

**Press Release**  
**Regulated Information**

**Half year results 2018: VGP enters into new markets and develops at record pace**

**23 August 2018 – 6.00 p.m. CET, Diegem (Belgium):** VGP NV ('VGP' or 'the Group') today announced results for the six months ending 30 June 2018.

- Record profit of € 74.8 million (+ € 12.3 million compared to 1H 2017).
- Signed and renewed annualised rental income of € 18.5 million driven by 264,000 m<sup>2</sup> of new lease agreements signed corresponding to € 15.0 million of new annualised rental income combined with 68,000 m<sup>2</sup> of lease agreements renewed corresponding to € 3.5 million of annualised rental income - the signed annualised committed leases represent € 96.8 million, equivalent to 1.90 million m<sup>2</sup> of lettable area, a 14.7% increase since December 2017.
- New development land of nearly 654,000 m<sup>2</sup> acquired and an additional 1,439,000 m<sup>2</sup> of new land plots under option, subject to receiving permits expected to be acquired during the next 12 months which adds to a total remaining development land bank as of 30 June 2018 of 3,335,000 m<sup>2</sup> (compared to 3,261,000 as at the end of December 2017).
- A total of 12 projects delivered representing 307,000 m<sup>2</sup> of lettable area, with an additional 22 projects under construction representing 455,000 m<sup>2</sup> of future lettable area.
- Closed the fourth transaction with our VGP European Logistics joint venture with a transaction value in excess of € 400 million generating net proceeds of € 289.7 million.
- Because of the current geographic expansion and the accelerated growth of the development activities, VGP is currently reviewing its financing strategy, in order to assess how best to finance its future development pipeline. The different alternatives which are being investigated include amongst others the potential issuance of new bonds.
- The earlier announced dividend distribution of € 35.3 million (€ 1.90 per share) representing a gross dividend yield of 3.1%<sup>1</sup> was paid out on 16 May 2018.

Jan Van Geet, CEO of VGP Group, said: *“We are very pleased with these results. Our future project pipeline remains robust, and good progress has been made to identify, secure and acquire additional land plots which should continue to support our development activities in the medium and longer term. At the end of July 2018, we acquired our first land plots in the Netherlands and in Italy we are due to acquire a number of land plots on top locations during the second half of 2018.”*

Jan Van Geet added: *“The successful sourcing of new land plots, the fuel of our developments, the strong market fundamentals and the new geographies, should result in the pace of development activities gaining momentum during the next 12-18 months. Our team structure has been adapted and enlarged accordingly and I believe the entire team to be ready and motivated to achieve the new targets ahead.”*

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<sup>1</sup> Based on the closing share price of € 62.20 as at 20 February 2018.



## Highlights

The Group experienced strong growth in all its active markets, with profits for the period up to € 74.8 million, an increase of 19.7% on the same period last year, and net valuation gain on the portfolio amounting to € 61.7 million.

The Group's portfolio has continued to make strong progress during the first half, growing both in value and physical size. The value of annualised committed leases is now € 96.8 million<sup>1</sup>, while the signed annualised committed leases at the end of June 2018 represent a total of 1,901,597 m<sup>2</sup> of lettable area, a 14.7% increase since 31 December 2017. Of this total space 566,474 m<sup>2</sup> belong to the own portfolio (648,474 m<sup>2</sup> as at 31 December 2017) and 1,335,123 m<sup>2</sup> to the VGP European Logistics joint venture (1,009,940 m<sup>2</sup> at 31 December 2017).

## Successful roll-out in the Benelux and Italy

The Group expanded its geographic footprint into Western Europe with the set-up of new offices in the Benelux and in Italy. In the Netherlands first land plots totalling 267,013 m<sup>2</sup> were acquired at the end of July 2018 and in Italy, letters of intent have been signed for the acquisition of a 247,000 m<sup>2</sup> land plot in Milan, a 179,000 m<sup>2</sup> land plot located in Verona and a 130,000 m<sup>2</sup> land plot located in the region of Bergamo.

## Significant amount of invested equity recycled through the fourth closing with VGP European Logistics joint venture

The transaction with VGP European Logistics joint venture at the end of April had a transaction value in excess of € 400 million and generated net proceeds of € 289.7 million. These net proceeds were applied towards the repayment of short term bank loans and pay-out of the dividend (totalling € 108.6 million). The remaining balance is currently being reinvested in VGP's development pipeline to continue to grow the business.

## Group's gearing remains at conservative level

Gearing level of the Group decreased to 33.8% as at 30 June 2018 (42.3% at 31 December 2017) mainly driven by the net cash proceeds of the fourth closing with the VGP European Logistics joint venture, which had a positive effect on the Group's net debt. Net debt as at 30 June 2018 reached € 352.8 million compared to € 436.6 million as at 31 December 2017.

## For more information

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<sup>1</sup> Including VGP European Logistics (joint venture with Allianz Real Estate). As at 30 June 2018 the annualised committed leases for VGP European Logistics stood at € 68.9 million compared to € 52.5 million as at 31 December 2017.

**Profile**

VGP ([www.vgpparks.eu](http://www.vgpparks.eu)) constructs and develops high-end logistic real estate and ancillary offices for its own account and for the account of its VGP European Logistics joint venture (50:50 joint venture between Allianz Real Estate and VGP), which are subsequently rented out to reputable clients on long term lease contracts. VGP has an in-house team which manages all activities of the fully integrated business model: from identification and acquisition of land, to the conceptualisation and design of the project, the supervision of the construction works, contracts with potential tenants and the facility management.

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

## Business review

During the first half of 2018 VGP continued its strong growth in all the markets where the Group is active. Development and letting activities continue to perform at record levels.

During the first half of 2018, a fourth closing was made with VGP European Logistics (the 50/50 joint venture with Allianz Real Estate) in which the Joint Venture acquired 6 new parks from VGP, comprising of 13 logistic buildings and another 5 newly completed logistic buildings which were developed in parks previously transferred to the Joint Venture. The 6 parks are located in Germany (3) and in the Czech Republic (3). The additional 5 buildings which are being acquired by the Joint Venture are located in Germany (3 buildings), in the Czech Republic (1 building) and in Hungary (1 building).

In line with its growth strategy, VGP expanded its footprint further during the first half of 2018, with the opening of new offices in Italy and the Benelux. At the end of July 2018, the Group acquired 267,013 m<sup>2</sup> of new development land at Park 15 Logistics, a vast logistics development site located between Nijmegen and Arnhem. These land plots have a development potential of circa 150,000 m<sup>2</sup> of new lettable area for future tenants. Construction of the first building is expected to start this Autumn. Additional land plots are being targeted in the Netherlands.

In Italy, letters of intent have been signed for the acquisition of a 247,000 m<sup>2</sup> land plot in Milan, a 179,000 m<sup>2</sup> land plot located in Verona and a 130,000 m<sup>2</sup> land plot located in the region of Bergamo. VGP expects to secure these land plots prior to the year-end.

VGP's activities during the first half of 2018 can be further summarised as follows:

- The operating activities resulted in a profit of € 74.8 million (€ 4.02 per share) for the period ended 30 June 2018 compared to a profit of € 62.5 million (€ 3.36 per share) for the period ended 30 June 2017.
- The increase in demand of lettable area resulted in the signing of new lease contracts in excess of € 18.5 million in total of which € 15.0 million related to new or replacement leases (€ 3.3 million on behalf of VGP European Logistics) and € 3.5 million (€ 3.3 million on behalf of VGP European Logistics) were related to renewals of existing lease contracts.
- The weighted average term of the annualised committed leases of the combined own and Joint Venture portfolio stood at 9.4 years at the end of June 2018 (10.2 years as at 31 December 2017). The own portfolio reached 12.9 years, while the Joint Venture portfolio reached 8.0 years.
- The Group's property portfolio, including the own and Joint Venture property portfolio, reached an occupancy rate<sup>1</sup> of 99.4% at the end of June 2018 compared to 100.0% at the end of December 2017.
- The own investment property portfolio consists of 9 completed buildings representing 320,122 m<sup>2</sup> of lettable area whereas the Joint Venture property portfolio consists of 63 completed buildings representing 1,269,614 m<sup>2</sup> of lettable area.
- At the end of June 2018, 22 buildings representing 454,940 m<sup>2</sup> of lettable area were under construction.

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<sup>1</sup> Calculated based on lettable area (m<sup>2</sup>) of completed buildings.

- The net valuation of the property portfolio as at 30 June 2018 showed a net valuation gain of € 61.7 million (against a net valuation gain of € 59.9 million per 30 June 2017).
- 654,000 m<sup>2</sup> of new development land plots have been acquired and 1,439,254 m<sup>2</sup> new land plots under option to support the development pipeline and which are expected to be acquired during the next 6 – 12 months, subject to obtaining the necessary permits. Of these land plots, one land plot of 267,013 m<sup>2</sup> was already purchased at the end of July 2018. Besides this, VGP has signed non-binding agreements and is currently performing due diligence investigations, on an exclusive basis, on the potential acquisitions of in total circa 1,700,000 m<sup>2</sup> of new land plots located in Italy, Spain, Germany, the Netherlands, Hungary and Romania. VGP expects that a significant number of these land plots will be contractually locked in during the next 6 – 12 months.
- As at 30 June 2018 the financial income benefited from the interest income on loans made available to the Joint Venture (€ 3.0 million) and net foreign exchange gains (€ 0.4 million) but was adversely impacted by the interest on the issued bonds (€ 8.8 million) and unrealised loss on financial instruments (€1.0) million. This resulted in a net financial cost of € 6.1 million as at 30 June 2018 compared to € 5.0 million as at 30 June 2017.

## Key figures

ADJUSTED OPERATING PROFIT <i>(in thousands of €)</i>	30.06.2018	30.06.2017
Gross rental income	8,970	9,111
Service charge income / (expenses) - net	685	142
Property operating expenses	(1,666)	(655)
<b>Net rental income</b>	<b>7,989</b>	<b>8,598</b>
Joint venture management fee income	4,585	3,776
Net valuation gains / (losses) on investment properties destined to the Joint Venture <sup>1</sup>	40,312	48,873
Administration expenses	(8,384)	(9,660)
Other income/(expenses) - net	359	(69)
Share of joint ventures' Adjusted operating profit after tax	7,572	4,079
<b>Adjusted operating profit before interest and tax</b>	<b>52,433</b>	<b>55,597</b>
Net financial costs (including adjustments)	(5,119)	(6,981)
<b>Adjusted operating profit before tax</b>	<b>47,314</b>	<b>48,616</b>
Tax on Adjusted operating profit	(6,849)	(8,146)
<b>Adjusted operating profit after tax</b>	<b>40,465</b>	<b>40,470</b>

See also Note 3 for further details.

Reconciliations between VGP Adjusted operating metrics and EPRA metrics are provided in the Supplementary Notes to the condensed financial information, which also include EPRA metrics as well as VGP's Adjusted income statement and balance sheet presented on a proportionally consolidated basis.

## Net rental income

The net rental income decreased slightly with € 0.6 million to € 8.0 million after taking into effect the full impact of the income generating assets delivered during 2018 and the fourth closing with the Joint Venture in April 2018.

Following the entering into the VGP European Logistics joint venture, the analysis of the net rental income on a 'look-through' basis (with the Joint Venture included at share) provides a more meaningful analysis of the net rent evolution.

Therefore, taking into account VGP's share of the Joint Venture, net rental income in total has increased by € 4.2 million, or 26.6% compared to 30 June 2017 (from € 15.9 million for the period ending 30 June 2017 to 20.2 million for the period ending 30 June 2018)<sup>1</sup>.

### **Annualised committed rent income**

The increase in demand of lettable area resulted in the signing of new lease contracts in excess of € 18.5 million in total of which € 15.0 million related to new or replacement leases (€ 3.3 million on behalf of VGP European Logistics) and € 3.5 million (€ 3.3 million on behalf of VGP European Logistics) were related to renewals of existing lease contracts. During the year lease contracts for a total amount of € 0.9 million (€ 0.3 million on behalf of VGP European Logistics) were terminated.

The annualised committed leases therefore increased to € 96.8 million<sup>2</sup> as at the end of June 2018 (compared to € 82.8 million as at 31 December 2017).

Germany was the main driver of the growth in committed leases with € 10.4 million of new leases signed during the year (€ 2.7 million on behalf of VGP European Logistics).

The other countries also performed very well with new leases being signed in the Czech Republic + € 4.3 million (€ 2.9 million on behalf of VGP European Logistics), in Romania + € 1.0 million (own portfolio), in Latvia + € 1.9 million (own portfolio) and finally in Hungary + € 0.9 million (JV portfolio).

The signed committed lease agreements of the own portfolio represent a total of 566,474 m<sup>2</sup> of lettable area with the weighted average term of the annualised committed leases standing at 12.9 years<sup>3</sup> as at the end of June 2018.

The signed committed lease agreements of the Joint Venture portfolio represent a total of 1,335,123 m<sup>2</sup> of lettable area with the weighted average term of the annualised committed leases standing at 8.0 years<sup>4</sup> as at the end of June 2018.

The weighted average term of the annualised leases of the combined own and Joint Venture portfolio stood at 9.4 years<sup>5</sup> at the end of June 2018 compared to 9.7 years at the end of December 2017.

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<sup>1</sup> See attached section '*Supplementary notes not part of the condensed interim financial information*' for further details

<sup>2</sup> Including VGP European Logistics (joint venture with Allianz Real Estate). As at 30 June 2018 the annualised committed leases for VGP European Logistics stood at € 68.9 million compared to € 52.5 million as at 31 December 2017.

<sup>3</sup> The weighted average term of the committed leases up to the first break stands at 9.7 years as at 30 June 2018.

<sup>4</sup> The weighted average term of the committed leases up to the first break stands at 7.4 years as at 30 June 2018.

<sup>5</sup> The weighted average term of the committed leases up to the first break stands at 8.1 years as at 30 June 2018.

## Net valuation gains on the property portfolio

<i>(in thousands of €)</i>	30.06.2018	30.06.2017
Net valuation gains / (losses) on investment properties – destined to the Joint Venture	40,312	48,873
Net valuation gains / (losses) on development properties – other countries	21,422	10,991
<b>Total</b>	<b>61,734</b>	<b>59,864</b>

See also Note 2 for further details.

As at 30 June 2018 the net valuation gains on the property portfolio reached € 61.7 million compared to a net valuation gain of € 59.9 million for the period ended 31 December 2017.

The low yields in real estate valuations continued to persist during the first half year. The own property portfolio, excluding development land and buildings being constructed on behalf of the Joint Venture, is valued by the valuation expert at 30 June 2018 based on a weighted average yield of 6.64% (compared to 6.26% as at 31 December 2017) applied to the contractual rents increased by the estimated rental value on unlet space. The slight increase in yields is due to the change in the geographic mix of the portfolio.

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

## Income from Joint venture

The Joint Venture management fee income increased by € 0.8 million to € 4.6 million. The increase was mainly due to the growth of the fee income from property and facility management income which reached € 2.7 million for the period ending 30 June 2018 compared to € 1.5 million for the period ending 30 June 2017. The development management fee income generated during the period was € 1.9 million, a decrease of € 0.4 million compared to same period in 2017.

## Share in result of the Joint Venture

<i>(in thousands of €)</i>	30.06.2018	30.06.2017
Share of joint ventures' Adjusted operating profit after tax	7,572	4,079
Adjustments to the share of operating profit from joint ventures after tax	17,205	11,088
<b>Total</b>	<b>24,777</b>	<b>15,167</b>

See also Note 3 for further details.

VGP's share of the Joint Venture's profit for the period increased by € 9.6 million from 15.2 million for the period ending 30 June 2017 to € 24.8 million for the period ending 30 June 2018, reflecting the increased income generating contribution of the Joint Venture portfolio and the contraction of the yields on the investment properties.

Net rental income at share increased to € 12.2 million for the period ending 30 June 2018 compared to € 7.3 million for the period ended 30 June 2017. The increase reflects the underlying growth of the Joint Venture Portfolio resulting from the different closings made between the Joint Venture and VGP since May 2016.

At the end of June 2018, the Joint Venture (100% share) had € 68.9 million of annualised committed leases representing 1,335,123 m<sup>2</sup> of lettable area compared to € 52.5 million of annualised committed leases representing 1,009,940 m<sup>2</sup> at the end of December 2017.

The net valuation gains on investment properties at share increased to € 23.4 million for the period ending 30 June 2018 (compared to € 13.3 million for the period ending 30 June 2017). The VGP European Logistics portfolio, excluding development land but including the buildings being constructed by VGP on behalf of the Joint Venture, was valued at a weighted average yield of 5.42% as at 30 June 2018 (compared to 5.63% as at 31 December 2017) reflecting the further contraction of the yields during the first half of 2018. The (re)valuation of the Joint Venture portfolio was based on the appraisal report of the property expert Jones Lang LaSalle.

The net financial expenses of the Joint Venture at share for the period ending 30 June 2018 increased to € 5.4 million from € 1.9 million for the period ending 30 June 2017. For the period ending 30 June 2018, the financial income at share was € 0.3 million (€ 1.1 million for the period ending 30 June 2017). The financial income for the period ending 30 June 2017 included unrealised gain on interest rate derivatives for an amount of € 1,1 million. The financial expenses at share increased from € 3.1 million for the period ending 30 June 2017 to € 5.7 million for the period ending 30 June 2018 and included € 1.7 million interest on shareholder debt (€ 0.6 million for the period ending 30 June 2017), € 2.5 million interest on financial debt (€ 2.2 million for the period ending 30 June 2017), € 1.6 million unrealised losses on interest rate derivatives (85k for the period ending 30 June 2017), € 0.5 million other financial expenses (€ 0.7 million for the period ending 30 June 2017) mainly relating to the amortisation of capitalised finance costs on bank borrowings and a positive impact of € 0.6 million (€ 0.5 million for the period ending 30 June 2017) related to capitalised interests.

### Other income / (expenses) and administrative costs

The other income / (expenses) and administrative costs for the period were € 8.0 million compared to € 9.7 million for the period ended 30 June 2017, reflecting mainly the discontinuance as from 1 January 2018 of the mid-term variable remuneration agreement of Little Rock SA<sup>1</sup>.

### Net financial costs

<i>(in thousands of €)</i>	<b>30.06.2018</b>	<b>30.06.2017</b>
Net financial costs (including adjustments)	(5,119)	(6,981)
Net fair value gain/(loss) on interest rate swaps and other derivatives	(964)	2,005
<b>Net financial costs</b>	<b>(6,083)</b>	<b>(4,976)</b>

See also Note 3 and 8 for further details.

For the period ending 30 June 2018, the financial income was € 3.5 million (€ 4.2 million for the period ending 30 June 2017) and included € 3.0 million interest income on loans granted to VGP European Logistics (€ 2.1 million as at 30 June 2017), € 11k unrealised gain on interest rate derivatives (€ 2.1 million as at 30 June 2017), € 0.4 million of net foreign exchange gains (compared to € 6k loss as at 30 June 2017).

<sup>1</sup> For further details please refer to the Remuneration Report on page 47 of the 2017 Annual Report.



The reported financial expenses as at 30 June 2018 are mainly made up of € 9.2 million interest expenses related to financial debt (€ 9.3 million as at 30 June 2017), € 1.0 million unrealised losses on interest rate derivatives (€ 0.1 million as at 30 June 2017), € 0.8 million other financial expenses (€ 0.9 million as at 30 June 2017) and a positive impact of € 1.4 million (€ 1.1 million for the period ending 30 June 2017) related to capitalised interests.

As a result, the net financial costs reached € 6.1 million for the period ending 30 June 2018 compared to € 5.0 million at the end of June 2017.

Shareholder loans to VGP European Logistics amounted to € 120.2 million as at 30 June 2018 (compared to € 149.9 million as at 31 December 2017) of which € 71.9 million (€ 137.2 million as at 31 December 2017) was related to financing of the buildings under construction and development land held by the VGP European Logistics joint venture.

## **Evolution of the property portfolio**

The development activities of the first half of 2018 can be summarised as follows:

### *Completed projects*

During the first half year 12 buildings were completed totalling 307,361 m<sup>2</sup> of lettable area.

For its own account VGP delivered 4 buildings i.e. 1 building of 20,673 m<sup>2</sup> in VGP Park Timisoara (Romania), 2 buildings totalling 19,183 m<sup>2</sup> in VGP Park Wustermark (Germany) and finally 1 building of 22,819 m<sup>2</sup> in VGP Park San Fernando de Henares (Spain).

For the Joint Venture VGP completed 8 buildings i.e. in the Czech Republic: 1 building of 15,300 m<sup>2</sup> in VGP Park Hradek nad Nisou, 1 building of 13,071 m<sup>2</sup> in VGP Park Cesky Ujezd, 1 building of 11,698 m<sup>2</sup> in VGP Park Jenec and 2 buildings totalling 12,502 m<sup>2</sup> in VGP Park Usti nad Labem; in Germany: 1 building of 25,829 m<sup>2</sup> in VGP Park Berlin, 1 building of 147,022 m<sup>2</sup> in VGP Park Frankenthal and finally 1 building of 19,264 m<sup>2</sup> in VGP Park Wetzlar.

### *Projects under construction*

At the end of June 2018 VGP has the following 22 buildings under construction totalling 454,940 m<sup>2</sup> of future lettable area:

For its own account VGP has the following 13 buildings under construction. In Germany: 1 building in VGP Park Göttingen, 1 building in VGP Park Halle, 1 building VGP Park Wustermark and 1 building in VGP Park Dresden. In the Czech Republic: 2 buildings in VGP Park Chomutov and 1 building in VGP Park Olomouc. In Spain: 2 buildings in VGP Park San Fernando de Henares and 1 building in VGP Park Mango. In the other countries: 2 buildings in VGP Park Kekava (Latvia) and 1 building in VGP Park Timisoara (Romania). The new buildings under construction represent a total future lettable area of 354,505 m<sup>2</sup> which corresponds to an estimated annualised rent income of EUR 17.3 million.

On behalf of the Joint Venture VGP is constructing the following 9 buildings: In Germany: 1 building in VGP Park Hamburg, 2 buildings in VGP Park Leipzig, 1 building in VGP Park Wetzlar and 1 building in VGP Park Berlin; in the Czech Republic: 1 building in VGP Park Hradek nad Nisou, 1 building in VGP Park Olomouc and 1 building in VGP Park Jenec; in the other countries: 1 building in VGP Park

Malacky (Slovakia). The new buildings under construction represent a total future lettable area of 100,435 m<sup>2</sup>, which corresponds to an estimated annualised rent income of EUR 5.3 million.

#### *Land bank*

During the first six months of 2018, VGP continued to target land plots to support the development pipeline for future growth. As at 30 June 2018, VGP already acquired 654,000 m<sup>2</sup> of development land which was located in Germany (241,000 m<sup>2</sup>), Spain (80,000 m<sup>2</sup>) and Romania (333,000 m<sup>2</sup>). These new land plots have a development potential of circa 321,000 m<sup>2</sup> of future lettable area.

As at 30 June 2018, VGP had another 1,439,254 m<sup>2</sup> of secured land plots which are located in Germany, the Czech Republic, Slovakia and the Netherlands. These land plots have a development potential of approximately 672,000 m<sup>2</sup> of new lettable area. A land plot located in the Netherlands and totalling 267,013 m<sup>2</sup> was purchased in July 2018 and the bulk of the remaining land plots are expected to be purchased during the next 6-12 months, subject to obtaining the necessary permits.

Besides this, VGP has signed non-binding agreements and is currently performing due diligence investigations, on an exclusive basis, on the potential acquisitions of in total circa 1,700,000 m<sup>2</sup> of new land plots located in Italy, Spain, Germany, the Netherlands, Hungary and Romania. VGP expects that a significant number of these land plots will be contractually locked in during the next 6 – 12 months.

As at 30 June 2018, VGP had a remaining secured development land bank of 3,335,260 m<sup>2</sup> of which 57% or 1,896,006 m<sup>2</sup> in full ownership. The secured land bank as at 30 June 2018 allows VGP to develop, in addition to the current completed projects and projects under construction, an additional 1,575,000 m<sup>2</sup> of lettable area of which 433,000 m<sup>2</sup> in Germany, 427,000 m<sup>2</sup> in the Czech Republic, 205,000 m<sup>2</sup> in Slovakia, 197,000 m<sup>2</sup> in Spain, 149,000 m<sup>2</sup> in the Netherlands, and 164,000 m<sup>2</sup> in Romania.

The Joint Venture has currently a remaining development land bank in full ownership of 149,000 m<sup>2</sup> on which circa 59,000 m<sup>2</sup> of new lettable area can be developed.

#### **Disposal group held for sale**

The balance of the Disposal group held for sale decreased from € 442.0 million as at 31 December 2017 to € 115.1 million as at 30 June 2018 following the fourth closing with VGP European Logistic joint venture at the end of April 2018. The balance as at 30 June 2018 relates to the remaining assets under construction and development land (at fair value) which are being / will be developed by VGP on behalf of VGP European Logistics.

Under the joint venture agreement VGP European Logistics has an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP that are located in Germany, the Czech Republic, Slovakia and Hungary. The development pipeline which is transferred to the Joint Venture as part of the different closings between Joint Venture and VGP is being developed at VGP's own risk and subsequently acquired and paid for by the Joint Venture subject to pre-agreed completion and lease parameters. The fair value of the asset under construction which are being developed by VGP on behalf of VGP European Logistics amounted to € 115.1 million as at 30 June 2018 (compared to € 194.9 million as at 31 December 2017).



## **Financing**

With the current geographic expansion combined with the expected accelerated growth of the development activities, VGP is currently reviewing its financing strategy, in order to assess how best to finance its future development pipeline. The different alternatives which are being investigated include amongst others the potential issuance of a new bond.

Gearing level of the Group decreased to 33.8% as at 30 June 2018 (42.3% at 31 December 2017) mainly driven by the net cash proceeds of the fourth closing with the VGP European Logistics joint venture, which had a positive effect on the Group's net debt. Net debt as at 30 June 2018 reached € 352.8 million compared to € 436.6 million as at 31 December 2017.

## **Risk factors**

The overview of the most significant risks to which the VGP Group is exposed to can be found on page 50 to 63 of the Annual Report 2017. These risks remain actual and valid and will continue to apply for the remainder of the financial year.

## **Outlook 2018**

Based on the positive trend in demands for lettable area recorded by VGP during the first half of 2018, VGP expects to be able to continue expanding its rental income and property portfolio through the completion and start-up of additional new buildings in 2018. Development activities should start accelerating during the second half of 2018 supported by the continuing demands from potential tenants, e-commerce and the further geographic expansion of the Group. The current land bank and expected land to be contracted in the next 6-12 months should provide a solid base to support and fuel the development activities for the next years.

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

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

INCOME STATEMENT <i>(in thousands of €)</i>	NOTE	30.06.2018	30.06.2017
Revenue <sup>2</sup>	5	15,686	14,296
Gross rental income	5	8,970	9,111
Service charge income		2,131	1,409
Service charge expenses		(1,446)	(1,267)
Property operating expenses		(1,666)	(655)
<b>Net rental income</b>		<b>7,989</b>	<b>8,598</b>
Joint Venture management fee income	5	4,585	3,776
Net valuation gains / (losses) on investment properties	6	61,734	59,864
Administration expenses		(8,384)	(9,660)
Other income		722	370
Other expenses		(363)	(439)
Share in result of joint ventures and associates	7	24,777	15,167
<b>Operating profit / (loss)</b>		<b>91,060</b>	<b>77,676</b>
Financial income	8	3,474	4,208
Financial expenses	8	(9,557)	(9,184)
<b>Net financial result</b>		<b>(6,083)</b>	<b>(4,976)</b>
<b>Profit before taxes</b>		<b>84,977</b>	<b>72,700</b>
Taxes		(10,188)	(10,243)
<b>Profit for the period</b>		<b>74,789</b>	<b>62,457</b>
Attributable to:			
Shareholders of VGP NV		74,789	62,457
Non-controlling interests		-	-
<b>RESULT PER SHARE</b>		<b>30.06.2018</b>	<b>30.06.2017</b>
Basic earnings per share (in €)	9	4.02	3.36
Diluted earnings per share (in €)	9	4.02	3.36

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

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



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

<b>STATEMENT OF COMPREHENSIVE INCOME</b> <i>(in thousands of €)</i>	<b>30.06.2018</b>	<b>30.06.2017</b>
<b>Profit for the period</b>	<b>74,789</b>	<b>62,457</b>
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>	-	-
<b>Other comprehensive income for the period</b>	-	-
<b>Total comprehensive income / (loss) of the period</b>	<b>74,789</b>	<b>62,457</b>
Attributable to:		
Shareholders of VGP NV	<b>74,789</b>	<b>62,457</b>
Non-controlling interest	-	-

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

<b>ASSETS</b> (in thousands of €)	<b>NOTE</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
Intangible assets		34	36
Investment properties	10	515,932	392,291
Property, plant and equipment		472	507
Non-current financial assets		0	322
Investments in joint ventures and associates	7	220,984	143,312
Other non-current receivables	7	48,334	12,757
Deferred tax assets		324	32
<b>Total non-current assets</b>		<b>786,080</b>	<b>549,257</b>
Trade and other receivables		14,895	11,074
Cash and cash equivalents		127,529	30,269
Disposal group held for sale	12	115,052	441,953
<b>Total current assets</b>		<b>257,476</b>	<b>483,296</b>
<b>TOTAL ASSETS</b>		<b>1,043,556</b>	<b>1,032,553</b>

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> (in thousands of €)	<b>NOTE</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
Share capital		62,251	62,251
Retained earnings		443,391	403,910
Other reserves		69	69
<b>Shareholders' equity</b>		<b>505,711</b>	<b>466,230</b>
Non-current financial debt	11	390,146	390,067
Other non-current financial liabilities		2,608	1,966
Other non-current liabilities		2,614	1,680
Deferred tax liabilities		20,418	11,750
<b>Total non-current liabilities</b>		<b>415,786</b>	<b>405,463</b>
Current financial debt	11	87,593	81,358
Trade debts and other current liabilities		26,830	38,379
Liabilities related to disposal group held for sale	12	7,636	41,123
<b>Total current liabilities</b>		<b>122,059</b>	<b>160,860</b>
<b>Total liabilities</b>		<b>537,845</b>	<b>566,323</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,043,556</b>	<b>1,032,553</b>

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

<b>STATEMENT OF CHANGES IN EQUITY</b> <i>(in thousands of €)</i>	<b>Statutory share capital</b>	<b>Capital reserve <sup>1</sup></b>	<b>IFRS share capital</b>	<b>Retained earnings</b>	<b>Share premium</b>	<b>Other equity</b>	<b>Total equity</b>
<b>Balance as at 1 January 2017</b>	<b>112,737</b>	<b>(50,486)</b>	<b>62,251</b>	<b>327,985</b>	<b>69</b>	-	<b>390,305</b>
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Result of the period	-	-	-	62,457	-	-	<b>62,457</b>
Effect of disposals	-	-	-	-	-	-	-
<b>Total comprehensive income / (loss)</b>	-	-	-	<b>62,457</b>	-	-	<b>62,457</b>
Dividends to shareholders	-	-	-	-	-	-	-
Share capital distribution to shareholders	(20,070)	20,070	-	(20,070)	-	-	<b>(20,070)</b>
<b>Balance as at 30 June 2017</b>	<b>92,667</b>	<b>(30,416)</b>	<b>62,251</b>	<b>370,372</b>	<b>69</b>	-	<b>432,692</b>
<b>Balance as at 1 January 2018</b>	<b>92,667</b>	<b>(30,416)</b>	<b>62,251</b>	<b>403,910</b>	<b>69</b>	-	<b>466,230</b>
Other comprehensive income / (loss)	-	-	0	-	-	-	-
Result of the period	-	-	0	74,789	-	-	<b>74,789</b>
Effect of disposals	-	-	0	-	-	-	-
<b>Total comprehensive income / (loss)</b>	-	-	<b>0</b>	<b>74,789</b>	-	-	<b>74,789</b>
Dividends to shareholders	-	-	0	(35,308)	-	-	<b>(35,308)</b>
Share capital distribution to shareholders	-	-	0	-	-	-	-
<b>Balance as at 30 June 2018</b>	<b>92,667</b>	<b>(30,416)</b>	<b>62,251</b>	<b>443,391</b>	<b>69</b>	-	<b>505,711</b>

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

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

<b>CASH FLOW STATEMENT</b> <i>(in thousands of €)</i>	<b>30.06.2018</b>	<b>30.06.2017</b>
<i>Cash flows from operating activities</i>		
Profit before taxes	84,977	72,700
<i>Adjustments for:</i>		
Depreciation	60	89
Unrealised (gains) / losses on investment properties	(46,354)	(59,522)
Realised (gains) / losses on disposal of subsidiaries and investment properties	(15,380)	(342)
Unrealised (gains) / losses on financial instruments and foreign exchange	539	(1,998)
Interest (received)	(3,037)	(2,134)
Interest paid	8,581	9,108
Share in (profit)/loss of joint venture and associates	(24,777)	(15,167)
<b>Operating profit before changes in working capital and provisions</b>	<b>4,609</b>	<b>2,734</b>
Decrease/(Increase) in trade and other receivables	(4,385)	(722)
(Decrease)/Increase in trade and other payables	(10,615)	4,333
<b>Cash generated from the operations</b>	<b>(10,391)</b>	<b>6,345</b>
Interest received	18	21
Interest (paid)	(3,326)	(596)
Income taxes paid	(271)	(259)
<b>Net cash from operating activities</b>	<b>(13,970)</b>	<b>5,511</b>
<i>Cash flows from investing activities</i>		
Proceeds from disposal of tangible assets and other	29	2
Proceeds from disposal of subsidiaries		0
Investment property and investment property under construction	(105,023)	(68,829)
Sale of investment properties to VGP European Logistics joint venture	289,704	90,794
Distribution by / (investment in) VGP European Logistics joint venture	0	-
(Loans provided to) / loans repaid by Joint Venture and associates	(49,721)	(36,794)
<b>Net cash used in investing activities</b>	<b>134,989</b>	<b>(14,827)</b>
<i>Cash flows from financing activities</i>		
Dividend payments	(35,308)	-
Net Proceeds / (cash out) from the issue / (repayment) of share capital	-	-
Proceeds from loans	-	79,568
Loan repayments	(375)	(4,131)
<b>Net cash used in financing activities</b>	<b>(35,683)</b>	<b>75,437</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>85,336</b>	<b>66,121</b>
Cash and cash equivalents at the beginning of the period	30,269	71,595
Effect of exchange rate fluctuations	671	412
Reclassification to (-) / from held for sale	11,253	3,417
<b>Cash and cash equivalents at the end of the period</b>	<b>127,529</b>	<b>141,545</b>



## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

### **For the period ended 30 June**

#### **1 Basis of preparation**

The condensed interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”, as adopted by the European Union. The consolidated financial information was approved for issue on 23 August 2018 by the Board of Directors.

#### **2 Significant accounting policies**

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

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2017 except for following new standards, amendments to standards and interpretations which became effective during the first half year of 2018:

- Amendments to IAS 40 *Transfers of Investment Property*
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
- IFRS 9 *Financial Instruments and subsequent amendments*
- IFRS 15 *Revenue from Contracts with Customers*

The initial recognition of the above new standards did not have a material impact on the financial position and performance of the Group.

New standards, amendments to standards and interpretations not yet effective during the first half year of 2018:

- Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 28 *Long term interests in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRIC 23 *Uncertainty over Income Tax Treatments* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRS 14 *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 16 *Leases* (applicable for annual periods beginning on or after 1 January 2019. IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede IAS 17 – Leases and related interpretations upon its effective date. IFRS 16 has not yet been endorsed at the EU level. Significant changes to lessee accounting are introduced by IFRS 16, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast to

lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. As VGP is almost exclusively acting as lessor, IFRS 16 is not expected to have a material impact on its consolidated financial statements. In the limited cases where VGP is the lessee in contracts classified as operating leases under IAS 17 and not subject to the IFRS 16 exemptions such as leasing of cars and lease paid for own offices, a right-of-use asset and related liability will be recognised on the consolidated balance sheet.

- IFRS 17 *Insurance Contracts* (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)

### **3 Adjusted operating profit**

Adjusted operating profit is a non-IFRS measure and is the Group's measure of underlying operating profit, which is used by the Board and senior management to measure and monitor the Group's recurrent income performance.

It is based on the Best Practices Recommendations Guidelines of European Public Real Estate Association (EPRA), which calculate profit excluding investment and development property revaluations and gains or losses on disposals. Changes in the fair value of financial instruments and their related taxation are also excluded. The Directors have elected not to report all EPRA metrics. Refer to the Supplementary Notes for the selected EPRA metrics.

The Directors have made a company specific non-EPRA adjustment in respect of the fair value gains/(losses) generated on the investment properties located in Germany, the Czech Republic, Slovakia and Hungary which are due to be sold to the VGP European Logistics joint venture.

In March 2016, the Group entered into a 50/50 joint venture with Allianz Real Estate for an initial term of 10 years. The joint venture allows VGP to recycle (partially or totally) its initial invested capital when completed projects are acquired by the joint venture and allows VGP to re-invest these cash flows 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. It is the intention to have 1- to 2 closings with the joint venture per annum.

This non-EPRA adjustment, therefore, reflects the operational and recurrent nature of the development activities undertaken in these 4 countries and allows VGP to better match the development administrative cost to the development profits.

In order to have a comprehensive view of the performance of the development activities as a whole the net valuation gains / (losses) on development properties – other countries i.e. all countries except for Germany, the Czech Republic, Slovakia and Hungary, should also be taken into consideration

<b>Adjusted operating profit (in thousands of €)</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
Gross rental income	8,970	9,111
Service charge income / (expenses) - net	685	142
Property operating expenses	(1,666)	(655)
<b>Net rental income</b>	<b>7,989</b>	<b>8,598</b>
Joint venture management fee income	4,585	3,776
Net valuation gains / (losses) on investment properties destined to the Joint Venture <sup>1</sup>	40,312	48,873
Administration expenses	(8,384)	(9,660)
Other income/(expenses) - net	359	(69)
Share of joint ventures' Adjusted operating profit after tax <sup>2</sup>	7,572	4,079
<b>Adjusted operating profit before interest and tax</b>	<b>52,433</b>	<b>55,597</b>
Net financial costs (including adjustments)	(5,119)	(6,981)
<b>Adjusted operating profit before tax</b>	<b>47,314</b>	<b>48,616</b>
<b>Adjustments to reconcile to IFRS:</b>		
Adjustments to the share of operating profit from joint ventures after tax <sup>2</sup>	17,205	11,088
Net valuation gains / (losses) on investment properties – other countries <sup>3</sup>	21,422	10,991
Net fair value gain/(loss) on interest rate swaps and other derivatives	(964)	2,005
<b>Total adjustments</b>	<b>37,663</b>	<b>24,084</b>
<b>Profit before tax</b>	<b>84,977</b>	<b>72,700</b>
<b>Tax</b>		
On Adjusted operating profit	(6,849)	(8,146)
In respect of adjustments	(3,339)	(2,097)
	<b>(10,188)</b>	<b>(10,243)</b>
<b>Profit for the period</b>	<b>74,789</b>	<b>62,457</b>
<b>Attributable to:</b>		
Owners of the Company	<b>74,789</b>	<b>62,457</b>
Non-controlling interests	-	-

<sup>1</sup> Non-EPRA related adjustment referred to in third paragraph above.

<sup>2</sup> A detailed breakdown of the adjustments to the share of profit from the joint venture is included in Note 7.

<sup>3</sup> Relates to developments in countries outside of the JV perimeter i.e. Spain, Romania, Latvia, Estonia, Netherlands and Italy.

## **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**

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

For management purpose, the Group also presents financial information according to management breakdowns, based on these functional allocations of revenues and costs. These amounts are based on a number of assumptions, and accordingly are not prepared in accordance with IFRS audited consolidated financial statements of VGP NV for the periods ended 30 June 2018 and the year ended 31 December 2017.

#### *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 Venture's 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 venture, 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 related to Germany, Czech Republic, Slovakia and Hungary are assumed to be for these purposes cash generating, as these assets are assumed to be sold to the Joint Venture at a certain point in time and hence crystallizing an effective cash inflow at the moment of such sale. Valuation gains/(losses) on investment properties related to Romania, Spain, Estonia and 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 management business.

Breakdown summary of the business lines

<i>In thousands of €</i>	30.06.2018	30.06.2017
Investment Adjusted operating EBITDA	17,116	13,191
Property development Adjusted operating EBITDA	31,845	39,863
Property management and asset management Adjusted operating EBITDA	3,573	2,632
<b>Total Adjusted operating EBITDA</b>	<b>52,534</b>	<b>55,686</b>

<i>In thousands of €</i>	For the period ended 30 June 2018			
	Investment	Development	Property and asset management	Total
Gross rental income	8,970	-	-	8,970
Service charge income / (expenses) - net	685	-	-	685
Property operating expenses	(167)	(1,499)	-	(1,666)
<b>Net rental income</b>	<b>9,488</b>	<b>(1,499)</b>	<b>-</b>	<b>7,989</b>
Joint venture management fee income	-	-	4,585	4,585
Net valuation gains / (losses) on investment properties destined to the Joint Venture	-	40,312	-	40,312
Administration expenses	(458)	(6,968)	(857)	(8,283)
Other income/(expenses) -net	514	-	(155)	359
Share of joint ventures' Adjusted operating profit after tax <sup>1</sup>	7,572	-	-	7,572
<b>Adjusted operating EBITDA</b>	<b>17,116</b>	<b>31,845</b>	<b>3,573</b>	<b>52,534</b>
Depreciation and amortisation	(12)	(60)	(29)	(101)
<b>Adjusted operating profit before interest and tax</b>	<b>17,104</b>	<b>31,785</b>	<b>3,544</b>	<b>52,433</b>
Net financial costs (including adjustments)				(5,119)
<b>Adjusted operating profit before tax</b>				<b>47,314</b>
Tax on Adjusted operating profit				(6,849)
<b>Adjusted operating profit after tax</b>				<b>40,465</b>
<b>Adjustments to reconcile to IFRS:</b>				
Adjustments to the share of profit from joint ventures after tax <sup>1</sup>				17,205
Net valuation gains / (losses) on investment properties - other countries <sup>2</sup>				21,422
Net fair value gain/(loss) on interest rate swaps and other derivatives				(964)
Tax in respect of adjustments				(3,339)
<b>Total adjustments</b>				<b>34,324</b>
<b>Profit for the period</b>				<b>74,789</b>

<sup>1</sup> A detailed breakdown of the adjustments to the share of profit from the joint venture is included in Note 7.

<sup>2</sup> Relates to developments in countries outside of the JV perimeter i.e. Spain, Romania, Latvia.

<i>In thousands of €</i>	<b>For the period ended 30 June 2017</b>			
	<b>Investment</b>	<b>Development</b>	<b>Property and asset management</b>	<b>Total</b>
Gross rental income	9,111	-	-	9,111
Service charge income / (expenses) - net	142	-	-	142
Property operating expenses	(66)	(590)	-	(655)
<b>Net rental income</b>	<b>9,188</b>	<b>(590)</b>	<b>-</b>	<b>8,598</b>
Joint venture management fee income	-	-	3,776	3,776
Net valuation gains / (losses) on investment properties destined to the Joint Venture	-	48,873	-	48,873
Administration expenses	(257)	(8,421)	(893)	(9,571)
Other income/(expenses) -net	182		(251)	(69)
Share of joint ventures' Adjusted operating profit after tax <sup>1</sup>	4,079			4,079
<b>Adjusted operating EBITDA</b>	<b>13,191</b>	<b>39,863</b>	<b>2,632</b>	<b>55,686</b>
Depreciation and amortisation	(2)	(54)	(33)	(89)
<b>Adjusted operating profit before interest and tax</b>	<b>13,189</b>	<b>39,809</b>	<b>2,599</b>	<b>55,597</b>
Net financial costs (including adjustments)				(6,981)
<b>Adjusted operating profit before tax</b>				<b>48,616</b>
Tax on Adjusted operating profit				(8,146)
<b>Adjusted operating profit after tax</b>				<b>40,470</b>
<b>Adjustments to reconcile to IFRS:</b>				
Adjustments to the share of profit from joint ventures after tax <sup>1</sup>				11,088
Net valuation gains / (losses) on investment properties - other countries <sup>2</sup>				10,991
Net fair value gain/(loss) on interest rate swaps and other derivatives				2,005
Tax in respect of adjustments				(2,097)
<b>Total adjustments</b>				<b>21,987</b>
<b>Profit for the period</b>				<b>62,457</b>

<sup>1</sup> A detailed breakdown of the adjustments to the share of profit from the joint venture is included in Note 7.

<sup>2</sup> Relates to developments in countries outside of the JV perimeter i.e. Spain, Romania, Latvia and Estonia.

## 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.

30 June 2018			Share of joint venture's Adjusted profit after tax	Adjusted operating EBITDA	Investment properties Own	Investment properties JV at share	Capital expenditure <sup>2</sup>
<i>In thousands of €</i>	Gross rental income <sup>1</sup>	Net rental income <sup>1</sup>					
Western Europe							
Germany	10,103	8,896	4,664	28,095	203,122	429,164	84,646
Spain	3,796	3,861	-	2,264	248,501	-	18,920
	<b>13,899</b>	<b>12,757</b>	<b>4,664</b>	<b>30,359</b>	<b>451,623</b>	<b>429,164</b>	<b>103,566</b>
Central and Eastern Europe							
Czech Republic	4,860	4,049	1,686	20,414	89,958	126,524	19,249
Slovakia	930	869	596	671	5,880	25,196	38
Hungary	1,029	997	575	(455)	1,417	28,036	688
Romania	1,552	1,523	0	1,532	57,436	-	10,970
	<b>8,371</b>	<b>7,438</b>	<b>2,857</b>	<b>22,162</b>	<b>154,691</b>	<b>179,756</b>	<b>30,945</b>
Baltics							
Latvia	-	(78)	-	(236)	24,600	-	7,725
	-	<b>(78)</b>	-	<b>(236)</b>	<b>24,600</b>	-	<b>7,725</b>
Other <sup>3</sup>	-	47	51	148	69	-	70
<b>Total</b>	<b>22,270</b>	<b>20,164</b>	<b>7,572</b>	<b>52,433</b>	<b>630,984</b>	<b>608,921</b>	<b>142,306</b>

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

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

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

30 June 2017			Share of joint venture's				
<i>In thousands of €</i>	Gross rental income <sup>1</sup> 30.06.17	Net rental income <sup>1</sup> 30.06.17	Adjusted profit after tax 30.06.17	Adjusted operating EBITDA 30.06.17	Investment properties Own 31.12.17	Investment properties JV at share 31.12.17	Capital expenditure <sup>2</sup> 30.06.17
Western Europe							
Germany	6,022	5,058	2,284	21,927	375,367	263,216	86,511
Spain	3,750	3,657	0	2,164	209,976	0	488
	<b>9,772</b>	<b>8,715</b>	<b>2,284</b>	<b>24,091</b>	<b>585,343</b>	<b>263,216</b>	<b>86,998</b>
Central and Eastern Europe							
Czech Republic	2,877	2,599	989	27,360	156,688	75,416	14,495
Slovakia	813	717	514	1,248	11,262	21,722	106
Hungary	852	794	576	3,687	9,101	22,725	902
Romania	1,549	1,667	0	1,497	45,660		438
	<b>6,091</b>	<b>5,777</b>	<b>2,079</b>	<b>33,792</b>	<b>222,711</b>	<b>119,863</b>	<b>15,941</b>
Baltics							
Estonia	1,552	1,483	-	1,333	-	-	2,669
Latvia	-	(7)	-	(92)	14,535	-	2,862
	<b>1,552</b>	<b>1,476</b>	<b>-</b>	<b>1,241</b>	<b>14,535</b>	<b>-</b>	<b>5,531</b>
Other <sup>3</sup>	1	(42)	(284)	(3,527)	-	-	-
<b>Total</b>	<b>17,416</b>	<b>15,926</b>	<b>4,079</b>	<b>55,597</b>	<b>822,589</b>	<b>383,079</b>	<b>108,470</b>

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

<sup>2</sup> Capital expenditures includes additions and acquisition of investment properties and development land but does not include tenant incentives, letting fees, and capitalised interest. Capital expenditure directly incurred for the own portfolio amounts to € 67.3 million and amounts to € 41.2 million on development properties destined to the Joint Venture.

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



## 5 Revenue

<i>In thousands of €</i>	30.06.2018	30.06.2017
Rental income from investment properties	8,065	8,824
Rent incentives	905	287
<b>Total gross rental income</b>	<b>8,970</b>	<b>9,111</b>
Joint Venture management fee income		
Property and facility management income	2,698	1,519
Development management income	1,887	2,257
Service charge income	2,131	1,409
<b>Total revenue</b>	<b>15,686</b>	<b>14,296</b>

The Group leases out its investment property under operating leases. The operating leases are generally for terms of more than 5 years. The gross rental income reflects the full impact of the income generating assets delivered during 2018 and the fourth closing with the Joint Venture on 30 April 2018. The 2018 rental income includes € 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. (compared to € 1.7 million of rent for the period 1 January 2017 to 31 May 2017 related to the property portfolio sold during the third closing at the end of May 2017.

At the end of June 2018, the Group (including the Joint Venture) had annualised committed leases of € 96.8 million<sup>1</sup> compared to € 82.8 million<sup>2</sup> as at 31 December 2017

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

<i>In thousands of €</i>	30.06.2018	31.12.2017
Less than one year	27,780	29,983
Between one and five years	100,725	109,260
More than five years	230,632	274,630
<b>Total</b>	<b>359,137</b>	<b>413,873</b>

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

<i>In thousands of €</i>	30.06.2018	30.06.2017
Unrealised valuation gains / (losses) on investment properties	32,921	36,789
Unrealised valuation gains / (losses) on disposal group held for sale	13,433	22,733
Realised valuation gains / (losses) on disposal of subsidiaries and investment properties	15,380	342
<b>Total</b>	<b>61,734</b>	<b>59,864</b>

The own property portfolio, excluding development land and buildings being constructed on behalf of the Joint Venture, is valued by the valuation expert at 30 June 2018 based on a weighted average yield of 6.64% (compared to 6.26% as at 31 December 2017) applied to the contractual rents increased by the estimated rental value on unlet space. The slight increase in yields is due to the change in the portfolio mix. A 0.10% variation of this market rate would give rise to a variation of the total portfolio value of € 7.0 million.

<sup>1</sup> € 68.9 million related to the JV Property Portfolio and € 27.9 million related to the Own Property Portfolio.

<sup>2</sup> € 52.5 million related to the JV Property Portfolio and € 30.3 million related to the Own Property Portfolio.

## 7 Investments in joint venture and associates

### 7.1 Profit from joint venture and associates after tax

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

<b>INCOME STATEMENT</b> <i>(in thousands of €)</i>	<b>VGP European Logistics JV at 100%</b>	<b>VGP European Logistics German Asset Companies at 100 %</b>	<b>VGP European Logistics German Asset Companies at 5.1%</b>	<b>VGP European Logistics JV at 50%</b>	<b>30.06.2018</b>
Gross rental income	24,950	16,186	825	12,475	13,300
Property Operating expenses					
- service charge income / (expenses) - net	589	515	26	294	321
- underlying property operating expenses	(802)	(514)	(26)	(401)	(427)
- property management fees	(1,907)	(1,272)	(65)	(954)	(1,018)
<b>Net rental income</b>	<b>22,829</b>	<b>14,915</b>	<b>761</b>	<b>11,415</b>	<b>12,175</b>
Administration expenses	(1,096)	(525)	(27)	(548)	(575)
Other income / (expenses) - net	246	244	12	123	135
<b>Operating result (before result on portfolio)</b>	<b>21,979</b>	<b>14,634</b>	<b>746</b>	<b>10,989</b>	<b>11,736</b>
Net financial result (excl. changes in fair value of financial instruments)	(7,062)	(5,341)	(272)	(3,531)	(3,803)
Taxes on EPRA Earnings	(679)	(420)	(21)	(339)	(361)
<b>EPRA Earnings</b>	<b>14,238</b>	<b>8,873</b>	<b>453</b>	<b>7,119</b>	<b>7,572</b>
<b>Adjustments</b>					
Net valuation gains / (losses) on investment properties	43,645	29,237	1,491	21,822	23,313
Profit/(loss) on disposal of investment properties	83	-	-	42	42
Net fair value gain / (loss) on interest rate swaps and other derivatives	(3,140)	-	-	(1,570)	(1,570)
Tax in respect of adjustments	(8,568)	(5,803)	(296)	(4,284)	(4,580)
<b>Total adjustments</b>	<b>32,019</b>	<b>23,434</b>	<b>1,195</b>	<b>16,010</b>	<b>17,205</b>
<b>Profit for the period</b>	<b>46,258</b>	<b>32,307</b>	<b>1,648</b>	<b>23,129</b>	<b>24,777</b>

<b>INCOME STATEMENT</b> <i>(in thousands of €)</i>	<b>VGP European Logistics JV at 100%</b>	<b>VGP European Logistics German Asset Companies at 100 %</b>	<b>VGP European Logistics German Asset Companies at 5.1%</b>	<b>VGP European Logistics JV at 50%</b>	<b>30.06.2017</b>
Gross rental income	15,658	9,337	476	7,829	8,305
Property Operating expenses					
- service charge income / (expenses) - net	391	323	16	195	212
- underlying property operating expenses	(965)	(672)	(34)	(482)	(517)
- property management fees	(1,266)	(763)	(39)	(633)	(672)
<b>Net rental income</b>	<b>13,818</b>	<b>8,225</b>	<b>419</b>	<b>6,909</b>	<b>7,328</b>
Administration expenses	(588)	(243)	(12)	(294)	(306)
Other income / (expenses) - net	52	36	2	26	28
<b>Operating result (before result on portfolio)</b>	<b>13,282</b>	<b>8,018</b>	<b>409</b>	<b>6,641</b>	<b>7,050</b>
Net financial result (excl. changes in fair value of financial instruments)	(5,456)	(3,638)	(186)	(2,728)	(2,914)
Taxes on EPRA Earnings	(111)	(36)	(2)	(56)	(57)
<b>EPRA Earnings</b>	<b>7,714</b>	<b>4,344</b>	<b>222</b>	<b>3,857</b>	<b>4,079</b>
<b>Adjustments</b>					
Net valuation gains / (losses) on investment properties	24,490	19,841	1,012	12,245	13,257
Profit/(loss) on disposal of investment properties	79	92	5	39	44
Net fair value gain / (loss) on interest rate swaps and other derivatives	1,929	-	-	966	966
Tax in respect of adjustments	(5,976)	(3,718)	(190)	(2,988)	(3,178)
<b>Total adjustments</b>	<b>20,521</b>	<b>16,215</b>	<b>827</b>	<b>10,261</b>	<b>11,088</b>
<b>Profit for the period</b>	<b>28,235</b>	<b>20,559</b>	<b>1,049</b>	<b>14,119</b>	<b>15,167</b>

## 7.2 Summarised balance sheet information in respect of joint venture and associates

<b>BALANCE SHEET</b> <i>(in thousands of €)</i>	<b>VGP European Logistics JV at 100%</b>	<b>VGP European Logistics German Asset Companies at 100 %</b>	<b>VGP European Logistics German Asset Companies at 5.1%</b>	<b>VGP European Logistics JV at 50%</b>	<b>30.06.2018</b>
Investment properties	1,134,540	816,679	41,651	567,270	608,921
Other assets	3,538	3,102	158	1,769	1,927
<b>Total non-current assets</b>	<b>1,138,078</b>	<b>819,781</b>	<b>41,809</b>	<b>569,039</b>	<b>610,848</b>
Trade and other receivables	15,675	14,098	719	7,838	8,557
Cash and cash equivalents	42,935	28,916	1,475	21,468	22,943
<b>Total current assets</b>	<b>58,610</b>	<b>43,014</b>	<b>2,194</b>	<b>29,306</b>	<b>31,500</b>
<b>Total assets</b>	<b>1,196,688</b>	<b>862,795</b>	<b>44,003</b>	<b>598,345</b>	<b>642,348</b>
Non-current financial debt	654,925	486,472	24,810	327,463	352,273
Other non-current financial liabilities	2,988	0	0	1,494	1,494
Other non-current liabilities	7,101	4,121	210	3,551	3,761
Deferred tax liabilities	70,370	45,304	2,311	35,185	37,496
<b>Total non-current liabilities</b>	<b>735,384</b>	<b>535,897</b>	<b>27,331</b>	<b>367,693</b>	<b>395,024</b>
Current financial debt	15,068	10,691	545	7,534	8,079
Trade debts and other current liabilities	34,016	24,567	1,253	17,008	18,261
<b>Total current liabilities</b>	<b>49,084</b>	<b>35,258</b>	<b>1,798</b>	<b>24,542</b>	<b>26,340</b>
<b>Total liabilities</b>	<b>784,468</b>	<b>571,155</b>	<b>29,129</b>	<b>392,235</b>	<b>421,364</b>
<b>Net assets</b>	<b>412,220</b>	<b>291,640</b>	<b>14,874</b>	<b>206,110</b>	<b>220,984</b>

<b>BALANCE SHEET</b> <i>(in thousands of €)</i>	<b>VGP European Logistics JV at 100%</b>	<b>VGP European Logistics German Asset Companies at 100 %</b>	<b>VGP European Logistics German Asset Companies at 5.1%</b>	<b>VGP European Logistics JV at 50%</b>	<b>31.12.2017</b>
Investment properties	715,067	500,887	25,544	357,534	383,078
Other assets	269	-	-	135	135
<b>Total non-current assets</b>	<b>715,336</b>	<b>500,887</b>	<b>25,544</b>	<b>357,669</b>	<b>383,213</b>
Trade and other receivables	11,843	10,596	540	5,922	6,462
Cash and cash equivalents	22,151	15,338	782	11,076	11,858
<b>Total current assets</b>	<b>33,994</b>	<b>25,934</b>	<b>1,322</b>	<b>16,998</b>	<b>18,320</b>
<b>Total assets</b>	<b>749,330</b>	<b>526,821</b>	<b>26,866</b>	<b>374,667</b>	<b>401,533</b>
Non-current financial debt	389,692	276,954	14,125	194,846	208,971
Other non-current financial liabilities	-	-	-	-	-
Other non-current liabilities	3,544	1,981	101	1,773	1,874
Deferred tax liabilities	53,752	36,536	1,863	26,876	28,739
<b>Total non-current liabilities</b>	<b>446,988</b>	<b>315,471</b>	<b>16,089</b>	<b>223,495</b>	<b>239,584</b>
Current financial debt	10,651	7,887	402	5,326	5,728
Trade debts and other current liabilities	23,852	19,265	983	11,926	12,909
<b>Total current liabilities</b>	<b>34,503</b>	<b>27,152</b>	<b>1,385</b>	<b>17,252</b>	<b>18,637</b>
<b>Total liabilities</b>	<b>481,491</b>	<b>342,623</b>	<b>17,474</b>	<b>240,747</b>	<b>258,221</b>
<b>Net assets</b>	<b>267,839</b>	<b>184,198</b>	<b>9,392</b>	<b>133,920</b>	<b>143,312</b>

VGP European Logistics recorded its fourth closing at the end of April 2018, with the acquisition of 6 new parks from VGP, comprising of 13 logistic buildings and another 5 newly completed logistic buildings which were developed in parks previously transferred to the Joint Venture. The 6 parks are located in Germany (3) and in the Czech Republic (3). The additional 5 buildings which are being acquired by the Joint Venture are located in Germany (3 buildings), in the Czech Republic (1 building) and in Hungary (1 building).

The Joint Venture's property portfolio, excluding development land but including the buildings being constructed by VGP on behalf of the Joint Venture, is valued by the valuation expert at 30 June 2018 based on a weighted average yield of 5.42% (compared to 5.63% as at 31 December 2017) 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 Venture portfolio value (100%) of € 23.8 million.

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

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

### 7.3 Other non-current receivables

<i>in thousands of €</i>	30.06.2018	31.12.2017
Shareholder loans to VGP European Logistics S.à r.l.	43,942	11,539
Shareholder loans to associates (subsidiaries of VGP European Logistics S.à r.l.)	4,392	1,218
Construction and development loans to subsidiaries of VGP European Logistics S.à r.l.)	71,875	137,150
Construction and development loans reclassified as assets held for sale	(71,875)	(137,150)
<b>Total</b>	<b>48,334</b>	<b>12,757</b>

For further information, please refer to note 12.

### 7.4 Investments in joint venture and associates

<i>in thousands of €</i>	30.06.2018	31.12.2017
<b>As at 1 January</b>	<b>143,312</b>	<b>89,194</b>
Additions	52,895	25,787
Result of the year	24,777	29,229
Repayment of equity	-	(1,000)
Adjustments from sale of participations	-	102
<b>As at the end of the period</b>	<b>220,984</b>	<b>143,312</b>

## 8 Net financial result

<i>in thousands of €</i>	30.06.2018	30.06.2017
Bank interest income	16	11
Interest income - loans to joint venture	3,019	2,123
Fair value gain on interest rate derivatives	11	2,074
Net foreign exchange gains	426	0
Other financial income	2	0
<b>Financial income</b>	<b>3,474</b>	<b>4,208</b>
Bond interest expense	(8,786)	(8,839)
Bank interest expense - variable debt	(455)	(482)
Bank interest expense - interest rate swaps - hedging	-	(74)
Interest capitalised into investment properties	1,435	1,140
Fair value loss on interest rate derivatives	(975)	(69)
Net foreign exchange losses	-	(6)
Other financial expenses	(776)	(854)
<b>Financial expenses</b>	<b>(9,557)</b>	<b>(9,184)</b>
<b>Net financial costs</b>	<b>(6,083)</b>	<b>(4,976)</b>

Net financial costs (including adjustments) in Adjusted operating profit (note 3) are € 5.1 million (2017: € 7.0 million). This excludes net fair value gains and losses on interest rate swaps and other derivatives of € 1.0 million loss (2017: € 2.0 million gain).

## 9 Earnings per share

### 9.1 Earnings per ordinary share (EPS)

<i>In number</i>	<b>30.06.2018</b>	<b>30.06.2017</b>
Weighted average number of ordinary shares (basic)	18,583,050	18,583,050
Dilution	-	-
Weighted average number of ordinary shares (diluted)	18,583,050	18,583,050
Correction for reciprocal interest through associates	(401,648)	(401,648)
Weighted average number of ordinary shares (diluted and after correction for reciprocal interest through associates)	18,181,402	18,181,402

<i>In thousands of €</i>	<b>30.06.2018</b>	<b>30.06.2017</b>
Result for the period attributable to the Group and to ordinary shareholders	74,789	62,457
Earnings per share (in €) - basic	4.02	3.36
Earnings per share (in €) - diluted	4.02	3.36
Earnings per share (in €) - after dilution and correction for reciprocal interest through associates	4.11	3.44

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 43.23% in VGP Misv Comm. VA.

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

<i>EPRA NAV - In thousands of €</i>	<b>30.06.2018</b>	<b>31.12.2017</b>
<b>IFRS NAV</b>	505,711	466,230
Effect of exercise of options, convertibles and other equity interests	-	-
<b>Diluted NAV</b>	<b>505,711</b>	<b>466,230</b>
To exclude:		
Fair value of financial instruments	2,608	1,644
Deferred tax	27,729	34,942
<b>EPRA NAV</b>	<b>536,048</b>	<b>502,816</b>
Number of shares	18,583,050	18,583,050
EPRA NAV per share (EUR/share)	28.85	27.06

<i>EPRA NNAV - In thousands of €</i>	<b>30.06.2018</b>	<b>31.12.2017</b>
<b>EPRA NAV</b>	<b>536,048</b>	<b>502,816</b>
To include:		
Fair value of financial instruments	(2,608)	(1,644)
Deferred tax	(27,729)	(34,942)
Fair value adjustment in respect of issued debt	(6,455)	(14,084)
<b>EPRA triple net NAV (NNAV)</b>	<b>499,256</b>	<b>452,146</b>
Number of shares	18,583,050	18,583,050
EPRA NNAV per share (EUR/share)	26.87	24.33

## 10 Investment properties

<i>In thousands of €</i>	30.06.2018			
	Completed	Under Construction	Development land	Total
<b>As at 1 January</b>	<b>332,925</b>	<b>145,437</b>	<b>149,375</b>	<b>627,737</b>
Capex	14,263	37,901	7,993	<b>60,157</b>
Acquisitions	-	-	36,329	<b>36,329</b>
Capitalised interest	248	1,154	34	<b>1,436</b>
Capitalised rent free and agent's fee	74	362	128	<b>564</b>
Sales and disposal to Joint Venture	(170,762)	(67,983)	(4,468)	<b>(243,213)</b>
Transfer on start-up of development	-	42,483	(42,483)	-
Transfer on completion of development	34,925	(34,925)	-	-
Net gain from value adjustments in investment properties	(1,083)	33,632	373	<b>32,922</b>
Reclassification to (-) / from held for sale	-	-	-	-
<b>As at 30 June</b>	<b>210,590</b>	<b>158,061</b>	<b>147,281</b>	<b>515,932</b>

<i>In thousands of €</i>	31.12.2017			
	Completed	Under Construction	Development land	Total
<b>As at 1 January</b>	<b>265,813</b>	<b>125,989</b>	<b>158,460</b>	<b>550,262</b>
Capex	82,320	63,619	-	<b>145,939</b>
Acquisitions	-	-	25,211	<b>25,211</b>
Capitalised interest	1,732	1,226	8	<b>2,966</b>
Capitalised rent free and agent's fee	2,025	231	-	<b>2,256</b>
Sales and disposal to Joint Venture	(148,810)	(12,186)	(3,244)	<b>(164,240)</b>
Transfer on start-up of development	-	34,437	(34,437)	-
Transfer on completion of development	120,984	(120,984)	-	-
Net gain from value adjustments in investment properties	8,861	53,105	3,377	<b>65,343</b>
Reclassification to (-) / from held for sale	(180,314)	(50,432)	(4,700)	<b>(235,446)</b>
<b>As at 31 December</b>	<b>152,611</b>	<b>95,005</b>	<b>144,675</b>	<b>392,291</b>

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

All of the Group's properties are level 3, as defined by IFRS 13, in the fair value hierarchy as at 30 June 2018 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).

### 10.2 Property valuation techniques and related quantitative information

#### (i) Valuation process

The Group's own investment properties and the Joint Venture's investment properties were valued at 30 June 2018 by Jones Lang LaSalle. The valuation process was unchanged compared to the valuation process described in the 2017 Annual Report (page 147-148).

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

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



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

Region	Segment	Fair value 30 Jun-18 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range
Czech Republic	IPUC	29,901	Discounted cash flow	Annual rent per m <sup>2</sup> (In €)	47-51
				Discount rate	6.75-10.00%
				Exit yield	6.25%
				Weighted average yield	7.00%
				Cost to completion (in '000 €)	9,117
	DL	19,240	Sales comparison	Price per m <sup>2</sup> (in €)	
	Germany	IP	16,310	Discounted cash flow	Annual rent per m <sup>2</sup> (in €)
Discount rate					6.25%-8.00%
Exit yield					5.00%-5.35%
Weighted average yield					5.43%
Cost to completion (in '000 €)					37,075
IPUC		49,780	Discounted cash flow	Annual rent per m <sup>2</sup> (in €)	-
				Discount rate	
				Exit yield	42
				Weighted average yield	5.40%
				Cost to completion (in '000 €)	5.97%
DL	69,122	Sales comparison	Price per m <sup>2</sup> (in €)	-	
Spain	IP	147,780	Net present value	Annual rent per m <sup>2</sup>	42
				IRR	5.40%
				Weighted average yield	5.97%
				Cost to completion (in '000 €)	-
				IPUC	50,880
	Equivalent yield	5.65-6.87%			
	Weighted average yield	5.50-6.50%			
	Cost to completion (in '000 €)	6.49%			
	DL	49,841	Sales comparison		
	Other (Romania)	IP	46,500	Discounted cash flow	Annual rent per m <sup>2</sup>
Discount rate					9.50%
Exit yield					9.00%
Weighted average yield					9.04%
Cost to completion (in '000)					1,000
Other (Romania, Latvia)	IPUC	27,500	Discounted cash flow	Annual rent per m <sup>2</sup>	45-57
				Discount rate	8.4-9.75%
				Exit yield	8.25-9.25%
				Weighted average yield	9.44%
				Cost to completion (in '000)	16,850
Other (Romania, Slovakia, Latvia)	DL	9,078	Sales comparison	Price per m <sup>2</sup>	-
<b>Total</b>		<b>515,932</b>			

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

Region	Segment	Fair value 31 Dec-17 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range
Czech Republic	IP	30,080	Discounted cash flow	Annual rent per m <sup>2</sup> (in €)	35-96
				Discount rate	5.90%-6.5%
				Exit yield	5.90%-6.25%
				Weighted average yield	6.30%
				Cost to completion (in '000 €)	135
	IPUC	25,620	Discounted cash flow	Annual rent per m <sup>2</sup> (In €)	39-96
				Discount rate	5.90%-7.25%
				Exit yield	5.90%-6.25%
				Weighted average yield	6.40%
	DL	34,316	Sales comparison	Cost to completion (in '000 €)	8,771
				Price per m <sup>2</sup> (in €)	-
Germany	IP	30,360	Discounted cash flow	Annual rent per m <sup>2</sup> (in €)	45-63
				Discount rate	5.55%-5.75%
				Exit yield	4.75-5.75%
				Weighted average yield	5.04%
				Cost to completion (in '000 €)	527
	IPUC	93,169	Discounted cash flow	Annual rent per m <sup>2</sup> (in €)	41-52
				Discount rate	5.75%-8.00%
				Exit yield	5.00%-5.50%
				Weighted average yield	5.98%
	DL	50,475	Sales comparison	Cost to completion (in '000 €)	23,723
				Price per m <sup>2</sup> (in €)	-
Spain	IP	126,280	Net present value	Annual rent per m <sup>2</sup>	42
				IRR	5.50%
				Weighted average yield	5.98%
				Cost to completion (in '000 €)	-
	IPUC	18,445	Equivalent yield	Annual rent per m <sup>2</sup> (in €)	60
				Equivalent yield	5.50%
				Weighted average yield	6.21%
	DL	65,251	Sales comparison	Cost to completion (in '000 €)	3,673
				Price per m <sup>2</sup>	-
Other (Romania)	IP	37,600	Discounted cash flow	Annual rent per m <sup>2</sup>	41-50
				Discount rate	9.50%
				Exit yield	9.00%
				Weighted average yield	8.75%
				Cost to completion (in '000)	80
Other (Romania, Latvia)	IPUC	18,200	Discounted cash flow	Annual rent per m <sup>2</sup>	46-60
				Discount rate	8.5-9.75%
				Exit yield	8.25-9.25%
				Weighted average yield	9.93%
				Cost to completion (in '000)	6,000
Other (Romania, Slovakia, Latvia)	DL	5,340	Sales comparison	Price per m <sup>2</sup>	-
<b>Total</b>		<b>627,737</b>			

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

## 11 Current and non-current financial debts

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

MATURITY <i>In thousands of €</i>	30.06.2018			
	Outstanding balance	< 1 year	> 1-5 year	> 5 year
<b>Non-current</b>				
Bank borrowings	14,591	-	14,591	-
Bonds				
3.90% bonds Sep-23	221,633	-	-	221,633
3.25% bonds Jul-24	74,636	-	-	74,636
3.35% bonds Mar-25	79,286	-	-	79,286
	<b>375,555</b>	-	-	<b>375,555</b>
<b>Total non-current financial debt</b>	<b>390,146</b>		<b>14,591</b>	<b>375,555</b>
<b>Current</b>				
Bank borrowings	722	722	-	-
Bonds				
5.10% bonds Dec-18	74,860	74,860	-	-
Accrued interest	12,011	12,011	-	-
<b>Total current financial debt</b>	<b>87,593</b>	<b>87,593</b>	-	-
<b>Total current and non-current financial debt</b>	<b>477,739</b>	<b>87,593</b>	<b>14,591</b>	<b>375,555</b>

MATURITY <i>In thousands of €</i>	31.12.2017			
	Outstanding balance	< 1 year	> 1-5 year	> 5 year
<b>Non-current</b>				
Bank borrowings	14,917	-	14,917	-
Bonds				
3.90% bonds Sep-23	221,314	-	-	221,314
3.25% bonds Jul-24	74,227	-	-	74,227
3.35% bonds Mar-25	79,609	-	-	79,609
	<b>375,150</b>	-	-	<b>375,150</b>
<b>Total non-current financial debt</b>	<b>390,067</b>	-	<b>14,917</b>	<b>375,150</b>
<b>Current</b>				
Bank borrowings	752	752	-	-
Bonds				
5.10% bonds Dec-18	74,701	74,701	-	-
Accrued interest	5,905	5,905	-	-
<b>Total current financial debt</b>	<b>81,358</b>	<b>81,358</b>	-	-
<b>Total current and non-current financial debt</b>	<b>471,425</b>	<b>81,358</b>	<b>14,917</b>	<b>375,150</b>

The above 30 June 2018 balances include capitalised finance costs on bank borrowings of € 62k (as compared to € 83k as per 31 December 2017) and capitalised finance costs on bonds € 4,585k (as compared to € 5,149k as per 31 December 2017).

### 11.1 Secured bank loans

The loans granted to the VGP Group are all denominated in € (except for the “other bank debt” which is denominated in CZK) can be summarised as follows (amounts excluding capitalised finance costs):

30.06.2018 In thousands of €	Facility amount	Facility expiry date	Outstanding balance	< 1 year	> 1-5 years	> 5 years
Raiffeisen - Romania	15,750	31-Dec-19	15,750	750	15,000	-
<b>Total bank debt</b>	<b>15,750</b>		<b>15,750</b>	<b>752</b>	<b>15,000</b>	<b>-</b>

31.12.2017 In thousands of €	Facility amount	Facility expiry date	Outstanding balance	< 1 year	> 1-5 years	> 5 years
Raiffeisen - Romania	15,668	31-Dec-19	15,668	750	14,918	-
Other bank debt	2	2016-2018	2	2	-	-
<b>Total bank debt</b>	<b>15,670</b>		<b>15,670</b>	<b>752</b>	<b>14,918</b>	<b>-</b>

During the first half year of 2018, 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.

### 11.2 Bonds

VGP has the following 4 bonds outstanding as at 30 June 2018:

- € 75 million fixed rate bonds due 6 December 2018 carry a coupon of 5.10% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002208743 - Common Code: 099582871) (“Dec-18 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”)

All bonds are unsecured.

During the first half year of 2018, 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.

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

<i>(in thousands of €)</i>	30.06.2018	31.12.2017
Intangible assets	-	-
Investment properties	115,052	430,298
Property, plant and equipment	-	-
Deferred tax assets	-	-
Trade and other receivables	-	5,085
Cash and cash equivalents	-	6,570
<b>Disposal group held for sale</b>	<b>115,052</b>	<b>441,953</b>
Non-current financial debt	-	-
Other non-current financial liabilities	-	-
Other non-current liabilities	-	(2,736)
Deferred tax liabilities	(7,636)	(23,223)
Current financial debt	-	-
Trade debts and other current liabilities	-	(15,164)
<b>Liabilities associated with assets classified as held for sale</b>	<b>(7,636)</b>	<b>(41,123)</b>
<b>Total net assets</b>	<b>107,416</b>	<b>400,830</b>

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

As at 31 December 2017 the assets of the respective project companies which were earmarked to be transferred to the joint venture in the future, including the next April 2018 closing, were therefore reclassified as disposal group held for sale.

The investment properties correspond to the fair value of the asset under construction which are being developed by VGP on behalf of VGP European Logistics. This balance includes € 71.9 million of interest bearing development and construction loans (2017: € 137.2 million) granted by VGP to the Joint Venture to finance the development pipeline of the Joint Venture. (See also note 7.3)

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

<i>In thousands of €</i>	30.06.2018	30.06.2017
Investment property	272,182	173,855
Trade and other receivables	5,286	7,056
Cash and cash equivalents	11,253	3,417
Non-current financial debt	0	-
Shareholder Debt	(168,775)	(112,737)
Other non-current financial liabilities	(923)	-
Deferred tax liabilities	(15,405)	(7,993)
Trade debts and other current liabilities	(15,968)	(13,578)
<b>Total net assets disposed</b>	<b>87,650</b>	<b>50,020</b>
Realised valuation gain on sale	15,381	58
Total non-controlling interest retained by VGP	(3,832)	(1,884)
Shareholder loans repaid at closing	251,357	100,909
Equity contribution	(49,599)	(23,903)
<b>Total consideration</b>	<b>300,957</b>	<b>125,200</b>
Consideration to be received – third closing	-	(30,989)
<b>Consideration paid in cash</b>	<b>300,957</b>	<b>94,211</b>
Cash disposed	(11,253)	(3,417)
<b>Net cash inflow from Joint Ventures closing(s)</b>	<b>289,704</b>	<b>90,794</b>

As at 30 June 2017 there was a € 31.0 million receivable towards Allianz in respect of the settlement of the third closing. This receivable was settled at the beginning of September 2017.

### 14 Capital management

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

As at 30 June 2018 the Group's gearing was as follows:

<i>In thousands of €</i>	30.06.2018	31.12.2017	30.06.2017
Non-current financial debt	390,146	390,067	386,882
Other non-current financial liabilities	2,608	1,966	1,689
Current financial debt	87,593	81,358	89,087
Other current financial liabilities	-	-	2,110
Financial debt classified under liabilities related to disposal group held for sale	-	-	18,747
<b>Total financial debt</b>	<b>480,347</b>	<b>473,391</b>	<b>498,515</b>
Cash and cash equivalents	(127,529)	(30,269)	(141,545)
Cash and cash equivalents classified as disposal group held for sale	0	(6,570)	(599)
<b>Total net debt (A)</b>	<b>352,818</b>	<b>436,552</b>	<b>356,371</b>
<b>Total shareholders' equity and liabilities (B)</b>	<b>1,043,556</b>	<b>1,032,553</b>	<b>1,022,435</b>
<b>Gearing ratio (A)/(B)</b>	<b>33.8%</b>	<b>42.3%</b>	<b>34.9%</b>

## 15 Fair value

The following tables list the different classes of financial assets and financial liabilities with their carrying amounts in the balance sheet and their respective fair value and analyzed by their measurement category under both IAS 39 and IFRS 9.

Abbreviations used are explained below:

Abbreviations used in accordance with IAS 39 are:

L&R	Loans and Receivables
HfT	Financial assets or financial liabilities Held for Trading
FLMaAC	Financial Liabilities Measured at Amortised Cost

Abbreviations used in accordance with IFRS 9 are:

AC	Financial assets or financial liabilities measured at amortised cost
FVTPL/Mnd	Financial assets mandatorily measured at fair value through profit or loss
HfT	Financial liabilities Held for Trading

30.06.2018  <i>In thousands of €</i>	IAS 39		IAS 9		Fair value	Fair value hierachy
	Carrying amount	IAS 39 category	Carrying amount [includes the impact of remeasurement due to impairment if any]	IFRS 9 category	30.06.2018	30.06.2018
<b>Assets</b>						
Other non-current receivables	48,334	L&R	48,334	AC	48,334	Level 2
Trade receivables	3,659	L&R	3,659	AC	3,659	Level 2
Other receivables	11,030	L&R	11,030	AC	11,030	Level 2
Derivative financial assets	-	Hft	-	FVTPL/Mnd	-	Level 2
Cash and cash equivalents	127,529	L&R	127,529	AC	127,529	Level 2
Reclassification to (-) from held for sale	-		-		-	
<b>Total</b>	<b>190,552</b>		<b>190,552</b>		<b>190,552</b>	
<b>Liabilities</b>						
Financial debt						
Bank debt	15,313	FLMaAC	15,313	AC	15,313	Level 2
Bonds	450,415	FLMaAC	450,415	AC	464,297	Level 1
Trade payables	20,983	FLMaAC	20,983	AC	20,983	Level 2
Other liabilities	8,104	FLMaAC	8,104	AC	8,104	Level 2
Derivative financial liabilities	2,608	HfT	2,608	HfT	2,608	Level 2
Reclassification to liabilities related to disposal group held for sale	-		-		-	
<b>Total</b>	<b>497,423</b>		<b>497,423</b>		<b>511,305</b>	

31.12.2017  <i>In thousands of €</i>	IAS 39		IAS 9		Fair value	Fair value hierarchy
	Carrying amount	IAS 39 category	Carrying amount [includes the impact of remeasurement due to impairment if any]	IFRS 9 category	31.12.2017	31.12.2017
<b>Assets</b>						
Other non-current receivables	12,757	L&R	12,757	AC	12,757	Level 2
Trade receivables	5,474	L&R	5,474	AC	5,474	Level 2
Other receivables	8,457	L&R	8,457	AC	8,457	Level 2
Derivative financial assets	322	Hft	322	FVTPL/Mnd	322	Level 2
Cash and cash equivalents	33,277	L&R	33,277	AC	33,277	Level 2
Reclassification to (-) from held for sale	(11,609)		(11,609)		(11,609)	
<b>Total</b>	<b>48,678</b>		<b>48,678</b>		<b>48,678</b>	
<b>Liabilities</b>						
Financial debt						
Bank debt	15,670	FLMaAC	15,670	AC	15,670	Level 2
Bonds	449,851	FLMaAC	449,851	AC	464,624	Level 1
Trade payables	45,258	FLMaAC	45,258	AC	45,258	Level 2
Other liabilities	12,165	FLMaAC	12,165	AC	12,165	Level 2
Derivative financial liabilities	1,966	HfT	1,966	HfT	1,966	Level 2
Reclassification to liabilities related to disposal group held for sale	(21,510)		(21,510)	0	(21,510)	
<b>Total</b>	<b>503,399</b>		<b>503,399</b>	<b>0</b>	<b>518,172</b>	

## 16 Commitments

The Group has concluded a number of contracts concerning the future purchase of land. As at 30 June 2018, the Group had future purchase agreements for land totalling 1,439,254 m<sup>2</sup>, representing a commitment of € 84.4 million and for which deposits totalling € 1.1 million had been made. As at 31 December 2017 Group had future purchase agreements for land totalling 1,452,336 m<sup>2</sup>, representing a commitment of € 65.0 million and for which deposits totalling € 0.6 million had been made.

The € 1.1 million down payment on land was classified under investment properties as at 30 June 2018 given the immateriality of the amounts involved (same classification treatment applied per 31 December 2017).

As at 30 June 2018 Group had contractual obligations to develop new projects for a total amount of € 122.5 million compared to € 75.6 million as at 31 December 2017.

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



## 17 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.

### 17.1 Shareholders

#### Shareholding

As at 30 June 2018 the main shareholders of the company are:

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

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

#### Lease activities

Drylock Technologies s.r.o., a company controlled by Bart Van Malderen, leases a warehouse from VGP European Logistics under a long term lease contract. This lease contract was entered into during the month of May 2012. The rent received over the first half year of 2018 amounts to € 1.052k (compared to € 1.047k for the period ending 30 June 2017). The warehouse is owned by the Joint Venture.

Jan Van Geet s.r.o. leases out office space to the VGP Group in the Czech Republic used by the VGP operational team. The leases run until 2018 and 2021 respectively. During the first half year of 2018 the aggregate amount paid under these leases was € 48k equivalent compared to € 46k equivalent for the period ending 30 June 2017.

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

#### Other services

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

<i>in thousands of €</i>	30.06.2018	31.12.2017
Trade receivable / (payable)	(51)	(81)

VGP also provides real estate support services to Jan Van Geet s.r.o. During the first half of 2018 VGP recorded a € 13k revenue for these activities (first half 2017: € 11k).

### 17.2 Subsidiaries

The consolidated financial statements include the financial statements of VGP NV and the subsidiaries listed in note 19.

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.

### 17.3 Joint Venture and associated companies

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

<i>in thousands of €</i>	<b>30.06.2018</b>	<b>31.12.2017</b>
Loans outstanding at the end of the period	120,209	149,907
Investments in Joint Venture	52,895	25,787
Equity distributions received	-	1,000
Net proceeds from sales to joint venture	289,704	122,053
Other receivables from / (payables) to the Joint Venture at end of the period	-	(74)

<i>in thousands of €</i>	<b>30.06.2018</b>	<b>30.06.2017</b>
Management fee income	3,859	3,561
Interest and similar income from joint venture and associates	3,019	2,123

## 18 Events after the balance sheet date

There are currently no material events after the balance sheet date that need to be disclosed.

## 19 Subsidiaries, Joint Venture and associates

### 19.1 Full consolidation

The following companies were included in the consolidation perimeter of the VGP Group as at 30 June 2018 and were fully consolidated:

Subsidiaries	Registered seat address	%
VGP NV	Machelen (Diegem), Belgium	Parent (1)
VGP CZ X a.s..	Jenišovice u Jablonce nad Nisou, Czech Republic	100 (1)
VGP Park Chomutov a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100 (2)
VGP CZ XII a.s..	Jenišovice u Jablonce nad Nisou, Czech Republic	100 (2)
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 -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 Deutschland – Projekt 8 GmbH	Düsseldorf, Germany	100 (7)
VGP Park Hamburg 4 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100 (2)
VGP Park Goettingen 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)
VGP Park Berlin Wustermark S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100 (2)
VGP Park Dresden 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 DEU 12 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 DEU 16 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100 (2)
VGP DEU 17 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100 (2)
VGP DEU 18 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 Finance NV	Zele, Belgium	100 (5)
VGP Latvia s.i.a.	Kekava, Latvia	100 (2)
VGP Park Timisoara S.R.L.	Timisoara, Romania	100 (2)
VGP Zone Brasov S.R.L.	Timisoara, Romania	100 (2)
VGP Sibiu 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 -industrialne stavby s.r.o.	Bratislava, Slovakia	100 (3)

Subsidiaries	Registered seat address	%
VGP Service Kft	Győr, Hungary	100 (3)
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)
VGP Park Roosendaal BV	Tilburg, The Netherlands	100 (2)
VGP Naves Industriales Peninsula, S.L.U.	Barcelona, Spain	100 (1)
VGP (Park) Espana 1 S.L.U.	Barcelona, Spain	100 (2)
VGP (Park) Espana 2 S.L.U.	Barcelona, Spain	100 (2)
VGP (Park) Espana 3 S.L.U.	Barcelona, Spain	100 (2)
VGP (Park) Espana 4 S.L.U.	Barcelona, Spain	100 (2)
VGP (Park) Espana 5 S.L.U.	Barcelona, Spain	100 (2)
VGP (Park) Espana 6 S.L.U.	Barcelona, Spain	100 (2)
VGP (Park) Espana 7 S.L.U.	Barcelona, Spain	100 (2)
VGP (Park) Espana 8 S.L.U.	Barcelona, Spain	100 (2)
VGP (Park) Espana 9 S.L.U.	Barcelona, Spain	100 (2)
VGP Construzioni Industriali S.r.l.	Milan, Italy	100 (3)
VGP Park Italy 1 S.r.l.	Milan, Italy	100 (2)
VGP Park Italy 2 S.r.l.	Milan, Italy	100 (2)

## 19.2 Companies to which the equity method is applied

Joint venture	Registered seat address	%
VGP European Logistics S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	50.00 (4)

Associates	Registered seat address	%
VGP Misv Comm. VA	Zele, Belgium	43.23 (4)
VGP Park Rodgau GmbH	Düsseldorf, Germany	5.10 (6)
VGP Park Bingen GmbH	Düsseldorf, Germany	5.10 (6)
VGP Park Hamburg GmbH	Düsseldorf, Germany	5.10 (6)
VGP Park Höchststadt GmbH	Düsseldorf, Germany	5.10 (6)
VGP Park Berlin GmbH	Düsseldorf, Germany	5.10 (6)
VGP Park Leipzig GmbH	Düsseldorf, Germany	5.10 (6)
VGP Park Hamburg 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10 (6)
VGP Park Frankenthal S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10 (6)
VGP Park Leipzig S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10 (6)
VGP Park Hamburg 3 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10 (6)
VGP DEU 3 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10 (6)
VGP Park Berlin 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10 (6)
VGP Park Ginsheim S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10 (6)
VGP Park Wetzlar S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10 (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.  
(7): In liquidation

## 19.3 Changes in 2018

### (i) New Investments

Subsidiaries	Registered seat address	%
VGP Proiecte Industriale S.R.L.	Timisoara, Romania	100
VGP DEU 14 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 15 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 16 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 17 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 18 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP Park Nederland 1 BV	Tilburg, The Netherlands	100
VGP Park Nederland 2 BV	Tilburg, The Netherlands	100
VGP Park Roosendaal BV	Tilburg, The Netherlands	100
VGP -industrialne stavby s.r.o.	Bratislava, Slovak Republic	100
VGP Construzioni Industriali S.r.l.	Milan, Italy	100
VGP Park Italy 1 S.r.l.	Milan, Italy	100
VGP Park Italy 2 S.r.l.	Milan, Italy	100
VGP (Park) Espana 5 SL.	Barcelona, Spain	100
VGP (Park) Espana 6 SL.	Barcelona, Spain	100
VGP (Park) Espana 7 SL.	Barcelona, Spain	100
VGP (Park) Espana 8 SL.	Barcelona, Spain	100
VGP (Park) Espana 9 SL.	Barcelona, Spain	100

### (ii) Name change

New Name	Former Name
VGP Park Timisoara S.R.L.	VGP Park Romania S.R.L.
VGP Zone Brasov S.R.L.	VGP Constructii Industriale S.R.L.
VGP Park Bischoffsheim S.à r.l.	VGP DEU 13 S.à r.l.

### (iii) Subsidiaries sold to VGP European Logistics joint venture

Subsidiaries	Registered seat address	%
VGP Park Olomouc 1 nástupnická a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100.0
VGP Park Usti nad Labem a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100.0
VGP Park Jenec a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100.0
VGP Park Olomouc 4 a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100.0
VGP Park Berlin 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	94.9
VGP Park Ginsheim S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	94.9
VGP Park Wetzlar S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	94.9



**(iv) Registered numbers of the Belgian companies**

<b>Companies</b>	<b>Company number</b>
VGP NV	BTW BE 0887.216.042 RPR – Brussels
VGP Finance NV	BTW BE 0894.188.263 RPR – Ghent (Division Dendermonde)
VGP Misv Comm. VA	BTW BE 0894.442.740 RPR – Ghent (Division Dendermonde)

## SUPPLEMENTARY NOTES NOT PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended 30 June

### 1 EPRA performance measures summary

The table below includes the most relevant EPRA metrics which have been considered given the focus of the VGP Group towards development activities. Further review and application of additional EPRA metrics will be considered when VGP will have reached a more mature investment portfolio profile.

<i>In thousands of €</i>	30.06.2018	30.06.2017
EPRA earnings	6,731	(516)
	30.06.2018	31.12.2017
EPRA NAV	536,048	502,816
EPRA NNNAV	499,256	452,213
EPRA vacancy rate (combined Own and Joint Venture)	0.7%	0.0%

### 2 Income statement, proportionally consolidated

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

<i>In thousands of €</i>	30.06.2018			30.06.2017		
	Group	Joint Venture	Total	Group	Joint Venture	Total
Gross rental income	8,970	13,300	22,270	9,111	8,305	17,416
Service charge income / (expenses)	685	321	1,006	142	212	354
Property operating expenses	(1,666)	(1,446)	(3,112)	(655)	(1,189)	(1,844)
<b>Net rental and related income</b>	<b>7,989</b>	<b>12,175</b>	<b>20,164</b>	<b>8,598</b>	<b>7,328</b>	<b>15,926</b>
Joint venture management fee income	4,585	-	4,585	3,776	-	3,776
Administration expenses	(8,384)	(575)	(8,959)	(9,660)	(306)	(9,966)
Other income/(expenses) - net	359	135	494	(69)	28	(41)
<b>Operating result (before result on portfolio)</b>	<b>4,549</b>	<b>11,736</b>	<b>16,285</b>	<b>2,645</b>	<b>7,050</b>	<b>9,695</b>
Net financial result (excl. changes in fair value of financial instruments)	(5,119)	(3,803)	(8,922)	(6,981)	(2,914)	(9,895)
Taxes on EPRA Earnings	(271)	(361)	(632)	(259)	(57)	(316)
<b>EPRA Earnings</b>	<b>(841)</b>	<b>7,572</b>	<b>6,731</b>	<b>(4,595)</b>	<b>4,079</b>	<b>(516)</b>
<b>Adjustments</b>						
Net valuation gains / (losses) on investment properties	6,042	23,313	29,355	10,649	13,257	23,906
Net valuation gains / (losses) on investment properties destined to the Joint Venture	40,312	-	40,312	48,873	-	48,873
Profit / (loss) on disposal of investment properties	15,380	42	15,422	342	44	386
Net fair value gain / (loss) on interest rate swaps and other derivatives	(964)	(1,570)	(2,534)	2,005	966	2,971
Tax in respect of adjustments	(9,917)	(4,580)	(14,497)	(9,984)	(3,178)	(13,162)
<b>Total adjustments</b>	<b>50,853</b>	<b>17,205</b>	<b>68,058</b>	<b>51,885</b>	<b>11,088</b>	<b>62,973</b>
<b>Profit for the period</b>	<b>50,012</b>	<b>24,777</b>	<b>74,789</b>	<b>47,290</b>	<b>15,167</b>	<b>62,457</b>

EPRA EARNINGS PER SHARE	30.06.2018			30.06.2017		
	Group	Joint Venture	Total	Group	Joint Venture	Total
<b>EPRA earnings</b>	<b>(841)</b>	<b>7,572</b>	<b>6,731</b>	<b>(4,595)</b>	<b>4,079</b>	<b>(516)</b>
Less non-controlling interest on EPRA profit	-	-	-	-	-	-
<b>EPRA earnings after tax and non-controlling interest</b>	<b>(841)</b>	<b>7,572</b>	<b>6,731</b>	<b>(4,595)</b>	<b>4,079</b>	<b>(516)</b>
<b>Company adjustment:</b>						
Net valuation gains / (losses) on investment properties destined to the Joint Venture	40,312	-	40,312	48,873	-	48,873
<b>Adjusted operating profit before tax</b>	<b>39,471</b>	<b>7,572</b>	<b>47,043</b>	<b>44,278</b>	<b>4,079</b>	<b>48,357</b>
Tax on company adjustment	(6,578)	-	(6,578)	(7,887)	-	(7,887)
<b>Adjusted operating profit after tax</b>	<b>32,893</b>	<b>7,572</b>	<b>40,465</b>	<b>36,391</b>	<b>4,079</b>	<b>40,470</b>
Number of shares - basic			18,583,050			18,583,050
EPRA earnings per share (€/share) - basic			0.36			(0.03)
Adjusted earnings per share (€/share) - basic			2.18			2.18
Number of shares - diluted			18,583,050			18,583,050
EPRA earnings per share (€/share) - diluted			0.36			(0.03)
Adjusted earnings per share (€/share) - diluted			2.18			2.18

### 3 Balance sheet, proportionally consolidated

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

In thousands of €	30.06.2018			31.12.2017		
	Group	Joint Venture	Total	Group	Joint Venture	Total
Investment properties	515,932	608,921	1,124,853	392,291	383,078	775,369
Investment properties included in assets held for sale	115,052	-	115,052	430,298	-	430,298
<b>Total investment properties</b>	<b>630,984</b>	<b>608,921</b>	<b>1,239,905</b>	<b>822,589</b>	<b>383,078</b>	<b>1,205,667</b>
Investments in joint venture and associates	220,984	(220,984)	0	143,312	(143,312)	-
Other net assets/(liabilities)	6,561	(49,034)	(42,473)	(56,549)	(36,925)	(93,474)
Net debt	(352,818)	(338,903)	(691,721)	(443,122)	(202,841)	(645,963)
<b>Total shareholders' equity</b>	<b>505,711</b>	<b>-</b>	<b>505,711</b>	<b>466,230</b>	<b>-</b>	<b>466,230</b>
EPRA adjustments						
To exclude:						
Fair value of financial instruments	2,608	-	2,608	1,644	-	1,644
Deferred tax	27,729	-	27,729	34,942	-	34,942
<b>EPRA NAV</b>	<b>536,048</b>	<b>-</b>	<b>536,048</b>	<b>502,816</b>	<b>-</b>	<b>502,816</b>
Number of shares			18,583,050			18,583,050
EPRA NAV per share (€/share)			28.85			27.06



<i>In thousands of €</i>	30.06.2018			31.12.2017		
	Group	Joint Venture	Total	Group	Joint Venture	Total
<b>EPRA NAV</b>	<b>536,048</b>	-	<b>536,048</b>	<b>502,816</b>	-	<b>502,816</b>
Effect of exercise of options, convertibles and other equity interests	--	-	-	-	-	-
<b>Diluted EPRA NAV</b>	<b>536,048</b>	-	<b>536,048</b>	<b>502,816</b>	-	<b>502,816</b>
Number of shares			18,583,050			18,583,050
EPRA NAV per share (€/share) - diluted			28.85			27.06

#### 4 EPRA vacancy rate

<i>In thousands of €</i>	30.06.2018			31.12.2017		
	Group	Joint Venture at 100%	Total	Group	Joint Venture at 100%	Total
ERV Vacancy						
Estimated Rental Value of vacant space	188	367	555	-	-	-
Estimated rental value of the whole portfolio	14,114	63,027	77,141	20,606	38,130	58,736
<b>EPRA Vacancy Rate</b>	<b>1.3%</b>	<b>0.6%</b>	<b>0.7%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

**AUDITOR'S REPORT****Report on the review of the consolidated interim financial information of VGP NV for the six-month period ended 30 June 2018**

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the condensed consolidated balance sheet as at 30 June 2018, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the period of six months then ended, as well as selective notes 1 to 19.

**Report on the consolidated interim financial information**

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

The condensed consolidated balance sheet shows total assets of 1 043 556 (000) EUR and the condensed consolidated income statement shows a consolidated profit (group share) for the period then ended of 74 789 (000) EUR.

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


**Scope of review**

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

**Conclusion**

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

Zaventem, 23 August 2018

**The statutory auditor****DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises**

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Rik Neckebroeck

## GLOSSARY

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

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

### **Break**

First option to terminate a lease.

### **Contractual rent**

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

### **Gearing ratio**

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

### **Derivatives**

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

### **Discounted cash flow**

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

### **EPRA**

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

### **Estimated rental value**

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

### **Exit yield**

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

### **Facility Management**

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

### **Fair value**

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

### **IAS/IFRS**

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

### **Interest hedging**

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

### **IRS (Interest Rate Swap)**

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



**Joint Venture or VGP European Logistics or VGP European Logistics joint venture**

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

**Lease expiry date**

The date on which a lease can be cancelled

**Net asset value**

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

**Net financial debt**

Total financial debt minus cash and cash equivalents.

**Occupancy Rate**

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

**Property expert**

Independent property expert responsible for appraising the property portfolio.

**Property portfolio**

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

**Weighted average term of the leases**

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

**Weighted average yield**

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

**STATEMENT ON THE INTERIM FINANCIAL REPORT**

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

- (i) the condensed interim financial statements of VGP NV and its subsidiaries as of 30 June 2018 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the consolidated assets and liabilities, financial position and consolidated results of the company and of its subsidiaries included in the consolidation for the six month period
- (ii) the interim financial management report, in all material respect, gives a true and fair view of all important events and significant transactions with related parties that have occurred in the first six month period and their effects on the interim financial statements, as well as an overview of the most significant risks and uncertainties we are confronted with for the remaining six months of the financial year.



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



Dirk Stoop  
as permanent representative of  
Dirk Stoop BVBA  
CFO