



## VGP NV

**public limited liability company (*naamloze vennootschap / société anonyme*)  
under Belgian law**

Public Offer in Belgium  
3.25% fixed rate bonds due 6 July 2024

Issue Price: 101%  
Yield (gross actuarial return): 3.089% (on an annual basis)  
Net yield: 2.120% (on an annual basis)

*The yield is calculated on the basis of the issue of the Bonds on the Issue Date, the Issue Price, the Interest Rate of 3.25% per annum and is based on the assumption that the Bonds will be held until 6 July 2024 when they will be repaid at 100% of their principal amount in accordance with the Conditions. It is not an indication of future yield if the Bonds are not held until their Maturity Date. The net yield reflects a deduction of Belgian WHT at the rate of 30% (Investors should consult Part XI: Taxation of this Prospectus for further information about Belgian taxation).*

ISIN Code: BE0002287564  
Common Code: 163738783 (the **Bonds**)

for a minimum amount of EUR 50 million and a maximum amount of EUR 75 million

Issue Date: 6 July 2017  
Subscription Period: from 23 June 2017 until 30 June 2017 included (subject to early closing)

Application has been made for the Bonds to be listed on the regulated market of Euronext Brussels and to be admitted to trading on the regulated market of Euronext Brussels

### **Lead Manager and Bookrunner**

KBC Bank NV  
The date of this Prospectus is 21 June 2017

**These Bonds constitute debt instruments. An investment in the Bonds involves risks. Before making any investment decision the investors must read the Prospectus in its entirety and more particularly the section Risk Factors (please see page 17 and following (Part I: Summary) and page 27 and following (Part II: Risk Factors)). By subscribing to the Bonds, investors lend money to the Issuer who undertakes to pay interest on an annual basis and to reimburse the principal on the Maturity Date. In case of bankruptcy or default by the Issuer, however, investors may not recover the amounts they are entitled to and risk losing all or a part of their investment. These Bonds are intended for investors who are capable of evaluating the interest rates in light of their knowledge and financial experience and who should, if required, obtain professional advice. Each decision to invest in these Bonds must be based solely on the information contained in this Prospectus (including the section Risk Factors) and more generally Factors that may affect the Issuer's ability to fulfil its obligations under the Bonds and Factors which are material for the purpose of assessing the market risks associated with the Bonds.**

VGP NV, a public limited liability company (*naamloze vennootschap / société anonyme*) incorporated under Belgian law, having its registered office at Leonardo Da Vincilaan 19A bus 6, 1831 Diegem, registered with the Crossroads Bank for Enterprises under number 0887.216.042, commercial court of Brussels (the **Issuer** or the **Company**) intends to issue the Bonds for an expected minimum amount of EUR 50 million and a maximum amount of EUR 75 million. The Bonds will bear interest at the rate of 3.25% per annum, subject to Condition 5 (*Interest*). Interest on the Bonds is payable annually in arrears on the Interest Payment Dates falling on, or nearest to 6 July in each year. The first payment on the Bonds will occur on 6 July 2018, and the last payment on 6 July 2024. The Bonds will mature on 6 July 2024.

KBC Bank NV (having its registered office at Havenlaan 2, 1080 Brussels, Belgium) (**KBC**) is acting as exclusive lead manager and bookrunner and as domiciliary, calculation, paying and listing agent (the **Lead Manager, Manager, or Agent**) for the purpose of the offer of the Bonds to the public in Belgium (the **Public Offer**).

The denomination of the Bonds shall be EUR 1,000.

This listing and offering prospectus dated 21 June 2017 (the **Prospectus**) was approved on 20 June 2017 by the Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten / Autorité des services et marchés financiers*) (the **FSMA**) in its capacity as competent authority under article 23 of the Belgian Law dated 16 June 2006 concerning the public offer of investment securities and the admission of investment securities to trading on a regulated market (the **Prospectus Law**). This approval cannot be considered as a judgment as to the opportunity or the quality of the transaction, nor on the situation of the Issuer and the FSMA gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer, in line with the provisions of article 23 of the Prospectus Law. Application has been made to Euronext Brussels for the Bonds to be listed on the regulated market of Euronext Brussels. References in this Prospectus to the Bonds as being listed (and all related references) shall mean that the Bonds have been listed on the official list of Euronext Brussels and admitted to trading on the regulated market of Euronext Brussels. The regulated market of Euronext Brussels is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on market in financial instruments, as amended (which Directive shall be restated by Directive 2014/65 as of 3 January 2018). Prior to the offering of the Bonds referred to in this Prospectus, there has been no public market for the Bonds. This Prospectus will be published on the website of Euronext Brussels ([www.euronext.com](http://www.euronext.com)). The Prospectus, the Dutch translation of the Prospectus and the French translation of the summary of the Prospectus will also be available on the website of the Issuer in the section addressed to investors as "Bonds" ([www.vgpparks.eu](http://www.vgpparks.eu)) and on the website of KBC at [www.kbc.be/vgp](http://www.kbc.be/vgp).

The Prospectus is a prospectus for the purposes of article 5(3) of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended (the **Prospectus Directive**) and the Prospectus Law. This Prospectus has been prepared in accordance with the Prospectus Law and Commission Regulation (EC) 809/2004 of 29 April 2004 implementing the Prospectus Directive, as amended (the **Prospectus Regulation**) and in accordance with the Annexes IV, V and XXX of the Prospectus Regulation. It intends to give the information with regard to the Issuer and the Bonds, which according to the particular nature of the Issuer and the Bonds, is necessary to enable investors to make an informed assessment of the rights attaching to the Bonds and of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Bonds will be issued in dematerialised form (*gedematerialiseerd / dématérialisé*) under the Belgian Company Code (*Wetboek van Vennootschappen / Code des Sociétés*) (the **Belgian Company Code**) and cannot be exchanged for bonds in bearer form. The Bonds will be represented exclusively by book entries in the records of the X/N securities and cash clearing system operated by the National Bank of Belgium (the **NBB**) or any successor thereto (the **Clearing System**). Access to the Clearing System is available through those of its Clearing System

Participants whose membership extends to securities such as the Bonds. Clearing System Participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), Euroclear Bank SA/NV (**Euroclear**), Clearstream Banking, société anonyme, Luxembourg (**Clearstream, Luxembourg**), SIX SIS AG (**SIX SIS**) and Monte Titoli S.p.A. (**Monte Titoli**). Accordingly, the Bonds will be eligible to clear through, and therefore accepted by, Euroclear, Monte Titoli, SIX SIS and Clearstream, Luxembourg and investors can hold their Bonds within securities accounts in Euroclear, Monte Titoli, SIX SIS and Clearstream, Luxembourg.

Unless otherwise stated, capitalised terms used in this Prospectus have the meanings set forth in this Prospectus. Where reference is made to the Conditions of the Bonds or to the Conditions, reference is made to the Terms and Conditions of the Bonds (see Part IV: *Terms and Conditions of the Bonds*). Capitalised terms used in the summary and not defined in the summary, shall have the meaning given to it in *Part XIV: Definitions* of this Prospectus.

In this Prospectus, references to **we**, **VGP** or the **Group** shall be construed as reference to the Issuer and its Subsidiaries.

An investment in the Bonds involves certain risks. Prospective investors should refer to the section entitled Risk Factors on page 27 for an explanation of certain risks of investing in the Bonds.

## **RESPONSIBLE PERSON**

The Issuer (the **Responsible Person**), having its registered office at Leonardo Da Vincilaan 19A bus 6, 1831 Diegem, Belgium accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Market data and other statistical information used in this Prospectus have been extracted from a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an **Independent Source**). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Prospectus has been prepared in English and translated into Dutch. The summary of the Prospectus has also been translated into French. The Issuer is responsible for the consistency between the English and Dutch version of the Prospectus and the consistency between the English, Dutch and French version of the summary of the Prospectus. The investors will have the right, in case of inconsistencies between the English and Dutch version of the Prospectus, to refer either to the English or to the Dutch version of the Prospectus.

## **PUBLIC OFFER IN BELGIUM**

This Prospectus has been prepared in connection with the Public Offer and with the listing of the Bonds on the regulated market of Euronext Brussels. This Prospectus has been prepared on the basis that any offer of Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) other than offers in Belgium (the **Permitted Public Offer**), will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Bonds. Accordingly, any person making or intending to make an offer in that Relevant Member State of Bonds which are the subject of the offering contemplated in this Prospectus, other than the Permitted Public Offer, may only do so in circumstances in which no obligation arises for the Issuer or the Manager to publish a prospectus pursuant to article 3 of the Prospectus Directive or supplement a prospectus pursuant to article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer nor the Manager have authorised, nor do they authorise, the making of any offer (other than the Permitted Public Offer) of Bonds in circumstances in which an obligation arises for the Issuer or the Manager to publish or supplement a prospectus for such offer.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see Part III: *Documents Incorporated by Reference*). This Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of the Prospectus.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer and the Manager do not represent that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Manager which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds.

The Issuer authorises that this Prospectus may be used for the purposes of a public offer until the last day of the Subscription Period (regardless of a possible early termination as specified in Part XII: *Subscription and Sale* below) in Belgium, by any credit institution authorised pursuant to Directive 2013/36/EU or any investment firm authorised pursuant to Directive 2004/39/EC to conduct such offers (an **Authorised Offeror**).

**Any Authorised Offeror envisaging to use this Prospectus in connection with a Permitted Public Offer is obliged to state on its website, during the relevant subscription period, that this Prospectus is used for a Permitted Public Offer with the authorisation of the Issuer and in accordance with the relevant applicable conditions.**

If, during the period for which the Issuer authorised the use of this Prospectus, a public offer was made in Belgium, the Issuer accepts responsibility for the content of this Prospectus as set out below. Neither the Issuer, nor the Manager can be held responsible or liable for any act or omission from any Authorised Offeror, including compliance with any rules of conduct or other legal or regulatory requirements under or in connection with such public offer.

Neither the Issuer nor the Manager has authorised any public offer of the Bonds by any person in any circumstance and such person is under no circumstance authorised to use this Prospectus in connection with a public offer of the Bonds, unless (i) the public offer is made by an Authorised Offeror, or (ii) the public offer is made within an exemption from the requirement to publish a prospectus under the Prospectus Directive. Any such unauthorised public offer is not made by or on behalf of the Issuer or the Manager and the Issuer nor the Manager can be held responsible or liable for the actions of any such person engaging in such unauthorised public offers.

**Each offer and each sale of the Bonds by an Authorised Offeror will be made in accordance with the terms and conditions agreed between a Financial Intermediary and the investor, including in relation to the price, the allocation and the costs and/or taxes to be borne by an investor. The Issuer is not a party to any arrangements or terms and conditions in connection with the offer and sale of the Bonds between the Authorised Offeror and an investor. This Prospectus does not contain the terms and conditions of any Authorised Offeror. The terms and conditions the Public Offer of the Bonds by the Manager are however included in this Prospectus**

**(see Part XII: *Subscription and Sale*). The terms and conditions in connection with the offer and sale of the Bonds will be provided to any investor by an Authorised Offeror during the Subscription Period. The Issuer nor the Manager can be held responsible or liable for any such information. This Prospectus may be used for the purposes of a public offer in Belgium by an Authorised Offeror until the last day of the Subscription Period (regardless of a possible early termination as specified in Part XII: *Subscription and Sale* below).**

For a description of further restrictions on offers and sales of Bonds and distribution of this Prospectus see Part XII: *Subscription and Sale* below.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus and any information or representation not so contained or inconsistent with this Prospectus or any other information supplied in connection with the Bonds and, if given or made, such information must not be relied upon as having been authorised by or on behalf of the Issuer or the Manager. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or otherwise that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date hereof or, if later, the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Bonds is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Manager and the Issuer expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Bonds.

Without prejudice to the Issuer's obligation to publish a supplement in accordance with article 34 of the Prospectus Law, neither this Prospectus nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Manager that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each investor contemplating a purchase of the Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Save for the Issuer, no other party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Manager as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information in connection with the Issuer or the offering of the Bonds. The Manager does not accept any liability, whether arising in tort or in contract or in any other event, in relation to the information contained or incorporated by reference in this Prospectus or any other information in connection with the Issuer, the offering of the Bonds or the distribution of the Bonds.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or the securities laws of any state or other jurisdiction of the United States. The Bonds are being offered and sold solely outside the United States to non U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**). The Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) unless they have been so registered or pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a further description of certain restrictions on the offering and sale of the Bonds and on the distribution of this document, see Part XII: *Subscription and Sale* below.

All references in this document to **euro, EUR** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

This Prospectus contains various amounts and percentages which are rounded and, as a result, when these amounts and percentages are added up, the totals may not be an arithmetic aggregation of these amounts and percentages.

## **WARNING**

The Prospectus has been prepared to provide information on the Public Offer. When potential investors make a decision to invest in the Bonds, they should base this decision on the information set forth in this Prospectus and on their own research of the Issuer and the conditions of the Bonds, including, but not limited to, the associated benefits and risks, as well as the conditions of the Public Offer itself. The investors must themselves assess, with their own advisors if necessary, whether the Bonds are suitable for them, considering their personal income and financial situation. In case of any doubt about the risk involved in purchasing the Bonds, investors should abstain from investing in the Bonds.

The summaries and descriptions of legal provisions, taxation, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Prospectus may in no circumstances be interpreted as investment, legal or tax advice for potential investors. Potential investors are urged to consult their own advisor, bookkeeper, accountant or other advisors concerning the legal, tax, economic, financial and other aspects associated with the subscription to the Bonds.

In the event of important new developments, material errors or inaccuracies that could affect the assessment of the securities, and which occur or are identified between the time of the approval of the Prospectus and the final closure of the Public Offer, or, if applicable, the time at which trading on the regulated market of Euronext Brussels commences, the Issuer will have a supplement to the Prospectus published containing this information. This supplement will (i) need to be approved by the FSMA and (ii) be published in compliance with at least the same regulations as the Prospectus and applicable law, and will be published on the websites of the Issuer (within the section addressed to investors as "Bonds" ([www.vgpparks.eu](http://www.vgpparks.eu)), and the Manager ([www.kbc.be/vgp](http://www.kbc.be/vgp)). The Issuer must ensure that any such supplement is published as soon as possible after the occurrence of such new significant factor.

Investors who have already agreed to purchase or subscribe to securities before the publication of the supplement to the Prospectus, have the right to withdraw their agreement during a period of two working days commencing on the day after the publication of the supplement.

## **FURTHER INFORMATION**

For more information about the Issuer, please contact:

VGP NV  
Leonardo Da Vincilaan 19A, bus 6  
1831 Diegem  
Tel.: 0032 2 719 00 45

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## PART I: SUMMARY

*The summary has been prepared in accordance with the content and format requirements of the Prospectus Regulation.*

*Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7).*

*This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.*

### Section A – Introduction and warnings

A.1 Introduction This summary should be read as an introduction to the Prospectus and any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court in any Member State of the European Economic Area, the plaintiff investor might, under the national legislation of the Member State of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such Bonds.

A.2 Consent to use of the Prospectus The Issuer authorises that this Prospectus may be used for the purposes of a public offer until 30 June 2017 (regardless of a possible early termination as specified in Part XII: *Subscription and Sale* below) in Belgium, by any credit institution authorised pursuant to Directive 2013/36/EU or any investment firm authorised pursuant to Directive 2004/39/EC to conduct such offers (an **Authorised Offeror**).

**Each offer and each sale of the Bonds by an Authorised Offeror will be made in accordance with the terms and conditions agreed between an Authorised Offeror and the investor, including in relation to the price, the allocation and the costs and/or taxes to be borne by an investor. The Issuer is not a party to any arrangements or terms and conditions in connection with the offer and sale of the Bonds between the Authorised Offeror and an investor. This Prospectus does not contain the terms and conditions of any Authorised Offeror. The terms and conditions of the Public Offer of the Bonds by the Lead Manager are however included in this Prospectus (see Part XII: *Subscription and Sale*). The terms and conditions in connection with the offer and sale of the Bonds will be provided to any investor by an Authorised Offeror until and including the last day of the Subscription Period, being 30 June 2017, regardless of a possible early termination.**

### Section B - Issuer

B.1 Legal and commercial VGP NV

	<b>name of the Issuer</b>	
B.2	<b>Domicile / Legal Form / Legislation / Country of incorporation</b>	The Issuer is a public limited liability company ( <i>naamloze vennootschap / société anonyme</i> ) incorporated under Belgian law, having its registered office at Leonardo Da Vincilaan 19A bus 6, 1831 Diegem, Belgium.
B.4b	<b>Trends</b>	<p>The Issuer is the holding company of the Group. The Group is specialised in the acquisition, development, and management of logistic real estate, i.e. buildings suitable for logistical purposes and light industrial activities.</p> <p>Since 2010, the Group has changed its business model and strategy from a strict develop and hold strategy towards a strategy with an increased focus on development and more pro-active approach in respect of potential disposal of the income-generating assets, as a result of which the Group could (partially) realise valuation gains and generate additional fee income from Facility Management services. This change in strategy has been further amended with the entry into a 50:50 joint venture with Allianz in the first quarter of 2016. This Joint Venture confirms the long-term strategy of the Group to realise valuation gains and will over time have a significant impact on the fee income generating capabilities of the Group as VGP will benefit from fee income generated from asset management, property management and development management services. Although this strategy has a negative impact on the recurrent rent income for the Group as the income generating assets are sold to realize capital gains, such rent income will grow again in the short and medium term once new developments are constructed on the land bank that has been acquired, among others, with proceeds from these transactions and that will subsequently be let to tenants and which are not transferred to the newly established Joint Venture. In addition, the Group will indirectly benefit from the underlying increase in rent income of the Joint Venture as it will be entitled to 50% of its profits.</p> <p>The Joint Venture's objective is to build a platform of new, grade A logistics and industrial properties with a key focus on expansion in core German markets and high growth CEE markets with the aim of delivering stable income-driven returns with potential for capital appreciation. The Joint Venture aims to increase its portfolio size to ca. EUR 1.7 billion, exclusively via the contribution to the Joint Venture of new logistics developments carried out by VGP. The Joint Venture's strategy will therefore primarily be a hold strategy and its territorial scope can be expanded in order to include other countries, subject to a mutual agreement thereto between VGP and Allianz.</p> <p>The Group's assets are currently geographically concentrated mainly in Germany, Spain and the Czech Republic and to a lesser extent in Estonia, Latvia, Slovakia, Hungary and Romania. Following the initial steps into the Spanish market in 2015 with the opening of an office in Barcelona, the Group has substantially expanded its presence in Spain during 2016 with the acquisition of a state of the art brand new 180,000 m<sup>2</sup> logistics building (extendable to circa 260,000 m<sup>2</sup>) together with a significant portion of future development land from the fashion group Mango</p>

and a 223,000 m<sup>2</sup> development land plot in San Fernando de Henares, located close to the Madrid Barajas International airport.

The Group's Property Portfolio is rapidly expanding, with Germany having become the main market where the Group is active and where the Group has become one of the leading developers over the past 24 months (*source: wirtschaftswoche.de*). Notwithstanding the anticipated growth in new markets such as Spain, Germany will remain the main market for the Group for the foreseeable future given the fact that Germany is one of the top logistics locations in Europe. In recent years the supply of stock available for leasing in Germany has become very scarce, and there is an increasing demand for lettable spaces of around and above 10,000 m<sup>2</sup> which is in line with the niche market in which the Group wants to be active in. The property market in which the Group is active in the European countries has experienced a significant increase of investment activity in the last few years, caused by, among others, a climate of falling interest rates, strong economic growth and increasing exchange rate stability. The prime headline rents for modern logistics space in all of the markets where the Group is active have remained flat over the past 12 months and are expected to remain stable for the foreseeable future (*source: Jones Lang LaSalle*).

**B.5 Group**

The Issuer is the holding company of the different entities that constitute the Group. The Group constructs and develops high-end logistic real estate and ancillary offices, which are subsequently rented out to reputable clients on long term lease contracts. VGP has an in-house team which manages all activities of the fully integrated business model: from identification and acquisition of land, to the conceptualisation and design of the project, the supervision of the construction works, contracts with potential tenants and the Facility Management of its own real estate portfolio. The Issuer holds 100% of the shares in a number of subsidiaries (the **Subsidiaries**). In addition, VGP NV currently also holds a 50% participation in the share capital of VGP European Logistics S.à r.l. (the vehicle of the joint venture with Allianz, the **Joint Venture**) and currently also holds 42.87% of the share capital of VGP MISV Comm. VA (the **Associate**). VGP has transferred in the course of 2016 its 20% participation in the share capital and certain limited shareholder loans vis-à-vis Snow Crystal S.à r.l. and SUN S.à r.l. (both in liquidation) to the majority shareholders of these companies.

**B.9 Profit forecast / estimate**

Not applicable; no profit forecasts or estimates have been made by the Issuer.

**B.10 Qualification audit report**

Not applicable; there are no qualifications in any Auditor report on the historical financial information included in the Prospectus.

**B.12 Key financial information / material adverse changes**

INCOME STATEMENT (in '000 EUR	Year Ended			
	31 Dec-13	31 Dec-14	31 Dec-15	31 Dec-16
Gross rental Income	4,613	9,596	17,073	16,806
Property operating expenses and net service charge income / (expenses)	(818)	(1,082)	(550)	(668)
<b>Net rental and related income</b>	<b>3,795</b>	<b>8,514</b>	<b>16,523</b>	<b>16,138</b>
Property-, facility management and property development income	3,875	3,407	2,547	3,825
Other income / (expenses) - incl. Administrative costs	(4,850)	(7,089)	(13,998)	(16,778)

Share in result of associates and joint ventures	1,526	14,473	191	7,897
<b>Operating result (before result on portfolio)</b>	<b>4,346</b>	<b>19,305</b>	<b>5,263</b>	<b>11,082</b>
<b>Net current result</b>	<b>4,095</b>	<b>9,463</b>	<b>621</b>	<b>(4,702)</b>
Net valuation gains / (losses) on investment property	27,872	53,920	103,981	118,900
Deferred taxes	(7,665)	(14,024)	(18,041)	(22,912)
<b>Result on property portfolio</b>	<b>20,207</b>	<b>39,896</b>	<b>85,940</b>	<b>95,988</b>
<b>Profit for the year</b>	<b>24,302</b>	<b>49,359</b>	<b>86,561</b>	<b>91,286</b>
<b>BALANCE SHEET</b>				
Investment properties	225,804	416,089	173,972	550,262
Investments in joint ventures and associates	982	17	(103)	89,194
Other non-current receivables	49,114	-	-	8,315
Other	1,114	1,316	1,326	539
<b>Total non-current assets</b>	<b>277,014</b>	<b>417,422</b>	<b>175,195</b>	<b>648,310</b>
Trade and other receivables	10,242	6,822	4,927	19,426
Cash and cash equivalents	79,226	43,595	9,825	71,595
Disposal group held for sale	-	-	527,361	132,263
<b>Total current assets</b>	<b>89,468</b>	<b>50,417</b>	<b>542,113</b>	<b>223,284</b>
<b>Total Assets</b>	<b>366,482</b>	<b>467,839</b>	<b>717,308</b>	<b>871,594</b>
<b>Total equity</b>	<b>166,057</b>	<b>215,417</b>	<b>361,978</b>	<b>390,305</b>
Total non-current liabilities	172,555	223,141	180,419	355,715
Total Current Liabilities	27,870	29,281	174,911	125,574
<b>Total Liabilities</b>	<b>200,425</b>	<b>252,422</b>	<b>355,330</b>	<b>481,289</b>
<b>Total equity and liabilities</b>	<b>366,482</b>	<b>467,839</b>	<b>717,308</b>	<b>871,594</b>
<b>INVESTMENT PROPERTY</b>				
Total lettable area (m <sup>2</sup> )	761,724	268,232 <sup>1</sup>	548,838	797,199 <sup>4</sup>
Occupancy rate (%)	96.2%	94.0% <sup>2</sup>	97.3%	98.8% <sup>5</sup>
Fair value of property portfolio <sup>3</sup>	225,804	416,089	677,084	682,525
<b>GEARING</b>				
Net debt / shareholders equity	0.55	0.72	0.71	0.87
Net debt / total assets	24.9%	33.2%	35.7%	39.4%

<sup>1</sup> As at 22 October 2014 the associated companies sold their respective Property Portfolios which represented 627,523 m<sup>2</sup> of lettable area which were under VGP's management (627,527 m<sup>2</sup> of assets under management as at 31 December 2013).

<sup>2</sup> Excludes the effects of the portfolio sold by Snow Crystal S.à r.l., SUN S.à r.l. and the Associate in 2014. The year 2013 includes the respective Occupancy Rates of Snow Crystal S.à r.l., SUN S.à r.l. and the Associate. Excluding Snow Crystal S.à r.l., SUN S.à r.l. and the Associate, the Occupancy Rate would be 96.9% as at 31 December 2013.

<sup>3</sup> Property that is being constructed or developed for future use as investment property is also stated at Fair Value. The investment properties under construction are valued by the same independent valuation expert i.e. Jones Lang LaSalle, except for Spain where Gesvalt was used as valuation expert. For the properties under construction the valuation expert has used the same approach as applicable for the completed properties but deducting the remaining construction costs from the calculated market value, whereby "remaining construction costs" means overall pending development cost, which include all hard costs, soft costs, financing costs and developer profit (developer profit expresses the level of risk connected with individual property and is mainly dependent on development stage and pre-letting status). All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure qualifying as acquisition costs are capitalised.

<sup>4</sup> During 2016 VGP NV sold 33 buildings, spread over 15 parks, to the Joint Venture. As at 31 December 2016 the Joint Venture's Property Portfolio represents 593,454 m<sup>2</sup> which are under VGP's management.

<sup>5</sup> Includes the respective Occupancy Rates of the Joint Venture as at 31 December 2016. Excluding the Joint Venture, the Occupancy Rate would be 97.0% as at 31 December 2016.

At the end of May 2016, the Joint Venture completed its first closing with the acquisition of 15 parks of VGP (the initial **Seed Portfolio**).

The 15 parks which are located in Germany (8 parks), the Czech Republic (4 parks), Slovakia (1 park) and Hungary (2 parks) comprise 28 logistic buildings which are 100% occupied and are of high quality having for the majority been built over the last two years.

A second closing occurred at the end of October 2016 in which the Joint Venture acquired a further 5 newly completed buildings from VGP.

The total transaction value i.e. the aggregate value at which these transactions were concluded, comprising the value of the completed properties, of the properties under construction and of the remaining land for future development, was in excess of EUR 590 million. After adjustment for bank loans, construction and development loans, balance sheet adjustments and VGP contributions to the Joint Venture, this resulted into net cash proceeds of EUR 236.1 million.

Following the completion of the acquisition of the initial Seed Portfolio by the Joint Venture at the end of May 2016, the board of directors approved the redemption of all issued hybrid securities against a price equal to the issue price (in total EUR 63.0 million, including the interest accrued from the issue date of each such security), after complying with the conflict of interest procedure in accordance with article 523 of the Belgian Company Code. The redemption occurred on 1 June 2016.

At the end of May 2017, a new (third) closing occurred whereby the Joint Venture acquired 6 new parks (7 buildings) and in addition another 4 newly completed buildings (in parks which were previously transferred to the Joint Venture), for an aggregate transaction value in excess of EUR 173 million and resulting into net cash proceeds of around EUR 125.2 million<sup>1</sup>.

There has been no material adverse change in the prospects of the Issuer since the date of its last audited financial statements, i.e. 31 December 2016.

The net debt / shareholder's equity and total liabilities Gearing Ratio as of 31 December 2016 stood at 39.4%.

B.13	<b>Recent events</b>	Not applicable; there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.
B.14	<b>Dependence on other entities within the Group</b>	At the date of the Prospectus, the Issuer is a holding company. The real estate portfolios of the Group are owned through specific asset companies which are 100% Subsidiaries of the Issuer or of the Joint Venture <sup>2</sup> . The Issuer's sole activity consists of financing its Subsidiaries and the Joint Venture and its subsidiaries and supplying these entities with daily operational management services. Besides interest income, as well as recharging of costs and services which are invoiced to these entities, the Issuer's cash inflow comes from dividends and from the sale of specific asset companies holding income generating assets or parks. Hence, the Issuer has no operational income and is solely dependent on members of the Group in respect of its income. The Group financings and the financings of the

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<sup>1</sup> Including EUR 3.0 million of disposed cash.

<sup>2</sup> The subsidiaries of the Joint Venture which are holding assets located in Germany are held 94.9% by the Joint Venture and 5.1% directly by VGP NV.

		Joint Venture and the subsidiaries of the Joint Venture contain restrictions on distributions by such members of the Group to the Issuer respectively such subsidiaries of the Joint Venture to the Joint Venture in case of an event of default, a potential event of default or in case of a breach of the financial covenants and, in some cases, as regards frequency and maximum amount distributed.
B.15	<b>Principal activities of the Issuer</b>	The Issuer is the holding company of the Group whose main activity is the acquisition, development and management of logistic real estate.
B.16	<b>Control</b>	<p>VGP is not controlled in the sense of article 5 of the Belgian Company Code.</p> <p>48.03% of the shares in the Issuer are, directly or indirectly, held by Mr Bart Van Malderen: 19.08% of the shares in the Issuer are held by Mr Bart Van Malderen personally, 23.96% of the shares in the Issuer are held by VM Invest NV, a company controlled by Mr Bart Van Malderen, and 5.00% of the shares in the Issuer are held by VGP MISV Comm. VA, a company controlled by Mr Bart Van Malderen.</p> <p>38.30% of the shares in the Issuer are indirectly held by Mr Jan Van Geet: 25.33% of the shares in the Issuer are held by Little Rock SA, a company controlled by Mr Jan Van Geet and 12.97% of the shares in the Issuer are held by Alsgard SA, a company controlled by Mr Jan Van Geet.</p> <p>3.53% of the shares in the Issuer are held by Vadebo France NV, a company controlled by Mrs Griet Van Malderen.</p> <p>10.14% of the shares in the Issuer are held by the public.</p>
B.17	<b>Credit ratings</b>	Not applicable; the Issuer is not rated. The Bonds are not rated and the Issuer does not intend to request a rating for the Bonds.

## Section C – Securities

C.1	<b>Description of the Bonds and security identification number</b>	3.25% fixed rate bonds due 6 July 2024 denominated in euro. ISIN BE0002287564, Common Code 163738783. Dematerialised form under the Belgian Company Code.
C.2	<b>Settlement currency</b>	EUR
C.5	<b>Transferability</b>	Subject to the restrictions in all jurisdictions in relation to offers, sales or transfers, the Bonds are freely transferrable in accordance with the Belgian Company Code. In all jurisdictions, offers, sales or transfers of Bonds may only be effected to the extent lawful in the relevant jurisdiction. The distribution of the Prospectus or its summary may be restricted by law in certain jurisdictions.
C.8	<b>Description of the rights attached to the Bonds</b>	
	<i>Status</i>	The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3 ( <i>Negative Pledge</i> )) unsecured obligations of the Issuer and rank and will at all times rank <i>pari passu</i> and rateably, without any preference among themselves, and equally with all other existing and future unsecured and

unsubordinated obligations of the Issuer, save for such obligations that may be preferred by provisions of law that are both mandatory and of general application.

<i>Issue Date</i>	6 July 2017
<i>Issue Price</i>	101%
<i>Specified Denomination</i>	EUR 1,000 per Bond
<i>Events of Default</i>	Events of Default under the Bonds include (i) Non-payment, (ii) Breach of ratios, (iii) Breach of other covenants, agreements or undertakings, (iv) Cross-Default of the Issuer or a Subsidiary, (v) Enforcement Proceedings, (vi) Security Enforced, (vii) Unsatisfied Judgement, (viii) Insolvency and insolvency proceedings, (ix) Reorganisation, change of or transfer of business or transfer of assets, (x) Winding-Up, (xi) Failure to take action, (xii) Unlawfulness and (xiii) Delisting of the Bonds.
<i>Cross-Default and Negative Pledge</i>	<p>Cross-Default of the Issuer or a Subsidiary means at any time, (i) any Financial Indebtedness of the Issuer or any Subsidiary is not paid when due or, as the case may be, within any originally applicable grace period; (ii) any Financial Indebtedness of the Issuer or any Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); (iii) any commitment for any Financial Indebtedness of the Issuer or any Subsidiary is cancelled or suspended by any creditor as a result of an event of default (however described); or (iv) any creditor of the Issuer or any Subsidiary becomes entitled to declare any Financial Indebtedness of the Issuer or any Subsidiary due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default under this paragraph will occur if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within this paragraph (i) through (iv) is less than EUR 20,000 (or its equivalent in any other currency);</p> <p>Negative Pledge: So long as any Bond remains outstanding, the Issuer:</p> <ul style="list-style-type: none"><li>(a) will not create or permit to subsist any Security upon the whole or any part of its undertaking, assets or revenues present or future to secure any Financial Indebtedness of the Issuer or a Subsidiary or any other person or to secure any Personal Security, guarantee of or indemnity in respect of any Financial Indebtedness of the Issuer or a Subsidiary or any other person;</li><li>(b) will procure that no Subsidiary creates or permits to subsist any Security upon the whole or any part of its undertaking, assets or revenues present or future to secure any Financial Indebtedness of the Issuer or a Subsidiary or any other person or to secure any Personal Security, guarantee of or indemnity in respect of a Financial Indebtedness of the Issuer or a Subsidiary or any other person;</li></ul>

- (c) will not give any Personal Security, guarantee of or indemnity in respect of any of the Financial Indebtedness of a member of the Group or any other person; and
- (d) will procure that no Subsidiary gives any Personal Security, guarantee of or indemnity in respect of any of the Financial Indebtedness of the Issuer or a member of the Group or any other person;

unless, other than with respect to (c) above where there will be no exception to the negative pledge undertaking contained in such paragraph (c) except as set forth in Condition 3.3 of the Terms and Conditions of the Bonds (*Part IV of the Prospectus*), at the same time or prior thereto, the Issuer's obligations under the Bonds (i) are secured equally and ratably therewith or benefit from a Personal Security, guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by a general meeting of the Bondholders in accordance with Condition 13 (*Meeting of Bondholders, Modification and Waiver*) of the Terms and Conditions of the Bonds (*Part IV of the Prospectus*).

The prohibition contained in this Condition 3 (*Negative Pledge*) does not apply to

- (a) Security existing prior to any entity becoming a Subsidiary (provided that such Security was not created or assumed in contemplation of such company or other entity becoming a Subsidiary of the Issuer and that the principal amount of such Financial Indebtedness is not subsequently increased);
- (b) Security arising by operation of law in the ordinary course of business of the Issuer or a Subsidiary and not resulting of any default or omission of the Issuer or a Subsidiary;
- (c) Personal Security given by the Issuer to guarantee (i) the Financial Indebtedness of a Subsidiary incurred in order to finance Project Land or Project Buildings of such relevant Subsidiary or (ii) the performance of Projects by a Subsidiary including the payment of any indemnities or penalties under performance guarantees in relation to Projects of such Subsidiary;
- (d) Personal Security given by a Subsidiary in respect of a Financial Indebtedness of another Subsidiary; or
- (e) Security granted by a Subsidiary to secure its own Financial Indebtedness incurred in order to finance Project Land or Project Buildings of such relevant Subsidiary.

*Meeting of Bondholders*

The Conditions of the Bonds contain certain provisions for calling of meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

C.9	<b>Further description of rights attached to the Bonds (see also element C.8)</b>	Please also see Element C.8 above for additional information.
	<i>Interest</i>	Subject to an increase as described in Condition 6.2(c), each Bond bears interest from (and including) the Issue Date at the rate of 3.25% per annum (the <b>Interest Rate</b> ) calculated by reference to its Specified Denomination (being EUR 1,000).
	<i>Interest Payment Date</i>	Interest will be payable annually in arrears on 6 July of each year (each an <b>Interest Payment Date</b> ), commencing with the Interest Payment Date falling on 6 July 2018. An Interest Period shall mean the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.
	<i>Change of Control Step-Up and Change of Control Step-Down</i>	If by not later than 31 December 2017 (the <b>Long Stop Date</b> ) (i) the decisions by the general shareholders' meeting of the Issuer approving Condition 6.2(a) (the <b>Change of Control Resolutions</b> ) are not passed, approved or adopted or (ii) the Change of Control Resolutions have not been duly filed with the Clerk of the Commercial Court of Brussels, then, with effect from the Interest Period starting on the first Interest Payment Date following the Long Stop Date, the then prevailing interest rate shall be increased by 0.50% until the last day of the Interest Period during which the Change of Control Resolutions were approved by a general meeting of the Shareholders of the Issuer and deposited with the Clerk of the Commercial Court of Brussels.
	<i>Yield</i>	Gross actuarial yield: 3.089% (on an annual basis) Net yield: 2.120% (on an annual basis)  The yield is calculated on the basis of the issue of the Bonds on the Issue Date, the Issue Price, the Interest Rate of 3.25% per annum and is based on the assumption that the Bonds will be held until 6 July 2024 when they will be repaid at 100% of their principal amount in accordance with the Conditions. It is not an indication of future yield if the Bonds are not held until their Maturity Date. The net yield reflects a deduction of Belgian WHT at the rate of 30% (Investors should consult the Part XI: <i>Taxation</i> of this Prospectus for further information about Belgian taxation).
	<i>Maturity Date</i>	6 July 2024
	<i>Redemption Amount at Maturity Date</i>	The Bonds will be redeemed at 100% of the nominal amount.
	<i>Early Redemption</i>	Early redemption of the Bonds may occur: <ul style="list-style-type: none"> <li>• following an Event of Default (at 100% of the nominal amount together with accrued interest);</li> </ul>

- at the option of the Bondholders in case of a Change of Control at the Put Redemption Amount (as specified in the Conditions, and which is at least equal to the sum of the principal amount and accrued interest). The Put Redemption Amount applicable in the case of, or following, a Change of Control reflects a maximum yield of 0.75 points above the yield of the Bonds on the Issue Date up to the Maturity Date;

	<i>Name of the representative of the security holders</i>	Not applicable
C.10	<b>Derivative component in the interest payment</b>	Not applicable
C.11	<b>Listing and admission to trading</b>	An application has been made with Euronext Brussels to list the Bonds on the regulated market of Euronext Brussels and to be admitted to trading on the regulated market of Euronext Brussels.

#### Section D – Risks

D.2	<b>Risks specific to the Issuer and the Group</b>	<p><u>Risks related to the Joint Venture.</u></p> <p>There is a risk that the Joint Venture would discontinue acquiring the completed assets from the Group.</p> <p>Should a member of the Group or the Issuer itself breach certain material obligations under any management agreement or the Joint Venture Agreement which are not remedied, then Allianz will have the right to terminate all the management agreements and/or exercise a call option over all the Issuer’s shares in the Joint Venture against payment of a discounted price equal to 90% of the fair market value.</p> <p>Allianz has the right to dilute the Issuer in the Joint Venture (i) pursuant to the Issuer defaulting under its funding obligations towards the Joint Venture under the JVA or (ii) pursuant to Allianz being required to consolidate the Joint Venture within its companies’ group.</p> <p>Although not contractually required, the Group has recognized that it has de facto a constructive obligation towards the Joint Venture (of up to its proportional share) as it will always ensure that the Joint Venture and its subsidiaries will be in a position to fulfill their respective obligations, since the proper functioning is material for the Group in realizing its expected capital gains. This entails that ultimately any payment due by the Joint Venture to the Group will either be borne by the Joint Venture’s shareholders, i.e. VGP and Allianz pro rata their shareholding or will lead to VGP being diluted by Allianz in accordance with the provisions of the JVA.</p> <p><u>Risks related to the construction, development and other loans</u></p>
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The loans granted to the Joint Venture, which comprise development and construction loans granted directly to the project companies of the Joint Venture as well as other shareholder loans granted to the Joint Venture in a total amount of EUR 99.6 million as at 31 May 2017<sup>1</sup> (of which EUR 83.4 million construction and development loans), are considered fully collectable. The purpose of the Joint Venture is only to invest in income generating assets and both Joint Venture's partners have agreed that as a result, any development undertaken within the Joint Venture will be in first instance pre-financed by VGP. The repayment of these construction and development loans will be principally driven by the subsequent refinancing of the Joint Venture's assets upon their completion. Should the proceeds of such refinancing be significantly lower than the development costs, then it could be possible that VGP is unable to recoup the total amount of these construction and development loans granted to the Joint Venture, as the Joint Venture would not be able to draw the entire amount of such construction and development loans under its existing credit facilities and whereby consequently such shortfall would have to be funded by additional shareholder loans granted to the Joint Venture by VGP and Allianz pro rata their shareholding.

Risks related to the total or partial sale of income-generating assets

The Group may divest income generating assets, as a result of which its operational income would decrease. As at 31 December 2016, the Group's total gross rental income of EUR 16.8 million included the gross rental income of the portfolio sold to the Joint Venture in the first closing (i.e. the Seed Portfolio) and of the portfolio sold to the Joint Venture in the second closing, for an aggregate amount of EUR 10.2 million. The portfolio sold to the Joint Venture in the third closing (at the end of May 2017) represented a gross rental income for the Group of EUR 74,000 in 2017. The proceeds of such divestments may be used for a new development cycle, i.e. to fund the acquisition and development of new plots of land. During the first phase of the development of a new project, no income is generated by the new development until such project is completed and delivered to a tenant.

The Group may not be able to generate sufficient cash flows. The Group's short term cash flow may be affected if it is unable to continue to successfully sign new lease contracts, which, in its turn, may affect the interest payment capacity of the Group. The medium-term results of the Group may fluctuate significantly depending on the projects/parks that can be divested in a given year. Inability to generate sufficient cash in the medium term may affect the debt repayment capacity of the Group.

Nature of the Group's business. The results and the outlook of the Group depend among others on the ability of the management to identify and acquire interesting real estate projects and to develop and commercialise such projects at economically viable conditions.

Nature and composition of portfolio. The valuation of the property depends largely on national and regional economic conditions. Due to the nature of the real estate and the lack of alternative uses of logistic properties with its ancillary

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<sup>1</sup> Immediately following the third closing with the Joint Venture.

offices, the ability to respond to adverse changes in the performance of the properties could be limited.

The Group's real estate portfolio is concentrated on logistic property. Due to this concentration, an economic downturn in this sector could have a material adverse effect on the Group's business.

Ability to generate continued rental income. The value of a rental property depends largely on the remaining term of the related rental agreement as well as of the creditworthiness of the tenants. If one or more of the Group's largest customers is unable to meet its lease obligations, the Group's business could be materially adversely affected.

Group's development activities. During the development phase of projects, the Group usually carries the costs of the project and begins to receive revenues only at a later point in time. Delays in the completion, cost overruns, underestimation of costs, etc. could decrease the Group's cash flows.

Disposal of projects. The Issuer's cash flow can fluctuate considerably from year to year depending on the number of projects which can be sold in a given year.

Insurance risks of the real estate. The Group may have to bear the costs related to or be liable for any debt or other financial obligation related to the property in case of damages or loss of the property. Certain types of losses may be uninsurable or not economically insurable and insurance proceeds are not always sufficient to cover the costs.

Regulatory matters. Regulatory changes in the different countries where the Group is active could have a material adverse effect on the Group's business. Additionally, the Group may encounter difficulties in obtaining the relevant permits (within the expected timeframe).

Ability to generate capital gains. A downturn of the property market or a negative change in one of the assumptions used or factors considered in making a property's valuation could decrease the value of the property of the Group.

Competition. Increased competition could have an impact on the purchase price and development costs of the sites, as well as on rental revenues and Occupancy Rates.

Dependency on key personnel. As the Group depends largely on the expertise and commercial quality of its management, commercial and technical team, the loss of or failure to attract such persons may have a material adverse effect on the Group's business.

Counterparty risk. Counterparties of the Group's agreements may not be able to comply with their contractual obligations. A significant portion of the Group's annual rental income results from the lease of a warehouse in Barcelona to Punto Fa S.L. (of the Mango group). The Group could therefore be adversely affected by the financial difficulties of the Mango group.

#### Financial Risks

Evolution of debt ratio of the Group. In order to finance the Group's growth, a significant increase in the amount of the Group's borrowings was recorded over the past 12 months with the issuance of 2 new bonds for an aggregate amount of EUR 305 million. This increase of the Group's debt will result in higher

financing costs and financing and refinancing risks. The Group does not anticipate that either the total aggregate amount of EUR 455 million and pertaining to (i) the 2017 Bond (as intended to be refinanced by the proceeds of the Bonds), (ii) the 2018 Bond, (iii) the 2023 Bond and (iv) the 2025 Bond, will increase, nor that the bank debt will materially increase, in each case in the next three years. The existing financial debt should suffice to finance the realisation of the total current development pipeline over the next three years which is expected to reach on average an investment amount of circa EUR 250 million per annum. Additional short term bank debt might occasionally be needed, to cover temporary cash shortfalls due to timing of recycling of shareholder loans but VGP expects that the additional credit facilities needed to cover such shortfalls should not exceed EUR 50 million. The bank debt will fluctuate based on the timing of the recycling of shareholder loans granted to the Joint Venture as these shareholder loans are repaid when projects are being acquired by the Joint Venture. It is nevertheless expected that for the foreseeable future, the Group will operate within a Gearing Ratio of up to 55%. The recycling of shareholder loans will result in a substantial increase of VGP's available cash balances when a closing with the Joint Venture occurs and which will again be reduced when developments of new projects are undertaken. The Group and the Joint Venture aim to realize two closings during each financial year. Following the third closing at the end of May 2017, the cash position of the Group as at 1 June 2017 was EUR 168.1 million<sup>1</sup>. Taking into consideration (i) the issued 2017 Bond, 2018 Bond, 2023 Bond, 2025 Bond, (ii) the assumption that the current Bonds will be issued for an aggregate amount of EUR 75 million; (iii) the third closing with the Joint Venture as occurred at the end of May 2017; and (iv) the capital decrease of the Group as approved by its shareholders in the course of May 2017, the net debt / shareholder's equity and total liabilities Gearing Ratio as of 31 December 2016 of 39.4% would increase to 43.5%, once all the proceeds of the Bonds are invested, i.e. after repayment of all outstanding debt under the 2017 Bond, and all current cash balances having been applied towards the financing of the development pipeline. The Joint Venture aims to increase its portfolio size to circa EUR 1.7 billion, which is expected to be funded by EUR 670 million of equity (50% or EUR 335 million from VGP and 50% or EUR 335 million from Allianz) and EUR 1.018 billion of bank debt. Following the third closing which took place at the end of May 2017, the Joint Venture has EUR 402.6 million of outstanding bank debt with a Loan to Value Ratio of 62.4%.

Following the third closing at the end of May 2017 the net debt / shareholder's equity and total liabilities Gearing Ratio of the Group as per 1 June 2017 stood at 34.5%<sup>2</sup> and this Gearing Ratio would increase to 43.5%, once all the proceeds of the Bonds are invested, i.e. after repayment of all outstanding debt under the 2017 Bond, and all current cash balances having been applied towards the financing of the development pipeline.

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<sup>1</sup> Including EUR 30 million of equity funds to be received from Allianz following the submission by VGP of formal completion certificates of all buildings transferred to the Joint Venture during the third closing at the end of May 2017, which is expected to occur in the course of July 2017.

<sup>2</sup> Calculated on the basis of the equity position of the Group as at 31 December 2016 and the effective financial net debt position of the Group as at 31 May 2017 (i.e. immediately following the third closing with the Joint Venture).

Compliance with financial covenants. A breach of financial covenants could have an adverse effect on the financial position of the Group.

Availability of adequate credit facilities or shareholder loans. The non-availability of adequate credit facilities or shareholder loans may have an adverse effect on the growth of the Group and its financial condition.

Evolution of interest rates. Changes in interest rates could have an adverse effect on the Group's ability to obtain or service debt and other financing on favourable terms.

Fluctuation in currency exchange rates. The Group's revenues are predominantly denominated in euro, whereas expenses, assets and liabilities are recorded in a number of different currencies other than euro. Variations in exchange rates may affect the amount of these items in the consolidated financial statements.

Risks relating to the mid-European countries

Defects in the ownership title. Real estate registries in some of the mid-European countries do not provide conclusive evidence of ownership of title to property. Some of the members of the Group may not have title to some of the plots of land despite being registered as owners.

Other risk factors specific to the Issuer and the Group are included in Part II: *Risk Factors* of this Prospectus and should be taken into consideration by investors as well.

**D.3 Risks specific to the Bonds**

The main risk factors in relation to the Bonds include:

Risks related to the fact that the Joint Venture does not qualify as a Subsidiary

The Joint Venture does not qualify as a Subsidiary of the Issuer. Consequently, any event occurring in respect of the Joint Venture shall not trigger the application of Condition 9(d) (Cross-Default of the Issuer or a Subsidiary) nor the application of any of the other Events of Default that also relate to a Subsidiary of the Issuer such as Condition 9(e) (Enforcement Proceedings), Condition 9(f) (Security Enforced), Condition 9(g) (Unsatisfied Judgment), Condition 9(h) (Insolvency and insolvency proceedings), Condition 9(i) (Reorganisation, change or transfer of business or transfer of assets) or Condition 9(j) (Winding-up) and shall therefore not result in an Event of Default under the Bonds.

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of the investment in light of its own circumstances, based on its own independent review and such professional advice as it deems appropriate under the circumstances. In particular, each potential investor should have sufficient knowledge and experience, appropriate analytical tools to make a meaningful evaluation of the Bonds, evaluate the impact of the Bonds on its overall investment portfolio, and have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds.

Holding company. The Issuer is a holding company with no operating income and is therefore solely dependent on distributions made by members of the Group or by the Joint Venture to the Issuer. Accordingly, the Issuer's ability to meet its financial obligations under the Bonds will largely depend on the cash flows from

the Joint Venture and the Joint Venture's subsidiaries and from members of the Group and the distributions paid to it by the Joint Venture and by members of the Group. The Group financings contain restrictions on the distributions by members of the Group to the Issuer, in case certain financial tests are not met.

Outstanding debt. Substantial outstanding financial debt could negatively impact the Issuer and its ability to make payments under the Bonds.

The Issuer may not have the ability to repay the Bonds. The Issuer may not be able to repay the Bonds at their maturity. If the Bondholders were to ask the Issuer to repay their Bonds upon the occurrence of an Event of Default, the Issuer cannot be certain that it will be able to pay the required amount in full.

Unsecured Status and structural subordination. The right of the Bondholders to receive payment on the Bonds is not secured or guaranteed and will effectively be subordinated to any secured indebtedness of the Issuer and will be effectively structurally subordinated to any indebtedness of the Joint Venture, the Joint Venture's subsidiaries and of the members of the Group (other than the Issuer).

It cannot be excluded that following demands under the guarantees granted by the members of the Group or the by the Joint Venture's subsidiaries and/or enforcement of the security interest granted by the members of the Group or by the Joint Venture's subsidiaries, no or only limited amounts remain available for distribution to other holders of indebtedness owed by members of the Group or owed by the Joint Venture's subsidiaries and, hence, that no or only limited amounts will remain available for distribution to the Issuer and payments to the creditors of the Issuer, including the Bondholders.

The Issuer may incur additional indebtedness. This could have an impact on its ability to meet the obligations under the Bonds or could cause the value of the Bonds to decrease. The Conditions do not limit the amount of unsecured or secured debts that the Issuer can incur.

Credit rating. The Issuer and the Bonds do not have a credit rating and the Issuer currently does not intend to request a credit rating for itself or the Bonds at a later date, which may render the price setting of the Bonds more difficult.

The Issuer may not be able to repay the Bonds at their maturity. The Issuer's ability to repay the Bonds will depend on the Issuer's financial condition (including its cash position resulting from its ability to receive income and dividends from the Joint Venture and from its Subsidiaries) at the time of the requested repayment, and may be limited by law, by the terms of its indebtedness and by the agreements that it may have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness.

The Bonds are exposed to market interest rate risk. The Bonds provide a fixed interest rate until the Maturity Date. An increase in the market interest rates can result in the Bonds trading at prices lower than the nominal amount of such Bonds.

There is no active trading market for the Bonds. Illiquidity may have a severely adverse effect on the market value of Bonds.

Market for the Bonds and price. There is no assurance as to the liquidity of any trading market for the Bonds. Any sale of the Bonds prior to maturity occurs at a price on a secondary market, which may be less than the nominal value of the Bonds and is affected by a range of factors, such as the solvency of the Issuer. An increase in the market interest rates or inflation can result in the Bonds trading at prices lower than the nominal amount of such Bonds.

Market value of the Bonds. The market value of the Bonds will be affected by the creditworthiness of the Issuer and a number of additional factors.

The Bonds may be redeemed prior to maturity. In the event of the occurrence of an Event of Default, the Bonds may be redeemed prior to maturity. In such circumstances, an investor may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the Bonds.

Change of Control Put. In case of a Change of Control the Bondholders may (under certain conditions) obtain an early redemption of the Bonds. The Change of Control Put has to be approved by the general meeting of shareholders of the Issuer in order to be effective. It is not assured that such approval from the Shareholders will be obtained. Such redemptions may increase any illiquidity of the Bonds which in turn may adversely affect the market value of the Bonds.

Changes to the Conditions. Provided that certain majorities are achieved and pursuant to specified procedures, a meeting of Bondholders may amend the Conditions, without the consent of each individual Bondholder. Furthermore, a change in governing law could modify certain conditions.

Taxes. Payments with respect to the Bonds may be subject to Belgian withholding tax. Potential purchasers and sellers of the Bonds may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the countries where the Bonds are transferred or other jurisdictions. Belgian withholding tax, currently at a rate of 30%, will in principle be applicable to the interest on the Bonds held in a non-exempt securities account (an N Account) in the X/N System.

Payments through the Agent and the Clearing System. The Agent is not required to segregate amounts received by it in respect of Bonds cleared through the Clearing System. Transfers of the Bonds, payments made in respect of the Bonds and all communication with the Issuer will occur through the Clearing System. The Issuer cannot guarantee the proper performance by the Clearing System.

Position of the Agent and the Lead Manager. The Issuer, the Agent and the Lead Manager may participate in transactions which could have an adverse effect on the interests of the Bondholders. The Agent and the Lead Manager already have entered into loans and other facilities with the Issuer. The Agent does not assume any fiduciary duties or other obligations to the Bondholders.

Financing of purchase of the Bonds. If a Bondholder obtains financing to purchase the Bonds, it will possibly not only be confronted with a loss on its investment if an Event of Default occurs or if the price of the Bonds decreases significantly, but it will also be required to repay the loan as well as the interest in respect of such a loan. Such a credit facility can therefore lead to a significant increase in the loss on the investment for the investor.

Risk of withdrawal and cancellation of the Public Offer/ Issue of a lower amount than the expected minimum amount.

Other risk factors specific to the Bonds are included in Part II: *Risk Factors* of this Prospectus and should be taken into consideration by investors as well.

## Section E - Offer

E.2b	<b>Reasons of the Offer</b>	<p>The net proceeds of the issue of the Bonds, expected to amount to approximately EUR 74,185,750 for a nominal amount of EUR 75 million will be used to repay all or part of the outstanding debt of the Issuer under the 2017 Bond on the maturity date of the 2017 Bond, i.e. on 12 July 2017. Should the net proceeds not suffice to repay such outstanding debt, the shortfall will be funded via available cash of the Group.</p> <p>The expenses in connection with the issue of the Bonds, including the Placement Fee and the Arrangement Fee, are expected to amount to EUR 814,250 in the aggregate, which consists of EUR 744,250 related to the Arrangement, Placement and Agency Fees, and the remaining EUR 70,000 costs, incurred for advisory services. The Placement Fee will amount to 0.875% of the Aggregate Nominal Amount or EUR 656,250 if the maximum amount of EUR 75 million is issued. In addition thereto, 1% of the Issue Price paid by the Retail Investors only shall be allocated as a fee to the Lead Manager and the Agent and shall be paid directly to the Lead Manager and the Agent.</p> <p>With the Bonds the Group wants to refinance its outstanding debt under the 2017 Bond.</p>
E.3	<b>Terms and conditions of the Offer</b>	
	<i>Offer period</i>	From 23 June 2017 to 30 June 2017 (subject to early closing).
	<i>Lead Manager and Bookrunner</i>	KBC Bank NV
	<i>Paying Agent, Domiciliary Agent and Calculation Agent</i>	KBC Bank NV
	<i>Listing Agent</i>	KBC Bank NV
	<i>Public Offer Jurisdictions</i>	Belgium
	<i>Conditions to which the Offer is subject</i>	The Public Offer and the issue of the Bonds is subject to a limited number of conditions set out in the Placement Agreement, which are customary for this type of transaction, and which include, amongst others: (i) the correctness of the representations and warranties made by the Issuer and in the Placement Agreement, (ii) the Placement Agreement, the Clearing Agreement and the Agency Agreement having been executed by all parties thereto prior to the Issue

Date, (iii) the admission to trading of the Bonds on the regulated market of the Euronext Brussels having been granted on or prior to the Issue Date, (iv) there having been, as at the Issue Date, no Material Adverse Change affecting the Issuer or any of its Subsidiaries (v) the Issuer having performed all the obligations to be performed by it under the Placement Agreement on or before the Issue Date (vi) the market conditions being satisfactory in the Lead Manager's reasonable opinion and with the agreement of the Issuer, (vii) no force majeure having been invoked by the Lead Manager as determined on their discretion and (viii) at the latest on the Issue Date, the Lead Manager having received customary confirmations as to certain legal and financial matters pertaining to the Issuer and the Group. The Placement Agreement does not entitle the Lead Manager to terminate its obligations prior to payment being made to the Issuer, except in certain limited circumstances. If the conditions are not fulfilled, the Bonds will not be issued and the total amount of funds already paid by investors for the Bonds will be returned.

*Allocation* Early termination of the Subscription Period will intervene at the earliest on 23 June 2017 at 5h30 pm (Brussels time) (the minimum Subscription Period is referred to as the **Minimum Sales Period**) (this is the third Business Day in Belgium following the day on which the Prospectus has been made available on the websites of the Issuer and the Lead Manager (including the day on which the Prospectus was made available)). All subscriptions that have been validly introduced by the Retail Investors with the Lead Manager before the end of the Minimum Sales Period will be taken into account when the Bonds are allotted, it being understood that in case of oversubscription, a reduction may apply, i.e. the subscriptions will be scaled back proportionally, with an allocation of a multiple of EUR 1,000, and to the extent possible (i.e. to the extent there are not more investors than Bonds), a minimum nominal amount of EUR 1,000, which is the minimum subscription amount for investors. The branches of the Lead Manager all apply the same reduction percentages. Other financial intermediaries may apply different allocation criteria, which may be less beneficial to the investors.

*Authorised Offerors* The terms and conditions of any Authorised Offeror (other than the Public Offer by Lead Manager set out in this Prospectus) shall be published by the relevant Authorised Offeror on its website at the relevant time.

**E.4 Interest material to the issue** Investors should be aware that the Issuer is involved in a general business relationship or/and in specific transactions with the Lead Manager and the Agent and that they might have conflicts of interests which could have an adverse effect on the interests of the Bondholders. Potential investors should also be aware that the Agent may hold from time to time debt securities, shares or/and other financial instruments of the Issuer. Within the framework of normal business relationship with its banks, the Issuer or any Subsidiary has entered or could enter into loans and other facilities with the Lead Manager and the Agent (or some of their respective affiliates) (via bilateral transactions or/and syndicated loans together with other banks). The terms and conditions of these debt financings may differ from the terms and conditions of the proposed Bonds and certain of the terms and conditions of such debt financings could be stricter or more extensive than the terms and conditions of the proposed Bonds. When acting in

the capacity of lenders, the Lead Manager and the Agent have no duty to take into account the interests of the Bondholders. The only financial indebtedness of the Group towards the Lead Manager (or any of its affiliates) relates to the outstanding EUR 150 million interest rate swaps, each for a notional amount of EUR 75 million and a 5 year term starting in July 2017 and December 2018 respectively. As at 31 May 2017 the negative fair market value of both interest rate swaps was EUR 4.4 million. Both interest rates swaps are unsecured.

#### E.7 Expenses

The net proceeds (before deduction of expenses) will be an amount equal to the aggregate nominal amount of the Bonds issued (the **Aggregate Nominal Amount**) multiplied by the Issue Price expressed in percentage, minus Placement Fee of 0.875% of the Aggregate Nominal Amount, a fee payable to the Lead Manager and Agent equal to 1% of the Issue Price paid by the Retail Investors only, and the fee agreed between the Issuer and the Lead Manager in relation to the structuring of the issuance of the Bonds, i.e. the Arrangement Fee. The Retail Investors will pay the Issue Price, the Qualified Investors will pay the Issue Price less a discount ranging between 0 and 1%. The costs for the custody fee for the Bonds are charged to the subscribers. Investors must inform themselves about the costs their financial institutions might charge them. Any expenses chargeable by an Authorised Offeror (other than the Lead Manager) to an investor shall be charged in accordance with any contractual arrangement agreed between the investor and such Authorised Offeror at the time of the relevant offer. Investors should inform themselves concerning the costs and fees charged by Authorised Offerors.

If a Bondholder exercises its Change of Control Put, the amount payable to the Bondholder following the exercise of the Change of Control Put will be equal to the amount which is the lowest of the following two possibilities: (i) 101% of the principal amount of each Bond or (ii) such percentage (higher than 100%) of the principal amount of each Bond, which results in the actuarial yield of an investor between the Issue Date and the date of redemption not being higher than the Interest Rate plus 0.75 points. This reflects a maximum yield of 0.75 points above the yield of the Bonds on the Issue Date up to the Maturity Date in accordance with the "*Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*" (Royal decree of 26 May 1994 on the deduction of withholding tax) (the **Royal Decree**). Such taxes are the only costs which the investor would incur upon exercising the Change of Control Put.

## PART II: RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The risk factors may relate to the Issuer or any of its Subsidiaries (together, the **Group**) or to the Joint Venture or any of the Joint Venture's subsidiaries.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Bonds are also described below.*

*Before investing in the Bonds, prospective investors should consider carefully all of the information in this Prospectus, including the following specific risks and uncertainties. If any of the following risks materialises, the Issuer's business, results of operations, financial condition and prospects could be materially adversely affected. In that event, the value of the Bonds could decline and an investor might lose part or all of its investment due to an inability of the Issuer to fulfil its obligations under the Bonds. Although the Issuer believes that the risks and uncertainties described below represent all material risks and uncertainties considered relevant, on the date of publication of this Prospectus, for the Issuer's business, the Issuer may face additional risks and uncertainties not presently known to the Issuer or that the Issuer currently deems to be immaterial. The latter may also have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects, and could negatively affect the value of the Bonds and/or the ability of the Issuer to fulfil its obligations under the Bonds. The sequence in which risk factors are listed is not an indication of their likelihood to occur or the extent of their commercial consequences.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and should reach their own views before making an investment decision with respect to any Bonds. Furthermore, before making an investment decision with respect to any Bonds, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Bonds and consider such an investment decision in light of the prospective investor's own circumstances.*

*Terms defined in Part IV: Terms and Conditions of the Bonds shall have the same meaning when used below.*

### **1 Factors that may affect the Issuer's ability to fulfil its obligations under the Bonds**

The Group is among others exposed to:

#### **1.1 Risks related to the Group's industry, properties and operations**

##### **1.1.1 Risks related to the Joint Venture**

The Joint Venture has an exclusive right of first refusal (in accordance with the conditions as set forth in the JVA) in relation to acquiring the Czech, German, Hungarian and Slovak income generating assets of the Group. The Joint Venture does not have a contractual or legal obligation to acquire the income generating assets proposed by VGP. There is therefore a risk that the Joint Venture would discontinue acquiring the completed assets from the Group. The transactions whereby income generating assets are transferred to the Joint Venture may affect the Issuer's short and mid-term income and therefore its ability to fulfil its obligations under the Bonds, as well as its net value.

It should be noted that if Jan Van Geet, as CEO of the Group, would no longer devote sufficient time to the development of the portfolio of the Joint Venture, Allianz can, upon notice thereof, stop the acquisition process of the proposed income-generating assets, until Jan Van Geet has

been replaced to the satisfaction of Allianz. Such temporary standstill of Allianz's investment obligation might negatively impact the short-term cash position of the Group. Prospective investors should furthermore note that the Joint Venture Agreement between the Issuer and Allianz is subject to further amendments, or may be terminated, during the lifetime of the Bonds. This may have a negative impact on the Issuer's financial position and income and therefore on its ability to fulfil its obligations under the Bonds.

As the Group is appointed as development manager vis-à-vis the Joint Venture, the Group will be responsible for ensuring that any development is being made within the initially agreed construction price/budget. In case the actual construction cost would be higher than the initial construction budget, any top-up payment to which VGP would be entitled under the terms of its agreements with the Joint Venture and Allianz, will be adversely affected and in case the actual construction costs would be higher than the market value of the completed building, then such difference would need to be fully borne by the Group (provided this was due to the Group).

Though the Joint Venture is structured as joint venture under IFRS 11 (and not as a joint operation), the Joint Venture Agreement caters for two situations where the joint control may come to an end: (i) as a penalty in case of a failure to fund by VGP and (ii) in case of a change in rules or regulations.

If the Issuer fails to provide funds to the Joint Venture that were committed under the terms of the Joint Venture Agreement towards Allianz (i.e. for financing of the relevant top-up payment (if any), the repayment of construction and development loans to the Group upon the acquisition by the Joint Venture of completed assets, capital expenditures in relation to repairs and maintenance of such assets and the purchase price for any future completed assets which the Joint Venture would acquire or any other financing required by Allianz or VGP under the terms of the JVA (such as replacement of bank debt) and acknowledged by an appointed third-party financial expert), then Allianz is entitled to either exclusively subscribe to three times the number of shares that represents the amount of the funds not provided by the Issuer or alternatively to provide itself funding to the Joint Venture on preferential interest terms and repayment conditions. For instance: *If there are five hundred (500) issued Shares, and if the default amount (the amount which would have otherwise been financed by VGP for example) is equal to 2% of the fair market value of the Joint Venture, Allianz shall be entitled to subscribe for and acquire, following payment therefore in cash, thirty (three times ten) newly issued shares of the Joint Venture, which is equal to three times 2% of the outstanding shares of the Joint Venture on a pre-dilution basis.*

In the event that Allianz would be subject to an obligation to consolidate the Joint Venture (for instance after a change in accounting rules or other regulations) within its companies' group, it has been agreed under the Joint Venture Agreement that Allianz has the right to replace the existing debt financing in the Joint Venture by equity, which might result in a dilution of the Issuer if the Issuer is unable to fund its commensurate part of the equity. However, as the debt position of the Joint Venture would be replaced by equity financing by Allianz on a 1:1 basis, in such case, the Net Asset Value of the Issuer's stake in the Joint venture would not be affected.

The occurrence of any of the aforementioned events might impact the Issuer's ability to retain joint control over the Joint Venture and the occurrence of the Issuer's failure to fund might materially impact the Issuer's ability to generate sufficient dividend income out of the Joint Venture.

The Group has executed several management agreements pursuant to which it is acting as exclusive asset manager, property manager and development manager of the Joint Venture and of the Joint Venture's subsidiaries. Should a member of the Group materially breach its obligations under a management agreement which is not remedied within a certain period in time following a notification thereof, or should the Issuer breach its exclusivity obligations under the Joint Venture Agreement in relation to the offering of income-generating assets, then Allianz is entitled to terminate all the management agreements with immediate effect and/or to exercise a call option on all the shares the Issuer holds in the Joint Venture against payment of a discounted purchase price of 90% of the fair market value of these shares. The occurrence of any of the aforementioned events might materially impact VGP's ability to generate sufficient dividend income out of the Joint Venture and/or to retain joint control over the Joint Venture.

Any default of the Joint Venture or of any of its subsidiaries under the development and construction loans or shareholder loans granted by the Group may have a negative impact on the Issuer's ability to fulfil its obligations under the Bonds, but would in itself not result in an Event of Default under the Bonds since the Joint Venture does not qualify as a Subsidiary of the Issuer for purposes of the Conditions.

The Group has recognized that it has de facto a constructive obligation towards the Joint Venture (of up to its proportional share) as it will always ensure that the Joint Venture and its subsidiaries will be in a position to fulfill their respective obligations, since the proper functioning is material for the Group in realizing its expected capital gains. There is however no contractual obligation to support the Joint Venture, other than what is set out in the JVA, i.e. the Group's funding obligations under the JVA towards the Joint Venture as mentioned in this section 1.1.1 of this Part II. This entails that ultimately any payment due by the Joint Venture to the Group will either be borne by the Joint Venture's shareholders, i.e. VGP and Allianz pro rata their shareholding or will lead to VGP being diluted by Allianz in accordance with the provisions of the JVA.

For further details on the Joint Venture please see sections 3.2.2 and 3.2.7 of Part VI (*Description of the Issuer*).

#### **1.1.2 Risks related to the construction, development and other loans**

The loans granted to the Joint Venture, which comprise development and construction loans granted directly to the project companies of the Joint Venture as well as other shareholder loans granted to the Joint Venture in a total amount of EUR 99.6 million as at 31 May 2017<sup>1</sup> (of which EUR 83.4 million construction and development loans) compared to EUR 89.9 million as at 31 December 2016 (of which EUR 81.6 million construction and development loans), are considered fully collectable. The purpose of the Joint Venture is only to invest in income generating assets and both Joint Venture's partners have agreed that as a result, any development undertaken within the Joint Venture will be in first instance pre-financed by VGP. The repayment of these construction and development loans will be principally driven by the subsequent refinancing of the Joint Venture's assets upon their completion. Should the proceeds of such refinancing be significantly lower than the development costs, then it could be possible that VGP is unable to recoup the total amount of these construction and development loans granted to the Joint Venture, as the Joint Venture would not be able to draw the entire amount of such construction and development loans under its existing credit facilities

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<sup>1</sup> Immediately following the third closing with the Joint Venture.

and whereby consequently such shortfall would have to be funded by additional shareholder loans granted to the Joint Venture by VGP and Allianz pro rata their shareholding.

### **1.1.3 Risks related to the total or partial sale of income-generating assets**

The Group may divest real estate in its portfolio, i.e. the income-generating assets, as a result of which its operational income would decrease. The proceeds of such divestments may be used for a new development cycle, i.e. to fund the acquisition and development of new plots of land. During the first phase of the development of a new project, however, no income will be generated by the new development until such project is completed and delivered to a tenant.

Whilst initially the strategy of partial or total divestment of rent income generating assets was made on an ad hoc basis, the Group decided to consider a more structured divestment approach to its income generating assets located in Germany, the Czech Republic, Slovakia and Hungary. This resulted in the entering into a 50:50 joint venture with Allianz in the first quarter of 2016.

The Joint Venture has an exclusive right of first refusal (in accordance with the conditions as set forth in the JVA) in relation to acquiring the income generating assets developed by VGP and located in Germany, the Czech Republic, Slovakia and Hungary. VGP will continue to service the Joint Venture as asset-, property- and development manager.

The Joint Venture completed the acquisition of the first 15 VGP parks at the end of May 2016 (the **Seed Portfolio**). The 15 parks which are located in Germany (8 parks), the Czech Republic (4 parks), Slovakia (1 park) and Hungary (2 parks) comprise 28 logistic buildings which are 100% occupied and are of high quality having for the majority been built over the last two years. The initial transaction value is in excess of EUR 500 million, which includes some future development pipeline.

This development pipeline and future development of other new projects in these four countries will continue to be developed at VGP's own risk to be subsequently acquired by the Joint Venture subject to pre-agreed completion and lease parameters.

The properties that were sold to the Joint Venture generated a significant contribution to the income and result of the Group, prior to their sale, and their deconsolidation will result in a decrease of the reported gross rental income of the Group. As at 31 December 2016 the EUR 16.8 million total gross rental income (EUR 17.1 million as at 31 December 2015) was made up of EUR 10.2 million gross rental income generated by the sold portfolios to the Joint Venture in the first closing (i.e. the Seed Portfolio) and in the second closing and EUR 6.6 million from gross rental income generated by the remaining VGP portfolio (EUR 4.4 million as at 31 December 2015). The portfolio sold to the Joint Venture in the third closing (at the end of May 2017) represented a gross rental income for the Group of EUR 74,000 in 2017.

### **1.1.4 The Group may not be able to generate sufficient cash flows**

The Group's revenues are determined by the ability to sign new lease contracts and by the disposal of real estate assets, in particular to the Joint Venture. The Group's short term cash flow may be affected if it is unable to continue successfully signing new lease contracts. The inability to generate sufficient short term cash flow may affect the interest payment capacity of the Group.

In the medium term the Group's results and cash flows may fluctuate significantly depending on the projects/parks which can be put up for sale and sold in a given year. The inability to generate sufficient cash in the medium term may affect the debt repayment capacity of the

Group. However, the Group has entered into the Joint Venture precisely for the purpose of mitigating this risk and is confident that the structure of the joint venture arrangement will enable it to effectively achieve this, since Allianz is a financially strong and long-term partner who allows VGP to divest its projects and parks to the Joint Venture on a recurring basis, thereby circumventing any lack of market interest in such projects/parks if and when these would be sold on an ad hoc basis.

The increase in the financial costs resulting from the 2023 Bond and the subsequent issued 2025 Bond are expected to be mainly offset by the revenues from the new developments and from the sale of completed assets to the Joint Venture. It is expected that additional interest expenses resulting from increased bank debt incurred to finance the acquisition of a completed project in Spain should be mainly offset by the rent income of this project. In this respect, it should be noted that the completed acquisition of the fully let warehouse in Spain, which is under a long term lease agreement, already absorbed more than 75% of the additional interest expense incurred with the issuance of the 2023 Bond.

#### **1.1.5 Risks related to the nature of the Group's business: acquiring, developing, owning, managing a logistic real estate portfolio**

The Group's assets are currently geographically concentrated in Germany, Spain, the Czech Republic, and to a lesser extent, in Estonia, Latvia, Slovakia, Hungary and Romania.

Following the initial steps in the Spanish market and the opening of an office in Barcelona during the first half 2015, VGP secured its first substantial (223,000 m<sup>2</sup>) land plot in the Madrid area during the second half of 2015, allowing it to potentially develop circa 179,000 m<sup>2</sup> of lettable area. The acquisition of the land plot was completed at the end of 2016. The construction of the first building was launched during the month of May 2017. The Group further accelerated its growth in Spain with the acquisition in 2016 from the Mango fashion group of a completed state-of-the art 180,000 m<sup>2</sup> logistics centre from the Mango fashion group with a large portion of additional development land (circa 260,000 m<sup>2</sup>) having all necessary permits to start immediate development.

The Group intends to expand its portfolio cautiously into these and other countries whereby the Group will continue to concentrate on top locations and its main markets Germany, Spain, and the Czech Republic.

In Hungary, Slovakia, Estonia, Latvia and Romania, the Group plans to develop new buildings. In Estonia, Latvia and Hungary, the Group does not intend to acquire new development land. In the Baltics the markets are rather small niche markets.

During the first months of 2017 VGP has concluded an agreement for the potential sale of VGP Park Nehatu (Estonia). The transaction value is approximately EUR 54 million. The sale is subject to certain conditions and due diligence. Given the small size of the Estonian market, the maturity of the park, and the attractive market conditions, VGP is of the opinion that redeploying the sale proceeds towards its development pipeline in larger markets will ultimately create higher shareholder value. Closing of the transaction is anticipated to occur during the second quarter of 2017.

After the complete development of the current VGP Park Kekava (Latvia), VGP will review its hold strategy for this park and may also consider divesting this park over the medium term should it receive an attractive proposal for it.

In Slovakia, the Group has secured a new park on a top location allowing VGP to develop in a first phase circa 90,000 m<sup>2</sup>. VGP expects to acquire this park during the next 12 months, subject to receiving all the necessary permits.

The Group intends only to start constructing any new building in a park if all existing buildings in these parks have been fully or almost fully let, if there is a full pre-let for a specific building or if demand for lettable space is so strong that waiting to start up an additional building might put the Group at a significant competitive disadvantage due to the short lead times that potential tenants may require to take possession of the leased building.

At the end of April 2017, 24 buildings representing 463,258 m<sup>2</sup> of lettable area were under construction. The new buildings under construction on which 87% pre-leases have already been signed, represent an estimated annualised rent income of EUR 17.3 million.

The results and the outlook of the Group depend among others on the ability of the management to identify and acquire interesting real estate projects to develop the sites at economically viable conditions and to commercialise its projects at attractive rental rates.

Since the Group's business involves the acquisition, development and operation of real estate, it is subject to real estate operating risks, of which some are outside the Group's control, including risks relating to:

- changes in the general economic conditions, or the local property markets;
- local conditions, such as an oversupply of logistic property or a reduction in demand for such property;
- the Group's ability to provide adequate maintenance of the buildings;
- impact of environmental protection, planning and health and safety laws;
- changes in tax, real estate and planning laws and regulations;
- the Group's ability to achieve optimal rental growth and control operating costs;
- the Group's ability to obtain project financing on economically viable terms;
- the Group's ability to timely obtain all necessary permits and consents;
- inherent risks in respect of ownership title in certain jurisdictions;
- currency exchange rate fluctuations;
- construction delays and construction budget overruns;
- contamination of sites and soil pollution;
- opposition from civic or environmental groups;
- tenant claims;
- natural disasters or catastrophic property damage (e.g. caused by fire);
- potential compulsory purchase or expropriation of one or more property by government agencies; and
- potential terrorist attacks.

The occurrence of any of these events in any of the geographic markets where the Group is active could result in a material adverse effect on the Group's future business, financial condition, operating results and cash flows.

**1.1.6 Risks related to the nature and composition of the Group's portfolio: land for development, logistic properties and ancillary offices**

The valuation of a property depends largely on national and regional economic conditions. The value of the Group's portfolio may be affected by a downturn of the property market or a change in the economic condition of the countries where the Group is present. Also, the level of the interest rates is an important parameter for the valuation of real estate. A change in one of the assumptions used or factors considered in making a property's valuation could considerably decrease or increase the value of the property.

The Group's intention is to construct primarily logistic properties and ancillary offices. In case of termination of a lease of logistic property with ancillary offices, it may be difficult to attract a new tenant requiring all of the ancillary office space. Due to the nature of the real estate and the lack of alternative uses of logistic properties and to a more limited extent the offices, the ability to respond to adverse changes in the performance of the properties could be limited, which could impact the business, financial condition, operating results and cash flows of the Group.

The Group's real estate portfolio is concentrated on logistic property. Due to this concentration, an economic downturn in this sector could have a material adverse effect on the Group's business, financial condition, operating results and cash flows. These risks are mitigated by the fact that the real estate portfolio is becoming more and more geographically diversified. In addition the properties are as much as possible standardised, allowing easy re-utilisation in case a tenant would terminate its lease.

**1.1.7 Risks related to the ability to generate continued rental income**

The logistic property lease market also depends largely on the economic conditions and parameters relating specifically to the property such as location and the condition of the property. In addition, the legal context or regulatory changes may impose constraints on the Indexation of lease income.

The value of a rental property depends largely on the remaining term of the related rental agreements as well as the creditworthiness of the tenants. The Group concludes contracts with reputable companies that have a solid financial reputation in order to assure itself of a recurrent rental income. Contracts are secured by standby letters of credit and/or parent guarantees covering in general a six-month lease period. If a significant number of customers, or one or more of its largest customers, were unable to meet their lease obligations, this could materially adversely affect the Group's business, financial condition, operating results and cash flows. As a result of the growth strategy of the Group, the customers' base is expected to become more diversified. The Group applies a strict credit policy by which all future tenants are screened for their creditworthiness prior to being offered a lease agreement. In addition, the Group will seek to sign as many as possible future lease agreements in order to secure a sustainable future rental income stream.

Nearly all lease contracts contain a provision pursuant to which the rent is annually indexed. Tenants will, in general, be required to provide a deposit or bank guarantee or a corporate

guarantee depending on their creditworthiness. The lease contracts are usually concluded for periods between 5-10 years (first break option) and include most of the time an automatic extension clause. The lessee cannot cancel the lease contract until the first break option date.

Since 2010, the Group changed its business model and strategy from a strict develop and hold strategy towards a strategy with an increased focus on development and more pro-active approach in respect of potential disposal of the income generating assets, as a result of which VGP could (partially) realise valuation gains and generates additional fee income from Facility Management. This change in strategy has been further amended with the entry into the 50:50 joint venture with Allianz in the first quarter of 2016. This joint venture confirms the long-term strategy of the Group to realise valuation gains and will over time have a significant impact on the fee income generating capabilities of the Group as VGP will benefit from fee income generated from asset management-, property management- and development management services. Although this strategy has a negative impact on the recurrent rent income for the Group as the income generating assets are sold to realise capital gains, such rent income will grow again in the short and medium term once new developments are constructed on the land bank that has been acquired, among others, with proceeds from these transactions, and that will subsequently be let to tenants and which are not being transferred to the Joint Venture. In addition, the Group will indirectly benefit from the underlying increase in rent income of the Joint Venture as it will be entitled, to the proportional share of the profits of the Joint Venture generated by a growing real estate portfolio.

For more information on the impact of the disposal of income generating assets on the Group's rental income, reference is made to Part VI: *Description of the Issuer*, section 1 (*General Information*).

#### **1.1.8 Risks related to the Group's development activities**

The Group's strategy focuses on development and a pro-active approach in respect of potential disposal of the Group's income generating assets once such assets have reached a mature stage.

Development of the Group's logistic property involves risks in addition to those involved in owning and operating the Group's existing logistic property, particularly with respect to developing logistic property in new markets. During the initial phases of development projects, the Group normally carries the costs of the project and begins to receive revenues only at a later point in time. Development projects sometimes face cost overruns and delays in completion, many of which are caused by factors that are not directly within the control of the developer. Unfamiliarity with local regulations, delays in obtaining construction permits or contract and labour disputes with construction contractors or subcontractors and unforeseen site conditions may require additional work and construction delays. Failure of the Group to perform as expected or the cost of unforeseen significant capital improvements could decrease the Group's cash flows. The Group may also have underestimated the cost of improvements needed to market the property effectively to potential tenants. Within VGP there are several internal controls available to minimise this risk, i.e. specific cost control functions as well as Project Management resources which monitor the projects on a daily basis.

When considering property development investments, the Group makes certain estimates as to the economic, market and other conditions, including estimates relating to the value or potential value of a property and the potential return on investment. These estimates may

prove to be incorrect, rendering the Group's strategy inappropriate with consequent negative effects on the Group's business, results of operations, financial conditions and prospects.

#### **1.1.9 Risks associated with the disposal of projects**

Upon completion of real estate projects, the Issuer has usually a considerable amount of own funds invested in the project. The Group therefore adopts a pro-active strategy towards disposal of the assets, in particular within the Joint Venture, in order to partially recycle the invested funds and freeing up these funds to re-invest in the development pipeline.

The Group's revenues will as a result be partly determined by disposals of real estate projects, in particular to the Joint Venture. This means that Group's results and cash flow can fluctuate considerably from year to year depending on the number of projects that can be put up for sale and can be sold, in particular to the Joint Venture, in a given year. The Group's inability to conclude sales can give rise to significant fluctuations of the cash flows of the Issuer.

However, one of the aims of entering into the Joint Venture arrangement is that with Allianz, the Issuer has been able to attract a long-term investor in logistic real estate and who thinks beyond the economic cycles and who has the necessary financial resources to co-invest in the expansion of the logistic real estate portfolio. The long-term commitment of this co-investor mitigates the risks related to the disposal of the Group's income-generating assets.

#### **1.1.10 Property maintenance risk**

The desirability of rental property depends not only on its location but also on its condition. To remain attractive and to generate a revenue stream over the longer term, a property's condition must be maintained or, in some cases, improved to meet the changing needs of the market. Most of the Group's properties are new, and are expected to require only standard maintenance in the near term. As these properties age, or as market requirements change, maintaining or upgrading these properties in accordance with market standards may entail significant costs, which are typically borne primarily by the property owner, not the tenants. If the actual costs of maintaining or upgrading a property exceed the Group's estimates, or if hidden defects are discovered during maintenance or upgrading that are not covered by insurance or contractual warranties, or if the Group is not permitted to raise its rents, the Group will have to bear the additional costs. Furthermore, any failure by the Group to undertake relevant repair work in response to the factors described above could adversely affect the income earned from affected properties.

Property management services are mainly provided internally and to a lesser extent externally whereby the respective Group property management company is responsible for managing the proper and undisturbed operation of the buildings. As part of its offered services the Group's property management companies will also perform Project Management services. These services cover the performance of capital improvements and any other construction works as may be requested by the owner of the buildings. This scope covers the full range of Project Management services (supervision and coordination of the contractors for design, advising on obtaining permits, advising on the works and any tenders relating thereto).

The Group has regrouped the Facility Management services in the Czech Republic in SUTA s.r.o. (**SUTA**). Facility Management services are provided internally as well as externally whereby SUTA is responsible for managing the proper and undisturbed operation of the buildings and performs all actions such as maintenance services, waste management services, maintenance

of greenery etc. that may be necessary in this respect. In other countries where no specific Facility Management team will be in place, the Group will use third party Facility Management services companies to perform these activities.

The property management and Facility Management companies of the Group will therefore be potentially liable for the quality and or non-performance of their services. In order to minimise this risk a professional indemnity insurance cover has been taken out.

#### **1.1.11 Insurance risks of the real estate**

The Group's real estate can be damaged or destroyed by acts of violence, natural disaster, civil unrest or terrorist attacks or accidents, including accidents linked to the goods stored. Certain types of losses, however, may be either uninsurable or not economically insurable in some countries, such as losses due to floods, riots, acts of war or terrorism. In such circumstances, the Group would remain liable for any debt or other financial obligation related to that property. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make insurance proceeds insufficient to cover the cost of restoring or replacing a property after it has been damaged or destroyed. The Group's business, financial condition, operating results and cash flows may be adversely affected in such circumstances.

If after damage or destruction, the property cannot be rebuilt or achieve former occupancy and profitability levels within the period of coverage, this could result in a material adverse effect on the Group's future business, financial condition, operating results and cash flows. All buildings are insured against such risks as are usually insured against in the same geographic area by reputable companies engaged in the same or similar business.

#### **1.1.12 Risks related to legal and regulatory matters**

As the Group is active and intends to further develop business in the mid-European countries, Germany and Spain, the Group is subject to a wide range of EU, national and local laws and regulations. These include requirements in terms of building and occupancy permits (which must be obtained in order for projects to be developed and let), as well as zoning, health and safety, environmental, monument protection, tax, planning, foreign ownership limitations and other laws and regulations. These risks are monitored on an on-going basis and, where necessary, the Group will use external advisers to advise on regulatory matters.

The Group applies for the permits necessary to construct and exploit its real estate. Because of bureaucracy, environmental and heritage protection laws, and time constraints with the administrative authorities in the relevant jurisdictions, the Group may encounter difficulties in obtaining relevant permits or, more likely, may acquire those permits later than expected. The lead time to obtain necessary permits varies across the Central and Eastern Europe (CEE), South East Europe (SEE) and Baltic regions, ranging from a few months to up to 18 months. Delay and/or changes in the construction process and plans might occur as a result of external factors, e.g. the discovery of archaeological sites.

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

#### **1.1.13 Risks related to the ability to generate valuation gains**

Valuation gains and losses (which are not realised) are recognised in the income statement. Consequently, a downturn of the property market or a negative change in one of the assumptions used or factors considered in making a property's valuation (interest rates, local economic situation, market sentiment, market yield expectation, inflation) could decrease the value of the property and have a material adverse effect on the operating results of the Group. These factors are not under the Group's control.

The Group may not be able to offset such valuation losses through expected future rental income or development activity gains, which may adversely affect the operating results.

#### **1.1.14 Risks related to competition**

The markets in which the Group operates are exposed to local and international competition. It cannot be excluded that the Group may experience increased competition in acquiring land in interesting locations. This could have an influence on the purchase price and on the development costs of the sites, which could have an impact on the Group's financial results. If competition intensifies and the Group's Occupancy Rates or rental revenues decline, this could materially adversely affect the Group's business, financial condition, operating results and cash flows.

The Group's competitors and potential competitors may have significantly greater financial, technical, marketing, service or resources than the Group and have a longer operating history in certain countries or regions or greater name recognition. The Group's smaller size may therefore be considered negatively by prospective customers. In addition, the Group's competitors may be able to respond more quickly than the Group can to changes in customer requirements and devote greater resources to the enhancement, promotion and rental of its logistic real estate. If competition intensifies and the Group's Occupancy Rates or rental revenues decline, this could have a material adverse effect on the Group's business, financial condition, operating results and cash flows.

#### **1.1.15 Ability to manage growth and to continue adequate and efficient monitoring of the portfolio**

The Group's future success will depend in part on its ability to manage future expansion and to identify attractive investment opportunities. Such expansion is expected to place significant demands on management, support functions, accounting and financial control, sales and marketing and other resources and would involve a number of risks, including: the difficulty of assimilating operations and personnel in the Group's operations, the potential disruption of ongoing business and distraction of management; expenses related to such integration and in the case of acquisitions in certain mid-European countries, uncertainty regarding foreign laws and regulations. The Group's aim is to have a sufficient large team to support the current growth rate of the Group. In this respect the headcount as at 31 December 2016 reached 110 people.

#### **1.1.16 Risk of environmental claims**

Although the Group has so far realised all of its projects on greenfields where the presence of environmental pollutants is unlikely, when acquiring new plots of land, the Group runs the risk of acquiring land which contains environmental pollutants (e.g. waste, oil or toxic chemicals) which are harmful to the environment or to the health of workmen on the sites. The removal and disposal of such hazardous substances, along with the associated maintenance and repair

work, could entail significant costs and it may be impossible for the Subsidiaries to obtain recourse against the party responsible for the pollution or against prior owners.

These environmental risks are particularly acute with respect to plots of land located in countries where reliable documentation for past contamination does not exist or where the laws governing environmental matters are in development or unclear, as is more often the case in the mid-European countries than in Western Europe. These risks associated with environmental claims are not always predictable or under the Subsidiaries' control. The incurrence of environmental claims or unforeseen costs to remove or dispose of these substances or to repair resultant damage caused by them could adversely affect the Group's business, financial condition, results of operations and prospects.

#### **1.1.17 Risks related to goods stored by the Group's customers**

Generally, the Group does not have access to its leased-out property and cannot prevent its tenants from storing hazardous materials, stolen goods, counterfeit goods, drugs or other illegal substances. Although the terms of the standard lease contracts for customers prohibit the storage of illegal and certain other goods on the Group's premises, the Group cannot exclude the possibility that the Group may be held ultimately liable with respect to the goods stored by its customers. In addition, unfavourable publicity as a result of illegal contents stored at one of the Group's property could have a material adverse effect on the Group's business, financial condition, operating results and cash flows.

#### **1.1.18 Dependency on key personnel**

The Group depends to a large degree on the expertise and commercial qualities of its management, commercial and technical team and recognises the need to provide incentive for and retain employees. The loss of services of any members of the management or failure to attract and retain sufficiently qualified personnel may have a material adverse effect on the Group's business, financial condition, operating results and cash flows.

In order to retain personnel the reference shareholders (Mr Bart Van Malderen and Mr Jan Van Geet) have put a long-term incentive plan in place through a separate vehicle, VGP Misv. Comm. VA (see paragraph 3.2.11 (Snow Crystal S.à r.l., SUN S.à r.l. and VGP MISV Comm. VA) of *Part VI: Description of the Issuer*).

In April 2015, the Board of Directors approved a new management agreement with Little Rock SA, a company controlled by Mr Jan Van Geet, relating to the services rendered by some of VGP's key managers. Following such decision, Little Rock SA became responsible for the Group's daily management, financial management and commercial management (see paragraph 3.3 (Management Agreement with Little Rock SA) of *Part VI: Description of the Issuer* and the Remuneration Report of the Annual Report 2016 for further details).

#### **1.1.19 Litigation**

The Group may become subject to disputes with tenants, commercial parties with whom the Group maintains relationships or other commercial parties in the rental or related businesses. Any such dispute could result in litigation between the Group and such commercial parties. Whether or not any dispute actually proceeds to litigation, the Group may be required to devote significant management time and attention to its successful resolution (through litigation, settlement or otherwise), which would detract from the Group management's ability to focus on its business. Any such resolution could involve the payment of damages or expenses by the

Group, which may be significant. In addition, any such resolution could involve the Group agreement to terms that restrict the operation of the Group's business. These risks are monitored on an on-going basis and there where necessary, the Group will use external advisers to advise on contract negotiations.

#### 1.1.20 The Issuer is exposed to counterparty risk

The Issuer has contractual relationships with multiple parties, such as partners, investors, tenants, contractors, architects, financial institutions, including the Joint Venture. The inability of such counterparty to live up to their contractual obligations could have a significant impact on the Issuer's financial and operational position. A significant portion of the Group's annual rental income results from the lease of a warehouse in Barcelona to Punto Fa S.L. (of the Mango group). The Group could therefore be adversely affected by the financial difficulties of the Mango group.

#### 1.1.21 Availability of adequate credit facilities or shareholder loans

Apart from the funds generated by the Bonds, the Group is partly financed by shareholder loans and partly by bank credit facilities from time to time. Currently, no shareholder loans which have been granted to the Issuer are in place. The non-availability of adequate credit facilities could have an adverse effect on the growth of the Group as well as on its financial condition in case bank credit facilities cannot be extended at their maturity date. The Group ensures that adequate committed credit facilities are in place to sustain its growth. VGP will start renegotiating the extension of maturing credit facilities well in advance of the respective maturity dates (usually 12 months prior to maturity date).

Most of the credit facilities of the Group were repaid upon transfer of the Seed Portfolio to the Joint Venture as of 31 May 2016 (*see paragraph 1.1 of Part VI: Description of the Issuer*). Therefore, as at 31 December 2016 the Group had EUR 39.0 million committed credit facilities in place with an average maturity of 2.3 years and which were drawn for 91%. The Group only intends to negotiate new credit facilities to cover temporary cash shortfalls due to timing of recycling of shareholder loans and expects that the additional credit facilities needed to cover such shortfalls should not exceed EUR 50 million in total.

31/12/2016 In thousands of EUR	FACILITY AMOUNT	FACILITY EXPIRY DATE	OUTSTANDING BALANCE	< 1 YEAR	> 1-5 YEARS	> 5 YEARS
UniCredit Bank – Czech Republic*	3,030	31-Dec-19	3,030	214	2,816	-
Raifeisen - Romania	16,500	31-Dec-19	13,000	750	12,250	-
Swedbank	19,477	30-Aug-18	19,477	1,444	18,033	-
Other bank debt	11	2016-2018	11	9	2	-
<b>Total</b>	<b>39,018</b>		<b>35,518</b>	<b>2,417</b>	<b>33,101</b>	-

\* Immediately prior to the third closing with the Joint Venture at the end of May 2017, all outstanding credit facilities with UniCredit Bank Czech Republic were repaid in full and subsequently cancelled. For an overview of the further details of the credit facilities as at 31 May 2017, please see Part IX (*Financial information concerning the Issuer's assets and liabilities, financial position and profit and losses*).

#### 1.1.22 Risks related to tax aspects

New tax legislation as well as changing interpretation of tax regulations in the different countries in which the Company is operating could have an impact on the tax position of the Group.

Each of the Group's properties is subject to real estate and property taxes. These taxes may increase in the future as tax rates change and as the Group's property values are assessed or reassessed by tax authorities. Depending on local market conditions, the Group may not be able to offset the tax increases through increases in rent or other income, which may adversely affect the yields on the Group's investments and business, financial condition, operating results and cash flows. These risks are monitored on an on-going basis and where necessary, the Group will use external advisers to advise on tax matters.

## 1.2 Financial risks to which the Group is exposed

### 1.2.1 Evolution of debt ratio of the Group

In order to finance the Group's growth, a significant increase in the amount of the Group's borrowings was recorded over the past 12 months with the issuance of the 2023 Bond and the 2025 Bond for an aggregate amount of EUR 305 million. This increase of the Group's debt will result in higher financing costs and financing and refinancing risks. The Group does not anticipate that either the total aggregate amount of the 2017 Bond (as intended to be refinanced by the proceeds of the Bonds), the 2018 Bond, the 2023 Bond and the 2025 Bond, amounting to EUR 455 million, or that the bank debt will materially increase (on a permanent basis) in the foreseeable future, i.e. in the next three years. The existing financial debt, together with the proceeds realized by VGP through the completion and sale of its income-generating assets, should suffice during the next three years to finance the realisation of the total current development pipeline which is expected to reach on average an investment amount of circa EUR 250 million per annum. Additional short term bank debt might occasionally be needed to cover temporary cash shortfalls due to timing of recycling of shareholder loans but VGP expects that the additional credit facilities needed to cover such shortfalls should not exceed EUR 50 million.

In order to accelerate its growth and to secure the acquisition and expansion of the land bank with large land plots, the Issuer issued 2 retail bonds in 2013. One EUR 75 million fixed rate bond maturing on 12 July 2017 which carries a coupon of 5.15% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002201672 - Common Code: 094682118) (the **2017 Bond**), and one EUR 75 million fixed rate bond maturing on 6 December 2018 which carries a coupon of 5.10% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002208743 - Common Code: 099582871) (the **2018 Bond**).

The recent expansion of land in Spain, as described in section 4.2 of Part VI (*Description of the Issuer*), entailed an initial investment value of around EUR 195 million. In order to finance this initial investment, the Issuer issued an EUR 225 million fixed rate bond maturing on 21 September 2023 which carries a coupon of 3.90% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002258276 – Common Code: 148397694) (the **2023 Bond**).

Finally, in order to accelerate the pace of its development activities an EUR 80 million fixed rate bond maturing on 30 March 2025 was issued on 30 March 2017 which carries a coupon of 3.35% per annum (with ISIN Code: BE6294349194 – Common Code: 159049558 and which is unlisted) (the **2025 Bond**).

In the Czech Republic all existing bank debt (EUR 3.0 million as at 31 December 2016) was repaid in May 2017 in anticipation of the third closing with the Joint Venture due to occur at the end of May 2017. In Estonia the property portfolio has been partly refinanced with EUR 18.9 million

loan from Swedbank, maturing on 30 August 2018. In Romania the property portfolio has been partly refinanced by a EUR 16.3 million credit facility arranged with Raiffeisen Bank and which is currently utilised for an amount of EUR 12.8 million. This credit facility matures on 30 December 2019.

The Joint Venture has been able to secure 10 year committed credit facilities in Germany, the Czech Republic, Slovakia and Hungary. The aggregate committed credit facilities amount to EUR 549.7 million and cover the first 3 years of the initial investment period of the Joint Venture. For the acquisition of the Seed Portfolio the Joint Venture made a EUR 238.1 million drawdown under these credit facilities.

The Joint Venture aims to increase its portfolio size to circa EUR 1.7 billion, which is expected to be funded by EUR 670 million of equity (50% or EUR 335 million from VGP and 50% or EUR 335 million from Allianz) and EUR 1.018 million of bank debt. Following the third closing at the end of May 2017 the Joint Venture had EUR 402.6 million of outstanding bank debt with a Loan to Value Ratio of 62.4%.

The recycling of shareholder loans will result in a substantial increase of VGP's available cash balances when a closing with the Joint Venture occurs and which will again be reduced when developments of new projects are undertaken. The Group and the Joint Venture aim to realize two closings during each financial year. Following the third closing at the end of May 2017, the cash position of the Group as at 1 June 2017 was EUR 168.1 million<sup>1</sup>.

The Group expects that for the foreseeable future it will be operating within a Consolidated Gearing of up to 55% which is the maximum gearing allowed under the covenants of the 2017 Bond and the 2018 Bond. As at 31 December 2016 the Gearing Ratio stood at 39.4% (compared to 35.7% as at 31 December 2015, for detailed calculation see Compliance Certificates published on the Issuer's website). Following the third closing at the end of May 2017 the net debt / shareholder's equity and total liabilities Gearing Ratio of the Group as per 1 June 2017 stood at 34.5%<sup>2</sup> and this Gearing Ratio would increase to 43.5%, once all the proceeds of the Bonds are invested, i.e. after repayment of all outstanding debt under the 2017 Bond, and all current cash balances having been applied towards the financing of the development pipeline.

Taking into consideration (i) the anticipated recurrent capital investments over the next years, (ii) the issued 2017 Bond, 2018 Bond, 2023 Bond, 2025 Bond, (iii) the assumption that the current Bonds will be issued for an aggregate amount of EUR 75 million, (iv) the third closing with the Joint Venture as occurred at the end of May 2017, and (v) the capital decrease of VGP as approved by its shareholders in the course of May 2017, the Gearing Ratio would look as follows:

			Adjusted
	31-Dec-16	Adjustments	31-Dec-16
('000 EUR)			

<sup>1</sup> Including EUR 30 million of equity funds to be received from Allianz following the submission by VGP of formal completion certificates of all buildings transferred to the Joint Venture during the third closing at the end of May 2017, which is expected to occur in the course of July 2017.

<sup>2</sup> Calculated on the basis of the equity position of the Group as at 31 December 2016 and the effective financial net debt position of the Group as at 31 May 2017 (i.e. immediately following the third closing with the Joint Venture).

<b>Total Equity</b>	<b>390,305</b>		<b>390,305</b>
Approved (May-17) capital reduction			(20,069)
<b>Adjusted equity</b>	<b>390,305</b>		<b>370,236</b>
Financial debt	40,613		40,613
Existing Bonds	374,332		374,332
Bond issued in March 2017 (Mar-25 Bond)	0	80,000	80,000
New Bond		75,000	75,000
Repayment of Jul-17 Bond		(75,000)	(75,000)
<b>Total financial debt (1)</b>	<b>414,945</b>	<b>80,000</b>	<b>494,945</b>
Other current and non-current liabilities	66,344		66,344
<b>Total Shareholders' equity and liabilities (2)</b>	<b>871,594</b>	<b>80,000</b>	<b>931,525</b>
Sources of funding			
Available Cash at 31 Dec-16	71,595		71,595
Cash in Mar-25 Bond		80,000	80,000
New Bond		75,000	75,000
Repayment of Jul-17 Bond		(75,000)	(75,000)
Net proceeds third closing end of May-17 and of every semi-annual closing thereafter from the Joint Venture		125,200	125,200
Payment of capital approved capital decrease		(20,069)	(20,069)
Development and Construction loans outstanding after the May-17 closing and to be recycled during subsequent closings		83,369	83,369
Assumed annual investment costs and use of cash		(250,000)	(250,000)
<b>Total cash and equivalents (after financing of investment costs and recycling of development and construction loans) (3) - Adjusted</b>	<b>71,595</b>		<b>90,095</b>
<b>Consolidated Total Net Debt (Total financial debt minus Cash and cash equivalents) (4) = (1)-(3)</b>	<b>343,350</b>		<b>404,850</b>
<b>Gearing (Consolidated Total Net Debt / Total equity and liabilities)(4):(2)</b>	<b>39.4%</b>		<b>43.5%</b>

Note: In case the current EUR 83.4 million development and construction loans would not be recycled the Gearing Ratio would increase to 52.4%.

**The above figures do not take into consideration any potential development gain which the Group would normally generate gradually during the development phase or once a building is sold to the Joint Venture nor any future rent income (generated directly by the Group or indirectly through the Joint Venture) nor any fee income from asset management, property management and development management services provided to the Joint Venture or to the Joint Venture's subsidiaries.**

VGP is therefore convinced that it will be able to operate within a Gearing Ratio (net debt / total equity and liabilities) of 55%. In addition, the expected development valuation gains and the rent income generated by the underlying completed buildings, the growth of the fee income from services provided to the Joint Venture as well as (indirectly) the growth of the rent income at the Joint Venture level, allowing profit distribution to VGP, should generate sufficient profits to ensure that a 55% Gearing Ratio can be adhered to.

VGP acquired at the end of 2016 a completed state-of-the art 180,000 m<sup>2</sup> logistics centre (extendable to circa 260,000 m<sup>2</sup>) from the fashion group Mango in Spain, with certain expansion

commitments for the tenant and a significant portion of further development land. The acquisition provided a rare opportunity for VGP to acquire a new land mark logistics building in Spain and at the same time to acquire development land on a prime location, which has the necessary permits in place to immediately start its development. At the same time, VGP also acquired a 223,000 m<sup>2</sup> development land plot in San Fernando de Henares, located close to the Madrid Barajas International airport. The aggregate transaction value amounted to EUR 195 million and the proceeds of the 2023 Bond were partly used to finance this transaction.

In addition to the substantial expansion of the Group in Spain, the Group will continue to primarily invest in Germany, Spain and to a lesser extent in its other markets, in particular in the Czech Republic, Slovakia and Romania. Germany has become the main market for the Group over the past 24 months and during this period the Group has established itself as one of the top tier developers of logistic real estate. Germany will remain the main market for the Group over the medium term given the fact that Germany is one of the top logistics locations in Europe (*Source: Jones Lang LaSalle*).

With the Joint Venture in place, the Group anticipates that its recurrent investment and re-investment programme of up to an annual amount of around EUR 250 million will be sustainable as VGP will be able to recycle partially its initial invested equity when such developments are acquired by the Joint Venture and to re-invest these proceeds in the continued expansion of the development pipeline.

Given the fact that the development business is subject to regulatory and commercial uncertainties, it cannot be guaranteed that all of the projects currently contemplated will effectively come to completion. Considering the current development markets in Germany, Spain and the other countries where the Group is active, however, VGP is confident that, if the current projects are aborted, sufficient equally attractive replacement projects will be available in these markets.

The Group must respect certain financial covenants under its finance agreements and under the 2017 Bond and 2018 Bond (including amongst others a 55% Gearing Ratio), as well as under the 2023 Bond and 2025 Bond (including amongst others a 65% Gearing Ratio). Given the limited amount of bank financing of the Group and the headroom currently available under the covenants of the 2017 Bond, the 2018 Bond, the 2023 Bond and the 2025 Bond, the Group does not expect that the eventual increase of its debt levels will cause any breach of the financial covenants under its finance agreements or under the 2017 Bond, the 2018 Bond, the 2023 Bond or the 2025 Bond. As at 31 December 2016 the Gearing Ratio stood at 39.4% compared to 35.7% as at 31 December 2015.

Consequently, the Group does not expect that it will have to suspend the development of any of its projects in order to ensure that it continues to operate within the net debt / total equity and liabilities Gearing Ratio of 55%.

The Gearing Ratio of the Joint Venture stood at 58.8% as at 31 December 2016 with a Loan to Value Ratio of 64.2%. After the third closing at the end of May 2017 the Gearing Ratio of the Joint Venture stood at 59.6% (calculated on the basis of the pro forma balance sheet as set out under paragraph 3.2.8 of Part VI (*Description of the Issuer*)).

Risks associated with debt financing include the risk that available funds will be insufficient to meet the required payments and the risk that the existing indebtedness will not be refinanced

or that additional debt obtained, or that the terms of such refinancing or additional debt will not be as favourable as the terms of existing indebtedness.

The Group's remaining bank debt at the level of subsidiaries is generally secured by real estate or related collateral. To the extent that the Group is unable to meet required payments, pledged assets could be transferred to the lender, with a consequent loss of such assets.

The impact of the Bonds on the financial costs will depend on the amount placed and will result in a decrease of the interest expenses with EUR 1.4 million per annum (compared to the annual interest expenses of the 2017 Bond) if the Bonds are fully placed. The Group is ready to accept the increase in the financial costs, which shall be offset by the income derived from newly acquired assets.

### **1.2.2 Compliance with financial covenants**

The loan agreements of the Group and of the Joint Venture, as well as the 2017 Bond, the 2018 Bond, the 2023 Bond and the 2025 Bond, include financial covenants. Any breach of covenants could have an adverse effect on the financial position of the Group. Covenants are therefore monitored on an on-going basis in order to ensure compliance and to anticipatively identify any potential problems of non-compliance for action. During 2014, 2015 and 2016, the Group remained well within its covenants. More information regarding the covenants is set out in pages 108 and 109 of the Annual Report of VGP NV for the year ended 31 December 2015 and pages 138 and 139 of the Annual Report of VGP NV for the year ended 31 December 2016.

The terms and conditions of the 2017 Bond, the 2018 Bond, the 2023 Bond and the 2025 Bond include following financial covenants, evaluated at the level of the Issuer:

- Consolidated Gearing to equal or to be below 55% (as regards the 2017 Bond and the 2018 Bond);
- Consolidated Gearing to equal or to be below 65% (as regards the 2023 Bond and the 2025 Bond);
- Interest Cover Ratio to equal or to be above 1.2;
- Debt Service Cover Ratio (or DSCR) to equal or to be above 1.2.

The above-mentioned ratios are tested semi-annually based on a 12 month period and are calculated as follows:

- Consolidated Gearing means consolidated Total Net Debt divided by the sum of the equity and total liabilities;
- Interest Cover Ratio means the aggregate net rental income (increased with the available cash and cash equivalents) divided by the net Finance Charges;
- Debt Service Cover Ratio means Cash Available for Debt Service divided by Net Debt Service.

As at 31 December 2016 the Consolidated Gearing stood at 39.8% compared to 35.7% as at 31 December 2015. The Interest Cover Ratio was 5.47 as at 31 December 2016 compared to 3.99 as at 31 December 2015 and finally the Debt Service Cover Ratio was 3.36 as at 31 December 2016 compared to 3.69 as at 31 December 2015. Following the third closing at the end of May 2017 the net debt / shareholder's equity and total liabilities Gearing Ratio of the Group as per

1 June 2017 stood at 34.5%<sup>1</sup> and this Gearing Ratio would increase to 43.5%, once all the proceeds of the Bonds are invested, i.e. after repayment of all outstanding debt under the 2017 Bond, and all current cash balances having been applied towards the financing of the development pipeline.

The bank facilities contain certain covenants, tested at the level of the respective Subsidiaries, which can be summarized as follows:

UniCredit Bank CZ:	DSCR to be equal to or higher than 1.10 (calculated on an actual as well as forward looking basis) Loan to Value to be equal to or lower than 60% Loan to Cost to be equal to or lower than 70%
Swedbank	DSCR to be equal to or higher than 1.15
Raiffeisen Bank	DSCR to be equal to or higher than 1.25 Loan to Value to be equal or lower than 67.02%

The abovementioned ratios are tested based on a 12 month period and are calculated as follows:

- Loan to value ratio means in respect of a project the aggregate loans divided by the open market value as valued by an independent valuator;
- Loan to cost ratio means in respect of a project the aggregate loans divided by the total investment costs;
- Debt Service Cover Ratio ('DSCR') means net rental income or EBITDA (less income tax paid less capital expenses) divided by debt service whereby debt service means the aggregate amount of financial expenses due and payable together with any loan principal due and payable on the respective bank debt.

As at 31 December 2016, the DSCR under the Swedbank credit facility granted to VGP Estonia OÜ was 1.18 compared to 1.33 as at 31 December 2015.

For the Czech companies financed by UniCredit Bank CZ, the values of the various ratios as of 31 December 2016 were as follows:

(i) VGP Park Tuchomerice a.s (formerly named VGP CZ III a.s.)

	31-Dec-15	31-Dec-16
DSCR - Backward	2.62	2.75
DSCR - Forward	2.97	2.65
LTV	46.0%	41.9%
LTC	59.0%	55.4%

(ii) VGP Park Usti nad Labem a.s. (formerly named VGP CZ VII., a.s.)

	31-Dec-15	31-Dec-16
DSCR - Backward	1.84	2.85
DSCR - Forward	4.64	5.23

<sup>1</sup> Calculated on the basis of the equity position of the Group as at 31 December 2016 and the effective financial net debt position of the Group as at 31 May 2017 (i.e. immediately following the third closing with the Joint Venture).

LTV	29.0%	25.3%
LTC	30.0%	29.0%

(iii) Aggregate portfolio basis

	31-Dec-15	31-Dec-16
DSCR - Backward	2.18	2.80
DSCR - Forward	3.57	3.58
LTV	37.9%	33.9%

For Raiffeisen Bank the first testing date of the covenants has been set as at 30 June 2017.

The Group has never been in breach of covenants in the past. It is not expected that the increase in debt level due to the Bonds will endanger the current solvency or that it will trigger any breach in the conditions of the existing credit facilities, the 2017 Bond, the 2018 Bond, the 2023 Bond or the 2025 Bond.

The sale of the completed assets in the third closing with the Joint Venture at the end of May 2017 does not have an impact on the adherence of the Group to its financial covenants, as these assets only represented a gross rental income of EUR 74,000 for the Group.

### 1.2.3 Evolution of interest rates

Changes in interest rates could have an adverse effect on the Group's ability to obtain or service debt and other financing on favourable terms. To this end, the Group hedges its interest rate exposure by converting the majority of its variable rate debt to fixed rate debt.

The interest rate risk will depend on the evolution of the gearing level of the Group and the evolution of the interest rates on the financial markets.

In order to mitigate its future interest rate risk, the Group entered into 2 new interest rate swaps, each for a notional amount of EUR 75 million during the first half of 2015. These 2 interest rate swaps will start in July 2017 and December 2018 respectively and will run until July 2022 and December 2023 respectively. These interest rate swaps are intended to cover future, expected floating interest rate exposures. The average interest rate which has been fixed is 0.84% per annum. As at 31 December 2016, 95.2% of the financial debt was at a fixed interest rate (compared to 95.3% as at 31 December 2015).

In addition, the Bond will be issued at a fixed rate decreasing further any dependence on interest rate volatility.

### 1.2.4 Fluctuation in currency exchange rates

The Group publishes its financial statements in euro. The Group's revenues are predominantly denominated in euro; however, expenses, assets and liabilities are recorded in a number of different currencies other than the euro, in particular the Czech crown. Assets and liabilities denominated in local currencies are translated into euro. Consequently, variations in the exchange rate of the euro versus these other currencies will affect the amount of these items in the Group's consolidated financial statements, even if their value remains unchanged in their original currency.

Under the Group's foreign exchange policy, foreign exchange hedging is mainly confined to hedging transaction exposures exceeding certain thresholds and/or if required under the

existing loan agreements. The Group reviews these risks on a regular basis and uses financial instruments to hedge these exposures as appropriate.

These translations have resulted in the past and could result in the future in changes to the Group's results of operations, balance sheet and cash flows from period to period.

As at 31 December 2016 the Group had a net currency payable exposure of CZK 131.7 million (EUR 4.9 million equivalent) and a net currency payable of RON 4.7 million (EUR 1.02 million equivalent), compared to a net currency receivable exposure of CZK 98.2 million (EUR 3.6 million equivalent), RON 1.3 million (EUR 0.3 million equivalent) and HUF 1.2 million (EUR 0.1 million equivalent) as at 31 December 2015.

#### **1.2.5 The Group is exposed to liquidity and financing risks**

The Group is exposed to a liquidity and financing risk which might result from a lack of funds in the event of non-renewal or cancellation of its existing credit facilities or its inability to attract new financing.

The Group ensures that it is adequately financed prior to undertaking any new development and does not initiate the development of new projects if the financing is not assured for its estimate duration, by external as well as internal sources.

### **1.3 Risks relating to the mid-European countries**

#### **1.3.1 Inherent risks related to ownership titles to property**

##### **(i) Defects in the ownership title**

Local laws set specific statutory requirements for the acquisition of property (such as approvals of transfers by corporate bodies, obtaining zoning permits for land division, complying with statutory or contractual pre-emption rights, consent of the spouses or municipalities, fulfilment of various contractual conditions). Due to the inconsistency in the interpretation and application of law by the competent authorities, and potential lack of compliance with all legal requirements during the acquisition process, some members of the Group may not have title to some of the plots of land despite being registered as the owners of such plots of land in the relevant real estate registry. The real estate registries in these countries may not provide conclusive evidence of ownership title to property, and thus there can be no assurance provided that the person registered in the real estate registry is, in fact, the actual owner of such real estate property.

While none of the members of the Group has to date experienced the situation where title to plots of land has been subject to any legal proceedings leading to the loss of the title, the risk exists that members of the Group may not acquire or have acquired titles to some of the plots of land, and/or that the relevant member of the Group could be held to be in violation of applicable law. Any such outcome could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The Group mitigates this risk as much as possible by carrying out a thorough due diligence prior to any acquisition of a plot of land.

(ii) Land subject to future purchase agreements

A small number of plots of land intended for a limited number of projects of the relevant member of the Group are subject to agreements on future purchase agreements. A potential breach of the future seller's obligations to sell the plots of land to the relevant member of the Group may lead to a delay in the time schedule for the realisation of the relevant project or jeopardise the acquisition of such plots of land by the relevant member of the Group.

The total land bank that is currently (end of April 2017) owned by the Group or for which future purchase agreements exist, amounts to 3,761,620 m<sup>2</sup> of which 3,093,884 m<sup>2</sup> (82%) was in full ownership.

(iii) Restitution claims

Under Czech, Slovak, Latvian, Estonian, Romanian and Hungarian law it was possible file restitution claims to claim back ownership of previously nationalised property (including real estate) until the end of 2005. Not all such restitution claims have been fully settled to date, and no assurance can be given that such restitution claim would not be or has not been brought against the plots of land owned (or planned to be acquired) by the VGP Group in the Czech Republic, Slovakia, Latvia, Estonia, Romania and Hungary. As a result of such restitution claim, the ownership title to the plots of land of the VGP Group in the Czech Republic, Slovakia, Latvia, Estonia, Romania and Hungary could be adversely affected or additional costs (remediation or compliance) could be incurred. Any such outcome could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Group is not aware of any outstanding challenges of ownership title to the plots of land owned (or planned to be acquired) by members of the Group or by the Joint Venture in any of the above-mentioned countries through a restitution claim. It should be noted that for the Joint Venture's portfolio, a title insurance has been obtained by the respective subsidiaries of the Joint Venture which covers this title risk.

### **1.3.2 Legal systems are not yet fully developed**

The legal systems and procedural safeguards in the mid-European countries are not yet fully developed.

The legal systems of the mid-European countries have undergone dramatic changes in recent years. In many cases, the interpretation and procedural safeguards of the new legal and regulatory systems are still being developed, which may result in an inconsistent application of existing laws and regulations and uncertainty as to the application and effect of new laws and regulations.

Additionally, in some circumstances, it may not be possible to obtain the legal remedies provided for under relevant laws and regulations in a reasonably timely manner or at all. Although institutions and legal and regulatory systems characteristic for parliamentary democracies have been developed in the mid-European countries, they lack an institutional history. As a result, shifts in government policies and regulations tend to be more frequent and less predictable than in the countries of Western Europe, and at the same time the enforceability of law is lower. Moreover, a lack of legal certainty or the inability to obtain effective legal remedies in a reasonably timely manner may have a material adverse effect on

the Group's business, financial condition, results of operations or prospects. The Group mitigates this risk by using reputable external local lawyers to advise on such specific legal issues as they arise.

## **2 Factors which are material for the purpose of assessing the market risks associated with the Bonds**

### **2.1 Risks related to the fact that the Joint Venture does not qualify as a Subsidiary**

The Joint Venture does not qualify as a Subsidiary of the Issuer. Consequently, any event occurring in respect of the Joint Venture shall not trigger the application of Condition 9(d) (Cross-Default of the Issuer or a Subsidiary) nor the application of any of the other Events of Default that also relate to a Subsidiary of the Issuer such as Condition 9(e) (Enforcement Proceedings), Condition 9(f) (Security Enforced), Condition 9(g) (Unsatisfied Judgment), Condition 9(h) (Insolvency and insolvency proceedings), Condition 9(i) (Reorganisation, change or transfer of business or transfer of assets) or Condition 9(j) (Winding-up) and shall therefore not result in an Event of Default under the Bonds.

### **2.2 The Bonds may not be a suitable investment for all investors**

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential Investor's Currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact the investment will have on the potential investor's overall investment portfolio.

### **2.3 Independent Review and Advice**

Each prospective investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable

investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Bonds.

Before making any investment decision the investors must read the Prospectus and more particularly the section Risk Factors (please see page 17 and following (*Part I: Summary*) and page 27 and following (*Part II: Risk Factors*)).

#### **2.4 Risk related to the fact that the Issuer is a holding company with no operating income and is hence solely dependent on distributions made by the members of the Group to the Issuer**

The Issuer is a holding company with as sole activity the holding and managing of its only asset, i.e. its participations in the Subsidiaries and in the Joint Venture. The real estate portfolios of the Group are owned through specific asset companies which are 100% subsidiaries of the Issuer or which are subsidiaries of the Joint Venture. Apart from interest income, as well as recharging of costs and services which are invoiced to the Subsidiaries, the Joint Venture and the Associate, the Issuer's sole source of cash inflow comes from dividends and from the sale of income generating assets or parks. Accordingly, the Issuer's ability to meet its financial obligations under the Bonds will largely depend on the cash flows from the members of the Group and the distributions paid to it by members of the Group or the Joint Venture. The Group members' and the Joint Venture's ability to make distributions to the Issuer depends on the rental income generated by their respective portfolios. The financing arrangements of the Joint Venture contain restrictions on distributions by the Joint Venture to the Issuer, in case certain financial tests are not met. Similarly, the financing documentation of the Group contains similar restrictions on distributions by members of the Group to the Issuer.

#### **2.5 Financial underperformance of the Group or the Joint Venture (including breaches of financial covenants under loan agreements) which could negatively impact the Issuer and its ability to make payments under the Bonds**

The Issuer's ability to pay principal and interest on the Bonds largely depends on the future operating performance of the Group and of the Joint Venture and the ability of the members of the Group and of the Joint Venture to upstream cash to the Issuer. The members of the Group also have to pay principal and interests on their existing debt financings (see Part VI: *Description of the Issuer – 6 Funding Sources*).

Moreover, the financing arrangements of the Joint Venture, and to a lesser extent also of the Group members are subject to a number of covenants and restrictions which, in the case of a default or breach which is not remedied or cured, could restrict the ability to upstream cash to the Issuer. The bank facilities require the Joint Venture and the members of the Group to maintain specified financial ratios and meet specific financial tests. A failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in the Joint Venture or the members of the Group being required to repay these borrowings before their due date. If the Joint Venture or the respective member of the Group would be unable to make this repayment or otherwise refinance these borrowings, its lenders could foreclose on its assets. If the Group is unable to refinance borrowings on favourable terms, its business can be adversely impacted. These events would have a severe negative impact on the Issuer's financial position and its capability to pay all amounts due to its Bondholders.

Furthermore, the future operating performance of the Group is subject to market conditions and business factors that often are beyond the control of the Issuer. If cash flows and capital resources of the Issuer and the Group are insufficient to allow them to make scheduled payments on their debt, they may have to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance their debt. If the Issuer and the Group cannot make scheduled payments on its debt, it will be

in default and, as a result, its debt holders could declare all outstanding principal and interest to be due and payable, terminate their commitments and force the concerned entities of the Group into bankruptcy or liquidation. This would also have a direct negative impact on the Issuer's financial position. In such case, Bondholders may not receive all amounts due by the Issuer. Hence, they may lose all or part of the capital invested in the Bonds.

## **2.6 The Bonds are unsecured obligations of the Issuer which do not benefit from any guarantee – Structural Subordination**

The right of the Bondholders to receive payment on the Bonds is not secured or guaranteed. In the event of liquidation, dissolution, reorganisation, bankruptcy or similar procedure affecting the Issuer, the holders of secured indebtedness will be repaid first with the proceeds of the enforcement of such security. As at 31 May 2017, the secured indebtedness which relates to the outstanding bank debt in Estonia and Romania amounted in the aggregate to EUR 31.7 million. The Bondholders will effectively be subordinated to any secured indebtedness of the Issuer. In addition, the Bondholders will effectively be structurally subordinated to any indebtedness of the members of the Group (other than the Issuer).

Moreover, the Issuer and certain members of the Group have provided and may in the future (subject to Condition 3 (*Negative Pledge*)) provide guarantees and security interests for the benefit of holders of other indebtedness incurred by certain Subsidiaries (see Part VI: *Description of the Issuer – 6 Funding Sources*). Currently, some assets of the members of the Group are encumbered with security interests for the benefit of indebtedness incurred by the members of the Group. For more information on the encumbrances on the Group's assets, see Part VI: *Description of the Issuer, (6 Group's Funding Sources)* of this Prospectus.

In circumstances where the holders of indebtedness are allowed to claim payment from a member of the Group in respect of any indebtedness (including in the event of liquidation, dissolution, reorganisation, bankruptcy or similar procedure affecting the Group), the holders of any indebtedness which benefit from guarantees from Group members may recover their claims through payments by such group members under the guarantees provided by them, whereas such right will not be available to the Bondholders. In addition, the holders of any indebtedness which benefit from security interests granted by Group members in respect of their respective assets may recover their claims through the enforcement of security interests granted by such Group members under the security interests granted by them, whereas such right will not be available to the Bondholders. It cannot be excluded that following demands under the guarantees granted by the members of the Group and/or enforcement of the security interest granted by the members of the Group, no or only limited amounts remain available for distribution to other holders of indebtedness owed by members of the Group and, hence, that no or only limited amounts will remain available for distribution to the Issuer and payments to the creditors of the Issuer, including the Bondholders.

The Bonds do not provide for any limitations on the amount of any indebtedness which the Issuer or its Subsidiaries may incur, except that if guarantees or security are provided in respect of any present or future indebtedness in whatever form, the Bonds will have to benefit from similar guarantees or security (as set out in Condition 3 (*Negative Pledge*)) (subject to certain exceptions, including Personal Security given by the Issuer to guarantee (i) the Financial Indebtedness of a Subsidiary incurred in order to finance Project Land or Project Buildings of such relevant Subsidiary or (ii) the performance of Projects by a Subsidiary including the payment of any indemnities or penalties under performance guarantees in relation to Projects of such Subsidiary), in each case within the limits set out in Condition 10 of Part IV (*Terms and conditions of the Bonds*).

## **2.7 No intervention of Bondholders required in case of creation, exercise or release of any security**

Under the conditions set out in Condition 3 (*Negative Pledge*) and to the extent that any Security, Personal Security, guarantees or indemnity would be granted or provided by the Issuer, the Issuer's obligations under the Bonds (i) will be secured equally and rateably therewith or benefit from a Personal Security, guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) will have the benefit of such other security, guarantee, indemnity or arrangement as shall be approved by a general meeting of the Bondholders in accordance with Condition 13 (Meeting of Bondholders, Modification and Waiver).

It is quite common to provide or grant Security, Personal Security, guarantees or indemnity on the basis of a so-called "Parallel Debt" as provided by paragraph (f) of Condition 15 (*Security*). This ensures that the Security Agent can hold the security on the basis of a debt that is parallel to the debt owed to the third-party creditors (the so-called "Corresponding Debt"). This is required due to the accessory nature of a Security. The mechanism of the parallel debt further provides that the Parallel Debt and the Corresponding Debt will at all times be equal (and that in case of a payment under the Parallel Debt or the Corresponding Debt, as applicable, the Parallel Debt or the Corresponding Debt will decrease for the same amount).

However, the Conditions contain certain limitations regarding such Security, Personal Security, guarantees or indemnity and the exercise thereof. The Conditions in particular provide that the provisions of the relevant security document or, if applicable, the intercreditor agreement will be agreed without any intervention of the Bondholders and that the Security Agent is authorised to release the Security, Personal Security, guarantees or indemnity in accordance with the provisions set out in the relevant security document, but without the express consent or any other intervention of the Bondholders. Furthermore, the Bondholders are restricted in their right to exercise such Security, Personal Security, guarantee or indemnity since these can be exercised by the Security Agent or the Relevant Creditors without any control or intervention of the Bondholders). In addition, any grant, release or exercise of such Security, Personal Security, guarantee or indemnity will not be submitted for decision by the general meeting of Bondholders (except in case of enforcement by the Bondholders if provided by the relevant security document or any intercreditor agreement, if applicable).

A Security Agent will only be appointed to hold security for the Bondholders in the circumstances provided by Condition 3 (*Negative Pledge*) (and only if this structure is chosen in that case). It is the Issuer's responsibility to assure compliance with Condition 3 (*Negative Pledge*) and to verify whether any of the exemptions set forth in Condition 3.3 apply when it grants or provides any Security, Personal Security, guarantee or indemnity.

## **2.8 The Issuer may incur additional indebtedness**

In the future, the Issuer or any other member of the Group could decide to incur additional indebtedness or further increase their indebtedness. This could have an impact on its ability to meet its obligations under the Bonds or could cause the value of the Bonds to decrease. The Conditions do not limit the amount of unsecured or secured debts that the Issuer can incur. The Group expects that the funds made available to it under the currently existing credit facility agreements and under the 2017 Bond (as intended to be refinanced by the Bonds), the 2018 Bond, the 2023 Bond and the 2025 Bond should suffice to fund its obligations and activities over the next three years. Additional short term bank debt may occasionally be needed in order to cover temporary cash shortfalls by the Group expects such short term bank debt not to exceed EUR 50 million.

## **2.9 The Issuer may not have the ability to repay the Bonds**

The Issuer may not be able to repay the Bonds at their maturity. The Issuer may also be required to repay all or part of the Bonds upon the occurrence of an Event of Default. If the Bondholders were to ask the Issuer to repay their Bonds upon the occurrence of an Event of Default, the Issuer cannot be certain that it will be able to pay the required amount in full. The Issuer's ability to repay the Bonds will depend on the Issuer's financial condition (including its cash position resulting from its ability to receive income and dividends from its Subsidiaries) at the time of the requested repayment, and may be limited by law, by the terms of its indebtedness and by the agreements that it may have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness. The Issuer's failure to repay the Bonds may result in an event of default under the terms of other outstanding indebtedness.

The Issuer and the Bonds do not have a credit rating, and the Issuer currently does not intend to request a credit rating for itself or for the Bonds at a later date. This may render the price setting of the Bonds more difficult.

The Issuer and the Bonds do not have a credit rating and the Issuer does not intend to request a credit rating for itself or the Bonds. This may impact the trading price of the Bonds. There is no guarantee that the price of the Bonds will cover the credit risk related to the Bonds and the Issuer. In addition, there can be no assurance that, should a rating be requested in respect of the Issuer or the Bonds, an investment grade rating would be assigned.

## **2.10 There is no guarantee of an active trading market for the Bonds; the Bonds may be illiquid**

The only manner for the holder of the Bonds to convert its investment in the Bonds into cash before their Maturity Date is to sell them at the applicable market price at that moment. The price can be less than the nominal value of the Bonds. The Bonds are new securities which may not be widely traded and for which there is currently no active trading market. The Issuer has filed an application to have the Bonds listed on and admitted to trading on the regulated market of Euronext Brussels. If the Bonds are admitted to trading after their issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds. Therefore, investors may not be able to sell their Bonds easily or at all, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Bonds. In the event that put options are exercised in accordance with Condition 6.2 (*Redemption at the Option of Bondholders*), liquidity will be reduced for the remaining Bonds. Furthermore, it cannot be guaranteed that the admission to listing and trading once approved will be maintained.

## **2.11 The Bonds are exposed to market interest rate risk**

The Bonds provide a fixed interest rate until the Maturity Date. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. The longer the maturity of bonds, the more exposed bonds are to fluctuations in market interest rates. An increase in the market interest rates can result in the Bonds trading at prices lower than the nominal amount of such Bonds.

**2.12 The market value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors**

The value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors, such as market interest rates, exchange rates and yield rates and the time remaining to the Maturity Date and more generally all economic, financial and political events in any country, including factors affecting capital markets generally and the stock exchanges on which the Bonds are traded. The price at which a Bondholder will be able to sell the Bonds prior to maturity may be at a discount, which could be substantial, from the Issue Price or the purchase price paid by such investor.

**2.13 The Bonds may be redeemed prior to maturity**

In the event of the occurrence of an Event of Default the Bonds may be redeemed prior to maturity in accordance with the Conditions. In such circumstances, an investor may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the Bonds.

**2.14 The Bonds may be redeemed prior to maturity in the event of a Change of Control**

Each Bondholder will have the right to require the Issuer to repurchase all or any part of such holder's Bonds at the Put Redemption Amount upon the occurrence of a Change of Control, as such terms are defined herein, and in accordance with the Conditions of the Bonds (the **Change of Control Put**). However, Bondholders should be aware that, in the event that holders of a significant proportion of the aggregate principal amount of the Bonds exercise their option under Condition 6.2 (*Redemption at the Option of Bondholders*), Bonds in respect of which the Change of Control Put is not exercised may be illiquid and difficult to trade.

Accordingly, the put option may arise, at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the Bonds. Potential investors should be aware that the Change of Control Put can only be exercised upon the occurrence of a Change of Control, which may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Issuer.

Bondholders deciding to exercise the Change of Control Put shall have to do this through the bank or other financial intermediary through which the Bondholder holds the Bonds (the **Financial Intermediary**) and are advised to check when such Financial Intermediary would require to receive instructions and Change of Control Put Exercise Notices from Bondholders in order to meet the deadlines for such exercise to be effective. The fees and/or costs, if any, of the relevant Financial Intermediary shall be borne by the relevant Bondholders.

**2.15 The Bondholders' put option upon a Change of Control under the Bonds is subject to Shareholders' approval**

The exercise by any of the Bondholders of the option to demand an early redemption in the event of a Change of Control as set out in Condition 6.2 (*Redemption at the Option of the Bondholders*) may only be effective against the Issuer under Belgian law if and when (i) the terms of Condition 6.2 (*Redemption at the Option of the Bondholders*) have been approved by the shareholders of the Issuer in general shareholders' meeting, and if such resolution has been filed with the Clerk of the Commercial Court Brussels (*griffie van de rechtbank van koophandel / greffe du tribunal de commerce*).

An extraordinary shareholders' meeting of the Issuer to take place before 31 December 2017 will be requested to approve, the terms of Condition 6.2 (*Redemption at the Option of the Bondholders*) of the Bonds in accordance with Belgian law. The resolution to approve these terms requires an approval of

more than 50% of the votes cast at the general shareholders' meeting and does not have quorum requirement. There can be no assurance that such approval will be granted at such meeting.

If a Change of Control occurs prior to such approval and filing, Bondholders may not be entitled to exercise the option set out in the terms of Condition 6.2 (*Redemption at the Option of the Bondholders*).

#### **2.16 The Bonds may be affected by the turbulence in the global credit markets**

Potential investors should be aware of the turbulence in the global credit markets which has led to a general lack of liquidity in the secondary market for instruments similar to the Bonds. The Issuer cannot predict when these circumstances will change and if and when they do there can be no assurance that conditions of general market illiquidity for the Bonds and instruments similar to the Bonds will not return in the future.

#### **2.17 Eurozone crisis**

Potential investors should be aware of the crisis affecting the Eurozone, the turbulence in the global credit markets and the general economic outlook. The Issuer cannot predict when these circumstances will change and potential investors need to be aware of the significant uncertainty about future developments in this regard.

#### **2.18 Modification to the Conditions of the Bonds can be imposed on all Bondholders upon approval by defined majorities of Bondholders**

The Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

#### **2.19 The Bonds may be exposed to exchange rate risks and exchange controls**

The Issuer will pay principal and interest on the Bonds in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds, and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

#### **2.20 Risk of inflation**

The inflation risk is the risk of future value of money. The actual yield of an investment in the Bonds is being reduced by inflation. The higher the rate of inflation, the lower the actual yield of a Bond will be. If the rate of inflation is equal to or higher than the nominal output of the Bonds, then the actual output is equal to zero, or the actual yield will even be negative.

## **2.21 Payments made in respect of the Bonds may be subject to Belgian withholding tax**

Potential investors should be aware that neither the Issuer, the NBB, the Agent nor any other person will be liable for or otherwise obliged to pay, and the relevant Bondholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Bonds, except as provided for in Condition 8 (*Taxation*).

If the Issuer, the NBB, the Agent or any other person is required by law to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Bonds, the Issuer, the NBB, the Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

Belgian withholding tax, currently at a rate of 30%, will in principle be applicable to the interest on the Bonds held in a non-exempt securities account (an **N Account**) in the X/N System, as further described in Part X: *Taxation*. Potential investors should be aware that any relevant tax law or practice applicable as at the date of this Prospectus and/or the date of purchase or subscription of the Bonds may change at any time (including during the Subscription Period or the term of the Bonds). Any such change may have an adverse effect on a Bondholder, including that the liquidity of the Bonds may decrease and/or the amounts payable to or receivable by an affected Bondholder may be less than otherwise expected by such Bondholder.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers.

## **2.22 Potential purchasers and sellers of the Bonds may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions**

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to seek the advice of a tax professional regarding their individual tax liabilities with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus. Such taxes or documentary charges could also be due in case of a possible change of the statutory seat of the Issuer. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

## **2.23 Changes in governing law could modify certain Conditions**

The Conditions are based on the laws of Belgium in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Belgium, the official application, interpretation or the administrative practice after the date of this Prospectus.

## **2.24 Relationship with the Issuer**

All notices and payments to be delivered to the Bondholders will be distributed by the Issuer to such Bondholders in accordance with the Conditions. In the event that a Bondholder does not receive such

notices or payments, its rights may be prejudiced, but it may not have a direct claim against the Issuer with respect to such prejudice.

**2.25 The transfer of the Bonds, any payments made in respect of the Bonds and all communications with the Issuer will occur through the Clearing System**

The Bonds will be issued in dematerialised form under the Belgian Company Code and cannot be physically delivered. The Bonds will be represented exclusively by book entries in the records of the Clearing System. Access to the Clearing System is available through its Clearing System Participants whose membership extends to securities such as the Bonds. Clearing System Participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), and Euroclear, Monte Titoli, SIX SIS and Clearstream, Luxembourg. Transfers of interests in the Bonds will be effected between the Clearing System Participants in accordance with the rules and operating procedures of the Clearing System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Clearing System Participants through which they hold their Bonds. The Issuer and the Agent will have no responsibility for the proper performance by the Clearing System or the Clearing System Participants of their obligations under their respective rules and operating procedures.

A Bondholder must rely on the procedures of the Clearing System to receive payments under the Bonds. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Bonds within the Clearing System.

**2.26 The Agent is not required to segregate amounts received by it in respect of Bonds cleared through the Clearing System**

The Conditions of the Bonds and the Agency Agreement provide that the Agent will debit the relevant account of the Issuer and use such funds to make payment to the Bondholders. The Agency Agreement provides that the Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the Bondholders, directly or through the NBB, any amounts due in respect of the relevant Bonds. However, the Agent is not required to segregate any such amounts received by it in respect of the Bonds. The Conditions provide that the payment obligations of the Issuer will be discharged by payment to the Clearing System in respect of each amount so paid.

**2.27 The Issuer, the Agent and the Lead Manager may engage in transactions adversely affecting the interests of the Bondholders**

The Agent might have conflicts of interests which could have an adverse effect on the interests of the Bondholders. Potential investors should be aware that the Issuer is involved in a general business relationship or/and in specific transactions with the Lead Manager and the Agent and that they might have conflicts of interests which could have an adverse effect to the interests of the Bondholders. Potential investors should also be aware that the Agent may hold from time to time debt securities, shares or/and other financial instruments of the Issuer. The only financial indebtedness of the Group towards the Lead Manager (and any of its affiliates) relates to the outstanding EUR 150 million interest rate swaps, each for a notional amount of EUR 75 million and 5 year term starting in July 2017 and December 2018 respectively. As at 31 May 2017 the negative fair market value of both interest rate swaps was EUR 4.4 million. Both interest rate swaps are unsecured.

Within the framework of normal business relationship with its banks, the Issuer, any Subsidiary, the Joint Venture or any other joint venture the Issuer or any of its Subsidiaries may from time to time enter into has entered or may enter into loans and other facilities with the Lead Manager and the Agent (or some of its affiliates) (via bilateral transactions or/and syndicated loans together with other banks). The terms

and conditions of these debt financings may differ from the terms and conditions of the proposed Bonds and certain of the terms and conditions of such debt financings could be stricter or more extensive than the terms and conditions of the proposed Bonds. In addition, as part of these debt financings, the lenders may have the benefit of guarantees, whereas the Bondholders will not have the benefit from similar guarantees. This results in the Bondholders being subordinated to the lenders under such debt financings. As a consequence, the Agent may have interests that are different than and/or adverse to the interests of the Bondholders during the term of the Bonds. Such diverging interests may manifest themselves, for example, in case of an event of default under those facility agreements before the maturity of the Bonds or in case of a mandatory early repayment and may have a negative impact on the repayment capacity of the Issuer. The Lead Manager has, in its capacity of lender, no obligation to take into account the interests of the Bondholders when exercising its rights as lender under those facility agreements.

The Bondholders should be aware of the fact that the Agent, when it acts as lender to the Issuer or another company within the Group (or when they act in any other capacity whatsoever), have no fiduciary duties or other duties of any nature whatsoever vis-à-vis the Bondholders and that it is under no obligation to take into account the interests of the Bondholders.

The Agent and its affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Agent and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **2.28 Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Bonds. The investors should consult their legal advisers to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

## **2.29 Financing of purchase of the Bonds**

If an investor obtains financing to purchase the Bonds and an Event of Default occurs with respect to the Bonds or the price at which the Bonds decreases significantly, then the Bondholder-investor will possibly not only be confronted with a loss on its investment, but it will also be required to repay the loan obtained by it as well as the interest in respect of such a loan. Such a credit facility can therefore lead to a significant increase in the loss on the investment for the investor. Potential investors in the Bonds should therefore not assume that they will be in a position to repay a loan (principal as well as interests on the loan) solely based on a transaction involving the Bonds. On the contrary, potential investors must make a careful assessment of their financial situation and in particular assess whether they would be

capable to pay interest and to repay the loans and they must also take into account that they will possibly incur a loss instead of a gain in respect of their investment in the Bonds.

**2.30 The Agent does not assume any fiduciary duties or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect their interests**

KBC Bank NV will act as the Issuer's domiciliary, calculation, paying and listing agent (the **Agent**). In its capacity as Agent, it will act in accordance with the Conditions of the Bonds in good faith and endeavour at all times to make its determinations in a commercially reasonable manner. However, Bondholders should be aware that the Agent does not assume any fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further the interests of the Bondholders.

The Agent may rely on any information that is reasonably believed by it to be genuine and to have been originated by the proper parties. The Agent shall not be liable for the consequences to any person (including Bondholders) of any errors or omissions in (i) the calculation by the Agent of any amount due in respect of the Bonds or (ii) any determination made by the Agent in relation to the Bonds or interests, in each case in the absence of bad faith or wilful default. Without prejudice to the generality of the foregoing, the Agent shall not be liable for the consequences to any person (including Bondholders) of any such errors or omissions arising as a result of (i) any information provided to the Agent proving to have been incorrect or incomplete or (ii) any relevant information not being provided to the Agent on a timely basis.

**2.31 Insolvency laws**

The Issuer is subject to applicable Belgian or other countries' bankruptcy and insolvency laws. The application of these bankruptcy and insolvency laws may substantially affect the Bondholders' claims to obtain repayment in full of the Bonds, e.g. through a suspension of payments, a stay on enforcement measures or an order providing for partial repayment of the Bonds only. At the date of the Prospectus, certain Subsidiaries of the Issuer have their statutory seat outside Belgium (in the Netherlands, Luxembourg, Germany, the Czech Republic, Romania, Latvia, Estonia, Poland, Slovakia, Spain and Hungary).

**2.32 Risk of withdrawal or cancellation of the Public Offer / issue of a lower amount than the expected minimum amount**

As from the date of this Prospectus and at any time prior to the Issue Date of the Bonds, the Public Offer may be wholly or partially retracted or cancelled in accordance with the provisions of the Placement Agreement. In this case, investors who paid the Issue Price for the Bonds prior to the notification of retraction or cancellation of the offer shall receive the total amounts of funds already paid by them as Issue Price for the Bonds. However, such investor may not receive the interest on such amount they otherwise could have earned if they had not paid the Issue Price for the Bonds. Investors should also note that the Issuer with the consent of the Manager may decide to issue a lower amount than the expected minimum amount. In such case, a supplement to the Prospectus will be published (and investors will have a withdrawal right as described in this Prospectus). If Bonds are issued for a lower amount than the expected minimum amount, the Issuer may need to obtain additional financing in relation to the projects mentioned in the use of proceeds.

### **PART III: DOCUMENTS INCORPORATED BY REFERENCE**

This Prospectus shall be read and construed in conjunction with the annual report and audited financial statements of the Issuer for the years ended 31 December 2016 and 31 December 2015 (statutory in accordance with Belgian GAAP as well as consolidated in accordance with IFRS), together with the audit reports thereon, which have been previously published or are published simultaneously with this Prospectus and which have been filed with the FSMA. Such documents shall be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered offices of the Issuer or on the website of the Issuer in the section for investors ([www.vgpparks.eu](http://www.vgpparks.eu)).

The Issuer confirms that it has obtained the approval from the Auditor to incorporate by reference in this Prospectus the Auditor's reports for the financial years ended 31 December 2016 and 31 December 2015.

Any information not listed in the cross-reference list but included in the documents incorporated by reference is given for information purposes only.

#### **Annual audit report and audited statutory IFRS consolidated accounts of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2015**

<b>VGP NV Consolidated Annual Accounts 2015 (IFRS)</b>	
Consolidated balance sheet	Page 84
Consolidated income statement	Page 82
Explanatory notes	Pages 87-122
Statutory Auditor's report on the consolidated annual accounts 2015	Page 125

#### **Annual audit report and audited statutory IFRS consolidated accounts of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2016**

<b>VGP NV Consolidated Annual Accounts 2016 (IFRS)</b>	
Consolidated balance sheet	Page 110
Consolidated income statement	Page 108
Explanatory notes	Page 113-154
Statutory Auditor's report on the consolidated annual accounts 2016	Page 161

**Annual audit report and audited statutory Belgian GAAP accounts of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2015**

<b>VGP NV Annual Accounts 2015 (Belgian GAAP)</b>	
Statutory balance sheet	Pages 24-25
Statutory income statement	Pages 26-27
Explanatory notes	Pages 29-56
Statutory Auditor's report on the annual accounts 2015	Pages 1-3

**Annual audit report and audited statutory Belgian GAAP accounts of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2016**

<b>VGP NV Annual Accounts 2016 (Belgian GAAP)</b>	
Statutory balance sheet	Page 22-25
Statutory income statement	Page 26-28
Explanatory notes	Page 29-62
Statutory Auditor's report on the annual accounts 2015	Page 1-4

The terms on financial performance related information used in this Prospectus shall have the same meaning as in the Annual Report 2016 of VGP and are in accordance with the ESMA guidelines on Alternative Performance Measures.

The Compliance Certificates of the 2017 Bond, the 2018 Bond, the 2023 Bond and the 2025 Bond are published on the Issuer's website.

## PART IV: TERMS AND CONDITIONS OF THE BONDS

*The following is the text of the Conditions of the Bonds save for the paragraphs in italics that shall be read as complementary information.*

The issue of the 3.25% fixed rate Bonds due 6 July 2024, for an expected aggregate amount of minimum EUR 50 million and a maximum aggregate amount of EUR 75 million (the **Bonds**) was authorised by a resolution of the Board of Directors of VGP NV, a limited liability company (*naamloze vennootschap / société anonyme*) organised and existing under the laws of Belgium, having its registered office at Leonardo Da Vincilaan 19A bus 6, 1831 Diegem, Belgium, registered with the Crossroads Bank for Enterprises under number 0887.216.042, *RPR / RPM* Brussels (the **Issuer**), passed on 12 May 2017. The Bonds are issued subject to and with the benefit of a domiciliary agency agreement dated 20 June 2017 entered into between the Issuer and KBC Bank NV acting as domiciliary and paying agent (the **Agent**, which expression includes any successor as Agent under the Agency Agreement) (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**). The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement and the Clearing Agreement. The Agency Agreement contains, amongst other things, provisions dealing with the appointment, changes in Agents and the respective obligations and duties of the Issuer and the Agent in respect of (i) the issue, payment and delivery of the Bonds; (ii) the payment of principal and interest on the Bonds; (iii) the redemption of the Bonds; (iv) the calculation of the Put Redemption Amount; and (v) the application for the listing of the Bonds. The Agency Agreement also contains detailed provisions in relation to the meetings of Bondholders, which are set out in full in Schedule 1 to the Conditions. Summaries of the provisions of the Agency Agreement and of the Clearing Agreement that are relevant to the Bondholders are reflected in the Prospectus. Copies of the Agency Agreement and the Clearing Agreement are available for inspection during normal business hours at the specified office of the Agent. The specified office of the Agent is at Havenlaan 2, 1080 Brussels, Belgium. The Bondholders are bound by, and deemed to have notice of, all the provisions of the Agency Agreement applicable to them.

References herein to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

The capitalized terms used in this *Part IV: Terms and Conditions* are defined in *Part XIV: Definitions* of this Prospectus. As a consequence *Part XIV: Definitions* should be read together with the Conditions and form together with the Conditions an integral part of this *Part IV: Terms and Conditions* for any and all purposes. A reference to the Conditions shall include a reference to *Part XIV: Definitions* and vice versa.

### **1 Form, Denomination and Title**

The Bonds are issued in dematerialised form in accordance with article 468 et seq. of the Belgian Company Code (*Wetboek van vennootschappen / Code des sociétés*) and cannot be physically delivered. The Bonds will be exclusively represented by book entry in the records of the clearing system operated by the National Bank of Belgium (the **NBB**) or any successor thereto (the **Clearing System**). The Bonds can be held by their holders through Participants in the Clearing System, including Euroclear, Monte Titoli, SIX SIS and Clearstream, Luxembourg and through other financial intermediaries which in turn hold the Bonds through Euroclear, Monte Titoli, SIX SIS and Clearstream, Luxembourg, or other Participants in the Clearing System. The Bonds are accepted for clearance through the Clearing System, and are accordingly subject to the applicable Belgian clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the Clearing System and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition being referred to

herein as the **Clearing System Regulations**). Title to the Bonds will pass by account transfer. The Bonds may not be exchanged for bonds in bearer form.

If at any time the Bonds are transferred to another clearing system, not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such successor clearing system and successor clearing system operator or any additional clearing system and additional clearing system operator (any such clearing system, an **Alternative Clearing System**).

Bondholders are entitled to exercise the rights they have, including voting rights, making requests, giving consents, and other associative rights (as defined for the purposes of article 474 of the Belgian Company Code) upon submission of an affidavit drawn up by the NBB, Euroclear, Monte Titoli, SIX SIS, Clearstream, Luxembourg or any other participant duly licensed in Belgium to keep dematerialised securities accounts showing such holder's position in the Bonds (or the position held by the financial institution through which such holder's Bonds are held with the NBB, Euroclear, Monte Titoli, SIX SIS, Clearstream, Luxembourg or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

The Bonds are in principal amounts of EUR 1,000 each (the **Specified Denomination**).

## **2 Status of the Bonds**

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will at all times rank *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations that may be preferred by provisions of law that are both mandatory and of general application.

## **3 Negative Pledge**

### **3.1** So long as any Bond remains outstanding, the Issuer:

- (a) will not create or permit to subsist any Security upon the whole or any part of its undertaking, assets or revenues present or future to secure any Financial Indebtedness of the Issuer or a Subsidiary or any other person or to secure any Personal Security, guarantee of or indemnity in respect of any Financial Indebtedness of the Issuer or a Subsidiary or any other person;
- (b) will procure that no Subsidiary creates or permits to subsist any Security upon the whole or any part of its undertaking, assets or revenues present or future to secure any Financial Indebtedness of the Issuer or a Subsidiary or any other person or to secure any Personal Security, guarantee of or indemnity in respect of a Financial Indebtedness of the Issuer or a Subsidiary or any other person;
- (c) will not give any Personal Security, guarantee of or indemnity in respect of any of the Financial Indebtedness of a member of the Group or any other person; and
- (d) will procure that no Subsidiary gives any Personal Security, guarantee of or indemnity in respect of any of the Financial Indebtedness of the Issuer or a member of the Group or any other person;

unless, other than with respect to (c) above where there will be no exception to the negative pledge undertaking contained in such paragraph (c) except as set forth in Condition 3.3 below, at the same time or prior thereto, the Issuer's obligations under the Bonds (i) are secured equally and rateably therewith

or benefit from a Personal Security, guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by a general meeting of the Bondholders in accordance with Condition 13 (*Meeting of Bondholders, Modification and Waiver*).

**3.2** The Issuer shall be deemed to have satisfied the obligation under (i) above if the benefit of such Security, Personal Security, guarantee or indemnity is equally granted to an agent or trustee on behalf of the creditors of the relevant Financial Indebtedness (provided that the Bonds are also secured by such Security, Personal Security, guarantee or indemnity and on the understanding that any creation, change, release or exercise of the Security, Personal Security, guarantee or indemnity, as the case may be, can only be decided by such agent, the creditors and/or a majority of the creditors of the relevant Financial Indebtedness) or through any other structure which is customary in the debt capital markets (whether by way of supplement, guarantee agreement, deed, intercreditor agreement or otherwise). In particular, but without limitation, such Security, Personal Security, guarantee or indemnity can be granted in accordance with, and each Bondholder agrees with the provisions set forth in, Condition 15 (*Security*).

**3.3** The prohibition contained in this Condition 3 (*Negative Pledge*) does not apply to

- (a) Security existing prior to any entity becoming a Subsidiary (provided that such Security was not created or assumed in contemplation of such company or other entity becoming a Subsidiary of the Issuer and that the principal amount of such Financial Indebtedness is not subsequently increased);
- (b) Security arising by operation of law in the ordinary course of business of the Issuer or a Subsidiary and not resulting of any default or omission of the Issuer or a Subsidiary;
- (c) Personal Security given by the Issuer to guarantee (i) the Financial Indebtedness of a Subsidiary incurred in order to finance Project Land or Project Buildings of such relevant Subsidiary or (ii) the performance of Projects by a Subsidiary including the payment of any indemnities or penalties under performance guarantees in relation to Projects of such Subsidiary;
- (d) Personal Security given by a Subsidiary in respect of a Financial Indebtedness of another Subsidiary; or
- (e) Security granted by a Subsidiary to secure its own Financial Indebtedness incurred in order to finance Project Land or Project Buildings of such relevant Subsidiary.

#### **4 Interpretation**

A “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

A reference to any act, law, statute or any provision of any act, law or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

## 5 Interest

### 5.1 Interest Rate and Interest Payment Dates

Subject to an increase as described in Condition 6.2(c), each Bond bears interest from (and including) the Issue Date at the rate of 3.25% per annum (the **Interest Rate**) calculated by reference to its Specified Denomination and such interest amount is payable annually in arrears on 6 July of each year (each an **Interest Payment Date**), commencing with the Interest Payment Date falling on 6 July 2018.

When interest is required to be calculated in respect of any period which is shorter than an Interest Period, it shall be calculated by multiplying the product of the Interest Rate and the Specified Denomination with (i) the actual number of days in the relevant period from (and including) the first day of such period to (but excluding) the date on which it falls due divided by (ii) the actual number of days from (and including) the immediately preceding Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next following Interest Payment Date.

### 5.2 Accrual of Interest

Each Bond will cease to bear interest from and including its due date for redemption or repayment thereof unless payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which case interest will continue to accrue at the rate specified in Condition 5.1 (*Interest Rate and Payment Dates*) (both before and after judgment and if necessary to be increased with judicial interest) until the earlier of:

- (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder; or
- (ii) the day falling two TARGET Business Days after the Clearing System has received all amounts then due under the Bonds (except to the extent that any subsequent default would exist).

## 6 Redemption and Purchase

### 6.1 Redemption at maturity

Unless previously purchased and cancelled or redeemed as herein provided, the Bonds will be redeemed at their principal amount (together with interest accrued to the Maturity Date) on the Maturity Date.

### 6.2 Redemption at the Option of Bondholders

- (a) Upon a Change of Control

In the event that a Change of Control occurs, then each Bondholder will have the right to require the Issuer to redeem all or any part of its Bonds on the Change of Control Put Date at the Put Redemption Amount.

For the purpose of this Condition, a **Change of Control** shall be deemed to have occurred if (a) any person other than the Reference Shareholders or (b) a group of persons other than the Reference Shareholders, Acting in Concert, gain(s) Control of the Issuer;

whereby:

- (i) **Control** means (A) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to (i) cast, or control the casting of more than 50% of the maximum number of votes that might be cast at a general meeting of Shareholders of

the Issuer; or, (ii) exercise a decisive influence on the appointment or removal of all or a majority of the directors of the Issuer (including, but not limited to the right to nominate, pursuant to the articles of association or pursuant to agreements known by the Issuer, the majority of the directors of the Issuer); or (iii) exercise a decisive influence on the operating or financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are to comply or (B) the acquisition or the holding of a number of voting rights, even if such number is less than 50% of the outstanding voting rights in the Issuer, if such acquisition or holding has resulted in a mandatory public offer over the whole of the outstanding shares of the Issuer; and

- (ii) **Acting in Concert** means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them to obtain or consolidate control over the Issuer.

To exercise such right, the relevant Bondholder must complete and deposit with the bank or other financial intermediary through which the Bondholder holds Bonds (the **Financial Intermediary**) for further delivery to the Issuer (with a copy to the specified office of the Agent) a duly completed and signed notice of exercise in the form attached as schedule 2 to the Terms and Conditions of the Bonds (*Part IV of the Prospectus*) (a **Change of Control Put Exercise Notice**), at any time during the Change of Control Put Exercise Period, provided that the Bondholders must check with their Financial Intermediary, as applicable, when such Financial Intermediary would require to receive instructions and Change of Control Put Exercise Notices in order to meet the deadlines for such exercise to be effective. By delivering a Change of Control Put Exercise Notice, the Bondholder shall undertake to hold the Bonds up to the date of effective redemption of the Bonds.

Payment in respect of any such Bond shall be made by transfer to a euro account maintained with a bank in a city in which banks have access to the TARGET System as specified by the relevant Bondholder in the relevant Change of Control Put Exercise Notice.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

*Bondholders should note that the exercise by any of them of the option set out in this Condition 6.2. will only be effective under Belgian law if, prior to the earliest of (a) the Issuer being notified by the Belgian Financial Services and Markets Authority of a formal filing of a proposed offer to the shareholders of the Issuer or (b) the occurrence of a change of control within the meaning of article 5 of the Belgian Company Code, (i) the Change of Control Resolutions have been approved by the Shareholders of the Issuer in a general meeting and (ii) such resolutions have been filed with the Clerk of the Commercial Court of Brussels (greffe du tribunal de commerce / griffie van de rechtbank van koophandel). Pursuant to Condition 10.8, the Issuer has undertaken to file a copy of the Change of Control Resolutions by the Long Stop Date. If a change of control within the meaning of article 5 of the Belgian Company Code occurs prior to such approval and filing, the Bondholders will not be entitled to exercise the option set out in this Condition 6.2. There can be no assurance that such approval will be granted at such shareholders' meeting. Reference is however made to the increase of Interest Rate included in Condition 6.2(c).*

*The Put Redemption Amount applicable in the case of, or following, a Change of Control referred to under Condition 6.2(a), will be equal to the amount which is the lowest of the following two possibilities: (i) 101% of the principal amount of each Bond or (ii) such percentage (higher than 100%) of the principal amount of each Bond, which results in the actuarial yield of an investor between the Issue Date and the date of redemption in accordance with Condition 6.2(a) not being higher than the Interest Rate plus 0.75 points. This reflects a maximum yield of 0.75 points above the yield of the Bonds on the Issue Date up to the Maturity Date in accordance with the "Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier" (Royal decree of 26 May 1994 on the deduction of withholding tax) (the **Royal Decree**). Indeed, it follows from the Royal Decree that, because the Bonds can be traded on N accounts, the actuarial return cannot exceed the actuarial return of the Bonds upon the issue up to the final maturity by more than 0.75 points if investors exercise a right to have the Bonds redeemed early. This to safeguard the exemption of Belgian withholding tax for the Bonds held on X accounts.*

(b) Change of Control Notice

Within 5 Business Days following a Change of Control, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 14 (*Notices*) (a **Change of Control Notice**). The Change of Control Notice shall contain a statement informing Bondholders of their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 6.2 (*Redemption at the Option of Bondholders*). Such notice shall be irrevocable.

The Change of Control Notice shall also specify:

- (i) to the fullest extent permitted by applicable law, all information material to Bondholders concerning the Change of Control;
- (ii) the last day of the Change of Control Put Exercise Period;
- (iii) the Change of Control Put Date; and
- (iv) the Put Redemption Amount.

The Agent shall not be required to monitor or take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so.

(c) Change of Control Resolutions

If by not later than the Long Stop Date:

- (i) the Change of Control Resolutions are not passed, approved or adopted at a general meeting of the Shareholders of the Issuer; or
- (ii) the Change of Control Resolutions have not been duly filed with the Clerk of the Commercial Court of Brussels,

then, with effect from the Interest Period starting on the first Interest Payment Date following the Long Stop Date, the then prevailing Interest Rate shall be increased by 0.50% per annum until the last day of the Interest Period during which the Change of Control Resolutions were approved by a general meeting of the Shareholders of the Issuer and filed with the Clerk of the Commercial Court of Brussels.

### **6.3 Purchase**

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase any Bonds in the open market or otherwise at any price.

### **6.4 Cancellation**

All Bonds which are redeemed will be cancelled and may not be reissued or resold. Bonds purchased by the Issuer or any of its Subsidiaries may be held, reissued or resold at the option of the Issuer or relevant Subsidiary, or surrendered to the Agent for cancellation.

### **6.5 Multiple Notices**

If more than one notice of redemption is given pursuant to this Condition 6 (*Redemption and Purchase*), the first of such notices to be given shall prevail.

## **7 Payments**

### **7.1 Principal, Premium and Interest**

Without prejudice to article 474 of the Belgian Company Code, all payments of principal, premium or interest in respect of the Bonds shall be made through the Agent and the Clearing System in accordance with the Clearing System Regulations. The payment obligations of the Issuer under the Bonds will be discharged by payment to the Clearing System in respect of each amount so paid.

### **7.2 Payments**

Each payment in respect of the Bonds pursuant to Condition 7.1 (*Principal, Premium and Interest*) will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

### **7.3 Payments subject to fiscal and other applicable laws**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, without prejudice to the provisions of Condition 8 (*Taxation*). No commission or expenses shall be charged to the Bondholders in respect of such payments.

### **7.4 Agents, etc.**

The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Agent, to vary or terminate the appointment of the Agent and appoint additional or other agents, provided that it will (i) maintain a principal paying agent and (ii) maintain a domiciliary agent and the domiciliary agent will at all times be a Participant in the Clearing System. Notice of any change in Agent or its specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 14 (*Notices*).

### **7.5 No Charges**

The Agent shall not make or impose on a Bondholder any charge or commission in relation to any payment in respect of the Bonds.

## 7.6 Fractions

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

## 7.7 Non-TARGET Business Days

If any date for payment in respect of the Bonds is not a TARGET Business Day, the Bondholder shall not be entitled to payment until the next following TARGET Business Day, nor to any interest or other sum in respect of such postponed or anticipated payment. For the purpose of calculating the interest amount payable under the Bonds, the Interest Payment Date shall not be adjusted.

## 8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected, withheld or assessed by or on behalf of Belgium, or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction of the Taxes is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) **Other connection:** to, or to a third party on behalf of, a Bondholder who is liable to such Taxes in respect of such Bond by reason of his having some connection with Belgium other than the mere holding of the Bond; or
- (b) **Non-Eligible Investor:** to a Bondholder, who at the time of issue of the Bonds, was not an eligible investor within the meaning of article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax or to a Bondholder who was such an eligible investor at the time of issue of the Bonds but, for reasons within the Bondholder's control, either ceased to be an eligible investor or, at any relevant time on or after the issue of the Bonds, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities; or
- (c) **Conversion into registered securities:** to a Bondholder who is liable to such Taxes because the Bonds were upon his/her request converted into registered Bonds and could no longer be cleared through the Clearing System.

Every reference in these Conditions to principal payments and interest contains any additional amounts in respect of principal payments and interest which would be payable pursuant to this Condition 8 (*Taxation*).

## 9 Events of Default

If any of the following events (each an **Event of Default**) occurs and is continuing then any Bond may, by notice in writing given to the Issuer at its registered office with a copy to the Agent at its specified office by the Bondholder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further formality unless such Event of Default shall have been remedied prior to the receipt of such notice by the Agent:

- (a) **Non-payment:** the Issuer fails to pay the principal of or interest on any of the Bonds when due and such failure continues for a period of 10 Business Days;
- (b) **Breach of ratios:** any of the Consolidated Gearing, the Interest Cover Ratio or the Debt Service Cover Ratio does not comply with the applicable ratios and thresholds as set out in Condition 10;
- (c) **Breach of other covenants, agreements or undertakings:** the failure on the part of the Issuer to observe or perform (i) any provision (other than those referred to under (a) and (b) above) set out in the Conditions, the Agency Agreement or the Clearing Agreement or (ii) any other provision, covenant, agreement, undertaking or obligation relating to the Bonds, which default is incapable of remedy, or if capable of remedy, is not remedied within 10 Business Days after notice of such default has been given to the Issuer by any Bondholder or the Agent;
- (d) **Cross-Default of the Issuer or a Subsidiary:** at any time, (i) any Financial Indebtedness of the Issuer or any Subsidiary is not paid when due or, as the case may be, within any originally applicable grace period; (ii) any Financial Indebtedness of the Issuer or any Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); (iii) any commitment for any Financial Indebtedness of the Issuer or any Subsidiary is cancelled or suspended by any creditor as a result of an event of default (however described); or (iv) any creditor of the Issuer or any Subsidiary becomes entitled to declare any Financial Indebtedness of the Issuer or any Subsidiary due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default under this paragraph (d) will occur if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within this paragraph (d) (i) through (iv) is less than EUR 20,000 (or its equivalent in any other currency);
- (e) **Enforcement Proceedings:** a distress, attachment, execution or other process is levied or enforced upon or against all or any part of the property, assets or revenues of the Issuer or any Subsidiary and is not discharged or stayed within 30 Business Days after their commencement;
- (f) **Security Enforced:** any Security created or assumed by the Issuer or any of its Subsidiaries in respect of any of its property or assets or any Personal Security granted or assumed by the Issuer or any of its Subsidiaries for an amount at the relevant time of at least EUR 250,000 or its equivalent becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (g) **Unsatisfied judgment:** one or more judgment(s) or order(s) for the payment of an amount in excess of EUR 250,000 (or its equivalent in any other currency or currencies, whether individually or in aggregate) is rendered against the Issuer or any of its respective Subsidiaries, and it is no longer possible for the relevant entity to lodge an appeal or other legal remedy against such judgement(s) or order(s) that would suspend the payment obligation thereunder, and continue(s) unsatisfied and unstayed for a period of 15 Business Days after the date(s) thereof or, if later, the date therein specified for payment;
- (h) **Insolvency and insolvency proceedings:**
  - (i) the Issuer or any of its Subsidiaries becomes insolvent or bankrupt (*est déclaré en faillite / wordt failliet verklaard*) or is unable to pay its debts as they fall due;
  - (ii) the Issuer or any Subsidiary initiates a bankruptcy proceeding or another insolvency proceeding (or such proceedings are initiated against the Issuer or any Subsidiary),

under applicable Belgian or foreign bankruptcy laws, insolvency laws or similar laws (including the Belgian Law of 8 August 1997 on bankruptcy proceedings and the Belgian Law of 31 January 2009 regarding judicial reorganisation),

- (iii) a petition has been filed with a court for the bankruptcy, impending insolvency, a protection period, moratorium or settlement or reorganisation or any other insolvency petition has been filed in respect thereof, provided that no Event of Default under this paragraph will occur if the Issuer or the relevant Subsidiary (acting reasonably and in good faith) promptly disputes any such petition, proceedings or actions before a court as being unsubstantiated or vexatious and the proceedings initiated on the basis of such petition are dismissed within 45 days after their commencement,
  - (iv) the Issuer or any Subsidiary are declared bankrupt by a competent court or if a bankruptcy trustee, liquidator, administrator (or any similar official under any applicable law) is appointed with respect to the Issuer or any Subsidiary, or a bankruptcy trustee, liquidator, administrator (or any similar official under any applicable law) takes possession of all or a substantial part of the assets of the Issuer or any Subsidiary,
  - (v) the Issuer or any Subsidiary stops, suspends or announces its intention to stop or suspend payment of all, or a material part of (or a particular type of) its debts; or
  - (vi) the Issuer or any of its Subsidiaries (in each case by reason of actual or anticipated financial difficulties) commences negotiations with one or more of its creditors with the view of deferring, rescheduling or otherwise readjusting any of its debts or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is declared or comes into effect in respect of all or any part of (or of a particular type of) the debts of the Issuer or any of Subsidiary (including judicial reorganisation (*gerechtelijke reorganisatie / réorganisation judiciaire*), as applicable);
- (i) **Reorganisation, change of or transfer of business or transfer of assets:** (a) a material change of the nature of the activities of the Issuer or the Group, as compared to the activities as these are carried out on the Issue Date, occurs or (b) a reorganisation or transfer of the assets of the Issuer or the Group occurs resulting in (i) a material change of the nature of the activities of the Issuer or the Group or (ii) a transfer of all or substantially all of the assets of the Issuer or the Group, whereby (ii) will not give rise to an Event of Default if the proceeds from such transfer of assets are reinvested by the Issuer or the relevant member of the Group in line with the current business model of the Group or are used to repay existing Financial Indebtedness, or (c) the Issuer or the Group (taken as a whole) ceases to carry on all or substantially all of its business, other than for (a), (b) and (c) on terms approved by the general meeting of Bondholders.
- (j) **Winding-Up:** a court order or an effective resolution passed for the winding-up or the liquidation of the Issuer or any of its Subsidiaries (except for (in the case of any of the Subsidiaries) a solvent winding-up or liquidation procedure), or the Issuer or any of its Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on a solvent basis;

- (k) **Failure to take action:** any action, condition or thing at any time required to be taken, fulfilled or done in order:
  - (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Bonds;
  - (ii) to ensure that those obligations are legal, valid, binding and enforceable; or
  - (iii) to make the Bonds admissible in evidence in the courts of Belgium,is not taken, fulfilled or done;
- (l) **Unlawfulness:** it is or becomes unlawful for the Issuer to perform or comply with its obligations under or in respect of the Bonds;
- (m) **Delisting of the Bonds:** the listing of the Bonds on the regulated market of Euronext Brussels is withdrawn or suspended for a period of at least 7 subsequent Business Days as a result of a failure of the Issuer, unless the Issuer obtains the listing of the Bonds on another regulated market of the European Union at the latest on the last day of this period of 7 Business Days.

## 10 Undertakings

### 10.1 Consolidated Gearing

The Issuer shall, as long as any Bond remains outstanding, ensure that the Consolidated Gearing on each testing date is equal to or below 65%.

### 10.2 Interest Cover Ratio

- (a) The Issuer shall, as long as any Bond remains outstanding, ensure that the Interest Cover Ratio on each testing date shall be equal to or shall exceed 1.2.
- (b) For the avoidance of doubt, the Interest Cover Ratio will not be considered to be breached on a testing date, if in relation to the Annual Relevant Period immediately preceding such testing date the Finance Charges are negative or equal to zero.

### 10.3 Debt Service Cover Ratio

- (a) The Issuer shall, as long as any Bond remains outstanding, ensure that the Debt Service Cover Ratio on each testing date shall be equal to or shall exceed 1.2.
- (b) For the avoidance of doubt, the Debt Service Cover Ratio will not be considered to be breached on a testing date, if in relation to the Annual Relevant Period immediately preceding such testing date the Net Debt Service is negative or equal to zero.

### 10.4 Financial testing

The Consolidated Gearing, the Interest Cover Ratio and the Debt Service Cover Ratio shall be calculated and tested semi-annually on a rolling annual basis in relation to the relevant Annual Relevant Period as at the last day of each calendar half-year, for the first time as of 31 December 2017.

## **10.5 Representation by the Issuer**

The Issuer represents and confirms that as of 31 December 2016 the Consolidated Gearing, the Interest Cover Ratio or the Debt Service Cover Ratio comply with the applicable ratios and thresholds as set out in Conditions 10.1 through 10.3.

## **10.6 Domiciliation of the Issuer**

The Issuer will procure that the Issuer shall not become domiciled or resident in or subject generally to the taxing authority of any jurisdiction other than Belgium.

## **10.7 Listing of the Bonds on a regulated market**

Upon the Bonds becoming listed on the regulated market of Euronext Brussels on or prior to the Issue Date, the Issuer undertakes to furnish to the relevant stock exchange all documents, information and undertakings and publish all advertisement or other material that may be necessary in order to effect and maintain such listing, and to cause such listing to be continued so long as any of the Bonds remain outstanding. If the Bonds are not or cease to be listed on Euronext Brussels, the Issuer undertakes to ensure admission of the Bonds to trading on another regulated market in the European Union.

## **10.8 Change of Control Resolutions**

The Issuer undertakes to (i) use its best endeavours to procure that the Change of Control Resolutions be passed at the general meeting of Shareholders of the Issuer scheduled to be held prior to the Long Stop Date and (ii) file a copy of the resolutions as aforesaid promptly thereafter with the Clerk of the Commercial Court of Brussels (*greffe du tribunal de commerce / griffie van de rechtbank van koophandel*) by the Long Stop Date.

## **11 Compliance Certificate**

On the date falling no later than (i) 120 days after the end of each of its financial years, starting from the financial year 2017 or on the date of the publication of its financial statements for the relevant financial year, starting from the financial year 2017, whichever is earlier and (ii) 60 days after the end of the first half of each of its financial years, starting from the financial year 2018, the Issuer shall publish on its website a copy of the Compliance Certificate and a statement that indicates whether the applicable ratios set out in Condition 10 have or have not been breached.

For the purpose hereof, **Compliance Certificate** means a certificate from the Issuer, signed by two directors of the Issuer (one of which must be its executive director) or alternatively by the executive director and the chief financial officer and approved by the Auditors, setting out in detail computations, indicating and confirming whether the Consolidated Gearing, the Interest Cover Ratio and the Debt Service Cover Ratio comply with the applicable ratios and thresholds as set out in Condition 10, as at the date of the relevant financial statements to which such Compliance Certificate relates.

## **12 Prescription**

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of such payment.

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

## **13 Meeting of Bondholders, Modification and Waiver**

### **13.1 Meetings of Bondholders**

The Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions.

All meetings of Bondholders will be held in accordance with the Belgian Company Code with respect to bondholders' meetings; provided however that the Issuer shall, at its own expense, promptly convene a meeting of Bondholders upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. Subject to the quorum and majority requirements set out in article 574 of the Belgian Company Code, and if required thereunder subject to validation by the court of appeal, the meeting of Bondholders shall be entitled to exercise the powers set out in article 568 of the Belgian Company Code and, upon proposal of the Board of Directors, to modify or waive any provision of these Conditions, provided however that the following matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum: (i) proposal to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds or to alter the method of calculating the amount of any payment in respect of the Bonds on redemption or maturity or the date for any such payment; (ii) proposal to effect the exchange, conversion or substitution of the Bonds for, or the conversion of the Bonds into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; (iii) proposal to change the currency in which amounts due in respect of the Bonds are payable; (iv) proposal to change the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution.

Convening notices for meetings of Bondholders shall be made in accordance with article 570 of the Belgian Company Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting in the Belgian Official Gazette (*Moniteur Belge / Belgisch Staatsblad*) and in a newspaper of national distribution in Belgium. Convening notices shall also be made in accordance with Condition 14 (*Notices*).

Resolutions duly passed in accordance with these provisions shall be binding on all Bondholders, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

The Agency Agreement provides that a resolution in writing signed by or on behalf of all Bondholders shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

### **13.2 Modification and Waiver**

The Agent may agree, without the consent of the Bondholders, to any modification of the provisions of the Agency Agreement or any agreement supplemental to the Agency Agreement either (i) which in the Agent's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification to the provisions of the Agency Agreement or any agreement supplemental to the Agency Agreement, which is, in the opinion of the Agent, not materially prejudicial to the interests of the Bondholders. In addition, the Issuer shall only

permit any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

### **13.3 Meetings of Shareholders and Right to Information**

The Bondholders shall be entitled to attend all general meetings of Shareholders of the Issuer, in accordance with article 537 of the Belgian Company Code, and they shall be entitled to receive or examine any documents that are to be remitted or disclosed to them in accordance with the Belgian Company Code. The Bondholders who attend any general meeting of shareholders shall be entitled only to a consultative vote.

## **14 Notices**

Notices to the Bondholders shall be valid (i) if delivered by or on behalf of the Issuer to the Clearing System for communication by it to the Clearing System Participants and (ii) if published on the website of the Issuer (on the Issue Date: [www.vgpparks.eu](http://www.vgpparks.eu)), and (iii) if published through the usual newswires agency (or any of the usual newswires agencies) used by the Issuer to discharge its ongoing information duties pursuant to the Royal Decree of 14 November 2007. Any such notice shall be deemed to have been given on the latest day of (i) seven days after its delivery to the Clearing System and (ii) the date of first publication. The Issuer shall bear all fees, costs and expenses in relation to the drafting, delivery and publication of such notices.

The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if required to be published in more than one newspaper or in more than one manner, on the date of the first such publication in all the required newspapers or in each required manner.

In addition to the above communications and publications, with respect to notices for a meeting of Bondholders, any convening notice for such meeting shall be made in accordance with article 570 of the Belgian Company Code, which currently requires an announcement to be inserted at least fifteen days prior to the meeting, in the Belgian Official Gazette (*Moniteur belge / Belgisch Staatsblad*) and in a newspaper with national coverage in Belgium. Resolutions to be submitted to the meeting must be described in the convening notice.

## **15 Security**

If pursuant to Condition 3 (*Negative Pledge*) any Security, Personal Security, guarantee or indemnity would be provided or granted in connection with the Bonds, then each Bondholder shall be deemed to have agreed with each of the following:

- (a) The relevant Security, Personal Security, guarantee or indemnity may be provided or granted to a security agent appointed in the context of the relevant Financial Indebtedness (the **Security Agent**) on the basis of the Parallel Debt or in any other manner that is customary or prescribed by law.
- (b) Each Bondholder hereby grants a power to any Security Agent to enter into all documents relating to such Security, Personal Security, guarantee or indemnity (the **Security Documents**) (as well as any communication thereunder or any intercreditor agreement or other agreement or document related thereto) and to hold this, or to be the beneficiary thereof, for the account of the Bondholders and the creditors of the relevant Financial Indebtedness (the **Relevant Creditors**).

- (c) Provided that the equal and *pari passu* sharing of such Security, Personal Security, guarantee or indemnity (i.e. the proceeds of any enforcement of the Security, Personal Security, guarantee or indemnity are shared *pro rata* among the different liabilities secured by the Security, Personal Security, guarantee or indemnity) is not prejudiced, the provider of the Security, Personal Security, guarantee or indemnity and the Relevant Creditors may agree on, or amend, the terms and conditions of the relevant Security Document or any other agreement related thereto (including, without limitation, any intercreditor agreement). The Security Document or, if applicable, any intercreditor agreement, can provide that in certain circumstances the Security, Personal Security, guarantee or indemnity can only be enforced by the Security Agent, at its own initiative or acting upon the instructions of the Relevant Creditors or a majority thereof (as defined in the relevant finance document or, if the Relevant Creditors would agree with this at the time of the creation of the Security, Personal Security, guarantee or indemnity or the entry into the intercreditor agreement (if any), upon the instruction of the general meeting of the Bondholders (decided with absolute majority).
- (d) The Security Agent is authorised to release the Security, Personal Security, guarantee or indemnity in accordance with the applicable provisions set forth in the Security Document, without the express consent or any other intervention of the Bondholders. In particular, the Security Agent may release the relevant Security, Personal Security, guarantee or indemnity upon full discharge of the relevant Financial Indebtedness of the Relevant Creditors or in all other circumstances the Relevant Creditors may agree with the security provider (regardless of whether the obligations under the Bonds remain outstanding).
- (e) The Security Agent cannot be held liable for the holding of a Security or for being the beneficiary of a Personal Security, guarantee or indemnity, the release or the execution thereof or for (not) taking any action with respect to a Security Document or the relevant Security, Personal Security, guarantee or indemnity, except in case of fraud or willful misconduct.
- (f) **Parallel Debt**
- To the extent that any debt of the Issuer or any of its Subsidiaries (including any debt under the Bonds) is guaranteed by any Security, Personal Security, guarantee or indemnity that also secures the Bonds in accordance with these terms and conditions (together, the **Corresponding Debt**), the Issuer and its relevant Subsidiaries shall pay to the Security Agent an amount equal to the amount of the Corresponding Debt provided that any amounts are outstanding under the Corresponding Debt (the **Parallel Debt**).

The Parallel Debt is a separate debt independent from the Corresponding Debt, except that in case of a payment under the Corresponding Debt or the Parallel Debt, as applicable, the Parallel Debt or the Corresponding Debt will decrease for the same amount (so that at any time the amount under the Corresponding Debt and the Parallel Debt will be equal).

In case the Security Agent receives any payment under the Parallel Debt or as a consequence of the enforcement of any Security, Personal Security, guarantee or indemnity, such amount (after deduction of any costs or taxes) shall be applied in accordance with the provisions of the relevant Security Document (it being understood that the amount that is due to the Bondholders in accordance with the Conditions will only be reduced with the amount the Security Agent would pay to the Bondholders under the Parallel Debt or the enforcement of any Security, Personal Security, guarantee or indemnity).

## 16 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further notes, bonds or debentures either (i) having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) or (ii) having the same terms and

conditions in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to interest, premium, redemption and otherwise as the Issuer may determine at the time of their issue. The Agency Agreement contains provisions for convening a single meeting of the Bondholders.

## **17 Governing Law and Jurisdiction**

### **17.1 Governing Law**

The Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by, and shall be construed in accordance with, Belgian law.

### **17.2 Jurisdiction**

The courts of Brussels, Belgium are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement and the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Agency Agreement or the Bonds may be brought in such courts.

## **Schedule 1 to the Conditions**

### **Provisions for Meetings of Bondholders**

The capitalized terms used in this *Part IV: Terms and Conditions* are defined in *Part XIV: Definitions* of this Prospectus. As a consequence *Part XIV: Definitions* should be read together with the Conditions and form together with the Conditions an integral part of this *Part IV: Terms and Conditions* for any and all purposes. A reference to the Conditions shall include a reference to *Part XIV: Definitions* and vice versa.

#### **1 CALLING OF THE GENERAL MEETING**

- (a) The Board of Directors or the Auditors for the time being may at any time convene a meeting of Bondholders. The Issuer shall, at its own expense, promptly convene a meeting of Bondholders upon the request in writing of Bondholders holding not less than 10% of the aggregate principal amount of the outstanding Bonds.
- (b) At least 15 days' notice (exclusive of the day on which the notice is given and the day on which the general meeting is held) specifying the day, time and place of general meeting shall be given to the Bondholders in the manner provided by Condition 14 (*Notices*). Such notice shall include the agenda of the meeting. The agenda shall state the nature of the business to be transacted at the general meeting thereby convened and specify the terms of any resolution to be proposed. Such notice shall include a statement to the effect that Bonds must be held with or under the control of and blocked by a Recognised Accountholder for the purpose of obtaining Voting Certificates or appointing proxies, until three Business Days before the time fixed for the general meeting but not thereafter.

#### **2 ACCESS TO THE GENERAL MEETING**

- (a) Save as expressly provided otherwise herein, no person shall be entitled to attend or vote at any general meeting of the Bondholders unless he produces a Voting Certificate or is a proxy.
- (b) The Issuer (through its respective officers, employees, advisers, agents or other representatives) and its financial and legal advisers shall be entitled to attend and speak at any general meeting of the Bondholders.
- (c) Proxies (as defined below) need not to be Bondholders.
- (d) If foreseen by the articles of association of the Issuer, the Bondholders may participate at the meeting by electronic means in accordance with article 571bis of the Belgian Company Code. In that case, these Bondholders are deemed to be present at the place where the meeting of the Bondholders is held for quorum and majorities purposes.

#### **3 QUORUM AND MAJORITIES**

- (a) All meetings of Bondholders will be held in accordance with the Belgian Company Code.
- (b) The quorum at any such meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing not less than 75% of the aggregate principal amount of Bonds then outstanding. If within half an hour from the time appointed for such general meeting a quorum is not present, the general meeting shall, if convened upon the requisition of the Bondholders, be dissolved. In any other case, it shall be adjourned for such period being not less than 14 days nor more than 42 days, and at such place as may be decided by the

chairman. At any adjourned meeting after publication of a new convening notice pursuant to Condition 13 (*Meeting of Bondholders, Modification and Waiver*), two or more persons holding or representing not less than 25% of the aggregate principal amount of Bonds then outstanding shall form the quorum.

- (c) In accordance with article 574 of the Belgian Company Code, no Extraordinary Resolution shall be adopted if not approved by members voting in their own name or as proxy, representing at least 75% of the amounts of Bonds having participated in the vote. If an Extraordinary Resolution is adopted by Bondholders holding or representing less than one-third of the aggregate principal amount of the Bonds outstanding (whether present or represented at the meeting or not), such Extraordinary Resolution is not binding unless approved by the competent Court of Appeal in the district where the Issuer's registered office is located.
- (d) In accordance with article 574 of the Belgian Company Code, the above quorum and special majority requirements do not apply to Extraordinary Resolutions relating to interim measures taken in the common interest of the Bondholders or to the appointment of a representative of the Bondholders. In such cases, the Extraordinary Resolutions are adopted by Bondholders holding or representing at least a majority of the aggregate principal amount of the Bonds outstanding present or represented at the meeting.
- (e) The matters listed in article 568 of the Belgian Company Code in respect of which an Extraordinary Resolution may be adopted, upon proposal of the Board of Directors, include modifying or suspending the date of maturity of Bonds, postponing any day for payment of interest thereon, reducing the rate of interest applicable in respect of such Bonds, altering the method of calculating the amount of any payment in respect of the Bonds on redemption or maturity or the date for any such payment, deciding urgent interim actions in the common interest of Bondholders, accepting a security in favour of the Bondholders, effecting the exchange, conversion or substitution of the Bonds for, or the conversion of the Bonds into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed, changing the currency in which amounts due in respect of the Bonds are payable, changing the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution.
- (f) The term Extraordinary Resolution when used herein means a resolution passed at a meeting of Bondholders duly convened in accordance with the provisions contained herein.

#### **4 MANAGEMENT OF THE GENERAL MEETINGS**

- (a) The Issuer may appoint a chairman. Failing such choice, the Bondholders may appoint a chairman.
- (b) In accordance with article 573 of the Belgian Company Code, the Issuer will make a list of the outstanding Bonds available to the Bondholders at the start of the meeting.
- (c) The chairman may with the consent of (and shall if directed by) any general meeting, adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned general meeting except business which could have been transacted at the general meeting from which the adjournment took place.
- (d) Notice of any adjourned general meeting shall be given in the same manner as for an original general meeting, and such notice shall state the quorum required at the adjourned general

meeting. Subject as aforesaid, it shall not be necessary to give any other notice of an adjourned general meeting.

## **5 VOTING**

- (a) Every question submitted to a general meeting shall be decided in the first instance by a show of hands, then (subject to paragraph 5(b)) by a poll.
- (b) At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer, one or more persons holding Voting Certificates in respect of the Bonds or proxies holding or representing in the aggregate not less than 2% of the aggregate principal amount of the outstanding Bonds, a declaration by the chairman that a resolution has passed or not passed, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- (c) If at any general meeting a poll is so demanded, it shall be taken in such manner and (subject as hereinafter provided) either at once or after such an adjournment as the chairman directs. The result of such poll shall be deemed to be the resolution of the general meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the general meeting for the transaction of any business other than the question on which the poll has been demanded.
- (d) Any poll demanded at any general meeting on the election of a chairman or on any question of adjournment shall be taken at the general meeting without adjournment.
- (e) Any vote given in accordance with the terms of a Block Voting Instruction shall be valid notwithstanding the previous revocation or amendment of the Block Voting Instruction or of any Bondholder's instructions pursuant to which it was executed, provided that no confirmation in writing of such revocation or amendment shall have been received from the Recognised Accountholder by the Issuer at its headquarters (Leonardo Da Vincilaan 19A bus 6, 1831 Diegem, Belgium), or such other address as notified to the Bondholders in accordance with the Conditions of the Bonds) by the time being 24 hours before the commencement of the general meeting or adjourned general meeting at which the Block Voting Instruction is intended to be used.

## **6 BINDING RESOLUTIONS**

Any resolution passed at a meeting of the Bondholders duly convened and held in accordance with the Belgian Company Code and the provisions contained herein shall be binding upon all the Bondholders whether or not they are present at the meeting and whether or not they vote in favour of such resolution.

## **7 RESOLUTIONS IN WRITING**

A resolution in writing signed by on or behalf of all Bondholders shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held in accordance with the provisions herein contained. Such resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

## **8 MINUTES**

Minutes of all resolutions and proceedings at every such general meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and signed by the chairman, the Bondholders so requesting and the members of the "bureau" if a bureau is formed at the meeting, and any such minutes as aforesaid shall be conclusive evidence of the matters therein contained, and until the contrary is proved each such general meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted. An attendance list will be attached to the minutes. Certified copies or extracts of the minutes shall be signed by two directors of the Issuer.

## **9 VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS**

- (a) Voting Certificates and Block Voting Instructions will only be issued in respect of Bonds (to the satisfaction of such Recognised Accountholder) held to the order or under the control and blocked by a Recognised Accountholder not less than three Business Days before the time for which the meeting or the poll to which the same relate has been convened or called and shall be valid for so long as the relevant Bonds continue to be so held and blocked and during the validity thereof the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant meeting of the Bondholders, be deemed to be the holder of the Bonds to which such Voting Certificate or Block Voting Instruction relates and the Recognised Accountholder with which such Bonds have been deposited or to whose order or under whose control they are held or the person holding them blocked as aforesaid shall be deemed for such purpose not to be the holder of those Bonds.
- (b) Each Block Voting Instruction shall be deposited at the registered office of the Issuer not less than three Business Days before the time appointed for holding the general meeting or adjourned general meeting at which the proxies named in the Block Voting Instruction propose to vote and in default of such deposit the Block Voting Instruction shall not be treated as valid unless the chairman of the general meeting decides otherwise before such general meeting or adjourned general meeting proceeds to business.
- (c) articles 578 and 579 of the Belgian Company Code shall apply.

## **10 COMPLIANCE WITH BELGIAN LAW**

Subject to all other provisions contained in this Schedule, the Issuer may prescribe such further regulations regarding the holding of general meetings of Bondholders and attendance and voting thereat as are necessary to comply with Belgian law.

Article 575 of the Belgian Company Code shall apply.

**Schedule 2 to the Conditions**  
**Form of Change of Control Put Exercise Notice**

*Bondholders wishing to exercise the put option following a Change of Control pursuant to Condition 6.2 (Redemption at the Option of Bondholders) will be required to deposit during the Change of Control Put Exercise Period a duly completed and signed Change of Control Put Exercise Notice with the relevant Financial Intermediary.*

*Such Financial Intermediary is the bank or other financial intermediary, whether in Belgium, Luxembourg or any other jurisdiction, through which the Bondholder holds the Bonds.*

*When depositing the Change of Control Put Exercise Notice, the Bondholder requests that such Financial Intermediary (i) delivers the Change of Control Put Exercise Notice to the Agent, (ii) liaises with the Agent to organise the early redemption of the relevant Bonds pursuant to Condition 6.2 and (iii) transfers the relevant Bond(s) to the account of the Agent. Any fees and/or costs charged by the Financial Intermediary in relation to the deposit of the Change of Control Put Exercise Notice or the transfer of the relevant Bonds will be borne by the relevant Bondholder.*

To: [Details of the Financial Intermediary through which the Bondholder holds the Bonds]

**Issuer**

VGP NV

Leonardo Da Vincilaan 19A bus 6

B-1831 Diegem

*Public limited liability company (naamloze vennootschap/société anonyme) under Belgian law*

**3.25% fixed rate bonds due 6 July 2024**

ISIN: BE0002287564

Common Code: 163738783

(the **Bonds**)

**CHANGE OF CONTROL PUT EXERCISE NOTICE**

By sending this duly completed Change of Control Put Exercise Notice to the Agent in accordance with Condition 6.2 (*Redemption at the Option of Bondholders*) of the Bonds, the undersigned Bondholder specified below irrevocably exercises its option to have such Bonds redeemed early in accordance with Condition 6.2 on the Change of Control Put Date falling on .....\* The undersigned holder of such Bonds hereby confirms to the Issuer that (i) he/she holds the amount of Bonds specified in this Change of Control Put Exercise Notice and (ii) he/she undertakes not to sell or transfer such Bonds until the Change of Control Put Date specified above.

**Aggregate nominal amount of Bonds held:**

EUR..... ([amount in figures] Euro)

**Bondholder contact details:**

Name and first name or Company: .....

Address: .....

Telephone number:.....

**Payment instructions:**

Please make payment in respect of the Bonds redeemed early pursuant to Condition 6.2 by Euro transfer to the following bank account:

Name of Bank: .....

Branch Address: .....

Account Number: .....

\* Complete as appropriate.

The undersigned holder of the Bonds confirms that payment in respect of the redeemed Bonds shall be made against debit of his/her securities account number ..... [*account number*] with ..... [*name and address of bank*] for the above-mentioned nominal amount of the Bonds.

All notices and communications relating to this Change of Control Put Exercise Notice should be sent to the address specified above.

Terms used and not otherwise defined in this Change of Control Put Exercise Notice have the meanings given to them in the terms and conditions of the Bonds.

Signature of the holder: .....

Date:.....

**THIS CHANGE OF CONTROL PUT EXERCISE NOTICE WILL NOT BE VALID UNLESS (I) ALL OF THE PARAGRAPHS REQUIRING COMPLETION ARE DULY COMPLETED AND (II) IT IS DULY SIGNED AND DATED AND SENT TO THE RELEVANT FINANCIAL INTERMEDIARY.**

**BONDHOLDERS ARE ADVISED TO CHECK WITH THE RELEVANT FINANCIAL INTERMEDIARY WHEN SUCH FINANCIAL INTERMEDIARY WOULD REQUIRE TO RECEIVE THE COMPLETED CHANGE OF CONTROL PUT EXERCISE NOTICE TO ARRANGE TO DELIVER THE CHANGE OF CONTROL PUT EXERCISE NOTICE AND THE BONDS TO BE REDEEMED TO THE ACCOUNT OF THE AGENT FOR THE ACCOUNT OF THE ISSUER BY THE RELEVANT CHANGE OF CONTROL PUT DATE.**

**ONCE VALIDLY GIVEN THIS CHANGE OF CONTROL PUT EXERCISE NOTICE IS IRREVOCABLE.**

## PART V: CLEARING

The Bonds will be accepted for clearance through the Clearing System under the ISIN number BE0002287564 and Common Code 163738783 with respect to the Bonds and will accordingly be subject to the Clearing System Regulations.

The number of Bonds in circulation at any time will be registered in the register of registered securities of the Issuer in the name of the NBB (National Bank of Belgium, Boulevard de Berlaimont 14, B-1000 Brussels).

Access to the Clearing System is available through those of its Clearing System Participants whose membership extends to securities such as the Bonds.

Clearing System Participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), and Euroclear, Monte Titoli, SIX SIS and Clearstream, Luxembourg. Accordingly, the Bonds will be eligible to clear through, and therefore accepted by Euroclear, Monte Titoli, SIX SIS and Clearstream, Luxembourg and investors can hold their Bonds within securities accounts in Euroclear, Monte Titoli, SIX SIS and Clearstream, Luxembourg.

Transfers of interests in the Bonds will be effected between Clearing System Participants in accordance with the rules and operating procedures of the Clearing System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Clearing System Participants through which they hold their Bonds.

The Agent will perform the obligations of domiciliary agent included in the clearing services agreement that will be entered into on or about 20 June 2017 by the NBB, the Issuer and KBC Bank NV as Domiciliary Agent (the **Clearing Agreement**) and the Agency Agreement. The Issuer and the Agent will not have any responsibility for the proper performance by the Clearing System or its Clearing System Participants of their obligations under their respective rules and operating procedures.

## PART VI: DESCRIPTION OF THE ISSUER

### 1 General information

VGP NV is a limited liability company that was incorporated under Belgian law on 6 February 2007 for an indefinite period of time with its registered office located at Leonardo Da Vincilaan 19A bus 6, 1831 Diegem, with telephone number +32 2 719 00 45. VGP is registered under enterprise number VAT BE 0887 216 042 (RPM-RPR Brussels, Belgium) and with Legal Entity Identifier (LEI) code: 315700NENYPIXFR94T49.

VGP NV, being a holding company falling within the exception set forth in article 7 °1 of the Belgian law on alternative investment funds of 19 April 2014 (*wet betreffende de alternatieve Instellingen voor collectieve belegging en hun beheerders / loi relative aux organismes de placement collectif alternatifs et à leurs gestionnaires*) has not been set up as a Belgian regulated real estate investment company within the meaning of the law of 12 May 2014 on regulated real estate investment companies (*wet betreffende de gereguleerde vastgoedvennootschappen/ loi relative aux sociétés immobilières réglementées*) nor as a UCITS undertaking under the law of 3 August 2012 (*wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles / loi relative à certaines forms de gestion collective de portefeuilles d'investissement*).

As a consequence, the Company does not benefit from the fiscal advantages of a Belgian real estate investment trust and is not subject to the regulatory framework applicable to these real estate investment trusts.

The Company, together with its Subsidiaries (collectively, **VGP**, the **VGP Group** or the **Group**) is a real estate group specialised in the acquisition, development, and management of logistic real estate, i.e. buildings suitable for logistical purposes and light industrial activities. The Group focuses on strategically located plots of land in Germany, some Central European countries, Spain and the Baltic countries, suitable for development of logistic business parks of a certain size, so as to build up an extensive and well-diversified land bank on top locations.

The Group constructs and develops high-end logistic real estate and ancillary offices for its own account and for the account of the Joint Venture, which are subsequently rented out to reputable clients by means of long term commercial lease contracts. The Group has an in-house team which manages all the activities of the fully integrated business model: from the identification and acquisition of the land, to the conceptualisation and design of the project, the supervision of the construction works, the contacts with potential tenants and the Facility Management of its own real estate portfolio.

VGP focuses on top locations which are located in the vicinity of highly concentrated living and/or production centres, with an optimal access to transport infrastructure.

The aim of the Group is to become a leading specialised developer and owner of logistic property for the mid-European region, Germany, Spain and possibly other countries.

#### 1.1 Joint Venture with Allianz

VGP's management performed a strategic exercise reviewing different alternatives in order to enable the Group to continue to invest in its development pipeline whilst at the same time being adequately financed. During this period the Group came to a view that entering into a joint venture with a long term partner would represent the best alternative to achieve the aforementioned objectives and at the same time maximise shareholder value.

As a result, VGP entered into a 50:50 joint venture with Allianz during the first quarter of 2016. The Joint Venture's objective is to build a platform of new, grade A logistics and industrial properties with a key focus on expansion in core German markets and high growth CEE markets with the aim of delivering stable income-driven returns with potential for capital appreciation. The Joint Venture aims to increase its portfolio size to ca. EUR 1.7 billion, exclusively via the contribution to the Joint Venture of new logistics developments carried out by VGP. The Joint Venture's strategy will therefore primarily be a hold strategy and its territorial scope can be expanded in order to include other countries, subject to a mutual agreement thereto between VGP and Allianz.

The joint venture structure will allow VGP to partially recycle its initial invested capital when completed projects are acquired by the Joint Venture and will allow VGP to re-invest these monies in the continued expansion of the development pipeline, including the further expansion of the land bank, thus allowing VGP to concentrate on its core development activities.

The Joint Venture will have the exclusive right of first refusal (in accordance with the conditions as set forth in the JVA) in relation to acquiring the income generating assets located in Germany, the Czech Republic, Slovakia and Hungary.

VGP will continue to service the Joint Venture as asset-, property- and development manager which should see a significant increase in the fee income from these activities in the future years.

Finally, VGP will retain a 50% share in the Joint Venture holding a growing rent income generating logistic and logistic real estate portfolio which over time will generate a recurrent cash flow stream which can support a sustained dividend policy.

On 31 May 2016 the newly established Joint Venture ("VGP European Logistics S.à r.l.") completed its first closing with the acquisition of the first 15 parks (**Seed Portfolio**) of VGP.

The Seed Portfolio comprises 8 parks located in Germany: VGP Park Bingen, VGP Park Bobenheim-Roxheim, VGP Park Frankenthal, VGP Park Rodgau, VGP Park Hamburg, VGP Park Berlin, VGP Park Höchststadt and VGP Park Borna; 4 parks in the Czech Republic: VGP Park BRNO, VGP Park Plzeň, VGP Park Hrádek nad Nisou, VGP Park Olomouc (first phase); 1 park located in Slovakia: VGP Park Malacky and 2 parks located in Hungary: VGP Park Győr and VGP Park Alsónémedi. Within these parks 28<sup>1</sup> buildings have been completed totalling circa 509,647<sup>2</sup> m<sup>2</sup>, 8 buildings are under construction due to be completed within the next 12 months totalling circa 161,073<sup>3</sup> m<sup>2</sup> and there is some remaining development land which will allow some limited additional developments.

The completed buildings are of high quality having for the majority been built over the last two years. At the moment of closing the completed buildings were 100%<sup>4</sup> occupied with a diversified tenant base of over 55 tenants representing Annualised Committed Leases of EUR 30.4 million. The development pipeline and future development of other new projects in these four countries will continue to be developed at VGP's own risk to be subsequently acquired by the Joint Venture subject to pre-agreed completion and lease parameters. The acquisition of any building by the Joint Venture will always occur on the basis of the prevailing market rates at the moment of such acquisition.

A second closing occurred at the end of October 2016 in which the Joint Venture acquired a further 5 newly completed buildings from VGP. These buildings represented a total lettable area of 82,210 m<sup>2</sup>

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<sup>1</sup> Compared to 27 buildings reported in the 2015 Annual Report 2015. The difference is due to the building D in VGP Park Pilsen which was delivered during month of May 2016.

<sup>2</sup> Compared to 505,662 m<sup>2</sup> reported in the Annual Report 2015. The difference due to building D in VGP Park Pilsen.

<sup>3</sup> Compared to 163,566 m<sup>2</sup> reported in the Annual Report 2015. The difference due to building D in VGP Park Pilsen.

<sup>4</sup> Compared to 98.2% m<sup>2</sup> reported in the Annual Report 2015. The difference due to building D in VGP Park Pilsen.

occupied by 10 different tenants and representing Annualised Committed Leases totalling EUR 4.9 million.

The proceeds received from the sale of the first two closings can be summarized as follows:

<i>In thousands of EUR</i>	<b>2016</b>	<b>2015</b>
Investment property	534,035	-
Trade and other receivables	7,613	-
Cash and cash equivalents	10,288	-
Non-current financial debt	(128,678)	-
Shareholder Debt	(222,572)	-
Other non-current financial liabilities	(888)	-
Deferred tax liabilities	(32,064)	-
Trade debts and other current liabilities	(11,782)	-
<b>Total net assets disposed</b>	<b>155,952</b>	-
Realised valuation gain on sale	21,184	-
Total non-controlling interest retained by VGP	(4,940)	-
Shareholder loans repaid at closing	150,612	-
Equity contribution	(76,460)	-
<b>Consideration paid in cash</b>	<b>246,348</b>	-
Cash disposed	(10,288)	-
<b>Net cash inflow from sale of VGP European Logistics portfolio</b>	<b>236,060</b>	-

At the end of May 2017, a third closing occurred with the Joint Venture in which the Joint Venture acquired 6 new parks (7 buildings) and another 4 newly completed buildings (in parks which were previously transferred to the Joint Venture). The proceeds received from the third closing with the Joint Venture can be summarized as follows:

Date of transaction:	<b>31 May 2017</b>
EUR '000	
Gross sales price of the assets	173,913
Trade and other receivables	7,055
Cash and cash equivalents	3,030
Shareholder Debt	(112,737)
Deferred tax liabilities	(7,993)
Trade debts and other current liabilities	(13,578)
<b>Total net assets disposed</b>	<b>49,690</b>
<b>Total non-controlling interest retained by VGP</b>	<b>(1,884)</b>
<b>Shareholder loans repaid at closing</b>	<b>101,297</b>
<b>Equity contribution</b>	<b>(23,903)</b>
<b>Net cash received</b>	<b>125,200</b>

The above table reflects only the net sales proceeds of the completed assets included in the three aforementioned closings. VGP is required to pre-finance the remaining development pipeline of the Joint Venture. This includes the pre-financing of development land which has not yet been developed as well as buildings under construction through development and construction loans. Upon the acquisition or settlement of the buildings under construction and new developed assets by the Joint Venture these VGP development and construction loans will be repaid from the additional bank debt drawn by the Joint Venture under committed credit facilities allowing VGP to recycle these proceeds towards the financing of the Group's development pipeline. VGP will be entitled to an additional top-up payment

corresponding to the difference between the agreed market value at completion of these buildings under construction or new developed buildings and the respective repaid development or construction loan.

## 1.2 Portfolio

The total consolidated assets of VGP Group as at 31 December 2016 stood at 871.6 million.

The strategic joint venture transaction with Allianz allowed VGP to realize its historic fair value gains on the respective Property Portfolios. The first two closings with the Joint Venture allowed the Group to realize EUR 158.9 million of historically built up valuation gains. In the future VGP will be able to continue realising its development profits at the moment of each delivery of the buildings to the Joint Venture. Although the Joint Venture is an exclusivity agreement between VGP and Allianz VGP will be able to solely decide on the timing of proposing rent income generating assets to the Joint Venture for acquisition, thus providing operational flexibility and retaining full control over the development cycle of the assets to be developed.

The properties that were sold generated a significant contribution to the income and result of the Group, prior to their sale, and their deconsolidation will result in a decrease of the reported gross rental income of the Group. As at 31 December 2016 the EUR 16.8 million total gross rental income (EUR 17.1 million as at 31 December 2015) was made up of EUR 10.2 million gross rental income generated by the sold portfolios (EUR 12.7 million as at 31 December 2015) and EUR 6.6 million from gross rental income generated by the remaining VGP portfolio (EUR 4.4 million as at 31 December 2015).

The gross rental income will show a cyclical pattern during the years to come whereby the growth of the rent income will initially accelerate and increase once buildings are delivered to tenants and showing a significant decrease once buildings are sold to the Joint Venture. This loss of revenue will be mitigated by the increased profit contribution of the Joint Venture as the portfolio of Joint Venture is expected to grow substantially over the next years.

During 2016, the increase in demand of lettable area resulted in the signing of new lease contracts in excess of EUR 30.4 million in total of which EUR 27.4 million related to new or replacement leases (EUR 6.3 million on behalf of VGP European Logistics) and EUR 3.0 million (EUR 1.1 million on behalf of the Joint Venture) were related to renewals of existing lease contracts. During the year lease contracts for a total amount of EUR 1.0 million (EUR 0.8 million on behalf of the Joint Venture) were terminated. The Annualised Committed Leases (including the Joint Venture) therefore increased to EUR 64.3 million<sup>1</sup> as at the end of December 2016 (compared to EUR 38.0 million as at 31 December 2015).

The increase in demand of lettable area continued in 2017 and resulted in the first five months of 2017 in the signing of new lease contracts in excess of EUR 14.4 million (VGP and Joint Venture portfolio) of which EUR 12.4 million related to new or replacement leases (EUR 6.4 million on behalf of the Joint Venture) and EUR 1.6 million (EUR 1.4 million on behalf of the Joint Venture) were related to renewals of existing lease contracts. During the year lease contracts for a total amount of EUR 0.7 million were terminated. The Annualised Committed Leases (including the Joint Venture) therefore continued to increase from EUR 64.3 million as at the end of December 2016 to EUR 76.7 million<sup>2</sup> at the beginning of June 2017.

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<sup>1</sup> EUR 38.6 million related to the Joint Venture.

<sup>2</sup> EUR 40.2 million related to the Joint Venture.

Finally, the Group generates income from its relationship with the Joint Venture through interest income and additional operational fee income as manager and operator of the Joint Venture's portfolio.

For an overview of VGP's real estate portfolios as at 31 December 2016, reference is made to pages 76-103 of the Issuer's Annual Report for 2016.

In view of this growth, VGP, as asset manager and property manager, and to a lesser extent development manager, will continue to benefit from increasing fee income from these services granted to the Joint Venture. As at 31 December 2016 the fees generated by the services provided to the Joint Venture amounted to EUR 3.1 million. From the total recorded asset, property, facility and development management fee income of EUR 3.9 million as at 31 December 2016 (compared to EUR 2.5 million as at 31 December 2015) EUR 0.7 million (compared to EUR 1.1 million as at 31 December 2015) was directly attributable to Facility Management services provided in the Czech Republic to other third parties. As at 31 December 2016 an interest income of EUR 2.5 million was recorded on loans granted to the Joint Venture.

The EUR 236.1 million net cash proceeds from the acquisition of first two closings allowed the Group to deleverage itself with the repayment of EUR 50 million short term bank debt and optimise its capital structure with the repayment of EUR 63 million (including accrued interest) of hybrid instruments. The remaining amount has been applied towards the financing of the development pipeline i.e. acquisition of new development land in Germany, Spain, the Czech Republic and Slovakia and further financing of the current buildings under construction.

During the year 2016, VGP continued to target land plots to support the development pipeline for future growth. In 2016, VGP already acquired 1,166,000 m<sup>2</sup> development land of which 408,000 m<sup>2</sup> was located in Germany, 358,000 m<sup>2</sup> in the Czech Republic and 400,000 m<sup>2</sup> in Spain. These new land plots allow VGP to develop approximately 649,000 m<sup>2</sup>. Besides this VGP had another 417,000 m<sup>2</sup> of new land plots under option at 2016 year-end which are located in Germany, Slovakia, Romania and the Czech Republic. These land plots have a development potential of approx. 192,000 m<sup>2</sup> of new lettable areas.

During the first four months of 2017 VGP acquired 104,069 m<sup>2</sup> development land, all located in Germany. At the end of April 2017, VGP has a land bank in full ownership of 3,093,884 m<sup>2</sup>. This land bank allows VGP to develop besides the completed projects and projects under construction (815,404 m<sup>2</sup>) as at the end of April 2017, a further 635,000 m<sup>2</sup> of lettable area of which 164,000 m<sup>2</sup> in Germany, 152,000 m<sup>2</sup> in the Czech Republic, 268,000 m<sup>2</sup> in Spain and 51,000 m<sup>2</sup> in the other countries.

Besides this VGP is currently looking at or has under option, subject to permits, another 668,000 m<sup>2</sup> of new land plots which are located in Germany, Slovakia and Romania. These land plots have a development potential of approx. 320,000 m<sup>2</sup> of new projects. VGP expects to acquire these land plots, subject to permits, during the course of the next 12 months.

The plots of land that have been acquired or secured in the Czech Republic, Spain and Germany in 2016 and 2017 with the proceeds from the first two closings with the Joint Venture portfolio should start generating additional development profits and additional rent income within the next twelve months. Until then, the Group will receive rent income from the income generating assets that are still held and being constructed and completed by it.

In addition, VGP completed at the end of 2016, the acquisition of a completed state-of-the art logistics centre from the fashion group Mango in Spain, which offered for the Group the opportunity to acquire a substantial plot of development land. The acquisition of this building will generate significant immediate rental income for the Group. The acquisition of the building provided a rare opportunity for

the Group to fully benefit from economies of scale from a development and commercial point of view. It is also in line with the Group's strategy of expansion in Spain, which started in 2015 with the set-up of the Spanish offices in Barcelona and securing during the second half of 2015 a 223,000 m<sup>2</sup> land plot in the Madrid area. Finally, in the course of 2016, VGP also acquired a 223,000 m<sup>2</sup> development land plot in San Fernando de Henares, located close to the Madrid Barajas International airport. During the month of May 2017 VGP will start up its first development (22,980 m<sup>2</sup>) in VGP Park San Fernando de Henares (Madrid) (Spain).

During 2016, 14 buildings were completed totalling 268,945 m<sup>2</sup> of lettable area and 1 building of 185,000 m<sup>2</sup> lettable area was acquired. During the first four months of 2017, 5 buildings were completed totalling 115,253 m<sup>2</sup> of lettable area.

As at 31 December 2016, after the two closings with the Joint Venture, VGP owns for its own account a rapidly expanding Property Portfolio of EUR 682.5 million (compared to EUR 174.0 million (excluding assets for sale) as of 31 December 2015) which consists of 16 completed buildings representing 416,158 m<sup>2</sup> of lettable area with another 17 buildings under construction representing 391,041 m<sup>2</sup> of lettable area. These buildings were pre-let for more than 66%<sup>1</sup> at the end of 2016.

After the third closing of May 2017, the current own investment property portfolio consists of 11 completed buildings representing 329,224 m<sup>2</sup> of lettable area whereas the Joint Venture property portfolio consists of 44 completed buildings representing 808,904 m<sup>2</sup> of lettable area. There are currently 23 buildings under construction representing 544,113 m<sup>2</sup> of lettable area of which 5 buildings (198,127 m<sup>2</sup>) are being developed on behalf of the Joint Venture. The new buildings under construction on which 81%<sup>2</sup> pre-leases have already been signed, represent an estimated annualised rent income of EUR 23.0 million. VGP has currently a secured land bank of 3,357,145 m<sup>2</sup> of which 2,689,409 m<sup>2</sup> (80%) is in full ownership. This land bank allows VGP to develop besides the current completed projects and projects under construction, approximately 1,057,000 m<sup>2</sup> of new lettable area.

## 2 Corporate purpose

Article 3 of the articles of association (see [www.vgpparks.eu](http://www.vgpparks.eu)) sets forth that the Company has as its purpose, in Belgium and abroad, exclusively in its own name and for its own account:

- (i) the acquisition through purchase or otherwise, the sale, exchange, improvement, equipment, renovation, encumbering, disposal of, making productive, rent, lease and management of all real estate, and, in general, all real estate transactions;
- (ii) the acquisition of participations in whatever form in commercial, industrial and financial undertakings and companies, Belgian as well as foreign, the management and sale of these participations and the acquisition through participation, subscription, purchase, option or by whatever means of all parts, shares, bonds, values and titles;
- (iii) the representation, management, supervision and liquidation of all companies and undertakings of whatever nature;
- (iv) engineering, development, commercialisation, representation and providing services with regard to movable assets, material, machines and equipment;

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<sup>1</sup> Calculated based on the contracted rent and estimated market rent for the vacant space.

<sup>2</sup> Calculated based on the contracted rent and estimated market rent for the vacant space.

- (v) providing services, giving advice, research, preparing and setting up organisation systems, setting up systems for data management and all techniques with regard to technical, administrative, economic and general management of companies. In general, it can take all actions to protect its rights and it will perform all transactions that are directly or indirectly in connection with or contribute to the realisation of its purpose; and
- (vi) acquiring, commercialising or disposing of all patents, trademarks, licenses and intellectual property rights.

In general it can take all actions to protect its rights and it will perform all transactions that are directly or indirectly in connection with or contribute to the realisation of its purpose.

It can also hold participations, by means of contribution, subscription or otherwise, in all companies, associations or undertakings that have a similar, analogue or related purpose, or whose own purpose it is to promote the Company's purpose. It can provide facilities or guarantee third parties' obligations.

The Company can work together with and participate in, directly or indirectly, companies of whatever nature, make any undertakings, grant facilities and loans, guarantee third parties' obligations, mortgage or pledge its assets, including its own commerce. It can do all that is in relation to abovementioned purpose or can be beneficial to the realisation of it.

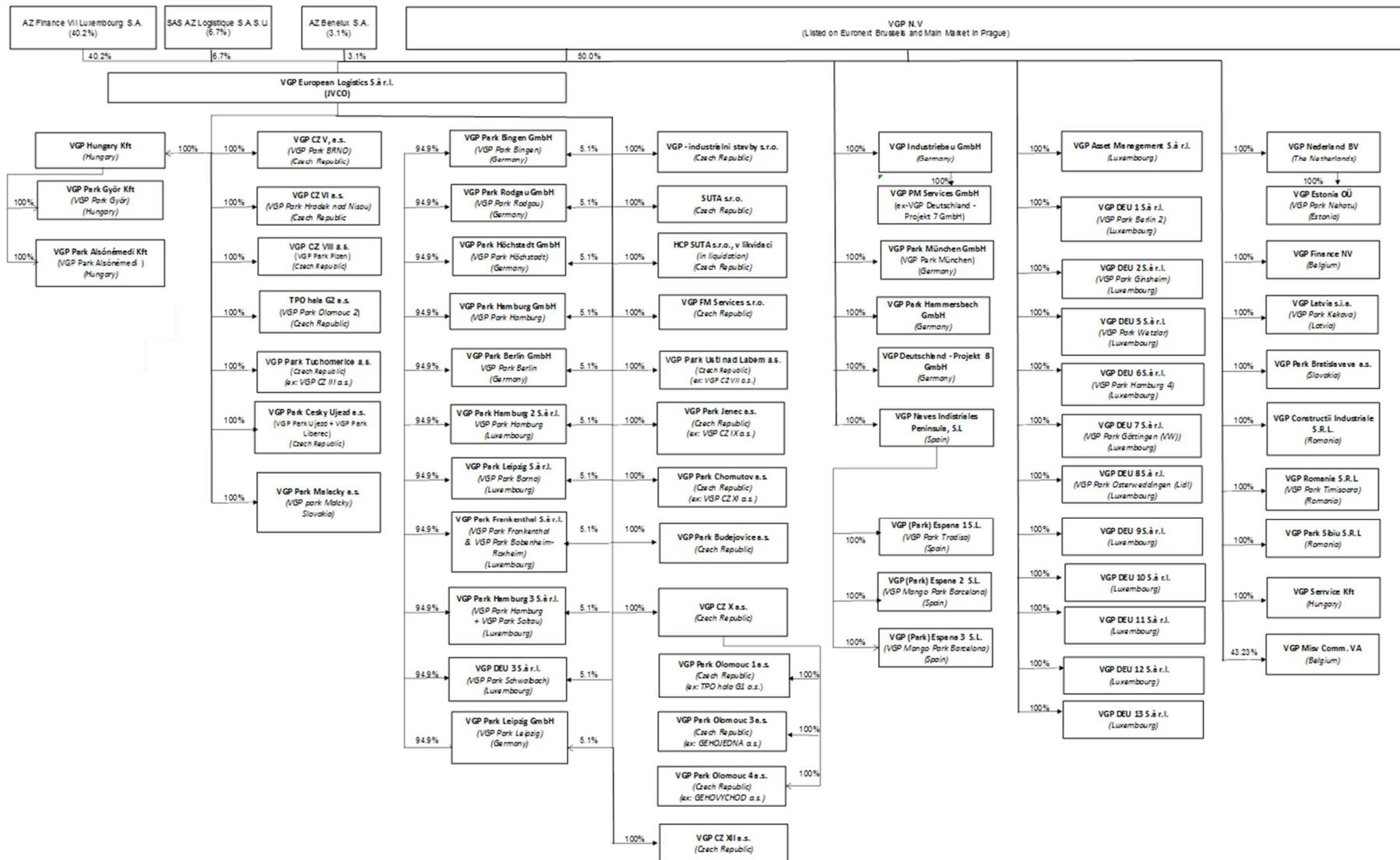
### **3 VGP Group**

#### **3.1 Organisational structure**

A structure chart of the VGP Group is included on the next page.

The entities included in the Group structure below, with the exception of (i) VGP European Logistics S.à r.l. (the Joint Venture) and its respective subsidiaries, VGP MISV Comm. VA and (ii) the Company, are the Company's **Subsidiaries**. VGP European Logistics S.à r.l. and its respective subsidiaries, i.e. the entities in which the Company (directly or indirectly) holds a 50% participation (52.55% participation for German asset companies) are the Company's **Joint Venture**. VGP MISV Comm. VA in which the Company holds 42.87% is the Company's **Associate**.

VGP NV - Organigram (After third closing with Allianz on 31 May 2017)



### 3.2 Relationship with the Associate and the Joint Venture

The relationship with the Associate is described under point 3.2.11.

The Joint Venture is a 50:50 partnership whereby the Group, in addition to being a co-owner, provides development management services and acts as asset manager, property manager responsible also for Facility Management and leasing services in respect of the portfolios. The Joint Venture is entered into for a period of ten years with possible extensions. The JVA provides for the relevant mechanisms for an organised exit should the Joint Venture not be extended: the assets of the Joint Venture will be sold via an auction sale.

VGP NV and Allianz have contractually agreed to share control and made arrangements whereby both parties have agreed that when decisions about the relevant activities are required such decisions are made with unanimous consent of both parties. In the first quarter of 2016, a share purchase agreement was entered into by the Issuer as seller and Allianz AZ Finance VII Luxembourg S.A., SAS Allianz Logistique S.A.S.U. and Allianz Benelux SA (together **Allianz**) as purchaser relating to the sale of 50% of the shares in VGP European Logistics S.à r.l. which included the 100% participation in the Hungarian companies VGP Hungary Kft, VGP Park Győr Kft (owning the VGP Park Győr) and VGP Park Alsonemedi Kft (owning the VGP Park Alsonemedi) (the **Company SPA**).

Immediately thereafter, the Issuer and VGP CZ X a.s. (as sellers) and VGP European Logistics S.à r.l. (as a purchaser) entered into a share purchase agreement related to a sale of (i) 100% participation in the Czech companies VGP CZ V a.s. (owning VGP Park BRNO), VGP CZ VI a.s. (owning VGP Park Hradek nad Nisou), VGP CZ VIII a.s. (owning VGP Park Plzen) and TPO hala G2 a.s. (owning partially VGP Park Olomouc), (ii) 100% participation in the Slovak company VGP Park Malacky a.s. (formerly named VGP Slovakia a.s.) (owning VGP Park Malacky), (iii) 94.9% participation in the German companies VGP Park Bingen GmbH (owning VGP Park Bingen), VGP Park Berlin GmbH (owning VGP Park Berlin), VGP Park Höchststadt GmbH (owning VGP Park Höchststadt), VGP Park Hamburg GmbH (owning VGP Park Hamburg) and VGP Park Rodgau GmbH (owning VGP Park Rodgau), and (iv) 94.9% participation in the Luxembourg companies VGP Park Hamburg 2 S.à r.l. (VGP park Hamburg 2), VGP Park Frankenthal S.à r.l. (owning VGP Park Frankenthal and VGP Park Bobenheim-Roxheim) and VGP Park Leipzig S.à r.l. (owning VGP Park Borna) (the **Seed Portfolio SPA**).

VGP European Logistics S.à r.l. is a holding company that was incorporated specifically for the purpose of entering into a joint venture with Allianz.

The transactions contemplated by the Company SPA and the Seed Portfolio SPA, were completed on 31 May 2016. The Allianz entities that are the shareholders of the Joint Venture belong to the well - known Allianz SE Group, a worldwide leading insurance group, which applies a strong corporate governance policy towards the management of the Joint Venture.

With Allianz, VGP attracts a long-term investor in logistic real estate that looks beyond the economic cycles and has the necessary financial resources to co-invest in the expansion of the logistic real estate portfolio and which significantly mitigates the liquidity risk for VGP.

The Joint Venture will allow VGP to recycle partially its initial invested equity when such developments are acquired by the Joint Venture and to re-invest these monies in the continued expansion of the development pipeline, including further expansion of the land bank, thus allowing VGP to concentrate on its core development activities.

The Joint Venture's objective is to build a platform of new, grade A logistics and industrial properties with a key focus on expansion in core German markets and high growth CEE markets with the aim of

delivering stable income-driven returns with potential for capital appreciation. The Joint Venture aims to increase its portfolio size to ca. EUR 1.7 billion, exclusively via the contribution to the Joint Venture of new logistics developments carried out by VGP. The Joint Venture's strategy will therefore primarily be a hold strategy and its territorial scope can be expanded in order to include other countries, subject to a mutual agreement thereto between VGP and Allianz.

The real estate assets of the Joint Venture are periodically evaluated by third-party experts. This includes amongst others semi-annual valuations of the assets of the Group and the Joint Venture by the independent valuator Jones Lang LaSalle. In addition thereto, at the moment of each closing with the Joint Venture, the Joint Venture requires a separate valuation from CBRE on all the assets which are being acquired as part of such closing. In respect of each closing with the Joint Venture which includes German assets, one of the financing banks of the Joint Venture, i.e. Aareal Bank, requires a valuation report from Knight Frank of such German assets.

### **3.2.1 Share purchase agreements**

Each of the Company SPA and Seed Portfolio SPA contained a set of representations and warranties which were granted by the Issuer to the respective purchasers and which were in accordance with market practice. The maximum liability of the Issuer for breaches of the representations and warranties granted in the share purchase agreements amounts to approximately EUR 18.1 million in respect of the Company SPA and to EUR 147.8 million in respect of the Seed Portfolio SPA. Until the date of this Prospectus, the Issuer has not received any claims under these share purchase agreements.

### **3.2.2 Joint Venture Agreement (JVA)**

Under the JVA, the Issuer and Allianz each have the right to appoint two representatives in the management body of the Joint Venture and one or two representatives in the management and supervisory bodies of the Joint Venture's subsidiaries, depending on the local regulations. The directors appointed by VGP and by Allianz always have to act jointly, whereas most important matters always require prior consent by both shareholder parties. These matters include (i) commencing the winding-up or liquidation of the Joint Venture or any of its subsidiaries or filing any of these companies as bankrupt (except if otherwise provided under mandatory legal provisions), (ii) initiating capital calls to the shareholders of the Joint Venture, which are not contemplated by the business plan of such company, (iii) sale or disposition of any properties of project companies, (iv) making any distributions to the shareholders of the Joint Venture that are not in proportion to their shareholdings in the Joint Venture, (v) any amendment to the articles of association of the Joint Venture or any of its subsidiaries not in line with the Joint Venture Agreement, (vi) the acquisition of additional immovable properties or formation of a subsidiary by the Joint Venture or any of its subsidiaries, and (vii) the entering into by the Joint Venture or any of its subsidiaries of any joint venture, partnership or similar agreement.

The Joint Venture has an exclusive right of first refusal (in accordance with the conditions as set forth in the JVA) in relation to acquiring the Czech, German, Hungarian and Slovak income generating assets of the Group. The Joint Venture does not have a contractual or legal obligation to acquire the income generating assets proposed by VGP. There is therefore a risk that the Joint Venture would discontinue acquiring the completed assets from the Group. This risk is, however, mitigated by the fact that specific investment criteria have been agreed for an investment period of several years, which ensure that when such criteria are met the Joint Venture is in principle required to acquire the proposed income generating assets. In case the

Joint Venture does not acquire the assets (including the still to be developed land under the Seed Portfolio, whereas the to be completed buildings under construction under the Seed Portfolio need in any event to be acquired by the Joint Venture upon completion thereof), a number of chronological actions have been agreed between the Joint Venture partners, which ultimately allow VGP to market the proposed assets on the open market, allowing it to generate sales proceeds from another source than the Joint Venture. This risk is further mitigated by the strong historic track record of VGP in developing high-end logistic buildings and leasing out these buildings at attractive rent rates and the fact that the Issuer has a good negotiating position as the operator and manager of the portfolio. It should however be noted in this respect that if Jan Van Geet, as CEO of the Group, would no longer devote sufficient time to the development of the portfolio of the Joint Venture, Allianz can, upon notice thereof, stop the acquisition process of the proposed income-generating assets, until Jan Van Geet has been replaced to the satisfaction of Allianz. Such temporary standstill of Allianz's investment obligation might negatively impact the short-term cash position of the Group.

The main potential liability that the Group has towards the Joint Venture relates to the development management activities undertaken by the Group for and on behalf of the Joint Venture. VGP is required to pre-finance the remaining development pipeline of the Joint Venture. This includes the pre-financing of development land which has not yet been developed as well as buildings under construction through development and construction loans. Upon the acquisition of the developed assets by the Joint Venture these VGP loans will be repaid from the additional bank debt drawn by the Joint Venture allowing VGP to recycle and apply these proceeds towards the financing of the development pipeline. Besides the proceeds from the repayment of the respective development and construction loans, VGP will also be entitled to a top-up payment corresponding to the agreed market value of the acquired assets by the Joint Venture at completion less the respective repaid development or construction loan. The Joint Venture has adequate committed credit facilities available for the next 12 months to refinance such development and construction loans upon completion and purchase settlement of the respective assets.

As the Group is appointed as development manager vis-à-vis the Joint Venture, the Group will be responsible for ensuring that any development is being made within the initially agreed construction price/budget. In case the actual construction cost would be higher than the initial construction budget, the aforementioned top-up payment will be adversely affected and in case the actual construction costs would be higher than the market value of the completed building, then such difference would need to be fully borne by the Group (provided this was due to the Group). At the moment there is no outstanding quantifiable potential liability in this respect.

The initial transaction value of the sale of the Seed Portfolio to the Joint Venture, i.e. the aggregate value at which the transaction was concluded, comprising the value of the completed properties, of the properties under construction and of the remaining land for future development, was in excess of EUR 500 million. After adjustment for bank loans, construction and development loans, balance sheet adjustments and VGP contributions to the Joint Venture, this resulted into net cash proceeds of EUR 176.4 million. The net cash proceeds from the acquisition of the initial Seed Portfolio allowed the Group to deleverage itself with the repayment of EUR 50 million bank debt and optimise its capital structure with the repayment of EUR 63 million (including accrued interest) of hybrid instruments. The remaining amount has been applied towards the financing of the development pipeline i.e. acquisition of new development land in Germany, Spain, the Czech Republic and Slovakia and the further financing

of the current buildings under construction. A second closing occurred at the end of October 2016 in which VGP sold completed assets to the Joint Venture for an aggregate transaction value in excess of EUR 80 million. After adjustment for bank loans, construction and development loans, balance sheet adjustments and VGP contributions to the Joint Venture, this second closing resulted in net cash proceeds of EUR 59.7 million for VGP.

At the end of May 2017, the Joint Venture acquired in a third closing 11 newly completed buildings from the Group. This acquisition was financed by the Joint Venture by making drawings under its existing credit facilities for aggregate amount of EUR 102 million and the remaining balance was financed with shareholder equity (EUR 47.2 million of which EUR 23.9 million from VGP) and shareholder loans (EUR 14.2 million of which EUR 7.1 million from VGP). Following the settlement of the third closing the Joint Venture has available committed credit facilities totalling EUR 138.1 million. The total outstanding development and construction loans immediately following the third closing at the end of May 2017 amounted to EUR 83.4 million compared to EUR 81.6 million as at 31 December 2016 and EUR 92.7 million as at the time of the first closing with the Joint Venture (i.e. the acquisition of the Seed Portfolio). As at the end of May 2017, VGP had contractual obligations to develop new projects for the Joint Venture for a total amount of EUR 65.6 million. The total remaining investment cost to complete the development line of the Joint Venture and for which at the date of this Prospectus no contractual commitments have been taken, is estimated to amount to EUR 39.3 million, subject to further specifications and requirements from future tenants. Given the strong growth of the Joint Venture, the Group and the Joint Venture aim to realize two closings during each following financial year and in this respect new negotiations will be started up during the second half of 2017 by the Joint Venture with its financial institutions who currently provide the committed credit facilities in order to increase the existing credit facilities with an amount between EUR 300 million and EUR 400 million to cover the future anticipated closings during the period 2018 to 2021.

Under the JVA, both parties agreed to significant limitations on their ability to transfer the shares in the Joint Venture to third parties. In case a shareholder wishes to transfer its shares, the other shareholder has a pre-emption right to purchase such shares under the JVA. The Joint Venture Agreement also provides for a lock-up period of five years as from the closing date, during which VGP is not allowed to transfer its shares in the Joint Venture other than to one of its affiliates. The JVA further contains elaborate provisions on transfers of the shares, which may lead to the transfer by VGP and by Allianz of all of their shares to a third party. The JVA applies the principle of market price value ensuring that if any party wants to dispose of part or all of its shares, such disposal is made at prevailing market conditions provided the disposal is not triggered by an event of default under the JVA which has not been cured within the agreed cure period.

Though the Joint Venture is structured as joint venture under IFRS 11 (and not as a joint operation), the Joint Venture Agreement caters for two situations where the joint control may come to an end: (i) as a penalty in case of a failure to fund by VGP and (ii) in case of a change in rules or regulations.

If the Issuer fails to provide funds to the Joint Venture that were committed under the terms of the Joint Venture Agreement towards Allianz (i.e. for financing of the relevant top-up payment (if any)), the repayment of construction and development loans to the Group upon the acquisition by the Joint Venture of completed assets, capital expenditures in relation to repairs

and maintenance of such assets and the purchase price for any future completed assets which the Joint Venture would acquire or any other financing required by Allianz or VGP under the terms of the JVA (such as replacement of bank debt) and acknowledged by an appointed third-party financial expert), then Allianz is entitled to either exclusively subscribe to three times the number of shares that represents the amount of the funds not provided by the Issuer or alternatively to provide itself funding to the Joint Venture on preferential interest terms and repayment conditions. For instance: If there are five hundred (500) issued Shares, and if the default amount (the amount which would have otherwise been financed by VGP for example) is equal to 2% of the fair market value of the Joint Venture, Allianz shall be entitled to subscribe for and acquire, following payment therefore in cash, thirty (three times ten) newly issued shares of the Joint Venture, which is equal to three times 2% of the outstanding shares of the Joint Venture on a pre-dilution basis. The occurrence of the aforementioned event might impact the Issuer's ability to retain joint control over the Joint Venture and the occurrence of the Issuer's failure to fund might materially impact the Issuer's ability to generate sufficient dividend income out of the Joint Venture.

In the event that Allianz would be subject to an obligation to consolidate the Joint Venture (for instance after a change in accounting rules or other regulations) within its companies' group, it has been agreed under the Joint Venture Agreement that Allianz has the right to replace the existing debt financing in the Joint Venture by equity, which might result in a dilution of the Issuer if the Issuer is unable to fund its commensurate part of the equity. However, as the debt position of the Joint Venture would be replaced by equity financing by Allianz on a 1:1 basis, in such case, the Net Asset Value of the Issuer's stake in the Joint venture would not be affected.

The occurrence of the aforementioned event might impact the Issuer's ability to retain joint control over the Joint Venture and the occurrence of the Issuer's failure to fund might materially impact the Issuer's ability to generate sufficient dividend income out of the Joint Venture.

Since VGP acts as asset manager, development manager, as well as property and leasing manager of the Joint Venture, these activities generate recurrent income for VGP. Should a member of the Group materially breach its obligations under a management agreement which is not remedied within a certain period in time following a notification thereof, or should the Issuer breach its exclusivity obligations under the Joint Venture Agreement in relation to the offering of income-generating assets, then Allianz is entitled to terminate all the management agreements with immediate effect and/or to exercise a call option on all the shares the Issuer holds in the Joint Venture against payment of a discounted purchase price of 90% of the fair market value of these shares. The occurrence of any of the aforementioned events might materially impact VGP's ability to generate sufficient dividend income out of the Joint Venture and/or to retain joint control over the Joint Venture.

Any default of the Joint Venture or of any of its subsidiaries under the development and construction loans or shareholder loans granted by the Group may have a negative impact on the Issuer's ability to fulfil its obligations under the Bonds, but would in itself not result in an Event of Default under the Bonds since the Joint Venture does not qualify as a Subsidiary of the Issuer for purposes of the Conditions. The repayment of other shareholder loans will be made from excess cash generated by the different project companies of the Joint Venture.

Prospective investors should furthermore note that the Joint Venture Agreement between the Issuer and Allianz is subject to further amendments, or may be terminated, during the lifetime

of the Bonds. This may have a negative impact on the Issuer's financial position and income and therefore on its ability to fulfil its obligations under the Bonds.

For further details on the investments in the Joint Venture we refer to note 10 of the Annual Report 2016.

### **3.2.3 Promote**

VGP will be entitled to a one-time promote payment at the end of the initial 10-year term of the Joint Venture. This promote is based on all the pre-tax cash flows received from the Joint Venture between the closing date and the expiry of the 10-year term of the venture and is structured in a similar way that is usually applicable for similar transactions in the market.

### **3.2.4 Asset management agreements**

VGP acts as the asset manager of the Joint Venture and its respective subsidiaries. As part of these services, VGP ensures standard corporate administration, administration of financing, business planning, reporting, budgeting, management of tax and legal affairs, controlling, etc. VGP is entitled to an asset management fee calculated based on the invested equity, in the Joint Venture adjusted for any future capital contribution / distribution. The asset management services are delivered by a newly established subsidiary of VGP, VGP Asset Management S.à r.l., and operates from Luxembourg.

### **3.2.5 Development management agreements**

The Joint Venture has appointed VGP as an advisor to provide the development management services in respect of specific development projects and on specific terms. VGP as advisor has accepted to perform the services and carry out the works as described in the development management agreement according to the applicable law, the generally accepted rules of technology and with all due care, attention and diligence as is expected of a competent advisor experienced in carrying out services and works similar to the services and works on projects of size, scope, type and complexity comparable with the development project. The services performed by VGP include all and any services and actions (excluding however in any event performing itself the works) required to procure the design, building of and completion of the development project, even if such services or actions are not expressly mentioned in the development agreements.

The advisor shall use its reasonable best efforts to procure that the development project completion is achieved by the estimated project completion date.

In consideration of the advisor providing the services pursuant to the development agreement, the owner shall pay to the advisor a development management fee which will be based on an agreed arm's length hourly rate.

### **3.2.6 Property management agreements**

The property management agreements that have been entered into with respect to the Joint Venture's subsidiaries detail the services to be provided by VGP in respect of Facility Management services, Project Management services (which covers additional smaller building improvements to existing buildings), lease management services, budgeting, accounting and reporting.

The fees received for VGP's services are composed of a property management fee, which corresponds to the administration fee included in each respective lease contract and varies

between 0%-3% of the monthly rent. The Project Management fee is based on the respective improvement costs to the building and consists of a scaling fee structure with a maximum fee of 4% for smaller improvements going down to 2% for larger improvements. Finally, VGP will be entitled to a leasing fee for each new / renewed lease contract which is the result of the direct marketing of VGP. The leasing fee is based on what a third party real estate broker would usually receive, i.e. between 12.5% and 25% of the annual rent of the respective lease contract. VGP will only be liable for the qualitative performance of its services and no specific quantifiable liability clause has been included in these agreements.

### 3.2.7 Constructive Obligation

The Board of Directors have taken a conservative view in respect of the financial support of the Issuer towards the Joint Venture. Although the Issuer does not have any other contractual obligations outside the JVA, the Company SPA, the Seed Portfolio SPA, the asset management agreements, development management agreements and the property management agreements, the Board of Directors has taken a conservative approach vis-à-vis the Joint Venture and has therefore recognised that the Issuer has a constructive obligation towards the Joint Venture since the proper functioning of the Joint Venture is material for the Group in realizing its expected capital gains. Given the importance of the Joint Venture's portfolio, VGP will take all necessary measures to ensure that for its proportional share in the Joint Venture it will ensure that the Joint Venture will always be in a position to fulfil all its obligations, including in relation to the committed credit facilities made available to the Joint Venture from time to time. This entails that ultimately any payment due by the Joint Venture to the Group will either be borne by the Joint Venture's shareholders, i.e. VGP and Allianz pro rata their shareholding or will lead to VGP being diluted by Allianz in accordance with the provisions of the JVA. As at 31 December 2016 the "Investments in joint ventures and associates" showed a positive balance of EUR 89.2 million compared to a negative balance of EUR 103,000 as at 31 December 2015 which was a reflection of the costs incurred by Snow Crystal S.à r.l. and SUN S.à r.l. from the liquidation process that both companies were subject to. VGP has transferred in the course of 2016 its 20% participation in the share capital of Snow Crystal S.à r.l. and SUN S.à r.l. to the majority shareholders of these companies as part of the liquidation process of these companies.

### 3.2.8 Bank financing

The assets of the Joint Venture are financed through equity, shareholder loans and bank financing.

EUR '000	Pro Forma	
	31-Dec-16	31-May-17
Shareholders' equity	178,258	226,064
Shareholder loans from VGP	8,315	16,185
Shareholder loans from AZ	7,506	14,715
Construction and Development Loans from VGP NV	81,561	83,368
Financial Debt and non-current financial liabilities	301,754	403,700
Other liabilities	43,614	43,614
<b>Total shareholders' equity and liabilities</b>	<b>621,007</b>	<b>787,645</b>
Cash and cash equivalents	(17,927)	(17,927)
<b>Net financial debt (including construction and development loans from VGP)</b>	<b>365,387</b>	<b>469,141</b>

<b>Gearing Ratio (Net debt / Total shareholders' equity and liabilities)</b>	58.8%	59.6%
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For the Czech and Slovak assets, an EUR 146.4 million facility was arranged by Československá obchodní banka, as. (**CSOB**). CSOB is the Agent, Arranger and sole Lending Bank of the facility. The outstanding amounts drawn under the facility as at 31 March 2017 was EUR 86.9 million (EUR 189.0 million as at 31 December 2016). The maturity date of the facility is 26 May 2026.

For the German assets, an EUR 368.2 million facility was arranged by Aareal Bank AG. Aareal Bank AG is the Agent, Arranger and sole Lending Bank of the facility. The outstanding amounts drawn under the facility as at 31 March 2017 was EUR 187.5 million (EUR 87.7 million as at 31 December 2016). The maturity date of the facility is 31 May 2026.

For the Hungarian assets, an EUR 35.1 million facility was arranged by UniCredit Bank Hungary. UniCredit Bank Hungary is the Agent, Arranger and sole Lending Bank of the facility. The outstanding amounts under the facility as at 31 March 2017 was EUR 26.2 million (EUR 26.5 million as at 31 December 2016). The maturity date of the facility is 26 May 2026.

All three credit facilities are secured and have the same security structure as is applicable to VGP's own portfolio, which is mainly a mortgage on all the assets.

As at 31 December 2016, the balance sheet (IFRS) of the Joint Venture's portfolio records investment properties (comprising the completed projects, projects under construction and development land) of EUR 574.3 million which were pledged to the banks.

The covenants applied are as follows:

**(i) German assets**

The respective project companies, which are borrowers under the Aareal Bank credit facility, must ensure that they comply with following covenants:

- Projected Debt Service Cover Ratio to be equal or above 110% tested on a quarterly basis (31 March, 30 June, 30 September and 31 December); and
- Loan to value to be equal or below 75% tested on an annual period (31 December).

The covenants are calculated on a portfolio basis. The loan to value will be progressively reduced to 70% over the course of first four years of the facility.

As at 31 December 2016 and 31 March 2017 there were no breaches of covenants. Following the third closing with the Joint Venture at the end of May 2017, the Loan to Value (based on completed buildings only) stood at 68.3% (versus the covenant limit of 75%).

**(ii) Czech and Slovak assets**

The respective project companies which are borrowers under the CSOB credit facility must ensure that they comply with following covenants:

- Debt Service Cover Ratio to be equal or above 110% tested on a semi-annual period (30 June and 31 December); and

- Loan to value to be equal or below 75% tested on an annual period (31 December).

The covenants are calculated on a portfolio basis. The loan to value will be progressively reduced to 65% over the course of first six years of the facility.

As at 31 December 2016 and 31 March 2017 there were no breaches of covenants. Following the third closing with the Joint Venture at the end of May 2017, the Loan to Value (based on completed buildings only) stood at 63.9% for the completed Czech assets and at 67.0% for the completed Slovak assets (versus the covenant limit of 75%).

**(iii) Hungarian assets**

The respective project companies which are borrowers under the UniCredit Bank Hungary credit facility must ensure that they comply with following covenants:

- Projected Debt Service Cover Ratio to be equal or above 115% tested on a quarterly basis (31 March, 30 June, 30 September and 31 December);
- Debt Service Cover Ratio to be equal or above 115% tested on a quarterly basis (31 March, 30 June, 30 September and 31 December); and
- Loan to value to be equal or below 75% tested on an annual period (31 December).

The covenants are calculated on a portfolio basis. As at 31 December 2016 and 31 March 2017 there were no breaches of covenants. Following the third closing with the Joint Venture at the end of May 2017, the Loan to Value (based on completed buildings only) stood at 66.5% (versus the covenant limit of 75%).

The above-mentioned ratios are calculated as follows:

- Projected Debt Service Cover Ratio means the 12 month forward looking passing rent as a percentage of the debt service whereby debt service means the aggregate amount of financial expenses due and payable together with any loan principal due and payable on the respective bank debt during any calculation period in respect of which passing rental has been calculated.
- Debt Service Cover Ratio means the Cash Available for Debt Service (or net operating income) divided by debt service whereby debt service means the aggregate amount of financial expenses due and payable together with any loan principal due and payable on the respective bank debt.
- Loan to value ratio means the aggregate loans outstanding divided by the open market value as valued by an independent valuator.

**3.2.9 Permitted distributions under the credit facilities**

The following distributions by the Joint Venture's Czech and Slovak subsidiaries are permitted under the CSOB credit facility:

- distribution in the form of payment of interest or principal under any shareholder loan;

- distribution in the form of payment of any asset management fees to the Group under the Property Management Agreements, the Development Management Agreements or the Asset Management Agreements; and
- distribution in the form of dividends to the Joint Venture;

in each case, provided that such distribution is made from the balance of a specified account and that no event of default is continuing at the time of such distribution or would occur as a consequence of making such distribution. In addition, principal and interest on the development and construction loans made by VGP to the Joint Venture's respective subsidiaries for the purpose of financing the development and/or construction of new buildings by such Joint Venture's subsidiary may be paid without any limitations before such new buildings are refinanced by CSOB.

The Joint Venture's subsidiaries holding assets in Germany are permitted under the Aareal credit facility to distribute any funds that remain free after fulfilling all their contractual obligations towards the finance parties and provided that no default is continuing or would result from the payment and provided that the loan to value ratio is at least five percentage points lower than the contractually agreed minimum.

The following distributions by the Joint Venture's Hungarian subsidiaries are permitted under the UniCredit Bank Hungary credit facility:

- distribution in the form of payment of interest or principal under any shareholder loan, subject to a prior approval by the lender, such approval not to be unreasonably withheld;
- distribution in the form of payment of any asset management fees to the Group under the Property Management Agreements, the Development Management Agreements or the Asset Management Agreements; and
- distribution in the form of dividends to the interim holding company (VGP Hungary Kft), a subsidiary of the Joint Venture;

in each case, provided that such distribution is made from excess cash and that no default is continuing or would occur as a consequence of making such distribution. In addition, principal and interest in respect of the development and construction loans made by VGP to the respective subsidiaries of the Joint Venture for the purpose of financing the development and/or construction of new buildings by such Joint Venture's subsidiary may be paid without any limitations.

### **3.2.10 Shareholder loans**

The Shareholders have provided the shareholder loans in proportion to their aggregate interest in the Joint Venture. For project companies holding German assets VGP will provide 52.55% of shareholder loans and Allianz will grant their respective 47.45% shareholder loans. For all other project companies VGP will provide 50% of shareholder loans and Allianz will grant their respective 50% shareholder loans.

Besides the usual shareholder loans, VGP provides 100% of the development and construction loans to the Joint Venture.

As at 31 May 2017 (i.e. immediately following the third closing with the Joint Venture) the outstanding shareholder loans provided by VGP to the Joint Venture were as follows:

<b>In thousands of EUR</b>		<b>31 Dec-16</b>	<b>31 May-17</b>
VGP European Logistics S.à r.l.	Holding	7,506	14,715
VGP Park Rodgau GmbH	German portfolio	196	200
VGP Park Berlin GmbH	German portfolio	18	18
VGP Park Hamburg GmbH	German portfolio	257	262
VGP Park Höchststadt GmbH	German portfolio	98	100
VGP Park Leipzig S.à r.l.	German portfolio	104	106
VGP Park Frankenthal S.à r.l.	German portfolio	136	138
VGP Park Leipzig GmbH	German portfolio	-	73
VGP Park Hamburg 3 S.à r.l.	German portfolio	-	428
VGP DEU 3 S.à r.l.	German portfolio	-	145
<b>Shareholder Loans</b>		<b>8,315</b>	<b>16,185</b>
VGP CZ V a.s.	Czech portfolio	3,059	-
VGP CZ VI a.s.	Czech portfolio	2,681	2,726
VGP Park Cesky Ujezd	Czech portfolio	-	1,378
VGP Park Malacky a.s.	Slovakian portfolio	4,674	4,991
VGP Park Rodgau GmbH	German portfolio	-	-
VGP Park Hamburg GmbH	German portfolio	2,182	2,219
VGP Park Hamburg 2 S.à r.l.	German portfolio	23,603	3,473
VGP Park Frankenthal S.à r.l.	German portfolio	43,561	64,117
VGP Park Leipzig GmbH	German portfolio	-	2,240
VGP Park Győr Kft	Hungarian portfolio	937	1,347
VGP Park Alsonemedi Kft	Hungarian portfolio	863	877
<b>Total development and construction loans</b>		<b>99,753</b>	<b>83,368</b>
<b>TOTAL</b>		<b>89,875</b>	<b>99,553</b>

The shareholder loans have a term of 120 months and can be prepaid at first demand. The development and construction loans can only be prepaid at the moment of delivery of the completed building financed by such loan.

The interest rates applied on the shareholder loans are between 3.875% and 4.000% p.a. All shareholder loans are unsecured and subordinated to the bank debt.

### **3.2.11 Snow Crystal S.à r.l., SUN S.à r.l. and VGP MISV Comm. VA**

The Issuer transferred in the course of 2016 its 20% participation in the share capital of and certain limited shareholder loans vis-à-vis Snow Crystal S.à r.l. and Sun S.à r.l. to the majority shareholders of these companies. Both companies have been liquidated in 2016 following the sale of the VGP CZ I, II and IV portfolios in October 2014.

VGP MISV Comm. VA was incorporated at the Issuer's initial public offering to be used as a structure for a long term management incentive plan whereby the existing shareholders VM Invest NV and Little Rock SA initially transferred a number of VGP shares representing 5 percent of the aggregate number of shares in VGP NV into VGP MISV, a limited partnership controlled by Mr Bart Van Malderen as managing partner ("*beherend vennoot*" / "*associé commandité*"). In 2013, following the expiry of the five year lock-up period in December 2012, the Company acquired a 42.87% participation in VGP MISV Comm. VA (398,368 out of 929,153 shares). In order to retain personnel and following the expiry of first 5 year lock-up period at the end of

December 2012 the Reference Shareholders have put in place a new long term incentive plan for selected members of the Group's management and which allows such members to be incentive based on the growth of the net assets value over a period of 5 years, such period also being the lock-up period for the participating members of the Group. As before the new incentive plan does not have any dilutive effect on any existing or new shareholders.

VGP MISV Comm. VA is an independent company from the VGP Group companies. As a result, VGP NV's financial statements are not in any way impacted by the operations and or existence of VGP MISV Comm. VA.

### 3.3 Management agreement with Little Rock SA

In April 2015, the Board of Directors approved a new management agreement relating to the services rendered by some of VGP's key managers. Following such decision, Little Rock SA became responsible for the Group's daily management, financial management and commercial management and is represented for this purpose by the CEO (Mr Jan Van Geet), CFO (Mr Dirk Stoop) and CCO (Mr Tomas Van Geet) respectively. As a consideration for rendering such services, Little Rock SA is entitled to receive a fixed fee, a short term variable fee subject to certain criteria being met, and a mid-term variable fee of 5% of the profits before taxes of the Group on a consolidated basis, in return for Little Rock SA's (and the aforementioned managers') commitment to observe the Group's daily, financial and commercial management for an additional period of five years. The fixed fee and short term variable remuneration has been included in the remuneration overview of the CEO and the executive management disclosed in the remuneration report included in the Annual Report 2016 (page 52-53). The mid-term variable remuneration for 2016 approved by the Board amounts to EUR 5,951,356 and has been fully provided for in the 2016 consolidated accounts. This amount will be paid out over the next three years at a rate of 1/3 per annum.

## 4 Profile of the VGP Group

### 4.1 Activities

#### 4.1.1 Fully integrated business model



The Group has an in-house team which manages all the activities of the fully integrated business model: from the identification and acquisition of the land, to the conceptualisation and design of the project, the supervision of the construction works, the contacts with potential tenants and the Facility Management of its own real estate portfolio.

#### (i) Plots of land

The first phase of the business model is the identification of top locations for logistic projects. For this activity, the Group works in close cooperation with several local real estate brokers, some of which have an exclusive agreement with the Group. Moreover, the Group has a core team which has an intensive proprietary prospection function.

The management and the team gather on a regular basis to evaluate potential projects. Once a project is approved, a technical due diligence is performed. As a general rule, any acquisition of land is in principle subject to obtaining the zoning and/or building

permit for logistic activities and the absence of any other obstacles such as environmental issues etc.

For legal assistance, drafting of contracts as well as legal due diligence of acquisition targets, the Group relies on reputable local or international law firms.

Finally, it should be noted that VGP only buys plots of land which are directly connectable to existing infrastructure. In respect of the respective parks, VGP will undertake infrastructure works within the parks if necessary. This infrastructure work will always be directly linked to the developed properties.

VGP always buys on the pre-condition that all permits, i.e. including the required permits related to the infrastructure works within the parks, are obtained and approved.

(ii) Concept and design

VGP applies strict guidelines to the design of its buildings. The Group uses a facility brief describing in detail the minimum requirements the building should respond to. This design ensures multi-purpose utilisation throughout the life cycle of the building.

For architectural and design matters, the Group works with its internal team supported where necessary by several dedicated external offices of architects and designers. Amongst others the Group has a strategic alliance with Atelier 24, an architectural bureau co-ordinating all necessary design and architectural works.

In addition to the Group's standard building requirements, some adaptation (lay-out, finishing) can be done according to the tenants' requirements. The design as well as the technical description of the necessary infrastructure for the tenants' operations is always designed by VGP itself, in close co-operation with the tenant's technical advisers, ensuring a thorough understanding of the customers' needs.

(iii) Construction

High quality logistic projects are constructed in close co-operation with future tenants and partly at own risk. The buildings are finished taking into account the future tenants requirements and specifications but always with respect to the Group's prevailing technical and quality standards.

The Group centralizes the purchasing of materials and construction components for its buildings at each of its local offices. The enhanced purchase power strengthens the Group's negotiation power allowing to realise economies of scale. The Group cooperates with local general contractors for the coordination of the individual building sites. The Group's cost controllers are responsible for the daily follow up of the actual costs versus the budgeted costs of the respective projects.

(iv) Rent out and marketing

The buildings are leased under long term lease agreements to tenants which are active in the logistics sector and/or light manufacturing sector, such as assembling, re-conditioning, final treatment of the goods before they go to the industrial clients or the retailers.

The Group attaches great importance to its direct client relations. The commercial officers are responsible for the contacts with the existing and potential tenants, the proposals and monitoring of the tenants' requirements during the building process until the handover of the premises.

(v) Portfolio and Facility Management

The Group adheres to the strategy of being a long term developer/investor in logistic real estate and to hold those developed projects in its own portfolio or through its Joint Venture. The maintenance of the properties is centralised within the Facility Management team responsible for the Group's portfolio. The Facility Management team is assisted by external facility management specialists when necessary.

(vi) Activities for third parties

The Group manages all assets on behalf of its Joint Venture companies. The services provided cover activities such as asset, development, property management, Facility Management and leasing activities.

Property management services are mainly provided internally and to a lesser extent externally whereby the respective VGP property management company is responsible for managing the proper and undisturbed operation of the buildings. As part of its offered services the VGP property management companies will also perform Project Management services. These services cover the performance of capital improvements and any other construction works as may be requested by the owner of the buildings. This scope covers the full range of Project Management services (supervision and coordination of the contractors for design, advising on obtaining permits, advising on the works and any tenders relating thereto).

Facility Management services, have been regrouped in SUTA. Facility Management services are provided internally as well as externally whereby SUTA is responsible for managing the proper and undisturbed operation of the buildings and performs all actions such as maintenance services, waste management services, maintenance greenery etc. that may be necessary in this respect. In other countries where no specific Facility Management team will be in place, the Group will use third party Facility Management services companies to perform these activities.

The asset management function has been created during 2016 as part of the services rendered to the newly established Joint Venture and provides advice and recommendations to the Joint Venture companies on the Joint Venture's assets managing on property level strategy and thereby optimising the value of the Joint Venture assets. Further advice and recommendations are given by the asset manager in respect of appropriate tenant mix, execution of leasing strategy that aligns cash flows with portfolio needs, and manage both capital and operating expenses. The asset management services are provided by a newly established subsidiary VGP Asset Management S.à r.l. and operates from Luxembourg.

## **4.2 Expansion into Spain**

### **4.2.1 Background and rationale**

Over the past few years VGP has been reviewing the different geographic areas where the Group wants to be active in. One of key drivers to look at the different markets was the long term growth possibilities such markets would offer. This resulted in the entrance into the German markets in 2013 and establishing a strong local presence there. Although it is anticipated that Germany will remain the main market for the Group for many years to come, VGP continues to look to diversify into interesting new markets.

One of the more interesting markets which was identified by the Group was Spain. The Spanish market is coming out of a severe crisis whereby the development activities were substantially scaled down over the last 10 years. At the same time developments on top locations did not suffer as much from the crisis as the vacancy rates for logistic buildings located on top locations remained very low over these years. Based on these prospects, VGP decided to open a new office in Barcelona during the first half of 2015.

VGP has increased its development activities and investments in Spain in the course of 2016 (see point 4.2.2 below).

### **4.2.2 Development pipeline**

At the end of 2016 VGP acquired a 223,000 m<sup>2</sup> development land plot in Madrid. The land plot is located at San Fernando de Henares, in the vicinity of the Madrid Barajas airport, immediately adjacent to the highway. This land plot allows VGP to potentially develop circa 179,000 m<sup>2</sup> of lettable area. During the month of May 2017 VGP will start up its first development (22,980 m<sup>2</sup>) in VGP Park San Fernando de Henares (Madrid) (Spain).

At the same time (end of 2016) VGP acquired a completed state of the art brand new 180,000 m<sup>2</sup> logistics building (extendable to circa 260,000 m<sup>2</sup>) from the fashion group Mango. The acquisition of the building provided a rare opportunity for the Group to fully benefit from economies of scale from a development and commercial point of view and will immediately contribute to the Group's generated rent income. This acquisition comprises a newly built warehouse which is fully let under a long-term lease agreement and having certain expansion commitments for the tenant and a significant portion of further development land. The development has all the necessary permits in place to immediately start its development.

## **4.3 Main markets**

The main market overview describes the geographical and real estate markets in which VGP is active and provides an update on current market circumstances. Logistic real estate is an important element of modern supply chain processes. These include the value stream of raw materials and finished goods from suppliers, the storage and handling of products, distribution to industrial and trade customers, and associated services, e.g. picking, return management, packaging and commercial activities. As a result of globalisation, supply chain processes have become more complex and, due to customer requirements, even faster. This is accompanied by increasing data transparency. Mega-trends such as 'Big Data' and the 'Internet of Things' will impact on logistic real estate and occupier demand for flexible, modern appointed 'networked' and modular space will continue to grow.

Despite the relatively sluggish economic growth, the European logistic real estate markets have experienced high occupier demand over the past five years. This is an indication that structural changes in the supply chain such as the growth of online retail are important drivers of demand. Last year, several

countries in Europe recorded historic rises in logistic space take-up. Germany was one of them, reporting a new record take-up of around 6.7 million m<sup>2</sup>, over 30% of the total take-up. At the same time, the new-build volume in Germany remains stable at over 3 million m<sup>2</sup>, ensuring the constant revitalisation of the existing portfolio of over 60 million m<sup>2</sup> and confirming the attractiveness of this asset class.

An increasing number of domestic and foreign investors regard this asset class as an integral part of their portfolios and have an appetite for more. Differentiated by building type, distribution properties take a leading role, although the popularity of cross-dock centres, light industrial, warehousing and production properties is also increasing. The investment market for logistic and industrial real estate enjoyed another record year in 2016. With a total transaction volume of EUR4.72 billion, the capital market has never before invested as much in this asset class. (*Source: Jones Lang LaSalle*).

VGP is active in Germany, Spain and a number of mid-European countries with main focus on the Czech Republic. Besides the Czech Republic, VGP is also active in the following periphery countries: Slovakia, Hungary, Romania, Estonia and Latvia. Given the small size of the activities in the Baltic countries it is the intention of VGP that once these parks will have reached a mature stage, i.e. fully developed, that these parks could be put into the market for sale subject to attractive market pricing. In this respect VGP concluded, during the first months of 2017, an agreement for the potential sale of VGP Park Nehatu (Estonia). The transaction value is approximately EUR 54 million. The sale is subject to certain conditions and due diligence.

The markets in which the Group operates are exposed to local and international competition. Basically, there are 4 types of competitors i.e. small local players, large established real estate players, occasional new real estate players, and lease companies.

The competition in the Czech Republic comes mainly from large established real estate developers. These developers have land bank positions and established projects and business parks in the Czech Republic. The biggest competitors amongst them are: CTP Invest, P3, ProLogis, Goodman and Pannatoni. Besides these there are a number of investment funds who have bought existing stock from developers which may from time to time lose a tenant and promote the resulting vacancy in the market. The biggest competitors amongst them are Segro and Heitman.

As regards Germany and the countries in the mid-European region, ProLogis, Segro, Goodman and Pannatoni are some of the largest market players in Germany and the CEE region. None of the above-mentioned developers, however, occupies a dominant position in Germany or in the mid-European market as a whole.

In Germany, a number of regional local developers are active, typically developing in their respective Länder.

The different real estate companies usually have different business models. Whereas the large real estate players will usually concentrate on “big box” logistic warehouses i.e. large buildings >50,000 m<sup>2</sup>, VGP operates in a niche market concentrating on smaller buildings 5,000 m<sup>2</sup> - 20,000 m<sup>2</sup> (up to around 50,000 m<sup>2</sup> in Germany) which attract more interest from end users. VGP experienced this model to be more resilient to the economic downturn of the past few years.

#### **4.3.1 The logistic property market in Germany**

##### **(i) Economic overview**

Economic growth was robust in 2014-2016, driven by domestic demand. Real GDP growth stood at 1.7% in 2015 and 1.9% in 2016. Private consumption in 2016 grew for the second time in a row by 2.0%, supported by a substantial rise in real disposable

income. The unemployment rate fell to a post-reunification low of 3.9% by the fourth quarter of 2016, despite a growing workforce.

Business investment activity has been uneven and is expected to pick up only moderately in the near future. Germany's investment ratio has remained at around 20% of GDP. While housing investment has been on an upward trend since the crisis, non-residential construction investment has stayed relatively flat. Importantly, investment in machinery and equipment has remained restrained and has still not caught up with pre-crisis levels. This is despite supportive financing conditions, strong corporate profits and continued export growth that traditionally drives this type of investment. Overall, this subdued investment growth has resulted a much slower expansion of the capital stock and a relatively low contribution of capital accumulation to potential growth compared with other large advanced economies.

It appears likely that Germany's economic growth momentum will be maintained. With energy prices no longer declining, real household consumption is forecast to slow down somewhat, but to remain relatively strong owing to rising employment and real labour income. The latter will also be boosted by an increase in the minimum wage in 2017. Financing conditions are expected to remain supportive of investment. Bolstered by domestic demand, GDP is expected to grow by 1.6% in 2017 – slowing significantly on account of a fall in the number of working days – and by 1.8% in 2018. (*Source: European Commission – Country Report Germany 2017*).

**(ii) Warehouse and logistic markets– A new record take-up of 6.7 million m<sup>2</sup> was achieved in 2016**

2016 saw the highest ever volume of space taken up in the German market for warehouse and logistic space. Around 6.7 million m<sup>2</sup> (owner-occupiers and lettings) was taken-up across Germany, 8% more than in 2015 - the previous record year. The 5-year average was also exceeded by 22%. Letting take-up increased by 10% year-on-year, exceeding the 4 million m<sup>2</sup> mark for the first time with 4.33 million m<sup>2</sup>. Take-up by owner-occupiers increased by 5% to 2.70 million m<sup>2</sup> compared to the previous year, the second highest ever volume registered since 2014. (*Source: Jones Lang LaSalle*). In the first three months of 2017, the take-up volume (owner-occupiers and lettings) in the German market for warehousing and logistic space again reached a high level of around 1.48 million m<sup>2</sup>. Although this was 11% lower than the result for the first quarter of 2016, it exceeded the 10-year average by 20%. Due to the sustained demand for space and positive economic forecasts, we expect take-up to significantly exceed the 6 million m<sup>2</sup> mark once again for the year as a whole. (*Source: Jones Lang LaSalle*).

**Retail companies responsible for most large-scale lettings**

Traditionally, three business sectors dominate the letting market for warehouse and logistics space of >5,000 m<sup>2</sup>. In 2016 too, they were responsible for 96% of take-up: retail, distribution / logistics each accounted for 36%, and manufacturing followed with 24%. In 2016 alone, e-commerce companies secured around 560,000 m<sup>2</sup>, a substantial increase in a single quarter compared to 2015 (447,000 m<sup>2</sup>) and 43% higher than the 5-year average.

As before, most take-up was recorded for premises of 5,000 - 10,000 m<sup>2</sup> in terms of the number of leases concluded (44%); however, this size category accounted for just 20%

of the total volume. The biggest volume (30%) was secured in the 10,000 - 20,000 m<sup>2</sup> category, which accounted for almost one in three contracts. The ≥ 40,000 m<sup>2</sup> category accounted for 7% of the deals and 28% of the space take-up, and the average deal size was 61,000 m<sup>2</sup>, with retail companies (including Metro, Amazon, Action and Lidl) responsible for over 60%. (Source: Jones Lang LaSalle).

#### **Take-up in the Ruhr area exceeds 1 million m<sup>2</sup>.**

Analysing the spread of logistic space take-up (>5,000 m<sup>2</sup>) across Germany in detail, the Ruhr area was the front runner with 1.05 million m<sup>2</sup>. This is the first time that the 1 million m<sup>2</sup> mark has been exceeded in a single year. The Ruhr area benefited from six major deals in >40,000 m<sup>2</sup> segment, which included the biggest letting of the past few years in Germany: Metro Group leased around 225,000 m<sup>2</sup> in Marl for its new central warehouse (Metro CC and Real) in two separate buildings. At 95,000 m<sup>2</sup>, Opel's new logistic centre which is under construction in Bochum was the largest owner-occupier deal. Amazon also leased a total of 150,000 sqm in Werne and Dortmund. (Source: Jones Lang LaSalle).

The Hamburg and Frankfurt regions follow in second and third places at some distance behind. Here too, large-scale deals contributed to the good result. In Biblis near Frankfurt, the Dutch retail company Action signed a contract for more than 80,000 m<sup>2</sup> for its new logistic centre. In Winsen near Hamburg, Amazon has leased around 65,000 m<sup>2</sup>. All these deals relate to newly built space. Around 70% of all deals in Germany concern new buildings / project developments of >5,000 sqm, a trend that has been ongoing for several years. (Source: Jones Lang LaSalle).

In the 'Big 5' conurbations (Berlin, Düsseldorf, Frankfurt, Hamburg and Munich), the 421,400 m<sup>2</sup> of space taken up in the first quarter of 2017 was 13% lower compared to the first quarter of the previous year. Although it was 6% down on the 5-year average, the 10-year average was exceeded by 4%. The individual regions have developed differently over the past 12 months. Most space in the 'Big 5' was taken up in the Hamburg region with 158,000 m<sup>2</sup>, an increase of 13% year-on-year. This was followed by Frankfurt with 103,000 m<sup>2</sup>, although the year-on-year comparison is negative (-43%). In the first quarter of 2016, the Frankfurt region benefited from a large letting of over 80,000 m<sup>2</sup> (the retailer Action rented a new logistic centre in Biblis).

Conversely, there were no lettings of premises greater than 20,000 m<sup>2</sup> in the 'Big 5' in the first quarter of the current year. Two of the three largest deals were concluded in the Hamburg region, where around 17,000 m<sup>2</sup> will be constructed as the Hamburg Opera's storage facility, and a further 15,000 m<sup>2</sup> will be built for Transgourmet as an owner-occupier. The Düsseldorf region registered the second biggest letting, helping to lift their take-up by 18% year-on-year: here, the logistics service provider Expeditors International signed a contract for around 16,000 m<sup>2</sup> in a project development in Krefeld. Take-up was lower in the Berlin (-7%) and Munich (-11%) regions, with both regions registering a strong fall in take-up in the ≥ 5,000 m<sup>2</sup> size category due primarily to the limited supply. 50% of take-up in the ≥ 5,000 m<sup>2</sup> category related to new buildings / project developments. Around 850,000 m<sup>2</sup> of warehousing space is currently under construction in the 'Big 5', but just 19% of this is still available on the market. (Source: Jones Lang LaSalle).

Outside the 'Big 5' conurbations, the 1 million m<sup>2</sup> mark was exceeded once again in the first quarter of 2017. With a space take-up of 1.05 million m<sup>2</sup>, this was the third best start to the year of the past ten years (first quarter take-up was higher in just 2016 and 2013). The current result is 10% lower year-on-year, but matches the 5-year average and even exceeds the 10-year average for first quarters by 27%. Around 57% of the take-up was generated by lettings, 5% more than twelve months ago, whilst take-up by owner occupiers fell by 25%.

In an analysis of the regional distribution of take-up, like last year, the Ruhr area accounted for 20% and around 210,000 m<sup>2</sup>. One of the biggest lettings here was settlement of the Daimler AG logistics centre in Duisburg, where a total of around 50,000 m<sup>2</sup> will be built in two phases. The next two largest deals also related to new buildings: a logistics company built around 34,000 m<sup>2</sup> for its own use in Dortmund and Amazon rented around 30,000 m<sup>2</sup>, also in Dortmund. In total, 81% of take-up outside the 'Big 5' was accounted for by new buildings / project developments. (Source: Jones Lang LaSalle).

#### **Since 2012 - 70% of all space is new-build**

In the past five years, a total of 17.2 million m<sup>2</sup> and therefore 70% of all space take-up (owner-occupiers and lettings) of >5,000 m<sup>2</sup> have related to new buildings / project developments. Between 2012 and 2014, owner-occupiers were responsible for most space take-up (53% - 61%), whilst lettings (built-to-suit) accounted for more between 2015 and 2016 (49% - 54%). Take-up in speculatively built properties increased slightly in 2016, with a share of 6% (2015: 4%). (Source: Jones Lang LaSalle).

#### **A third of the space in the 'Big 5' has been speculatively constructed**

In 2016, approx. 740,000 m<sup>2</sup> of warehousing space was constructed in the 'Big 5' agglomerations, 17% less than in 2015; however, the proportion of speculatively constructed space rose by 14% year-on-year to just under a third, significantly exceeding the 5-year average. There is currently around 690,000 m<sup>2</sup> of warehousing space under construction, with 19% of this being constructed speculatively. (Source: Jones Lang LaSalle).

By year-end 2016, the stock of logistic space of interest to investors reached 15 million m<sup>2</sup> in the 'Big 5'. Adding the space in the Ruhr area, this figure rises to around 19 million m<sup>2</sup>. In Germany, the total stock of logistic space of interest to investors is estimated at some 60 million m<sup>2</sup>. In its 'Logistics Real Estate - Market and Sites 2015' study, the Fraunhofer Working Group SCC estimates a total stock of all logistic properties (regardless of its age, size or quality) of approx. 330 million m<sup>2</sup> (+/- 10%) in Germany. (Source: Jones Lang LaSalle).

#### **Regional differences in take-up**

All over Germany the relation of owner-occupier to letting take-up is 43% to 57% in the 5-year average; although there are significant regional differences. In the institutional letting markets such as Berlin, Cologne and Munich pure lettings account for around 80% of the total take-up. In other regions such as Osnabrück / Münster, Stuttgart and Rhein-Neckar the shares of owner-occupiers are above the nationwide average. Even outside the established logistics regions, the owner-occupier share was above-average at 58%. (Source: Jones Lang LaSalle).

### Prime rents remained largely stable - the biggest rise was recorded in the Berlin region

Prime rents for warehouses of >5,000 m<sup>2</sup> remained stable in most regions over the course of the year. The Leipzig / Halle (3%), Mönchengladbach (3%), Rhine-Neckar (4%) and Berlin (6%) regions recorded rent rises. Generally, prime rents in the German logistics clusters range from EUR 4.00/m<sup>2</sup>/month in the Erfurt and Osnabrück / Münster regions to EUR 6.75/m<sup>2</sup>/month in the Munich area. (Source: Jones Lang LaSalle).

Prime rents for warehouses of ≥ 5,000 m<sup>2</sup> remained stable in all regions in the first three months of 2017. At EUR 6.75/m<sup>2</sup>/month, the highest rents were paid in Munich. This was followed by the Frankfurt (EUR 6.00/m<sup>2</sup>/month), Hamburg (EUR 5.60/m<sup>2</sup>/month), Düsseldorf (EUR 5.40/m<sup>2</sup>/month) and Berlin (EUR 5.00/m<sup>2</sup>/month) regions. (Source: Jones Lang LaSalle).

#### Warehousing take-up Germany: lettings / owner-occupiers

	2011 (m <sup>2</sup> )	2012 (m <sup>2</sup> )	2013 (m <sup>2</sup> )	2014 (m <sup>2</sup> )	2015 (m <sup>2</sup> )	2016 (m <sup>2</sup> )
Outside the "Big 5"-Conurbations:						
- Lettings	2,032,000	1,637,300	1,539,062	1,759,872	2,406,425	2,606,553 <sup>1</sup>
- Owner-occupiers	1,585,900	1,299,600	1,772,338	1,906,528	1,715,875	1,966,347 <sup>1</sup>
<b>- Total</b>	<b>3,617,900</b>	<b>2,936,900</b>	<b>3,311,400</b>	<b>3,666,400</b>	<b>4,122,300</b>	<b>4,572,900</b>
"Big 5"-Conurbations:						
- Lettings	1,781,900	1,365,500	1,206,200	1,406,000	1,545,000	1,724,700
- Owner-occupiers	464,300	418,900	499,900	484,300	512,900	380,000
<b>- Total</b>	<b>2,246,200</b>	<b>1,784,400</b>	<b>1,706,100</b>	<b>1,890,300</b>	<b>2,057,900</b>	<b>2,104,700</b>
Lettings	3,813,900	3,002,800	2,745,262	3,165,872	3,951,425	4,331,253
Owner-occupiers	2,050,200	1,718,500	2,272,238	2,390,828	2,228,775	2,346,347
<b>Total</b>	<b>5,864,100</b>	<b>4,721,300</b>	<b>5,017,500</b>	<b>5,556,700</b>	<b>6,180,200</b>	<b>6,677,600</b>

Source: Jones Lang LaSalle

<sup>1</sup> As calculated by the company based on Jones Lang LaSalle data

#### Warehousing take-up Germany

	2011 (m <sup>2</sup> )	2012 (m <sup>2</sup> )	2013 (m <sup>2</sup> )	2014 (m <sup>2</sup> )	2015 (m <sup>2</sup> )	2016 (m <sup>2</sup> )
Region:						
- Berlin	412,000	333,600	333,000	327,400	456,100	418,300
- Dusseldorf	205,800	145,100	295,200	283,200	328,900	175,900
- Frankfurt (incl. Wiesbaden/Mainz)	540,000	455,600	415,000	559,000	470,500	570,300
- Hamburg	740,000	575,400	450,000	450,000	600,000	665,000
- Munich	348,400	274,700	212,900	270,700	202,400	275,200
Total "Big 5"-Conurbations	2,246,200	1,784,400	1,706,100	1,890,300	2,057,900	2,104,700
Outside "Big 5"-Conurbations	3,617,900	2,936,900	3,311,400	3,666,400	4,122,300	4,572,900
<b>Total</b>	<b>5,864,100</b>	<b>4,721,300</b>	<b>5,017,500</b>	<b>5,556,700</b>	<b>6,180,200</b>	<b>6,677,600</b>

Source: Jones Lang LaSalle

### 4.3.2 The logistic property market in Spain

2016 ended with an annual GDP growth close to 3.2%, a similar figure to that seen in 2015. Consumer confidence is reflecting a good shape of domestic demand that is now including appetite for housing purchasing as well as mortgages applications. This will support growth in 2017, when we will see an expansion of total output around 2.5% and occupier markets catching up with capital markets.

Logistics space have been intensively sought during 2016 launching take-up over the 2015 figures. Demand is propelled by local industrial and retail activity that are performing particularly well in Catalonia. A bulky share of the space transacted last year (30%) was done under the shape of built-to suit projects, given the scarcity of modern warehouses fitted to e-commerce as well as fashion distribution. The general trait of the market is of scant supply especially in locations close to both the Port and the city of Barcelona. The impact on rents is direct and prime rents increased by 9% throughout 2016.

In Madrid, 2016 ended with logistics space take-up over the previous year, driven by improving retail sales and private consumption. Logistics providers are targeting high quality warehouses that are progressively less available, due to the preference of the demand and the low level of construction and deliveries of the last 5 years. As a result, there is a number of new schemes to be delivered in 2017 and we detect demand will swiftly absorb that future supply. In this context rents are forecast to grow in the next 12 month.

Economic drivers for industrial and logistics space markets keep their expansion track. Retail sales and industrial production increased in Q1 2017 surely impelling the distribution business sector and its real estate component.

Logistics operators keep active in their search of space in Madrid and Barcelona. Both cities registered in Q1 2017 space take-up levels ahead of the average of the post-crisis period. A few large transactions helped gross absorption to position well in the compared to quarterly data of the last three years. The largest transaction in both capitals represented more than one third of the surface transacted in the quarter: In the case of Barcelona ID logistics, on behalf of the French fashion retailer Kiabi, let 50,000 m<sup>2</sup> and in Madrid, the logistics provider XPO took some 48,000 m<sup>2</sup>. The second largest transaction in both cases was of 15,000 m<sup>2</sup>, in line with the average deal size of those markets. With a regular pace on the demand side, supply is gently reacting. Logistics schemes under construction in Spain will bring in 2017 and 2018 a desired wave of quality space. With vacancy rates in Madrid and Barcelona close to the equilibrium (7%) rental increases are forecast. In this sense, prime rents are to increase some 5% and 8% in Madrid and Barcelona, respectively, in the next three quarters.

*(Source: Cushman & Wakefield).*

#### **4.3.3 The logistics property markets in the mid-European countries**

The property markets in which the Group invests or intends to invest, have experienced a significant increase of investment activity over the last decade. A climate of falling interest rates, strong economic growth and increasing exchange rate stability have also fed through the logistic market segment in the region. In general, however this market segment to date has proven to be less responsive to the changing economic environment both in terms of generation of supply as the quality of the assets, thus attracting developers and investors. The liquidity of the logistics market segment is gradually catching up with the other real estate market segments that gained interest of (international) investors and developers much earlier.

#### **4.3.4 The logistics property market in the Czech Republic**

The performance of the Czech industrial market ended 2016 on a positive note with stable rents and further improvement in prime yields across all segments. Strong GDP growth for 2017 is forecast and this continued positive performance in the economy will attract new players to the market.

The Industrial market in the Czech Republic is characterized by low vacancy rates, which influence rental levels and incentive packages offered to tenants. Pre-lease agreements remain popular due to the lack of available space. Speculative construction is slowly increasing and in Q4 2016 the share of speculative construction represented approx. 40% of newly completed projects. The e-commerce and distribution sectors were the key drivers of take-up in 2016 and should remain strong in 2017. Prague, Plzen and Brno remain the main hubs. Cities located on the borders of Germany are seeing interest as well.

By the end of 2016 total Industrial Stock in the Czech Republic was more than 6 million m<sup>2</sup> with new supply of almost 500,000 m<sup>2</sup> being delivered during the year. Currently there is approx. 482,000 m<sup>2</sup> of new industrial space under construction.

Annual industrial investment volume in the Czech Republic totalled almost EUR 850 million making 2016 a record year for the sector. The most significant deal was concluded in Q4 with the acquisition of P3 by the GIC investment fund. Demand from both local and foreign investors is expected to remain strong in 2017, however there are very few opportunities in the sector at present. This situation will change in the coming years with new supply set to increase in response to demand.

The industrial sector saw Q1 2017 rental increases across all regions of the country with further rises expected in the coming quarters. Prime industrial yields also strengthened but are now expected to stabilize. The positive economic situation in the Czech Republic has contributed significantly to development in the sector.

Vacancy rates in the Czech Industrial market remain low which is putting positive pressure on rents. Market conditions favour Landlords especially those with assets in prime locations. Rental growth is expected to continue during 2017. The most popular locations are Prague, Brno and Plzen, as well as cities located close to major borders. Proximity to transport hubs is still the dominant factor in terms of industrial demand. New supply for 2017 is expected to be focused on meeting current demand with no surplus expected. Due to the limited space available to lease at present, pre-leases will comprise the major share of the industrial pipeline.

Prime yields in Prague stand at 6.00% showing an improvement on the previous quarter. The largest transaction in Q1 2017 was the purchase of Karlovarská Business Park in Prague.

*(Source: Cushman & Wakefield).*

#### **4.3.5 The logistics property market in Slovakia**

Despite some concerns surrounding Brexit, high demand is still observed across most industrial sectors including logistics. The new Jaguar Land Rover (JLR) plant in Nitra represents the most significant development in the market, construction having formally commenced at the end of Q3. Rents and yields remained stable throughout 2016, but with more good quality investment product expected to come to the market in 2017, some yield compression in the sector is anticipated. The stable economic performance in Slovakia continues to underpin healthy industrial activity.

The main driver of the industrial market remains the flourishing automotive sector but additionally a growing retail segment. The Bratislava region as usual shows higher activity, but demand in the regions is also strong and is beginning to outstrip supply in some locations. Pre-lets continue to be popular and the majority of properties in the pipeline are already committed to future occupiers. JLR continues to have a significant influence on the market. The Nitra region

in particular is expected to develop over the course of 2017, with surrounding regions also likely to see a rise in demand for both land and developed premises.

Due to a lack of available product there have been no investment transactions in the industrial market since Q2 2016. However, there is an expectation that prime investment opportunities will come to the market in 2017, and that future transactions are likely to demonstrate yield compression in the sector.

Demand from occupiers is strong with new supply being quickly absorbed by the market. Most ongoing developments are already subject to pre-leases. Investment activity, which has been limited by a lack of product in 2016, is likely to strengthen during 2017.

The Slovak economy continues its positive trajectory. GDP increased throughout 2016 and is now one of the strongest in the Eurozone. Full year 2016 GDP growth was 3.3%. Prime industrial rents were stable over the quarter whilst prime yields sharpened and now stand at 7.5%.

Demand is strong. Occupiers continue to search for new opportunities with the preference to be linked to the D1 and R1 highways. In addition to new market entrants, there is a general trend of growth within existing premises. Most occupiers are focused on the expanding automotive sector or on e-commerce. Increased consumer spending has boosted the retail sector which in turn is stimulating demand from more distribution spaces in new and existing facilities.

There is strong activity in the Slovak market in line with the general development in the CEE region as a whole. In Q1 2017 the sale of Lozorno Park was closed with a transaction volume of some EUR 74 million. There are a number of ongoing deals which are showing the market has demand from both domestic and international investors. Further yield compression is expected.

*(Source: Cushman & Wakefield).*

#### **4.3.6 The logistics property market in Hungary**

The Hungarian industrial market witnessed high levels of activity over the fourth quarter. In spite of the moderate GDP growth seen in 2016, industrial production retained its stable expansion and business sentiment remained strong. Indeed, demand for industrial space intensified in the last quarter, pushing the vacancy rate further down to the lowest level ever registered in Budapest. Rents were unchanged, while yields hardened 25 bps in the three months to December.

Occupier demand remained robust with over 133,400 m<sup>2</sup> of signed leases registered in the last quarter. This represents a growth of 58% q-o-q and 64% y-o-y. The underlying lack of imminent relocation options has seen pre-leases feature prominently with a share of 33%, and renewals accounted for 39% of the total occupational activity. The 2016 yearly take-up reached 428,000 m<sup>2</sup>, the highest level ever recorded, representing a growth of 21% on 2015. Three schemes which were mostly pre-leased prior to completion were delivered over the last quarter, extending to 32,000 m<sup>2</sup>. Supply therefore, cannot accommodate the requirements of new entrants and expansions. The lack of available warehouse space around Budapest and the current strong demand trends are strengthening landlords' negotiating positions. This resulted in moderate growth of headline rents and further reductions in incentives over the course of 2016.

The industrial investment market recorded healthy activity levels in Q4, supported by Prologis's acquisition of M0 Central and Norges Bank's cross border portfolio acquisition of a 50% interest

in Prologis's portfolio. Yields hardened 25 bps over the quarter, standing at 8.00% for prime assets in the capital city. Further hardening is expected due to increased competition for the best assets.

The Hungarian industrial market continued to enjoy healthy activity levels over the first quarter of 2017. GDP growth, which is expected to accelerate in 2017, together with continued monetary easing, will strengthen positive business sentiment. Labour shortages, however are putting pressure on the Budapest market in particular.

As in previous quarters, the automotive sector, along with occupiers from the logistics and the dynamically expanding ecommerce segments, are the main drivers of demand. Two schemes totalling in excess of 40,300 m<sup>2</sup> of new industrial space were handed over during Q1. Due to the high share of pre-leased space in these units and build-to-suit remaining more or less the only viable way of entering the market, supply still cannot match the requirements of new entrants and expansions. Low vacancy rates and increasing construction costs have started increasing upwards pressure on rents; however, rental levels remained stable in this quarter.

The industrial investment market recorded healthy activity levels in Q1, supported by the acquisition of Dél Pesti Üzleti Park by Diófa and M7's acquisition of Aerozone. Whilst yields remained stable over the quarter, yield hardening is expected as 2017 progresses due to increased competition for the best assets, which are scarce. This may force investors to divert their attention to stable countryside projects.

There is around 80,000 m<sup>2</sup> of new space scheduled to enter the market by the end of this year, which should bring some temporary relief to the occupier market.

*(Source: Cushman & Wakefield).*

#### **4.3.7 The logistics property market in Romania**

In the final quarter of 2016 the industrial & logistics market in Romania maintained the same positive trend. Demand continued to be strong, being higher by 40% q-o-q. Given the increase in retail sales – 10.5%, demand generated by companies active in the Retail, E-commerce and Logistics & Distribution sectors had a major contribution to the leasing market. The rental levels have remained stable, prime headline rents being around 4.25 EUR/m<sup>2</sup>/month.

In Q4 2016, approximately 150,000 m<sup>2</sup> were transacted, with 36% more compared with the same period last year. Net take-up equals gross take-up, given that no renewals or renegotiations deals were recorded. In Bucharest demand for industrial and logistics spaces was of 100,000 m<sup>2</sup>, representing 65% from the take-up recorded in Q4 2016 throughout Romania. The rest of almost 50,000 m<sup>2</sup> were leased in regional markets. The most active markets outside Bucharest were Cluj Napoca (16%), Timisoara (14%) and Brasov (5%). The most dynamic occupiers were companies active in Retail and E-commerce, with a share of 34% each, followed by Logistics & Distribution – 17%.

After a six-month period of stagnation, investment in the industrial & logistics market in Romania improved, attracting investors' interest. GIC, the sovereign fund of Singapore, acquired the P3 Logistics Park in Bucharest, a project with a total GLA of 305,000 m<sup>2</sup>. The estimated value of the transaction is 180 million euros. Prime industrial yields remained at 8.80%.

The industrial & logistics market in Romania had a promising start in the first quarter of 2017, new supply being almost three times higher compared with the same period last year. Demand was strong, coming especially from companies active in the Logistics/Distribution and Retail

sectors. The rental level has remained relatively stable, with prime headline rents around EUR4.25/m<sup>2</sup>/month.

In Q1 2017 demand for industrial & logistics spaces reached approx. 150,000 m<sup>2</sup>. The largest deals were performed by Retail and E-commerce occupiers. Since retail sales continued to increase throughout the quarter, demand was generated mainly by Retail/E-commerce and Logistics/Distribution companies, seeking to expand operations. Bucharest attracted a little over 65% from the total take-up recorded in Romania throughout the first quarter of 2017. Outside Bucharest, transactions were closed in regions such as Timisoara, Ploiesti, Cluj Napoca and Roman.

The industrial & logistics segment attracted 44% from the total investment value recorded in Q1. Globalworth Real Estate, an investment company targeting opportunities in the CEE region, announced that it acquired a 68,000 m<sup>2</sup> warehouse facility, fully leased by Dacia, a Romanian car manufacturer. Also, Helios Phoenix acquired 12,000 m<sup>2</sup> of logistics space located in Bucharest. The prime industrial yield stands at 8.75%.

Given the economic growth based on private consumption and investments, industrial market in Romania will continue the same uptrend. Considering the high level of demand that will maintain the same pace, more than 400,000 m<sup>2</sup> of new industrial & logistics spaces are expected to be delivered in the following year. At the end of Q4 2017, the industrial & logistics stock in Romania will be higher by 18%.

*(Source: Cushman & Wakefield).*

#### **4.3.8 The logistics property market in Latvia**

Despite modest completion volumes in 2016, development activity continues with projects under active construction and even more in the planning pipeline. Stable demand for modern and end-user oriented premises has encouraged developers to engage in speculative development even without prelease agreements. During the year, the market saw a gradual shift of professional industrial property rent rates towards a differentiation between Riga and Riga Region. Due to new project commissioning and a series of tenant activities, the market experienced an increase in vacancy, although a shortage of larger premises was observed.

By the end of 2016, total professional leasable industrial space i.e. industrial space includes all modern warehouse, logistic and industrial buildings in Riga and Riga Region, amounted to approx 944,100 m<sup>2</sup>, consisting of 638,200 m<sup>2</sup> of speculative premises and 305,900 m<sup>2</sup> of built-to suit premises. Around 42% of total professional space is located within Riga city limits. The other 58% is located around the Riga Ring Road (near Kekava, Olaine, Marupe, Salaspils and Jelgava). During the year, industrial space was supplemented by 34,000 m<sup>2</sup>, which resulted in commissioning of Class A and Class B speculative buildings and one Class A built-to-suit building in Riga. By the end of 2016, the construction pipeline was filled with GLA 59,700 m<sup>2</sup> of speculative Class A properties, with VGP 1<sup>st</sup> (GLA 20,000 m<sup>2</sup>) being the largest and developed in Riga Region. Additionally, two speculative properties with total GLA 24,000 sqm – Ulmana Gatves Industrialais Parks P5 and Elipse BLC 2<sup>nd</sup> stage – are planned to be delivered in 2017 within Riga International Airport area. By the end of the year, 140,000 m<sup>2</sup> of GLA of industrial premises were under planning, with a high probability of being transferred to the active construction stage in 2017. Developers are ready to initiate construction works without prelease agreements, moreover offering individual solutions adjusting premises for specific tenant needs.

2016 was marked by active demand for industrial premises, which resulted in total take up of 61,100 m<sup>2</sup>, with the typical average leased area of 1,500 – 2,000 m<sup>2</sup>. During 2016, tenants seeking individual solutions were moving to new properties, while tenants with expiring rent agreements were looking for relocation at the same price to new properties or staying in their current location at a lower price. The market saw a number of relocations, with the aim of business consolidation and optimization in a single location, among which were DSV consolidating their property in Riga and MMD Serviss centralizing their activities in contrast to previous occupation of three different locations. On the other hand, L'Oréal closed their distribution centre in Riga Region with the aim of continuing operations from Polish hubs. In line with general e-commerce market development the Latvian industrial real estate market has seen increasing activity from parcel delivery/distribution companies seeking professional premises matching their specific requirements. In general, companies that service enterprises located in Riga prefer industrial space in Riga city itself. At the same time, companies that focus on the logistics and distribution business, as well as companies with limited rental budgets, are looking for premises in Riga Region preferably near the Riga ring road.

New properties offer tailor made solutions for market rent rates, which means that older warehouse rent rates might decrease. In the second half of 2017 vacancy is expected to increase on rent rates for existing warehouses. Since the beginning of 2016 the market has seen a gradual shift towards a differentiation between Riga and Riga Region professional industrial property rent rates. Nevertheless, Riga and Riga Region properties share relatively similar lower rent rate bounds, while the upper bounds of Riga properties are clearly higher. By the end of 2016, the total vacancy rate of industrial space increased to 6%, compared to 4.1% at the end of 2015, which was due to a series of activities by several companies. Despite the high vacancy rate, Riga still experienced a shortage of premises within the 1,000 – 2,000 sm<sup>2</sup> range.

During 2017, total professional leasable industrial space is anticipated to be supplemented by an additional 59,700 m<sup>2</sup> and start of construction work on even more projects is expected in the coming year. Logistic and distribution companies are expected to remain the main demand drivers.

*(Source: Colliers)*

#### **4.3.9 The logistics property market in Estonia**

The warehouse and industrial property market continued to remain active in 2016 in terms of new developments and buoyant demand for modern quality space. By the beginning of 2017, estimated total stock of modern industrial facilities amounts to approx. 1,265,100 m<sup>2</sup>. New supply delivered to the market reached 162,220 m<sup>2</sup> in 2016, almost approaching the record established in 2007. Speculative development in Tallinn and its suburbs also remained active in 2016, largely driven by Stock Office projects. In 2016, demand was highest among businesses from the production and manufacturing sectors, followed by wholesale and retail companies, while logistics companies remained less active in the leasing market compared with 2015. In 2016, rent rates largely remained at the 2015 level, although some downward pressure on rent rates intensified. Development of several large-scale projects during 2014-2016 has resulted in consolidation of different units in one location, vacating some previously occupied premises, thus pushing vacancy rates up.

In 2016, demand was highest among businesses from the production and manufacturing sectors with a share in total take-up volume of almost 40%, followed by wholesale and retail companies

with around 30%. Development of numerous Stock Office projects in Tallinn and Harju County resulted in a significant share of retailers in total take-up. Roughly two-thirds of total speculative take-up volume in 2016 was taken up in the areas surrounding Tallinn. More than half of this activity was focused on the area to the west of Tallinn (Joelähtme municipality – Nehatu area), with more than one third registered in Rae municipality area. Overall, despite the large number of new development projects, demand for industrial and logistics facilities remained buoyant in 2016, seeking constant demand for both, built-to-suit and speculative facilities. In 2016, tenants were particularly interested in space encompassing up to 1,000 sqm. This segment accounts for around 60% of total number of leases signed in 2016, up from 45% in 2015.

In 2016, rent rates largely remained at the 2015 level, although some downward pressure on rent rates intensified due to growing competition within the sector. As in previous years, tenants were particularly interested in contemporary space going for between 4.0 – 5.0 EUR/m<sup>2</sup>/month, with this segment generating a market share of almost 50% in 2016. Space in the price segment of over 5.0 EUR/m<sup>2</sup>/month continued to increase its share, driven mostly by absorption of Stock Office space (new build Stock Office projects within the city are even going for 7.5 EUR/m<sup>2</sup>/month). At the same time, this is an indication that many tenants are still ready to pay higher prices for commercial and logistics space despite the tension in the market (high supply). By the beginning of 2017, rental levels for new premises stand at around 4.0 – 4.5 EUR/m<sup>2</sup>/month, while somewhat older contemporary warehouse and logistics premises (ca 10 – 15 years) in good locations could be rented out with a lease price of around 3.5 – 4.0 EUR/m<sup>2</sup>/month. During the four-year period since the beginning of 2012, the vacancy rate has continued to decline and stood still below the 6% level until the first half of 2016. Development of several large-scale development projects during 2014-2016 (e.g. the Logistika Pluss, Via3L, Smarten, Maxima, Sanitex and Coop logistics centres), have resulted in consolidation of different units in one location, vacating some previously occupied premises, thus pushing vacancy rates up to the 7% level by the end of 2016.

With around 1.27 million m<sup>2</sup> of modern logistics and industrial space currently in stock, at least 100,080 m<sup>2</sup> of new-build space is expected during 2017-57% of it on a built-to suit basis and 43% on a speculative basis. Companies from manufacturing sectors are expected to remain among the most active in seeking and leasing industrial/warehouse premises in the coming years. The retail trade oriented distribution sector is expected to become modest in the warehouse leasing market.

*(Source: Colliers)*

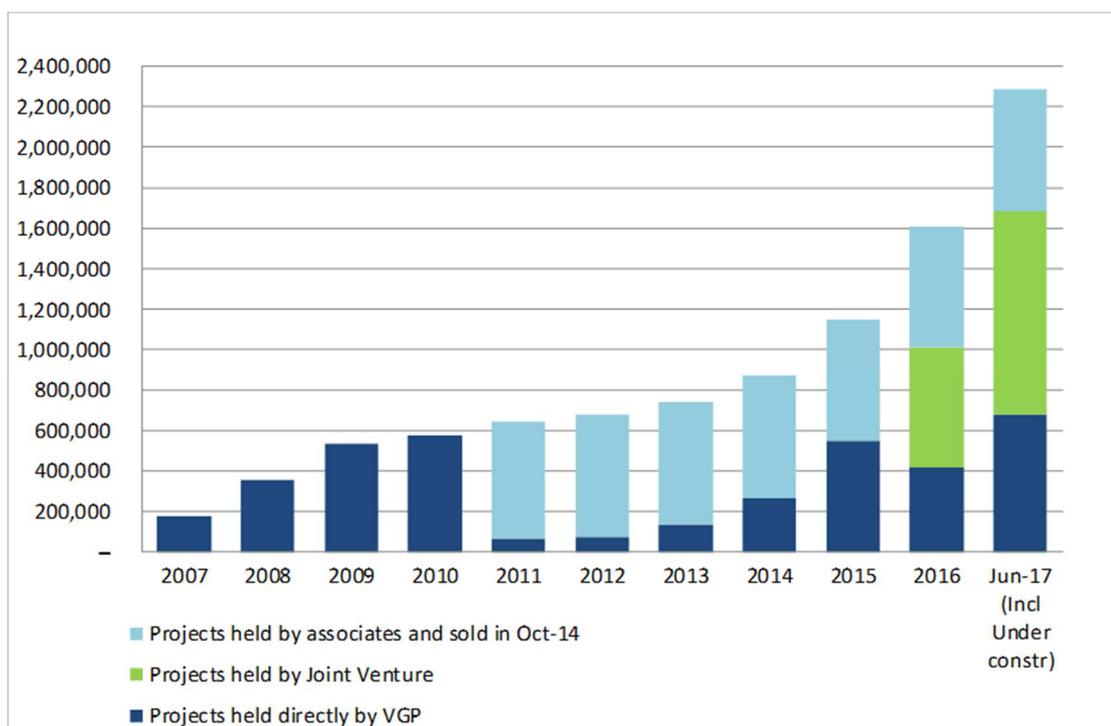
#### 4.4 Brief History of VGP

Period	Description
1998	<ul style="list-style-type: none"> <li>Start-up of the Group.</li> <li>Start of the coordination and construction of commercial and logistic buildings on behalf of third parties.</li> </ul>
2002	<ul style="list-style-type: none"> <li>Start of the development of a proprietary portfolio with first developments Blue Park, Green Park and Green Tower.</li> </ul>
2005-2006	<ul style="list-style-type: none"> <li>Acquisition of a large plot of land in Prague (Horní Počernice - 73ha).</li> </ul>
2006	<ul style="list-style-type: none"> <li>Start of the construction of VGP Park Horní Počernice.</li> </ul>

	<ul style="list-style-type: none"> <li>Regional expansion in the Czech Republic with the acquisition of several other strategic plots of land in Olomouc, Nýřany, Lovosice, Hradec Králové, Liberec and Turnov.</li> <li>EUR 3 million of committed leases signed.</li> </ul>
2007	<ul style="list-style-type: none"> <li>Expansion throughout the mid-European region with the acquisition of plots of land in Latvia (Riga), Slovakia (Bratislava) and Hungary (Győr).</li> <li>Initial Public Offering.</li> <li>Listing on Euronext Brussels and Main Market in Prague (Czech Republic).</li> <li>EUR 15 million of committed leases signed.</li> </ul>
2009	<ul style="list-style-type: none"> <li>First realisations outside the Czech Republic with construction works started in Slovakia, Hungary and Estonia.</li> <li>EUR 29 million of committed leases signed.</li> </ul>
2011	<ul style="list-style-type: none"> <li>VGP steps into a 20:80 joint venture (Snow Crystal S.à.r.l.) with EPISO fund (AEW) on its VGP CZ I portfolio.</li> <li>VGP steps into a 20:80 joint venture (SUN S.à.r.l.) with CCP III fund (Tristan Capital Partners) on its VGP CZ II portfolio.</li> <li>EUR 40 million of committed leases signed.</li> </ul>
2012	<ul style="list-style-type: none"> <li>VGP steps into a 20:80 joint venture with EPISO fund (AEW) on its VGP CZ IV portfolio.</li> <li>VGP sells the Estonian assets of VGP Estonia to East Capital Baltic Property Fund II (East Capital).</li> <li>EUR 5.0 million of committed leases signed.</li> </ul>
2012-2013	<ul style="list-style-type: none"> <li>Expansion of land bank in the Czech Republic and securing substantial land positions in Germany.</li> </ul>
2013	<ul style="list-style-type: none"> <li>First lease contract and development in Germany and acquisition of &gt;500,000 m<sup>2</sup> land plot in Hamburg (Germany).</li> <li>Issuance by VGP NV of bonds with a 4 year maturity, listed on the regulated market of Euronext Brussels, for a total nominal amount of EUR 75 million.</li> <li>Issuance by VGP NV of bonds with a 5 year maturity, listed on the regulated market of Euronext Brussels, for a total nominal amount of EUR 75 million.</li> <li>Decrease of VGP NV's capital in an amount equal to EUR 7,619,050.50, without cancelling any shares, as a result of which the Issuer's registered capital is equal to EUR 112,736,509.</li> <li>EUR 10.4 million of committed leases signed.</li> </ul>
2014	<ul style="list-style-type: none"> <li>Sale of the remaining 20% interest in the VGP CZ I, VGP CZ II and VGP CZ IV portfolios, termination of the joint venture with AEW and Tristan.</li> <li>EUR 22.6 million of committed leases signed.</li> </ul>
2015	<ul style="list-style-type: none"> <li>Establishment of presence in Spanish market and securing of the first plot in Madrid (San Fernando)( Spain)</li> <li>VGP becomes one of top tier developers in Germany</li> <li>EUR 38.0 million of committed leases signed.</li> </ul>

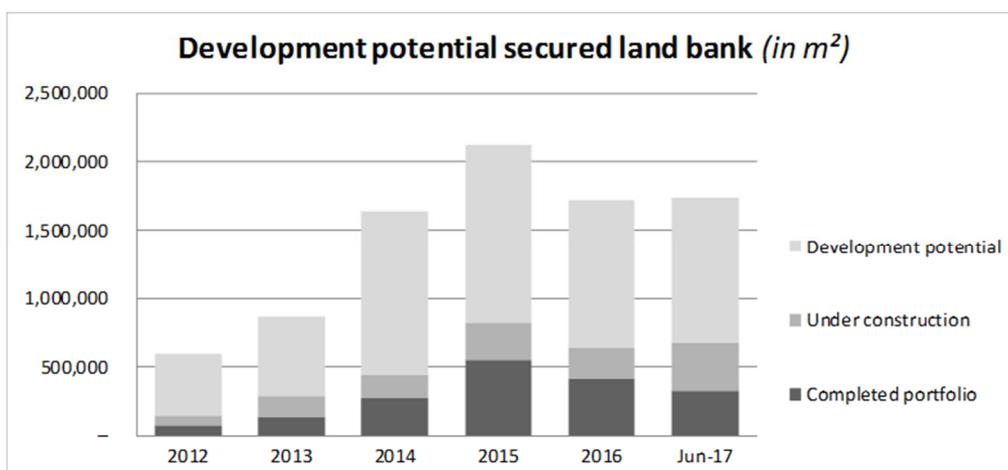
2016	<ul style="list-style-type: none"> <li>• Entry into a joint venture with Allianz and completion of the acquisition of the initial Seed Portfolio (consisting of 15 VGP Parks) for a transaction value &gt; EUR 500 million.</li> <li>• Acquisition of a landmark logistics property in Barcelona (Spain) from Mango group.</li> <li>• Issuance by VGP NV of bonds with a 7 year maturity, listed on the regulated market of Euronext Brussels, for a total nominal amount of EUR 225 million.</li> <li>• EUR 64.3 million of committed leases signed at the end of December 2016, of which EUR 38.6 million held by the Joint Venture.</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Issuance by VGP NV of bonds with an 8 year maturity, to institutional investors (private placement), for a total nominal amount of EUR 80 million.</li> <li>• Approval in May 2017 to decrease of VGP NV's capital in an amount equal to EUR 20,069,694.00, without cancelling any shares, as a result of which the Issuer's registered capital is equal to EUR 92,666,815.00.</li> <li>• EUR 76.7 million of committed leases signed at the beginning of June 2017, of which EUR 50.9 million held by the Joint Venture.</li> </ul>

**Total developed lettable area by the Group since 2007:**

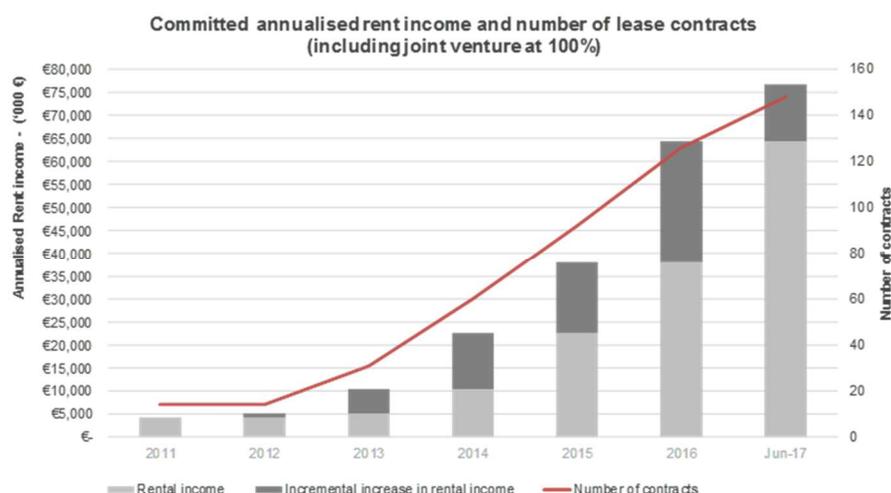


**Note:** The chart shows the total lettable area developed by the Group since 2007. While some of such areas have been sold in 2014 (and previously transferred to the Snow Crystal S.à r.l., SUN S.à r.l. or the Associate) and the Group does not retain any ownership to such areas, the Issuer considers that the chart shows a true picture of the actual development activity of the Group over the relevant period. For the avoidance of doubt, the areas shown in light blue colour are, as of the date of this Prospectus, no longer owned in any way by the Group. Similarly, the areas shown in green colour are owned by the Joint Venture and thus indirectly for 50% by the Group.

## Total development potential own secured land bank



## Evolution of committed leases (own portfolio and Joint Venture)



## 5 Strategy

### 5.1 General

VGP's strategy focuses on development and a pro-active approach in respect of potential disposal of the Group's income generating assets once such assets have reached a mature stage. This strategy has resulted in the disposal of a number of income generating assets over the past few years. This strategy was further streamlined and resulted in the entering of the Joint Venture during the first quarter of 2016. This Joint Venture confirms the long-term strategy of the Group to realise capital gains and will over time have a significant impact on the fee income generating capabilities of the Group as VGP will benefit from fee income generated from asset management-, property management- and development management services.

The Group's investment strategy is based on the following principles:

- strategically located plots of land;
- focus on business parks to realise economies of scale;

- high quality standardised logistic real estate;
- in-house competences enabling a fully integrated business model.

VGP focuses primarily on development activities and asset- and property management activities.

## 5.2 Development activities

Greenfield developments are the core activity of the VGP Group. Developments are undertaken primarily for the Group's own account and to a lesser extent for the Joint Venture.

The Group pursues a growth strategy in terms of development of a strategic land bank which is suitable for the development of turnkey and ready-to-be-let logistic projects. The plots are zoned for logistic activities. The management of VGP is convinced that the top location of the land and the high-quality standards of its real estate projects contribute to the long term value of its portfolio.

The Group concentrates on the sector of logistic and light-industrial accommodation projects situated in Germany, the mid-European region and Spain.

The Group aims to expand into other European markets in the near future.

High quality projects are always developed on the basis of VGP's building standards, with adaptations to meet specific requirements of future tenants but always ensuring multiple purpose use and easy future ability to lease again. In their initial phase of development, some projects are being developed at the Group's own risk (i.e., without being pre-let). The development pipeline which was transferred to the Joint Venture as part of the Seed portfolio in May 2016 or which would be transferred as part of any future acquisition transaction between the Joint Venture and VGP is also 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.

Given the strong demands for lettable area recorded in most of VGP's parks, the advance stages of negotiations with potential tenants in these parks as well as to allow VGP to offer lettable area without long lead times, a number of projects have currently been started up on an own risk basis. Delaying the start-up of these buildings would have put the Group at a competitive disadvantage as it would have no immediate available or on a short notice available lettable area to offer to potential tenants. At the end of April 2017 there are 24 buildings under construction representing 463,258 m<sup>2</sup> of lettable area. The new buildings under construction on which 87%<sup>1</sup> pre-leases have already been signed, represent to an estimated annualised rent income of EUR 13.0 million.

The constructions, which respond to the latest modern quality standards, are leased under long term lease agreements to tenants which are active in the logistic sector, including storing but also assembling, re-conditioning, final treatment of the goods before they go to the industrial clients or the retailers. The land positions are located in the vicinity of highly concentrated living and/or production centres, with an optimal access to transport infrastructure and workforce.

The Group relies on the in-house competences of its team to execute its fully integrated business model, consisting of: the identification and acquisition of the land and development of the infrastructure, the design of the buildings, the coordination of architectural and engineering aspects, the administration to obtain the necessary permits, the tendering and coordination of the construction works including site management, and upon completion the asset- and property management of the real estate portfolio.

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<sup>1</sup> Calculated based on the contracted rent and estimated market rent for the vacant space.

The Group's team often operates as a building company, enters into contracts with sub-contractors and monitors the follow up and coordination of the building activities itself.

### **5.3 Asset and property management services**

Property management services are exclusively provided to the Group's own portfolio and the Joint Venture whereby the respective Group property management company is responsible for managing the proper and undisturbed operation of the buildings. In addition, the property manager will on behalf of the Group or the Joint Venture identify, supervise and manage the relationship with third party suppliers.

As part of its offered services the VGP property management companies will also perform Project Management services. These services cover the performance of capital improvements and any other construction works as may be requested by the owner of the buildings. This scope covers the full range of Project Management services (supervision and coordination of the contractors for design, advising on obtaining permits, advising on the works and any tenders relating thereto).

As part of the property management services VGP will also provide leasing services. The commercial department is responsible for all aspects of the performance and enforcement of the leases and the lease agreements, also on behalf of the Joint Venture companies, as well as for day-to-day co-operation with the tenants.

The asset management function was created during 2016 as part of the services rendered to the newly established Joint Venture and entails giving advice and recommendations to the Joint Venture companies on the Joint Venture's assets management and strategy. Further advice and recommendations will be given by the asset manager in respect of appropriate tenant mix, execution of leasing strategy that aligns cash flows with portfolio needs, and manage both capital and operating expenses.

### **5.4 Facility Management services**

Facility management services are carried out in the in the Czech Republic by SUTA s.r.o. (**SUTA**) and are focussed on managing the proper and undisturbed operation of the buildings and performing all actions such as maintenance services, waste management services, maintenance greenery etc that may be necessary in this respect.

During 2016 VGP undertook a strategic repositioning of the SUTA facility management within the VGP Group. In the past SUTA provided facility management services to a broad range of third party customers. In view of the strong growth of the own and the Joint Venture portfolio it was decided during the year to scale down all services provided to third parties and to concentrate solely on the Group's and the Joint Venture's portfolio going forward.

In other countries where no specific facility management team will be in place, the Group will use third party facility management services companies to perform these activities.

## **6 Funding Sources**

The main source of funding comes from the issuance of bonds. Previously, the Group has used considerable amount of bank financing for the development of its projects. However, with the entering of the Joint Venture with Allianz and the completion of the first two closings with the Joint Venture during 2016, VGP has been able to substantially deleverage the Group.

On 12 July 2013 the Issuer issued the 2017 Bond. The net proceeds of the 2017 Bond were used in Germany to settle the acquisition of development land in Hamburg and Frankfurt, the financing of the development pipeline in Germany and finally to acquire a new 25,000 m<sup>2</sup> building in Hamburg. In the other countries, the net proceeds of the 2017 Bond were used to settle the acquisition of additional development land and for the financing of the development pipeline in Czech Republic, Estonia, and Romania.

On 6 December 2013, the Issuer issued the 2018 Bond. The net proceeds of the 2018 Bond were used to acquire further development land in Germany and to finance the development of further projects on such acquired land.

On 21 September 2016, the Issuer issued the 2023 Bond. The net proceeds of the 2023 Bond were used to acquire a logistics building in Barcelona, as well as development land in Spain and to further finance the development of new projects on development land.

On 30 March 2017, the Issuer issued the 2025 Bond. The net proceeds of the 2025 Bond are currently used for the expansion of the Group's land bank and in order to finance its development pipeline.

The net proceeds of the current Bonds are intended to be used for the repayment of all outstanding debt of VGP under the 2017 Bond.

The Issuer's source of recurrent income comes from the operating activities of its Subsidiaries and interest income and asset/property/development management fee income from its Joint Venture. In addition, the Issuer will benefit from the realisation of the development profits at the moment of the sale of the income generating assets to the Joint Venture and benefit on an ad hoc basis from the sale of income generating assets or business parks which are put into the market once they reach a certain maturity, i.e. a level of income generation.

As at 31 December 2016 the Gearing Ratio stood at 39.4% (compared to 35.7% as at 31 December 2015 on a net debt basis (measured as total bank, bond and shareholder debt less cash and cash equivalents). Following the third closing at the end of May 2017 the net debt / shareholder's equity and total liabilities Gearing Ratio of the Group as per 1 June 2017 stood at 34.5% and this Gearing Ratio would increase to 43.5%, once all the proceeds of the Bonds are invested, i.e. after repayment of all outstanding debt under the 2017 Bond, and all current cash balances having been applied towards the financing of the development pipeline. Please also see the table in section 1.2.1 (*evolution of debt ratio of the Group*) in Part II (*Risk Factors*) for more details on how this Gearing Ratio is calculated.

## **6.1 Issuer's Funding Sources**

Besides the issuance of the Bonds (cf. supra), the Issuer has no available committed bank credit facilities nor does it currently intend to arrange bank credit facilities in the future. Occasionally the Issuer will benefit from shareholder loans. They have always been considered as bridging debt allowing the Group to act as a fast mover on the acquisition of plots of land and are provided at arm's length.

## **6.2 Subsidiaries' Funding Sources**

As at 31 December 2016 the Subsidiaries had committed credit facilities of EUR 39.0 million which were utilised for 91% or EUR 35.5 million. The weighted average of the committed credit facilities was 2.3 years at the 31 December 2016. The detailed terms and conditions can be found in the Annual Report 2016 (page 138).

As at 31 December 2016 the consolidated balance sheet records investment properties (comprising the completed projects, projects under construction and development land) of EUR 550.3 million. Of this,

the Investment properties pledged in favour of the banks were EUR 110.6 million covering a total bank debt at the end of 31 December 2016 of EUR 35.2 million. As a result, the bank debt was 3.1 times covered by the secured assets.

Given the fact the Group adopts as much as possible a standardised approach in respect of financial bank covenants in general a Loan to Value of 65% will apply in respect of borrowings. This effectively means that the Group would only be able to leverage its assets base for a maximum amount corresponding to 65% of the value of the investment properties.

Besides the bank financing the Subsidiaries benefit from intra-group loans provided by the Issuer. These loans are used to finance the development pipeline.

As at 31 December 2016 the Issuer had granted EUR 366.2 million intragroup loans to its subsidiaries (EUR 328.6 million at the end of December 2015).

The intragroup loans are granted by the Issuer to the Group members on an arm's length basis, are unsecured and are on first demand.

Of these loans, as at 31 December 2016, EUR 47.3 million were subordinated intragroup loans, i.e. subordinated to bank financing.

The intragroup loans are usually used to finance the land and the initial stages of the development. Once a building becomes income generating and provided adequate bank financing is in place, the respective intragroup loan will be repaid by the bank financing and the proceeds received by the Issuer will be recycled and re-lent to finance other / new developments.

For more information on these loans, reference is made to Part IX (*Financial Information concerning the Issuer's assets and liabilities, financial position and profit and losses*) and sections 1.2.1 (*Evolution of the debt ratio of the Group*), 1.1.21 (*Availability of adequate credit facilities or shareholder loans*) and 1.2.2 (*Compliance with financial covenants*) of Part II (*Risk Factors*).

### **6.3 Funding Sources of the Joint Venture**

Three major committed secured credit facilities (totalling EUR 549.7 million) have been arranged at the level of the Joint Venture and its respective German, Hungarian and Czech/Slovak portfolios. For more information on these loans, reference is made to section 3.2 (*Relationship with the Associate and the Joint Venture*) of this Part VI, including section 3.2.10 (*Shareholder loans*) of this Part VI.

The Gearing Ratio of the Joint Venture stood at 58.8% as at 31 December 2016 with a Loan to Value Ratio of 64.2%. After the third closing at the end of May 2017 the Gearing Ratio of the Joint Venture stood at 59.6% (calculated on the basis of the pro forma balance sheet as set out under paragraph 3.2.8 of this Part VI).

## **7 Recent Developments, Investments and Trends**

### **7.1 Development pipeline**

#### **Completed projects**

During the first five months of 2017, 7 buildings were completed.

#### *Own Portfolio*

For its own account VGP delivered 4 buildings i.e. In the Czech Republic: 1 building of 14,383 m<sup>2</sup> in VGP Park Tuchomerice. In Germany: 1 building of 23,590 m<sup>2</sup> in VGP Park Hamburg, 1 building of 8,386 m<sup>2</sup> in

VGP Park Schwalbach and 1 building of 24,469 m<sup>2</sup> in VGP Park Leipzig. These four buildings were included in the closing with the Joint Venture in May 2017 following which the current investment property portfolio consists of 11 completed buildings representing 329,224 m<sup>2</sup> of lettable area.

#### *VGP European Logistics portfolio*

For the Joint Venture VGP completed 3 buildings i.e. In the Czech Republic 1 building of 12,226 m<sup>2</sup> in VGP Park BRNO and 2 buildings in Germany totalling of 63,589 m<sup>2</sup> in VGP Park Hamburg.

After the third closing with VGP the investment property portfolio of the Joint Venture currently consists of 44 completed buildings representing 808,904 m<sup>2</sup> of lettable area.

#### **Projects under construction**

At the beginning of June 2017 there were 23 buildings under construction.

#### *Own Portfolio*

For its own account VGP has the following 18 buildings under construction. In the Czech Republic: 4 buildings in VGP Park Olomouc, 3 buildings in VGP Park Jenec, 2 buildings in VGP Park Chomutov and 1 building in VGP Park Usti nad Labem. In Germany: 3 buildings in VGP Park Berlin and 1 building in each of the following German parks: VGP Park Ginsheim and VGP Park Wetzlar. In the other countries: 1 building in VGP Park Nehatu (Estonia) and 1 building VGP Park Kekava (Latvia) and finally the first building in the new VGP Park San Fernando de Henares (Spain).

The new buildings under construction on which 65%<sup>1</sup> pre-leases have already been signed, represent a total future lettable area of 345,985 m<sup>2</sup> which corresponds to an estimated annualised rent income of EUR 13.2 million.

#### *VGP European Logistics portfolio*

On behalf of the Joint Venture VGP is constructing the following 5 buildings: In Germany: 1 building in VGP Park Hamburg and 1 building in VGP Park Frankenthal. In the other countries: 1 building in VGP Park Malacky (Slovakia) and 1 building in VGP Park Győr (Hungary) and 1 building in VGP Park Cesky Ujezd.

The new buildings under construction on which 91%<sup>2</sup> pre-leases have already been signed, represent a total future lettable area of 198,127 m<sup>2</sup>, which corresponds to an estimated annualised rent income of EUR 10.2 million.

#### **Land bank**

#### *Own Portfolio*

During the first months of the year VGP continued to target land plots to support the development pipeline for future growth. VGP acquired 104,069 m<sup>2</sup> development land, all located in Germany.

VGP has currently a land bank in full ownership of 2,689,409 m<sup>2</sup>. This land bank allows VGP to develop besides the current completed projects and projects under construction (675,210 m<sup>2</sup>) a further 737,000 m<sup>2</sup> of lettable area of which 292,000 m<sup>2</sup> in Germany, 148,000 m<sup>2</sup> in the Czech Republic, 246,000 m<sup>2</sup> in Spain and 51,000 m<sup>2</sup> in the other countries.

Besides this VGP is currently looking at or has under option, subject to permits, another 668,000 m<sup>2</sup> of new land plots which are located in Germany, Slovakia and Romania. These land plots have a

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<sup>1</sup> Calculated based on the contracted rent and estimated market rent for the vacant space.

<sup>2</sup> Calculated based on the contracted rent and estimated market rent for the vacant space.

development potential of approx. 320,000 m<sup>2</sup> of new projects. VGP expects to acquire these land plots, subject to permits, during the course of the next 12 months.

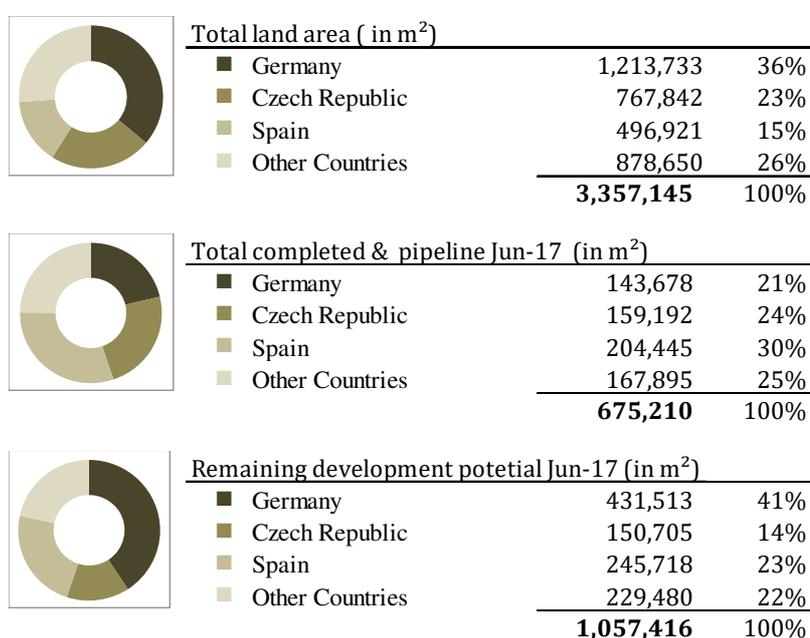
#### VGP European Logistics portfolio

The Joint Venture has currently a land bank of in full ownership of 2,335,858 m<sup>2</sup>. The land bank corresponds to a total development potential of 1,099,222 m<sup>2</sup> of which 1,007,032 m<sup>2</sup> or 92%; has already been developed or is currently being developed.

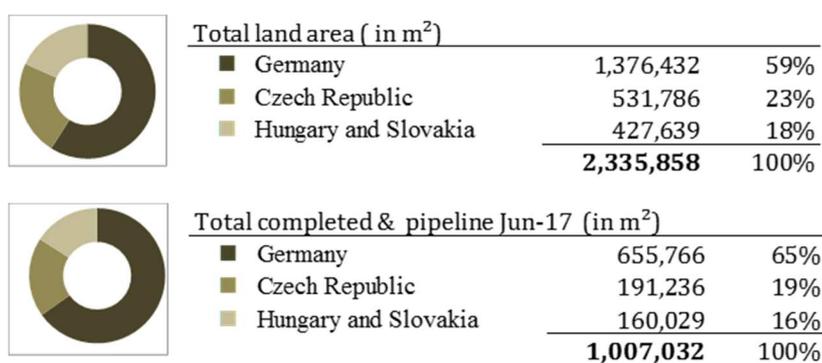
## 7.2 Summary of development potential of own portfolio and JV portfolio

The following chart contains a summary of the development potential of the Group's current secured land bank (including the targeted land and building for acquisition in Barcelona). The assessment of the development potential is based on the development of similar projects.

### Development potential of own portfolio



### Development potential of Joint Venture





Remaining development potential Jun-17 (in m <sup>2</sup> )		
■ Germany	31,488	34%
■ Czech Republic	38,823	42%
■ Hungary and Slovakia	21,880	24%
	<b>92,190</b>	<b>100%</b>

## 8 Material Adverse Effect

There has been no material adverse change in the prospects of the Group since 31 December 2016, except for those circumstances or events elsewhere stated or referred to in this Prospectus.

## 9 No Significant Change in Financial or Trading Position

With the exception of those circumstances or events elsewhere stated or referred to in this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2016.

## 10 Material Contracts

Neither the Issuer nor any other company of the Group has entered into any material contracts outside the ordinary course of its business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation in respect of the Bonds, except for those elsewhere stated or referred to in this Prospectus, such as the agreements governing the relationship with the Joint Venture and/or the majority Shareholders of the Associate as referred to in Section 3.1 (*Organisational Structure*) of this Part VI: *Description of the Issuer*.

## 11 Governmental, Legal and Arbitration Proceedings

The Issuer and its Subsidiaries are currently not aware of nor subject to any claim, legal or governmental and arbitration proceedings, nor have they been subject to any claim, legal or governmental and arbitration proceedings during the last 12 months preceding the Issue Date, which on aggregate, would have had or are likely to have a significant effect on the financial position of the Issuer and its Subsidiaries.

## PART VII: MANAGEMENT AND CORPORATE GOVERNANCE

### 1 Board of Directors

In accordance with article 15 of the articles of association of the Company and paragraph 2 of annex 1 to the VGP Charter, the board of directors of the Company (the **Board of Directors** or the **Board**) is composed of at least three (3) members, who must not be Shareholders. The actual number of directors may vary depending on the needs of the Issuer. At least half of the directors must be non-executive directors and at least three of them must be independent based on the criteria of independence drawn up by the Board of Directors and set forth in paragraph 3 of annex 1 to the VGP Charter.

The directors are appointed for a term of no more than four years by the shareholders' meeting, and may be re-elected.

The Board of Directors must draw up nomination procedures and selection criteria for board members, including specific rules for executive and non-executive directors where appropriate. Based on these nomination procedures and the selection criteria, the Board of Directors recommends one or more candidates for nomination, taken into account the needs of the Issuer.

Any proposal for the appointment of a director by the shareholders' meeting is accompanied by a recommendation from the Board of Directors.

Whenever a legal entity is appointed as a director, it must specifically appoint an individual as its permanent representative, chosen from among its Shareholders, managers, directors or employees, and who will carry out the office of director in the name and on behalf of such legal entity. The legal entity may not revoke its permanent representative without simultaneously appointing a successor. The appointment and termination of the office of the permanent representative are governed by the same disclosure rules as if he/she were exercising the office on his/her own behalf.

The directors may be re-elected for a new term subject to the provisions regarding independent directors. The duties of directors who are not appointed for a new term terminate immediately after the shareholders' meeting which decided on any re-election.

Gender diversity and diversity in general, as well as complementary skills, experience and knowledge must be given due consideration in the composition of the Board of Directors.

Adequacy of size and composition will be regularly assessed by the Board of Directors upon the initiative of the chairman.

The Board of Directors does not intend to appoint a company secretary. By doing so the Company deviates from the recommendation in the provisions 2.9 of the Corporate Governance Code. The small size of the Company and its Board of Directors make such appointment not necessary.

## Current composition

The Issuer's Board of Directors is currently composed of the following 5 members:

Name	Function	Date of first appointment	Executive / Non-executive	Independent	Next due for re-election
Marek Šebest'ák	Chairman	2007	Non-executive	Independent	2019
Jan Van Geet <sup>1</sup>	CEO	2007	Executive and reference shareholder		2021
Bart Van Malderen <sup>2</sup>	Director	2007	Non-executive and reference shareholder		2021
Alexander Saverys	Director	2007	Non-executive	Independent	2019
Jos Thys <sup>3</sup>	Director	2007	Non-executive	Independent	2019

**Marek Šebest'ák** (b. 1954), is founder and former Chairman of BBDO-Czech Republic, one of the leading international advertising and communication agencies.

**Jan Van Geet** (b. 1971), is the founder of VGP. He has overall daily as well as strategic management responsibilities of the Group. He started in the Czech Republic in 1993 and was manager of Ontex in Turnov, a producer of hygienic disposables. Until 2005, he was also managing director of WDP Czech Republic. WDP is a Belgian real estate investment trust.

**Bart Van Malderen** (b. 1966). Mr Bart Van Malderen founded Drylock Technologies in 2012. Drylock Technologies is a new hygienic disposable products manufacturer which introduced the revolutionary fluff-less diaper in 2013. Prior to this Bart Van Malderen held different management positions at Ontex, a leading European manufacturer of hygienic disposable products where he became CEO in 1996 and Chairman of the Board in 2003, a mandate which he occupied until mid-July 2007

**Alexander Saverys** (b. 1978). Mr Alexander Saverys holds a master of laws (University of Leuven and Madrid) and holds an MBA of the Fachhochschule für Wirtschaft Berlin. In 2004 he founded Delphis NV a company offering multimodal transport solutions throughout Europe. He became a director of CMB (Compagnie Maritime Belge SA) in 2006 and was appointed CEO in September 2014.

**Jos Thys** (b. 1962). Mr Jos Thys holds a Master's Degree in Economics from the University of Antwerp (UFSIA). He is counsel to family owned businesses where he advises on strategic and structuring issues. He also acts as a counsel for the implementation of Corporate Governance at corporate and non-profit organisations. Jos previously had a long career in corporate and investing banking with BNP Paribas, Artesia and Dexia.

<sup>1</sup> As permanent representative of Jan Van Geet s.r.o.

<sup>2</sup> As permanent representative of VM Invest NV.

<sup>3</sup> As permanent representative of Rijo Advies BVBA.

## 2 Board's Committees

### 2.1 Audit Committee

The audit committee of the Company (the **Audit Committee**) supervises the integrity of the financial information provided by the Company, and is more in particular responsible for, as set forth in paragraph 2 of annex 3 to the VGP Charter:

- ensuring that financial reporting gives a truthful, honest and clear picture of the situation and prospects of the Company, on both an individual and a consolidated basis, as the case may be;
- checking the accuracy, completeness and consistency of financial information, including the verification of the periodical information before it is announced;
- assessing the relevance and consistency of the Accounting Standards.

The composition of the Audit Committee is determined by paragraph 3 of annex 3 of the VGP Charter. The members of the Audit Committee are appointed by the Board of Directors. They may be dismissed by the Board of Directors at any time.

The Audit Committee consists out of at least three directors. The members of the Audit Committee must be non-executive directors, with a majority of independent directors. At least one of them has accounting and auditing experience.

The members of the Audit Committee have sufficient relevant expertise, especially in accounting, auditing and financial matters, to effectively perform their functions.

The duration of the appointment of a member of the Audit Committee may not exceed the duration of his/her directorship.

#### *Current composition*

Name	Expiration of mandate
Jos Thys <sup>1</sup>	2019
Bart Van Malderen <sup>2</sup>	2021
Marek Šebest'ák	2019

In accordance with paragraph 5 of annex 3 to the VGP Charter, the Audit Committee meets at least twice a year. By doing so the Company deviates from the recommendation in the provisions 5.2/28 of the Corporate Governance Code that requires the Audit Committee to convene at least four times a year. The deviation is justified considering the smaller size of the Company.

Given the size of the Group no internal audit function has currently been created.

The Statutory Auditor has direct and unlimited access to the chairman of the Audit Committee and the chairman of the Board of Directors.

The Chief Executive Officer and the Chief Financial Officer attend all the meetings.

The Audit Committee can, at its discretion, request any of the Company's executives, employees, external legal advisors, or the Statutory Auditor, the CEO or the head of internal audit of the Company

<sup>1</sup> As permanent representative of Rijo Advies BVBA.

<sup>2</sup> As permanent representative of VM Invest NV.

to attend a meeting of the Audit Committee or request such persons to confer with the members or advisors of the Audit Committee.

## 2.2 Remuneration Committee

In accordance with paragraph 2 of annex 2 to the VGP Charter, the remuneration committee of the Company (the **Remuneration Committee**) is responsible for the following tasks with respect to the remuneration:

- drawing up and evaluating proposals to the Board of Directors concerning the remuneration policy to be pursued for directors, members of the management committee, other leaders (*andere leiders / autres dirigeants*) and the executive managers and, where appropriate, on the resulting proposals to be submitted by the Board to the general shareholders' meeting;
- drawing up and evaluating proposals to the Board regarding the individual remuneration of directors, members of the management committee, other leaders (*andere leiders / autres dirigeants*) and the executive managers, including variable remuneration and long-term incentives, whether or not stock-related, in the form of stock options or other financial instruments, and regarding the arrangements on early termination, and where applicable, on the resulting proposals to be submitted by the Board to the general shareholders' meeting;
- drawing up and submitting of a remuneration report to the Board of Directors, to be included in the corporate governance statement of the annual report;
- explaining the remuneration report at the general shareholders' meeting;
- giving a motivated advice to the Board of Directors, every time when a severance payment up to 18 months is proposed in an agreement with an executive director, a member of the management committee, another leader (*andere leider / autre dirigeant*) or an executive manager.

The Remuneration Committee comprises at least three directors, in accordance with paragraph 3 of annex 2 to the VGP Charter. All members of the Remuneration Committee must be non-executive directors, a majority of whom are independent.

The members of the Remuneration Committee are appointed and may be dismissed at any time by the Board of Directors. The duration of the appointment of a member of the Remuneration Committee must not exceed the duration of his/her directorship.

The CEO and CFO participate in the meetings when the remuneration plan proposed by the CEO for members of the management team is discussed, but not when their own remunerations are being decided.

In fulfilling its responsibilities, the Remuneration Committee has access to all resources that it deems appropriate, including external advice or benchmarking as appropriate.

### *Current composition*

<b>Name</b>	<b>Expiration of mandate</b>
Bart Van Malderen <sup>1</sup> <i>Chairman</i>	2021
Alexander Saverys	2019

<sup>1</sup> As permanent representative of VM Invest NV.

## 2.3 Nomination Committee

The Company has not set up a nomination committee. By doing so the Company deviates from the recommendation in the provisions 5.3 of the Corporate Governance Code. The deviation is justified considering the smaller size of the Company.

## 2.4 Executive Management

### *Management Committee*

Since no management committee in the meaning of article 524bis et seq of the Belgian Company Code has been established, the Company has not included specific terms of reference of the executive management. The tasks, responsibilities and powers of the CEO and the executive management are set out in the terms of reference of the Board of Directors, as set forth in paragraph 19 of annex 1 to the VGP Charter. By doing so, the Company as a smaller listed company deviates from the recommendation in provision 6.1 of the Corporate Governance Code.

### *Executive Management*

The executive management is composed of the following members:

- Jan Van Geet<sup>2</sup> - Chief Executive Officer;
- Jan Procházka - Chief Operating Officer;
- Dirk Stoop<sup>3</sup> - Chief Financial Officer;
- Tomas Van Geet<sup>4</sup> Chief Commercial Officer; and
- Jan Papoušek<sup>5</sup> Chief Operating Officer – outside CZ;

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

**Mr Jan Procházka** (b. 1964), is civil engineer and architect and joined VGP's team in 2002. He takes responsibility for technical concepts and contract execution. Prior to this position, Jan was the managing director of Dvořák, a civil contracting company, at his time one of the major players in the Czech market. Well known projects realised under his management are the airport terminal Sever 1 in Prague, the cargo terminal, as well as the headquarters of Česká Spořitelna.

**Mr Dirk Stoop** (b. 1961), joined VGP in 2007. He is responsible for all finance matters, i.e. financial planning, control, forecasting, treasury, tax and insurance for all the countries where VGP is / will be active, as well as investor relations. Dirk worked at Ontex for 5 years as Group Treasurer where he was also responsible for tax and insurance matters. Prior to this he worked at Chep Europe based in London as Treasurer Europe, South America & Asia. Dirk Stoop holds a Masters Degree in Financial and Commercial Sciences from VLEKHO (HUB) in Belgium.

**Mr. Tomas Van Geet** (b. 1976) joined VGP in 2005. He takes responsibility for all commercial strategic matters and commercial co-ordination of VGP's key accounts. Prior to joining VGP, Tomas held several

<sup>1</sup> As permanent representative of Rijo Advies BVBA.

<sup>2</sup> As permanent representative of Jan Van Geet s.r.o.

<sup>3</sup> As permanent representative of Dirk Stoop BVBA.

<sup>4</sup> As permanent representative of Thomas Van Geet s.r.o.

<sup>5</sup> As permanent representative of Jan Papoušek s.r.o.

positions in the planning and logistics departments of Domo in Germany, Spain, Czech Republic and South Africa, Associated Weavers and Ontex.

**Mr Jan Papoušek** (b. 1974) is a civil engineer and joined VGP's team in 2007. He takes responsibility for technical concepts and contract execution for all projects outside the Czech Republic. Jan formerly worked for Gardiner and Theobald, a UK based well known cost controlling company with international activities, where he occupied the function of cost and project manager.

### **3 Evaluation of the Board of Directors and its Committees**

In accordance with its rules of procedure as set forth in paragraph 6 of annex 1 to the VGP Charter, the Board of Directors assesses its performance every three years as well as to the operation of the Audit Committee and the Remuneration Committee.

The Board of Directors and its committees will carry out a new self-assessment in during the course of 2017.

### **4 Statutory Auditor**

The Issuer's Statutory Auditor is DELOITTE Bedrijfsrevisoren BV o.v.v.e. CVBA, with registered office at Gateway Building, Luchthaven Nationaal 1 J, 1930 Zaventem, Belgium, represented by Mr Rik Neckebroeck.

It has been re-appointed at the general meeting of shareholders on 12 May 2017 for a period of three years.

The audit fees at the consolidated level have been set at EUR 123,500 per year by the general meeting of shareholders. This fee will be subject to an annual review reflecting the changes in audit scope which might be required in order to ensure that such audit scope is kept in line with the evolution of the Group.

### **5 Corporate Governance**

The Company has adopted the principles of corporate governance contained Belgian Code on Corporate Governance published on 12 March 2009 (the **Corporate Governance Code**) which can be consulted on [http://www.corporategovernancecommittee.be/en/2009\\_code/latest\\_edition](http://www.corporategovernancecommittee.be/en/2009_code/latest_edition)

In accordance with the recommendations set out by the Belgian Code on Corporate Governance, the Board of Directors adopted a corporate governance charter (the **VGP Charter**) which is available on the Company's website:

[http://www.vgpparks.eu/investors/images/download/Corporate\\_Governance\\_Charter\\_-\\_EN\\_-\\_\\_.pdf](http://www.vgpparks.eu/investors/images/download/Corporate_Governance_Charter_-_EN_-__.pdf)

Except as stated otherwise in sections 1, 2.1, 2.3 and 2.4 of this Part VII: *Management and Corporate Governance*, the Issuer complies with the obligations of the Belgian Corporate Governance Code.

### **6 Conflicts of Interest**

In accordance with article 523 of the Belgian Company Code, a member of the Board of Directors should give the other members prior notice of any agenda item in respect of which he has a direct or indirect conflict of interest of a financial nature with the Company.

#### **(i) Two conflicts of interests have arisen in 2015**

During 2015 the following two conflict of interest arose:

#### **Excerpt from the minutes of the Board of Directors meeting of 3 April 2015**

*“The agenda calls for a discussion and approval to (i) end the existing management agreements between, on the one hand Jan Van Geet s.r.o., Dirk Stoop BVBA, Tomas Van Geet, and on the other hand VGP (ii) to enter into new management agreements relating to the services rendered by some of VGP’s key managers. The board of directors takes note of the declaration of Mr. Jan Van Geet (acting as permanent representative of Jan Van Geet s.r.o.) that he has an interest of a financial nature which could conflict with the decision and transactions deliberated upon and contained in the agenda of this meeting, as Jan Van Geet s.r.o. will be appointed by Little Rock SA as a consultant responsible for the Group’s daily management and that he is at the same time the controlling shareholder of Little Rock SA. As a result he will not participate in the discussion and deliberation nor will he participate in the voting on these agenda points. After deliberating the board of directors decides (i) to end the existing management agreements between, on the one hand Jan Van Geet s.r.o., Dirk Stoop BVBA, Tomas Van Geet, and on the other hand VGP; (ii) to enter into new management agreements relating to the services rendered by some of VGP’s key managers.”*

Another conflict of interest arose in respect of the issuing of a hybrid form of security instrument.

#### **Excerpt from the minutes of the Board of Directors meeting of 7 July 2015**

*“The agenda calls for a discussion and approval to issue a hybrid form of security instrument. The Securities will be offered to certain investors and/or main shareholders and have the following main characteristics: (a) the Securities will be debt instruments under Belgian GAAP, but for IAS/IFRS purposes, they will qualify as equity; (b) the Securities will be perpetual debt instruments, i.e. debt instruments without a fixed maturity date. They may be redeemed at the option of the Company at any time. The Securities holders do not have a right to demand redemption of the Securities by the Company; (c) the Securities will entitle the holders to interests, which shall at the sole discretion of the Company, either: (i) be payable annually in cash on the interest payment date; or (ii) be compounded in respect of each Security with the principal amount of such Security and shall be deemed to form part of the principal amount of such Security and generate interest as from the first day of the next interest period (to the extent permitted by and in accordance with article 1154 of the Belgian Civil Code). The Securities bear interest of 7.00% p.a. for the first 5 years after which the interest rate will increase with 1.00% per annum on each subsequent third anniversary. After deliberation the Board of Directors approves the terms of the Transaction Documents (substantially in the form attached to these minutes) and the Transaction contemplated thereby, as well as the execution and performance by the Company of the Transaction Documents, including: (i) the draft Terms and Conditions of the Securities; and (ii) the draft Subscription Agreement.”*

The complete minutes of these Board of Directors are included in the Board of Director’s report attached to the 31 December 2015 statutory accounts

#### **(ii) One conflict of interests has arisen in 2016**

During 2016 and prior to Issue Date, one conflict of interest has arisen:

#### **Excerpt from the minutes of the Board of Directors meeting of 30 May 2016.**

*“Agenda*

- 1. Conditional decision to redeem the Securities; and*
- 2. The granting of special powers of attorney.*
- 1 Introduction*

## 1.1 Description of the Transaction

*The Company has issued a hybrid form of security instruments (that qualify as debt instruments under Belgian GAAP, but for IAS/IFRS purposes, as equity) on 29 July 2015, 16 September 2015 and 25 November 2015 (a “Security” or the “Securities”), as follows:*

*(i) 45 Securities were issued to VM Invest NV, of which 15 on 29 July 2015, 20 on 16 September 2015 and 10 on 25 November 2015; and*

*(ii) 15 Securities were issued to Little Rock SA, of which 5 on 29 July 2015, 5 on 16 September 2015 and 5 on 25 November 2015.*

*Pursuant to Article 5 “Redemption” of the Terms and Conditions of the Securities, the Company wishes to redeem all Securities against a price equal to the issue price plus the interest accrued from the issue date of each Security until the date of actual payment to the Securities Holder, such redemption being subject to the closing of the transaction entered into with Allianz, being the sale of 50% of the shares in the joint-venture vehicle VGP European Logistics S.à.r.l. by the Company to Allianz Finance VII Luxembourg S.A., SAS Allianz Logistique S.A.S.U. and Allianz Benelux S.A. (the “Closing”) in accordance with the terms of the SPA signed on 14 March 2016 (the “Transaction”).*

## 1.2 Conflicts of interest

### 1.2.1 Declaration of the conflict of interest

*Jan Van Geet s.r.o. and VM Invest NV have notified the board of directors that they have a conflict of interest of a patrimonial nature with respect to the decision to approve the Transaction, because they (or persons affiliated with them) are Securities Holders. The conflicted directors have indicated that their conflict of interest lies in the fact that if and when the board decides to redeem the Securities, they have a conflict of patrimonial nature, because they could, given the interest payments due in respect of the Securities compared to the current market interest rate, have an interest not to approve the redemption of the Securities. Therefore, Jan Van Geet s.r.o. and VM Invest NV will, in accordance with article 523 of the Belgian Company Code and article 16 of the articles of association of the Company, not participate in the deliberations and decisions of the board of directors on these items on the agenda.*

### 1.2.2 Justification

*The board of directors is of the opinion that the redemption of the Securities is desirable as the Company will have sufficient cash resources available at Closing to allow the redemption of the Securities to take place. Taking into account these new cash resources and the strengthened equity base of the Company as a result thereof, it is no longer necessary to further maintain an alternative funding resource such as the Securities.*

## 2 Resolutions

*After deliberation on all of the items on the agenda the board of directors, with respect to the procedure set forth in article 523 of the Belgian Company Code and article 16 of the articles of association of the Company,*

*DECIDES to approve the Transaction.*

*DECIDES to appoint Mr Jan Van Geet and Mr Dirk Stoop as its special attorney(s), (acting alone or jointly and with the right of substitution), with the power to in general, do all that is necessary*

*or useful to implement the resolutions adopted during this meeting and to realise the Transaction within a period of 12 months as from the date hereof, including the negotiation, amending and execution of all documents connected to the Transaction.*

*Since there are no further items on the agenda, the meeting is adjourned.”*

## PART VIII: MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 1 Major Shareholders

The Company's shares are listed on Euronext Brussels and on the Main Market of the Prague Stock Exchange. Pursuant to article 6 of the Law of 2 May 2007 on the disclosure of important participations in listed companies and article 14 of the Company's articles of association, the identity of the Shareholders acquiring a participation of 3%, 5% or a multiple of 5% in the Company has to be made public.

The Company is not controlled in the sense of article 5 of the Belgian Company Code.

As the date of this Prospectus, the share capital of VGP was represented by 18,583,050 shares.

<b>Shareholders</b>	<b>Number of shares</b>	<b>% of shares issued</b>
VM Invest NV	4,451,668	23.96%
Mr Bart Van Malderen	3,545,250	19.08%
VGP MISV Comm. VA	929,153	5.00%
<b>Sub-total Bart Van Malderen Group</b>	<b>8,926,071</b>	<b>48.03%</b>
Little Rock SA	4,707,752	25.33%
Alsgard SA	2,409,914	12.97%
<b>Sub-total Jan Van Geet Group</b>	<b>7,117,666</b>	<b>38.30%</b>
Vadebo France NV	655,738	3.53%
Public	1,883,575	10.14%
<b>Total</b>	<b>18,583,050</b>	<b>100.00%</b>

VM Invest NV is a company controlled by Mr Bart Van Malderen.

VGP MISV Comm. VA is a company controlled by Mr Bart Van Malderen.

Little Rock SA (previously named JVG Invest SA) is a company controlled by Mr Jan Van Geet.

Alsgard SA is a company controlled by Mr Jan Van Geet.

Vadebo France NV is a company controlled by Mrs Griet Van Malderen.

VGP MISV Comm. VA was incorporated at the Issuer's initial public offering to be used as a structure for a long term management incentive plan whereby the existing shareholders VM Invest NV and Little Rock SA initially transferred a number of VGP shares representing 5 percent of the aggregate number of shares in VGP NV into VGP MISV, a limited partnership controlled by Mr Bart Van Malderen as managing partner ("*beherend vennoot*" / "*associé commandité*"). In 2013, following the expiry of the five year lock-up period in December 2012, the Company acquired a 42.87% participation in VGP MISV Comm. VA (398,368 out of 929,153 shares). In order to retain personnel and following the expiry of first 5 year lock-up period at the end of December 2012 the Reference Shareholders have put in place a new long term incentive plan for selected members of the Group's management and which allows such members to be incentive based on the growth of the net assets value over a period of 5 years, such period also being the lock-up period for the participating members of the Group. As before the new incentive plan does not have any dilutive effect on any existing or new shareholders.

## **2 Share Capital**

### **2.1 Share Capital**

On the date of this Prospectus, the share capital of VGP NV amounts to EUR 92,666,815.00 and is fully paid-up. It is divided into 18,583,050 shares without nominal value.

There are no specific categories of shares. Each share gives the right to one vote.

In accordance with articles 480 to 482 of the Companies Code, the Company can create shares without voting rights, subject to the fulfilling requirements related to the change of the articles of association.

All shares are freely transferable.

### **2.2 Authorised Capital**

According to article 44 of the Issuer's articles of association, the Board of Directors may increase the share capital, on one or more occasions, by an amount of EUR 100 million. This authorisation is valid until 27 December 2021.

The articles of association of the Issuer also authorise the Board of Directors to use the technique of the authorised capital as a defence mechanism in case of a public takeover bid on the securities of the Company, even after the Company has received a notification from the Financial Services and Markets Authority (FSMA) that the FSMA was notified of a public takeover bid on the securities of the Company provided that (i) the shares issued in the context of the capital increase are fully paid-up as from issuance, (ii) the issue price of the shares issued in the context of the capital increase is not lower than the offer price, and (iii) the number of shares issued in the context of the capital increase is 10% or less of the number of shares representing the Issuer's share capital which have been issued by the Issuer prior to the capital increase. This authorisation is valid until 27 December 2019.

### **2.3 Treasury Stock**

The Issuer does not hold any treasury shares.

### **2.4 Other Securities with Voting Rights or Giving Access to Voting Rights**

On the date of this Prospectus, the Issuer has not issued any securities with voting rights or giving access to voting rights, other than the shares referred to in this section of the Prospectus.

### **2.5 Acquisition of Own Shares**

According to article 45 of the Issuer's articles of association, the Board of Directors may acquire the Company's own shares, by purchasing or exchanging them, directly or through a person acting in its own name but on behalf of the Issuer, in accordance with articles 620 until 625 of the Belgian Company Code.

The Board of Directors is authorised to acquire and sell the Company's own shares, in accordance with article 620 of the Belgian Company Code, in case such acquisition is required in order to avoid serious and imminent harm to the Company. This authorisation is valid until 27 December 2019.

The Board of Directors is authorised, in accordance with article 620 of the Belgian Company Code, to acquire shares representing a maximum 20% of the share capital of the Issuer against a price which must be more than 90% and less than 115% of the shares' listing price on the day preceding the acquisition or exchange. This authorisation is valid until 27 December 2021.

### **3 RELATED PARTY TRANSACTIONS**

Please see note 32 in the Annual Report 2016 for more details on the related party transactions of the Issuer.

## PART IX: FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES

Selected consolidated financial information (in thousands of EUR) as at 31 December 2013, 31 December 2014, 31 December 2015, and 31 December 2016 is included below.

INCOME STATEMENT (in '000 EUR)	Year Ended			
	31 Dec-13	31 Dec-14	31 Dec-15	31 Dec-16
Gross rental Income	4,613	9,596	17,073	16,806
Property operating expenses and net service charge income / (expenses)	(818)	(1,082)	(550)	(668)
<b>Net rental and related income</b>	<b>3,795</b>	<b>8,514</b>	<b>16,523</b>	<b>16,138</b>
Property-, facility management and property development income	3,875	3,407	2,547	3,825
Other income / (expenses) - incl. Administrative costs	(4,850)	(7,089)	(13,998)	(16,778)
Share in result of associates and joint ventures	1,526	14,473	191	7,897
<b>Operating result (before result on portfolio)</b>	<b>4,346</b>	<b>19,305</b>	<b>5,263</b>	<b>11,082</b>
<b>Net current result</b>	<b>4,095</b>	<b>9,463</b>	<b>621</b>	<b>(4,702)</b>
Net valuation gains / (losses) on investment property	27,872	53,920	103,981	118,900
Deferred taxes	(7,665)	(14,024)	(18,041)	(22,912)
<b>Result on property portfolio</b>	<b>20,207</b>	<b>39,896</b>	<b>85,940</b>	<b>95,988</b>
<b>Profit for the year</b>	<b>24,302</b>	<b>49,359</b>	<b>86,561</b>	<b>91,286</b>
<b>BALANCE SHEET</b>				
Investment properties	225,804	416,089	173,972	550,262
Investments in joint ventures and associates	982	17	(103)	89,194
Other non-current receivables	49,114	-	-	8,315
Other	1,114	1,316	1,326	539
<b>Total non-current assets</b>	<b>277,014</b>	<b>417,422</b>	<b>175,195</b>	<b>648,310</b>
Trade and other receivables	10,242	6,822	4,927	19,426
Cash and cash equivalents	79,226	43,595	9,825	71,595
Disposal group held for sale	-	-	527,361	132,263
<b>Total current assets</b>	<b>89,468</b>	<b>50,417</b>	<b>542,113</b>	<b>223,284</b>
<b>Total Assets</b>	<b>366,482</b>	<b>467,839</b>	<b>717,308</b>	<b>871,594</b>
<b>Total equity</b>	<b>166,057</b>	<b>215,417</b>	<b>361,978</b>	<b>390,305</b>
Total non-current liabilities	172,555	223,141	180,419	355,715
Total Current Liabilities	27,870	29,281	174,911	125,574
<b>Total Liabilities</b>	<b>200,425</b>	<b>252,422</b>	<b>355,330</b>	<b>481,289</b>
<b>Total equity and liabilities</b>	<b>366,482</b>	<b>467,839</b>	<b>717,308</b>	<b>871,594</b>
<b>INVESTMENT PROPERTY</b>				
Total lettable area (m <sup>2</sup> )	761,724	268,232 <sup>1</sup>	548,838	797,199 <sup>4</sup>
Occupancy rate (%)	96.2%	94.0% <sup>2</sup>	97.3%	98.8% <sup>5</sup>
Fair value of property portfolio <sup>3</sup>	225,804	416,089	677,084	682,525
<b>GEARING</b>				
Net debt / shareholders equity	0.55	0.72	0.71	0.87
Net debt / total assets	24.9%	33.2%	35.7%	39.4%

<sup>1</sup> As at 22 October 2014 the associated companies sold their respective Property Portfolios which represented 627,523 m<sup>2</sup> of lettable area which were under VGP's management (627,527 m<sup>2</sup> of assets under management as at 31 December 2013).

<sup>2</sup> Excludes the effects of the portfolio sold by Snow Crystal S.à r.l., SUN S.à r.l. and the Associate in 2014. The year 2013 includes the respective Occupancy Rates of Snow Crystal S.à r.l., SUN S.à r.l. and the Associate. Excluding Snow Crystal S.à r.l., SUN S.à r.l. and the Associate, the Occupancy Rate would be 96.9% as at 31 December 2013.

- <sup>3</sup> Property that is being constructed or developed for future use as investment property is also stated at Fair Value. The investment properties under construction are valued by the same independent valuation expert i.e. Jones Lang LaSalle, except for Spain where Gesvalt was used as valuation expert. For the properties under construction the valuation expert has used the same approach as applicable for the completed properties but deducting the remaining construction costs from the calculated market value, whereby "remaining construction costs" means overall pending development cost, which include all hard costs, soft costs, financing costs and developer profit (developer profit expresses the level of risk connected with individual property and is mainly dependent on development stage and pre-letting status). All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure qualifying as acquisition costs are capitalised.
- <sup>4</sup> During 2016 VGP NV sold 33 buildings, spread over 15 parks, to the Joint Venture. As at 31 December 2016 the Joint Venture's Property Portfolio represents 593,454 m<sup>2</sup> which are under VGP's management.
- <sup>5</sup> Includes the respective Occupancy Rates of the Joint Venture as at 31 December 2016. Excluding the Joint Venture, the Occupancy Rate would be 97.0% as at 31 December 2016.

The outstanding financial debt of the Issuer, the Subsidiaries and the Joint Venture as at 31 May 2017 (i.e. immediately following the third closing with the Joint Venture) can be summarised as follows :

(i) Issuer

('000 EUR)					Maturity	Outstanding
Bonds	Borrower	Type	Date	ISIN Code	31/05/2017	
Bond 2017	VGP NV	Unsecured	12-Jul-17	BE0002201672	75,000	
Bond 2018	VGP NV	Unsecured	06-Dec-18	BE0002208743	75,000	
Bond 2023	VGP NV	Unsecured	21-Sep-23	BE0002258276	225,000	
Bond 2025	VGP NV	Unsecured	30-Mar-25	BE0002258276	80,000	
<b>Total</b>					<b>455,000</b>	

(ii) Subsidiaries

('000 EUR)					Total	Outstanding
Bank	Borrower	Type	Date	Facilities	31/05/2017	
Raiffeisen Bank (Romania)	VGP Romania S.R.L.	Secured	31-Dec-19	16,313	12,813	
Swedbank (Estonia)	VGP Estonia OÜ	Secured	30-Aug-18	18,878	18,878	
<b>Total</b>				<b>35,191</b>	<b>31,691</b>	

(iii) Joint Venture

('000 EUR)					Total	Outstanding
Bank	Borrower	Type	Date	Facilities	31/05/2017	
Aareal Bank	German SPV's	Secured	31-May-26	362,725	268,510	
CSOB	Czech SPV's	Secured	31-May-26	107,889	81,987	
CSOB	Slovak SPV	Secured	31-May-26	36,395	25,890	
Unicredit Bank	Hungarian SPV	Secured	31-May-26	33,703	26,183	
<b>Total</b>				<b>540,712</b>	<b>402,569</b>	

Following the third closing which took place at the end of May 2017, the Joint Venture has EUR 402.6 million of outstanding bank debt with a Loan to Value Ratio of 62.4%.

Following the third closing at the end of May 2017 the net debt / shareholder's equity and total liabilities Gearing Ratio of the Group as per 1 June 2017 stood at 34.5%<sup>1</sup> and this Gearing Ratio would increase to 43.5%, once all the proceeds of the Bonds are invested, i.e. after repayment of all outstanding debt under the 2017 Bond, and all current cash balances having been applied towards the financing of the development pipeline.

For more information on the funding obligations and the constructive obligation of the Issuer in connection with the Joint Venture, please see sections 3.2.2 and 3.2.7 of Part VI (*Description of the Issuer*).

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<sup>1</sup> Calculated on the basis of the equity position of the Group as at 31 December 2016 and the effective financial net debt position of the Group as at 31 May 2017 (i.e. immediately following the third closing with the Joint Venture).

## **PART X: USE OF PROCEEDS**

The net proceeds of the issue of the Bonds, expected to amount to approximately EUR 74,185,750 million for a maximum nominal amount of EUR 75 million, will be used to repay all or part of the outstanding debt of the Issuer under the 2017 Bond on the maturity date of the 2017 Bond. Should the net proceeds not suffice to repay such outstanding debt under the 2017 Bond, the shortfall will be funded with available cash of the Group.

The expenses in connection with the issue of the Bonds, including the Placement Fee and the Arrangement Fee, are expected to amount to EUR 814,250 in the aggregate which consists of EUR 744,250 related to the Arrangement-, Placement- and Agency Fees, and the remaining EUR 70,000 costs, incurred for advisory services. The Placement Fee will amount to 0.875% of the Aggregate Nominal Amount or EUR 656,250 if the maximum amount of EUR 75,000,000 is issued.

Part of the Issue Price, i.e. 1% of the aggregate Issue Price which is paid by the Retail Investors only and which is expected to amount to EUR 400,000 in the aggregate, shall be part of the fees payable to the Lead Manager and Agent and shall be paid directly to the Lead Manager and the Agent.

## PART XI: TAXATION

### 1 Belgian Taxation on the Bonds

The following is a general description of the main Belgian tax consequences of acquiring, holding, redeeming and/or disposing of the Bonds. It is restricted to the matters of Belgian taxation stated herein and is intended neither as tax advice nor as a comprehensive description of all Belgian tax consequences associated with or resulting from any of the aforementioned transactions. Prospective investors are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Bonds, including under the laws of their countries of citizenship, residence, ordinary residence or domicile.

The summary provided below is based on the information provided in this Prospectus and on Belgium's tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Prospectus and with the exception of subsequent amendments with retroactive effect.

#### 1.1 Belgian Withholding Tax

All payments by or on behalf of the Issuer of interest on the Bonds are in principle subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 30%. Tax treaties may provide for lower rates subject to certain conditions and formalities.

In this regard, "interest" means the periodic interest income, any amount paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not on the maturity date, or upon purchase by the Issuer) and, in case of a disposal of Bonds between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

However, payments of interest and principal under the Bonds by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Bonds if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the **Tax Eligible Investors**, see hereinafter) in an exempt securities account (an **X Account**) that has been opened with a financial institution that is a direct or indirect participant (a **Participant**) in the NBB System. Euroclear, Monte Titoli, SIX SIS and Clearstream, Luxembourg are directly or indirectly Participants for this purpose.

Holding the Bonds through the NBB System enables Tax Eligible Investors to receive the gross interest income on their Bonds and to transfer Bonds on a gross basis.

Participants to the NBB system must enter the Bonds which they hold on behalf of Tax Eligible Investors in an X Account.

Tax Eligible Investors are those listed in article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier / koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing*) which include, inter alia:

- (i) Belgian corporations subject to Belgian corporate income tax;
- (ii) institutions, associations or companies specified in article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in (i) and (iii) subject to the application of article 262, 1° and 5° of the Belgian code on income tax of 1992 (*code des impôts sur les revenus 1992 / wetboek van de inkomstenbelastingen 1992*, the **BITC 1992**);

- (iii) state regulated institutions (*institutions parastatales / parastatalen*) for social security, or institutions which are assimilated therewith, provided for in article 105, 2<sup>o</sup> of the royal decree implementing the BITC 1992 (*arrêté royal d'exécution du code des impôts sur les revenus 1992 / koninklijk besluit tot invoering van het wetboek inkomstenbelastingen 1992*, the **RD/BITC 1992**);
- (iv) non-resident investors provided for in article 105, 5<sup>o</sup> of the RD/BITC 1992;
- (v) investment funds, recognised in the framework of pension savings, provided for in article 115 of the RD/BITC 1992;
- (vi) taxpayers provided for in article 227, 2<sup>o</sup> of the BITC 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to article 233 of the BITC 1992;
- (vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with article 265 of the BITC 1992;
- (viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and
- (ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

Tax Eligible Investors do not include, inter alia, Belgian resident investors who are individuals or non-profit making organisations, other than those mentioned under (ii) and (iii) above.

Participants to the NBB System must keep the Bonds which they hold on behalf of the non-Tax Eligible Investors in a non-exempt securities account (an **N Account**). In such instance, all payments of interest are subject to withholding tax (currently at the rate of 30%), which is withheld by the NBB and paid to the Belgian Treasury.

Transfers of Bonds between an X Account and an N Account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N Account (to an X Account or N Account) gives rise to the payment by the transferor non-Tax Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- A transfer (from an X Account or N Account) to an N Account gives rise to the refund by the NBB to the transferee non-Tax Eligible Investor of an amount equal to the withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- Transfers of Bonds between two X Accounts do not give rise to any adjustment on account of withholding tax.

Upon opening of an X Account for the holding of Bonds, the Tax Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing declaration requirements for Tax Eligible Investors save that they need to inform the Participants of any changes to the information contained in the statement of their tax eligible status. Participants are required to annually provide the NBB with listings of investors who have held an X Account during the preceding calendar year.

An X Account may be opened with a Participant by an intermediary (an **Intermediary**) in respect of Bonds that the Intermediary holds for the account of its clients (the **Beneficial Owners**), provided that each Beneficial Owner is a Tax Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that: (i) the Intermediary is itself a Tax Eligible Investor; and (ii) the Beneficial Owners holding their Bonds through it are also Tax Eligible Investors. The Beneficial Owner is also required to deliver a statement of its eligible status to the Intermediary.

These identification requirements do not apply to Bonds held in Euroclear, or Clearstream, Luxembourg as Participants to the NBB System, provided that Euroclear or Clearstream only hold X Accounts and that they are able to identify the holders for whom they hold Bonds in such account.

## **1.2 Belgian Income Tax**

### **1.2.1 Belgian resident individuals**

Belgian resident individuals, i.e., natural persons who are subject to the Belgian personal income tax (*impôt des personnes physiques / personenbelasting*) and who hold the Bonds as a private investment, do not have to declare interest in respect of the Bonds in their personal income tax return, provided that Belgian withholding tax has effectively been levied on the interest.

Nevertheless, Belgian resident individuals may elect to declare interest in respect of the Bonds in their personal income tax return. Interest income which is declared in this way will in principle be taxed at a flat rate of 30% (or at the relevant progressive personal income tax rate(s) taking into account the taxpayer's other declared income, whichever is more beneficial). The Belgian withholding tax levied may be credited.

Capital gains realised on the sale of the Bonds are in principle tax exempt, except to the extent the capital gains are realised outside the scope of the management of one's private estate or except to the extent they qualify as interest (as described in *Belgian Withholding Tax* above). Capital losses are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Bonds as a private investment.

### **1.2.2 Belgian resident companies**

Interest attributed or paid to corporations which are Belgian residents for tax purposes, i.e. which are subject to Belgian corporate income tax (*impôt des sociétés / vennootschapsbelasting*), as well as capital gains realised upon the disposal of Bonds are taxable at the ordinary corporate income tax rate of in principle 33.99% (or the relevant progressive corporate income tax rate(s) in the case of certain corporations with limited profits). Capital losses realised upon the disposal of the Bonds are in principle tax deductible.

Different rules apply to companies subject to a special tax regime, such as investment companies within the meaning of article 185bis of the BITC 1992.

### **1.2.3 Belgian resident legal entities**

Belgian legal entities subject to Belgian legal entities tax (*impôts des personnes morales / rechtspersonenbelasting*) and which do not qualify as Tax Eligible Investors will generally be

subject to the Belgian withholding tax at a rate of 30%. This tax constitutes the final levy for them and, in principle, fully discharges their income tax liability.

Belgian legal entities which qualify as Tax Eligible Investors and which consequently have received gross interest income are required to declare and pay the 27% withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Bonds are in principle tax exempt, unless the capital gains qualify as interest (as described in *Belgian Withholding Tax* above). Capital losses are in principle not tax deductible.

#### **1.2.4 Organisations for Financing Pensions**

Interest and capital gains derived by Organisations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

#### **1.2.5 Belgian non-residents**

Bondholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Bonds through a permanent establishment in Belgium will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Bonds, provided that they qualify as Tax Eligible Investors and that they hold their Bonds in an X Account.

### **1.3 Tax on stock exchange transactions and tax on repurchase transactions**

A tax on stock exchange transactions (taks op de beursverrichtingen/taxe sur les opérations de bourse) will be levied on the acquisition and disposal of Bonds on the secondary market if (i) carried out in Belgium through a professional intermediary or (ii) deemed to be carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence ("residence habituelle"/"gewone verblijfplaats") in Belgium, or legal entities for the account of their seat or establishment in Belgium (both referred to as a "Belgian Investor").

The tax is due at a rate of 0.09 per cent on each acquisition and disposal separately, with a maximum amount of Euro 1,300 per transaction and per part.

A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary. However, if the intermediary is established outside of Belgium tax on the stock exchange transactions will in principle be due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on the stock exchange transactions has already been paid by the professional intermediary established outside Belgium. Professional intermediaries established outside Belgium could however appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("Stock Exchange Tax Representative"). In such case the Stock Exchange Tax Representative would then be liable towards the Belgian Treasury to pay the tax on stock exchange transactions and to comply with the reporting obligations in that respect. If such a Stock Exchange Tax Representative has paid the tax on stock exchange transactions, the Belgian Investor will, as per the above, no longer be required to pay the tax on stock exchange transactions.

A tax on repurchase transactions (taks op de reporten/taxe sur les reports) at the rate of 0.085% will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of Euro 1,300 per transaction and per party).

However neither of the taxes referred to above will be payable by exempt persons acting for their own account including investors who are not Belgian residents, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional investors as defined in Article 126.1 2° of the code of miscellaneous duties and taxes (Wetboek diverse rechten en taken/Code des droits et taxes divers) the tax on stock exchange transactions and Article 139, second paragraph, of the same code for the tax on repurchase transactions.

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (the "FTT"). The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions and the tax on repurchase transactions should thus be abolished once the FTT enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

## **2 The Proposed Financial Transaction Tax (FTT)**

On 14 February 2013 the EU Commission adopted a Draft Directive on the FTT. Earlier negotiations for a common transaction tax among all 28 EU Member States had failed. The current negotiations between Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the Participating Member States) are seeking a compromise under "enhanced cooperation" rules, which require consensus from at least nine nations. Earlier Estonia dropped out of the negotiations by declaring it would not introduce the FTT.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of bonds should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in bonds where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The Draft Directive currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force.

However, the Draft Directive on the FTT remains subject to negotiations between the Participating Member States. It may therefore be altered prior to any implementation, of which the eventual timing and outcome remains unclear. Additional EU Member States may decide to participate or drop out of

the negotiations. If the number of Participating Member States would fall below nine, it would put an end to the legislative project.

In June 2016, the Participating Member States declared that they would continue their efforts in the second half of the year but since then the negotiating parties have not been successful in reaching an agreement.

Prospective investors should consult their own professional advisors in relation to the FTT.

### **3 Exchange of Information – Common Reporting Standard (CRS)**

Council Directive 2011/16/EU on administrative cooperation in the field of taxation, as amended by the Directive on Administrative Cooperation (2014/107/EU) of 9 December 2014 (DAC2), implemented the exchange of information based on the Common Reporting Standard (CRS) within the EU. The CRS has been transposed in Belgium by the law of 16 December 2015.

Under CRS, financial institutions resident in a CRS country (as at 10 April 2017, 100 jurisdictions have committed) are required to identify their customers and report, according to a due diligence standard, personal data and financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes e.g. trusts) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

Under DAC2 (and the Belgian law of 16 December 2015), Belgian financial institutions holding the Bonds for tax residents in another CRS contracting state, shall report financial information regarding the Bonds (income, gross proceeds, etc) to the Belgian competent authority, who shall communicate the information to the competent authority of the CRS state of the tax residence of the beneficial owner.

## PART XII: SUBSCRIPTION AND SALE

KBC Bank NV (having its registered office at Havenlaan 2, 1080 Brussels, Belgium) (**KBC**) is acting as lead manager (the **Lead Manager** or **Manager**). The Manager has, pursuant to a placement agreement dated on or around 20 June 2017 (the **Placement Agreement**), agreed with the Issuer, subject to certain terms and conditions, to use best efforts to place the Bonds in a minimum amount of EUR 50 million and a maximum amount of EUR 75 million with third parties at the Issue Price and at the conditions specified below. KBC has also been appointed as Domiciliary, Calculation, Paying and Listing Agent for the purposes of the Public Offer in Belgium.

This section contains the terms and conditions of the Public Offer of the Bonds by the Manager. Each offer and sale of the Bonds by an Authorised Offeror will be made in accordance with the terms and conditions as agreed between an Authorised Offeror and an investor, including in relation to the price, the allocation and the costs and/or taxes to be borne by an investor. The Issuer is not a party to any arrangements or terms and conditions in connection with the offer and sale of the Bonds between the Authorised Offeror and an investor. This Prospectus does not contain the terms and conditions of any Authorised Offeror. The terms and conditions in connection with the offer and sale of the Bonds will be provided to any investor by an Authorised Offeror during the Subscription Period. The Issuer nor the Manager can be held responsible or liable for any such information.

### Subscription Period

The Bonds will be offered to the public in Belgium (the **Public Offer**). Presently the Manager expects to offer the Bonds to qualified investors (as defined in the Prospectus Law, the **Qualified Investors**) and to investors who are not Qualified Investors (the **Retail Investors**). The Bonds will be issued on 6 July 2017 (the **Issue Date**). However, in case a supplement to the Prospectus gives rise to withdrawal rights exercisable on or after the Issue Date of the Bonds in accordance with article 34 of the Prospectus Law, the Issue Date will be postponed until the first Business Day following the last day on which the withdrawal rights may be exercised. Investors who have already agreed to purchase or subscribe to securities before the publication of the supplement to the Prospectus, have the right to withdraw their agreement during a period of two working days commencing on the day after the publication of the supplement.

The Public Offer will start on 23 June 2017 at 9.00 a.m. (Brussels time) and end on 30 June 2017 at 5.30 p.m. (Brussels time) (the **Subscription Period**), or such earlier date as the Issuer may determine in agreement with the Manager. In this case, such closing date will be announced by or on behalf of the Issuer, on its website (within the section addressed to investors as “Bonds”) ([www.vgpparks.eu](http://www.vgpparks.eu)), and on the Manager’s website ([www.kbc.be/vgp](http://www.kbc.be/vgp)).

Except in case of oversubscription as set out below under *Early closure and reduction – allotment / oversubscription in the Bonds*, a prospective subscriber will receive 100% of the amount of the Bonds validly subscribed to it during the Subscription Period.

Prospective subscribers will be notified of their allocations of Bonds by the applicable Financial Intermediary in accordance with the arrangements in place between such Financial Intermediary and the prospective subscriber.

No dealings in the Bonds on a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, as amended, may take place prior to the Issue Date.

After having read the entire Prospectus, the investors can subscribe, to the Bonds via the branches of the Lead Manager appointed by the Issuer, using the subscription form provided by the Manager (if any): KBC Bank NV

(including CBC Banque SA and KBC Securities NV (through [www.bolero.be](http://www.bolero.be))). Such subscription will come at a cost of 1% of the Issue Price for the Retail Investors only.

The applications can also be submitted via agents or any other financial intermediaries in Belgium. In this case, the investors must obtain information concerning the commission fees that the financial intermediaries can charge. These commission fees are charged to the investors.

Each subscription is irrevocable as from closing of the Subscription Period and no subscription may occur prior to the commencement of the Subscription Period.

### **Conditions to which the Public Offer is subject**

The Public Offer and the issue of the Bonds is subject to a limited number of conditions set out in the Placement Agreement, which are customary for this type of transaction, and which include, amongst others: (i) the correctness of the representations and warranties made by the Issuer and in the Placement Agreement, (ii) the Placement Agreement, the Clearing Agreement and the Agency Agreement having been executed by all parties thereto prior to the Issue Date, (iii) the admission to trading of the Bonds on the regulated market of the Euronext Brussels having been granted on or prior to the Issue Date, (iv) there having been, as at the Issue Date, no Material Adverse Change affecting the Issuer or any of its Subsidiaries, (v) the Issuer having performed all the obligations to be performed by it under the Placement Agreement on or before the Issue Date, (vi) the market conditions being satisfactory in the Lead Manager's reasonable opinion and with the agreement of the Issuer, (vii) no force majeure having been invoked by the Manager as determined on their discretion and (viii) at the latest on the Issue Date, the Lead Manager having received customary confirmations as to certain legal and financial matters pertaining to the Issuer and the Group. The Placement Agreement does not entitle the Manager to terminate its obligations prior to payment being made to the Issuer, except in certain limited circumstances. If the conditions are not fulfilled, the Bonds will not be issued and the total amount of funds already paid by investors for the Bonds will be reimbursed.

### **Issue Price**

The issue price for the Bonds will be 101% (the **Issue Price**). The Retail Investors will pay the Issue Price. Part of the Issue Price, i.e. 1% of the aggregate Issue Price which is borne and paid by the Retail Investors only, will be paid as a fee to the Lead Manager and the Agent.

The Qualified Investors will pay the Issue Price less a discount, such resulting price being subject to change during the Subscription Period based among others on (i) the evolution of the credit quality of the Issuer (credit spread), (ii) the evolution of interest rates, (iii) the success (or lack of success) of the placement of the Bonds, and (iv) the amount of Bonds purchased by an investor, each as determined by the Manager in its sole discretion. The discount applicable to Qualified Investors shall be in the range of 0 to 1%.

The yield of the Bonds is 3.089% on an annual basis. The yield is calculated on the basis of the issue of the Bonds on the Issue Date, the Issue Price, the Interest Rate of 3.25% per annum and is based on the assumption that the Bonds will be held until 6 July 2024 when they will be repaid at 100% of their principal amount in accordance with the Conditions. It is not an indication of future yield if the Bonds are not held until their Maturity Date. The net yield reflects a deduction of Belgian WHT at the rate of 30% (Investors should consult the Part XI: *Taxation* of this Prospectus for further information about Belgian taxation).

The minimum amount of application for the Bonds is EUR 1,000. The maximum amount of application is the Aggregate Nominal Amount.

## **Aggregate Nominal Amount**

The expected minimum nominal amount of the issue amounts to EUR 50 million and the maximum nominal amount amounts to EUR 75 million.

As the case may be, upon the decision of the Issuer in consultation with the Manager (taking into account the demand from investors), the final Aggregate Nominal Amount may be increased at the end (or upon the early closing) of the Subscription Period. In such case, a supplement to the Prospectus shall be published.

The criteria in accordance with which the final Aggregate Nominal Amount will be determined by the Issuer are the following: (i) the funding needs of the Issuer, which could evolve during the Subscription Period for the Bonds, (ii) the levels of the interest rates and the credit spread of the Issuer on a daily basis, (iii) the level of demand from investors for the Bonds as observed by the Manager on a daily basis, (iv) the occurrence or not of certain events during the Subscription Period of the Bonds giving the possibility to the Issuer and/or the Manager to early terminate the Subscription Period or not to proceed with the offer and the issue in accordance with section Conditions to which the Public Offer is subject and (v) the fact that the Bonds, if issued, will have a minimum aggregate amount of EUR 50 million and a maximum aggregate amount of EUR 75 million.

The Issuer has reserved the right not to proceed with the issue of the Bonds if at the end of the Subscription Period, the aggregate principal amount of the Bonds that have been subscribed for is lower than EUR 50 million. If the Issuer proceeds with the issue of the Bonds and the Aggregate Nominal Amount is lower than the expected minimum amount of EUR 50 million, a supplement to the Prospectus shall be published.

The final Aggregate Nominal Amount shall be published as soon as possible after the end (or the early closing) of the Subscription Period by the Issuer, on its website (within the section addressed to investors as "Bonds") ([www.vgpparks.eu](http://www.vgpparks.eu)), and on the website of the Manager ([www.kbc.be/vgp](http://www.kbc.be/vgp)).

## **Payment date and details**

The payment date is 6 July 2017. The payment for the Bonds can only occur by means of debiting from a deposit account.

On the date that the subscriptions are settled, the Clearing System will credit the custody account of the Agent according to the details specified in the rules of the Clearing System.

Subsequently, the Agent, at the latest on the payment date, will credit the amounts of the subscribed Bonds to the account of the Participants for onward distribution to the subscribers, in accordance with the usual operating rules of the Clearing System.

## **Financial services**

The costs for the custody fee for the Bonds are charged to the subscribers. Investors must inform themselves about the costs their financial institutions might charge them.

Bondholders should be aware that additional costs and expenses may be due to the relevant Financial Intermediary upon exercising the put option referred to Condition 6.2 (*Redemption at the option of Bondholders following a Change of Control*) through a Financial Intermediary (other than the Agent).

## **Early closure and reduction – allotment / over-subscription in the Bonds**

Early termination of the Subscription Period will intervene at the earliest on 23 June 2017 at 5h30 pm (Brussels time) (the minimum Subscription Period is referred to as the **Minimum Sales Period**). This means that the Subscription Period will remain open at least one Business Day until 5h30 pm. Thereafter, early termination can

take place at any moment (including in the course of a Business Day). In case of early termination of the Subscription Period, a notice will be published as soon as possible on the websites of the Issuer and the Manager. This notice will specify the date and hour of the early termination.

The Subscription Period may be shortened by the Issuer during the Subscription Period with the consent of the Manager (i) as soon as the total amount of the Bonds reaches EUR 75 million (i.e. the maximum amount), (ii) in the event that a major change in market conditions occurs, or (iii) in case a Material Adverse Change occurs with respect to the Issuer. In case the Subscription Period is terminated early as a result of the occurrence described under (ii) and (iii) in the preceding sentence, then the Issuer will publish a supplement to the Prospectus (see page 6 of the Prospectus, for further information with respect to the publication of supplements to the Prospectus).

The Issuer may, with the consent of the Manager, decide to limit the Aggregate Nominal Amount of the Bonds if the Subscription Period is closed early in response to a major change in market conditions (among others, but not limited to a change in national or international financial, political or economic circumstances, exchange rates or interest rates) or a Material Adverse Change. Thus the Aggregate Nominal Amount of the Bonds may be lower than expected minimum nominal amount of EUR 50 million.

The Issuer has reserved the right not to proceed with the issue of the Bonds if at the end of the Subscription Period, the Aggregate Nominal Amount that have been subscribed for is lower than EUR 50 million.

In addition, the offer is subject to specific conditions negotiated between the Manager and the Issuer that are included in the Placement Agreement, and in particular, the obligations of the Manager under the Placement Agreement could terminate, inter alia, as set out above.

All subscriptions that have been validly introduced by the Retail Investors with the Manager before the end of the Minimum Sales Period will be taken into account when the Bonds are allotted, it being understood that in case of oversubscription, a reduction may apply, i.e. the subscriptions will be scaled back proportionally, with an allocation of a multiple of EUR 1,000, and to the extent possible (i.e. to the extent there are not more investors than bonds), a minimum nominal amount of EUR 1,000, which is the minimum subscription amount for investors. In case of such reduction, a notice thereto with the reduction percentage will be published as soon as possible on the website of the Issuer.

At the end of the Minimum Sales Period, the Manager may publish a notice on its website to inform its clients that it will stop collecting subscriptions and will then send the same notice to the Issuer that will publish it on its website as soon as practicable.

Subscribers may have different reduction percentages applicable to them depending on the Authorised Offeror through which they have subscribed to the Bonds. The branches of the Manager all apply the same reduction percentages. Other financial intermediaries may apply different allocation criteria, which may be less beneficial to the investors.

The Manager shall in no manner whatsoever be responsible for the allotment criteria that will be applied by other financial intermediaries.

In case of early termination of the Subscription Period, the investors will be informed regarding the number of Bonds that have been allotted to them as soon as possible after the date of the early termination of the Subscription Period.

Any payment made by a subscriber to the Bonds in connection with the subscription of Bonds which are not allotted will be refunded within 7 Business Days after the date of payment in accordance with the arrangements in place between such relevant subscriber and the relevant Financial Intermediary, and the relevant subscriber shall not be entitled to any interest in respect of such payments.

## Results of the Public Offer

The results of the offer of the Bonds (including its net proceeds) shall be published as soon as possible after the end of the Subscription Period and on or before the Issue Date by the Issuer, on its website (within the section addressed to investors as "Bonds") ([www.vgpparks.eu](http://www.vgpparks.eu)), and by the Manager ([www.kbc.be/vgp](http://www.kbc.be/vgp)). The same method of publication will be used to inform the investors in case of early termination of the Subscription Period. Furthermore, the amount of Bonds will be notified to the FSMA as soon as possible at the earlier of the end of the Subscription Period and the date of the early termination of the Subscription Period.

In the event of the Public Offer being completed, the Manager shall have the right, at its own expenses, to disclose its participation in the Public Offer in investor presentations, reports or/and by way of placement of "tombstone" advertisements in financial or other newspapers or via any other communication means after prior approval of the Issuer.

## Expected timetable of the Public Offer

The main steps of the timetable of the Public Offer can be summarised as follows:

- 21 June 2017: publication of the Prospectus on the website of the Issuer and the Manager;
- 23 June 2017, 9.00 a.m. (Brussels time): opening date of the Subscription Period;
- 30 June 2017, 5.30 p.m. (Brussels time): closing date of the Subscription Period (if not closed earlier);
- between 3 July 2017 and 6 July 2017: expected publication date of the results of the offer of the Bonds (including its net proceeds) on the website of the Manager, unless published earlier in case of early closing;
- 6 July 2017: Issue Date and listing of the Bonds on the regulated market of Euronext Brussels.

The dates and times of the Public Offer and periods indicated in the above timetable and throughout this Prospectus may change. Should the Issuer decide to amend such dates, times or periods, it will inform investors through a publication in the financial press. Any material alterations to this Prospectus are to be approved by the FSMA, and will be, in each case as and when required by applicable law, published in a press release, an advertisement in the financial press, and/or a supplement to this Prospectus.

## Costs and fees

Each subscriber shall make his own enquiries with his financial intermediaries on the related or incidental costs (transfer fees, custody charges, etc.), which the latter may charge him with.

The net proceeds (before deduction of expenses) will be the Aggregate Nominal Amount multiplied by the Issue Price expressed in percentage, minus the Placement Fee and the Arrangement Fee and a fee equal to 1% of the aggregate Issue Price paid by the Retail Investors only. All such expenses (including legal fees) will be borne by the Issuer, except for the fee equal to 1% of the aggregate Issue Price which is borne and paid by the Retail Investors only.

For more information on the details of such expenses (including the tax impact), please see the section entitled *Issue Price* in this Part XIV.

The Agent (or any other Financial Intermediary) will charge a holding fee to the investor for the holding of the Bonds for the benefit of the investor on a securities account of the Agent (or the relevant Financial Intermediary).

For more information on the tax impact of the exercise of the Change of Control Put, please section 6.2 (*Redemption at the option of the Bondholders*) of Part IV (*Terms and conditions of the Bonds*).

## Transfer of the Bonds

Subject to compliance with any applicable selling restrictions, the Bonds are freely transferable. See also *Selling Restrictions* below.

## Selling Restrictions

### Countries in which the Public Offer is open

The Bonds are being offered only to investors to whom such offer can be lawfully made under any law applicable to those investors. The Issuer has taken necessary actions to ensure that Bonds may lawfully be offered to the public in Belgium. The Issuer has not taken any action to permit any offering of the Bonds in any other jurisdiction outside of Belgium.

The distribution of this Prospectus and the subscription for and acquisition of the Bonds may, under the laws of certain countries other than Belgium, be governed by specific regulations or legal and regulatory restrictions. Individuals in possession of this Prospectus, or considering the subscription for, or acquisition of, the Bonds, must inquire about those regulations and about possible restrictions resulting from them, and comply with those restrictions. Intermediaries cannot permit the subscription for, or acquisition of, the Bonds for clients whose addresses are in a country where such restrictions apply. No person receiving this Prospectus (including trustees and nominees) may distribute it in, or send it to, such countries, except in conformity with applicable law.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, or an offer to sell or the solicitation of an offer to buy the Bonds in any circumstances in which such offer or solicitation is unlawful. Neither the Issuer nor the Manager has authorised, nor do they authorise, the making of any offer of the Bonds (other than in the Public Offer in Belgium) in circumstances in which an obligation arises for the Issuer or the Manager to publish a prospectus for such offer.

The following sections set out specific notices in relation to certain countries that, if stricter, shall prevail over the foregoing general notice.

### Selling restriction in the EEA

The Issuer has not authorised any offer to the public of the Bonds in any Member State of the European Economic Area, other than Belgium. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), an offer to the public of any Bonds may not be made in that Relevant Member State, other than the offer in Belgium contemplated in this Prospectus once this Prospectus has been approved by the FSMA and published in Belgium in accordance with the Prospectus Directive as implemented in Belgium, respectively, except that an offer to the public in that Relevant Member State of any Bonds may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are qualified investors as defined under the Prospectus Directive;

- to fewer than 150, or, if the Relevant Member State has not (yet) implemented the relevant provisions of the 2010 PD Amending Directive, 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Issuer for any such offer; or
- in any other circumstances falling within article 3(2) of the Prospectus Directive, provided that no such offer of the Bonds shall result in a requirement for the Issuer or the Manager to publish a prospectus pursuant to article 3 of the Prospectus Directive or supplement a prospectus pursuant to article 16 of the Prospectus Directive.

For the purposes of the provisions above, the expression an offer to the public in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Public Offer and the Bonds to be offered so as to enable an investor to decide to purchase any Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

### **United Kingdom**

The Manager has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **Financial Services and Markets Act**)) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the Financial Services and Markets Act does not apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the Financial Services and Markets Act with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

### **United States**

The Bonds have not been, and will not be, registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), unless they have been so registered or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold solely outside the United States to non-U.S. persons in reliance on Regulation S. Terms used in this paragraph have the meaning given to them in Regulation S.

The Manager has agreed that it will not offer, sell or deliver the Bonds (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Public Offer and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons, and that they will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration (if any) to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the

account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them in Regulation S.

In addition, until 40 days after the commencement of the Public Offer, an offer or sale of the Bonds within the United States by a dealer (whether or not participating in the Public Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### PART XIII: GENERAL INFORMATION

1. Application has been made for the Bonds to be listed as from the Issue Date on the regulated market of Euronext Brussels. KBC has been appointed as Listing Agent for that purpose.
2. The issue of the Bonds was authorised by resolutions passed by the Board of Directors of the Issuer on 12 May 2017.
3. The Bonds have been accepted for clearance through the Clearing System of the National Bank of Belgium. The Common Code of the Bonds is 163738783. The International Securities Identification Number (ISIN) of the Bonds is BE0002287564. The address of the National Bank of Belgium is Boulevard de Berlaimont 14, B-1000 Brussels.
4. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain, to its reasonable knowledge, from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading in any material respect. The source of third party information is identified where used.
5. During the Subscription Period and during the life of the Bonds, copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer, Leonardo Da Vincilaan 19A bus 6, 1831 Diegem, as well as on the Issuer's website ([www.vgpparks.eu](http://www.vgpparks.eu)):
  - the articles of association (*statuts / statuten*) of the Issuer, in Dutch;
  - the annual report and audited financial statements of the Issuer for the years ended 31 December 2015 and 31 December 2016 (statutory in accordance with Belgian GAAP) and the annual report and audited financial statements of the year ended 31 December 2015 and 31 December 2016 (consolidated in accordance with IFRS) together with the audit reports thereon;
  - a copy of this Prospectus together with any supplement to this Prospectus; and
  - all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in this Prospectus.
6. The Statutory Auditor Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Rik Neckebroeck (member of the *Institut des Réviseurs d'Entreprises / Instituut der Bedrijfsrevisoren*) has audited, and rendered unqualified audit reports on, the annual financial statements of the Issuer for the years ended 31 December 2015 and 31 December 2016 and the consolidated IFRS financial statements of the Issuer for the financial year ended 31 December 2015 and 31 December 2016.

## PART XIV: DEFINITIONS

<b>2017 Bond</b>	means the EUR 75 million fixed rate bond maturing on 12 July 2017 which carries a coupon of 5.15% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002201672 – Common Code: 094682118);
<b>2018 Bond</b>	means the EUR 75 million fixed rate bond maturing on 6 December 2018 which carries a coupon of 5.10% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002208743 – Common Code: 099582871);
<b>2023 Bond</b>	means the EUR 225 million fixed rate bond maturing on 21 September 2023 which carries a coupon of 3.90% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002258276 – Common Code: 148397694);
<b>2025 Bond</b>	means the EUR 80 million fixed rate bond maturing on 30 March 2025 which carries a coupon of 3.35% per annum (unlisted with ISIN Code: BE6294349194 – Common Code: 159049558);
<b>Accounting Standards</b>	means the accounting standards that are generally accepted in Belgium, including IFRS, to the extent applicable to the relevant financial statements;
<b>Agency Agreement</b>	means the domiciliary agency agreement dated 20 June 2017 entered into between the Issuer and the Agent (which expression includes any successor as Agent under the Agency Agreement) as amended and/or supplemented and/or restated from time to time;
<b>Agent</b>	means KBC acting as exclusive lead manager and bookrunner and as domiciliary, calculation, paying and listing agent for the purpose of the Public Offer;
<b>Aggregate Net Rental Income</b>	means the sum of any and all income of any member of the Group related to rent of its respective Project Buildings less the Rental Expenses;
<b>Aggregate Nominal Amount</b>	means the aggregate nominal amount of the Bonds issued;
<b>Allianz</b>	means Allianz AZ Finance VII Luxembourg S.A., SAS Allianz Logistique S.A.S.U. and Allianz Benelux SA (all affiliated companies of Allianz Real Estate GmbH) taken together;
<b>Alternative Clearing System</b>	means the successor clearing system and successor clearing system operator or any additional clearing system and additional clearing system operator if at any time the Bonds are transferred to another clearing system, not operated or not exclusively operated by the NBB;

<b>Annual Relevant Period</b>	means each period of 12 months ending on the last day of a financial year of the Issuer and each period of 12 months ending on the last day of the first half of the financial year of the Issuer;
<b>Annualised Committed Leases or Annualised Rent Income</b>	means the annualised rent income generated or to be generated by executed lease – and future lease agreements;
<b>Arrangement Fee</b>	means the arrangement fee agreed between the Issuer and the Lead Manager in relation to the structuring of the issuance of the Bonds;
<b>Associate</b>	means VGP MISV Comm. VA in which the Company holds 42.87%;
<b>Audit Committee</b>	means the audit committee of the Company supervising among others the integrity of the financial information provided by the Company;
<b>Auditor</b>	means DELOITTE Bedrijfsrevisoren BV o.v.v.e. CVBA, with registered office at Gateway Building, Luchthaven Nationaal 1 J, 1930 Zaventem, Belgium, represented by Mr Rik Neckebroeck (or such auditor or statutory auditor of the Issuer as may be appointed from time to time);
<b>Authorised Offeror</b>	means any credit institution authorised pursuant to Directive 2013/36/EU or any investment firm authorised pursuant to Directive 2004/39/EC to conduct a public offer as contemplated in this Prospectus;
<b>Belgian Company Code</b>	means the Belgian Company Code ( <i>Wetboek van Vennootschappen / Code des Sociétés</i> );
<b>Belgian Corporate Governance Code</b>	means the code drawn up by the Corporate Governance Commission and including the governance practices and provisions to be met by companies under Belgian law which shares are listed on a regulated market;
<b>Beneficial Owners</b>	means the clients for which the Intermediary holds the Bonds;
<b>BITC 1992</b>	means the Belgian code on income tax of 1992 ( <i>code des impôts sur les revenus 1992 / wetboek van de inkomstenbelastingen 1992</i> );
<b>Block Voting Instruction</b>	means a document in Dutch or French (with a translation in English) issued by the Recognised Accountholder and dated in which: <ul style="list-style-type: none"> <li>(i) it is certified that Bonds (not being Bonds in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder) held to its order or under its control and blocked by it and that no</li> </ul>

such Bonds will cease to be so held and blocked until the first to occur of:

- A. the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and
  - B. the giving of notice by the Recognised Accountholder to the Issuer in accordance with paragraph 5(e) of Schedule 1 to the Conditions (provisions for meetings of Bondholders), stating that certain of such Bonds cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;
- (ii) it is certified that each holder of such Bonds has instructed such Recognised Accountholder, that the vote(s) attributable to the Bond(s) so held and blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any such adjourned meeting and that all such instructions are during the period commencing three Business Days prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;
  - (iii) the nominal amount of the Bonds so held and blocked is stated, distinguishing with regard to each resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
  - (iv) one or more persons named in such document (each hereinafter called a proxy) is or are authorised and instructed by such Recognised Accountholder to cast the votes attributable to the Bonds so listed in accordance with the instructions referred to in paragraph (ii) above as set out in such document;

**Board or Board of Directors**

means the board of directors of the Issuer or any committee thereof duly authorised to act on behalf of the board of directors;

**Bondholder**

means, in respect of any Bond, the person entitled thereto in accordance with the Belgian Company Code and the Clearing System Regulations;

<b>Bonds</b>	means the 3.25% fixed rate bonds due 6 July 2024, for an expected aggregate amount of minimum EUR 50 million and a maximum aggregate amount of EUR 75 million;
<b>Bookrunner</b>	means KBC;
<b>Business Day</b>	means (i) a day other than a Saturday or Sunday on which the NBB is operating, (ii) a day on which banks and foreign exchange markets are open for general business in Belgium, and (iii) (if a payment in Euro is to be made on that day), a day which is a business day for the TARGET2 System;
<b>Calculation Agent</b>	means KBC or such other leading investment, merchant or commercial bank as may be appointed from time to time by the Issuer for purposes of calculating the Put Redemption Amount, and notified to the Bondholders in accordance with Condition 14 ( <i>Notices</i> ) of the Terms and Conditions of the Bonds ( <i>Part IV of the Prospectus</i> );
<b>Cash or Cash Equivalents</b>	<p>means</p> <ul style="list-style-type: none"> <li>(a) any cash at hand or on a deposit that is callable on first demand; and</li> <li>(b) highly liquid financial instruments that are easily convertible into cash, for which a recognised trading market exists, and which are not issued or guaranteed by any member of the Group or subject to any Security,</li> </ul> <p>which in both cases (a) and (b) are freely available for the repayment of any Financial Indebtedness and are held by any member of the Group, and shall exclude restricted or unavailable cash;</p>
<b>Cash Available for Debt Service</b>	<p>means, for any Annual Relevant Period:</p> <ul style="list-style-type: none"> <li>(a) after tax profit of the Issuer earned in the relevant Annual Relevant Period;</li> <li>(b) <b>plus</b> any interest (i) accounted for but unpaid or (ii) accounted for and paid by all members of the Group under the subordinated Financial Indebtedness provided for by the Issuer during the relevant Annual Relevant Period;</li> <li>(c) <b>plus</b> any amount accounted for by all members of the Group in respect of depreciation and amortisation during the relevant Annual Relevant Period;</li> <li>(d) <b>plus</b> any expenses accounted for and payable by all members of the Group on non-realised</li> </ul>

foreign exchange losses in respect of such relevant Annual Relevant Period;

- (e) **plus** the aggregate amount of interest, commissions and other finance charges (including any Interest Rate Hedging costs) due and payable by all the members of the Group under any Financial Indebtedness in such relevant Annual Relevant Period;
- (f) **less** any revenue resulting from re-evaluation (accounted for but unpaid) of any derivatives, options, futures or hedging or other similar financial instruments or contracts;
- (g) **plus** any expense resulting from re-evaluation (accounted for but unpaid) of any derivatives, options, futures or hedging or other similar financial instruments or contracts; and
- (h) **plus** any available Cash and Cash Equivalents on the last day of the Annual Relevant Period;

**CEE**

means Central and Eastern Europe;

**Change of Control**

means the situation whereby (a) any person other than the Reference Shareholders or (b) a group of persons other than the Reference Shareholders, Acting in Concert, gain(s) Control of the Issuer;

whereby;

(i) **Control** means (A) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to (i) cast, or control the casting of more than 50% of the maximum number of votes that might be cast at a general meeting of Shareholders of the Issuer; or, (ii) exercise a decisive influence on the appointment or removal of all or a majority of the directors of the Issuer (including, but not limited to the right to nominate, pursuant to the articles of association or pursuant to agreements known by the Issuer, the majority of the directors of the Issuer); or (iii) exercise a decisive influence on the operating or financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are to comply or (B) the acquisition or the holding of a number of voting rights, even if such number is less than 50% of the outstanding voting rights in the Issuer, if such acquisition or

holding has resulted in a mandatory public offer over the whole of the outstanding shares of the Issuer; and

(ii) **Acting in Concert** means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them to obtain or consolidate control over the Issuer;

<b>Change of Control Notice</b>	means the notice whereby the Issuer notifies the Bondholders of the occurring of a Change of Control in accordance with Condition 14 ( <i>Notices</i> ) of the Terms and Conditions of the Bonds ( <i>Part IV of the Prospectus</i> );
<b>Change of Control Put</b>	means the right of the Bondholder to require the Issuer to repurchase all or any part of such holder's Bonds at the Put Redemption Amount upon the occurrence of a Change of Control;
<b>Change of Control Put Date</b>	means the fourteenth TARGET Business Day after the expiry of the Change of Control Put Exercise Period;
<b>Change of Control Put Exercise Notice</b>	means the duly completed and signed notice of the Bondholder of exercise the Change of Control Put, in the form attached as schedule 2 to the Terms and Conditions of the Bonds ( <i>Part IV of the Prospectus</i> );
<b>Change of Control Put Exercise Period</b>	means the period commencing on the date of a Change of Control and ending 90 calendar days following such Change of Control, or, if later, 90 calendar days following the date on which a Change of Control Notice is given to Bondholders as required by Condition 6.2 ( <i>Redemption at the Option of Bondholders</i> ) of the Terms and Conditions of the Bonds ( <i>Part IV of the Prospectus</i> );
<b>Change of Control Resolutions</b>	means one or more decisions validly taken by the general meeting of shareholders of the Issuer approving Condition 6.2 ( <i>Redemption at the Option of Bondholders</i> ) of the Terms and Conditions of the Bonds ( <i>Part IV of the Prospectus</i> );
<b>Clearing Agreement</b>	means the clearing services agreement ( <i>Overeenkomst van dienstverlening inzake de uitgifte van gedematerialiseerde obligaties / Convention de services de clearing relatifs à l'émission d'obligations dématérialisées</i> ) to be dated on or about the Issue Date between the Issuer, the Agent and the NBB;
<b>Clearing System</b>	means the system by which the Bonds will be represented exclusively by book entries in the records of the X/N securities and cash clearing system operated by the NBB or any successor thereto;

<b>Clearing System Regulations</b>	means the applicable Belgian clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the Clearing System and its annexes, as issued or modified by the NBB from time to time;
<b>Clearstream, Luxembourg</b>	means Clearstream Banking, société anonyme, Luxembourg, 42, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg;
<b>Company</b>	means VGP NV, a public limited liability company ( <i>naamloze vennootschap / société anonyme</i> ) incorporated under Belgian law, having its registered office at Leonardo Da Vincilaan 19A bus 6, 1831 Diegem, Belgium, registered with the Crossroads Bank for Enterprises under number 0887.216.042, commercial court of Brussels;
<b>Company SPA</b>	means the share purchase agreement between the Issuer as seller and Allianz as purchaser relating to the sale of 50% of the shares in VGP European Logistics S.à r.l.;
<b>Compliance Certificate</b>	means a certificate from the Issuer, signed by two directors of the Issuer (one of which must be its executive director) or alternatively by the executive director and the chief financial officer and approved by the Auditors, setting out in detail computations, indicating and confirming whether the Consolidated Gearing, the Interest Cover Ratio and the Debt Service Cover Ratio comply with the applicable ratios and thresholds as set out in Condition 10 ( <i>Undertakings</i> ) of the Terms and Conditions of the Bonds ( <i>Part IV of the Prospectus</i> ), as at the date of the relevant financial statements to which such compliance certificate relates;
<b>Consolidated Financial Indebtedness</b>	means, at any time, the aggregate amount of all obligations of the Group for or in respect of Financial Indebtedness but: <ul style="list-style-type: none"> <li>(a) excluding any such obligation to any other member of the Group; and</li> <li>(b) deducting the aggregate amount of Cash and Cash Equivalents held by any member of the Group at such time</li> </ul> and so that no amount shall be included or excluded more than once;
<b>Consolidated Gearing</b>	means, in respect of any Annual Relevant Period, the ratio of Consolidated Total Net Debt on the last day of that Annual Relevant Period to the sum of the equity and the total liabilities (including off-balance sheet liabilities) at Group level in respect of that Annual Relevant Period;

<b>Consolidated Total Net Debt</b>	means, at any time, Total Net Debt calculated at Group level;
<b>Corporate Governance Code</b>	means the principles of corporate governance contained in the Belgian Code on Corporate Governance published on 12 March 2009, as adopted by the Company and available on the Company's website;
<b>Corresponding Debt</b>	means any debt of the Issuer or any of its Subsidiaries (including any debt under the Bonds) that is guaranteed by any Security, Personal Security, guarantee or indemnity that also secures the Bonds in accordance with the Terms and Conditions ( <i>Part IV of the Prospectus</i> );
<b>Debt Service Cover Ratio</b>	means: <ul style="list-style-type: none"> <li>(a) the Cash Available for Debt Service,</li> <li style="text-align: center;"><u>divided by</u></li> <li>(b) the Net Debt Service;</li> </ul>
<b>Domiciliary Agent</b>	means KBC;
<b>EUR, euro or €</b>	means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended;
<b>Euroclear</b>	means Euroclear Bank SA/NV;
<b>Event of Default</b>	means one of the following events which are described in detail in Condition 9 ( <i>Events of Default</i> ) of the Terms and Conditions of the Bonds ( <i>Part IV of the Prospectus</i> ): <ul style="list-style-type: none"> <li>(a) Non-payment;</li> <li>(b) Breach of ratios;</li> <li>(c) Breach of other covenants, agreements or undertakings;</li> <li>(d) Cross-Default of the Issuer or a Subsidiary;</li> <li>(e) Enforcement Proceedings;</li> <li>(f) Security Enforced;</li> <li>(g) Unsatisfied judgment;</li> <li>(h) Insolvency and insolvency proceedings;</li> <li>(i) Reorganisation, change of or transfer of business or transfer of assets;</li> <li>(j) Winding-Up;</li> <li>(k) Failure to take action;</li> <li>(l) Unlawfulness; and</li> <li>(m) Delisting of the Bonds;</li> </ul>
<b>Extraordinary Resolution</b>	means a resolution passed at a meeting of Bondholders duly convened and held in accordance with these Conditions and the Belgian Company Code by a majority of at least 75% of the votes cast;

<b>Facility Management</b>	means the day-to-day maintenance, alteration and improvement work of buildings;
<b>Fair Value</b>	means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction, as defined in IAS 40. In addition, market value must reflect current rental agreements, the reasonable assumptions in respect of potential rental income and expected costs;
<b>Finance Charges</b>	means, for any Annual Relevant Period, the difference between on the one hand the interest charges (being the sum of the aggregate amount of interest, commissions and other finance charges (including any Interest Rate Hedging costs but excluding the Arrangement Fee and the Placement Fee paid by the Issuer to the Lead Manager for the first 12 months Testing Period) due and payable by all the members of the Group under any Financial Indebtedness in such relevant Annual Relevant Period and on the other hand the interest received (being the sum of the aggregate amount of interest, commissions and other finance income (including any Interest Rate Hedging income) and remuneration on finance leases and related products ) in each case calculated on a consolidated basis on the last day of a financial year of the Issuer and on the last day of the first half of the financial year of the Issuer;
<b>Financial Indebtedness</b>	means any indebtedness for or in respect of: <ul style="list-style-type: none"> <li>(a) moneys borrowed (on the basis of any credit agreement, loan agreement or any similar agreement);</li> <li>(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;</li> <li>(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including without limitation the Bonds;</li> <li>(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the relevant Accounting Standards, be treated as a finance or capital lease;</li> <li>(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis) and any assumed debt;</li> <li>(f) any Treasury Transaction and, when calculating the value of any Treasury Transaction, only the</li> </ul>

marked to market value shall be taken into account;

- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (h) any amount of any liability under any advance or deferred purchase agreement if one of the primary reasons behind entering into the agreement is to raise finance for a purchase of assets and payment is due after more than 90 (ninety) days;
- (i) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and
- (j) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (i) above;

<b>Financial Intermediary</b>	means a bank or other financial intermediary through which the Bondholder holds the Bonds;
<b>Financial Services and Markets Act</b>	means the Financial Services and Markets Act 2000 of the United Kingdom;
<b>FSMA</b>	means the financial Services and Markets Authority ( <i>Autoriteit voor Financiële Diensten en Markten / Autorité des services et marches financiers</i> );
<b>FTT</b>	means the proposed financial transactions tax by the EU Commission;
<b>GDP</b>	means the gross domestic product ( <i>bruto national product / produit national brut</i> ) of a country;
<b>Gearing Ratio</b>	means the ratio calculated as consolidated Total Net Debt divided by the sum of the equity and total liabilities;
<b>Group</b>	means the Issuer and its Subsidiaries;
<b>IAS</b>	means the International Accounting Standards, the international accounting standards drawn up by the International Accounting Standards Board (IASB), for the preparation of financial statements;
<b>IFRS</b>	means the International Financial Reporting Standards (see also IAS);

<b>Independent Source</b>	means any market data and other statistical information used in this Prospectus which has been extracted from a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications;
<b>Indexation</b>	means the contractual annual adjustment of the rent on the anniversary of the contract effective date on the basis of the inflation rate according to a benchmark index in each specific country;
<b>Interest Cover Ratio</b>	means the ratio of Aggregate Net Rental Income (increased with the available Cash and Cash Equivalents on the last day of an Annual Relevant Period) to Finance Charges in respect of any Annual Relevant Period;
<b>Interest Payment Date</b>	means the date on which the interest will be payable annually in arrears on 6 July of each year, commencing with the Interest Payment Date falling on 6 July 2018;
<b>Interest Period</b>	means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;
<b>Interest Rate</b>	means 3.25% per annum;
<b>Interest Rate Hedging</b>	means the use of derived financial instruments to protect debt positions against interest rate rises;
<b>Intermediary</b>	see Financial Intermediary;
<b>Investor's Currency</b>	means the currency or currency unit in which the investor's financial activities are denominated;
<b>IRS</b>	means the 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);
<b>Issuer</b>	see Company;
<b>Issue Date</b>	means 6 July 2017;
<b>Issue Price</b>	means the issue price for the Bonds, which will be 101%;
<b>Joint Venture</b>	means VGP European Logistics S.à r.l., the 50:50 joint venture between the Issuer and Allianz;
<b>JVA or Joint Venture Agreement</b>	means the joint venture agreement made between Allianz and the Issuer dated 14 March 2016;

<b>KBC</b>	means KBC Bank NV, having its registered office at Havenlaan 2, 1080 Brussels, Belgium;
<b>Lead Manager</b>	means KBC;
<b>Listing Agent</b>	means KBC;
<b>Little Rock SA</b>	means a limited liability company ( <i>société anonyme</i> ) organised and existing under the laws of Luxembourg, having its registered office at 25, Boulevard Prince Henri, L 1724 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B156902;
<b>Long Stop Date</b>	means 31 December 2017;
<b>Manager</b>	see Agent;
<b>Material Adverse Change</b>	means a material adverse change in the financial condition, business affairs, results or operations of the Issuer or the Group taken as a whole since the date of the Placement Agreement or the date of the Prospectus;
<b>Maturity Date</b>	means 6 July 2024;
<b>Minimum Sales Period</b>	means the minimum Subscription Period, i.e. a period of one Business Day starting on the third Business Day in Belgium following the day on which the Prospectus has been made available on the websites of the Issuer and the Lead Manager (including the day on which the Prospectus was made available);
<b>Monte Titoli</b>	means Monte Titoli S.p.A., Piazza degli Affari, 6, Milan, MI 20123, Italy;
<b>N Account</b>	means a non-exempt securities account in the X/N System that has been opened with a Participant in the NBB System;
<b>NBB</b>	means the National Bank of Belgium;
<b>Net Asset Value</b>	means the value of the Joint Venture's assets minus the value of its liabilities;
<b>Net Current Result</b>	means the operating result plus net financial result (financial income less financial charges) less income and deferred taxes;
<b>Net Debt Service</b>	means, in respect of any Annual Relevant Period, the sum of: <ul style="list-style-type: none"> <li>(a) the Finance Charges; and</li> <li>(b) any principal due and payable by all members of the Group under any Financial Indebtedness in respect of such relevant Annual Relevant Period;</li> </ul>
<b>Occupancy Rate</b>	means the occupancy rate which is calculated by dividing the total leased out lettable area (m <sup>2</sup> ) by the total lettable area (m <sup>2</sup> ) including any vacant area (m <sup>2</sup> );

<b>Ordinary Shares</b>	means fully paid ordinary shares in the capital of the Issuer currently with no-par value;
<b>Parallel Debt</b>	means an amount equal to the amount of the Corresponding Debt provided that any amounts are outstanding under the Corresponding Debt;
<b>Participant</b>	means a financial institution that is a direct or indirect participant in the NBB System;
<b>Paying Agent</b>	means KBC;
<b>Permitted Public Offer</b>	means any offer of the Bonds in any Relevant Member State other than offers in Belgium;
<b>Personal Security</b>	means in relation to any Financial Indebtedness of any person, any obligation of another person to pay such Financial Indebtedness including (without limitation): (a) any obligation to purchase such Financial Indebtedness; (b) any obligation to lend money or to provide funds for the payment of such Financial Indebtedness; (c) any indemnity against the consequences of a default in the payment of such Financial Indebtedness; and (d) any other agreement to be responsible for such Financial Indebtedness;
<b>Placement Agreement</b>	means the placement agreement dated on or around 20 June 2017 between the Manager and the Issuer;
<b>Placement Fee</b>	means a placement fee of 0.875% calculated on the aggregate principal amount of Bonds effectively placed with investors (borne by the Issuer);
<b>Profit for the year</b>	means the Net Current Result plus the result on the portfolio;
<b>Project Buildings</b>	means any buildings the construction and development of which are carried out by any member of the Group;
<b>Project Land</b>	means plots of land owned by any member of the Group on which any Project Buildings are to be constructed and developed;
<b>Project Management</b>	means the management of building and renovation projects;
<b>Projects</b>	means the predevelopment of Project Land and the development, construction and operation of Project Buildings;
<b>Property Portfolio</b>	means the property investments, including property for lease, property investments in development for lease, assets held for sale and development land;
<b>Prospectus Directive</b>	means the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended;
<b>Prospectus</b>	means this listing and offering prospectus dated 20 June 2017;

<b>Prospectus Law</b>	means the Belgian law dated 16 June 2006 concerning the public offer of investment securities and the admission of investment securities to trading on a regulated market;
<b>Prospectus Regulation</b>	means the Commission Regulation (EC) 809/2004 of 29 April 2004 implementing the Prospectus Directive, as amended;
<b>Public Offer</b>	means the Bonds offered to the public in Belgium;
<b>Put Redemption Amount</b>	means an amount per Bond calculated by the Calculation Agent by multiplying the Redemption Rate by the Specified Denomination of such Bond and rounding, if necessary, the resultant figure to nearest minimum sub-unit of euro (half of such unit being rounded downwards), and by adding any accrued but unpaid interest of such Bond to (but excluding) the relevant repayment date;
<b>Qualified Investors</b>	means qualified investors as defined in the Prospectus Law;
<b>RD/BITC 1992</b>	means the royal decree implementing the BITC 1992 ( <i>arrêté royal d'exécution du code des impôts sur les revenus 1992 / koninklijk besluit tot invoering van het wetboek inkomstenbelastingen 1992</i> );
<b>Recognised Accountholder</b>	means, in relation to one or more Bonds, the Recognised Accountholder ( <i>erkende rekeninghouder / teneur de compte agréé</i> ) within the meaning of article 468 of the Belgian Company Code with which the Bondholder holds such Bonds on a securities account;
<b>Redemption Rate</b>	means $\text{MIN}(101\%; 100\% \times \text{Exp}(T \times 0,74720148386\%))$ , rounded down to the 9th decimal, whereby:  T means the time, expressed in decimals of a year, elapsed from (and including) the Issue Date until (and including) the relevant redemption date; and  Exp means the exponential function meaning the function $e^x$ , where e is the number (approximately 2.718) such that the function $e^x$ equals its own derivative;
<b>Reference Shareholders</b>	means (i) VM Invest NV, (ii) Van Malderen Bart, (iii) Little Rock SA, (iv) Van Geet Jan, (v) Alsgard SA, and (vi) Comm. VA VGP MISV;
<b>Regulation S</b>	means the Regulation S under the Securities Act;
<b>Relevant Creditor</b>	means the creditors of the relevant Financial Indebtedness;
<b>Relevant Date</b>	means, in respect of any Bond, whichever is the later of: <ul style="list-style-type: none"> <li>(a) the date on which payment in respect of it first becomes due; and</li> <li>(b) if any amount of the money payable is improperly withheld or refused, the date on</li> </ul>

which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer to the Bondholders in accordance with Condition 14 (*Notices*) that such payment will be made, provided that such payment is in fact made as provided in these Conditions;

<b>Relevant Member State</b>	means each Member State of the European Economic Area which has implemented the Prospectus Directive;
<b>Remuneration Committee</b>	means the remuneration committee of the Company established in accordance with paragraph 2 of annex 2 of the VGP Charter;
<b>Rental Expenses</b>	means the sum of any and all expenses incurred in relation to the operation, administration, maintenance and repairs by any member of the Group in relation to its Projects;
<b>Responsible Person</b>	means the Issuer;
<b>Retail Investors</b>	means investors who are not Qualified Investors;
<b>Royal Decree</b>	means the " <i>Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier</i> ", Royal decree of 26 May 1994 on the deduction of withholding tax;
<b>Securities Act</b>	means the United States Securities Act of 1933, as amended;
<b>Security</b>	means any mortgage, charge, pledge, lien or any other form of encumbrance or security interest or any mandate to create the same, including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;
<b>Security Agent</b>	means a security agent appointed in the context of the relevant Financial Indebtedness;
<b>Security Documents</b>	mean all documents relating to a Security, Personal Security, guarantee or indemnity;
<b>SEE</b>	means South East Europe;
<b>Seed Portfolio</b>	means the first 15 VGP parks acquired by the Joint Venture at the end of May 2016;
<b>Seed Portfolio SPA</b>	means the share purchase agreement between the Issuer and VGP CZ X a.s. (as sellers) and VGP European Logistics S.à r.l. (as purchaser) related to a sale of (i) 100% participation in the Czech companies VGP CZ V a.s. (owning VGP Park BRNO), VGP CZ VI a.s. (owning VGP Park Hradek nad Nisou), VGP CZ VIII a.s. (owning VGP Park Plzen) and TPO hala G2 a.s. (owning partially VGP Park Olomouc), (ii) 100% participation in the Slovak company VGP Park Malacky a.s. (formerly named VGP Slovakia a.s.) (owning VGP Park Malacky), (iii) 94.9% participation in the German companies VGP Park Bingen GmbH (owning VGP Park Bingen), VGP Park Berlin

	GmbH (owning VGP Park Berlin), VGP Park Höchststadt GmbH (owning VGP Park Höchststadt), VGP Park Hamburg GmbH (owning VGP Park Hamburg) and VGP Park Rodgau GmbH (owning VGP Park Rodgau), and (iv) 94.9% participation in the Luxembourg companies VGP Park Hamburg 2 S.à r.l. (VGP park Hamburg 2), VGP Park Frankenthal S.à r.l. (owning VGP Park Frankenthal and VGP Park Bobenheim-Roxheim) and VGP Park Leipzig S.à r.l. (owning VGP Park Borna);
<b>Shareholders</b>	means the holders of Ordinary Shares;
<b>SIX SIS</b>	means SIX SIS AG, Baslerstrasse 100, P.O. Box, Olten 4600, Switzerland;
<b>Specified Denomination</b>	means EUR 1,000 per Bond;
<b>Statutory Auditor</b>	see Auditor;
<b>Subscription Period</b>	means the period between 23 June 2017 at 9.00 a.m. (Brussels time) and 30 June 2017 at 5.30 p.m. (Brussels time);
<b>Subsidiary</b>	means a subsidiary of the Issuer within the meaning of article 6, 2° and article 8 of the Belgian Company Code;
<b>SUTA</b>	means SUTA s.r.o., having its registered office at Rozšířená 2159/15, Libeň, 182 00 Praha 8 and registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Entry No. 201835;
<b>Take-up</b>	means the letting of rental spaces to users in the rental market during a specific period;
<b>TARGET Business Day</b>	means a day (other than a Saturday or Sunday) on which the TARGET System is operating for the settlement of payments in euro;
<b>TARGET System</b>	means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system, or any successor thereto;
<b>Tax Eligible Investors</b>	means the investors listed in article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax ( <i>arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier / koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing</i> );
<b>Taxes</b>	any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Belgium, or any political subdivision or any authority therein or thereof having power to tax;
<b>Total Debt</b>	means at any time (but so that no amount shall be included or excluded more than once), the Consolidated Financial Indebtedness of the Group, excluding however all intra-Group

Financial Indebtedness. For the avoidance of doubt, such intra-Group Financial Indebtedness shall include Financial Indebtedness incurred pursuant to any Financial Indebtedness of a member of the Group owed to another member of the Group which is senior, junior or *pari passu* with the Bonds;

<b>Total Net Debt</b>	means the Total Debt less Cash and Cash Equivalents;
<b>Treasury Transaction</b>	means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price;
<b>VGP or VGP Group</b>	see Group;
<b>VGP Charter</b>	means the corporate governance charter of the Company adopted by the Board in accordance with the recommendations set out by the Belgian Code on Corporate Governance and available on the Company's website;
<b>VGP MISV Comm. VA</b>	means a company ( <i>commanditaire vennootschap op aandelen / société en commandite par actions</i> ), organised and existing under the laws of Belgium, having its registered office at Spinnerijstraat 12, 9240 Zele, Belgium, registered with the Crossroads Bank for Enterprises under number 0894.442.740, RPR / RPM Dendermonde;
<b>VM Invest NV</b>	means a limited liability company ( <i>naamloze vennootschap / société anonyme</i> ) organised and existing under the laws of Belgium, having its registered office at Spinnerijstraat 12, 9240 Zele, Belgium, registered with the Crossroads Bank for Enterprises under number 0418.701.587, RPR / RPM Dendermonde;
<b>Voting Certificate</b>	means a certificate in Dutch or French (with a translation in English) issued by the Recognised Accountholder and dated in which it is stated: <ul style="list-style-type: none"><li>(i) that on the date thereof Bonds (not being Bonds in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder) held to its order or under its control and blocked by it and that no such Bonds will cease to be so held and blocked until the first to occur of:<ul style="list-style-type: none"><li>A. the conclusion of the meeting specified in such certification or,</li></ul></li></ul>

if applicable, any adjourned such meeting; and

- B. the surrender of the certificate to the Recognised Accountholder who issued the same; and
- (ii) that until the release of the Bonds represented thereby the bearer thereof is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Bonds represented by such certificate;

**WHT**

means Belgian withholding tax;

**X Account**

means an exempt securities account in the X/N System that has been opened with a Participant in the NBB System;

**Registered Office of the Issuer**

VGP NV  
Leonardo Da Vincilaan 19A bus 6  
1831 Diegem  
Belgium

**Lead Manager and Bookrunner**

KBC Bank NV  
Havenlaan 2  
1080 Brussels  
Belgium

**Domiciliary and Paying Agent and Calculation Agent**

KBC Bank NV  
Havenlaan 2  
1080 Brussels  
Belgium

**Transaction counsel**

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Posthofbrug 12  
2600 Antwerp  
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