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ANNUAL FINANCIAL PRESS RELEASE

For the period
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STRONG DEMAND FOR PREMIUM EUROPEAN LOGISTIC ASSETS DRIVES ANNUAL RESULTS

28 February 2020, 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 financial year ended 31 December 2019:

- Record net profit of €205.6 million, a 69.8% YoY increase
- Solid business growth across European portfolio
 - Record signed and renewed rental income of €54.9 million, bringing total signed rental income to € 155.0 million, a 48.9% YoY increase
 - 34 buildings with 706,000 m² under construction at year-end
 - Owned and secured land bank of 6.21 million m² - a 39.6% YoY increase
 - Delivered 19 projects with 287,000 m² of lettable area, representing €15.8 million of annualised committed leases
 - Start of construction of landmark VGP Park Munich project with several other iconic projects in the pipeline, including Laatzen and Magdeburg
- Launched second joint venture with Allianz Real Estate and completed three successful joint venture transactions for a total transaction value of €610 million
- Successfully completed a € 150 million bond offering and arranged several multi-year bilateral credit facilities
- Intention to propose to the Annual Meeting of Shareholders a distribution of a gross dividend of € 60 million which equates to € 3.25 per share – a 47.7% YoY increase

VGP's Chief Executive Officer, **Jan Van Geet**, said: *"We had a busy year as usual in which our committed rental income grew by nearly 50%, profoundly changing the scale of our operations as we increasingly reap the benefits of the investments made over the last few years in our growing pan-European platform. Particularly we saw very strong growth in Germany – where we are already active since 2013 but mostly under the radar. However, over the last few months our profile in the German market changed significantly as we launched iconic projects in Munich, Laatzen and Göttingen bearing the fruit of intense cooperation with communities and SME clients over the past few years."*

Jan Van Geet continued: *"During the year we made significant investments into our organizational structure as we further aligned our country teams with our pan-European matrix organization and split the COO role – with Jon Watkins joining us from Amazon as COO Western Europe. We reinforced our financial position through a second joint venture with Allianz, a successful €150 million bond offering and new credit facilities. We believe it will be critical to maintain a fortress capital position so we can continue to benefit from investment opportunities as we see land becoming increasingly scarce."*

Jan Van Geet added: *"We are very confident for the outlook for 2020 as we will construct various pre-let trophy projects already in the pipeline which will support the results this year. Furthermore, we will continue the implementation of our pan-European roll-out and, supported by the foundation of our expanded land bank, we have the ambition to add a lot of new and iconic parks and tenants across the markets we are active in."*

FINANCIAL AND OPERATING HIGHLIGHTS

Record new signed lease agreements

- Record signed and renewed rental income of € 54.9 million driven by 727,000 m² of new lease agreements signed (corresponding to € 53.3 million of new annualised rental income), combined with 31,000 m² of lease agreements renewed (corresponding to € 1.6 million of annualised rental income)
- The signed and renewed rental income is generated mostly in Germany € 39.5 million or 74% of which € 20.8 million is contributed by pre-let agreements signed to date for VGP Park Munich
- The total signed lease agreements represent € 155.0 million¹ annualised committed rental income (equivalent to 2.66 million m² of lettable area), a **48.9% increase** since December 2018

Record level of construction activity

- A total of 19 projects delivered representing 287,000 m² of lettable area, representing €15.8 million of annualised committed rental income
- A record 34 projects under construction representing 706,000 m² of future lettable area representing €45.8 million of annualised committed rental income once built and fully let
- In addition, in our pipeline we have 11 pre-let projects to be started up in the coming months, representing 331,000m² of future lettable area representing €30.4 million of pre-let lease agreements

Record land bank expansion

- Acquisition of 2.88 million m² of development land and a further 1.80 million m² committed subject to permits which brings the total land bank (owned and committed) to 6.21 million m² (a 39.6% net increase since December 2018), which supports 2.78 million m² of future lettable area
- A further 1.02 million m² of new land plots identified which are under negotiation which have a development potential of 0.51 million m² of future lettable area. Since the start of 2020 this pipeline has increased by another 1.64 million m² of development land representing another 0.94 million m² of development potential

Significant strengthening of the team

- The team expanded to 220 FTE equivalent as we hired 40 additional people across the organization
- The COO role was split – with Jon Watkins, previously Amazon’s Head of EME Real Estate, joining as of December 2019 as COO Western Europe, and Matthias Sander as COO Eastern Europe – to align with the enlarged organization and create a platform for continued successful land acquisition as a driver for future growth

¹ For Joint Ventures at 100%

Reinforced our financial and capital position

- Expanded the strategic partnership with Allianz with a new 50:50 joint venture “VGP European Logistics 2” – an investment vehicle targeting core logistics assets in Austria, Italy, the Netherlands, Portugal, Romania and Spain. We are targeting to grow the joint venture to a gross asset value of €1.7 billion within five years by exclusively acquiring prime assets developed by VGP
- We conducted three successful closings with the Joint Ventures for a total gross asset value of €610 million. The first joint venture conducted two closings, one in April 2019 for €203 million and one in November 2019 for €232 million. The second joint venture successfully closed a first transaction of €175 million in July 2019
- A €150 million bond offering was completed in November 2019 and, in addition, through several bilateral agreements we secured multi-year credit facilities for a total of €183.5 million
- These combined proceeds and facilities will allow VGP to reinvest in its development pipeline and continue to grow the business. Gearing¹ at the end of 2019 stood at 37.2%, in line with the company’s target maximum consolidated gearing of 65%

Corporate Responsibility as key strategic principle

- During 2019 a number of initiatives were introduced including a new minimum building standard as we seek BREAAAM Very Good certification (or equivalent) for new constructions as of 2020 onwards. In addition, we plan a broader roll-out of sustainable energy production in our parks through photovoltaic and other renewable sources in order to support our tenants with their goal of neutralizing their carbon footprint
- The VGP Foundation was founded in 2019 as a registered Belgian private foundation. VGP has committed to contribute circa 1-2% of its annual profit into the VGP Foundation and this year we will propose to contribute a starting capital of € 3 million. The foundation will focus on three main areas: firstly, supporting education for children and young people in need, secondly, the preservation and creation of biospheres and nature conservation zones and, thirdly, the protection of European cultural assets and heritage
- For 2020 we have set ourselves enhanced sustainability targets as we believe the private sector – and especially the logistics sector – plays an important role in creating solutions that help grow the economy and addressing challenges such as climate change. We will therefore regularly publish our strategy, goals and initiatives in a comprehensive Corporate Responsibility report. The first edition is scheduled for publication in the coming weeks

Outlook 2020

- It is with confidence that we look at 2020 and beyond, as we continue to leverage on the implementation and expansion of our pan-European roll-out. The positive trend in demands for lettable area recorded by VGP during 2019 in combination with the significant increase of our land bank during the last 12 months has laid the foundation for growth over the coming years. 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 2020. Development activities should continue to operate at elevated levels during 2020 supported by solid demand from potential

¹ Calculated as Net debt / Total equity and liabilities

tenants. We expect e-commerce to continue to be an important driver for demand across our platform.

- Finally, in respect of partnership with Allianz Real Estate, we expect in the course of 2020 to be able to announce the details of an expansion of our first joint venture beyond the €1.7 billion original target and we anticipate to be able to conduct several closings with the Joint Ventures in the course of this year.

KEY FINANCIAL METRICS

Operations and results	2019	2018	Change (%)
Committed annualised rental income (€mm)	155.0	104.1	48.9%
IFRS Operating Profit before tax (€mm)	252.4	151.1	67.0%
IFRS net profit (€mm)	205.6	121.1	69.8%
IFRS earnings per share (€ per share)	11.06	6.52	69.8%
Dividend per share (€ per share)	3.25	2.20	47.7%

Portfolio and balance sheet	2019	2018	Change (%)
Portfolio value, including Joint Ventures at 100% (€mm)	2,771	1,936	43.1%
Portfolio value, including Joint Ventures at share (€mm)	1,897	1,355	40.0%
Occupancy ratio of standing portfolio (%)	99.8	99.3	-
EPRA NAV per share (€ per share)	39.89	30.94	28.9%
IFRS NAV per share (€ per share)	37.66	29.25	28.8%
Net financial debt (€mm)	604.2	419.3	44.1%
Gearing ¹ (%)	37.2	34.6	-

CONFERENCE CALL FOR INVESTORS AND ANALYSTS

VGP will host a conference call at 10:30 (CET) on 28 February 2020

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: 800-263-0877 (toll free) / +1 646-828-8143
- Confirmation Code: 8533079

A presentation is available under “Reports and Presentations” on VGP website:

<https://www.vgpparks.eu/en/investors/>

¹ Calculated as Net debt / Total equity and liabilities

FINANCIAL CALENDAR

Annual Report 2019	7 April 2020
First quarter 2020 trading update	8 May 2020
General meeting of shareholders	8 May 2020
Dividend ex-date	15 May 2020
Dividend payment date	19 May 2020
Half year results 2020	24 August 2020
Third quarter 2019 trading update	20 November 2020

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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 an development land bank (owned or committed) of 6.2 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 circa 220 employees today owns and operates assets in 12 European countries directly and through VGP European Logistics and VGP European Logistics 2, both joint ventures with Allianz Real Estate. As of December 2019, the Gross Asset Value of VGP, including the joint ventures at 100%, amounted to €2.77 billion and the company had a Net Asset Value (EPRA NAV) of €741 million. VGP is listed on Euronext Brussels and on the Prague Stock Exchange (ISIN: BE0003878957).

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 2019 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 fifth and sixth closing was made with VGP European Logistics (the first 50/50 joint venture with Allianz Real Estate) in which the joint venture acquired in total 6 new parks from VGP, comprising of 10 logistic buildings and another 12 new logistic buildings which were developed in parks previously transferred to the joint venture. The 22 buildings are in Germany (14) and in the Czech Republic (8). VGP European Logistics 2, the second 50/50 joint venture with Allianz Real Estate, which was established on 1st of July 2019 successfully completed the initial closing with a transaction consisting of 3 parks acquired by the joint venture from VGP, including 8 buildings of which 4 in the established markets of Spain (3) and Austria (1), and 4 in the fast-growing market of Romania.

The signed lease agreements represent € 155.0 million¹ of annualised committed rental income at the end of December 2019 represent a total of 2,662,000 m² of lettable area. Of this total space 749,000 m² belong to the own portfolio (635,000 m² as at 31 December 2018) and 1,913,000 m² to the Joint Ventures (1,347,000 m² at 31 December 2018).

During the year 2019 VGP delivered a total of 19 projects representing 287,000 m² of lettable area, with an additional 34 projects under construction representing 706,000 m² of future lettable area.

The Group's completed property portfolio, including own and Joint Ventures portfolio, reached an occupancy rate of 99.8% as of December 2019 compared to 99.3% as of December 2018.

The net valuation of the property portfolio as at 31 December 2019 showed a net valuation gain of € 188.2 million (against a net valuation gain of € 98.6 million per 31 December 2018).

The own investment property portfolio consists of 7 completed buildings representing 146,000 m² of lettable area whereas the Joint Ventures property portfolio consists of 92 completed buildings representing 1,765,000 m² of lettable area.

Gearing level of the Group as at 31 December 2019 was 37.2% (compared to 34.6% at 31 December 2018), well within the covenant of 65%.

¹ Including VGP European Logistics (first joint venture with Allianz Real Estate) and VGP European Logistics 2 (second joint venture with Allianz Real Estate). As at 31 December 2019 the annualised committed leases for the Joint Ventures combined stood at €102.3 million of which VGP European Logistics amounted to € 92.2 million (2018: € 70.9 million) and VGP European Logistics 2 amounted to €10.9 million.

OPERATING RESULT

<i>(in thousands of €)</i>	2019	2018
Revenue¹	26,037	30,336
Gross rental income	11,653	16,627
Property operating expenses	(2,556)	(1,123)
Net rental income	9,097	15,504
Joint ventures management fee income	10,492	9,965
Net valuation gains / (losses) on investment properties	188,165	98,552
Administration expenses	(21,100)	(18,167)
Share in result from joint ventures after tax	65,703	45,220
Operating profit / (loss)	252,357	151,074
Net financial costs	(14,238)	(13,970)
Profit before taxes	238,119	137,104
Taxes	(32,506)	(15,998)
Profit for the year	205,613	121,106

Net rental income

The net rental income decreased with € 6.4 million to € 9.1 million, primarily due to the sale of the Mango² building in September 2018 and after taking into effect the impact of the fifth and sixth closing with VGP European Logistics joint venture in April and November 2019 respectively and the first closing with VGP European Logistics 2 in July 2019, offset by the income generating assets delivered during 2019.

Including VGP's share of the Joint Ventures and looking at net rental income on a "look-through" basis net rental in total increased by € 3.2 million (from € 43.4 million for the period ending 31 December 2018 to € 46.7 million for the period ending 31 December 2019)³

Annualised committed rent income

During 2019 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 € 54.9 million in total of which € 53.3 million related to new or replacement leases (€ 6.3 million on behalf of Joint Ventures) and € 1.6 million (€ 1.6 million on behalf of Joint Ventures) were related to renewals of existing lease contracts.

During the year lease contracts for a total amount of € 2.4 million (€ 1.5 million on behalf of Joint Ventures) were terminated.

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

² The rental income of the Mango building for the period 1 January 2018 until 26 September 2018 was € 5.6 million

³ See attached section 'Supplementary notes not part of the condensed financial information' for further details

Net, the annualised committed leases therefore increased to € 155.0 million as at the end of December 2019¹ (compared to € 104.1 million as at 31 December 2018).

Of the € 53.3 million newly signed and renewed rental income, 74% is generated in Germany with a total of € 39.5 million (€ 3.1 million on behalf of VGP European Logistics), of which € 24.0 million is contributed by leases signed to date for VGP Park Munich.

In the Czech Republic we signed for € 3.6 million (€ 2.0 million on behalf of VGP European Logistics), in Spain for € 2.8 million (own portfolio), in Latvia for € 1.7 million (own portfolio), in Romania for € 1.7 million (€ 0.9 million on behalf of VGP European Logistics 2), in Netherlands for € 1.6 million (own portfolio), in Italy for € 1.5 million (own portfolio), in Hungary for € 0.6 million (own portfolio) and Slovakia for € 0.2 million (€ 0.2 million on behalf of VGP European Logistics).

As at 31 December 2019, the weighted average term of the combined own and Joint Ventures portfolio stood at 8.9 years². The own portfolio stood at 12.5 years³ and the Joint Ventures' portfolio stood at 7.0 years⁴. The weighted average term stood at 7.8 years as at 31 December 2018 and increased in 2019 due to the significant amount of new leases with a lease term of 15 years or more compared to the overall portfolio.

The Group's completed property portfolio, including the own and Joint Ventures property portfolio, reached an occupancy rate of 99.8% at the end of December 2019 compared to 99.3% at the end of December 2018.

The signed lease agreements with an annualised committed rental income of € 155.0 million at the end of December 2019 represent a total of 2,662,000 m² of lettable area. Of this total space 749,000 m² belong to the own portfolio (635,000 m² as at 31 December 2018) and 1,913,000 m² to the Joint Ventures (1,347,000 m² at 31 December 2018).

Net valuation gains on the property portfolio

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

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

The own property portfolio, excluding development land but including the buildings being constructed on behalf of the Joint Ventures, is valued by the valuation expert at 31 December 2019 based on a weighted average yield of 5.76% (compared to 6.29% as at 31 December 2018) applied to the contractual rent income 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.

¹ Including Joint Ventures. As at 31 December 2019 the annualised committed rental income for VGP European Logistics amounted to € 92.2 million compared to € 70.9 million as at 31 December 2018 and for VGP European Logistics 2 amounted to € 10.9 million compared to nil as at 31 December 2018

² The weighted average term of the signed lease agreements up to the first break stands at 8.4 years as at 31 December 2019

³ The weighted average term of the signed lease agreements up to the first break stands at 12.3 years as at 31 December 2019

⁴ The weighted average term of the signed lease agreements up to the first break stands at 6.3 years as at 31 December 2019

Income from Joint Ventures

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

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

Share in result of the Joint Ventures

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

Net rental income at share increased to € 37.6 million for the period ending 31 December 2019 compared to €27.9 million for the period ended 31 December 2018. The increase reflects the underlying growth of the Joint Ventures' Portfolio resulting from the different closings made between the Joint Ventures and VGP since May 2016.

At the end of December 2019, the Joint Ventures (100% share) had € 102.3 million of annualised committed rental income representing 1,913,000 m² of lettable area compared to € 70.9 million of annualised committed rental income representing 1,347,000 m² at the end of December 2018.

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

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

Administrative costs

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

Net financial costs

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

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

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

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

Taxes

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

The change in the tax line is mainly due to the variance of the fair value adjustments of the property portfolio and has therefore only residual cash effect.

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

EVOLUTION OF THE DEVELOPMENT ACTIVITIES

The development activities in 2019 can be summarised as follows:

Completed projects

During the year 19 projects were completed totalling 287,000 m² of lettable area and representing €15.8 million of annualised committed rental income (€6.4 million for VGP's own account and €9.4 million for the Joint Ventures).

For its own account VGP delivered 6 buildings totalling 111,000 m² of lettable area:

- Germany: 1 building in VGP Park Chemnitz of 13,000 m² and 1 building in VGP Park Göttingen of 6,000 m²;
- Spain: 1 building in VGP Park Lliçà d'Amunt of 32,000 m²;
- Latvia: 1 building in VGP Park Kekava of 27,000 m²;
- Hungary: 1 building in VGP Park Hatvan of 17,000 m²;
- Italy: 1 building in VGP Park Valsamoggia of 16,000 m².

For the Joint Ventures 13 buildings were delivered totalling 176,000m² of lettable area. Of this, for VGP European Logistics 10 buildings were delivered totalling 132,000m² of lettable area:

- Czech Republic: 3 buildings in VGP Park Olomouc of which 2 of 14,000 m² and 1 of 3,000 m², and 1 building in VGP Park Jenec of 4,000 m²;
- Germany: 2 buildings in VGP Park Leipzig of 10,000 m² and 7,000 m², 1 building in VGP Park Göttingen of 39,000 m², 1 building in VGP Park Wustermarke of 12,000 m², 1 building in VGP Park Berlin of 23,000 m² and 1 building in VGP Park Bischofsheim of 7,000 m²

In addition, 3 buildings were delivered for VGP European Logistics 2 for a total of 44,000m² of lettable area, all of which in Spain in VGP Park San Fernando de Henares, through 1 building of 20,000 m² and two buildings of each 12,000 m²

Projects under construction

At the end of December 2019, VGP had 34 buildings under construction for a total future lettable area of 706,000 m². The new buildings currently under construction, which are pre-let for 62%¹, represent €45.8 million of annualised rental income when fully built and let. If based on buildings currently under construction and construction projects in the immediate pipeline the pre-let ratio is 78%.

For its own account VGP had 22 buildings under construction totalling 512,000 m² of lettable area representing €34.5 million of annualised rental income:

- Germany: 4 buildings in VGP Park München, 1 building in VGP Park Göttingen, 1 building in VGP Park Halle, 1 building in VGP Park Giessen-Buseck, 1 building in VGP Park Magdeburg and 1 building in VGP Park Einbeck;
- Spain: 3 buildings in VGP Park Lliçà d'Amunt, 2 buildings in VGP Park Valencia and 1 building in VGP Park Zaragoza;
- Italy: 1 building in VGP Park Calcio and 1 building in VGP Park Valsamoggia;
- Hungary: 1 building in VGP Park Kecskemet;

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

- Czech Republic: 1 building in VGP Park Prostějov;
- Netherlands: 1 building in VGP Park Nijmegen and 1 building in VGP Park Roosendaal;
- Romania: 1 building in VGP Park Sibiu.

On behalf of the Joint Ventures, VGP is constructing 12 new buildings totalling 194,000 m² of lettable area representing €11.3 million of annualised rental income. For VGP European Logistics, VGP is constructing 9 new buildings totalling 158,000 m² of lettable area representing €9.5 million of annualised rental income:

- Czech Republic: 2 buildings in VGP Park Olomouc, 1 building in VGP Park Usti nad Labem and 1 building in VGP Park Chomutov;
- Germany: 3 buildings in VGP Park Berlin, 1 building in VGP Park Wustermark;
- Slovakia: 1 building in VGP Park Malacky;

For VGP European Logistics 2, VGP is constructing 3 new buildings totalling 36,000 m² of lettable area representing €1.9 million of annualised rental income:

- Spain: 2 buildings in VGP Park San Fernando de Henares;
- Romania: 1 building in VGP Park Timisoara.

Land bank

During the year, VGP managed to acquire record new land plots to support the future development pipeline. A total of 2,880,000 m² of land with a future development potential of 1,570,000 m² has been acquired. Of these land plots, 1,291,000 m² (45%) is in Germany, 576,000 m² in Slovakia (20%), 225,000 m² (8%) in Spain, 177,000 m² (6%) in Hungary, 168,000 m² (6%) in Netherlands, 166,000 m² (6%) in Romania, 92,000 m² (3%) in Austria and remaining land plots in Portugal, Czech Republic and Italy.

As at 31 December 2019, VGP had another 1.80 million m² of secured land plots of which 868,000 m² in Czech Republic, 373,000 m² in Romania, 257,000 m² in Germany, 197,000 m² in Italy and 102,000 m² in Slovakia. These secured land plots are expected to be purchased during the next 6-12 months, subject to obtaining the necessary permits.

This brings the total land bank (owned and secured) to 6.21 million m² which represents a remaining development potential of 2.78 million m². Included in the above is the remaining 303,000 m² development land bank held by the Joint Ventures with a development potential of circa 136,000 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 1,020,000 m² of new land plots located in Germany, Italy, Netherlands, Portugal and Romania. 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 € 274.9 million as at 31 December 2018 to € 169.7 million as at 31 December 2019. The balance as at 31 December 2019 relates to the assets under construction and development land (at fair value) which are being / will be developed by VGP on behalf of VGP European Logistics and VGP European Logistics 2.

Under the joint venture agreements VGP European Logistics and VGP European Logistics 2 have 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 with respect to the first joint venture and in Austria, Italy, the Netherlands, Portugal, Romania and Spain with respect to the second joint venture. The development pipeline which is transferred to a joint venture as part of the different closings between a 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 the Joint Ventures amounted to € 169.7 million as at 31 December 2019 (compared to € 154.5 million as at 31 December 2018). The balance at 31 December 2018 also included an amount of € 120.4 million, which related to assets which had been earmarked for an imminent upcoming closing (currently no assets are earmarked for an upcoming closing).

FINANCING

In November 2019, VGP successfully issued a new bond of € 150 million with a maturity date of 2 April 2023 and a coupon of 2.75%.

The financial debt increased from € 587 million as at 31 December 2018 to € 780 million as at 31 December 2019 of which €720 million relates to outstanding bonds. During the year €15.0 million of bank debt with Raiffeisen – Romania was repaid and bank debt in the amount of €21.7 million was provided by Swedbank – Latvia. In October 2019, the Group issued Schuldschein Loans for a total amount of €33.5 million. During the year, the Group secured new 3-year revolving credit facilities for a total amount of €150 million, which as of December 2019 were undrawn.

The gearing ratio¹ of the Group as of 31 December 2019 amounted to 37.2% compared to 34.6% as at 31 December 2018. The gearing remains well within the Company's target maximum consolidated gearing of 65%.

DIVIDEND

In view the successful evolution of the Group's result during the last year as well as the positive outlook for 2020, the Board of Directors of VGP has decided to propose to the Annual General Meeting a distribution of a gross dividend of € 60.4 million for the year 2019. This equates to €3.25 per share or a gross dividend yield of 3.16%², compared to €2.20 per share distributed over the year 2018.

¹ Calculated as Net debt / Total equity and liabilities

² Based on the closing share price of € 103.0 as at 27 February 2020

FINANCIAL ACCOUNTS¹

1. CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

INCOME STATEMENT <i>(in thousands of €)</i>	NOTE	2019	2018
Revenue²	7	26,037	30,336
Gross rental income	7	11,653	16,627
Property operating expenses		(2,556)	(1,123)
Net rental income		9,097	15,504
Joint ventures management fee income	7	10,492	9,965
Net valuation gains / (losses) on investment properties	8	188,165	98,552
Administration expenses		(21,100)	(18,167)
Share in result of joint ventures	9	65,703	45,220
Operating profit / (loss)		252,357	151,074
Financial income	10	5,543	6,101
Financial expenses	10	(19,781)	(20,071)
Net financial result		(14,238)	(13,970)
Profit before taxes		238,119	137,104
Taxes		(32,506)	(15,998)
Profit for the period		205,613	121,106
Attributable to:			
Shareholders of VGP NV		205,613	121,106
Non-controlling interests		-	-

EARNINGS PER SHARE	NOTE	2019	2018
Basic earnings per share (in €)	11	11.06	6.52
Diluted earnings per share (in €)	11	11.06	6.52

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 Revenue is composed of gross rental income of €11.65 million (vs 16.63 million for 2018), service charge income of €3.89 million (vs €3.74 million in 2018), property and facility management income of €8.75 million (versus €6.68 million in 2018) and property development income of €1.74 million (vs €3.28 million in 2018).

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

STATEMENT OF COMPREHENSIVE INCOME <i>(in thousands of €)</i>	2019	2018
Profit for the year	205,613	121,106
<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	205,613	121,106
Attributable to:		
Shareholders of VGP NV	205,613	121,106
Non-controlling interest	-	-

3. CONSOLIDATED BALANCE SHEET

For the year ended 31 December 2019

ASSETS (in thousands of €)	NOTE	2019	2018
Intangible assets		46	41
Investment properties	12	792,945	468,513
Property, plant and equipment		5,287	742
Non-current financial assets		-	-
Investments in joint ventures and associates	9	387,246	241,427
Other non-current receivables	9	63,571	41,461
Deferred tax assets		695	785
Total non-current assets		1,249,790	752,969
Trade and other receivables		28,770	23,064
Cash and cash equivalents		176,148	161,446
Disposal group held for sale		169,655	274,939
Total current assets		374,573	459,449
TOTAL ASSETS		1,624,363	1,212,418

SHAREHOLDERS' EQUITY AND LIABILITIES (in thousands of €)	NOTE	2019	2018
Share capital		62,251	62,251
Retained earnings		637,461	481,147
Other reserves		69	69
Shareholders' equity		699,781	543,467
Non-current financial debt		767,673	564,375
Other non-current financial liabilities		0	60
Other non-current liabilities		12,789	1,215
Deferred tax liabilities		31,647	16,692
Total non-current liabilities		812,109	582,342
Current financial debt		12,673	22,479
Trade debts and other current liabilities ¹		89,325	38,769
Liabilities related to disposal group held for sale		10,475	25,361
Total current liabilities		112,473	86,609
Total liabilities		924,582	668,951
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,624,363	1,212,418

1 Increased trade debt and other current liabilities reflects mostly €26 million balance due in respect of acquired development land of VGP Park Bratislava and €16 million increase in trade payables reflecting elevated construction activities

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2019

STATEMENT OF CHANGES IN EQUITY (in thousands of €)	Statutory share capital	Capital reserve	IFRS share capital	Retained earnings	Share premium	Other equity	Total equity
Balance as at 1 January 2018	92,667	(30,416)	62,251	403,910	69	-	466,230
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Result of the period	-	-	-	121,106	-	-	121,106
Effect of disposals	-	-	-	-	-	-	-
Total comprehensive income / (loss)	-	-	-	121,106	-	-	121,106
Dividends to shareholders	-	-	-	(35,308)	-	-	(35,308)
Correction for reciprocal interest through associates	-	-	-	(8,561)	-	-	(8,561)
Balance as at 31 December 2018	92,667	(30,416)	62,251	481,147	69	-	543,467
Balance as at 1 January 2019	92,667	(30,416)	62,251	481,147	69	-	543,467
Other comprehensive income / (loss)	-	-	-	-	-	-	0
Result of the period	-	-	-	205,613	-	-	205,613
Effect of disposals	-	-	-	-	-	-	0
Total comprehensive income / (loss)	-	-	-	205,613	-	-	205,613
Dividends to shareholders	-	-	-	(40,883)	-	-	(40,883)
Remeasurement of VGP Misv management incentive plan ¹	-	-	-	(8,416)	-	-	(8,416)
Balance as at 31 December 2019	92,667	(30,416)	62,251	637,461	69	-	699,781

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

5. CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 December 2019

CASH FLOW STATEMENT (in thousands of €)	Note	2019	2018
<i>Cash flows from operating activities</i>			
Profit before taxes		238,119	137,104
<i>Adjustments for:</i>			
Depreciation		1,207	180
Unrealised (gains) / losses on investment properties		(153,273)	(64,156)
Realised (gains) / losses on disposal of subsidiaries and investment properties		(34,892)	(34,396)
Unrealised(gains) / losses on financial instruments and foreign exchange		108	1,161
Interest (income)		(5,543)	(5,738)
Interest expense		19,673	18,546
Share in (profit) / loss of joint ventures and associates	9	(65,703)	(45,220)
Operating profit before changes in working capital and provisions		(304)	7,481
Decrease/(Increase) in trade and other receivables		(12,249)	(24,556)
(Decrease)/Increase in trade and other payables		2,964	(10,939)
Cash generated from the operations		(9,589)	(28,013)
Interest received		27	35
Interest paid		(19,280)	(22,011)
Income taxes paid		(484)	(1,046)
Net cash generated from operating activities		(29,328)	(51,035)
<i>Cash flows from investing activities</i>			
Proceeds from disposal of tangible assets and other		22	41
Proceeds from disposal of subsidiaries and investment properties	13	339,008	438,364
Investment property and investment property under construction		(453,849)	(263,339)
Distribution by / (investment in) joint ventures and associates		(3,000)	
Loans provided to joint ventures and associates		(30,271)	(78,094)
Loans repaid by joint ventures and associates		22,586	7,752
Net cash used in investing activities		(125,504)	104,724
<i>Cash flows from financing activities</i>			
Dividends paid		(40,883)	(35,308)
Proceeds from loans		204,151	188,357
Loan repayments		(981)	(75,750)
Net cash used in financing activities		162,287	77,299
Net increase / (decrease) in cash and cash equivalents		7,456	130,988
Cash and cash equivalents at the beginning of the period		161,446	30,269
Effect of exchange rate fluctuations		1,116	(251)
Reclassification to (-) / from held for sale		6,130	440
Cash and cash equivalents at the end of the period		176,148	161,446

6. 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 based on the Group's business lines.

6.1 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 Joint Ventures.

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

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

Investment business

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

Property development

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

Property and asset management

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

Breakdown summary of the business lines

In thousands of €	2019	2018
Investment EBITDA	46.206	42,351
Property development EBITDA	169.488	46,427
Property management and asset management EBITDA	7.249	6,848
Total operating EBITDA	222,943	95,626

Adjusted operating profit	For the year ended 31 December 2019			
	Investment	Development	Property and asset management	Total
Gross rental income	11,653			11,653
Property operating expenses	(256)	(2,300)	0	(2,556)
Net rental income	11,397	(2,300)	0	9,097
Joint ventures management fee income			10,492	10,492
Net valuation gains / (losses) on investment properties destined to the joint ventures	0	186,757	0	186,757
Administration expenses	(1,681)	(14,969)	(3,243)	(19,893)
Share of joint ventures' adjusted profit after tax ¹	36,490	0	0	36,490
EBITDA	46,206	169,488	7,249	222,943
				0
Depreciation and amortisation	0	(1,207)	0	(1,207)
Earnings before interest and tax	46,206	168,383	7,147	221,736
Net financial cost - Own				(14,238)
Net financial cost - Joint ventures and associates	0	0	0	(16,049)
Profit before tax				191,449
Current income taxes - own				(484)
Current income taxes - Joint ventures and associates				(1,464)
Recurrent net income				189,502
Net valuation gains / (losses) on investment properties - other countries ²				1,408
Net valuation gains / (losses) on investment properties - Joint ventures and associates				60,753
Net fair value gain/(loss) on interest rate swaps and other derivatives				0
Net fair value gain/(loss) on interest rate swaps and other derivatives - Joint ventures and associates				(108)
Deferred taxes - own				(32,022)
Deferred taxes - Joint ventures and associates				(13,919)
Reported profit for the period				205,613

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

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

In thousands of €	For the year ended 31 December 2018			
	Investment	Development	Property and asset management	Total
Gross rental income	16,627	-	-	16,627
Property operating expenses	(112)	(1,011)	-	(1,123)
Net rental income	16,515	(1,011)	-	15,504
Joint ventures management fee income	-	-	9,965	9,965
Net valuation gains / (losses) on investment properties destined to the joint ventures	-	61,248	-	61,248
Administration expenses	(1,021)	(13,810)	(3,117)	(17,948)
Share of joint ventures' adjusted operating profit after tax ¹	26,857	-	-	26,857
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				(12,485)
Net financial costs - Joint ventures and associates				(9,677)
Profit before tax				73,245
Current income taxes - Own				(1,046)
Current income taxes - Joint ventures and associates				(697)
Recurrent net income				71,502
Net valuation gains / (losses) on investment properties - other countries ²				37,304
Net valuation gains / (losses) on investment properties - Joint ventures and associates				39,938
Net fair value gain/(loss) on interest rate swaps and other derivatives				(1,485)
Net fair value gain/(loss) on interest rate swaps and other derivatives - Joint ventures and associates				(2,706)
Deferred taxes -Own				(14,952)
Deferred taxes -Joint ventures and associates				(8,496)
Reported profit for the period				121,106

¹ The adjustments to the share of profit from the Joint Ventures (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 which as of December 2018 were outside of the JV perimeter i.e. all countries except for Germany, Czech Republic, Slovakia and Hungary.

6.2 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 2019							
<i>In thousands of €</i>	Gross rental income ¹	Net rental income ¹	Share of Joint Ventures' operating EBITDA	Operating EBITDA (Incl. JVs at share)	Investment properties Own	Investment properties JVs at share	Capital expenditure ²
Western Europe							
Germany	28,823	24,534	23,096	119,583	447,176	612,099	301,395
Spain	2,206	819	612	29,086	149,460	33,045	42,618
Austria	905	723	138	2,231	12,236	11,795	12,371
Netherlands	8	(472)	0	20,886	115,612	0	59,125
Italy	0	243	0	5,625	30,764	0	20,357
Portugal	0	(17)	0	(265)	3,255	0	3,181
	31,942	25,829	23,846	177,146	758,503	656,939	439,048
Central and Eastern Europe							
Czech Republic	10,989	10,286	9,172	30,230	58,145	196,444	28,475
Slovakia	1,913	1,983	1,751	2,750	42,984	24,218	29,144
Hungary	2,137	2,430	1,863	1,344	25,522	28,606	16,731
Romania	3,749	3,009	811	12,570	38,511	27,801	22,569
	18,787	17,707	13,596	46,894	165,162	277,068	96,918
Baltics							
Latvia	2,571	2,137	0	2,025	38,935	0	3,486
Other ³	0	997	(950)	(3,123)	0	0	0
Total	53,300	46,669	36,493	222,943	962,600	934,007	539,452

¹ Includes Joint Ventures at share.

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

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

31 December 2018							
<i>In thousands of €</i>	Gross rental income ¹	Net rental income ¹	Share of Joint Ventures' operating EBITDA	Operating EBITDA (Incl. JVs at share)	Investment properties Own	Investment properties JVs 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 Ventures 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 Ventures.

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

7. REVENUE

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

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

At the end of December 2019, the Group (including the Joint Ventures) had signed lease agreements for an annualised committed rental income of € 155.0 million¹ compared to € 104.1 million² as at 31 December 2018.

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

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

¹ € 102.3 million related to the JV Property Portfolio and € 52.7 million related to the Own Property Portfolio.

² € 70.9 million related to the JV Property Portfolio and € 33.2 million related to the Own Property Portfolio.

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

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

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

9. INVESTMENTS IN JOINT VENTURES

9.1 Profit from Joint Ventures

The table below presents a summary Income Statement of the Group's Joint Ventures with Allianz Real Estate (VGP European Logistics and VGP European Logistics 2) and the associates, all of which are accounted for using the equity method. VGP European Logistics 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. VGP European Logistics 2 is also incorporated in Luxembourg and owns logistics property assets in Austria, Italy, the Netherlands, Portugal, Romania and Spain. VGP NV holds 50% directly in VGP European Logistics 2 S.à r.l.

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

INCOME STATEMENT <i>(in thousands of €)</i>	VGP European Logistics (excl. minorities) at 100%	VGP European Logistics 2 at 100%	Joint Ventures at 50%	VGP European Logistics German Asset Companies at 100 %	VGP European Logistics German Asset Companies at 5.1%	2018
Gross rental income	57,746	0	28,873	37,847	1,930	30,803
Property Operating expenses						
- underlying property operating expenses	(905)	0	(452)	(704)	(36)	(488)
- property management fees	(4,495)	0	(2,247)	(3,029)	(154)	(2,402)
Net rental income	52,346	0	26,173	34,114	1,740	27,913
Net valuation gains / (losses) on investment properties	74,475	0	37,238	52,960	2,701	39,938
Administration expenses	(2,038)	0	(1,019)	(730)	(37)	(1,056)
Operating profit / (loss)	124,784	0	62,392	86,344	4,404	66,795
Net financial result	(23,537)	0	(11,769)	(12,031)	(614)	(12,382)
Taxes	(17,233)	0	(8,616)	(11,319)	(577)	(9,194)
PROFIT FOR THE PERIOD	84,014	0	42,007	62,994	3,213	45,220

9.2 Summarised balance sheet information in respect of Joint Ventures

BALANCE SHEET <i>(in thousands of €)</i>	VGP European Logistics (excl. minorities) at 100%	VGP European Logistics 2 at 100%	Joint Ventures at 50%	VGP European Logistics German Asset Companies at 100 %	VGP European Logistics German Asset Companies at 5.1%	2019
Investment properties	1,603,926	145,281	874,603	1,164,794	59,404	934,008
Other assets	838	24	431	849	43	474
Total non-current assets	1,604,763	145,305	875,034	1,165,643	59,448	934,482
Trade and other receivables	12,201	3,351	7,776	8,748	446	8,222
Cash and cash equivalents	51,134	3,198	27,166	32,074	1,636	28,802
Total current assets	63,335	6,549	34,942	40,822	2,082	37,024
Total assets	1,668,098	151,854	909,976	1,206,465	61,530	971,506
Non-current financial debt	823,106	88,068	455,587	617,880	31,512	487,099
Other non-current financial liabilities	5,337	40	2,689	0	0	2,689
Other non-current liabilities	7,208	1,508	4,358	3,723	190	4,548
Deferred tax liabilities	116,130	3,121	59,626	75,389	3,845	63,470
Total non-current liabilities	951,781	92,737	522,259	696,992	35,547	557,806
Current financial debt	20,022	784	10,403	12,367	631	11,034
Trade debts and other current liabilities	25,914	3,443	14,678	14,555	742	15,421
Total current liabilities	45,936	4,227	25,081	26,922	1,373	26,455
Total liabilities	997,717	96,964	547,341	723,914	36,920	584,260
Net assets	670,381	54,890	362,635	482,551	24,610	387,246

BALANCE SHEET <i>(in thousands of €)</i>	VGP European Logistics JV (excl minorities) at 100%	VGP European Logistics 2 at 100%	VGP European Logistics JV at 50%	VGP European Logistics German Asset Companies at 100 %	VGP European Logistics German Asset Companies at 5.1%	2018
Investment properties	1,162,881	0	581,441	840,001	42,840	624,281
Other assets	815	0	408	0	0	408
Total non-current assets	1,163,696	0	581,849	840,001	42,840	624,689
Trade and other receivables	12,315	0	6,158	6,096	311	6,469
Cash and cash equivalents	42,255	0	21,128	26,917	1,373	22,501
Total current assets	54,570	0	27,286	33,013	1,684	28,970
Total assets	1,218,266	0	609,135	873,014	44,524	653,659
Non-current financial debt	633,720	0	316,860	467,603	23,848	340,708
Other non-current financial liabilities	5,147	0	2,574	0	0	2,574
Other non-current liabilities	6,345	0	3,173	3,044	155	3,328
Deferred tax liabilities	75,097	0	37,549	47,083	2,401	39,950
Total non-current liabilities	720,309	0	360,156	517,730	26,404	386,560
Current financial debt	16,346	0	8,173	10,071	514	8,687
Trade debts and other current liabilities	31,636	0	15,818	22,892	1,167	16,985
Total current liabilities	47,982	0	23,991	32,963	1,681	25,672
Total liabilities	768,291	0	384,147	550,693	28,085	412,232
Net assets	449,975	0	224,988	322,321	16,439	241,427

VGP European Logistics recorded its fifth closing on 1 April 2019, with the acquisition of 3 new parks from VGP, comprising of 3 logistic buildings and another 6 newly completed logistic buildings which were developed in parks previously transferred to the VGP European Logistics joint venture. The 3 parks are located in Germany (2) and in the Czech Republic (1). The additional 6 buildings which have been acquired by the VGP European Logistics joint venture are located in Germany (3 buildings) and in the Czech Republic (3 buildings).

The property portfolio of VGP European Logistics and VGP European Logistics 2, excluding development land but including the buildings being constructed by VGP on behalf of the Joint Ventures, is valued by the valuation expert at 31 December 2019 based on a weighted average yield of 5.61% (compared to 5.31% as at 31 December 2018) applied to the contractual rents increased by the estimated rental value on unlet space. A 0.10% variation of this market rate would give rise to a variation of the Joint Ventures portfolio value (100%) of € 29.1 million.

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

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

9.3 Other non-current receivables

<i>in thousands of €</i>	2019	2018
Shareholder loans to joint ventures	58,117	37,739
Shareholder loans to associates (subsidiaries of joint ventures)	5,454	3,722
Construction and development loans to subsidiaries of joint ventures	114,890	101,887
Construction and development loans reclassified as assets held for sale	(114,890)	(101,887)
Total	63,571	41,461

9.4 Investments in joint ventures and associates

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

10. NET FINANCIAL RESULT

<i>In thousands of €</i>	2019	2018
Bank and other interest income	27	34
Interest income - loans to joint ventures and associates	5,516	5,702
Fair value gain on interest rate derivatives	0	39
Net foreign exchange gains	0	324
Other financial income	0	2
Financial income	5,543	6,101
Bond interest expense	(20,840)	(19,332)
Bank interest expense – variable debt	(1,153)	(806)
Bank interest expense – interest rate swaps - hedging	0	0
Interest capitalised into investment properties	4,230	3,230
Fair value loss on interest rate derivatives	0	(1,524)
Other financial expenses	(1,910)	(1,639)
Financial expenses	(19,781)	(20,071)
Net financial result	(14,238)	(13,970)

11. EARNINGS PER SHARE

11.1 Earnings per ordinary share (EPS)

<i>In number</i>	2019	2018
Weighted average number of ordinary shares (basic)	18,583,050	18,583,050
Dilution	-	-
Weighted average number of ordinary shares (diluted)	18,583,050	18,583,050
Correction for reciprocal interest through associates	(767,478)	(732,478)
Weighted average number of ordinary shares (diluted and after correction for reciprocal interest through associates)	17,815,572	17,850,572

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

Correction for reciprocal interest relates to the elimination of the proportional equity component of the respective VGP NV shares held by VGP Misv Comm. VA. VGP NV holds 82.60% in VGP Misv Comm. VA

11.2 Net asset value per share (NAV)

<i>EPRA NAV – In thousands of €</i>	2019	2018
IFRS NAV	699,781	543,467
Effect of exercise of options, convertibles and other equity interests	0	-
Diluted NAV	699,781	543,467
To exclude:		
Fair value of financial instruments	0	60
Deferred tax	41,428	31,390
EPRA NAV	741,209	574,917
Number of shares	18,583,050	18,583,050
EPRA NAV per share (EUR/share)	39.89	30.94

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

12. INVESTMENT PROPERTIES

<i>In thousands of €</i>	2019			
	Completed	Under Construction	Development land	Total
As at 1 January	121,454	134,286	212,773	468,513
Reclassification from held for sale ¹	107,630	0	0	107,630
Capex	74,369	133,667	27,717	235,753
Acquisitions	0	0	281,764	281,764
Capitalised interest	2,126	1,789	315	4,230
Capitalised rent free and agent's fee	1,412	9,816	0	11,228
Sales and disposal	(306,308)	(91,134)	(33,119)	(430,561)
Transfer on start-up of development	0	147,698	(147,698)	0
Transfer on completion of development	86,631	(86,631)	0	0
Net gain from value adjustments in investment properties	6,742	88,775	18,871	114,388
Reclassification to held for sale	-	-	-	-
As at 31 December	94,056	338,266	360,623	792,945

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

<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	(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 held for sale	(72,220)	(35,160)	(250)	(107,630)
As at 31 December	121,454	134,286	212,773	468,513

13. CASH FLOW FROM DISPOSAL OF SUBSIDIARIES AND INVESTMENT PROPERTIES

<i>In thousands of €</i>	2019	2018
Investment property	476,345	403,735
Trade and other receivables	6,011	6,452
Cash and cash equivalents	20,425	11,461
Non-current financial debt	0	0
Shareholder debt	(337,305)	(255,730)
Other non-current financial liabilities	(3,431)	(2,090)
Deferred tax liabilities	(23,452)	(16,778)
Trade debts and other current liabilities	(23,153)	(16,493)
Total net assets disposed	115,440	130,557
Realised valuation gain on sale	34,891	34,386
Total non-controlling interest retained by VGP	(3,020)	(3,832)
Shareholder loans repaid at closing	285,777	338,313
Equity contribution	(73,655)	(49,599)
Total consideration	359,433	449,825
Cash disposed	(20,425)	(11,461)
Net cash inflow from divestments to Joint Ventures	339,008	438,364

14. SUPPLEMENTARY NOTES

14.1 Income statement, proportionally consolidated

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

<i>In thousands of €</i>	2019			2018		
	Group	Joint Ventures	Total	Group	Joint Ventures	Total
Gross rental income	11,653	41,645	53,298	16,627	30,803	47,430
Property operating expenses	(2,556)	(4,076)	(6,632)	(1,123)	(2,890)	(4,013)
Net rental and related income	9,097	37,569	46,666	15,504	27,913	43,417
Joint ventures management fee income	10,492	0	10,492	9,965	-	9,965
Net valuation gains / (losses) on investment properties	188,165	60,752	248,917	98,552	39,938	138,490
Administration expenses	(21,100)	(1,078)	(22,178)	(18,167)	(1,056)	(19,223)
Operating profit / (loss)	186,654	97,242	283,896	105,854	66,795	172,649
Net financial result	(14,238)	(16,157)	(30,395)	(13,970)	(12,382)	(26,352)
Taxes	(32,506)	(15,383)	(47,889)	(15,998)	(9,194)	(25,192)
Profit for the period	139,910	65,703	205,613	75,886	45,220	121,106

14.2 Balance sheet, proportionally consolidated

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

In thousands of €	2019			2018		
	Group	Joint Ventures	Total	Group	Joint Ventures	Total
Investment properties	792,945	934,008	1,726,953	468,513	624,281	1,092,794
Investment properties included in assets held for sale	169,655	0	169,655	262,172		262,172
Total investment properties	962,600	934,008	1,896,608	730,685	624,281	1,354,966
Other assets	69,599	474	70,073	43,029	408	43,437
Total non-current assets	1,032,199	934,482	1,966,681	773,714	624,689	1,398,403
Trade and other receivables	28,770	8,222	36,992	23,064	6,469	29,533
Cash and cash equivalents	176,148	28,802	204,950	161,446	22,501	183,947
Disposal group held for sale	0	0	0	12,767	-	12,767
Total current assets	204,918	37,024	241,942	197,277	28,970	226,247
Total assets	1,237,117	971,506	2,208,623	970,991	653,659	1,624,650
Non-current financial debt	767,673	487,099	1,254,772	564,375	340,708	905,083
Other non-current financial liabilities	0	2,689	2,689	60	2,574	2,634
Other non-current liabilities	12,789	4,548	17,337	1,515	3,328	4,843
Deferred tax liabilities	31,647	63,470	95,117	16,692	39,950	56,642
Total non-current liabilities	812,109	557,806	1,369,915	582,642	386,560	969,202
		0				
Current financial debt	12,673	11,034	23,707	22,479	8,687	31,166
Trade debts and other current liabilities	89,325	15,421	104,746	38,469	16,985	55,454
Liabilities related to disposal group held for sale	10,475	0	10,475	25,361		25,361
Total current liabilities	112,473	26,455	138,928	86,309	25,672	111,981
Total liabilities	924,582	584,260	1,508,842	668,951	412,232	1,081,183
Net assets	312,535	387,246	699,781	302,040	241,427	543,467

GLOSSARY

Annualised committed rental income

The annualised committed rental income represents the annualised rental income generated or to be generated by signed lease agreements of which the start date is already in effect or will be in effect in the future.

Break

First option to terminate a lease.

Contractual rental income

The gross rental income as contractually agreed in the lease agreement 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.

EBITDA

Earnings before interest, taxes, depreciation, and amortization.

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.

VGP European Logistics or VGP European Logistics joint venture

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

VGP European Logistics 2 or VGP European Logistics 2 joint venture

Means VGP European Logistics 2 S.à r.l., the 50:50 joint venture between VGP and Allianz.

Joint Ventures

Means VGP European Logistics and VGP European Logistics 2.

Lease expiry date

The date on which a lease can be terminated

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.

Signed lease agreements

Signed lease agreements represent the signed lease agreements that represent certain rental income on an annual basis.

Weighted average term

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.