



ANNUAL FINANCIAL PRESS RELEASE

For the period from
1 January 2018 – 31 December 2018

Regulated Information
Friday, 1 March 2019, 07:00am CET

TRANSFORMATION INTO TRULY PAN-EUROPEAN PLATFORM **RESULTS IN RECORD PROFIT AND CREATES SOLID BASE FOR** **FUTURE GROWTH**

1 March 2019, 7:00am, Antwerp (Berchem), Belgium: VGP NV ('VGP' or 'the Group'), a leading European provider of high-quality logistics and semi-industrial real estate, today announces the results for year ended 31 December 2018:

- Broadened European footprint, having entered Italy, the Netherlands and Austria in 2018
- Strong operating performance resulting in record profit of € 121.1 million (+26% YoY)
 - Signed and renewed lease agreements corresponding to € 38.7 million of annualised rent income bringing the total annualised rental income to € 104.1 million (+38% YoY)¹
 - VGP delivered 505.000 m² of lettable area in 2018 (+44% YoY)
- Strengthened platform for future growth
 - VGP invested in its future pipeline with 1.7 million m² of new land bought
 - A further 1.6 million m² committed subject to permits
 - Joint commitment with Allianz Real Estate to expand JV structure beyond existing countries²
- Proposal to increase dividend by 15.8% to € 2.20 per share representing a gross dividend yield of 3.2%³

VGP's Chief Executive Officer, **Jan van Geet**, said: *"Delivering record profits, 2018 was another intensive year for VGP. We managed to successfully transform VGP towards a truly Pan-European platform as we expanded into new key markets. We put significant effort in introducing a new matrix organisation to stay close to our clients across Europe and to allow for VGP's further geographic expansion. The significant increase of our land bank in 2018 laid the foundation for growth over the coming years."*

Jan Van Geet added: *"We successfully continued our growth path in early 2019 with the expansion into Portugal and several landmark projects in Germany. We expect our development activities to continue to grow in 2019 supported by solid client demand driven by e-commerce and changing business needs. Through our integrated business model, VGP is uniquely positioned to capture the growth opportunities across Europe."*

¹ Year-over-year inclusive of Joint Venture at 100% and when excluding the sale of Mango. The Mango building located in Barcelona (Spain) sold during 2018, represented € 7.6 million in annualised rent income.

² Of the twelve countries in which the group is active, the JV currently covers Germany, Slovakia, Czech Republic and Hungary

³ Based on the closing share price of € 69.60 as at 28 February 2019

FINANCIAL AND OPERATING HIGHLIGHTS

Record new signed leases

- Record signed and renewed rental income of € 38.7 million driven by 572,000 m² of new lease agreements signed, corresponding to € 32.6 million of new annualised rental income combined with 117,000 m² of lease agreements renewed corresponding to € 6.1 million of annualised rental income. Total net increase of € 21.3 million when considering the sale of Mango building¹.
- The signed annualised committed leases represent € 104.1 million² (equivalent to 1.98 million m² of lettable area), a 38% increase since December 2017 (when excluding the Mango building¹).

Healthy level of construction activity

- A total of 21 projects delivered representing 505,000 m² of lettable area, representing €26.6 million of annualised committed leases.
- Additional 19 projects under construction representing 322,000 m² of future lettable area representing €16.4 million of annualised committed leases once built and fully let.
- During the first 2 months of 2019 already 2 projects delivered totalling 45,000 m² of lettable area and an additional 9 new projects started up representing 178,000 m² of future lettable area.

Land bank has continued to expand

- Acquisition of 1.7 million m² of development land and a further 1.6 million m² committed subject to permits which brings the total owned and secured land bank to 4.45 million m² (a 31% net increase since December 2017), which supports 1.98 million m² of future lettable area.
- A further 1.1 million m² of new land plots identified which are under negotiation which have a development potential of 514,000 m² of future lettable area.

Successful entry in The Netherlands, Italy, Austria and Portugal – VGP is now active in twelve European countries

- Continued geographical expansion into Western Europe with the group now active in 12 European countries following the opening of our new offices in Antwerp (Belgium/Benelux offices), Milan (Italy) Vienna (Austria) and Porto (Portugal; since 2019) and the acquisition of our first land plots in The Netherlands and Italy.
- In all these countries we have or will start-up construction activities during 2019, of which part is already pre-let to-date.
- In Graz, Austria, VGP entered into a combined transaction whereby it acquired a 18,000 m² building leased under a long-term contract to a reputable automotive supplier and at the same time secured an adjacent land plot. The land plot is expected to be acquired during the first half of 2019 and has a development potential of circa 46,000 m² of future lettable area.

¹ The Mango building located in Barcelona (Spain) sold during 2018, represented € 7.6 million in annualized rent income. The reported annualised committed leases for December 2017 is €82.8 million, or €75.2 million if excluding Mango

² For Joint Venture at 100%

New organizational structure implemented and strengthening of the team

- Management Team has been strengthened through several new senior hires and a new matrix and country organisation has been successfully rolled-out to align with the enlarged organization and create a platform for continued future growth.

Balance sheet strengthened by successful Joint Venture closing, bond offering and sale of Mango building

- VGP European Logistics joint venture saw one closing in 2018 of c. €400 million, this is expected to be followed by an >€190 million closing by the end of March 2019 which will allow VGP to reinvest in its development pipeline and continue to grow the business.
- Successfully expanded and extended our bond financing profile following the completion of a €190 million bond in September 2018 which was partially used to refinance the € 75 million bond maturing in December 2018. Gearing¹ at the end of 2018 stood at 34.6%, in line with the Company's target maximum consolidated gearing of 65%.
- Sold Mango Global Distribution Centre in Barcelona, Spain, for €150 million.
- The net cash proceeds from the financing activity combined with the cash proceeds from the sale of the Mango building has significantly increased the Group's cash position and fuels our ability to invest in the future of our company.

Advanced discussions with Allianz Real Estate in respect of a new Joint Venture

- Joint commitment with Allianz Real Estate to expand JV structure beyond existing countries².
- Discussions with Allianz RE expected to conclude and materialise during the first half of 2019.

KEY FINANCIAL METRICS

Operations and results	2018	2017	Change (%)
Committed annualised rental income (€mm)	104.1	82.8	25.7%
IFRS Operating Profit before tax (€mm)	151.1	127.7	18.3%
IFRS net profit (€mm)	121.1	96.0	26.1%
IFRS earnings per share (€ per share)	6.52	5.17	26.1%
Dividend per share (€ per share)	2.20	1.90	15.8%

Portfolio and balance sheet	2018	2017	Change (%)
Portfolio value, including joint venture at 100% (€mm)	1,936	1,563	23.9%
Portfolio value, including joint venture at share (€mm)	1,355	1,206	12.4%
EPRA NAV per share (€ per share)	30.94	27.06	14.3%
IFRS NAV per share (€ per share)	29.25	25.09	16.6%
Net financial debt (€mm)	419.3	436.6	(4.0)%
Gearing ¹ (%)	34.6	42.3	-

¹ Calculated as Net debt / Total equity and liabilities

² Of the twelve countries in which the group is active, the JV currently covers Germany, Slovakia, Czech Republic and Hungary

CONFERENCE CALL FOR INVESTORS AND ANALYSTS

VGP will host a conference call at 10:30 (CET) on 1 March 2019

The conference call will be available on:

- Belgium: 0800 58228 (toll free) / +32 (0)2 404 0659
- UK: 0800 358 6377 (toll free) / +44 (0)330 336 9105
- US: 800-239-9838 (toll free) / +1 323-794-2551
- Confirmation Code: 9976957

A presentation is available on VGP website:

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

FINANCIAL CALENDAR

Annual Report 2018	9 April 2019
First quarter 2019 trading update	10 May 2019
General meeting of shareholders	10 May 2019
Dividend ex-date	20 May 2019
Dividend payment date	22 May 2019
Half year results 2019	23 August 2019
Third quarter 2019 trading update	22 November 2019

CONTACT DETAILS FOR INVESTORS AND MEDIA ENQUIRIES

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

ABOUT VGP

VGP is a leading pan-European developer, manager and owner of high-quality logistics and semi-industrial real estate. VGP operates a fully integrated business model with capabilities and longstanding expertise across the value chain. The company has a well-advanced development land bank of 5.6 million m² and the strategic focus is on the development of business parks. Founded in 1998 as a family-owned real estate developer in the Czech Republic, VGP with a staff of 180 employees today owns and operates assets in 12 European countries directly and through VGP European Logistics, a joint venture with Allianz Real Estate. As of December 2018, the Gross Asset Value of VGP, including the joint venture at 100%, amounted to €1.94 billion and the company had a Net Asset Value (EPRA NAV) of €575 million. VGP is listed on Euronext Brussels and on the Prague Stock Exchange (ISIN: BE0003878957).

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

Forward-looking statements: This press release may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. VGP is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release considering new information, future events or otherwise. The information in this announcement does not constitute an offer to sell or an invitation to buy securities in VGP or an invitation or inducement to engage in any other investment activities. VGP disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release issued by VGP.

BUSINESS REVIEW

During 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.

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 in Germany (3) and in the Czech Republic (3). The additional 5 buildings which were acquired by the Joint Venture are in Germany (3 buildings), in the Czech Republic (1 building) and in Hungary (1 building).

During the year a new head office was opened in Antwerp, Belgium, which houses the commercial and project team for the Benelux. Additional new offices were established in Milan (Italy), Porto (Portugal) and Vienna (Austria). VGP is now active in 12 countries and has the team and land bank to provide a full range of different solutions and services to multinational and local tenants. Through the further geographical expansion of our footprint VGP established itself as a truly pan-European specialised developer, owner and manager of high-quality logistic and light industrial buildings.

The signed annualised committed leases represent € 104.1 million¹ at the end of December 2018 represent a total of 1,982,000 m² of lettable area. Of this total space 635,000 m² belong to the own portfolio (648,000 m² as at 31 December 2017) and 1,347,000 m² to the VGP European Logistics joint venture (1,009,000 m² at 31 December 2017).

During the year 2018 VGP delivered a total of 21 projects representing 505,000 m² of lettable area, with an additional 19 projects under construction representing 322,000 m² of future lettable area. A further 2 projects were already delivered during the first 2 months of 2019 totalling 45,000 m² of lettable area. On the back of the recorded strong demand for lettable space an additional 9 new projects, representing 178,000 m² of future lettable area, were started up after year-end. These projects represent a future annualised rent income of circa € 7.7 million.

The net valuation of the property portfolio as at 31 December 2018 showed a net valuation gain of € 98.6 million (against a net valuation gain of € 94.6 million per 31 December 2017).

The own investment property portfolio consists of 13 completed buildings representing 288,000 m² of lettable area whereas the Joint Venture property portfolio consists of 68 completed buildings representing 1,333,000 m² of lettable area.

Gearing level of the Group improved slightly to 34.6% as at 31 December 2018 (42.3% at 31 December 2017) despite raising of new debt during the second half of 2018.

¹ Including VGP European Logistics (joint venture with Allianz Real Estate). As at 31 December 2018 the annualised committed leases for VGP European Logistics stood at € 70.9 million (2017: € 52.5 million).

OPERATING RESULT

<i>(in thousands of €)</i>	2018	2017
Revenue¹	30,336	28,224
Gross rental income	16,627	17,046
Property operating expenses	(1,123)	(1,941)
Net rental income	15,504	15,105
Joint venture management fee income	9,965	8,057
Net valuation gains / (losses) on investment properties	98,552	94,628
Administration expenses	(18,167)	(19,353)
Share in result from joint venture after tax	45,220	29,229
Operating profit / (loss)	151,074	127,666
Net financial costs	(13,970)	(10,466)
Profit before taxes	137,104	117,200
Taxes	(15,998)	(21,205)
Profit for the year	121,106	95,995

Net rental income

The net rental income increased with € 0.4 million to € 15.5 million after taking into effect the impact of the income generating assets delivered during 2018 offset by the fourth closing with the Joint Venture in April 2018 and the sale of the Mango building in September 2018.

Including VGP's share of the Joint Venture and looking at net rental income on a "look-through" basis net rental in total increased by € 10.8 million, or 33% compared to 31 December 2017 (from € 32.6 million for the period ending 31 December 2017 to € 43.4 million for the period ending 31 December 2018)²

Annualised committed rent income

During 2018 we saw continued strong leasing growth with letting activities performing at record levels.

The increase in demand for lettable area resulted in the signing of new lease contracts in excess of € 38.7 million in total of which € 32.6 million related to new or replacement leases (€ 7.9 million on behalf of VGP European Logistics) and € 6.1 million (€ 5.4 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 € 3.7 million (€ 3.1 million on behalf of VGP European Logistics) were terminated and the sale of the Mango building resulted in a € 7.6 million decline of the annualised committed leases.

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

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

Net, the annualised committed leases therefore increased to € 104.1 million as at the end of December 2018¹ (compared to € 82.8 million as at 31 December 2017).

Germany was the main driver of the growth in committed leases with € 13.0 million of new leases signed during the year (€ 5.2 million on behalf of VGP European Logistics).

The other countries also performed well with new leases being signed in the Czech Republic for € 9.1 million (€ 2.6 million on behalf of VGP European Logistics), in Spain for € 3.7 million (own portfolio), in Romania for € 1.4 million (own portfolio), in Latvia for € 1.9 million (own portfolio), in Hungary for € 1.5 million (€ 0.1 million on behalf of VGP European Logistics), Austria for € 1.1 million (own portfolio) and The Netherlands for € 0.9 million (own portfolio).

As at 31 December 2018, the weighted average term of the combined own and joint venture portfolio stood at 7.8 years². The own portfolio stood at 7.6 years³ and the Joint Venture portfolio stood at 7.8 years⁴. The weighted average term stood at 10.2 years as at 31 December 2017 and decreased mainly due to the divestment of the Mango building during 2018.

The Group's completed property portfolio, including the own and Joint Venture property portfolio, reached an occupancy rate of 99.3% at the end of December 2018 compared to 100.0% at the end of December 2017.

The signed annualised committed leases of € 104.1 million at the end of December 2018 represent a total of 1,982,000 m² of lettable area. Of this total space 635,000 m² belong to the own portfolio (648,000 m² as at 31 December 2017) and 1,347,000 m² to the VGP European Logistics joint venture (1,009,000 m² at 31 December 2017).

Net valuation gains on the property portfolio

As at 31 December 2018 the net valuation gains on the property portfolio reached € 98.6 million compared to a net valuation gain of € 94.6 million for the period ended 31 December 2017.

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

The own property portfolio, excluding development land but including the buildings being constructed on behalf of the Joint Venture, is valued by the valuation expert at 31 December 2018 based on a weighted average yield of 6.29% (compared to 6.00% as at 31 December 2017) applied to the contractual rents increased by the estimated rental value on unlet space.

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

Income from Joint venture

The Joint Venture management fee income increased by € 2.0 million to € 10.0 million. The increase was mainly due to the growth of the Joint Venture portfolio and the development activities undertaken on behalf of the Joint Venture.

¹ Including VGP European Logistics (joint venture with Allianz Real Estate). As at 31 December 2018 the annualised committed leases for VGP European Logistics stood at € 70.9 million compared to € 52.5 million as at 31 December 2017

² The weighted average term of the committed leases up to the first break stands at 7.2 years as at 31 December 2018

³ The weighted average term of the committed leases up to the first break stands at 7.0 years as at 31 December 2018

⁴ The weighted average term of the committed leases up to the first break stands at 7.2 years as at 31 December 2018

Property and facility management fee income increased from € 4.4 million for the period ending 31 December 2017 to € 6.7 million for the period ending 31 December 2018. The development management fee income generated during the period was € 3.3 million compared to € 3.7 million for the period ending 31 December 2017.

Share in result of the Joint Venture

VGP's share of the Joint Venture's profit for the period increased by € 16.0 million from € 29.2 million for the period ending 31 December 2017 to € 45.2 million for the period ending 31 December 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 € 27.9 million for the period ending 31 December 2018 compared to €17.5 million for the period ended 31 December 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 December 2018, the Joint Venture (100% share) had € 70.9 million of annualised committed leases representing 1,347,000 m² of lettable area compared to € 52.5 million of annualised committed leases representing 1,010,000 m² at the end of December 2017.

The net valuation gains on investment properties at share increased to € 39.9 million for the period ending 31 December 2018 (compared to € 24.4 million for the period ending 31 December 2017). The VGP European Logistics portfolio, excluding development and the buildings being constructed by VGP on behalf of the Joint Venture, was valued at a weighted average yield of 5.31% as at 31 December 2018 (compared to 5.68% as at 31 December 2017) reflecting the further contraction of the yields during 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 31 December 2018 increased to € 12.4 million from € 5.5 million for the period ending 31 December 2017. For the period ending 31 December 2018, the financial income at share was € 0.3 million (€ 0.8 million for the period ending 31 December 2017). The 31 December 2017 financial income included a € 0.7 million unrealised gain on interest rate derivatives. (€ 2.7 million unrealised loss as at 31 December 2018). The financial expenses at share increased from € 6.3 million for the period ending 31 December 2017 to € 12.7 million for the period ending 31 December 2018 and included € 3.4 million interest on shareholder debt (€ 1.4 million as at 31 December 2017), € 5.8 million interest on financial debt (€ 5.1 million as at 31 December 2017), € 2.7 million unrealised losses on interest rate derivatives (€ 0.1 million as at 31 December 2017), € 1.6 million other financial expenses (€ 1.0 million as at 31 December 2017) mainly relating to the amortisation of capitalised finance costs on bank borrowings and a positive impact of € 0.8 million (€ 1.3 million per 31 December 2017) related to capitalised interests.

Administrative costs

The administrative costs for the period were € 18.2 million compared to € 19.4 million for the period ended 31 December 2017, reflecting the discontinuance as from 1 January 2018 of the mid-term variable remuneration agreement of Little Rock SA¹ partially offset by the continued growth of the VGP team

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

in order to support the growth of the development activities of the Group and its geographic expansion. As at 31 December 2018 the VGP team comprised more than 180 people active in 12 different countries.

Net financial costs

For the period ending 31 December 2018, the financial income was € 6.1 million (€ 9.7 million for the period ending 31 December 2017) and included € 5.7 million interest income on loans granted to VGP European Logistics (€ 5.3 million as at 31 December 2017), € 39k unrealised gain on interest rate derivatives (€ 3.5 million as at 31 December 2017) and € 0.3 million of net foreign exchange gains (compared to € 0.6 million gain as at 31 December 2017).

The reported financial expenses as at 31 December 2018 of € 20.1 million (€ 20.2 million as at 31 December 2017) are mainly made up of € 20.1 million expenses related to financial debt (€ 19.3 million as at 31 December 2017), € 1.5 million unrealised loss on interest rate derivatives (compared to a € 2.2 million loss as at 31 December 2017), € 1.6 million other financial expenses (€ 1.6 million as at 31 December 2017) and a positive impact of € 3.2 million (€ 3.0 million for the period ending 31 December 2017) related to capitalised interests.

As a result, the net financial costs reached € 14.0 million for the period ending 31 December 2018 compared to € 10.5 million at the end of December 2017.

Shareholder loans to VGP European Logistics amounted to € 143.3 million as at 31 December 2018 (compared to € 149.9 million as at 31 December 2017) of which € 101.9 million (€ 137.1 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 DEVELOPMENT ACTIVITIES

The development activities in 2018 can be summarised as follows:

Completed projects

During the year 21 projects were completed totalling 505,000 m² of lettable area and representing €26.6 million of annualised committed leases (€9.6 million for VGP's own account and €17.0 million for the Joint Venture).

For its own account VGP delivered 8 buildings totalling 197,000 m² of lettable area:

- Germany: 1 building in VGP Park Gottingen of 43,000 m², 2 buildings in VGP Park Wustemark of 13,000 m² and 6,000 m² respectively, 1 building in VGP Park Dresden of 20,000 m²;
- Czech Republic: 1 building in VGP Park Chomutov of 36,000 m²;
- Latvia: 1 building in VGP Park Kekava of 36,000 m²;
- Spain: 1 building in VGP Park San Fernando de Henares of 23,000 m²;
- Romania: 1 building in VGP Park Timisoara of 21,000 m².

For VGP European Logistics 13 buildings were delivered totalling 308,000m² of lettable area:

- Czech Republic: 2 buildings in VGP Park Hradek nad Nisou of 15,000 m² and 11,000 m² respectively, 2 buildings in VGP Park Usti and Labem of 6,000 m² each, 1 building in VGP Park Olomouc of 11,000 m², 1 building in VGP Park Jenec of 12,000 m² and 1 building in VGP Park Cesky Ujezd of 13,000 m²;

- Germany: 1 building in VGP Park Hamburg of 13,000 m², 2 buildings in VGP Park Wetzlar each of 19,000 m², 2 buildings in VGP Park Berlin of 10,000 m² and 26,000 m² respectively and 1 building in VGP Park Frankenthal of 147,000 m².

Projects under construction

At the end of December 2018, VGP had 19 buildings under construction for a total future lettable area of 322,000 m². The new buildings under construction, which are already pre-let for 65%¹, represent €16.4 million of annualised leases when fully built and let.

For its own account VGP had 15 buildings under construction totalling 285,000 m² of lettable area representing €14.5 million of annualised leases:

- Germany: 2 buildings in VGP Park Gottingen, 1 building in VGP Park Halle, 2 buildings in VGP Park Wustermarke and 1 building in VGP Park Bischofsheim;
- Spain: 3 buildings in VGP Park San Fernando de Henares and 1 building in VGP Park Mango;
- Czech Republic: 1 building in VGP Park Chomutov and 1 building in VGP Park Olomouc;
- Romania: 1 building in VGP Park Timisoara and 1 building in VGP Park Sibiu;
- Latvia: 1 building in VGP Park Kekava.

On behalf of the Joint Venture, VGP is constructing 4 new buildings totalling 49,000 m² of lettable area representing €1.9 million of annualised leases:

- Czech Republic: 1 building in VGP Park Jenec;
- Germany: 2 buildings in VGP Park Leipzig;
- Slovakia: 1 building in VGP Park Malacky.

Land bank

During the year, VGP continued to acquire new land plots to support the future development pipeline. In 2018, VGP acquired 1,689,000 m² of land with a future development potential of 781,000 m². Of these land plots, 444,000 m² (26%) is in Germany, 333,000 m² in Romania (20%), 267,000 m² (16%) in Netherlands 223,000 m² (13%) in Czech Republic, 189,000 m² (11%) in Spain, 146,000 m² (9%) in Hungary and with the remaining land plots being in Italy and Austria.

As at 31 December 2018, VGP had another 1.6 million m² of secured land plots which are expected to be purchased during the next 6-12 months, subject to obtaining the necessary permits. This brings the total owned and secured land bank to 4.45 million m² which represents a remaining development potential of 2.0 million m² of which 540,000 m² in Germany, 592,000 m² in the Czech Republic, 202,000 m² in Spain, 203,000 m² in Netherlands, 194,000 m² in Romania, 98,000 m² in Slovakia and 83,000 m² in Hungary, 23,000 m² in Italy and 46,000 m² in Austria. Included in the above is the remaining 149,000 m² development land bank held by the Joint Venture with a development potential of circa 59,000 m² of new lettable area.

Besides the owned and secured land bank, VGP has signed non-binding agreements and is currently performing due diligence investigations, on an exclusive basis, on the potential acquisitions of in total circa 1,100,000 m² of new land plots located in Italy, Spain, Germany, the Netherlands, Hungary and

¹ Calculated based on the contracted rent and estimated market rent for the vacant space.

Czech Republic. VGP expects that a significant number of these land plots will be contractually locked in during the next 6 – 12 months.

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 € 275.0 million as at 31 December 2018. The net decrease is mainly driven by the fourth closing with VGP European Logistics joint venture at the end of April 2018.

The balance as at 31 December 2018 relates to the assets under construction and development land (at fair value) which are being / will be developed by VGP on behalf of VGP European Logistics, and included reclassified assets of VGP's investment properties, in the amount of € 120.4 million, which have been earmarked for the fifth closing with VGP European Logistic joint venture expected to occur in March 2019.

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 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 € 154.5 million as at 31 December 2018 (compared to € 194.9 million as at 31 December 2017).

FINANCING

During 2018 VGP successfully expanded and extended its bond financing profile following the completion of a €190 million bond in September 2018. The bond has a fixed rate of 3.5% and matures 19 March 2026. The proceeds were partly used to refinance the maturing € 75 million Dec-18 Bond (carrying a coupon of 5.1%), with the remaining balance to be used for the acquisition of development land in the existing and new markets i.e. the Netherlands, Italy, Austria and Portugal and to further finance the development of new projects on the Group's development land.

The financial debt increased from € 471 million as at 31 December 2017 to € 587 million as at 31 December 2018 of which € 15 million of outstanding bank debt.

The gearing ratio¹ of the Group decreased from 42.3% at 31 December 2017 to 34.6% as at 31 December 2018. The gearing remains well within the Company's target maximum consolidated gearing of 65%.

¹ Calculated as Net debt / Total equity and liabilities

DIVIDEND

In view of the successful and sustainable evolution of the Group's results, the Board of Directors of VGP has decided to propose to the Annual General Meeting a distribution of a gross dividend of € 40.9 million equal to €2.20 per share for year 2018, compared to €1.90 per share distributed over the year 2017.

OUTLOOK 2019

Based on the positive trend in demands for lettable area recorded by VGP during 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 2019. Development activities should continue to expand during 2019 supported by solid demand from potential tenants, e-commerce and as we leverage on the geographic expansion of VGP's footprint allowing VGP to provide pan-European as well as local solutions to a wide scale of potential multinational as well as local customers.

These development activities should be underpinned by the current owned as well as committed land bank on top locations across Europe which should provide a solid base to support and fuel the development activities for the next year.

We anticipate a >€ 190 million closing with VGP European Logistics joint venture by the end of March 2019.

Finally, we have a joint commitment with Allianz Real Estate to expand our JV structure beyond existing countries¹. These advanced discussions in respect of the set-up of a new joint venture are expected to be concluded during the first half of 2019, providing additional financial means to support the development activities of VGP.

¹ Of the twelve countries in which the group is active, the JV currently covers Germany, Slovakia, Czech Republic and Hungary

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CONDENSED CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

INCOME STATEMENT <i>(in thousands of €)</i>	Note	2018	2017
Revenue ¹	5	30,336	28,224
Gross rental income	5	16,627	17,046
Property operating expenses	6	(1,123)	(1,941)
Net rental income		15,504	15,105
Joint venture management fee income	5	9,965	8,057
Net valuation gains / (losses) on investment properties	7	98,552	94,628
Administration expenses	8	(18,167)	(19,353)
Share in result of Joint Venture	9	45,220	29,229
Operating profit / (loss)		151,074	127,666
Financial income	10	6,101	9,730
Financial expenses	10	(20,071)	(20,196)
Net financial result		(13,970)	(10,466)
Profit before taxes		137,104	117,200
Taxes	11	(15,998)	(21,205)
Profit for the period		121,106	95,995
Attributable to:			
Shareholders of VGP NV	12	121,106	95,995
Non-controlling interests		-	-
RESULT PER SHARE	Note	2018	2017
Basic earnings per share (in €)	12	6.52	5.17
Diluted earnings per share (in €)	12	6.52	5.17

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

2. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

STATEMENT OF COMPREHENSIVE INCOME <i>(in thousands of €)</i>	2018	2017
Profit for the year	121,106	95,995
<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	121,106	95,995
Attributable to:		
Shareholders of VGP NV	121,106	95,995
Non-controlling interest	-	-

3. CONDENSED CONSOLIDATED BALANCE SHEET

For the year ended 31 December 2018

ASSETS (in thousands of €)	NOTE	2018	2017
Intangible assets		41	36
Investment properties	13	468,513	392,291
Property, plant and equipment		742	507
Non-current financial assets		-	322
Investments in joint venture and associates	9	241,427	143,312
Other non-current receivables	9	41,461	12,757
Deferred tax assets	11	785	32
Total non-current assets		752,969	549,257
Trade and other receivables	14	23,064	11,074
Cash and cash equivalents	15	161,446	30,269
Disposal group held for sale	20	274,939	441,953
Total current assets		459,449	483,296
TOTAL ASSETS		1,212,418	1,032,553

SHAREHOLDERS' EQUITY AND LIABILITIES (in thousands of €)	NOTE	2018	2017
Share capital	16	62,251	62,251
Retained earnings		481,147	403,910
Other reserves		69	69
Shareholders' equity		543,467	466,230
Non-current financial debt	17	564,375	390,067
Other non-current financial liabilities		60	1,966
Other non-current liabilities	18	1,215	1,680
Deferred tax liabilities	11	16,692	11,750
Total non-current liabilities		582,342	405,463
Current financial debt	17	22,479	81,358
Trade debts and other current liabilities	19	38,769	38,379
Liabilities related to disposal group held for sale	20	25,361	41,123
Total current liabilities		86,609	160,860
Total liabilities		668,951	566,323
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,212,418	1,032,553

4. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2018

STATEMENT OF CHANGES IN EQUITY (in thousands of €)	Statutory share capital	Capital reserve (see note 16)	IFRS share capital	Retained earnings	Share premium	Other equity	Total equity
Balance as at 1 January 2017	112,737	(50,486)	62,251	327,985	69	-	390,305
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Result of the period	-	-	-	95,995	-	-	95,995
Effect of disposals	-	-	-	-	-	-	-
Total comprehensive income / (loss)	-	-	-	95,995	-	-	95,995
Dividends to shareholders	-	-	-	-	-	-	-
Share capital distribution to shareholders	(20,070)	20,070	-	(20,070)	-	-	(20,070)
Balance as at 31 December 2017	92,667	(30,416)	62,251	403,910	69	-	466,230
Balance as at 1 January 2018	92,667	(30,416)	62,251	403,910	69	-	466,230
Other comprehensive income / (loss)	-	-	-	-	-	-	0
Result of the period	-	-	-	121,106	-	-	121,106
Effect of disposals	-	-	-	-	-	-	0
Total comprehensive income / (loss)	-	-	-	121,106	-	-	121,106
Dividends to shareholders	-	-	-	(35,308)	-	-	(35,308)
Share capital distribution to shareholders	-	-	-	-	-	-	-
Correction for reciprocal interest through associates ¹	-	-	-	(8,561)	-	-	(8,561)
Balance as at 31 December 2018	92,667	(30,416)	62,251	481,147	69	0	543,467

¹ 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 acquired an additional 36% of VGP Misv Comm. VA during 2018.

5. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 December 2018

CASH FLOW STATEMENT (in thousands of €)	NOTE	2018	2017
<i>Cash flows from operating activities</i>	21		
Profit before taxes		137,104	117,200
<i>Adjustments for:</i>			
Depreciation		180	216
Unrealised (gains) / losses on investment properties	7	(64,156)	(90,272)
Realised (gains) / losses on disposal of subsidiaries and investment properties	7	(34,396)	(4,356)
Unrealised (gains) / losses on financial instruments and foreign exchange		1,161	(4,011)
Interest (income)		(5,738)	(5,619)
Interest expense		18,546	20,096
Share in (profit)/loss of joint venture and associates	9	(45,220)	(29,229)
Operating profit before changes in working capital and provisions		7,481	4,025
Decrease/(Increase) in trade and other receivables		(24,556)	(7,308)
(Decrease)/Increase in trade and other payables		(10,939)	17,113
Cash generated from the operations		(28,013)	13,830
Interest income		35	393
Interest (expense)		(22,011)	(20,247)
Income taxes paid		(1,046)	(762)
Net cash from operating activities		(51,035)	(6,786)
<i>Cash flows from investing activities</i>	21		
Proceeds from disposal of tangible assets and other		41	8
Proceeds from disposal of subsidiaries and investment properties		438,364	155,715
Investment property and investment property under construction		(263,339)	(168,379)
Distribution by / (investment in) joint venture and associates		0	1,000
Loans provided to joint venture and associates		(78,094)	(89,819)
Loans repaid by joint venture and associates		7,752	11,200
Net cash used in investing activities		104,724	(90,274)
<i>Cash flows from financing activities</i>	21		
Dividends paid		(35,308)	-
Net Proceeds / (cash out) from the issue / (repayment) of share capital		0	(20,070)
Proceeds from loans	17	188,357	157,444
Loan repayments	17	(75,750)	(79,749)
Net cash used in financing activities		77,299	57,625
Net increase / (decrease) in cash and cash equivalents		130,988	(39,434)
Cash and cash equivalents at the beginning of the period		30,269	71,595
Effect of exchange rate fluctuations		(251)	426
Reclassification to (-) / from held for sale		440	(2,318)
Cash and cash equivalents at the end of the period		161,446	30,269

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the period ended 31 December

1. BASIS OF PREPARATION

The financial information set out in this announcement is based on the consolidated financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial information is in accordance with the accounting policies set out in the 2018 financial statements.

While the financial information included in these condensed financial statements has been prepared in accordance with the recognition and measurement criteria of IFRS as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRS by April 2019.

2. 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.

2.1 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 several assumptions, and accordingly are not prepared in accordance with IFRS audited consolidated financial statements of VGP NV for the years ended 31 December 2018 and 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>	2018	2017
Investment EBITDA	42,351	32,867
Property development EBITDA	46,427	57,047
Property management and asset management EBITDA	6,848	5,825
Total operating EBITDA	95,626	95,740

<i>In thousands of €</i>	For the year ended 31 December 2018			
	Investment	Development	Property and asset management	Total
Gross rental income	16,627	-	-	16,627
Property operating expenses	(112)	(1,011)	-	(1,123)
Net rental income	16,515	(1,011)	-	15,504
Joint venture management fee income	-	-	9,965	9,965
Net valuation gains / (losses) on investment properties destined to the Joint Venture	-	61,248	-	61,248
Administration expenses	(1,021)	(13,810)	(3,117)	(17,948)
Share of joint ventures' Adjusted operating profit after tax ¹	26,857	-	-	26,857
EBITDA	42,351	46,427	6,848	95,626
Depreciation and amortisation	(27)	(126)	(66)	(219)
Earnings before interest and tax	42,324	46,301	6,782	95,407
Net financial costs - Own				(15,553)
Net financial costs - Joint venture and associates				(9,677)
Profit before tax				70,177
Current income taxes - Own				(1,046)
Current income taxes - Joint venture and associates				(697)
Recurrent net income				68,434
Net valuation gains / (losses) on investment properties - other countries ²				37,304
Net valuation gains / (losses) on investment properties - Joint venture and associates				39,938
Net fair value gain/(loss) on interest rate swaps and other derivatives				1,583
Net fair value gain/(loss) on interest rate swaps and other derivatives - Joint venture and associates				(2,706)
Deferred taxes -Own				(14,952)
Deferred taxes -Joint venture and associates				(8,496)
Reported profit for the period				121,106

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

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

<i>In thousands of €</i>	For the year ended 31 December 2017			
	Investment	Development	Property and asset management	Total
Gross rental income	17,046	-	-	17,046
Property operating expenses	(194)	(1,748)	-	(1,942)
Net rental income	16,852	(1,748)	-	15,104
Joint venture management fee income	-	-	8,057	8,057
Net valuation gains / (losses) on investment properties destined to the Joint Venture	-	75,053	-	75,053
Administration expenses	(647)	(16,258)	(2,232)	(19,137)
Share of joint ventures' Adjusted operating profit after tax ¹	16,663	-	-	16,663
EBITDA	32,867	57,047	5,825	95,740
Depreciation and amortisation	(23)	(124)	(69)	(216)
Earnings before interest and tax	32,844	56,923	5,756	95,524
Net financial costs - Own				(13,912)
Net financial costs - Joint venture and associates				(6,169)
Profit before tax				75,442
Current income taxes - Own				(762)
Current income taxes - Joint venture and associates				(218)
Recurrent net income				74,463
Net valuation gains / (losses) on investment properties - other countries ²				19,575
Net valuation gains / (losses) on investment properties - Joint venture and associates				24,427
Net fair value gain/(loss) on interest rate swaps and other derivatives				3,447
Net fair value gain/(loss) on interest rate swaps and other derivatives - Joint venture and associates				669
Deferred taxes -Own				(20,443)
Deferred taxes -Joint venture and associates				(6,142)
Reported profit for the period				95,995

¹ The adjustments to the share of profit from the joint venture (at share) are composed of € 24.4 million of net valuation gains/(losses) on investment properties, € 0.7 million of net fair value gain/(loss) on interest rate derivatives and € 6.1 million of deferred taxes in respect of these adjustments.

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

2.2 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.

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

¹ Includes joint venture at share.

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

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

31 December 2017							
<i>In thousands of €</i>	Gross rental income ¹	Net rental income ¹	Share of joint venture's operating EBITDA	Operating EBITDA (Incl. JV at share)	Investment properties Own	Investment properties JV at share	Capital expenditure ²
Western Europe							
Germany	13,835	10,589	10,594	51,237	375,367	263,215	175,475
Spain	7,500	5,046	-	3,933	209,976	-	5,546
	21,335	15,635	10,594	55,170	585,343	263,215	181,021
Central and Eastern Europe							
Czech Republic	6,405	6,605	3,500	37,254	156,688	75,416	58,703
Slovakia	1,631	1,499	1,459	1,928	11,262	21,722	902
Hungary	1,735	1,731	1,510	2,752	9,101	22,725	5,620
Romania	3,058	2,716	-	2,685	45,660	-	5,365
	12,829	12,551	6,469	44,619	222,711	119,863	70,590
Baltics							
Estonia	2,210	2,167	-	2,154	-	-	3,894
Latvia	-	(79)	-	(220)	14,535	-	5,463
	2,210	2,088	-	1,934	14,535	-	9,357
Other ³	-	2,364	(400)	(5,983)	-	-	-
Total	36,374	32,638	16,663	95,740	822,589	383,078	260,968

¹ Includes joint venture at share.

² Capital expenditures includes additions and acquisition of investment properties and development land but does not include tenant incentives, letting fees, and capitalised interest. Capital expenditure directly incurred for the own portfolio amounts to € 171.1 million and amounts to € 89.8 million on development properties of the Joint Venture.

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

3. REVENUE

<i>In thousands of €</i>	2018	2017
Rental income from investment properties	14,164	16,759
Straight lining of lease incentives	2,463	287
Total gross rental income	16,627	17,046
Joint Venture management fee income		
Property and facility management income	6,681	4,400
Development management income	3,284	3,657
Service charge income	3,744	3,121
Total revenue	30,336	28,224

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. In addition, 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). On 26 September 2018 the sale of Mango building located in Barcelona (Spain) was completed. The rental income of the Mango building for the period up to 26 September 2018 was € 5.6 million.

At the end of December 2018, the Group (including the Joint Venture) had annualised committed leases of € 104.1 million¹ compared to € 82.8 million² 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>	2018	2017
Less than one year	33,092	29,983
Between one and five years	118,267	109,260
More than five years	100,175	274,630
Total	251,534	413,873

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

4. PROPERTY OPERATING EXPENSES

<i>In thousands of €</i>	2018	2017
Repairs and maintenance	(334)	(306)
Letting, marketing, legal and professional fees	(201)	(286)
Real estate agents	(1,067)	(417)
Other income / (expenses), net of service charge income	479	(933)
Total	(1,123)	(1,942)

Other income / (expenses) showed a net expense balance of € 0.3 million (2017: € 1.6 million net expense balance) and are presented net of service charge income of € 0.8 million (2017: € 0.7 million).

¹ € 70.9 million related to the JV Property Portfolio and € 33.2 million related to the Own Property Portfolio.

² € 52.5 million related to the JV Property Portfolio and € 30.3 million related to the Own Property Portfolio.

5. NET VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTIES

<i>In thousands of €</i>	2018	2017
Unrealised valuation gains / (losses) on investment properties	25,964	65,343
Unrealised valuation gains / (losses) on disposal group held for sale	38,192	24,929
Realised valuation gains / (losses) on disposal of subsidiaries and investment properties	34,396	4,356
Total	98,552	94,628

The own property portfolio, excluding development land but including the assets being developed on behalf of the Joint Venture, is valued by the valuation expert at 31 December 2018 based on a weighted average yield of 6.29% (compared to 6.00% 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 total portfolio value of € 9.0 million.

6. INVESTMENTS IN JOINT VENTURE

6.1 Profit from joint venture

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. VGP NV holds 50% directly in VGP European Logistics S.à r.l. and holds another 5.1% in the subsidiaries of the Joint Venture holding assets in Germany.

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

INCOME STATEMENT <i>(in thousands of €)</i>	VGP European Logistics JV at 100%	VGP European Logistics German Asset Companies at 100 %	VGP European Logistics German Asset Companies at 5.1%	VGP European Logistics JV at 50%	2017
Gross rental income	36,328	22,831	1,164	18,164	19,328
Property Operating expenses					
- underlying property operating expenses	(534)	(170)	(9)	(267)	(276)
- property management fees	(2,853)	(1,811)	(92)	(1,426)	(1,519)
Net rental income	32,941	20,850	1,063	16,470	17,534
Net valuation gains / (losses) on investment properties	45,049	37,299	1,902	22,524	24,427
Administration expenses	(1,672)	(690)	(35)	(836)	(871)
Operating profit / (loss)	76,318	57,459	2,930	38,159	41,089
Net financial result	(10,218)	(7,675)	(391)	(5,109)	(5,500)
Taxes	(11,942)	(7,635)	(389)	(5,971)	(6,360)
PROFIT FOR THE PERIOD	54,158	42,149	2,150	27,079	29,229

6.2 Summarised balance sheet information in respect of Joint Venture

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

BALANCE SHEET <i>(in thousands of €)</i>	VGP European Logistics JV at 100%	VGP European Logistics German Asset Companies at 100 %	VGP European Logistics German Asset Companies at 5.1%	VGP European Logistics JV at 50%	2017
Investment properties	715,067	500,887	25,544	357,534	383,078
Other assets	269	-	-	135	135
Total non-current assets	715,336	500,887	25,544	357,669	383,213
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
Total current assets	33,994	25,934	1,322	16,998	18,320
Total assets	749,330	526,821	26,866	374,667	401,533
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
Total non-current liabilities	446,988	315,471	16,089	223,495	239,584
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
Total current liabilities	34,503	27,152	1,385	17,252	18,637
Total liabilities	481,491	342,623	17,474	240,747	258,221
Net assets	267,839	184,198	9,392	133,920	143,312

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 in Germany (3) and in the Czech Republic (3). The additional 5 buildings which are being acquired by the Joint Venture are in Germany (3 buildings), in the Czech Republic (1 building) and in Hungary (1 building).

The Joint Venture's property portfolio, excluding development land and buildings being constructed by VGP on behalf of the Joint Venture, is valued by the valuation expert at 31 December 2018 based on a weighted average yield of 5.31% (compared to 5.68% 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 (at 100%) of € 22.5 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.

6.3 Other non-current receivables

<i>in thousands of €</i>	2018	2017
Shareholder loans to VGP European Logistics S.à r.l.	37,739	11,539
Shareholder loans to associates (subsidiaries of VGP European Logistics S.à r.l.)	3,722	1,218
Construction and development loans to subsidiaries of VGP European Logistics S.à r.l.)	101,887	137,150
Construction and development loans reclassified as assets held for sale	(101,887)	(137,150)
Total	41,461	12,757

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

6.4 Investments in joint ventures and associates

<i>in thousands of €</i>	2018	2017
As at 1 January	143,312	89,194
Additions	52,895	25,787
Result of the year	45,220	29,229
Repayment of equity	-	(1,000)
Adjustments from sale of participations	-	102
As at the end of the period	241,427	143,312

7. NET FINANCIAL RESULT

<i>In thousands of €</i>	2018	2017
Bank and other interest income	34	45
Interest income - loans to joint venture and associates	5,702	5,300
Fair value gain on interest rate derivatives	39	3,547
Net foreign exchange gains	324	564
Other financial income	2	274
Financial income	6,101	9,730
Bond interest expense	(19,332)	(18,769)
Bank interest expense – variable debt	(806)	(540)
Bank interest expense – interest rate swaps - hedging	0	(74)
Interest capitalised into investment properties	3,230	2,966
Fair value loss on interest rate derivatives	(1,524)	(2,210)
Other financial expenses	(1,639)	(1,569)
Financial expenses	(20,071)	(20,196)
Net financial costs	(13,970)	(10,466)

8. EARNINGS PER SHARE

8.1 Earnings per ordinary share (EPS)

<i>In number</i>	2018	2017
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	(732,478)	(401,648)
Weighted average number of ordinary shares (diluted and after correction for reciprocal interest through associates)	17,850,572	18,181,402

<i>In thousands of €</i>	2018	2017
Result for the period attributable to the Group and to ordinary shareholders	121,106	95,995
Earnings per share (in €) - basic	6.52	5.17
Earnings per share (in €) - diluted	6.52	5.17
Earnings per share (in €) – after dilution and correction for reciprocal interest through associates	6.78	5.28

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 78.83% in VGP Misv Comm. VA.

During the second half of 2018 and following the expiration of a 5 year-lock-up period certain members of the VGP team sold their respective VGP MISV shares to VGP NV. VGP NV acquired 330,830 VGP Misv shares for an aggregate amount of € 8.6 million. Following this acquisition of these shares, VGP NV currently holds 78.73% in VGP Misv Comm. VA.

8.2 Net asset value per share (NAV)

EPRA NAV – In thousands of €	2018	2017
IFRS NAV	543,467	466,230
Effect of exercise of options, convertibles and other equity interests	0	-
Diluted NAV	543,467	466,230
To exclude:		
Fair value of financial instruments	60	1,644
Deferred tax	31,390	34,942
EPRA NAV	574,917	502,816
Number of shares	18,583,050	18,583,050
EPRA NAV per share (EUR/share)	30.94	27.06

EPRA NNAV – In thousands of €	2018	2017
EPRA NAV	574,917	502,816
To include:		
Fair value of financial instruments	(60)	(1,644)
Deferred tax	(31,390)	(34,942)
Fair value adjustment in respect of issued debt	2,510	(14,084)
EPRA triple net NAV (NNAV)	545,977	452,146
Number of shares	18,583,050	18,583,050
EPRA NNAV per share (EUR/share)	29.38	24.33

9. INVESTMENT PROPERTIES

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

<i>In thousands of €</i>	2017			
	Completed	Under Construction	Development land	Total
As at 1 January	265,813	125,989	158,460	550,262
Capex	82,320	63,619	-	145,939
Acquisitions	-	-	25,211	25,211
Capitalised interest	1,732	1,226	8	2,966
Capitalised rent free and agent's fee	2,025	231	-	2,256
Sales and disposal to Joint Venture	(148,810)	(12,186)	(3,244)	(164,240)
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	65,343
Reclassification to (-) / from held for sale	(180,314)	(50,432)	(4,700)	(235,446)
As at 31 December	152,611	95,005	144,675	392,291

SUPPLEMENTARY NOTES NOT PART OF CONDENSED FINANCIAL INFORMATION

1 INCOME STATEMENT, PROPORTIONALLY CONSOLIDATED

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

<i>In thousands of €</i>	2018			2017		
	Group	Joint Venture	Total	Group	Joint Venture	Total
Gross rental income	16,627	30,803	47,430	17,046	19,328	36,374
Property operating expenses	(1,123)	(2,890)	(4,013)	(1,941)	(1,795)	(3,736)
Net rental and related income	15,504	27,913	43,417	15,105	17,534	32,639
Joint venture management fee income	9,965	-	9,965	8,057	-	8,057
Net valuation gains / (losses) on investment properties	98,552	39,938	138,490	94,628	24,427	119,055
Administration expenses	(18,167)	(1,056)	(19,223)	(19,353)	(871)	(20,224)
Operating profit / (loss)	105,854	66,795	172,649	98,437	41,089	139,526
Net financial result	(13,970)	(12,382)	(26,352)	(10,466)	(5,500)	(15,966)
Taxes	(15,998)	(9,194)	(25,192)	(21,205)	(6,360)	(27,565)
Profit for the period	75,886	45,220	121,106	66,766	29,229	95,995

2 BALANCE SHEET, PROPORTIONALLY CONSOLIDATED

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

<i>In thousands of €</i>	2018			2017		
	Group	Joint Venture	Total	Group	Joint Venture	Total
Investment properties	468,513	624,281	1,092,794	392,291	383,078	775,369
Investment properties included in assets held for sale	262,172		262,172	430,298		430,298
Total investment properties	730,685	624,281	1,354,966	822,589	383,078	1,205,667
Other assets	43,029	408	43,437	13,654	135	13,789
Total non-current assets	773,714	624,689	1,398,403	836,243	383,213	1,219,456
Trade and other receivables	23,064	6,469	29,533	11,074	6,462	17,536
Cash and cash equivalents	161,446	22,501	183,947	30,269	11,858	42,127
Disposal group held for sale	12,767	-	12,767	11,655	-	11,655
Total current assets	197,277	28,970	226,247	52,998	18,319	71,317
Total assets	970,991	653,659	1,624,650	889,241	401,532	1,290,773
Non-current financial debt	564,375	340,708	905,083	390,067	208,971	599,038
Other non-current financial liabilities	60	2,574	2,634	1,966	-	1,966
Other non-current liabilities	1,515	3,328	4,843	1,680	1,873	3,553
Deferred tax liabilities	16,692	39,950	56,642	11,750	28,740	40,490
Total non-current liabilities	582,642	386,560	969,202	405,463	239,584	645,047
Current financial debt	22,479	8,687	31,166	81,358	5,728	87,086
Trade debts and other current liabilities	38,469	16,985	55,454	38,379	12,909	51,288
Liabilities related to disposal group held for sale	25,361		25,361	41,123		41,123
Total current liabilities	86,309	25,672	111,981	160,860	18,637	179,497
Total liabilities	668,951	412,232	1,081,183	566,323	258,221	824,544
Net assets	302,040	241,427	543,467	322,918	143,312	466,230

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

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.

Result on the portfolio

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