

Press Release

Regulated Information

UNDER EMBARGO UNTIL 1 MARCH 2016 AT 7h00

1 March 2016

VGP enters into a 50/50 joint venture with Allianz Real Estate

Annual results 2015

1 VGP enters into 50/50 joint venture with Allianz Real Estate at the end of February 2016

- The new joint venture will act as an exclusive take-out vehicle of the income generating assets developed by VGP and located in Germany, the Czech Republic, Slovakia and Hungary
- The initial seed portfolio is being acquired by the joint venture at current market prices
- Initial transaction value is in excess of € 500 million
- The joint venture partners target to grow the joint venture exponentially (> € 1.5 billion) by exclusively acquiring income generating assets developed by VGP in the aforementioned geographic areas.
- This transaction ends a 24 month strategic exercise of VGP and will have a significant impact on the structure and evolution of the VGP Group for the future.
- VGP will continue to service the joint venture as asset-, property- and development manager.
- With Allianz Real Estate, VGP attracts a long term investor who thinks real estate throughout the economic cycles and which has the necessary financial resources to co-invest in the expansion of the logistic and semi-industrial real estate portfolio
- The transaction allows VGP to further concentrate on its core development activities aimed at optimising shareholder value, without having to tap the capital markets

2 VGP's Annual Results 2015 – A record year

- Net profit for the year of € 86.6 million (+ € 37.2million against 2014)
- 68.2% increase of committed annualised rent income to € 38.0 million as at the end of December 2015 (compared to € 22.6 million as at 31 December 2014), with an additional € 2.0 million lease contracts being signed during the first weeks of 2016
- The signed committed lease agreements at year end represent a total of 709,124 m² of lettable area with the weighted average term of the committed leases standing at 7.5 years at the end of December 2015 (7.8 years as at 31 December 2014)
- 77.9% growth in gross rental income (+ € 7.5 million) to € 17.1 million
- 18 projects delivered during the year representing 279,861 m² of future lettable area
- 14 projects under construction representing 272,334 m² of future lettable area
- 704,000 m² of new development land acquired during the year with another 1,042,000 m² land plots targeted and already partially committed to expand land bank and support development pipeline

- Establishment of presence in Spain with the opening of a new office in Barcelona and with first substantial (223,000 m²) land plot secured and to be acquired subject to permits, allowing to potentially develop circa 179,000 m² of lettable area
- Net valuation gain on the investment portfolio reaches € 104.0 million (against € 53.9 million at the end of 2014) The fair value of the investment property and the investment property under construction (the “property portfolio”) as at 31 December 2015 increased with 62.7% to € 677.1 million¹ (compared to € 416.1 million as at 31 December 2014)

Summary

2015 was a record year for VGP.

The momentum in leasing and development activities seen during the first half of 2015 continued throughout the second half of 2015 resulting in record signing of new leases and record development activities. This trend continued during the first weeks of 2016.

In order to sustain its growth over the medium term VGP entered into a 50/50 joint venture with Allianz Real Estate. The new joint venture will act as an exclusive take-out vehicle of the income generating assets located in Germany, the Czech Republic, Slovakia and Hungary. VGP will continue to service the joint venture as asset-, property- and development manager.

The joint venture is of a significant strategic importance to the Group as it will allow VGP to recycle its initial (partially or totally) invested equity when such developments are acquired by the joint venture and to re-invest these monies in the continued expansion of the development pipeline, including the further expansion of the land bank, thus allowing VGP to concentrate on its core development activities.

Finally VGP will retain a 50% stake in a growing rent income generating logistic and semi industrial real estate portfolio which over time will generate a recurrent cash flow stream which can support a sustained dividend policy.

VGP’s activities during the year 2015 can be summarised as follows:

- The operating activities resulted in a profit for the year of € 86,6 million (€ 4.66 per share) for the financial year ended 31 December 2015 compared to a profit of € 49.4 million (€ 2.66 per share) for the financial year ended 31 December 2014.
- The increase in demand of lettable area resulted in the signing of new lease contracts in excess of € 16.3 million in total of which € 15.5 million related to new leases and € 0.8 million related to replacement leases.
- The Group’s property portfolio reached an occupancy rate of 97.3% at the end of December 2015 compared to 94.0% as at 31 December 2014.
- The investment property portfolio consists of 34 completed buildings representing 548,838 m² of lettable area with another 14 buildings under construction representing 272,334 m² of lettable area.

¹ Before reclassification to “Disposal Group held for sale”. The investment property amount after such reclassification amounts to € 174.0 million as at 31 December 2015.

VGP

- The net valuation of the property portfolio as at 31 December 2015 showed a net valuation gain of € 104.0 million against a net valuation gain of € 3.9 million per 31 December 2014.
- During the year VGP expanded further geographically with the establishment of a new office in Barcelona (Spain) and secured a new substantial (223,000 m²) land plot in Madrid which will be acquired subject to obtaining the necessary permits. The new land plot allows VGP to potentially develop circa 179,000 m² of lettable area. It is expected that the land will be acquired at the end of the second quarter 2016 and it is anticipated that the first development will be launched during the second half of 2016.
- In order to strengthen its consolidated equity base and support its further growth, VGP NV issued subordinated perpetual securities during the year for an aggregate amount of € 60 million which were fully underwritten by the reference shareholders of the company i.e. VM Invest NV and Little Rock SA.

Key figures

CONSOLIDATED INCOME STATEMENT - ANALYTICAL FORM (in thousands of €)	2015	2014
NET CURRENT RESULT		
Gross rental income	17,073	9,596
Service charge income / (expenses)	422	431
Property operating expenses	(972)	(1,513)
Net rental and related income	16,523	8,514
Property and facility management income	2,215	3,161
Property development income	332	246
Other income / (expenses) - incl. administrative costs	(13,998)	(7,089)
Share in the result of associates	191	14,473
Operating result (before result on portfolio)	5,263	19,305
Net financial result ¹	(9,835)	(6,220)
Revaluation of interest rate financial instruments (IAS 39)	(319)	(1,455)
Taxes	5,512	(2,167)
Net current result	621	9,463
RESULT ON PROPERTY PORTFOLIO		
Net valuation gains / (losses) on investment properties	103,981	53,920
Deferred taxes	(18,041)	(14,024)
Result on property portfolio	85,940	39,896
PROFIT FOR THE YEAR	86,561	49,359
RESULT PER SHARE	2015	2014
Number of ordinary shares	18,583,050	18,583,050
Net current result per share (in €)	0.03	0.51
Net result per share (in €)	4.66	2.66

¹ Excluding the revaluation of interest rate financial instruments.

Gross rental income up 77.9% to € 17.1 million

The gross rental income reflects the full impact of the income generating assets delivered during 2015. The gross rental income for the financial year ending 31 December 2015 increased by 77.9% from € 9.6 million for the period ending 31 December 2014 to € 17.1 million for the period ending 31 December 2015.

Committed annualised rent income increases to € 380 million

During the year VGP signed 32 new lease contracts representing more than € 16.3 million annualised rental income of which € 15.5 million related to new leases and € 0.8 million related to replacement leases.

The annualised committed leases increased to € 38.0million as at the end of December 2015 (compared to € 22.6 million as at 31 December 2014).

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

Germany was the main driver of the increases in committed leases with more than € 7.1 million of new leases signed during the year. The other countries also performed very well with new leases being signed in the Czech in the Czech Republic + € 3.4 million, Slovakia + € 2.5 million, Hungary + € 1.5 million, Romania + € 1.3 million and finally € 0.4 million in Estonia.

The signed committed lease agreements represent a total of 709,124 m² of lettable area with the weighted average term of the committed leases standing at 7.5 years at the end of December 2015 compared to 7.8 years as at 31 December 2014.

Property and facility management and property development income reaches € 2.5 million

The property and facility management income reached € 2.5 million for the period compared to € 3.4 million for the period ending 31 December 2014.

In addition to providing property and development management, VGP will also act as asset manager to the joint venture with Allianz Real Estate and this throughout the initial 10 year term of the joint venture. These existing and new activities will result in organisational changes in view of the expected growth of the joint venture and a new asset management team has been put in place.

The asset management, property management and development management activities will result in an increased contribution to the result of the VGP Group benefitting from the growth of the joint venture's real estate portfolio.

Net valuation gain on the property portfolio reaches € 104.0 million

As at 31 December 2015 the net valuation gain on the property portfolio reaches € 104.0 million against a net valuation gain of € 53.9 million per 31 December 2014.

The trend of improving yields continued during the second half of 2015. As a result the total property portfolio, excluding development land, is being valued by the valuation expert at 31 December 2015 based on an average market rate of 7.02% (compared to 7.81% as at 31 December 2014 and 7.42% as at 30 June 2015) applied to the contractual rents increased by the estimated rental value on unlet space.

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

Net financial expenses increase to € 10.2 million

For the period ending 31 December 2015, the reported financial income was € 0.5 million (€ 3.0 million as at 31 December 2014) and was mainly composed of € 0.4 million of net foreign exchange gains (compared to € 7k net foreign exchange loss as at 31 December 2014) and € 0.1 million of unrealised gains on interest rate derivatives.

In order to mitigate its future interest rate risk the Group concluded 2 new interest rate swaps, each for a notional amount of € 75 million during the first half of 2015. These 2 interest rate swaps will start in July 2017 and December 2018 and will run until July 2022 and December 2023 respectively. The average interest rate which has been fixed is 0.84% p.a. As at 30 June 2015 a € 2.7 million of unrealised gains was recorded on these interest rate derivatives which due to the change in long term interest rates during the second half of 2015 reversed to a € 0.2 million of unrealised loss.

As at 31 December 2015 no interest income from loans to associates was recorded (compared to € 2.9 million as at 31 December 2014) due to the repayment of all shareholder loans from the associates in October 2014.

The reported financial expenses as at 31 December 2015 are mainly made up of € 10.3 million interest expenses related to financial debt (€ 9.1 million as at 31 December 2014), € 0.4 million unrealised losses on interest rate derivatives, € 2.4 million other financial expenses (€ 0.9 million as at 31 December 2014) mainly relating to the amortisation of the transactions costs of the 2 bonds issued during 2013 and a positive impact of € 2.4 million (€ 1.0 million as at 31 December 2014) related to capitalised interests.

As a result the net financial expenses reached € 10.2 million as at 31 December 2015 compared to € 7.7 million as at 31 December 2014.

The financial debt increased from € 198.8 million as at 31 December 2014 to € 279.8 million as at 31 December 2015. The increase was mainly driven by an increase in bank debt which increased to € 129.4 million compared to € 49.1 million as at 31 December 2014.

The gearing ratio¹ of the Group remains conservative and stood at 35,7% at the end of December 2015 compared to a gearing level of 33.2% as at 31 December 2014.

Evolution of the property portfolio

The fair value of the investment property and the investment property under construction (the “property portfolio”) as at 31 December 2015 increased with 62.7% to € 677.1 million² compared to

¹ Gearing calculated as “net debt / total equity and liabilities”

² Before reclassification to “Disposal Group held for sale”. The investment property amount after such reclassification amounts to € 174.0 million as at 31 December 2015.

VGP

€ 416.1 million as at 31 December 2014. The increase of the property portfolio was due to the acquisition of new development land; the start-up of new projects during the year and the further contraction of the yields, as well as the reflection of the transaction value of the assets held for sale which will be transferred to the joint venture with Allianz Real Estate.

Completed projects

During the year 18 buildings were completed totalling 279,861 m².

These buildings were delivered in following locations. In Germany: 4 buildings totalling 65,154 m² in VGP Park Hamburg, 2 buildings totalling 28,273 m² in VGP Park Rodgau, 1 building of 15,140 m² in VGP Park Höchststadt, 1 building of 24,228 m² in VGP Park Berlin and 1 building of 13,885 m² in VGP Park Borna. In the Czech Republic: 1 building of 5,336 m² in VGP Park Usti nad Labem; 2 buildings totalling 31,459 m² in VGP Park Plzen and 1 building of 19,855 m² in VGP Park Olomouc. In the other countries: 2 buildings totalling 50,938 m² in VGP Park Malacky (Slovakia), 2 buildings (subsequently merged into one building) of 18,183 m² in VGP Park Timisoara (Romania) and finally 1 building of 7,410 m² in VGP Park Nehatu (Estonia).

Projects under construction

At the end of December 2015 VGP has the following 14 new buildings under construction: In Germany: 1 building in VGP Park Hamburg, 3 buildings in VGP Park Rodgau, 1 building in VGP Park Bobenheim-Roxheim and 1 building in VGP Park Frankenthal. In the Czech Republic: 1 building in VGP Park Tuchomerice, 1 building in VGP Park BRNO and 1 building in VGP Park Plzen. In the other countries: 1 building in VGP Park Nehatu (Estonia), 2 buildings in VGP Park Malacky (Slovakia), 1 building in VGP Park VGP Park Alsónémedi (Hungary) and finally 1 building in VGP Park Timisoara (Romania). The new buildings under construction on which several pre-leases have already been signed, represent a total future lettable area of 272,334 m².

Land bank

During the year VGP continued to target a significant amount of land plots in order to ensure that the land bank remains sufficiently large to support the development pipeline for future growth. In 2015 VGP acquired 704,000 m² of new development land of which 388,000 m² was located in the Czech Republic, 167,000 m² located in Germany, 85,000 m² in Hungary and 64,000 m² in Latvia.

VGP has currently a land bank in full ownership of 3,654,692 m². The land bank allows VGP to develop besides the current completed projects and projects under construction a further 760,000 m² of lettable area of which 440,000 m² in Germany, 189,000 m² in the Czech Republic, and 130,000 in the other countries.

Besides this VGP has another 1,042,000 m² of new land plots under option. These land plots have a development potential of approx. 542,000 m² of new projects. These remaining land plots are expected to be acquired during the course of 2016.

Hybrid securities

In order to strengthen its consolidated equity base and support its further growth, VGP NV issued subordinated perpetual securities during 2015 for an aggregate amount of € 60 million. The securities were fully underwritten by the reference shareholders of the company, VM Invest NV and Little Rock SA after complying with the conflict of interest procedure in accordance with article 523 of the Belgian



Companies Code and article 16 of the articles of association of the Company. The securities are not convertible into VGP shares and, hence, do not entail dilution for the shareholders.

Outlook 2016

Based on the positive trend in the demands for lettable area recorded by VGP during 2015 and the continuing trend seen during the first weeks of 2016, and provided there are no unforeseen events of economic and financial markets nature, VGP should be able to continue to substantially expand its rent income and property portfolio through the completion and start-up of additional new buildings.

Financial calendar

Annual report 2015	12 April 2016
General meeting of shareholders	13 May 2016
2016 half year results	30 August 2016

For more information

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Profile

VGP (www.vgpparks.eu) constructs and develops high-end semi-industrial real estate and ancillary offices, which are subsequently rented out to reputable clients on long term lease contracts. VGP has an in-house team which manages all activities of the fully integrated business model: from identification and acquisition of land, to the conceptualisation and design of the project, the supervision of the construction works, contracts with potential tenants and the facility management of its own real estate portfolio.

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

Brussels and the Main Market of the Prague Stock Exchange.

FINANCIAL ACCOUNTS¹

1. CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

INCOME STATEMENT (in thousands of €)	2015	2014
Revenue	23,118	15,114
Gross rental income	17,073	9,596
Service charge income	3,498	2,110
Service charge expenses	(3,076)	(1,679)
Property operating expenses	(972)	(1,513)
Net rental income	16,523	8,514
Property and facility management income	2,215	3,161
Property development income	332	246
Net valuation gains / (losses) on investment properties	103,981	53,920
Administration expenses	(13,451)	(6,556)
Other income	487	348
Other expenses	(1,034)	(881)
Share in result of associates	191	14,473
Operating profit / (loss)	109,244	73,225
Financial income	466	2,880
Financial expenses	(10,620)	(10,555)
Net financial result	(10,154)	(7,675)
Profit before taxes	99,090	65,550
Taxes	(12,529)	(16,191)
Profit for the year	86,561	49,359
Attributable to:		
Shareholders of VGP NV	86,561	49,359
Non-controlling interests	-	-

RESULT PER SHARE	2015	2014
Basic earnings per share (in €)	4.66	2.66
Basic earnings per share – after correction of reciprocal interest through associates (in €)	4.76	2.71
Basic earnings per share (in €) - diluted	4.66	2.66

¹ The statutory auditor has confirmed that his audit procedures, which have been substantially completed, have not revealed any material adjustments which would have to be made to the accounting information disclosed in this press release.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union.

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

STATEMENT OF COMPREHENSIVE INCOME (in thousands of €)	2015	2014
Profit for the year	86,561	49,359
<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>	-	-
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) of the period	86,561	49,359
Attributable to:		
Shareholders of VGP NV	86,561	49,359
Non-controlling interest	-	-

3. CONSOLIDATED BALANCE SHEET For the year ended 31 December 2015

ASSETS (in thousands of €)	2015	2014
Goodwill	631	631
Intangible assets	12	57
Investment properties	173,972	416,089
Property, plant and equipment	378	370
Non-current financial assets	216	0
Investments in associates	(103)	17
Deferred tax assets	89	258
Total non-current assets	175,195	417,422
Trade and other receivables	4,927	6,822
Cash and cash equivalents	9,825	43,595
Disposal group held for sale	527,361	-
Total current assets	542,113	50,417
TOTAL ASSETS	717,308	467,839

SHAREHOLDERS' EQUITY AND LIABILITIES (in thousands of €)	2015	2014
Share capital	62,251	62,251
Retained earnings	239,658	153,097
Other reserves	69	69
Other equity	60,000	-
Shareholders' equity	361,978	215,417
Non-current financial debt	170,800	193,034
Other non-current financial liabilities	967	1,656
Other non-current liabilities	405	1,122
Deferred tax liabilities	8,247	27,329
Total non-current liabilities	180,419	223,141
Current financial debt	3,522	5,722
Trade debts and other current liabilities	10,342	23,559
Liabilities related to disposal group held for sale	161,047	-
Total current liabilities	174,911	29,281
Total liabilities	355,330	252,422
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	717,308	467,839

The assets held for sale and liabilities related to disposal group held for sale reflect the assets and liabilities which will be transferred to the new joint venture held by VGP and Allianz Real Estate.

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2015

STATEMENT OF CHANGES IN EQUITY <i>(in thousands of €)</i>	Statutory share capital	Capital reserve ¹	IFRS share capital	Retained earnings	Share premium	Other equity	Total equity
Balance as at 1 January 2014	112,737	(50,486)	62,251	103,737	69	-	166,057
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Result of the period	-	-	-	49,359	-	-	49,359
Effect of disposals	-	-	-	-	-	-	-
Total comprehensive income / (loss)	-	-	-	49,359	-	-	49,359
Dividends to shareholders	-	-	-	-	-	-	-
Share capital distribution to shareholders	-	-	-	-	-	-	-
Hybrid securities ²	-	-	-	-	-	-	-
Balance as at 31 December 2014	112,737	(50,486)	62,251	153,097	69	-	215,417
Balance as at 1 January 2015	112,737	(50,486)	62,251	153,097	69	-	215,417
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Result of the period	-	-	-	86,561	-	-	86,561
Effect of disposals	-	-	-	-	-	-	-
Total comprehensive income / (loss)	-	-	-	86,561	-	-	86,561
Dividends to shareholders	-	-	-	-	-	-	-
Share capital distribution to shareholders	-	-	-	-	-	-	-
Hybrid securities ²	-	-	-	-	-	60,000	60,000
Balance as at 31 December 2015	112,737	(50,486)	62,251	239,658	69	60,000	361,978

¹ 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").

² In order to strengthen its consolidated equity base and support its further growth, VGP NV issued subordinated perpetual securities during 2015. The securities were fully underwritten by the reference shareholders of the company, VM Invest NV and Little Rock SA. The securities are not convertible into VGP shares and, hence, do not entail dilution for the shareholders.

5. CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

CASH FLOW STATEMENT (in thousands of €)	2015	2014
<i>Cash flows from operating activities</i>		
Profit before taxes	99,090	65,550
<i>Adjustments for:</i>		
Depreciation	734	178
Unrealised (gains) / losses on investment properties	(103,975)	(58,160)
Realised(gains) / losses on disposal of subsidiaries and investment properties	(6)	4,241
Unrealised (gains) / losses on financial instruments and foreign exchange	245	1,407
Interest (received)	(21)	(2,880)
Interest paid	10,194	9,093
Share in result of associates	(191)	(9,248)
Operating profit before changes in working capital and provisions	6,070	10,181
Decrease/(Increase) in trade and other receivables	(8,555)	7,561
(Decrease)/Increase in trade and other payables	413	(12,654)
Cash generated from the operations	(2,072)	5,088
Interest received	21	2,880
Interest (paid)	(10,194)	(9,093)
Income taxes paid	(364)	(417)
Net cash from operating activities	(12,609)	(1,542)
<i>Cash flows from investing activities</i>		
Proceeds from disposal of subsidiaries	311	0
Proceeds from disposal of tangible assets	26	3,324
Acquisition of subsidiaries	(224)	(406)
(Loans provided to) / loans repaid by associates	0	49,812
Investment property and investment property under construction	(147,490)	(112,221)
Net cash from investing activities	(147,377)	(59,491)
<i>Cash flows from financing activities</i>		
Gross dividends paid	0	0
Net Proceeds / (cash out) from the issue / (repayment) hybrid instruments	60,000	0
Proceeds from loans	83,967	26,862
Loan repayments	(3,914)	(1,612)
Net cash from financing activities	140,053	25,250
Reclassification to (-) / from held for sale	(14,184)	0
Net increase / (decrease) in cash and cash equivalents	(34,117)	(35,783)
Cash and cash equivalents at the beginning of the period	43,595	79,226
Effect of exchange rate fluctuations	347	152
Cash and cash equivalents at the end of the period	9,825	43,595
Net increase / (decrease) in cash and cash equivalents	(34,117)	(35,783)