Netherlands continues to attract strong demand from international capital, reflected in record high investment volumes. The significant increase in trading levels can be attributed to strong fundamentals in the occupational market and the availability of core assets.

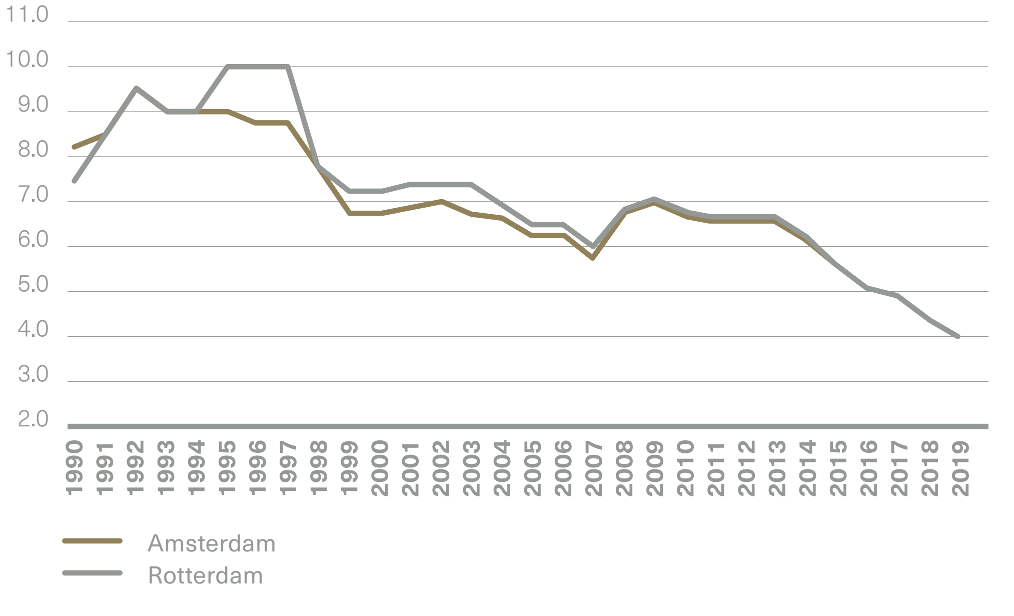
After a period of subdued investment volumes, 2015 showed an increased interest in industrial, and specifically logistics continued. The industrial market as a whole recorded an investment volume of approximately € 1.4 billion. Which was the highest investment volume for the sector on record at the time. The industrial investment volume was mainly driven by the logistics sector. Logistics was accountable for 63% (€ 883 million) of the total industrial investment volume.

After a slow 2016, the industrial investment volume in 2017 reached a volume of almost € 3.2 billion and was primarily driven by several large-scale portfolios. 2018 showed a continued trend of high interest in industrial investments. Total investment volume reached a record volume of almost € 3.4 billion which is a 5% increase compared to 2017. Again, the majority was driven by several large portfolios in both the light-industrial and logistics market.

Netherlands: Investment volumes all asset classes



Development of industrial prime yields in the Netherlands



Source: JLL EMEA, February 2020

Focus on Italy

2019 was a record year for the logistics sector, for both leasing and investment market. The take-up in the whole year reached around 1.8 million m², the highest absorption ever recorded, showing an increase of 25% both on the previous year and on the last 5 years average. The market was very dynamic, with 108 deals closed (+15 compared to 2018); the 47% of them was related to assets below 10,000 m².

Geographically Milan confirms to be the first destination, attracting almost half of yearly take-up; it was followed by Veneto, Bologna and Rome areas. The market witnessed an increase of built to suit operations (+22% on 2018) and a slight decrease of 3PLs operators. Prime rents remained stable during the year in all key markets of Milan, Rome, Veneto and Bologna.

Total investment volumes in Italy reached around €12.3 billion in 2019, up by 46% on 2018 and 26% with respect to the last 5 year average. Volumes were also higher compared to the 2017 figure, when the market saw a record investment level. Logistics volumes reached record levels too, with €1.5 bn, a volume 42% higher on the previous year. A significant number of deals were closed during the year (43, +19 compared to 2018). The number of portfolios increased, accounting for 47% over the year. Capital was once again mainly international (94%), coming in particular from Europe and USA. The brilliant phase of the sector brought to a compression of prime net yields in all the key markets.

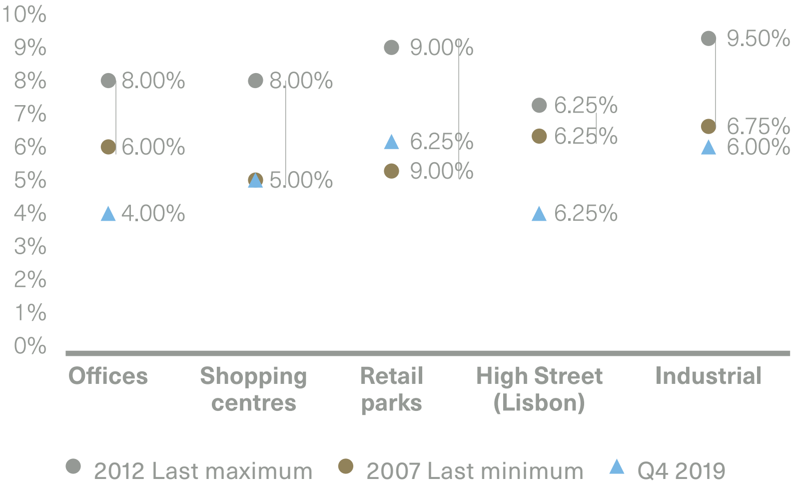
Focus on Portugal

2019 will be the fourth consecutive year in which GDP grows by circa 2%, according to the Bank of Portugal, consolidating the significant economic development in recent years, following a start of the decade defined by a severe domestic crisis. This growth is in line with the 2018 economic expansion (2.1%) and again above the Eurozone average, whose growth is estimated at 1.2%.

2019 was the second-best year ever, only overcame by the 3,35 billion euros invested in 2018, a mere 110 million more than this year, in other words, a residual of 3%. It was an exceptional result, which stands 70% above 2017 (1,9 billion euros) and which more than doubles the yearly average for the decade (1,44 billion euros). Portugal remains on the radar of the international investors who were responsible for 87% of the investment volume. In terms of segments, retail and offices continue to take the lead, with market shares of, respectively, 29% and 27% of the investment.

In general, there is a growing confidence of the investors in the Portuguese real estate market, which has resulted in a new yield compression. Such that, except for retail parks, prime yields are at historic lows in all commercial property segments, reaching 4% in offices and street shopping in Lisbon, 5% in shopping centres and 6% in logistics & industrial assets. For retail parks the rate stands at 6.25%, compared to the 5.5% minimum of 2007.

Prime yields evolution



Source: JLL EMEA, February 2020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CEE Real estate investment – Market overview 2019

After impressive first six months of 2019 for the CEE investment market, the second half of the year marked itself with even greater investment volumes. Overall, in 2019 there was a number of transactions totalling at € 14.01 billion, which recorded an 6% increase over 2018 (€13.23 billion) in total and for the third year running set a new record transaction volume for the CEE region by over € 700 million.

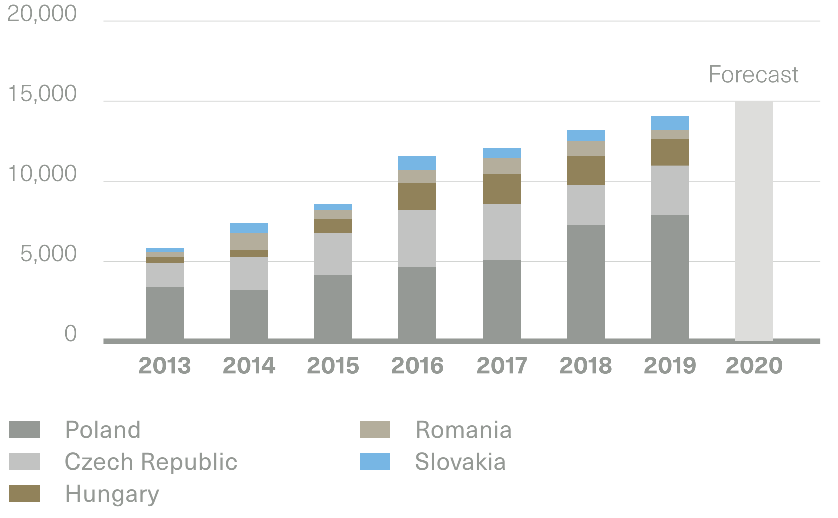
With over 55% of that amount, as well as an increasing activity of the European investors, Poland maintained its dominance among CEE countries.

The strong investment activity was also recorded in the Czech Republic. 2019 marked itself with one fourth of all transactions in the CEE and almost 24% increase in the total investment volumes. Despite the subdued first six months of the year, the investment activity in Hungary improved significantly in H2 2019. In Romania, 2019 was characterised by rising activity within secondary cities and drop of the total investment volume in Bucharest, the most desired market hitherto. In Slovakia, the investment volume spread evenly between H1 and H2 and 2019. There was also continuous increase of the interest in the retail sector.

Over the last 12 months prime yields saw some downward pressures, with the most visible compressions noted in the office and industrial sectors. Overall, the CEE investment market is likely to grow further and we may expect 2020 to outperform results registered in 2019.

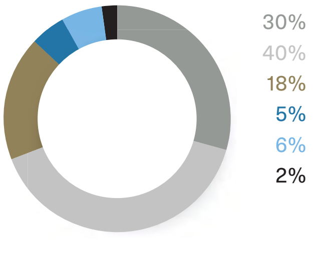
For 2020, we expect continued, strong interest for product in the CEE markets although perhaps not quite to levels seen in 2019. Our current forecast for the full year suggests that CEE regional volumes will reach amount around €15 billion.

CEE Investment volume by countries

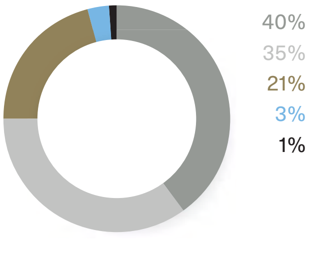


CEE investment volumes by sector

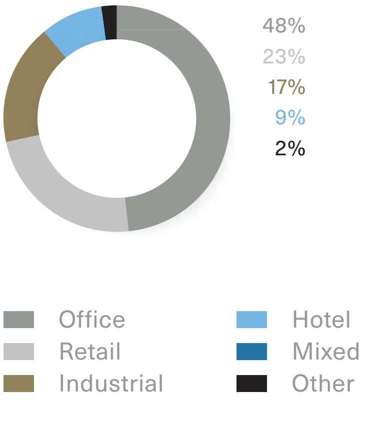
CEE Sector split 2017



CEE Sector split 2018



CEE Sector split 2019



Source: JLL, January 2020

Focus on the Czech Republic

The Czech Republic still reports strong macroeconomic performance and continues to be considered as the most stable country with the lowest investment risk rating within the CEE region. Retail sales continue to grow with an increasing importance together with the share of e-commerce sales. Industrial and logistics as well as retail occupational markets have registered strong performance, leading to low vacancies across the sectors. Office sector was marked by a slight weakening of occupational demand, however, this had no negative impact on investment volumes. The Czech Republic investment market continues to be supported by strong fundamentals of the occupational markets.

These strong fundamentals brought total investment volumes in 2019 to € 3.1 billion, up by 23.5% compared to 2018. H2 2019 saw investment volumes at € 1.3 billion in 33 transactions, which resulted in a slight decrease of 7.5% y/y. Number of transactions in H1 2019 (34) was almost the same as in H2 2019 (33), but the first half of 2019 witnessed four large transactions with price tag above € 130 million each, hence H2 was 27.5% lower volume than H1.

Czech investors kept dominating the market in 2019 with 40% market share (36% in H2 2019). Investors from South Korea represented 24% of the market due to their strong appetite for product and aggressive pricing. However, in H2 2019 the South Korean market share dropped to 15%, which is a 50% decline compared to H1 2019. Investors from Austria (10%) and Germany (8%) were also among the most active investors on the Czech market in 2019.

Office sector was a dominant one and represented 39% of the investment volume in H2 2019 and 47% in 2019 overall. The most significant office investment transactions in H2 2019 included DRN in Prague 1 sold by Sebre for € 102 million to KGAL. The DRN transaction resulted in the compression of the prime office yield which as of Q4 2019 stands at the historically lowest level of 4.25%. The total office investment volume recorded for H2 2019 reached € 513 million.

Retail sector held the second largest market share in H2 2019 with 25%. Total investment volumes in 2019 represented 16%. In H2 2019, retail sector witnessed 10 transactions. The total retail investment volume recorded for H2 2019 reached € 333 million.

Investors were eager to find an opportunity in industrial and logistics sector. Nevertheless, as significant part of the market is owned by the strategic players who rarely sell, this sector suffered from a lack of available product during the whole 2019. In H2 2019 and in the entire year, market share stood at 14% and 10% respectively. Five investment transactions took place in H2 2019 and the most significant was the sale of Amazon in Prague by AEW for € 135 million to South Korean investors Samsung Securities, for a record yield. Rest of the transactions included non-prime products sold for € 10 – 15 million each. The total investment volume in this sector recorded for H2 2019 reached € 183 million.

Investor activity and appetite for investment product continues to be strong and new sources of money are actively searching for opportunities, however, it is limited by a lack of supply of prime assets and high price expectations of sellers.

In H2 2019, our view on prime yields is as follows: prime offices at 4.25%, prime shopping centres at 4.90%. The industrial and logistics prime yield remains at 5.50%. Prime retail parks are at 6.00% while prime high-street assets would trade at 3.50%.

Focus on Hungary

Similarly to 2018, investment activity was subdued during the first half of 2019 but the activity picked up in H2 with a doubling of the volumes (above € 1 billion), pushing the 2019 annual investment volume up to € 1.7 billion (note: the annual transaction volume includes transactions with financial closing taking place in 2019. Forward sale deals are registered upon financial closing ie. most typically in the year of the building's handover).

Throughout 2019 the market witnessed heightened activity in the hotel segment, stable and continuous interest for offices, weak supply and a decrease in demand for retail properties, as well as high, yet insatiable demand for industrial properties.

Prime yields have now compressed below their previous cycle peak in every asset classes, with the exception of industrial/logistics due to the notable lack of premium quality supply for sale.

As usually, the strongest transaction activity was recorded in the office asset class, which generated 45% of the 2019 volume followed by retail (27%). The hotel sector registered a historic activity representing some 15% of the annual volumes. The remaining share was represented by industrial/logistics assets and development deals.

Activity in the industrial/logistics asset class increased by 15% on the 2018 annual volumes and reached € 140 million in 2019. The leading transactions included the purchase of the 60,000 m² Aerozone Business Park by the South African JT Ross Property Group, a new entrant on the logistic market in Hungary; the sale of a regional 85,000 m² Grade B portfolio to CNIC and the disposal of a 30,000 m² countryside logistics park to the Hungarian Infogroup developer, who owns a sizeable regional logistics platform in East-Hungary.

We see the prime yields as follows: office and high street retail at 5.25%, shopping centres at 5.75% and industrial at 7.25%. Based on the pipeline of transactions we expect the 2020 annual volume to remain in line with the previous years on the back of major on-going transactions across all asset classes.

Focus on Romania

The property investment volume for Romania in 2019 is estimated at circa € 683 million, a value almost 25% lower than the one registered in 2018 (€ 909 million). However, two large transactions, worth approximately € 340, although signed and initially expected to be concluded in 2019, will be probably closed during the first half of 2020. The number of transactions decreased together with the average deal size, currently standing at approximately € 23 million, mainly due to significant increase in transactions with smaller buildings of under € 20 million.

Even though Bucharest is traditionally the most sought market in Romania, it only accounted for 48% of the total investment volume in 2019. The secondary cities, neglected for the past 10 years, have become more interesting, as quality product came to the market and the risk perceived by investors significantly decreased.

As it was the case in the last 5 years, market volumes in 2019 were dominated by office transactions, with 60% of the total, while retail accounted for over 23%. The largest transaction registered in 2019 involved Dedeman who acquired The Office – a 60,880 m^2 office park in the CBD of Cluj-Napoca, the second most important office market in Romania. This is the first acquisition of the private Romanian group in a secondary city and its second acquisition in Romania, after buying The Bridge in the Center-West submarket of Bucharest.

The most important industrial transaction was the acquisition of a logistic park on the A1 Highway, at the Km. 13, the most important sub-market in Bucharest. Bought by CTP from Vabeld for approximately € 40 million.

Prime office yields are at 7.00%, prime retail yields at 7.00%, while prime industrial yields are at 8.00%. Yields for retail are at the same level as 12 months ago, while office and industrial yields have compressed by 25 bps over the year. Romania is still well positioned from a yield perspective, as the current values are still behind the last peak registered in the 2007–2008 period.

The strong sentiment and the very positive macroeconomic environment, which together with the improving financing conditions makes Romania an interesting market. Consequently, the volume for 2020 is estimated to marginally surpass the € 1.1 billion mark.

Focus on Slovakia

Real estate investment sector continues to benefit from strong inflows of capital and Slovakia is not an exception. The country is enjoying its momentum with a positive trend in investment volumes, number of deals and liquidity. Approximately € 770 million was traded in 2019, with equal split between H1 and H2. The investment volume could have surpassed €1 billion, but several transactions slipped into 2020.

Investors were mostly focused on office and industrial asset classes. For 2020, the total investment volume is expected to reach approx. between € 0.8 to € 1 billion. Moreover, the potential prime bidding levels, reflecting current investors' appetite and new requirements for prime products for Q1 2020, are as follows: Offices 5.25% – 5.50% (with waults of 7 to 10 years, based on several offers made in Q4, these deals has not been closed yet), Logistics 5.85 – 6.00% (with waults of 7 to 10 years), Shopping centres 5.75% – 6.00% for core income.

The industrial & logistics sector benefits greatly from strong demand. Nevertheless, it simultaneously suffers from the lack of product as 80% of prime stock has been traded in the last 5 years and the market is dominated by a few sector specialists/leaders. Investment volumes reached approximately € 260 million in 2019. Assets in all parts of Slovakia, that enjoy proximity to the highway or strong investment rationale, can now be attractive investment opportunities. Investors currently prefer schemes with tenants' base consisting of last mile delivery, logistics and e-commerce businesses.

The major deal of H2 2019 was the sale of the Vector parks portfolio consisting of 4 parks of total GLA of 120,000 m². Two assets are in Bratislava (Raca and Svaty Jur), one in Eastern Slovakia (Maly Saris) and one in Czechia (Mosnov). The portfolio attracted very strong interest from investors around the globe and the Australian manager MIRA (part of Macquarie), with JLL as its sell-side agent, sold Vector Parks to US based private equity company TPG.

German market*

German market for logistics space again exceeds the 6 million m² mark

Around 6.6 million m² was taken up in the German market for warehousing and logistics space in 2019 (owner-occupiers and lettings), 8% less than in the record year 2018 (7.2 million m²). Compared to the long-term averages, the five-year average was slightly exceeded (3%) but the result was significantly above the ten-year average (20%). The regional analysis shows clear differences in a year-on-year comparison. While outside the Big 5 almost as much space was taken up as in the previous year (-2%), there was a significant drop in take-up overall in the Big 5 (-22%), with the exception of the Berlin region.

In the Big 5, Berlin is ranked No. 1

The Big 5 conurbations (Berlin, Düsseldorf, Frankfurt, Hamburg and Munich) recorded their poorest performance since 2009 of around 1.67 million m² (2009: 1.30 million m²). The decline compared to the previous year was also substantial (-22%), falling short of the five- and ten-year averages by 18% and 13% respectively.

Only the Berlin region developed positively, recording a 21% increase in take-up compared to the previous year and assuming top place within the Big 5 with take-up of around 493,000 m². In contrast, the traditionally strongest regions in terms of take-up, Frankfurt (413,000 m²) and Hamburg (364,000 m²), recorded declines of 37% and 23% respectively. The downturn in take-up in the Düsseldorf region was even more considerable, with 45% less space let than in the previous year. The main reason for this decline was the lack of available units larger than 5,000 m². In this size category, take-up in the Big 5 fell disproportionately: in 2019, 28 fewer deals were registered and 562,000 m² less space was taken up than in 2018.

In the Big 5, the Düsseldorf region recorded the largest deal, in which the logistics company Hoyer commenced construction of a 40,000 m² logistics centre in Dormagen. The biggest deal of the fourth quarter was registered in the Hamburg region, where a logistics company leased around 30,000 m² in Hamburg’s industrial port.

Companies from the distribution/logistics segment were responsible for the highest volume of take-up in the Big 5, at around 29%. Retailers accounted for 430,000 m² (26%), including 127,000 m² leased by e-commerce companies. Manufacturers followed with a share of 25%.

In 2019, around 656,000 m² of warehousing space was completed in the Big 5, with just 12% of this space unlet at the time of completion. There is currently around 750,000 m² under construction, with almost a third (240,000 m²) still available to the market. Most construction activity is currently taking place in the Munich and Berlin regions.

* Source : Jones Lang LaSalle – 2019 Industrial Report CEE & Western Europe

Prime rents – rises in Hamburg, Frankfurt and Düsseldorf

In the Hamburg region, prime rents for warehousing space in the > 5,000 m² size category showed the strongest year-on- year increase, up 10% to € 6.40/m²/month. In Frankfurt, it rose by 3.3% to € 6.20/m²/month over the past twelve months and in Düsseldorf, by 1.9% to € 5.50/m²/month. The highest prime rent was achieved in Munich (€ 7.10/m²/month) where it remained stable over the course of the year; this was also the case in Berlin (€ 5.50/m²/month).

Second-highest result in terms of take-up outside the Big 5

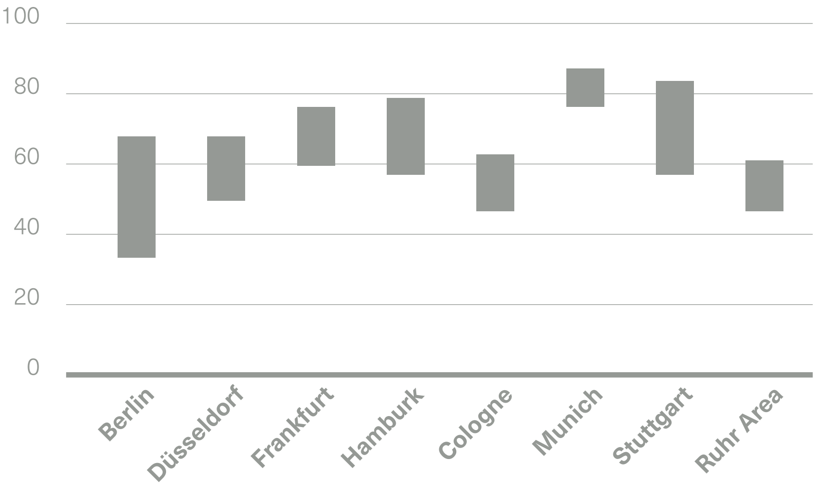
Around 4.96 million m² was taken up outside the Big 5 conurbations in 2019 – just 2% less than in the previous year and therefore the second-best ever result. It was also a considerable 13% and 37% higher than the five – and ten-year averages respectively. While letting take-up increased by 2% year-on-year, owner-occupier deals declined by 11%. Once again, the region with the highest take-up result was the Ruhr area with around 683,000 m².

The largest deal concluded there was the 90,000 m² EDEKA central warehouse in Oberhausen, the construction of which commenced in October. This was followed at a substantial distance by the Bremen region (305,000 m²) in which a deal was secured with Amazon for the construction of a three-storey logistics center with a usable floor area of 120,000 m² in Achim by 2021. The Hanover/Brunswick region secured third place with 268,000 m². The biggest deal concluded in this region was letting by the mechanical engineering company Krauss Maffei Berstorff of more than 50,000 m² in Laatzen, with completion scheduled for the end of 2022.

Interestingly, and despite all the economic headwinds, the strongest demand came from manufacturers outside the Big 5, who accounted for 1.8 million m², or 37% of total take-up. Retailers followed with 31% (1.5 million m², including 612,000 m² by e-commerce companies) and companies from the distribution/logistics segment with around 28% (1.4 million m²). In total, around 70% of the space taken up was in new buildings or projects, including all deals of units larger than 50,000 m².

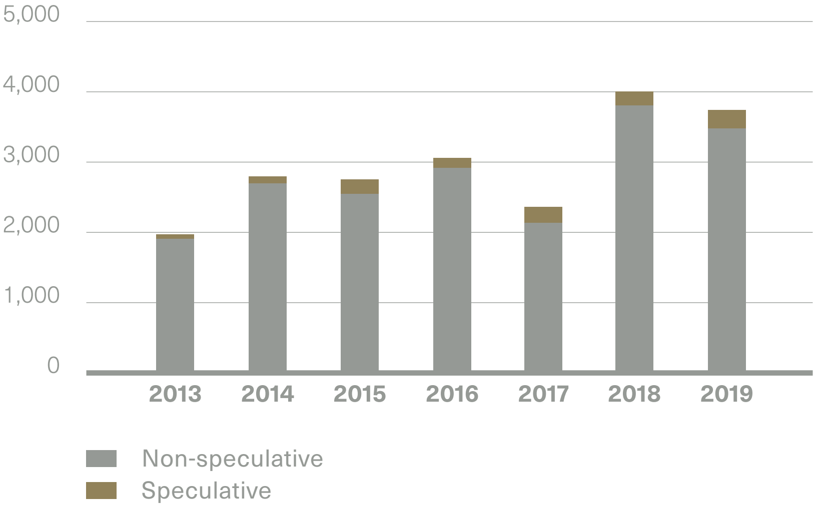
Prime rental bands

€ / m² / year



New warehousing space under construction

'000 m²



Source: JLL EMEA, February 2020

Warehouse Take-up total *(m^2)*		**2018**	**2019**
Berlin		407,100	493,300
Düsseldorf		320,300	177,100
Frankfurt		660,000	413,000
Hamburg		470,000	364,000
Cologne	only space ≥ 5,000 m^2	193,600	89,300
Munich		279,000	219,000
Stuttgart	only space ≥ 5,000 m^2	213,900	52,800
Ruhr area	only space ≥ 5,000 m^2	573,800	683,300

Warehouse Take-up total *(≥ 5,000 m^2)*	**2018**	**2019**
Berlin	288,600	282,100
Düsseldorf	229,200	102,100
Frankfurt	499,700	268,800
Hamburg	313,500	200,800
Cologne	193,600	89,300
Munich	161,500	76,500
Stuttgart	213,900	52,800
Ruhr area	573,800	683,300

Prime Rents for Warehousing Space *(≥ 5,000 m^2) (€/m^2/month)*	**2018**	**2019**
Berlin	5.50	5.50
Düsseldorf	5.40	5.50
Frankfurt	6.00	6.20
Hamburg	5.80	6.40
Cologne	5.10	5.10
Munich	7.10	7.10
Stuttgart	6.80	6.80
Ruhr area	5.20	5.25

Completions *(m^2)*	**2018**	**2019**
Berlin	166,500	126,000
Düsseldorf	43,500	92,500
Frankfurt	352,300	301,900
Hamburg	264,500	83,900
Cologne	158,000	52,500
Munich	78,600	46,400
Stuttgart	161,100	85,300
Ruhr area	199,100	291,300

Source: Logistics and Industrial Market Overview / 4th quarter 2019

Spanish market*

Leading logistics areas

The logistics markets in both Madrid and Barcelona are laid out in three concentric rings, each of which reflects a different type of activity or product managed by logistics platforms.

Operators are concentrated along the primary logistics routes. These include the A-2, A-3, A-4 and A-42 roads heading out of Madrid and the A-2 and AP-7 in Barcelona. These roads in both cities pass through all three rings. Operators are located along various stretches depending on the type of freight traffic and whether they are focused on local, regional or national/international transport.

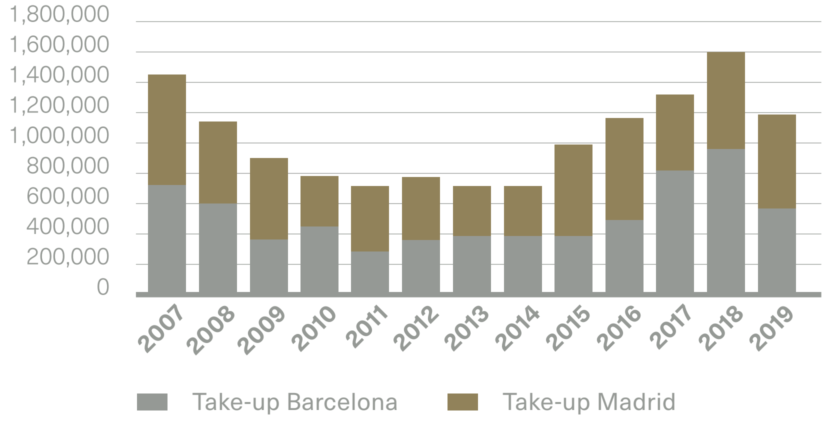
Take-up of logistics space

We estimate that the logistics take-up in Madrid during the fourth quarter reached a total of 115,000 m². One of the largest deals completed this quarter was made by Mercadona in Polígono Los Gavilanes in Getafe, where the company let more than 45,000 m² in order to cover the southern area of Madrid. In the total for 2019, more than 550,000 m² have been occupied, which is a 40% decrease with respect to the previous year, mainly due to the lack of large transactions in the market. While in 2018 there were 13 deals over 20,000 m², which was an exceptionally positive year in terms of occupation, in 2019 only 5 were closed. Despite this fact, the demand for logistics warehouses is still active in the Madrid market.

Barcelona take-up in Q4 2019 reached 110,000 m² with 13 lease transactions of which 5 were pre-let. The largest transaction took place in Polígono industrial Can Alemany, in Viladecans, where Alliance Healthcare took almost 26,000 m². In total, more than 580,000 m² have been taken, only 4.3% below the 2018 level, mainly due to the lack of space in the main logistics parks in the Catalan market. As in Madrid, there have been fewer larger transactions. In 2018 there were 10 deals of 20,000 m² or more, while in 2019 there were only 3.

During the fourth quarter 87,826 m² of projects were completed in Madrid and 112,443 m² in Barcelona.

Take-up Spain *(m²)*



Source: JLL EMEA, February 2020

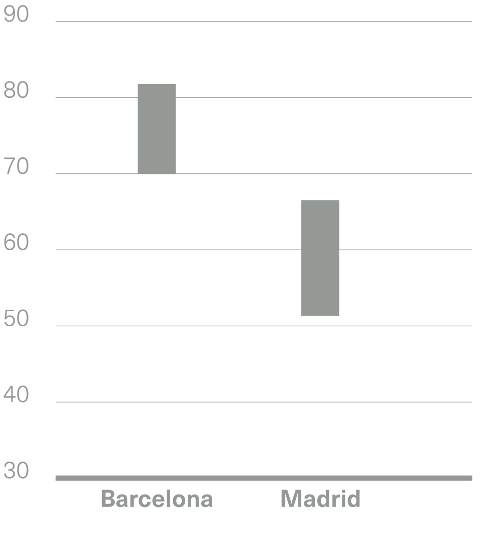
* Source : Jones Lang LaSalle – 2019 Industrial Report CEE & Western Europe

Evolution of rental levels

Prime logistics rents in 2019 stays at the similar level as in 2018 as it recorded a 5% increase y-o-y in Madrid, following stable levels in 2017 and a 5.3% increase in 2016. Meanwhile rents rose by nearly 5% y-o-y in Barcelona after a stable development since 2015 when they grew by 3.8% year-on-year.

As a result, prime rents at the end of 2019 stood at € 81.00/m²/year in Barcelona and at € 66.00/m²/year in Madrid. Looking ahead, prime logistics rents are projected to show further growth in 2020, led by Madrid where rents in 2019 could potentially grow by 3.2% year-on-year whilst prime logistics rents in Barcelona are expected to grow by less than 2% this year.

Prime rental bands



Source: JLL EMEA, February 2020

Immediate and future logistics offer

Vacant logistics space was lowest in Barcelona at the end of 2018, at 3.1% whilst reaching a still limited 3.8% in Madrid. Vacancy in both cities grew over the 2019 and as the result, at the end of the year, vacancy rates amounted as follows: 7.65% in Madrid and 3.19% in Barcelona.

Looking at future supply, nearly 1.1 million m² of new logistics space was under construction at the start of 2020. What's more, nearly 79% of total space under construction was attributable to space being built speculativelyMost speculative build units that came onto the market throughout 2018 were taken up quickly thanks to continued strong occupier demand. Whilst we expect occupier demand to remain on robust levels in 2020, driven by continued supply chain alignment to e-commerce, the general global economic slowdown and downside risks stemming from geopolitical uncertainty (in particular the risk of rising trade tariffs) plus strong speculative development activity might lead to an uptick in vacancy rates throughout 2020.

The Netherlands market*

Leading logistics areas

The Netherlands logistics market is characterized by its two major global gateway sites: Rotterdam harbour is Europe's leading container port whilst Schiphol airport ranks as 3rd largest European cargo airport. As such the country is regarded as one of the major European freight forwarding markets.

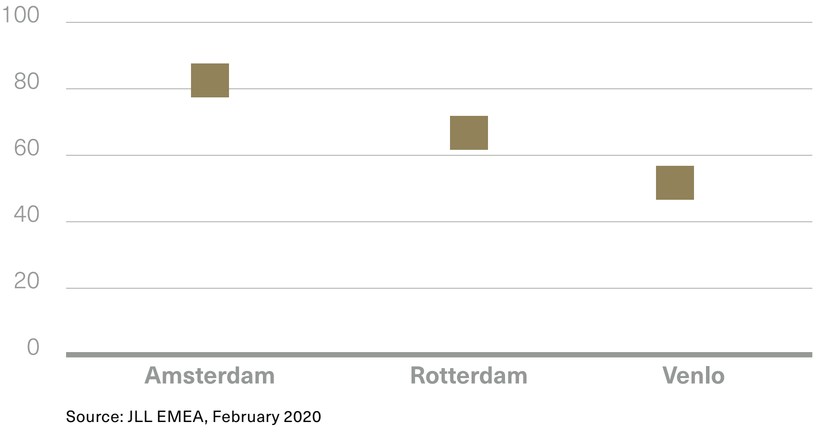
The Dutch logistics market is divided into six different clusters, comprising the two major distribution hubs Amsterdam and Rotterdam as well as the for regional areas West-Noord Brabant, Mid-Noord Brabant, Southeast-Noord Brabant and North Limburg.

Take-up of logistics space

The take up in Q4 2019 amounted to almost 750,000 m^2, up 45% compared to Q3 2019, but down 38% versus Q4 2018. The total take-up volume in 2019 summed up to almost 2.0 million m^2, which is 39% lower compared to 2018 but still relatively high compared to previous five years. Take up volume is subdued due to the lack of available supply, which currently stands at 3.4%. Just 17% of the total supply is of A grade quality. The largest transaction in 2019 was recorded in a built to suit warehouse of 140,000 m^2 by Zalando in Bleiswijk. Currently, over 2 million m^2 of warehouse space is under construction of which 1.2 million m^2 is already pre let.

With a total of almost € 1.6 billion, the investment volume of 2019 Q4 for distribution warehouses has been the highest ever recorded. Investment volume over 2019 therefore summed up to € 2.7 billion, up 46% compared to 2018. The surge in volume was fueled by several by large portfolio deals such as the Log Chain One portfolio. These portfolios included mainly large A grade logistic properties. Increased appetite for logistic schemes has led to further sharpening yields, currently standing at a historic low of 3.9% NIY.

Prime rental bands *€ / m² / year*



Source: JLL EMEA, February 2020

* Source: Jones Lang LaSalle – 2019 Industrial Report CEE & Western Europe

Immediate and future logistics offer

Over the past 10 years, vacancy of logistics space in the Netherlands remained relatively limited, peaking at nearly 8% in 2014. At the end of 2018, the overall Dutch vacancy rate stood at 4.1%, slightly up on a 3.7% rate recorded a year earlier. Nevertheless, immediately available logistics space related to total stock marks one of the lowest levels across the major European logistics markets.

Currently, a total of approximately 1.21 million m^2 of logistic floor space is offered on the Dutch real estate market, representing a vacancy rate of just 4.2%.

The majority of the current space on offer falls within the 10,000 – 20,000 m^2 and 20,000 – 40,000 m^2 size categories. While demand for space is more and more focussed on the larger size categories.

The majority (almost 80%) of all supply can be classified as grade B space which in many cases does not fully meets modern requirements. Grade B properties can be classified as older warehouses (5 to 10 years old) which do not offer sufficient loading docks, clear height etc and therefore not reflect the prime part of the market. This results in a clear mismatch between current supply and demand.

Because the majority of demand, almost 70% is focussed on A-grade properties. Therefore, the majority of take-up is focussed on new built or built-to-suit properties.

Outlook

The logistic market will continue to benefit from structural changes in consumer behavior, globalization and changing supply chain. It is therefore expected that demand for logistic space will remain high over 2020.

With new developments nearing completion, prime rents have been stable over the past quarters after a period of rental growth. However, due to the pressure on the market, JLL expects further rental growth.

Investment appetite in the Netherland for logistics real estate will remain high in the foreseeable future. High quality investment product remains scarce and therefore, yields are expected to sharpen further in 2020. Investors are sharpen their scope and will look at other locations and types of logistic schemes.

Italian market*

Leading logistics areas

The Italian logistics market historically remains a less open market if compared to other Western European countries as it is predominantly driven by domestic consumption and has limited links to external economies.

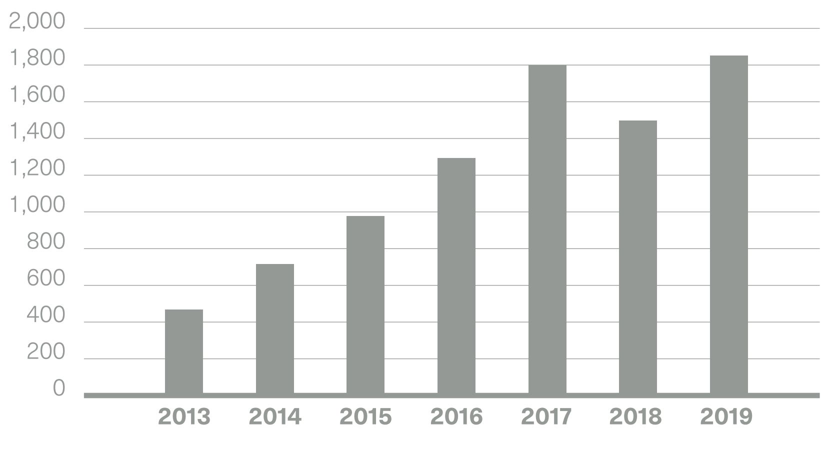
The Milan/Lombardy area, as Italy's economic and industrial powerhouse, is historically the most dynamic logistics market across Italy. Meanwhile, Rome accounting for a similar population size also accounts for a sizable logistics stock whilst the market remains significantly less dynamic and even more locally driven if compared to Milan.

Among the smaller markets, Bologna is benefitting from its strategic location at the crossroads of northern and southern Italy whilst the Veneto market remains a relatively dynamically growing area as well.

Take-up of logistics space

The Italian warehousing market in 2019 reached take-up nearly 1.8 million m². After 16% decrease y-o-y in 2018, 2019 was record year overcoming strong year 2017Unsurprisingly, take-up was led by the wider Milan area, although the Milan area share of total volume decreased and amounted at 760 thousand m² in 2019 (42%). Bologna followed at 18% whilst Veneto and Rome area achieved 17% and 11% respectively.

Take-up Italy *'000 m²*



Source: JLL EMEA, February 2020

1 Source: Jones Lang LaSalle – 2019 Industrial Report CEE & Western Europe

Evolution of rental levels

Prime rents in the wider Milan area started to recover from 2015 onwards, growing an average of 4.7% p.a. between 2015 and 2017. They continued to edge up in 2018 albeit at a more moderate 1.8% to € 56.00/m²/year. Prime rents in the wider Rome market started to recover in 2017, growing a solid 5.8% that year. This was followed by a slower 1.8% in 2018 with prime rents in Rome now standing at the same level than Milan at € 56.00/m²/year.

Meanwhile, rents also continued to rise in the smaller markets during 2018, growing a strong 5.9% y-o-y in Bologna to € 54.00/m²/year and 2.1% in the Veneto region to € 49.00/m²/year. In 2019, prime rents stayed at the same level as 2018.

Looking ahead, moderate rental growth should continue during 2020–2021 across the major markets albeit growth should remain below the 2% market in Milan and Rome.

Prime rental bands

Market	Prime Rent
Milan	56/m²/year
Rome	56/m²/year
Bologna	54/m²/year
Veneto region	49/m²/year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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 7 October 2017 the Board of Directors has further revised the VGP Corporate Governance Charter and included a.o. an anti-bribery section into 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: Mrs Katherina Reiche, Mrs Vera Gäde-Butzlaff and Mrs Ann Gaeremynck. These three independent Directors took office immediately after the Ordinary General Meeting of Shareholders of 10 May 2019 in replacement of Mr Marek Šebesťák, Mr Alexander Saverys and Rijo Advies BVBA represented by Jos Thys whose terms of office as Independent Directors expired.

The biographies for each of the current directors (see Board of Directors and Management), 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 held 10 board meetings in 2019. The most important points on the agenda were:

— approval of the 2018 annual accounts and 2019 semi-annual accounts;
— approval of budgets;
— review and discussion of the fifth and sixth closing with the First Joint Venture and the entering of a new joint venture (the Second Joint Venture) with Allianz and its first closing;
— 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;
— review and approval of new financing arrangements to support the growth of the Group, a.o. approval of the issuance of a new retail bond;

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	2017	2021	10
Non-executive director			
VM Invest NV, represented by Bart Van Malderen	2017	2021	10
Independent, non-executive directors			
Marek Šebesťák	2015	2019[2]	2
Alexander Saverys	2015	2019[2]	3
Rijo Advies BVBA represented by Jos Thys	2015	2019[2]	3
Ann Gaeremynck	2019[1]	2023	8
Katherina Reiche	2019[1]	2023	8
Vera Gäde Butzlaff	2019[1]	2023	8

The Annual General Meeting of Shareholders of 10 May 2019 approved the appointment of Mrs Katherina Reiche, Mrs Vera Gäde-Butzlaff and Mrs Ann Gaeremynck as independent directors, in accordance with article 7:87 of the new Code on Companies and Associations.

The composition of the Board of Directors meets the gender diversity requirement laid down in article 7:86 of the new Code on Companies and Associations.

1 As of the Annual General Meeting in May 2019.

2 Until the Annual General Meeting in May 2019.

Committees of the Board of Directors

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

Audit Committee

The Audit Committee is composed of three members who are all non-executive Directors. Two members, Mrs Ann Gaeremynck and Mrs Vera Gäde-Butzlaff 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. By doing so the company deviates from the recommendation in the provisions 5.2/28 of the Corporate Governance Code that requires the Audit Committee to convene at least four times a year. The deviation is justified considering the smaller size of the company.

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.

The Audit Committee met three times in 2019. The Chairman/woman 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 2018 annual accounts and 2019 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;
— discussion, review and approval of proposed scope and fees for audit and non-audit work carried out by Deloitte.

Name	Year appointed	Executive or non-executive	Independent	Next due for re-election	Meetings attended
Ann Gaeremynck (Chairwoman)	2019[1]	Non-executive	Independent	2023	2
Vera Gäde-Butzlaff	2019[1]	Non-executive	Independent	2023	2
Bart Van Malderen	2017	Non-executive	—	2021	3
Jos Thys (Chairman)	2015	Non-executive	Independent	2019[2]	1
Marek Šebesťák	2015	Non-executive	Independent	2019[2]	—

1 As of the Annual General Meeting in May 2019.

2 Until the Annual General Meeting in May 2019.

Remuneration Committee

The Remuneration Committee is composed of three members who are all non-executive Directors. Two members, Mrs Katherina Reiche and Mrs Ann Gaeremynck, 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.

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.

Evaluation of the Board of Directors and its committees

In accordance with the VGP Corporate Governance Charter, the Board of Directors shall, 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 Governance Charter – for a description of the main characteristics of the methodology used for this evaluation.

The Board of Directors and its Committees carried out a self-assessment in February 2018 with satisfactory result.

Name	Year appointed	Executive or non-executive	Independent	Next due for re-election	Meetings attended
Bart Van Malderen (Chairman)	2017	Non-executive	—	2021	2
Katherina Reiche	2019[1]	Non-executive	Independent	2023	1
Ann Gaeremynck	2019[1]	Non-executive	Independent	2023	1
Alexander Saverys	2015	Non-executive	Independent	2019[2]	1
Jos Thys	2015	Non-executive	Independent	2019[2]	1

The Remuneration Committee met two times in 2019. The most important points on the agenda were:

— discussion on remuneration policy;

— allocation of variable remuneration;

1 As of the Annual General Meeting in May 2019.

2 Until the Annual General Meeting in May 2019.


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Remuneration report

Remuneration policy for non-executive Directors

Until the Annual General Meeting in May 2019, the independent and non-executive Directors received an annual fixed remuneration of € 10,000 (the chairman received a fixed annual remuneration of € 20,000). The Directors also received an attendance fee of € 1,000 for each meeting of the Board of Directors (the chairman received an attendance fee of € 2,000) and € 500 for each meeting of the Audit Committee or the Remuneration Committee they attended.

On 10 May 2019 the Annual General Meeting revised the remuneration for the entire Board of Directors. As a result, from that date onwards, all Directors (including the Chairman) receive an annual fixed remuneration of € 40,000. The Directors also receive an attendance fee of € 2,000 for each meeting of the Board of Directors and € 2,000 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.

The Annual General Meeting of Shareholders of 10 May 2019 approved an additional one-off remuneration of € 35,000 for all Directors in office until that date.

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

in €	Fixed remuneration	Variable board attendance	Variable committee attendance	Total
Chairman				
VM Invest NV, represented by Bart Van Malderen[1]	40,000	53,000	7,000	100,000
Marek Šebesťák[2]	—	39,000	—	39,000
Directors				
Alexander Saverys	—	38,000	500	38,500
Rijo Advies BVBA represented by Jos Thys	—	38,000	1,000	39,000
Ann Gaeremynck	40,000	16,000	6,000	62,000
Katherina Reiche	40,000	16,000	2,000	58,000
Vera Gäde-Butzlaff	40,000	16,000	4,000	60,000
Jan Van Geet s.r.o., represented by Jan Van Geet	40,000	53,000	—	93,000
Total	**200,000**	**269,000**	**20,500**	**489,500**

1 As of the Annual General Meeting in May 2019.

2 Until the Annual General Meeting in May 2019.

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[1] (Chief Executive Officer); Jan Procházka (Chief Operating Officer – Czech Republic); Dirk Stoop[2] (Chief Financial Officer); Tomas Van Geet[3] (Chief Commercial Officer); Miquel-David Martinez (Chief Technical Officer); Matthias Sander[4] (Chief Operating Officer – Eastern Europe), Jonathan Watkins[5] (Chief Operating Officer – Western Europe) and Martijn Vlutters[6] (Vice President – Business Development & Investor Relations).

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 2019 of the CEO

— fixed remuneration of € 300,000 and a total directorship remuneration of € 93,000
— short term variable remuneration (on account of 2019 performance): € 500,000
— contribution of retirement benefits: € 0
— other components of the remuneration: € 37,212 (includes company car and related expenses)

Total remuneration 2019 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 2019 is set forth below on a global basis.

— fixed remuneration of € 978,489
— short term variable remuneration (on account of 2019 performance): € 1,180,000
— contribution of retirement benefits of € 59,877
— other components of the remuneration: € 68,666 (company car and related expenses)

Long-term incentive plan for VGP team

The Board of Directors, based on the recommendation of the remuneration committee has agreed to set up a new long-term incentive plan in 2018. The new plan will allocate profit sharing units ("Units"), to the respective VGP team members (including the executive management team). One Unit represents the equivalent of one VGP NV share on a net asset value basis. After an initial lock-up period of 5 year each participant will be able to return the Units against the payment of the proportional net asset value growth of such Units. At any single point in time, the number of Units outstanding (i.e. awarded and not yet vested) cannot exceed 5% of the total equivalent shares of the Company.

For the financial year 2019 there were 74,332 Units allocated to the VGP team with a lock-up period ending on 31 December 2023. Based on the 31 December 2019 financial figures this Units represented a net asset value growth of € 0.8 million which was fully provided for in the 2019 financials.

1 As permanent representative of Jan Van Geet s.r.o.
2 As permanent representative of Dirk Stoop BV.
3 As permanent representative of Tomas Van Geet s.r.o.
4 As permanent representative of Matthias Sander s.r.o.
5 As permanent representative of Havbo Consulting Ltd.
6 As permanent representative of MB Vlutters BV.

VGP Misv incentive plan
The Group has an incentive structure in place for selected members of the Group's management which was set up after the initial public offering of December 2007 and whereby the existing reference shareholders have transferred a number of VGP shares representing 5 percent of the aggregate number of shares in VGP NV into VGP MISV, a limited partnership controlled by Mr Bart Van Malderen as managing partner ("beherend vennoot"/"associé commandité"). This structure does not have any dilutive effect on any existing or new shareholders. shares.

As from 2019 the remaining VGP Misv plan has been considered a cash-settled share based plan for which an € 8.4 million opening equity adjustment has been recognised, reflecting the total cash layout of VGP NV if the latter were to acquire the remaining 20.09% VGP Misv Comm. VA. shares as of 1 January 2020.

During 2019 and following the expiration of a 5 year-lock-up period certain members of the VGP team sold their respective VGP MISV shares to VGP NV. VGP NV acquired 35,000 VGP Misv shares for an aggregate amount of €1.0 million. Following the acquisition of these shares, VGP NV currently holds 82.60% in VGP Misv Comm. VA as at the end of December 2019.

Fair value of the VGP Misv shares is determined using the net asset value valuation methodology using the expected growth of the net profit after tax excluding any dividend distribution.

31 December 2019	**Number of VGP Misv shares**	**Weighted average remaining term** *(in years)*	**Weighted average exercise price per share** *(in €)*
Outstanding at beginning of year	196,674		42.80
Exercised during the period	(35,000)		29.52
Outstanding at the end of the period	**161,674**	**1.20**	**45.99**

Changes in 2020

During a meeting held on 27 February 2020, the Board of Directors based on the recommendations of the remuneration committee took the decision to terminate early the existing VGP Misv plan. As a result, VGP NV will acquire all outstanding VGP Misv shares during the first Half of 2020 from the existing participating managers to the VGP Misv plan. For the managers which will not yet have reached the term of their lock-up period new allocations under the Long Term Incentive Plan will be made for the same number of corresponding Units and with a lock-up period reflecting the remaining initial lock up period as applicable under the initial VGP Misv plan. The amounts due to the managers under the VGP Misv plan will therefore be crystallised as at 31 December 2019 and will only be paid out to the managers at the moment of the expiry of their initial lock-up period under the VGP Misv plan.

During the same meeting, the Board of Directors based on the recommendations of the remuneration committee agreed to align the base remuneration of the Chief Executive Officer to a more market conform remuneration. The revised base remuneration as from 2020 onwards will therefore be increased to € 600,000 per annum. The CEO did not attend the meeting when discussing and deciding on this agenda point.

For 2019 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 management 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/**. No insider transactions occurred during 2019.

Conflict of interest

In accordance with Article 7:96 of the new Code on Companies and Associations, 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. No conflict of interests arose during 2019.

Risk management and internal controls

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.

New Code of Conduct

During the past year, the Group has carried out a review of its compliance policies and has taken a new initiative in this area in order to preserve, taking into account the growth of the Group's geographical coverage as well as headcount, the integrity with which its business has been conducted since its establishment. Therefore, with the support from the Board of Directors and from the CEO, the legal department has prepared a Code of Conduct describing the key principles of conduct for the business environment, in which the Group operates. At the same time, a training program is being rolled out throughout the countries in which the Group operates in order to preserve the compliance culture across the Group.

The review of the compliance policies has been carried out in advance of the review of the Group's Corporate Governance Charter, scheduled for spring 2020, in view of the updates of the Belgian Corporate Governance Code 2020 (which replaces the Corporate Governance Code 2009) and the Belgian Code on Companies and Associations (which replaces the Belgian Companies Code).

The Code of Conduct sets out the shared values of integrity, compliance with local and international law, respect for employees and customers, the willingness to accept social responsibility, environmental awareness and an unequivocal stand against bribery and corruption. The Code of Conduct describes in clear terms the principles which the VGP Group must adhere to and provides a number of examples of potential violations as well as good practice.

The Code of Conduct is available on our Group-wide intranet. VGP uses in-person training to familiarise employees with its contents and application in everyday scenarios. This training is mandatory for all employees having managerial responsibilities and is carried out progressively throughout the countries, in which VGP operates.

There are a number of channels for reporting possible violations of the Code of Conduct, including a compliance hotline, which allows anonymous reports.

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 Mrs. Kathleen De Brabander has been appointed as Statutory Auditor.

The Statutory Auditor's term of office expires at the conclusion of the Annual General Meeting of 8 May 2020.

The Board of Directors proposes 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 8 May 2020 and to set the fees at € 160k 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 Mrs. Kathleen De Brabander.

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:

1. Risks related to the Group's growth strategy

1.1 The Group may not be able to continue its development activities in a sustained and profitable way, for which it depends on its ability to execute new lease agreements and dispose of its real estate assets to the Joint Ventures

The Group's revenues are determined by the ability to sign new lease contracts and by the disposal of real estate assets, in particular to the Joint Ventures. The Group's short-term cash flow may be affected if it is unable to continue successfully signing new lease contracts and successfully dispose of real estate assets, which could have an adverse effect on the Group's business, financial condition and results of operations.

As a result, the Group's solvability depends on its ability to create a healthy financial structure in the long term with (i) a sufficiently large recurring income stream from leasing agreements for the developed logistic property (at both the Group's and the Joint Ventures' level) vis-à-vis the debt that is issued for financing the acquisition and the development of that logistic property, and (ii) the Group's ability to continue its development activities in a sustained and profitable way in order to produce income generating properties which once they have reached a mature stage can be sold to the Joint Ventures or eventually to a third party.

The Group is largely dependent on the income stream from the Joint Ventures to which the majority of the mature assets are sold. As a result, the Group receives fee and dividend income from the Joint Ventures instead of leasing income from mature assets. Hence it is important that a sufficiently large recurrent income at the Joint Ventures' level is created in order to upstream cash to the Group. Those dividend streams are important for the liquidity and the solvability of the Group for the purpose of cash recycling and repayment of shareholders loans.

The Group's current income stream from the Joint Ventures as well as fee income from the Joint Ventures is rapidly increasing but still relatively limited compared to the considerable amount of debt (at both the Group's as well as Joint Ventures' level), as both Joint Ventures are still in their initial 5-year investment phase.

Please also refer to the following risk factors, which are related hereto and which deal with certain aspects in more detail: risk factor 2.2 *"The Group's development projects require large initial investments while they will start generating income only after a period in time"*, risk factor 3.1 *"The Group's business, operations and financial conditions are significantly affected by the Joint Ventures", risk factor 4.1 "The Group's debt levels have substantially increased over the last years and the Group is exposed to a (re)financing risk" and risk factor 4.3 "The Group is exposed to risk of financing from its Joint Ventures"*.

1.2 The Group may not have the required human and other resources to manage growth or may not continue to adequately and efficiently monitor its portfolio

The Group's success depends in part on its ability to manage future expansion and to identify attractive investment opportunities. Such expansion is expected to place significant demands on management, support functions, accounting and financial control, sales and marketing and other resources and involves a number of risks, including: the difficulty of assimilating operations and personnel in the Group's operations, the potential disruption of ongoing business and distraction of management.

As at 31 December 2019, the Group had over 220 employees. The Group's aim is to have a sufficiently large team to support the current growth rate of the Group.

2. Risks related to the Group's business activities and industry

2.1 The Group's development projects may experience delays and other difficulties, especially in respect of receiving necessary permits

The strategy of the Group is focussed on the development of income generating logistic property and on the potential disposal of such property once it has reached a mature stage.

Development projects tend to be subject to a variety of risks, each of which could cause late delivery of a project and, consequently, increase the development period leading up to its contemplated sale to the Joint Ventures, trigger a budget overrun, cause a loss or decrease of expected income from a project or even, in some cases, its actual termination.

The Group adopts a "first mover" strategy in respect of securing or acquiring land plots on strategic locations without necessarily having already identified a specific future tenant. The Group typically contractually secures land plots to develop its projects prior to the granting of the required permits. The secured land plots are only acquired once the necessary permits have been obtained. The Group's projects are therefore subject to the risk of changes in the relevant urban planning regulations and environmental, zoning and construction permits being obtained in a form consistent with the project plan and concept. The realisation of any project may, therefore, be adversely affected by (i) the failure to obtain, maintain or renew necessary permits, (ii) delays in obtaining, maintaining or renewing relevant permits and (iii) the failure to comply with the terms and conditions of the permits. Furthermore, a permit may be subject to an appeal by an interested party. Any such procedure could further delay the development and, ultimately, the sale of a project to the Joint Ventures and negatively impact the financial condition of the Group.

Over the past 12 to 16 months, the Group has experienced a significant lengthening of the period required for receiving zoning permits. This is due to strong construction activity in all asset classes and local authorities which are unable to timely process all the permit requests. It can currently take between 24 to 36 months in order to receive the necessary permits.

Other factors which may have an adverse effect on the development activities of the Group are, amongst others, unfamiliarity with local regulations, contract and labour disputes with construction contractors or subcontractors, unforeseen site conditions which may require additional work and construction delays or destruction of projects during the construction phase (e.g. due to fire or flooding).

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

Taking into account all the aforementioned risks, the Group does not have the full assurance that all of its development projects can be completed in the expected time frame or within the expected budgets. If any of the risks highlighted above materialise and adversely impact the successful development of the development projects, this could have a material adverse effect on the Group's future business, financial condition, operating results and cash flows.

At the end of December 2019, the Group has a remaining development land bank in full ownership of 4,414,000 m² which allows the Group to develop 2,000,000 m² of future lettable area. This includes the remaining 300,000 m² development land bank held by the Joint Ventures with a development potential of circa 136,000 m² of new lettable area. In addition, the Group has another 1,797,000 m² of secured land plots which are expected to be purchased during the next 18-24 months, subject to obtaining the necessary permits. This brings the remaining total owned and secured land bank for development to 6,212,000 m² which represents a remaining development potential of 2,784,000 m².

2.2 The Group's development projects require large initial investments while they will start generating income only after a period of time

During the first phase of the development of a new project, no income will be generated by the new development until such project is completed and delivered to a tenant. During such phase, the Group already makes significant investments in relation to the development of such project. The development phase of a VGP park typically takes between 12 to 36 months and depends on the size of the park and its development potential. Once the construction of a building is initiated, it takes about 6 to 9 months to complete. The size of the park will also impact the timing of a future sale to the Joint Ventures as in general a park needs to be 75% developed prior to being offered to the Joint Ventures.

As at 31 December 2019, the Group had contractual obligations to develop new projects which were not yet rent income generating for a total amount of € 219.0 million (compared to € 75.5 million as at 31 December 2018). Any delay in the development of such projects or the lease thereof could have an adverse effect on the Group's business, financial condition and results of operations.

2.3 The Group could experience a lower demand for logistic space due to fluctuating economic conditions in certain markets

The Group's revenues depend to a large extent on the volume of development projects. Hence the results and cash flows of the Group may fluctuate significantly depending on the number of projects that can be developed and sold to the Joint Ventures.

The volume of the Group's development projects depends largely on national and regional economic conditions and other events and occurrences that affect the markets in which the Group's property portfolio and development activities are located. The Group is currently active in: Germany, Austria, the Netherlands, Spain, Portugal, Italy, the Czech Republic, the Slovak Republic, Hungary, Romania and Latvia.

A change in the general economic conditions of the countries where the Group is present could result in lower demand for logistic space, rising vacancy rates and higher risks of default by tenants and other counterparties. The Group's main country exposure is Germany, with 51% of the Group's property portfolio and projects under construction (own and Joint Ventures at 100% combined) located there as at 31 December 2019 (compared 54% as at 31 December 2018).

2.4 The fair market value of the property portfolio might not be realised and is subject to competition

The Group's revenues depend on the fair market value of its real estate projects. The results and cash flows of the Group may fluctuate significantly depending on the number of projects that can be developed and sold to the Joint Ventures and their respective fair market values.

The own property portfolio, excluding development land but including the assets being developed on behalf of the Joint Ventures, is valued by a valuation expert at 31 December 2019 based on a weighted average yield of 5.76 per cent. (compared to 6.29 per cent. as at 31 December 2018) applied to the contractual rents increased by the estimated rental value of unlet space. A 0.10 per cent. variation of this market rate would give rise to a variation of the total portfolio value of € 13.5 million.

The markets in which the Group operates are also exposed to local and international competition. Competition among property developers and operators may result in, amongst others, increased costs for the acquisitions of land for development, increased costs for raw material, shortages of skilled contractors, oversupply of properties and/or saturation of certain market segments, reduced rental rates, decrease in property prices and a slowdown in the rate at which new property developments are approved, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.5 The Group may lose key management and personnel or fail to attract and retain skilled personnel

The Group continues to depend to a large degree on the expertise and commercial qualities of its management, commercial and technical team and in particular on its Chief Executive Officer, Jan Van Geet.

In particular, if Jan Van Geet, as Chief Executive Officer of the Group, would no longer devote sufficient time to the development of the portfolio of the Joint Ventures, Allianz can stop the acquisition process of income-generating assets until he has been replaced to the satisfaction of Allianz.

Experienced technical, marketing and support personnel in the real estate development industry are in high demand and competition for their talent is intense. In order to retain personnel, a long-term incentive plan is in place. Please refer to the Remuneration Report for further details.

The loss of services of any members of the management or failure to attract and retain sufficiently qualified personnel may have a material adverse effect on the Group's business, financial condition, operating results and cash flows.

3. Risks related to the Group's Joint Ventures

3.1 The Group's business, operations and financial conditions are significantly affected by the Joint Ventures

In order to enable the Group to continue to invest in its development pipeline whilst at the same time being adequately financed, the Group has entered into two 50:50 joint ventures with Allianz. These Joint Ventures allow the Group to partially recycle its initial invested capital when completed projects are acquired by the Joint Ventures and allow the Group to re-invest these monies in the continued expansion of the development pipeline, including the further expansion of the land bank, thus allowing

VGP to concentrate on its core development activities.

The Group may therefore be significantly affected by the Joint Ventures, which are subject to additional risks such as:

(*i*) *the Joint Ventures may discontinue acquiring the completed assets from the Group as the Joint Ventures have no contractual or legal binding obligation to acquire the income generating assets offered by the Group;*
The Joint Ventures do not have any contractual or legal obligation to acquire the income generating assets proposed by VGP. There is therefore a risk that the Joint Ventures would discontinue acquiring the completed assets from the Group. In such an event, VGP is entitled under the terms of the JVAs to dispose of such income-generating assets itself. Any delay in the disposal of such income-generating asserts could have a material adverse effect on the short-term cash position of VGP which may in turn have a negative impact on the Group's business, financial condition and results of operations.

The properties that have on the date of this annual report already been sold to the Joint Ventures generated a significant contribution to the income and result of the Group. Prior to their sale, and their deconsolidation has resulted and will further result in a decrease of the reported gross rental income of the Group.

If Jan Van Geet, as CEO of the Group, would no longer devote sufficient time to the development of the portfolio of the Joint Venture, Allianz can, upon notice thereof, stop the acquisition process of the proposed income-generating assets, until Jan Van Geet has been replaced to the satisfaction of Allianz. Such temporary standstill of Allianz's investment obligation might negatively impact the short-term cash position of the Group. Prospective investors should furthermore note that the Joint Venture Agreement between VGP and Allianz may be subject to amendment or may be terminated in accordance with the provisions thereof. Any such amendment or termination may have a material adverse impact on VGP's financial position and income.

(ii) the Group has recognised that it has a constructive obligation towards the Joint Ventures:
The Group has recognized that it has a de facto constructive obligation towards the Joint Ventures (of up to its proportional share) as it will always seek to ensure that the Joint Ventures and its subsidiaries will be in a position to fulfill their respective obligations, since the proper functioning is material for the Group in realizing its expected capital gains. There is however no contractual obligation to provide capital contributions or funds to financially support the Joint Ventures, other than what is set out in the JVA, i.e. the Group's funding obligations under the JVA towards the Joint Ventures as mentioned in this section "Risk Factors – The Group's business, operations and financial conditions are significantly affected by the Joint Ventures – Risks related to the Group's industry, properties and operations". This entails that ultimately any payment due by the Joint Ventures to the Group will either be borne by the Joint Ventures' shareholders, i.e. VGP and Allianz, pro rata their shareholding, or in the event that VGP does not comply with its aforementioned funding obligations under the JVA, will lead to VGP being diluted by Allianz in accordance with the provisions of the JVA or alternatively Allianz providing funding to the Joint Ventures on preferential interest terms and repayment conditions.

(iii) the sale of properties to the Joint Ventures could result in a decrease of the reported gross rental income of the Group as some of the sold properties may make a significant contribution to the income of the Group prior to their sale and their respective deconsolidation:

The properties that have on the date of this annual report already been sold to the Joint Ventures generated a significant contribution to the income and result of the Group. Prior to their sale, and their deconsolidation has resulted and will further result in a decrease of the reported gross rental income of the Group. The portfolio sold to the Joint Ventures during 2019 represented (i) € 0.8 million of rent for the period 1 January 2019 to 1 April 2019 related to the property portfolio sold during the fifth closing with VGP European Logistics joint venture on 1 April 2019. (compared to € 3.2 million of rent for the period 1 January 2018 to 30 April 2018 related to the property portfolio sold during the fourth closing at the end of April 2018); (ii) € 4.4 million of rent for the period 1 January 2019 to 31 July 2019 related to the property portfolio sold during the first closing with the VGP European Logistics 2 joint venture; and (iii) € 1.4 million of rent for the period 1 January 2019 to 30 November 2019 related to the property portfolio sold

during the sixth closing with the VGP European Logistics joint venture
(iv) Allianz may stop the acquisition process of proposed income-generating assets and the Joint Venture Agreements may be amended or terminated in accordance with the provisions thereof:
The Group is required to comply with the provisions of several management agreements pursuant to which it is acting as exclusive asset manager, property manager and development manager of the Joint Ventures and of the Joint Ventures' subsidiaries. Should a member of the Group materially breach its obligations under a management agreement which is not remedied within a certain period in time following a notification thereof, or should the Company breach its exclusivity obligations under the Joint Venture Agreements in relation to the offering of income-generating assets, then Allianz is entitled to terminate all the management agreements with immediate effect, to terminate the Joint Venture Agreements and/or to exercise a call option on all the shares the Company holds in the Joint Ventures against payment of a purchase price of 90% of the fair market value of these shares, which entails a discount of 10% of the fair market value of these shares. The occurrence of any of the aforementioned events might materially impact VGP's ability to generate sufficient dividend income out of the Joint Ventures and/or to retain joint control over the Joint Ventures and in turn could have a material adverse effect on the Group's business, financial condition and results of operations.
(v) the Group may incur additional liabilities as a result of cost overrun on developments made on behalf of the Joint Ventures:
The Group acts as development manager vis-à-vis the Joint Ventures and in such capacity, the Group is responsible for ensuring that any development is being made within the initially agreed construction price/budget. In case the actual construction cost would be higher than the initial construction budget, any top-up payment to which VGP would be entitled under the terms of its agreements with the Joint Ventures and Allianz will be adversely affected. In case the actual construction costs would be higher than the market value of the completed building, then such difference would need to be fully borne by the Group (provided this was due to the Group), which could have a material adverse effect on the Group's business, financial condition and results of operations.

(vi) the Group may be unable to provide funds to the Joint Ventures which were previously committed under the terms of the relevant Joint Venture Agreements, which may result in the dilution of the Group:
Any failure by the Company to provide funds to the Joint Ventures that were committed under the terms of the Joint Venture Agreements towards Allianz (i.e. for financing of the relevant top-up payment (if any), the repayment of construction and development loans to the Group upon the acquisition by the Joint Ventures of completed assets, capital expenditures in relation to repairs and maintenance of such assets and the purchase price for any future completed assets which the Joint Ventures would acquire or any other financing required by Allianz or VGP under the terms of the JVA (such as replacement of bank debt) and acknowledged by an appointed third-party financial expert), entitles Allianz to either exclusively subscribe to three times the number of shares that represents the amount of the funds not provided by the Company or alternatively to provide itself funding to the Joint Venture on preferential interest terms and repayment conditions. For instance: if there are five hundred (500) issued shares, and if the default amount (the amount which would have otherwise been financed by VGP for example) is equal to 2% of the fair market value of the Joint Venture, Allianz shall be entitled to subscribe for and acquire, following payment therefore in cash, thirty (three times ten) newly issued shares of the Joint Venture, which is equal to three times 2% of the outstanding shares of the Joint Venture on a pre-dilution basis. This might impact the Company's ability to retain joint control over the Joint Venture and its ability to generate sufficient dividend income out of the Joint Venture and in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

(vii) changes in consolidation rules and regulations may trigger a consolidation obligation at the level of Allianz which may result in the dilution of the Group:
In the event that Allianz would be subject to an obligation to consolidate the Joint Ventures (for instance after a change in accounting rules or other regulations) within its companies' group, the Joint Venture Agreements provides that Allianz has the right to replace the existing debt financing in the Joint Ventures by equity, which might result in a dilution of the Company if the Company is unable to fund its commensurate part of the equity. This might impact the Company's ability to retain joint control over the Joint Ventures and its ability to generate sufficient dividend income out of the Joint Ventures and in turn could have a material adverse effect on the Group's business, financial condition and results of operations. However, as the debt position of the Joint Ventures would be replaced by equity financing by Allianz on a 1:1 basis, in such case, the Net Asset Value of the Company's stake in the Joint ventures would not be affected.

(*viii) in case of a material breach by the Group or in case the participation that Jan Van Geet holds in the Company would fall below 25%, Allianz may terminate the Joint Venture Agreements or may exercise a call option on the Group's shares in the Joint Ventures at a discounted purchase price:*
If at any time during the term of the Joint Venture Agreements, the participation that Jan Van Geet, directly or indirectly, holds in the Company falls below 25% of the total outstanding Shares (other than due to the dilution of his participation as a result of capital increases or similar transactions at the level of the Company in which he would not participate), then Allianz is entitled to terminate all the management agreements with immediate effect and to terminate the Joint Venture Agreements. The occurrence of such aforementioned event might materially impact VGP's ability to generate sufficient dividend income out of the Joint Ventures and/or to retain joint control over the Joint Ventures and in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

(*ix) the Joint Ventures or any of their subsidiaries may be in default under the development and construction loans granted by the Group which may have a negative impact on the Group:*
The Group has granted significant development and construction loans to the project companies of the Joint Ventures in a total amount of € 114.9 million as at 31 December 2019 (€ 101.9 million as at 31 December 2018). The purpose of the Joint Ventures is only to invest in income generating assets and both Joint Ventures' partners have agreed that as a result, any development undertaken within the Joint Ventures 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 Ventures' assets upon their completion. Should the proceeds of such refinancing be significantly lower than the development costs, VGP may be unable to recover the total amount of these construction and development loans granted to the Joint Ventures, as the Joint Ventures would not be able to draw the entire amount of such construction and development loans under its existing credit facilities and whereby consequently such shortfall would have to be funded by additional shareholder loans granted to the Joint Ventures by VGP and Allianz pro rata their shareholding, which could have a material adverse effect on the Group's business, financial condition and results of operations.

3.2 Any or all such risks could have a material adverse effect on the Joint Ventures' business, financial condition and results of operations, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, the Joint Ventures are exposed to many of the risks to which the Group is exposed, including amongst others the risks for the Group as described in the following sections: risk factor 1.1 "The Group may not be able to continue its development activities in a sustained and profitable way, for which it depends on its ability to execute new lease agreements and dispose of its real estate assets to the Joint Ventures" (but only in relation to the ability to execute new lease agreements, not the ability to dispose of assets), risk factor 2.1 "The Group's development projects may experience delays and other difficulties, especially in respect of receiving necessary permits", and risk factor 2.3 "The Group could experience a lower demand for logistic space due to fluctuating economic conditions in certain markets", all as in this part Risk Factors

3.3 The Company is a holding company with no operating income and is hence solely dependent on distributions made by, and the financial performance of, the Joint Ventures and the members of the Group

The Company is a holding company of which the sole activity is the holding and managing of its only asset, i.e. its participations in its subsidiaries and in the Joint Ventures. The real estate portfolios of the Group are owned through specific asset companies which are 100% subsidiaries of the Group or which are subsidiaries of the Joint Ventures.

Accordingly, the Company's ability to meet its financial obligations will largely depend on the cash flows from the members of the Group and the distributions paid to it by members of the Group or the Joint Ventures. The ability of the subsidiaries and the Joint Ventures to make distributions to the Company depends on the rental income generated by their respective portfolios.

The financing arrangements of the Joint Ventures, and to a lesser extent the Group's subsidiaries, are subject to a number of covenants and restrictions which could restrict the ability to upstream cash to the Group. The bank facilities require the Joint Ventures and the Group's subsidiaries to maintain specified financial ratios and meet specific financial tests. A failure to comply with these covenants could result in an event of default that, if not remedied or waived, could result in a Joint Venture or the members of the Group being required to repay these borrowings before their due date.

3.4 The Group may be unable to recover their loans granted to the Joint Ventures and their subsidiaries

The Group have granted significant loans to the Joint Ventures and to the Joint Ventures' subsidiaries.

As at 31 December 2019 these loans amount to € 178.5 (compared to € 143.3 as at 31 December 2018).

These outstanding loans carry the risk of late, partial or non-repayment in the event of underperformance by any of the Joint Ventures or their subsidiaries.

4 Risks related to the Group's financial situation

4.1 The Group's debt levels have substantially increased over the last years and the Group is exposed to a (re)financing risk

In view of the geographic expansion, accelerated growth of the Group and more generally, the sustained growth of the demand for logistic warehouse space, the Group has incurred significant borrowings in recent years. With the start of a number of significant new prime developments, i.e. VGP Park Munich and VGP Park Laatzen, VGP expects that debt levels in (nominal terms) will continue to increase, but is convinced that it will be able to execute its growth strategy within a Gearing Ratio of 65%.

VGP is continuously optimising its capital structure with an aim to maximise shareholder value while keeping the desired flexibility to support its growth. The Group operates within and applies a maximum Gearing Ratio of 65%.

As of 31 December 2019, the net debt amounted to € 604,2 million (compared to € 419,3 million at 31 December 2018). The Gearing Ratio was 37.2% (compared to 34.6% as at 31 December 2018).

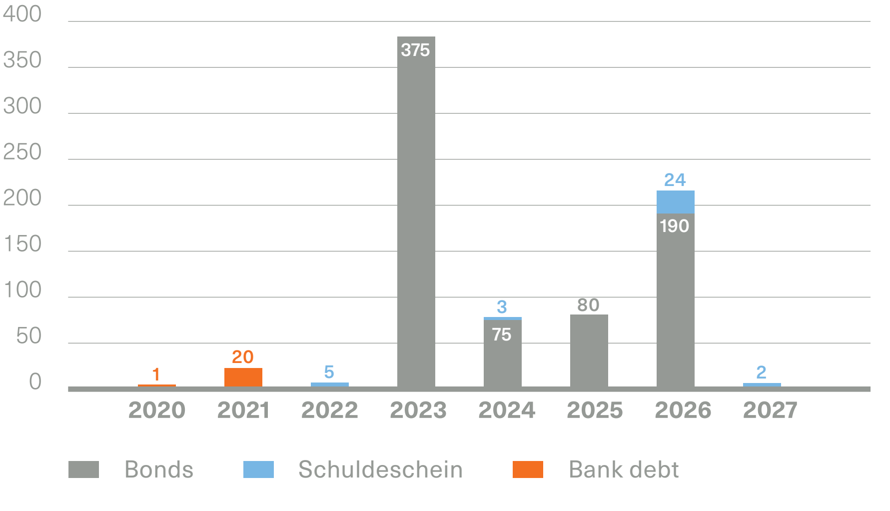
On 31 December 2019, the Group had bonds outstanding for a total amount of € 714.1 million[1] (all being unsecured bonds) and had an outstanding financial debt of € 54,9 million[2], of which € 21.6 million was related to secured bank debt and € 33.4 million schuldschein loans.

Considering the model of the Joint Ventures, additional short-term bank debt might occasionally be needed to cover temporary cash shortfalls due to timing of recycling of shareholder loans granted to the Joint Ventures. These shareholder loans are repaid when projects are acquired by the Joint Ventures.

The Group is currently constructing substantially more than previously anticipated and has a number of large developments which have recently been or will shortly be initiated and which will require some time before being able to be sold to a Joint Venture. As a result, higher peak funding needs may arise between the various Joint Venture closings. In order to allow the Group to comfortably bridge these periods the Group has arranged additional revolving credit facilities.

As at 31 December 2019 the maturity profile of the Group's financial debt is as follows:

Maturity profile financial debt 31 December 2019 *(in € million)*



Note: The figures shown in the chart exclude capitalised finance costs on bank borrowings, schuldschein loans and bonds.

Given its accelerated growth strategy, the Group may not be able to refinance its financial debt or may be unable to attract new financing or to negotiate and enter into new financing agreements on terms which are commercially desirable. If the Group is unable to receive financing or financing against favourable terms, this may have an impact on the Group's cash flow and results and, thus, the Group may be unable to proceed with or to execute certain developments and may have to delay the initiation of certain projects.

1 Including € 5,9 million of capitalised finance costs.

2 Including € 0.3 million of capitalised finance costs.

4.2 The Group's borrowings are subject to certain restrictive covenants

Under the terms of the bonds, schuldschein loans and bank credit facilities, the Group needs to ensure that it all times complies with the the respective covenants set forth therein. Failing to do so will result in the Group being in default under several (if not all) of the outstanding bonds, schuldschein loans and/or bank credit facilities. This may lead to an obligation of the Group to repay in full all outstanding financial indebtedness thereunder, which might have a material adverse effect on the Group's business, financial condition, operating results and cash flows.

While the Group monitors its covenants on-going basis in order to ensure compliance and to anticipatively identify any potential problems of non-compliance for action, there can be no assurances that the Group will at all times be able to comply with these covenants. During 2019, the Group remained well within its covenants.

The terms and conditions of the Apr-23 Bond, the Sep-23 Bond, the Jul-24 Bond, the Mar-25 Bond, the Mar-26 Bond and the Schuldschein Loans include following financial covenants, tested at the level of the Company:

— Consolidated Gearing to equal or to be below 65%;
— Interest Cover Ratio to equal or to be above 1.2;
— Debt Service Cover Ratio (or DSCR) to be 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.

As at 31 December 2019 the Consolidated Gearing* stood at 39.3% compared to 34.6% as at 31 December 2018. The Interest Cover Ratio was 23.29 as at 31 December 2019 compared to 13.11 as at 31 December 2018 and finally the Debt Service Cover Ratio was 13.51 as at 31 December 2019 compared to 20.41 as at 31 December 2018.

The credit agreement entered into with Swedbank (Latvia)) bank includes following financial covenants:

— Equity of VGP Latvia sia to remain at above 20% of its balance sheet
— Debt service cover ratio of at least 1.20; and
— Loan to value not to exceed 70%.

As at 31 December 2019, the Equity ratio stood at 31.4%, the Debt Service Cover Ratio stood at 3.2 and the Loan to Value stood at 57.5% and

As at 31 December 2018 VGP was also in compliance with all of its bank covenants.

4.3 The Group is exposed to risk of financing from its Joint Ventures

Considering the model of the Joint Ventures, VGP depends on the ability of the Joint Ventures to have sufficient long-term financing in place to allow these Joint Ventures to acquire income generating assets developed by VGP.

The First Joint Venture has been able to secure committed credit facilities, (all maturing at the end of May 2026), in Germany, the Czech Republic, the Slovak Republic and Hungary. As at 31 December 2019, the aggregate outstanding credit facilities amounted to € 931.3 million which were drawn for an amount of € 768.0 million. The undrawn amount of € 163.3 million will be applied towards the financing of the acquisition of additional income generating assets developed by VGP over the remaining investment period of the next 1.5 years. The aggregate Loan to Value ratio as at 31 December 2019 stood at 50.5%.

The Second Joint Venture has been able to secure a 10-year € 340.0 million committed credit facility (maturing at the end of July 2029), in respect of the assets to be acquired in Spain, Austria, Italy and the Netherlands and a 5-year € 34.0 million committed credit facility (maturing June 2024) in respect of the assets to be acquired in Romania. As at 31 December 2019, the aggregate outstanding credit facilities amounted to € 372.5

* Calculated by reference to the terms and conditions of the bonds and schuldschein loan documentation.

million which were drawn for an amount of € 78.4 million

The undrawn amount of € 294.1 million will be applied towards the financing of the acquisition of additional income generating assets developed by VGP over the remaining investment period of the next 4.5 years. The aggregate Loan to Value ratio as at 31 December 2019 stood at 55.6%.

The Joint Ventures may not be able to refinance their financial debt or may be unable to attract new financing or to negotiate and enter into new financing agreements on terms which are commercially desirable. If the Joint Ventures are unable to receive financing or financing against favourable terms, this may have an impact on the Group's cash flow and results and, thus, the Group may be unable to proceed with or to execute certain developments and may have to delay the initiation of certain projects.

5. Legal and regulatory risks

5.1 The Group has to comply with a broad and diverse regulatory framework

As the Group is active and intends to further develop business in the mid-European countries (whereby the Group's current focus is on Latvia, the Czech Republic, the Slovak Republic, Hungary and Romania), Germany, Austria, Spain, Portugal, the Netherlands and Italy, the Group is subject to a wide range of EU, national and local laws and regulations. These include requirements in terms of building and occupancy permits (which must be obtained in order for projects to be developed and let), as well as zoning, health and safety, environmental, monument protection, tax, planning, foreign ownership limitations and other laws and regulations.

Because of the complexities involved in procuring and maintaining numerous licenses and permits, there can be no assurance that the Group will at all times be in compliance with all of the requirements imposed on properties and the Group's business. Any failure to, or delay in, complying with applicable laws and regulations or failure to obtain and maintain the requisite approvals and permits could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. In this respect, please also refer to risk factor 2.1 "The Group's development projects may experience delays and other difficulties, especially in respect of receiving necessary permits".

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

5.2 The Group may be subject to litigation and other disputes

The Group may face contractual disputes which may or may not lead to legal proceedings as the result of a wide range of events, especially during the construction and development phase. The most likely disputes include: (i) actual or alleged deficiencies in its execution of construction projects (including relating to the design, installation or repair of works); (ii) defects in the building materials; and (iii) deficiencies in the goods and services provided by suppliers, contractors, and sub-contractors.

In addition, after the development phase, the Group may become subject to disputes with tenants, commercial contractors or other parties in relation to the leasing.

As a result, disputes, accidents, injuries or damages at or relating to one of the Group's ongoing or completed projects resulting from the Group's actual or alleged deficient actions could result in significant liability, warranty or other civil and criminal claims, as well as reputational harm. These liabilities may not be insurable or could exceed the Group's insurance coverage limit.

At the date of this annual report, no governmental, legal or arbitration proceedings have been started or are threatened against the Group which may have, or have had in the recent past, significant effects on the Group and/or the Group's financial position or profitability.

Summary of the accounts and comments

Income statement

Income statement *(in thousands of €)*	**2019**	**2018**
Revenue*	26,037	30,336
Gross rental income	11,653	16,627
Property operating expenses	(2,556)	(1,123)
Net rental income	**9,097**	**15,504**
Joint ventures' management fee income	10,492	9,965
Net valuation gains/(losses) on investment properties	188,165	98,552
Administration expenses	(21,100)	(18,167)
Share in result of joint ventures and associates	65,703	45,220
Operating profit	**252,357**	**151,074**
Finance income	5,543	6,101
Finance costs	(19,781)	(20,071)
Finance costs – net	**(14,238)**	**(13,970)**
Profit before taxes	**238,119**	**137,104**
Taxes	(32,506)	(15,998)
Profit for the period	**205,613**	**121,106**
Attributable to:		
Shareholders of VGP NV	205,613	121,106
Non-controlling interests	—	—

Result per share	**2019**	**2018**
Basic earnings per share *(in €)*	11.06	6.52
Diluted earnings per share *(in €)*	11.06	6.52

* Revenue is composed of gross rental income, service charge income, property and facility management income and property development income.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Balance sheet

Aassets *(in thousands of €)*	**2019**	**2018**
Intangible assets	46	41
Investment properties	792,945	468,513
Property, plant and equipment	5,287	742
Investments in joint ventures and associates	387,246	241,427
Other non-current receivables	63,571	41,461
Deferred tax assets	695	785
Total non-current assets	**1,249,790**	**752,969**
Trade and other receivables	28,770	23,064
Cash and cash equivalents	176,148	161,446
Disposal group held for sale	169,655	274,939
Total current assets	**374,573**	**459,449**
Total assets	**1,624,363**	**1,212,418**

Shareholders' equity and liabilities *(in thousands of €)*	**2019**	**2018**
Share capital	62,251	62,251
Retained earnings	637,461	481,147
Other reserves	69	69
Shareholders' equity	**699,781**	**543,467**
Non-current financial debt	767,673	564,375
Other non-current financial liabilities	—	60
Other non-current liabilities	12,789	1,215
Deferred tax liabilities	31,647	16,692
Total non-current liabilities	**812,109**	**582,342**
Current financial debt	12,673	22,479
Trade debts and other current liabilities	89,325	38,769
Liabilities related to disposal group held for sale	10,475	25,361
Total current liabilities	**112,473**	**86,609**
Total liabilities	**924,582**	**668,951**
Total shareholders' equity and liabilities	**1,624,363**	**1,212,418**

Comments on the accounts

Income statement

Net rental income

The net rental income decreased with € 6.4 million to € 9.1 million, primarily due to the sale of the Mango[1] building in September 2018 and after taking into effect the impact of the fifth and sixth closing with VGP European Logistics joint venture in April and November 2019 respectively and the first closing with VGP European Logistics 2 in July 2019, offset by the income generating assets delivered during 2019.

Including VGP's share of the Joint Venture and looking at net rental income on a "look-through" basis net rental in total increased by € 3.2 million (from € 43.4 million for the period ending 31 December 2018 to € 46.7 million for the period ending 31 December 2019)[2].

Net valuation gain on investment properties

As at 31 December 2019 the net valuation gains on the property portfolio reached € 188.2 million compared to a net valuation gain of € 98.6 million for the period ended 31 December 2018.

The low yields in real estate valuations continued to persist during the year. The own property portfolio, excluding development land but including the buildings being constructed on behalf of the Joint Ventures, is valued by the valuation expert at 31 December 2019 based on a weighted average yield of 5.76% (compared to 6.29% as at 31 December 2018) applied to the contractual rents increased by the estimated rental value on unlet space.

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

Income from Joint Ventures

The Joint Ventures' management fee income increased by € 0.5 million to € 10.5 million. The increase was mainly due to the growth of the Joint Ventures' portfolio and the development activities undertaken on behalf of the Joint Ventures.

Property and facility management fee income increased from € 6.7 million for the period ending 31 December 2018 to € 8.7 million for the period ending 31 December 2019. The development management fee income generated during the period was € 1.7 million compared to € 3.3 million for the period ending 31 December 2018.

Share in result of Joint Ventures

VGP's share of the Joint Ventures' profit for the period increased by € 20.5 million from € 45.2 million for the period ending 31 December 2018 to € 65.7 million for the period ending 31 December 2019, reflecting the increased income generating contribution of the Joint Ventures' portfolio and the contraction of the yields on the investment properties.

Net rental income at share increased to € 37.6 million for the period ending 31 December 2019 compared to €27.9 million for the period ended 31 December 2018. The increase reflects the underlying growth of the Joint Ventures' portfolio resulting from the different

1 The rental income of the Mango building for the period 1 January 2018 until 26 September 2018 was € 5.6 million

2 See attached section 'Supplementary notes not part of the audited financial statements for further details

closings made between the Joint Ventures and VGP since May 2016.

At the end of December 2019, the Joint Ventures (100% share) had € 102.3 million of annualised committed leases representing 1,913,000 m^2 of lettable area compared to € 70.9 million of annualised committed leases representing 1,347,000 m^2 at the end of December 2018.

The net valuation gains on investment properties at share increased to € 60.8 million for the period ending 31 December 2019 (compared to € 39.9 million for the period ending 31 December 2018). The Joint Ventures' portfolio, excluding development land and the buildings being constructed by VGP on behalf of the Joint Ventures, was valued at a weighted average yield of 5.61% as at 31 December 2019 (compared to 5.31% as at 31 December 2018) reflecting country mix change more than offsetting the further contraction of the yields during 2019. The (re)valuation of the Joint Venture portfolio was based on the appraisal report of the property expert Jones Lang LaSalle.

The net financial expenses of the Joint Ventures at share for the period ending 31 December 2019 increased to € 16.2 million from € 12.4 million for the period ending 31 December 2018. For the period ending 31 December 2019, the financial income at share was € 0.1 million (€ 0.3 million for the period ending 31 December 2018). The financial expenses at share increased from € 12.7 million for the period ending 31 December 2018 to € 16.3 million for the period ending 31 December 2019 and included € 3.5 million interest on shareholder debt (€ 3.4 million as at 31 December 2018), € 7.6 million interest on bank debt (€ 5.8 million as at 31 December 2018), € 0.3 million unrealised losses on interest rate derivatives (€ 2.7 million as at 31 December 2018), € 5.0 million other financial expenses (€ 1.6 million as at 31 December 2018) and a positive impact of € 0.3 million (€ 0.8 million per 31 December 2018) related to capitalised interests.

Administrative costs

The administrative costs for the period were € 21.1 million compared to € 18.2 million for the period ended 31 December 2018, reflecting the continued growth of the VGP team in order to support the growth of the development activities of the Group and its geographic expansion. As at 31 December 2019 the VGP team comprised more than 220 people active in 12 different countries.

Net financial costs

For the period ending 31 December 2019, the financial income was € 5.5 million (€ 6.1 million for the period ending 31 December 2018) and included € 5.5 million interest income on loans granted to the Joint Ventures (€ 5.7 million as at 31 December 2018). Last year the financial income included € 0.3 million of net foreign exchange gains (compared to nil this year).

The reported financial expenses as at 31 December 2019 of € 19.8 million (€ 20.1 million as at 31 December 2018) are mainly made up of € 22.0 million expenses related to financial debt (€ 20.1 million as at 31 December 2018), € 1.9 million other financial expenses (€ 1.6 million as at 31 December 2018) and a positive impact of € 4.2 million (€ 3.2 million for the period ending 31 December 2018) related to capitalised interests. Last year the reported financial expenses included € 1.5 million unrealised loss on interest rate derivatives (compared to nil this year).

As a result, the net financial costs reached € 14.2 million for the period ending 31 December 2019 compared to € 14.0 million at the end of December 2018.

Shareholder loans to the Joint Ventures amounted to € 178.5 million as at 31 December 2019 (compared to € 143.3 million as at 31 December 2018) of which € 114.9 million (€ 101.9 million as at 31 December 2018) was related to financing of the buildings under construction and development land held by the Joint Ventures.

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.

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.

For the period ending 31 December 2019, the taxes were € 32.5 million (2018: € 16.0 million) and included € 32.0 million deferred taxes (2018: € 15.0 million).

Profit for the year

Profit for the year increased from € 121.1 million (€ 6.52 per share) for 2018 to € 205.6 million (€ 11.06 per share) for the financial year ended 31 December 2019.

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 2019 the investment property portfolio consists of 7 completed buildings representing 146,000 m^2 of lettable area with another 34 buildings under construction representing 706,000 m^2 of lettable area, of which 12 buildings (194,000 m^2) are being developed for the Joint Ventures.

During the year 19 buildings were completed totalling 287,000 m^2 of lettable area. For its own account VGP delivered 6 buildings representing 111,000 m^2 of lettable area and 13 buildings (176,000 m^2) were delivered on behalf of the Joint Ventures.

At the end of December 2019, VGP had 34 buildings under construction for a total future lettable area of 706,000 m^2.

Investment in Joint Ventures

At the end of December 2019, the investments in the Joint Ventures increased to € 387.2 million from € 241.4 million as at 31 December 2018.

The investments in joint ventures and associates as at the end of 2019 reflect the Group's Joint Ventures with Allianz Real Estate (VGP European Logistics and European Logistics 2) and the associates, all of which are accounted for using the equity method. The First Joint Venture – VGP European Logistics –, launched in March 2016 targets the acquisition of assets developed by VGP in Germany, the Czech Republic, Slovakia and Hungary. The Second Joint Venture, which was entered into in July 2019, targets the acquisition of assets developed by VGP in Austria, Italy, the Netherlands, Portugal, Romania and Spain.

Disposal group held for sale

The balance of the Disposal group held for sale decreased from € 274.9 million as at 31 December 2018 to € 169.7 million as at 31 December 2019. The net decrease is mainly driven by the fifth closing with VGP European Logistics joint venture which was completed at the end of March 2019.

The balance as at 31 December 2019 relates to the assets under construction and development land (at fair value) which are being/will be developed by VGP on behalf of VGP European Logistics and VGP European Logistics 2.

Under the joint venture agreements, the Joint Ventures have an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP.

VGP European Logistics has the exclusive right of first refusal in relation to acquiring the income generating assets located in Germany, the Czech Republic, the Slovak Republic and Hungary. VGP European Logistics 2 has the exclusive right of first refusal in relation to acquiring the income generating assets located in Austria, Italy, the Netherlands, Portugal, Romania and Spain. The development pipeline which is transferred to the Joint Ventures as part of the different closings between Joint Ventures and VGP is being developed at VGP's own risk and subsequently acquired and paid for by the Joint Ventures subject to pre-agreed completion and lease parameters. The fair value of the assets under construction which are being developed by VGP on behalf of the Joint Ventures amounted to € 169.7 million as at 31 December 2019 (compared to € 154.5 million as at 31 December 2018). The balance at 31 December 2018 included an amount of €120.4 million, which related to fifth closing with VGP European Logistics joint venture.

Total non-current and current financial debt

The financial debt increased from € 587 million as at 31 December 2018 to € 780 million as at 31 December 2019.

The increase was mainly driven by the new € 150 million bond issued in December 2019, the € 33.5 million shuldschein loans which were arranged in October 2019, and a € 22 million new Swedbank bank loan in Latvia. This increase was offset by a repayment of a € 15 million bank loan in Romania following the divestment of VGP Park Timisoara to the Second Joint Venture in July 2019.

During the year, the Group secured additional 3-year revolving credit facilities for a total amount of €150 million. These credit facilities remained undrawn at the end of December 2019.

The gearing ratio* of the Group as of 31 December 2019 amounted to 37.2% compared to 34.6% as at 31 December 2018.

* Calculated as Net debt/Total equity and liabilities

Cash flow statement

Summary *(in thousands of €)*	**2019**	**2018**
Cash flow from operating activities	(29,326)	(51,035)
Cash flow from investing activities	(125,504)	104,724
Cash flow from financing activities	162,287	77,299
Net increase/(decrease) in cash and cash equivalents	**7,456**	**130,988**

The changes in the cash flow from investing activities was mainly due to: (i) € 453.8 million (2018: € 263.4 million) of expenditure incurred for the development activities and land acquisition; (ii) € 339.0 million cash in from the different closings with the Joint Ventures during the year (2018: € 438.4 million cash in from the April 2018 closing with VGP European Logistics).

The changes in the cash flow from financing activities were driven by: (i) € 40.8 million dividend paid out in May 2019 (2018: € 35.3 million); (ii) € 148.6 million net proceeds from the Apr-23 Bond (compared to € 188.4 million net proceeds from the Mar-26 Bond issued during 2018) and the net proceeds from new bank and schuldschein debt in the amount of € 55.2 million and € 0.7 million repayment of bank debt (2018 € 0.8 million).

Events after the balance sheet date

The coronavirus outbreak is spreading across the globe with Europe being one of the most hit. With governments introducing emergency measures to halt the progress of the escalating epidemic, it becomes clear that the outbreak has the potential to cause severe economic and market disruption.

Giving the evolving situation and our inability to assess the impact of COVID-19 on our business, it is currently impossible to predict if and how much VGP's financial situation will be affected in the near term (see also Outlook 2020).

Information about the share

Listing of shares

Euronext Brussels
Main Market of Prague

VGP share VGP ISIN BE0003878957

Market capitalisation 31 Dec-19	1,631,591,790 €
Highest capitalisation	1,709,640,600 €
Lowest capitalisation	1,070,383,680 €
Share price 31 Dec-18	59.40 €
Share price 31 Dec-19	87.80 €

Shareholder structure

As at 31 December 2019 the share capital of VGP was represented by 18,583,050 shares. Ownership of the Company's shares is as follows:

Shareholder	Number of shares	% of shares issued
Little Rock SA	3,872,103	20.84%
Alsgard SA	2,409,914	12.97%
Sub-total Jan Van Geet Group	***6,282,017***	***33.81%***
VM Invest NV	3,746,008	20.16%
Comm. VA VGP MISV	929,153	5.00%
Sub-total Bart Van Malderen Group	***4,675,161***	***25.16%***
Vadebo France NV	655,738	3.53%
Griet Van Malderen	118,000	0.63%
Sub-total Griet Van Malderen Group	***773,738***	***4.16%***
Public	6,852,134	36.87%
Total	**18,583,050**	**100.00%**

Little Rock SA and Alsgard SA are companies controlled by Mr. Jan Van Geet.
VM Invest NV and Comm VA VGP MISV are companies controlled by Mr. Bart Van Malderen.
Vadebo France NV is a company controlled by Mrs. Griet Van Malderen.

Authorised capital

The Board of Directors has been authorized by the Extraordinary Shareholders' Meeting held on 10 May 2019 to increase the Company's registered capital in one or more times by an aggregate maximum amount of € 92,666,815 (before any issue premium). The authority is valid for five years from 11 June 2019 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 11 June 2019, 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

2020 first quarter trading update	16 April 2020
General meeting of shareholders	8 May 2020
2020 half year results	24 August 2020
2020 third quarter trading update	20 November 2020

Outlook 2020

2020 should benefit from the strong foundations which were laid last year, with the signing of € 53.3 million new lease contracts and also the purchase of some of our best land plots on which we have or are now starting construction for mostly new pre-let developments. Furthermore, the Group remains financially solid and has ample credit facilities at its disposal to finance the Group's foreseen capital expenditure over the near term, further supported through the partnership with Allianz.

We are therefore of the opinion that VGP is and remains a safe haven, even if a storm were to pass by.

Nevertheless, with the coronavirus outbreak we are finding ourselves in untested waters. Our generation has never experienced an event with such a detrimental effect on our community and its interrelationships. It is therefore impossible for us to assess the impact on each of our customers individually, our suppliers or the authorities with whom we are in daily contact. We remain as close as we can to these stakeholders and are constantly trying to monitor the situation.

However, It is clear that there will be an adverse economic and market disruptive impact but how big such impact will be: in all honesty nobody knows.

For the medium term we remain confident that VGP's business model will be resilient and benefit from strong business fundamentals which VGP has put in place over the last few years, resulting in the Group having (i) sufficiently large cash buffers in its own and Joint Ventures' portfolios topped-up by a significant amount of available undrawn committed credit facilities; (ii) a strong balance sheet with a low gearing level and (iii) a strong partnership with Allianz putting solid foundations underneath VGP's business model, which will allow the Group to weather the current uncertain times

Board of Directors and Management

Board of Directors

Composition on 31 December 2019

Name		**Year appointed**	**Executive or non-executive**	**Independent**	**Next due for re-election**
Chairman	VM Invest NV represented by Bart Van Malderen*	2017	Non-executive and reference shareholder	—	2021
CEO	Jan Van Geet s.r.o. represented by Jan van Geet	2017	Executive and reference shareholder	—	2021
Directors	Ann Gaeremynck	2019	Non-executive	Independent	2023
	Katherina Reiche	2019	Non-executive	Independent	2023
	Vera Gäde-Butzlaff	2019	Non-executive	Independent	2019

* Appointed as Chairman as the Annual General Meeting in May 2019.

Bart Van Malderen

*1966
Bart Van Malderen founded Drylock Technologies in 2012. Drylock Technologies is anhygienic 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.

Jan Van Geet

*1971
Jan Van Geet is the founder and CEO 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.

Ann Gaeremynck

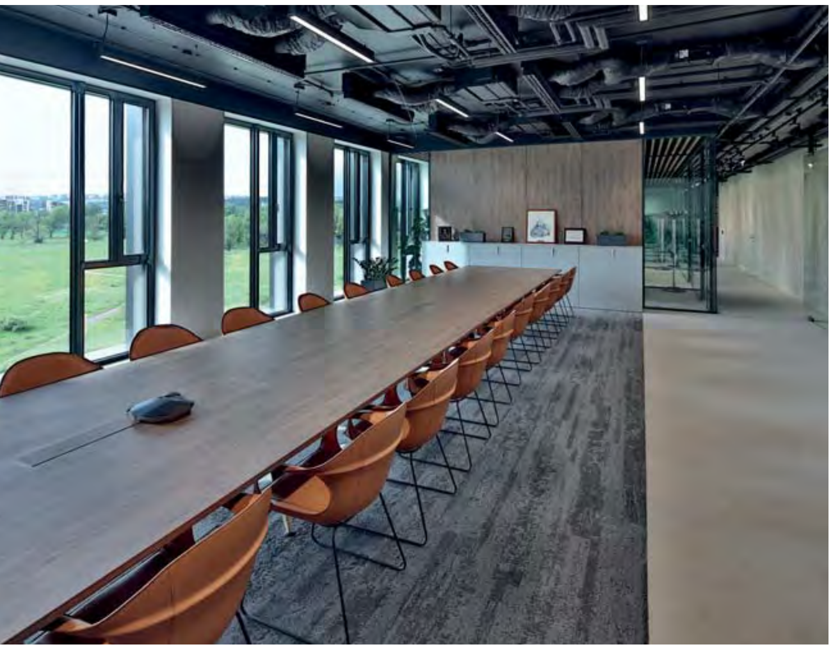
*1966
Ann Gaeremynck is currently Professor of Accounting and Audit at the KU Leuven, Faculty of Economics and Business Administration. Her main research area is in the field of audit and governance. She also holds the Deloitte Chair in Governance.

Katherina Reiche

*1973
Katherina Reiche is Chairwomen of the Management Board of innogy Westenergie GmbH, Germany's leading energy company, since 2020. Prior to this Katherina Reiche chaired the board of the Association of Municipal Enterprises (VKU) in Germany from 2015 to 2019 and chaired the European Association of Public Employers and Enterprises (CEEP) since June 2016. She was a member of the German Bundestag from 1998 to 2015 and Deputy Chairwoman of the CDU/CSU Parliamentary Group from 2005 to 2009.

Vera Gäde-Butzlaff

*1954
Vera Gäde-Butzlaff was Deputy State Secretary for Environment and Agriculture at the Ministry of Regional Planning, Agriculture and Environment of Saxony-Anhalt from 2001 to 2002. From 2003 to 2014, she was a member of the Board of Directors and since 2007 CEO of Berlin's city cleaning and waste management companies (BSR). From 2015 to 2018 she was CEO of GASAG AG, one of Germany's largest regional energy suppliers. Since April 2018, she has chaired the Supervisory Board of Vivantes, the hospital group.



Executive Management team

Composition on 31 December 2019	
Jan Van Geet[1]	Chief Executive Officer
Jan Procházka	Chief Operating Officer – Czech Republic
Dirk Stoop[2]	Chief Financial Officer
Tomas Van Geet[3]	Chief Commercial Officer
Miquel-David Martinez	Chief Technical Officer
Matthias Sander[4]	Chief Operating Officer – Eastern Europe
Jonathan Watkins[5]	Chief Operating Officer – Western Europe
Martijn Vlutters[6]	Vice President – Business Development & Investor Relations

1 As permanent representative of Jan Van Geet s.r.o.
2 As permanent representative of Dirk Stoop BV.
3 As permanent representative of Tomas Van Geet s.r.o.
4 As permanent representative of Matthias Sander s.r.o.
5 As permanent representative of Havbo Consulting Ltd.
6 As permanent representative of MB Vlutters BV.

The curriculum vitae of the members of the executive management (except for the CEO – cf. *supra*) may be summarised as follows:

Mr. Jan Procházka

*1964 He is civil engineer and architect and joined VGP 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. 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 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. Miquel-David Martinez

*1978 is civil engineer and joined VGP's team in 2016. He takes responsibility for technical concepts and contract execution. Prior to this position, Miquel-David was the technical director and partner in Inel Group, a construction management and engineering company mainly focused on building projects for the tertiary sector.

Mr. Matthias Sander

*1970 He is a mechanical and economic bachelor and joined VGP in 2018. He takes responsibility for the expansion into new countries, sourcing land plots across Europe and coordinating of the development pipeline. Matthias spent the last 11 years in several leading roles with Knorr Bremse (a leading German industrial Group) and was its Managing Director in the Czech Republic.

Mr. Jonathan Watkins

*1975 Joined VGP in December 2019. Mr Watkins was previously head of UK and German Ops Real Estate at Amazon. Prior to this he held several leading roles in acquisition and construction of new stores and warehouses at Lidl Denmark, UK and Germany. Jon holds a Master's Degree, Surveying of the University College of Estate Management and a BSc Surveying from Sheffield Hallam University.

Mr. Martijn Vlutters

*1979 Joined VGP in 2018. He takes responsibility for business development and investor relations. Prior to joining VGP, Martijn worked 13 years at J.P. Morgan based in London and New York in various roles in Capital Markets and Corporate Finance. Within this period he spent 2 years in New York as Investor Relations for J.P. Morgan Chase. Martijn holds a Master degree in Civil Engineering from Delft University and Business Administration from Erasmus/ Rotterdam School of Management.

Corporate responsibility report

Building Tomorrow Today

As a family-owned business we think across generations.

Building Tomorrow Today has long been our guiding principle as we believe a brighter tomorrow can be built from the foundations of today. We want to secure a happier future for coming generations.

We are building to create value.

Not only for our clients, partners and shareholders but also for the communities in which we operate.

At VGP, we want to build tomorrow by doing the right thing today: By doing business in a responsible manner.

By finding a balance between results, tradition, innovation and sustainability.

We do this by challenging ourselves and adapting to changing needs every day.

Content

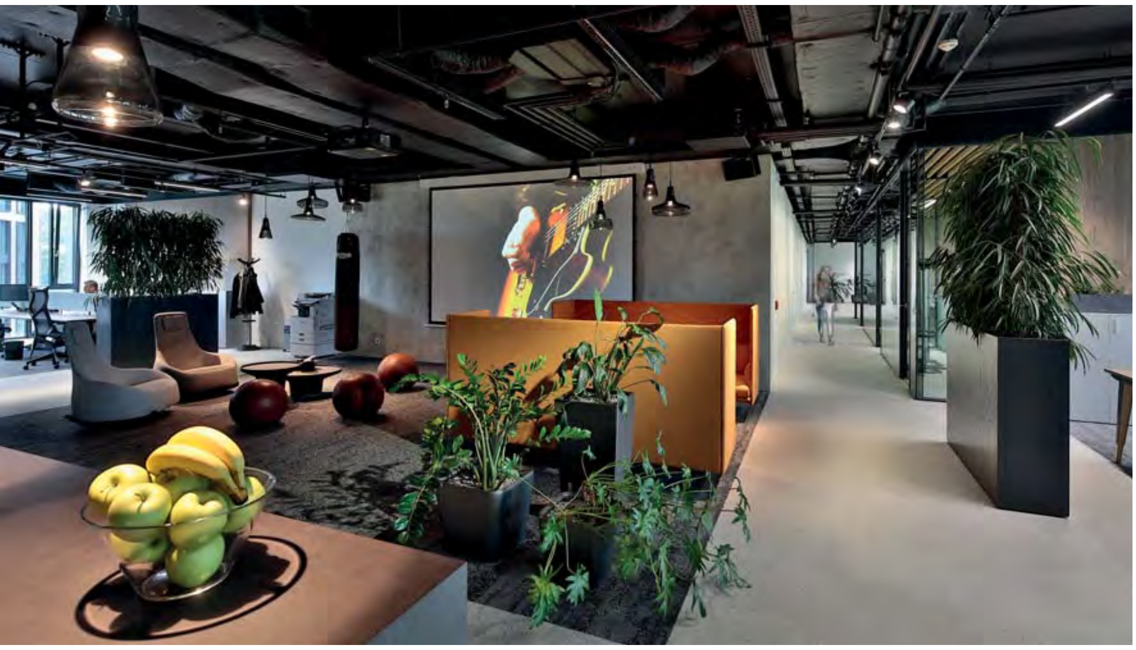
2019 Highlights

Launch of VGP Renewable Energy

Setup a separate business line "VGP Renewable Energy" with the ultimate scope to help our clients to achieve carbon neutrality by offering a broad array of renewable energy production, including solar, wind and thermal, as well as integrators for storage and distribution. In first instance the business will start to invest in rooftop-mounted photovoltaic installations when suitable across the existing and future building portfolio.

100% BREEAM Very Good certification for new developments

We implemented a policy with the goal of certifying 100% of our new developments with at least a BREEAM (Building Research Establishment Environmental Assessment Method) Very Good or equivalent certification for buildings to be delivered from 2020 onwards. During 2019 four BREEAM certified buildings were delivered, including BREEAM Very Good in Use Certification for Macron in VGP Park Valsamoggia, Italy.

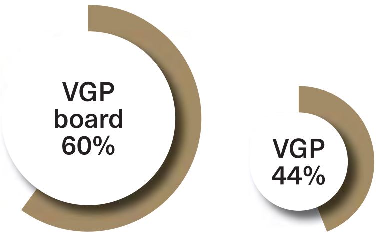


New state of the art corporate offices in Prague and Düsseldorf

These offices will enhance employee welfare and have been taken in use with high sense of sustainability. The internal design of our Prague offices has been completed by our inhouse architects. The Prague office building has been awarded a LEED Gold certificate and was among the five finalists in 2019 Czech Office of the Year competition, category friendly work environment.

Changes to board – women now represent 60% of our board

Three women joined our board as independent members bringing the ratio of women on our board to 60%. The entire organization has a ratio of 44% female staff.



Installed 16.0 MW of PV solar

We have more than 16.0 MWP of solar PV installed or under construction on our rooftops across the portfolio and a further 36.8 MWP in the pipeline.

Setup a Green Financing Framework

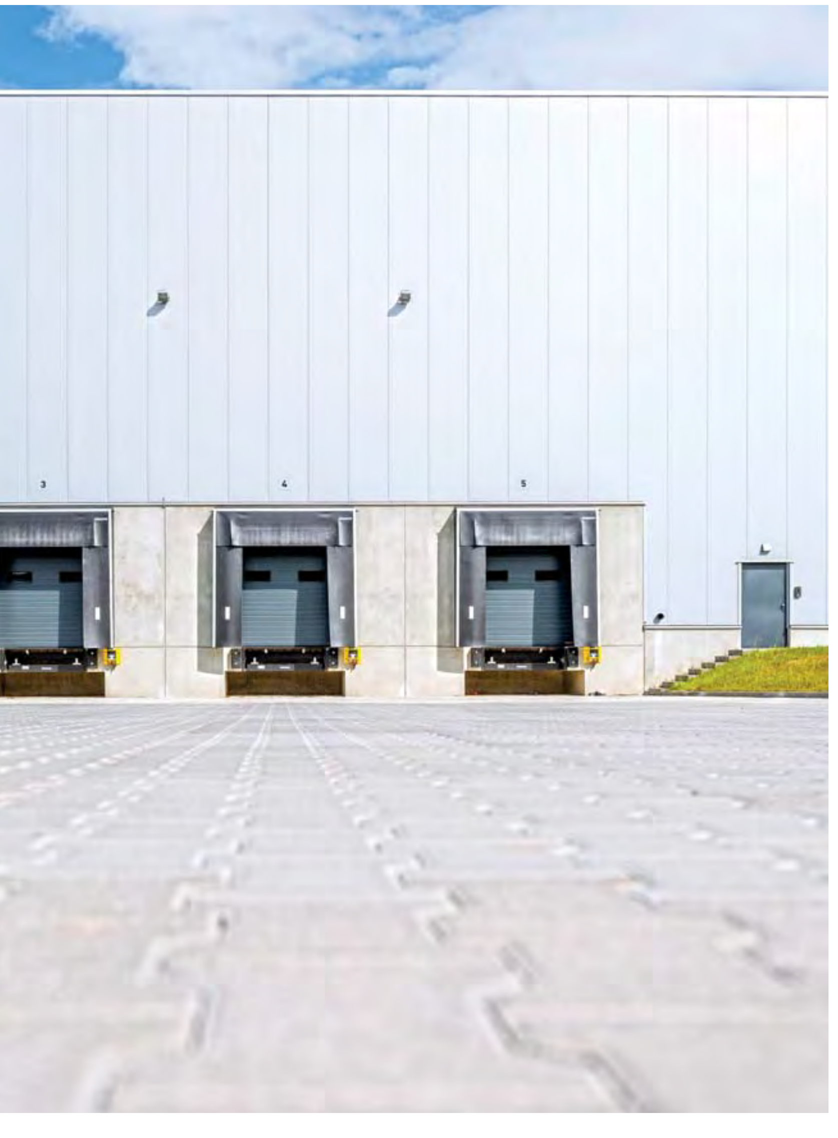
Setup a green financing framework in order to be able to attract Green Financing for our sustainable projects. The Green Financing Framework was independently reviewed and classified as “Medium Green” with a “Good” Governance framework, in-line with the Green Bond and Green Loan principles by CICERO Shades of Green AS.

°C °CICERO Medium Green

Launch of VGP Foundation

Setup the VGP Foundation as a registered Belgian private foundation. VGP has committed to contribute circa 1-2% of its annual profit into the VGP Foundation, starting in 2020. The foundation will focus on three main areas: firstly, supporting education for children and young people in need, secondly, the preservation and creation of biospheres and nature conservation zones and, thirdly, the protection of European cultural assets and heritage.

VGP FOUNDATION



Code of Conduct

Prepared a Code of Conduct describing the key principles of conduct for the business environment, in which the Group operates. A new group-wide training program is being rolled out in order to preserve the compliance culture across the Group.

Start of construction of VGP Park Munich as a landmark sustainable project

Kicked off the construction work for VGP Park Munich, a trophy build-to-suit project with several leading sustainability features including: green roofs and façade, smart energy technology, electric car and truck charging stations, groundwater heat pumps and the largest European roof-fitted solar panel installation generating 12.5 MWP*.

Corporate Responsibility Report

The group prepared voluntarily its inaugural Corporate Responsibility Report (previously this was limited to a chapter in the annual report) which describes how we address sustainability, how we implement our sustainability strategy, the policies and guidelines we observe, the targets we have set ourselves including the Sustainable Development Goals (SDGs) and our main achievements. This report has been prepared in accordance with the GRI Standards – Core Option.

* At the time of the construction start (September 2019)

Message from the CEO

VGP has grown into a pan-European company active across 12 countries. We have over 220 employees, and each of these individuals makes his or her own unique contribution to our success.

This is our first Corporate Responsibility Report, which we are not required by law to publish but we believe it is the right thing to do in order to be transparent about the initiatives we have taken and be accountable for the implementation.

We know that accountability, transparency and integrity are the cornerstones of doing good business, which includes effectively managing environmental, social and governance matters. The basic idea behind Corporate Responsibility is that we want to do more than be successful in creating value for our customers and shareholders; we also want to give something back to society and the planet. But this is not separate from our everyday business. Corporate Responsibility is not a “nice to have”; it is integral to our strategy and driven by our company guiding principle of **Building Tomorrow Today**.

For 2020 we have set ourselves enhanced sustainable development goals as we believe the private sector plays an important role in creating solutions that help grow the economy and addressing challenges such as climate change. As part of a comprehensive strategy to advance environmentally sustainable solutions for our tenants and our own operations, VGP envisages to obtain BREEAM ‘Very Good’ certificates for all our construction projects by 2020 onwards and to source renewable power from as many of our parks’ available resources as possible – starting with increasing investments into roof-fixed solar panels. This commitment builds on VGP’s efforts to advance sustainability in our business and operations, and our effort to support our tenants and the communities in which we operate in managing their carbon footprint.

As part of this drive to sustainability we have developed an externally credited Green Financing Framework. This new framework will allow us to facilitate clean financing investments into VGP Parks. This effort underscores the degree to which our mission to drive sustainable growth has become a core tenant of our culture.

In addition to stepping up our commitments to sustainability, we are stepping up our commitments to our communities and people. In 2019 the VGP Foundation was founded. It is the aim to use the Foundation’s funds to finance projects that support children and young people, preserve and create biospheres for endangered species, and protect European cultural assets.

By assisting in addressing some of the challenges our communities face, we are positioning VGP and the communities we serve to be successful today and over the long term. In this report, I invite you to read about these and other ways in which we work continuously towards **Building Tomorrow Today**.

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

The Group

VGP is a leading pan-European developer, manager and owner of high-quality logistics and semi-industrial real estate. VGP operates a fully integrated business model with capabilities and longstanding expertise across the value chain. The company has an owned and secured development land bank of 6.2 million m² and its strategic focus is on the development of business parks. Founded in 1998 as a family-owned real estate developer in the Czech Republic, VGP with a staff of over 220 employees today owns and operates assets in 12 European countries directly and through VGP European Logistics and VGP European Logistics 2, both joint ventures with Allianz Real Estate. As of December 2019, the Gross Asset Value of VGP, including the joint venture at 100%, amounted to € 2.48 billion and the company had a Net Asset Value (EPRA NAV) of € 741 million. VGP is listed on Euronext Brussels and on the Prague Stock Exchange (ISIN: BE0003878957).

Our key figures in 2019

Committed Annualised rental income[1]	€ 155 Mio.
Number of tenancy contracts	245
Completed gross leasable area[2]	2,412,000 m²
Green energy production installed[3]	16.5 MWP
Green energy production pipeline[4]	36.8 MWP
Number of employees	242
% men / % women	56 % / 44%
% women in board positions	60 %
% independent directors	60%

For more information, please visit www.vgpparks.eu

1 Including the joint venture at 100%

2 Completed gross leasable area including under construction (areas held through JVs accounted for at 100%)

3 Enabled green energy production through PV installations owned by third parties installed on roofs of VGP Parks (Including operational and installations under construction)

4 Enabled green energy production through own PV installations and PV installations owned by third parties installed on roofs of VGP Parks for which heads of terms have been agreed

Business Principles

As a family-owned business we think across generations. We operate in a responsible and sustainable manner, striking the right balance between results, tradition and innovation. Our business is driven by prosperous, long-term relationships. We strive to create value and be a trusted partner to our customers and the communities in which we operate.

In our efforts to serve our customers and communities best, we are guided by three principles:

— local presence
— respect
— responsiveness

That means we have a deep and thorough understanding of markets and regional specifics and respect the individual needs of both our customers and the communities. By being on-the-ground and close to our customers as well as to the communities in which we operate, we ensure that we can react quickly to serve their needs. We listen to them and respond to their individual needs through creative solutions and a collaborative spirit. We do this by challenging ourselves and adapting to the changing demands of our industry every day.

Engaging with stakeholders

In our efforts to serve our customers and communities best, we are guided by our desire to operate with a local presence, taking into account local needs and specifics, in addition to the principles of respect and responsiveness. We maintain an open dialogue with our stakeholders, including our investors, customers, employees, suppliers and the communities in which we operate. We seek feedback during our investor updates and client meetings. Whilst we have no legal obligation to publish on our ESG efforts (Belgian law WVV (art. 3:6, §4)), this work has been inspired by a desire to be a responsible corporate citizen taking into account feedback from our stakeholders. This has helped us to determine material sustainability priorities and the social impacts of our business. This in turn allows us to set targets and systems to manage, review and report on our ESG performance. Our Global Reporting Initiative (GRI) index at the end of this report demonstrates the full view of our identified ESG topics.

VGP IN DIALOGUE

Dialogue, conferences, meetings and calls with investors and analysts	**Capital markets**
Dialogue in context of joint projects, supplier due diligence, forums & conferences	**Suppliers**
Dialogue through meetings and conferences as member of local and pan-European associations	**Networks and associations**
Dialogue in the context of press releases, information events on new parks, trade fairs	**Media**
Dialogue in context of new initiatives and existing partnerships	**Business and joint venture partners**
Personal meetings, park visits, neighborhood conversations	**Local stakeholders**
One-on-one meetings/dialogue, answering questions	**Civil society and NGOs**
Dialogue with employees, driving forces, idea management, internal media	**Employees**
Dialogue (including in context of park/building design), social media, trade fairs	**Clients**

The 2030 Sustainable Development Goals

The Sustainable Development Goals (SDGs) were adopted in 2015 by the 193 United Nations (UN) member states. There are 17 goals which address economic, environmental and social impacts, and are designed to form a blueprint for good growth, nationally and internationally, by 2030. They're underpinned by 169 targets to help define progress. The SDGs provide a focus for how businesses, governments and civil society can tackle these challenges in order to promote a more sustainable future for all. They have helped to inform our thinking about where we can play a role. VGP contributes in different ways and to different degrees to all the SDGs. In line with UN Global Compact guidance, we have identified which goals are particularly relevant to us: where expectations, risks and opportunities for VGP are greatest, and where we can make the most significant contribution. We list these priority SDGs in the table below.

Target	Progress
100 MW of solar PV in operation or under construction by 2025	Approximately 16.5 MW installed or under construction across Europe Projects representing 36.8 MW are currently in the pipeline
100% BREEAM Very Good or equivalent sustainability certification for all newly constructed buildings	Initiative implemented on 1 Jan 2020 and all new construction projects across Europe are being adapted to the new building standard accordingly

Target	Progress
Maintain >95% historical occupancy rate	As of Dec 2019 the average occupancy rate for the completed portfolio was 99.8%. Since 2010 VGP has operated with an occupancy rate of >95%, except 2014 when it was 94%
Safe working environment	Targeting zero workforce fatalities We request employees, contracted workforce as well as suppliers of VGP to adhere to our new VGP Health and Safety Policy
Supply chain ethics	We conduct a supplier due diligence (based on our new Quality Management Handbook)
Gender equality	We have assessed our overall gender ratio at 44% female and 56% male and for our board 60% female and 40% male
Code of conduct training	We have introduced in-person training to familiarise employees with the Code of Conduct. This training is mandatory for all managers and is carried out progressively throughout the organization
GRI aligned disclosures	This report describes for the first time how we address corporate sustainability, including SDGs. This Corporate and Social Sustainability Report has been prepared in accordance with the GRI Standards – Core Option
1-2% of net profits annually to be invested into the VGP Foundation	The VGP Foundation was founded in 2019 as a registered Belgian private foundation VGP NV has committed to contribute circa 1-2% of its annual profit into the VGP Foundation, starting in 2020

Resilience and integrity

In the past year, the Group has carried out a review of its compliance policies and has taken a new initiative in this area in order to preserve, taking into account the growth of the Group's geographical coverage as well as headcount, the integrity with which its business has been conducted since its establishment. Therefore, with the support from the Board of Directors and from the CEO, the legal department has prepared a Code of Conduct describing the key principles of conduct for the business environment, in which the Group operates. At the same time, a training program is being rolled out throughout the countries in which the Group operates in order to preserve the compliance culture across the Group.

The review of the compliance policies has been carried out in advance of the review of the Group's Corporate Governance Charter, scheduled for this year, in view of the updates of the Belgian Corporate Governance Code 2020 (which replaces the Corporate Governance Code 2009) and the Belgian Code on Companies and Associations (which replaces the Belgian Companies Code).

Group-wide rules of conduct

The Code of Conduct sets out the shared values of integrity, compliance with local and international law, respect for employees and customers, the willingness to accept social responsibility, environmental awareness and an unequivocal stand against bribery and corruption. The Code of Conduct describes in clear terms the principles which the VGP Group must adhere to and provides a number of examples of potential violations as well as good practice.

The Code of Conduct is available on our Group-wide intranet. We use in-person training to familiarise employees with its contents and application in everyday scenarios. This training is mandatory for all employees having managerial responsibilities and is carried out progressively throughout the countries, in which VGP operates.

There are a number of channels for reporting possible violations of the Code of Conduct, including a compliance hotline.

People

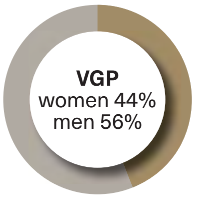
Company culture

The family ownership of the business transpires into a collegial team spirit across the company. Integrity means honesty and sincerity in what VGP does and adhering to open communication with issues being openly discussed and addressed as soon as possible. Mutual trust, respect for everyone and opportunity to grow with room for own initiative are important for our employees to feel rewarded and enjoy their work. This is critical in order to be able to execute on the ambitious goals VGP has set for the years ahead.

We operate in culturally diverse markets and we celebrate our differences. We support an inclusive and transparent workplace, free of harassment and discrimination, where all of our people can contribute equally to our commercial goals. VGP believes in equal opportunities for all employees. VGP does not make any distinction on the grounds of gender, religion, ethnic background or sexual orientation in its HR, recruitment and promotion policies or remuneration systems.

Performance and career development reviews are encouraged by senior management. These reviews are conducted on a constructive basis and personal level, generally always conducted by line management albeit the actual performance rate of conducting reviews are not monitored on a group wide basis.

At year-end 2019, the group had 242 employees spread over the 12 countries in which we are active. In 2019, the number of employees increased with 41. Diversity is important in business, as it is in all other aspects of life and society, and diversity certainly is valued at VGP. The gender split of the VGP staff at the end of 2019 is: 56% male – 44% female. Moreover, women are very well represented in our Board of Directors. In 2019, three women joined our board as independent members, bringing the ratio of women in our board to 60%. Our HR system does currently not register minority or vulnerable groups.



The family culture and collegial spirit are promoted in our yearly Family Day, which is organised in one of the countries in which we operate. This day full of activity creates the opportunity to get to know each other better in an informal way and also engage partners and children of the employees.

Staff well-being

To increase the well-being of our staff, importance is attached to appropriate office locations and design. At the beginning of 2019, the VGP team in the Czech Republic relocated to the new Rustonka administrative building in Prague. Our in-house architects created an exceptional and pleasant workspace combining open and enclosed spaces where everyone enjoys working. A main part of the offices is a multi-functional relax zone dominated by a bar counter instead of the classic office kitchen. It is used for meetings, screenings, and physical exercise using gym equipment. The Rustonka administrative complex is located in the attractive Karlín neighbourhood, close to the Invalidovna underground station allowing excellent public transport connection. The building received the LEED Gold Certificate. Other such initiatives were accomplished the past year for new offices in Düsseldorf and Barcelona.

Health & safety

VGP is committed to the prevention of harm in our operations, extending to both our employees and contracted workforce. We request employees, contracted workforce as well as suppliers of VGP to adhere to VGP Health and Safety Policy. VGP will comply with applicable legislation and safety procedures at all building sites in close cooperation with the respective general contractor. VGP conducts inspections and assessments of potential areas of improvement during workplace visits and we are committed to identifying critical risks and applying controls to actively prevent incidents. We look to create a safe working environment and our ongoing target is for zero workforce fatalities in our operations whilst we drive an understanding that safety is everyone's responsibility.

Preparing staff for success

The integration of new digital systems should lead to an improvement of the corporate processes, the optimisation of the cooperation, as well as the quality and service for all stakeholders. In 2020 we will start to implement and roll-out a new ERP-system, after the selection of the partner at the end of 2019.

To increase cooperation, internal communication and engagement within the growing VGP team, we started in 2018 with the implementation of the VGP intranet (Sharepoint), the internal platform to connect VGP people in the day-to-day operations, combined with Power BI for management reporting. The platform can be used for cross-border communication, internal communication and for sharing useful documents. In 2020, we will continue to improve and expand the utilities of the platform.

Also video conferencing tools are widely available to make communication easier, more flexible and more efficient regardless of borders while at the same time help to reduce our carbon footprint.

Supply chain ethics

VGP is committed to good business ethics and the protection of human rights across its supply chain. Our supply chain consists of small, medium and large scale suppliers who we partner with to help deliver our property development and property and facility management activities. As part of our introduction of our Code of Conduct, VGP will impose compliance with its code on its suppliers. Furthermore, to mitigate the bribery risk of our suppliers, we conduct a supplier due diligence (based on the Quality Management Handbook). Our Code of Conduct requires the respective VGP manager responsible for the engagement to ensure proper due diligence is conducted, including the requirement to report any work which is subcontracted by a supplier. This review is generally always conducted under supervision of the respective technical director albeit the actual performance rate of conducting such reviews are not monitored on a group wide basis.

Sustainability

Addressing climate risk

The Paris Agreement for the first time brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so. The renewable energy directive 2018/2001/EU with implementation deadline of 30 June 2021 was introduced as part of the Clean energy for all Europeans package, aimed at keeping the EU a global leader in renewables and, more broadly, helping the EU to meet its emissions reduction commitments under the Paris Agreement. The new directive establishes a binding renewable energy target for the EU for 2030 of at least 32%, with a clause for a possible upwards revision by 2023.

VGP supports the Paris Agreement goal to reduce global carbon emissions to limit the average temperature rise to below two degrees Celsius.

VGP's newly introduced goal of BREEAM Very Good or equivalent, which is applied across the board for all new construction activities in all the countries in which we operate is testament to the practical implementation. This is aimed to enhance the durability of the portfolio and reduce the carbon footprint. In addition, we are investing capital into solar panels across the parks which we already operate and we have under construction, in order to drive onsite energy solutions and drive towards carbon neutral operations at our parks.

Sustainable use of land and buildings

Our business model starts with the sourcing of prime land locations. With the land selection we look for locations close to ring roads and with multi-modal connectivity.

Our land sourcing strategy encompasses a careful selection process to ensure we minimize potential travel for both our customer's employees on site and logistics accessibility.

As part of a comprehensive strategy to advance environmentally sustainable solutions for our tenants and our own operations, VGP envisages to obtain BREEAM (Building Research Establishment Environmental Assessment Method) 'Very Good' certificates (or equivalent) for all our construction projects by 2020 onwards.

Its multi-criteria approach distinguishes BREEAM from other methods. The building certification process evaluates land use, environmental aspects, the building process, water consumption, waste, contaminations, transport, equipment and materials, health and comfort, alongside energy consumption. Whilst, naturally, all new-build projects in the past were already completed as energy efficient as possible, separately from the certification process, we now aim to ensure a certification for BREEAM Very Good or equivalent is obtained for every new Building.

VGP has accomplished an occupancy rate benchmark above 95% across its portfolio since 2010 (except 2014 when it was 94%). For us a high occupancy rate represents good business and sustainable use of the buildings we have created. It suggests our properties are well-located, adaptable to a variety of uses and are continuing to meet the needs of our customers.

Sustainable energy usage

Client portfolio

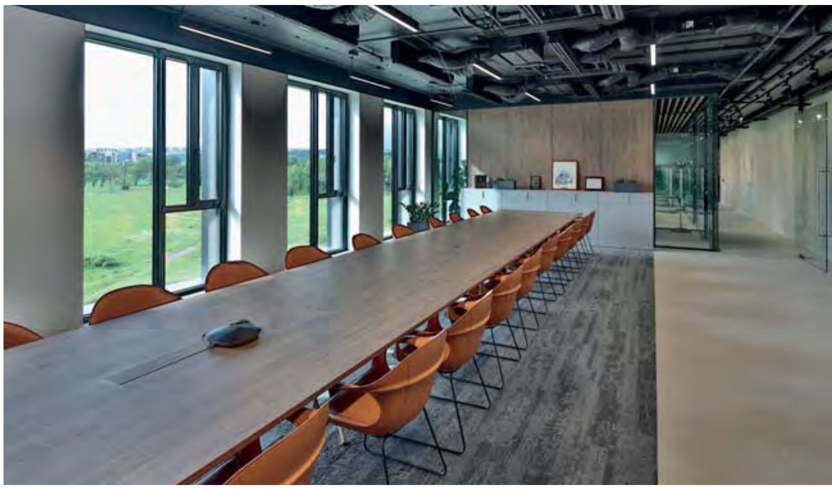
VGP's ambition is to progressively reduce the energy consumption and emissions of its operations.

Whilst energy consumption as such is entirely the responsibility of our clients, it is VGP's long-term goal to create value by reducing the environment impact of its buildings. VGP does this by implementing energy-saving measures as well as enabling the production of clean energy sources. Sustainable building standards, energy-efficient design and construction of a building is vital to reducing energy demands within the building. Therefore our goal to always ensure a minimum of BREEAM Very Good certification will further contribute to a reduction of the energy consumption of our future portfolio. This high quality and certified building standard is applied in order to create sustainable value for shareholders, tenants and other stakeholders. Some examples of efficient measures which are utilized include LED lighting roll-out for new-built warehouses, depending on use and location, an assessment of adequate insulation in the walls of our buildings to prevent temperature loss and the benefits of the use of a heat-pump are being considered. The more systems are used in a building, the more the energy manager is dependent on technical aids. In the best case, all building and plant engineering functions can be monitored and operated via a central system. For this purpose, all sensors, drives and operating elements as well as user and technical systems (e.g. heating, ventilation, air conditioning, cooling) are integrated. All these monitoring, control, regulation and optimisation devices are managed with specialized software, the building control technology ("Gebäudeleittechnik" or "GLT"). GLT is the central tool of the building's energy manager as it collects all data from the sensors and controllers of a building. It logs and analyses the data statistically and displays it graphically. This way the energy manager has an overview of all technical processes within a building and can more easily identify potential savings.

Own office space

Energy efficiency is a priority for our own office space too and we aim to include maximum efficient lighting technologies such as central timed control switch and moving detectors, LED and natural lighting, all of which reduces the energy consumption.

As both of our largest offices (in Düsseldorf and Prague) moved in the past year to larger premises a like-for-like comparison is not available. The premise in Prague is among the finalists for the CBRE Art of Space Award for the most healthy and sustainable office space in Czech Republic and the building in which we occupy our office space, Rustonka, received a LEED Gold Certificate. In the next annual Corporate Responsibility Report we aim to report on like-for-like energy usage for our two largest offices.



Creating value through renewable energy

Generation to date

The large roofs of our logistics warehouses are very well suited for the installation of solar panels without imposing aesthetic damage to local communities. This allows the park and the immediate surrounding communities to have access to locally produced green energy. Thanks to their scale, solar panels are perfectly in line with decentralised energy production. This decentralised approach ensures more continuity and availability of energy at a specific industrial logistics park and its community without burdening the network. Moreover, clients can consume locally produced green energy.

We have so far developed a minor share of roofs with solar panels enabling the generation of 16.5 MWP, all through third-party operators. We are in advanced discussions for the installations of a further 36.8 MWP, which will be mostly invested by VGP (details in the following chapter).

Based on German average emission standards[1], the total capacity installed and under construction is expected to realise a reduction in CO_2 emissions of 3,027 tCO_2 on an annual basis once operational in the course of 2020. This is sufficient energy for maintaining 5,200 households[2]. The pipeline projects are expected to add a further prevention of CO_2 emissions of 6,755 CO_2 on an annual basis or enough energy for maintaining 11,605 households.

1 Emissionsbilanz erneurbarer Energietrager; Bestimmung der vermiedenen Emissionen im Jahr 2018; Umwelt Bundesamt; 37/2019

2 Ignoring peak vs trough production of a PV system; assuming households consume on average 3,171 kWh of electricity annually (www.energytransition.org: German 2018 household consumption)

We have more than 16.5 MWP of solar PV installed or under construction on our rooftops across the portfolio

VGP Park	Building	Roof size	Production	Status
VGP Park Leipzig	A1	6,938 m²	531.30 kWp	Operational
VGP Park Leipzig	A2	9,657 m²	745.20 kWp	Operational
VGP Park Leipzig	B1	n.a.	1,490.40 kWp	Operational
VGP Park Bischofsheim	A1	4,980 m²	305.00 kWp	Operational
VGP Park Göttingen	A1	20,340 m²	750.00 kWp	Under construction
VGP Park Göttingen	A1		749.65 kWp	Operational
VGP Park Frankenthal	A	48,193 m²	4,010.60 kWp	Operational
VGP Park Berlin	D	n.a.	2,803.52 kWp	Operational
VGP Park Bobenheim-Roxheim	A	20,500 m²	1,809.42 kWp	Operational
VGP Park Dresden	A	9,265 m²	750.00 kWp	Under construction
VGP Park Hamburg	A4	12,295 m²	745.20 kWp	Operational
VGP Park Wetzlar	B	9,200 m²	750.00 kWp	Under construction
VGP Park Hamburg	A5	8,100 m²	750.00 kWp	Under construction
VGP Park Valsamoggia	B	14,499 m²	301.32 kWp	Operational
Total			**16,492 kWp**	

Projects representing a further 36.8 MWP are currently in the pipeline

Park	Building	Roof size	Production
VGP Park Halle	A	7,067 m²	750.00 kWp
VGP Park Nijmegen	A	64,318 m²	4,580.00 kWp
VGP Park Roosendaal	A	50,724 m²	5,477.00 kWp
VGP Park Munich	A	43,202 m²	3,500.00 kWp
VGP Park Munich	CP	n.a.	500.00 kWp
VGP Park Munich	B,C,E	n.a.	11,500.00 kWp
VGP Park Laatzen	A	n.a.	3,250.00 kWp
VGP Park Laatzen	B	n.a.	1,000.00 kWp
VGP Park Laatzen	C1+C2	n.a.	4,500.00 kWp
VGP Park Laatzen	D	n.a.	1,000.00 kWp
VGP Park Einbeck	A	6,001m²	675.00 kWp
VGP Park Valsamoggia	A	1,950 m²	47.88 kWp
Total			**36,780 kWp**

New business line: VGP Renewable Energy N.V.

The acknowledgement that renewables will one day replace fossil fuels is increasingly recognized across the board and broad initiatives are underway to change consumption habits and reduce reliance on stored energy.

We believe, given our position as operator of business parks, we can play a more active role in the energy transition, supporting our tenants and municipalities in their goal to reduce their carbon footprint. We can achieve this by offering renewable energy, therefore VGP is setting up a new, separate company, 100% owned by VGP N.V., with the purpose to run a new business line **"VGP Renewable Energy N.V."**.

Our imminent target is to expand the roll-out of photo-voltaic installations on the roofs of our parks – not by renting out our roofs to PV investors but by investing and operating such PV systems ourselves, in cooperation with our tenants.

Ultimately our goal is to capitalize, not only on the available roof space for PV systems but on the most current energy technologies available across the entire spectrum of renewable energy production and storage relevant to the tenants at our parks and sites. This is to do good for our tenants – as obtaining sufficient supply of (sustainable) energy sources and emissions are increasingly key constraining factors – and municipalities, but we also believe that due to a combination of better technology, lower prices, and the benefits of scale, we will be able to make such investments at increasingly attractive terms for our shareholders.

Case study: Setting new standards with VGP Park Munich

In September 2019 we started the construction of VGP Park Munich. Over the next few years, we will be developing the new Munich business park on an area of around 40 hectares as a landmark sustainable project.

The new park will offer tailor-made solutions for its tenants BMW and Kraussmaffei Group offering a wide range of jobs in production, research, logistics and administration. BMW will use the new location in Parsdorf for their BMW Research and Innovation Center. Their current location in Heidemannstraße at the Euroindustriepark will be used for the construction of urgently needed living space in the city centre of Munich. Krauss Maffei Group will accommodate production and head office at Parsdorf. In addition to the 1,800 existing jobs, it will also create many new ones.

The project will be certified DNGB Silver (comparable to BREEAM Excellent/Very Good) and feature several leading sustainability specifications, including: green roofs and façade, smart energy technology (including infrared energy-efficient heating and smart roller shutter systems), electric car and truck charging stations, groundwater heat pumps and, when construction was announced, the largest European roof-fitted solar panel installation generating 12.5 MWP*.

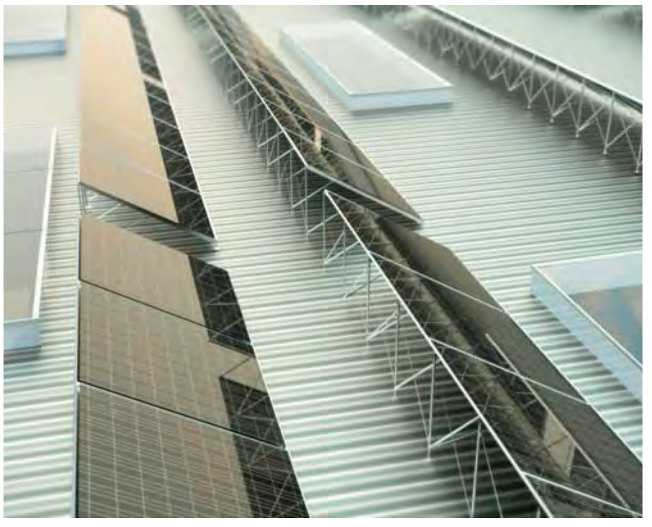
With this project VGP is taking a new path towards sustainable construction and resource-conserving operations. We will gradually incorporate the experience gained from this project into future new construction projects.

VGP Park München —

A new industrial and logistic park is located north of the Parsdorf junction on the A94 motorway, directly next to the S-Bahn station "S2-Grub", near to the city centre and only 30 minutes by car from Munich airport.

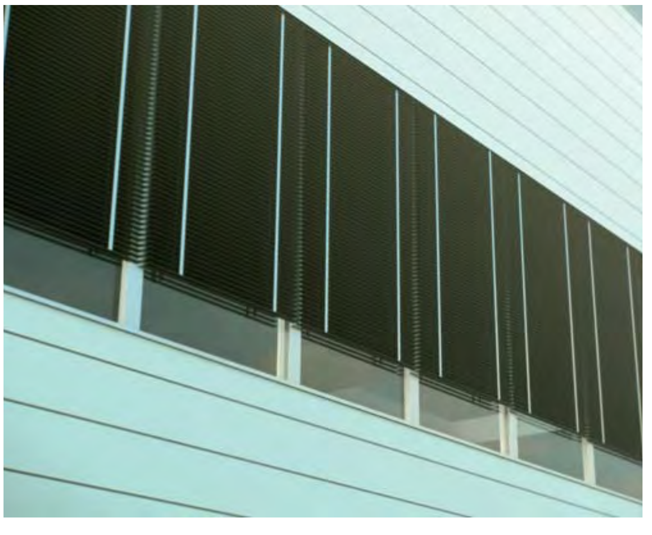
* At the time of the construction start (September 2019)

Natural lighting
Maximize natural sunlight and reduce electricity usage.



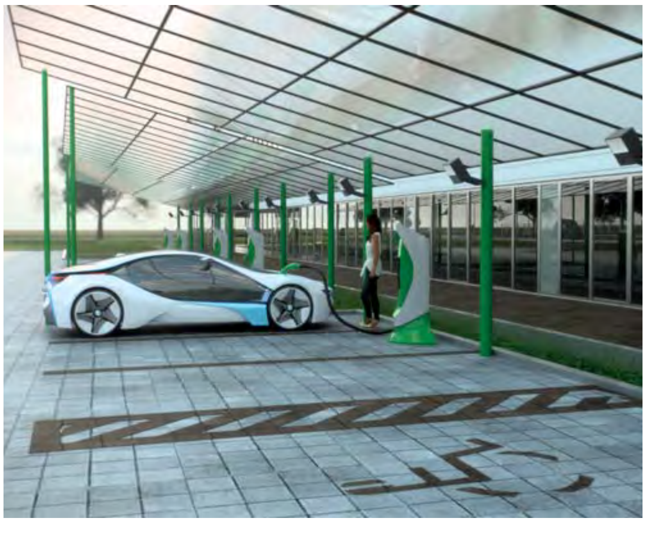
Parking house
Two multi storage parking houses.
Extensively green roof and façade.

Smart roller shutter system
Protecting the windows from sunlight to optimize air-conditioning efficiency.



Green roof and façade
Improvement of air quality by plants filtering air pollutants and fine dust out of the air.

Charging stations
Car and truck electric charging stations.



Groundwater heat pumps
Lower CO_2 emmisions, lower heating and ancillary costs.

Green Finance Framework

In 2019, VGP drew up a Green Finance Framework which provides clear, transparent insight into the criteria that facilitate investments into renewable energy projects, energy efficiency and ecologically sounds measures for logistics property, in order to reduce CO_2 emissions and achieve a carbon-neutral environment.

This Green Finance Framework offers VGP a general framework for the issue of Green Bonds, Green Private Placements and/or Green (Syndicated) Loans.

The independent non-profit research institute Centre for International Climate and Environmental Research (CICERO) has confirmed that this financing program is in line with the Green Bond Principles. Based on the foreseen minimum BREEAM Very Good certification of our building projects, a considerable part of the anticipated capital expenditure for 2020 is expected to amount to the eligible assets. Further information about our financing and future emissions can be found in the Investor section on our website[1].

— Green Financing Framework classified as “Medium Green”
— Governance framework classified as “Good”
— Green Financing Framework in-line with the Green Bond and Green Loan principles

1 www.vgpparks.eu/en/investors

Society: VGP Foundation

The VGP Foundation was founded in 2019 and is a registered Belgian private foundation ('private stichting') under number 0735.540.607. The VGP Foundation received start-up capital from VGP, which will provide annual funding. VGP has committed to contribute circa 1-2% of its annual profit into the VGP Foundation, starting in 2020. Additionally, VGP offers in-kind funding through the provision of expert volunteers, community volunteers, products and services. It also provides office space, IT and travel support, and hosts the Foundation's website.

VGP
FOUNDATION

Three focus areas

The foundation will focus on three main areas:

— 1 —

Supporting education for children and young people in need
As VGP has an impact on local communities, the VGP Foundation wants to support social projects focused on education and child care

— 2 —

The preservation and creation of biospheres and nature conservation zones
As VGP turns green fields into economic fields, the VGP Foundation wants to engage in projects encouraging nature conservation, such as creating permanent biotopes

— 3 —

The protection of European cultural assets and heritage
VGP operates on a pan-European basis and we believe in the dream of uniting all people of Europe. We want to support European cultural heritage through conservation and protection of heritage buildings

Governance

Registered as a private foundation in Belgium, the VGP Foundation operates in accordance with charity regulations. All partners of the VGP Foundation are required to define KPIs and report on the progress of joint projects at the end of each quarter. Additionally, the VGP Foundation will follow its own transparent, KPI-led reporting process to ensure the best allocation of funds and resources.

Following the appointment in September 2019 of Jan Van Geet, CEO of VGP, as a director of the VGP Foundation, Olaf Tschimpke is the second person nominated to join the board as announced in February 2020. Besides Jan Van Geet and Olaf Tschimpke the VGP Foundation is planning to elect an additional four board members in the coming period.

Jan Van Geet

Jan Van Geet is the founder and CEO 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.

Olaf Tschimpke

Mr. Tschimpke is currently Chairman of the NABU International Nature Conservation Foundation. Founded in 2009 by the NABU (Nature and Biodiversity Conservation Union), Germany's largest nature and biodiversity conservation association, it aims to protect natural heritage worldwide. The foundations' international project funding is focused on climate protection and the conservation of biological diversity. Until 2019, Tschimpke served as President of the NABU and was Deputy Chairman of the Council for Sustainable Development of the German Federal Government from 2012 to 2019. Since 2017 member of the German steering committee for science "Sustainability 2030"; advisory board of the German Industry Initiative for Energy Efficiency; Chairman of the curator-board of the Nature Conservation Foundation History; member of the curatorship of the Michael Otto Foundation and the Hanns R. Neumann Foundation. He is also a member of the ZDF Television Council.

Projects

In 2020 the first projects will be elected for realisation which will be part financed by the contribution from VGP NV following the declaration of the financial result for FY2019. A number of projects have already been pre-screened and from this shortlist the ultimate seed projects will be selected during the first board meeting. It is the expectation that the board will aim to select a first project for each of the three focus areas.

About this report

This Corporate Responsibility Report describes how we address corporate sustainability, how we implement our sustainability strategy, the policies and guidelines we observe, the targets we have set ourselves including the Sustainable Development Goals (SDGs) and our main achievements. This Corporate Responsibility Report has been prepared in accordance with the GRI Standards – Core Option and has not been externally audited. The GRI Content Index can be found below.

Criteria	Description	Reference
102-1	Name of the organization	VGP NV
102-2	Activities, brands, products and services	VGP is a leading pan-European developer, manager and owner of high-quality logistics and semi-industrial real estate. VGP operates a fully integrated business model with capabilities and longstanding expertise across the value chain. The company has a well-advanced development land bank of 6.2 million m^2 and the strategic focus is on the development of business parks. Founded in 1998 as a family-owned real estate developer in the Czech Republic, VGP with a staff of over 220 employees today owns and operates assets in 12 European countries directly and through VGP European Logistics, a joint venture with Allianz Real Estate.
102-3	Location of headquarters	Uitbreidingstraat 72, 2600, Berchem (Antwerp), Belgium
102-4	Location of operations	Office locations (for park locations refer to our website: www.vgpparks.eu/en/properties/): Vienna, Austria; Prague, Czech Republic; Jenišovice u Jablonce nad Nisou, Czech Republic; Düsseldorf, Germany; Győr, Hungary; Segrate (Milan), Italy; Riga, Latvia; Luxembourg, Luxembourg; Porto, Portugal; Bucharest, Romania; Bratislava, Slovakia; Barcelona, Spain; Madrid, Spain; Zaragoza, Spain
102-5	Ownership and legal form	https://www.vgpparks.eu/en/investors/share-information/
102-6	Markets served	https://www.vgpparks.eu/en/about/

Criteria	Description	Reference
102-7	Scale of the organization	https://www.vgpparks.eu/en/about/
102-8	Information on employees and other workers	See disclosure in relation to People on page 20
102-9	Supply chain	See section on Supply chain ethics on page 21
102-10	Significant changes to the organization and supply chain	Change includes start of operations in Portugal since January 2019 and the launch of the second joint venture with Allianz since June 2019 as disclosed in the annual report
102-11	Precautionary Principle or approach	VGP applies the precautionary principle to risk management
102-12	External initiatives	United Nations Sustainable Development Goals GRI
102-13	Membership of associations	Professional membership of various associations in the countries in which we operate Professional member of European Public Real Estate Association
102-14	Statement from senior decision-maker	CEO letter on page 11
102-16	Values, principles, standards and norms of behaviour	See page 3 and description of the business principles on page 14
102-18	Governance structure	https://www.vgpparks.eu/en/investors/corporate-governance/
102-40	List of all stakeholder groups	See section on Engaging with stakeholders on page 15
102-41	Collective bargaining agreements	VGP is not opposed to collective bargaining however to date there is no collective bargaining agreement in place
102-42	Identifying and selecting stakeholders	See section on Engaging with stakeholders on page 15
102-43	Approach to stakeholder engagement	See section on Engaging with stakeholders on page 15
102-44	Key topics and concerns raised	Captured in our material aspects
102-45	Entities included in the consolidated financial statements	See annual report
102-46	Defining report content and topic boundaries	See section About this report on page 34
102-47	List of material topics	See page 20 and page 22
102-48	Restatements of information	No restatements have been made as this is the first Corporate Responsibility report
102-49	Changes in reporting	No changes have been made as this is the first Corporate Responsibility Report
102-50	Reporting period	Reporting period is 12 months, applying the calendar year
102-51	Date of most recent report	This is the first standalone Corporate Responsibility report; in the 2018 annual report a chapter on Corporate Responsibility was included (published 9 April 2019)
102-52	Reporting cycle	We foresee to publish a Corporate Responsibility report from now onwards on an annual basis. Our financial reporting is on a semi-annual basis.
102-53	Contact person for questions regarding the report	martijn.vlutters@vgpparks.eu
102-54	Claims of reporting in accordance with the GRI standard	This report has been prepared in accordance with the GRI standards: Core option
102-55	GRI content index	Included

Criteria	Description	Reference
102-56	External assurance	No external assurance is provided over the Corporate Responsibility report
201-1	Direct economic value generated and distributed	See FY 2019 results press release as released dd 28 February 2020
201-2	Financial implications and other risks and opportunities due to climate change	See Addressing Climate Risk on page 22
205-1	Operations assessed for risks related to corruption	See section on resilience and integrity on page 19
205-2	Communication and training about anti-corruption policies and procedures	A training program is currently being rolled out throughout the countries in which the Group operates in order to preserve the compliance culture across the Group
205-3	Confirmed incidents of corruption and actions taken	There were no instances of corruption identified during this period
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	VGP is not subject to legal actions related to anti-competitive behaviour, anti-trust, and monopoly practices
302-1	Energy consumption within the organization	See section on energy efficiency pages 23-24
302-4	Reduction of energy consumption	Information unavailable as both of our largest offices (in Düsseldorf and Prague) moved in the past year to larger premises a like-for-like comparison is not available
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Ecologists are engaged to research, identify and report on threatened species, terrestrial or aquatic, on development sites
305-1	Direct (scope 1) GHG emissions	Not reported as data not available
305-2	Energy indirect (scope 2) GHG emissions	Not reported as data not available
305-3	Other indirect (scope 3) GHG emissions	Not reported as data not available
305-5	Reduction of GHG emissions	CO_2 emissions reductions facilitated through photovoltaic installations on our building roofs is discussed in section on Renewable energy generation on page 24
306-3	Significant spills	No occurrences of significant spills were identified
306-4	Transport of hazardous waste	VGP does not transport hazardous waste as part of day-to-day operations. If remediation is required, within the development of a project, VGP appoints principal contractors to complete works in accordance with applicable law and regulations
307-1	Non-compliance with environmental laws and regulations	No significant breaches of environmental laws
401-3	Parental leave	All employees are entitled to parental leave; information on parental leave take-up and return rates is not available at this stage
403-1	Occupational health and safety management system	See section on Health & Safety on page 21
403-2	Hazard identification, risk assessment and incident investigation	See section on Health & Safety on page 21
403-3	Occupational health services	See section on Health & Safety on page 21
403-4	Worker participation, consultation and communication on occupational health and safety	See section on Health & Safety on page 21

Criteria	Description	Reference
403-5	Worker training on occupational health and safety	Not reported
403-9	Work-related injuries	Not reported
404-3	Percentage of employees receiving regular performance and career development reviews	See section on Company culture on page 20
405-1	Diversity of governance bodies and employees	See section on Company culture on page 20
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	VGP does not prohibit or restrict freedom of association
413-1	Operations with local community engagement, impact assessments, and development programs	See section on VGP Foundation on page 32-33
414-1	New suppliers that were screened using social criteria	See section on supply chain ethics on page 21
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no reported incidents

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
14 VGP Park Berlin-Wustermark
15 VGP Park Göttingen
16 VGP Park Wetzlar
17 VGP Park Halle
18 VGP Park Dresden
19 VGP Park Bischofsheim
20 VGP Park Giessen-Buseck
21 VGP Park Giessen-Lutzelinden
22 VGP Park Chemnitz
23 VGP Park Magdeburg
24 VGP Park Laatzen
25 VGP Park Einbeck
26 VGP Park Erfurt
27 VGP Park Berlin Oberkrämer

The Netherlands

58 VGP Park Nijmegen
59 VGP Park Roosendaal

Spain

42 VGP Park San Fernado de Henares
43 VGP Park Lliçà d'Amunt
44 VGP Park Fuenlabrada
45 VGP Park Valencia Cheste
46 VGP Park Zaragoza

Portugal

62 VGP Park Santa Maria da Feira

Czech Republic
28 VGP Park Tuchoměřice
29 VGP Park Ústí nad Labem
30 VGP Park Český Újezd
31 VGP Park Liberec
32 VGP Park Olomouc
33 VGP Park Jeneč
34 VGP Park Chomutov
35 VGP Park Brno
36 VGP Park Hrádek nad Nisou
37 VGP Park Plzeň
38 VGP Park Hrádek nad Nisou 2
39 VGP Park Prostějov
40 VGP Park Vyškov
Latvia
41 VGP Park Kekava
Slovakia
55 VGP Park Malacky
56 VGP Park Bratislava
Romania
47 VGP Park Timișoara
48 VGP Park Sibiu
49 VGP Park Brașov
Austria
57 VGP Park Graz
Hungary
50 VGP Park Győr
51 VGP Park Alsónémedi
52 VGP Park Hatvan
53 VGP Park Kecskemét
54 VGP Park Győr Beta
Italy
60 VGP Park Calcio
61 VGP Park Valsamoggia

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Germany

01 VGP Park Hamburg
02 VGP Park Soltau
03 VGP Park Leipzig
04 VGP Park Berlin
05 VGP Park Ginsheim
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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
14 VGP Park Berlin-Wustermark
15 VGP Park Göttingen
16 VGP Park Wetzlar
17 VGP Park Halle
18 VGP Park Dresden
19 VGP Park Bischofsheim
20 VGP Park Giessen-Buseck
21 VGP Park Giessen-Lutzelinden
22 VGP Park Chemnitz
23 VGP Park Magdeburg
24 VGP Park Laatzen
25 VGP Park Einbeck
26 VGP Park Erfurt
27 VGP Park Berlin Oberkrämer

GERMANY

VGP Park Berlin

BUILDING A

tenant	Emons Logistik GmbH; Barsan Global Logistik GmbH; Emsland-Stärke GmbH; Isringhausen GmbH & Co. KG
lettable area	23,852 m²
built	2015

GERMANY

VGP Park Berlin

BUILDING B

tenant	Lillydoo Services GmbH
lettable area	9,716 m²
built	2018

GERMANY

VGP Park Berlin

BUILDING C

tenant	SSW Stolze Stahl Waren GmbH; DefShop GmbH
lettable area	25,829 m²
built	2018

GERMANY

VGP Park Berlin

BUILDING D

tenant	Lidl Digital FC GmbH & Co. KG; Solardach LLG GmbH
lettable area	53,675 m²
built	2017

GERMANY

VGP Park Berlin

BUILDING E

tenant	DD Logistik Vertriebs GmbH
lettable area	10,507 m²
built	under construction

GERMANY

VGP Park Berlin

BUILDING F

tenant	DD Logistik Vertriebs GmbH
lettable area	24,921 m^2
built	under construction

GERMANY

VGP Park Berlin

BUILDING G

tenant	Logit Services GmbH; Pietsch GmbH; Alfred Kärcher Vertriebs-GmbH; Kampen GmbH & Co. KG
lettable area	11,558 m^2
built	under construction

GERMANY

VGP Park Berlin

BUILDING H

tenant	Zalando Lounge Logistics SE & Co. KG
lettable area	23,470 m^2
built	2019

GERMANY

VGP Park Bingen

BUILDING A

tenant	Custom Chrome Europe GmbH
lettable area	6,400 m^2
built	2014

GERMANY

VGP Park Bobenheim-Roxheim

BUILDING A

tenant	Lekkerland Deutschland GmbH & Co.KG
lettable area	23,270 m^2
built	2016

GERMANY

VGP Park Borna

BUILDING A

tenant	Lekkerland Deutschland GmbH & Co.KG
lettable area	13,617 m²
built	2016

GERMANY

VGP Park Frankenthal

BUILDING A

tenant	Amazon Logistik Frankenthal GmbH
lettable area	146,898 m²
built	2018

GERMANY

VGP Park Ginsheim

BUILDING A

tenant	INDAT Robotics GmbH; Greenyard Fresh Germany GmbH; 4PX Express GmbH; Vicampo.de GmbH
lettable area	35,635 m²
built	2017

GERMANY

VGP Park Hamburg

BUILDING A0

tenant	GEODIS CL Germany GmbH; Nippon Express (Deutschland) GmbH; Weider & Nesse Gmb; EGC Energie- und Gebäudetechnik; Deutsche Post Immobilien GmbH
lettable area	34,888 m²
built	2013

GERMANY

VGP Park Hamburg

BUILDING A1

tenant	Hausmann Logistik GmbH; Drive Medical GmbH & Co. KG; CHEP Deutschland GmbH
lettable area	24,749 m²
built	2014–2016

GERMANY

VGP Park Hamburg

BUILDING A2

tenant	Syncreon Deutschland GmbH
lettable area	18,743 m²
built	2015

GERMANY

VGP Park Hamburg

BUILDING A3

tenant	Zebco Europe GmbH; Hausmann Logistik GmbH
lettable area	9,471 m²
built	2015

GERMANY

VGP Park Hamburg

BUILDING A4

tenant	LZ Logistik GmbH; Energie Südwest-Grüne Energie GmbH
lettable area	14,471 m²
built	2016

GERMANY

VGP Park Hamburg

BUILDING A5

tenant	Landgard eG; Kohivo Green-Investment GmbH & Co. KG
lettable area	13,167 m²
built	2018

GERMANY

VGP Park Hamburg

BUILDING B1

tenant	Rhenus Warehousing Solution SE & Co.KG
lettable area	57,471 m²
built	2015–2017

GERMANY
VGP Park Hamburg
BUILDING B2

tenant	Geis Industrie-Service GmbH; Karl Heinz Dietrich GmbH & Co KG; Lagerei und Spedition Dirk Vollmer GmbH
lettable area	40,586 m^2
built	2017

GERMANY
VGP Park Hamburg
BUILDING B3

tenant	CARGO-PARTNER GmbH; Lagerei und Spedition Dirk Vollmer GmbH
lettable area	9,455 m^2
built	2017

GERMANY
VGP Park Hamburg
BUILDING C

tenant	Rieck Projekt Kontrakt Logistik Hamburg GmbH & Co. KG
lettable area	23,679 m^2
built	2017

GERMANY
VGP Park Hamburg
BUILDING D1

tenant	AO Deutschland Ltd.
lettable area	2,502 m^2
built	2015

GERMANY
VGP Park Höchstadt
BUILDING A

tenant	C&A Mode GmbH & Co. KG
lettable area	15,001 m^2
built	2015

GERMANY

VGP Park Leipzig

BUILDING A1

tenant	Deine Tür GmbH; fms field marketing + sales services GmbH; Kohivo Green-Investment GmbH & Co. KG
lettable area	7,231 m²
built	2019

GERMANY

VGP Park Leipzig

BUILDING A2

tenant	Flaschenpost Leipzig GmbH, Energie Südwest – Grüne Energie GmbH
lettable area	9,630 m²
built	2019

GERMANY

VGP Park Leipzig

BUILDING B1

tenant	USM operations GmbH; Solardach LLG GmbH
lettable area	24,630 m²
built	2017

GERMANY

VGP Park Rodgau

BUILDING A

tenant	A & O GmbH, Geis Ersatzteil-Service GmbH; PTG Lohnabfüllung GmbH; toom Baumarkt GmbH
lettable area	24,878 m²
built	2016

GERMANY

VGP Park Rodgau

BUILDING B

tenant	Rhenus Warehousing Solution SE & Co.KG
lettable area	43,375 m²
built	2016

GERMANY

VGP Park Rodgau

BUILDING C

tenant	toom Baumarkt GmbH
lettable area	19,782 m^2
built	2015

GERMANY

VGP Park Rodgau

BUILDING D

tenant	EBARA Pumps Europe S.p.A.; ASENDIA Operations GmbH & Co KG
lettable area	7,062 m^2
built	2016

GERMANY

VGP Park Rodgau

BUILDING E

tenant	PTG Lohnabfüllung GmbH
lettable area	8,763 m^2
built	2015

GERMANY

VGP Park Schwalbach

BUILDING A

tenant	Optimas OE Solutions GmbH
lettable area	8,386 m^2
built	2017

GERMANY

VGP Park Soltau

BUILDING A

tenant	AUDI AG
lettable area	55,811 m^2
built	2016

GERMANY

VGP Park Wetzlar

BUILDING A

tenant	Ancla Logistik GmbH
lettable area	18,781 m²
built	2018–2019

GERMANY

VGP Park Wetzlar

BUILDING B

tenant	POCO Einrichtungsmärkte GmbH; Global Cargo Service GmbH; Strieder Transport Logistik GmbH; Trans-Pak AG; ILIOS Energie PV3 GmbH
lettable area	19,265 m²
built	2018

GERMANY

VGP Park Göttingen

BUILDING A

tenant	Friedrich ZUFALL GmbH & Co. KG; Amazon EU S.a.r.l.; Niederlassung Deutschland; ILIOS energie PV1 GmbH
lettable area	42,994 m²
built	2018

GERMANY

VGP Park Göttingen

BUILDING B

tenant	Amazon EU S.a.r.l.; Niederlassung Deutschland
lettable area	38,506 m²
built	2019

GERMANY

VGP Park Göttingen

BUILDING C

tenant	MediaMarktSaturn Beschaffung und Logistik GmbH
lettable area	50,275 m²
built	under construction

GERMANY

VGP Park Göttingen

BUILDING E

tenant	Van Waveren Saaten GmbH
lettable area	6,046 m²
built	2019

GERMANY

VGP Park Wustermark

BUILDING A2

tenant	Wardow GmbH
lettable area	11,795 m²
built	2019

GERMANY

VGP Park Wustermark

BUILDING B1

tenant	Schulze Logistik Berlin GmbH; Gläser und Flaschen GmbH; box at Work gmbH; Teppich Tetik GmbH
lettable area	29,517 m²
built	partly delivered/under construction

GERMANY

VGP Park Wustermark

BUILDING C1

tenant	Wepoba Wellpappenfabrik GmbH
lettable area	12,800 m²
built	2018

GERMANY

VGP Park Wustermark

BUILDING C2

tenant	TA Technix GmbH
lettable area	6,382 m²
built	2018

GERMANY

VGP Park Dresden

BUILDING A

tenant	Schenker Deutschland AG
lettable area	20,176 m^2
built	2018

GERMANY

VGP Park Bischofsheim

BUILDING A

tenant	Bettmer GmbH; Wendel Energie UG
lettable area	6,659 m^2
built	2019

GERMANY

VGP Park Halle

BUILDING A

tenant	L'ISOLANTE K-FLEX GmbH; TTM GmbH Internationale Spedition; Avantag Energy Betreibergesellschaft 1 GmbH
lettable area	21,351 m^2
built	partly delivered

GERMANY

VGP Park Einbeck

BUILDING A

tenant	Burgsmüller GmbH
lettable area	8,730 m^2
built	under construction

GERMANY

VGP Park Chemnitz

BUILDING A

tenant	ThyssenKrupp System Engineering GmbH
lettable area	12,616 m^2
built	2019

GERMANY

VGP Park Giessen-Buseck

BUILDING A

tenant	Strauß LogPack GmbH
lettable area	18,128 m²
built	under construction

GERMANY

VGP Park Magdeburg

BUILDING A

tenant	on-going negotiations
lettable area	26,365 m²
built	under construction

GERMANY

VGP Park München

BUILDING A1

tenant	Bayerische Motoren Werke Aktiengesellschaft
lettable area	38,380 m²
built	under construction

GERMANY

VGP Park München

BUILDING A2

tenant	Bayerische Motoren Werke Aktiengesellschaft
lettable area	15,136 m²
built	under construction

GERMANY

VGP Park München

BUILDING PH NORD

tenant	Bayerische Motoren Werke Aktiengesellschaft; Krauss Maffei Technologies GmbH
lettable area	22,213 m²
built	under construction

GERMANY

VGP Park München

BUILDING PH SÜD

tenant	Krauss Maffei Technologies GmbH
lettable area	19,418 m^2
built	under construction

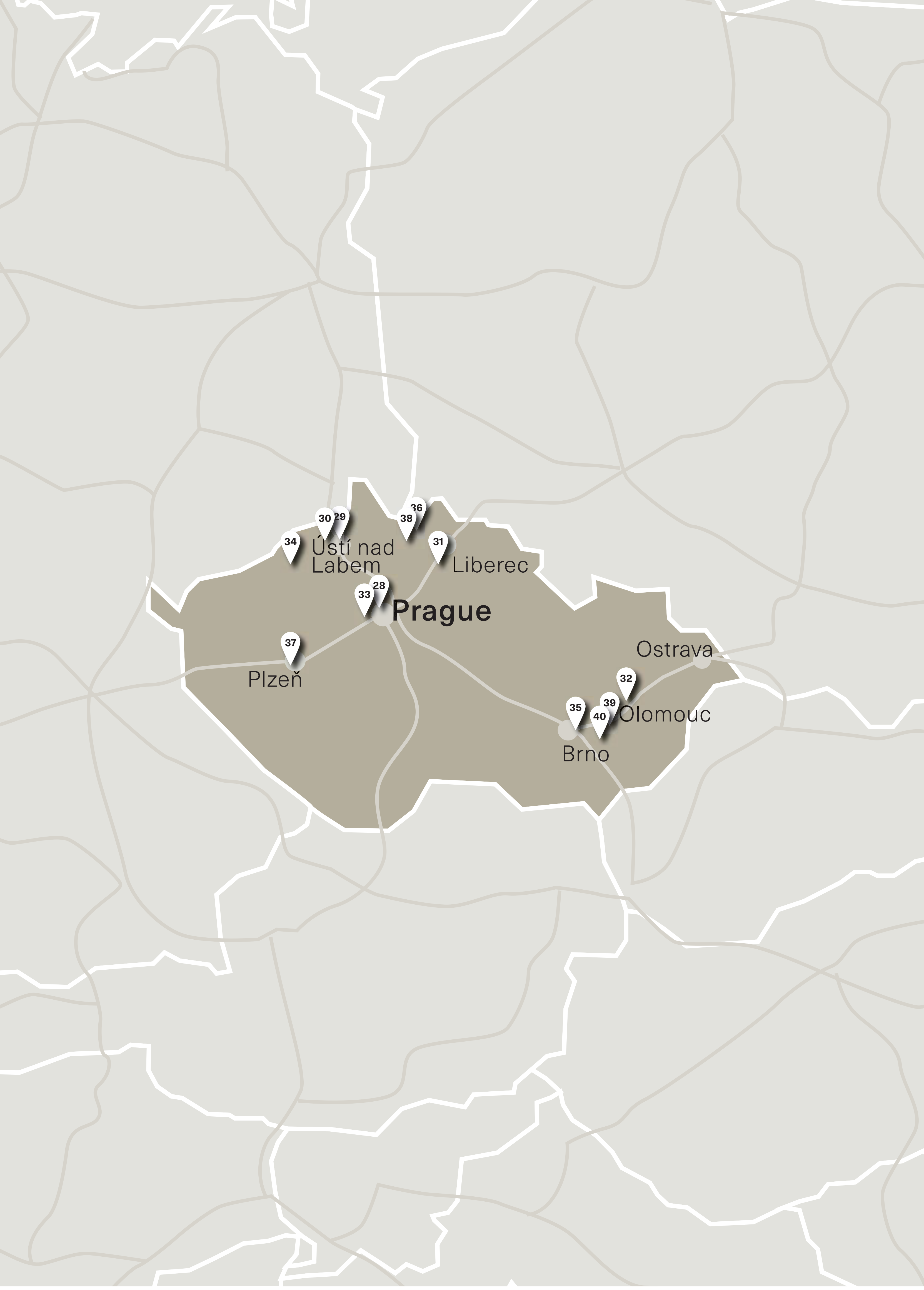
GERMANY

VGP Park München

BUILDING F

tenant	Krauss Maffei Technologies GmbH
lettable area	7,486 m^2
built	under construction

VGP Park	Owner	Land area *(m²)*	Lettable area *(m²)*				
			Completed	Under construction	Potential	Total	Contracted Annual Rent *(in million €)*
VGP Park Hamburg	VGP	87,95	—	102,634	30,148	30,148	—
VGP Park München	VGP	674,248	—	50,275	207,247	309,881	24.0
VGP Park Göttingen 2	VGP	173,375	6,046	21,351	29,962	86,283	4.9
VGP Park Halle	VGP	165,888	—	18,128	66,436	87,787	0.8
VGP Park Giessen-Buseck	VGP	36,549	—	—	—	18,128	0.3
VGP Park Giessen-Lutzelinden	VGP	23,379	—	—	14,207	14,207	1.0
VGP Park Chemnitz	VGP	40,421	12,616	26,365	—	12,616	1.1
VGP Park Magdeburg	VGP	604,858	—	—	265,604	291,969	—
VGP Park Laatzen	VGP	284,987	—	8,730	120,682	120,682	5.5
VGP Park Einbeck	VGP	20,300	—	—	—	8,730	0.8
VGP Park Erfurt	VGP	50,265	—	—	27,265	27,265	—
VGP Park Berlin Oberkrämer	VGP	51,456	—	227,482	26,602	26,602	—
Total		**2,213,678**	**18,662**	**18,662**	**788,153**	**1,034,297**	**38.5**
VGP Park Bingen	JV1	15,000	6,400	—	0%	6,400	0.4
VGP Park Hamburg	JV1	537,112	249,180	—	0%	249,180	13.8
VGP Park Soltau	JV1	119,868	55,811	—	0%	55,811	1.9
VGP Park Rodgau	JV1	212,740	103,860	—	0%	103,860	6.1
VGP Park Höchstadt	JV1	45,680	15,001	—	0%	15,001	0.9
VGP Park Berlin	JV1	460,029	136,543	46,986	9,950	193,478	9.3
VGP Park Frankenthal	JV1	174,832	146,898	—	0%	146,898	9.1
VGP Park Bobenheim-Roxheim	JV1	56,655	23,270	—	0%	23,270	1.8
VGP Park Borna	JV1	42,533	13,617	—	0%	13,617	0.9
VGP Park Leipzig	JV1	105,885	41,491	—	4,750	46,241	2.1
VGP Park Schwalbach	JV1	19,587	8,386	—	0%	8,386	0.5
VGP Park Wetzlar	JV1	67,336	38,046	—	0%	38,046	1.9
VGP Park Ginsheim	JV1	59,845	35,635	—	0%	35,635	2.3
VGP Park Dresden-Radeburg	JV1	32,383	20,176	—	0%	20,176	0.9
VGP Park Göttingen	JV1	138,297	81,500	—	0%	81,500	3.1
VGP Park Wustermark	JV1	132,680	30,977	29,517	12,855	73,349	2.8
VGP Park Bischofsheim	JV1	13,457	6,659	—	0%	6,659	0.5
Total		**2,233,919**	**1,013,449**	**76,502**	**27,555**	**1,117,506**	**58.2**
Total Germany		**4,447,597**	**1,032,111**	**303,985**	**815,708**	**2,151,804**	**96.6**



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Liberec
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Prague
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Plzeň
Ostrava
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Olomouc
Brno

Czech Republic

CZECH REPUBLIC

VGP Park Brno

BUILDING I.

tenant	KARTON P+P, spol. s r.o.; ZING trading s.r.o.; Igepa velkoobchod papírem spol. s r.o.
lettable area	12,226 m^2
built	2017

CZECH REPUBLIC

VGP Park Brno

BUILDING II.

tenant	NOTINO, s.r.o.; SUTA s.r.o.; SECUPACK s.r.o.
lettable area	14,242 m^2
built	2013–2016

CZECH REPUBLIC

VGP Park Brno

BUILDING III.

tenant	HARTMANN – RICO a.s.
lettable area	8,621 m^2
built	2013

CZECH REPUBLIC

VGP Park Český Újezd

BUILDING I.

tenant	Yusen Logistics (Czech) s.r.o.; Spedice Kudrová s.r.o.
lettable area	12,789 m^2
built	2018

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 Hrádek nad Nisou

BUILDING H5

tenant	Drylock Technologies s.r.o.
lettable area	26,720 m^2
built	2018

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 A

tenant	Nagel Česko s.r.o.
lettable area	7,808 m^2
built	2017

CZECH REPUBLIC

VGP Park Olomouc

BUILDING B

tenant	John Crane a.s.
lettable area	12,029 m^2
built	2017

CZECH REPUBLIC

VGP Park Olomouc

BUILDING C

tenant	SGB Czech Trafo s.r.o.; Edwards, s.r.o.
lettable area	11,140 m^2
built	2018

CZECH REPUBLIC

VGP Park Olomouc

BUILDING D

tenant	MedicProgress, a.s.
lettable area	2,600 m^2
built	2019

CZECH REPUBLIC

VGP Park Olomouc

BUILDING G1

tenant	Benteler Automotive Rumburk s.r.o.; Gerflor CZ s.r.o.; SUTA s.r.o.; RTR – TRANSPORT A LOGISTIKA s.r.o.
lettable area	12,124 m^2
built	2017

CZECH REPUBLIC

VGP Park Olomouc

BUILDING G2

tenant	Euro Pool System CZ s.r.o.; FENIX solutions s.r.o.
lettable area	19,859 m^2
built	2015

CZECH REPUBLIC

VGP Park Olomouc

BUILDING H

tenant	Mürdter Dvořák, lisovna, spol. s r.o.; Drahtzug Česká republika s.r.o.
lettable area	14,254 m^2
built	2019

CZECH REPUBLIC

VGP Park Olomouc

BUILDING I

tenant	RTR – TRANSPORT A LOGISTIKA s.r.o
lettable area	23,334 m^2
built	under construction

CZECH REPUBLIC

VGP Park Olomouc

BUILDING J

tenant	ARDON SAFETY s.r.o.
lettable area	14,043 m^2
built	2019

CZECH REPUBLIC

VGP Park Olomouc

BUILDING L

tenant	Nissens Slovakia s.r.o.
lettable area	17,839 m^2
built	under construction

CZECH REPUBLIC

VGP Park Pilsen

BUILDING A

tenant	ASSA ABLOY ES Production s.r.o.
lettable area	8,711 m^2
built	2014

CZECH REPUBLIC

VGP Park Pilsen

BUILDING B

tenant	FAIVELEY TRANSPORT CZECH a.s.
lettable area	21,918 m^2
built	2015

CZECH REPUBLIC

VGP Park Pilsen

BUILDING C

tenant	Excell Czech s.r.o.; FAIVELEY TRANSPORT CZECH a.s.
lettable area	9,868 m^2
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 m^2
built	2015–2016

CZECH REPUBLIC

VGP Park Tuchoměřice

BUILDING A

tenant	CAAMANO CZ INTERNATIONAL GLASS CORPORATION, s.r.o.; Invelt – s.r.o.; Obytné vozy s.r.o.; , EFACEC PRAHA s.r.o.
lettable area	6,577 m^2
built	2013

CZECH REPUBLIC

VGP Park Tuchoměřice

BUILDING B

tenant	HARTMANN – RICO a.s.; ESA s.r.o.; Lidl Česká republika v.o.s.
lettable area	18,604 m^2
built	2014–2017

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 m^2
built	2014

CZECH REPUBLIC

VGP Park Ústí nad Labem

BUILDING P2

tenant	Ligman Europe s.r.o.
lettable area	6,368 m²
built	2018

CZECH REPUBLIC

VGP Park Ústí nad Labem

BUILDING P3

tenant	Treves CZ s.r.o.
lettable area	8,725 m²
built	2017

CZECH REPUBLIC

VGP Park Ústí nad Labem

BUILDING P4

tenant	Treves CZ s.r.o.
lettable area	6,134 m²
built	2018

CZECH REPUBLIC

VGP Park Ústí nad Labem

BUILDING P5

tenant	JOTUN CZECH a.s.; SUTA s.r.o.
lettable area	3,464 m²
built	under construction

CZECH REPUBLIC

VGP Park Ústí nad Labem

BUILDING P6.1

tenant	SSI Technologies s.r.o.
lettable area	6,080 m²
built	2015

CZECH REPUBLIC

VGP Park Jeneč

BUILDING AB

tenant	4PX Express CZ s.r.o.
lettable area	52,582 m²
built	2017

CZECH REPUBLIC

VGP Park Jeneč

BUILDING C

tenant	4PX Express CZ s.r.o.
lettable area	11,698 m²
built	2018

CZECH REPUBLIC

VGP Park Jeneč

BUILDING D1

tenant	4PX Express CZ s.r.o.
lettable area	1,885 m²
built	2017

CZECH REPUBLIC

VGP Park Jeneč

BUILDING D2

tenant	4PX Express CZ s.r.o.
lettable area	3,725 m²
built	2019

CZECH REPUBLIC

VGP Park Chomutov

BUILDING A

tenant	Beinbauer Automotive CZ s.r.o.
lettable area	17,146 m²
built	2018

CZECH REPUBLIC

VGP Park Chomutov

BUILDING BC

tenant	Magna Automotive (CZ) s.r.o.; Geis Solutions CZ s.r.o.
lettable area	36,094 m^2
built	2018

CZECH REPUBLIC

VGP Park Prostějov

BUILDING A

tenant	on-going negotiations
lettable area	14,882 m^2
built	under construction

VGP Park	Owner	Land area *(m²)*	Lettable area *(m²)*				
			Completed	Under construction	Potential	Total	Contracted Annual Rent *(in million €)*
VGP Park Olomouc	VGP	132,567	—	—	59,278	59,278	—
VGP Park Hrádek nad Nisou 2	VGP	78,240	—	—	30,932	30,932	—
VGP Park Prostějov	VGP	139,661	—	14,882	36,819	51,701	—
VGP Park Vyškov	VGP	54,353	—	—	24,470	24,470	—
Total		**404,821**	**—**	**14,882**	**151,499**	**166,381**	**—**
VGP Park Tuchoměřice	JV1	58,701	25,181	—	—	25,181	1.2
VGP Park Český Újezd	JV1	45,383	15,542	—	—	15,542	0.8
VGP Park Liberec	JV1	36,062	11,436	—	2,304	13,740	0.6
VGP Park Brno	JV1	63,974	35,088	—	—	35,088	2.0
VGP Park Hrádek nad Nisou	JV1	180,638	67,081	—	17,805	84,886	4.8
VGP Park Plzeň	JV1	92,354	44,136	—	—	44,136	2.4
VGP Park Ústí nad Labem	JV1	141,968	32,658	3,464	4,356	40,478	2.2
VGP Park Olomouc	JV1	347,186	93,857	41,173	16,054	151,084	6.1
VGP Park Jeneč	JV1	173,859	69,889	—	—	69,889	2.7
VGP Park Chomutov	JV1	106,791	36,094	17,146	5,310	58,550	2.2
Total		**1,246,915**	**430,962**	**61,783**	**45,829**	**538,574**	**24.7**
Total Czech Republic		**1,651,737**	**430,962**	**76,665**	**197,328**	**704,955**	**24.7**

Other countries in Europe

Latvia

41 VGP Park Kekava

Spain

42 VGP Park San Fernado de Henares
43 VGP Park Lliçà d'Amunt
44 VGP Park Fuenlabrada
45 VGP Park Valencia Cheste
46 VGP Park Zaragoza

Romania

47 VGP Park Timișoara
48 VGP Park Sibiu
49 VGP Park Brașov

Hungary

50 VGP Park Győr
51 VGP Park Alsónémedi
52 VGP Park Hatvan
53 VGP Park Kecskemét
54 VGP Park Győr Beta

Slovakia

55 VGP Park Malacky
56 VGP Park Bratislava

Austria

57 VGP Park Graz

The Netherlands

58 VGP Park Nijmegen
59 VGP Park Roosendaal

Italy

60 VGP Park Calcio
61 VGP Park Valsamoggia

Portugal

62 VGP Park Santa Maria da Feira

41
Riga
Amsterdam
58
59
Vienna
55
56
Bratislava
52
50
51
54
57
Budapest
53
48
49
47
60
61
Bucharest
Rome

HUNGARY

VGP Park Alsónémedi

BUILDING A1.1

tenant	Nagel Hungária Logisztikai Korlátolt Felelösségü Társaság
lettable area	22,905 m²
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 m²
built	2009

HUNGARY

VGP Park Győr

BUILDING B

tenant	Lear Corporation Hungary Kft.; TI Automotive (Hungary) Kft.
lettable area	24,740 m²
built	2012, 2017

HUNGARY

VGP Park Győr

BUILDING C

tenant	Dana Hungary Kft.
lettable area	6,463 m²
built	2011

HUNGARY

VGP Park Kecskemét

BUILDING B1

tenant	Flisom Hungary kft.
lettable area	17,660 m²
built	under construction

HUNGARY

VGP Park Hatvan

BUILDING A1

tenant	LKH LEONI Kft.
lettable area	16,597 m^2
built	2019

SLOVAKIA

VGP Park Malacky

BUILDING A

tenant	Benteler Automotive SK s.r.o.; SPP – distribuce, a.s.
lettable area	14,863 m^2
built	2009

SLOVAKIA

VGP Park Malacky

BUILDING B

tenant	Benteler Automotive SK s.r.o.; Cipher Europe s.r.o.; PLP Facility, a.s.; PASSIVE HOUSE WOLF GROUP, s.r.o.
lettable area	19,554 m^2
built	2016

SLOVAKIA

VGP Park Malacky

BUILDING C

tenant	FROMM SLOVAKIA, a.s.; Tajco Slovakia s. r. o.
lettable area	15,255 m^2
built	2015

SLOVAKIA

VGP Park Malacky

BUILDING D

tenant	Volkswagen Konzernlogistik GmbH & Co. OHG
lettable area	25,692 m^2
built	2015

SLOVAKIA

VGP Park Malacky

BUILDING E1

tenant	IDEAL Automotive Slovakia, s.r.o.
lettable area	12,756 m^2
built	2016

LATVIA

VGP Park Kekava

BUILDING A

tenant	SIA “Degalava Real Estate”; MMD Serviss SIA
lettable area	35,557 m^2
built	2018

LATVIA

VGP Park Kekava

BUILDING B

tenant	MMD Serviss SIA
lettable area	26,988 m^2
built	2019

ROMANIA

VGP Park Timişoara

BUILDING A1

tenant	QUEHENBERGER LOGISTICS ROU SRL; S.C.; ITC Logistic Romania S.R.L.
lettable area	17,613 m^2
built	2016

ROMANIA

VGP Park Timişoara

BUILDING A2

tenant	SC FAN COURIER EXPRESS SRL; VAN MOER GROUP SRL; KLG Europe Logistics SRL; EKOL INTERNATIONAL LOGISTICS SRL
lettable area	18,077 m^2
built	2016

ROMANIA

VGP Park Timişoara

BUILDING B1

tenant	QUEHENBERGER LOGISTICS ROU SRL; UPS Romania SRL; World Media Trans SRL; S.C. PROFI ROM FOOD SRL; Acila SRL; Depozitul Arhivele Transilvania SRL; VGP Proiecte Industriale SRL
lettable area	17,893 m²
built	2014

ROMANIA

VGP Park Timişoara

BUILDING B2

tenant	DHL International Romania SRL; RESET EMS srl; S.C. DSV SOLUTIONS SRL.; NEFAB PACKAGING ROMANIA SRL; HELBAKO ELECTRONICA SRL; OVT LOGISTICZENTRUM SRL; LOSAN DEPOT SRL
lettable area	18,164 m²
built	2015/partly under construction

ROMANIA

VGP Park Timişoara

BUILDING C1

tenant	cargo-partner Expeditii s.r.l.; EUROCCOPER SRL; DIETRICH-HONOLD LOGISTICS SRL
lettable area	20,706 m²
built	2018

ROMANIA

VGP Park Timişoara

BUILDING C2

tenant	Hafele Romania SRL; RF PLAST GmbH; DIGITAL HISTORY CODE SRL; KATHREIN BROADCAST SRL; DIETRICH-HONOLD LOGISTICS SRL; ITC LOGISTIC ROMANIA SRL; RF PLAST GmbH
lettable area	22,406 m²
built	2018/partly under construction

ROMANIA

VGP Park Sibiu

BUILDING B

tenant	Englmayer Romania SRL
lettable area	16,527 m²
built	2019/partly under construction

SPAIN

VGP Park Lliça d’Amunt

BUILDING A

tenant	Picking Farma S.A.
lettable area	13,634 m^2
built	under construction

SPAIN

VGP Park Lliça d’Amunt

BUILDING C

tenant	Noatum logistics Spain, S.A.U.; DistriCenter, S.A.U.; , Vivace Logística, S.A.; Luís Simoes Logística Integrada, S.A.
lettable area	32,169 m^2
built	2019

SPAIN

VGP Park Lliça d’Amunt

BUILDING D

tenant	on-going negotiations
lettable area	7,372 m^2
built	under construction

SPAIN

VGP Park Lliça d’Amunt

BUILDING E

tenant	on-going negotiations
lettable area	21,855 m^2
built	under construction

SPAIN

VGP Park San Fernando de Henares

BUILDING A

tenant	ThyssenKrupp Elevadores, S.L.U.; Rhenus Logistics S.A.U.
lettable area	22,962 m^2
built	2018

SPAIN

VGP Park San Fernando de Henares

BUILDING B1

tenant	Rhenus Logistics, S.A.U.; Noatum Logistics Spain, S.A.U.; Logwin Solutions Spain, S.A.
lettable area	19,671 m^2
built	2019

SPAIN

VGP Park San Fernando de Henares

BUILDING B2

tenant	Rhenus Logistics, S.A.U.
lettable area	12,267 m^2
built	2019

SPAIN

VGP Park San Fernando de Henares

BUILDING C1

tenant	on-going negotiations
lettable area	8,251 m^2
built	under construction

SPAIN

VGP Park San Fernando de Henares

BUILDING C2

tenant	on-going negotiations
lettable area	5,162 m^2
built	under construction

SPAIN

VGP Park San Fernando de Henares

BUILDING E

tenant	DSV Road Spain, S.A.U.
lettable area	12,176 m^2
built	2019

SPAIN
VGP Park Valencia Cheste
BUILDING A

tenant	on-going negotiations
lettable area	13,944 m²
built	under construction

SPAIN
VGP Park Valencia Cheste
BUILDING B

tenant	on-going negotiations
lettable area	25,547 m²
built	under construction

SPAIN
VGP Park Zaragoza
BUILDING A

tenant	Cotrali Zaragoza, S.L.
lettable area	18,000 m²
built	under construction

AUSTRIA
VGP Park Graz
BUILDING A

tenant	MAGNA Steyr Fahrzeugtechnik AG & Co KG
lettable area	17,737 m²
built	2018

NETHERLANDS
VGP Park Nijmegen
BUILDING A

tenant	Conpax Beheer B.V.; ESTG B.V.
lettable area	64,601 m²
built	under construction

NETHERLANDS

VGP Park Roosendaal

BUILDING A

tenant	Active Ants B.V.
lettable area	41,149 m^2
built	under construction

ITALY

VGP Park Calcio

BUILDING A

tenant	on-going negotiations
lettable area	22,695 m^2
built	under construction

ITALY

VGP Park Valsamoggia

BUILDING A

tenant	Macron S.p.a.
lettable area	6,678 m^2
built	under construction

ITALY

VGP Park Valsamoggia

BUILDING B

tenant	Macron S.p.a.
lettable area	16,106 m^2
built	2019

VGP Park	Owner	Land area *(m²)*	Lettable area *(m²)*				
			Completed	Under construction	Potential	Total	Contracted Annual Rent *(in million €)*
Slovakia							
VGP Park Bratislava	VGP	575,624	—	—	258,300	258,300	—
Hungary							
VGP Park Hatvan	VGP	57,584	16,597	—	9,317	25,914	1.0
VGP Park Győr Béta	VGP	95,228	—	—	47,195	47,195	—
VGP Park Kecskemét	VGP	167,617	—	17,660	62,769	80,429	0.5
Romania							
VGP Park Timișoara	VGP	40,285	—	—	23,430	23,430	—
VGP Park Sibiu	VGP	97,036	—	16,527	27,785	44,312	0.1
VGP Park Brașov	VGP	383,758	—	—	177,522	177,522	—
Latvia							
VGP Park Kekava	VGP	148,442	62,545	—	—	62,545	3.4
Spain							
VGP Park Lliçà d'Amunt	VGP	149,597	32,169	42,861	—	75,030	2.6
VGP Park Fuenlabrada	VGP	80,223	—	—	41,735	41,735	—
VGP Park Valencia Cheste	VGP	113,104	—	39,491	26,696	66,187	—
VGP Park Zaragoza	VGP	117,593	—	18,000	43,645	61,645	0.8
VGP Park Sevilla	VGP	103,000	—	—	61,279	61,279	—
Netherlands							
VGP Park Nijmegen	VGP	348,263	—	64,601	133,988	198,589	1.5
VGP Park Roosendaal	VGP	86,511	—	41,149	9,576	50,725	1.0
Italy							
VGP Park Calcio	VGP	48,593	—	22,695	—	22,695	—
VGP Park Valsamoggia	VGP	52,776	16,106	6,678	—	22,783	1.4
Austria							
VGP Park Graz	VGP	91,674	—	—	41,570	41,570	—
Portugal							
VGP Park Santa Maria da Feira	VGP	73,518	—	—	29,255	29,255	—
Total		**2,830,426**	**127,417**	**269,662**	**994,062**	**1,391,141**	**12.5**

VGP Park	Owner	Land area *(m²)*	Lettable area *(m²)*				
			Completed	**Under construction**	**Potential**	**Total**	**Contracted Annual Rent** *(in million €)*
Slovakia							
VGP Park Malacky	JV1	220,492	68,566	19,554	9,880	98,001	4.1
Hungary							
VGP Park Győr	JV1	121,798	51,493	—	—	51,493	2.8
VGP Park Alsónémedi	JV1	85,349	22,905	—	12,000	34,905	1.4
Romania							
VGP Park Timișoara	JV2	259,149	92,453	22,406	—	114,859	5.3
Spain							
VGP Park San Fernando de Henares	JV2	222,750	67,075	13,416	41,204	121,695	4.5
Austria							
VGP Park Graz	JV2	38,239	17,737	—	—	17,737	1.1
Total		**947,777**	**320,229**	**55,376**	**63,084**	**438,689**	**19.3**
Total other European countries		**3,778,203**	**447,646**	**325,038**	**1,057,146**	**1,829,830**	**31.7**

Financial Review

For the year ended 31 December 2019

Content

Consolidated income statement

For the year ended 31 December 2019

Income statement *(in thousands of €)*	**Note**	**2019**	**2018**
Revenue[1]	5	26,037	30,336
Gross rental income	5	11,653	16,627
Property operating expenses	6	(2,556)	(1,123)
Net rental income		**9,097**	**15,504**
Joint ventures' management fee income	5	10,492	9,965
Net valuation gains/(losses) on investment properties	7	188,165	98,552
Administration expenses	8	(21,100)	(18,167)
Share in result of joint ventures and associates	9	65,703	45,220
Operating profit		**252,357**	**151,074**
Finance income	10	5,543	6,101
Finance costs	10	(19,781)	(20,071)
Finance costs – net		**(14,238)**	**(13,970)**
Profit before taxes		**238,119**	**137,104**
Taxes	11	(32,506)	(15,998)
Profit for the period		**205,613**	**121,106**
Attributable to:			
Shareholders of VGP NV	12	205,613	121,106
Non-controlling interests		—	—

Result per share	**Note**	**2019**	**2018**
Basic earnings per share *(in €)*	12	11.06	6.52
Diluted earnings per share *(in €)*	12	11.06	6.52

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

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

Consolidated statement of comprehensive income

For the year ended 31 December 2019

Statement of comprehensive income *(in thousands of €)*	**2019**	**2018**
Profit for the year	**205,613**	**121,106**
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	**205,613**	**121,106**
Attributable to:		
Shareholders of VGP NV	205,613	121,106
Non-controlling interest	—	—

Consolidated balance sheet

For the year ended 31 December 2019

Assets *(in thousands of €)*	Note	2019	2018
Intangible assets		46	41
Investment properties	13	792,945	468,513
Property, plant and equipment		5,287	742
Investments in joint ventures and associates	9	387,246	241,427
Other non-current receivables	9	63,571	41,461
Deferred tax assets	11	695	785
Total non-current assets		**1,249,790**	**752,969**
Trade and other receivables	14	28,770	23,064
Cash and cash equivalents	15	176,148	161,446
Disposal group held for sale	20	169,655	274,939
Total current assets		**374,573**	**459,449**
Total assets		**1,624,363**	**1,212,418**

Shareholders' equity and liabilities *(in thousands of €)*	Note	2019	2018
Share capital	16	62,251	62,251
Retained earnings		637,461	481,147
Other reserves		69	69
Shareholders' equity		**699,781**	**543,467**
Non-current financial debt	17	767,673	564,375
Other non-current financial liabilities		-	60
Other non-current liabilities	18	12,789	1,215
Deferred tax liabilities	11	31,647	16,692
Total non-current liabilities		**812,109**	**582,342**
Current financial debt	17	12,673	22,479
Trade debts and other current liabilities	19	89,325	38,769
Liabilities related to disposal group held for sale	20	10,475	25,361
Total current liabilities		**112,473**	**86,609**
Total liabilities		**924,582**	**668,951**
Total shareholders' equity and liabilities		**1,624,363**	**1,212,418**

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

Statement of changes in equity

For the year ended 31 December 2019

Statement of changes in equity *(in thousands of €)*	**Statutory share capital**	**Capital reserve** *(see note 16)*	**IFRS share capital**	**Retained earnings**	**Share premium**	**Other equity**	**Total equity**
Balance as at 1 January 2018	**92,667**	**(30,416)**	**62,251**	**403,910**	**69**	**—**	**466,230**
Other comprehensive income/(loss)	—	—	—	—	—	—	—
Result of the period	—	—	—	121,106	—	—	121,106
Effect of disposals	—	—	—	—	—	—	—
Total comprehensive income/(loss)	**—**	**—**	**—**	**121,106**	**—**	**—**	**121,106**
Dividends to shareholders	—	—	—	(35,308)	—	—	(35,308)
Correction for reciprocal interest through associates *(see note 12.1)*	—	—	—	(8,561)	—	—	(8,561)
Balance as at 31 December 2018	**92,667**	**(30,416)**	**62,251**	**481,147**	**69**	**—**	**543,467**
Balance as at 1 January 2019	**92,667**	**(30,416)**	**62,251**	**481,147**	**69**	**—**	**543,467**
Other comprehensive income/(loss)	—	—	—	—	—	—	—
Result of the period	—	—	—	205,613	—	—	205,613
Effect of disposals	—	—	—	—	—	—	—
Total comprehensive income/(loss)	**—**	**—**	**—**	**205,613**	**—**	**—**	**205,613**
Dividends to shareholders	—	—	—	(40,883)	—	—	(40,883)
Remeasurement of VGP Misv management incentive plan[1]	—	—	—	(8,416)	—	—	(8,416)
Balance as at 31 December 2019	**92,667**	**(30,416)**	**62,251**	**637,461**	**69**	**—**	**699,781**

1 As from 2019 the remaining VGP Misv plan has been considered a cash-settled plan for which an € 8.4 million opening equity adjustment has been recognised, reflecting the total cash lay-out of VGP NV if the latter were to acquire all of the remaining 20.09% VGP Misv Comm. VA. shares on 1 January 2019.

Consolidated cash flow statement

For the year ended 31 December 2019

Cash flow statement *(in thousands of €)*	**Note**	**2019**	**2018**
Cash flows from operating activities	21		
Profit before taxes		238,119	137,104
Adjustments for:			
Depreciation		1,207	180
Unrealised (gains)/losses on investment properties	7	(153,273)	(64,156)
Realised (gains)/losses on disposal of subsidiaries and investment properties	7	(34,892)	(34,396)
Unrealised (gains)/losses on financial instruments and foreign exchange		108	1,161
Interest (income)		(5,543)	(5,738)
Interest expense		19,673	18,546
Share in (profit)/loss of joint ventures and associates	9	(65,703)	(45,220)
Operating profit before changes in working capital and provisions		**(304)**	**7,481**
Decrease/(Increase) in trade and other receivables		(12,249)	(24,556)
(Decrease)/Increase in trade and other payables		2,964	(10,939)
Cash generated from the operations		**(9,589)**	**(28,013)**
Interest received		27	35
Interest (paid)		(19,280)	(22,011)
Income taxes paid		(484)	(1,046)
Net cash from operating activities		**(29,326)**	**(51,035)**
Cash flows from investing activities	21		
Proceeds from disposal of tangible assets and other		22	41
Proceeds from disposal of subsidiaries and investment properties	22	339,008	438,364
Investment property and investment property under construction		(453,849)	(263,339)
Distribution by/(investment in) joint ventures and associates		(3,000)	—
Loans provided to joint ventures and associates		(30,271)	(78,094)
Loans repaid by joint ventures and associates		22,586	7,752
Net cash used in investing activities		**(125,504)**	**104,724**
Cash flows from financing activities	21		
Dividends paid		(40,883)	(35,308)
Proceeds from loans	17	204,151	188,357
Loan repayments	17	(981)	(75,750)
Net cash used in financing activities		**162,287**	**77,299**
Net increase/(decrease) in cash and cash equivalents		**7,456**	**130,988**
Cash and cash equivalents at the beginning of the period		161,446	30,269
Effect of exchange rate fluctuations		1,116	(251)
Reclassification to (–)/from held for sale		6,130	440
Cash and cash equivalents at the end of the period		**176,148**	**161,446**

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

Notes to and forming part of the financial statements

For the year ended 31 December 2019

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 Uitbreidingstraat 72 box 7, 2600 Antwerp (Berchem), Belgium and the Company is registered under enterprise number 0887.216.042 (Register of Legal Entities of Antwerp – Division Antwerp).

The Group is a pure-play real estate group specialised in the acquisition, development, and management of logistic real estate, i.e. buildings suitable for logistical purposes and light industrial activities. The Group focuses on strategically located plots of land suitable for development of logistic business parks of a certain size, so as to build up an extensive and well-diversified land bank on top locations, i.e. locations in the vicinity of highly concentrated living and/or production centres, with an optimal access to transport infrastructure.

The aim of the Group is to become a leading pan-European specialised developer and owner of high-quality logistic and light industrial property. The Group is currently active in Germany, the Netherlands, Austria, Spain, Portugal, Italy, the Czech Republic, Slovakia, Hungary, Romania and Latvia.

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 3 April 2020.

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 2019.

New standards and interpretations applicable during 2019

A number of new standards, amendments to standards and interpretations became effective during the financial year:
- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Annual improvements to IFRS Standards 2015–2017 Cycle

The above new standards, amendments to standards and interpretations did not give rise to any material changes in the presentation and preparation of the consolidated financial statements of the year. The impact of the adoption of IFRS 16 leasing standard on the Group as lessee are disclosed below.

IFRS 16 Leases – Group as a lessee

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

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

in thousands of €	
Property, plant and equipment	1,977
Other non-current liabilities	(1,520)
Trade debts and other current liabilities	(457)

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

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

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

New standards and interpretations not yet effective during 2019

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2019, and have not been applied when preparing financial statements:

— Amendments to IAS 1 and IAS 8 Definition of Material (applicable for annual periods beginning on or after 1 January 2020)
— Amendments to IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
— Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
— Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
— IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021*, but not yet endorsed in the EU

The initial application of the 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 deconsolidated 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.

* Exposure Draft 2019/4 of June 2019 proposes to postpone the EU effective date to 1 January 2022

Joint ventures 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 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".

In contrast, according to IFRS 10.25 upon loss of control of a subsidiary, a parent de-recognises 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.

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 also valued by an external independent valuation expert using the same valuation methodology as used for the valuations of the completed projects but deducting the remaining construction costs from the calculated market value of the respective 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 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 to start construction (so called 'development land') is immediately valued at fair value. The development land is valued by an external independent valuation expert using the valuation sales comparative approach.

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

VGP as lessee

At the start of the lease period, the leases (except for leases with a maximum term of twelve months and leases whose underlying assets are of low value) are recognised on the balance sheet as rights of use and lease liabilities at the present value of the future lease payments. Next, all rights of use that qualify as investment properties are valuated at fair value, in accordance with the valuation rules detailed under 4. Investment properties. The minimum lease payments are recognised in part as financing costs and in part as settlement of the outstanding liability, in a manner resulting in a constant periodic interest rate on the remaining balance of the liability. The cost of financing is offset directly against the result. Conditional lease payments are incorporated as costs in the periods in which they were made.

VGP as lessor

If a lease meets the conditions of a financial lease (according to IFRS 16), VGP as the lessor will recognise the lease from its start date as a receivable in the balance sheet at an amount equal to the net investment in the lease. The difference between this latter amount and the book value of the leased property (exclusive of the value of the residual right held by VGP) at the start of the lease will be recognised in the profit and loss account for that period. Each periodic payment made by the lessee will be partly recognised by VGP as a repayment of the capital and partly as financial income based on a constant periodic return for VGP. The residual right held by VGP will be recognised at its fair value on each balance sheet date. This value will increase every year and will correspond to the market value of the full right of ownership at the end of the lease. These increases will be recognised in 'Net valuation gains/(losses) on investment properties' in the profit and loss account.

Accounting principle applied until 31 December 2018

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 – 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 Financial assets at amortised cost

Financial assets at amortized cost include trade receivables, other receivables and cash and cash equivalents and represent non-derivative financial instruments which are held within a business model with the purpose to receive contractual cashflows (held to collect) and the contractual terms of the financial asset give rise to cashflows at fixed dates which represent solely payments of principal and interest (SPPI). Such financial assets 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.

Trade receivables do not carry any interest and are stated at amortised cost as reduced by appropriate bad debt allowances. Such allowances are based on the expected credit losses, calculated in accordance with IFRS 9. The group has not developed a provision matrix based on historical credit loss experience as historical credit losses are insignificant. In case there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit losses. This is the case 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 default risk has significantly increased. An impairment loss is recognized in the statement of income, as are subsequent recoveries of previous impairments.

Other financial assets at amortized cost include mainly loan to joint ventures and associates. These financial assets are accounted for at amortized cost and the Group recognizes a loss allowance for expected credit losses in accordance with IFRS 9. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Cash and cash equivalents comprise cash balances and call deposits. Such cash balances are only held with banks with high credit ratings, as such expected credit losses are not deemed significant. 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.

2.12 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.

2.13 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.

2.14 Trade and other payables

Trade and other payables are stated at amortised cost.

2.15 Derivative financial instruments

The Group does not apply hedge accounting in accordance with IFRS 9. Derivative financial assets and liabilities are classified as financial assets or liabilities at Fair Value through Profit or Loss (FVPL) . Derivative financial assets and liabilities comprise mainly interest rate swap and forward foreign exchange contracts for hedging purposes (economic hedge). Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs. Gains or losses on derivatives are recognised in profit or loss in net change in fair value of financial instruments at FVPL.

2.16 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.

2.17 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.

2.18 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.

2.19 Revenue recognition

Revenue includes rental income, property and facility management income, development management income and service charge income.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Revenue from service and property, facility and development management is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Some property management contracts may include multiple elements of service, which are provided to tenants. The Group assesses whether the individual elements of service in contracts are separate performance obligations. Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price will be allocated to each performance obligation (lease and non-lease component) based on the stand-alone selling prices. Where these selling prices are not directly observable, they are estimated based on an expected cost, plus margin. In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, this consideration may include discounts, trade allowances, rebates and amounts collected on behalf of third parties.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

2.20 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
  (i) it has joint control over the Joint Ventures and hence these Joint ventures and the related associates are accounted for using the equity method;
  (ii) it has no control over VGP Misv Comm. VA, despite the fact that this company is owned for 82,60%, as this company is controlled by its statutory manager (Bart Van Malderen). Hence VGP Misv Comm. VA. is considered as an associate and is 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 for 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 13)

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 business line and country level.

The segmentation for segment reporting within VGP is primarily by business line and secondly by geographical region.

4.1 Business lines

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

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

Investment business

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

Property development

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

Property and asset management

Property and asset management revenue includes asset management, property management and facility management income. Associated operating, administration and other expenses include directly allocated expenses from the respective asset management, property management and facility management service companies. The administrative expenses of the Czech and German property management companies have been allocated on a 50:50 basis between the rental business and the property and asset management business.

Breakdown summary of the business lines

in thousands of €	2019	2018
Investment EBITDA	46,206	42,351
Property development EBITDA	169,488	46,427
Property management and asset management EBITDA	7,249	6,848
Total operating EBITDA	**222,943**	**95,626**

in thousands of €	For the year ended 31 December 2019			
	Investment	Development	Property and asset management	Total
Gross rental income	11,653	—	—	11,653
Property operating expenses	(256)	(2,300)	—	(2,556)
Net rental income	**11,397**	**(2,300)**	**—**	**9,097**
Joint ventures' management fee income	—	—	10,492	10,492
Net valuation gains/(losses) on investment properties destined to the joint ventures	—	186,757	—	186,757
Administration expenses	(1,681)	(14,969)	(3,243)	(19,893)
Share of joint ventures adjusted operating profit after tax[1]	36,490	—	—	36,490
Operating EBITDA	**46,206**	**169,488**	**7,249**	**222,943**
				—
Depreciation and amortisation	—	(1,105)	(102)	(1,207)
Earnings before interest and tax	**46,206**	**168,383**	**7,147**	**221,736**
Net finance costs – Own				(14,238)
Net finance costs – Joint ventures and associates				(16,049)
Profit before tax				**191,449**
Current income taxes – Own				(484)
Current income taxes – Joint ventures and associates				(1,464)
Recurrent net income				**189,502**
Net valuation gains/(losses) on investment properties – other countries[2]				1,408
Net valuation gains/(losses) on investment properties – Joint ventures and associates				60,753
Net fair value gain/(loss) on interest rate swaps and other derivatives				—
Net fair value gain/(loss) on interest rate swaps and other derivatives – Joint ventures and associates				(108)
Deferred taxes – Own				(32,022)
Deferred taxes – Joint ventures and associates				(13,919)
Reported profit for the period				**205,613**

1 The adjustments to the share of profit from the joint ventures (at share) are composed of € 60.8 million of net valuation gains/(losses) on investment properties, € 0.1 million of net fair value loss on interest rate derivatives and € 13.9 million of deferred taxes in respect of these adjustments.

2 Relates to developments in countries outside of the JV perimeters i.e. all countries except for Latvia.

in thousands of €	For the year ended 31 December 2018			
	Investment	**Development**	**Property and asset management**	**Total**
Gross rental income	16,627	—	—	16,627
Property operating expenses	(112)	(1,011)	—	(1,123)
Net rental income	**16,515**	**(1,011)**	**—**	**15,504**
Joint ventures' management fee income	—	—	9,965	9,965
Net valuation gains/(losses) on investment properties destined to the joint ventures	—	61,248	—	61,248
Administration expenses	(1,021)	(13,810)	(3,117)	(17,948)
Share of joint ventures' adjusted operating profit after tax[1]	26,857	—	—	26,857
Operating EBITDA	**42,351**	**46,427**	**6,848**	**95,626**
Depreciation and amortisation	(27)	(126)	(66)	(219)
Earnings before interest and tax	**42,324**	**46,301**	**6,782**	**95,407**
Net finance costs – Own				(12,485)
Net finance costs – Joint ventures and associates				(9,677)
Profit before tax				**73,245**
Current income taxes – Own				(1,046)
Current income taxes – Joint ventures and associates				(697)
Recurrent net income				**71,502**
Net valuation gains/(losses) on investment properties – other countries[2]				37,304
Net valuation gains/(losses) on investment properties – Joint ventures and associates				39,938
Net fair value gain/(loss) on interest rate swaps and other derivatives				(1,485)
Net fair value gain/(loss) on interest rate swaps and other derivatives – Joint ventures and associates				(2,706)
Deferred taxes – Own				(14,952)
Deferred taxes – Joint ventures and associates				(8,496)
Reported profit for the period				**121,106**

1 The adjustments to the share of profit from the joint venture (at share) are composed of € 39.9 million of net valuation gains/(losses) on investment properties, € 2.7 million of net fair value loss on interest rate derivatives and € 8.5 million of deferred taxes in respect of these adjustments.

2 Relates to developments in countries outside of the JV perimeter i.e. all countries except for Germany, Czech Republic, Slovakia and Hungary.

4.2 Geographical markets

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.

in thousands of €	31 December 2019						
	Gross rental income[1]	**Net rental income[1]**	**Share of joint ventures' operating EBITDA**	**Operating EBITDA (Incl. JV at share)**	**Investment properties Own**	**Investment properties JV at share**	**Capital expenditure[2]**
Western Europe							
Germany	28,823	24,534	23,096	119,583	447,176	612,099	301,395
Spain	2,206	819	612	29,086	149,460	33,045	42,618
Austria	905	723	138	2,231	12,236	11,795	12,371
Netherlands	8	(472)	—	20,886	115,612	—	59,125
Italy	—	243	—	5,625	30,764	—	20,357
Portugal	—	(17)	—	(265)	3,255	—	3,181
	31,942	**25,829**	**23,846**	**177,146**	**758,503**	**656,939**	**439,048**
Central and Eastern Europe							
Czech Republic	10,989	10,286	9,172	30,230	58,145	196,444	28,475
Slovakia	1,913	1,983	1,751	2,750	42,984	24,218	29,144
Hungary	2,137	2,430	1,863	1,344	25,522	28,606	16,731
Romania	3,749	3,009	811	12,570	38,511	27,801	22,569
	18,787	**17,707**	**13,596**	**46,894**	**165,162**	**277,068**	**96,918**
Baltics							
Latvia	2,571	2,137	—	2,025	38,935	—	3,486
							—
Other[3]	—	997	(953)	(3,123)	—	—	—
Total	**53,300**	**46,669**	**36,490**	**222,943**	**962,600**	**934,007**	**539,452**

1 Includes joint venture at share.

2 Capital expenditures includes additions and acquisition of investment properties and development land but does not include tenant incentives, letting fees, and capitalised interest. Capital expenditure directly incurred for the own portfolio amounts to € 517.5 million and amounts to € 21.9 million on development properties of the Joint Ventures.

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

in thousands of €	31 December 2018						
	Gross rental income[1]	**Net rental income[1]**	**Share of joint ventures' operating EBITDA**	**Operating EBITDA (Incl. JV at share)**	**Investment properties Own**	**Investment properties JV at share**	**Capital expenditure[2]**
Western Europe							
Germany	22,743	19,110	17,543	53,660	298,712	441,420	172,258
Spain	6,536	5,273	—	4,044	143,502	—	44,965
Austria	95	106	—	30	19,840	—	19,756
Netherlands	—	—	—	(206)	34,147	—	33,884
Italy	—	—	—	(319)	3,842	—	3,842
	29,374	**24,489**	**17,543**	**57,209**	**500,044**	**441,420**	**274,705**
Central and Eastern Europe							
Czech Republic	9,779	10,117	6,175	34,705	116,203	132,102	40,018
Slovakia	1,859	1,715	1,692	2,184	12,505	22,605	339
Hungary	2,271	2,206	1,872	998	5,522	28,154	2,930
Romania	3,687	3,367	—	3,221	63,291	—	15,614
	17,596	**17,405**	**9,739**	**41,108**	**197,521**	**182,860**	**58,901**
Baltics							
Latvia	460	258	—	100	33,120	—	19,078
Other[3]	—	1,265	(425)	(2,791)	—	—	—
Total	**47,430**	**43,417**	**26,857**	**95,626**	**730,685**	**624,281**	**352,684**

1 Includes joint venture at share.

2 Capital expenditures includes additions and acquisition of investment properties and development land but does not include tenant incentives, letting fees, and capitalised interest. Capital expenditure directly incurred for the own portfolio amounts to € 274.6 million and amounts to € 78.1 million on development properties of the Joint Venture.

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

5. Revenue

in thousands of €	2019	2018
Rental income from investment properties	10,182	14,164
Straight lining of lease incentives	1,471	2,463
Total gross rental income	**11,653**	**16,627**
Property and facility management income	8,748	6,681
Development management income	1,744	3,284
Joint ventures' management fee income	**10,492**	**9,965**
Service charge income	3,892	3,744
Total revenue	**26,037**	**30,336**

The Group leases out its investment property under operating leases. The operating leases are generally for terms of more than 5 years. The gross rental income reflects the full impact of the income generating assets delivered during 2019 and the different closings with the Joint Ventures which occurred during year i.e. the 2019 rental income includes (i) € 0.8 million of rent for the period 1 January 2019 to 1 April 2019 related to the property portfolio sold during the fifth closing with VGP European Logistics joint venture on 1 April 2019 (compared to € 3.2 million of rent for the period 1 January 2018 to 30 April 2018 related to the property portfolio sold during the fourth closing at the end of April 2018); (ii) € 4.4 million of rent for the period 1 January 2019 to 31 July 2019 related to the property portfolio sold during the first closing with the VGP European Logistics 2 joint venture; and (iii) € 1.4 million of rent for the period 1 January 2019 to 30 November 2019 related to the property portfolio sold during the sixth closing with the VGP European Logistics joint venture.

At the end of December 2019, the Group (including the joint ventures) had annualised committed leases of € 155.0 million compared to € 104.1 million as at 31 December 2018.*

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

in thousands of €	2019	2018
Less than one year	52,665	33,092
Between one and five years	205,603	118,267
More than five years	399,922	100,175
Total	**658,190**	**251,534**

* — 1 € 102.3 million related to the JV Property Portfolio and € 52.7 million related to the Own Property Portfolio.
— 2 € 70.9 million related to the JV Property Portfolio and € 33.2 million related to the Own Property Portfolio.

6. Property operating expenses

in thousands of €	2019	2018
Repairs and maintenance	(192)	(334)
Letting, marketing, legal and professional fees	(276)	(201)
Real estate agents	(254)	(1,067)
Service charge income	3,892	3,744
Service charge expenses	(3,141)	(2,915)
Other income	1,765	989
Other expenses	(4,350)	(1,339)
Total	**(2,556)**	**(1,123)**

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

in thousands of €	2019	2018
Unrealised valuation gains/(losses) on investment properties	117,366	25,964
Unrealised valuation gains/(losses) on disposal group held for sale	35,907	38,192
Realised valuation gains/(losses) on disposal of subsidiaries and investment properties	34,892	34,396
Total	**188,165**	**98,552**

The own property portfolio, excluding development land but including the assets being developed on behalf of the Joint Ventures, is valued by the valuation expert at 31 December 2019 based on a weighted average yield of 5.76% (compared to 6.29% as at 31 December 2018) applied to the contractual rents increased by the estimated rental value on unlet space. A 0.10% variation of this market rate would give rise to a variation of the total portfolio value of € 13.5 million.

8. Administration expenses

in thousands of €	2019	2018
Wages and salaries	(7,943)	(7,004)
Audit, legal and other advisors	(8,931)	(6,999)
Other expenses	(3,019)	(3,945)
Depreciation	(1,207)	(219)
Total	**(21,100)**	**(18,167)**

9. Investments in Joint Ventures

9.1 Profit from Joint Ventures

The table below presents a summary Income Statement of the Group's joint ventures with Allianz Real Estate (VGP European Logistics and VGP European Logistics 2) and the associates, all of which are accounted for using the equity method. VGP European Logistics and VGP European Logistics 2 are incorporated in Luxembourg. VGP European Logistics owns logistics property assets in Germany, the Czech Republic, Slovakia and Hungary. VGP European Logistics 2 owns logistics property assets in Spain, Austria and Romania. VGP NV holds 50% directly in both joint ventures and holds another 5.1% in the subsidiaries of VGP European Logistics holding assets in Germany.

Income statement *(in thousands of €)*	**VGP European Logistics (excl. minorities) at 100%**	**VGP European Logistics 2 at 100%**	**Joint Ventures at 50%**	**VGP European Logistics German Asset Companies at 100 %**	**VGP European Logistics German Asset Companies at 5.1%**	**2019**
Gross rental income	74,204	4,121	39,162	48,667	2,482	41,645
Property Operating expenses						
— underlying property operating expenses	(195)	(1,345)	(770)	(228)	(12)	(782)
— property management fees	(5,735)	(451)	(3,093)	(3,943)	(201)	(3,294)
Net rental income	**68,274**	**2,325**	**35,299**	**44,496**	**2,269**	**37,569**
Net valuation gains/(losses) on investment properties	108,906	3,374	56,140	90,434	4,612	60,752
Administration expenses	(1,902)	(199)	(1,051)	(547)	(28)	(1,078)
Operating profit/(loss)	**175,277**	**5,500**	**90,389**	**134,383**	**6,854**	**97,242**
Net financial result	(28,731)	(2,046)	(15,388)	(15,059)	(768)	(16,157)
Taxes	(27,543)	(1,355)	(14,449)	(18,312)	(934)	(15,383)
Profit for the period	**119,003**	**2,099**	**60,551**	**101,012**	**5,152**	**65,703**

Income statement *(in thousands of €)*	**VGP European Logistics at 100%**	**Joint ventures at 50%**	**VGP European Logistics German Asset Companies at 100 %**	**VGP European Logistics German Asset Companies at 5.1%**	**2018**
Gross rental income	57,746	28,873	37,847	1,930	30,803
Property Operating expenses					
— underlying property operating expenses	(905)	(452)	(704)	(36)	(488)
— property management fees	(4,495)	(2,247)	(3,029)	(154)	(2,402)
Net rental income	**52,346**	**26,173**	**34,114**	**1,740**	**27,913**
Net valuation gains/(losses) on investment properties	74,475	37,238	52,960	2,701	39,938
Administration expenses	(2,038)	(1,019)	(730)	(37)	(1,056)
Operating profit/(loss)	**124,784**	**62,392**	**86,344**	**4,404**	**66,795**
Net financial result	(23,537)	(11,769)	(12,031)	(614)	(12,382)
Taxes	(17,233)	(8,616)	(11,319)	(577)	(9,194)
Profit for the period	**84,014**	**42,007**	**62,994**	**3,213**	**45,220**

9.2 Summarised balance sheet information in respect of Joint Ventures

Balance sheet *(in thousands of €)*	**VGP European Logistics (excl. minorities) at 100%**	**VGP European Logistics 2 at 100%**	**Joint ventures at 50%**	**VGP European Logistics German Asset Companies at 100 %**	**VGP European Logistics German Asset Companies at 5.1%**	**2019**
Investment properties	1,603,926	145,281	874,603	1,164,794	59,404	934,008
Other assets	838	24	431	849	43	474
Total non-current assets	**1,604,763**	**145,305**	**875,034**	**1,165,643**	**59,448**	**934,482**
Trade and other receivables	12,201	3,351	7,776	8,748	446	8,222
Cash and cash equivalents	51,134	3,198	27,166	32,074	1,636	28,802
Total current assets	**63,335**	**6,549**	**34,942**	**40,822**	**2,082**	**37,024**
Total assets	**1,668,098**	**151,854**	**909,976**	**1,206,465**	**61,530**	**971,506**
Non-current financial debt	823,106	88,068	455,587	617,880	31,512	487,099
Other non-current financial liabilities	5,337	40	2,689	—	—	2,689
Other non-current liabilities	7,208	1,508	4,358	3,723	190	4,548
Deferred tax liabilities	116,130	3,121	59,626	75,389	3,845	63,470
Total non-current liabilities	**951,781**	**92,737**	**522,259**	**696,992**	**35,547**	**557,806**
Current financial debt	20,022	784	10,403	12,367	631	11,034
Trade debts and other current liabilities	25,914	3,443	14,678	14,555	742	15,421
Total current liabilities	**45,936**	**4,227**	**25,081**	**26,922**	**1,373**	**26,455**
Total liabilities	**997,717**	**96,964**	**547,341**	**723,914**	**36,920**	**584,260**
Net assets	**670,381**	**54,890**	**362,635**	**482,551**	**24,610**	**387,246**

Balance sheet *(in thousands of €)*	**VGP European Logistics at 100%**	**Joint ventures at 50%**	**VGP European Logistics German Asset Companies at 100 %**	**VGP European Logistics German Asset Companies at 5.1%**	**2018**
Investment properties	1,162,881	581,441	840,001	42,840	624,281
Other assets	815	408	—	—	408
Total non-current assets	**1,163,696**	**581,849**	**840,001**	**42,840**	**624,689**
Trade and other receivables	12,315	6,158	6,096	311	6,469
Cash and cash equivalents	42,255	21,128	26,917	1,373	22,501
Total current assets	**54,570**	**27,286**	**33,013**	**1,684**	**28,970**
Total assets	**1,218,266**	**609,135**	**873,014**	**44,524**	**653,659**
Non-current financial debt	633,720	316,860	467,603	23,848	340,708
Other non-current financial liabilities	5,147	2,574	—	—	2,574
Other non-current liabilities	6,345	3,173	3,044	155	3,328
Deferred tax liabilities	75,097	37,549	47,083	2,401	39,950
Total non-current liabilities	**720,309**	**360,156**	**517,730**	**26,404**	**386,560**
Current financial debt	16,346	8,173	10,071	514	8,687
Trade debts and other current liabilities	31,636	15,818	22,892	1,167	16,985
Total current liabilities	**47,982**	**23,991**	**32,963**	**1,681**	**25,672**
Total liabilities	**768,291**	**384,147**	**550,693**	**28,085**	**412,232**
Net assets	**449,975**	**224,988**	**322,321**	**16,439**	**241,427**

VGP announced the entering into of a second 50:50 joint venture (VGP European Logistics 2) with Allianz on 1 July 2019. The Second Joint Venture exclusively targets core, prime logistic assets in Austria, Italy, the Netherlands, Portugal, Romania and Spain with the aim of delivering stable income-driven returns with potential for capital appreciation. On 31 July 2019, the then newly established Second Joint Venture (“VGP European Logistics 2 S.à r.l.”) completed its first, and currently only, closing with the acquisition of 3 business parks from VGP, including 8 prime logistic buildings of which four in the established markets of respectively Spain (3) and Austria (1), and four in the fast-growing market of Romania.

The First Joint Venture (VGP European Logistics) recorded 2 closings during the year. On 1 April 2019, VGP completed a fifth, closing whereby the First Joint Venture acquired 9 logistic buildings, including 3 buildings each in a new VGP park and another 6 newly completed buildings (in parks which were previously transferred to the First Joint Venture). The 9 buildings are located in Germany (5) and in the Czech Republic (4).

On 28 November 2019, VGP announced the completion of a sixth, and currently last, closing whereby the First Joint Venture acquired 13 logistic buildings, including 7 buildings in 3 new VGP parks and another 6 newly completed buildings which were developed in parks previously transferred to the First Joint Venture. The 13 buildings are located in Germany (9) and in the Czech Republic (4).

The Joint Ventures’ property portfolio, excluding development land and buildings being constructed by VGP on behalf of the Joint Ventures, is valued by the valuation expert at 31 December 2019 based on a weighted average yield of 5.61 % (compared to 5.31% as at 31 December 2018) applied to the contractual rents increased by the estimated rental value on unlet space. A 0.10% variation of this market rate would give rise to a variation of the Joint Ventures portfolio value (at 100%) of € 29.1 million.

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

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

9.3 Other non-current receivables

in thousands of €	**2019**	**2018**
Shareholder loans to VGP European Logistics S.à r.l.	52,449	37,739
Shareholder loans to associates subsidiaries of VGP European Logistics S.à r.l.	5,454	3,722
Shareholder loans to VGP European Logistics 2 S.à r.l.	5,668	—
Construction and development loans to subsidiaries of VGP European Logistics S.à r.l.	81,084	101,887
Construction and development loans to subsidiaries of VGP European Logistics 2 S.à r.l.	33,806	—
Construction and development loans reclassified as assets held for sale	(114,890)	(101,887)
Total	**63,571**	**41,461**

For further information, please refer to additional comments of note 20.

9.4 Investments in joint ventures and associates

in thousands of €	**2019**	**2018**
As at 1 January	**241,427**	**143,312**
Additions	80,116	52,895
Result of the year	65,703	45,220
As at the end of the period	**387,246**	**241,427**

10. Net financial result

in thousands of €	2019	2018
Bank and other interest income	27	34
Interest income – loans to joint ventures and associates	5,516	5,702
Fair value gain on interest rate derivatives	—	39
Net foreign exchange gains	—	324
Other financial income	—	2
Financial income	**5,543**	**6,101**
Bond interest expense	(20,840)	(19,332)
Bank interest expense – variable debt	(1,153)	(806)
Bank interest expense – interest rate swaps – hedging	—	—
Interest capitalised into investment properties	4,230	3,230
Fair value loss on interest rate derivatives	—	(1,524)
Other financial expenses	(1,910)	(1,639)
Financial expenses	**(19,781)**	**(20,071)**
Net financial costs	**(14,238)**	**(13,970)**

11. Taxation

11.1 Income tax expense recognised in the consolidated income statement

in thousands of €	2019	2018
Current tax	(484)	(1,046)
Deferred tax	(32,022)	(14,952)
Total	**(32,506)**	**(15,998)**

11.2 Reconciliation of effective tax rate

in thousands of €	2019		2018	
Profit before taxes		238,118		137,104
Adjustment for share in result of joint venture and associates		(65,703)		(45,220)
Result before taxes and share in result of joint venture and associates		**172,416**		**91,884**
Income tax using the German corporate tax rate	15.8%	(27,285)	15.8%	(14,541)
Difference in tax rate non-German companies		(17,265)		(8,563)
Non-tax-deductible expenditure		(73)		(1,479)
Losses/Notional interest deduction		12,117		8,949
Other		—		(364)
Total	**18.8%**	**(32,506)**	**17.4%**	**(15,998)**

The majority of the Groups' profit before taxes is earned in Germany. Hence the effective corporate tax rate in Germany is applied for the reconciliation.

The non-tax deductible expenses in 2018 were mainly related to non-interest deductibility in Spain.

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

2019 — *in thousands of €*	< 1 year	2-5 years	>5 years
Tax loss carry forward	22	964	37,126

2018 — *in thousands of €*	< 1 year	2-5 years	>5 years
Tax loss carry forward	1	1,052	46,232

11.3 Reconciliation of effective tax rate

in thousands of €	Assets		Liabilities		Net	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Investment properties	—	—	(39,039)	(29,243)	(39,039)	(29,243)
Currency hedge accounting/Derivatives	—	—	(1,759)	(1,822)	(1,759)	(1,822)
Tax losses carried-forward	191	200	—	—	191	200
Capitalised interest	—	—	(693)	(600)	(693)	(600)
Capitalised cost	—	—	—	(7)	—	(7)
Other	—	81	(127)	—	(127)	81
Tax assets/liabilities	**191**	**281**	**(41,619)**	**(31,671)**	**(41,427)**	**(31,390)**
Set-off of assets and liabilities	504	504	(504)	(504)	—	—
Reclassification to liabilities related to disposal group held for sale	—	—	10,475	15,484	10,475	15,484
Net tax assets/liabilities	**695**	**785**	**(31,647)**	**(16,691)**	**(30,953)**	**(15,906)**

A total deferred tax asset of € 6,873k (€4,533k in 2018) was not recognised.

12. Earnings per share

12.1 Earnings per ordinary share (EPS)

in number	**2019**	**2018**
Weighted average number of ordinary shares (basic)	18,583,050	18,583,050
Dilution	—	—
Weighted average number of ordinary shares (diluted)	18,583,050	18,583,050
Correction for reciprocal interest through associates	(767,478)	(732,478)
Weighted average number of ordinary shares (diluted and after correction for reciprocal interest through associates)	17,815,572	17,850,572

in thousands of €	**2019**	**2018**
Result for the period attributable to the Group and to ordinary shareholders	205,613	121,106
Earnings per share *(in €)* – basic	11.06	6.52
Earnings per share *(in €)* – diluted	11.06	6.52
Earnings per share *(in €)* – after dilution and correction for reciprocal interest through associates	11.54	6.78

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 82.60% in VGP Misv Comm. VA. (see note 24).

12.2 Net asset value per share (NAV)

EPRA NAV *In thousands of €*	**2019**	**2018**
IFRS NAV	**699,781**	**543,467**
Effect of exercise of options, convertibles and other equity interests	—	—
Diluted NAV	**699,781**	**543,467**
To exclude:		
Fair value of financial instruments	—	60
Deferred tax	41,428	31,390
EPRA NAV	**741,209**	**574,917**
Number of shares	18,583,050	18,583,050
EPRA NAV per share (€/share)	39.89	30.94

EPRA NNNAV *In thousands of €*	**2019**	**2018**
EPRA NAV	**741,209**	**574,917**
To include:		
Fair value of financial instruments	—	(60)
Deferred tax	(41,428)	(31,390)
Fair value adjustment in respect of issued debt	(24,808)	2,510
EPRA triple net NAV (NNNAV)	**674,973**	**545,977**
Number of shares	18,583,050	18,583,050
EPRA NNNAV per share (€/share)	36.32	29.38

13. Investment properties

in thousands of €	2019			
	Completed	Under Construction	Development land	Total
As at 1 January	**121,454**	**134,286**	**212,773**	**468,513**
Reclassification from held for sale[1]	107,630	—	—	107,630
Capex	74,369	133,667	27,717	235,753
Acquisitions	—	—	281,764	281,764
Capitalised interest	2,126	1,789	315	4,230
Capitalised rent free and agent's fee	1,412	9,816	—	11,228
Sales and disposals	(306,308)	(91,134)	(33,119)	(430,561)
Transfer on start-up of development	—	147,698	(147,698)	—
Transfer on completion of development	86,631	(86,631)	—	—
Net gain from value adjustments in in-vestment properties	6,742	88,775	18,871	114,388
Reclassification to held for sale	—	—	—	—
As at 31 December	**94,056**	**338,266**	**360,623**	**792,945**

in thousands of €	2018			
	Completed	Under Construction	Development land	Total
As at 1 January	**152,611**	**95,005**	**144,675**	**392,291**
Capex	68,974	86,090	4,454	159,518
Acquisitions	—	8,971	106,120	115,091
Capitalised interest	2,631	359	240	3,230
Capitalised rent free and agent's fee	2,817	1,176	—	3,993
Sales and disposal	(134,066)	—	(5,160)	(139,226)
Transfer on start-up of development	—	40,945	(40,945)	—
Transfer on completion of development	99,749	(99,749)	—	—
Net gain from value adjustments in in-vestment properties	958	36,649	3,639	41,246
Reclassification to (-)/from held for sale	(72,220)	(35,160)	(250)	(107,630)
As at 31 December	**121,454**	**134,286**	**212,773**	**468,513**

As at 31 December 2019 investment properties totalling € 30.8 million (€ 38.0 million as at 31 December 2018) were pledged in favour the Group's banks. (see note 17).

1 Relates to investment properties reclassified as held for sale as at 31 December 2018 and which were sold to the Joint Ventures during 2019. The effects of these sales to the Joint Ventures have been included under the "Sales and disposals" line.

13.1 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 2019 and there were no transfers between levels during the year. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to level 1 (inputs from quoted prices) and level 2 (observable inputs either directly, i.e. as prices, or indirectly, i.e. derived from prices).

13.2 Property valuation techniques and related quantitative information

(i) Valuation process

The Group's investment property is initially carried at cost plus transaction cost. It is subsequently measured at fair value and is valued at least once per year. In view of the rapid growth of the portfolio the Group has in recent years opted to perform the valuations twice per year i.e. as at 30 June and 31 December. Valuations are performed by independent external property appraisers. The Group ordinarily uses Jones Lang LaSalle as the Group's valuator. From time to time, at the discretion of the Company, a small part of the portfolio may be valued by another external independent valuator. For the 31 December 2019 valuations, all valuations were carried out by Jones Lang LaSalle. As a result, the value of the Group's assets depends on developments in the local real estate market in each of the Group's countries of operations and is subject to change. Gains and losses from changes in fair value are recognized in the Group's income statement as valuation results and are also a component of the Group's indirect result.

The Group's 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 a valuation is made. The valuations are prepared in accordance with the RICS Valuation - Professional Standards (incorporating the International Valuation Standards) Global edition July 2017 (same approach as for the previous period end valuations). The basis of valuation is the market value of the property, as at the date of valuation, defined by the RICS as: *"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

(ii) Valuation methodology
Discounted cash flow approach

In view of the nature of the portfolio and the bases of valuation Jones Lang LaSalle has adopted the income approach, discounted cash flow technique, analysed over a 10-year period for each property. The cash flow assumes a ten-year hold period with the exit value calculated on ERV. To calculate the exit value Jones Lang Lasalle has used the exit yield which represents their assumption of the possible yield in the 10th year.

The cash flow is based upon the rents payable under existing lease agreements until the agreed lease end. In case of early break option, the valuator has assumed that the break will be exercised only if the penalty is less than the valuator's assumed expiry void period.

After the lease termination the valuator has assumed a certain expiry void period and a 5 year new lease contract. For currently vacant premises the valuator has assumed a certain initial void period and 5 year lease contract. For the properties that are under construction, the valuator has adopted an initial void starting as of the valuation date. The assumed rental income was calculated on the basis of estimated rental value (ERV).

The assumed voids are used to cover the time and the relocated cost of marketing, re-letting and possible reconstruction. The voids were adopted to each of the buildings within the portfolio.

In order to calculate the net rental income the valuators have deducted capital expenditures (contribution to the sinking fund) from the gross rental income.

Equivalent yield approach

For the properties in Spain, the valuator has adopted the equivalent yield approach.

The equivalent yield approach calculates the gross market value by applying a capitalisation rate (equivalent yield) to the net rental income as of the valuation date and capitalising the income into perpetuity.

The abovementioned assumptions are more thoroughly specified below section of the valuation assumptions.

Valuation assumptions

The following main assumptions, together with the quantitative information included in section *"(iii) Quantitative information about fair value measurements using unobservable inputs"*; were made by the valuator.

— Jones Lang LaSalle's analyses adopts a 10 years cash flow approach to reflect the initial income and any agreed rent indexation reverting to the estimated rental value after expiry of the current leases. For the purpose of the valuation the valuator has assumed that the current tenants will stay in the premises until the agreed lease end. In case of early break option, the valuator has assumed that the break will be exercised only if the penalty is less than valuator's assumed expiry void period.

— For the properties in Spain, the value was calculated using the equivalent yield approach, which assumes the building is completed as of the valuation date and subject to a 10-year lease.

- The valuator has assumed that after termination (first possible break) of the current lease contracts new 5-year leases will be signed and the valuator's ERV will be applied and the rent will be indexed each lease anniversary in line with EU CPI, if not mentioned otherwise in the lease agreements.
- The range of used estimated rental values has been detailed in below section *"(iii) Quantitative information about fair value measurements using unobservable inputs"*.
- After the termination of existing leases (first break option) the valuator has adopted an expiry void of 3 – 12 months. The assumed voids are used to cover the time and the cost of marketing, re-letting and possible reconstruction. The voids were adopted to each of the building within the portfolio.
- For currently vacant industrial and office premises the valuator has adopted an initial void of 9 – 12 months.
- For properties that are vacant and under construction, the valuator has adopted an initial void starting at the valuation date.
- From the gross income the valuator has deducted a contribution to a sinking fund at 0.50% – 3.02%.
- The rents were indexed in line with the indexation that was agreed in the lease agreements. The EU CPI indexation was assumed at the level of 1.9%, and the CSU CPI indexation was assumed at the level of 2.0%.
- The rents after reversion have been indexed on an annual basis each lease anniversary in line with the EU CPI indexation, which is assumed to be at 1.9%.
- The exit value was calculated on ERV.
- The cash flow that was used for the calculation was discounted either quarterly or monthly depending on the frequency of the rent payments.
- Based on the location, projected achievable rental income stream and position in the market the valuator has applied an exit yields and discount rates (see below section *"(iii) Quantitative information about fair value measurements using unobservable inputs"*; for further details).

Property that is being constructed or developed for future use as investment property is also stated at fair market value, and 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 takes into account the level of risk connected with individual property and is mainly dependent on development stage and pre-letting status.

The equivalent yield approach ("EYA") was utilized for the building under construction in Spain. EYA calculates the gross market value by applying a capitalisation rate (equivalent yield) to the net rental income as of the valuation date, and capitalising the income into perpetuity. When calculating the value of the property it is assumed that the building is completed as of the valuation date and subject to a 10-year lease, with the remaining construction costs deducted from the market value.

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.

Valuation review

The valuations made are reviewed internally by the CEO, CFO and Financial Controller and discussed with the independent valuator as appropriate. 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.

(iii) 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–19 *(€ '000)*	Valuation technique	Level 3 – Unobservable inputs	Range
Czech Republic	IPUC	5,800	Discounted cash flow	ERV per m² *(in €)*	50
				Discount rate	8.00%
				Exit yield	6.00%
				Weighted average yield	7.47%
				Cost to completion *(in '000 €)*	4,160
				Properties valued *(aggregate m²)*	14,882
	DL	19,631	Sales comparison	Price per m² *(in €)*	
Germany	IP	24,720	Discounted cash flow	ERV per m² *(in €)*	46-91
				Discount rate	5.75%–6.25%
				Exit yield	4.75%–5.00%
				Weighted average yield	5.63%
				Cost to completion *(in '000 €)*	646
				Properties valued *(aggregate m²)*	62,887
				WAULT (until maturity) *(in years)*	9.9
				WAULT (until first break) *(in years)*	9.9
	IPUC	147,470	Discounted cash flow	ERV per m² *(in €)*	41-94
				Discount rate	5.00%–7.75%
				Exit yield	3.90%–5.15%
				Weighted average yield	5.10%
				Cost to completion *(in '000 €)*	111,650
				Properties valued *(aggregate m²)*	183,251
	DL	204,885	Sales comparison	Price per m² *(in €)*	
Spain	IP	30,400	Equivalent yield	ERV per m² *(in €)*	58
				Equivalent yield	5.70%
				Reversionary yield (nominal)	5.89%
				Weighted average yield	6.06%
				Cost to completion *(in '000 €)*	300
				Properties valued *(aggregate m²)*	32,169
				WAULT (until maturity) *(in years)*	3.2
				WAULT (until first break) *(in years)*	3.2
	IPUC	48,126	Equivalent yield	ERV per m² *(in €)*	44-58
				Equivalent yield	n/a
				Reversionary yield (nominal)	n/a
				Weighted average yield	5.97%

Region	Segment	Fair value 31 Dec–19 *(€ '000)*	Valuation technique	Level 3 – Unobservable inputs	Range
Spain				Cost to completion *(in '000 €)*	38,440
				Properties valued *(aggregate m²)*	100,352
	DL	34,907	Sales comparison	Price per m² *(in €)*	
Romania	IPUC	6,100	Discounted cash flow	ERV per m² *(in €)*	41
				Discount rate	9.75%
				Exit yield	9.25%
				Weighted average yield	9.74%
				Cost to completion *(in '000)*	790
				Properties valued *(aggregate m²)*	16,527
	DL	19,813	Sales comparison	Price per m² *(in €)*	
Netherlands	IPUC	84,400	Discounted cash flow	ERV per m² *(in €)*	51
				Discount rate	5.90%–6.10%
				Exit yield	5.30%–5.50%
				Weighted average yield	5.13%
				Cost to completion *(in '000)*	18,805
				Properties valued *(aggregate m²)*	103,563
	DL	31,212	Sales comparison	Price per m² *(in €)*	
Italy	IPUC	30,500	Discounted cash flow	ERV per m² *(in €)*	45-64
				Discount rate	6.62%–6.87%
				Exit yield	6.00%–6.10%
				Weighted average yield	6.28%
				Cost to completion *(in '000)*	9,000
				Properties valued *(aggregate m²)*	45,478
	DL	264	Sales comparison	Price per m² *(in €)*	
Hungary	IPUC	15,870	Discounted cash flow	ERV per m² *(in €)*	54–58
				Discount rate	7.65%
				Exit yield	7.50%
				Weighted average yield	7.87%
				Cost to completion *(in '000)*	8,480
				Properties valued *(aggregate m²)*	34,257
	DL	4,630	Sales comparison	Price per m² *(in €)*	

Region	Segment	Fair value 31 Dec–19 *(€ '000)*	Valuation technique	Level 3 – Unobservable inputs	Range
Latvia	IP	38,935	Discounted cash flow	ERV per m² *(in €)*	50-57
				Discount rate	8.00%
				Exit yield	7.75%
				Weighted average yield	8.52%
				Cost to completion *(in '000)*	765
				Properties valued *(aggregate m²)*	62,545
				WAULT (until maturity) *(in years)*	4.5
				WAULT (until first break) *(in years)*	3.2
Austria	DL	12,236	Sales comparison	Price per m² *(in €)*	
Slovakia	DL	29,791	Sales comparison	Price per m² *(in €)*	
Portugal	DL	3,255	Sales comparison	Price per m² *(in €)*	
Total		**792,945**			

Region	Segment	Fair value 31 Dec–18 *(€ '000)*	Valuation technique	Level 3 – Unobservable inputs	Range
Czech Republic	IP	24,300	Discounted cash flow	ERV per m² *(in €)*	46-56
				Discount rate	6.15%
				Exit yield	6.00%
				Weighted average yield	6.14%
				Cost to completion *(in '000 €)*	200
				Properties valued *(aggregate m²)*	85,392
				WAULT (until maturity) *(in years)*	8.1
				WAULT (until first break) *(in years)*	5.4
	IPUC	17,240	Discounted cash flow	ERV per m² *(in €)*	48-63
				Discount rate	7.25%
				Exit yield	6.00%
				Weighted average yield	6.59%
				Cost to completion *(in '000 €)*	5,570
				Properties valued *(aggregate m²)*	35,143
	DL	25,419	Sales comparison	Price per m² *(in €)*	—

Region	Segment	Fair value 31 Dec–18 *(€ '000)*	Valuation technique	Level 3 – Unobservable inputs	Range
Germany	IP	65,960	Discounted cash flow	ERV per m² *(in €)*	44-63
				Discount rate	5.90%-6.40%
				Exit yield	4.75%-5.20%
				Weighted average yield	5.05%
				Cost to completion *(in '000 €)*	2,028
				Properties valued *(aggregate m²)*	149,639
				WAULT (until maturity) *(in years)*	7.7
				WAULT (until first break) *(in years)*	7.7
	IPUC	61,490	Discounted cash flow	ERV per m² *(in €)*	45-60
				Discount rate	5.90%-7.90%
				Exit yield	4.80%-5.25%
				Weighted average yield	5.41%
				Cost to completion *(in '000 €)*	30,172
				Properties valued *(aggregate m²)*	126,940
	DL	80,158	Sales comparison	Price per m² *(in €)*	—
Spain	IP	22,190	Equivalent yield	ERV per m² *(in €)*	57
				Equivalent yield	5.50%
				Reversionary yield (nominal)	5.52%
				Weighted average yield	6.24%
				Cost to completion *(in '000 €)*	405
				Properties valued *(aggregate m²)*	22,819
				WAULT (until maturity) *(in years)*	6.1
				WAULT (until first break) *(in years)*	6.1
	IPUC	63,080	Equivalent yield	ERV per m² *(in €)*	57-90
				Equivalent yield	5.50%-6.00%
				Reversionary yield (nominal)	5.70%-6.27%
				Weighted average yield	6.42%
				Cost to completion *(in '000 €)*	14,832
				Properties valued *(aggregate m²)*	78,091
	DL	58,232	Sales comparison	Price per m² *(in €)*	—

Region	Segment	Fair value 31 Dec–18 *(€ '000)*	Valuation technique	Level 3 – Unobservable inputs	Range
Romania	IP	48,300	Discounted cash flow	ERV per m² *(in €)*	45-49
				Discount rate	9.00%
				Exit yield	8.50%
				Weighted average yield	8.85%
				Cost to completion *(in '000)*	292
				Properties valued *(aggregate m²)*	92,333
				WAULT (until maturity) *(in years)*	3.8
				WAULT (until first break) *(in years)*	1.8
	IPUC	7,600	Discounted cash flow	ERV per m² *(in €)*	45
				Discount rate	9.25%-9.75%
				Exit yield	8.75%-9.25%
				Weighted average yield	9.99%
				Cost to completion *(in '000)*	8,790
				Properties valued *(aggregate m²)*	36,857
	DL	7,391	Sales comparison	Price per m² *(in €)*	
Austria	IP	19,840	Discounted cash flow	ERV per m² *(in €)*	68
				Discount rate	9.00%
				Exit yield	8.50%
				Weighted average yield	8.85%
				Cost to completion *(in '000)*	292
				Properties valued *(aggregate m²)*	16,535
				WAULT (until maturity) *(in years)*	14.0
				WAULT (until first break) *(in years)*	14.0
Latvia	IP	20,870	Discounted cash flow	ERV per m² *(in €)*	49
				Discount rate	8.40%
				Exit yield	8.15%
				Weighted average yield	9.36%
				Cost to completion *(in '000)*	630
				Properties valued *(aggregate m²)*	35,557
				WAULT (until maturity) *(in years)*	6.7
				WAULT (until first break) *(in years)*	4.3
	IPUC	12,250	Discounted cash flow	ERV per m² *(in €)*	50
				Discount rate	8.30%
				Exit yield	8.15%

Region	Segment	Fair value 31 Dec–18 *(€ '000)*	Valuation technique	Level 3 – Unobservable inputs	Range
Latvia				Weighted average yield	8.77%
				Cost to completion *(in '000)*	3,050
				Properties valued *(aggregate m²)*	26,988
Netherlands	DL	34,147	Sales comparison	Price per m² *(in €)*	—
Italy	DL	3,842	Sales comparison	Price per m² *(in €)*	—
Slovakia	DL	1,042	Sales comparison	Price per m² *(in €)*	—
Hungary	DL	2,810	Sales comparison	Price per m² *(in €)*	—
Total		**576,143**			

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

(iv) 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 €/m²)	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 € 7.9 million (all variables remaining constant).

The effect of a rise (fall) in the weighted average yield (see note 7) of 25 basis points results in a fall (rise) in the fair value of the portfolio of approximately € 33.0 million (all variables remaining constant).

14. Trade and other receivables

in thousands of €	2019	2018
Trade receivables	6,169	7,279
Tax receivables – VAT	19,562	20,126
Accrued income and deferred charges	644	208
Other receivables	2,395	2,088
Reclassification to (–)/from held for sale	—	(6,637)
Total	**28,770**	**23,064**

15. Cash and cash equivalents

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

16. Share capital

		Share capital movement *in thousands of €*	**Total outstanding share capital after the transaction** *in thousands of €*	**Number of shares issued** *in units*	**Total number of shares** *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
31. 12. 2007	**Issuing costs capital increase**	**(3,460)**	**62,251**	—	**18,583,050**

The statutory share capital of VGP NV amounts to € 92,667k. The € 30.4 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") (see also *"Statement of changes in equity"*).

17. 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 €*	**2019**			
	Outstanding balance	**< 1 year**	**> 1–5 year**	**> 5 year**
Non-current				
Bank borrowings	20,169	—	20,169	—
Schuldschein loans	33,400	—	7,428	25,972
Bonds				
2.75% bonds Apr-23	148,683	—	148,683	—
3.90% bonds Sep-23	222,602	—	222,602	—
3.25% bonds Jul-24	74,464	—	74,464	—
3.35% bonds Mar-25	79,717	—	—	79,717
3.50% bonds Mar-26	188,638	—	—	188,638
	714,104	—	**445,749**	**268,355**
Total non-current financial debt	**767,673**	—	**473,346**	**294,327**
Current				
Bank borrowings	1,309	1,309	—	—
Accrued interest	11,364	11,364	—	—
Total current financial debt	**12,673**	**12,673**	—	—
Total current and non-current financial debt	**780,346**	**12,673**	**473,346**	**294,327**

Maturity *in thousands of €*	2018			
	Outstanding balance	**< 1 year**	**> 1–5 year**	**> 5 year**
Non-current				
Bank borrowings	—	—	—	—
Bonds				
3.90% bonds Sep-23	221,957	—	221,957	—
3.25% bonds Jul-24	79,663	—	—	79,663
3.35% bonds Mar-25	74,346	—	—	74,346
3.50% bonds Mar-26	188,419	—	—	188,419
	564,385	**—**	**221,957**	**342,428**
Total non-current financial debt	**564,385**	—	**221,957**	**342,428**
Current				
Bank borrowings	14,959	14,959	—	—
Accrued interest	7,520	7,520	—	—
Total current financial debt	**22,479**	**22,479**	**—**	**—**
Total current and non-current financial debt	**586,864**	**22,479**	**221,957**	**342,428**

The above 31 December 2019 balances include capitalised finance costs of (i) € 188k on bank borrowings (as compared to € 41k for 2018), (ii) € 100k on schuldschein loans (iii) € 5,896k on bonds of (as compared to 5,615k for 2018).

The accrued interest relates to the 5 issued bonds. The coupons of the bonds are payable annually on 2 April for the Apr-23 Bond (first interest period being for 6 months), 21 September for the Sep-23 Bond, 6 July for the Jul-24 Bond, 30 March for the Mar-25 Bond and 19 March for the Mar-26.

17.1 Overview

17.1.1 Bank loans

The loans and credit facilities granted to the VGP Group are all denominated in € can be summarised as follows (all figures below are stated excluding capitalised finance costs):

2019 *in thousands of €*	**Facility amount**	**Facility expiry date**	**Outstanding balance**	**< 1 year**	**2–5 years**	**> 5 years**
Swedbank AS – Latvia	21,667	31-Aug-21	21,667	1,333	20,334	—
KBC Bank NV	75,000	31-Dec-22	—	—	—	—
Belfius Bank NV	50,000	31-Dec-22	—	—	—	—
JP Morgan AG	25,000	08-Nov-22	—	—	—	—
Total bank debt	**171,667**		**21,667**	**1,333**	**20,334**	—

2018 *in thousands of €*	**Facility amount**	**Facility expiry date**	**Outstanding balance**	**< 1 year**	**2–5 years**	**> 5 years**
Raiffeisen – Romania	14,959	31-Dec-19	14,959	14,959		
Total bank debt	**14,959**		**14,959**	**14,959**		

17.1.2 Schuldschein loans

On 10 October 2019, VGP completed a *Schuldscheindarlehen* private placement ("Schuldschein loans") for an aggregate amount of € 33.5 million (excluding capitalised finance costs) which was used to finance the current development pipeline of the Group.

The Schuldschein loans represents a combination of fixed and floating notes whereby the variable rates represent a nominal amount of € 21.5 million which is not hedged. The current average interest rate is 2.73 %. per annum. The loans have a maturity of 3,5,7 and 8 years (for more information on covenants see note 17.2.2.).

2019 *in thousands of €*	**Loan amount**	**Loan expiry date**	**Outstanding balance**	**< 1 year**	**2 – 5 years**	**> 5 years**
Schuldschein loans	33,500	Oct–22 to Oct–27	33,500	—	7,500	26,000

17.1.3 Bonds

As at 31 December 2019 VGP has following 5 bonds outstanding:

— the € 150 million fixed rate bond maturing on 2 April 2023 which carries a coupon of 2.75% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002677582 – Common Code: 208152149) ("Apr-23 Bond");

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

— € 75 million fixed rate bonds due 6 July 2024 which carry a coupon of 3.25% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002287564 - Common Code: 163738783). ("Jul-24 Bond")

— € 80 million fixed rate bonds due 30 March 2025 carry a coupon of 3.35% per annum. The bonds are not listed (ISIN Code: BE6294349194 - Common Code: 159049558). ("Mar-25 Bond")

— € 190 million fixed rate bonds due 19 March 2026 carry a coupon of 3.50% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002611896 - Common Code: 187793777). ("Mar-26 Bond")

17.2 Key terms and covenants

17.2.1 Bank loans

As a general principle, loans are entered into by the Group in € 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 23.

On 22 October 2019, VGP Latvia sia (owner of the VGP Park Kekava) entered into a two year € 22 million investment loan with Swedbank AS (Latvia). These funds were used to partially repay the invested equity made available by the Company. The investment loan is subject to certain covenants i.e.:

- Equity of VGP Latvia sia to remain at above 20% of its balance sheet total;
- Debt service cover ratio of at least 1.20; and
- Loan to value not to exceed 70%.

VGP Latvia sia pledged its asset in favour of Swedbank AS. At the moment of the initial drawdown, the loan to value ratio stood at 58.4%.

The KBC Bank, Belfius Bank and JP Morgan credit facilities are unsecured and are subject to the same covenants as the bonds (see note 17.2.3.).

The JP Morgan credit facility contains an additional undertaking pursuant to which VGP NV is not allowed to pay out dividends in case of non-compliance with the unencumbered asset ratios and provided that there are any amounts drawn under the credit facility at the moment of payment of such dividend. The ratios which apply are as follows:

- Unencumbered asset coverage ratio is below or at 0.75x; or
- Asset coverage ratio is below or at 1.0x.

The covenants are tested semi-annually based on a 12-month period and are calculated as follows:

- 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.
- Unencumbered asset coverage ratio means the unencumbered investment real estate properties plus unrestricted cash on balance sheet divided by the gross value of the drawn unsecured debt plus contingent liabilities.
- Asset coverage ratio means the unencumbered investment real estate properties plus unrestricted cash on balance sheet plus 50% of VGP's Joint Ventures' equity stake divided by the gross value of the drawn unsecured debt plus contingent liabilities.

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.

17.2.2 Schuldschein loans

The Schuldschein Loans represents a combination of fixed and floating notes whereby the variable rates represent a nominal amount of € 21.5 million which is not hedged. The current average interest rate is 2.73 per cent. per annum.

The Schuldschein loans are unsecured and are subject to the same covenants as the bonds (see note 17.2.3.).

During the year the Group operated well within its Schuldschein loan covenants and there were no events of default nor were there any breaches of covenants with respect to Schuldschein loans noted.

17.2.3 Bonds

All bonds are unsecured and at fixed interest rate.
The terms and conditions of the bonds include following financial covenants:

- Consolidated gearing to equal or to be below 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 abovementioned 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.

17.3 Reconciliation debt movement to cash flows

2019 *in thousands of €*	**01 Jan 19**	**Cash Flows**	**Non-cash movement**				**31 Dec 19**
			Acquisitions/ (Divestments)	**Foreign exchange movement**	**Fair value changes**	**Other**	
Non-current financial debt	564,385	202,211	—	—	—	1,077	767,673
Other non-current financial liabilities	60	—	—	—	(60)	—	—
Current financial debt	22,479	959	(14,609)	—	—	3,844	12,673
	586,924	**203,170**	**(14,609)**	—	**(60)**	**4,921**	**780,346**
Non-current financial assets	—	—	—	—	—	—	—
Total liabilities from financing activities	**586,924**	**203,170**	**(14,609)**	—	**(60)**	**4,921**	**780,346**

The cash movements relate to: (i) the issuance of a new € 150.0 million bond, (ii) new bank debt and schuldschein loans in the amount of € 55.5 million, (iii) € 1.6 million of paid finance costs and finally (iv) repayment of bank debt in the amount of € 0.7 million.

The non-cash movements relate to: (i) divestment of VGP Park Timisoara (to VGP European Logistics 2) resulting in the repayment of the € 14.6 million bank debt, (ii) € 1.1 million relating to changes in accrued interest on bonds and schuldschein loans; and (iii) € 3.8 million other relating to changes in accrued interest on bonds and amortisation of finance costs.

2018 *in thousands of €*	**01 Jan–18**	**Cash Flows**	**Non-cash movement**				**31 Dec 18**
			Acquisitions/ (Divestments)	**Foreign exchange movement**	**Fair value changes**	**Other**	
Non-current financial debt	390,067	173,357	—	—	—	961	564,385
Other non-current financial liabilities	1,966	—	—	—	(1,906)	—	60
Current financial debt	81,358	(60,752)	—	—	—	1,873	22,479
	473,391	**112,605**	—	—	**(1,906)**	**2,834**	**586,924**
Non-current financial assets	(322)	—	—	—	322	—	—
Total liabilities from financing activities	**473,069**	**112,605**	—	—	**(1,584)**	**2,834**	**586,924**

The non-cash movements relate to (i) € 1.9 million fair value changes related to changes of the fair value of financial instruments; and (ii) € 2.8 million other relating to changes in accrued interest on bonds and amortisation of finance costs.

18. Other non–current liabilities

in thousands of €	2019	2018
Deposits	1,224	542
Retentions	1,213	2,575
Other non-current liabilities	10,352	—
Reclassification to liabilities related to disposal group held for sale	—	(1,902)
Total	**12,789**	**1,215**

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.

Other non-current liabilities relate mainly to the liabilities in respect of capitalisation of operating leases (€ 3.3 million) and non-current liabilities in respect of the remeasured VGP Misv incentive plan (€ 6.7 million)(see also Remuneration Report).

19. Trade debts and other current liabilities

in thousands of €	2019	2018
Trade payables	56,335	39,942
Deposits	118	800
Retentions	154	736
Accrued expenses and deferred income	1,062	455
Other payables	31,656	4,807
Reclassification to liabilities related to disposal group held for sale	—	(7,976)
Total	**89,325**	**38,764**

Other payables mainly relate to the remaining balance due in respect of acquired development land of VGP Park Bratislava (€ 25.8 million).

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

in thousands of €	2019	2018
Intangible assets	—	—
Investment properties	169,655	262,172
Property, plant and equipment	—	—
Deferred tax assets	—	—
Trade and other receivables	—	6,637
Cash and cash equivalents	—	6,130
Disposal group held for sale	**169,655**	**274,939**
Non-current financial debt	—	—
Other non-current financial liabilities	—	—
Other non-current liabilities	—	(1,902)
Deferred tax liabilities	(10,475)	(15,483)
Current financial debt	—	—
Trade debts and other current liabilities	—	(7,976)
Liabilities associated with assets classified as held for sale	**(10,475)**	**(25,361)**
Total net assets	**159,180**	**249,578**

In order to sustain its growth over the medium term, VGP entered into two 50/50 joint ventures with Allianz. The Joint Ventures act as an exclusive take-out vehicle of the income generating assets, allowing VGP to partially recycle its initially invested capital when completed projects are acquired by the Joint Ventures. VGP is then able to re-invest the proceeds in the continued expansion of its development pipeline, including the further expansion of its land bank, allowing VGP to concentrate on its core development activities.

Each Joint Venture has an exclusive right of first refusal in relation to acquiring the following income generating assets of the Group: (i) for the First Joint Venture: the assets located in the Czech Republic, Germany, Hungary and the Slovak Republic; and (ii) for the Second Joint Venture: the assets located in Austria, Italy, the Benelux, Portugal, Romania and Spain.

The development pipeline which will be transferred as part of any future acquisition transaction between the Joint Ventures and VGP is being developed at VGP's own risk and subsequently acquired and paid for by the Joint Ventures subject to pre-agreed completion and lease parameters.

As at 31 December 2019 the assets of the respective project companies which were earmarked to be transferred to the joint venture in the future, were therefore reclassified as disposal group held for sale.

The investment properties correspond to the fair value of the asset under construction which are being developed by VGP on behalf of the Joint Ventures. This balance includes € 114.9 million of interest bearing development and construction loans (2018: € 101.9 million) granted by VGP to the Joint Ventures to finance the development pipeline of the Joint Ventures. (See also note 9.3)

21. Cash flow statement

Summary *in thousands of €*	2019	2018
Cash flow from operating activities	(29,326)	(51,035)
Cash flow from investing activities	(125,504)	104,724
Cash flow from financing activities	162,287	77,299
Net increase/(decrease) in cash and cash equivalents	**7,456**	**130,988**

The changes in the cash flow from investing activities was mainly due to: (i) € 453.8 million (2018: € 263.4 million) of expenditure incurred for the development activities and land acquisition; (ii) € 339.0 million cash in from the different closings with the Joint Ventures during the year (2018: € 438.4 million cash in from the April 2018 closing with VGP European Logistics).

The changes in the cash flow from financing activities were driven by: (i) € 40.8 million dividend paid out in May 2019 (2018: € 35.3 million); (ii) € 148.6 million net proceeds from the Apr-23 Bond (compared to € 188.4 million net proceeds from the Mar-26 Bond issued during 2018) and the net proceeds from new bank and schuldschein debt in the amount of € 55.2 million and € 0.7 million repayment of bank debt (2018 € 0.8 million).

22. Cash flow from disposal of subsidiaries and investment properties

in thousands of €	2019	2018
Investment property	476,345	403,735
Trade and other receivables	6,011	6,452
Cash and cash equivalents	20,425	11,461
Non-current financial debt	—	—
Shareholder Debt	(337,305)	(255,730)
Other non-current financial liabilities	(3,431)	(2,090)
Deferred tax liabilities	(23,452)	(16,778)
Trade debts and other current liabilities	(23,153)	(16,493)
Total net assets disposed	**115,440**	**130,557**
Realised valuation gain on sale	34,891	34,386
Total non-controlling interest retained by VGP	(3,020)	(3,832)
Shareholder loans repaid at closing	285,777	338,313
Equity contribution	(73,655)	(49,599)
Total consideration	**359,433**	**449,825**
Cash disposed	(20,425)	(11,461)
Net cash inflow from divestments of subsidiaries and investment properties	**339,008**	**438,364**

23. Financial risk management and financial derivatives

23.1 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 2019. The amounts shown are the notional amounts.

Derivatives *in thousands of €*	**2019**			**2018**		
	< 1 year	**2–5 years**	**> 5 years**	**< 1 year**	**2–5 years**	**> 5 years**
Forward exchange contracts						
Held for trading	—	—	—	—	—	—
Interest rate swaps						
Held for trading	—	—	—	15,000	—	—

Following the divestment of VGP Park Timisoara to VGP Park European Logistics 2 during 2019 the interest rate swap related to the bank debt with Raiffeisen Bank Romania (nominal amount of € 15 million as at 31 December 2018) was liquidated.

23.2 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. As at 31 December 2019 there were no foreign currency derivatives outstanding (same as for 2018).

2019 *in thousands of €*	**2019**		
	CZK	**HUF**	**RON**
Trade & other receivables	64,328	299,276	12,729
Non-current liabilities and trade & other payables	(57,942)	(1,807,525)	(1,537)
Gross balance sheet exposure	**6,386**	**(1,508,249)**	**11,192**
Forward foreign exchange	—	—	—
Net exposure	**6,386**	**(1,508,249)**	**11,192**

2018 *in thousands of €*	**2018**		
	CZK	**HUF**	**RON**
Trade & other receivables	110,238	353,950	35,339
Non-current liabilities and trade & other payables	(129,712)	(15,924)	(10,231)
Gross balance sheet exposure	**(19,473)**	**338,027**	**25,108**
Forward foreign exchange	—	—	—
Net exposure	**(19,473)**	**338,027**	**25,108**

The following significant exchange rates applied during the year:

1 € =	**2019**	**2018**
	Closing rate	**Closing rate**
CZK	25.41000	25.72500
HUF	330.51995	321.51033
RON	4.77930	4.66390

Sensitivity

A 10 percent strengthening of the euro against the following currencies at 31 December 2019 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 2018.

Effects *In thousands of €*	**2019**	
	Equity	**Profit or (Loss)**
CZK	—	(23)
HUF	—	415
RON	—	(213)
Total	—	**179**

Effects *In thousands of €*	**2018**	
	Equity	**Profit or (Loss)**
CZK	—	69
HUF	—	(96)
RON	—	(489)
Total	—	**(516)**

A 10 percent weakening of the euro against the above currencies at 31 December 2019 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.

23.3 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 should such loan agreements require that interest rate exposure is to be hedged when certain conditions are met.

Where possible the Group will apply IFRS 9 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 IFRS 9 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 capitalised financing costs) was as follows:

in thousands of € – nominal amounts	**2019**	**2018**
Financial debt		
Fixed rate		
Schuldschein loans	12,000	—
Bonds	720,000	570,000
Variable rate		
Bank debt	21,667	15,000
Schuldschein loans	21,500	—
Reclassified to liabilities related to disposal group held for sale	—	—
Interest rate hedging		
Interest rate swaps		
Held for trading	—	15,000
Reclassified to liabilities related to disposal group held for sale	—	—
	—	15,000
Financial debt after hedging		
Variable rate		
Bank debt	21,667	—
Schuldschein loans	21,500	—
Total variable debt (A)	**43,167**	**—**
Fixed rate		
Bonds	720,000	570,000
Bank debt	—	15,000
Schuldschein loans	12,000	—
Total fixed rate debt (B)	**732,000**	**585,000**
Total financial debt (C)= (A)+(B)	**775,167**	**585,000**
Fixed rate/total financial debt (B)/(C)	**94.4%**	**100.0%**

The effective interest rate on financial debt (bank debt, schuldschein loans and bonds), including all bank margins and cost of interest rate hedging instruments was 3.53 % for the year 2019 (3.73% in 2018).

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 € 432k lower/higher (as compared to a nil effect as at 31 December 2018, as all debt at the end of December 2018 was at fixed interest rates. 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 2019 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 2018 reporting date.

23.4 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.

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 €	2019	2018
	Carrying amount	Carrying amount
Other non-current receivables	63,570	41,461
Trade & other receivables	28,126	29,493
Cash and cash equivalents	176,148	167,576
Reclassification to (–)/from held for sale	—	(12,767)
Total	**267,844**	**225,763**

As at 31 December 2019 there was € 1.7 million of restricted cash held in a bank account (2018: € 1.5 million) for settlement of final payments on land expected to be acquired during the course of 2020.

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

in thousands of €	2019	2018
	Carrying amount	Carrying amount
Gross trade receivables		
Gross trade receivables not past due	5,578	6,486
Gross trade receivables past due	591	793
Bad debt and doubtful receivables	—	—
Provision for impairment of receivables (-)	—	—
Reclassification to (-)/from held for sale	—	(1,580)
Total	**6,169**	**5,699**

23.5 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. 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 €	2019					
	Carrying amount	**Contractual Cash flow**	**< 1 year**	**1–2 years**	**2–5 years**	**More than 5 years**
Assets						
Cash and cash equivalents	174,435	174,435	174,435	—	—	—
Trade and other receivables	8,564	8,564	8,564	—	—	—
Reclassified to (-) from held for sale	—	—	—	—	—	—
	182,999	**182,999**	**182,999**	—	—	—
Liabilities						
Secured bank loans	21,478	22,350	1,753	20,597	—	—
Unsecured Schuldschein loans	33,400	39,499	929	926	10,089	27,555
Unsecured bonds	714,104	860,885	21,918	24,668	519,878	294,423
Trade and other payables	99,286	99,286	87,188	7,554	3,808	736
Reclassification to liabilities related to disposal group held for sale	—	—	—	—	—	—
	868,268	**1,022,021**	**111,787**	**53,745**	**533,775**	**322,714**

in thousands of €	2018					
	Carrying amount	**Contractual Cash flow**	**< 1 year**	**1–2 years**	**2–5 years**	**More than 5 years**
Assets						
Cash and cash equivalents	166,046	166,046	166,046	—	—	—
Trade and other receivables	29,031	29,031	29,031	—	—	—
Reclassified to (-) from held for sale	(12,768)	(12,768)	(12,768)	—	—	—
	182,309	**182,309**	**182,309**	—	—	—
Liabilities						
Secured bank loans	15,000	15,485	15,485	—	—	—
Unsecured bonds	564,385	697,135	20,543	20,543	286,628	369,423
Derivative financial instruments	60	142	76	66	—	—
Trade and other payables	49,402	49,402	46,285	1,997	999	121
Reclassification to liabilities related to disposal group held for sale	(9,807)	(9,807)	(9,250)	(40)	(517)	—
	619,041	**752,357**	**73,139**	**22,566**	**287,110**	**369,544**

23.6 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 to operate within a maximum gearing ratio of net debt/total shareholders' equity and liabilities at 65%.

As at 31 December 2019 the Group's gearing was as follows:

in thousands of €	**2019**	**2018**
Non-current financial debt	767,673	564,375
Other non-current financial liabilities	—	60
Current financial debt	12,673	22,479
Financial debt classified under liabilities related to disposal group held for sale	—	—
Total financial debt	**780,346**	**586,914**
Cash and cash equivalents	(176,148)	(161,446)
Cash and cash equivalents classified as disposal group held for sale	—	(6,130)
Total net debt (A)	**604,198**	**419,338**
Total shareholders 'equity and liabilities (B)	**1,624,363**	**1,212,418**
Gearing ratio (A)/(B)	**37.2%**	**34.6%**

23.7 Fair value

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

Abbreviations used in accordance with IFRS 9 are:
AC Financial assets or financial liabilities measured at amortised cost
FVTPL Financial assets measured at fair value through profit or loss
HFT Financial liabilities Held for Trading

As at 31 December 2019 the Group's gearing was as follows:

31 December 2019 *in thousands of €*	**Category in accordance with IFRS 9**	**Carrying amount**	**Fair value**	**Fair value hierarchy**
Assets				
Other non-current receivables	AC	63,570	63,570	Level 2
Trade receivables	AC	6,169	6,169	Level 2
Other receivables	AC	2,395	2,395	Level 2
Derivative financial assets	FVTPL	—	—	Level 2
Cash and cash equivalents	AC	174,435	174,435	Level 2
Reclassification to (-) from held for sale		—	—	
Total		**246,569**	**246,569**	
Liabilities				
Financial debt				
Bank debt	AC	54,878	54,878	Level 2
Bonds	AC	714,104	744,301	Level 1
Trade payables	AC	56,335	56,335	Level 2
Other liabilities	AC	42,951	42,951	Level 2
Derivative financial liabilities	HFT	—	—	Level 2
Reclassification to liabilities related to disposal group held for sale		—	—	
Total		**868,268**	**898,465**	

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

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 2019, 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 2019, 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.

Financial assets amounting to € 30.8 million as at 31 December 2019 (€ 6,030k in 2018) were pledged in favour of VGP's financing banks.

24. Personnel

Long-term incentive plan (“LTIP”) for VGP team

In 2018 the Group introduced a new incentive structure for selected members of the Group’s management. Through this LTIP profit sharing units (“Units”), are allocated to the respective VGP team members (including the executive management team). One Unit represents the equivalent of one VGP NV share on a net asset value basis. After an initial lock-up period of 5 years each participant will be able to return the Units against the payment of the proportional net asset value growth of such Units. At any single point in time, the number of Units outstanding (i.e. awarded and not yet vested) cannot exceed 5% of the total equivalent shares of the Company.

For the financial year 2019 there were 74,332 Units allocated to the VGP team. Based on the 31 December 2019 financial figures this Units represented a net asset value growth of € 0.8 million which was fully provided for in the 2019 financials.

VGP Misv incentive plan

The Group has an incentive structure in place for selected members of the Group’s management which was set up after the initial public offering of December 2007 and whereby the existing reference shareholders have transferred a number of VGP shares representing 5 percent of the aggregate number of shares in VGP NV into VGP MISV, a limited partnership controlled by Mr Bart Van Malderen as managing partner (“beherend vennoot” / “associé commandité”). This structure does not have any dilutive effect on any existing or new shareholders. During the second half of 2018 and following the expiration of a 5 year-lock-up period certain members of the VGP team sold their respective VGP MISV shares to VGP NV.

As from 2019 the remaining VGP Misv plan has been considered a cash-settled share based plan for which an € 8.4 million opening equity adjustment has been recognised, reflecting the total cash lay-out of VGP NV if the latter were to acquire the remaining 20.09% VGP Misv Comm. VA. shares as of 1 January 2020.

During 2019 and following the expiration of a 5 year-lock-up period certain members of the VGP team sold their respective VGP MISV shares to VGP NV. VGP NV acquired 35,000 VGP Misv shares for an aggregate amount of € 1.0 million. Following the acquisition of these shares, VGP NV currently holds 82.60% in VGP Misv Comm. VA as at the end of December 2019.

Fair value of the VGP Misv shares is determined using the net asset value valuation methodology using the expected growth of the net profit after tax excluding any dividend distribution.

31 December 2019	Number of VGP Misv shares	Weighted aver-age remaining term	Weighted average exercise price per share *(in €)*
Outstanding at beginning of year	**196,674**		**42.80**
Exercised during the period	(35,000)		29.52
Outstanding at the end of the period	**161,674**	**1.20**	**45.99**

This plan will be terminated in 2020 (see Remuneration Report for further details).

25. Contingencies and commitments

As at 31 December, the important contingencies and commitments were:

In thousands of €	2019	2018
Contingent liabilities	55,537	1,600
Commitments to purchase land	84,442	98,488
Commitments to develop new projects	218,963	75,455

Contingent liabilities mainly relate to bank guarantees linked to land plots and built out of infrastructure on development land.

The commitment to purchase land relates to contracts concerning the future purchase of 1,797,000 m^2 of land for which deposits totalling € 3.7 million (2018: 1,598,000 m^2 with deposits amounting to € 2.1 million). The € 3.7 million down payment on land was classified under investment properties as at 31 December 2019 given the immateriality of the amounts involved (same classification treatment applied for 2018).

The contractual construction obligations relate to buildings under construction.

26. 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.

26.1 Shareholders

Shareholding

As at 31 December 2019 the main shareholders of the company are:

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

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

The full details of the shareholding of VGP can be found in the section *"Information about the share"*

Lease activities

Drylock Technologies s.r.o, a company controlled by Bart Van Malderen, leases warehouses from VGP European Logistics joint venture under long term lease contracts. The rent received over the year 2019 amounts to € 3.7 million (compared to € 2.6 million for the year 2018).

Jan Van Geet s.r.o. leases out office spaces to the VGP Group in the Czech Republic used by the VGP operational team. The leases run until 2021 and 2023 respectively. During 2019 aggregate amount paid under these leases was € 98k equivalent compared to € 91k equivalent for 2018.

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

Other services

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

in thousands of €	**2019**	**2018**
Trade receivable/(payable)	9	(31)

VGP also provides real estate support services to Jan Van Geet s.r.o. During 2019 VGP recorded a € 32k revenue for these activities (same as for 2018).

26.2 Subsidiaries

The consolidated financial statements include the financial statements of VGP NV and the subsidiaries listed in note 29.

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.

26.3 Joint Ventures

The table below presents a summary of the related transactions with the Group's Joint Ventures with Allianz.

in thousands of €	**2019**	**2018**
Loans outstanding at year end	178,461	143,347
Investments in Joint Ventures	80,116	52,895
Equity distributions received	—	—
Net proceeds from sales to Joint Ventures	339,008	289,704
Other receivables from/(payables) to the Joint Ventures at year-end	(74)	(74)
Management fee income	8,748	7,933
Interest and similar income from joint venture and associates	5,507	5,702

26.4 Key Management

Key Management includes the Board of Directors and the executive management. The details of these persons can be found in the section *Board of Directors and Management*.

Key Management remuneration *in thousands of €*	**2019**	**2018**
Number of persons	12	11
Short term employee benefits		
Basic remuneration	1,278	1,080
Short term variable remuneration	1,680	700
Remuneration of directors	490	198
Total gross remuneration	**3,448**	**1,978**
Average gross remuneration	287	180

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

For 2019 no post-employment benefits were granted.

VGP Misv incentive plan

During the year and following the expiration of a 5 year-lock-up period certain members of the VGP team sold their respective VGP MISV shares to VGP NV. VGP NV acquired 35,000 VGP MISV shares for an aggregate amount of € 1.0 million. (see also note 24 and Remuneration Report or further details)

VGP Long Term Incentive Plan

In substitution of the VGP Misv incentive plan the Group has put in place a Long Term Incentive Plan in 2018. Under this plan profit sharing units ("Units") are allocated to the respective VGP team members (including the executive management team). One Unit represents the equivalent of one VGP NV share on a net asset value basis. After an initial lock-up period of 5 year each participant are able to return the Units against the payment of the proportional net asset value growth of such Units. At any single point in time, the number of Units outstanding (i.e. awarded and not yet vested) cannot exceed 5% of the total equivalent shares of the Company.

For the financial year 2019 there were 74,332 Units allocated to the VGP team (compared to no allocations in 2018). Based on the 31 December 2019 financial figures this Units represented a net asset value growth of € 0.8 million which was fully provided for in the 2019 financials.

27. Events after the balance sheet date

The coronavirus outbreak is spreading across the globe with Europe being one of the most hit. With governments introducing emergency measures to halt the progress of the escalating epidemic, it becomes clear that the outbreak has the potential to cause severe economic and market disruption.

Giving the evolving situation and our inability to assess the impact of COVID-19 on our business, it is currently impossible to predict if and how much VGP's financial situation will be affected in the near term (see also Outlook 2020).

28. Services provided by the statutory auditor and related persons

The audit fees for VGP NV and its fully controlled subsidiaries amounted to € 129k In addition, additional non-audit services were performed during the year by Deloitte and related persons for which a total fee of € 14k was incurred.

29. Subsidiaries, joint ventures and associates

29.1 Full consolidation

The following companies were included in the consolidation perimeter of the VGP Group as at 31 December 2019 and were fully consolidated:

Subsidiaries	Registered seat address	%	
VGP NV	Antwerp, Belgium	Parent	(1)
VGP CZ X a.s..	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(1)
VGP Park Prostejov a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Olomouc 3 a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Olomouc 5 a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Ceske Budejovice a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Mnichovo Hradiste a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Hradek nad Nisou 2 a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Rochlov a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Vyskov 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)
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)
FM Log.In. GmbH	Düsseldorf, Germany	100	(3)
VGP Park München GmbH	Düsseldorf, Germany	100	(2)
VGP Park Hamburg 4 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Halle S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)

Subsidiaries	Registered seat address	%	
VGP Park Berlin Wustermark S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Berlin 3 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Bischoffsheim S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Goettingen 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 15 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Einbeck S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Chemnitz S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Magdeburg S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Laatzen S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Gie⍰en S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Ottendorf-Okrilla S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Berlin Oberkraemer S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP European Logistics 2 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 Park Erfurt S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 26 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 27 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 28 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 29 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 30 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Finance NV	Antwerp, Belgium	100	(5)
VGP Latvia, SIA	Kekava, Latvia	100	(2)
VGP Zone Brasov S.R.L.	Timisoara, Romania	100	(2)
VGP Zone Brasov Two S.R.L.	Timisoara, Romania	100	(2)
VGP Park Sibiu S.R.L.	Timisoara, Romania	100	(2)
VGP Park Bucharest S.R.L.	Timisoara, Romania	100	(2)
VGP Park Timisoara 2 S.R.L.	Timisoara, Romania	100	(2)
VGP Proiecte Industriale S.R.L.	Timisoara, Romania	100	(3)
VGP Park Bratislava a.s.	Bratislava, Slovakia	100	(2)
VGP Park Slovakia 1 s.r.o.	Bratislava, Slovakia	100	(2)
VGP Park Slovakia 2 s.r.o.	Bratislava, Slovakia	100	(2)
VGP – industrialne stavby s.r.o.	Bratislava, Slovakia	100	(3)
VGP Service Kft.	Györ, Hungary	100	(3)
VGP Park Hatvan Kft.	Györ, Hungary	100	(2)
VGP Park Gÿor Beta Kft.	Györ, Hungary	100	(2)
VGP Park Kecskemet Kft.	Györ, Hungary	100	(2)
VGP Nederland BV	Tilburg, The Netherlands	100	(2)
VGP Park Nederland 1 BV	Tilburg, The Netherlands	100	(2)
VGP Park Nederland 2 BV	Tilburg, The Netherlands	100	(2)

Subsidiaries	Registered seat address	%	
VGP Park Roosendaal BV	Tilburg, The Netherlands	100	(2)
VGP Park Roosendaal Beta BV	Tilburg, The Netherlands	100	(2)
VGP Naves Industriales Peninsula, S.L.U.	Barcelona, Spain	100	(1)
VGP Park Llica d'Amunt S.L.U.	Barcelona, Spain	100	(2)
VGP Park Fuenlabrada S.L.U.	Barcelona, Spain	100	(2)
VGP Park Valencia Cheste S.L.U.	Barcelona, Spain	100	(2)
VGP Park Zaragoza S.L.U.	Barcelona, Spain	100	(2)
VGP (Park) Espana 7 S.LU.	Barcelona, Spain	100	(2)
VGP (Park) Espana 8 S.L.U.	Barcelona, Spain	100	(2)
VGP Costruzioni Industriali S.r.l.	Milan, Italy	100	(3)
VGP Park Verona S.r.l.	Milan, Italy	100	(2)
VGP Park Calcio S.r.l.	Milan, Italy	100	(2)
VGP Park Valsamoggia S.r.l.	Milan, Italy	100	(2)
VGP Park Italy 4 S.r.l.	Milan, Italy	100	(2)
VGP Park Italy 5 S.r.l.	Milan, Italy	100	(2)
VGP Park Italy 6 S.r.l.	Milan, Italy	100	(2)
VGP Park Italy 7 S.r.l.	Milan, Italy	100	(2)
VGP Park Graz 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Industriebau Österreich GmbH	Vienna, Austria	100	(3)
VGP Park Portugal 1, S.A.	Lisbon, Portugal	100	(2)
VGP Construção Industrial, Unipessoal Lda	Lisbon, Portugal	100	(3)
VGP Park Portugal 2, S.A.	Lisbon, Portugal	100	(2)

29.2 Companies to which the equity method is applied

Joint Ventures	Registered seat address	%	
VGP European Logistics S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	50.00	(4)
VGP European Logistics 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	50.00	(4)

Associates	Registered seat address	%	
VGP Misv Comm. VA	Zele, Belgium	82.6	(4)
VGP Park Rodgau GmbH	Düsseldorf, Germany	5.1	(6)
VGP Park Bingen GmbH	Düsseldorf, Germany	5.1	(6)
VGP Park Hamburg GmbH	Düsseldorf, Germany	5.1	(6)
VGP Park Höchstadt GmbH	Düsseldorf, Germany	5.1	(6)
VGP Park Berlin GmbH	Düsseldorf, Germany	5.1	(6)
VGP Park Leipzig GmbH	Düsseldorf, Germany	5.1	(6)

Associates	Registered seat address	%	
VGP Park Hamburg 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Frankenthal S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Leipzig S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Hamburg 3 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP DEU 3 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Berlin 2 S.à r.l	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Ginsheim S.à r.l	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Wetzlar S.à r.l	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Goettingen S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Dresden S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)

(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.a r.l.

29.3 Changes in 2019

(i) New Investments

Subsidiaries	Registered seat address	%
VGP DEU 25 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 26 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 27 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 28 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 29 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 30 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP Park Roosendaal Beta BV	Tilburg, The Netherlands	100
VGP Park Slovakia 1 a.s.	Bratislava, Slovakia	100
VGP Park Slovakia 2 a.s.	Bratislava, Slovakia	100
VGP Park Bucharest S.R.L.	Timisoara, Romania	100
VGP Park Timisoara 2 S.R.L.	Timisoara, Romania	100
VGP Park Portugal 1, S.A.	Lisbon, Portugal	100
VGP Zone Brasov Two S.R.L.	Timisoara, Romania	100
VGP Park Vyskov a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP Park Italy 5 S.r.l.	Milan, Italy	100
VGP Park Italy 6 S.r.l.	Milan, Italy	100
VGP Park Italy 7 S.r.l.	Milan, Italy	100
VGP Park Portugal 2, S.A.	Lisbon, Portugal	100

(ii) Name change

New Name	Former Name
VGP Park Graz 1 S.à r.l.	VGP DEU 12 S.à r.l.
VGP Park Chemnitz S.à r.l.	VGP DEU 17 S.à r.l.
VGP European Logistics 2 S.à r.l.	VGP DEU 24 S.à r.l.
VGP Park Laatzen S.à r.l.	VGP DEU 20 S.à r.l.
VGP Park Gießen S.à r.l.	VGP DEU 21 S.à r.l.
VGP Park Einbeck S.à r.l.	VGP DEU 16 S.à r.l.
VGP Park Graz 2 S.à r.l.	VGP DEU 18 S.à r.l.
VGP Park Magdeburg S.à r.l.	VGP DEU 19 S.à r.l.
VGP Park Berlin Oberkraemer S.à r.l.	VGP DEU 23 S.à r.l.
VGP Construção Industrial, Unipessoal Lda	Intervgp – Construção Industrial, Unipessoal Lda
VGP Park San Fernando de Henares S.L.U.	VGP (PARK) ESPANA 1, S.L.U.
VGP Park Llica d'Amunt S.L.U.	VGP (PARK) ESPANA, 3 S.L.U.
VGP Park Fuenlabrada S.L.U.	VGP (PARK) ESPANA, 4 S.L.U.
VGP Park Valencia Cheste S.L.U.	VGP (PARK) ESPANA, 5 S.L.U.
VGP Park Zaragoza S.L.U.	VGP (PARK) ESPANA, 6 S.L.U.
VGP European Logistics Spain S.L.U.	VGP (PARK) ESPANA, 9 S.L.U.
VGP Park Ottendorf-Okrilla S.à r.l.	VGP DEU 22 S.à r.l.
VGP Park Erfurt S.à r.l.	VGP DEU 25 S.à r.l.
VGP Park Prostejov a.s.	VGP CZ XII a.s..
VGP Park Italy 1 S.r.l.	VGP Park Verona S.r.l.
VGP Park Italy 2 S.r.l.	VGP Park Calcio S.r.l.
VGP Park Italy 3 S.r.l.	VGP Park Valsamoggia S.r.l.

(iii) Subsidiaries merged

Subsidiaries	Registered seat address	%
Astria Group a.s. with VGP CZ XII a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100%

(iv) Subsidiaries liquidated

Subsidiaries	Registered seat address	%
VGP Deutschland – Projekt 8 GmbH	Düsseldorf, Germany	100%

(v) Subsidiaries sold to VGP European Logistics joint venture

Subsidiaries	Registered seat address	%
VGP Park Goettingen S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	94.9
VGP Park Dresden S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	94.9
VGP Park Chomutov a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100.0

(vi) Subsidiaries sold to VGP European Logistics 2 joint venture

Subsidiaries	Registered seat address	%
VGP Park San Fernando de Henares, S.L.U.	Barcelona, Spain	100
VGP European Logistics Spain S.L.U.	Barcelona, Spain	100
VGP Park Graz 1 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP Park Timisoara S.R.L.	Timisoara, Romania	100

(vii) Registered numbers of the Belgian companies

Companies	Company number
VGP NV	BTW BE 0887.216.042 RPR – Antwerp (Division Antwerp)
VGP Finance NV	BTW BE 0894.188.263 RPR – Antwerp (Division Antwerp)
VGP Misv Comm. VA	BTW BE 0894.442.740 RPR – Ghent (Division Dendermonde)

Supplementary notes not part of the audited financial statements

For the year ended 31 December 2019

1. Income statement, proportionally consolidated

The table below includes the proportional consolidated income statement interest of the Group in the Joint Ventures. The interest held directly by the Group (5.1%) in the German asset companies of the Joint Ventures have been included in the 50% Joint Ventures' figures (share of VGP).

in thousands of €	2019			2018		
	Group	Joint Ventures	Total	Group	Joint Ventures	Total
Gross rental income	11,653	41,645	53,298	16,627	30,803	47,430
Property operating expenses	(2,556)	(4,076)	(6,632)	(1,123)	(2,890)	(4,013)
Net rental and related income	**9,097**	**37,569**	**46,666**	**15,504**	**27,913**	**43,417**
Joint venture management fee income	10,492	—	10,492	9,965	—	9,965
Net valuation gains/(losses) on investment properties	188,165	60,752	248,917	98,552	39,938	138,490
Administration expenses	(21,100)	(1,078)	(22,178)	(18,167)	(1,056)	(19,223)
Operating profit/(loss)	**186,654**	**97,242**	**283,896**	**105,854**	**66,795**	**172,649**
Net financial result	(14,238)	(16,157)	(30,395)	(13,970)	(12,382)	(26,352)
Taxes	(32,506)	(15,383)	(47,889)	(15,998)	(9,194)	(25,192)
Profit for the period	**139,910**	**65,703**	**205,613**	**75,886**	**45,220**	**121,106**

2. Balance sheet, proportionally consolidated

The table below includes the proportional consolidated balance sheet interest of the Group in the Joint Ventures. The interest held directly by the Group (5.1%) in the German asset companies of the Joint Ventures have been included in the 50% Joint Ventures' figures (share of VGP).

in thousands of €	2019			2018		
	Group	Joint Ventures	Total	Group	Joint Ventures	Total
Investment properties	792,945	934,008	1,726,953	468,513	624,281	1,092,794
Investment properties included in assets held for sale	169,655	—	169,655	262,172		262,172
Total investment properties	**962,600**	**934,008**	**1,896,608**	**730,685**	**624,281**	**1,354,966**
Other assets	69,599	474	70,073	43,029	408	43,437
Total non-current assets	**1,032,199**	**934,482**	**1,966,681**	**773,714**	**624,689**	**1,398,403**
Trade and other receivables	28,770	8,222	36,992	23,064	6,469	29,533
Cash and cash equivalents	176,148	28,802	204,950	161,446	22,501	183,947
Disposal group held for sale	—	—	—	12,767	—	12,767
Total current assets	**204,918**	**37,024**	**241,942**	**197,277**	**28,970**	**226,247**
Total assets	**1,237,117**	**971,506**	**2,208,623**	**970,991**	**653,659**	**1,624,650**
Non-current financial debt	767,673	487,099	1,254,772	564,375	340,708	905,083
Other non-current financial liabilities	—	2,689	2,689	60	2,574	2,634
Other non-current liabilities	12,789	4,548	17,337	1,515	3,328	4,843
Deferred tax liabilities	31,647	63,470	95,117	16,692	39,950	56,642
Total non-current liabilities	**812,109**	**557,806**	**1,369,915**	**582,642**	**386,560**	**969,202**
			—			
Current financial debt	12,673	11,034	23,707	22,479	8,687	31,166
Trade debts and other current liabilities	89,325	15,421	104,746	38,469	16,985	55,454
Liabilities related to disposal group held for sale	10,475	—	10,475	25,361		25,361
Total current liabilities	**112,473**	**26,455**	**138,928**	**86,309**	**25,672**	**111,981**
Total liabilities	**924,582**	**584,260**	**1,508,842**	**668,951**	**412,232**	**1,081,183**
Net assets	**312,535**	**387,246**	**699,781**	**302,040**	**241,427**	**543,467**

Parent company information

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, will be deposited at the National Bank of Belgium.

They are available on request from:

VGP NV
Uitbreidingstraat 72 bus 7
B-2600 Antwerpen (Berchem)
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 €	**2019**	**2018**
Other operating income	8,326	12,220
Operating profit or loss	172	3,715
Financial result	22,668	(3,159)
Non-recurrent income financial assets	90,267	83,561
Current and deferred income taxes	(320)	(10)
Profit for the year	**112,787**	**84,107**

1.3 Condensed balance sheet after profit appropriation

in thousands of €	2019	2018
Formation expenses, intangible assets	5,901	5,615
Tangible fixed assets	157	187
Financial fixed assets	1,033,510	794,263
Total non-current assets	**1,039,568**	**800,065**
Trade and other receivables	3,144	10,428
Cash & cash equivalents	154,381	127,041
Total current assets	**157,525**	**137,469**
Total assets	**1,197,093**	**937,534**
Share capital	92,667	92,667
Non-distributable reserves	9,267	9,267
Retained earnings	234,989	182,596
Shareholders' equity	**336,923**	**284,530**
Amounts payable after one year	758,221	596,284
Amounts payable within one year	101,949	56,720
Creditors	**860,170**	**653,004**
Total equity and liabilities	**1,197,093**	**937,534**

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 2019 result

The profit after tax for the year ended was € 112,787,726.

At the General Meeting of Shareholders on 8 May 2020, the Board of Directors will propose that the above result be appropriated as follows:

in €	2019	2018
Profit for the year for appropriation	112,787,726	84,107,428
Profit brought forward	182,596,934	139,372,216
Profit to be appropriated	**295,384,660**	**223,479,644**
Transfer to legal reserves	—	—
Profit to be carried forward	234,989,747	182,596,934
Gross dividend	60,394,913	40,882,710
Total	**295,384,660**	**223,479,644**

The Board of Directors proposes to the Annual Shareholders' Meeting that a dividend of € 60,394,913 (€ 3.25 per share) be distributed for the year 2019.

Auditor's report

Statutory auditor's report to the shareholders' meeting of VGP NV for the year ended 31 december 2019 — Consolidated financial statements

The original text of this report is in Dutch

In the context of the statutory audit of the consolidated financial statements of VGP NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 12 May 2017, in accordance with the proposal of the board of directors ("bestuursorgaan"/"organe d'administration") issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2019. We have performed the statutory audit of the consolidated financial statements of VGP NV for 13 consecutive periods.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 1,624,363 (000) € and the consolidated statement of comprehensive income shows a profit for the year then ended of 205,613 (000) €.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2019 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties VGP develops, owns and manages a portfolio of logistic and industrial warehousing properties, located mainly in Germany, the Czech Republic, Spain and The Netherlands. The property portfolio is valued at 792,945 (000) € as at 31 December 2019, 934,008 (000) € is held by joint ventures at share and 169,655 (000) € is presented under "disposal group held for sale". The portfolio includes completed investments and properties under construction ("development properties") and is valued using the investment method in accordance with IAS 40 which is based on expected future cash flows. Development properties are valued using the same methodology with a deduction for all costs necessary to complete the development. Key inputs into the valuation exercise are yields and estimated rental values, which are influenced by prevailing market forces, comparable transactions and the specific characteristics of each property in the portfolio. The Group uses professionally qualified external valuers to fair value the Group's portfolio at six-monthly intervals. The valuation of the portfolio is a significant judgement area, underpinned by a number of assumptions. Specifically estimating the cost to complete for development properties can involve judgements and the existence of estimation uncertainty. Coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement on the income statement and balance sheet, warrants specific audit focus in this area. **Reference to disclosures** The methodology applied in determining the valuation is set out in note 2.7 of the consolidated financial statements. In addition we refer to note 13 of the consolidated financial statements containing the investment property roll-forward, note 20 in relation to the disposal group held for sale and note 9 in relation to investments in joint ventures and associates	**Assessing the valuer's expertise and objectivity** — We assessed the competence, independence and integrity of the external valuers. — We assessed management's process for reviewing and challenging the work of the external valuers. **Testing the valuations** — We compared the amounts per the valuation reports to the accounting records and from there we agreed the related balances through to the financial statements. — We involved internal valuation specialists to assist the financial audit team to discuss and challenge the significant assumptions and critical judgement areas, including yields and estimated rental values and compared to other data we have knowledge of; — We obtained the external valuation reports for all properties and confirmed that the valuation approach is in accordance with RICS in determining the carrying value in the balance sheet. — For development properties we also confirmed that the supporting information for construction contracts and budgets was consistent with the cost to complete deducted from the valuation of development properties. — Capitalized expenditure was tested on a sample basis to invoices, and budgeted costs to complete were compared to supporting evidence (for example by inspecting original construction contracts). **Information and standing data** — We tested the standing data the Group provided to the valuers for use in the performance of the valuation, relating to rental income, key rent contract characteristics and occupancy. — We considered the internal controls implemented by management and we tested the design and implementation of controls over investment properties

Key audit matter	How our audit addressed the key audit matter
Creation of a new joint venture On 1 July 2019, VGP announced that it entered into a new joint venture agreement with Allianz in relation to VGP European Logistics 2 SARL. The joint venture will have a right to acquire all properties developed and leased by VGP in a specific geographical area. On 31 July 2019, a first portfolio of investment properties for a total value of 175 million € was transferred to this new joint venture. The proper accounting treatment of this joint arrangement in accordance with IFRS is complex, and requires management judgement specifically with respect to: — Assessing whether under the joint venture agreement, VGP has joint control over VGP European Logistics 2 SARL; — Determining appropriate accounting treatment of the investment properties under development by VGP that are transferred to the joint venture. Proper accounting treatment of the creation of this joint venture and of the subsequent transfer of a portfolio of investment properties is material to the Group's financial statements. Therefore, the key audit matter relates to the appropriate accounting treatment and disclosure in accordance with IFRS of the creation of a new joint venture and of the transfer of a portfolio of investment properties to the joint venture. **Reference to disclosures** Refer to note 2 for the related accounting policies and note 9 in relation to investments in joint ventures.	— We held discussions with management and obtained supporting documentation as necessary to ensure that we understood the nature of the transaction. We reviewed the proposed accounting treatment in relation to the Group's accounting policies and relevant IFRS standards. — We have read the paragraphs and addenda to the contracts supporting these transactions and evaluated the appropriateness of the recognition and measurement policies applied to the creation of a new joint venture and the transfer of a portfolio of investment properties. — We have challenged management's assessment in relation to the joint control of VGP over VGP European Logistics 2 SARL. — We have assessed appropriate accounting treatment of the investment properties under development by VGP that are transferred to the joint venture. — We have involved our own IFRS experts to analyze the appropriate accounting treatment of these transactions. — We have assessed appropriate disclosure of these transactions in the notes to the consolidated financial statements.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit 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;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;

— conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

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

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements as well as to report on this matter.

Aspects regarding the directors' report on the consolidated financial statement

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements, i.e.:

— the required components of the VGP annual report in accordance with Articles 3:6 and 3:32 of the Code of companies and associations, which appear in the chapter "Report of the Board of Directors".

are free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

Statements regarding independence

— Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.

— The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

— This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Antwerp, 3 April 2020
The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Kathleen De Brabander

Glossary of terms

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

Allianz
Means, in relation to the First Joint Venture, Allianz AZ Finance VII Luxembourg S.A., SAS Allianz Logistique S.A.S.U. and Allianz Benelux SA (all affiliated companies of Allianz Real Estate GmbH) taken together, and, in relation to the Second Joint Venture, Allianz AZ Finance VII Luxembourg S.A

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 82.60%.

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.corporate-governancecommittee.be.

Break
First option to terminate a lease.

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.

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

Equivalent yield (true and nominal)
Is a weighted average of the net initial yield and reversionary yield and represents the return a property will produce based upon the timing of the income received. The true equivalent yield assumes rents are received quarterly in advance. The nominal equivalent assumes rents are received annually in arrears.

Estimated rental value (“ERV”)
Estimated rental value (ERV) is the external valuers’ opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

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 primarily for the VGP Group and the Joint Ventures.

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.

First Joint Venture
Means VGP European Logistics S.à r.l., the 50:50 joint venture between VGP and Allianz.

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 consolidated net financial debt divided by total equity and liabilities or total assets.

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.

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.

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 rate 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 Ventures
Means either and each of (i) the First Joint Venture; and (ii) the Second Joint Venture

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 financial debt
Total financial debt minus cash and cash equivalents.

Net Initial Yield
Is the annualised rents generated by an asset, after the deduction of an estimate of annual recurring irrecoverable property outgoings, expressed as a percentage of the asset valuation (after notional purchaser's costs).

Occupancy rate
The occupancy rate is calculated by dividing the total leased out lettable area (m^2) by the total lettable area (m^2) including any vacant area (m^2).

Prime yield
The ratio between the (initial) contractual rent of a purchased property and the acquisition value at a prime location.

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.

Reversionary Yield
Is the anticipated yield, which the initial yield will rise to once the rent reaches the ERV and when the property is fully let. It is calculated by dividing the ERV by the valuation.

Second Joint Venture
Means VGP European Logistics 2 S.à r.l., the 50:50 joint venture between VGP and Allianz.

VGP European Logistics or VGP European Logistics joint venture
Means the First Joint Venture.

VGP European Logistics 2 or VGP European Logistics 2 joint venture
the Second 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 outstanding financial debt.

Weighted average term of the leases ("WAULT")
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.

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

Apr-23 Bond
the € 150 million fixed rate bond maturing on 2 April 2023 which carries a coupon of 2.75% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002677582 – Common Code: 208152149).

Sep-23 Bond
the € 225 million fixed rate bond maturing on 21 September 2023 which carries a coupon of 3.90% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002258276 – Common Code: 148397694).

Jul-24 Bond
the € 75 million fixed rated bond maturing on 6 July 2024 which carries a coupon of 3.25% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002287564 – Common Code: 163738783.

Mar-25 Bond
the € 80 million fixed rate bond maturing on 30 March 2025 which carries a coupon of 3.35% per annum (unlisted with ISIN Code: BE6294349194 – Common Code: 159049558).

Mar-26 Bond
the € 190 million fixed rate bond maturing on 19 March 2026 which carries a coupon of 3.50% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002611896 – Common Code: 187793777).

Statement of responsible persons

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 BV
CFO

Disclaimer

This report may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. VGP is providing the information in this report as of this date and does not undertake any obligation to update any forward-looking statements contained in this report in light of new information, future events or otherwise. The information in this report does not constitute an offer to sell or an invitation to buy securities in VGP or an invitation or inducement to engage in any other investment activities. VGP disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other report or press release issued by VGP.

VGP NV
Uitbreidingstraat 72 box 7
B-2600 Antwerp (Berchem)
Belgium
TEL +32 3 289 14 30
FAX +32 3 289 14 39
E-MAIL info@vgpparks.eu
www.vgpparks.eu