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HALF-YEAR FINANCIAL RESULTS PRESS RELEASE

For the period
1 January 2020 – 30 June 2020

Regulated Information
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VGP REPORTS RESULTS FOR FIRST HALF 2020

24 August 2020, 7:00am, Antwerp (Berchem), Belgium: VGP NV (‘VGP’ or ‘the Group’), the Antwerp-based European provider of high-quality logistics and semi-industrial real estate, today announces the results for half-year ended 30 June 2020:

- Operating performance resulting in a net profit of € 196.9 million
 - Result positively affected by the entering into a new 50:50 joint venture with Allianz Real Estate in respect of VGP Park München
 - € 20.1 million worth of signed and renewed lease agreements during H1 2020, bringing total annualised rental income to € 165.2 million (+6.6% YTD)¹
 - Delivered 12 projects for a total of 190,000 m² of lettable area in first half of 2020
 - 33 projects under construction for a total of 795,000 m² of lettable area as of 30 June 2020
 - Total portfolio value increased to €3.23 billion (+16.6%YTD)¹
 - VGP invested in its future pipeline with 1.17 million m² of new land bought and a further 1.97 million m² committed subject to permits
- Impact of Covid-19 remains limited so far
 - All our construction activities have resumed in full
 - The impact on rental payments is very limited: nearly all due payments were received on time with very limited rental payment reprofiling
- Broadened partnership with Allianz through launch of third joint venture for VGP Park München
- Balance sheet further strengthened through €200.0 million capital raising reducing gearing to 35.0% as of 30 June 2020

VGP’s Chief Executive Officer, **Jan Van Geet**, said: *“Despite the challenging market environment due to the various Covid-19 lockdowns, we have achieved many new milestones during the first half of 2020. Demand for our buildings remained strong resulting in a broad-based and mostly pre-let construction pipeline. Furthermore, our new joint venture with Allianz in our VGP Park München has taken our cooperation to a next level and made our balance sheet stronger than ever before.”*

Jan Van Geet added: *“We have acquired a couple of big trophy land plots during the period, despite fierce competition on the market, thanks to the agility of our team and our reputation. I expect these land plots to be the main driver of value creation going forward as we already register a lot of appetite for these new locations.”*

Jan Van Geet concluded: *“We permanently focus on opportunities to continue to expand our portfolio pipeline; besides, we are working hard to become a major supplier of renewable energy for our tenants.”*

¹ Compared to 31 December 2019; inclusive of Joint Ventures at 100%

FINANCIAL AND OPERATING HIGHLIGHTS

New leases signed

- Signed and renewed rental income of € 20.1 million driven by 200,000 m² of new lease agreements signed, corresponding to € 11.4 million of new annualised rental income¹
- During the period for a total of 164,000 m² of lease agreements were renewed corresponding to € 8.8 million of annualised rental income of which 30,000 m² (€ 1.7 million) related to the own portfolio and 134,000 m² (€ 7.1 million) related to the joint ventures². Renewed contracts within the joint ventures portfolio included various prolongations by 1-5 years.
- Terminations represented a total of € 1.2 million or 25,000 m², all within the joint ventures' portfolio
- The signed annualised committed leases represent € 165.2 million³ (equivalent to 2.84 million m² of lettable area), a 6.6% increase since December 2019.

Construction activity

- A total of 12 projects completed delivering 190,000 m² of lettable area, representing €9.9 million of annualised committed leases (as of 24th of August 2020 this has increased to 311,000 m² of lettable area)
- Additional 33 projects under construction which will create 795,000 m² of future lettable area, representing €49.5 million of annualised leases once built and fully let – the portfolio under construction is 73.4% pre-let

Implications of Covid-19

- VGP's business is progressing well in 2020 despite the Covid-19 pandemic. The entire VGP team has been operational throughout the crisis with full access to central systems. None of the VGP workforce has been furloughed and the Group has not taken any government support.
- The lockdown measures implemented by governments across Europe to combat the spread of the virus resulted in widespread disruption across many sectors of the economy. In some cases, this has impacted the operations and cash flows of VGP's customers, which has in some limited cases affected the level of rent we were able to collect from such customer. VGP has worked constructively to support customers facing genuine cash flow challenges by offering to reschedule rental payments or reprofiling. None of our customers so far has requested to return their rented space.

Land bank has continued to expand

- Acquisition of 1.17 million m² of development land and a further 1.97 million m² committed subject to permits which brings the remaining total owned and secured land bank for development to 6.89 million m², which supports 3.12 million m² of future lettable area.
- A further 0.85 million m² of new land plots identified which are under negotiation and having a development potential of 0.41 million m² of future lettable area.

¹ Of which 160,000 m² (€ 8.3 million) related to the own portfolio

² Joint ventures refers to VGP European Logistics, VGP European Logistics 2 and VGP Park München, All three 50:50 joint ventures with Allianz Real Estate

³ For joint venture at 100%

Setup of new business line VGP Renewable Energy driving increase in photovoltaic investments

- In July 2020, our first photovoltaic project was delivered in Nijmegen, Netherlands (1.5MWP) and further 16 photovoltaic projects are under construction for total 17.6 MWP. This is split between Germany (10.4MWP) and the Netherlands (7.2MWP). In addition, several pipeline projects are currently being identified in Germany and Spain. As of year-end 2019 we had 16.5MWP installed on VGP's roofs which are owned and operated by third parties.

Expansion of partnership with Allianz Real Estate through launch of third joint venture

- In June 2020, VGP and Allianz Real Estate entered into a new 50:50 joint venture for the development of VGP Park München. This is the third joint venture with Allianz Real Estate.
- The managerial and governance setup of the new partnership is similar to the first two joint ventures between the two partners with VGP serving the new joint venture as its sole asset, property and development manager. Contrary to the two existing joint ventures which concentrate on the acquisition of income-generating assets developed by VGP, this new joint venture will initially be focussed on the development of VGP Park München.
- Once fully developed the park will consist of five logistic buildings, two stand-alone parking houses and one office building for a total gross lettable area of approx. 270,000 m². The park is almost entirely pre-let to KraussMaffei Technologies and BMW. BMW has formally taken the decision to also move its competence centre for batteries to VGP Park München. This will result in the park being 100% pre-let. This new lease contract is currently being exchanged with BMW.
- There are currently already 3 buildings and 2 parking houses under construction. The delivery of the first building to BMW occurred at the beginning of August 2020. The subsequent completions are scheduled to occur in November 2020 (1 parking house), 1 building (currently under negotiation) by mid-2021 with all but one of the remaining buildings being delivered by November 2022. The last building is expected to be delivered by the beginning of 2026.

Balance sheet further strengthened through capital raising whilst two additional joint venture closings are anticipated before the end of the year

- On 21 April 2020 VGP successfully completed an offering of new shares for a total consideration of €200.0 million by means of a private placement via an accelerated bookbuild offering to international institutional investors.
- In the offering a total of 2,000,000 new shares (approximately 10.8% of VGP's outstanding shares on completion of the offering) were placed at an issue price of €100.00 per share, representing a discount of 4.58% compared to the last traded price of the Group's share on 21 April 2020 of €104.8.
- In line with their pre-commitments, Little Rock SA, controlled by Mr Jan Van Geet, and VM Invest NV, controlled by Mr Bart Van Malderen, have each subscribed for 33.81% and 20.16% of the new shares respectively, and received full allocations.
- In terms of further expansion with the joint ventures we anticipate two additional closings before the end of 2020. The seventh closing with VGP European Logistics (first joint venture) is

anticipated with a transaction value¹ of >€150 million as well as the second closing with VGP European Logistics 2 (second joint venture) with a transaction value of > € 200 million

- These steps will ensure VGP can maintain its financial purchasing power and to be able to finance the investment pipeline and to benefit from additional investment opportunities.

KEY FINANCIAL METRICS

Operations and results	H1 2020	H1 2019	Change (%)
Committed annualised rental income (€mm)	165.2	129.3	27.8%
IFRS Operating profit (€mm)	217.9	96.1	126.7%
IFRS net profit (€mm)	196.9	75.0	135.7%
IFRS earnings per share (€ per share)	10.19	4.04	152.3%

Portfolio and balance sheet	30 Jun 20	31 Dec 19	Change (%)
Portfolio value, including joint venture at 100% (€mm)	3,231	2,771	16.6%
Portfolio value, including joint venture at share (€mm)	2,167	1,897	14.3%
Occupancy ratio of standing portfolio (%)	99.9	99.8	-
EPRA NAV per share (€ per share)	52.42	39.89	31.4%
IFRS NAV per share (€ per share)	50.28	37.66	33.5%
Net financial debt (€mm)	685.8	604.2	13.5%
Gearing ² (%)	35.0	37.2	-

CONFERENCE CALL FOR INVESTORS AND ANALYSTS

VGP will host a conference call at 10:30 (CEST) on 24 August 2020

The conference call will be available on:

- Belgium: 0800 58228 (toll free) / +32 (0)2 404 0659
- UK: 0800 358 6377 (toll free) / +44 (0)330 336 9105
- US: 866-548-4713 (toll free) / +1 323-794-2093
- Confirmation Code: 3420218

A presentation is available on VGP website:

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

¹ The transaction value corresponds to purchase price (at fair market value) for the completed income generating buildings which are transferred to the respective joint venture.

² Calculated as Net debt / Total equity and liabilities

CONTACT DETAILS FOR INVESTORS AND MEDIA ENQUIRIES

Martijn Vlutters (VP – Business Development & Investor Relations)	Tel: +32 (0)3 289 1433
Petra Vanclova (External Communications)	Tel: +42 0 602 262 107
Anette Nachbar Brunswick Group	Tel: +49 152 288 10363

ABOUT VGP

VGP is a leading pan-European developer, manager and owner of high-quality logistics and semi-industrial real estate. VGP operates a fully integrated business model with capabilities and longstanding expertise across the value chain. The company has a development land bank (owned or committed) of 6.89 million m² and the strategic focus is on the development of business parks. Founded in 1998 as a family-owned real estate developer in the Czech Republic, VGP with a staff of over 230 employees today owns and operates assets in 12 European countries directly and through three joint ventures with Allianz Real Estate (VGP European Logistics, VGP European Logistics 2 and VGP Park München). As of June 2020, the Gross Asset Value of VGP, including the joint ventures at 100%, amounted to €3.23 billion and the company had a Net Asset Value (EPRA NAV) of €1,079 million. VGP is listed on Euronext Brussels and on the Prague Stock Exchange (ISIN: BE0003878957).

For more information, please visit: <http://www.vgpparks.eu>

Forward-looking statements: This press release may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. VGP is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release considering new information, future events or otherwise. The information in this announcement does not constitute an offer to sell or an invitation to buy securities in VGP or an invitation or inducement to engage in any other investment activities. VGP disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release issued by VGP.

BUSINESS REVIEW

During the first half of 2020 VGP's business has continued to grow despite the unprecedented disruption caused by Covid-19. Our primary focus is and will remain the health, safety and well-being of our employees and partners. Throughout the period the VGP team has remained operational, mostly working from home, with full access to systems. Where allowed, our construction sites remained operational and the timing impact particularly on pre-let projects has remained minimal. All construction activities have now been resumed in full.

The expansion of the strategic partnership with Allianz Real Estate through the formation of a third 50:50 joint venture was completed during these exceptional market circumstances. On 23 June 2020 VGP sold 50% of the shares of VGP Park München GmbH to Allianz Real Estate. As a result of the transaction VGP has deconsolidated all assets and liabilities of VGP Park München and has recognized a gain on the disposal in full (see note 3 for further information). VGP received initial sales proceeds in the amount of € 83.3 million and the remainder of the sales proceeds in the amount of € 88.2 million will be settled at the moment of completion of the respective buildings. Currently it is expected that € 22.2 million will be received within the next 6-12 months with the bulk of the remaining balance expected to be received at the end of 2022. Both joint venture partners will fund the remaining development costs proportionally to their respective shareholding.

The signed annualised committed leases amount to € 165.2 million¹ at the end of June 2020 and represent a total of 3,128,000 m² of lettable area. Of this total space 851,000 m² belong to the own portfolio (958,000 m² as at 31 December 2019) and 2,277,000 m² to the three joint ventures (1,989,000 m² at 31 December 2019).

During the first half of 2020 VGP delivered a total of 12 projects representing 190,000 m² of lettable area (as of 24th of August 2020 this has increased to 311,000 m² of lettable area), with an additional 33 projects under construction representing 795,000 m² of future lettable area.

The net valuation of the property portfolio as at 30 June 2020 showed a net valuation gain of € 204.6 million (against a net valuation gain of € 65.3 million per 30 June 2019).

The own investment property portfolio consists of 11 completed buildings representing 196,000 m² of lettable area whereas the joint ventures property portfolio consists of 99 completed buildings representing 1,904,000 m² of lettable area.

Gearing level of the Group as at 30 June 2020 was 35.0%, versus 37.2% as at 31 December 2019, primarily due to the €200 million capital raising partially offset by investments into new construction works.

¹ Including joint ventures. As at 30 June 2020 the annualised committed leases for the joint ventures stood at € 128.2 million (Dec 2019: € 102.3 million).

OPERATING RESULT

<i>(in thousands of €)</i>	June 2020	June 2019
Revenue¹	12,382	14,804
Gross rental income	4,650	7,354
Property operating expenses	(577)	(922)
Net rental income	4,073	6,432
Joint venture management fee income	6,134	4,943
Net valuation gains / (losses) on investment properties	204,619	65,296
Administration expenses	(15,517)	(9,853)
Share of net profits of joint ventures and associates	18,565	29,301
Operating profit / (loss)	217,874	96,119
Net financial results	(8,164)	(7,138)
Profit before taxes	209,710	88,981
Taxes	(12,770)	(13,949)
Profit for the period	196,940	75,032

Net rental income

The net rental income decreased to € 4.1 million for the first half of 2020 compared to € 6.4 million for the first half of 2019 primarily due to first closing with the second joint venture in July 2019 and the fifth and sixth closing with the first joint venture in April and November 2019 respectively, partially offset by the full impact of the income generating assets delivered during 2019.

Including VGP's share of the joint venture on a "look-through" basis net rental income increased by € 2.7 million, or 11% compared to H1 2019 (from € 24.2 million for the period ending 30 June 2019 to € 26.9 million for the period ending 30 June 2020)².

Annualised committed rent income

During the first half of 2020 we saw continued leasing growth despite the exceptional market circumstances.

The demand for lettable area resulted in the signing of new lease contracts during the first half of 2020 of € 12.5 million in total of which € 11.4 million related to new or replacement leases (€ 3.0 million on behalf of the joint ventures) and € 8.8 million (€ 7.1 million on behalf of the joint ventures) were related to renewals of existing lease contracts. The renewals within the joint ventures portfolio includes various prolongations by 1-5 years.

During the period lease contracts for a total amount of € 1.2 million (all related to the joint ventures' portfolio) were terminated.

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

² See attached section 'Supplementary notes not part of the condensed financial information' for further details

Net, the annualised committed leases increased to € 165.2 million as at the end of June 2020¹ (compared to € 155.0 million as at 31 December 2019).

Germany and the Netherlands were the main drivers of growth in new or replacement leases with € 4.3 million of new leases signed during the year in Germany (€ 0.9 million on behalf of the joint ventures) and € 4.0 million in the Netherlands (own portfolio). Other contributing countries include the Czech Republic for € 1.0 million (all on behalf of the joint ventures), Spain for € 1.0 million (own portfolio), Romania for € 0.9 million (all on behalf of the joint ventures), Slovakia € 0.1 million (all on behalf of joint ventures) and finally Hungary for € 0.1 million (all on behalf of the joint ventures).

As at 30 June 2020, the weighted average term of the combined own and joint venture portfolio stood at 8.7 years² (compared to 8.9 years as at 31 December 2019). The own portfolio stood at 10.3 years³ and the joint venture portfolio stood at 8.2 years⁴.

The Group's completed property portfolio, including the own and joint ventures' property portfolio, reached an occupancy rate of 99.9% at the end of June 2020 compared to 99.8% at the end of December 2019.

The signed annualised committed leases represent € 165.2 million⁵ at the end of June 2020 represent a total of 2,837,000 m² of lettable area. Of this total space 718,000 m² belong to the own portfolio (749,000 m² as at 31 December 2019) and 2,119,000 m² to the joint ventures (1,913,000 m² at 31 December 2019).

Net valuation gains on the property portfolio

As at 30 June 2020 the net valuation gains on the property portfolio reached € 204.6 million compared to a net valuation gain of € 65.3 million for the period ended 30 June 2019.

The net valuation gain was mainly driven by: (i) € 41.1 million unrealised valuation gain on the own portfolio, (ii) € 22.9 million unrealised gain on assets being developed on behalf of the VGP European Logistics and VGP European Logistics 2 joint ventures, and (iii) € 140.6 million realised valuation gain on the VGP Park München transaction.

The own property portfolio, excluding development land but including the buildings being constructed on behalf of the Joint Venture, is valued by the valuation expert at 30 June 2020 based on a weighted average yield of 5.81% (compared to 5.76% as at 31 December 2019) applied to the contractual rents increased by the estimated rental value on unlet space. The reported slight increase in yield is due to the change in the portfolio mix following the entering of the VGP Park München joint venture in June 2020.

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

¹ Including joint ventures. As at 30 June 2020 the annualised committed leases for the joint ventures stood at € 128.2 million compared to € 102.3 million as at 31 Dec '19

² Weighted average term of the combined committed leases up to the first break stands at 8.2 years at 30 Jun '20

³ Weighted average term of the own portfolio committed leases up to the first break stands at 10.0 years at 30 Jun '20

⁴ Weighted average term of the JVs portfolio committed leases up to the first break stands at 7.7 years at 30 Jun '20

⁵ Including joint ventures. At 30 Jun '20 the annualised committed leases for the joint ventures stood at € 128.2 million (Dec 2019: € 103.1 million).

Income from joint ventures

The joint venture management fee income increased by € 1.2 million to € 6.1 million. The increase was mainly due to the growth of the joint ventures' portfolio.

Property and facility management fee income increased from € 3.7 million for the period ending 30 June 2019 to € 4.7 million for the period ending 30 June 2020. The development management fee income generated during the period was € 1.4 million compared to € 1.2 million for the period ending 30 June 2019.

Share in net profit of the joint ventures

VGP's share of the joint ventures' profit for the period decreased by € 10.7 million from € 29.3 million for the period ending 30 June 2019 to € 18.6 million for the period ending 30 June 2020, reflecting the decreased net valuation gain contribution of the joint ventures' portfolio due to the relative stabilisation of the yields on the investment properties.

Net rental income at share increased to € 22.8 million for the period ending 30 June 2020 compared to € 17.8 million for the period ended 30 June 2019. The increase reflects the underlying growth of the joint ventures' portfolio resulting from the different closings made between the VGP European Logistics and VGP European Logistics 2 joint ventures since May 2016.

At the end of June 2020, the joint ventures (100% share) had € 128.2 million of annualised committed leases representing 2,119,000 m² of lettable area compared to € 102.3 million of annualised committed leases representing 1,913,000 m² at the end of December 2019.

The net valuation gains on investment properties at share decreased to € 7.1 million for the period ending 30 June 2020 (compared to € 28.9 million for the period ending 30 June 2019). The portfolio of the joint ventures, excluding development and the buildings being constructed by VGP on behalf of VGP European Logistics and VGP European Logistics 2, was valued at a weighted average yield of 4.85% as at 30 June 2020 (compared to 5.16% as at 31 December 2019). The (re)valuation of the VGP European Logistics and VGP European Logistics 2 joint ventures' portfolios was based on the appraisal report of the property expert Jones Lang LaSalle. For VGP Park München the transaction value with Allianz Real Estate is considered as fair value.

The net financial expenses of the joint ventures at share for the period ending 30 June 2020 were € 8.1 million compared to € 9.5 million for the period ending 30 June 2019. For the period ending 30 June 2020, the financial income at share was € 0.1 million (€ (0.0) million for the period ending 30 June 2019). The financial expenses at share decreased from € 9.4 million for the period ending 30 June 2019 to € 8.2 million for the period ending 30 June 2020 and included € 4.2 million interest on financial debt (€ 3.4 million as at 30 June 2019), € 0.8 million unrealised losses on interest rate derivatives (€ 2.3 million as at 30 June 2019) and € 1.1 million other financial expenses (€ 2.1 million as at 30 June 2019) mainly relating to the amortisation of capitalised finance costs on bank borrowings.

Administrative costs

The administrative costs for the period were € 15.5 million compared to € 9.9 million for the period ended 30 June 2019. The administrative costs were higher mainly due to the additional accrual accounted for in respect of the long-term incentive plan and reflecting the net asset growth value of the allocated units under this incentive plan. (For further details please refer to note 18 and the Remuneration Report in the Annual Report 2019).

As at 30 June 2020 the VGP team comprised more than 230 people active in 12 different countries.

Net financial costs

For the period ending 30 June 2020, the financial income was € 3.9 million (€ 2.5 million for the period ending 30 June 2019) driven by € 3.8 million interest income on loans granted to the joint ventures (€ 2.5 million for the period ending 30 June 2019).

The reported financial expenses as at 30 June 2020 of € 12.0 million (€ 9.7 million as at 30 June 2019) are mainly made up of € 12.3 million expenses related to financial debt (€ 10.2 million as at 30 June 2019) and other financial expenses of € 1.7 million (compared to € 0.8 million as at 30 June 2019), partially offset by € 3.0 million of capitalised interests (€ 1.9 million as at 30 June 2019).

As a result, the net financial costs reached € 8.2 million for the period ending 30 June 2020 compared to € 7.1 million at the end of June 2019.

Shareholder loans to the joint ventures amounted to € 292.6 million as at 30 June 2020 (compared to € 125.6 million as at 30 June 2019) of which € 149.8 million (€ 72.5 million as at 30 June 2019) was related to financing of the buildings under construction and development land held by the VGP European Logistics and VGP European Logistics 2 joint ventures. Other non-current receivable amounted to €76.7 million mainly relating to the balance due by Allianz Real Estate in respect of their acquisition of 50% of VGP Park München (see note 7.3).

EVOLUTION OF THE DEVELOPMENT ACTIVITIES

The development activities in the first half of 2020 can be summarised as follows:

Completed projects

During the first half of the year 12 projects were completed totalling 190,000 m² of lettable area and representing €9.9 million of annualised committed leases (€3.2 million for VGP's own account and €6.7 million for the VGP European Logistics and VGP European Logistics 2 joint venture).

For its own account VGP delivered 4 buildings totalling 50,000 m² of lettable area:

- Germany: 1 building in VGP Park Halle of 21,000 m² and 1 building in VGP Park Einbeck of 9,000 m²;
- Spain: 1 building in VGP Llica d'Amunt of 14,000 m²;
- Italy: 1 building in VGP Valsamoggia of 7,000 m².

For the VGP European Logistics and VGP European Logistics 2 joint ventures 8 buildings were delivered totalling 139,000m² of lettable area:

- Czech Republic: 1 building in VGP Park Olomouc of 18,000 m² and 1 building in VGP Park Usti nad Ladem of 4,000 m²
- Slovakia: 1 building in VGP Park Malacky of 19,000 m²;
- Romania: 1 building in VGP Park Timisoara of 22,000 m²;
- Germany: 3 building in VGP Park Berlin of 25,000 m², 12,000 m² and 11,000 m² respectively, and 1 building in VGP Park Wustermark of 30,000 m².

Projects under construction

At the end of June 2020, VGP had 33 buildings under construction for a total future lettable area of 795,000 m². The new buildings under construction, which are pre-let for 73.4%¹, represent €49.5 million of annualised leases when fully built and let.

For its own account VGP had 19 buildings under construction totalling 520,000 m² of lettable area representing €29.0 million of annualised leases:

- Germany: 7 buildings for 223,000m² (1 building in each VGP Park Göttingen, VGP Park Halle, VGP Park Giessen-Buseck, VGP Park Giessen-Lutzellinden, VGP Park Magdeburg, VGP Park Laatzen and VGP Park Erfurt);
- Czech Republic: 1 building for 15,000 m² (in VGP Park Prostějov);
- Romania: 2 buildings for 47,000 m² (1 building in each VGP Park Timisoara and VGP Park Sibiu);
- Hungary: 1 building for 18,000 m² (in VGP Park Kecskemet);
- Spain: 5 buildings for 86,000 m² (2 buildings in VGP Park Lliçà d'Amunt, 2 buildings in Valencia Cheste and 1 building in VGP Park Zaragoza);
- Italy: 1 building for 23,000 m² (in VGP Park Calcio);
- Netherlands: 2 buildings for 109,000 m² (1 building in each VGP Park Nijmegen and VGP Park Roosendaal).

On behalf of the VGP European Logistics and VGP European Logistics 2 joint venture, VGP is constructing 14 new buildings totalling 275,000 m² of lettable area representing €20.6 million of annualised leases:

- Czech Republic: 5 buildings for 67,000 m² (1 building in VGP Park Olomouc, 2 buildings in VGP Park Chomutov, 1 building in Hradek nad Nisou and 1 building in VGP Park Usti nad Labem);
- Germany: 7 building for 195,000 m² (1 building in VGP Park Wustermark and 6 buildings in VGP Park Munich);
- Spain: 2 buildings for 13,000 m² (both in VGP Park San Fernando de Henares).

Land bank

During the first half of the year, VGP continued to acquire new land plots to support the future development pipeline. During this period, VGP acquired 1,170,000 m² of land with a future development potential of 480,000 m².

The acquisitions include 316,000 m² of land at VGP Park Gießen - Am Alten Flughafen, Germany, 304,000 m² at VGP Park České Budějovice, Czech Republic, 164,000 m² at VGP Park Arad, Romania, 129,000 m² at VGP Park Berlin Oberkrämer and 102,000 m² at VGP Park Zvolen, Slovakia.

Of these land plots, 494,000 m² (42%) is in Germany, 373,000 m² (32%) is in Czech Republic, 164,000 m² (14%) in Romania, 102,000 m² (9%) in Slovakia, 27,000 m² (2%) in Italy and 8,000 m² (1%) is in The Netherlands.

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

As at 30 June 2020, VGP had another 1.97 million m² of secured land plots which are expected to be purchased during the next 6-18 months, subject to obtaining the necessary permits. This brings the remaining total owned and secured land bank for development to 6.89 million m² which represents a remaining development potential of 3.12 million m² of which 884,000 m² in Germany, 575,000 m² in the Czech Republic, 538,000 m² in Romania, 320,000 m² in Slovakia, 227,000 m² in Spain, 167,000 m² in The Netherlands, 142,000 m² in Italy, 131,000 m² in Hungary, 57,000 m² in Latvia, 42,000 m² in Austria and 42,000 m² in Portugal. Included in the above is the remaining 510,000 m² development land bank held by the VGP European Logistics and VGP European Logistics 2 joint ventures with a development potential of circa 222,000 m² of new lettable area.

Besides the owned and secured land bank, VGP has signed non-binding agreements and is currently performing due diligence investigations, on an exclusive basis, on the potential acquisitions of in total circa 0.86 million m² of new land plots located in Italy, Germany, Austria, Spain, Portugal and Czech Republic. This land represents a development potential of circa 1 million m² and it is expected that a significant number of these land plots will be contractually locked in during the next 12 months.

DISPOSAL GROUP HELD FOR SALE

The balance of the Disposal group held for sale increased from € 170.0 million as at 31 December 2019 to € 457 million as at 30 June 2020 and is composed of € 247.5 million of assets held for sale in respect of the anticipated seventh closing with VGP European Logistics and the second closing in respect of VGP European Logistics 2 due to occur during the second half of 2020. The remaining balance in the amount of € 209.5 million relates to the assets under construction and development land (at fair value) which are being / will be developed by VGP on behalf of VGP European Logistics and VGP European Logistics 2 joint ventures (compared to € 169.7 million as at 31 December 2019).

Under the respective joint venture agreements, VGP European Logistics has an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP that are in Germany, the Czech Republic, Slovakia and Hungary and VGP European Logistics 2 has a similar right for Austria, Italy, the Netherlands, Portugal, Romania and Spain. The development pipeline which is transferred to either of the two joint ventures as part of the different closings between the joint ventures and VGP is being developed at VGP's own risk and subsequently acquired and paid for by the respective joint venture subject to pre-agreed completion and lease parameters.

CAPITAL MANAGEMENT

On 21 April 2020 VGP successfully completed an offering of new shares for a total consideration of €200.0 million by means of a private placement via an accelerated bookbuild offering to international institutional investors. In the offering a total of 2,000,000 new shares (approximately 10.8% of the Company's outstanding shares on completion of the offering) were placed at an issue price of €100.00 per share, representing a discount of 4.58% compared to the last traded price of the Company's share on 21 April 2020 of €104.8. In line with their pre-commitments, Little Rock SA, controlled by Mr Jan Van Geet, and VM Invest NV, controlled by Mr Bart Van Malderen, have each subscribed for 33.81% and 20.16% of the new shares respectively, and received full allocations. VGP will use the net proceeds from the capital increase to further increase its financial purchasing power and strengthen its

shareholders' equity in order to finance the investment pipeline and to be able to benefit from additional investment opportunities.

The financial debt increased from € 780.3 million as at 31 December 2019 to € 782.1 million as at 30 June 2020 of which € 20.8 million bank debt (2019:€ 21.5 million), € 33.4 million schuldschein loans (2019: € 33.4 million), €714.8 million of issued bonds (2019: € 714.1 million) and € 13.1 million accrued interest on bonds (2019: € 11.3 million).

The group has access to €150 million revolving credit facilities which as of 30 June 2020 remain entirely undrawn.

The gearing ratio¹ of the Group decreased from 37.2% at 31 December 2019 to 35.0% as at 30 June 2020. The gearing remains well within the Group's target maximum consolidated gearing of 65% in which it wants to operate in.

DIVIDEND

At the Annual General Meeting held on 8 May 2020 a distribution of a gross dividend of € 60.31 million equal to €2.93 per share for year 2019 was approved and this has since been distributed to shareholders on 28 May 2020.

OUTLOOK SECOND HALF 2020

Whilst due to uncertainty caused by the Covid-19 pandemic it remains difficult to predict how demand for lettable space will evolve in the second half of 2020, one of the consequences of the coronavirus pandemic is accelerating adoption of e-commerce across society and an increasing emphasis by our tenants on the resiliency of their logistics supply chains. These developments play to the prime locations and quality of our portfolio and should over time drive increased demand for our prime warehouses across Europe.

In terms of further expansion with the joint ventures we anticipate two additional closings before the end of 2020. The seventh closing with VGP European Logistics (first joint venture) is anticipated with a transaction value² of >€150 million as well as the second closing with VGP European Logistics 2 (second joint venture) with a transaction value of > € 200 million.

In addition, in respect of first joint venture, we expect in the course of the second half of 2020 to be able to announce the details of an expansion beyond the €1.7 billion original target.

We will continue to be vigilant and aim to ensure we stay strongly capitalized so that we always remain able to invest in the best opportunities as we work on the expansion of our portfolio pipeline.

¹ Calculated as Net debt / Total equity and liabilities

² The transaction value corresponds to purchase price (at fair market value) for the completed income generating buildings which are transferred to the respective joint venture.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS¹

CONDENSED CONSOLIDATED INCOME STATEMENT For the six months ended 30 June

INCOME STATEMENT <i>(in thousands of €)</i>	NOTE	30.06.2020	30.06.2019
Revenue ²	5	12,382	14,804
Gross rental income	5	4,650	7,354
Property operating expenses		(577)	(922)
Net rental income		4,073	6,432
Joint venture management fee income	5	6,134	4,943
Net valuation gains / (losses) on investment properties	6	204,619	65,296
Administration expenses		(15,517)	(9,853)
Share of net profits of joint ventures and associates	7	18,565	29,301
Operating profit / (loss)		217,874	96,119
Finance income	8	3,856	2,538
Finance costs	8	(12,020)	(9,676)
Finance costs - net		(8,164)	(7,138)
Profit before taxes		209,710	88,981
Taxes		(12,770)	(13,949)
Profit for the period		196,940	75,032
Attributable to:			
Shareholders of VGP NV		196,940	75,032
Non-controlling interests			-
RESULT PER SHARE		30.06.2020	30.06.2019
Basic earnings per share (in €)	9	10.19	4.04
Diluted earnings per share (in €)	9	10.19	4.04

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

² Revenue is composed gross rental income, service charge income and joint venture management fee income.

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

STATEMENT OF COMPREHENSIVE INCOME (in thousands of €)	30.06.2020	30.06.2019
Profit for the period	196,940	75,032
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>	-	-
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) of the period	196,940	75,032
Attributable to:		
Shareholders of VGP NV	196,940	75,032
Non-controlling interest	-	-

CONDENSED CONSOLIDATED BALANCE SHEET
For the period ended

ASSETS (in thousands of €)	NOTE	30.06.2020	31.12.2019
Intangible assets		295	46
Investment properties	10	595,920	792,945
Property, plant and equipment		5,304	5,287
Investments in joint ventures and associates	7	534,156	387,246
Other non-current receivables	7	219,569	63,571
Deferred tax assets		1,883	695
Total non-current assets		1,357,127	1,249,790
Trade and other receivables	11	50,122	28,770
Cash and cash equivalents		92,541	176,148
Disposal group held for sale	14	457,032	169,655
Total current assets		599,695	374,573
TOTAL ASSETS		1,956,822	1,624,363

SHAREHOLDERS' EQUITY AND LIABILITIES <i>(in thousands of €)</i>	NOTE	30.06.2020	31.12.2019
Share capital		72,225	62,251
Retained earnings		774,092	637,461
Other reserves		188,498	69
Shareholders' equity	12	1,034,815	699,781
Non-current financial debt	13	767,685	767,673
Other non-current financial liabilities		-	-
Other non-current liabilities		4,260	12,789
Deferred tax liabilities		19,021	31,647
Total non-current liabilities		790,966	812,109
Current financial debt	13	14,403	12,673
Trade debts and other current liabilities		69,659	89,325
Liabilities related to disposal group held for sale	14	46,979	10,475
Total current liabilities		131,041	112,473
Total liabilities		922,007	924,582
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,956,822	1,624,363

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June

STATEMENT OF CHANGES IN EQUITY <i>(in thousands of €)</i>	Statutory share capital	Capital reserve (see note 12)	IFRS share capital	Retained earnings	Share premium	Other equity	Total equity
Balance as at 1 January 2019	92,667	(30,416)	62,251	481,147	69	-	543,467
Other comprehensive income / (loss)	-	-	-	-	-	-	0
Result of the period	-	-	-	75,032	-	-	75,032
Effect of disposals	-	-	-	-	-	-	0
Total comprehensive income / (loss)	-	-	-	75,032	-	-	75,032
Dividends to shareholders	-	-	-	(40,883)	-	-	(40,883)
Remeasurement of VGP Misv management incentive plan ²	-	-	-	(8,416)	-	-	(8,416)
Balance as at 30 June 2019	92,667	(30,416)	62,251	506,880	69	-	569,200
Balance as at 1 January 2020	92,667	(30,416)	62,251	637,461	69	-	699,781
Other comprehensive income / (loss)	-	-	-	-	-	-	0
Result of the period	-	-	-	196,940	-	-	196,940
Effect of disposals	-	-	-	-	-	-	0
Total comprehensive income / (loss)	-	-	-	196,940	-	-	196,940
Contributions of equity, net of transaction costs	9,974	-	9,974	-	188,429	-	198,403
Dividends to shareholders	-	-	-	(60,308)	-	-	(60,308)
Balance as at 30 June 2020	102,641	(30,416)	72,225	774,092	188,498	-	1,034,815

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June

CASH FLOW STATEMENT (in thousands of €)	30.06.2020	30.06.2019
<i>Cash flows from operating activities</i>		
Profit before taxes	209,710	88,981
<i>Adjustments for:</i>		
Depreciation	751	135
Unrealised (gains) / losses on investment properties	6 (64,026)	(60,906)
Realised (gains) / losses on disposal of subsidiaries and investment properties	6 (140,593)	(4,390)
Unrealised (gains) / losses on financial instruments and foreign exchange	202	173
Interest (income)	(3,857)	(2,527)
Interest expense	11,819	9,492
Share of net (profit)/loss of joint ventures and associates	7 (18,565)	(29,301)
Operating profit before changes in working capital and provisions	(4,559)	1,657
Decrease/(Increase) in trade and other receivables	(12,620)	(2,876)
(Decrease)/Increase in trade and other payables	767	2,158
Cash generated from the operations	(16,413)	939
Interest received	26	26
Interest (paid)	(12,457)	(6,693)
Income taxes paid	(541)	(145)
Net cash from operating activities	(29,385)	(5,873)
<i>Cash flows from investing activities</i>		
Proceeds from disposal of tangible assets and other	-	22
Proceeds from disposal of subsidiaries and investment properties	15 83,282	125,352
Investment property and investment property under construction	(207,784)	(159,134)
Distribution by / (investment in) joint venture and associates	-	-
Loans provided to joint venture and associates	(63,017)	(11,332)
Loans repaid by joint venture and associates	-	4,407
Net cash used in investing activities	(187,519)	(40,685)
<i>Cash flows from financing activities</i>		
Dividends paid	(60,309)	(40,883)
Net Proceeds / (cash out) from the issue / (repayment) of share capital	198,403	-
Proceeds from loans	-	-
Loan repayments	(667)	(350)
Net cash used in financing activities	137,427	(41,233)
Net increase / (decrease) in cash and cash equivalents	(79,477)	(87,791)
Cash and cash equivalents at the beginning of the period	176,148	161,446
Effect of exchange rate fluctuations	(406)	581
Reclassification to (-) / from held for sale	(3,724)	(1,509)
Cash and cash equivalents at the end of the period	92,541	72,727

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June

1 Basis of preparation

The condensed interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”, as adopted by the European Union. The consolidated financial information was approved for issue on 21 August 2020 by the Board of Directors.

2 Significant accounting policies

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

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019 except for following new standards, amendments to standards and interpretations and the accounting policy re share based payments, which became effective during the first half year of 2020:

- Amendments to IAS 1 and IAS 8 *Definition of Material*
- Amendments to IFRS 3 *Business Combinations: Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*
- Amendments to references to the Conceptual Framework in IFRS standards

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

New standards, amendments to standards and interpretations not yet effective during the first half year of 2020:

- IFRS 17 *Insurance Contracts* (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 16 *Property, Plant and Equipment: Proceeds before Intended Use* (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract* (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IFRS 3 *Business Combinations: Reference to the Conceptual Framework* (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendment to IFRS 16 *Leases: Covid-19-Related Rent Concessions* (applicable for annual periods beginning on or after 1 June 2020, but not yet endorsed in the EU)
- *Annual Improvements to IFRS Standards 2018–2020* (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)

3 Additional disclosure on critical accounting judgements and key sources of estimation uncertainty

The critical accounting judgements and key sources of estimation uncertainty are consistent with those outlined in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019 (*See Annual Report 2019 – Note 3*) except for following:

- On 23 June 2020 VGP sold 50% of the shares of VGP Park München GmbH to Allianz Real Estate, thereby losing control over VGP Park München in 2020 (the "Transaction"). The completion of the development of VGP Park München is expected to take several years. As a result of the loss of control over VGP Park München, VGP has deconsolidated all assets and liabilities of VGP Park München and has recognized a gain on the disposal which has been calculated as the difference between: (i) the carrying value (=equity value) of all assets and liabilities of VGP Park München at the Transaction Date, and (ii) the fair market value of 100% of the shares of VGP Park München (the "Fair Value").
- The gain on the Transaction as described above has been recognized in full (100%), consistent with the accounting policies of VGP and IFRS 10 (*See note 2.3 – Principles of consolidation – Joint venture and associates - of the 2019 Annual Report or further information*).
- Until the completion of each building such building will be measured at its proportional agreed purchase price with Allianz Real Estate, as this is considered to be the best reflection of its fair value. Following the completion of each building such building will be carried at fair value and revalued by an external independent valuation expert at least annually in accordance with the Group's valuation rules. (*See note 2.7 – Investment properties – of the 2019 Annual Report or further information*).

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 business line and country level.

The segmentation for segment reporting within VGP is primarily by business line and secondly by geographical region.

4.1 Business lines (operating segments)

Business decisions are taken based on various key performance indicators (such as rental income, - activity, occupancy and development yields) and are monitored in this way as VGP primarily focuses on (i) development activities; (ii) letting logistical sites; and finally (iii) asset- and property management (including facility management) mainly provided to the VGP European Logistics joint venture.

For management purpose, the Group also presents financial information according to management breakdowns, based on these functional allocations of revenues and costs. These amounts are based on a number of assumptions, and accordingly are not prepared in accordance with IFRS audited consolidated financial statements of VGP NV for the periods ended 30 June 2020 and the year ended 31 December 2019.

In June 2020, the Group entered into a new 50/50 joint venture with Allianz Real Estate for the development of VGP Park München. The initial term of this new joint venture is 10 years.

This third joint venture follows the two other 50:50 joint ventures entered into with Allianz Real Estate i.e. VGP European Logistics (the first joint venture) VGP European Logistics 2 (the second joint venture).

The first joint venture -VGP European Logistics -, was launched in March 2016 and targets the acquisition of assets developed by VGP in Germany, the Czech Republic, Slovakia and Hungary. The second joint venture -VGP European Logistics 2 -, was launched in July 2019 and targets the acquisition of assets developed by VGP in Austria, Italy, the Netherlands, Portugal, Romania and Spain.

Investment business

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

Property development

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

Property and asset management

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

Breakdown summary of the business lines

<i>In thousands of €</i>	30.06.2020	30.06.2019
Investment EBITDA	25,272	23,488
Property development EBITDA	194,287	55,751
Property management and asset management EBITDA	2,891	3,622
Total operating EBITDA	222,450	82,860

<i>In thousands of €</i>	For the year ended 30 June 2020			
	Investment	Development	Property and asset management	Total
Gross rental income	4,650			4,650
Property operating expenses	(58)	(519)	0	(577)
Net rental income	4,592	(519)	0	4,073
Joint ventures' management fee income			6,134	6,134
Net valuation gains / (losses) on investment properties destined to the joint ventures	0	204,648	0	204,648
Administration expenses	(1,681)	(9,842)	(3,243)	(14,766)
Share of joint ventures adjusted operating profit after tax ¹	22,361	0	0	22,361
Operating EBITDA	25,272	194,287	2,891	222,450
Depreciation and amortisation	0	(710)	(41)	(751)
Earnings before interest and tax	25,272	193,577	2,850	221,699
Net finance costs - Own				(8,165)
Net finance costs - joint ventures and associates	0	0	0	(7,287)
Profit before tax				206,247
Current income taxes - Own				(541)
Current income taxes - joint ventures and associates				(823)
Recurrent net income				204,883
Net valuation gains / (losses) on investment properties - other countries ²				(29)
Net valuation gains / (losses) on investment properties - joint ventures and associates				7,079
Net fair value gain/(loss) on interest rate swaps and other derivatives				-
Net fair value gain/(loss) on interest rate swaps and other derivatives - joint ventures and associates				(783)
Deferred taxes -Own				(12,229)
Deferred taxes -joint ventures and associates				(1,982)
Reported profit for the period				196,940

¹ The adjustments to the share of profit from the joint ventures (at share) are composed of €7.1 million of net valuation gains/(losses) on investment properties, € 0.1 million of net fair value loss on interest rate derivatives and € 2.0 million of deferred taxes in respect of these adjustments.

² Relates to developments in countries outside of the joint ventures' perimeter i.e. all countries except for Latvia.

<i>In thousands of €</i>	For the year ended 30 June 2019			
	Investment	Development	Property and asset management	Total
Gross rental income	7,354	-	-	7,354
Property operating expenses	(92)	(830)	-	(922)
Net rental income	7,262	(830)	-	6,432
Joint ventures' management fee income	-	-	4,943	4,943
Net valuation gains / (losses) on investment properties destined to the joint ventures	-	63,916	-	63,916
Administration expenses	(1,062)	(7,335)	(1,322)	(9,718)
Share of joint ventures adjusted operating profit after tax ¹	17,287	-	-	17,287
Operating EBITDA	23,488	55,751	3,622	82,860
				0
Depreciation and amortisation	-	(95)	(40)	(135)
Earnings before interest and tax	23,488	55,656	3,582	82,725
Net finance costs - Own				(7,149)
Net finance costs - joint ventures and associates				(7,204)
Profit before tax				68,372
Current income taxes - Own				(145)
Current income taxes - joint ventures and associates				(698)
Recurrent net income				67,529
Net valuation gains / (losses) on investment properties - other countries ²				1,379
Net valuation gains / (losses) on investment properties - joint ventures and associates				28,879
Net fair value gain/(loss) on interest rate swaps and other derivatives				11
Net fair value gain/(loss) on interest rate swaps and other derivatives - joint ventures and associates				(2,260)
Deferred taxes -Own				(13,804)
Deferred taxes -joint ventures and associates				(6,702)
Reported profit for the period				75,032

¹ The adjustments to the share of profit from the joint venture (at share) are composed of € 28.9 million of net valuation gains/(losses) on investment properties, € 2.3 million of net fair value gain/(loss) on interest rate derivatives and € 6.7 million of deferred taxes in respect of these adjustments.

² Relates to developments in countries outside of the joint venture's perimeter i.e, Latvia.

4.2 Geographical information

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.

30 June 2020							
<i>In thousands of €</i>	Gross rental income ¹	Net rental income ¹	Share of joint venture's operating EBITDA	Operating EBITDA (Incl. JV at share)	Investment properties Own	Investment properties JV at share	Capital expenditure ²
Western Europe							
Germany	15,742	14,000	13,004	192,708	402,291	763,205	131,395
Spain	1,937	988	919	(2,544)	170,331	32,657	22,716
Austria	301	237	245	8	12,300	12,545	67
Netherlands	552	48	-	19,263	153,002	-	17,051
Italy	421	492	-	(518)	37,864	-	7,047
Portugal	-	(42)	-	(285)	3,993	-	642
	18,953	15,722	14,167	208,632	779,781	808,407	178,919
Central and Eastern Europe							
Czech Republic	5,855	5,172	5,360	12,144	95,052	196,009	27,837
Slovakia	933	703	826	(244)	49,163	24,209	7,104
Hungary	1,078	964	1,002	1,844	31,619	28,513	6,313
Romania	1,308	799	1,148	1,167	49,228	27,093	8,883
	9,173	7,637	8,336	14,911	225,062	275,823	50,138
Baltics							
Latvia	1,430	1,356	-	1,304	39,071	-	176
Other ³	-	2,170	(140)	(2,392)	-	-	-
Total	29,555	26,885	22,363	222,455	1,043,914	1,084,230	229,233

¹ Includes joint venture at share.

² Capital expenditures includes additions and acquisition of investment properties and development land but does not include tenant incentives, letting fees, and capitalised interest. Capital expenditure directly incurred for the own portfolio amounts to € 216.9 million and amounts to € 12.3 million on development properties of the Joint Venture.

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

30 June 2019							
<i>In thousands of €</i>	Gross rental income ¹	Net rental income ¹	Share of joint venture's operating EBITDA	Operating EBITDA (Incl. JV at share)	Investment properties Own	Investment properties JV at share	Capital expenditure ²
Western Europe							
Germany	14,008	11,586	11,117	35,004	295,071	514,254	89,792
Spain	1,611	892	-	2,750	170,225	-	22,644
Austria	572	513	-	2,438	21,918	-	18
Netherlands	-	(156)	-	17,794	71,070	-	18,708
Italy	-	122	-	5,539	19,791	-	10,178
Portugal	-	(30)	-	(119)	178	-	178
	16,191	12,927	11,117	63,406	578,253	514,254	141,519
Central and Eastern Europe							
Czech Republic	5,380	6,031	4,435	9,380	73,242	172,585	13,052
Slovakia	990	914	905	1,189	41,424	23,209	28,418
Hungary	1,070	1,503	831	2,051	15,621	28,444	5,985
Romania	1,944	1,667	-	6,279	75,391	-	7,010
	9,383	10,114	6,170	18,898	205,678	224,237	54,465
Baltics							
Latvia	1,033	855	-	816	37,699	-	2,680
Other ³	-	290	-	(260)	-	-	-
Total	26,607	24,186	17,287	82,860	821,630	738,491	198,665

¹ Includes joint venture at share.

² Capital expenditures includes additions and acquisition of investment properties and development land but does not include tenant incentives, letting fees, and capitalised interest. Capital expenditure directly incurred for the own portfolio amounts to € 192,3 million and amounts to € 6,4 million on development properties of the Joint Venture.

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

5 Revenue

<i>In thousands of €</i>	30.06.2020	30.06.2019
Rental income from investment properties	3,788	5,559
Rent incentives	862	1,795
Total gross rental income	4,650	7,354
Property and facility management income	4,727	3,727
Development management income	1,406	1,216
Joint venture management fee income	6,133	4,943
Service charge income	1,599	2,507
Total revenue	12,382	14,804

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 in the first half of 2020. There were no closings with the joint ventures during the first half year of 2020. During the first half of 2019 rental income included € 0.8 million of rent for the period 1 January 2019 to 1 April 2019 related to the property portfolio sold during the fifth closing with VGP European Logistics joint venture on 1 April 2019.

At the end of June 2020, the Group (including the joint ventures) had annualised committed leases of € 165.2 million¹ compared to € 155.0 million² as at 31 December 2019.

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

<i>In thousands of €</i>	30.06.2020	31.12.2019
Less than one year	36,998	52,665
Between one and five years	138,712	205,603
More than five years	207,202	399,922
Total	382,912	658,190

6 Net valuation gains / (losses) on investment properties

<i>In thousands of €</i>	30.06.2020	30.06.2019
Unrealised valuation gains / (losses) on investment properties	41,085	45,219
Unrealised valuation gains / (losses) on disposal group held for sale	22,941	15,687
Realised valuation gains / (losses) on disposal of subsidiaries and investment properties	140,593	4,390
Total	204,619	65,296

The own property portfolio, excluding development land but including the assets being developed on behalf of the joint ventures, is valued by the valuation expert at 30 June 2020 based on a weighted average yield of 5.81% (compared to 5.76% as at 31 December 2019) applied to the contractual rents increased by the estimated rental value on unlet space. The slight increase in yields is due to the change in the portfolio mix following the entering of the VGP Park München joint venture in June 2020. A 0.10% variation of this market rate would give rise to a variation of the total portfolio value of € 15.3 million.

¹ € 128.2 million related to the joint ventures' property portfolio and € 37.0 million related to the own property portfolio.

² € 102.3 million related to the joint ventures' property portfolio and € 52.7 million related to the own property portfolio.

7 Investments in joint ventures and associates

7.1 Share of net profits of joint ventures and associates

The table below presents a summary Income Statement of the Group's joint ventures with Allianz Real Estate (VGP European Logistics, VGP European Logistics 2 and VGP Park München) and the associates, all of which are accounted for using the equity method. VGP European Logistics and VGP European Logistics 2 are incorporated in Luxembourg. VGP European logistics owns logistics property assets in Germany, the Czech Republic, Slovakia and Hungary. VGP European Logistics 2 owns logistics property assets in Spain, Austria and Romania. VGP NV holds 50% directly in both joint ventures and holds another 5.1% in the subsidiaries of VGP European Logistics holding assets in Germany.

INCOME STATEMENT <i>(in thousands of €)</i>	VGP European Logistics (excl. minorities) at 100%	VGP European Logistics 2 at 100%	VGP Park München GmbH at 100%	Joint ventures at 50%	VGP European Logistics German Asset Companies at 5.1%	30.06.2020
Gross rental income	41,602	5,427	-	23,515	1,391	24,905
Property Operating expenses						
- underlying property operating expenses	59	(147)	21	(33)	5	(28)
- property management fees	(3,335)	(561)	-	(1,948)	(119)	(2,067)
Net rental income	38,327	4,720	21	21,534	1,277	22,811
Net valuation gains / (losses) on investment properties	11,829	914	-	6,371	707	7,079
Administration expenses	(737)	(129)	(1)	(433)	(16)	(450)
Operating profit / (loss)	49,419	5,505	20	27,472	1,968	29,440
Net financial result	(12,446)	(2,715)	(135)	(7,648)	(421)	(8,069)
Taxes	(4,239)	(910)	-	(2,574)	(231)	(2,806)
PROFIT FOR THE PERIOD	32,734	1,880	(115)	17,249	1,316	18,565

INCOME STATEMENT <i>(in thousands of €)</i>	VGP European Logistics (excl. minorities) at 100%	VGP European Logistics 2 at 100%	VGP Park München GmbH at 100%	Joint ventures at 50%	VGP European Logistics German Asset Companies at 5.1%	30.06.2019
Gross rental income	36,100	-	-	18,050	1,203	19,253
Property Operating expenses						
- underlying property operating expenses	(35)	-	-	(17)	(8)	(26)
- property management fees	(2,752)	-	-	(1,376)	(97)	(1,473)
Net rental income	33,313	-	-	16,657	1,098	17,754
Net valuation gains / (losses) on investment properties	53,664	-	-	26,832	2,047	28,879
Administration expenses	(896)	-	-	(448)	(20)	(468)
Operating profit / (loss)	86,081	-	-	43,041	3,125	46,165
Net financial result	(18,156)	-	-	(9,078)	(386)	(9,464)
Taxes	(13,956)	-	-	(6,978)	(422)	(7,400)
PROFIT FOR THE PERIOD	53,969	-	-	26,985	2,317	29,301

7.2 Summarised balance sheet information in respect of joint ventures and associates

BALANCE SHEET <i>(in thousands of €)</i>	VGP European Logistics (excl. minorities) at 100%	VGP European Logistics 2 at 100%	VGP Park Munche n GmbH at 100%	Joint ventures at 50%	VGP European Logistics German Asset Companies at 5.1%	30.06.2020
Investment properties	1,607,021	144,590	375,362	1,063,487	59,629	1,123,115
Other assets	(1,504)	(357)	0	(930)	(27)	(958)
Total non-current assets	1,605,518	144,233	375,362	1,062,556	59,601	1,122,158
Trade and other receivables	16,215	2,715	6,574	12,752	702	13,454
Cash and cash equivalents	67,751	5,579	52,752	63,041	2,224	65,265
Total current assets	83,966	8,294	59,326	75,793	2,926	78,719
Total assets	1,689,484	152,527	434,688	1,138,349	62,527	1,200,877
Non-current financial debt	814,721	86,687	155,833	528,620	31,317	559,938
Other non-current financial liabilities	6,858	79	-	3,469	-	3,469
Other non-current liabilities	6,836	1,640	1,150	4,813	164	4,977
Deferred tax liabilities	116,492	3,639	-	60,065	3,960	64,026
Total non-current liabilities	944,907	92,045	156,983	596,967	35,441	632,409
Current financial debt	20,261	1,038	-	10,650	631	11,280
Trade debts and other current liabilities	21,202	2,673	21,130	22,503	529	23,031
Total current liabilities	41,463	3,711	21,130	33,152	1,160	34,312
Total liabilities	986,370	95,756	178,113	630,120	36,601	666,720
Net assets	703,114	56,771	256,575	508,230	25,926	534,156

BALANCE SHEET <i>(in thousands of €)</i>	VGP European Logistics (excl. minorities) at 100%	VGP European Logistics 2 at 100%	VGP Park München GmbH at 100%	Joint ventures at 50%	VGP European Logistics German Asset Companies at 5.1%	31.12.2019
Investment properties	1,603,926	145,281	-	874,603	59,404	934,008
Other assets	838	24	-	431	43	474
Total non-current assets	1,604,763	145,305	-	875,034	59,448	934,482
Trade and other receivables	12,201	3,351	-	7,776	446	8,222
Cash and cash equivalents	51,134	3,198	-	27,166	1,636	28,802
Total current assets	63,335	6,549	-	34,942	2,082	37,024
Total assets	1,668,098	151,854	-	909,976	61,530	971,506
Non-current financial debt	823,105	88,068	-	455,587	31,512	487,099
Other non-current financial liabilities	5,337	40	-	2,689	-	2,689
Other non-current liabilities	7,208	1,508	-	4,358	190	4,548
Deferred tax liabilities	116,130	3,121	-	59,626	3,845	63,470
Total non-current liabilities	951,781	92,737	-	522,259	35,547	557,806
Current financial debt	20,022	784	-	10,403	631	11,034
Trade debts and other current liabilities	25,914	3,443	-	14,678	742	15,421
Total current liabilities	45,936	4,227	-	25,081	1,373	26,455
Total liabilities	997,717	96,964	-	547,341	36,920	584,260
Net assets	670,382	54,890	-	362,635	24,610	387,246

During the month of June 2020, VGP and Allianz expanded their strategic partnership by entering into a new 50:50 joint venture for the development of VGP Park München. Contrary to the two existing joint ventures which concentrate on the acquisition of income-generating assets developed by VGP, this new joint venture will initially be focused on the development of VGP Park München. The development will consist of five logistic buildings, two stand-alone parking houses and one stand-alone office building. Development activities are underway and the completion of the development of VGP Park München is expected to take several years.

The property portfolio of VGP European Logistics and VGP European Logistics 2, excluding development land but including the buildings being constructed by VGP on behalf of the VGP European Logistics and VGP European Logistics 2, is valued by the valuation expert at 30 June 2020 based on a weighted average yield of 4.85% (compared to 5.16% as at 31 December 2019) 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 VGP European joint venture portfolio value (100%) of € 51.5 million.

The (re)valuation of the joint ventures' portfolios was based on the appraisal report of the property expert Jones Lang LaSalle except for VGP Park München (see note 3.1 – *Critical judgements in applying accounting policies – for further information*).

VGP provides certain services, including asset-, property- and development advisory and management, for the joint ventures and receives fees from the joint ventures for doing so. Those services are carried out on an arms-length basis and do not give VGP any control over the relevant joint ventures (nor any unilateral material decision-making rights). Significant transactions and decisions within the joint ventures require

full board and/or shareholder approval, in accordance with the terms of the joint venture agreements.

7.3 Other non-current receivables

<i>in thousands of €</i>	30.6.2020	31.12.2019
Shareholder loans to VGP European Logistics S.à r.l.	53,424	52,449
Shareholder loans to associates (subsidiaries of VGP European Logistics S.à r.l.)	5,564	5,454
Shareholder loans to VGP European Logistics 2 S.à r.l.	5,779	5,668
Shareholder loans to VGP Park München GmbH	293	0
Construction and development loans to subsidiaries of VGP European Logistics S.à r.l.	108,813	81,084
Construction and development loans to subsidiaries of VGP European Logistics 2 S.à r.l.	40,955	33,806
Construction and development loans to subsidiaries of VGP Park München GmbH	77,770	0
Construction and development loans reclassified as assets held for sale	(149,768)	(114,890)
Other non-current receivables	76,739	-
Total	219,569	63,571

Other non-current receivables relate to: (i) the remaining balance due by Allianz Real Estate in respect of the acquisition of VGP Park München (€ 66.0 million) and which shall become payable by Allianz Real Estate in different instalments based on the completion dates of the respective buildings, and: (ii) a receivable from VGP Misv Comm. VA (€ 10.7 million).

7.4 Investments in joint ventures and associates

<i>in thousands of €</i>	30.06.2020	31.12.2019
As at 1 January	387,246	241,427
Fair value at initial recognition VGP Park München	128,345	-
Additions	-	80,116
Result of the year	18,565	65,703
Repayment of equity	-	-
Adjustments from sale of participations	-	-
As at the end of the period	534,156	387,246

8 Net financial result

<i>in thousands of €</i>	30.06.2020	30.06.2019
Bank and other interest income	-	26
Interest income - loans to joint ventures and associates	3,831	2,501
Fair value gain on interest rate derivatives	-	11
Other financial income	25	-
Finance income	3,856	2,538
Bond interest expense	(12,276)	(10,180)
Bank interest expense - variable debt	(901)	(416)
Interest capitalised into investment properties	3,044	1,939
Net foreign exchange losses	(202)	(184)
Other financial expenses	(1,685)	(835)
Finance costs	(12,020)	(9,676)
Finance costs - net	(8,164)	(7,138)

9 Earnings per share

9.1 Earnings per ordinary share (EPS)

<i>In number</i>	30.06.2020	30.06.2019
Weighted average number of ordinary shares (basic)	19,330,303	18,583,050
Dilution	-	-
Weighted average number of ordinary shares (diluted)	19,330,303	18,583,050
Correction for reciprocal interest through associates	(772,075)	(742,478)
Weighted average number of ordinary shares (diluted and after correction for reciprocal interest through associates)	18,558,228	17,840,572

<i>In thousands of €</i>	30.06.2020	30.06.2019
Result for the period attributable to the Group and to ordinary shareholders	196,970	75,032
Earnings per share (in €) - basic	10.19	4.04
Earnings per share (in €) - diluted	10.19	4.04
Earnings per share (in €) - after dilution and correction for reciprocal interest through associates	10.61	4.21

Correction for reciprocal interest relates to the elimination of the proportional equity component of the respective VGP NV shares held by VGP Misv Comm, VA. VGP NV acquired 161,674 shares of VGP Misv Comm, VA. during the first half of 2020 as part of the termination of the VGP Misv incentive plan. (see *Annual Report 2019 - Remuneration Report – Changes in 2020- for further information*).

9.2 Net asset value per share (NAV)

<i>EPRA NAV – In thousands of €</i>	30.06.2020	31.12.2019
IFRS NAV	1,034,814	699,781
Effect of exercise of options, convertibles and other equity interests	-	-
Diluted NAV	1,034,814	699,781
To exclude:		
Fair value of financial instruments	-	-
Deferred tax	44,155	41,428
EPRA NAV	1,078,969	741,209
Number of shares	20,583,050	18,583,050
EPRA NAV per share (EUR/share)	52.42	39.89

<i>EPRA NNNAV – In thousands of €</i>	30.06.2020	31.12.2019
EPRA NAV	1,078,969	741,209
To include:		
Fair value of financial instruments	-	-
Deferred tax	(44,155)	(41,428)
Fair value adjustment in respect of issued debt	(4,794)	(24,808)
EPRA triple net NAV (NNNAV)	1,030,020	674,973
Number of shares	20,583,050	18,583,050
EPRA NNNAV per share (EUR/share)	50.04	36.32

10 Investment properties

<i>In thousands of €</i>	30.06.2020			
	Completed	Under Construction	Development land	Total
As at 1 January	94,056	338,266	360,623	792,945
Capex	9,359	101,573	9,825	120,757
Acquisitions	-	-	96,178	96,178
Capitalised interest	393	2,531	121	3,045
Capitalised rent free and agent's fee	2,583	250	127	2,960
Sales and disposal	-	(155,586)	(84,475)	(240,061)
Transfer on start-up of development	-	66,346	(66,346)	-
Transfer on completion of development	64,677	(64,677)	-	-
Net gain from value adjustments in investment properties	1,647	55,187	1,754	58,588
Reclassification to (-) / from held for sale	(97,460)	(138,570)	(2,462)	(238,492)
As at 30 June	75,255	205,320	315,345	595,920

<i>In thousands of €</i>	31.12.2019			
	Completed	Under Construction	Development land	Total
As at 1 January	121,454	134,286	212,773	468,513
Reclassification from held for sale ¹	107,630	-	-	107,630
Capex	74,369	133,667	27,717	235,753
Acquisitions	-	-	281,764	281,764
Capitalised interest	2,126	1,789	315	4,230
Capitalised rent free and agent's fee	1,412	9,816	-	11,228
Sales and disposals	(306,308)	(91,134)	(33,119)	(430,561)
Transfer on start-up of development	-	147,698	(147,698)	-
Transfer on completion of development	86,631	(86,631)	-	-
Net gain from value adjustments in investment properties	6,742	88,775	18,871	114,388
Reclassification to held for sale	-	-	-	-
As at 31 December	94,056	338,266	360,623	792,945

10.1 Fair value hierarchy of the Group's investment properties

All of the Group's properties are level 3, as defined by IFRS 13, in the fair value hierarchy as at 30 June 2020 and there were no transfers between levels during the year. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to level 1 (inputs from quoted prices) and level 2 (observable inputs either directly, i.e, as prices, or indirectly, i.e, derived from prices).

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

10.2 Property valuation techniques and related quantitative information

(i) Valuation process

The Group's own investment properties and the joint venture's investment properties were valued at 30 June 2020 by Jones Lang LaSalle. The valuation process was unchanged compared to the valuation process described in the 2019 Annual Report (page 217-218).

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

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

Region	Segment	Fair value 30 Jun-20 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range	
Czech Republic	IPUC	6,700	Discounted cash flow	ERV per m ² (in €)	50	
				Discount rate	8.00%	
				Exit yield	6.00%	
				Weighted average yield	7.37%	
				Cost to completion (in '000 €)	3,400	
				Properties valued (aggregate m ²)	14,882	
	DL	41,318	Sales comparison	Price per m ² (in €)		
	Germany	IP	59,750	Discounted cash flow	ERV per m ² (in €)	46-94
					Discount rate	5.75%-6.25%
					Exit yield	4.75%-5.00%
Weighted average yield					5.36%	
Cost to completion (in '000 €)					400	
Properties valued (aggregate m ²)					48,586	
IPUC		127,445	Discounted cash flow	ERV per m ² (in €)	46-95	
				Discount rate	5.25%-7.75%	
				Exit yield	3.75%-5.35%	
				Weighted average yield	5.26%	
DL	124,115	Sales comparison	Cost to completion (in '000 €)	141,350		
			Properties valued (aggregate m ²)	223,001		
Spain	IP	42,450	Equivalent yield	ERV per m ² (in €)	56-59	
				Equivalent yield	5.25%-5.72%	
				Reversionary yield (nominal)	5.60%-5.89%	
				Weighted average yield	6.02%	
				Cost to completion (in '000 €)	2,000	
				Properties valued (aggregate m ²)	45,808	
	IPUC	50,985	Equivalent yield	WAULT (until maturity) (in years)	5.6	
				WAULT (until first break) (in years)	5.1	
				ERV per m ² (in €)	44-60	
				Equivalent yield	5.85% -6.00%	

Region	Segment	Fair value 30 Jun-20 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range
				Weighted average yield	6.09%
				Cost to completion (in '000 €)	20,400
				Properties valued (aggregate m ²)	85,689
	DL	35,696	Sales comparison	Price per m ² (in €)	
Romania	IPUC	12,200	Discounted cash flow	ERV per m ² (in €)	44-46
				Discount rate	10.00%-10.75%
				Exit yield	7.75%-9.25%
				Weighted average yield	10.56%
				Cost to completion (in '000)	7,940
				Properties valued (aggregate m ²)	47,027
	DL	23,818	Sales comparison	Price per m ² (in €)	
Netherlands	IPUC	120,550	Discounted cash flow	ERV per m ² (in €)	49-60
				Discount rate	4.95%-5.20%
				Exit yield	5.40%-5.80%
				Weighted average yield	4.76%
				Cost to completion (in '000)	5,025
				Properties valued (aggregate m ²)	107,375
	DL	32,452	Sales comparison	Price per m ² (in €)	
Italy	IP	19,850	Discounted cash flow	ERV per m ² (in €)	64
				Discount rate	6.75%
				Exit yield	6.10%
				Weighted average yield	6.13%
				Cost to completion (in '000 €)	3,800
				Properties valued (aggregate m ²)	22,783
				WAULT (until maturity) (in years)	11.5
				WAULT (until first break) (in years)	11.5
	IPUC	14,700	Discounted cash flow	ERV per m ² (in €)	44
				Discount rate	6.35%
				Exit yield	6.00%
				Weighted average yield	6.20%
				Cost to completion (in '000)	1,300
				Properties valued (aggregate m ²)	22,695
	DL	3,314	Sales comparison	Price per m ² (in €)	
Hungary	IP	12,040	Discounted cash flow	ERV per m ² (in €)	58
				Discount rate	7.65%
				Exit yield	7.50%
				Weighted average yield	8.02
				Cost to completion (in '000 €)	0
				Properties valued (aggregate m ²)	16,597
				WAULT (until maturity) (in years)	9.34
				WAULT (until first break) (in years)	9.34
	IPUC	11,310	Discounted cash flow	ERV per m ² (in €)	54
				Discount rate	7.65%
				Exit yield	7.50%

Region	Segment	Fair value 30 Jun-20 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range
				Weighted average yield	7.84%
				Cost to completion (in '000)	810
				Properties valued (aggregate m ²)	17,660
	DL	4,330	Sales comparison	Price per m ² (in €)	
Latvia	IP	38,625	Discounted cash flow	ERV per m ² (in €)	50-58
				Discount rate	7.75-8.25%
				Exit yield	7.75%
				Weighted average yield	8.65%
				Cost to completion (in '000)	975
				Properties valued (aggregate m ²)	62,545
				WAULT (until maturity) (in years)	5.14
				WAULT (until first break) (in years)	3.84
	DL	446	Sales comparison	Price per m ² (in €)	
Austria	DL	12,300	Sales comparison	Price per m ² (in €)	
Slovakia	DL	36,027	Sales comparison	Price per m ² (in €)	
Portugal	DL	3,991	Sales comparison	Price per m ² (in €)	
Total		834,412			

Region	Segment	Fair value 31 Dec-19 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range
Czech Republic	IPUC	5,800	Discounted cash flow	ERV per m ² (in €)	50
				Discount rate	8.00%
				Exit yield	6.00%
				Weighted average yield	7.47%
				Cost to completion (in '000 €)	4,160
				Properties valued (aggregate m ²)	14,882
	DL	19,631	Sales comparison	Price per m ² (in €)	
Germany	IP	24,720	Discounted cash flow	ERV per m ² (in €)	46-91
				Discount rate	5.75%-6.25%
				Exit yield	4.75%-5.00%
				Weighted average yield	5.63%
				Cost to completion (in '000 €)	646
				Properties valued (aggregate m ²)	62,887
				WAULT (until maturity) (in years)	9.9
				WAULT (until first break) (in years)	9.9
	IPUC	147,470	Discounted cash flow	ERV per m ² (in €)	41-94
				Discount rate	5.00%-7.75%
				Exit yield	3.90%-5.15%
				Weighted average yield	5.10%
				Cost to completion (in '000 €)	111,650
				Properties valued (aggregate m ²)	183,251
	DL	204,885	Sales comparison	Price per m ² (in €)	

Region	Segment	Fair value 31 Dec-19 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range
Spain	IP	30,400	Equivalent yield	ERV per m ² (in €)	58
				Equivalent yield	5.70%
				Reversionary yield (nominal)	5.89%
				Weighted average yield	6.06%
				Cost to completion (in '000 €)	300
				Properties valued (aggregate m ²)	32,169
				WAULT (until maturity) (in years)	3.2
	IPUC	48,126	Equivalent yield	ERV per m ² (in €)	44-58
				Equivalent yield	n/a
				Reversionary yield (nominal)	n/a
				Weighted average yield	5.97%
				Cost to completion (in '000 €)	38,440
				Properties valued (aggregate m ²)	100,352
				DL	34,907
Romania	IPUC	6,100	Discounted cash flow	ERV per m ² (in €)	41
				Discount rate	9.75%
				Exit yield	9.25%
				Weighted average yield	9.74%
				Cost to completion (in '000)	790
	DL	19,813	Sales comparison	Price per m ² (in €)	16,527
Netherlands	IPUC	84,400	Discounted cash flow	ERV per m ² (in €)	51
				Discount rate	5.90%-6.10%
				Exit yield	5.30%-5.50%
				Weighted average yield	5.13%
				Cost to completion (in '000)	18,805
	DL	31,212	Sales comparison	Price per m ² (in €)	103,563
Italy	IPUC	30,500	Discounted cash flow	ERV per m ² (in €)	45-64
				Discount rate	6.62%-6.87%
				Exit yield	6.00%-6.10%
				Weighted average yield	6.28%
				Cost to completion (in '000)	9,000
	DL	264	Sales comparison	Price per m ² (in €)	45,478
Hungary	IPUC	15,870	Discounted cash flow	ERV per m ² (in €)	54-58
				Discount rate	7.65%
				Exit yield	7.50%
				Weighted average yield	7.87%
				Cost to completion (in '000)	8,480
	DL	4,630	Sales comparison	Price per m ² (in €)	34,257

Region	Segment	Fair value 31 Dec-19 (€ '000)	Valuation technique	Level 3 - Unobservable inputs	Range
Latvia	IP	38,935	Discounted cash flow	ERV per m ² (in €)	50-57
				Discount rate	8.00%
				Exit yield	7.75%
				Weighted average yield	8.52%
				Cost to completion (in '000)	765
				Properties valued (aggregate m ²)	62,545
				WAULT (until maturity) (in years)	4.5
				WAULT (until first break) (in years)	3.2
Austria	DL	12,236	Sales comparison	Price per m ² (in €)	
Slovakia	DL	29,791	Sales comparison	Price per m ² (in €)	
Portugal	DL	3,255	Sales comparison	Price per m ² (in €)	
Total		792,945			

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

11 Trade and other receivables

<i>(in thousands of €)</i>	30.06.2020	31.12.2019
Trade receivables	6,598	6,169
Tax receivables - VAT	24,691	19,562
Accrued income and deferred charges	668	644
Other receivables	23,481	2,395
Reclassification to (-) / from held for sale	(5,316)	-
Total	50,122	28,770

Other receivables mainly relate to the remaining current balance due by Allianz Real Estate in respect of the acquisition of VGP Park München (€ 22.2 million) (see also note 7.3 Other non-current receivables).

12 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
23.04.2020	Capital increase	9,974	72,225	2,000,000	20,583,050

On 23 April 2020 VGP NV increased its equity by € 200 million through the issuance of 2,000,000 new shares. The statutory share capital of VGP NV therefore increased by € 9,973k to € 102,640k with the remaining balance in an amount of € 190,027k being accounted for as share premium.

The € 30.4 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") (see also "Statement of changes in equity").

13 Current and non-current financial debts

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

MATURITY <i>In thousands of €</i>	30.06.2020			
	Outstanding balance	< 1 year	> 1-5 year	> 5 year
Non-current				
Bank borrowings	19,456		19,456	-
Schuldschein Loans	33,409		7,413	25,996
Bonds				
2.75% bonds Apr-23	148,884	-	148,884	-
3.90% bonds Sep-23	222,922	-	222,922	-
3.25% bonds Jul-24	74,523	-	74,523	-
3.35% bonds Mar-25	79,744	-	79,744	-
3.50% bonds Mar-26	188,747	-	-	188,747
	714,820	-	526,073	188,747
Total non-current financial debt	767,685	-	552,942	214,743
Current				
Bank borrowings	1,312	1,312		
Accrued interest	13,091	13,091	-	-
Total current financial debt	14,403	14,403	-	-
Total current and non-current financial debt	782,088	14,403	552,942	214,743

MATURITY <i>In thousands of €</i>	31.12.2019			
	Outstanding balance	< 1 year	> 1-5 year	> 5 year
Non-current				
Bank borrowings	20,169	-	20,169	-
Schuldschein Loans	33,400		7,428	25,972
Bonds				
2.75% bonds Apr-23	148,683	-	148,683	-
3.90% bonds Sep-23	222,602	-	222,602	-
3.25% bonds Jul-24	74,464	-	74,464	-
3.35% bonds Mar-25	79,717	-	-	79,717
3.50% bonds Mar-26	188,638	-	-	188,638
	714,104	-	445,749	268,355
Total non-current financial debt	767,673	-	473,327	294,345
Current				
Bank borrowings	1,309	1,309		-
Accrued interest	11,364	11,364		-
Total current financial debt	12,673	12,673		-
Total current and non-current financial debt	780,346	12,673	473,327	294,345

The above 30 June 2020 balances include capitalised finance costs of (i) € 236k on bank borrowings (as compared to € 188k as per 31 December 2019), (ii) €91k on schuldschein loans (as compared to €100k as per 31 December 2019) and (iii) €5,180k on bonds (as compared to € 5,896k as per 31 December 2019).

13.1 Overview

13.1.1 Bank loans

All bank loans granted to the VGP Group are secured and are denominated in €. The bank loans can be summarised as follows:

30.06.2020 <i>In thousands of €</i>	Facility amount	Facility expiry date	Outstanding balance	< 1 year	> 1-5 years	> 5 years
Swedbank AS - Latvia	22,000	31-Aug-21	21,000	1,333	19,667	-
KBC Bank NV	75,000	31-Dec-22	-	-	-	-
Belfius Bank NV	50,000	31-Dec-22	-	-	-	-
JP Morgan AG	25,000	8-Nov-22	-	-	-	-
Total bank debt	172,000		21,000	1,333	19,667	-

31.12.2019 <i>In thousands of €</i>	Facility amount	Facility expiry date	Outstanding balance	< 1 year	> 1-5 years	> 5 years
Swedbank AS - Latvia	22,000	31-Aug-21	21,667	1,333	20,334	-
KBC Bank NV	75,000	31-Dec-22	-	-	-	-
Belfius Bank NV	50,000	31-Dec-22	-	-	-	-
JP Morgan AG	25,000	8-Nov-22	-	-	-	-
Total bank debt	172,000		21,667	1,333	20,334	-

13.1.2 Schuldschein loans

The Schuldschein loans represents a combination of fixed and floating notes whereby the variable rates represent a nominal amount of €21.5 million which is not hedged. The current average interest rate is 2.73 per cent per annum. The loans have a maturity of 3,5,7 and 8 years).

30.06.2020 In thousands of €	Loan amount	Loan expiry dates	Outstanding balance	< 1 year	> 1-5 years	> 5 years
Schuldschein loans	33,500	Oct-22 to Oct-27	33,500	-	7,500	26,000

31.12.2019 In thousands of €	Loan amount	Loan expiry dates	Outstanding balance	< 1 year	> 1-5 years	> 5 years
Schuldschein loans	33,500	Oct-22 to Oct-27	33,500	-	-	33,500

13.1.3 Bonds

As at 30 June 2020, VGP has following five bonds outstanding:

- € 150 million fixed rate bonds due 2 April 2023 which carry a coupon of 2.75% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002677582 – Common Code: 208152149) (“Apr-23 Bond”);
- € 225 million fixed rate bonds due 21 September 2023 which carry a coupon of 3.90% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002258276 - Common Code: 148397694). (“Sep-23 Bond”);
- € 75 million fixed rate bonds due 6 July 2024 which carry a coupon of 3.25% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002287564 - Common Code: 163738783). (“Jul-24 Bond”);
- € 80 million fixed rate bonds due 30 March 2025 carry a coupon of 3.35% per annum. The bonds are not listed (ISIN Code: BE6294349194 - Common Code: 159049558). (“Mar-25 Bond”);
- € 190 million fixed rate bonds due 19 March 2026 carry a coupon of 3.50% per annum. The bonds have been listed on the regulated market of NYSE Euronext Brussels (ISIN Code: BE0002611896 - Common Code: 187793777). (“Mar-26 Bond”).

13.2 Key terms and covenants

Please refer to *Annual Report 2019 - Note 17.2 Key terms and covenants* for further information.

During the first half year of 2020, the Group operated well within its bank loans, schuldschein loans and bond covenants and there were no events of default nor were there any breaches of covenants with respect to loan agreements and bonds noted.

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

<i>(in thousands of €)</i>	30.06.2020	31.12.2019
Intangible assets	-	-
Investment properties	447,991	169,655
Property, plant and equipment	-	-
Deferred tax assets	2	-
Trade and other receivables	5,316	-
Cash and cash equivalents	3,723	-
Disposal group held for sale	457,032	169,655
Non-current financial debt	-	-
Other non-current financial liabilities	-	-
Other non-current liabilities	(704)	-
Deferred tax liabilities	(27,019)	(10,475)
Current financial debt	-	-
Trade debts and other current liabilities	(19,256)	-
Liabilities associated with assets classified as held for sale	(46,979)	(10,475)
Total net assets	410,053	159,180

Under the joint venture agreements VGP European Logistics and VGP European Logistics 2 have an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP in Germany, the Czech Republic, Slovakia, Hungary, Austria, Italy, the Netherlands, Portugal, Romania and Spain. The development pipeline which will be transferred as part of any future acquisition transaction between these joint ventures and VGP is being developed at VGP's own risk and subsequently acquired and paid for by the joint ventures subject to pre-agreed completion and lease parameters.

As at 30 June 2020 the assets of the respective project companies which are earmarked to be transferred to the joint ventures during the second half of 2020 were therefore reclassified as disposal group held for sale.

The investment properties correspond to the fair value of the asset under construction which are being developed by VGP on behalf of the VGP European Logistics and VGP European Logistics 2 joint ventures. This balance includes € 149.8 million of interest bearing development and construction loans (2019: € 114.9 million) granted by VGP to these joint ventures to finance the development pipeline of the VGP European Logistics and VGP European Logistics 2 joint ventures, (See also note 7.3).

15 Cash flow from disposal of subsidiaries and investment properties

<i>In thousands of €</i>	30.06.2020	31.12.2019
Investment property	240,061	476,345
Trade and other receivables	6,027	6,011
Cash and cash equivalents	12,950	20,425
Non-current financial debt	-	-
Shareholder Debt	(115,713)	(337,305)
Other non-current financial liabilities	(1,155)	(3,431)
Deferred tax liabilities	(9,501)	(23,452)
Trade debts and other current liabilities	(18,897)	(23,153)
Total net assets disposed	113,772	115,440
Realised valuation gain on sale	141,298	34,891
Total non-controlling interest retained by VGP	-	(3,020)
Additional share price to be paid at completion of buildings	(88,191)	-
Shareholder loans repaid at closing	57,710	285,777
Equity contribution ¹	(128,357)	(73,655)
Total consideration	96,232	359,433
Cash disposed	(12,950)	(20,425)
Net cash inflow from joint ventures	83,282	339,008

During the month of June 2020, VGP and Allianz expanded their strategic partnership by entering into a new 50:50 joint venture for the development of VGP Park München. Contrary to the two existing joint ventures which concentrate on the acquisition of income-generating assets developed by VGP, this new joint venture will initially be focused on the development of VGP Park München. The development will consist of five logistic buildings, two stand-alone parking houses and one stand-alone office building. Development activities are underway and the completion of the development of VGP Park München is expected to take several years.

The initial net proceeds amounted to € 83.3 million and an additional balance in the amount of € 88.2 million which shall become payable by Allianz Real Estate in different instalments based at the moment of completion of the respective projects. This balance shall be subject to further limited adjustments based on the effective realised development gains of each respective project.

¹As at 30 June 2020 the balance corresponds to the equity interest retained by VGP in respect of the VGP Park München transaction.

16 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 operates within and applies a maximum gearing ratio of net debt / total shareholders' equity and liabilities at 65%.

As at 30 June 2020 the Group's gearing was as follows:

<i>In thousands of €</i>	30.06.2020	31.12.2019	30.06.2019
Non-current financial debt	767,685	767,673	564,899
Other non-current financial liabilities	-	-	50
Current financial debt	14,403	12,673	26,353
Financial debt classified under liabilities related to disposal group held for sale	-	-	-
Total financial debt	782,088	780,341	591,302
Cash and cash equivalents	(92,541)	(176,148)	(84,088)
Cash and cash equivalents classified as disposal group held for sale	(3,723)	-	-
Total net debt (A)	685,824	604,198	507,214
Total shareholders' equity and liabilities (B)	1,956,822	1,624,363	1,281,215
Gearing ratio (A)/(B)	35.0%	37.2%	39.6%

17 Fair value

The following tables list the different classes of financial assets and financial liabilities with their carrying amounts in the balance sheet and their respective fair value and analyzed by their measurement category under IFRS 9.

Abbreviations used in accordance with IFRS 9 are:

AC	Financial assets or financial liabilities measured at amortised cost
FVTPL	Financial assets or liabilities measured at fair value through profit or loss

30 June 2020 <i>In thousands of €</i>	Category in accordance with IFRS 9	Carrying amount	Fair value	Fair value hierarchy
Assets				
Other non-current receivables	AC	219,569	219,569	Level 2
Trade receivables	AC	6,598	6,598	Level 2
Other receivables	AC	23,481	23,481	Level 2
Derivative financial assets	FVTPL	-	-	Level 2
Cash and cash equivalents	AC	96,258	96,258	Level 2
Reclassification to (-) from held for sale		(9,017)	(9,017)	
Total		336,889	336,889	
Liabilities				
Financial debt				
Bank debt	AC	54,177	54,177	Level 2
Bonds	AC	714,820	727,229	Level 1
Trade payables	AC	45,778	45,778	Level 2
Other liabilities	AC	37,481	37,481	Level 2
Derivative financial liabilities	FVTPL	(19,365)	(19,365)	Level 2
Reclassification to liabilities related to disposal group held for sale		-	-	
Total		832,891	845,300	

31 December 2019 In thousands of €	Category in accordance with IFRS 9	Carrying amount	Fair value	Fair value hierarchy
Assets				
Other non-current receivables	AC	63,570	63,570	Level 2
Trade receivables	AC	6,169	6,169	Level 2
Other receivables	AC	2,395	2,395	Level 2
Derivative financial assets	FVTPL	-	-	Level 2
Cash and cash equivalents	AC	174,435	174,435	Level 2
Reclassification to (-) from held for sale		-	-	
Total		246,569	246,569	
Liabilities				
Financial debt				
Bank debt	AC	54,878	54,878	Level 2
Bonds	AC	714,104	744,301	Level 1
Trade payables	AC	56,335	56,335	Level 2
Other liabilities	AC	42,951	42,951	Level 2
Derivative financial liabilities	FVTPL	-	-	Level 2
Reclassification to liabilities related to disposal group held for sale		-	-	
Total		868,268	898,465	

18 Personnel

Long Term Incentive Plan ("LTIP") for VGP team

For the first half year 2020 there were 474,836 Units allocated to the VGP team. Consequently, the total aggregate Units allocated as at 30 June 2020 amount to 549,168 Units. These Units represent an aggregate proportional net asset growth value of € 6.0 million which was fully provided for in the 30 June 2020 financials.

VGP Misv incentive plan

During the first half of 2020 the VGP Misv incentive plan was terminated resulting in an outstanding payable balance to the managers in an amount of € 4.6 million. This amount will be paid put to the managers upon expiry of their respective lock-up period of which the bulk (€4.3 million) will be paid out over the next 12 months. (see *Annual Report 2019 – Remuneration Report* for further details)

19 Contingencies and commitments

(in thousands of €)	30.06.2020	31.12.2019
Contingent liabilities	4,654	55,537
Commitments to purchase land	98,456	84,442
Commitments to develop new projects	208,410	218,963

Contingent liabilities mainly relate to bank guarantees linked to land plots and built out of infrastructure on development land.

The commitment to purchase land relates to contracts concerning the future purchase of 1,966,000 m² of land for which deposits totaling € 4.3 million (2019: 1,797,000 m² with deposits amounting to € 3.7 million). The € 4.3 million down payment on land was classified under investment properties as at 30 June 2020 given the immateriality of the amounts involved (same classification treatment applied for 2019).

The contractual construction obligations relate to buildings under construction.

20 Related parties

Upon terminating the VGP Misv incentive plan an in anticipation to convert VGP Misv Comm. VA into a wholly owned subsidiary of VGP, a loan in the amount of € 10.7 million was provided to VGP Misv Comm. VA which was applied to settle all of the outstanding debts. During the second half of 2020, VGP Misv Comm VA will be converted into a public limited liability company (*naamloze vennootschap / société anonyme*). VGP Misv Comm; VA owns 929153 VGP NV shares.

There were no other related parties transactions or changes that could materially affect the financial position or results of the Group.

21 Events after the balance sheet date

Although the impact of the coronavirus pandemic on our operational activities has remained limited so far, the evolving situation and the potential second wave risk of COVID-19 pandemic continues to create a high level of uncertainty. See also the front section and business review of the results press release for further comments on how the business and results may be affected by Covid-19 in the near term.

SUPPLEMENTARY NOTES NOT PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended 30 June

1 INCOME STATEMENT, PROPORTIONALLY CONSOLIDATED

The table below includes the proportional consolidated income statement interest of the Group in the VGP European Logistics, the VGP Logistics 2 and VGP Park München joint ventures with Allianz Real Estate. The interest held directly by the Group (5,1%) in the German asset companies of the VGP European Logistics joint venture have been included in the 50% joint ventures' figures (share of VGP).

<i>In thousands of €</i>	30.06.2020			30.06.2019		
	Group	Joint ventures	Total	Group	Joint ventures	Total
Gross rental income	4,650	24,905	29,555	7,354	19,253	26,607
Property operating expenses	(577)	(2,095)	(2,672)	(922)	(1,499)	(2,421)
Net rental and related income	4,073	22,811	26,884	6,432	17,754	24,186
Joint venture management fee income	6,134	-	6,134	4,943	-	4,943
Net valuation gains / (losses) on investment properties	204,619	7,079	211,698	65,296	28,879	94,175
Administration expenses	(15,516)	(450)	(15,966)	(9,853)	(468)	(10,321)
Operating profit / (loss)	199,310	29,440	228,750	66,818	46,165	112,983
Net financial result	(8,165)	(8,069)	(16,234)	(7,138)	(9,464)	(16,602)
Taxes	(12,770)	(2,806)	(15,576)	(13,949)	(7,400)	(21,349)
Profit for the period	178,375	18,565	196,940	45,731	29,301	75,032

2 BALANCE SHEET, PROPORTIONALLY CONSOLIDATED

The table below includes the proportional consolidated balance sheet interest of the Group in the VGP European Logistics, the VGP Logistics 2 and VGP Park München joint ventures with Allianz Real Estate. The interest held directly by the Group (5,1%) in the German asset companies of the VGP European Logistics joint venture have been included in the 50% joint ventures' figures (share of VGP).

<i>In thousands of €</i>	30.06.2020			31.12.2019		
	Group	Joint ventures	Total	Group	Joint ventures	Total
Investment properties	595,920	1,123,115	1,719,035	792,945	934,008	1,726,953
Investment properties included in assets held for sale	447,991	-	447,991	169,655	-	169,655
Total investment properties	1,043,911	1,123,115	2,167,026	962,600	934,008	1,896,608
Other assets	227,049	(958)	226,091	69,599	474	70,073
Total non-current assets	1,270,960	1,122,158	2,393,118	1,032,199	934,482	1,966,681
Trade and other receivables	50,122	13,454	63,576	28,770	8,222	36,992
Cash and cash equivalents	92,541	65,265	157,806	176,148	28,802	204,950
Disposal group held for sale	9,041	-	9,041	-	-	-
Total current assets	151,704	78,719	230,423	204,918	37,024	241,942
Total assets	1,422,664	1,200,877	2,623,541	1,237,117	971,506	2,208,623
Non-current financial debt	767,685	559,938	1,327,623	767,673	487,099	1,254,772
Other non-current financial liabilities	-	3,469	3,469	-	2,689	2,689
Other non-current liabilities	4,260	4,977	9,237	12,789	4,548	17,337
Deferred tax liabilities	19,021	64,026	83,047	31,647	63,470	95,117
Total non-current liabilities	790,966	632,409	1,423,375	812,109	557,806	1,369,915
			0			0
Current financial debt	14,403	11,280	25,683	12,673	11,034	23,707
Trade debts and other current liabilities	69,657	23,031	92,688	89,325	15,421	104,746
Liabilities related to disposal group held for sale	46,979	-	46,979	10,475	-	10,475
Total current liabilities	131,039	34,312	165,351	112,473	26,455	138,928
Total liabilities	922,005	666,720	1,588,725	924,582	584,260	1,508,842
Net assets	500,659	534,156	1,034,815	312,535	387,246	699,781

AUDITOR'S REPORT

Report on the review of the consolidated interim financial information of VGP NV for the six-month period ended 30 June 2020

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the condensed consolidated balance sheet as at 30 June 2020, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the period of six months then ended, as well as selective notes 1 to 21.

Report on the consolidated interim financial information

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

The condensed consolidated balance sheet shows total assets of 1 956 822 (000) EUR and the condensed consolidated income statement shows a consolidated profit (group share) for the period then ended of 196 940 (000) EUR.

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

Scope of review

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

Conclusion

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

21 August 2020

The statutory auditor



Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL

Represented by Kathleen De Brabander

GLOSSARY

Annualised committed leases or annualised rent income

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

Break

First option to terminate a lease.

Contractual rent

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

Gearing ratio

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

Derivatives

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

Discounted cash flow

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

EPRA

The European Public Real Estate Association, a real estate industry body, which has issued Best Practices Recommendations Guidelines in order to provide consistency and transparency in real estate reporting across Europe.

Estimated rental value

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

Exit yield

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

Facility Management

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

Fair value

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

IAS/IFRS

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

Interest hedging

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

IRS (Interest Rate Swap)

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

VGP European Logistics or VGP European Logistics joint venture

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

VGP European Logistics 2 or VGP European Logistics 2 joint venture

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

Joint ventures

Means VGP European Logistics and VGP European Logistics 2 and VGP Park München.

Lease expiry date

The date on which a lease can be cancelled.

Net asset value

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

Net financial debt

Total financial debt minus cash and cash equivalents.

Occupancy Rate

The occupancy rate is calculated by dividing the total leased out lettable area (m²) by the total lettable area (m²) including any vacant area (m²).

Property expert

Independent property expert responsible for appraising the property portfolio.

Property portfolio

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

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 ON THE INTERIM FINANCIAL REPORT

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

- (i) the condensed interim financial statements of VGP NV and its subsidiaries as of 30 June 2020 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the consolidated assets and liabilities, financial position and consolidated results of the company and of its subsidiaries included in the consolidation for the six month period.
- (ii) the interim financial management report, in all material respect, gives a true and fair view of all important events and significant transactions with related parties that have occurred in the first six month period and their effects on the interim financial statements, as well as an overview of the most significant risks and uncertainties we are confronted with for the remaining six months of the financial year.

A handwritten signature in blue ink, appearing to read 'Jan Van Geet', with a long horizontal flourish underneath.

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

A handwritten signature in blue ink, appearing to read 'Dirk Stoop', with a long horizontal flourish underneath.

Dirk Stoop
as permanent representative of
Dirk Stoop BVBA
CFO