



VGP

ANNUAL
REPORT
2015

VGP

ANNUAL REPORT 2015

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ALLIANZ REAL ESTATE

The background of the entire page is a photograph of an industrial facility. It features a complex network of large, horizontal pipes, some of which are wrapped in grey insulation. Below the pipes, there are various pieces of industrial machinery, including what appears to be a large vertical tank or silo with two circular openings near the top. The overall scene is brightly lit, suggesting an indoor or well-lit outdoor environment.

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FINANCIAL REVIEW

KEY FIGURES

in thousands of €

INVESTMENT PROPERTIES	2015	2014	2013	2012	2011
TOTAL LETTABLE AREA (m ²)	548,838	268,232 ¹	761,724	674,595	641,378
OCCUPANCY RATE (%)	97.3%	94.0% ²	96.2%	94.5%	98.5%
FAIR VALUE OF PROPERTY PORTFOLIO	677,084	416,089	225,804	101,629	105,565
BALANCE SHEET	2015	2014	2013	2012	2011
SHAREHOLDERS' EQUITY	361,978	215,417	166,057	151,260	154,735
GEARING					
NET DEBT / SHAREHOLDERS' EQUITY	0.71	0.72	0.55	N.A.	N.A.
NET DEBT / TOTAL ASSETS	35.7%	33.2%	24,9%	N.A.	N.A.
INCOME STATEMENT – ANALYTICAL FORM	2015	2014	2013	2012	2011
GROSS RENTAL INCOME	17,073	9,596	4,613	3,071	14,446
PROPERTY OPERATING EXPENSES AND NET SERVICE CHARGE INCOME / (EXPENSES)	(550)	(1,082)	(818)	(780)	(516)
NET RENTAL AND RELATED INCOME	16,523	8,514	3,795	2,291	13,930
PROPERTY AND FACILITY MANAGEMENT / DEVELOPMENT INCOME	2,547	3,407	3,875	2,724	844
OTHER INCOME / (EXPENSES) – NCL. ADMINISTRATIVE COSTS	(13,998)	(7,089)	(4,850)	(4,418)	(2,544)
SHARE IN THE RESULTS OF ASSOCIATES	191	14,473	1,526	(1,615)	844
OPERATING RESULT (BEFORE RESULT ON PORTFOLIO)	5,263	19,305	4,346	(1,018)	13,074
NET CURRENT RESULT	621	9,463	4,095	1,294	10,399
NET VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTY	103,981	53,920	27,872	12,347	3,133
DEFERRED TAXES	(18,041)	(14,024)	(7,665)	(2,062)	(595)
RESULT ON PROPERTY PORTFOLIO	85,940	39,896	20,207	10,285	2,538
PROFIT OF THE YEAR	86,561	49,359	24,302	11,579	12,937
RESULT PER SHARE	2015	2014	2013	2012	2011
NUMBER OF ORDINARY SHARES	18,583,050	18,583,050	18,583,050	18,583,050	18,583,050
NET CURRENT RESULT PER SHARE (in €)	0.03	0.51	0.22	0.07	0.56
NET RESULT PER SHARE (in €)	4.66	2.66	1.31	0.62	0.70

1 As at 22 October 2014 the associated companies sold their respective property portfolios which represented 627,523 m² of lettable area which were under VGP's management. (627,527 m² of assets under management as at 31 December 2013, 601,217 m² under management as at 31 December 2012 and 573,426 m² under management as at 31 December 2011).

2 Excludes the effects of the portfolio sold by the associates in 2014. The years 2011, 2012 and 2013 includes the respective vacancy rates of the associates.



COMMITTED ANNUALISED RENT INCOME AND NUMBER OF LEASE CONTRACTS
(Excluding assets under management through associates)





Dear shareholders and bondholders of VGP

Continuity, stability and confidence – These three values have been the corner stones on which we have built our company in the past. They have supported our business development for the third consecutive year of record profits and record growth for the VGP Group.

We will continue to adhere to these values in the future and continue to build on them our long-term business strategy throughout the various economic cycles ahead of us.

Continuity – The growth story goes on

The VGP Group has continuously focused on growth since our establishment in 1998. We have always pursued a long-term business strategy with a clear focus on our core business activities:

1. On-going acquisition of development land providing a constant development pipeline;
2. Realization of high-qualitative logistic and semi-industrial property developments;
3. Building long-standing reliable relationships with our customers by offering them solutions, rather than only walls and roofs.

These efforts have resulted in an increase of our net profits to the record of 86.6 million euro in the past financial year corresponding to a growth of 37.2 million euros compared to 2014. We nearly doubled the

committed annualised rent income, too, from 22.6 million euro in 2014 to 38.0 million euro in 2015. Last year, the occupancy rate of the property portfolio stood at 97.3 per cent underlining also the continuity of our customer base.

We owe these excellent results to the trust of our customers, our business partners and - to a large extent - to the continuous dedication of our employees. We have invested heavily in our team and will continue to do so to be able to offer our clients an enhanced service in the future.

Stability – our new Joint Venture opens a window towards more and stable business options

Due to the last year's good performance in all of our markets, with an exceptional strong start in Germany, we expect further substantial growth opportunities in the foreseeable future. Every company with a similar dynamic growth is faced with the





challenge how to manage the rapid development in a stable manner to secure current and future business opportunities. Therefore, we at VGP Group agreed to step into a 50:50 joint venture with the property investment and asset manager Allianz Real Estate belonging to one of the largest insurance and financial groups in the world. This deal is the result of a long strategic exercise. It provides us with the necessary capital means to execute our business plan in the future, without losing the contact with our existing tenants' base. At the same time we retain the daily management of all our realizations. With Allianz Real Estate we have found a partner with a long-term perspective who has the same aligned interests and is committed to growth in a very excitingly

developing market segment, fuelled not only by the new infrastructure necessary for the e-commerce market, but also by the growing awareness within our industrial customer pool that if we want to remain competitive in and from Europe, we need to invest more and more in significant cost-effective solutions. There is a growing awareness that appropriate industrial or logistic housing with perfect matching footprints and up-to-date standards play a very important role in this process.

In the joint venture, the income generating assets of the projects developed by VGP in Germany, the Czech Republic, Slovakia and Hungary will be pooled. In this way a part of the originally-invested capital will be freed up and reinvested in the project pipeline. VGP thus ensures the

continuity and stability of its business model.

The initial portfolio includes 27 projects with a value of around 500 million euro. It is our common aim to expand our joint venture exponentially in size and both joint venture partners are keen to investigate the possibilities to expand geographically beyond the initial four countries in the near future.

Confidence – A strong development pipeline and investments into new markets

Over the past years, we created a good basis for future growth. We never possessed more development land and options on development land to offer existing and potential clients as well as intermediaries a wide range of existing strategic land



plots and time-efficient development projects. Thanks to the new Joint Venture, we now have the necessary financial back bone to execute our business plan without having to take excessive extra debt on our balance sheet.

After having started up the first activities in Spain by setting up a small team in Barcelona during the last year, we were able to secure a major landmark land plot in Madrid and expect to be able to grow there substantially in the years to come. As we strive for providing industrial real estate solutions for our customers across Europe, we are also planning to start up activities in other countries in the following years.

We are delighted to have found with Allianz Real Estate a financially strong and long-term committed

partner at our side. The co-operation between VGP and Allianz Real Estate puts us in an even better position to expand our business in existing markets while mitigating the risks on our own balance sheet. This new relationship should allow us to initiate more projects than hitherto.

Overall, VGP has grown to a larger pan-European industrial real estate development and services company as announced to our shareholders in the last annual report. Together with Allianz Real Estate we will adhere to our business strategy which we believe will position us as a reliable partner for existing and new clients. In addition, we will be able to implement our ambitious growth plans without diluting our shareholders' equity.

Finally, I would like to thank on behalf of the management team all of

my colleagues for their continuous dedication and hard work on all levels in an international environment and also to all those who have trusted us in the past year, customers, suppliers, and banks. As your business partner, VGP would like to continue to stand for growth, quality, reliability, passion and substance. And naturally for efficient cost management to the benefit of our customers and shareholders.

Yours sincerely
Jan Van Geet

VGP's profile

VGP constructs and develops high-end semi-industrial real estate and ancillary offices for its own account and occasionally for third parties, which are subsequently rented out to reputable clients on long term lease contracts.

www.vgpparks.eu

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

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

VGP is quoted on Euronext Brussels and the Main Market of the Prague Stock Exchange. VGP owns a property portfolio of € 677.1 million as at 31 December 2015 which represents a total lettable area of over 548,838 m² (34 buildings) with another 14 buildings under construction representing 272,334 m².

As at 31 December 2015 VGP has a land bank in full ownership of 3,654,692 m². This land bank allows VGP to develop besides the current completed projects and projects under construction (821,172 m²) a further 760,000 m² of lettable area of which 440,000 m² in Germany, 189,000 m² in the Czech Republic, and 130,000 m² in the other countries.

Besides this, VGP had another 1,042,000 m² of new plots of land under option, at year-end, allowing to develop approx. 542,000 m² of new projects. It is expected that these remaining land plots will be acquired during the course of 2016.

Strategy

VGP operates three main business lines i.e. Development activities, Asset- and Property management activities and Facility management services.

In order to sustain its growth over the medium term VGP entered into a 50/50 joint venture with Allianz Real Estate in February 2016. The new joint venture will act as an exclusive take-out vehicle of the income

generating assets located in Germany, the Czech Republic, Slovakia and Hungary. VGP will continue to service the joint venture as asset-, property- and development manager. The entering into this joint venture is

of a significant strategic importance to the Group as it will allow VGP to recycle (partially or totally) its initial invested equity when such developments are acquired by the joint venture and to re-invest these monies in the continued expansion of the development pipeline, including the further expansion of the land bank, thus allowing VGP to concentrate on its core development activities.

Development activities

Greenfield developments are the core activity of the VGP Group. Developments are undertaken primarily for the Group's own account.

The Group pursues a growth strategy in terms of development of a strategic land bank which is suitable for the development of turnkey and ready-to-be-let semi-industrial projects. The plots are zoned for semi-industrial activities. The management of VGP is convinced that the top location of the land and the high quality standards of its real estate projects contribute to the long term value of its portfolio.

The Group concentrates on the sector of logistic and light industrial accommodation projects situated in the mid-European region and Germany and has started to expand to other Western-European countries. During 2015 VGP already established its presence in Spain with the opening of a new office in Barcelona. The Group aims to expand into other European markets in the near future.

High quality projects are always developed on the basis of VGP building standards, with adaptations to meet specific requirements of future tenants but always ensuring multiple purpose use and easy future releasability. In their initial phase of development, some projects are being developed at the Group's own risk (i.e., without being pre-let).

The constructions, which respond to the latest modern quality standards, are leased under long term lease agreements to tenants which are active in the semi-industrial sector, including storing but also assembling, re-conditioning, final treatment of the goods before they go to the industrial clients or the retailers. The land positions are located in the vicinity of highly concentrated living and/or production centres, with an optimal access to transport infrastructure.

The Group relies on the in-house competences of its team to execute its fully integrated business model,



consisting of: the identification and acquisition of the land and development of the infrastructure, the design of the buildings, the coordination of architectural and engineering aspects, the administration to obtain the necessary permits, the tendering and coordination of the construction works including site management, and upon completion the facility management of the real estate portfolio.

The Group's team often negotiates and contracts building subcontractors and building material deliveries directly and monitors the follow up and coordination of the building activities itself.

Asset and property management services

Property management services are mainly provided internally and to a lesser extent externally whereby the respective VGP property management company is responsible for managing the proper and undisturbed operation of the buildings. In addition the property manager will on behalf of the Group or the respective third parties identify, supervise and manage the relationship with third party suppliers.

As part of its offered services the VGP property management companies will also perform project management services. These services cover the performance of capital improvements and any other construction works as may be requested by the owner of the buildings. This scope covers the full range of project management services (supervision and coordination of the contractors for design, advising on obtaining permits, advising on the works and any tenders relating thereto).

As part of the property management services VGP will also provide leasing services. The commercial department is responsible for all aspects of the performance and enforcement of the leases and the lease agreements on behalf of the associated companies and as from 2016 also for the joint venture companies, as well as for day-to-day co-operation with the tenants.

The asset management function will be created during 2016 as part of the services rendered to the newly established joint venture and will entail giving advice and recommendations to the joint venture companies on the joint venture's assets managing on property level strategy and thereby optimising the value of the joint



venture assets. Further advice and recommendations will be given by the asset manager in respect of appropriate tenant mix, execution of leasing strategy that aligns cash flows with portfolio needs, and manage both capital and operating expenses. The asset management services will be delivered by a newly established subsidiary VGP Asset Management S.à r.l. and will operate from Luxembourg.

Facility management services

Facility management services have been regrouped in the Czech Republic in SUTA s.r.o. ("SUTA").

Facility management services are provided internally as well as externally whereby SUTA is responsible for managing the proper and undisturbed operation of the buildings and performs all actions such as maintenance services, waste management

services, maintenance greenery etc that may be necessary in this respect.

In other countries where no specific facility management team will be in place, the Group will use third party facility management services companies to perform these activities.



1

Strategically
located plots
of land

2

Focus on business
parks to realise
economies
of scale

3

High quality
standardised
semi-industrial
real estate

4

In-house
competences
enabling a fully
integrated
business
model



2015 — record year for VGP

The momentum in leasing and development activities seen during the first half of 2015 continued throughout the second half of 2015 resulting in record signing of new leases and record development activities. This trend continued during the first weeks of 2016.

During the year VGP expanded further geographically with the establishment of a new office in Barcelona (Spain) and secured a new substantial (223,000 m²) land plot in Madrid which will be acquired subject to obtaining the necessary permits. The new land plot allows VGP to potentially develop circa 179,000 m² of lettable area. It is expected that the land will be acquired at the end of the second quarter 2016 and it is anticipated that the first development will be launched during the second half of 2016.

During the year 18 buildings were completed totalling 279,861 m². At the end of the year 14 projects were under construction representing 272,334 m² of lettable area.

In order to sustain its growth over the medium term VGP entered into a 50/50 joint venture with Allianz Real Estate. The new joint venture will act as an exclusive take-out vehicle of the income generating assets located in Germany, the Czech Republic, Slovakia and Hungary. VGP will continue to service the joint venture as asset-, property- and development manager.

VGP’s markets

Commercial activities

During 2015 VGP continued to successfully sign new and or renew existing leases on the back of the pick-up in demand of lettable area. The annualised committed leases increased to € 38.0 million as at the end of December 2015 (compared to € 22.6 million as at 31 December 2014). The committed annualised rent income represents the annualised rent income generated or to be generated by executed lease – and future lease agreements.

Germany was the main driver of the increases in committed leases with more than € 7.1 million of new leases signed during the year. The other countries also performed very well with new leases being signed in the Czech Republic + € 3.4 million, Slovakia + € 2.5 million, Hungary + € 1.5 million, Romania + € 1.3 million and finally € 0.4 million in Estonia.

The signed committed lease agreements as at 31 December 2015 represent a total of 709,124 m² of lettable area and correspond to 92 different tenants’ lease or future lease agreements. The weighted average term of the committed leases was 7.5 years at the end of December

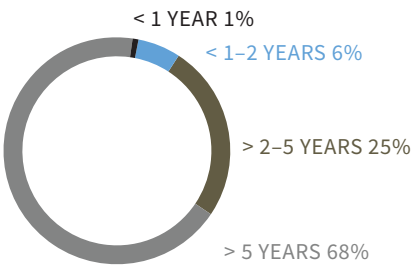
2015 compared to 7.8 years as at 31 December 2014.

As at 31 December 2015 the investment property portfolio consists of 34 completed buildings representing 548,838 m² of lettable area with another 14 buildings under construction representing 272,334 m² of lettable area. During the year VGP delivered, for its own account, 18 buildings representing 279,861 m².

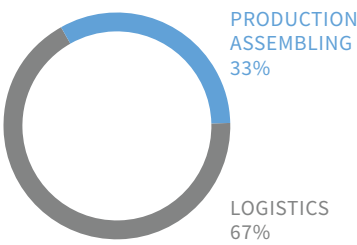
The projects completed during 2015 were located as follows: In Germany: 4 buildings totalling 65,154 m² in VGP Park Hamburg, 2 buildings totalling 28,273 m² in VGP Park Rodgau, 1 building of 15,140 m² in VGP Park Höchststadt, 1 building of 24,228 m² in VGP Park Berlin and 1 building of 13,885 m² in VGP Park Borna. In the Czech Republic: 1 building of 5,336 m² in VGP Park Usti nad Labem; 2 buildings totalling 31,459 m² in VGP Park Plzen and 1 building of 19,855 m² in VGP Park Olomouc. In the other countries: 2 buildings totalling 50,938 m² in VGP Park Malacky (Slovakia), 2 buildings (subsequently merged into one building) of 18,183 m² in VGP Park Timisoara (Romania) and finally 1 building of 7,410 m² in VGP Park Nehatu (Estonia).

The occupancy rate of the portfolio reached 97.3% compared to 94.0% at the end of 2014.

COMMITTED LEASE MATURITY
31 December 2015 (in m²)



PORTFOLIO BREAKDOWN BY USE
31 December 2015 (in m²)



Development activities

The development activities have shown a consistent strong track record over the past years. Over the past 9 years VGP developed more than 1,400,000 m² of lettable area.

At the end of December 2015 VGP has the following 14 new buildings under construction: In Germany: 1 building in VGP Park Hamburg, 3 buildings in VGP Park Rodgau, 1 building in VGP Park Bobenheim-Roxheim and 1 building in VGP Park Frankenthal. In the Czech Republic: 1 building in VGP Park Tuchomerice, 1 building in VGP Park BRNO and 1 building in VGP Park Plzen. In the other countries: 1 building in VGP

Park Nehatu (Estonia), 2 buildings in VGP Park Malacky (Slovakia), 1 building in VGP Park VGP Park Alsónémedi (Hungary and finally 1 building in VGP Park Timisoara (Romania). The new buildings under construction on which several pre-leases have already been signed, represent a total future lettable area of 272,334 m².

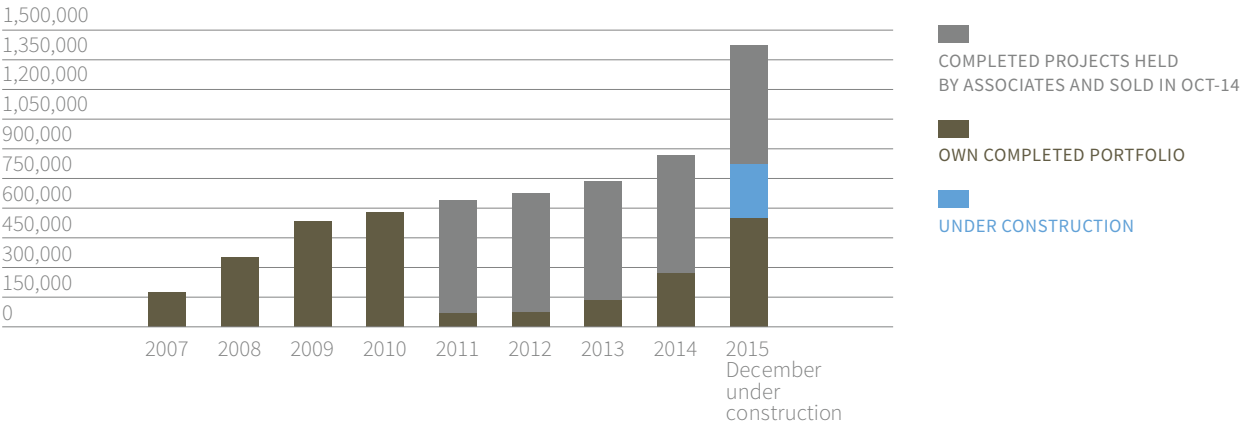
During the year VGP continued to target a significant amount of land plots in order to ensure that the land bank remains sufficiently large to support the development pipeline for future growth. In 2015 VGP acquired 704,000 m² of new development land of which 388,000 m² was located in the Czech Republic, 167,000 m² located in Germany, 85,000 m² in Hungary and 64,000 m² in Latvia.

VGP has currently a land bank in full ownership of 3,654,692 m². The land bank allows VGP to develop besides the current completed projects and projects under construction a further 760,000 m² of lettable area of which 440,000 m² in Germany, 189,000 m² in the Czech Republic, and 130,000 in the other countries.

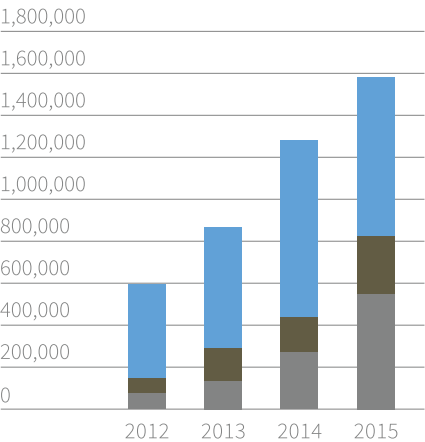
Besides this VGP has another 1,042,000 m² of new land plots under option. These land plots have a development potential of approx. 542,000 m² of new projects. These remaining land plots are expected to be acquired during the course of 2016.

As a result the total secured land bank amounts to 4,696,433 m² with a total development potential of 2,123,000 m² of lettable area.

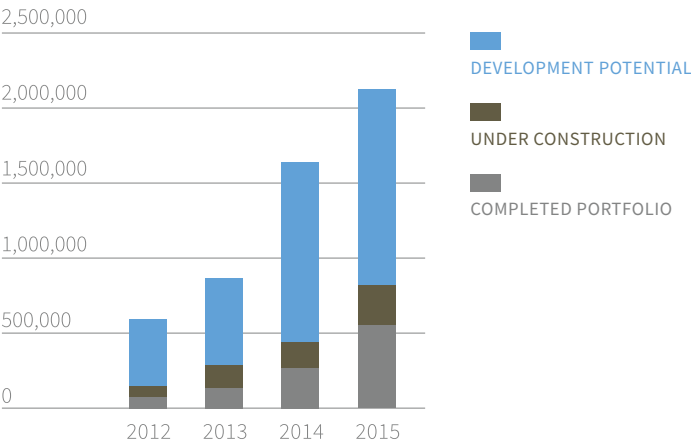
TOTAL M³ DEVELOPPED (in m²)

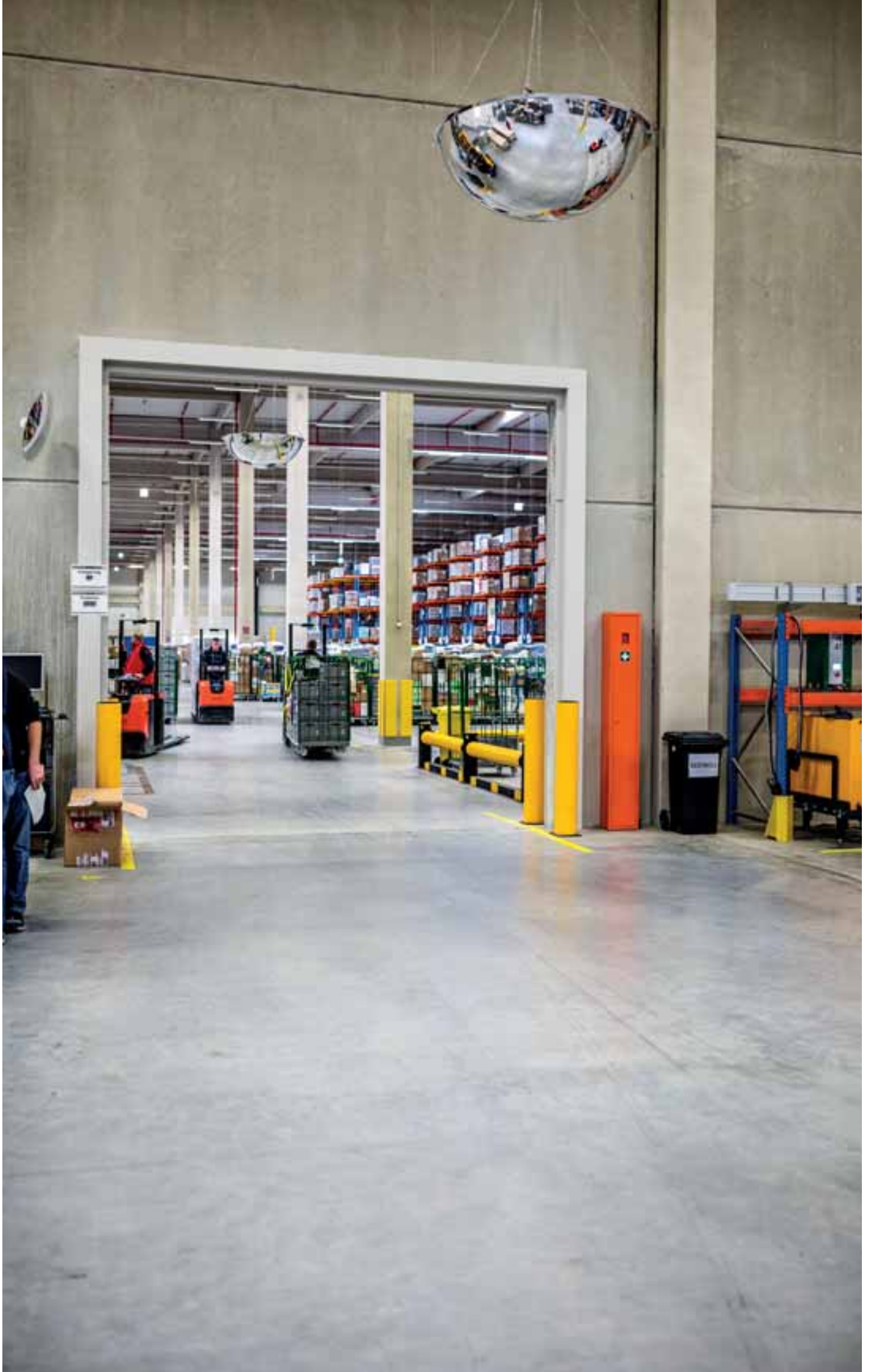


DEVELOPMENT POTENTIAL FULLY OWNED LAND BANK (in m²)



DEVELOPMENT POTENTIAL SECURED LAND BANK (in m²)





General market overview¹

CEE + Germany Key market indicators

CEE + GERMANY - KEY MARKET INDICATORS			
		PRIME RENT € / m ² / p.a.	PRIME YIELD (%)
BERLIN	EUR	56	5.40
FRANKFURT/M	EUR	72	5.25
MUNICH	EUR	81	5.25
PRAGUE	EUR	48	6.50
BRATISLAVA	EUR	50	8.00
BUDAPEST	EUR	46	8.75
BUCHAREST	EUR	48	9.00
WARSAW	EUR	43	6.75

Source: Jones Lang LaSalle

CEE real estate investment Market overview 2015

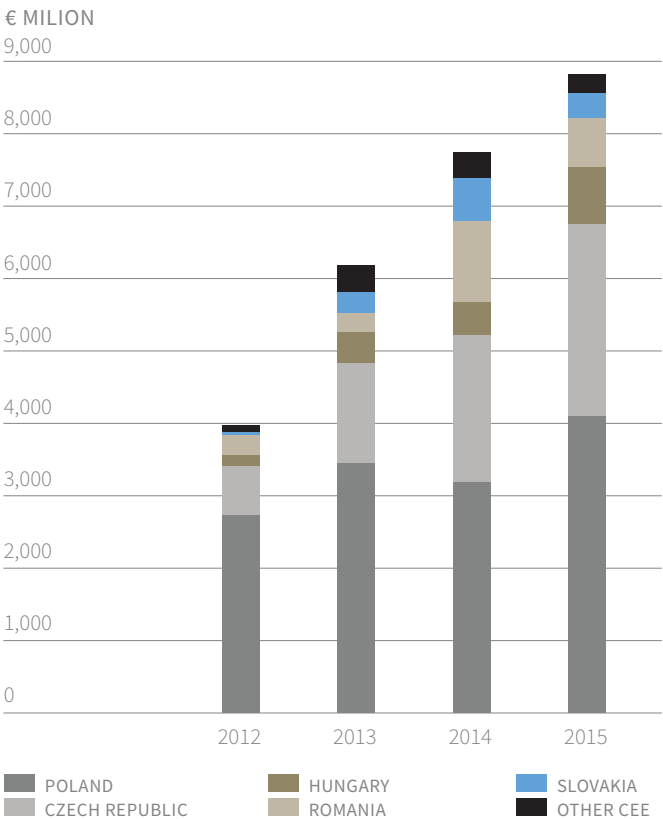
At almost €9 billion, 2015 represented the third highest CEE regional investment volume on record (circa 15% y-o-y increase compared to FY14) and the second highest volume on record for both Poland and the Czech Republic. Whilst the two leading markets attracted 76% of regional volume, 2015 saw growth and continued interest in Hungary, Romania, Slovakia and the SEE region as a whole. A full year breakdown saw Poland to bring its 2015 share to 46%, followed by the Czech Republic (30%), Hungary (9%), Romania (7.5%), Slovakia (4.5%), and the SEE (other CEE) markets (3%). The table below includes Germany where the 2015 commercial transaction volume increased for the sixth time in succession, to reach a new record level of € 55.1 billion. Compared to 2014 this represents a further increase of almost 40%. The breakdown of volumes for 2015 is as follows:

CEE REAL ESTATE INVESTMENT (€ millions)		
	2014	2015
POLAND	3,200	4,100
CZECH REPUBLIC	2,000	2,650
ROMANIA	1,300	650
HUNGARY	580	790
SLOVAKIA	610	412
OTHER	200	300
TOTAL CEE	7,890	8,902
GERMANY	39,800	55,100
TOTAL	48,690	64,002

Source: Jones Lang LaSalle

1 Source: Jones Lang LaSalle

CEE VOLUMES BY COUNTRIES



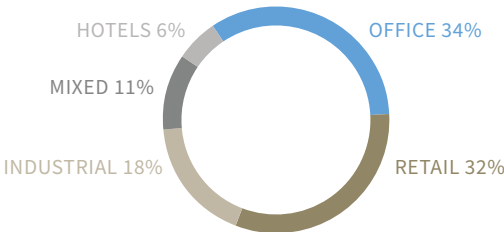
Source: JLL, 2015 (*Preliminary figures)

The weight of both international and domestic capital seeking opportunities across the CEE region has provided increased liquidity for a wide range of properties, especially those with large lot-sizes or making up portfolios and platforms.

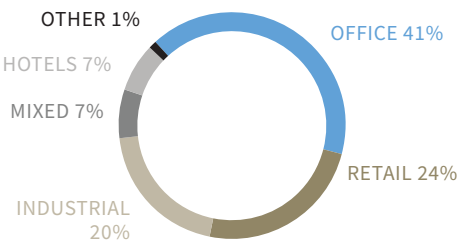
As core European markets continue to become increasingly tight, the CEE region will attract further capital and re-pricing. Prime office yields, for example, have sharpened in recent quarters but have not yet reached their pre-crisis lows. Further compression is expected, although at a slower pace than seen in the previous 24 months.

Looking at a list of on-going deals and those that comprise the pipeline, we expect 2016 to be another good year for the region.

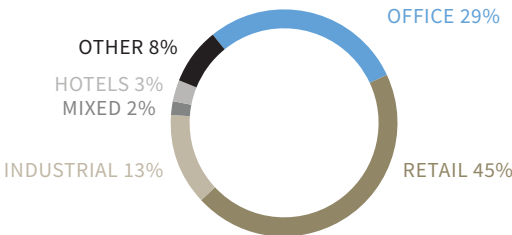
CEE INVESTMENT VOLUMES BY SECTOR
CEE SECTOR SPLIT 2013



CEE INVESTMENT VOLUMES BY SECTOR
CEE SECTOR SPLIT 2014



CEE INVESTMENT VOLUMES BY SECTOR
CEE SECTOR SPLIT 2015





Focus on Germany

The continuing low level of interest rates is still the main driving force behind the enormous investment requirements of all institutional investors. At the same time, there is an increasing focus on property. The still rapidly growing investment requirement of institutional investors worldwide, such as pension funds and insurance companies, is also clearly reflected in the property asset class in Germany. And we also do not expect to see a significant increase in the historically low level of interest rates in the foreseeable future.

In any case, even a moderate rise would hardly change the overall picture. In 2015, the commercial transaction volume increased for the sixth time in succession to reach a new record level of € 55.1 billion. Compared to 2014 this represents a further increase of almost 40%. The fourth quarter alone contributed almost € 17 billion or over 30% to the annual result and marked the strongest quarter for sales in the past 5 years. Investors from the domestic and foreign markets continue to favour large-volume assets or portfolios. Thus the top 10 transactions of the year accounted for a total volume in excess of € 9.8 billion (18%).

Based on the generally positive fundamental data and the still attractive financial framework, 2016 could also be a positive year for the commercial investment market with the transaction volume for Germany as a whole again reaching a high level. It is not unlikely that the volume will again exceed € 50 billion. Whether that will be achieved depends on how the increasing global risks of various kinds can be overcome, and whether the capital flow will move in the direction of North America following the interest rate hike in the U.S.

Focus on Czech Republic

The second half of 2015 saw a further €1.45 billion of transactions to provide a full-year figure of €2.65 billion: this is 65% higher than the comparable 2014 figure, within 2% of the 2011 post-crisis high benchmark and ca. 8% below the 2007 country record.

25 transactions in H2 provided an average deal size above €58 million, with traditional sector activity focused on offices (12) and retail (7); the industrial sector remains highly liquid although did not benefit from the same release of stock.

Industrial and logistics saw its largest transaction of 2015 in H2 with the €75 million purchase of the Amazon facility near Prague airport by AEW; however, it was one of only two sector transactions this half due to a limited supply of product. International appetite for consolidating and expanding regional industrial platforms remains fierce with the Czech Republic's strategic location and favourable demographics ensuring it remains the Central European focus.

Looking forward, a sizable pipeline across all sectors complimented by a supportive financial environment suggests that 2016 will continue the pattern of robust transactional volumes from a variety of capital sources, while latent potential ensures that a record year is possible.

Our views on prime yields: industrial and logistics are at 6.50% heading downwards, offices are at 5.75% (again, with further compression anticipated on truly core product) and prime Shopping Centre yields at 5.00%, with significant premiums for trophy and high street.

Continued occupier demand and city logistics expected to define 2016 in Europe

The on-going vigorous growth in online sales and the wider impact of technology trends (including the digitisation of retail, 'Big Data' and the 'Internet of Things') are driving occupier demand for logistics across Europe. In 2015, take-up volumes were estimated at over 16 million square metres, a new record. We anticipate similar levels to be sustained in the current year. Sturdy occupier demand supported growth in the development pipeline through 2015 and levels of new supply are anticipated to be similarly strong this year. Finding suitable land and obtaining planning permission for big box logistics will, however, become more challenging across a growing number of markets in Europe. The still scarce levels of modern supply may pose a downside risk to overall occupier activity in the year ahead. Nevertheless, developers will continue to benefit from supply chain alignment. This is driving consolidation into large units and pushing logistics facilities ever closer to parcel hubs to service online sales. We expect 2016 to be the year when logistics starts to move into large cities. This trend is being driven by ever quicker options for online purchases - with one-hour delivery being the new frontier for many retailers. This is putting huge pressure on the 'last mile' and is leading to demand for a network of small inner-city units to increase flexibility.





German market

German warehouse market: take-up in excess of 6 million m² for the first time

A total of around 6.18 million m² was taken-up in the German warehousing and logistic space market (owner-occupiers and lettings) in 2015, which is 5% more than in the previous record year 2011 and equates to increases of 21% and 47% compared to the 5- and 10-year averages. Four large-scale lettings, each with >100,000 m², contributed significantly to this above-average result. In view of the unwavering strong demand from occupiers, including for larger premises, and the stable economic situation, we anticipate another good result in 2016. It is even possible that the 5 million m² mark could be exceeded once again. (Source: Jones Lang LaSalle).

Berlin and Hamburg record significant growth amongst the “Big 5”

Space take-up volume in the “Big 5” conurbations (Berlin, Düsseldorf, Frankfurt, Hamburg and Munich)

exceeded the previous year’s result by 9%. At around 2.06 million m², this was the second highest result since 2011. The Berlin and Hamburg regions recorded the strongest growth year-on-year, with 39% and 33% respectively. Growth of 16% was also registered in Düsseldorf. However, the take-up results in the Munich and Frankfurt regions reduced compared to 2014, by 25% and 16% respectively. Whilst Berlin and Düsseldorf witnessed a number of deals involving premises greater than 30,000 m², thereby achieving the best take-up results of the past 10 years, Hamburg, despite the uplift registered between 2014 and 2015, could only record its third best year of the past 10 years. In 2015, the biggest deal in the “Big 5” took place in the Düsseldorf region where Bauhaus is constructing a 60,000 m² logistic centre for its own occupation in Krefeld. The biggest letting was concluded in Großbeeren near Berlin: the online fashion retailer ASOS

leased 42,000 m². Another lease for almost 42,000 m² was signed by the logistic company Rhenus in the VGP Park in Rodgau near Frankfurt. A total take-up volume of around 1.3 million m² was recorded for premises with more than 5,000 m² in the “Big 5”, with 56% of these taking place in new-builds and project developments. The short-term availability of space in the >5,000 m² size category reduced significantly in the “Big 5” in 2015. An alternative to existing properties is project developments which, in previous years, have normally only be constructed after sufficient pre-letting or for an owner-occupier. In the meantime, developers have either started to construct speculative projects or plan to do so in 2016, with the result that there was already 150,000 m² of speculative space under construction in the “Big 5” by the end of 2015. (Source: Jones Lang LaSalle).

New record result outside the “Big 5”

In 2015, outside the “Big 5” conurbations*, warehousing space take-up exceeded 4 million m² for the first time ever. At around 4.12 million m², 12% more warehousing space was taken up than in the year before. This was a staggering 28% and 58% above the 5- and 10-year averages. Whilst owner-occupiers took up around 10% less space year-on-year, the volume of lettings increased by 37%.

** Note: only includes spaces larger than 5,000 m² in these regions*
Source: Jones Lang LaSalle



Prime rents rises in Munich

Prime rents for warehousing space in the ≥5,000 m² size category remained stable in most regions. Only Munich recorded a rise of €0.25/m²/month in the prime rent to €6.75/m²/month due to the continued scarcity of supply. This was followed by the Frankfurt (€6.00/m²/month), Hamburg (€5.60/m²/month) and Düsseldorf regions (€5.40/m²/month). The lowest prime rents were paid by tenants in the Berlin region (€4.70/m²/month). Prime rents are expected to remain stable in 2016.

WAREHOUSING TAKE-UP GERMANY: LETTINGS / OWNER-OCCUPIERS (in m ²)						
	2010	2011	2012	2013	2014	2015
OUTSIDE THE “BIG 5” -CONURBATIONS						
— LETTINGS	1,381,200	2,032,000	1,637,300	1,539,062	1,759,872	2,406,425 ¹
— OWNER-OCCUPIERS	1,141,900	1,585,900	1,299,600	1,772,338	1,906,528	1,715,875 ¹
— TOTAL	2,523,100	3,617,900	2,936,900	3,311,400	3,666,400	4,122,300
“BIG 5”-CONURBATIONS:						
— LETTINGS	1,431,900	1,781,900	1,365,500	1,206,200	1,406,000	1,545,000
— OWNER-OCCUPIERS	363,400	464,300	418,900	499,900	484,300	512,900
— TOTAL	1,795,300	2,246,200	1,784,400	1,706,100	1,890,300	2,057,900
LETTINGS	2,813,100	3,813,900	3,002,800	2,745,262	3,165,872	3,951,425
OWNER-OCCUPIERS	1,505,300	2,050,200	1,718,500	2,272,238	2,390,828	2,228,775
TOTAL	4,318,400	5,864,100	4,721,300	5,017,500	5,556,700	6,180,200

Source: Jones Lang LaSalle

WAREHOUSING TAKE-UP GERMANY (in m ²)						
	2010	2011	2012	2013	2014	2015
REGION						
— BERLIN	359,900	412,000	333,600	333,000	327,400	456,100
— DUSSELDORF	166,000	205,800	145,100	295,200	283,200	328,900
— FRANKFURT (INCL. WIESBADEN/MAINZ)	326,400	540,000	455,600	415,000	559,000	470,500
— HAMBURG	616,300	740,000	575,400	450,000	450,000	600,000
— MUNICH	326,700	348,400	274,700	212,900	270,000	202,400
TOTAL “BIG 5”-CONURBATIONS	1,795,300	2,246,200	1,784,400	1,706,100	1,890,300	2,057,900
OUTSIDE “BIG 5”-CONURBATIONS	2,523,100	3,617,900	2,936,900	3,311,400	3,666,400	4,122,300
TOTAL	4,318,400	5,864,100	4,721,300	5,017,500	5,556,400	6,180,200

Source: Jones Lang LaSalle

1 As calculated by the company based on Jones Lang LaSalle data

VGP’s expansion into Germany

Germany has become the main market for VGP over the past 24 months. During the year more than € 7.1 million of new leases were signed. Of the total € 38.0 million annualised committed leases outstanding at the end of December 2015, € 18.3 million (48%) were related to German leases, which is a similar proportion as per 31 December 2014.

Development land

During the year 2015, VGP acquired 167,000 m² of new development land in Germany and had another 356,000 m² new land plots under option, subject to permits. These remaining land plots are expected to be acquired during the course of 2016.

Development pipeline

During the year 9 new buildings were delivered: 4 buildings totalling 65,154 m² in VGP Park Hamburg, 2 buildings totalling 28,273 m² in VGP Park Rodgau, 1 building of 15,140 m² in VGP Park Höchststadt, 1 building of 24,228 m² in VGP Park Berlin and 1 building of 13,885 m² in VGP Park Borna.

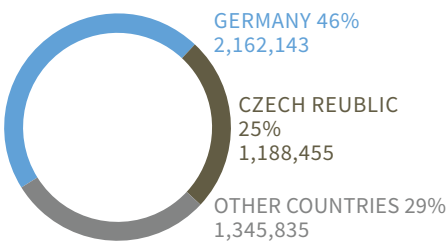
At the end of December 2015 VGP has 6 buildings under construction: 1 building in VGP Park Hamburg, 3 buildings in VGP Park Rodgau, 1 building in VGP Park Bobenheim-Roxheim and 1 building in VGP Park Frankenthal.

The new buildings under construction which have already been pre-let for more than 70%, represent a total future lettable area of 159,912 m² and an annualised rent income (when fully leased) of € 9.5 million.

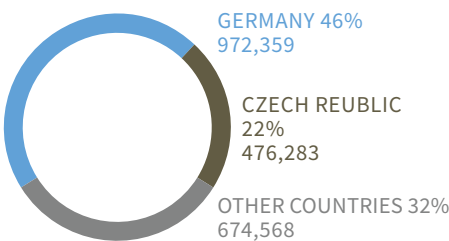
The current development potential of the VGP Group as at 31 December 2015 is as follows:



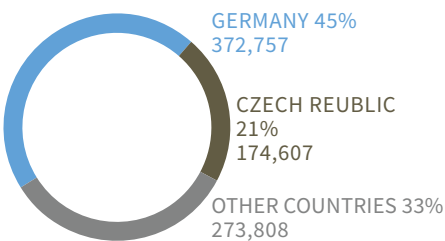
TOTAL LAND AREA
in m²



TOTAL DEVELOPMENT POTENTIAL
in m²



TOTAL COMPLETED AND PIPELINE
31 December 2015 / in m²



Source: Company information.

Note: The above figures relate to the current secured land bank. The development potential has been calculated by reference to existing or similar developed semi-industrial projects.





Joint venture with Allianz Real Estate

Background

At the end of February 2016 VGP entered into a 50:50 joint venture with Allianz Real Estate.

The new joint venture will act as an exclusive take-out vehicle of the income generating assets located in Germany, the Czech Republic, Slovakia and Hungary. VGP will continue to service the joint venture as asset-, property- and development manager.

The initial seed portfolio comprises 8 parks located in Germany: VGP Park Bingen, VGP Park Bobenheim-Roxheim, VGP Park Frankenthal, VGP Park Rodgau VGP Park Hamburg, VGP Park Berlin, VGP Park Höchststadt and VGP Park Borna; 4 parks in the Czech Republic: VGP Park BRNO, VGP Park Plzeň, VGP Park Hrádek nad Nisou, VGP Park Olomouc (partially); 1 park located in Slovakia: VGP Park Malacky and 2 parks located in Hungary: VGP Park Győr and VGP Park Alsónémedi.

Within these parks 27 buildings have been completed totalling circa 505,662 m², 9 buildings are under construction due to be completed within the next 12 months totalling circa 163,566 m² and there is some remaining development land which will allow some limited additional developments.

Occupancy is at 98.2% with a diversified tenant base of over 55 tenants and represents annualised committed leases of € 30.4 million.

Rationale of the transaction

Over the past 24 months VGP management performed a strategic exercise reviewing different alternatives in order to enable the Group to continue to invest in its development pipeline whilst at the same time being adequately financed.

The decision to choose a joint venture was deemed to be the best alternative to achieve the aforementioned objectives and at the same time maximise shareholder value. The joint venture structure will allow VGP to recycle (partially or totally) its initial invested capital when completed projects are acquired by the joint venture and will allow VGP to re-invest these monies in the continued expansion of the development pipeline, including the further expansion of the land bank, thus allowing VGP to concentrate on its core development activities.

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

Finally VGP will retain a 50% stake in a growing rent income generating logistic and semi industrial real estate portfolio which over time will generate a recurrent cash flow stream which can support a sustained dividend policy.

Impact on the VGP Group

The net assets of the initial seed portfolio as at 31 December 2015 were as follows:

<i>In thousands of €</i>	2015
DISPOSAL GROUP HELD FOR SALE	527,361
LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	(161,047)
TOTAL NET ASSETS	366,314

As at 31 December 2015 the consolidated accounts included gross rental income for the seed portfolio of € 12.7 million and net financial expenses for the seed portfolio of € 0.9 million.

REPORT OF THE BOARD
OF DIRECTORS





Corporate governance statement

In accordance with the original Belgian Code on Corporate Governance published in 2004, the Board of Directors has, on 17 January 2008, adopted the VGP Corporate Governance Charter.

Following the publication of the 2009 Belgian Code on Corporate Governance, the Board of Directors has, on 20 April 2010, adopted the 2009 Code as the reference code for VGP and revised the VGP Corporate Governance Charter.

On 3 April 2015 the Board of Directors has further revised the VGP Corporate Governance Charter. VGP complies in principle with the Belgian Corporate Governance Code and explains in the VGP Corporate Governance Charter and in this Corporate Governance Statement why it departs from some of its provisions.

The Belgian Corporate Governance Code is available at

www.corporategovernancecommittee.be

The VGP Corporate Governance Charter is available at **www.vgpparks.eu**

Board of Directors

The Board of Directors consists of five members, who are appointed by the General Meeting of Shareholders. The Chairman and the Chief Executive Officer are never the same individual. The Chief Executive Officer is the only Board member with an executive function. All other members are non-executive Directors.

Three of the Directors are independent: Mr Marek Šebesták (first appointed in 2007), Mr Alexander Saverys (first appointed in 2007) and Rijo Advies BVBA represented by Jos Thys (first appointed in 2007). All three independent Directors were re-appointed at the General Meeting of May 2015.

The biographies for each of the current directors (see page 54), indicate the breadth of their business, financial and international experience. This gives the directors the range of skills, knowledge and experience essential to govern VGP.

For a detailed description of the operation and responsibilities of the Board of Directors we refer to the VGP Corporate Governance Charter, which is published on the company's website.

The Board of Directors have not and do not intend to appoint a company secretary. By doing so the company deviates from the recommendation 2.9 of the Corporate Governance Code. The small size of the company and its Board of Directors make such appointment not necessary.

The Board of Directors is aware of the importance of diversity in the composition of the Board of Directors in general and of gender diversity in particular. The board is currently establishing a first profile for candidates, given the specific activities of VGP and the countries in which it is active, with the aim to provide an assignment to the Remuneration Committee to recommend candidates fitting this profile to the Board and consequently by 2019 reaching the upcoming Belgian legal requirements.

The Board of Directors held 5 board meetings in 2015 of which 2 were held by conference call. The most important points on the agenda were:

- approval of the 2014 annual accounts and 2015 semi-annual accounts;
- approval of budgets;

- review and approval of the new management agreement with Little Rock;
- review and approval to enter into a new joint venture with Allianz Real Estate;
- review and discussion of the property portfolio (i.e. investments, tenant issues etc.);
- review, discussion and approval of the investments and expansion of the land bank and expansion in the Spanish market;
- review and approval of new credit facilities to support the growth of the Group;
- review and approval to enter into 2 delayed start interest rate swap transactions for a total notional amount of € 150 million;
- review and approval the issuance of hybrid instruments.



NAME	YEAR APPOINTED	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER			
JAN VAN GEET S.R.O. REPRESENTED BY JAN VAN GEET	2013	2017	5
NON-EXECUTIVE DIRECTOR			
VM INVEST NV, REPRESENTED BY BART VAN MALDEREN	2013	2017	5
INDEPENDENT, NON-EXECUTIVE DIRECTORS			
MAREK ŠEBESŤÁK	2015	2019	5
ALEXANDER SAVERYS	2015	2019	3
RIJO ADVIES BVBA REPRESENTED BY JOS THYS	2015	2019	5

Committees of the Board of Directors

The Board of Directors has also established two advisory committees: an Audit Committee and a Remuneration Committee.

During 2015 Mr Marek Šebesťák, Mr Alexander Saverys and Mr Jos Thys were re-appointed as members of their respective Committees.

Audit Committee

The Audit Committee is composed of three members whom are all non-executive Directors. Two members, Mr Jos Thys and Mr Marek Šebesťák, are independent. The members of the committee possess sound knowledge of financial management.

For a detailed description of the operation and responsibilities of the Audit Committee we refer to the VGP Corporate Governance Charter, which is published on the company’s website.

The Audit Committee meets at least twice a year. By doing so the company deviates from the recommendation in the provisions 5.2/28 of the Corporate Governance Code that requires the Audit Committee to convene at least four times a year. The deviation is justified considering the smaller size of the company.

The Audit Committee meets at least twice a year with the statutory auditor to consult with them about matters falling under the power of the Audit Committee and about any matters arising from the audit. The CEO and CFO also attend the meetings of the Audit Committee.

Given the size of the Group no internal audit function has currently been created.

NAME	YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
JOS THYS (CHAIRMAN)	2015	NON-EXECUTIVE	INDEPENDENT	2019	2
BART VAN MALDEREN	2013	NON-EXECUTIVE	—	2017	2
MAREK ŠEBEŠŤÁK	2015	NON-EXECUTIVE	INDEPENDENT	2019	2

The Audit Committee met twice in 2015. The Chairman of the Audit Committee reported the outcome of each meeting to the Board of Directors. The most important points on the agenda were:

- discussion on the 2014 annual accounts and 2015 semi-annual accounts and business updates;
- analysis of the recommendations made by the statutory auditor;
- financing structure of the Group;
- the debt and liquidity situation.

Remuneration Committee

The Remuneration Committee is composed of three members whom are all non-executive Directors. Two members, Mr Jos Thys and Mr Alexander Saverys, are independent.

The committee's competence in the field of remuneration policy is demonstrated by the relevant experience of its members.

For a detailed description of the operation and responsibilities of the Remuneration Committee we refer to the VGP Corporate Governance Charter, which is published on the company's website.

The Remuneration Committee meets at least two times per year, as well as whenever the committee needs to address imminent topics within the scope of its responsibilities.

The CEO and CFO participate in the meetings when the remuneration plan proposed by the CEO for members of the management team is discussed, but not when their own remunerations are being decided.

In fulfilling its responsibilities, the Remuneration Committee has access to all resources that it deems appropriate, including external advice or benchmarking as appropriate.

NAME	YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
BART VAN MALDEREN (CHAIRMAN)	2013	NON-EXECUTIVE	—	2017	3
ALEXANDER SAVERYS	2015	NON-EXECUTIVE	INDEPENDENT	2019	3
JOS THYS	2015	NON-EXECUTIVE	INDEPENDENT	2019	3

The Remuneration Committee met three times in 2015.

The most important points on the agenda were:

- discussion of the new management agreement with Little Rock;
- discussion on remuneration policy;
- allocation of variable remuneration.

Nomination Committee

The company has not set up a Nomination Committee. By doing so the company deviates from the recommendation in the provisions 5.3 of the Corporate Governance Code. The deviation is justified considering the smaller size of the company.

Management Committee

Since no Management Committee in the meaning of article 524bis et seq of the Belgian Companies Code has been established, the company has not included specific terms of reference of the executive management. The tasks, responsibilities and powers of the CEO and the Executive Management are set out in the terms of reference of the Board of Directors. By doing so, the company as



a smaller listed company deviates from the recommendation in provision 6.1 of the Corporate Governance Code.

Evaluation of the Board of Directors and its Committees

In accordance with the VGP Corporate Governance Charter, the Board of Directors shall, at least every three years, conduct an evaluation of its size, composition and performance, and the size, composition and performance of its Committees, as well as the interaction with the Executive Management. Reference is made to the Terms of Reference of the Board of Directors – in Annex 1 of the VGP Corporate Charter – for a description of the main characteristics of the methodology used for this evaluation.

The Board of Directors and its Committees carried out the last self-assessment in March 2014 with satisfactory result.

Remuneration report

Remuneration policy for non-executive Directors

The independent and non-executive Directors receive an annual fixed remuneration of € 10,000 (the chairman receives an annual remuneration of € 20,000). The Directors also receive an attendance fee of € 1,000 for each meeting of the Board of Directors (the chairman receives a remuneration of € 2,000) and € 500 for each meeting of the Audit Committee or the Remuneration Committee they attend.

For further details of the remuneration policy of the Directors we refer to Annex 2 point 6.1 of the VGP Corporate Governance Charter.

Directors do not receive any remuneration linked to performance or results.

The remuneration of the members of the Board of Directors is reflected in the table below:

NAME <i>amounts in €</i>	FIXED REMUNERATION	VARIABLE BOARD ATTENDANCE	VARIABLE COMMITTEE ATTENDANCE	TOTAL
CHAIRMAN				
MAREK ŠEBEŠŤÁK	20,000	10,000	1,000	31,000
DIRECTORS				
ALEXANDER SAVERYS	10,000	3,000	1,500	14,500
RIJO ADVIES BVBA REPRESENTED BY JOS THYS	10,000	5,000	2,500	17,500
VM INVEST NV REPRESENTED BY BART VAN MALDEREN	10,000	5,000	2,500	17,500
JAN VAN GEET S.R.O. REPRESENTED BY JAN VAN GEET	10,000	5,000	—	15,000
TOTAL	60,000	28,000	7,500	95,500

Remuneration policy of Executive Management

For the Executive Management the remuneration is determined by the Remuneration Committee in line with the rules described in the VGP charter Annex 2 point 6.2 of the VGP Charter.

The Executive Management consists of Jan Van Geet s.r.o. represented by Jan Van Geet (Chief Executive Officer), Jan Prochazka (Chief Operating Officer), Dirk Stoop BVBA represented by Dirk Stoop (Chief Financial Officer), Tomas Van Geet s.r.o. represented by Tomas Van Geet (Chief Commercial Officer) and Jan Papoušek s.r.o. represented by Mr Jan Papoušek (Chief Operating Officer - Outside CZ).

VGP strives overall for a position above the market median on the total reward position with a substantial variable part based on company, team and individual performance.

Given the small organisation of the Group the VGP remuneration including the variable remuneration is set based on the performance criteria defined by the Remuneration Committee on an annual basis. These criteria relate amongst others to the occupancy rate of the income generating assets, the gearing level of the Group, the profit contribution of the development activities and the maximisation of shareholder value.

The Remuneration Committee will from time to time approve an overall variable remuneration envelope based on the company's performance and delegates the effective allocation of this variable remuneration to the CEO. The allocation by the CEO to executive and senior management will occur based on individual performance taking the overall performance criteria as set by the Remuneration Committee into consideration.

The remuneration policy is reviewed on an annual basis to accommodate potential developments in (labour) market characteristics, company strategy, company and individual performance as well as other relevant factors influencing the performance and motivation of the management team. Currently VGP expects to continue the current practice for the next two financial years.

Remuneration package 2015 of the CEO

- fixed remuneration of € 300,000 and a total directorship remuneration of € 15,000
- short term variable remuneration: € 250,000
- contribution of retirement benefits: € 0
- other components of the remuneration: € 38,884 (includes company car and related expenses)

Total remuneration 2015 for the Executive Management

The amount of the remuneration and other benefits granted directly or indirectly to the executive management members other than the Chief Executive Officer, by the Company or its subsidiaries, in respect of 2015 is set forth below on a global basis.

- fixed remuneration of € 537,062
- short term variable remuneration: € 675,000
- contribution of retirement benefits of € 35,781
- other components of the remuneration: € 71,535 (company car and related expenses)

Mid-term variable

remuneration Little Rock SA

In April 2015, the Board of Directors approved a new management agreement relating to the services rendered by some of VGP's key managers. Following such decision, Little Rock SA became responsible for the Group's daily management, financial management and commercial management and is represented for this purpose by the CEO (Mr Jan Van Geet), CFO (Mr Dirk Stoop) and CCO (Mr Tomas Van Geet) respectively. As a consideration for rendering such services, Little Rock SA is entitled to receive a fixed fee, a short term variable fee subject to certain criteria being met, and a mid-term variable fee of 5% of the profits before taxes of the Group on a consolidated basis, in return for Little Rock SA's (and the aforementioned managers') commitment to observe the Group's daily, financial and commercial management for an additional period of five years.

The fixed fee and short term variable remuneration has been included in the remuneration overview of the CEO and the executive management.

The mid-term variable remuneration for 2015 approved by the Board amounts to € 5,215,272 and has been fully provided for in the 2015 consolidated accounts. This amount will be

paid out over the next three years at a rate of 1/3 per annum.

For 2015 no post-employment benefits nor share based payment benefits were granted.

The members of the executive team are appointed for an undetermined period and the notification period, in case of termination of their employment contract is 12 months. This rule applies to all members of the executive management. Furthermore there are no claw back provisions for variable remuneration.

The Remuneration Report will be submitted for vote to the shareholders at the shareholders' meeting of 13 May 2016.

Policies of conduct

Transparency of transactions involving shares of VGP

In line with the Royal Decree of 5 March 2006, members of the Board of Directors and the executive committee must notify the FSMA (Financial Services and Markets Authority)

of any transactions involving shares of VGP within 5 business days after the transaction. These transactions are made public on the web site of the FSMA (<http://www.fsma.be>)

Reference is also made to Annex 4 of the VGP Corporate Governance Charter on <http://www.vgpparks.eu/investors/corporate-governance/>.

In 2015 two transactions with "insiders" were reported i.e. in April 2015, VM Invest NV acquired 2,500 shares and in June 2015 VM Invest NV acquired another 16,830 shares.

Conflict of interest

In accordance with Article 523 of the Companies Code, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interest of a financial nature with the Company.

Two conflicts of interests arose during 2015:

One conflict of interest arose in respect of the new management agreement with Little Rock SA. The main details of these minutes (minutes of



the Board of Directors of 3 April 2015) were already included in the annual report of 2014 (page 34). The complete minutes of the Board of Directors of 3 April 2015 will be once more included in the Board of Director's report attached to the 31 December 2015 statutory accounts.

Excerpt from the minutes of the Board of Directors meeting of 7 July 2015

The agenda calls for a discussion and approval to issue a hybrid form of security instrument.

The Securities will be offered to certain investors and/or main

shareholders and have the following main characteristics: (a) the Securities will be debt instruments under Belgian GAAP, but for IAS/IFRS purposes, they will qualify as equity; (b) the Securities will be perpetual debt instruments, i.e. debt instruments without a fixed maturity date. They may be redeemed at the option of the Company at any time. The Securities holders do not have a right to demand redemption of the Securities by the Company; (c) the Securities will entitle the holders to interests, which shall at the sole discretion of the Company, either: (i) be payable annually in cash on the interest

payment date; or (ii) be compounded in respect of each Security with the principal amount of such Security and shall be deemed to form part of the principal amount of such Security and generate interest as from the first day of the next interest period (to the extent permitted by and in accordance with article 1154 of the Belgian Civil Code).

The Securities bear interest of 7.00% p.a. for the first 5 years after which the interest rate will increase with 1.00% per annum on each subsequent third anniversary.

After deliberation the Board of Directors approve the terms of the Transaction Documents (substantially in the form attached to these minutes) and the Transaction contemplated thereby, as well as the execution and performance by the Company of the Transaction Documents, including: (i) the draft Terms and Conditions of the Securities; and (ii) the draft Subscription Agreement.

The complete minutes of these Board of Directors will be included in the Board of Director's report attached to the 31 December 2015 statutory accounts.

Risk management and internal controls

VGP operates a risk management and control function in accordance with the Companies Law Code and the Belgian Corporate Governance Code 2009.

VGP is exposed to a wide variety of risks within the context of its business operations that can result in the objectives being affected or not achieved. Controlling those risks is a core task of the Board of Directors, the Executive Management and all other employees with managerial responsibilities.

The risk management and control systems have been set up to reach the following goals:

- achievement of objectives related to effectiveness and efficiency of operations;
- reliability of financial reporting, and;
- compliance with applicable laws and regulations.

The principles of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") reference framework has served as a basis in the set-up of VGP's risk management and control system.





Control environment

VGP strives for an overall compliance and a risk-awareness attitude by defining clear roles and responsibilities in all relevant domains. This way, the company fosters an environment in which its business objectives and strategies are pursued in a controlled manner. This environment is created through the implementation of different policies and procedures, such as:

- Code of ethics and conduct;
- Decision and signatory authority limits;
- Quality management and financial reporting system.

Given the size of the company and required flexibility these policies and procedures are not always formally documented.

The Executive Management ensures that all VGP team members are fully aware of the policies and procedures and ensures that all VGP team members have sufficient understanding or are adequately informed in order to develop sufficient risk management and control at all levels and in all areas of the Group.

Risk management system

Risk management, process and methodology

All employees are accountable for the timely identification and qualitative assessment of the risks (and significant changes to them) within their area of responsibility.

Within the different key, management, assurance, and supporting processes, the risks associated with the business are identified, analysed,

pre-evaluated and challenged by internal and occasionally by external assessments.

In addition to these integrated risk reviews, periodic assessments are performed to check whether proper risk review and control measures are in place and to discover unidentified or unreported risks. These processes are driven by the CEO, COO and CFO which monitor and analyse on an on-going basis the various levels of risk and develop any action plan as appropriate. In addition, control activities are embedded in all key processes and systems in order to assure proper achievement of the company objectives.

Any identified risks which could have a material impact on the financial or operational performance of the Group are reported to the Board of Directors for further discussion and assessment and to allow the Board to decide whether such risks are acceptable from a level of risk exposure.

Most important risk factors

VGP has identified and analysed all its key corporate risks as disclosed in the 'Risk Factors' section in this annual report. These corporate risks are communicated throughout VGP's organisation.

Statutory auditor

DELOITTE Bedrijfsrevisoren BV o.v.v.e. CVBA having its offices at Berkenlaan 8B, 1831 Diegem, Belgium represented by Mr. Rik Neckebroeck has been appointed as Statutory Auditor.

The Statutory Auditor's term of office expires at the conclusion of the Annual General Meeting of Shareholders of 13 May 2016. It will be proposed at this meeting to renew the appointment for a further period of three years and to set its fees at € 119(000) per year. This fee will be subject to an annual review reflecting the changes in audit scope which might be required in order to ensure that such audit scope is kept in line with the evolution of the VGP Group. If the General Meeting approves this proposal, the statutory auditor will be represented by Mr Rik Neckebroeck.

Risk factors

The following risk factors that could influence the Group’s activities, its financial status, its results and further development, have been identified by the Group.

The Group takes and will continue to take the necessary measures to manage those risks as effectively as possible. The Group is amongst others exposed to:

Risks related to the Group’s industry, properties and operations

Risks related to the nature of the Group’s business

Since the Group’s business involves the acquisition, development and operation of real estate, it is subject to real estate operating risks, of which some are outside the Group’s control. The results and outlook of the Group depend amongst others on the ability to identify and acquire interesting real estate projects and to commercialise such projects at economically viable conditions.

Risks related to the nature and composition of its portfolio: Land for development, semi-industrial properties

The Group’s real estate portfolio is concentrated on semi-industrial property. Due to this concentration, an economic downturn in this sector could have a material adverse effect on the Group’s business, financial condition, operating results and cash flows. These risks are mitigated by the fact that the real estate portfolio is becoming more and more

geographically diversified. In addition the properties are as much as possible standardised, allowing easy re-utilisation in case a tenant would terminate its lease.

Risks related to the ability to generate continued rental income

The value of a rental property depends to a large extent on the remaining term of the related rental agreements as well as the creditworthiness of the tenants. The Group applies a strict credit policy by which all future tenants are screened for their creditworthiness prior to being offered a lease agreement. In addition the Group will seek to sign as much as possible future lease agreements in order to secure a sustainable future rental income stream.

Nearly 100% of the lease contracts incorporate a provision whereby rents are annually indexed. Tenants will, in general, be required to provide a deposit or bank guarantee or a corporate guarantee depending on their creditworthiness. The lease contracts are usually concluded for periods between 5-10 years (first break option) and include most of the time an automatic extension clause. The lessee cannot cancel the lease contract until the first break option date.

Risks related to the Group’s development activities

The Group could be exposed to unforeseen cost-overruns and to a delay in the completion of the projects

undertaken for its own account or for associated companies. Within VGP there are several internal controls available to minimise these risks i.e. specific cost control functions as well as project management resources which monitor the projects on a daily basis.

Risks associated with the disposal of projects

In addition to VGP’s focus on development, the company also adopts a pro-active approach in respect of potential disposal of the Group’s income generating assets.

The Group’s revenues will as a result be partly determined by disposals of real estate projects. This means that the Group’s results and cash flow can fluctuate considerably from year to year depending on the number of projects that can be put up for sale and can be sold in that given year.

Risks related to legal, regulatory and tax matters

The Group is subject to a wide range of EC, national and local laws and regulations. In addition the Group may become subject to disputes with tenants or commercial parties with whom the Group maintains relationships or other parties in the rental or related businesses. Finally a change in tax rules and regulations could have an adverse effect on the tax position of the Group. All these risks are monitored on an on-going basis and there where necessary, the Group will use external advisors to advice on contract negotiations, regulatory matters or tax matters as the case may be.

Property maintenance and insurance risk

To remain attractive and to generate a revenue stream over the longer term a property’s condition must be maintained or, in some cases, improved to meet the changing needs of the market. To this end the Group operates an internal facility management team in order to ensure that the properties are kept in good condition.



All buildings are insured against such risks as are usually insured against in the same geographical area by reputable companies engaged in the same or similar business.

The facility management not only provides internal services but also facility management services to third parties. VGP will therefore be potentially liable for the quality and or non-performance of its services. In order to minimise this risk a professional indemnity insurance cover has been taken out.

Legal systems in the mid-European countries are not yet fully developed

The legal systems of the mid-European countries have undergone dramatic changes in recent years, which may result in inconsistent applications of existing laws and regulations and uncertainty as to the application and effect of new laws and regulations. The Group mitigates this risk by using reputable external local lawyers to advise on such specific legal issues as they arise.

Financial risks

Availability of adequate credit facilities

The Group is partly financed by bank credit facilities, bonds and from time to time by shareholder loans. The

non-availability of adequate credit facilities could have an adverse effect on the growth of the Group as well as on its financial condition in case bank credit facilities cannot be extended at their maturity date. The Group ensures that adequate committed credit facilities are in place to sustain its growth. VGP will start renegotiating the extension of maturing credit facilities well in advance of the respective maturity dates (usually 12 months prior to maturity date). As at 31 December 2015 the Group had € 213.0 million committed credit facilities in place with an average maturity of 4.8 years and which were drawn for 61%.

Compliance of financial covenants

The loan agreements of the Group include financial covenants (see section 6.10.1 of the Financial Review for further details). Any breach of covenant could have an adverse effect on the financial position of the Group. Covenants are therefore monitored on an on-going basis in order to ensure compliance and to anticipatively identify any potential problems of non-compliance for action. During 2015 the VGP Group remained well within its covenants.

Evolution of debt ratio of the Group

The Group expects that in the medium term it will significantly increase the amount of borrowings. The Group expects that for the foreseeable future it will be operating within a gearing level (net debt / total equity and liabilities) of up to 55%. As at 31 December 2015 the “net debt / total equity and liabilities” ratio was 35.7% compared to 33.2% as at 31 December 2014.

Evolution of interest rates

Changes in interest rates could have an adverse effect on the Group’s ability to obtain or service debt and other financing on favourable terms. To this end the Group hedges its interest rate exposure by converting the majority of its variable rate debt to fixed rate debt. As at 31 December 2015, 95.3% of the financial debt was at fixed rates.

Fluctuation in currency rates

The Group’s revenues are predominantly denominated in Euro, however, expenses, assets and liabilities are recorded in a number of different currencies other than the Euro, in particular the Czech Crown. The Group reviews these risks on a regular basis and uses financial instruments to hedge these exposures as appropriate.

Summary of the accounts and comments

Income statement

CONSOLIDATED INCOME STATEMENT – ANALYTICAL FORM <i>(in thousands of €)</i>	2015	2014
NET CURRENT RESULT		
GROSS RENTAL INCOME	17,073	9,596
SERVICE CHARGE INCOME / (EXPENSES)	422	431
PROPERTY OPERATING EXPENSES	(972)	(1,513)
NET RENTAL AND RELATED INCOME	16,523	8,514
PROPERTY AND FACILITY MANAGEMENT INCOME	2,215	3,161
PROPERTY DEVELOPMENT INCOME	332	246
OTHER INCOME / (EXPENSES) – INCL. ADMINISTRATIVE COSTS	(13,998)	(7,089)
SHARE IN THE RESULT OF ASSOCIATES	191	14,473
OPERATING RESULT (BEFORE RESULT ON PORTFOLIO)	5,263	19,305
NET FINANCIAL RESULT ¹	(9,835)	(6,220)
REVALUATION OF INTEREST RATE FINANCIAL INSTRUMENTS (IAS 39)	(319)	(1,455)
TAXES	5,512	(2,167)
NET CURRENT RESULT	621	9,463
RESULT ON PROPERTY PORTFOLIO		
NET VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTIES	103,981	53,920
DEFERRED TAXES	(18,041)	(14,024)
RESULT ON PROPERTY PORTFOLIO	85,940	39,896
PROFIT FOR THE YEAR	86,561	49,359
RESULT PER SHARE	2015	2014
NUMBER OF ORDINARY SHARES	18,583,050	18,583,050
NET CURRENT RESULT PER SHARE (IN €)	0.03	0.51
NET RESULT PER SHARE (IN €) – (BASIC AND DILUTED)	4.66	2.66

1 Excluding the revaluation of interest rate financial instruments.

Balance sheet

CONSOLIDATED BALANCE SHEET <i>(in thousands of €)</i>	2015	2014
GOODWILL	631	631
INTANGIBLE ASSETS	12	57
INVESTMENT PROPERTIES	173,972	416,089
PROPERTY, PLANT AND EQUIPMENT	378	370
NON-CURRENT FINANCIAL ASSETS	216	—
INVESTMENTS IN ASSOCIATES	(103)	17
DEFERRED TAX ASSETS	89	258
TOTAL NON-CURRENT ASSETS	175,195	417,422
TRADE AND OTHER RECEIVABLES	4,927	6,822
CASH AND CASH EQUIVALENTS	9,825	43,595
DISPOSAL GROUP HELD FOR SALE	527,361	—
TOTAL CURRENT ASSETS	542,113	50,417
TOTAL ASSETS	717,308	467,839
SHARE CAPITAL	62,251	62,251
RETAINED EARNINGS	239,658	153,097
OTHER RESERVES	69	69
OTHER EQUITY	60,000	—
SHAREHOLDERS' EQUITY	361,978	215,417
NON-CURRENT FINANCIAL DEBT	170,800	193,034
OTHER NON-CURRENT FINANCIAL LIABILITIES	967	1,656
OTHER NON-CURRENT LIABILITIES	405	1,122
DEFERRED TAX LIABILITIES	8,247	27,329
TOTAL NON-CURRENT LIABILITIES	180,419	223,141
CURRENT FINANCIAL DEBT	3,522	5,722
TRADE DEBTS AND OTHER CURRENT LIABILITIES	10,342	23,559
LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	161,047	—
TOTAL CURRENT LIABILITIES	174,911	29,281
TOTAL LIABILITIES	355,330	252,422
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	717,308	467,839

Income statement – analytical form

Gross rental income and operating costs

Gross rental income relates to the lease income from the operating leases concluded with the Group's customers. Fluctuations in the rental income are mainly a result of the growth of the semi-industrial property portfolio. Future growth of the top line will be driven by the development and delivery of new properties to tenants.

Operating cost for the Group are composed of service charge income and expenses, property operating expenses and other income and expenses (including administrative costs).

The service charge income and expenses relate to operating expenses borne by the Group and recharged to the tenants: repair & maintenance, energy, insurance etc., whereas property operating expenses will relate to operating costs borne by the Group which cannot be fully recouped and which mainly relate to consultancy costs of lawyers, brokers and appraisal fees.

Property and facility management income relates to property- and facility management activities performed for third parties (including associates). Property development income relates to development activities undertaken mainly for associates and occasionally for other third parties.

Other income relates to non-recurrent income from tenants and other sundry income. Other expenses relates to the disposal of material, property and equipment and other sundry expenses. Administrative costs relate to general overhead costs.

The gross rental income reflects the full impact of the income generating assets delivered during 2015.

The net rental and related income for the financial year ending 31 December 2015 increased by 94.1% from € 8.5 million for the period ending 31 December 2014 to € 16.5 million for the period ending 31 December 2015.

During 2015 a total of 18 projects were completed which represented 279,861 m² of lettable area.

The operating costs in 2014 increased by 78.0% from € 8.2 million as at 31 December 2014 to € 14.5 million as at 31 December 2015. The increase was mainly due to increased overhead and travel costs related to the geographic expansion of the Group and more specifically the growth of the German team. In

additional € 5.2 million accrual was made relation the mid-term variable remuneration of Little Rock SA (See Remuneration Report for further details) which will be equally paid out over 2016, 2017 and 2018.

Net valuation gains on investment properties

Investment properties, which incorporate completed projects, projects under construction and land held for development, are held to earn rental income, for capital appreciation, or for both.

The valuation gains or losses on investment properties, investment property under construction and development land (the "property portfolio") represents the change in the fair value of the property portfolio during the respective periods.

The carrying amount of the property portfolio is the fair value of the property as determined by an external valuation expert.

The fair value valuations are prepared on the basis of Market Value (in accordance with the RICS Valuation - Professional Standards (incorporating the International Valuation Standards) Global edition January 2014), and are carried out on a regular basis but at least once a year.

As at 31 December 2015 the net valuation gains / (losses) showed a net valuation gain of € 104.0 million against a net valuation gain of € 53.9 million per 31 December 2014.

The total property portfolio, excluding development land, is valued by the valuation expert at 31 December 2015 based on a weighted average yield of 7.02% (compared to 7.81% as at 31 December 2014) applied to the contractual rents increased by the estimated rental value on un-let space.

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

Net financial result

Net financial result consists of financial income and financial expenses. Financial income relates to interest income received from bank deposits or from loans granted to associates, unrealised gains on interest rate hedging as well as to the positive effect of realised and unrealised foreign exchange gains on monetary and non-monetary assets and liabilities. Financial expenses mainly relates to the interest expense on the bank credit facilities, bonds, shareholder debt, the unrealised loss on interest rate hedging and the negative realised and unrealised foreign exchange



results on monetary and non-monetary assets and liabilities.

For the period ending 31 December 2015, the reported financial income was € 0.5 million (€ 3.0 million as at 31 December 2014) and was mainly composed of € 0.4 million of net foreign exchange gains (compared to € 7k net foreign exchange loss as at 31 December 2014) and € 0.1 million of unrealised gains on interest rate derivatives.

In order to mitigate its future interest rate risk the Group concluded 2 new interest rate swaps, each for a notional amount of € 75 million during the first half of 2015. These 2 interest rate swaps will start in July 2017 and December 2018 and will run until July 2022 and December 2023 respectively. The average interest rate which has been fixed is 0.84% p.a. As at 30 June 2015, € 2.7 million of unrealised gains were recorded on these interest rate derivatives which due to the change in long term interest rates during the second half of 2015 reversed to a € 0.2 million of unrealised loss as at the end of 2015.

As at 31 December 2015 no interest income from loans to associates was recorded (compared to € 2.9 million as at 31 December 2014) due to the repayment of all shareholder loans from the associates in October 2014.

The reported financial expenses as at 31 December 2015 are mainly made up of € 10.3 million interest expenses related to financial debt (€ 9.1 million as at 31 December 2014), € 0.4 million unrealised losses on interest rate derivatives, € 2.4 million other financial expenses (€ 0.9 million as at 31 December 2014) mainly relating to the amortisation of the transactions costs of the 2 bonds issued during 2013 and a positive impact of € 2.4 million (€ 1.0 million per 31 December 2014) related to capitalised interests.

As a result the net financial expenses reached € 10.2 million as at 31 December 2015 compared to € 7.7 million as at 31 December 2014.

Taxes

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

Taxes decreased from € 16.2 million as at 31 December 2014 to € 12.5 million for the period ending 31 December 2015. The change in the tax line is mainly due to change in applied tax rate for Germany from 30.825%

to 15.825% reflecting the fact that the German assets are managed from outside of Germany and hence are not subject to trade tax of around 15%.

Profit for the year

Profit for the year increased from € 49.4 million (€ 2.66 per share) as at 31 December 2014 to € 86.6 million (€ 4.66 per share) for the financial year ended 31 December 2015.

Balance sheet

The assets held for sale and liabilities related to disposal group held for sale reflect the assets and liabilities which will be transferred to the new joint venture held by VGP and Allianz Real Estate during the course of 2016.

Investment properties

Investment properties relate to completed properties, projects under

construction as well as land held for development. The fluctuations from one year to the other reflect the timing of the completion and delivery as well as the divestments or acquisitions of such assets.

As at 31 December 2015 the investment property portfolio consists of 34 completed buildings representing 548,838 m² of lettable area with another 14 buildings under construction representing 272,334 m² of lettable area.

During the year VGP delivered, for its own account, 18 buildings representing 279,861 m² of lettable area.

Investment in associates

The consolidated financial statements include the Group's share of the results of the associates accounted for using the equity method from the date when a significant influence commences until the date





when significant influence ceases. When VGP's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that VGP has incurred obligations in respect of the associate.

As at 31 December 2015 the investments in associates showed a modest negative balance of € 103k against a positive balance of € 17k as at 31 December 2014. During 2014 Snow Crystal S.à.r.l. completed the sale of the VGP CZ I and VGP CZ IV portfolio and Sun S.à.r.l. completed the sale of the VGP CZ II portfolio. The joint venture partners have initiated the liquidation procedure for both companies i.e. Snow Crystal S.à.r.l. and Sun S.à.r.l. and liquidation is expected to occur during the course of 2016.

Shareholders' equity

The increase in retained earnings from € 153.1 million as at 31 December 2014 to € 239.7 million as at 31 December 2015 was mainly driven by the impact of the fair value adjustments on the property portfolio.

In order to strengthen its consolidated equity base and support its further growth, VGP NV issued subordinated perpetual securities during 2015 for an aggregate amount of € 60 million. The securities were fully underwritten by the reference shareholders of the company, VM Invest NV and Little Rock SA. The securities are not convertible into VGP shares and, hence, do not entail dilution for the shareholders.

Total non-current and current financial debt

The financial debt increased from € 198.8 million as at 31 December 2014 to € 279.8 million as at 31 December 2015. (Before reclassification to disposal group held for sale). The increase was mainly driven by an increase in bank debt which increased to €129.4 million compared to € 49.1 million as at 31 December 2014.

The gearing ratio of the Group remains conservative and stood at 35.7% at the end of December 2015 compared to a gearing level of 33.2% as at 31 December 2014.

Cash flow

SUMMARY <i>(in thousands of €)</i>	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES	(12,609)	(1,542)
CASH FLOW FROM INVESTING ACTIVITIES	(147,377)	(59,491)
CASH FLOW FROM FINANCING ACTIVITIES	140,053	25,250
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,933)	(35,783)

The cash from operating activities decreased by € 11.1 million, mainly due to the impact of the disposal of the VGP CZ I and VGP CZ II portfolios during 2014 which had a € 9.3 million positive effect on the 2014 operating cash flow.

The cash flow from investing activities increased with € 87.9 million; mainly due to the increase in the capital expenditure incurred for the development activities and land acquisition which jumped from € 112.2 million as at 2014 to € 147.5 million as at 31 December 2014. The cash flow from investing activities as at 31 December 2014 also benefitted from the € 49.8 million repayment of shareholder loans granted to the associates which were repaid in October 2014 (see note 5.6 of the Financial Review)

The cash flow from financing activities increased with € 114.8 million, mainly due to the increased bank borrowings (+ € 57.1 million) and the € 60 million hybrid instruments which were subscribed by the 2 main reference shareholders (see note 6.9 of the Financial Review).

Events after the balance sheet date

In order to sustain its growth over the medium term VGP entered into a 50/50 joint venture with Allianz Real Estate at the end of February 2016. The new joint venture will act as an exclusive take-out vehicle of the income generating assets located in Germany, the Czech Republic, Slovakia and Hungary. VGP will continue to service the joint venture as asset-, property- and development manager. Please refer to page 31 for further details.



Information about the share

Listing of shares

Euronext Brussels
Main Market of Prague

VGP share VGP ISIN BE0003878957
VGP VVPR-strip VGPS ISIN BE0005621926

MARKET CAPITALISATION 31 DEC-15	613,426,481 €
HIGHEST CAPITALISATION	661,556,580 €
LOWEST CAPITALISATION	422,392,727 €
SHARE PRICE 31 DEC-14	22,73 €
SHARE PRICE 31 DEC-15	33.01 €

Shareholder structure

As at 31 December 2015 the share capital of VGP was represented by 18,583,050 shares.

Ownership of the Company’s shares is as follows:

SHAREHOLDER	NUMBER OF SHARES	% OF SHARES ISSUED
VM INVEST NV	5,212,390	28.05%
MR BART VAN MALDEREN	3,545,250	19.08%
SUB-TOTAL BART VAN MALDEREN GROUP	8,757,640	47.13%
LITTLE ROCK SA	4,707,752	25.33%
ALSGARD SA	2,409,914	12.97%
COMM. VA VGP MISV	929,153	5.00%
VADEBO FRANCE NV	655,738	3.53%
PUBLIC	1,122,853	6.04%
TOTAL	18,583,050	100.00%

VM Invest NV is a company controlled by Mr. Bart Van Malderen.

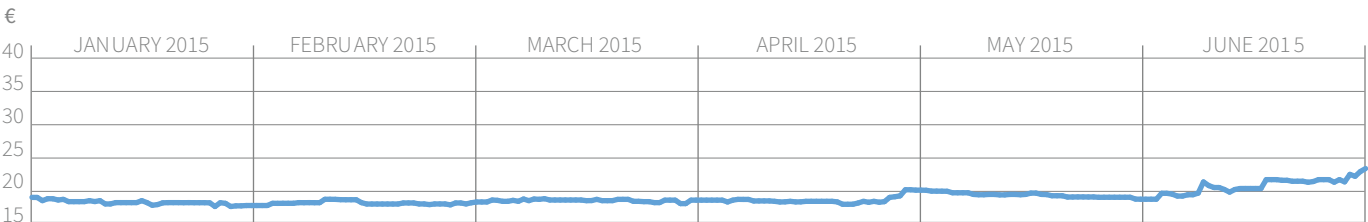
Little Rock SA is a company controlled by Mr. Jan Van Geet.

Alsgard SA is a company controlled by Mr. Jan Prochazka.

Comm VA VGP MISV is a company controlled by Mr. Bart Van Malderen and Mr. Jan Van Geet.

VM Invest NV, Mr. Bart Van Malderen, Comm VA VGP MISV, Little Rock SA, and Alsgard SA are acting in concert in respect of the holding, the acquisition or disposal of securities.

Vadebo France NV is a company controlled by Mrs. Griet Van Malderen.





There are no specific categories of shares. Each share gives the right to one vote.

In accordance with Articles 480 to 482 of the Company Code, the company can create shares without voting rights, subject to the fulfilling requirements related to the change of the articles of association. All shares are freely transferable.

Authorised capital

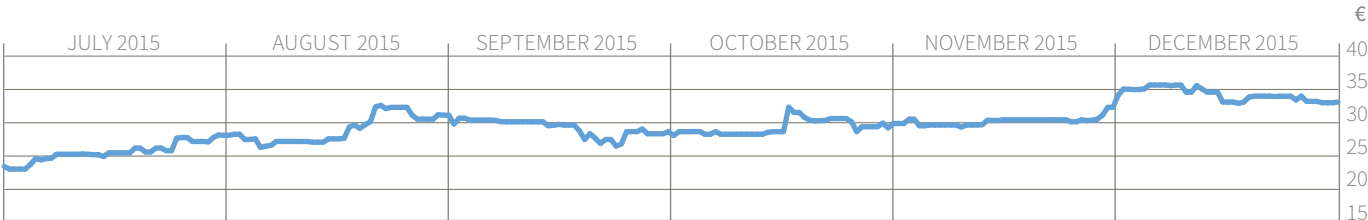
The Board of Directors is expressly authorised to increase the nominal capital on one or more occasions up to an aggregate amount of € 100 million by monetary contribution or contribution in kind, if applicable, by contribution of reserves or issue premiums, under regulations provided by the Belgian Company Code and the articles of association. This authorisation is valid until 23 May 2019.

Liquidity of the shares

To improve the liquidity of its shares VGP NV concluded a liquidity agreement with KBC Bank. This agreement ensures that there is increased liquidity of the shares which should be to the benefit of the Group in the future as more liquidity allows new shares to be more easily issued in case of capital increases.

Financial calendar

GENERAL MEETING OF SHAREHOLDERS	13 MAY 2016
2015 HALF YEAR RESULTS	30 AUGUST 2016





Outlook for 2016

Based on the positive trend in the demands for lettable area recorded by VGP during 2015 and the continuing trend seen during the first weeks of 2016, and provided there are no unforeseen events of economic and financial markets nature, VGP should be able to continue to substantially expand its rental income and property portfolio through the completion and start-up of additional new buildings.



Board of Directors

COMPOSITION ON 31 DECEMBER 2015					
	NAME	YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION
CHAIRMAN	MAREK ŠEBESTÁK	2015	NON-EXECUTIVE	INDEPENDENT	2019
CEO	JAN VAN GEET S.R.O. REPRESENTED BY JAN VAN GEET	2013	EXECUTIVE AND REFERENCE SHAREHOLDER	—	2017
DIRECTORS	VM INVEST NV REPRESENTED BY BART VAN MALDEREN	2013	NON-EXECUTIVE AND REFERENCE SHAREHOLDER	—	2017
	ALEXANDER SAVERYS	2015	NON-EXECUTIVE	INDEPENDENT	2019
	RIJO ADVIES BVBA REPRESENTED BY JOS THYS	2015	NON-EXECUTIVE	INDEPENDENT	2019

Marek Šebesták (*1954)
Mr Šebesták is founder and former Chairman of BBDO-Czech Republic, one of the leading international advertising and communication agencies.

Jan Van Geet (*1971)
Jan Van Geet is the founder of VGP. He has overall daily as well as strategic management responsibilities of the Group. He started in the Czech Republic in 1993 and was manager of Ontex in Turnov, a producer of hygienic disposables. Until 2005, he was also managing director of WDP Czech Republic. WDP is a Belgian real estate investment trust.

Bart Van Malderen (*1966)
Mr Bart Van Malderen founded Drylock Technologies in 2012. Drylock Technologies is a new hygienic disposable products manufacturer which introduced the revolutionary flufless diaper in 2013. Prior to this Bart Van Malderen held different management positions at Ontex, a leading European manufacturer of hygienic disposable products where he became CEO in 1996 and Chairman of the Board in 2003, a mandate which he occupied until mid-July 2007.

Alexander Saverys (*1978)
Mr Alexander Saverys holds a master of laws (University of Leuven and Madrid) and holds an MBA of the Fachhochschule für Wirtschaft Berlin. In 2004 he founded Delphis NV a company offering multimodal transport solutions throughout Europe. He became a director of CMB (Compagnie Maritime Belge SA) in 2006 and was appointed CEO in September 2014.

Jos Thys (*1962)
Mr Jos Thys holds a Masters Degree in Economics from the University of Antwerp (UFSIA). He is counsel to family owned businesses where he advises on strategic and structuring issues. He also acts as a counsel for the implementation of Corporate Governance at corporate and non-profit organisations. Jos previously had a long career in corporate and investing banking with Paribas, Artesia and Dexia.

Executive Management Team

COMPOSITION ON 31 DECEMBER 2015	
JAN VAN GEET s.r.o. REPRESENTED BY JAN VAN GEET	CHIEF EXECUTIVE OFFICER
JAN PROCHÁZKA	CHIEF OPERATING OFFICER
DIRK STOOP BVBA, REPRESENTED BY DIRK STOOP	CHIEF FINANCIAL OFFICER
TOMAS VAN GEET s.r.o. REPRESENTED BY TOMAS VAN GEET	CHIEF COMMERCIAL OFFICER
JAN PAPOUŠEK s.r.o. REPRESENTED BY JAN PAPOUŠEK	CHIEF OPERATING OFFICER – OUTSIDE CZ

Jan Van Geet (*1971)
Jan Van Geet is the founder of VGP. He has overall daily as well as strategic management responsibilities of the Group. He started in the Czech Republic in 1993 and was manager of Ontex in Turnov, a producer of hygienic disposables. Until 2005, he was also managing director of WDP Czech Republic. WDP is a Belgian real estate investment trust.

Mr. Jan Procházka (*1964)
He is civil engineer and architect and joined VGP’s team in 2002. He takes responsibility for technical concepts and contract execution. Prior to this position, Jan was the managing director of Dvořák, a civil contracting company, at his time one of the major players in the Czech market. Well known projects under his management are the airport terminal Sever 1 in Prague, the cargo terminal, as well as the headquarters of Česká Spořitelna.

Mr. Dirk Stoop (*1961)
Joined VGP in 2007. He is responsible for all finance matters i.e. financial planning, control, forecasting, treasury, tax and insurance for all the countries where VGP is/ will be active, as well as investor relations. Dirk worked at Ontex for 5 years as Group Treasurer where he was also responsible for tax and insurance matters. Prior to this he worked at CHEP Europe based in London as Treasurer Europe, South America & Asia. Dirk Stoop holds a Master’s Degree in Financial and Commercial Sciences from VLEKHO (HUB) in Belgium.

Mr. Tomas Van Geet (*1976)
Joined VGP in 2005. He takes responsibility for all commercial strategic matters and commercial co-ordination of VGP’s key accounts. Prior to joining VGP, Tomas held several positions in the planning and logistics departments of Domo in Germany, Spain, Czech Republic and South Africa, Associated Weavers and Ontex.

Mr. Jan Papoušek (*1974)
He is civil engineer and joined VGP’s team in 2007. He takes responsibility for technical concepts and contract execution for all projects outside the Czech Republic. Jan formerly worked for Gardiner and Teobald, a UK based well known cost controlling company with international activities, where he occupied the function of cost and project manager.



Germany

- 1 VGP PARK BINGEN
- 2 VGP PARK HAMBURG
- 3 VGP PARK RODGAU
- 4 VGP PARK HÖCHSTADT
- 5 VGP PARK BERLIN
- 6 VGP PARK FRANKENTHAL
- 7 VGP PARK BORNA
- 8 VGP PARK LEIPZIG
- 9 VGP PARK BOBENHEIM-ROXHEIM
- 10 VGP PARK GINSHEIM
- 11 VGP PARK SOLTAU
- 12 VGP PARK MÜNCHEN

Spain

29 VGP PARK SAN FERNANDO



Estonia

27 VGP PARK NEHATU

Latvia

28 VGP PARK KEKAVA

Czech Republic

13 VGP PARK TUCHOMĚŘICE
14 VGP PARK BRNO
15 VGP PARK HRÁDEK NAD NISOU
16 VGP PARK ÚSTÍ NAD LABEM
17 VGP PARK PLZEŇ
18 VGP PARK OLOMOUC (GEMO)
19 VGP PARK ČESKÝ ÚJEZD (ÚSTÍ NAD LABEM)
20 VGP PARK LIBEREC
21 VGP PARK JENEČ

Slovakia

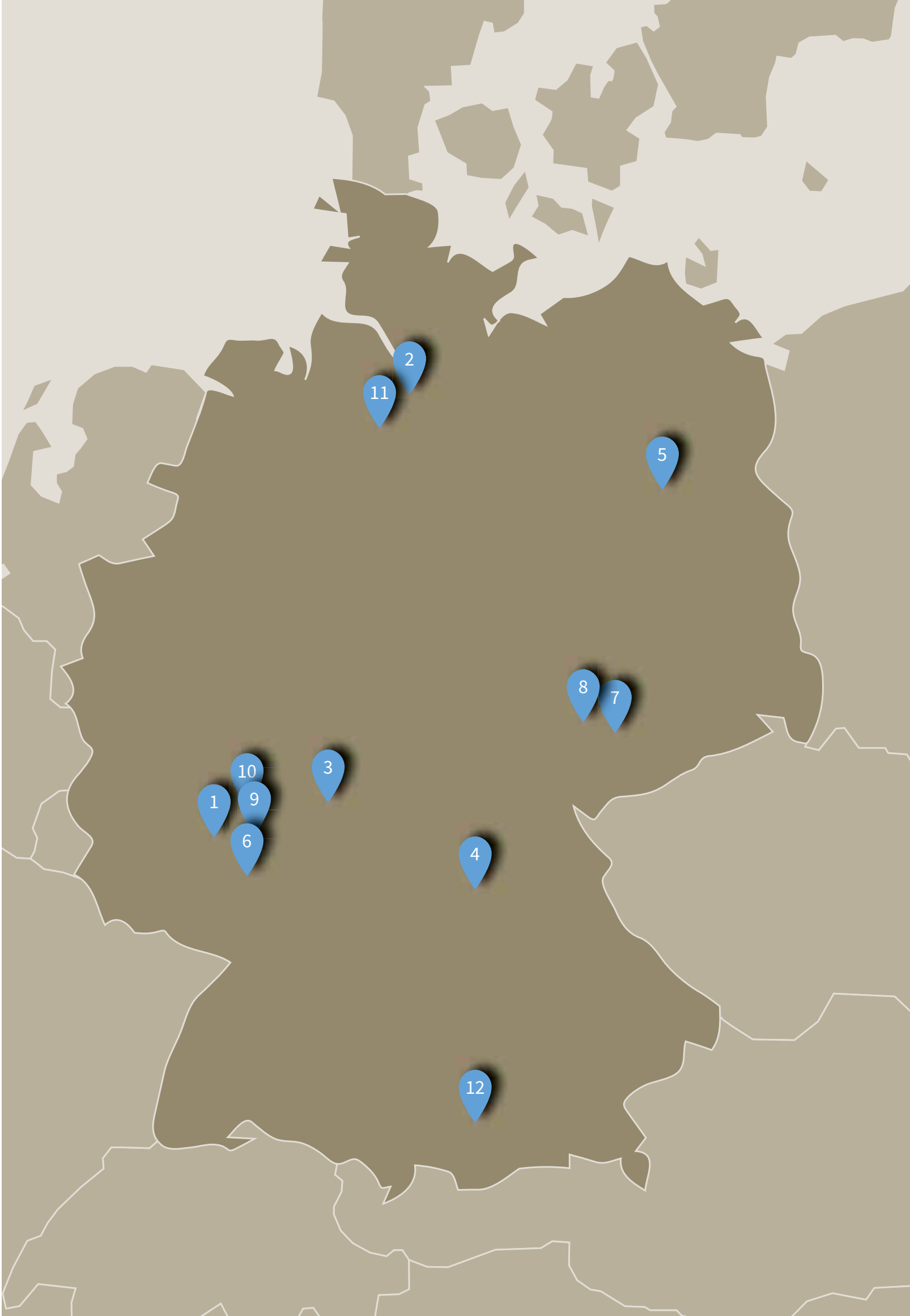
22 VGP PARK MALACKY
23 VGP PARK BRATISLAVA

Hungary

24 VGP PARK GYŐR
25 VGP PARK ALŐSNÉMEDI

Romania

26 VGP PARK TIMISOARA





Germany

- 1 VGP PARK BINGEN
- 2 VGP PARK HAMBURG
- 3 VGP PARK RODGAU
- 4 VGP PARK HÖCHSTADT
- 5 VGP PARK BERLIN
- 6 VGP PARK FRANKENTHAL
- 7 VGP PARK BORNA
- 8 VGP PARK LEIPZIG
- 9 VGP PARK BOBENHEIM-ROXHEIM
- 10 VGP PARK GINSHEIM
- 11 VGP PARK SOLTAU
- 12 VGP PARK MÜNCHEN



VGP Park Bingen

GERMANY

TENANT	Custom Chrome Europe
LETTABLE AREA m²	6,400
BUILT	2014

VGP Park Hamburg

GERMANY

Building A0

TENANT	Geodis Logistics Deutschland, JOB AG Personaldienstleistungen, Deutsche Post Immobilien, EGC Energie- und Gebäudetechnik Control GmbH & Co. KG
LETTABLE AREA m²	35,166
BUILT	Acquired 2013



VGP Park Hamburg

GERMANY

Building A1

TENANT	Drive Medical GmbH & Co. KG, Volkswagen, Iwh, AO Deutschland
LETTABLE AREA m²	24,599
BUILT	2014–2015

VGP Park Hamburg

GERMANY

Building A2

TENANT	Syncreon Deutschland
LETTABLE AREA m²	18,743
BUILT	2015





VGP Park Hamburg

GERMANY
Building B1

TENANT	Rhenus SE & Co.
LETTABLE AREA m²	34,549
BUILT	2015

VGP Park Hamburg

GERMANY
Building D1

TENANT	AO Deutschland
LETTABLE AREA m²	2,502
BUILT	2015



VGP Park Hamburg

GERMANY
Building A3

TENANT	Zebco Europe, Premium SCM GmbH
LETTABLE AREA m²	9,360
BUILT	2015

VGP Park Rodgau

GERMANY
Building A

TENANT	A & O, Geis Ersatzteil-Service, ELTETE TPM Oy Zweigniederlassung Deutschland, PTG
LETTABLE AREA m²	24,886
BUILT	under construction





VGP Park Rodgau

GERMANY
Building B

TENANT	Rhenus SE & Co.
LETTABLE AREA m²	43,438
BUILT	under construction

VGP Park Rodgau

GERMANY
Building C

TENANT	Logistik Dienstleistungszentrum GmbH (LDZ)
LETTABLE AREA m²	19,774
BUILT	2015



VGP Park Rodgau

GERMANY
Building D

TENANT	EBARA Pumps Europe, ASENDIA Operations GmbH & Co KG
LETTABLE AREA m²	6,883
BUILT	under construction

VGP Park Rodgau

GERMANY
Building E

TENANT	PTG Lohnabfüllung
LETTABLE AREA m²	8,498
BUILT	2015





VGP Park Höchststadt

GERMANY

TENANT	C&A Mode
LETTABLE AREA <i>m²</i>	15,140
BUILT	2015

VGP Park Berlin

GERMANY

TENANT	Van Eupen Logistik, Gonvarri Aluminium, Docdata Fulfilment
LETTABLE AREA <i>m²</i>	24,228
BUILT	2015



VGP Park Borna

GERMANY

TENANT	Lekkerland Deutschland
LETTABLE AREA <i>m²</i>	13,885
BUILT	2015

VGP Park Bobenheim-Roxheim

GERMANY

TENANT	Lekkerland Deutschland
LETTABLE AREA <i>m²</i>	23,162
BUILT	under construction



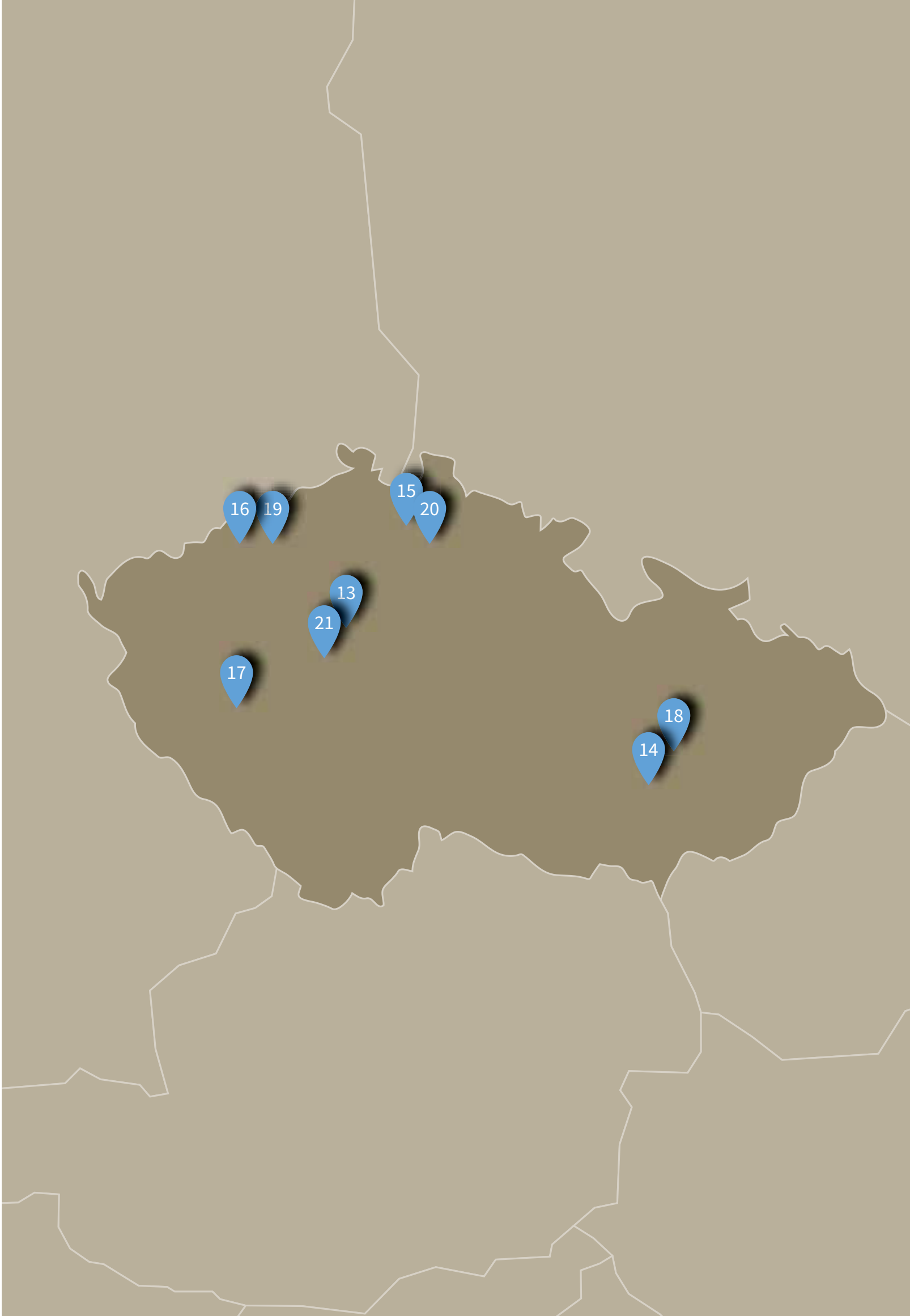




Future development in Germany

VGP PARK	LAND AREA (m ²)	POTENTIAL LETTABLE AREA (m ²)
VGP PARK HAMBURG	295,588	128,747
VGP PARK RODGAU	155,157	75,207
VGP PARK BERLIN	174,227	79,488
VGP PARK FRANKENTHAL	174,832	79,488
VGP PARK BOBENHEIM-ROXHEIM	56,655	23,162
VGP PARK LEIPZIG	105,885	48,400
VGP PARK GINSHEIM	61,570	33,718
VGP PARK SOLTAU	120,000	47,000
VGP PARK MÜNCHEN	537,003	244,304
TOTAL	1,680,917	759,514

The above figures include the current projects under cosntruction



Czech Republic

- 13 VGP PARK TUCHOMĚŘICE
- 14 VGP PARK BRNO
- 15 VGP PARK HRÁDEK NAD NISOU
- 16 VGP PARK ÚSTÍ NAD LABEM
- 17 VGP PARK PLZEŇ
- 18 VGP PARK OLOMOUC (GEMO)
- 19 VGP PARK ČESKÝ ÚJEZD (ÚSTÍ NAD LABEM)
- 20 VGP PARK LIBEREC
- 21 VGP PARK JENEČ



VGP Park Plzeň

CZECH REPUBLIC
Building A

TENANT	Assa Abloy
LETTABLE AREA m ²	8,711
BUILT	2014

VGP Park Plzeň

CZECH REPUBLIC
Building B

TENANT	FAIVELEY TRANSPORT LEKOV
LETTABLE AREA m ²	21,918
BUILT	2015



VGP Park Plzeň

CZECH REPUBLIC
Building C

TENANT	Excell Czech, Maurie Ward, Faiveley Transport
LETTABLE AREA m ²	9,542
BUILT	2014

VGP Park Plzeň

CZECH REPUBLIC
Building D

TENANT	COPO TÉXTIL PORTUGAL
LETTABLE AREA m ²	4,279
BUILT	under construction





VGP Park Tuchoměřice

CZECH REPUBLIC

Building A

TENANT	Caamano CZ Int., Gecko Int., Lidl
LETTABLE AREA m ²	6,396
BUILT	2013

VGP Park Tuchoměřice

CZECH REPUBLIC

Building B1

TENANT	Hartmann Rico
LETTABLE AREA m ²	5,234
BUILT	2014



VGP Park Ústí nad Labem

CZECH REPUBLIC

Building P1

TENANT	Jotun Powder Coatings, Minda KTSN Plastic Solutions
LETTABLE AREA m ²	5,351
BUILT	2014

VGP Park Ústí nad Labem

CZECH REPUBLIC

Building P6

TENANT	SSI Technologies
LETTABLE AREA m ²	5,336
BUILT	2015





VGP Park Hrádek nad Nisou

CZECH REPUBLIC
Building A

TENANT	Drylock Technologies
LETTABLE AREA m ²	40,357
BUILT	2012–2014

VGP Park Brno

CZECH REPUBLIC
Building I

TENANT	on-going negotiations
LETTABLE AREA m ²	12,149
BUILT	under construction



VGP Park Brno

CZECH REPUBLIC
Building II

TENANT	Internet Shop, Secupack
LETTABLE AREA m ²	13,498
BUILT	2013

VGP Park Brno

CZECH REPUBLIC
Building III

TENANT	Hartmann Rico
LETTABLE AREA m ²	8,621
BUILT	2013





VGP Park Olomouc

CZECH REPUBLIC

Building G2

TENANT	Euro Pool System, Fenix Solutions
LETTABLE AREA <i>m²</i>	19,855
BUILT	2015





Future development in Czech Republic

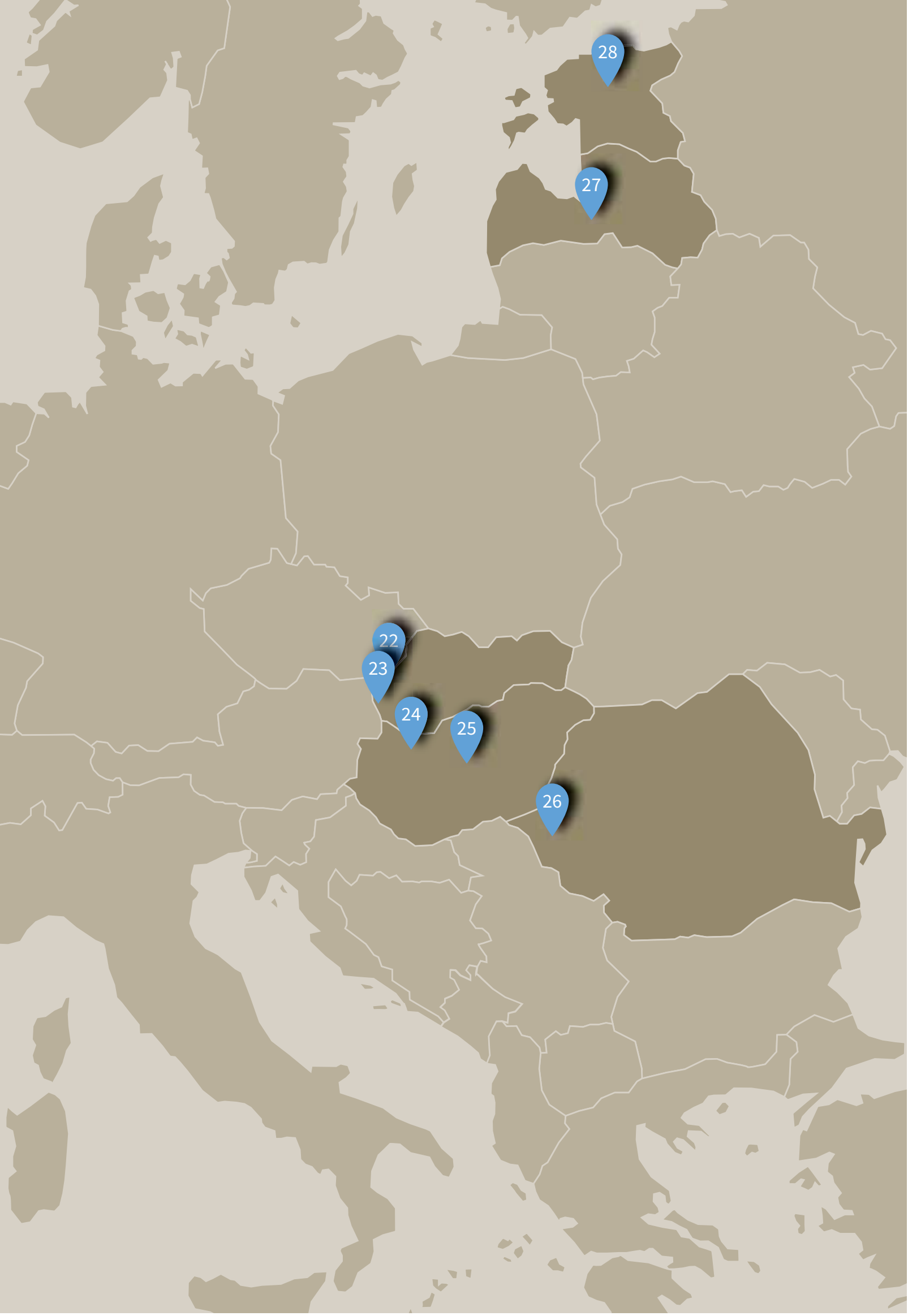
VGP PARK	LAND AREA (m ²)	POTENTIAL LETTABLE AREA (m ²)
VGP PARK TUCHOMĚŘICE	33,032	13,360
VGP PARK BRNO	22,950	12,149
VGP HRADEK NAD NISOU	91,699	41,819
VGP PARK ÚSTÍ NAD LABEM	86,692	29,347
VGP PARK PLZEŇ	9,402	4,279
VGP PARK ČESKÝ ÚJEZD (ÚSTÍ NAD LABEM)	45,383	17,446
VGP PARK LIBEREC	36,062	11,200
VGP PARK OLOMOUC (GEMO)	349,601	151,375
VGP PARK JENEČ	173,859	50,490
TOTAL	848,679	331,464

The above figures include the current projects under construction

Other countries in Europe

- 22 VGP PARK MALACKY, SLOVAKIA
- 23 VGP PARK BRATISLAVA, SLOVAKIA
- 24 VGP PARK GYŐR, HUNGARY
- 25 VGP PARK ALSÓNÉMEDI, HUNGARY
- 26 VGP PARK TIMISOARA, ROMANIA
- 27 VGP PARK KEKAVA, LATVIA
- 28 VGP PARK NEHATU, ESTONIA
- 29 VGP PARK SAN FERNANDO, SPAIN







VGP Park Malacky

SLOVAKIA
Building A

TENANT	Benteler Automotive
LETTABLE AREA m ²	14,863
BUILT	2009

VGP Park Malacky

SLOVAKIA
Building B

TENANT	on-going negotiations
LETTABLE AREA m ²	18,000
BUILT	under construction



VGP Park Malacky

SLOVAKIA
Building C

TENANT	IKEA Components, FROMM Slovakia, Tajco Slovakia
LETTABLE AREA m ²	15,255
BUILT	2015

VGP Park Malacky

SLOVAKIA
Building D

TENANT	Volkswagen Konzernlogistik
LETTABLE AREA m ²	35,683
BUILT	2015





VGP Park Malacky

SLOVAKIA
Building E1

TENANT	IDEAL Automotive Slovakia
LETTABLE AREA m ²	12,665
BUILT	under construction

VGP Park Győr

HUNGARY
Building A

TENANT	Skiny, Waberer's-Szemerey, Gebrüder Weiss Szállítmányozási
LETTABLE AREA m ²	20,290
BUILT	2014



VGP Park Győr

HUNGARY
Building B1

TENANT	Lear Corporation Hungary
LETTABLE AREA m ²	11,740
BUILT	2012

VGP Park Győr

HUNGARY
Building C

TENANT	Dana Hungary
LETTABLE AREA m ²	6,154
BUILT	2011





VGP Park Alsónémedi

HUNGARY
Building A1.1

TENANT	Nagel Hungária Logisztikai Korlátolt Felelősségű Társaság
LETTABLE AREA m ²	22,892
BUILT	under construction

VGP Park Timișoara

ROMANIA
Building A1

TENANT	QUEHENBERGER LOGISTICS ROU
LETTABLE AREA m ²	17,516
BUILT	under construction



VGP Park Timișoara

ROMANIA
Building B1

TENANT	CSC Etichere, Whiteland Logistics, Van Moer Group, Cargo-Partner Expediti, UPS Romania, ITC LOGISTIC, World Media Trans, QUEHENBERGER LOGISTICS ROU, S.C. PROFI ROM FOOD
LETTABLE AREA m ²	17,841
BUILT	2013–2014

VGP Park Timișoara

ROMANIA
Building B2

TENANT	DHL International Romania, QUEHENBERGER LOGISTICS ROU, RESET EMS, SC SIDE TRADING, S.C. DSV SOLUTIONS, NEFAB PACKAGING ROMANIA, HELBAKO, cargo-partner Expeditii, BCVO Logistics
LETTABLE AREA m ²	18,183
BUILT	2015





VGP Park Nehatu

ESTONIA
Building A

TENANT	Boomerang Distribution, CF&S Estonia, Comforta, Freselle
LETTABLE AREA m ²	22,154
BUILT	2014

VGP Park Nehatu

ESTONIA
Building B

TENANT	Lemoine Estonia, Freselle, Anobion Hulgimüügi, Sireldus, ON24 AS
LETTABLE AREA m ²	21,600
BUILT	2015



VGP Park Nehatu

ESTONIA
Building C

TENANT	Estonian Ministry of Defence
LETTABLE AREA m ²	7,410
BUILT	2015

VGP Park Nehatu

ESTONIA
Building D

TENANT	Instrumentarium Optika Osäühing, WEXL GRUPP
LETTABLE AREA m ²	11,562
BUILT	under construction





Future development in other European countries

VGP PARK	LAND AREA (m ²)	POTENTIAL LETTABLE AREA (m ²)
VGP PARK MALACKY, SLOVAKIA	98,996	40,545
VGP PARK BRATISLAVA, SLOVAKIA	200,000	90,000
VGP PARK GYŐR, HUNGARY	26,639	9,572
VGP PARK ALSÓNÉMEDI, HUNGARY	85,349	34,892
VGP PARK TIMISOARA, ROMANIA	109,283	45,391
VGP PARK KEKAVA, LATVIA	146,873	60,472
VGP PARK NEHATU, ESTONIA	59,095	30,970
VGP PARK SAN FERNANDO, SPAIN	222,666	178,963
TOTAL	948,902	490,805

The above figures include the current projects under cosntruction

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RESPONSIBLE PERSONS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

INCOME STATEMENT <i>(in thousands of €)</i>	NOTE	2015	2014
REVENUE	5.1	23,118	15,114
GROSS RENTAL INCOME	5.1	17,073	9,596
SERVICE CHARGE INCOME	5.2	3,498	2,110
SERVICE CHARGE EXPENSES	5.2	(3,076)	(1,679)
PROPERTY OPERATING EXPENSES	5.3	(972)	(1,513)
NET RENTAL INCOME		16,523	8,514
PROPERTY AND FACILITY MANAGEMENT INCOME	5.1	2,215	3,161
PROPERTY DEVELOPMENT INCOME	5.1	332	246
NET VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTIES	5.4	103,981	53,920
ADMINISTRATION EXPENSES	5.5	(13,451)	(6,556)
OTHER INCOME		487	348
OTHER EXPENSES		(1,034)	(881)
SHARE IN RESULT OF ASSOCIATES	5.6	191	14,473
OPERATING PROFIT / (LOSS)		109,244	73,225
FINANCIAL INCOME	5.7	466	2,880
FINANCIAL EXPENSES	5.7	(10,620)	(10,555)
NET FINANCIAL RESULT		(10,154)	(7,675)
PROFIT BEFORE TAXES		99,090	65,550
TAXES	5.8	(12,529)	(16,191)
PROFIT FOR THE YEAR		86,561	49,359
ATTRIBUTABLE TO:			
SHAREHOLDERS OF VGP NV		86,561	49,359
NON-CONTROLLING INTERESTS		—	—

RESULT PER SHARE <i>(in €)</i>	NOTE	2015	2014
BASIC EARNINGS PER SHARE <i>(in €)</i>	5.9	4.66	2.66
BASIC EARNINGS PER SHARE – AFTER CORRECTION OF RECIPROCAL INTEREST THROUGH ASSOCIATES <i>(in €)</i>	5.9	4.76	2.71
DILUTED EARNINGS PER SHARE <i>(in €)</i>	5.9	4.66	2.66

The consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

STATEMENT OF COMPREHENSIVE INCOME <i>(in thousands of €)</i>	2015	2014
PROFIT FOR THE YEAR	86,561	49,359
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	86,561	49,359
ATTRIBUTABLE TO:		
SHAREHOLDERS OF VGP NV	86,561	49,359
NON-CONTROLLING INTEREST	—	—

CONSOLIDATED BALANCE SHEET

For the year ended 31 December 2015

ASSETS <i>(in thousands of €)</i>	NOTE	2015	2014
GOODWILL	6.1	631	631
INTANGIBLE ASSETS	6.2	12	57
INVESTMENT PROPERTIES	6.3	173,972	416,089
PROPERTY, PLANT AND EQUIPMENT	6.2	378	370
NON-CURRENT FINANCIAL ASSETS	6.4	216	—
INVESTMENTS IN ASSOCIATES	6.5	(103)	17
DEFERRED TAX ASSETS	5.8	89	258
TOTAL NON-CURRENT ASSETS		175,195	417,422
TRADE AND OTHER RECEIVABLES	6.6	4,927	6,822
CASH AND CASH EQUIVALENTS	6.7	9,825	43,595
DISPOSAL GROUP HELD FOR SALE	6.14	527,361	—
TOTAL CURRENT ASSETS		542,113	50,417
TOTAL ASSETS		717,308	467,839
SHAREHOLDERS' EQUITY AND LIABILITIES <i>(in thousands of €)</i>	NOTE	2015	2014
SHARE CAPITAL	6.8	62,251	62,251
RETAINED EARNINGS		239,658	153,097
OTHER RESERVES	6.9	69	69
OTHER EQUITY	6.9	60,000	—
SHAREHOLDERS' EQUITY		361,978	215,417
NON-CURRENT FINANCIAL DEBT	6.10	170,800	193,034
OTHER NON-CURRENT FINANCIAL LIABILITIES	6.11	967	1,656
OTHER NON-CURRENT LIABILITIES	6.12	405	1,122
DEFERRED TAX LIABILITIES	5.8	8,247	27,329
TOTAL NON-CURRENT LIABILITIES		180,419	223,141
CURRENT FINANCIAL DEBT	6.10	3,522	5,722
TRADE DEBTS AND OTHER CURRENT LIABILITIES	6.13	10,342	23,559
LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	6.14	161,047	
TOTAL CURRENT LIABILITIES		174,911	29,281
TOTAL LIABILITIES		355,330	252,422
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		717,308	467,839

The consolidated balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

STATEMENT OF CHANGES IN EQUITY <i>(in thousands of €)</i>	STATUTORY SHARE CAPITAL	CAPITAL RESERVE <i>(see note 6.8)</i>	IFRS SHARE CAPITAL	RETAINED EARNINGS	SHARE PREMIUM	OTHER EQUITY	TOTAL EQUITY
BALANCE AS AT 1 JANUARY 2014	112,737	(50,486)	62,251	103,737	69	—	166,057
OTHER COMPREHENSIVE INCOME / (LOSS)	—	—	—	—	—	—	—
RESULT OF THE PERIOD	—	—	—	49,359	—	—	49,359
EFFECT OF DISPOSALS	—	—	—	—	—	—	—
TOTAL COMPREHENSIVE INCOME / (LOSS)	—	—	—	49,359	—	—	49,359
DIVIDENDS TO SHAREHOLDERS	—	—	—	—	—	—	—
SHARE CAPITAL DISTRIBUTION TO SHAREHOLDERS	—	—	—	—	—	—	—
HYBRID SECURITIES (SEE NOTE 6.9)	—	—	—	—	—	—	—
BALANCE AS AT 31 DECEMBER 2014	112,737	(50,486)	62,251	153,097	69	—	215,417
BALANCE AS AT 1 JANUARY 2015	112,737	(50,486)	62,251	153,097	69	—	215,417
OTHER COMPREHENSIVE INCOME / (LOSS)	—	—	—	—	—	—	—
RESULT OF THE PERIOD	—	—	—	86,561	—	—	86,561
EFFECT OF DISPOSALS	—	—	—	—	—	—	—
TOTAL COMPREHENSIVE INCOME / (LOSS)	—	—	—	86,561	—	—	86,561
DIVIDENDS TO SHAREHOLDERS	—	—	—	—	—	—	—
SHARE CAPITAL DISTRIBUTION TO SHAREHOLDERS	—	—	—	—	—	—	—
HYBRID SECURITIES (SEE NOTE 6.9)	—	—	—	—	—	60,000	60,000
BALANCE AS AT 31 DECEMBER 2015	112,737	(50,486)	62,251	239,658	69	60,000	361,978

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

CASH FLOW STATEMENT <i>(in thousands of €)</i>	NOTE	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES	7.1		
PROFIT BEFORE TAXES		99,090	65,550
ADJUSTMENTS FOR:			
DEPRECIATION		734	178
UNREALISED (GAINS) /LOSSES ON INVESTMENT PROPERTIES		(103,975)	(58,160)
REALISED(GAINS) / LOSSES ON DISPOSAL OF SUBSIDIARIES AND INVESTMENT PROPERTIES		(6)	4,241
UNREALISED (GAINS) / LOSSES ON FINANCIAL INSTRUMENTS AND FOREIGN EXCHANGE		245	1,407
INTEREST (RECEIVED)		(21)	(2,880)
INTEREST PAID		10,194	9,093
SHARE IN RESULT OF ASSOCIATES		(191)	(9,248)
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		6,070	10,181
DECREASE/(INCREASE) IN TRADE AND OTHER RECEIVABLES		(8,555)	7,561
(DECREASE)/INCREASE IN TRADE AND OTHER PAYABLES		413	(12,654)
CASH GENERATED FROM THE OPERATIONS		(2,072)	5,088
INTEREST RECEIVED		21	2,880
INTEREST (PAID)		(10,194)	(9,093)
INCOME TAXES PAID		(364)	(417)
NET CASH FROM OPERATING ACTIVITIES		(12,609)	(1,542)
CASH FLOWS FROM INVESTING ACTIVITIES	7.1		
PROCEEDS FROM DISPOSAL OF SUBSIDIARIES		311	—
PROCEEDS FROM DISPOSAL OF TANGIBLE ASSETS		26	3,324
ACQUISITION OF SUBSIDIARIES		(224)	(406)
(LOANS PROVIDED TO) / LOANS REPAID BY ASSOCIATES		—	49,812
INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER CONSTRUCTION		(147,490)	(112,221)
NET CASH USED IN INVESTING ACTIVITIES		(147,377)	(59,491)
CASH FLOWS FROM FINANCING ACTIVITIES	7.1		
GROSS DIVIDENDS PAID		—	—
NET PROCEEDS / (CASH OUT) FROM THE ISSUE / (REPAYMENT) HYBRID INSTRUMENTS	6.9	60,000	—
PROCEEDS FROM LOANS		83,967	26,862
LOAN REPAYMENTS		(3,914)	(1,612)
NET CASH USED IN FINANCING ACTIVITIES		140,053	25,250
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(19,933)	(35,783)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		43,595	79,226
EFFECT OF EXCHANGE RATE FLUCTUATIONS		347	152
RECLASSIFICATION TO (-) / FROM HELD FOR SALE		(14,184)	—
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		9,825	43,595

The consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1 / General information

VGP NV (the “Company”) is a limited liability company and was incorporated under Belgian law on 6 February 2007 for an indefinite period of time with its registered office located at Spinnerijstraat 12, 9240 Zele, and the Company is registered under enterprise number 0887.216.042 (Register of Legal Entities of Ghent – Division Dendermonde).

The Group is a real estate group specialised in the acquisition, development, and management of semi-industrial real estate. The Group focuses on strategically located plots of land in the mid-European region suitable for the development of semi-industrial business parks of a certain size, so as to build up an extensive and well-diversified property portfolio on top locations.

The Company’s consolidated financial statements include those of the Company and its subsidiaries (together referred to as “Group”). The consolidated financial statements were approved for issue by the Board of Directors on 8 April 2016.

2 / Summary of principal accounting policies

2.1 / Statement of compliance

The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) which have been adopted by the European Union.

These standards comprise all new and revised standards and interpretations published by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Interpretations Committee of the IASB, as far as applicable to the activities of the Group and effective as from 1 January 2015.

New standards and interpretations applicable during 2015

A number of new standards, amendments to standards and interpretations became effective during the financial year:

- Improvements to IFRS (2011–2013) (applicable for annual periods beginning on or after 1 January 2015);
- IFRIC 21 Levies (applicable for annual periods beginning on or after 17 June 2014).

The above new standards, amendments to standards and interpretation did not give rise to any material changes in the presentation and preparation of the consolidated financial statements of the year.

New standards and interpretations not yet effective during 2015

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2015, and have not been applied when preparing financial statements:

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU);

- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU);
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in EU);
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in EU);
- Improvements to IFRS (2010–2012) (applicable for annual periods beginning on or after 1 February 2015);
- Improvements to IFRS (2012–2014) (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU);
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, but not yet endorsed in the EU);
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 February 2015);
- Amendments to IAS 27 Separate Financial Statements – Equity Method (applicable for annual periods beginning on or after 1 January 2016).

The impact, if any, of IFRS 9, IFRS 15 and IFRS 16 is under investigation by the Group. The initial application of the other above standards, amendments to standards and interpretation is estimated not to give rise to any material changes in the presentation and preparation of the consolidated financial statements.

2.2 / General principles

Basis of preparation

The consolidated financial statements are prepared on a historic cost basis, with the exception of investment properties and financial derivatives which are stated at fair value. All figures are in thousands of Euros (in thousands of €), unless stated otherwise. Minor rounding differences might occur.

Principles of consolidation Subsidiaries

Subsidiaries are entities over which VGP NV exercises control, which is the case when the Company is exposed, or has

rights, to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Joint ventures and associates

A joint venture exists when VGP NV has contractually agreed to share control with one or more other parties, which is the case only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Associates are companies in which VGP NV, directly or indirectly, has a significant influence and which are neither subsidiaries nor joint ventures. This is presumed if the Group holds at least 20% of the voting rights attaching to the shares. The financial information included for these companies is prepared using the accounting policies of the Group. When the Group has acquired joint control in a joint venture or significant influence in an associate, the share in the acquired assets, liabilities and contingent liabilities is initially re-measured to fair value at the acquisition date and accounted for using the equity method. Any excess of the purchase price over the fair value of the share in the assets, liabilities and contingent liabilities acquired is recognized as goodwill. When the goodwill is negative, it is immediately recognized in profit or loss. Subsequently, the consolidated financial statements include the Group's share of the results of joint ventures and associates accounted for using the equity method until the date when joint control or significant influence ceases. If the Group's share of the losses of a joint venture or associate exceeds the carrying amount of the investment, the investment is carried at nil value and recognition of additional losses is limited except to the extent that VGP has incurred constructive or contractual obligations in respect of the associate.

Unrealized gains arising from transactions with joint ventures and associates are set against the investment in the joint venture or associate concerned to the extent of the Group's interest. The carrying amounts of investments in joint ventures and associates are reassessed if there are indications that the asset has been impaired or that impairment losses recognized in prior years have ceased to apply. The

investments in joint ventures and associates in the balance sheet include the carrying amount of any related goodwill.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros (€), which is the Company's functional currency and the Group's presentation currency.

Transactions in foreign currencies are translated to Euro at the foreign exchange rate ruling at the date of the transaction. Consequently non-monetary assets and liabilities are presented at Euro using the historic foreign exchange rate. Monetary assets and liabilities denominated in a currency other than Euro at the balance sheet date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement.

2.3 / Balance sheet items

Goodwill

When VGP acquires the control over an integrated set of activities and assets, as defined in IFRS 3 Business Combinations, the identifiable assets, obligations and conditional obligations of the acquired company will be booked to their fair value on the purchase date. The goodwill represents the positive difference between the acquisition cost and the part of the group in the fair value of the acquired net assets. If this difference is negative (negative goodwill) it is immediately booked in the result after a re-evaluation of the values.

After the initial take-up the goodwill is not written down, but subject to an impairment test, which is carried out each year on the cash flow generating units to which the goodwill is allocated. If the book value of a cash flow generating unit exceeds the operating value, the loss of value following from this will be booked in the result and in the first instance included in the reduction of the possible goodwill and then subsequently to the other assets of the unit, in proportion to their book value. A write-down on the goodwill cannot be reversed in a subsequent financial year.

Intangible assets

Intangible assets are measured at cost or fair value less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and method are reviewed at each financial year-end.

Investment properties

Completed projects

Completed properties are initially measured at cost (including transaction costs). After initial recognition, investment property is carried at fair value. An external independent valuation expert with recognised professional qualifications and experience in the location and category of the property being valued, values the portfolio at least annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion

Any gain or loss arising from a change in fair value is recognised in the consolidated income statement.

Property under construction

Property that is being constructed or developed is also stated at fair value. The properties under construction are valued by the same external independent valuation expert used for the valuations of the completed projects but deducting the remaining construction costs from the calculated market value.

Any gain or loss arising from a change in fair value is recognised in the consolidated income statement.

All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure qualifying as acquisition costs are capitalised.

Development land

Land of which the Group has the full ownership i.e. registered in the respective land registry as owner and on which the Group intends or has started construction (so called 'development land') is immediately valued at fair value. The development land is valued by the same external independent valuation expert used for the valuations of the completed projects.

Any gain or loss arising from a change in fair value is recognised in the consolidated income statement.

All costs directly associated with the purchase of the development land are capitalised.

Land which is not yet in full ownership but which is secured by a future purchase agreement or purchase option is not recognised as investment property until the Group has become full owner of this land.

The Group will be required to make from time to time down payments when entering into such future purchase agreements or purchase options. The down payments of the land will be recorded as other receivables unless such amounts are immaterial, in which case the Board of Directors may elect to classify such amounts under investment properties.

Infrastructure works are not included in the fair value of the development land but are recognised as investment property and valued at cost.

In case the Board of Directors is of the opinion that the fair value of the development land cannot be reliably determined the Board may elect to value the development land at cost less impairment until the fair value becomes reliably determinable. As at 31 December 2015 all development land was valued at its fair value by an external independent valuation expert.

Capitalisation of borrowing costs

Interest and other financial expenses relating to the acquisition of fixed assets incurred until the asset is put in use are capitalised. Subsequently, they are recorded as financial expenses.

Leases

Group company is the lessee

Operating leases

Leases under which substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognized, on a straight line basis, as a reduction of rental expense over the lease term. Improvements to buildings held under operating leases are depreciated over their expected useful lives, or, where shorter, the term of the relevant lease.

Finance leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance

leases. At the start of the lease, financial leases are recorded as assets and liabilities in the balance sheet at the fair value of the leased asset or at the cash value of the minimal lease payments, whichever is lower. The minimal lease payments are recorded partly as financing costs and partly as settlement of the outstanding debt such that this results in constant periodic interest over the remaining balance of the liability. The financial charges are directly charged to the result. Conditional lease payments are included as charges in the periods in which they are made.

Group company is the lessor in an operating lease

Properties leased out under operating leases are included in investment property in the consolidated balance sheet. See point 2.4 for the recognition of rental income.

Group company is the lessor – fees paid in connection with arranging leases and lease incentives

The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's lessees. The letting fees are capitalised within the carrying amount of the related investment property and amortised over the lease term. Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

Property, plant and equipment

Property, plant and equipment are valued at their cost price less the accumulated depreciations and write-downs. The cost price includes all directly attributable costs and the relevant part of the indirect costs incurred to make the asset ready for use. Future disbursements for repairs are immediately recorded in the result unless they increase the future financial profits of the asset. The straight-line depreciation method is applied over the estimated lifetime of the assets. The useful life and the depreciation method are revised at least annually at the end of each financial year. The tangible fixed assets are depreciated in accordance with the following percentages:

- software 33%;
- IT equipment 10–33%;
- office furniture and fittings 7–20%;
- cars 25%;

Trade and other receivables

Trade receivables do not carry any interest and are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date. An allowance for impairment of trade and other receivables is established if the collection of a receivable becomes doubtful. Such receivable becomes doubtful when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows. An impairment loss is recognized in the statement of income, as are subsequent recoveries of previous impairments.

Cash and cash equivalent

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are

included as a component of cash and cash equivalents for the purpose of the consolidated cash-flow statement.

Non-current assets held for sale and discontinued operations

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

For a sale to be highly probable, the entity should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and complete the plan should be initiated, and the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification. Assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs necessary to make the sale. Any excess of the carrying amount over the fair value less costs to sell is included as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale.

Comparative balance sheet information for prior periods is not restated to reflect the new classification in the balance sheet.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated income statement over the period of the borrowings on an effective interest basis. The Group classifies as a current portion any part of long-term loans that is due to be settled within one year from the balance sheet date.

Trade and other payables

Trade and other payables are stated at amortised cost.

Derivative financial instruments

A derivative is a financial instrument or other contract which fulfils the following conditions:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

Hedging derivatives are defined as derivatives that comply with the company's risk management strategy, the hedging relationship is formally documented and the hedge is effective, that is, at inception and throughout the period, changes

in the fair value or cash flows of the hedged and hedging items are almost fully offset and the results are within a range of 80 percent to 125 percent.

Derivative financial instruments that are not designated as hedging instruments are classified as held-for-trading and carried at fair value, with changes in fair value included in net profit or loss of the period in which they arise.

Fair values are obtained from quoted market prices or discounted cash-flow models, as appropriate. All non-hedge derivatives are carried (as applicable) as current or non-current assets when their fair value is positive and as current or non-current liabilities when their fair value is negative.

VGP holds no derivative instruments nor intends to issue any for speculative purposes.

Impairment on property, plant and equipment and intangible assets

The carrying amounts of the Group's property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Impairment losses recognised in respect of cash-generating units reduce the carrying amount of the assets in the unit (group of units) on a pro-rata basis.

Reversal of impairment

An impairment loss is reversed in the consolidated income statement if there has been a change in the estimates used to determine the recoverable amount to the extent it reverses an impairment loss of the same asset that was recognised previously as an expense.

Provisions

A provision is recognised in the consolidated balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.4 / Income statement items

Rental income

Rental income from investment property leased out under an operating lease is recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Rental income is recognised as from the commencement of the lease contract.

The Group did not enter into any financial lease agreements with tenants, all lease contracts qualify as operating leases.

The lease contracts concluded can be defined as ordinary leases whereby the obligations of the lessor under the lease remain essentially those under any lease, for instance to ensure that space in a state of being occupied is available to the lessee during the whole term of the lease. The lease contracts are usually concluded for periods between 5–10 years (first break option) and include most of the time an automatic

extension clause. The lessee cannot cancel the lease contract until the first break option date.

Expenses

Service costs and property operating expenses

Service costs for service contracts entered into and property operating expenses are expensed as incurred.

Net financial result

Net financial result comprises interest payable on borrowings and interest rate swaps calculated using the effective interest rate method net of interest capitalised, interest receivable on funds invested and interest rate swaps, foreign exchange and interest rate swap gains and losses that are recognised in the consolidated income statement.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets and deferred tax liabilities have been offset, pursuant to the fulfilment of the criteria of IAS 12 §74. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 / Critical accounting judgements and key sources of estimation uncertainty

3.1 / General business risk

We refer to the chapter 'Risk factors' on page 42 for an overview of the risks affecting the businesses of the VGP Group.

3.2 / critical judgements in applying accounting policies

The following are the critical judgments made by management, apart from those involving estimations (see note 3.3. below), that have a significant effect on the amounts reported in the consolidated financial statements:

- Determining whether control, joint control or a significant influence is exercised over investments. In this respect management concluded that in view of the entering of VGP into a joint venture with Allianz Real Estate in February 2016 the assets and liability related to the initial seed portfolio should be classified as held for sale at year-end.

3.3 / Key sources of estimation uncertainty

- VGP's portfolio is valued at least annually by independent real estate experts. This valuation by real estate experts is intended to determine the market value of a property at a certain date, as a function of the market evolution and the characteristics of the property concerned. The property portfolio is recorded at the fair value established by the real estate experts in the Group's consolidated accounts. (see note 5.4)
- VGP's derivative financial instruments are assessed at the moment of transaction whether such instruments qualify for hedge accounting. VGP has no hedging instruments which qualify for hedge accounting and as a result the changes in fair value of the hedging instruments are recognised through profit and loss. (see note 7.2)
- Deferred tax assets are recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. In making its judgment, management takes into account elements such as long-term business strategy and tax planning opportunities (see note 5.8.3. 'Deferred tax assets and liabilities').

4. / Segment reporting

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

Segment information Czech Republic, Germany and other countries

INCOME STATEMENT (in thousands of €)	CZECH REPUBLIC		
	2015	2014	
GROSS RENTAL INCOME	4,663	3,091	
SERVICE CHARGE INCOME / (EXPENSES)	42	50	
PROPERTY OPERATING EXPENSES	(284)	(658)	
NET RENTAL INCOME	4,421	2,483	
PROPERTY AND FACILITY MANAGEMENT INCOME	2,106	2,712	
PROPERTY DEVELOPMENT INCOME	332	246	
NET VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTY	25,059	11,028	
OTHER INCOME / (EXPENSES) – INCL. ADMINISTRATIVE COSTS	(3,616)	(3,722)	
SHARE IN THE RESULT OF ASSOCIATES	—	—	
OPERATING PROFIT / (LOSS)	28,302	12,747	
NET FINANCIAL RESULT	—	—	
TAXES	—	—	
PROFIT FOR THE YEAR	—	—	

BALANCE SHEET (in thousands of €)	CZECH REPUBLIC		
	2015	2014	
ASSETS			
INVESTMENT PROPERTIES	47,167	96,265	
OTHER ASSETS (INCL. DEFERRED TAX)	2,785	4,108	
DISPOSAL GROUP HELD FOR SALE	106,139	—	
TOTAL ASSETS	156,091	100,373	
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	—	—	
TOTAL LIABILITIES	—	—	
LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	—	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	—	—	

	GERMANY		OTHER COUNTRIES		UNALLOCATED AMOUNTS		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
	5,740	2,177	6,670	4,328	—	—	17,073	9,596
	29	6	351	375	—	—	422	431
	(429)	(311)	(259)	(544)	—	—	(972)	(1,513)
	5,340	1,872	6,762	4,159	—	—	16,523	8,514
	94	2	15	447	—	—	2,215	3,161
	—	—	—	—	—	—	332	246
	58,447	28,914	20,475	13,978	—	—	103,981	53,920
	(981)	(647)	(513)	(575)	(8,887)	(2,145)	(13,997)	(7,089)
	—	—	—	—	191	14,473	191	14,473
	62,900	30,141	26,739	18,009	(8,696)	12,328	109,245	73,225
	—	—	—	—	(10,154)	(7,675)	(10,154)	(7,675)
	—	—	—	—	(12,529)	(16,191)	(12,529)	(16,191)
	—	—	—	—	86,561	49,359	86,561	49,359

	GERMANY		OTHER COUNTRIES		UNALLOCATED AMOUNTS		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
	53,228	219,787	73,577	100,037	—	—	173,972	416,089
	617	6,568	3,574	3,969	8,999	37,105	15,975	51,750
	333,887	—	87,335	—	—	—	527,361	—
	387,732	226,355	164,486	104,006	8,999	37,105	717,308	467,839
	—	—	—	—	361,978	215,417	361,978	215,417
	—	—	—	—	194,283	252,422	194,283	252,422
	—	—	—	—	161,047	—	161,047	—
	—	—	—	—	717,308	467,839	717,308	467,839

Segment information

Other Countries

INCOME STATEMENT <i>(in thousands of €)</i>	ESTONIA		SLOVAKIA		
	2015	2014	2015	2014	
GROSS RENTAL INCOME	2,222	875	1,291	896	
SERVICE CHARGE INCOME / (EXPENSE)	59	218	18	—	
PROPERTY OPERATING EXPENSES	(13)	(312)	(86)	(77)	
NET RENTAL INCOME	2,268	781	1,223	819	
PROPERTY AND FACILITY MANAGEMENT INCOME	—	98	15	9	
PROPERTY DEVELOPMENT INCOME	—	—	—	—	
NET VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTY	3,281	6,814	7,129	1,210	
OTHER INCOME / (EXPENSES) – INCL. ADMINISTRATIVE COSTS	(53)	(49)	62	(71)	
SHARE IN THE RESULT OF ASSOCIATES	—	—	—	—	
OPERATING PROFIT / (LOSS)	5,496	7,644	8,429	1,967	
NET FINANCIAL RESULT	—	—	—	—	
TAXES	—	—	—	—	
PROFIT FOR THE YEAR	—	—	—	—	

BALANCE SHEET <i>(in thousands of €)</i>	ESTONIA		SLOVAKIA		
	2015	2014	2015	2014	
ASSETS					
INVESTMENT PROPERTIES	39,776	32,400	56	24,367	
OTHER ASSETS (INCL. DEFERRED TAX)	1,157	1,035	14	222	
DISPOSAL GROUP HELD FOR SALE	—	—	43,078	—	
TOTAL ASSETS	40,933	33,435	43,148	24,589	
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	—	—	—	—	
TOTAL LIABILITIES	—	—	—	—	
LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	—	—	—	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES					

	HUNGARY		ROMANIA		OTHER		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
	1,929	1,795	1,228	762	—	—	6,670	4,328
	137	74	140	84	(3)	(1)	351	375
	(117)	(127)	(29)	(12)	(14)	(17)	(259)	(544)
	1,949	1,743	1,339	834	(17)	(18)	6,762	4,159
	—	46	—	—	—	294	15	447
	—	—	—	—	—	—	—	—
	6,663	1,641	2,591	3,351	811	962	20,475	13,978
	(91)	(88)	(123)	(362)	(308)	(5)	(513)	(575)
	—	—	—	—	—	—	—	—
	8,521	3,341	3,807	3,823	486	1,234	26,739	18,009
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—

	HUNGARY		ROMANIA		OTHER		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
	—	22,660	26,021	17,385	7,723	3,225	73,576	100,037
	10	1,709	1,369	953	1,024	50	3,574	3,969
	44,258	—	—	—	—	—	87,336	—
	44,268	24,369	27,390	18,338	8,748	3,275	164,486	104,006
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—

5 / Income statement Items

5.1 / Revenue

<i>(in thousands of €)</i>	2015	2014
RENTAL INCOME FROM INVESTMENT PROPERTIES	17,854	8,857
RENT INCENTIVES	(781)	739
TOTAL GROSS RENTAL INCOME	17,073	9,596
PROPERTY MANAGEMENT INCOME	1,101	1,929
FACILITY MANAGEMENT INCOME	1,114	1,233
PROPERTY DEVELOPMENT INCOME	332	246
SERVICE CHARGE INCOME	3,498	2,110
TOTAL REVENUE	23,118	15,114

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 2015.

At the end of December 2015 the Group had committed annualised rent income of €38.0 million (€ 22.6 million as at December 2014).

The committed annual rent income represents the annualised rent income generated or to be generated by executed lease – and future lease agreements. This resulted in following breakdown of future lease income on an annualised basis:

<i>(in thousands of €)</i>	2015	2014
LESS THAN ONE YEAR	37,713	22,272
BETWEEN ONE AND FIVE YEARS	128,461	79,191
MORE THAN FIVE YEARS	117,661	73,848
TOTAL	283,835	175,311

5.2 / Service charge income / (expenses)

<i>(in thousands of €)</i>	2015	2014
SERVICE CHARGE INCOME		
RECHARGE OF COSTS BORNE BY TENANTS	3,498	2,110
TOTAL	3,498	2,110
SERVICE CHARGE EXPENSES		
ENERGY	(1,838)	(951)
MAINTENANCE AND CLEANING	(589)	(148)
PROPERTY TAXES	(322)	(301)
OTHERS	(327)	(279)
TOTAL	(3,076)	(1,679)

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

5.3 / Property operating expenses

<i>(in thousands of €)</i>	2015	2014
REPAIRS AND MAINTENANCE	(185)	(175)
MARKETING, LEGAL AND PROFESSIONAL FEES	(354)	(382)
REAL ESTATE AGENTS	(237)	(427)
OTHER	(196)	(529)
TOTAL	(972)	(1,513)

5.4 / Net valuation gains / (losses) on investment properties

<i>(in thousands of €)</i>	2015	2014
UNREALISED VALUATION GAINS / (LOSSES) ON INVESTMENT PROPERTIES	17,211	58,160
UNREALISED VALUATION GAINS / (LOSSES) ON DISPOSAL GROUP HELD FOR SALE	86,764	(4,240)
REALISED VALUATION GAINS / (LOSSES) ON DISPOSAL OF SUBSIDIARIES AND INVESTMENT PROPERTIES	6	—
TOTAL	103,981	53,920

The total property portfolio, excluding development land, is valued by the valuation expert at 31 December 2015 based on a weighted average yield rate of 7.02% (compared to 7.81% as at 31 December 2014) 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 € 8.7 million.

5.5 / Administrative cost

<i>(in thousands of €)</i>	2015	2014
WAGES AND SALARIES	(2,230)	(2,404)
AUDIT, LEGAL AND OTHER ADVISORS	(8,987)	(2,082)
OTHER EXPENSES	(1,862)	(1,892)
DEPRECIATION	(372)	(178)
TOTAL	(13,451)	(6,556)

The other advisors include the accrued cost of € 5.2 million related to the 5% profit allocation to Little Rock which will be paid out over the next 3 years. See remuneration report on page 39 for further details.

5.6 / Share in the results of associates

(in thousands of €)		2015	2014
VGP PARK HORNÍ POČERNICE, A.S.	CZECH REPUBLIC	—	862
VGP BLUE PARK, A.S.	CZECH REPUBLIC	—	44
VGP GREEN PARK, A.S.	CZECH REPUBLIC	—	56
VGP PARK PŘÍŠOVICE, A.S.	CZECH REPUBLIC	—	22
VGP PARK TURNOV, A.S.	CZECH REPUBLIC	—	107
VGP GREEN TOWER, A.S.	CZECH REPUBLIC	—	20
VGP CZ IV A.S.	CZECH REPUBLIC	—	(79)
VGP CZ II S.R.O.	CZECH REPUBLIC	—	296
SUN S.A.R.L.	GRAND DUCHY OF LUXEMBOURG	299	2,580
SNOW CRYSTAL S.A.R.L.	GRAND DUCHY OF LUXEMBOURG	(108)	10,565
VGP MISV COMM. VA	BELGIUM	—	—
TOTAL		191	14,473

5.7 / Net financial costs

(in thousands of €)		2015	2014
BANK INTEREST INCOME		19	11
INTEREST INCOME — LOANS TO ASSOCIATES		—	2,869
UNREALISED GAIN ON INTEREST RATE DERIVATIVES		107	—
NET FOREIGN EXCHANGE GAINS		339	—
OTHER FINANCIAL INCOME		1	—
FINANCIAL INCOME		466	2,880
BOND INTEREST EXPENSE		(7,682)	(7,697)
BANK INTEREST EXPENSE – VARIABLE DEBT		(2,174)	(1,283)
BANK INTEREST EXPENSE – INTEREST RATE SWAPS — HEDGING		(406)	(167)
INTEREST CAPITALISED INTO INVESTMENT PROPERTIES		2,442	999
UNREALISED LOSS ON INTEREST RATE DERIVATIVES		(426)	(1,455)
OTHER FINANCIAL EXPENSES		(2,374)	(945)
NET FOREIGN EXCHANGE LOSSES		—	(7)
FINANCIAL EXPENSES		(10,620)	(10,555)
NET FINANCIAL COSTS		(10,154)	(7,675)

As at 31 December 2015 no interest income from loans to associates was recorded due to the repayment of all shareholder loans from the associates in October 2014. The increase in other financial expenses was mainly due to the commitment fees incurred on credit facilities which were put in place at the end of 2014 and during the course of 2015.

5.8 / Taxation

5.8.1 / Income tax expense recognised in the consolidated income statement

(in thousands of €)		2015	2014
CURRENT TAX		(383)	(727)
DEFERRED TAX		(12,146)	(15,464)
TOTAL		(12,529)	(16,191)

5.8.2 / Reconciliation of effective tax rate

<i>(in thousands of €)</i>	2015		2014	
PROFIT BEFORE TAXES		99,090		65,550
ADJUSTMENT FOR SHARE IN RESULT OF ASSOCIATES		(191)		(14,473)
RESULT BEFORE TAXES AND SHARE IN RESULT OF ASSOCIATES		98,899		51,077
INCOME TAX USING THE DOMESTIC CORPORATION TAX RATE	15.8%	(15,651)	30.8%	(15,744)
IMPACT OF CHANGE IN TAX RATE USED FOR GERMANY (FROM 30.825% TO 15.825%)		7,056		
DIFFERENCE IN TAX RATE NON-GERMAN COMPANIES		(1,246)		4,159
NON-TAX-DEDUCTIBLE EXPENDITURE		(515)		(2,207)
LOSSES / NOTIONAL INTEREST DEDUCTION		(2,202)		(2,355)
OTHER		29		(43)
TOTAL	12.7%	(12,529)	31.7%	(16,191)

In view of the change of place of management of the German assets to Luxembourg the tax rate applied for Germany was the corporate income tax rate of 15.825% excluding the trade tax rate of circa 15%.. For 2014 the tax rate of Germany included the trade tax rate.

The expiry of the tax loss carry forward of the Group can be summarised as follows:

2015 <i>(in thousands of €)</i>	< 1 YEAR	2-5 YEARS	> 5 YEARS
TAX LOSS CARRY FORWARD	86	3,316	18,234

2014 <i>(in thousands of €)</i>	< 1 YEAR	2-5 YEARS	> 5 YEARS
TAX LOSS CARRY FORWARD	498	1,376	8,346

5.8.3 / Deferred tax assets and liabilities

The deferred tax assets and liabilities are attributable to the following:

<i>(in thousands of €)</i>	ASSETS		LIABILITIES		NET	
	2015	2014	2015	2014	2015	2014
FIXED ASSETS	—	—	(38,944)	(26,877)	(38,944)	(26,877)
CURRENCY HEDGE ACCOUNTING / DERIVATIVES	458	760	—	—	458	760
TAX LOSSES CARRIED-FORWARD	676	243	—	—	676	243
CAPITALISED INTEREST	—	—	(1,334)	(1,003)	(1,334)	(1,003)
CAPITALISED COST	—	—	(60)	(148)	(60)	(148)
OTHER	—	—	(11)	(47)	(11)	(47)
TAX ASSETS / LIABILITIES	1,134	1,004	(40,349)	(28,074)	(39,215)	(27,071)
SET-OFF OF ASSETS AND LIABILITIES	(1,045)	(746)	1,045	746	—	—
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	—	31,057	—	31,057	—
NET TAX ASSETS / LIABILITIES	89	258	(8,247)	(27,328)	(8,158)	(27,071)

A total deferred tax asset of € 2,655k (€2,133k in 2014) was not recognised.

5.9 / Earnings per share

<i>(in number)</i>	2015	2014
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (BASIC)	18,583,050	18,583,050
CORRECTION FOR RECIPROCAL INTEREST THROUGH ASSOCIATES	(398,368)	(398,368)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	18,184,682	18,184,682
<i>(in thousands of €)</i>	2015	2014
RESULT FOR THE PERIOD ATTRIBUTABLE TO THE GROUP AND TO ORDINARY SHAREHOLDERS	86,561	49,359
EARNINGS PER SHARE (IN €) – BASIC	4.66	2.66
EARNINGS PER SHARE (IN €) – DILUTED	4.66	2.66
EARNINGS PER SHARE (IN €) – AFTER CORRECTION FOR RECIPROCAL INTEREST THROUGH ASSOCIATES	4.76	2.71

6 / Balance sheet items

6.1 / Goodwill

<i>(in thousands of €)</i>	2015	2014
COST AND CARRYING AMOUNT AT 1 JANUARY	631	631
IMPAIRMENT LOSSES	—	—
COST AND CARRYING AMOUNT AS AT 31 DECEMBER	631	631

No impairment charge arose as a result of the impairment test.

6.2 / Intangible assets and property, plant and equipment

<i>(in thousands of €)</i>	INTANGIBLE ASSETS		PROPERTY, PLANT AND EQUIPMENT	
	2015	2014	2015	2014
BALANCE AT 1 JANUARY	57	51	370	297
ACQUISITIONS	5	38	187	261
DISPOSALS	—	—	(10)	—
DEPRECIATION	(50)	(32)	(144)	(188)
RECLASSIFICATION TO (–) / FROM HELD FOR SALE	—	—	(25)	—
BALANCE AT 31 DECEMBER	12	57	378	370

6.3 / Investment properties

<i>(in thousands of €)</i>	2015	2014
BALANCE AT 1 JANUARY	416,089	225,804
CAPITAL EXPENDITURE	121,678	62,560
CAPITALISED INTEREST, CAPITALIZED RENT FREE AND AGENT'S FEE	5,700	999
ACQUISITIONS	29,658	71,890
SALES / (DISPOSALS) (FAIR VALUE OF ASSETS SOLD / DISPOSED OF)	(16)	(3,324)
INCREASE / (DECREASE) IN FAIR VALUE	103,975	58,160
RECLASSIFICATION TO (-) / FROM HELD FOR SALE	(503,112)	—
BALANCE AT 31 DECEMBER	173,972	416,089

As at 31 December 2015 investment properties totalling € 396.1 million (€ 226.1 million as at 31 December 2014) were pledged in favour the Group's banks. (see note 6.10).

Fair value measurements of the Group's investment properties

(i) Classes of investment properties

In determining the appropriate classes of investment property the Group has considered the nature, characteristics and risks of its properties as well as the level of the fair value hierarchy within which the fair value measurements are categorised. The following factors have been applied to determine the appropriate classes:

- (i) The real estate segment (retail, office or industrial)
- (ii) The geographical location
- (iii) The construction status (completed investment property ("IP"), under construction ("IPUC") or development land ("DL")
- (iv) The level of the fair value hierarchy:
 - Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
 - Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
 - Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

This resulted in the following classes of investment properties:

<i>(in thousands of €)</i>	2015			
	IP ¹	IPUC ²	DL ³	TOTAL
SEGMENT INFORMATION	INDUSTRIAL	INDUSTRIAL	INDUSTRIAL	
FAIR VALUE HIERARCHY	3	3	3	
FAIR VALUES AS AT 1 JANUARY	173,616	81,083	161,390	416,089
CAPEX	61,621	59,817	240	121,678
CAPITALISED INTEREST	1,493	858	91	2,442
CAPITALISED RENT FREE	1,469	440	—	1,909
CAPITALISED AGENT'S FEE	1,349	—	—	1,349
ACQUISITIONS	418	8,525	20,715	29,658
SALES AND DISPOSALS	—	—	(16)	(16)
TRANSFER FROM DL TO IPUC	9,320	55,739	(65,059)	
TRANSFER FROM IPUC TO IP	79,150	(79,150)		
NET GAIN FROM VALUE ADJUSTMENTS IN INVESTMENT PROPERTIES	46,054	50,938	6,983	103,975
TRANSFER TO / (FROM) LEVEL 3	—	—	—	—
RECLASSIFICATION TO (-) / FROM HELD FOR SALE	(335,960)	(131,070)	(36,082)	(503,112)
FAIR VALUE AS AT 31 DECEMBER	38,530	47,180	88,262	173,972

(in thousands of €)	2014			
	IP ¹	IPUC ²	DL ³	TOTAL
SEGMENT INFORMATION	INDUSTRIAL	INDUSTRIAL	INDUSTRIAL	
FAIR VALUE HIERARCHY	3	3	3	
FAIR VALUES AS AT 1 JANUARY	77,962	52,751	95,091	225,804
CAPEX	23,670	32,565	6,325	62,560
ACQUISITIONS	—	4,544	67,346	71,890
CAPITALISED INTEREST	316	528	155	999
SALES AND DISPOSALS	—	—	(3,324)	(3,324)
TRANSFER FROM DL TO IPUC	—	17,640	(17,640)	—
TRANSFER FROM IPUC TO IP	45,392	(45,392)	—	—
NET GAIN FROM VALUE ADJUSTMENTS IN INVESTMENT PROPERTIES	26,276	18,447	13,437	58,160
TRANSFER TO / (FROM) LEVEL 3	—	—	—	—
FAIR VALUE AS AT 31 DECEMBER	173,616	81,083	161,390	416,089

1 IP = completed investment property

2 IPUC = investment property under construction

3 DL = development land

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers in to and out of Level 3 fair value measurements.

(ii) Valuation process

The Group's investment properties were valued at 31 December 2015 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The valuation contracts are typically entered into for a term of one year and the fees of the property experts are fixed for the term of their appointment and are not related to the value of the properties for which an estimate is made. The property portfolio is measured by the independent property experts on a semi-annual basis. The valuation methods are determined by the external experts and are based on a multi-criteria approach. The independent expert determines the fair market value on the basis of a discounted cash flow model or a sales comparison approach.

For the 31 December 2015 valuations Jones Lang LaSalle was retained as external independent valuation expert.

The Group's financial controller reviews the valuations performed by the independent valuers for financial reporting purposes. This financial controller reports directly to the chief financial officer (CFO).

Discussions of valuation processes and results are held between the financial controller CFO, CEO and the independent valuers at least twice a year. The CFO and CEO report on the outcome of the valuation processes and results to the audit committee and take any comments or decision in consideration when performing the subsequent valuations.

At each semi-annual period end, the financial controller together with the CFO: (i) verify all major inputs to the independent valuation report; (ii) assess property valuation movements when compared to the prior semi-annual and annual period; (iii) holds discussions with the independent valuer.

(iii) Quantitative information about fair value measurements using unobservable inputs (level 3)

REGION	SEGMENT	FAIR VALUE 31 DEC 2015 (€ '000)	VALUATION TECHNIQUE	LEVEL 3 – UNOBSERVABLE INPUTS	RANGE
CZECH REPUBLIC	IP AND IPUC	124,260	DISCOUNTED CASH FLOW	ANNUAL RENT PER m ²	47 – 66
				LETTABLE AREA IN m ²	174,608
				DISCOUNT RATE	7.00% – 9.00%
				EXIT YIELD	6.75% – 7.00%
				WEIGHTED AVERAGE YIELD	7.08%
				COST TO COMPLETION (in '000)	3,930
	DL	27,207	SALES COMPARISON	PRICE PER m ²	—
				LAND AREA IN m ²	520,017
GERMANY	IP AND IPUC	288,510	DISCOUNTED CASH FLOW	ANNUAL RENT PER m ²	41 – 86
				LETTABLE AREA IN m ²	364,038
				DISCOUNT RATE	4.90% – 7.00%
				EXIT YIELD	5.25% – 6.00%
				WEIGHTED AVERAGE YIELD	6.25%
				COST TO COMPLETION (in ,000)	43,901
	DL	83,257	SALES COMPARISON	PRICE PER m ²	—
				LAND AREA IN m ²	973,009
OTHER COUNTRIES	IP AND IPUC	139,970	DISCOUNTED CASH FLOW	ANNUAL RENT PER m ²	43 – 63
				LETTABLE AREA IN m ²	262,175
				DISCOUNT RATE	8.00% – 10.00%
				EXIT YIELD	8.00% – 9.75%
				WEIGHTED AVERAGE YIELD	8.58%
				COST TO COMPLETION (in '000)	21,050
	DL	13,880	SALES COMPARISON	PRICE PER m ²	—
				LAND AREA IN m ²	320,116
TOTAL		677,084			

REGION	SEGMENT	FAIR VALUE 31 DEC 2014 (€ '000)	VALUATION TECHNIQUE	LEVEL 3 – UNOBSERVABLE INPUTS	RANGE
CZECH REPUBLIC	IP AND IPUC	81,331	DISCOUNTED CASH FLOW	ANNUAL RENT PER m ²	49 – 57
				DISCOUNT RATE	7.18% – 8.10%
				EXIT YIELD	7.25%
				WEIGHTED AVERAGE YIELD	7.55%
				COST TO COMPLETION (IN '000)	€ 7,700
	DL	14,934	SALES COMPARISON	PRICE PER m ²	—
GERMANY	IP AND IPUC	95,950	DISCOUNTED CASH FLOW	ANNUAL RENT PER m ²	40 – 62
				DISCOUNT RATE	6.76% – 8.64%
				EXIT YIELD	6.50% – 6.75%
				WEIGHTED AVERAGE YIELD	7.25%
				COST TO COMPLETION (IN '000)	€ 24,874
	DL	123,837	SALES COMPARISON	PRICE PER M ²	—
OTHER COUNTRIES	IP AND IPUC	82,410	DISCOUNTED CASH FLOW	ANNUAL RENT PER m ²	47 – 62
				DISCOUNT RATE	8.41% – 10.35%
				EXIT YIELD	8.40% – 10.25%
				WEIGHTED AVERAGE YIELD	8.99%
				COST TO COMPLETION (IN '000)	€ 4,923
	DL	17,627	SALES COMPARISON	PRICE PER m ²	—
TOTAL		416,089			

(iv) Sensitivity of valuations

The sensitivity of the fair value based on changes to the significant non-observable inputs used to determine the fair value of the properties classified in level 3 in accordance with the IFRS fair value hierarchy is as follows (all variables remaining constant):

NON OBSERVABLE INPUT IMPACT ON FAIR VALUE IN CASE OF	IMPACT ON FAIR VALUE IN CASE OF	
	FALL	RISE
ERV (IN EUR / m²)	NEGATIVE	POSITIVE
DISCOUNT RATE	POSITIVE	NEGATIVE
EXIT YIELD	POSITIVE	NEGATIVE
REMAINING LEASE TERM (UNTIL FIRST BREAK)	NEGATIVE	POSITIVE
REMAINING LEASE TERM (UNTIL FINAL EXPIRY)	NEGATIVE	POSITIVE
OCCUPANCY RATE	NEGATIVE	POSITIVE
INFLATION	NEGATIVE	POSITIVE

A decrease in the estimated annual rent will decrease the fair value.
 An increase in the discount rates and the capitalisation rates used for the terminal value i.e. the exit yield of the discounted cash flow method will decrease the fair value.
 There are interrelationships between these rates as they are partially determined by market rate conditions.

For investment properties under construction, the cost to completion and the time to complete will reduce the fair values whereas the consumption of such cost over the period to completion will increase the fair value.

In addition, the sensitivity of the fair value of the portfolio can be estimated as follows (all variables remaining constant): the effect of a rise (fall) of 1% in rental income results in a rise (fall) in the fair value of the portfolio of approximately € 6.2 million (all variables remaining constant).

The effect of a rise (fall) in the weighted average yield (see note 5.4) of 25 basis points results in a fall (rise) in the fair value of the portfolio of approximately € 21.4 million (all variables remaining constant).

6.4 / Non-current financial assets

<i>(in thousands of €)</i>	2015	2014
FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FAFVTPL)		
HELD FOR TRADING DERIVATIVES NOT DESIGNATED IN HEDGE ACCOUNTING RELATIONSHIPS	216	—
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	—	—
TOTAL	216	—

The derivatives relate to a forward interest rate swap transaction (€ 75 million) concluded during the year and starting on 6 December 2018 for a 5 year term. See also note 7.2.

6.5 / Investments in associates

<i>(in thousands of €)</i>	2015	2014
AS AT 1 JANUARY	17	982
RESULT OF THE YEAR	191	14,473
PROCEEDS FROM SALE OF PARTICIPATIONS	(311)	(15,438)
TOTAL	(103)	17

For the analysis of the result for the year, please refer to note 5.6.

During 2014 Snow Crystal S.à.r.l. completed the sale of the VGP CZ I and VGP CZ IV portfolio and Sun S.à.r.l. completed the sale of the VGP CZ II portfolio. The joint venture partners have initiated the liquidation procedure for both companies i.e. Snow Crystal S.à.r.l. and Sun S.à.r.l. and liquidation is expected to occur during the course of 2016. Please also see note 5.6.

6.6 / Trade and other receivables

<i>(in thousands of €)</i>	2015	2014
TRADE RECEIVABLES	2,673	1,352
TAX RECEIVABLES – VAT	9,866	3,517
ACCRUED INCOME AND DEFERRED CHARGES	300	192
OTHER RECEIVABLES	2,129	1,761
RECLASSIFICATION TO (-) / FROM HELD FOR SALE	(10,041)	—
TOTAL	4,927	6,822

6.7 / Cash and cash equivalent

The Group’s cash and cash equivalents comprise primarily cash deposits held at German, Czech and Belgian banks.

6.8 / Share capital

		SHARE CAPITAL MOVEMENT	TOTAL OUTSTANDING SHARE CAPITAL AFTER THE TRANSACTION	NUMBER OF SHARES ISSUED	TOTAL NUMBER OF SHARES
		(in thousands of €)	(in thousands of €)	(in units)	(in units)
01. 01. 2006	CUMULATIVE SHARE CAPITAL OF ALL CZECH COMPANIES	10,969	10,969	—	—
06. 02. 2007	INCORPORATION OF VGP NV	100	11,069	100	100
05. 11. 2007	SHARE SPLIT	—	11,069	7,090,400	7,090,500
11. 12. 2007	CONTRIBUTION IN KIND OF CZECH COMPANIES	120,620	131,689	7,909,500	15,000,000
11. 12. 2007	CAPITAL INCREASE IPO	50,000	181,689	3,278,688	18,278,688
28. 12. 2007	EXERCISE OF OVER ALLOTMENT OPTION – IPO	4,642	186,331	304,362	18,583,050
31. 12. 2007	ELIMINATION CAPITAL INCREASE – CONTRIBUTION IN KIND	(120,620)	65,711	—	18,583,050
31. 12. 2007	ISSUING COSTS CAPITAL INCREASE	(3,460)	62,251	—	18,583,050

The statutory share capital of VGP NV amounts to € 112,737k. The € 50.5 million capital reserve included in the Statement of Changes in Equity, relates to the elimination of the contribution in kind of the shares of a number of Group companies and the deduction of all costs in relation to the issuing of the new shares and the stock exchange listing of the existing shares from the equity of the company, at the time of the initial public offering (“IPO”).

6.9 / Other reserves and equity

(in thousands of €)	2015	2014
SHARE PREMIUM	69	69
OTHER EQUITY	60,000	—
TOTAL	60,069	69

In order to strengthen its consolidated equity base and support its further growth, VGP NV issued subordinated perpetual securities during 2015 for an aggregate amount of € 60 million. The securities were fully underwritten by the reference shareholders of the company, VM Invest NV and Little Rock SA after complying with the conflict of interest procedure in accordance with article 523 of the Belgian Companies Code and article 16 of the articles of association of the Company. The securities are not convertible into VGP shares and, hence, do not entail dilution for the shareholders.

6.10 / Current and non-current financial debt

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

MATURITY <i>(in thousands of €)</i>	2015			
	OUTSTANDING BALANCE	< 1 YEAR	> 1-5 YEARS	> 5 YEARS
NON-CURRENT				
BANK BORROWINGS	128,317	6,740	92,002	29,575
BONDS	148,327	—	148,327	—
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	(104,398)	(5,294)	(69,529)	(29,575)
TOTAL NON-CURRENT FINANCIAL DEBT	172,246	1,446	170,800	—
CURRENT				
BANK BORROWINGS	1,070	1,070	—	—
ACCRUED INTEREST	2,076	2,076	—	—
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	(1,070)	(1,070)	—	—
TOTAL CURRENT FINANCIAL DEBT	2,076	2,076	—	—
TOTAL CURRENT AND NON-CURRENT FINANCIAL DEBT	174,322	3,522	170,800	—

MATURITY <i>(in thousands of €)</i>	2014			
	OUTSTANDING BALANCE	< 1 YEAR	> 1-5 YEARS	> 5 YEARS
NON-CURRENT				
BANK BORROWINGS	47,917	2,410	45,507	—
BONDS	147,527	—	147,527	—
TOTAL NON-CURRENT FINANCIAL DEBT	195,444	2,410	193,034	—
CURRENT				
BANK BORROWINGS	1,230	1,230	—	—
ACCRUED INTEREST	2,082	2,082	—	—
TOTAL CURRENT FINANCIAL DEBT	3,312	3,312	—	—
TOTAL CURRENT AND NON-CURRENT FINANCIAL DEBT	198,756	5,722	193,034	—

The accrued interest relates to 2 bonds issued during 2013. The coupons of the bonds are payable annually on 12 July and 6 December.

6.10.1 / 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) and can be summarised as follows:

2015 (in thousands of €)	FACILITY AMOUNT	FACILITY EXPIRY DATE	OUTSTANDING BALANCE	< 1 YEAR	> 1-5 YEARS	> 5 YEARS
TATRA BANKA	1,070	31-MAR-16	1,070	1,070	—	—
TATRA BANKA	3,232	31-DEC-18	3,232	342	2,890	—
UNICREDIT BANK – HUNGARY	13,022	30-SEP-19	13,006	815	12,191	—
UNICREDIT BANK – CZECH REPUBLIC	56,611	31-DEC-19	14,332	591	13,741	—
SWEDBANK	20,888	30-AUG-18	20,864	1,411	19,453	—
DEUTSCHE-HYPO	30,501	24-JUL-19	30,336	1,309	29,027	—
DEUTSCHE-HYPO	52,900	31-DEC-21	20,551	1,171	3,412	15,968
DEUTSCHE-HYPO	27,040	30-SEP-22	18,324	751	3,966	13,607
DEUTSCHE-HYPO	7,688	30-JUN-20	7,633	315	7,318	—
OTHER BANK DEBT	39	2016-2018	39	35	4	—
TOTAL BANK DEBT	212,991		129,387	7,810	92,002	29,575

2014 (in thousands of €)	FACILITY AMOUNT	FACILITY EXPIRY DATE	OUTSTANDING BALANCE	< 1 YEAR	> 1-5 YEARS	> 5 YEARS
TATRA BANKA	1,230	31-DEC-15	1,230	1,230	—	—
TATRA BANKA	3,574	31-DEC-18	3,574	342	3,232	—
UNICREDIT BANK – HUNGARY	13,808	30-SEP-19	9,748	786	8,962	—
UNICREDIT BANK – CZECH REPUBLIC	56,611	31-DEC-19	8,159	—	8,159	—
SWEDBANK	21,963	30-AUG-18	7,283	453	6,830	—
DEUTSCHE-HYPO	31,421	MAY-19 / APR-20	19,096	799	18,297	—
DEUTSCHE-HYPO	16,900	30-NOV-16	—	—	—	—
OTHER BANK DEBT	57	2016-2018	57	30	27	—
TOTAL BANK DEBT	145,564		49,147	3,640	45,507	—

In order to secure the obligations under these agreements, the Group created:

- Mortgage agreement over the existing properties;
- Mortgage agreement over the land;
- Agreement on future mortgage agreement with respect to the remaining part of the project land and project buildings;
- Pledge on all existing and future receivables;
- Pledge over the shares whereby VGP NV as the pledgor and the security agent as the pledgee enter into the Share Pledge Agreement. All shares issued by the borrower are pledged in favour of the security agent;
- Pledge of rental fee revenues and guarantees;
- Pledge of bank accounts receivables;
- Pledge of rights and receivables under the construction contracts.

Interest rate swaps

As a general principle, loans are entered into by the Group in Euro at a floating rate, converting to a fixed rate through interest rate swaps in compliance with the respective loan agreements.

For further information on financial instruments we refer to note 6.10.

Events of default and breaches of loan covenants

The loan agreements granted by the banks are subject to a number of covenants which can be summarised as follows:

- Loan to cost ratio for development loan tranches between 50% – 70% of investment cost;
- Loan to value ratio for investment loan tranches equal or less than 65%;
- Debt service cover ratio equal or higher than 1.2;
- Interest cover ratio equal or higher than 1.2. For some loan agreements this ratio varies over the term of the credit facility between 1.2 and 1.3;
- Pre-lease requirement to ensure that interest cover ratio equal or higher than 1.2 is achieved or alternatively pre-lease requirement ranging from 35% to 70%.

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

- Loan to cost ratio means in respect of a project the aggregate loans divided by the total investment costs;
- Loan to value ratio means in respect of a project the aggregate loans divided by the open market value as valued by an independent valuator;
- Debt service cover ratio means cash available for debt service divided by debt service whereby debt service means the aggregate amount of financial expenses due and payable together with any loan principal due and payable;
- Interest cover ratio means in respect of a project the net rent income divided by the aggregate amount of the financial expenses due and payable.

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

6.10.2 / Bonds

VGP has issued the following 2 retail bonds:

- € 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).

Both bonds are unsecured.

Events of default and breaches of bond covenants

The terms and conditions of the bonds include following financial covenants:

- Consolidated gearing to equal or to be below 55%;
- Interest cover ratio to equal or to be above 1.2
- Debt service cover ratio to equal or to be above 1.2

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

- Consolidated gearing means consolidated total net debt divided by the sum of the equity and total liabilities;
- Interest cover ratio means the aggregate net rental income (increased with the available cash and cash equivalents) divided by the net finance charges;
- Debt service cover ratio means cash available for debt service divided by net debt service.

As at 31 December 2015 there were no events of default nor were there any breaches of covenants with respect to the bonds.

6.11 / Other non-current financial liabilities

<i>(in thousands of €)</i>	2015	2014
FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FLFVTPL)		
HELD FOR TRADING DERIVATIVES NOT DESIGNATED IN HEDGE ACCOUNTING RELATIONSHIPS	2,191	1,656
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	(1,224)	—
TOTAL	967	1,656

During the year a forward interest rate swap transaction (€ 75 million) was concluded starting on 12 July 2017 for a 5 year term. In addition a € 13.1 million interest rate swap was concluded in May 2015 to hedge the total interest rate exposure of VGP Park Győr. The interest rate which has been fixed is 0.27% p.a.

See also note 7.2.

6.12 / Other non-current liabilities

<i>(in thousands of €)</i>	2015	2014
DEPOSITS	869	466
RETENTIONS	1,272	656
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	(1,736)	—
TOTAL	405	1,122

Deposits are received from tenants. Retentions are amounts withheld from constructors’ invoices. It is common to pay only 90 percent of the total amount due. 5 percent is due upon final delivery of the building; the remaining part is paid, based on individual agreements, most commonly after 3 or 5 years.

6.13 / Trade debts and other current liabilities

<i>(in thousands of €)</i>	2015	2014
TRADE PAYABLES	26,684	21,293
DEPOSITS	575	284
RETENTIONS	2,325	648
ACCRUED EXPENSES AND DEFERRED INCOME	1,393	469
OTHER PAYABLES	926	865
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	(21,562)	—
TOTAL	10,341	23,559

Trade payables increased in 2015 reflecting the increase of the projects under construction.

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

The assets held for sale are an important item in the comparative 2015 figures in this annual report.

At the end of February 2016, VGP entered into a 50/50 joint venture with Allianz Real Estate. The new joint venture will act as an exclusive take-out vehicle of the income generating assets located in Germany, the Czech Republic, Slovakia and Hungary. VGP will continue to service the joint venture as asset-, property- and development manager.

As a result the assets of the respective project companies which will be transferred to the joint venture (the "Seed Portfolio") were reclassified as disposal group held for sale as at 31 December 2015.

The net assets of the Seed Portfolio were as follows:

<i>(in thousands of €)</i>	2015	2014
INTANGIBLE ASSETS	—	—
INVESTMENT PROPERTIES	503,112	—
PROPERTY, PLANT AND EQUIPMENT	25	—
DEFERRED TAX ASSETS	—	—
TRADE AND OTHER RECEIVABLES	10,040	—
CASH AND CASH EQUIVALENTS	14,184	—
DISPOSAL GROUP HELD FOR SALE	527,361	—
NON-CURRENT FINANCIAL DEBT	(99,104)	—
OTHER NON-CURRENT FINANCIAL LIABILITIES	(1,224)	—
OTHER NON-CURRENT LIABILITIES	(1,736)	—
DEFERRED TAX LIABILITIES	(31,057)	—
CURRENT FINANCIAL DEBT	(6,364)	—
TRADE DEBTS AND OTHER CURRENT LIABILITIES	(21,562)	—
LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	(161,047)	—
TOTAL NET ASSETS	366,314	—

7 / Miscellaneous items

7.1 / Notes to the cash flow statement

SUMMARY <i>(in thousands of €)</i>	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES	(12,609)	(1,542)
CASH FLOW FROM INVESTING ACTIVITIES	(147,377)	(59,491)
CASH FLOW FROM FINANCING ACTIVITIES	140,053	25,250
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,933)	(35,783)

The cash from operating activities decreased by € 11.1 million, mainly due to the impact of the disposal of the VGP CZ I and VGP CZ II portfolios during 2014 which had a € 9.3 million positive effect on the as at 31 December 2014 operating cash flow.

The cash flow from investing activities increased with € 87.9 million; mainly due to the increase in the capital expenditure incurred for the development activities and land acquisition which jumped from € 112.2 million as at 2014 to € 147.5 million as at 31 December 2015. The cash flow from investing activities as at 31 December 2014 also benefitted from the € 49.8 million repayment of shareholder loans granted to the associates which were repaid in October 2014 (see note 5.7)

The cash flow from financing activities increased with € 114.8 million, mainly due to the increased bank borrowings (+ € 57.1 million) and the € 60 million hybrid instruments which were subscribed by the 2 main reference shareholders (see note 6.9).

7.2 / Financial risk management and financial derivatives

7.2.1 / Terms, conditions and risk management

Exposures to foreign currency, interest rate, liquidity and credit risk arises in the normal course of business of VGP.

The company analyses and reviews each of these risks and defines strategies to manage the economic impact on the company's performance. The results of these risk assessments and proposed risk strategies is reviewed and approved by the Board of Directors on regular basis.

Some of the risk management strategies include the use of derivative financial instruments which mainly consists of forward exchange contracts and interest rate swaps. The company holds no derivative instruments nor would it issue any for speculative purposes.

The following provides an overview of the derivative financial instruments as at 31 December 2015. The amounts shown are the notional amounts.

DERIVATIVES <i>(in thousands of €)</i>	2015			2014		
	< 1 YEAR	> 1-5 YEARS	> 5 YEARS	< 1 YEAR	> 1-5 YEARS	> 5 YEARS
FORWARD EXCHANGE CONTRACTS						
HELD FOR TRADING	8,915	—	—	18,235	—	—
INTEREST RATE SWAPS						
HELD FOR TRADING	—	70,846	150,000	—	58,622	—

In order to mitigate its future interest rate risk of the Group, 2 interest rate transactions were concluded during the first half year each for a notional amount of € 75 million. These 2 interest rate swaps will respectively start in July 2017 and December 2018 and will run until July 2022 and December 2023 respectively. The average interest rate which has been fixed is 0.84% p.a.

In addition a € 13.1 million interest rate swap was concluded in May 2015 to hedge the total interest rate exposure of VGP Park Győr. The interest rate which has been fixed is 0.27% p.a.

We refer also to note 6.4 and 6.11.

7.2.2 / Foreign currency risk

VGP incurs principally foreign currency risk on its capital expenditure as well as some of its borrowings and net interest expense/income.

VGP's policy is to economically hedge its capital expenditure as soon as a firm commitment arises, to the extent that the cost to hedge outweighs the benefit and in the absence of special features which require a different view to be taken.

The table below summarises the Group's main net foreign currency positions at the reporting date. Since the Group has elected not to apply hedge accounting, the following table does not include the forecasted transactions. However the derivatives the Group has entered into, to economically hedge the forecasted transactions are included.

(in thousands of €)	2015		
	CZK	PLN	HUF
TRADE & OTHER RECEIVABLES	50,851	17,493	4,656
NON-CURRENT LIABILITIES AND TRADE & OTHER PAYABLES	(192,716)	(16,310)	(3,308)
GROSS BALANCE SHEET EXPOSURE	(141,866)	1,183	1,348
FORWARD FOREIGN EXCHANGE	240,035	—	—
NET EXPOSURE	98,176	1,183	1,348

(in thousands of €)	2014			
	CZK	PLN	HUF	RON
TRADE & OTHER RECEIVABLES	49,410	—	—	1,383
NON-CURRENT LIABILITIES AND TRADE & OTHER PAYABLES	(96,058)	(2)	(15,815)	(1,261)
GROSS BALANCE SHEET EXPOSURE	(46,647)	(2)	(15,815)	122
FORWARD FOREIGN EXCHANGE	500,000	—	—	—
NET EXPOSURE	453,353	(2)	(15,815)	122

The following significant exchange rates applied during the year:

1 € =	2015 / CLOSING RATE	2014 / CLOSING RATE
CZK	27.0250	27.7250
HUF	313.1204	314.8900
RON	4.5245	4.4821

Sensitivity

A 10 percent strengthening of the euro against the following currencies at 31 December 2015 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

EFFECTS (in thousands of €)	2015	
	EQUITY	PROFIT OR (LOSS)
CZK	—	(328)
HUF	—	—
RON	—	(27)
TOTAL	—	(355)

EFFECTS (in thousands of €)	2014	
	EQUITY	PROFIT OR (LOSS)
CZK	—	(1,487)
HUF	—	5
RON	—	(3)
PLN	—	—
TOTAL	—	(1,485)

A 10 percent weakening of the euro against the above currencies at 31 December 2015 would have had the equal but opposite effect on the above currencies to amounts shown above, on the basis that all other variables remain constant.

7.2.3 / Interest rate risk

The Group applies a dynamic interest rate hedging approach whereby the target mix between fixed and floating rate debt is reviewed periodically. These reviews are carried out within the confines of the existing loan agreements which require that interest rate exposure is to be hedged when certain conditions are met.

Where possible the Group will apply IAS 39 to reduce income volatility whereby some of the interest rate swaps may be classified as cash flow hedges. Changes in the value of a hedging instrument that qualifies as highly effective cash flow hedges are recognised directly in shareholders' equity (hedging reserve).

The Group also uses interest rate swaps that do not satisfy the hedge accounting criteria under IAS 39 but provide effective economic hedges. Changes in fair value of such interest rate swaps are recognised immediately in the income statement. (Interest rate swaps held for trading).

At the reporting date the Group interest rate profile of the Group's (net of any transaction costs) was as follows:

<i>(in thousands of €) Nominal amounts</i>	2015	2014
FINANCIAL DEBT		
FIXED RATE		
BONDS	150,000	150,000
VARIABLE RATE		
BANK DEBT	130,376	49,778
RECLASSIFIED TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	(106,315)	—
	15,900	49,778
INTEREST RATE HEDGING		
INTEREST RATE SWAPS		
HELD FOR TRADING	70,846	49,778
RECLASSIFIED TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	(54,946)	—
	15,900	49,778
FINANCIAL DEBT AFTER HEDGING		
VARIABLE RATE		
BANK DEBT	8,161	—
FIXED RATE		
BONDS	150,000	150,000
BANK DEBT	15,900	49,778
	165,900	199,778
FIXED RATE / TOTAL FINANCIAL LIABILITIES¹	95.3%	100.0%

The effective interest rate on financial debt (bank debt and bonds), including all bank margins and cost of interest rate hedging instruments was 3.81 % for the year 2015. (4.83% in 2014)

Sensitivity analysis for change in interest rates or profit

In case of an increase / decrease of 100 basis points in the interest rates, profit before taxes would have been € 569k lower/higher (as compared to € 28k lower/higher profit before taxes for 2014). This impact comes from a change in the floating rate debt, with all variables held constant.

Sensitivity analysis for changes in interest rate of other comprehensive income

For 2015 there is no impact given the fact that there are no interest rate swaps outstanding classified as cash flow hedges as at the reporting date. The same situation applied at the 31 December 2014 reporting date.

7.2.4 / Credit risk

Credit risk is the risk of financial loss to VGP if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from VGP's receivables from customers and bank deposits.

The management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Each new tenant is analysed individually for creditworthiness before VGP offers a lease agreement. In addition the Group applies a strict policy of rent guarantee whereby, in general, each tenant is required to provide a rent guarantee for 6 months. This period will vary in function of the creditworthiness of the tenant.

At the balance sheet date there were no significant concentrations of credit risk.

¹ Calculation of 2014 is based on the partial allocation of the existing interest rate swaps. Should the total amount of existing interest rate swaps (amounting to € 58,622k as at 31 December 2014) have been taken into consideration the fixed rate / total financial liabilities would have been 104%.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The maximum exposure to credit risk at the reporting date was:

<i>(in thousands of €)</i>	2015 / CARRYING AMOUNT	2014 / CARRYING AMOUNT
TRADE & OTHER RECEIVABLES	14,968	6,822
CASH AND CASH EQUIVALENTS	24,009	43,595
RECLASSIFICATION TO (-) / FROM HELD FOR SALE	(24,225)	—
TOTAL	14,752	50,417

The aging of trade receivables at the reporting date was:

<i>(in thousands of €)</i>	2015 / CARRYING AMOUNT	2014 / CARRYING AMOUNT
GROSS TRADE RECEIVABLES		
GROSS TRADE RECEIVABLES NOT PAST DUE	2,172	1,042
GROSS TRADE RECEIVABLES PAST DUE	502	310
BAD DEBT AND DOUBTFUL RECEIVABLES	362	—
PROVISION FOR IMPAIRMENT OF RECEIVABLES (-)	(362)	—
RECLASSIFICATION TO (-) / FROM HELD FOR SALE	(1,791)	—
TOTAL	883	1,352

7.2.5 / Liquidity risk

The company manages its liquidity risk by ensuring that it has sufficient cash available and that it has sufficient available credit facilities and by matching as much as possible its receipts and payments.

The following are contractual maturities of financial assets and liabilities, including interest payments and derivative financial assets and liabilities but excluding non-financial assets or liabilities. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

<i>(in thousands of €)</i>	2015					
	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	< 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
ASSETS						
CASH AND CASH EQUIVALENTS	24,009	24,009	24,009	—	—	—
DERIVATIVE FINANCIAL INSTRUMENTS	216	216	216	—	—	—
TRADE AND OTHER RECEIVABLES	14,669	14,669	14,669	—	—	—
RECLASSIFIED TO (-) FROM HELD FOR SALE	(23,957)	(23,957)	(23,957)	—	—	—
	14,937	14,937	14,937	—	—	—
LIABILITIES						
SECURED BANK LOANS	(129,387)	(138,711)	(16,702)	(8,729)	(82,244)	(31,036)
UNSECURED BONDS	(148,327)	(169,313)	(7,725)	(82,725)	(78,863)	—
DERIVATIVE FINANCIAL INSTRUMENTS	(2,191)	(2,323)	(1,176)	(728)	(419)	—
TRADE AND OTHER PAYABLES	(32,651)	(32,651)	(30,511)	(210)	(1,043)	(887)
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	133,747	133,747	34,692	5,842	62,024	31,189
	(178,809)	(209,251)	(21,422)	(86,550)	(100,545)	(734)

(in thousands of €)	2014					
	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	< 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
ASSETS						
CASH AND CASH EQUIVALENTS	43,595	43,595	43,595	—	—	—
DERIVATIVE FINANCIAL INSTRUMENTS	—	—	—	—	—	—
TRADE AND OTHER RECEIVABLES	6,629	6,629	6,629	—	—	—
	50,224	50,224	50,224	—	—	—
LIABILITIES						
SECURED BANK LOANS	(49,147)	(53,698)	(13,403)	(3,318)	(36,977)	—
UNSECURED BONDS	(147,527)	(177,038)	(7,725)	(7,725)	(161,588)	—
DERIVATIVE FINANCIAL INSTRUMENTS	(1,656)	(2,026)	(676)	(527)	(823)	—
TRADE AND OTHER PAYABLES	(24,212)	(24,212)	(23,090)	(177)	(596)	(349)
	(222,542)	(256,974)	(44,894)	(11,747)	(199,984)	(349)

7.2.6 / Capital management

VGP is continuously optimising its capital structure targeting to maximise shareholder value while keeping the desired flexibility to support its growth. The Group targets a maximum gearing ratio of net debt / total equity and liabilities at 55% which is the maximum gearing allowed under the bond covenants.

As at 31 December 2015 the Group’s gearing was as follows:

(in thousands of €)	2015	2014
NET DEBT	255,781	155,161
EQUITY	717,308	467,839
NET DEBT / EQUITY RATIO	35.7%	33.2%

If the € 60 million hybrid instruments (see note 6.9) would be replaced by external bank debt then the net debt to equity would increase from 35.7% to 44.0%.

7.2.7 / Fair value

The following tables list the carrying amount of the Group's financial instruments that are showing in the financial statements. In general, the carrying amounts are assumed to be a close approximation of the fair value.

The fair value of the financial assets and liabilities is defined as the amount at which the instrument could be exchanged, or settled, between knowledgeable, willing parties in an arm's length transaction.

2015 (in thousands of €)	CARRYING AMOUNT 2015	AMOUNTS RECOGNISED IN BALANCE SHEET IN ACCORDANCE WITH IAS 39			FAIR VALUE 2015	FAIR VALUE HIERARCHY 2015
		AMORTISED COSTS	FAIR VALUE THROUGH EQUITY	FAIR VALUE THROUGH PROFIT OR LOSS		
ASSETS						
OTHER NON-CURRENT RECEIVABLES	—	—	—	—	—	LEVEL 2
TRADE RECEIVABLES	2,673	2,673	—	—	2,673	LEVEL 2
OTHER RECEIVABLES	11,995	11,995	—	—	11,995	LEVEL 2
CASH AND CASH EQUIVALENTS	24,009	24,009	—	—	24,009	LEVEL 2
DERIVATIVE FINANCIAL ASSETS	216	—	—	216	216	
RECLASSIFICATION TO (–) FROM HELD FOR SALE	(16,474)	(16,474)	—	—	(16,474)	
TOTAL	22,419	22,203	—	216	22,419	
LIABILITIES						
FINANCIAL DEBT						
BANK DEBT	129,386	129,386	—	—	129,386	LEVEL 2
BONDS	148,327	148,327	—	—	154,411	LEVEL 1
TRADE PAYABLES	25,565	25,565	—	—	25,565	LEVEL 2
OTHER LIABILITIES	5,949	5,949	—	—	5,949	LEVEL 2
DERIVATIVE FINANCIAL LIABILITIES	2,191	—	—	2,191	2,191	
RECLASSIFICATION TO LIABILITIES RELATED TO DISPOSAL GROUP HELD FOR SALE	(145,016)	(143,792)	—	(1,224)	(145,016)	
TOTAL	166,402	165,435	—	967	172,486	

2014 (in thousands of €)	CARRYING AMOUNT 2014	AMOUNTS RECOGNISED IN BALANCE SHEET IN ACCORDANCE WITH IAS 39			FAIR VALUE 2014	FAIR VALUE HIERARCHY 2014
		AMORTISED COSTS	FAIR VALUE THROUGH EQUITY	FAIR VALUE THROUGH PROFIT OR LOSS		
ASSETS						
OTHER NON-CURRENT RECEIVABLES	—	—	—	—	—	LEVEL 2
TRADE RECEIVABLES	1,352	1,352	—	—	1,352	LEVEL 2
OTHER RECEIVABLES	5,274	5,274	—	—	5,274	LEVEL 2
CASH AND CASH EQUIVALENTS	43,595	43,595	—	—	43,595	LEVEL 2
TOTAL	50,221	50,221	—	—	50,221	
LIABILITIES						
FINANCIAL DEBT						
BANK DEBT	49,146	49,146	—	—	49,146	LEVEL 2
BONDS	147,527	147,527	—	—	156,017	LEVEL 1
TRADE PAYABLES	20,919	20,919	—	—	20,919	LEVEL 2
OTHER LIABILITIES	2,919	2,919	—	—	2,919	LEVEL 2
DERIVATIVE FINANCIAL LIABILITIES	1,656	—	—	1,656	1,656	LEVEL 2
TOTAL	222,167	220,511	—	1,656	230,657	

The following methods and assumptions were used to estimate the fair values: Cash and cash equivalents and trade and other receivables, primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values;

- The Other non-current receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the counterparty and the risk characteristics of the financed project. As at 31 December 2015, the carrying amounts of these receivables, are assumed not to be materially different from their calculated fair values.
- Trade and other payables also generally have short times to maturity and, hence, their carrying amounts also approximate their fair values.
- The fair value of financial instruments is determined based on quoted prices in active markets. When quoted prices in active markets are not available, valuation techniques are used. Valuation techniques make maximum use of market inputs but are affected by the assumptions used, including discount rates and estimates of future cash flows. Such techniques include amongst others market prices of comparable investments and discounted cash flows. The principal methods and assumptions used by VGP in determining the fair value of financial instruments are obtained from active markets or determined using, as appropriate, discounted cash flow models and option pricing models.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period ending 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at 31 December 2015 the Group did not provide for any rental guarantees.

Financial assets amounting to € 4,580k in 2015 (€ 2,600k in 2014) were pledged in favour of VGP's financing banks.

7.3 / Personnel

Employee benefit obligations

The Group had no post-employment benefit plans in place at the reporting date.

7.4 / Commitments

The Group has concluded a number of contracts concerning the future purchase of land. At 31 December 2015 the Group had future purchase agreements for land totalling 1,042,000 m², representing a commitment of € 80.8 million and for which deposits totalling € 3.6 million had been made. As at 31 December 2014 Group had future purchase agreements for land totalling 863,000 m², representing a commitment of € 34.2 million and for which deposits totalling € 1.2 million had been made.

The € 3.6 million down payment on land was classified under investment properties as at 31 December 2015 given the immateriality of the amounts involved.(same classification treatment applied for 2014).

As at 31 December 2015 the Group had contractual obligations to develop new projects for a total amount of € 68.9 million compared to € 37.5 million as at 31 December 2014.

All commitments are of a short term nature. The secured land is expected to be acquired during the course of 2016. The contractual construction obligations relate to new buildings or buildings under construction which will be delivered or started-up during the course of 2016.

7.5 / 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.

7.5.1 / Shareholders

Shareholding

The main shareholders of the company are:

- VM Invest NV (28.05%); a company controlled by Mr. Bart Van Malderen;
- Bart Van Malderen (19.08%)
- Little Rock SA (25.33%) is a company controlled by Mr. Jan Van Geet;
- Comm VA VGP MISV (5%) is a company controlled by Mr. Bart Van Malderen en Mr. Jan Van Geet.

The two main ultimate reference shareholders of the company are therefore (i) Mr Bart Van Malderen who holds 49.6%¹ and who is a non-executive director; and (ii) Mr Jan Van Geet who holds 27.3%¹ and who is CEO and an executive director. The full details of the shareholding of VGP can be found on page 54.

Hybrid securities

During 2015 VGP NV issued subordinated perpetual securities for an aggregate amount of € 60 million. The securities were fully underwritten by the reference shareholders of the company, VM Invest NV and Little Rock SA after complying with the conflict of interest procedure in accordance with article 523 of the Belgian Companies Code and article 16 of the articles of association of the Company. The securities are not convertible into VGP shares and, hence, do not entail dilution for the shareholders.

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 year 2015 amounts to € 2.0 million (compared to € 1.4 million for the year 2014). The increase related to the extension of the building which was delivered to Drylock during 2014.

VGP NV leases a small office from VM Invest NV in Belgium for which it pays € 4k per annum. (same level as in 2014). The lease is for an undetermined period.

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

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 2015 and 2014 the rent paid under these leases was € 90k per annum.

Other services

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

(in thousands of €)	2015	2014
TRADE RECEIVABLE / (PAYABLE)	(5)	3

VGP also provides real estate support services (mainly maintenance work) to Jan Van Geet s.r.o. During 2015 VGP recorded a € 18k revenue for these activities (compared to € 16k for 2014).

7.5.2 / Subsidiaries

The consolidated financial statements include the financial statements of VGP NV and the subsidiaries listed in note 7.7. 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.

¹ Shareholding calculated after taking the respective shareholding of Mr Bart Van Malderen en Mr Jan Van Geet in Comm. VA VGP MISV VGP into consideration.

7.5.3 / Associated companies

Transactions with associated companies were discontinued in October 2014 when Snow Crystal S.à.r.l. completed the sale of the VGP CZ I and VGP CZ IV portfolio and Sun S.à.r.l. completed the sale of the VGP CZ II portfolio. Liquidation procedures for both companies i.e. Snow Crystal S.à.r.l. and Sun S.à.r.l. have been initiated and it is expected that both companies will be liquidated during the course of 2016.

The table below provides the outstanding balances with associated companies. These balances reflect the run-off and liquidation process.

<i>(in thousands of €)</i>	2015	2014
OTHER RECEIVABLES FROM ASSOCIATES	30	—

7.5.4 / Key Managements

Key Management includes the Board of Directors and the Executive Management. The details of these persons can be found on pages 54–55.

<i>(in thousands of €)</i>	2015	2014
NUMBER OF PERSONS	9	7
SHORT TERM EMPLOYEE BENEFITS		
BASIC REMUNERATION	837	606
SHORT TERM VARIABLE REMUNERATION	925	400
REMUNERATION OF DIRECTORS	96	98
TOTAL GROSS REMUNERATION	1,858	1,104
AVERAGE GROSS REMUNERATION	206	158

The disclosures relating to the Belgian Corporate Governance Code are included in the Corporate Governance Statement of this annual report. For 2015 no post-employment benefits nor share based payment benefits were granted.

During 2015 the executive management team was expanded with two new functions i.e. the Chief Commercial Officer (“CCO”) and the Chief Operating Officer – Non-CZ Countries. (“COO-Non-CZ Countries”).

In April 2015 the Board of Directors approved a new management agreement relating to the services rendered by some of VGP’s key managers. Following such decision, Little Rock SA will be responsible for the Group’s daily management, financial management and commercial management and will be represented for this purpose by the CEO, CFO and CCO. As a consideration for rendering such services, Little Rock SA will receive a fixed fee, a variable fee subject to certain criteria being met, and 5% of the profits before taxes of the Group on a consolidated basis. In return for Little Rock SA’s commitment to observe the Group’s daily, financial and commercial management for an additional period of five years.

The variable fee allocated to Little Rock for 2015 amounts to € 5,215 thousand of which 1/3 will be paid out in 2016 with the remaining balance to be paid out in equal portions in 2017 and 2018. We refer to the Remuneration Report in the Corporate Governance Statement for further details.

7.6 / Events after the balance sheet dates

In order to sustain its growth over the medium term VGP entered into a 50/50 joint venture with Allianz Real Estate at the end of February 2016. The new joint venture will act as an exclusive take-out vehicle of the income generating assets located in Germany, the Czech Republic, Slovakia and Hungary. VGP will continue to service the joint venture as asset-, property- and development manager.

The joint venture is of a significant strategic importance to the Group as it will allow VGP to recycle its initial (partially or totally) invested equity when such developments are acquired by the joint venture and to re-invest these monies in the continued expansion of the development pipeline, including the further expansion of the land bank, thus allowing VGP to concentrate on its core development activities.

Finally VGP will retain a 50% stake in a growing rent income generating logistic and semi industrial real estate portfolio which over time will generate a recurrent cash flow stream which can support a sustained dividend policy.

7.7 / Services provided by the statutory auditor and related persons

The audit fees for VGP NV and its fully controlled subsidiaries amounted to €118k. In addition additional non-audit services were performed during the year by Deloitte and related persons for which a total fee of € 5k was incurred.

7.8 / Subsidiaries and associates

Full consolidation

The following companies were included in the consolidation perimeter of the VGP Group as at 31 December 2015 and were fully consolidated:

SUBSIDIARIES	REGISTERED SEAT ADDRESS	%	
VGP NV	ZELE, BELGIUM	PARENT COMPANY	(1)
VGP CZ III a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP CZ V a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP CZ VI a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP CZ VII a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP CZ VIII a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP CZ IX 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)
TPO hala G1 a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
TPO hala G2 a.s.	JENIŠOVICE U JABLONCE NAD NISOU, CZECH REPUBLIC	100	(2)
VGP Park Cesky Ujezd 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	(3)
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 Rodgau GmbH	DÜSSELDORF, GERMANY	100	(2)
VGP Park Leipzig GmbH	DÜSSELDORF, GERMANY	100	(2)
VGP Park Bingen GmbH	DÜSSELDORF, GERMANY	100	(2)
VGP Park Hamburg GmbH	DÜSSELDORF, GERMANY	100	(2)
VGP Park Höchststadt GmbH	DÜSSELDORF, GERMANY	100	(2)
VGP Park München GmbH	DÜSSELDORF, GERMANY	100	(2)
VGP Park Berlin GmbH	DÜSSELDORF, GERMANY	100	(2)
VGP Park Hammersbach GmbH	DÜSSELDORF, GERMANY	100	(2)
VGP Deutschland – Projekt 8 GmbH	DÜSSELDORF, GERMANY	100	(2)
VGP PARK HAMBURG 2 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(2)
VGP PARK HAMBURG 3 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(2)
VGP Park Frankenthal S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(2)
VGP PARK LEIPZIG S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	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 3 S.à R.L.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(2)
VGP EUROPEAN LOGISTICS S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(4)
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 ASSET MANAGEMENT S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100	(3)

SUBSIDIARIES	REGISTERED SEAT ADDRESS	%	
VGP ESTONIA OÜ	TALLINN, ESTONIA	100	(2)
VGP FINANCE NV	ZELE, BELGIUM	100	(5)
VGP LATVIA s.i.a.	KEKAVA, LATVIA	100	(2)
VGP HUNGARY Kft	GYÖR, HUNGARY	100	(4)
VGP PARK GYÖR Kft	GYÖR, HUNGARY	100	(2)
VGP PARK ALSÓNÉMEDI Kft	GYÖR, HUNGARY	100	(2)
VGP ROMANIA S.R.L.	TIMISOARA, ROMANIA	100	(2)
VGP SLOVAKIA a.s.	MALACKY, SLOVAKIA	100	(2)
VGP PARK BRATISLAVA a.s.	BRATISLAVA, SLOVAKIA	100	(2)
VGP NAVES INDUSTRIALES PENINSULA, S.L	BARCELONA, SPAIN	100	(1)
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)
VGP POLSKA SP. z.o.o.	WROCLAW, POLAND	100	(6)
VGP NEDERLAND BV	TILBURG, THE NETHERLANDS	100	(4)

Companies to which the equity method is applied

The equity method is applied to the following companies:

ASSOCIATES	REGISTERED SEAT ADDRESS	%	
SNOW CRYSTAL S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	20.00	(6)
SUN S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	20.00	(6)
VGP MISV COMM. VA	ZELE, BELGIUM	42.87	(4)

- (1): Holding and service company
- (2): Existing or future asset company
- (3): Services company
- (4): Holding company
- (5): Dormant
- (6): In liquidation

Cash and cash equivalents of all subsidiaries and associated companies are freely accessible.

Changes in 2015

1 New Investment.

SUBSIDIARIES	REGISTERED SEAT ADDRESS	%
VGP DEU 2 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100
VGP DEU 3 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100
VGP DEU 4 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100
VGP DEU 5 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100
VGP DEU 6 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100
VGP DEU 7 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100
VGP DEU 8 S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100
VGP ASSET MANAGEMENT S.à r.l.	LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	100
VGP HUNGARY Kft	GYÖR, HUNGARY	100
VGP PARK ALSÓNÉMEDI Kft	GYÖR, HUNGARY	100
VGP PARK BRATISLAVA a.s.	BRATISLAVA, SLOVAKIA	100
VGP NAVES INDUSTRIALES PENINSULA, S.L.	BARCELONA, SPAIN	100
VGP (PARK) ESPANA 1 SL.	BARCELONA, SPAIN	100
VGP (PARK) ESPANA 2 SL.	BARCELONA, SPAIN	100
VGP (PARK) ESPANA 3 SL.	BARCELONA, SPAIN	100

2 Subsidiaries acquired

SUBSIDIARIES	REGISTERED SEAT ADDRESS	%
TPO HALA G1 a.s.	JENIŠOVICE U JABLONCE NAD NISOU,CZECH REPUBLIC	100

3 Name Change

NEW NAME	FORMER NAME
VGP PM SERVICES GMBH	VGP DEUTSCHLAND – PROJEKT 7 GMBH
VGP EUROPEAN LOGISTICS S.À R.L.	VGP DEU 4 S.À R.L.

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)

1 / Financial Statements VGP NV

Parent company accounts

The financial statements of the parent company VGP NV, are presented below in a condensed form.
In accordance with Belgian company law, the directors’ report and financial statements of the parent company VGP NV, together with the auditor’s report, have been deposited at the National Bank of Belgium.

They are available on request from:

VGP NV
Spinnerijstraat 12
B—9240 Zele
Belgium
www.vgpparks.eu

The statutory auditor issued an unqualified opinion on the financial statements of VGP NV.

Condensed income statement

<i>(in thousands of €)</i>	2015	2014
OTHER OPERATING INCOME	3,539	600
OPERATING PROFIT OR LOSS	(195)	(1,941)
FINANCIAL RESULT	3,062	14,027
EXTRAORDINARY RESULT	(123)	(2,471)
CURRENT AND DEFERRED INCOME TAXES	(4)	(588)
PROFIT OR (LOSS) FOR THE YEAR	958	9,026

Condensed balance sheet after profit appropriation

<i>(in thousands of €)</i>	2015	2014
FORMATION EXPENSES, INTANGIBLE ASSETS	1,677	2,479
TANGIBLE FIXED ASSETS	—	2
FINANCIAL FIXED ASSETS	355,575	261,475
TOTAL NON-CURRENT ASSETS	357,252	263,956
TRADE AND OTHER RECEIVABLES	92	55
CASH & CASH EQUIVALENTS	7,990	36,305
TOTAL CURRENT ASSETS	8,082	36,360
TOTAL ASSETS	365,334	300,316
SHARE CAPITAL	112,737	112,737
NON-DISTRIBUTABLE RESERVES	2,045	1,998
RETAINED EARNINGS	33,515	32,605
SHAREHOLDERS' EQUITY	148,297	147,340
AMOUNTS PAYABLE AFTER ONE YEAR	210,160	150,748
AMOUNTS PAYABLE WITHIN ONE YEAR	6,877	2,228
CREDITORS	217,037	152,976
TOTAL EQUITY AND LIABILITIES	365,334	300,316

Valuation principles

Valuation and foreign currency translation principles applied in the parent company's financial statements are based on Belgian accounting legislation.

2 / Proposed appropriation of VGP NV 2015 result

The profit after tax for the year ended was € 957,824.95.

At the General Meeting of Shareholders on 13 May 2016, the Board of Directors will propose that the above result be appropriated as follows:

<i>(in €)</i>	2015	2014
PROFIT OF THE FINANCIAL YEAR	957,824.95	9,026,300.54
PROFIT CARRIED FORWARD	32,605,362.54	24,030,377.03
TRANSFER TO LEGAL RESERVES	(47,891.25)	(451,315.03)
PROFIT / (LOSS) TO BE CARRIED FORWARD	33,515,296.24	32,605,362.54
PROFIT TO BE DISTRIBUTED (GROSS DIVIDEND)	—	—

VGP NV

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2015

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of VGP NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 717,308 (000) € and the consolidated income statement shows a consolidated profit for the year then ended of 86,561 (000) €.

Board of directors' responsibility for the preparation of the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated

financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the Board of Directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of VGP NV give a true and fair view of the group's net equity and financial position as of 31 December 2015, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 11 April 2016
The statutory auditor



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

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.

Belgian Corporate Governance Code

Drawn up by the Corporate Governance Commission and including the governance practices and provisions to be met by companies under Belgian Law which shares are listed on a regulated market (the “2009 Code”). The Belgian Corporate Governance Code is available online at www.corporategovernancecommittee.be.

Break

First option to terminate a lease.

CEE

Central and Eastern Europe

Contractual rent

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

Contribution in kind

The non-cash assets contributed to a company at the time of formation or when the capital is increased.

Dealing Code

The code of conduct containing rules that must be complied with by the members of the Board of Directors, the members of Executive Management, and all employees of the VGP Group, who by virtue of their position, possess information they know or should know is insider information.

Gearing ratio

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

Derivatives

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

Discounted cash flow

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

Estimated rental value

Estimated rental value (ERV) is the 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.

FSMA (Financial Services and Markets Authority)

The Financial Services and Market Authority (FSMA) is the autonomous regulatory authority governing financial and insurance markets in Belgium.

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.

Insider information

Any information not publicly disclosed that is accurate and directly or indirectly relates to one or more issuers of financial instruments or one or more financial instruments and that, if it were publicly disclosed, could significantly affect the price of those financial instruments (or financial instruments derived from them).

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.

Lease expiry date

The date on which a lease can be cancelled

Market capitalisation

Closing stock market price multiplied by the total number of outstanding shares on that date

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.

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.

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 yield

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

STATEMENT OF RESPONSIBLE PERSONS

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

- The annual accounts, which are in line with the standards applicable for annual accounts, give a true and fair view of the capital, the financial situation and the results of the issuer and the consolidated subsidiaries;
- The annual report gives a true and fair view of the development and the results of the company and of the position of the issuer and the consolidated companies, as well as a description of the main risks and uncertainties they are faced with.



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



Dirk Stoop
as permanent representative of
Dirk Stoop BVBA
CFO

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