



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

24 February 2017 at 7:00 a.m. CET

**Annual results 2016**

- **Profit for the year of € 91.3 million (+ € 4.7 million against 2015)**
- **69.3% increase of annualised committed leases to € 64.3 million<sup>1</sup> (+ € 26.3 million compared to 31 December 2015) with an additional € 1.9 million<sup>2</sup> lease contracts being signed during the first weeks of 2017**
- **The weighted average term of the annualised committed leases of the combined own and Joint Venture portfolio stood at 10.3 years at the year-end (7.5 years as at 31 December 2015). The own portfolio reached 14.1 years and 7.8 years for the Joint Venture portfolio**
- **The signed annualised committed leases at year end represent a total of 1,278,238 m<sup>2</sup> of lettable area of which 545,715 m<sup>2</sup> relates to the own portfolio and 732,523 m<sup>2</sup> to the VGP European Logistics joint venture**
- **14 projects delivered during the year representing 268,945 m<sup>2</sup> of lettable area. In addition, 17 projects under construction representing 381,041 m<sup>2</sup> of future lettable area**
- **Strong entrance into the Spanish market with the acquisition of a state of the art brand new 185,000 m<sup>2</sup> warehouse (let under a long term lease contract) located in Barcelona and the acquisition of around 400,000 m<sup>2</sup> of development land in Madrid and Barcelona representing an aggregate investment of circa € 195 million**
- **The acquisition of new development land during the year totalled 1,166,000 m<sup>2</sup> (including Spain) to support the development pipeline**
- **Following the establishment of the 50/50 VGP European Logistics joint venture with Allianz Real Estate and the first closing at the end of May 2016 a second closing occurred at the end of October 2016 for a transaction value in excess of € 80 million**
- **Net valuation gain on the investment portfolio reaches € 118.9 million (compared to € 104.0 million at the end of December 2015)**
- **Successful placement of a new 7 year € 225 million retail bond on 22 September 2016**
- **The Board of Directors has decided to convene an Extraordinary Shareholders' Meeting<sup>3</sup> to propose a capital reduction in cash of € 20 million (€ 1.08 per share)**

<sup>1</sup> Including VGP European Logistics (joint venture with Allianz Real Estate). As at 31 December 2016 the annualised committed leases for VGP European Logistics stood at € 38.6 million.

<sup>2</sup> Including € 1.2 million annualised committed leases contracted for VGP European Logistics

<sup>3</sup> The Extraordinary Shareholders' Meeting is planned to be held on the date as the next General meeting of shareholders i.e. 12 May 2017.

## Summary

VGP recorded a strong growth in all the markets where the Group is active, with e-commerce gaining increasing importance in driving the demand for new lettable space.

2016 also marked the start of a new 50/50 joint venture with Allianz Real Estate. The new joint venture (VGP European Logistics) has an exclusive right of first refusal 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.

VGP European Logistics recorded its first closing at the end of May 2016, in which 15 parks were acquired located in Germany (8 parks), the Czech Republic (4 parks), Slovakia (1 park) and Hungary (2 parks) and comprised 28 logistic and semi-industrial buildings. A second closing took place at the end of October 2016, in which a further 5 buildings were acquired i.e. 4 buildings located in Germany and one building located in Slovakia.

Following the completion of the acquisition of the initial seed portfolio by the VGP European Logistics joint venture, the board of directors approved the redemption on 1 June 2016 of all issued hybrid securities against a price equal to the issue price (in total € 60 million) plus the interest accrued (€ 3.0 million) from the issue date of each Security.

2016 saw also the jump start in Spain with a sale and lease back transaction whereby VGP acquired a state of the art brand new warehouse from the fashion Group Mango offering 185,000 m<sup>2</sup> of usable space (extendable to circa 260,000 m<sup>2</sup>) and leased it back to Mango under a long-term lease agreement and the acquisition of 400,000 m<sup>2</sup> additional development land located in Barcelona (adjacent to the Mango building) and Madrid (San Fernando de Henares). The total initial invested amount was around € 195 million.

The strong development pipeline allowed VGP, during the second half of 2016, to further extend its debt maturity profile with the successful issuance of a 7 year € 225 million bond.

VGP's activities during the year 2016 can be further summarised as follows:

- The operating activities resulted in a profit for the year of € 91.3 million (€ 4.91 per share) for the financial year ended 31 December 2016 compared to a profit of € 86.6 million (€ 4.66 per share) for the financial year ended 31 December 2015.
- The increase in demand of lettable area resulted in the signing of new lease contracts in excess of € 30.4 million in total of which € 27.4 million related to new or replacement leases (€ 6.3 million on behalf of VGP European Logistics) and € 3.0 million (€1.1 million on behalf of VGP European Logistics) were related to renewals of existing lease contracts.
- The Group's property portfolio reached an occupancy rate of 98.8% at the end of December 2016 (including VGP European Logistics) compared to 97.3% as at 31 December 2015. At the end of the year the occupancy rate of the own portfolio stood at 97.0% and at 100% for VGP European Logistics.
- The own investment property portfolio consists of 16 completed buildings representing 416,158 m<sup>2</sup> of lettable area whereas the Joint Venture property portfolio consists of 33 completed buildings representing 593,454 m<sup>2</sup> of lettable area.

- At the end of December 2016, 17 buildings representing 381,041 m<sup>2</sup> of lettable area were under construction of which 6 buildings were being constructed for VGP European Logistics and which should be acquired by the Joint Venture upon completion.
- The net valuation of the property portfolio as at 31 December 2016 showed a net valuation gain of € 118.9 million (against a net valuation gain of € 104.0 million per 31 December 2015).
- As at 31 December 2016 the financial income benefited from the interest income on loans made available to the Joint Venture but was adversely impacted by the interest on the € 225 million bond issued during the year and the negative fair value of outstanding interest rate swaps. This resulted in a net financial cost of € 16.9 million as at 31 December 2016 compared to € 10.2 million as at 31 December 2015.
- Following the successful sales of assets to VGP European Logistics during 2016 and in order to further optimise the capital structure of VGP NV the board of directors has decided to convene an Extraordinary Shareholders' Meeting to propose an additional capital reduction in cash of € 20,069,694.00. This cash distribution would correspond to € 1.08 per share.

## Key figures

<b>CONSOLIDATED INCOME STATEMENT – ANALYTICAL FORM</b> <i>(in thousands of €)</i>	<b>2016</b>	<b>2015</b>
<b>NET CURRENT RESULT</b>		
Gross rental income	16,806	17,073
Service charge income / (expenses)	1,035	422
Property operating expenses	(1,703)	(972)
<b>Net rental and related income</b>	<b>16,138</b>	<b>16,523</b>
Property and development management fee income	3,141	1,433
Facility management income	684	1,114
Other income / (expenses) - incl. administrative costs	(16,778)	(13,998)
Share in the result of joint ventures and associates	7,897	191
<b>Operating result (before result on portfolio)</b>	<b>11,082</b>	<b>5,263</b>
Net financial costs <sup>1</sup>	(12,287)	(9,835)
Revaluation of interest rate financial instruments (IAS 39)	(4,619)	(319)
Taxes	1,122	5,512
<b>Net current result</b>	<b>(4,702)</b>	<b>621</b>
<b>RESULT ON PROPERTY PORTFOLIO</b>		
Net valuation gains / (losses) on investment properties	118,900	103,981
Deferred taxes	(22,912)	(18,041)
<b>Result on property portfolio</b>	<b>95,988</b>	<b>85,940</b>
<b>PROFIT FOR THE YEAR</b>	<b>91,286</b>	<b>86,561</b>

## Net rental income

The net rental income decreased with € 0.4 million to € 16.1 million after taking into effect the full impact of the income generating assets delivered during 2016 and the deconsolidation of the VGP European Logistics portfolio. This newly established joint venture with Allianz Real Estate acquired 15 parks from VGP at the end of May 2016 and another 5 buildings at the end of October 2016.

Including VGP's share of the Joint Venture, net rental income in total has increased by € 7.7 million, or 46.2% compared to 2015 (from € 16.5 million as at 31 December 2015 to 24.2 million as at 31 December 2016) (see note 7.1 for further details). This increase is mainly due to the impact of income from new developments. The Mango building acquired in December 2016 only contributed a nominal amount of rent income (€ 0.1 million).

Following the significant disposal of assets into the VGP European Logistics joint venture, the analysis of the net rental income on such a 'look-through' basis (with the Joint Venture included at share) provides a more meaningful analysis of the net rent evolution. Given the fact that it is anticipated that there will be around 2 sales closings per year with the Joint Venture in the future we have not adjusted the net rent income for the period in which the sold assets were in full ownership of the Group.

<sup>1</sup> Excluding the revaluation of interest rate financial instruments.

### **Annualised committed rent income**

The increase in demand of lettable area resulted in the signing of new lease contracts in excess of € 30.4 million in total of which € 27.4 million related to new or replacement leases (€ 6.3 million on behalf of VGP European Logistics) and € 3.0 million (€1.1 million on behalf of VGP European Logistics) were related to renewals of existing lease contracts. During the year lease contracts for a total amount of € 1.0 million (€ 0.8 million on behalf of VGP European Logistics) were terminated.

The annualised committed leases therefore increased to € 64.3 million<sup>1</sup> as at the end of December 2016 (compared to € 38.0 million as at 31 December 2015).

Germany was the main driver of the growth in committed leases with € 14.5 million of new leases signed during the year (€ 5.6 million on behalf of VGP European Logistics).

The other countries also performed very well with new leases being signed in the Czech Republic + € 3.8 million (€ 0.7 million on behalf of VGP European Logistics), in Slovakia + € 1.4 million (€ 0.2 million on behalf of VGP European Logistics), in Estonia + € 1.4 million, in Hungary + € 0.8 million (all on behalf of VGP European Logistics) and finally in Romania + € 1.0 million. In Spain VGP entered into a € 7.5 million new lease in respect of the newly acquired building in Barcelona.

The signed committed lease agreements of the own portfolio represent a total of 545,715 m<sup>2</sup> of lettable area with the weighted average term of the annualised committed leases standing at 14.1 years<sup>2</sup> as at the end of December 2016.

The signed committed lease agreements of the Joint Venture portfolio represent a total of 732,523 m<sup>2</sup> of lettable area with the weighted average term of the annualised committed leases standing at 7.8 years<sup>3</sup> as at the end of December 2016.

### **Net valuation gain on the property portfolio**

As at 31 December 2016 the net valuation gains on the property portfolio reaches € 118.9 million against a net valuation gain of € 104.0 million per 31 December 2015.

The trend of increasingly lower yields maintained in real estate valuations continued to persist during the year. However due to the change of portfolio mix, following the divestment of the seed portfolio to VGP European Logistics, the own property portfolio, excluding development land, is being valued by the valuation expert at 31 December 2016, at a weighted average yield of 6.49% (compared to 7.02% as at 31 December 2015) .

The VGP European Logistics portfolio was valued at a weighted average yield of 6.08% as at 31 December 2016 (compared to 6.35% at 30 June 2016) reflecting the contraction of the yields during the second half of 2016.

The (re)valuation of the both portfolios was based on the appraisal report of the property expert Jones Lang LaSalle except for Spain where the valuation was made by the property expert valuator Gesvalt.

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<sup>1</sup> € 38.6 million related to VGP European Logistics

<sup>2</sup> The weighted average term of the committed leases up to the first break stands at 10.6 years as at 31 December 2016.

<sup>3</sup> The weighted average term of the committed leases up to the first break stands at 6.8 years as at 30 June 2016.

### **Income from property and development management and facility management**

The property and development management fee income increased from € 1.4 million as at 31 December 2015 to € 3.1 million as at 31 December 2016. The fee income generated during the year was solely related to asset-, property-, and development management services rendered to the VGP European Logistics joint venture which was set up during 2016.

The € 1.4 million fee recorded during 2015 related solely to property management services provided to P3 following the disposal of the VGP CZ I, II and IV real estate portfolio in October 2014 and this contract was terminated in October 2015.

The facility management income decreased during the year from € 1.1 million as at 31 December 2015 to € 0.7 million as at 31 December 2016. Although there were some adverse spill over effects from the discontinuance of the property management agreement with P3, the main reason for the fall in income was the 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. As a result, € 0.6 million of goodwill was impaired at year-end.

### **Share in result of joint ventures and associates**

VGP's share of the Joint ventures and associates' profit increased by € 7.7 million (from € 0.2 million at 31 December 2015 to € 7.9 million at 31 December 2016), reflecting the higher income from the Group's VGP European Logistics joint venture. VGP holds 50% directly in the Joint Venture and an additional 5.1% directly into the Joint Venture's subsidiaries holding German assets (Associates).

During the year the associates SNOW CRYSTAL S. à r.l. and SUN S.à r.l. were divested as part of the liquidation process and following the sale of the VGP CZ I, II and IV portfolios to P3 which took place in October 2014.

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

The other income / (expenses) and administrative costs increased with € 2.8 million (from € 14.0 million at 31 December 2015 to € 16.8 million at 31 December 2016), reflecting mainly the growth of the VGP team in order to support the growth of the development activities of the Group and its geographic expansion and also included the € 0.6 million goodwill impairment (see supra). As at 31 December 2016 the VGP team comprised 105 people active in more than 9 different countries.

### **Net financial costs**

For the period ending 31 December 2016, the financial income was € 2.8 million (€ 0.5 million as at 31 December 2015) and included € 2.5 million interest income on loans granted to VGP European Logistics and a € 0.2 million unrealised gain on interest rate derivatives (€ 0.1 million as at 31 December 2015).

The reported financial expenses as at 31 December 2016 are mainly made up of € 13.0 million interest expenses related to financial debt (€ 10.2 million as at 31 December 2015), € 4.8 million unrealised

losses on interest rate derivatives (€ 0.4 million as at 31 December 2015), € 3.2 million other financial expenses (€ 2.4 million as at 31 December 2015) mainly relating to the amortisation of the transactions costs of the 2 bonds issued during 2013 and the new bond issued during 2016 and the additional financial costs incurred in respect of closing out existing bank debt in respect of the sale of the initial seed portfolio to VGP European Logistics, € 0.1 million of net foreign exchange losses (compared to € 0.1 million net foreign exchange gains as at 31 December 2015) and a positive impact of € 1.4 million (€ 2.4 million per 31 December 2015) related to capitalised interests.

As a result, the net financial expenses reached € 16.9 million as at 31 December 2016 compared to € 10.2 million as at 31 December 2015.

Shareholder loans to VGP European Logistics amounted to € 89.9 million as at 31 December 2016 of which € 81.6 million was related to financing of the buildings under construction and development land held by the VGP European Logistics joint venture. Under the joint venture agreement VGP European Logistics has an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP and located in Germany, the Czech Republic, Slovakia and Hungary. Consequently, these assets have been classified as investment properties (Disposal group held for sale) using the accounting principles applicable to Investment Properties.

The gearing ratio of the Group increased slightly from 35.7% at 31 December 2015 to 39.4% at 31 December 2016.

The financial debt increased from € 174.3 million as at 31 December 2015 to € 409.6 million as at 31 December 2016. The increase was mainly driven by the issuance of a new € 225 million 7-year bond and the € 13 million drawdown on an new committed credit facility with Raiffeisen Bank in Romania.

## **Evolution of the property portfolio**

The development activities of the year can be summarised as follows:

### *Completed projects*

During the year 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.

For its own account VGP delivered 6 buildings i.e. In the Czech Republic: 1 building of 2,753 m<sup>2</sup> in VGP Park Cesky Ujezd and 1 building of 11,436 m<sup>2</sup> in VGP Park Liberec. In Romania: 2 buildings totalling 35,574 m<sup>2</sup> in VGP Park Timisoara. In other countries: 1 building of 11,152 m<sup>2</sup> in VGP Park Nehatu (Estonia) and 1 building of 55,811 m<sup>2</sup> in VGP Park Soltau (Germany).

For the Joint Venture VGP completed 8 buildings i.e. Buildings completed prior to the sale of the Seed portfolio on 31 May 2016: In Germany: 2 buildings totalling 68,129 m<sup>2</sup> in VGP Park Rodgau. In other countries: 1 building of 3,640 m<sup>2</sup> in VGP Park Plzen (Czech Republic) and 1 building of 22,892 m<sup>2</sup> in VGP Park Alsonemedi (Hungary). Buildings completed after 31 May 2016: In Germany: 1 building of 7,062 m<sup>2</sup> in VGP Park Rodgau, 1 building of 23,270 m<sup>2</sup> in VGP Park Bobenheim-Roxheim and 1 building of 14,471 m<sup>2</sup> in VGP Park Hamburg. In other countries: 1 building of 12,756 m<sup>2</sup> in VGP Park Malacky (Slovakia).



### *Projects under construction*

At the end of December 2016 VGP has the following 17 buildings under construction:

For its own account VGP has following 11 new buildings under construction: 1 building in each of the following Czech parks, VGP Park Tuchomerice, VGP Park Usti nad Labem, VGP Park Cesky Ujezd and VGP Park Olomouc. In Germany: 1 building in each of the following German parks: VGP Park Berlin, VGP Park Leipzig, VGP Park Ginsheim, VGP Park Hamburg and VGP Park Schwalbach. In the other countries: 1 building in VGP Park Nehatu (Estonia) and 1 building VGP Park Kekava (Latvia). The new buildings under construction on which 69%<sup>1</sup> pre-leases have already been signed, represent a total future lettable area of 221,060 m<sup>2</sup> which corresponds to an estimated annualised rent income of € 10.0 million.

On behalf of the Joint Venture VGP is constructing 6 new buildings: In Germany: 3 buildings in VGP Park Hamburg and 1 building in VGP Park Frankenthal. In the other countries: 1 building in VGP Park BRNO (Czech Republic) and 1 building in VGP Park Malacky (Slovakia). The new buildings under construction on which 81%<sup>1</sup> pre-leases have already been signed, represent a total future lettable area of 159,981 m<sup>2</sup>, which corresponds to an estimated annualised rent income of € 8.6 million.

### *Land bank*

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 in Spain. These new land plots allow VGP to develop approximately 649,000 m<sup>2</sup>. Besides this VGP has another 417,000 m<sup>2</sup> of new land plots under option 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 and the land plots are expected to be acquired, subject to permits, during the course of 2017.

VGP has currently a land bank in full ownership of 2,993,779 m<sup>2</sup>. The land bank allows VGP to develop besides the current completed projects and projects under construction a further 890,000 m<sup>2</sup> of lettable area of which 314,000 m<sup>2</sup> in Germany, 258,000 m<sup>2</sup> in the Czech Republic, 268,000 m<sup>2</sup> in Spain and 50,000 in the other countries.

The Joint Venture has currently a land bank of in full ownership of 1,931,383 m<sup>2</sup>. The land bank corresponds to a total development potential of 848,163 m<sup>2</sup> of which 753,435 m<sup>2</sup> or 89%; have already been developed or are currently being developed.

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

Following the sale of the Seed portfolio to VGP European Logistics the balance of the disposal group held for sale fell from € 527.4 million as at 31 December 2015 to € 132.3 million as at 31 December 2016.

Under the joint venture agreement VGP European Logistics has an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP and located in Germany, the Czech Republic, Slovakia and Hungary. The development pipeline which was transferred to the Joint

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





Venture as part of the Seed portfolio or which would be transferred as part of any future acquisition transaction between the Joint Venture and VGP is being developed at VGP's own risk and subsequently acquired and paid for by the Joint Venture subject to pre-agreed completion and lease parameters. The balance of € 132.3 million show as at 31 December 2016 correspond to the fair value of the asset under construction which are being developed by VGP on behalf of VGP European Logistics. This balance includes the interest bearing development and construction loans (€ 81.6 million) granted by VGP to the Joint Venture to finance the development pipeline of the Joint Venture.

### **Hybrid securities**

Following the completion of the acquisition of the initial seed portfolio by the new joint venture with Allianz Real Estate at the end of May 2016 (VGP European Logistics); the board of directors approved the redemption of all issued hybrid securities against a price equal to the issue price (in total € 60 million) plus the interest accrued (€ 3.0 million) from the issue date of each Security, after complying with the conflict of interest procedure in accordance with article 523 of the Belgian Companies Code. The redemption took place on 1 June 2016.

### **Financing**

During the year VGP was able to increase its committed bank facilities with € 16.5 million from Raiffeisen Romania. The committed bank facilities amount to € 39.0 million at year end and were drawn for 91% as at the end of December 2016 and have a weighted average term of 2.3 years. The total bonds outstanding at the end of December 2016 was € 375 .0 million and have an average maturity term of 4.3 years. In July 2017, a € 75 million bond will come to maturity.

During the year, there were no events of default nor were there any breaches of covenants with respect to loan agreements or bonds.

### **Outlook 2017**

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

During the first half of 2017 VGP will continue to review its sources of funding and funding strategy in order to enable the Group to continue to invest in the expansion of the land bank to support its development activities as well as to maximise shareholder value. In this respect VGP will continue to actively review to finance its development activities through the bond markets as this source of funding has proven to be an attractive alternative to arranging additional committed bank facilities.

Following the sale of the seed portfolio to VGP European Logistics and the subsequent second closing which occurred in 2016, and in order to further optimise the capital structure of VGP it is the intention to make a € 20 million capital distribution in cash in 2017. As from 2018 it is the intention of the Group to move towards a sustained profit distribution policy whereby the profits generated by the Joint Venture will be distributed to the shareholders.



### **Financial calendar**

Annual report 2016	11 April 2017
General meeting of shareholders	12 May 2017
2017 half year results	30 August 2017

### **For more information**

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#### **Profile**

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

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

## FINANCIAL ACCOUNTS<sup>1</sup>

### 1. CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

INCOME STATEMENT <i>(in thousands of €)</i>	2016	2015
Revenue <sup>2</sup>	24,739	23,118
Gross rental income	16,806	17,073
Service charge income	4,108	3,498
Service charge expenses	(3,073)	(3,076)
Property operating expenses	(1,703)	(972)
<b>Net rental income</b>	<b>16,138</b>	<b>16,523</b>
Property and development management fee income	3,141	1,433
Facility management income	684	1,114
Net valuation gains / (losses) on investment properties	118,900	103,981
Administration expenses	(15,446)	(13,451)
Other income	483	487
Other expenses	(1,815)	(1,034)
Share in result of joint ventures and associates	7,897	191
<b>Operating profit / (loss)</b>	<b>129,982</b>	<b>109,244</b>
Financial income	2,814	466
Financial expenses	(19,720)	(10,620)
<b>Net financial result</b>	<b>(16,906)</b>	<b>(10,154)</b>
<b>Profit before taxes</b>	<b>113,076</b>	<b>99,090</b>
Taxes	(21,790)	(12,529)
<b>Profit for the period</b>	<b>91,286</b>	<b>86,561</b>
Attributable to:		
Shareholders of VGP NV	91,286	86,561
Non-controlling interests	-	-

RESULT PER SHARE	2016	2015
Basic earnings per share (in €)	4.91	4.66
Diluted earnings per share (in €)	4.91	4.66
Basic earnings per share – after correction of reciprocal interest through associates (in €)	5.02	4.76

<sup>1</sup> The statutory auditor has confirmed that his audit procedures, which have been substantially completed, have not revealed any material adjustments which would have to be made to the accounting information disclosed in this press release. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union.

<sup>2</sup> Revenue is composed gross rental income, service charge income, property and facility management income and property development income.



## 2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2016

<b>STATEMENT OF COMPREHENSIVE INCOME</b> <i>(in thousands of €)</i>	<b>2016</b>	<b>2015</b>
<b>Profit for the period</b>	<b>91,286</b>	<b>86,561</b>
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>	-	-
<b>Other comprehensive income for the period</b>	-	-
<b>Total comprehensive income / (loss) of the period</b>	<b>91,286</b>	<b>86,561</b>
Attributable to:		
Shareholders of VGP NV	91,286	86,561
Non-controlling interest	-	-

### 3. CONSOLIDATED BALANCE SHEET

For the period ended 31 December 2016

<b>ASSETS</b> (in thousands of €)	<b>2016</b>	<b>2015</b>
Goodwill	-	631
Intangible assets	14	12
Investment properties	550,262	173,972
Property, plant and equipment	517	378
Non-current financial assets	5	216
Investments in joint ventures and associates	89,194	(103)
Other non-current receivables	8,315	0
Deferred tax assets	3	89
<b>Total non-current assets</b>	<b>648,310</b>	<b>175,195</b>
Trade and other receivables	19,426	4,927
Cash and cash equivalents	71,595	9,825
Disposal group held for sale	132,263	527,361
<b>Total current assets</b>	<b>223,284</b>	<b>542,113</b>
<b>TOTAL ASSETS</b>	<b>871,594</b>	<b>717,308</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> (in thousands of €)	<b>2016</b>	<b>2015</b>
Share capital	62,251	62,251
Retained earnings	327,985	239,658
Other reserves	69	69
Other equity	-	60,000
<b>Shareholders' equity</b>	<b>390,305</b>	<b>361,978</b>
Non-current financial debt	327,923	170,800
Other non-current financial liabilities	5,348	967
Other non-current liabilities	2,432	405
Deferred tax liabilities	20,012	8,247
<b>Total non-current liabilities</b>	<b>355,715</b>	<b>180,419</b>
Current financial debt	81,674	3,522
Trade debts and other current liabilities	35,496	10,342
Liabilities related to disposal group held for sale	8,404	161,047
<b>Total current liabilities</b>	<b>125,574</b>	<b>174,911</b>
<b>Total liabilities</b>	<b>481,289</b>	<b>355,330</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>871,594</b>	<b>717,308</b>

#### 4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2016

STATEMENT OF CHANGES IN EQUITY <i>(in thousands of €)</i>	Statutory share capital	Capital reserve	IFRS share capital	Retained earnings	Share premium	Other equity	Total equity
<b>Balance as at 1 January 2015</b>	<b>112,737</b>	<b>(50,486)</b>	<b>62,251</b>	<b>153,097</b>	<b>69</b>	-	<b>215,417</b>
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Result of the period	-	-	-	86,561	-	-	86,561
Effect of disposals	-	-	-	-	-	-	-
<b>Total comprehensive income / (loss)</b>	-	-	-	<b>86,561</b>	-	-	<b>86,561</b>
Dividends to shareholders	-	-	-	-	-	-	-
Share capital distribution to shareholders	-	-	-	-	-	-	-
Hybrid securities	-	-	-	-	-	60,000	60,000
<b>Balance as at 31 December 2015</b>	<b>112,737</b>	<b>(50,486)</b>	<b>62,251</b>	<b>239,658</b>	<b>69</b>	<b>60,000</b>	<b>361,978</b>
<b>Balance as at 1 January 2016</b>	<b>112,737</b>	<b>(50,486)</b>	<b>62,251</b>	<b>239,658</b>	<b>69</b>	<b>60,000</b>	<b>361,978</b>
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Result of the period	-	-	-	91,286	-	-	91,286
Effect of disposals	-	-	-	-	-	-	-
<b>Total comprehensive income / (loss)</b>	-	-	-	<b>91,286</b>	-	-	<b>91,286</b>
Dividends to shareholders	-	-	-	-	-	-	-
Share capital distribution to shareholders	-	-	-	-	-	-	-
Hybrid securities	-	-	-	(2,959)	-	(60,000)	(62,959)
<b>Balance as at 31 December 2016</b>	<b>112,737</b>	<b>(50,486)</b>	<b>62,251</b>	<b>327,985</b>	<b>69</b>	-	<b>390,305</b>

## 5. CONSOLIDATED CASH FLOW STATEMENT

### For the period ended 31 December 2016

<b>CASH FLOW STATEMENT (in thousands of €)</b>	<b>2016</b>	<b>2015</b>
<i>Cash flows from operating activities</i>		
Profit before taxes	113,076	99,090
<i>Adjustments for:</i>		
Depreciation	897	734
Unrealised (gains) / losses on investment properties	(97,696)	(103,975)
Realised (gains) / losses on disposal of subsidiaries and investment properties	(21,204)	(6)
Unrealised (gains) / losses on financial instruments and foreign exchange	4,723	245
Interest (received)	(2,636)	(21)
Interest paid	14,820	10,194
Share in (profit)/loss of joint ventures and associates	(7,897)	(191)
<b>Operating profit before changes in working capital and provisions</b>	<b>4,083</b>	<b>6,070</b>
Decrease/(Increase) in trade and other receivables	(14,505)	(8,555)
(Decrease)/Increase in trade and other payables	28,681	412
<b>Cash generated from the operations</b>	<b>18,259</b>	<b>(2,073)</b>
Interest received	157	21
Interest (paid)	(10,684)	(10,194)
Income taxes paid	(939)	(364)
<b>Net cash from operating activities</b>	<b>6,793</b>	<b>(12,610)</b>
<i>Cash flows from investing activities</i>		
Proceeds from disposal of tangible assets and other	46	337
Acquisition of subsidiaries	(10,796)	(224)
Investment property and investment property under construction	(325,858)	(147,490)
Sale of investment properties to VGP European Logistics joint venture	246,348	-
Distribution by / (investment in) VGP European Logistics joint venture	4,678	-
(Loans provided to) / loans repaid by Joint Venture and associates	(28,546)	-
<b>Net cash used in investing activities</b>	<b>(114,128)</b>	<b>(147,377)</b>
<i>Cash flows from financing activities</i>		
Net Proceeds / (cash out) from the issue / (repayment) hybrid instruments	(62,960)	60,000
Proceeds from loans	283,367	83,967
Loan repayments	(51,536)	(3,914)
<b>Net cash used in financing activities</b>	<b>168,871</b>	<b>140,053</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>61,536</b>	<b>(19,934)</b>
Cash and cash equivalents at the beginning of the period	9,825	43,595
Effect of exchange rate fluctuations	235	348
Reclassification to (-) / from held for sale	-	(14,184)
<b>Cash and cash equivalents at the end of the period</b>	<b>71,595</b>	<b>9,825</b>

## 6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

For the period ended 31 December 2016

The table below presents a summary Income Statement of the Group's Joint Venture with Allianz Real Estate (VGP European Logistics) and the associates, all of which are accounted for using the equity method. VGP European Logistics is incorporated in Luxembourg and owns logistics property assets in Germany, the Czech Republic, Slovakia and Hungary. The associates relate to the 5.1% held directly by VGP NV in the subsidiaries of the Joint Venture holding assets in Germany. During the year, the associates SNOW S.à.r.l. and SUN S.à.r.l. were sold Tristan Capital Partners as part of the liquidation process of these respective associates.

### 6.1. Profit from joint ventures and associates after tax

INCOME STATEMENT <i>(in thousands of €)</i>	VGP European Logistics JV at 100%	VGP European Logistics German Asset Companies at 100 %	VGP European Logistics German Asset Companies at 5.1%	VGP European Logistics JV at 50%	2016	2015
Gross rental income	16,982	9,511	485	8,491	8,976	-
Property Operating expenses						
- service charge income / (expenses)(net)	557	427	22	279	300	-
- underlying property operating expenses	(1,074)	(517)	(26)	(537)	(563)	-
- property management fees	(1,315)	(752)	(38)	(658)	(696)	-
<b>Net rental income</b>	<b>15,150</b>	<b>8,669</b>	<b>442</b>	<b>7,575</b>	<b>8,017</b>	<b>-</b>
Net valuation gains / (losses) on investment properties	13,384	6,198	316	6,692	7,008	-
Administration expenses	(1,576)	(801)	(41)	(788)	(829)	-
Other income / (expenses) (net)	(493)	(75)	(5)	(246)	(250)	191
<b>Operating profit / (loss)</b>	<b>26,465</b>	<b>13,991</b>	<b>713</b>	<b>13,234</b>	<b>13,946</b>	<b>191</b>
Financial income	224	(250)	(12)	112	100	-
Financial expenses	(7,756)	(3,771)	(192)	(3,878)	(4,070)	-
<b>Net financial result</b>	<b>(7,532)</b>	<b>(4,021)</b>	<b>(204)</b>	<b>(3,766)</b>	<b>(3,970)</b>	<b>-</b>
<b>Profit before taxes</b>	<b>18,933</b>	<b>9,970</b>	<b>508</b>	<b>9,468</b>	<b>9,976</b>	<b>191</b>
Taxes	(3,980)	(1,735)	(88)	(1,990)	(2,078)	-
<b>Profit for the year</b>	<b>14,953</b>	<b>8,235</b>	<b>420</b>	<b>7,478</b>	<b>7,897</b>	<b>191</b>



## 6.2. Summarised balance sheet information in respect of joint ventures and associates

<b>BALANCE SHEET</b> <i>(in thousands of €)</i>	<b>VGP European Logistics JV at 100%</b>	<b>VGP European Logistics German Asset Companies at 100 %</b>	<b>VGP European Logistics German Asset Companies at 5.1%</b>	<b>VGP European Logistics JV at 50%</b>	<b>2016</b>	<b>2015</b>
Investment properties	574,291	390,341	19,907	287,145	307,053	-
Other assets	189	29	1	94	96	-
<b>Total non-current assets</b>	<b>574,479</b>	<b>390,370</b>	<b>19,909</b>	<b>287,240</b>	<b>307,148</b>	-
Trade and other receivables	8,335	6,972	356	4,168	4,523	-
Cash and cash equivalents	17,342	11,464	585	8,671	9,256	-
<b>Total current assets</b>	<b>25,678</b>	<b>18,436</b>	<b>940</b>	<b>12,839</b>	<b>13,779</b>	-
<b>Total assets</b>	<b>600,157</b>	<b>408,806</b>	<b>20,849</b>	<b>300,078</b>	<b>320,928</b>	-
Non-current financial debt	376,036	266,636	13,598	188,018	201,616	-
Other non-current financial liabilities	1,075	0	-	538	538	-
Other non-current liabilities	1,440	16	1	720	721	-
Deferred tax liabilities	32,723	21,318	1,087	16,361	17,449	-
<b>Total non-current liabilities</b>	<b>411,274</b>	<b>287,970</b>	<b>14,686</b>	<b>205,637</b>	<b>220,323</b>	-
Current financial debt	8,117	6,065	309	4,058	4,368	-
Trade debts and other current liabilities	12,894	9,663	493	6,447	6,940	311
<b>Total current liabilities</b>	<b>21,011</b>	<b>15,728</b>	<b>802</b>	<b>10,505</b>	<b>11,308</b>	<b>311</b>
<b>Total liabilities</b>	<b>432,284</b>	<b>303,698</b>	<b>15,489</b>	<b>216,142</b>	<b>231,631</b>	<b>311</b>
<b>Adjustment disposal of associates</b>	-	-	-	-	<b>103</b>	-
<b>Net assets</b>	<b>167,872</b>	<b>105,108</b>	<b>5,361</b>	<b>83,936</b>	<b>89,194</b>	<b>(311)</b>

## 6.3. Investments in joint ventures and associates

<i>in thousands of €</i>	<b>2016</b>	<b>2015</b>
<b>Balance at the beginning of the period</b>	<b>(103)</b>	<b>17</b>
Additions	86,077	-
Result of the year	7,897	191
Repayment of equity	(4,677)	-
Proceeds from sale of participations	-	(311)
<b>Balance at the end of the period</b>	<b>89,194</b>	<b>(103)</b>

## 7. SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 7.1. Income statement, proportionally consolidated

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

<i>In thousands of €</i>	2016			2015		
	Group	Joint Venture	Total	Group	Joint Venture	Total
<b>NET CURRENT RESULT</b>						
Gross rental income	16,806	8,976	25,782	17,073	-	17,073
Service charge income / (expenses)	1,035	300	1,335	422	-	422
Property operating expenses	(1,703)	(1,259)	(2,962)	(972)	-	(972)
<b>Net rental and related income</b>	<b>16,138</b>	<b>8,017</b>	<b>24,155</b>	<b>16,523</b>	<b>-</b>	<b>16,523</b>
Property and development management fee income	3,141	-	3,141	1,433	-	1,433
Facility management income	684	-	684	1,114	-	1,114
Other income / (expenses) - incl. Administrative costs	(16,778)	(1,079)	(17,857)	(13,998)	191	(13,807)
<b>Operating result (before result on portfolio)</b>	<b>3,185</b>	<b>6,938</b>	<b>10,123</b>	<b>5,072</b>	<b>191</b>	<b>5,263</b>
Net financial result (Excl. IAS 39)	(12,287)	(3,323)	(15,610)	(9,835)	-	(9,835)
Revaluation of derivative financial instruments (IAS 39)	(4,619)	(647)	(5,266)	(319)	-	(319)
Taxes	1,122	(605)	517	5,512	-	5,512
<b>Net current result</b>	<b>(12,599)</b>	<b>2,363</b>	<b>(10,236)</b>	<b>430</b>	<b>191</b>	<b>621</b>
<b>RESULT ON PROPERTY PORTFOLIO</b>						
Net valuation gains / (losses) on investment property	118,900	7,008	125,908	103,981	-	103,981
Deferred taxes	(22,912)	(1,473)	(24,385)	(18,041)	-	(18,041)
<b>Result on property portfolio</b>	<b>95,988</b>	<b>5,535</b>	<b>101,523</b>	<b>85,940</b>	<b>-</b>	<b>85,940</b>
<b>PROFIT FOR THE PERIOD</b>	<b>83,389</b>	<b>7,897</b>	<b>91,286</b>	<b>86,370</b>	<b>191</b>	<b>86,561</b>

## 7.2. Balance sheet, proportionally consolidated

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

<i>In thousands of €</i>	2016			2015		
	Group	Joint Venture	Total	Group	Joint Venture	Total
Investment properties	550,262	307,053	857,315	173,972	-	173,972
Other assets	12,845	96	12,941	1,223	-	1,223
<b>Total non-current assets</b>	<b>563,107</b>	<b>307,148</b>	<b>870,255</b>	<b>175,195</b>	<b>-</b>	<b>175,195</b>
Trade and other receivables	19,432	4,523	23,955	4,927	-	4,927
Cash and cash equivalents	71,595	9,256	80,851	9,825	-	9,825
Disposal group held for sale	128,266	-	128,266	527,361	-	527,361
<b>Total current assets</b>	<b>219,293</b>	<b>13,779</b>	<b>233,072</b>	<b>542,113</b>	<b>-</b>	<b>542,113</b>
<b>Total assets</b>	<b>782,400</b>	<b>320,928</b>	<b>1,103,328</b>	<b>717,308</b>	<b>-</b>	<b>717,308</b>
Non-current financial debt	327,923	201,616	529,539	170,800	-	170,800
Other non-current financial liabilities	5,348	538	5,886	967	-	967
Other non-current liabilities	2,432	721	3,153	405	-	405
Deferred tax liabilities	20,012	17,449	37,461	8,247	-	8,247
<b>Total non-current liabilities</b>	<b>355,715</b>	<b>220,323</b>	<b>576,038</b>	<b>180,419</b>	<b>-</b>	<b>180,419</b>
Current financial debt	81,674	4,368	86,042	3,522	-	3,522
Trade debts and other current liabilities	35,496	7,043	42,539	10,342	-	10,342
Liabilities related to disposal group held for sale	8,404	-	8,404	161,047	-	161,047
<b>Total current liabilities</b>	<b>125,574</b>	<b>11,411</b>	<b>136,985</b>	<b>174,911</b>	<b>-</b>	<b>174,911</b>
<b>Total liabilities</b>	<b>481,289</b>	<b>231,734</b>	<b>713,023</b>	<b>355,330</b>	<b>-</b>	<b>355,330</b>
<b>Net assets</b>	<b>301,111</b>	<b>89,194</b>	<b>390,305</b>	<b>361,978</b>	<b>-</b>	<b>361,978</b>

## GLOSSARY

### **Acquisition price**

This means the value of the property at the time of acquisition. Any transfer costs paid are included in the acquisition price.

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

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

### **Associates**

Means all subsidiaries of VGP European Logistics S.à r.l. in which VGP NV holds a direct 5.1% participation, VGP MISV Comm. VA in which the Company holds 42.87%; and until December 2016 Snow Crystal S.à.r.l. and SUN S.à.r.l., in which the Company held 20% participation.

### **Break**

First option to terminate a lease.

### **Contractual rent**

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

### **Gearing ratio**

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

### **Derivatives**

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

### **Discounted cash flow**

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

### **Estimated rental value**

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

### **Exit yield**

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

### **Facility Management**

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

### **Fair value**

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

**Gearing ratio:** means the ratio calculated as consolidated Total Net Debt divided by the sum of the equity and total liabilities

### **IAS/IFRS**

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

**IAS 39 Fair Value**

IAS 39 is an IAS/IFRS standard which sets out the way in which a company has to classify and evaluate its financial instruments in its balance sheet. It requires that all derivatives be booked in the balance sheet at their fair value, i.e. their market value at closing date.

**Indexation**

The rent is contractually adjusted annually on the anniversary of the contract effective date on the basis of the inflation rate according to a benchmark index in each specific country.

**Initial yield**

The ratio of (initial) contractual rent of a purchased property to the acquisition price. See also Acquisition price.

**Interest hedging**

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

**Investment value**

The value of the portfolio, including transaction costs, as appraised by independent property experts

**IRS (Interest Rate Swap)**

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

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

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

**Lease expiry date**

The date on which a lease can be cancelled

**Net asset value**

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

**Net current result**

Operating result plus net financial result (financial income - financial charges) less income and deferred taxes.

**Net financial debt**

Total financial debt minus cash and cash equivalents.

**Occupancy Rate**

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

**Profit for the year**

Net current result + result on the portfolio.

**Project management**

Management of building and renovation projects. VGP employs an internal team of project managers who work exclusively for the company.

**Property expert**

Independent property expert responsible for appraising the property portfolio.

**Property portfolio**

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

**Seed portfolio**

The first 15 VGP parks acquired by the Joint Venture at the end of May 2016, including the respective completed buildings, buildings under construction and development land at the end of May 2016.

**Suta**

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 and being a subsidiary of VGP.

**Weighted average term of the leases**

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

**Weighted average term of financial debt**

The weighted average term of financial debt is the sum of the current financial debt (loans and bonds) multiplied by the term remaining up to the final maturity of the respective loans and bonds divided by the total current financial debt.

**Weighted average yield**

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

**Result on the portfolio**

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