Press Release
Regulated Information

Half year results 2017: VGP performs at record levels

22 August 2017 – 7.00 a.m. CET, Diegem (Belgium): VGP NV ('VGP' or 'the Group', Euronext Brussels ISIN BE0003878957) today announced results for the six months ending 30 June 2017.

- Profit for the period of € 62.5 million (+ € 19.7 million compared to 30 June 2016)
- Net valuation gain on the investment portfolio reaches € 59.9 million (compared to € 65.1 million at the end of June 2016)
- At the end of May, a third closing occurred with the VGP European Logistics joint venture (50/50 JV with Allianz Real Estate) with a transaction value in excess of € 173 million
- Capital distribution in cash of € 20.1 million (€ 1.08 per share) paid to the shareholders on 4 August 2017

VGP, the developer, manager and owner of high quality logistics real estate in Europe, has today published its half-year 2017 results. The Group experienced strong growth in all its active markets, with profits for the period up to € 62.5 million, an increase of 46.1% on the same period last year, and net valuation gain on the portfolio amounting to €59.9 million.

Jan Van Geet, CEO of VGP Group, said: *"We are delighted with a positive set of half yearly results which demonstrate the strength of our business model. Our future project pipeline is robust, supported by a successful bond issuance program that has exceeded expectations, and we are completing current projects at record pace, driving profits higher from this period last year. We believe in rewarding the loyalty of our investors and so we are delighted to share our success with them."*

The Group's portfolio has continued to make strong progress during the first half, growing both in value and physical size. The value of annualised committed leases is now € 78.2 million[1], demonstrating a € 13.8 million increase in the first half of 2017 alone, while the signed annualised committed leases at the end of June 2017 represent a total of 1,564,320 m² of lettable area, a 22.4% increase since 31 December 2016. Of this total space 573,433 m² belong to the own portfolio (545,715 m² as at 31 December 2016) and 990,888 m² to the VGP European Logistics joint venture (732,523 m² at 31 December 2016).

At the end of May, a third successful closing occurred with the VGP European Logistics joint venture (50/50 JV with Allianz Real Estate). It is our shared intention to grow this property portfolio considerably in the coming years (> € 1.5 billion in asset value). The transaction value of the third closing was in excess of € 173 million. In the first half of 2017, VGP delivered a total of 9 projects representing 169,566 m² of lettable area, with an additional 21 projects under construction representing 527,876 m² of future lettable area.

Gearing level of the Group decreased to 34.9% as at 30 June 2017 (39.4% at 31 December 2016) despite raising of new debt during the first half of 2017.

[1] Including VGP European Logistics (joint venture with Allianz Real Estate). As at 30 June 2017 the annualised committed leases for VGP European Logistics stood at € 51.3 million compared to € 38.6 million as at 31 December 2016.

The portfolio's strong performance during the first half has allowed the Group to distribute capital of € 20.1 million (€ 1.08 per share) paid to the shareholders on 4 August 2017. In view of the successful and sustainable evolution of the Group's results, VGP has decided to adopt a formal dividend policy. From 2018 onwards and subject to availability of sufficient distributable reserves and shareholder approval, the Company intends to gradually increase the distribution of dividends over the next 3 years to target an annual distribution between 40% and 60% of its net profit for the year based on its consolidated IFRS financial statements.

Summary

During the first half of 2017 VGP continued its strong growth in all the markets where the Group is active. E-commerce continued to be a strong driver of demand for new lettable space. Development and letting activities continue to perform at record levels.

During the first half of 2017, a third closing was made with VGP European Logistics (the 50/50 joint venture with Allianz Real Estate) in which the Joint Venture acquired 6 new parks from VGP, comprising 7 logistic buildings, and another 4 newly completed logistic buildings which were developed in parks previously transferred to the Joint Venture. The 6 parks are located in Germany (3) and in the Czech Republic (3). The additional 4 buildings which were acquired by the Joint Venture are also located in Germany (3 buildings) and in the Czech Republic (1 building).

During the first half of 2017, VGP continued to improve its financial debt profile with the successful private placement of an 8 year, € 80 million bond at the end of March 2017, and the issue at the beginning of July of a new € 75 million, 7 year retail bond to refinance the Jul-17 Bond maturing on 12 July 2017.

VGP's activities during the first half of 2017 can be further summarised as follows:

- The operating activities resulted in a profit of € 62.5 million (€ 3.36 per share) for the period ended 30 June 2017 compared to a profit of € 42.7 million (€ 2.30 per share) for the period ended 30 June 2016.
- The increase in demand of lettable area resulted in the signing of new lease contracts in excess of € 16.0 million in total of which € 14.8 million related to new or replacement leases (€ 6.9 million on behalf of VGP European Logistics) and € 1.2 million (€ 0.6 million on behalf of VGP European Logistics) were related to renewals of existing lease contracts.
- The weighted average term of the annualised committed leases of the combined own and Joint Venture portfolio stood at 10.2 years at the end of June 2017 (10.3 years as at 31 December 2016). The own portfolio reached 14.0 years, while the Joint Venture portfolio reached 8.1 years.
- The Group's property portfolio, including the own and Joint Venture property portfolio, reached an occupancy rate of 100.0% at the end of June 2017 compared to 98.8% at the end of December 2016.
- The own investment property portfolio consists of 13 completed buildings representing 353,089 m² of lettable area whereas the Joint Venture property portfolio consists of 44 completed buildings representing 809,022 m² of lettable area.
- At the end of June 2017, 21 buildings representing 527,876 m² of lettable area were under construction.

- The net valuation of the property portfolio as at 30 June 2017 showed a net valuation gain of € 59.9 million (against a net valuation gain of € 65.1 million per 30 June 2016).
- 185,000 m² of new development land plots have been acquired and 1,159,000 m² new land plots have been identified or are under option to support the development pipeline and which are expected to be acquired partly during the current year 2017 and partly in the course of 2018, subject to obtaining permits.
- As at 30 June 2017 the financial income benefited from the interest income on loans made available to the Joint Venture (€ 2.1 million) and the unrealised gain on financial instruments (€2.1 million) but was adversely impacted by the interest on the issued bonds (€ 8.9 million) at the end of June. This resulted in a net financial cost of € 5.0 million[1] as at 30 June 2017 compared to € 14.6 million as at 30 June 2016.
- Successful private placement of a new 8 year € 80 million bond at the end of March 2017 and successful placement of a 7 year € 75 million retail bond at the beginning of July 2017 to refinance the maturing Jul-17 Bond.
- On 4 August 2017, the Company performed a capital reduction of € 20,069,694.00 capital reduction paid out in cash, corresponding to € 1.08 per share.

Key figures

CONSOLIDATED INCOME STATEMENT – ANALYTICAL FORM *(in thousands of €)*	**30.06.2017**	**30.06.2016**
NET CURRENT RESULT		
Gross rental income	9,111	13,085
Service charge income / (expenses)	142	595
Property operating expenses	(655)	(1,099)
Net rental and related income	**8,598**	**12,581**
Property and development management fee income	3,495	638
Facility management income	281	239
Other income / (expenses) - incl. administrative costs	(9,729)	(5,258)
Share in the result of joint ventures and associates	15,167	(3,279)
Operating result (before result on portfolio)	**17,812**	**4,921**
Net financial costs[2]	(6,981)	(8,263)
Revaluation of interest rate financial instruments (IAS 39)	2,005	(6,335)
Taxes	(2,488)	1,137
Net current result	**10,348**	**(8,540)**
RESULT ON PROPERTY PORTFOLIO		
Net valuation gains / (losses) on investment properties	59,864	65,127
Deferred taxes	(7,755)	(13,849)
Result on property portfolio	**52,109**	**51,278**
PROFIT FOR THE PERIOD	**62,457**	**42,738**

1 Including the revaluation of interest rate financial instruments (IAS 39).

2 Excluding the revaluation of interest rate financial instruments.

Net rental income

The net rental income decreased with € 4.0 million to € 8.6 million after taking into effect the full impact of the income generating assets delivered during 2017, the deconsolidation of the VGP European Logistics portfolio in May 2016 and the third closing with the Joint Venture in May 2017.

Following the entering 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.

Therefore, taking into account VGP's share of the Joint Venture, net rental income in total has increased by € 2.6 million, or 19.5% compared to the same period in 2016 (from € 13.5 million as at 30 June 2016 to 16.1 million as at 30 June 2017)[1] .

Annualised committed rent income

The increase in demand of lettable area resulted in the signing of new lease contracts in excess of € 16.0 million in total of which € 14.8 million related to new or replacement leases (€ 6.9 million on behalf of VGP European Logistics) and € 1.2 million (€ 0.6 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 € 0.9 million (all on behalf of VGP European Logistics) were terminated.

The annualised committed leases therefore increased to € 78.2 million[2] as at the end of June 2017 (compared to € 64.3 million as at 31 December 2016).

Germany was the main driver of the growth in committed leases with € 7.5 million of new leases signed during the year (€ 5.5 million on behalf of VGP European Logistics).

The other countries also performed very well with new leases being signed in the Czech Republic + € 5.1 million (€ 0.6 million on behalf of VGP European Logistics), in Estonia + € 1.2 million (own portfolio), in Romania + € 0.2 million (own portfolio), in Hungary + € 0.6 million (JV portfolio) and finally in Slovakia + € 0.2 million (JV portfolio).

The signed committed lease agreements of the own portfolio represent a total of 573,433 m² of lettable area with the weighted average term of the annualised committed leases standing at 14.1 years[3] as at the end of June 2017.

The signed committed lease agreements of the Joint Venture portfolio represent a total of 990,888 m² of lettable area with the weighted average term of the annualised committed leases standing at 8.1 years[4] as at the end of June 2017.

The weighted average term of the annualised leases of the combined own and Joint Venture portfolio stood at 10.2 years[5] at the end of June 2017 compared to 10.3 years at the end of December 2016.

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1 See note 1 of the *Supplementary notes not part of the condensed interim financial information.*

2 Including VGP European Logistics (joint venture with Allianz Real Estate). As at 30 June 2017 the annualised committed leases for VGP European Logistics stood at € 51.3 million compared to € 38.6 million as at 31 December 2016.

3 The weighted average term of the committed leases up to the first break stands at 10.6 years as at 30 June 2017.

4 The weighted average term of the committed leases up to the first break stands at 7.3 years as at 30 June 2017.

5 Including VGP Park Nehatu (Estonia) If we exclude VGP Park Nehatu the weighted average term of the committed leases would only increase marginally by 0.8 years to 10.23 years.

Net valuation gain on the property portfolio

As at 30 June 2017 the net valuation gains on the property portfolio reached € 59.9 million compared to a net valuation gain of € 65.1 million for the period ended 30 June 2016.

The trend of increasingly lower yields in real estate valuations continued to persist during the first half year. However due to the change of portfolio mix and the divestment of the seed portfolio to VGP European Logistics in May 2016, the own property portfolio, excluding development land, remained fairly stable and is being valued by the valuation expert at 30 June 2017 at a weighted average yield of 6.48% (compared to 6.49% as at 31 December 2017).

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

Income from property and development management and facility management

The property and development management fee income increased from € 0.6 million for the period ending 30 June 2016 to € 3.5 million for the period ending 30 June 2017. The fee income generated during the period was solely related to asset-, property-, and development management services rendered to the VGP European Logistics joint venture.

The facility management income increased slightly from € 0.2 million for the period ending 30 June 2016 to € 0.3 million for the period ending 30 June 2017. Facility management services are mainly performed for the own and Joint Venture portfolio and to a lesser extent to a limited number of selected third parties.

Share in result of joint ventures and associates

VGP's share of the joint ventures and associates' profit for the period increased by € 18.4 million (from a negative contribution of € 3.3 million for the period ending 30 June 2016 to a positive contribution of € 15.2 million for the period ending 30 June 2017).

Net rental income at share increased to € 7.6 million for the period ending 30 June 2017 compared to € 0.9 million for the period ended 30 June 2016. The increase reflects the underlying growth of the Joint Venture Portfolio resulting from the different closings made between the Joint Venture and VGP since May 2016.

At the end of June 2017, the Joint Venture (100% share) had € 51.3 million of annualised committed leases representing 990,888 m² of lettable area compared to € 33.6 million of annualised committed leases representing 625,885 m² at the end of June 2016.

The net valuation gain on investment properties at share increased to € 13.8 million for the period ending 30 June 2017 (compared to a loss of € 1.2 million for the period ending 30 June 2016). The VGP European Logistics portfolio was valued at a weighted average yield of 5.92% as at 30 June 2017 (compared to 6.08% at 31 December 2016 and 6.35% as at 30 June 2016) reflecting the further contraction of the yields during the first half of 2017. The (re)valuation of the Joint Venture portfolio was based on the appraisal report of the property expert Jones Lang LaSalle.

The net financial expenses of the Joint Venture at share as at 30 June 2017 decreased to € 2.0 million from € 3.3 million for the period ended 30 June 2016. For the period ending 30 June 2017, the financial income at share was € 1.1 million (€ 0.1 million for the period ending 30 June 2016) and included a € 1.0 million unrealised gain on interest rate derivatives (€ 75k as at 30 June 2016). The financial expenses at share decreased slightly from € 3.4 million for the period ending 30 June 2016 to € 3.1 million for the period ending 30 June 2017 and included € 1.1 million interest on shareholder debt (€ 0.3 million as at 30 June 2016), € 1.7 million interest on financial debt (€ 0.3 million as at 30 June 2016), € 85k unrealised losses on interest rate derivatives (€ 3.0 million as at 30 June 2016), € 0.7 million other financial expenses (€ 0.1 million as at 30 June 2016) mainly relating to the amortisation of capitalised finance costs on bank borrowings and a positive impact of € 0.6 million (€ 0.2 million per 30 June 2016) related to capitalised interests.

Other income / (expenses) and administrative costs

The other income / (expenses) and administrative costs for the period were € 9.7 million compared to € 5.3 million for the period ended 30 June 2016 (€ 16.8 million for the full year ending 31 December 2016), reflecting mainly the continued growth of the VGP team in order to support the growth of the development activities of the Group and its geographic expansion. As at 30 June 2017 the VGP team comprised more than 125 people active in more than 9 different countries.

Net financial costs

For the period ending 30 June 2017, the financial income was € 4.2 million (€ 0.6 million for the period ending 30 June 2016) and included € 2.1 million interest income on loans granted to VGP European Logistics (€ 0.5 million as at 30 June 2016) and a € 2.1 million unrealised gain on interest rate derivatives (€ 0.04 million as at 30 June 2016).

The reported financial expenses as at 30 June 2017 are mainly made up of € 9.4 million interest expenses related to financial debt (€ 6.5 million as at 30 June 2016), € 69k unrealised losses on interest rate derivatives (€ 6.4 million as at 30 June 2016), € 0.9 million other financial expenses (€ 2.6 million as at 30 June 2016), € 6k of net foreign exchange losses (compared to € 0.1 million as at 30 June 2016) and a positive impact of € 1.1 million (€ 0.5 million for the period ending 30 June 2016) related to capitalised interests.

The € 2.6 million other financial expenses as at 30 June 2016 included € 1.7 million of financial costs incurred in respect of prepaying bank debt and closing out interest rate swaps which were required under the sale and purchase contract of the initial seed portfolio with VGP European Logistics.

As a result, the net financial costs reached € 5.0 million[1] for the period ending 30 June 2017 compared to € 14.6 million at the end of June 2016.

Shareholder loans to VGP European Logistics amounted to € 105.6 million as at 30 June 2017 (compared to € 89.9 million as at 31 December 2016) of which € 89.4 million (€ 81.6 million as at 30 June 2016) was related to financing of the buildings under construction and development land held by the VGP European Logistics joint venture.

The gearing ratio[2] of the Group decreased from 39.4% at 31 December 2016 to 34.9% at 30 June 2017.

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[1] Including the revaluation of interest rate financial instruments (IAS 39).

[2] Calculated as Net debt / Total equity and liabilities

The financial debt increased from € 409.6 million as at 31 December 2016 to € 494.7 million as at 30 June 2017 (including the € 18.7 million bank debt of VGP Park Nehatu (Estonia) classified under liabilities related to disposal group held for sale). The increase was mainly driven by a private placement of a new 8 year € 80 million bond at the end of March 2017 and an increase in accrued interest to € 13.3 million as at 30 June 2017 compared to € 4.5 million as at 31 December 2016.

Evolution of the property portfolio

The development activities of the first half of 2017 can be summarised as follows:

Completed projects

During the first half year 9 buildings were completed totalling 169,566 m² of lettable area.

For its own account VGP delivered 6 buildings i.e. In the Czech Republic: 1 building of 14,383 m² in VGP Park Tuchomerice, 1 building of 8,296 m² in VGP Park Usti nad Labem and 1 building of 14,627 m² in VGP Park Olomouc. In Germany: 1 building of 23,590 m² in VGP Park Hamburg, 1 building of 24,469 m² in VGP Park Leipzig and 1 building of 8,386 m² in VGP Park Schwalbach. The building of VGP Park Tuchomerice and the German buildings were acquired by the Joint Venture at the end of May 2017.

For the Joint Venture VGP completed 3 buildings i.e. In the Czech Republic: 1 building of 12,226 m² in VGP Park Brno and in Germany 2 buildings in VGP Park Hamburg of 63,589 m² in total.

Projects under construction

At the end of June 2017 VGP has the following 21 buildings under construction totalling 527,876 m² of future lettable area:

For its own account VGP has 16 new buildings under construction i.e. in the Czech Republic: 3 buildings in VGP Park Olomouc, 4 buildings in VGP Park Jenec and 1 building in VGP Park Chomutov. In Germany: 3 buildings in VGP Park Berlin, 1 building in VGP Park Ginsheim and 1 building in VGP Park Wetzlar. In other countries: 1 building in VGP Park San Fernando de Henares (Spain), 1 building in VGP Park Nehatu (Estonia) and 1 building in VGP Park Kekava (Latvia). The new buildings under construction on which 66%[1] pre-leases have already been signed, represent a total future lettable area of 328,033 m² which corresponds to an estimated annualised rent income of € 13.1 million.

On behalf of the Joint Venture VGP is constructing 5 new 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 Cesky Ujezd (Czech Republic), 1 building in VGP Park Malacky (Slovakia) and 1 building in VGP Park Gyor (Hungary). The new buildings under construction on which 90%[1] pre-leases have already been signed, represent a total future lettable area of 199,843 m², which corresponds to an estimated annualised rent income of € 10.3 million.

Land bank

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

During the first half year, VGP continued to target land plots to support the development pipeline for future growth. In 2017, VGP already acquired 185,000 m² development land which was all located in Germany. These new land plots have a development potential of 86,000 m² of future lettable area.

Besides this VGP has another 1,159,000 m² of new land plots identified or under option which are located in Germany, Romania and Slovakia. These land plots have a development potential of approximately 556,000 m² of new lettable areas and the land plots are expected to be purchased partly during the current year 2017 and partly in the course of 2018, subject to obtaining the necessary permits.

VGP has currently a secured land bank of 3,512,636 m² of which 79% or 2,770,495 m² is in full ownership The secured land bank allows VGP to develop, in addition to, the current completed projects and projects under construction an additional 1,142,000 m² of lettable area of which 405,000 m² in Germany, 149,000 m² in the Czech Republic, 245,000 m² in Spain, 206,000 m² in Slovakia, 97,000 m² in Romania and 40,000 m² in Latvia.

The Joint Venture has currently a remaining development land bank in full ownership of 229,703 m² on which a total of 92,190 m² of new lettable area can be developed.

Disposal group held for sale

The balance of the Disposal group held for sale increased from € 132.3 million as at 31 December 2016 to € 190.2 million as at 30 June 2017 and is composed of € 51.7 million of assets held for sale in respect of the sale of VGP Park Nehatu, and € 138.5 million of the assets under construction and development land (at fair value) which are being / will be developed by VGP on behalf of VGP European Logistics.

At the end of June 2017, VGP sold its VGP Park Nehatu located in Tallinn (Estonia) to East Capital Baltic Property fund III, a fund managed by East Capital. The transaction covers a total of 5 modern logistics buildings with a total of more than 77,000 m^2 of lettable area. The completion of the transaction is subject to the fulfilment of contract terms and regulatory approval. It is currently expected that closing of this transaction will occur at the end of August 2017. Hence all assets and liabilities related to VGP Park Nehatu were reclassified as held for sale at the end of June 2017. With the VGP Park Nehatu transaction VGP realises a development profit of 52% on its total investment cost of this park.

Under the joint venture agreement VGP European Logistics has an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP that are located in Germany, the Czech Republic, Slovakia and Hungary. The development pipeline which is transferred to the Joint Venture as part of the different closings between Joint Venture and VGP is being developed at VGP's own risk and subsequently acquired and paid for by the Joint Venture subject to pre-agreed completion and lease parameters. The fair value of the asset under construction which are being developed by VGP on behalf of VGP European Logistics amounted to € 138.5 million as at 30 June 2017 (compared to € 132.3 million as at 31 December 2016).

Financing

During the first half of 2017 VGP continued to improve its financial debt profile with the successful private placement of an 8 year, € 80 million bond at the end of March 2017 with a fixed rate of 3.35% per annum. At the beginning of July VGP issued another new € 75 million, 7 year retail bond, with a fixed rate of 3.25% per annum, to refinance the Jul-17 Bond maturing on 12 July 2017.

The bank debt related to VGP Park Nehatu amounting to € 18.7 million as at 30 June 2017 was reclassified as liabilities related to disposal group held for sale. It is currently expected that this loan will be prepaid on 30 August 2017 as part of the closing of the VGP Park Nehatu sale transaction.

As a result, the financial debt increased during the first half of 2017 from € 409.6 million as at 31 December 2016 to € 494.7 million as at 30 June 2017. This balance can be spit in € 31.3 million bank debt (€ 35.3 million as at 31 December 2016), € 450.1 million of issued bonds (€ 369.8 million as at 31 December 2016) and € 13.3 million accrued interest on bonds (€ 4.5 million as at 31 December 2016).

Dividend policy

In view the successful and sustainable evolution of the Group's results, the Board of Directors of VGP has decided to adopt a formal dividend policy at the end of August 2017. As a result, as from 2018 onwards and ssubject to availability of sufficient distributable reserves and shareholder approval, the Company intends to gradually increase the distribution of dividends over the next 3 years to target an annual distribution between 40% and 60% of its net profit for the year based on its consolidated IFRS financial statements.

Risk factors

The overview of the most significant risks to which the VGP Group is exposed to can be found on page 56 to 59 of the Annual Report 2016. These risks remain actual and valid and will continue to apply for the remainder of the financial year.

Outlook 2017

Based on the positive trend in demands for lettable area recorded by VGP during the first half of 2017, and provided there are no unforeseen significant events or changes in the macro-economic environment and/or financial markets, VGP expects to be able to continue expanding its rental income and property portfolio through the completion and start-up of additional new buildings. VGP is currently also looking at expanding its presence to other geographic areas.

For more information

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Profile

VGP (www.vgpparks.eu) constructs and develops high-end logistic 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.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS[1]

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

INCOME STATEMENT *(in thousands of €)*	**NOTE**	**30.06.2017**	**30.06.2016**
Revenue[2]	4	14,296	17,004
Gross rental income	4	9,111	13,085
Service charge income		1,409	3,042
Service charge expenses		(1,267)	(2,447)
Property operating expenses		(655)	(1,099)
Net rental income		**8,598**	**12,581**
Property and development management fee income	4	3,495	638
Facility management income	4	281	239
Net valuation gains / (losses) on investment properties	5	59,864	65,127
Administration expenses		(9,660)	(4,904)
Other income		370	233
Other expenses		(439)	(587)
Share in result of joint ventures and associates	6	15,167	(3,279)
Operating profit / (loss)		**77,676**	**70,048**
Financial income	7	4,208	558
Financial expenses	7	(9,184)	(15,156)
Net financial result		**(4,976)**	**(14,598)**
Profit before taxes		**72,700**	**55,450**
Taxes		(10,243)	(12,712)
Profit for the period		**62,457**	**42,738**
Attributable to:			
Shareholders of VGP NV		62,457	42,738
Non-controlling interests		-	-

RESULT PER SHARE		**30.06.2017**	**30.06.2017**
Basic earnings per share (in €)	8	3.36	2.30
Diluted earnings per share (in €)	8	3.36	2.30

[1] The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

[2] Revenue is composed gross rental income, service charge income, property and facility management income and property development income.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June

STATEMENT OF COMPREHENSIVE INCOME *(in thousands of €)*	**30.06.2017**	**30.06.2016**
Profit for the period	**62,457**	**42,738**
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) of the period	**62,457**	**42,738**
Attributable to:		
Shareholders of VGP NV	**62,457**	**42,738**
Non-controlling interest	-	-

VGP

CONDENSED CONSOLIDATED BALANCE SHEET

For the period ended

ASSETS *(in thousands of €)*	**NOTE**	**30.06.2017**	**31.12.2016**
Intangible assets		30	14
Investment properties	9	500,186	550,262
Property, plant and equipment		530	517
Non-current financial assets		782	5
Investments in joint ventures and associates	6	130,254	89,194
Other non-current receivables	6	16,232	8,315
Deferred tax assets		440	3
Total non-current assets		**648,454**	**648,310**
Trade and other receivables	10	42,209	19,426
Cash and cash equivalents		141,545	71,595
Disposal group held for sale	12	190,227	132,263
Total current assets		**373,981**	**223,284**
TOTAL ASSETS		**1,022,435**	**871,594**

SHAREHOLDERS' EQUITY AND LIABILITIES *(in thousands of €)*	**NOTE**	**30.06.2017**	**31.12.2016**
Share capital		62,251	62,251
Retained earnings		370,372	327,985
Other reserves		69	69
Shareholders' equity		**432,692**	**390,305**
Non-current financial debt	11	386,882	327,923
Other non-current financial liabilities		1,689	5,348
Other non-current liabilities		2,534	2,432
Deferred tax liabilities		19,927	20,012
Total non-current liabilities		**411,032**	**355,715**
Current financial debt	11	89,087	81,674
Current financial liabilities		2,110	-
Trade debts and other current liabilities		58,862	35,496
Liabilities related to disposal group held for sale	12	28,652	8,404
Total current liabilities		**178,711**	**125,574**
Total liabilities		**589,743**	**481,289**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,022,435**	**871,594**

VGP

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June

STATEMENT OF CHANGES IN EQUITY *(in thousands of €)*	Statutory share capital	Capital reserve	IFRS share capital	Retained earnings	Share premium	Other equity	Total equity
Balance as at 1 January 2016	**112,737**	**(50,486)**	**62,251**	**239,658**	**69**	**60,000**	**361,978**
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Result of the period	-	-	-	42,738	-	-	42,738
Effect of disposals	-	-	-	-	-	-	-
Total comprehensive income / (loss)	**-**	**-**	**-**	**42,738**	-	-	**42,738**
Dividends to shareholders	-	-	-	-	-	-	-
Share capital distribution to shareholders	-	-	-	-	-	-	-
Hybrid securities	-	-	-	(2,959)	-	(60,000)	(62,959)
Balance as at 30 June 2016	**112,737**	**(50,486)**	**62,251**	**279,437**	**69**	**-**	**341,757**
Balance as at 1 January 2017	**112,737**	**(50,486)**	**62,251**	**327,985**	**69**	**-**	**390,305**
Other comprehensive income / (loss)	-	-	-	-	-	-	**0**
Result of the period	-	-	-	62,457	-	-	**62,457**
Effect of disposals	-	-	-	-	-	-	**-**
Total comprehensive income / (loss)	**-**	**-**	**-**	**62,457**	-	-	**62,457**
Dividends to shareholders	-	-	-	-	-	-	**-**
Share capital distribution to shareholders	(20,070)	20,070	-	(20,070)	-	-	**(20,070)**
Hybrid securities	-	-	**-**		-		**-**
Balance as at 30 June 2017	**92,667**	**(30,416)**	**62,251**	**370,372**	**69**	**-**	**432,692**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the period ended 30 June

CASH FLOW STATEMENT *(in thousands of €)*	**NOTE**	**30.06.2017**	**30.06.2016**
Cash flows from operating activities			
Profit before taxes		72,700	55,450
Adjustments for:			
Depreciation		89	258
Unrealised (gains) /losses on investment properties		(59,522)	(42,997)
Realised (gains) / losses on disposal of subsidiaries and investment properties		(342)	(22,131)
Unrealised (gains) / losses on financial instruments and foreign exchange		(1,998)	6,462
Interest (received)		(2,134)	(516)
Interest paid		9,108	8,653
Share in (profit)/loss of joint ventures and associates		(15,167)	3,279
Operating profit before changes in working capital and provisions		**2,734**	**8,458**
Decrease/(Increase) in trade and other receivables		(722)	(4,324)
(Decrease)/Increase in trade and other payables		4,333	18,794
Cash generated from the operations		**6,345**	**22,928**
Interest received		21	516
Interest (paid)		(596)	(8,653)
Income taxes paid		(259)	(225)
Net cash from operating activities		**5,511**	**14,566**
Cash flows from investing activities			
Proceeds from disposal of tangible assets and other		2	36
Acquisition of subsidiaries		0	(148)
Investment property and investment property under construction		(68,829)	(84,279)
Sale of investment properties to VGP European Logistics joint venture	13	90,794	155,911
Distribution by / (investment in) VGP European Logistics joint venture		-	-
(Loans provided to) / loans repaid by Joint Venture and associates		(36,794)	-
Net cash (used in) / received from investing activities		**(14,827)**	**71,520**
Cash flows from financing activities			-
Net Proceeds / (cash out) from the issue / (repayment) hybrid instruments		-	(62,959)
Proceeds from bank loans and bonds		79,568	50,009
Loan and bond repayments		(4,131)	(50,715)
Net cash (used in) / received from financing activities		**75,437**	**(63,665)**
Net increase / (decrease) in cash and cash equivalents		**66,121**	**22,421**
Cash and cash equivalents at the beginning of the period		71,595	9,825
Effect of exchange rate fluctuations		412	176
Reclassification to (-) / from held for sale		3,417	19,329
Cash and cash equivalents at the end of the period		**141,545**	**51,751**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the period ended 30 June

1 Basis of preparation

The condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. The consolidated financial information was approved for issue on 21 August 2017 by the Board of Directors.

2 Significant accounting policies

The condensed interim financial statements are prepared on a historic cost basis, with the exception of investment properties and investment property under construction as well as financial derivatives which are stated at fair value. All figures are in thousands of Euros (*EUR '000*).

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016 except for following new standards, amendments to standards and interpretations which became effective during the first half year of 2017:

- Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses* (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed by the EU);
- Amendments to IAS 7: *Disclosure Initiative* (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed by the EU);
- Annual improvements to IFRS Standards 2014-2016: *Amendments to IFRS 12* (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed by the EU).

The initial recognition of the above new standards did not have a material impact on the financial position and performance of the Group.

New standards, amendments to standards and interpretations not yet effective during the first half year of 2017:

- IFRS 9 – *Financial Instruments (effective 1 January 2018)*: IFRS 9 was finalised and published by IASB in July 2014 and endorsed by the EU in November 2016. IFRS 9 contains the requirements for the classification and measurement of financial assets and financial liabilities, the impairment of financial assets, and the general hedge accounting. IFRS 9 will replace most parts of IAS 39 – Financial Instruments: Recognition and Measurement.
  Based on an analysis of VGP's situation as at 30 June 2017, IFRS 9 is not expected to have a material impact on the consolidated financial statements. With respect to the impairment of financial assets measured at amortised cost, including trade receivables, the initial application of the expected credit loss model under IFRS 9 will result in earlier recognition of credit losses compared to the incurred loss model currently applied under IAS 39. Considering the relatively limited amount of trade receivables combined with the low associated credit risk, the Company does however not anticipate a material impact on the consolidated financial statements.
- IFRS 15 – *Revenue from Contracts with Customers (effective 1 January 2018)*: IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Upon its effective date IFRS 15 will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts and the related interpretations.
  IFRS 15 is not expected to have a material impact on the consolidated financial statements of the Company as lease contracts are excluded from the scope of the standard and represent the main source of income for VGP. The principles of IFRS 15 are still applicable to the non-lease components that may be contained in lease contracts or in separate agreements, such as maintenance related services charged to the lessee. Considering however that such non-lease components mostly represent services recognised over time under both IFRS 15 and IAS 18, VGP does not anticipate a material impact in that respect.

- IFRS 16 – *Leases (effective 1 January 2019)*: IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede IAS 17 – Leases and related interpretations upon its effective date. IFRS 16 has not yet been endorsed at the EU level.
  Significant changes to lessee accounting are introduced by IFRS 16, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.
  As VGP is almost exclusively acting as lessor, IFRS 16 is not expected to have a material impact on its consolidated financial statements. In the limited cases where VGP is the lessee in contracts classified as operating leases under IAS 17 and not subject to the IFRS 16 exemptions such as leasing of cars and lease paid for own offices, a right-of-use asset and related liability will be recognised on the consolidated balance sheet.

3 Segment information

The chief operating decision maker is the person that allocates resources to and assesses the performance of the operating segments. The Group has determined that its chief operating decision-maker is the chief executive officer (CEO) of the Company. He allocates resources to and assesses the performance at a country level.

The basic segmentation for segment reporting within VGP is by geographical region. This basic segmentation reflects the geographical markets in Europe in which VGP operates. VGP's operations are split into the individual countries where it is active.

This segmentation is important for VGP as the nature of the activities and the customers have similar economic characteristics within those segments. Business decisions are taken at that level and various key performance indicators (such as rental income, – activity, occupancy and development yields) are monitored in this way as VGP primarily focuses on developing and letting logistical sites. A second segmentation basis is based on the split of income on the property and facility management as well as the development activities carried out on behalf of the Joint Venture.

Segment information – Czech Republic, Germany and other countries

Income statement	Czech Republic		Germany		Other countries		Unallocated amounts		Total	
In thousands of €	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Gross rental income	1,144	3,271	1,115	5,574	6,852	4,240	-	-	9,111	13,085
Service charge income / (expenses)	96	124	(39)	251	85	220	-	-	142	595
Property operating expenses	(163)	(159)	(340)	(639)	(152)	(301)	-	-	(655)	(1,099)
Net rental income	**1,077**	**3,236**	**736**	**5,186**	**6,785**	**4,159**	**-**	**-**	**8,598**	**12,581**
Property and development management income	628	230	1,882	271	984	137	-	-	3,494	638
Facility management income	281	239	-	-	-	-	-	-	281	239
Net valuation gains / (losses) on investment property	28,780	11,032	2,511	13,814	10,988	1,178	17,585	39,103	59,864	65,127
Other income / (expenses)- incl. administrative costs	(1,541)	(1,053)	(2,115)	(1,713)	(1,950)	(1,562)	(4,122)	(930)	(9,728)	(5,258)
Share in the result of joint venture and associates	-	-	-	-	-	-	15,167	(3,279)	15,167	(3,279)
Operating profit / (loss)	**29,225**	**13,684**	**3,014**	**17,558**	**16,807**	**3,912**	**28,630**	**34,894**	**77,676**	**70,048**
Net financial result	**-**	**-**	**-**	**-**	**-**	**-**	**(4,976)**	**(14,598)**	**(4,976)**	**(14,598)**
Profit before taxes	**-**	**-**	**-**	**-**	**-**	**-**	**72,700**	**55,450**	**72,700**	**55,450**
Taxes	**-**	**-**	**-**	**-**	**-**	**-**	**(10,243)**	**(12,712)**	**(10,243)**	**(12,712)**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**62,457**	**42,738**	**62,457**	**42,738**

Balance sheet	Czech Republic		Germany		Other countries		Unallocated amounts		Total	
In thousands of €	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Assets										
Investment properties	98,650	90,016	147,625	174,005	253,911	286,241	-	-	500,186	550,262
Other assets (incl. deferred tax)	3,480	13,981	10,603	9,063	10,883	27,050	307,056	138,975	332,022	189,069
Disposal group held for sale	13,702	4,465	36,098	41,440	60,352	4,797	80,075	81,561	190,227	132,263
Total assets	**115,832**	**108,462**	**194,326**	**224,508**	**325,146**	**318,088**	**387,131**	**220,536**	**1,022,435**	**871,594**
Shareholders' equity and liabilities										
Shareholders' equity	-	-	-	-	-	-	432,692	390,305	432,692	390,305
Total liabilities	-	-	-	-	-	-	580,775	472,885	580,775	472,885
Liabilities related to disposal group held for sale	-	-	-	-	-	-	8,968	8,404	8,968	8,404
Total shareholders' equity and liabilities	-	-	-	-	-	-	**1,022,435**	**871,594**	**1,022,435**	**871,594**

Segment information – Other Countries

Income statement	Estonia		Slovakia		Hungary		Romania		Spain		Other		Total	
In thousands of €	30.06. 2017	30.06. 2016	30.06. 2017	30.06. 2016	30.06. 2017	30.06. 2016	30.06. 2017	30.06. 2016	30.06. 2017	30.06. 2016	30.06. 2017	30.06. 2016	30.06. 2017	30.06. 2016
Gross rental income	1,553	1,093	-	1,094	-	963	1,549	1,090	3,750	-	-	-	6,852	4,240
Service charge income / (expense)	12	(7)	-	60	-	30	165	137	(89)	-	(3)	-	85	220
Property operating expenses	(83)	(21)	-	(155)	(7)	(70)	(47)	(46)	(4)	(2)	(11)	(7)	(152)	(301)
Net rental income	**1,482**	**1,065**	**-**	**999**	**(7)**	**923**	**1,667**	**1,181**	**3,657**	**(2)**	**(14)**	**(7)**	**6,785**	**4,159**
Property and development management income	-	-	-	11	95	-	-	-	-	-	889	126	984	137
Facility management income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net valuation gains / (losses) on investment property	(95)	(16)	-	-	-	-	1,609	1,194	9,196	-	278	-	10,988	1,178
Other income / (expenses)- incl. administrative costs	(150)	(121)	(7)	(627)	(45)	(370)	(170)	(215)	(1,493)	(139)	(85)	(90)	(1,950)	(1,562)
Share in the result of joint venture and associates	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Operating profit / (loss)	**1,237**	**928**	**(7)**	**383**	**43**	**553**	**3,106**	**2,160**	**11,360**	**(141)**	**1,068**	**29**	**16,807**	**3,912**
Net financial result	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Balance sheet	Estonia		Slovakia		Hungary		Romania		Spain		Other		Total	
In thousands of €	30.06. 2017	31.12. 2016	30.06. 2017	31.12. 2016	30.06. 2017	31.12. 2016	30.06. 2017	31.12. 2016	30.06. 2017	31.12. 2016	30.06. 2017	31.12. 2016	30.06. 2017	31.12. 2016
Assets														
Investment properties	-	47,400	677	663	-	-	38,210	36,043	205,526	195,842	9,498	6,293	253,911	286,241
Other assets (incl. deferred tax)	-	880	55	10	132	88	2,808	13,900	7,658	12,108	230	64	10,883	27,050
Disposal group held for sale	51,747	-	5,073	4,333	3,532	464	-	-	-	-	-	-	60,352	4,797
Total assets	**51,747**	**48,280**	**5,805**	**5,006**	**3,664**	**552**	**41,018**	**49,943**	**213,184**	**207,950**	**9,728**	**6,357**	**325,146**	**318,088**
Shareholders' equity and liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities related to disposal group held for sale	-	-	-	-	-	-	-	-	-	-	-	-		
Total shareholders' equity and liabilities														

4 Revenue

In thousands of €	30.06.2017	30.06.2016
Rental income from investment properties	8,824	13,069
Rent incentives	287	16
Total gross rental income	**9,111**	**13,085**
Property management income	1,238	413
Development management income	2,257	225
Facility management income	281	239
Service charge income	1,409	3,042
Total revenue	**14,296**	**17,004**

The Group leases out its investment property under operating leases. The operating leases are generally for terms of more than 5 years. The gross rental income reflects the full impact of the income generating assets delivered during 2017 and the third closing with the Joint Venture on 31 May 2017. The 2017 rental income includes € 1.7 million of rent for the period 1 January 2017 to 31 May 2017 related to the property portfolio sold during the third closing at the end of May 2017. The rental income of VGP Park Nehatu for the first half of 2017 was € 1.6 million. It is expected that the sale of VGP Park Nehatu will complete at the end of August 2017.

At the end of June 2017, the Group (including the Joint Venture) had annualised committed leases of € 78.2 million[1] compared to € 64.3 million [2] as at 31 December 2016. The annualised committed leases of VGP Park Nehatu was € 4.2 million at the end of June 2017.

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

In thousands of €	30.06.2017	31.12.2016
Less than one year	26,582	25,340
Between one and five years	98,658	94,376
More than five years	251,905	242,916
Total	**377,145**	**362,632**

5 Net valuation gains / (losses on investment properties

In thousands of €	30.06.2017	30.06.2016
Unrealised valuation gains / (losses) on investment properties	36,789	25,533
Unrealised valuation gains / (losses) on disposal group held for sale	22 733	17,463
Realised valuation gains / (losses) on disposal of subsidiaries and investment properties	342	22,131
Total	**59,864**	**65,127**

The own property portfolio, excluding development land, is valued by the valuation expert at 30 June 2017 based on a weighted average yield of 6.48% (compared to 6.49% as at 31 December 2016) applied to the contractual rents increased by the estimated rental value on unlet space. A 0.10% variation of this market rate would give rise to a variation of the total portfolio value of € 6.5 million.

[1] Including VGP European Logistics (joint venture with Allianz Real Estate). As at 30 June 2017 the annualised committed leases for VGP European Logistics stood at € 51.3 million compared to € 38.6 million as at 31 December 2016.

[2] € 38.6 million related to the JV Property Portfolio and € 25.6 million related to the Own Property Portfolio.

6 Investments in joint venture and associates

6.1 Profit from joint venture and associates after tax

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.

INCOME STATEMENT *(in thousands of €)*	**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%**	**30.06. 2017**	**30.06. 2016**
Gross rental income	16,134	9,337	476	8,067	8,543	1,183
Property operating expenses						
- service charge income / (expenses)(net)	407	323	16	204	220	16
- underlying property operating expenses	(999)	(672)	(34)	(500)	(534)	(186)
- property management fees	(1,305)	(763)	(39)	(653)	(691)	(92)
Net rental income	**14,237**	**8,225**	**419**	**7,119**	**7,538**	**920**
Net valuation gains / (losses) on investment properties	25,585	19,933	1,017	12,793	13,809	(1,224)
Administration expenses	(600)	(243)	(12)	(300)	(312)	(71)
Other income / (expenses) (net)	(995)	36	1	(498)	(497)	5
Operating profit / (loss)	**38,227**	**27,951**	**1,425**	**19,114**	**20,538**	**(370)**
Financial income	2,235	(343)	(16)	1,118	1,101	80
Financial expenses	(5,948)	(3,295)	(168)	(2,974)	(3,142)	(3,420)
Net financial result	**(3,713)**	**(3,638)**	**(185)**	**(1,857)**	**(2,041)**	**(3,339)**
Profit before taxes	**34,514**	**24,313**	**1,240**	**17,257**	**18,497**	**(3,709)**
Taxes	(6,277)	(3,754)	(191)	(3,139)	(3,330)	431
Profit for the year	**28,237**	**20,559**	**1,049**	**14,119**	**15,167**	**(3,279)**

VGP

6.2 Summarised balance sheet information in respect of joint venture and associates

BALANCE SHEET *(in thousands of €)*	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%	30.06. 2017	31.12. 2016
Investment properties	767,045	549,151	28,008	383,524	411,531	307,053
Other assets	729	(425)	(22)	364	343	96
Total non-current assets	**767,774**	**548,726**	**27,986**	**383,888**	**411,874**	**307,149**
Trade and other receivables	10,896	7,866	401	5,449	5,850	4,523
Cash and cash equivalents	29,389	21,452	1,094	14,694	15,789	9,256
Total current assets	**40,285**	**29,318**	**1,495**	**20,143**	**21,639**	**13,779**
Total assets	**808,059**	**578,044**	**29,481**	**404,031**	**433,513**	**320,928**
Non-current financial debt	487,744	363,034	18,515	243,872	262,387	201,616
Other non-current financial liabilities	0	0	0	0	0	538
Other non-current liabilities	5,030	3,602	184	2,515	2,699	721
Deferred tax liabilities	48,078	32,241	1,644	24,038	25,682	17,448
Total non-current liabilities	**540,852**	**398,877**	**20,343**	**270,425**	**290,768**	**220,323**
Current financial debt	10,606	7,888	402	5,303	5,705	4,368
Trade debts and other current liabilities	12,687	8,676	442	6,343	6,786	6,940
Total current liabilities	**23,292**	**16,564**	**845**	**11,646**	**12,491**	**11,308**
Total liabilities	**564,145**	**415,441**	**21,187**	**282,071**	**303,259**	**231,631**
Adjustment disposal of associates						103
Net assets	**243,914**	**162,603**	**8,294**	**121,960**	**130,254**	**89,194**

VGP European Logistics recorded its third closing at the end of May 2017, with the acquisition of 6 new parks from VGP, comprising of 7 logistic buildings, and another 4 newly completed logistic buildings which were developed in parks previously transferred to the Joint Venture. The 6 parks are located in Germany (3) and in the Czech Republic (3). The additional 4 buildings which are being acquired by the Joint Venture are also located in Germany (3 buildings) and in the Czech Republic (1 building).

The VGP European Logistics portfolio was valued at a weighted average yield of 5.92% as at 30 June 2017 compared to 6.08% as at 31 December 2016 reflecting the continued contraction of the yields during the first half of 2017. A 0.10% variation of this market rate would give rise to a variation of the total Joint Venture portfolio value of € 14.7 million.

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

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

6.3 Other non-current receivables

in thousands of €	30.06.2017	31.12.2016
Shareholder loans to VGP European Logistics S.à r.l.	14,757	7,506
Shareholder loans to associates (subsidiaries of VGP European Logistics S.à r.l.)	1,475	809
Construction and development loans to subsidiaries of VGP European Logistics S.à r.l.)	89,387	81,561
Construction and development loans reclassifies as assets held for sale	(89,387)	(81,561)
Total	**16,232**	**8,315**

For further information, please refer to note 12.

6.4 Investments in joint venture and associates

in thousands of €	30.06.2017	31.12.2016
As at 1 January	**89,194**	**(103)**
Additions	25,787	86,077
Result of the year	15,167	7,897
Repayment of equity	-	(4,677)
Adjustments from sale of participations	106	-
As at the end of the period	**130,254**	**89,194**

7 Net financial result

In thousands of €	30.06.2017	30.06.2016
Bank interest income	11	-
Interest income - loans to joint venture and associates	2,123	516
Unrealised gains on interest rate derivatives	2,074	42
Financial income	**4,208**	**558**
Bond interest expense	(8,839)	(4,182)
Bank interest expense – variable debt	(482)	(2,020)
Bank interest expense – interest rate swaps - hedging	(74)	(285)
Interest capitalised into investment properties	1,140	464
Unrealised loss on interest rate derivatives	(69)	(6,377)
Net foreign exchange losses	(6)	(126)
Other financial expenses	(854)	(2,630)
Financial expenses	**(9,184)**	**(15,156)**
Net financial costs	**(4,976)**	**(14,598)**

Increase in interest income on loans to the Joint Venture and associates is due to full half year impact of the loans granted to VGP European Logistics. The first half year 2016 only included 1 month of interest. The increase in the bond interest was due to the new € 225 million Sep-23 bond issued during September 2016 and the € 80 million Mar-25 bond issued at the end of March 2017.

VGP

8 Earnings per share

In number	30.06.2017	30.06.2016
Weighted average number of ordinary shares (basic)	18,583,050	18,583,050
Weighted average number of ordinary shares (diluted)	18,583,050	18,583,050
Correction for reciprocal interest through associates	(401,648)	(401,648)
Weighted average number of ordinary shares (diluted and after correction for reciprocal interest through associates	18,181,402	18,181,402

In thousands of €	30.06.2017	30.06.2016
Result for the period attributable to the Group and to ordinary shareholders	62,457	42,738
Earnings per share (in €) - basic	3.36	2.30
Earnings per share (in €) - diluted	3.36	2.30
Earnings per share (in €) – after dilution and correction for reciprocal interest through associates	3.43	2.35

Correction for reciprocal interest relates to the elimination of the proportional equity component of the respective VGP NV shares held by VGP Misv Comm. VA. VGP NV holds 43.23% in VGP Misv Comm. VA.

9 Investment properties

In thousands of €	30.06.2017			
	Completed	Under Construction	Development land	Total
As at 1 January	**265,813**	**125,989**	**158,460**	**550,262**
Capex	8,017	49,260	-	**57,277**
Acquisitions	-	-	9,957	**9,957**
Capitalised interest	334	799	7	**1,140**
Capitalised rent free and agent's fee	287	1,307	-	**1,594**
Sales and disposal to Joint Venture	(104,524)	(5,178)	(3,244)	**(112,947)**
Transfer on start-up of development	-	28,750	(28,750)	**-**
Transfer on completion of development	48,290	(48,290)	-	**-**
Net gain from value adjustments in investment properties	3,225	38,066	1,746	**43,037**
Reclassification to (-) / from held for sale	(45,602)	(4,533)	-	**(50,135)**
As at 30 June	**175,840**	**186,169**	**138,177**	**500,186**

In thousands of €	31.12.2016			
	Completed	Under Construction	Development land	Total
As at 1 January	**38,530**	**47,180**	**88,262**	**173,972**
Capex	34,957	39,378	-	**74,335**
Acquisitions	126,173	-	107,951	**234,124**
Capitalised interest	783	636	-	**1,419**
Capitalised rent free	406	-	-	**406**
Transfer on start-up of development	-	39,380	(39,380)	-
Transfer on completion of development	47,775	(47,775)	-	-
Net gain from value adjustments in investment properties	17,189	47,190	1,627	**66,006**
As at 31 December	**265,813**	**125,989**	**158,460**	**550,262**

9.1 Fair value hierarchy of the Group's investment properties

All of the Group's properties are level 3, as defined by IFRS 13, in the fair value hierarchy as at 30 June 2017 and there were no transfers between levels during the year. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to level 1 (inputs from quoted prices) and level 2 (observable inputs either directly, i.e. as prices, or indirectly, i.e. derived from prices).

9.2 Property valuation techniques and related quantitative information

(i) Valuation process

The Group's own investment properties and the Joint Venture's investment properties were valued at 30 June 2017 by Jones Lang LaSalle. The valuations were prepared in accordance with the RICS Valuation - Professional Standards (incorporating the International Valuation Standards) Global edition January 2014. The basis of valuation is the *Market Value* of the property, as at the date of valuation, defined by the RICS as:
"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation process used by Jones Lang LaSalle was the same as described in the Annual Report 2016 (see page 132) i.e. the Discounted Cash Flow ("DCF") Valuation Approach except for the Spanish property portfolio which was valued using the Net Present Value ("NPV") Valuation and Initial Yield Approach.

The Net Present Value Approach was utilized for the Mango building in VGP Park Mango (Barcelona). The NPV approach is similar to the DCF approach in that it calculates the present value by discounting future cash flows with a certain rate. The Internal Rate of Return is calculated so that the sum of discounted positive and negative cash flows is equal to zero. When calculating the value of the Mango building the value of the property was estimated at the end of a 30-year lease.
The Initial Yield Approach was utilized for the building under construction in VGP Park San Fernando de Henares (Madrid). The Initial Yield Approach calculates the Gross Market Value by applying a capitalisation rate (Initial Yield) to the net rental income as of the valuation date, and capitalising the income into perpetuity. When calculating the value of the property it is assumed that the building is completed as of the valuation date and subject to a 10-year lease, with the remaining construction costs deducted from the Market Value.

(ii) Quantitative information about fair value measurements using unobservable inputs

The quantitative information in the following tables is taken from the different reports produced by the independent real estate experts. The figures provide the range of values and the weighted average of the assumptions used in the determination of the fair value of investment properties.

Region	Segment	Fair value 30 Jun-17(€ '000)	Valuation technique	Level 3 Unobservable inputs	Range
Czech Republic	IP	12,000	Discounted cash flow	Annual rent per m²	55-84
				Discount rate	6.50%-6.65%
				Exit yield	6.25%
				Weighted average yield	6.71%
				Cost to completion (in '000)	-
	IPUC	69,730	Discounted cash flow	Annual rent per m²	34-96
				Discount rate	6.25%-10.00%
				Exit yield	6.00%-6.50%
				Weighted average yield	6.66%
				Cost to completion (in '000)	34,975
	DL	16,920	Sales comparison	Price per m²	-
Germany	IPUC	95,690	Discounted cash flow	Annual rent per m²	45-60
				Discount rate	5.90%-8.00%
				Exit yield	5.15%-5.30%
				Weighted average yield	5.78%
				Cost to completion (in '000)	21,108
	DL	51,934	Sales comparison	Price per m²	-
Spain	IP	126,240	Net Present Value	Annual rent per m²	41
				IRR	5.50%
				Weighted average yield	6.14%
				Cost to completion (in '000)	-
	IPUC	14,050	Initial Yield	Annual rent per m²	56
				Initial yield	5.50%
				Weighted average yield	5.68%
				Cost to completion (in '000)	8,464
	DL	65,236	Sales comparison	Price per m²	
Other countries	IP	83,202	Discounted cash flow	Annual rent per m²	41-62
				Discount rate	9.50%
				Exit yield	9.00%
				Weighted average yield	8.94% / 7.75%
				Cost to completion (in '000)	980
	IPUC	11,233	Discounted cash flow	Annual rent per m²	50 / 46
				Discount rate	10.00%
				Exit yield	8.25%
				Weighted average yield	7.75% / 10.03%
				Cost to completion (in '000)	5,400
	DL	4,086	Sales comparison	Price per m²	-
Total		550,321			

Region	Segment	Fair value 31 Dec-16 (€ '000)	Valuation technique	Level 3 Unobservable inputs	Range
Czech Republic	IP	30,080	Discounted cash flow	Annual rent per m²	50-84
				Discount rate	6.50%-8.00%
				Exit yield	6.25%-6.50%
				Weighted average yield	6.77%
				Cost to completion (in '000)	1,200
	IPUC	25,620	Discounted cash flow	Annual rent per m²	45-55
				Discount rate	6.50%-8.00%
				Exit yield	6.25%-6.50%
				Weighted average yield	6.88%
				Cost to completion (in '000)	8,700
	DL	34,316	Sales comparison	Price per m²	-
Germany	IP	30,360	Discounted cash flow	Annual rent per m²	33
				Discount rate	6.25%
				Exit yield	5.50%
				Weighted average yield	5.83%
				Cost to completion (in '000)	0
	IPUC	93,169	Discounted cash flow	Annual rent per m²	45-68
				Discount rate	6.50%-7.50%
				Exit yield	5.25%-6.00%
				Weighted average yield	5.71%
				Cost to completion (in '000)	31,838
	DL	50,475	Sales comparison	Price per m²	-
Spain	IP	126,173	Sales comparison	Acquisition value	
	DL	69,670	Sales comparison	Acquisition value	
Other countries	IP	79,200	Discounted cash flow	Annual rent per m²	41-62
				Discount rate	8.00%-10.00%
				Exit yield	7.80%-9.25%
				Weighted average yield	8.54%
				Cost to completion (in '000)	8,300
	IPUC	7,200	Discounted cash flow	Annual rent per m²	46-55
				Discount rate	10.00%
				Exit yield	7.80%-8.5%
				Weighted average yield	9.94%
				Cost to completion (in '000)	1,185
	DL	3,999	Sales comparison	Price per m²	-
Total		550,262			

IP= *completed investment property*
IPUC= *investment property under construction*
DL= *development land*

VGP

10 Trade and other receivables

in thousands of €	30.06.2017	31.12.2016
Trade receivables	2,706	2,663
Tax receivables - VAT	6,025	14,526
Accrued income and deferred charges	352	391
Other receivables	34,138	1,846
Reclassification to (-) / from held for sale	(1,012)	
Total	**42,209**	**19,426**

As at 30 June 2017 there is a € 31.0 million receivable towards Allianz in respect of the settlement of the third closing. The settlement was subject to fulfilling certain conditions post third closing which were fulfilled during the month of August 2017, and hence this receivable will be settled early September 2017. (see also note 13).

11 Current and non-current financial debts

The contractual maturities of interest bearing loans and borrowings (current and non-current) are as follows:

MATURITY	30.06.2017			
In thousands of €	Outstanding balance	< 1 year	> 1-5 year	> 5 year
Non-current				
Bank borrowings	12,522	750	11,772	-
Bonds				
5.10% bonds Dec-18	74,539	-	74,539	-
3.90% bonds Sep-23	220,989	-	-	220,989
3.35% bonds Mar-25	79,582	-	-	79,582
	375,110	-	74,539	300,571
Total non-current financial debt	**387,632**	**750**	**86,311**	**300,571**
Current				
Bank borrowings	18,751	18,751	-	-
Bonds				
5.15% bonds Jul-17	74,984	74,984	-	-
Accrued interest	13,349	13,349	-	-
Reclassification to liabilities related to disposal group held for sale	(18,747)	(18,747)	-	-
Total current financial debt	**88,337**	**88,337**	**-**	**-**
Total current and non-current financial debt	**475,969**	**89,087**	**86,311**	**300,571**

MATURITY	31.12.2016			
In thousands of €	Outstanding balance	< 1 year	> 1-5 year	> 5 year
Non-current				
Bank borrowings	35,290	2,417	32,873	-
Bonds				
5.10% bonds Dec-18	74,380	-	74,380	-
3.90% bonds Sep-23	220,670	-	-	220,670
	295,050	**-**	**74,380**	**220,670**
Total non-current financial debt	**330,340**	**2,417**	**107,253**	**220,670**
Current				
Bank borrowings	-	-	-	-
Bonds				
5.15% bonds Jul-17	74,747	74,747	-	-
Accrued interest	4,510	4,510	-	-
Total current financial debt	**79,257**	**79,257**	**-**	**-**
Total current and non-current financial debt	**409,597**	**81,674**	**107,253**	**220,670**

The above 30 June 2017 balances include capitalised finance costs on bank borrowings of € 114k (as compared to € 228k as per 31 December 2016) and capitalised finance costs on bonds € 4,906k (as compared to € 5,023k as per 31 December 2016).

11.1 Secured bank loans

The loans granted to the VGP Group are all denominated in € (except for the "other bank debt" which is denominated in CZK) can be summarised as follows (amounts excluding capitalised finance costs):

30.06.2017 *In thousands of €*	Facility amount	Facility expiry date	Outstanding balance	< 1 year	> 1-5 years	> 5 years
Raifeisen - Romania	16,125	31-Dec-19	12,625	750	11,875	-
Swedbank - Estonia	18,758	30-Aug-18	18,758	1,460	17,298	-
Other bank debt	4	2017-2018	4	4	-	-
Total bank debt	**34,887**		**31,387**	**2,214**	**29,173**	-

31.12.2016 *In thousands of €*	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 - Estonia	19,477	30-Aug-18	19,477	1,444	18,033	-
Other bank debt	11	2016-2018	11	9	2	-
Total bank debt	**39,018**		**35,518**	**2,417**	**33,101**	-

During the first half year of 2017, the Group operated well within its loan covenants and there were no events of default nor were there any breaches of covenants with respect to loan agreements noted.

11.2 Bonds

VGP has the following 4 bonds outstanding as at 30 June 2017:

— € 75 million fixed rate bonds due 12 July 2017 which carry a coupon of 5.15% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002201672 - Common Code: 094682118)
— € 75 million fixed rate bonds due 6 December 2018 carry a coupon of 5.10% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002208743 - Common Code: 099582871).
— € 225 million fixed rate bonds due 21 September 2023 carry a coupon of 3.90% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002258276 - Common Code: 148397694).
— € 80 million fixed rate bonds due 30 March 2025 carry a coupon of 3.35% per annum. The bonds are not listed (ISIN Code: BE6294349194 - Common Code: 159049558).

On 6 July 2017, new bonds were issued as follows:

— € 75 million fixed rate bonds due 6 July 2024 which carry a coupon of 3.25% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002287564 - Common Code: 163738783)

The proceeds of these bonds were utilised to refinance the maturing Jul-17 bonds.

All bonds are unsecured.

During the first half year of 2017, the Group operated well within its bond covenants there were no events of default nor were there any breaches of covenants with respect to the bonds noted.

12 Assets classified as held for sale and liabilities associated with those assets

In thousands of €	30.06.2017	31.12.2016
Investment properties	188,616	132,263
Property, plant and equipment	-	-
Deferred tax assets	-	-
Trade and other receivables	1,012	-
Cash and cash equivalents	599	-
Disposal group held for sale	**190,227**	**132,263**
Non-current financial debt	(17,287)	-
Other non-current financial liabilities	-	-
Other non-current liabilities	(304)	-
Deferred tax liabilities	(8,968)	(8,405)
Current financial debt	(1,460)	-
Trade debts and other current liabilities	(633)	-
Liabilities associated with assets classified as held for sale	**(28,652)**	**(8,405)**
Total net assets	**161,575**	**123,858**

At the end of June 2017 VGP sold its VGP Park Nehatu located in Tallinn (Estonia) to East Capital Baltic Property fund III, a fund managed by East Capital. The transaction covers a total of 5 modern logistics buildings with a total of more than 77,000 m^2 of lettable area. The completion of the transaction is subject to the fulfilment of contract terms and regulatory approval. It is currently expected that closing of this transaction will occur on 30

August 2017. Hence all assets and liabilities related to VGP Park Nehatu were reclassified as held for sale at the end of June 2017.

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 is transferred to the Joint Venture as part of the different closings 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 fair value of the asset under construction which are being developed by VGP on behalf of VGP European Logistics amounts to € 138.5 million as at 30 June 2017 (compared to € 132.3 million as at 31 December 2016).

13 Cash flow from the sales to VGP European Logistics

In thousands of €	30.06.2017	30.06.2016
Investment property	173,913	505,408
Trade and other receivables	7,056	6,249
Cash and cash equivalents	3,417	19,329
Non-current financial debt	-	(123,618)
Shareholder Debt	(112,737)	(218,764)
Other non-current financial liabilities	-	(749)
Deferred tax liabilities	(7,993)	(20,210)
Trade debts and other current liabilities	(13,578)	(20,855)
Total net assets disposed	**50,078**	**146,790**
Total non-controlling interest retained by VGP	(1,884)	(4,066)
Shareholder loans repaid at closing	100,909	103,878
Equity contribution	(23,903)	(71,362)
Total consideration	**125,200**	**175,240**
Consideration to be received – third closing	(30,989)	-
Consideration paid in cash	**94,211**	**175,240**
Cash disposed	(3,417)	(19,329)
Net cash inflow from Joint Ventures closing(s)	**90,794**	**155,911**

As at 30 June 2017 there was a € 31.0 million receivable towards Allianz in respect of the settlement of the third closing. This receivable is expected to be settled at the beginning of September 2017.

14 Fair value

30.06.2017	Carrying amount	Amounts recognised in balance sheet in accordance with IAS 39			Fair value	Fair value hierarchy
In thousands of €	30.06.2017	Amortised costs	Fair value through equity	Fair value through profit or loss	30.06.2017	30.06.2017
Assets						
Other non-current receivables	16,232	16,232	-	-	16,232	Level 2
Trade receivables	2,706	2,706	-	-	2,706	Level 2
Other receivables	40,163	40,163	-	-	40,163	Level 2
Derivative financial assets	782	-	-	782	782	Level 2
Cash and cash equivalents	138,581	138,581	-	-	138,581	Level 2
Reclassification to (-) from held for sale	(1,612)	(1,612)			(1,612)	
Total	**196,852**	**196,070**	**-**	**782**	**196,852**	
Liabilities						
Financial debt						
Bank debt	31,274	31,274	-	-	31,274	Level 2
Bonds	450,094	450,094	-	-	467,439	Level 1
Trade payables	34,911	34,911	-	-	34,911	Level 2
Other liabilities	26,629	26,629	-	-	26,629	Level 2
Derivative financial liabilities	3,799	-	-	3,799	3,799	Level 2
Reclassification to liabilities related to disposal group held for sale	(23,814)	(23,814)	-	-	(23,814)	
Total	**522,893**	**519,094**	**-**	**3,799**	**540,238**	

31.12.2016	Carrying amount	Amounts recognised in balance sheet in accordance with IAS 39			Fair value	Fair value hierarchy
In thousands of €	2016	Amortised costs	Fair value through equity	Fair value through profit or loss	31.12.2016	31.12.2016
Assets						
Other non-current receivables	8,315	8,315	-	-	8,315	Level 2
Trade receivables	2,663	2,663	-	-	2,663	Level 2
Other receivables	16,371	16,371	-	-	16,371	Level 2
Derivative financial assets	5	-	-	5	5	Level 2
Cash and cash equivalents	68,033	68,033	-	-	68,033	Level 2
Reclassification to (-) from held for sale	-	-	-	-	-	
Total	**95,387**	**95,382**	**-**	**5**	**95,387**	
Liabilities						
Financial debt						
Bank debt	35,290	35,290	-	-	35,290	Level 2
Bonds	369,796	369,796	-	-	385,212	Level 1
Trade payables	31,661	31,661	-	-	31,661	Level 2
Other liabilities	4,628	4,628	-	-	4,628	Level 2
Derivative financial liabilities	5,348	-	-	5,348	5,348	Level 2
Reclassification to liabilities related to disposal group held for sale	--	-	-	-	-	
Total	**446,723**	**441,375**	**-**	**5,348**	**462,139**	

15 Commitments

The Group has concluded a number of contracts concerning the future purchase of land. As at 30 June 2017, the Group had future purchase agreements for land totalling 742,000 m², representing a commitment of € 32.3 million and for which deposits totalling € 0.6 million had been made. As at 31 December 2016 Group had future purchase agreements for land totalling 417,000 m², representing a commitment of € 16.2 million and for which deposits totalling € 0.6 million had been made.

The € 0.6 million down payment on land was classified under investment properties as at 30 June 2017 given the immateriality of the amounts involved (same classification treatment applied per 31 December 2016).

As at 30 June 2017 Group had contractual obligations to develop new projects for a total amount of € 114.1 million compared to € 80.3 million as at 31 December 2016.

All commitments are of a short-term nature. The secured land is expected to be acquired during the course of the next 12-18 months subject to obtaining the necessary permits. The contractual construction obligations relate to new buildings or buildings under construction which will be delivered or started-up during the following 12 months.

16 Related Parties

Unless otherwise mentioned below, the settlement of related party transactions occurs in cash, there are no other outstanding balances which require disclosure, the outstanding balances are not subject to any interest unless specified below, no guarantees or collaterals provided and no provisions or expenses for doubtful debtors were recorded.

16.1 Shareholders

Shareholding

As at 30 June 2017 the main shareholders of the company are:

- VM Invest NV (23.96%): a company controlled by Mr. Bart Van Malderen;
- Bart Van Malderen (19.08%);
- Comm VA VGP MISV (5%): a company controlled by Mr. Bart Van Malderen.
- Little Rock SA (25.33%): a company controlled by Mr. Jan Van Geet;
- Alsgard SA (12.97%): a company controlled by Mr. Jan Van Geet.

The two main ultimate reference shareholders of the company are therefore (i) Mr Bart Van Malderen who holds, c.q. controls, 48.03% and who is a non-executive director; and (ii) Mr Jan Van Geet who holds 38.3% and who is CEO and an executive director.

On 21 March 2017 Jan Van Geet acquired 100% of the share of Alsgard SA. At the end of March 2017 Bart Van Malderen (through VM Invest NV) sold 766,203 shares (4.12% of the Company's shares) to institutional investors.

Lease activities

Drylock Technologies s.r.o, a company controlled by Bart Van Malderen, leases a warehouse from VGP under a long term lease contract. This lease contract was entered into during the month of May 2012. The rent received over the first half year of 2017 amounts to € 1,047k (compared to € 1,039k for the first half year 2016). The warehouse is owned by the Joint Venture.

VGP NV leased a small office from VM Invest NV in Belgium for which it paid € 4k per annum. This lease contract was terminated at the end of June 2017.

Jan Van Geet s.r.o. leases out office space to the VGP Group in the Czech Republic used by the VGP operational team. The leases run until 2018 and 2021 respectively. During the first half 2017 the aggregate amount paid under these leases was € 55k compared to € 46k for the period ending 30 June 2016.

All lease agreements have been concluded on an arm's length basis.

Other services

The table below provides the outstanding balances with Jan Van Geet s.r.o.. The payable balance relates to unsettled invoices. The receivable balances relate to cash advances made to cover representation costs.

in thousands of €	30.06.2017	31.12.2016
Trade receivable / (payable)	(46)	(52)

VGP also provides real estate support services (mainly maintenance work) to Jan Van Geet s.r.o. During the first half of 2017 VGP recorded a € 11k revenue for these activities (compared to € 10k per 30 June 2016).

16.2 Subsidiaries

The consolidated financial statements include the financial statements of VGP NV and the subsidiaries listed in note 18.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not disclosed in this note.

16.3 Joint Venture and associated companies

The table below presents a summary of the related transactions with the Group's Joint Venture with Allianz Real Estate (VGP European Logistics) and the associates. VGP European Logistics is incorporated in Luxembourg and owns logistics property assets in Germany, the Czech Republic, Slovakia and Hungary. VGP NV holds 50% directly in the Joint Venture and 5.1% directly in the subsidiaries of the Joint Venture holding assets in Germany (associates).

in thousands of €	**30.06.2017**	**31.12.2016**
Loans outstanding at the end of the period	105,624	89,876
Equity distributions received during the period	-	4,678
Net proceeds received from sale of assets to the Joint Venture during the period	90,794	236,060
Other receivables from joint venture and associates at the end of the period	31,000	32

in thousands of €	**30.06.2017**	**30.06.2016**
Management fee income	3,561	225
Interest and similar income from joint venture and associates	2,123	516

The other receivables as at 30 June 2017 mainly relates to the outstanding receivable balance from the third closing with the Joint Venture. This amount is expected to be settled at the beginning of September 2017.

17 Events after the balance sheet date

On 6 July 2017 a new 7 year, € 75 million bond was issued. The fixed rate bonds due 6 July 2024 carry a coupon of 3.25% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002287564 - Common Code: 163738783).
The proceeds of these bonds were utilised to refinance the maturing Jul-17 bonds.

On 4 August 2017, the Company distributed a capital reduction in cash of € 20,069,694.00 to its shareholders. This cash distribution corresponds to € 1.08 per share.

18 Subsidiaries, Joint Venture and associates

18.1 Full consolidation

The following companies were included in the consolidation perimeter of the VGP Group as at 30 June 2017 and were fully consolidated:

Subsidiaries	Registered seat address	%	
VGP NV	Diegem, Belgium	Parent	(1)
VGP Park Usti nad Labem a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Jenec a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP CZ X a.s..	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Chomutov a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP CZ XII a.s..	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Olomouc 1 a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Olomouc 3 a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Olomouc 4 a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP Park Ceske Budejovice a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
VGP –industrialni stavby s.r.o.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(2)
SUTA s.r.o.	Prague, Czech Republic	100	(3)
HCP SUTA s.r.o.	Prague, Czech Republic	100	(3)
VGP FM Services s.r.o.	Jenišovice u Jablonce nad Nisou,Czech Republic	100	(3)
VGP Industriebau GmbH	Düsseldorf, Germany	100	(3)
VGP PM Services GmbH	Düsseldorf, Germany	100	(3)
VGP Park München GmbH	Düsseldorf, Germany	100	(2)
VGP Park Hammersbach GmbH	Düsseldorf, Germany	100	(2)
VGP Deutschland – Projekt 8 GmbH	Düsseldorf, Germany	100	(2)
VGP DEU 1 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 5 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 6 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 7 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 8 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 9 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 10 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 11 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 12 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 13 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Asset Management S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Estonia OÜ	Tallinn, Estonia	100	(2)
VGP Finance NV	Zele, Belgium	100	(5)
VGP Latvia s.i.a.	Kekava, Latvia	100	(2)
VGP Constructii Industriale S.R.L.	Timisoara, Romania	99	(3)
VGP Romania S.R.L.	Timisoara, Romania	100	(2)
VGP Park Sibiu S.R.L.	Timisoara, Romania	100	(2)
VGP Park Bratislava a.s.	Bratislava, Slovakia	100	(2)
VGP Service Kft	Györ , Hungary	100	(2)
VGP Nederland BV	Tilburg, The Netherlands	100	(2)

Subsidiaries	Registered seat address	%	
VGP Naves Industriales Peninsula, S.L	Barcelona, Spain	100	(2)
VGP (Park) Espana 1 SL.	Barcelona, Spain	100	(2)
VGP (Park) Espana 2 SL.	Barcelona, Spain	100	(2)
VGP (Park) Espana 3 SL.	Barcelona, Spain	100	(2)

18.2 Companies to which the equity method is applied

The equity method is applied to the following companies:

Joint venture	Registered seat address	%	
VGP European Logistics S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	50.00	(4)

Associates	Registered seat address	%	
VGP Misv Comm. VA	Zele, Belgium	43.23	(4)
VGP Park Rodgau GmbH	Düsseldorf, Germany	5.10	(6)
VGP Park Bingen GmbH	Düsseldorf, Germany	5.10	(6)
VGP Park Hamburg GmbH	Düsseldorf, Germany	5.10	(6)
VGP Park Höchstadt GmbH	Düsseldorf, Germany	5.10	(6)
VGP Park Berlin GmbH	Düsseldorf, Germany	5.10	(6)
VGP Park Leipzig GmbH	Düsseldorf, Germany	5.10	(6)
VGP Park Hamburg 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10	(6)
VGP Park Hamburg 3 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10	(6)
VGP Park Frankenthal S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10	(6)
VGP Park Leipzig S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10	(6)
VGP DEU 3 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.10	(6)

(1): Holding and service company
(2): Existing or future asset company.
(3): Services company
(4): Holding company
(5) Dormant
(6) The remaining 94.9% are held directly by VGP European Logistics S.a r.l..

18.3 Changes in 2017

(i) New Investments

Subsidiaries	Address	%
VGP DEU 9 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 10 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 11 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 12 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 13 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP Park Sibiu S.R.L	Timisoara, Romania	100
VGP Park Ceske Budejovice a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100

(ii) Subsidiaries sold to VGP European Logistics joint venture

Subsidiaries	Address	
VGP Park Tuchomerice a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP Park Cesky Ujezd a.s.	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP Park Leipzig GmbH	Düsseldorf, Germany	94.9
VGP Park Hamburg 3 S.à r.l.	Düsseldorf, Germany	94.9
VGP DEU 3 S.à r.l.	Düsseldorf, Germany	94.9

(iii) Name change

New Name	Former Name
VGP Park Tuchomerice a.s.	VGP CZ III a.s.
VGP Park Usti nad Labem a.s.	VGP CZ VII a.s.
VGP Park Jenec a.s.	VGP CZ IX a.s..
VGP Park Chomutov a.s.	VGP CZ XI a.s..
VGP Park Olomouc 1 a.s.	TPO hala G1 a.s.
VGP Park Olomouc 3 a.s.	GEHOJEDNA a.s.
VGP Park Olomouc 4 a.s.	GEOVYCHOD a.s.

(iv) Registered numbers of the Belgian companies

Companies	Company number
VGP NV	BTW BE 0887.216.042 RPR – Ghent (Division Dendermonde)
VGP Finance NV	BTW BE 0894.188.263 RPR – Ghent (Division Dendermonde)
VGP Misv Comm. VA	BTW BE 0894.442.740 RPR – Ghent (Division Dendermonde)

VGP

SUPPLEMENTARY NOTES NOT PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended 30 June

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).

	30.06.2017			30.06.2016		
In thousands of €	Group	Joint Venture	Total	Group	Joint Venture	Total
NET CURRENT RESULT						
Gross rental income	9,111	8,543	17,654	13,085	1,183	14,268
Service charge income / (expenses)	142	220	362	595	16	611
Property operating expenses	(655)	(1,225)	(1,880)	(1,099)	(279)	(1,378)
Net rental and related income	**8,598**	**7,538**	**16,136**	**12,581**	**920**	**13,501**
Property and development management fee income	3,495	-	3,495	638	-	638
Facility management income	281	-	281	239	-	239
Other income / (expenses) - incl. Administrative costs	(9,729)	(809)	(10,538)	(5,258)	(66)	(5,324)
Operating result (before result on portfolio)	**2,645**	**6,729**	**9,374**	**8,200**	**854**	**9,054**
Net financial result (Excl. IAS 39)	(6,981)	(1,128)	(8,109)	(8,263)	(264)	(8,527)
Revaluation of derivative financial instruments (IAS 39)	2,005	(913)	1,092	(6,335)	(3,075)	(9,410)
Taxes	(5,194)	(818)	(6,012)	1,137	171	1,308
Net current result	**(7,525)**	**3,869**	**(3,655)**	**(5,261)**	**(2,315)**	**(7,576)**
RESULT ON PROPERTY PORTFOLIO						
Net valuation gains / (losses) on investment property	59,864	13,809	73,673	65,127	(1,224)	63,903
Deferred taxes	(5,049)	(2,512)	(7,561)	(13,849)	260	(13,589)
Result on property portfolio	**54,815**	**11,298**	**66,112**	**51,278**	**(964)**	**50,314**
PROFIT FOR THE PERIOD	**47,290**	**15,167**	**62,457**	**46,017**	**(3,279)**	**42,738**

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).

	30.06.2017			31.12.2016		
In thousands of €	Group	Joint Venture	Total	Group	Joint Venture	Total
Investment properties	500,186	411,531	911,717	550,262	307,053	857,315
Other assets	18,014	343	18,357	8,854	96	8,950
Total non-current assets	**518,200**	**411,874**	**930,074**	**559,116**	**307,149**	**866,265**
Trade and other receivables	42,209	5,850	48,059	19,426	4,523	23,949
Cash and cash equivalents	141,545	15,789	157,334	71,595	9,256	80,851
Disposal group held for sale	190,227	-	190,227	132,263	-	132,263
Total current assets	**373,981**	**21,639**	**395,620**	**223,284**	**13,779**	**237,063**
Total assets	**892,181**	**433,513**	**1,325,694**	**782,400**	**320,928**	**1,103,328**
Non-current financial debt	386,882	262,387	649,269	327,923	201,616	529,539
Other non-current financial liabilities	1,689	-	1,689	5,348	538	5,886
Other non-current liabilities	2,534	2,699	5,233	2,432	721	3,153
Deferred tax liabilities	19,927	25,682	45,609	20,012	17,448	37,460
Total non-current liabilities	**411,032**	**290,768**	**701,800**	**355,715**	**220,323**	**576,038**
Current financial debt	89,087	5,705	94,792	81,674	4,368	86,042
Other current financial liabilities	2,110	-	2,110	-	-	-
Trade debts and other current liabilities	58,862	6,786	65,648	35,496	7,043	42,539
Liabilities related to disposal group held for sale	28,652	-	28,652	8,404	-	8,404
Total current liabilities	**178,711**	**12,491**	**191,202**	**125,574**	**11,411**	**136,985**
Total liabilities	**589,743**	**303,259**	**893,002**	**481,289**	**231,734**	**713,023**
Net assets	**302,438**	**130,254**	**432,692**	**301,111**	**89,194**	**390,305**

AUDITOR'S REPORT

Report on the review of the consolidated interim financial information of VGP NV for the six-month period ended 30 June 2017

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the condensed consolidated balance sheet as at 30 June 2017, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the period of six months then ended, as well as selective notes 1 to 18.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of VGP NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated balance sheet shows total assets of 1,022 million EUR and the condensed consolidated income statement shows a consolidated profit (group share) for the period then ended of 62 million EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of VGP NV has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, 21 August 2017

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck

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.

Break
First option to terminate a lease.

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

Gearing ratio
Is a ratio calculated as consolidated net financial debt divided by total equity and liabilities or total assets.

Derivatives
As a borrower, VGP wishes to protect itself from any rise in interest rates. This interest rate risk can be partially hedged 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.

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

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.

Take-up
Letting of rental spaces to users in the rental market during a specific period.

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.

STATEMENT ON THE INTERIM FINANCIAL REPORT

The undersigned declare that, to the best of their knowledge:

(i) the condensed interim financial statements of VGP NV and its subsidiaries as of 30 June 2017 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the consolidated assets and liabilities, financial position and consolidated results of the company and of its subsidiaries included in the consolidation for the six month period

(ii) the interim financial management report, in all material respect, gives a true and fair view of all important events and significant transactions with related parties that have occurred in the first six month period and their effects on the interim financial statements, as well as an overview of the most significant risks and uncertainties we are confronted with for the remaining six months of the financial year.

Jan Van Geet
as permanent representative of
Jan Van Geet s.r.o.
CEO

Dirk Stoop
as permanent representative of
Dirk Stoop BVBA
CFO