VGP
BUILDING TOMORROW TODAY

VGP NV
Annual Report 2020

www.vgpparks.eu

VGP

BUILDING
TOMORROW
TODAY

Content

I. COMPANY REPORT

Company
report

Key figures

In thousands of €

INVESTMENT PROPERTIES	2020	2019	2018	2017	2016
Own portfolio					
Total lettable area *(m^2)*	205,069	146,079	288,372	445,958	416,158
Occupancy rate *(%)*	100.0%	100.0%	99.2%	100.0%	97.0%
Fair value of property portfolio	920,151	792,944	576,143	627,737	550,262
Joint Ventures' portfolio (100%)					
Total lettable area *(m^2)*	2,236,306	1,764,640	1,333,476	830,905	593,454
Occupancy rate *(%)*	98.4%	99.8%	99.4%	100.0%	100.0%
Fair value of property portfolio[1]	2,922,563	1,978,266	1,360,263	877,761	644,900

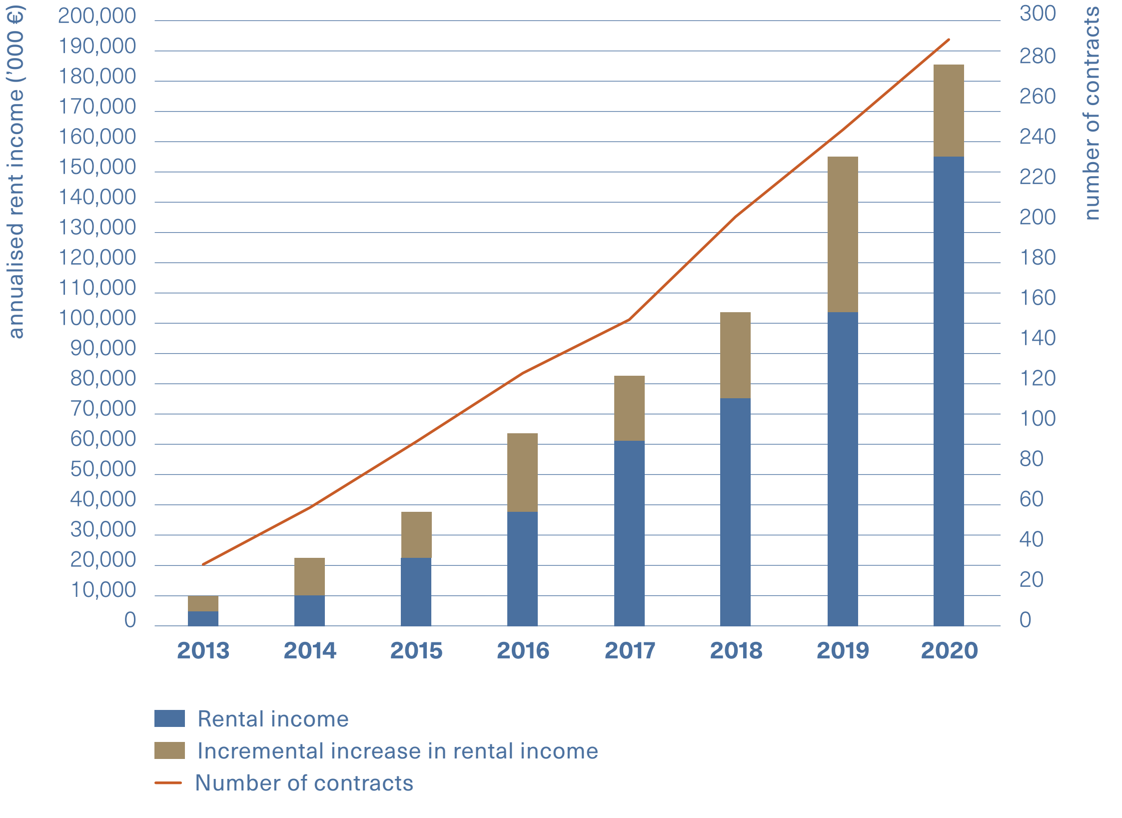
BALANCE SHEET	2020	2019	2018	2017	2016
Shareholders' equity	1,305,736	699,781	543,467	466,230	390,305
Gearing					
Net debt / total assets	25.2%	37.2%	34.6%	42.3%	39.4%

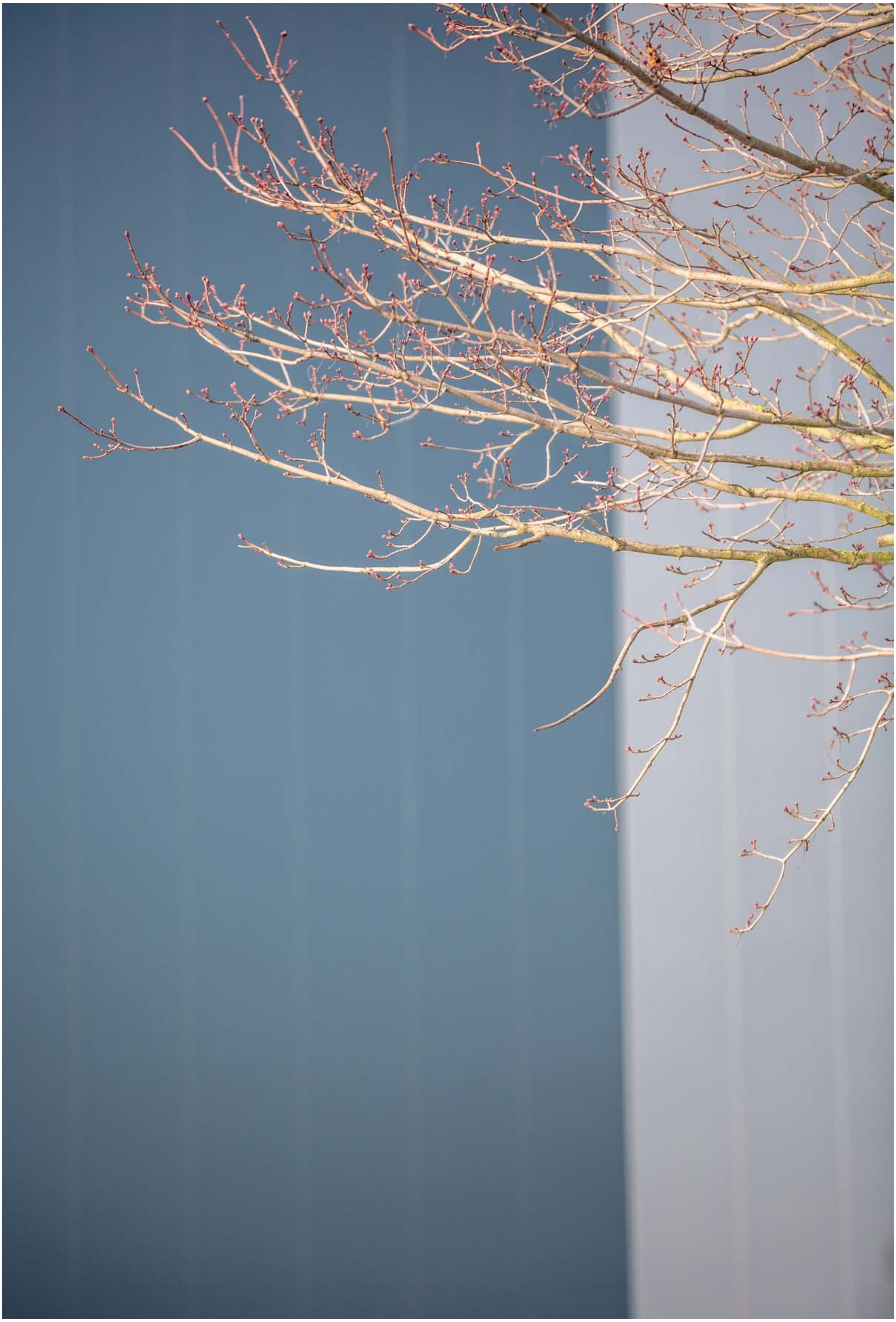
INCOME STATEMENT	2020	2019	2018	2017	2016
Gross rental income	12,078	11,653	16,627	17,046	16,806
Property operating expenses	(3,784)	(2,556)	(1,123)	(1,941)	(2,000)
Net rental and related income	**8,294**	**9,097**	**15,504**	**15,105**	**14,806**
Property and facility management/ development income	14,699	10,492	9,965	8,057	3,825
Net valuation gains/(losses) on investment property	366,361	188,165	98,552	94,628	118,900
Administrative costs	(29,296)	(18,100)	(18,167)	(19,353)	(15,446)
Share in the results of joint ventures and associates	63,338	65,703	45,220	29,229	7,897
Other expenses	(4,000)	(3,000)	—	—	—
Operating profit	**419,396**	**252,357**	**151,074**	**127,666**	**129,982**
Net financial result	(8,592)	(14,238)	(13,970)	(10,466)	(16,906)
Taxes	(39,865)	(32,506)	(15,998)	(21,205)	(21,790)
Profit for the year	**370,939**	**205,613**	**121,106**	**95,995**	**91,286**

RESULT PER SHARE	2020	2019	2018	2017	2016
Net result per share *(in €)* – Basic	18.58	11.06	6.52	5.17	4.91
Net result per share *(in €)* – Diluted	18.58	11.06	6.52	5.17	4.91

1 Includes buildings under construction and development land which are/will be developed by VGP on behalf of the First and Second Joint Venture.

COMMITTED ANNUALISED RENT INCOME AND NUMBER OF LEASE CONTRACTS
(including Joint Venture at 100%)





Letter to the **shareholders**

Dear fellow share- and bond holders of VGP,

When I wrote to you last year, we were at the eve of the COVID-19-outbreak in Europe. 2020 ended up being an annus horibilis. The pandemic has led to a devastating social, economic and political crises, where governments, societies and economies were tested on their foundations, resilience and adaptability.

However, it is during times like these that I'm reminded of how well we always pull together. 2020 was also the year of partnership and solidarity. Governments, societies and the private sector have played together an important role in tackling the COVID-19-outbreak throughout Europe. Thanks to a tremendous effort of the pharmaceutical industry we can today look forward to the roll-out of a vaccination program and the easing (and hopefully termination) of the different lockdown measures applicable in the various European countries.

The different lockdown measures in society have also changed a lot the behaviour of people and the internet has become our main source to buy things, causing the e-commerce sector to grow with dazzling, double digit numbers. And e-commerce is all about logistics.

So, although 2020 was a turbulent year, VGP can today look back on a very positive and fruitful 2020 with a record net profit and strong business growth across the portfolio.

In 2020, our net asset value grew from € 700 million to € 1.35 billion (EPRA NAV). Our assets expanded to 7.65 million m² in land bank and 76 business parks at the end of 2020. Our financials and assets grew substantially since the incorporation of VGP in 1998, and though at a first look our different parks throughout Europe have not changed much compared to two decades ago, the light industrial and logistics industry however changed tremendously.

The demands of our tenants have further developed in terms of sustainability, technology and energy solutions. Tenants are no longer looking for a landlord, but for a business partner who can assist them with all their needs in regard to modern and efficient facilities to operate in, from the design table, over their activity related permitting process, until the key turn delivery. These changing demands sharpen our focus and forces us to continuously evaluate and review our business model. The next step in this process was the roll-out of our renewable energy and sustainability goals program in 2019.

Since this program, we have made significant progress. Our buildings under construction are all being developed to meet a 'BREAAM Very Good' – or equivalent – level and our activities in renewable energy through solar panels are expanding each year. In addition, we are also exploring other renewable energy solutions and investments, ranging from wind, hydro and geothermal energy projects to energy storage facilities. In the future we want to be able to deliver to the platform of our customers also every need they have around green energy in all its forms and substances.

Furthermore, in line with our sustainability goals, we are also focusing more on brownfield projects, such as our new projects in Giessen (a former US military airfield), Heidelberg (a part of the site of Heidelberger Druckmaschinen AG) and Bilbao (a former shipyard). Besides being prime locations for our future developments, this also provides us with an opportunity to give back to our communities by rehabilitating and remediating these brownfield sites with respect for the local heritage, society and culture.

Local culture also remains a key business principle in the organization of VGP. We continue to strengthen our local teams across Europe to provide our clients with a local and customized approach while safeguarding the uniformity of VGP's business model through the strengthening and support of our management on European level. Where necessary we also try to attract talent to support new fast growing business segments such as the last mile urban logistics projects we are now rolling out.

Our local roots also play an important role in the permitting and development process of our buildings. Across the board, we must however note that the brownfield regulations and the permitting process remain in many countries a slowing factor in our development process. Our policy makers have the big task to reconsider these regulations and work together with the different stakeholders. The redevelopment of brownfields into new (sustainable) modern facilities leads to a win-win situation for the local communities, governments and other stakeholders and is the most appropriate way to safeguard our nature.

2020 also marked the first full year of the activities of the VGP Foundation. Following VGP's initial contribution of € 3 million in 2020, we are now proposing to contribute a further € 4 million in 2021 to continue to support projects in relation to nature conservation, social wellbeing of children and the conservation and protection of Europe's cultural heritage. In the first year we have supported 16 different projects which have all been presented by the people who are behind these localy engaged charity organisations, it is truly heart-warming to see with how much dedication and passion people are engaging themselves to do something and it is truly inspiring for me on a professional and personal level.

Furthermore, I would like to raise a word of gratitude towards my colleagues and their families. Our way of working and living together was put to the test last year, but even in a difficult year we continued to grow in headcount (we are almost 300 today) and our different teams cooperated stronger and more agile than before the pandemic. Thanks to this, I am proud to say that our acquisition and development activities have been more dynamic than ever and VGP's activities continued to grow in line with or even beyond its expectations for 2020.

This result would not have been possible without the energy and enthusiasm of my people and (maybe especially in the past year) the support of their families, for which I would like to sincerely thank them. In addition, on behalf of VGP and its management, I want to express my deepest gratitude to all those who have worked with us, suppliers, financing partners and customers, for their trust and cooperation. It will be our pleasure to continue supporting you and working together.

I am confident that VGP will continue to build on last year's basis and that the outlook for 2021 looks very positive. Finally, I wish you all the best and hope to meet you again in the near future in person.

Yours sincerely
Jan Van Geet


VGP
buddy

Profile

VGP (**www.vgpparks.eu**) constructs and develops high-end logistic real estate and ancillary offices for its own account and for its Joint Ventures, which are subsequently rented out to reputable clients on long term lease contracts. VGP has an in-house team which manages all activities of the fully integrated business model: from identification and acquisition of land and development of the infrastructure, to the conceptualisation and design of the project, the supervision of the construction works, contracts with potential tenants and upon completion the asset- and property management of the real estate portfolio.

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

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

VGP owns a property portfolio of € 920.1 million (in full ownership) as at 31 December 2020 which consists of 10 completed with a total lettable area of over 205,000 m² (€ 117.9 million), 23 buildings under construction representing 634,000 m² of lettable area (€ 508.2 million) and remaining development land in the amount of € 294.1 million.

The Joint Ventures own a property portfolio of € 2,922.6 million as at 31 December 2020 which consists of 115 completed building with a total lettable area of over 2,236,000 m² (€ 2,407.5 million), 10 buildings being developed by VGP representing 235,000 m² of lettable area (€ 412.8 million) and development land in the amount of € 102.3 million.

As at 31 December 2020 VGP has a remaining development land bank in full ownership of 4,333,000 m². This land bank allows VGP to develop besides the current completed projects and projects under construction (in total 839,000 m²) a further 2,026,000 m² of lettable area of which 561,000 m² in Germany, 261,000 m² in the Czech Republic, 150,000 m² in Spain, 109,000 m² in the Netherlands, 296,000 in Slovakia, 441,000 m² in Romania, 123,000 m² in Hungary, 14,000 m² in Italy, 42,000 m² in Austria and 29,000 m² in Portugal.

Besides this, VGP had another 2,184,000 m² of new plots of land under option, at year-end, allowing to develop approx. 899,000 m² of new projects. It is expected that these remaining land plots will be acquired, subject to permits, during the next 18–24 months.

The Joint Ventures have a remaining development land bank in full ownership of 1,142,000 m² as at 31 December 2020. This land bank allows the Joint Ventures to develop besides the current completed projects and projects under construction (totalling 2,471,000 m²) a further 674,000 m² of lettable area of which 92,000 m² in Germany, 22,000 m² in the Czech Republic, 20,000 m² in Spain, 515,000 m² in the Netherlands, 10,000 m² in Slovakia, and 15,000 m² in Hungary.

Strategy

VGP is a pan-European pure-play logistics real-estate group, specialised in the acquisition, development, and management of logistic real estate, i.e. buildings suitable for logistical purposes and light industrial activities and which is active in Germany, Spain, Italy, the Netherlands, Austria, Portugal, the Czech Republic, Slovakia, Hungary, Romania and the Baltic countries (currently Latvia only).

The Group focuses on (i) strategically located plots of land suitable for development of logistic business parks of a certain size, so as to build up an extensive and well-diversified land bank and property portfolio on top locations; (ii) striving to optimise the operational performance of the portfolio and the activities of our tenants through dedicated teams which provide asset- property and development services; (iii) growing the different joint ventures which have been entered into with Allianz Real Estate or with other local partners (see below) and (iv) offering solutions and act as an enabler to help the Group's clients in their green energy transition through the roll-out of the renewable energy business line.

These elements should allow the Group to provide attractive return for our shareholders through progressive dividend and net asset value growth over time.

Joint ventures

Strategic partnership with Allianz

In order to sustain its growth over the medium term, VGP entered into three 50:50 joint ventures with the well-known Allianz SE Group, a world-wide leading insurance group. These joint venture structures allow VGP to partially recycle its initial invested capital when completed projects are acquired by the respective joint ventures and allow VGP to re-invest the sales proceeds in the continued expansion of the development pipeline, including the further expansion of the land bank, thus allowing VGP to concentrate on its core development activities.

First Joint Venture

VGP entered into the first 50:50 joint venture with Allianz in May 2016. The First Joint Venture's objective is to build a platform of new, grade A logistics and industrial properties with a key focus on expansion in core German markets and high growth CEE markets with the aim of delivering stable income-driven returns with potential for capital appreciation. The First Joint Venture aims to increase its portfolio size to circa € 1.7 billion by May 2021 at the latest, via the contribution to the First Joint Venture of new logistics developments carried out by VGP. The First Joint Venture's strategy is therefore primarily a hold strategy.

The First Joint Venture has the exclusive right of first refusal in relation to acquiring the income generating assets located in Germany, the Czech Republic, the Slovak Republic and Hungary.

On 15 October 2020, VGP completed a seventh and currently last closing, whereby the First Joint Venture ("VGP European Logistics S.à r.l.") acquired 10 logistic buildings, including 2 buildings in 2 new VGP parks and another 8 newly completed buildings (in parks which were previously transferred to the First Joint Venture), for an aggregate transaction value[1] in excess of € 165.7 million and resulting into net cash proceeds of € 122.5 million. Following this seventh closing, the First Joint Venture's property portfolio consists of 93 completed buildings representing a total lettable area of over 1,763,000 m².

The development pipeline and future development of other new projects in Germany, the Czech Republic, the Slovak Republic and Hungary will continue to be developed at VGP's own risk, to be subsequently acquired by the First Joint Venture if the right of first refusal is exercised subject to pre-agreed completion and lease parameters. The acquisition of any building by the First Joint Venture will always occur on the basis of the prevailing market rates at the moment of such acquisition. There are no strategic differences between VGP's development for the First Joint Venture and VGP's development for its own subsidiaries. VGP carries 100% of the development risk of the First Joint Venture.

With the end of the investment period and targeted portfolio size coming in sight and the strong VGP development pipeline for the coming years, VGP and Allianz have started-up initial discussions during the first months of 2021 with the aim to set up a further new joint venture.

1 Aggregate transaction value is composed of the purchase price for the completed income generating buildings and the net book value of the development pipeline which is transferred as part of a closing but not yet paid for by the joint Venture.

Second Joint Venture

VGP announced the entering into a second 50:50 joint venture with Allianz on 1 July 2019. The Second Joint Venture exclusively targets core, prime logistic assets in Austria, Italy, the Netherlands, Portugal, Romania and Spain with the aim of delivering stable income-driven returns with potential for capital appreciation. The Second Joint Venture aims to increase its portfolio size to circa € 1.7 billion by July 2024 at the latest, via the contribution to the Second Joint Venture of new or recently built logistics developments carried out by VGP. The Second Joint Venture's strategy is therefore also primarily a hold strategy.

The Second Joint Venture has the exclusive right of first refusal in relation to acquiring the income generating assets located in Austria, Italy, the Netherlands, Portugal, Romania and Spain.

On 16 November 2020, VGP completed a second and currently last closing, whereby the Second Joint Venture ("VGP European Logistics 2 S.à r.l.") acquired 9 logistic buildings, including 7 buildings in 4 new VGP parks and another 2 newly completed buildings (in parks which were previously transferred to the Second Joint Venture), for an aggregate transaction value[1] in excess of € 258.2 million and resulting into net cash proceeds of € 181.3 million.

The development pipeline and future development of other new projects in Austria, Italy, the Netherlands, Portugal, Romania and Spain will continue to be developed at VGP's own risk to be subsequently acquired by the Second Joint Venture if the right of first refusal is exercised subject to pre-agreed completion and lease parameters. The acquisition of any building by the Second Joint Venture will always occur on the basis of the prevailing market rates at the moment of such acquisition. There are no strategic differences between VGP's development for the Second Joint Venture and VGP's development for its own subsidiaries. VGP carries 100% of the development risk of the Second Joint Venture.

Third Joint Venture

On 2 June 2020, VGP announced the entering into a third 50:50 joint venture with Allianz. Contrary to the two existing joint ventures which concentrate on the acquisition of income-generating assets developed by VGP, this Third 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. 314,000 m^2. The park is entirely pre-let.

On 23 June 2020 the initial closing was completed which resulted in net cash proceeds totalling € 83.2 million. On 16 December 2020, the Third Joint Venture completed a first, and currently only, closing with the completion of 1 parking house and the first part of the building pre-let to BMW for an initial transaction value of € 96.8 million and resulting into net cash proceeds of € 15.6 million.

Strategic partnership with Roozen

On 26 November 2020, VGP entered into a 50:50 joint venture (LPM Joint Venture) with Roozen Landgoederen Beheer. The LPM Joint Venture will develop Logistics Park Moerdijk together with the Port Authority Moerdijk on a 50:50-basis. The objective is to build a platform of new, grade A logistics and industrial properties of which 50% for account of the LPM Joint Venture i.e. VGP Park Moerdijk and the other 50% directly for account of the Port Authority Moerdijk.

The total development land of Logistics Park Moerdijk amounts to circa 140ha with a total development potential of circa 900,000 m^2 of lettable area when fully developed. It is currently foreseen that Logistics Park Moerdijk will be jointly developed in four different phases.

The LPM Joint Venture has the right to sell and VGP the right to acquire the income generating assets developed for account of the LPM Joint Venture

Sustainability and renewable energy

Sustainability

As part of a comprehensive strategy to advance environmentally sustainable solutions for our tenants and our own operations, VGP has enhanced its building standard in order to obtain BREEAM (Building Research Establishment Environmental Assessment Method) “Very Good” certificates (or equivalent) for all our construction projects since 2020 onwards.

Its multi-criteria approach distinguishes BREEAM from other methods. The building certification process evaluates land use, environmental aspects, the building process, water consumption, waste, contaminations, transport, equipment and materials, health and comfort, alongside energy consumption. Whilst, naturally, all new-build projects in the past were already completed as energy efficient as possible, separately from the certification process, since January 2020 VGP has ensured that a certification for BREEAM Very Good or equivalent is obtained for every new building.

When combined with buildings previously certified this has resulted in 1,155,000 m^2 total lettable area, or 34.9% of the total portfolio, being certified or having its certificate pending as at December 2020.

VGP has accomplished an occupancy rate benchmark above 95% across its portfolio since 2010 (measured on a 6-months average). For us a high occupancy rate represents good business and sustainable use of the buildings we have created. It suggests our properties are well located, adaptable to a variety of uses and are continuing to meet the needs of our customers.

Renewable energy

The VGP renewable energy business line (acting through its wholly owned subsidiary VGP Renewable Energy N.V. and its respective subsidiaries) has been setup by the Group in 2020 to broaden the ability of the Group to assist VGP’s clients in making their businesses more sustainable in a cost-effective way. The objective of the renewable energy business line is to serve the Group’s client base, by offering such clients an ability to assist with their green energy transition including (i) an ability to offer green energy (produced on or off site), (ii) smart energy management (including use of batteries and smart local grids), (iii) facilitate our clients in their transition towards a green (forklift-)truck and car fleet by offering green electric and hydrogen charging facilities and infrastructure at our parks.

As of 31 December 2020, the roofs of VGP’s building portfolio enabled a photovoltaic power generation capacity of 42.5MWp installed or under construction through 36 projects (compared to 12.5MWp as at the end of December 2019). (See *Corporate Responsibility Report* for further information).


VGP

Development activities

Greenfield developments are the core activity of the VGP Group with brown field developments gradually becoming more important as greenfield developments in some targeted prime locations become increasingly scarce. Developments are undertaken primarily for the Group's own account and to a lesser extent for the Joint Ventures.

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

The Group concentrates on the sector of logistic and light industrial accommodation projects situated across Continental Europe. The Group is active in 12 countries and aims to expand into other European markets in the near future.

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

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

The Group relies on the in-house competences of its team to execute its fully integrated business model, consisting of the identification and acquisition of land and development of the infrastructure, the design of the buildings, the coordination of architectural and engineering aspects, the administration to obtain the necessary permits, the tendering and coordination of the construction works including site management, and upon completion the asset- and property management of the real estate portfolio.

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

Asset-, property- and facility management services

Property management services are exclusively provided to the Group's own portfolio and the Joint Ventures whereby the respective VGP property management company is responsible for managing the proper and undisturbed operation of the buildings. In addition, the property manager will on behalf of the Group or Joint Ventures identify, supervise and manage the relationship with third party suppliers.

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

As part of the property management services VGP will also provide leasing services. The commercial department is responsible for all aspects of the performance and enforcement of the leases and the lease agreements, also on behalf of the Joint Ventures' portfolio, as well as for day-to-day co-operation with the tenants.

The asset management services entails giving advice and recommendations to the Joint Ventures' companies on the joint venture's asset management and strategy, thereby optimising the value of the joint venture assets. Further advice and recommendations will be given by the asset manager in respect of appropriate tenant mix, execution of leasing strategy that aligns cash flows with portfolio needs and manage both capital and operating expenses.

Finally, facility management services are carried out in the Czech Republic and Germany by specific dedicated teams which are focussed on managing the proper and undisturbed operation of the buildings and performing all actions such as maintenance services, waste management services, maintenance greenery etc that may be necessary in this respect.

In other countries where no local facility management team is in place, the Group uses third party facility management services companies to perform these activities.

Key principles of VGP's investment strategy

Strategically located plots of land

Focus on business parks with a view to realising **economies of scale**

High quality standardised and **sustainable** logistic real estate

In-house competences enabling a fully integrated business model

Primary focus on **development** activities and **asset- and property** management activities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TRANSPORT

VGP **in 2020**

2020 was another year of record growth for VGP. Strong growth was recorded in all the markets where the Group is active with Germany, the Netherlands and Spain being the strongholds. These 3 counties accounted for 68% of the total signed annualised committed leases. The other countries also saw a very strong growth on the back of the start of the development of new VGP parks of which Slovakia, Romania, Czech Republic and Italy benefitted the most. These four countries accounted for 26% of the signed annualised committed leases growth. Finally, Latvia was able to establish a solid base for its future development pipeline by securing 2 pre-lets representing 5% of the signed annualised committed leases growth.

The new lease contracts (excluding the renewals of existing lease contract) signed during the year reached an amount of € 34.0 million[1] at the end of December 2020.

The signed annualised committed leases represent € 185.2 million[2] at the end of December 2020 which represent a total of 3,216,000 m^2 of lettable area. Of this total space 809,000 m^2 belong to the own portfolio (749,000 m^2 as at 31 December 2019) and 2,407,000 m^2 to the Joint Ventures (1,913,000 m^2 at 31 December 2019).

During the year, VGP entered into a third 50:50 joint venture with Allianz Real Estate (Third Joint Venture), which focusses on the development of VGP Park München, and completed the initial and first closing in which the Third Joint Venture acquired 1 parking house and the first part of a building pre-let to BMW.

A seventh closing was made with the first 50:50 joint venture with Allianz Real Estate (First Joint Venture) in which the First Joint Venture acquired 10 prime logistic including 2 buildings each in a new VGP park and another 8 newly completed logistic buildings which were developed in parks previously transferred to the First Joint Venture.

A second closing was made with the second 50:50 joint venture with Allianz Real Estate (Second Joint Venture) in which the Second Joint Venture acquired 9 prime logistic including 7 buildings in 4 new VGP parks and another 2 newly completed logistic buildings which were developed in parks previously transferred to the Second Joint Venture.

During the year 2020 VGP signed **34.0 million** of new leases

1 € 26.0 million related to the own portfolio and € 8.0 million related to the Joint Ventures.

2 Including the Joint Ventures at 100%. As at 31 December 2020 the annualised committed leases for the Joint Ventures stood at € 143.5 million (2019: € 102.3 million).

Finally, during the second half of 2020, VGP also entered into a 50:50 joint venture (LPM Joint Venture) with Roozen Landgoederen Beheer, a strong local Dutch partner. This joint venture allows VGP to develop through the LPM Joint Venture and in partnership with the Port Authority Moerdijk, the Logistics Park Moerdijk. This park is situated in between the Port of Rotterdam (the Netherlands) and the Port of Antwerp (Belgium) and is one of the few locations in the Netherlands where large-scale VAL (value added logistics) and VAS (value added services) distribution centres can be developed and built. The total development land of this park amounts to circa 140ha with total development potential of circa 900,000 m² of lettable area. It is currently foreseen that the first developments in this park will be initiated during the course of 2021.

During the year 27 buildings were completed totalling 531,000 m² of lettable area. At the end of the year 33 buildings were under construction representing 869,000 m² of lettable area of which 235,000 m² (10 buildings) are being constructed for the Joint Ventures.

VGP was able to significantly strengthen its balance sheet through a capital raising and a sale of treasury shares. In April 2020, VGP successfully completed an offering of new shares for a total gross consideration of € 200 million (net proceeds: € 198.4 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 were placed at an issue price of € 100.00 per share.

In September 2020, VGP (through its 100% subsidiary VGP Belgium NV) successfully placed 929,153 existing ordinary VGP NV shares by means of a private placement via an accelerated bookbuild offering to international institutional investors. The gross sales proceeds were in an amount of € 109.2 million. The realised gain on this transaction (€ 97 million) was directly booked in equity (see *Financial Review – Statement of changes in equity*).

In respect of COVID-19, 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 had an impact on the operations and cash flows of VGP's customers, which in some limited cases affected the level of rent we were able to collect from such customers. VGP has worked constructively to support customers facing genuine cash flow challenges by offering to reschedule rental payments or reprofiling.

The entire VGP team remained operational throughout the year with full access to central systems. None of the VGP workforce has been furloughed and the Group has not taken any government support nor taken any advantage of government grace periods in respect of interest, tax or similar related payments.

The COVID-19 pandemic did not have any material impact on the Group's rent collection (see *Report of the Board of Directors – COVID-19*).

At the end of December 2020 – under construction **869,000 m²** of lettable area

Business
review

Commercial activities

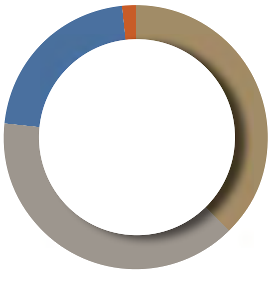
The increase in demand of lettable area resulted in the signing of new lease contracts in excess of € 45.2 million (own and Joint Venture portfolio) of which € 34.0 million related to new or replacement leases million and € 11.3 million were related to renewals of existing lease contracts. During the year lease contracts for a total amount of € 3.7 million were terminated.

The annualised committed leases (on an aggregate own and Joint Ventures' portfolio basis) therefore increased to € 185.2 million[1] at the end of December 2020 (compared to € 155.0 million[1] as at the end of December 2019).

The signed lease agreements as at 31 December 2020 represent a total of 3,216,000 m^2 of lettable area and correspond to 289 different tenants' lease or future lease agreements (on an aggregate own and Joint Ventures' portfolio basis).

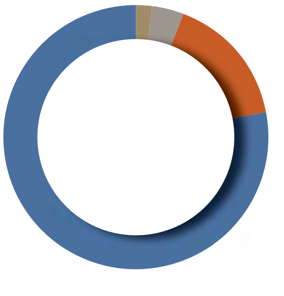
The weighted average term of the annualised committed leases of the combined own and Joint Ventures' portfolio stood at 8.5 years at the year-end (8.9 years as at 31 December 2019) and the occupancy rate (own and Joint Ventures' portfolio) reached 98.5 % at year-end (compared to 99.8% at the end of 2019).

TENANT PORTFOLIO BREAKDOWN BY INDUSTRY
31 December 2020 *(in m^2)*



- Light industrial 37.7%
- Logistics 39.0%
- E-commerce 21.7%
- Other 1.6%

COMMITTED LEASE MATURITY
31 December 2020 *(in m^2)*



- < 1 year 2%
- 1–2 years 4%
- > 2–5 years 16%
- > 5 years 78%

1 Including the Joint Ventures. As at 31 December 2020 the annualised committed leases for the Joint Ventures stood at € 143.5 million (2019: € 102.3 million).

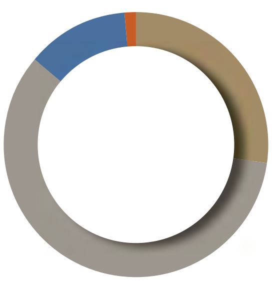
Own portfolio

During the year 2020 VGP signed new annualised committed leases in excess of € 28.0 million in total, of which € 25.9 million related to new or replacement leases and € 2.1 million to the renewal of existing leases. During the year lease contracts for a total amount of € 0.3 million were terminated.

Germany was the main driver of the increases in annualised committed leases with more than € 9.2 million of new leases signed during the year. The other countries also performed very well with new leases being signed in the Netherlands + € 5.9 million, Spain + € 2.9 million, Slovakia + € 2.7 million, Latvia + € 1.7 million, Italy + € 1.6 million, Romania + € 1.1 million, the Czech Republic + € 0.4 million and finally Hungary + € 0.4 million. This brings the annualised committed leases to € 41.7 million as at 31 December 2020.

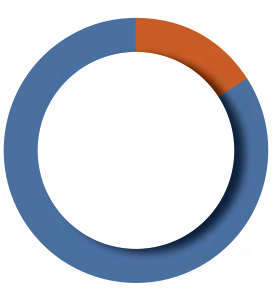
The signed lease agreements represent a total of 809,000 m² of lettable area and correspond to 45 different tenants' lease or future lease agreements. The weighted average term of the annualised committed leases stood at 9.9 years at the year-end (9.3 years to first break).

TENANT PORTFOLIO BREAKDOWN BY INDUSTRY
31 December 2020 *(in m²)*



- Light industrial 27.4%
- Logistics 58.9%
- E-commerce 12.6%
- Other 1.2%

COMMITTED LEASE MATURITY
31 December 2020 *(in m²)*



- > 2–5 years 16%
- > 5 years 84%

Joint Ventures' portfolio

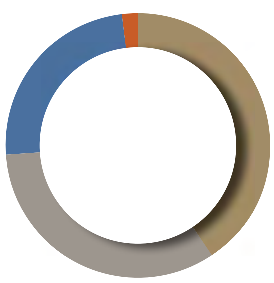
During the year 2020 VGP negotiated for its Joint Ventures new annualised committed leases in excess of € 17.3 million in total of which € 8.0 million related to new or replacement leases and € 9.2 million to the renewal of existing leases. During the year lease contracts for a total amount of € 3.4 million were terminated.

Germany was the main driver of the increases in annualised committed leases with more than € 4.1 million of new leases signed during the year. In the other countries, new leases were signed in Romania + € 1.3 million, the Czech + € 1.2 million, Spain + € 1.1 million and Slovakia + € 0.3 million.

The signed lease agreements represent a total of 2,407,000 m² of lettable area and correspond to 244 different tenants' lease or future lease agreements.

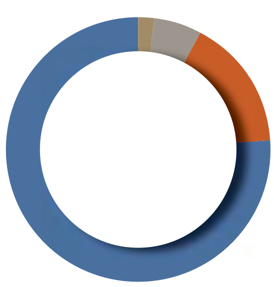
The weighted average term of the annualised committed leases stood at 8.0 years at the year-end (7.6 years to first break).

TENANT PORTFOLIO BREAKDOWN BY INDUSTRY
31 December 2020 *(in m²)*



- Light industrial 40.7%
- Logistics 33.2%
- E-commerce 24.4%
- Other 1.7%

COMMITTED LEASE MATURITY
31 December 2020 *(in m²)*



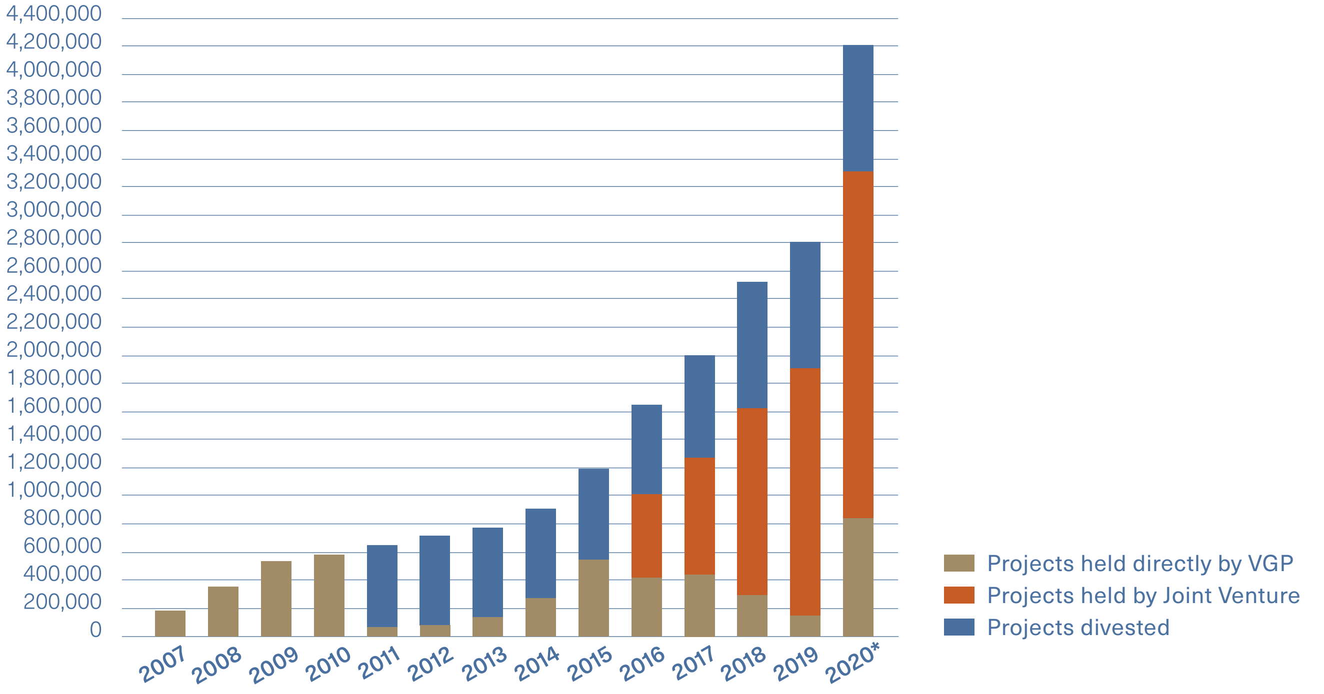
- < 1 year 2%
- 1–2 years 6%
- > 2–5 years 16%
- > 5 years 76%

Development activities

Own portfolio

The development activities have shown a consistent strong track record over the past years. Over the past 13 years VGP developed more than 4.2 million m² of lettable area.

TOTAL SQUARE METERS DEVELOPED
31 December 2020 *(in m²)*



(*incl. under construction)

As at 31 December 2020 the investment property portfolio consists of 10 completed buildings representing 205,000 m² of lettable area. During the year 27 buildings were completed totalling 531,000 m² of lettable area.

For its own account VGP delivered 6 buildings i.e. in Germany: 1 building of 21,300 m² in VGP Park Halle, 1 building of 17,400 m² in VGP Park Giessen-Buseck, 1 building of 14,200 m² in VGP Park Giessen-Lutzelinden and 1 building of 31,900 m² in VGP Park Magdeburg. In other countries: 1 building of 18,000 m² in VGP Park Zaragoza (Spain) and 1 building of 17,000 m² in VGP Park Kecskemet (Hungary).

The occupancy rate of the own portfolio reached 100% at the end of 2020 (same as at the end of 2019).

At the end of December 2020 VGP has 33 buildings (of which 10 buildings on behalf of the Joint Ventures) under construction. The new buildings under construction, which are already pre-let for 79%[1], represent € 55.2 million of annualised rental income when fully built and let. At year-end the construction of a further 203,000 m² was already planned to be started during Q1 2021 representing a further € 12.4 million of annualised rental income when fully built and let. When considering these projects to be started up the pre-lets would further increase to 93%[1].

For its own account VGP had 23 buildings under construction totalling 634,000 m² of lettable area representing € 34.3 million of annualised leases: In Germany: 1 building in VGP Park Magdeburg, 5 building in VGP Park Laatzen, 2 buildings in VGP Park Halle and 1 building in VGP Park Göttingen. In Spain: 2 buildings in VGP Park Valencia Cheste, 1 building in VGP Park Fuenlabrada and 1 building in VGP Park Zaragoza. In Italy: 2 buildings in VGP Park Padova and 1 building in VGP Park Calcio. In Romania: 1 building in VGP Park Sibiu, 1 building in VGP Park Brasov and 1 building in VGP Park Timisoara 2. In other countries: 1 building in VGP Park Prostejov (Czech Republic), 1 building in VGP Park Bratislava (Slovakia) and finally 1 building in VGP Park Nijmegen (Netherlands).

In 2020, VGP acquired 2,569,000 m² of new development land. Of these land plots, 784,000 m²

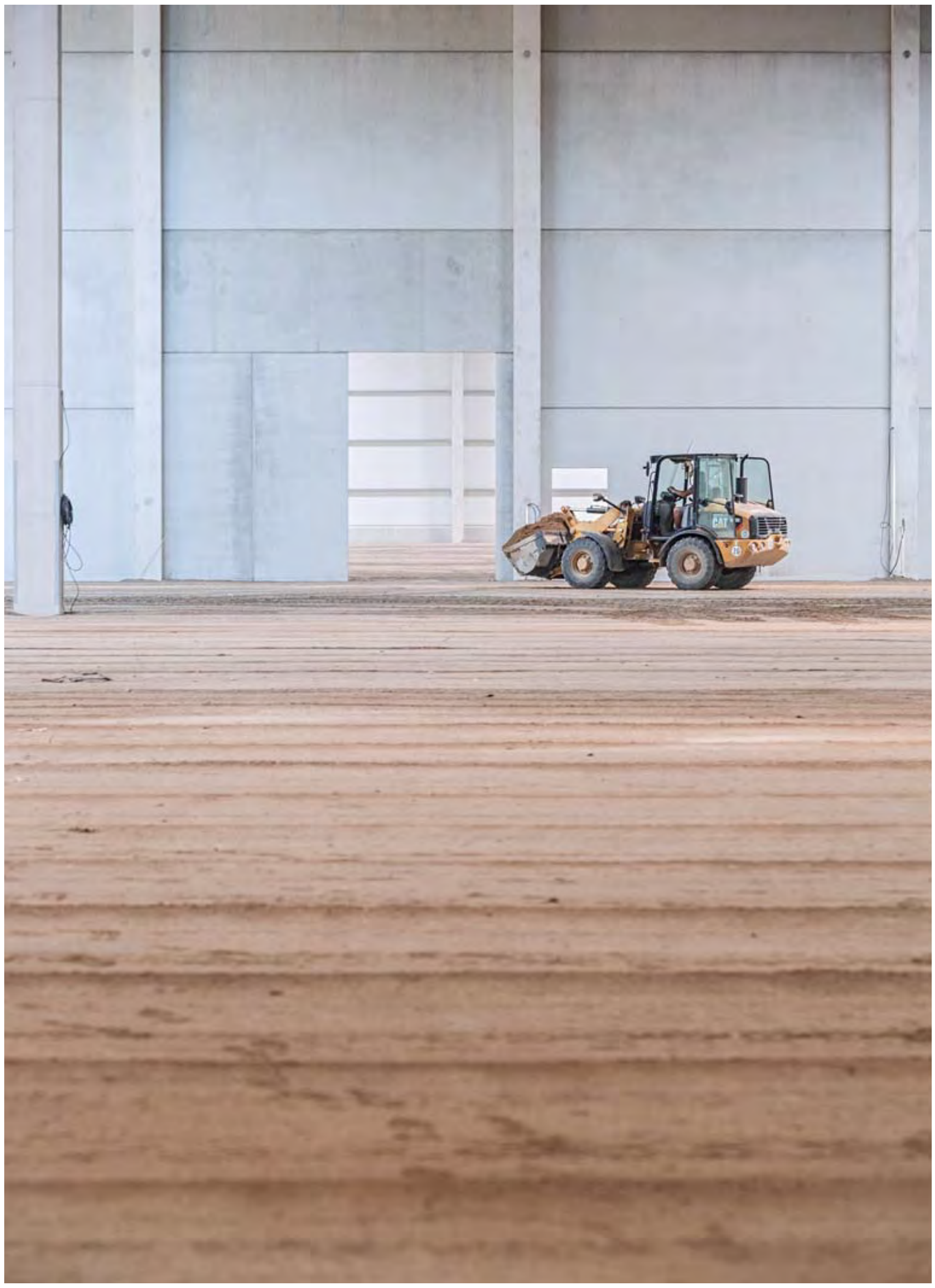
1 Calculated based on the contracted rent and estimated market rent for the vacant space.

(31%) are located in the Netherlands, 646,000 m² (25%) are located in Germany, 513,000 m² (20%) in Romania, 383,000 m² (15%) in the Czech Republic, 102,000 m² (4%) in Slovakia, 77,000 m² (3%) in Italy, 55,000 m² (2%) in Spain and finally some add-on land in Hungary (9,000 m²). These new land plots have a development potential of 1,172,000 m² of future lettable area.

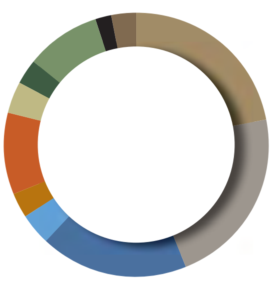
Besides this VGP has another 2,184,000 m² of new land plots under option which are located in Germany, the Czech Republic, Italy, the Netherlands, Portugal, Austria and Latvia.

The bulk of the land plots are expected to be purchased during the next 12–24 months, subject to obtaining the necessary permits.

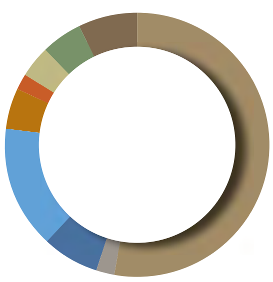
As a result, VGP (own portfolio) has currently a remaining secured development land bank of 6,507,000 m² of which 66% or 4,333,000 m² is in full ownership. The secured land bank allows VGP to develop, in addition to, the current completed projects and projects under construction an additional 2,923,000 m² of lettable area of which 675,000 m² in Germany, 554,000 m² in the Czech Republic, 549,000m² in Romania, 296,000 m² in Slovakia, 216,000 m² in Italy, 150,000 m² in Spain, 123,000 m² in Hungary, 109,000 m² in the Netherlands, 100,000 m² Austria, 86,000 m² in Latvia and 65,000 m² in Portugal. The development potential of the VGP own portfolio on the remaining secured land bank as at 31 December 2020 is as follows:



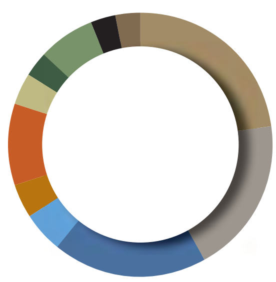
REMAINING DEVELOPMENT LAND
31 December 2020 *(in m²)*



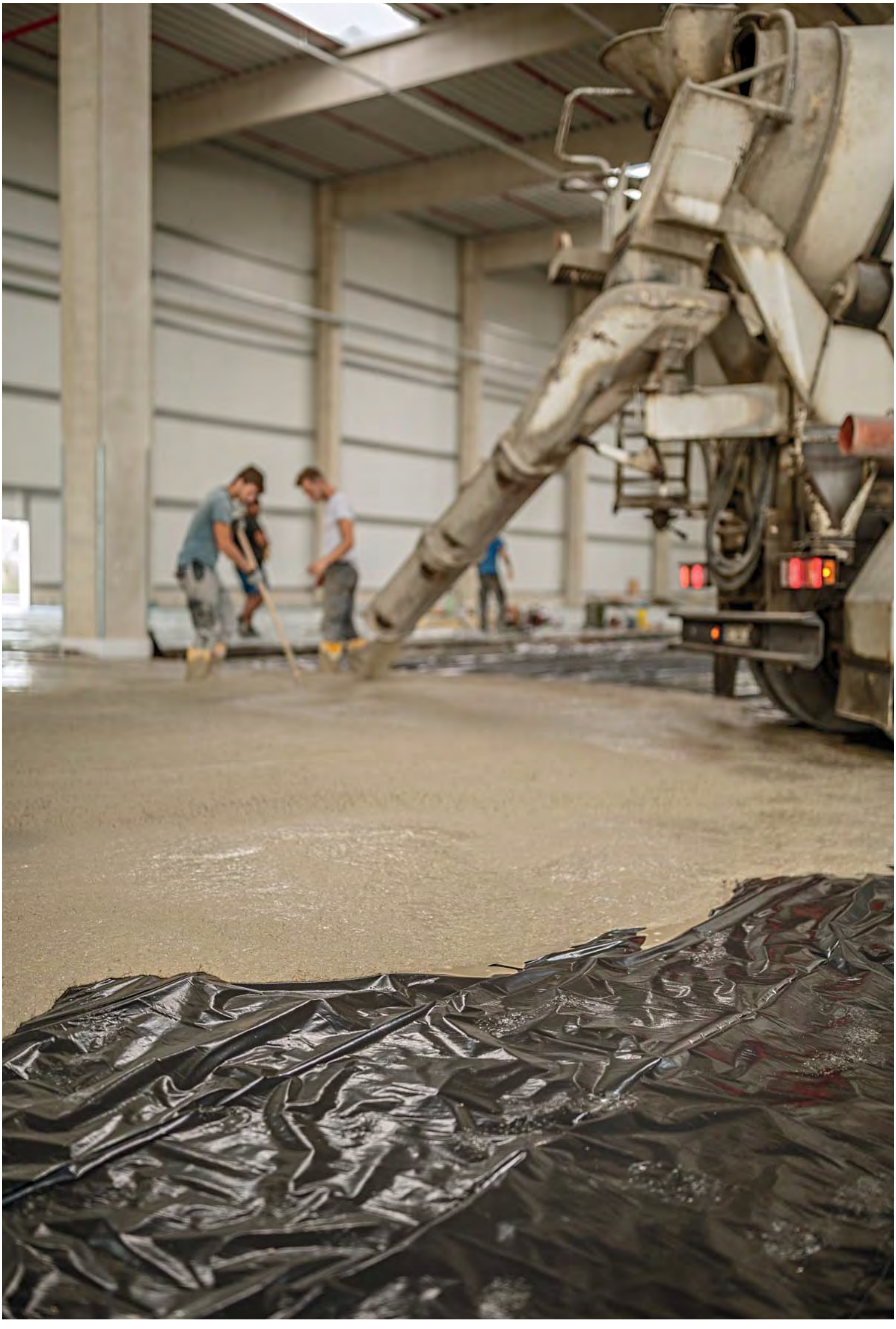
TOTAL COMPLETED & PIPELINE
31 December 2020 *(in m²)*



REMAINING DEVELOPMENT POTENTIAL
31 December 2020 *(in m²)*



Source: Company information.
Note: The above figures relate to the current secured land bank. The development potential has been calculated by reference to existing or similar developed logistic projects.



Joint Ventures portfolio

As at 31 December 2020 the investment property portfolio consists of 115 completed buildings representing 2,236,000 m² of lettable area with another 10 buildings being developed by VGP, on behalf of the Joint Ventures, representing 235,000 m² of lettable area.

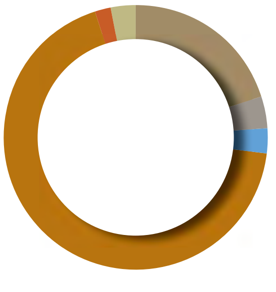
For the Joint Ventures, VGP completed 21 buildings (in total 411,200 m²) i.e. in the Czech Republic: 1 building of 18,000 m² in VGP Park Olomouc, 1 building of 15,600 m² in VGP Park Chomutov, 1 building of 17,800 m² in VGP Park Hradek nad Nisou, and 2 buildings totalling 8,300 m² in VGP Park Usti nad Labem. In Germany: 3 buildings totalling 47,200 m² in VGP Park Berlin, 1 building of 29,600 m² in VGP Park Wustermark, 1 building of 8,900 m² in VGP Park Einbeck[1] and 2 buildings totalling 61,300 m² in VGP Park München. In Spain: 1 building of 5,200 m² in VGP Park San Fernando de Henares and 3 buildings totalling 41,700 m² in VGP Park Lliçà d'Amunt[2]. In the Netherlands: 1 building of 67,400 m² in VGP Park Nijmegen[2] and 1 building of 42,200 m² in VGP Park Roosendaal[2]. In other countries: 1 building of 6,700 m² in VGP Park Valsamoggia[2] (Italy), 1 building of 19,700 m² in VGP Park Malacky (Slovakia) and finally 1 building of 21,600 m² in VGP Park Timisoara (Romania).

At the end of December 2020 VGP is constructing 10 new buildings on behalf of the Joint Ventures, totalling 235,000 m² of lettable area. These buildings represent € 20.9 million of annualised rental income when fully built and let.

The buildings under construction are located in Germany: 1 building in VGP Park Wustermark and 5 buildings in VGP Park München. In the Czech Republic: 1 building in VGP Park Olomouc and 1 building in VGP Park Chomutov. In Spain: 2 buildings in VGP Park San Fernando de Henares.

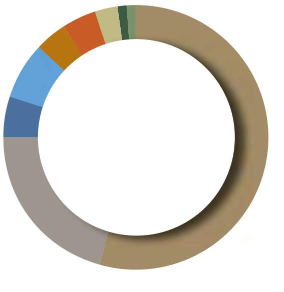
The Joint Ventures have currently a remaining secured development land bank of 1,159,000 m² of which of which 99% or 1,142,000 m² is in full ownership and on which circa 674,000 m² of new lettable area can be developed. The main development potential (72%) relates to the VGP Park Moerdijk joint venture in the Netherlands. The current development potential of the Joint Ventures as at 31 December 2020 is as follows:

REMAINING DEVELOPMENT LAND
31 December 2020 *(in m²)*



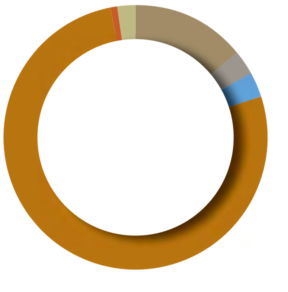
- Germany 20%
- Czech Republic 4%
- Spain 3%
- Netherlands 68%
- Slovakia 2%
- Hungary 3%

TOTAL COMPLETED & PIPELINE
31 December 2020 *(in m²)*



- Germany 54%
- Czech Republic 21%
- Romania 5%
- Spain 7%
- Netherlands 4%
- Slovakia 4%
- Hungary 3%
- Austria 1%
- Italy 1%

REMAINING DEVELOPMENT POTENTIAL
31 December 2020 *(in m²)*



- Germany 15%
- Czech Republic 3%
- Spain 3%
- Netherlands 76%
- Slovakia 1%
- Hungary 2%

Source: Company information.
Note: The above figures relate to the current secured land bank. The development potential has been calculated by reference to existing or similar developed logistic projects.

1 Initially developed by VGP for its own account and sold to the First Joint Venture as part of the 7th closing in October 2020.
2 Initially developed by VGP for its own account and sold to the Second Joint Venture as part of the 2nd closing in November 2020.

General market
overview[1]

CEE + Germany, Spain, Portugal, Netherlands and Italy – Key market indicators

		WAREHOUSING			
		PRIME RENT *m² per annum*	RENTAL CHANGE *y-o-y (%)*	PRIME YIELD *(%)*	YIELD CHANGE *y-o-y (bp)*
Amsterdam	EUR	85	0.0	3.60	-7.7
Barcelona	EUR	82	0.0	4.50	-5.3
Berlin	EUR	66	0.0	3.35	-10.7
Bratislava	EUR	59	0.0	6.00	0.0
Budapest	EUR	57	0.0	6.90	-4.8
Bucharest	EUR	48	-2.4	8.00	0.0
Frankfurt	EUR	74	0.0	3.35	-10.7
Lisbon	EUR	72	20.0	5.75	-4.2
Madrid	EUR	66	0.0	4.50	-5.3
Milan	EUR	57	1.8	4.45	-5.3
Munich	EUR	85	0.0	3.35	-10.7
Prague	EUR	57	0.0	5.25	-4.5
Warsaw	EUR	46	0.0	5.95	0

Source: JLL Research, February 2021

1 Source: Jones Lang LaSalle – 2020 Industrial Investment Report CEE & Western Europe – February 2021

The breakdown of volumes for 2020 is as follows:

COUNTRY	2020 VOLUME *€ million*	2019 VOLUME *€ million*	2018 VOLUME *€ million*	2017 VOLUME *€ million*
Poland	5,554	7,939	7,317	5,103
Czech Republic	1,498	3,103	2,513	3,538
Romania	896	683	948	974
Slovakia	517	720	845	520
Hungary	1,243	1,735	1,840	1,896
Other CEE	578	954	1,392	1,069
Total CEE	**10,286**	**15,134**	**14,855**	**13,100**
Germany	63,120	75,805	71,171	68,372
Spain	9,106	15,356	12,082	13,515
Portugal	2,580	3,057	3,255	2,002
The Netherlands	14,405	16,359	18,691	22,667
Italy	8,343	11,381	8,712	10,570
Grand Total	**107,840**	**137,092**	**128,766**	**130,226**

Source: JLL Research, February 2021

Western Europe

Focus on Germany

In addition to the coronavirus pandemic, which overshadowed everything last year, at least two other events stirred up emotions as well as entire societies, politics and economies in 2020: The United States presidential election and the final completion of the Brexit negotiations. The European Union and the United Kingdom reached an agreement on Brexit shortly before the end of 2020, ending the seemingly endless debates and bringing clarity to Europe's political and economic affairs. There is now light at the end of the tunnel, especially for the export-oriented German economy that is geared towards an effective global trade. However, the general climate will remain unstable for now in view of the current coronavirus related lockdowns in many countries. That is why governments and central banks around the globe will try to stimulate their economies with a combination of extremely low interest rates and massive spending programmes. The economic stimulus packages on both sides of the Atlantic will only be scaled back once the spread of infections has been contained. Nevertheless, central banks will keep interest rates at the current very low levels because a sustained economic stabilisation must first take hold in order to prevent setbacks. In this respect, it remains to be seen how effective this cocktail of low interest rates and rebounding economies will be. Catch-up effects in terms of investment and consumption spending by consumers and the corporate sector, with at least a temporary rise in interest rates, cannot be ruled out.

Looking back over 2020, it can be said that real estate has proven to be a stable investment for private and institutional investors.

The Big 7 cities (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, and Stuttgart) accounted for a total transaction volume of almost € 40 billion. This represents a 49% share of the overall volume for Germany and is 25% lower compared to the previous year. Thus, the relative loss increased again in the fourth quarter of the year, which points to rising interest in products and investments outside the established strongholds. This is also reflected in the figures: € 41.7 billion was not invested in one of the Big 7, representing a year-on-year increase of 7%.

Prices of sought-after logistics properties are also continuing to rise. More than € 8.7 billion was invested here in 2020, which was € 2 billion more than in 2019. This is partly owing to stable user markets over the medium and long term as well as the reinforcement of structural trends such as digitisation and growth in online trading. The trend towards more online shopping strengthened further in the recent quarter and is driving the demand from retailers and e-commerce providers for regional and local distribution centres. We estimate that for every billion in additional online sales, a further 70,000 m^2 of logistics space is required.

The last three months of the year also brought few changes to yields, with still only isolated cases of rising returns. This mainly concerns the sectors and areas where, because of the pandemic, there is a loss of rent risk and value adjustments are to be expected as a result. There is evidence of a slight upward trend in yields for central commercial buildings.

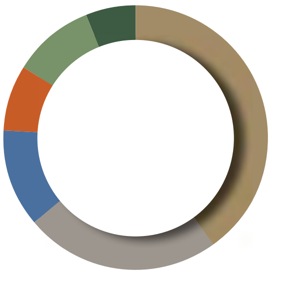
Here, the average prime yield for centrally located commercial buildings in the Big 7 is 2.91%, which is seven basis points higher than a year ago. Returns for the absolute top properties in the very best locations should at least remain stable in 2021, while we expect yields for all other products to increase further. This is likely to be more pronounced the longer stationary retail that is not of systematic importance remains closed. This also applies to shopping centres, whose prime yields increased by 35 basis points to 4.85% over the course of 2020. The average office prime yield stood at 2.81% by the end of 2020 and is therefore 12 basis points lower compared to the end of 2019.

As expected, logistics properties registered the biggest jump in yields in 2020. In a 12-month comparison, the yields fell by 37 basis points to an average of 3.38% across all Big 7 regions, with a further decline expected in 2021.

TRANSACTION VOLUME IN GERMANY *(€mn)*	**2017**	**2018**	**2019**	**2020**	**18–19** %	**19–20** %
Single assets	42,900	50,700	56,800	44,000	12%	-23%
Portfolios	29,600	28,300	35,000	37,600	24%	7%
Total	72,500	79,000	91,800	81,600	16%	-11%

Transaction Volume Germany by Type of Use

2019: 91.8 € bn



- Office 40%
- Living 24%
- Retail 12%
- Logistics/industrial 8%
- Mixed 10%
- Other* 6%

2020: 81.6 € bn

- Office 30%
- Living 31%
- Retail 13%
- Logistics/industrial 11%
- Mixed 10%
- Other* 5%

*Other: Hotels, Sites, Special Properties
Source: JLL Research, February 2021

Focus on Spain

The restrictions put in place to contain the spread of the virus are proving successful, leading to a fall in the number of infections, but data continues to show the impact on the economy, with weaker activity in Q4. But with positive news in terms of vaccine development suggesting a quicker return to normality, Oxford Economics have upgraded country's 2021 GDP growth forecast which is expected to increase by 5.8%.

Oxford Economics' forecast remains subject to the evolution of the disease, and the upgrade in 2021 forecast reflects confirmation that a vaccine will be widely available sooner than expected earlier, leading to a faster recovery in H1. GDP figures will also be heavily influenced by the final amount of government spending given the large stimulus budgeted for next year.

The logistics investment volume during Q4 2020 was € 700M, showing an increase of 82% q-o-q. For the entire year 2020, the logistics investment volume amounted to € 1,310M which represents a decrease by 20% compared to the previous year.

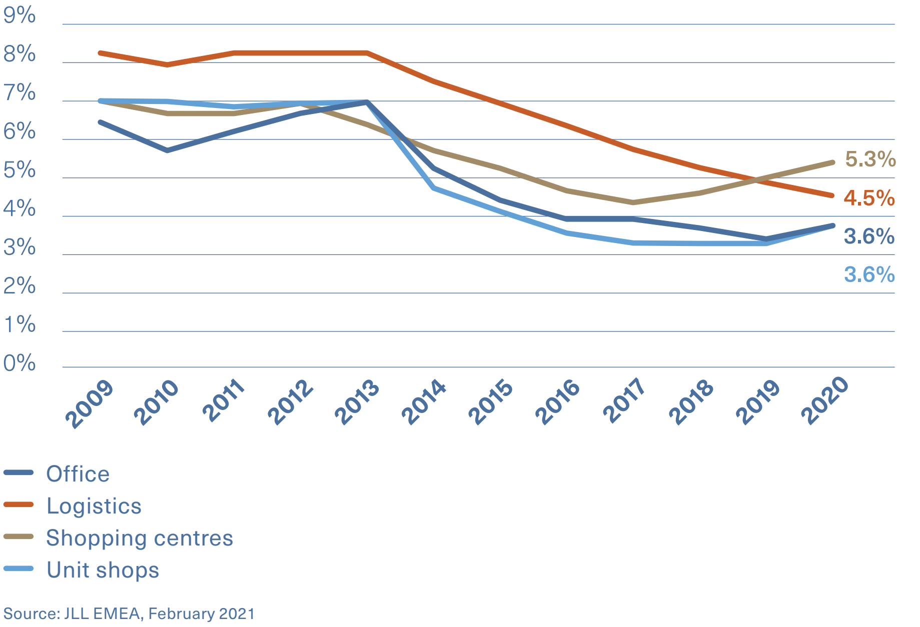
Due to the boom in the logistics sector, prime yields have fallen by 25 basis points in Madrid and by 40 basis points in Barcelona since 4Q 2018. Both markets were at 4.75% at the end of 2019. At the end of Q4 2020, prime yields further decreased by 25 basis points to the current level of 4.5% in both Madrid and Barcelona due to strong investment appetite after the e-commerce boom caused by COVID-19.

More than half of the logistics investment volume was concluded in Madrid (68%), followed by Barcelona with 17%. Funds represented around 84% of the total investment, so they continue to be the most active in the market, with the presence of international funds standing out.

During the fourth quarter, 19 investment deals were closed (over € 5M), including Sherpa, Cervantes and Rivera projects which stand out, totalling € 343M. The lack of Core product and the great appetite for this type of asset compressed prime yields to 4.50%, 10bps below the previous quarter.

We expect a further compression in the coming months due to solid fundamentals, e-commerce drive and the strong appetite to buy logistics.

DEVELOPMENT OF PRIME YIELDS IN SPAIN



Source: JLL EMEA, February 2021

Focus on the Netherlands

The renewed hard lockdown from mid-December will hit retail and services hard, but less than in the spring. Industry, on the other hand, has regained some stability and – being less contact-intensive – will be less affected. According to Oxford Economics, the 2020 GDP fall slightly to -4.2% (from -4.1% previously) as another contraction looms in Q4. But while this will also affect Q1, the positive vaccine news mean a stronger rebound in 2021 with growth of 2.7% (up from 2.4%).

By contrast, the industrial sector is likely to be impacted less from the containment measures. And it is entering the lockdown in a more robust shape after healthy growth in October and improving sentiment, buoyed by a strong production outlook in Germany. Export orders, though still subdued, improved further in November.

Inflation dropped to 0.8% y/y in November (the second-lowest rate in four years) from 1.2% amid stagnant wage growth and falling energy prices. While this was largely already included in our 2020 forecast of 1.4%, it does imply a small downside risk.

At the start of the pandemic, it was unclear what kind of recovery could be expected. Depending on the recovery shape, the impact on real estate markets could be quite significant. Even though the pandemic continues to last longer than anticipated, the real estate market in the Netherlands still shows strong resilience. The healthy performance of the different occupier markets resulted in continued confidence from both national and international investors.

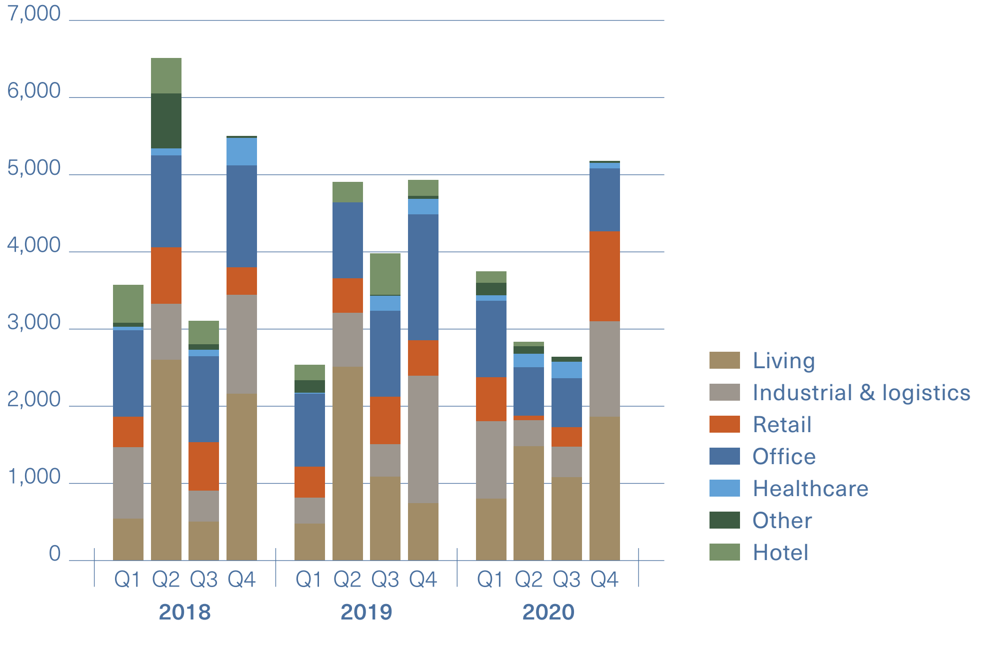
Due to investor confidence in the Dutch real estate market, investment volumes topped out at € 15.9 billion; a decline of only 15% versus 2019. This is quite a modest decrease compared to other European countries.

One of the strongest performers of the year is the industrial & logistics sector. For a third year in a row, the sector reached a volume of nearly € 3.6 billion. Due to strong demand in the industrial & logistics sector, yields actually declined during the COVID-19 period and moreover, the yield and rent forecast became more positive over the last 9 months.

With more countries starting to roll-out their vaccine program, there is a light at the end of the tunnel. When the effect of this will be seen however remains unknown. Many countries, including the Netherlands, are still in some form of lockdown. Faced with the current uncertain situation, most occupiers have put decisions on their real estate strategy on hold.

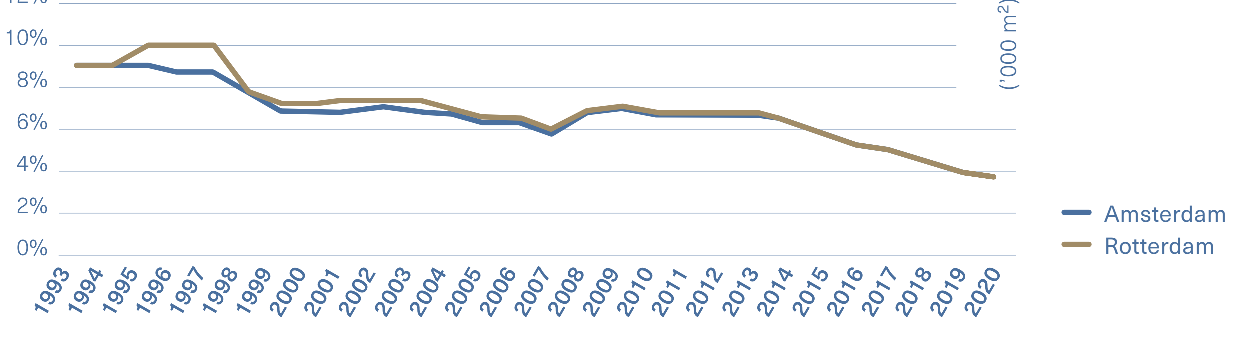
For most sectors, this will result in subdued take-up levels in the first half of 2021. Even though there is still plenty of capital available, investors will therefore remain focused on core assets and locations which have proven themselves throughout different periods of crisis. Furthermore, the Investment Intentions Survey 2021 from Inrev shows that investors plan to invest € 64.6 billion into global real estate; a significant value seemingly unaffected by COVID-19.

NETHERLANDS: INVESTMENT VOLUMES ALL ASSET CLASSES



Source: JLL EMEA, February 2021

DEVELOPMENT OF INDUSTRIAL PRIME YIELDS IN THE NETHERLANDS



Source: JLL EMEA, February 2021

Focus on Italy

After a deceleration in 2019, the Italian economy recorded a deep downturn in GDP in Q3 2020 (-8.4% YoY), mainly due to a slowing down in investment and export components. Preliminary data for 2020 show a contraction of 8.9%: the positive effects of the strong rebound in Q3 were held back by the restriction measures in the last quarter of the year. The new measures slowed down household consumption and the service sector.

Till October, the second wave of the pandemic did not stop the positive trend of the industrial production. The gap between Italian (-0.2%) and European (0.2%) inflation (HICP) is decreasing; Italian CPI remained negative mainly due to energy products.

In Italy, 2020 recorded 141 investment deals for a total of around € 8.3 billion, lower by 33% than 2019. The slowdown was mainly ascribable to the hotel and office sectors; logistics, residential, alternatives and healthcare are gaining a growing share of the market. In fact, in 2020 the logistics sector reached the highest amount of volume ever: around € 1.6 bn, a figure 7% higher than 2019 and up by 42% on the last 5 years average. Capital was once again predominantly international (90%), coming mainly from European countries. A great attention has been seen for lands and developments: these transactions totalled around € 100 m during the whole 2020 (and they are not included in our investment figures). The favourable phase of the sector led to another compression for prime net yields in all the key markets which reached their bottom values.

Geographically Milan confirms to be the first destination, attracting more than half of yearly take-up, followed by Veneto, Bologna and Rome areas.

Focus on Portugal

2020 was undeniably a demanding year, where uncertainty ruled the world. A year that got off to a promising start for the global economy and particularly for Portugal, but which proved to be detrimental to public health and global economies.

2021 begins with more optimism. The population has started receiving vaccines, and public and private organisations and institutions are better prepared for the "new normal", reacting rapidly and efficiently to the challenges that have emerged over the last year.

After achieving 2% growth in the GDP in 2019, in 2020 the economy is expected to contract 6%, estimating a recovery throughout the year that will lead to a 3.9% growth at the end of 2021.

Year 2020 totalled a transaction investment volume of € 2.7 billion, the third-best year ever recorded in Portugal. Nonetheless, this figure represents a 17% drop compared with the € 3.3 billion invested in 2019 and an 18% drop compared with the € 3.4 billion transacted in 2018, both record years for commercial real estate investment in Portugal.

The largest volume of investment continues to originate from foreign sources, demonstrating that Portugal remains on the radar of international investors and that the market fundamentals remain attractive. However, we note the growing activity among domestic investors, especially open real estate investment funds and pension funds, which registered the largest investment volume of the decade in 2020.

Despite the challenges brought by the pandemic, capital markets showed their resilience, reflected in yields that remained at record lows. The prime yield in offices continued stable, although occasional fluctuations were observed in some zones, while increasing in all retail asset types. Conversely, the yield in industrial & logistics contracted by 50 b.p. to 6%, the lowest value ever recorded.

Prospects for 2021 present a challenging picture, although the real estate market is considered a refuge segment, given the uncertainty of the stock market and the low interest rates. Therefore, the market should keep attracting investors from the private sector – even those with lower investment tickets – as well as traditional real estate investors and the international ones, who are expected to stay in the market. On the other hand, the increase in financing costs may challenge projects that require leverage.

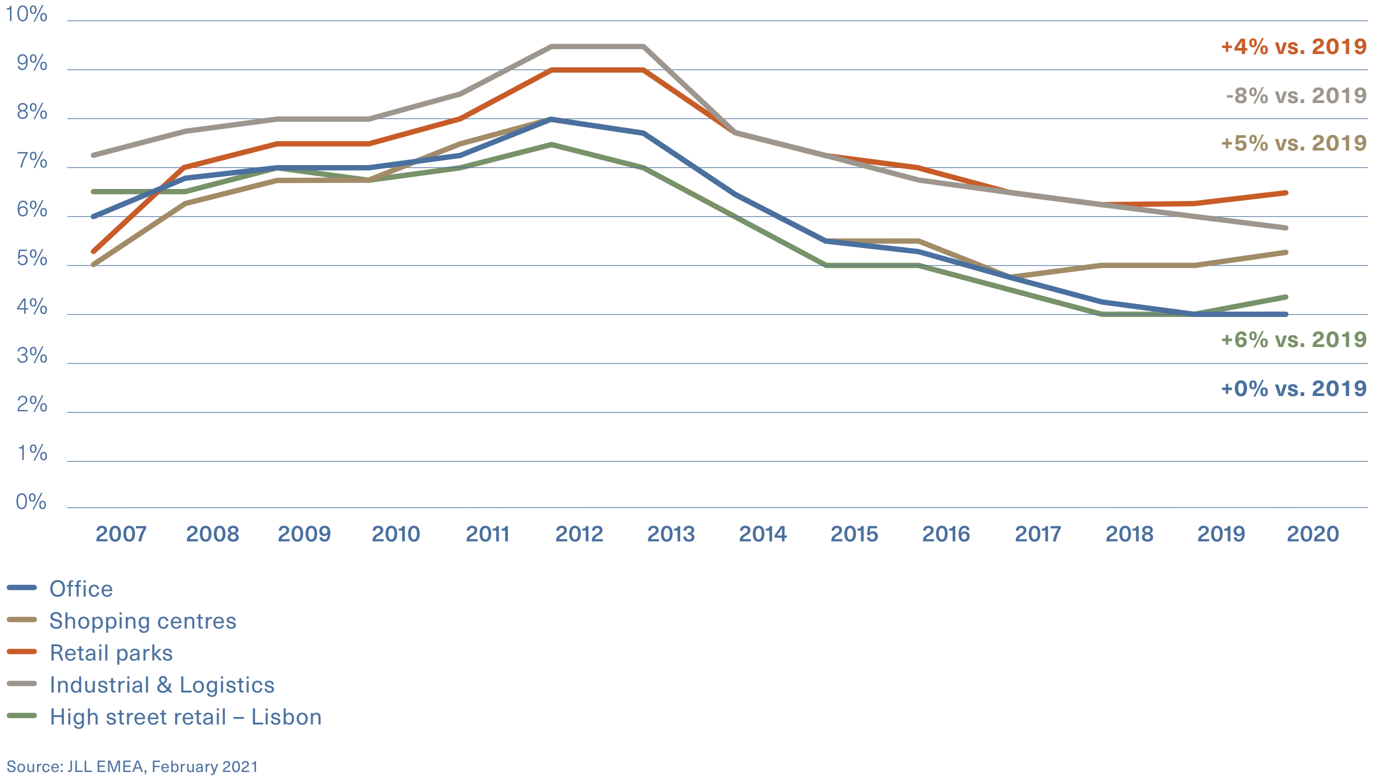
Industrial & logistics real estate came through the pandemic with a performance that was counter-cyclical to other occupier markets, registering a substantial increase in demand due to the boom in e-commerce. This situation led to the appearance of new market operators and new deals, with a particularly relevant increase in the demand for last-mile logistics facilities.

In terms of take-up in 2020, we highlight the occupier operations involving Auchan, Vision Box and Uber, as well as LPF and Nunes & Guisantes Investimentos Imobiliários. However, even in a scenario of strong demand, take-up levels were limited by the scarcity of adequate supply in the market, especially for areas above 10,000 m^2.

In 2021, this sector is expected to maintain high levels of demand, as well as growing interest from investors, and the current lack of modern, quality facilities should be mitigated with the launch of new projects in the pipeline.

The lack of quality supply, along with growing demand, led to an increase in rents, especially in zones closer to urban centres, where demand for last-mile logistics units is higher. Therefore, the prime rent stands currently at € 6/m^2/month in Lisbon, representing a significant increase of 20% y-o-y.

PRIME YIELDS EVOLUTION



Source: JLL EMEA, February 2021

CEE Real estate investment – Market overview 2020

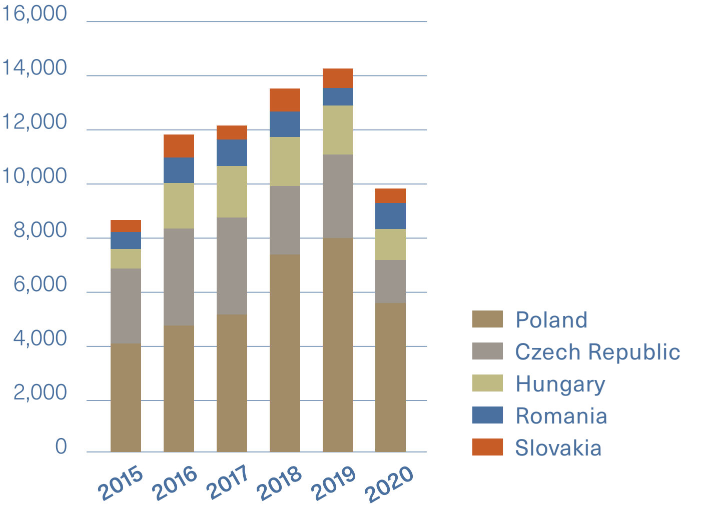
Year 2020 will undoubtedly go down as one of the most memorable years for all the wrong reasons. The arrival of the COVID-19 pandemic in March 2020 has impacted the CEE real estate market across all sectors. Some with positive gains, such as in the logistics sector, but others with clear negative impact, such as retail and tourism.

There is a continuing debate around the impact onto the office occupational markets where we have seen falling demand and increasing vacancy rates and an increase in sub-leasing activity. It is expected that the offices sector as we start to recover as we go back to our office workplaces following the successful roll-out of the vaccination program through 2021.

Even with these challenges, the CEE markets continue to attract strong interest from investors, both international and domestic. However, with a shortage of available product and the impact of COVID-19, there have been volume declines across nearly all markets.

The outlook for 2021 is with cautious optimism but the outcome will be very dependent on the successful vaccination programme. Leading international and domestic regional investors are still heavily focused on investing into CEE, especially in the industrial sector which seems to be the least affected by the global pandemic.

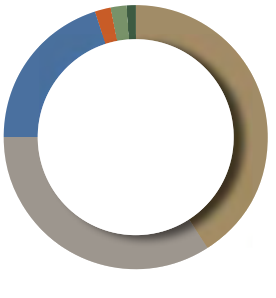
CEE investment volumes by countries



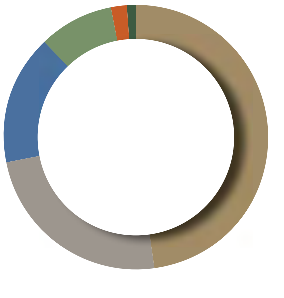
Source: JLL, January 2021

CEE investment volumes by sector

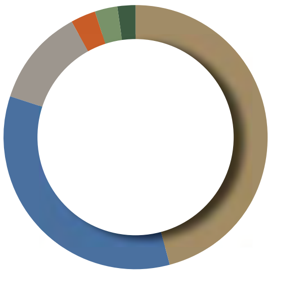
CEE SECTOR SPLIT 2018



CEE SECTOR SPLIT 2019



CEE SECTOR SPLIT 2020



Source: JLL, January 2021


Wandhydrant Typ F
Brandschutztür
ALARM

Focus on the Czech Republic

Czech GDP is expected to fall 6.8% in 2020, with a fall in the Q4 outlook being offset by an increase seen in Q3. In the short term the outlook is challenging, as the second wave of coronavirus creates more downward pressure on the economy and markets and restrictions are likely to be maintained through Q1 2021. A rebound is anticipated in 2021 as the pandemic is brought under control by mass vaccination with GDP growth forecast at 3.2%. The solid Q3 GDP growth of 6.9% offers some optimism that the economy will rebound again as the pandemic is contained. However, this may not occur until confidence returns and vaccination completed across the country. Trade and industrial production are expected to fare better in Q4 2020 than during the first lockdown, leading to a much less severe contraction. But we expect GDP to fall 4.6% q/q in Q4 2020.

The second half of 2020 provided transactional volumes of € 737 million. This represents a 54% decrease on the same period in the previous year, however it is roughly on par with H1 2020 (€ 756 million; excluding Residomo portfolio transaction). The average transaction size in H2 2020 was € 32 million, seen across 24 transactions in total. Volume-wise in H2, the office sector dominated with 44% of total investments followed by industrial (24%) and retail (23%). The hotel, residential and mixed-use sectors accounted for the remaining 9% of the total commercial H2 2020 volumes.

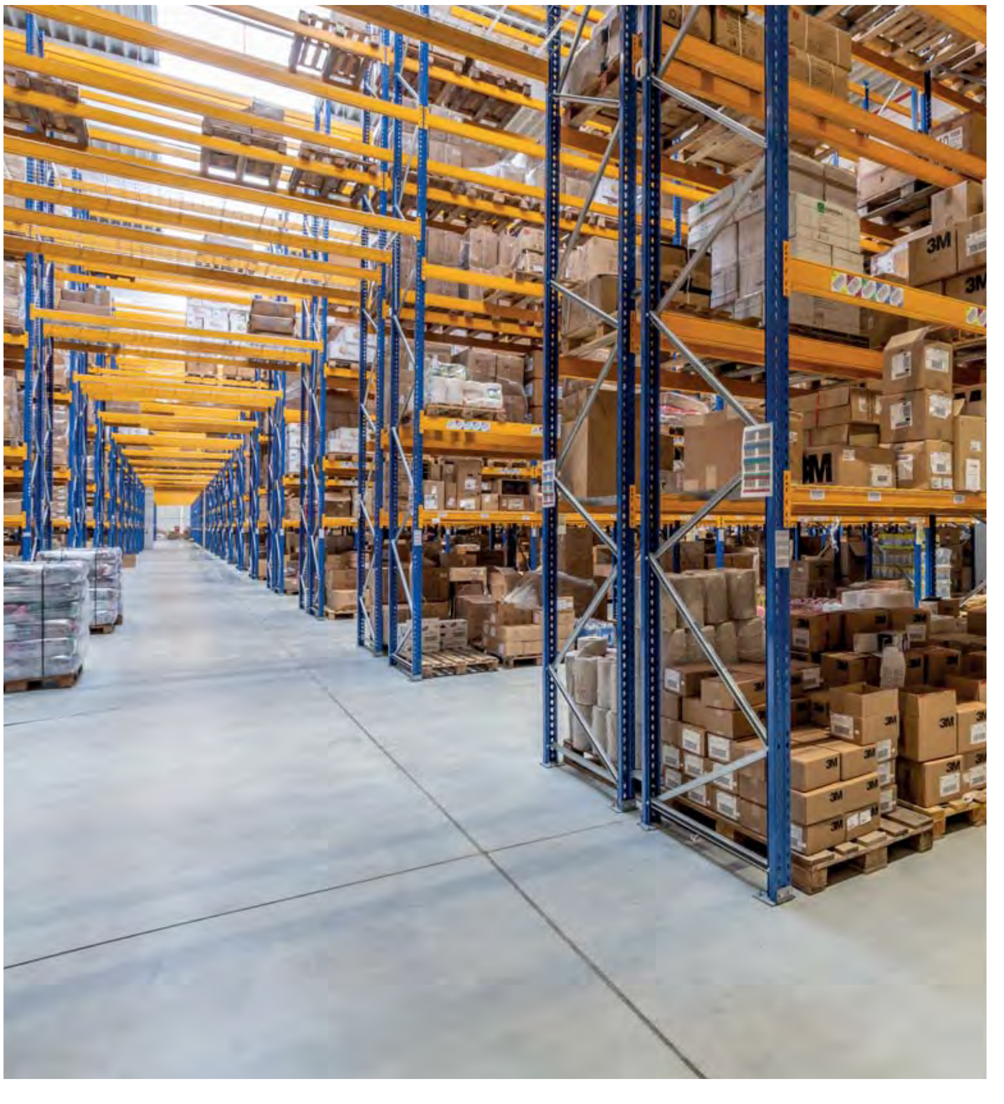
International capital took the majority investment share, accounting for ca 61% of the total volume, with domestic capital accounting for the remaining 39%.

The office sector was the most dominant and represented 44% of investment volume in H2 2020. The most significant office investment transactions included Churchill Square in Prague 2 sold by Penta Investment for € 153 million to a joint venture of CFH and Českomoravská Nemovitostní. The total office investment volume recorded for H2 2020 reached € 323 million; down by 37% compared with H1 2020.

The retail sector had the third largest market share in H2 2020 with 22% primarily thanks to the Central Kladno shopping centre located in the regional city of Kladno (45 minutes from Prague) sold by Crestyl to Portiva for ca. € 75 million. The total retail investment volume recorded for H2 2020 reached € 165 million; a decrease of 26% compared with H1 2020.

With the largest transaction of the year in the Industrial & Logistics sector being the acquisition of a Goodman portfolio by GLP worth € 123 million, the I&L sector volume totalled € 181 million in H2 2020. Investor activity and appetite for this investment product continues to be strong, however, it is limited by a lack of supply of prime assets and high price expectations of sellers. In H2 2020 the I&L sector accounted for 24% of overall investment activity.

Our views on prime yields in H2 2020 are 4.25% in the office sector, prime industrial & logistics are at 5.25%, whilst retail parks remain at 6.00%. Prime shopping centre yields are at 5.25% and high-street properties are at 4.00%.



Focus on Hungary

As expected, since the outbreak of the COVID-19 pandemic in March 2020 investment activity in Hungary experienced a drop from 2019. The annual transaction volume amounted to ca. € 1.25 billion, reflecting a decrease of 26% on 2019. More than 80% of this amount was generated by income producing assets, whereas the rest was made up by development site sales and the disposals of properties suitable for re-development purposes.

We saw numerous examples of negotiations being halted in Q2 and then re-started after September. Some of these deals managed to close by the end of 2020, while several deals are scheduled to close only in the first half of 2021. We expect the first half of 2021 to record a very strong investment activity including some large-ticket landmark transactions.

Pricing of the various asset classes was in question during the first half of 2020. Most of the buyers were in a wait-and-see mode to make sure that they could exploit any potential drop in values. By the end of 2020 it became evident that pricing in the core and premium office segment did not change much while further yield compression was experienced in the logistics asset class.

Similarly, to previous years, domestic buyers remained very active on the market, however international buyers also closed high-profile deals, therefore the market shares of local and international purchaser were nearly even (53% and 47% respectively).

The strongest transaction activity was recorded in the office asset class, amounting to ca. 65% of the 2020 volume. The asset class typically generates ca. 45% of the annual activity and the high 2020 share reflects that as the retail and hotel asset classes became less attractive, investors turned their attention to offices as promising targets despite of the home office phenomenon.

Activity in the logistics asset class reached nearly € 160 million, which is the highest annual volume since 2017 and clearly indicates the strong appetite for the sector. The leading deal of the sector was the sale of Goodman's Hungarian assets as part of their Central and Eastern European platform, which was acquired by GLP.

In terms of yields, we see the prime shopping centre yield standing at 6.00%, prime office yields flat at 5.25% and prime logistics compressing by 10 bps q-o-q to 6.90%. Based on the pipeline of transactions the beginning of 2021 will see the closing on various large-scale transactions in Hungary.

Focus on Romania

Even though the COVID-19 outbreak had a strong impact on the Romanian macro-economic environment, the real estate investment market managed to register a healthy year on year increase (the only registered in CEE), boosted by the closing of some of the largest office transactions ever registered. Most of the transactions completed in 2020 were initiated before March, the start of the pandemic locally, with fewer projects coming to market during the rest of the year. The property investment volume for Romania in 2020 is estimated at circa € 900 million, a value almost 30% higher than the one registered in 2019 (€ 694 million).

Bucharest increased its dominance as the preferred investment destination in Romania and accounted for around 85% of the total transaction volume in 2020, followed by Timisoara, Cluj-Napoca and Pitesti.

Far more than in previous years, offices were the most liquid asset class in 2020, making up for 85% of the total market volume, while industrial accounted for over 8% and retail for only 4%. The total office investment volume for 2020 reached € 770 million, an all-time record for this market segment.

The largest industrial transactions in 2020 were two acquisitions made by CTP – Equest Logistic Park and A1 Business Park – both located on the A1 Highway, at Km. 13, the most important logistic sub-market in Bucharest. CTP also bought the Mobexpert warehouse on the A1 Highway in a sale and lease back transaction, consolidating its position as the largest owner of industrial/logistic space in Romania and one of the two dominant players in the west of Bucharest. The limited investment activity in this segment is due to lack of product as the market is dominated by strategic players who very rarely sell.

Prime office yields are at 7.00%, prime retail yields at 7.25%, while prime industrial yields are at 8.00%. Yields for office and industrial are at the same level as 12 months ago, while retail yields have increased by 25 bps over the year. Romania is still well positioned from a yield perspective, as the current values are still well above those registered in the last peak (2007) and those currently quoted in the rest of the region.

While it continues to be difficult to make accurate predictions as the entire economy is still very sensitive to the evolution of the pandemic, we expect that transaction volumes might slightly decrease in 2021. Nevertheless, with the vaccination process started and considering the significant amount of sidelined capital targeting real estate, these forecasts may improve during the next months. Prime yield is unlikely to change for the office and logistic segments, however we may witness pricing adjustments for non-core properties depending also on the evolution of debt availability and terms.

Focus on Slovakia

Whereas investment volumes in first half of the year were not impacted, the consequences of the pandemic were visible in its second half of 2020. Overall annual volumes are 25% lower than 5 years average, estimated at € 520 million. Y-o-Y drop is even higher at 35% and number of deals also decreased. H2's volume totalled just € 65 million consisting of seven deals and making up 12% of the total investment volumes.

Moderate investment activity in H2 2020 is expected to progressively increase over 2021 and investment volumes should surpass the last year. Plentiful of equity mostly coming from institutional investors targeting narrower variety of property types, investments and risk profiles might cause slight yield compression in specific asset classes. Among beneficiaries is logistics, core A-class offices, residential, data centres and niche retail (retail parks and grocery units).

Our view on prime yields as of Q4 2020 is as follows: Offices: 5.50%–5.75%, Logistics/warehouses: 6.00%–6.50%, Light industrial: 6.15%–6.65%, Shopping malls: 6.00%–6.50% and Retail parks: 7.25%–7.75%

Industrial & logistics sector's occupational sentiment has shown a significant recovery in Q4 2020 and further keeps the optimistic outlook for the upcoming months. As for the perception of investors for this asset class there was no need for recovery since strong interest continued over the year. The only setback in 2020, which also applies to the upcoming year, might come from the fact that high demand does not meet with the sufficient supply of products.

Sale of light industrial facility with R&D centre in Kezmarok, anchored by company Hengstler, with further development potential was the only transaction closed in H2. The purchase price for asset of 10,000 m^2 of GLA passed € 10 million.

German market[1]

Leading Logistics areas

Germany is the largest economy in Europe and the world's second largest exporter. It is also ranked number one globally in terms of its overall "logistic performance" according to the World Bank's Logistics Performance Index (2018). With the eastwards expansion of the EU, Germany became even more centrally positioned within Europe and benefits from its geographical location as well as its excellent global connectivity.

Germany's logistics locations are highly fragmented with 17 established logistics locations of various sizes. Traditionally, the principal markets are located around:

- Hamburg, largely driven by the port, Europe's second largest container seaport;
- Frankfurt-Rhein Main, driven by freight activities surrounding the airport as well as the large customer base in the metropolitan area;
- Ruhr area & Düsseldorf-Cologne corridor, which are still largely manufacturing based;
- Munich, focused on the high-tech sector;
- Berlin, the national capital.

There are also several smaller logistics locations which have emerged only over the last few years such as the Kassel / Bad Hersfeld area (the most centrally located area in Europe) and Leipzig/Halle (benefitting from airport development) – offering a higher availability of development sites in combination with lower land prices and lower rental values. Other smaller regional markets are the Rhein-Neckar area, Hanover/Brunswick, Stuttgart/Heilbronn, Osnabrück/Münster, Nuremberg, Erfurt, Bremen and Mönchengladbach.

1 Source: Jones Lang LaSalle – 2020 Industrial Investment Report CEE & Western Europe – February 2021

German market for logistics space achieves second-best annual result

The second-highest annual result in the German market for warehousing and logistics space was achieved in 2020 with take-up of around 6.9 million m^2. This fell only 4% short of the 2018 record take-up result of 7.2 million m^2. It was also 5% and 18% above the five- and ten-year averages, respectively. The 3.9 million m^2 taken up in the second half of the year was a major contributor to the excellent result. Never before has so much space been taken up in a six-month period.

A major driver of activity was online retail. In total, over 1 million m^2 of warehousing space was taken up by e-Commerce companies across Germany, more than ever before. In the initial weeks of this year, there has been a significant rise in the number of enquiries compared to early 2020 which was still unaffected by the Coronavirus pandemic. This would suggest that the boom in the logistics market will continue in 2021.

The Hamburg region records the highest take-up in the Big 5

Around 1.9 million m² of warehousing and logistics space was taken up in the Big 5 conurbations (Berlin, Dusseldorf, Frankfurt, Hamburg and Munich) in 2020, 14% more than last year (2019) but 5% less than the average result of the past five years.

Regional trends were mixed. While the Berlin and Dusseldorf regions posted slight declines (-8% and -2%), the other regions recorded double-digit growth, with Munich (40%) and Hamburg (37%) in particular benefiting from several large deals. The largest letting of the year in the Big 5 and nationwide was registered in the Munich region, in which a manufacturing company signed a contract for around 138,000 m² in a development in Parsdorf. The largest owner-occupier deal in the Big 5 was the start of construction of the 86,500 m² REWE distribution centre in Henstedt-Ulzburg in the Hamburg region in the third quarter.

The strongest demand in the Big 5 came from retailers which accounted for approximately 35% of take-up. Distribution/ logistics companies and manufacturers accounted for a further 27% and 25% of take-up, respectively. In terms of size, 85 deals were concluded for units larger than 5,000 m², six less than in 2019, but the volume of take-up was roughly one-third higher at around 1.24 million m².

Around 675,000 m² new warehousing space was built in the Big 5 in 2020, with around a quarter of this space unlet at the time of completion. A further approximately 1.03 million m² is currently under construction, 37% more than a year ago, with 42% of this space still available to the market. The focus of speculative construction activity is in the Hamburg and Berlin regions where 72% of space still available is being constructed.

Prime rents have not yet risen in the Big 5

Prime rents for warehousing space larger than 5,000 m² have remained stable in the Big 5 over the last twelve months, but we expect to see a slight rise in some regions (e.g. Dusseldorf) in 2021. Companies are paying the highest rents for premium space in Munich, at € 7.10/m²/month. Hamburg and Frankfurt follow with € 6.40/m²/month and € 6.20/m²/month respectively, and space is less expensive in Berlin and Dusseldorf at € 5.50/m²/month.

Outside the Big 5, the Ruhr area dominates

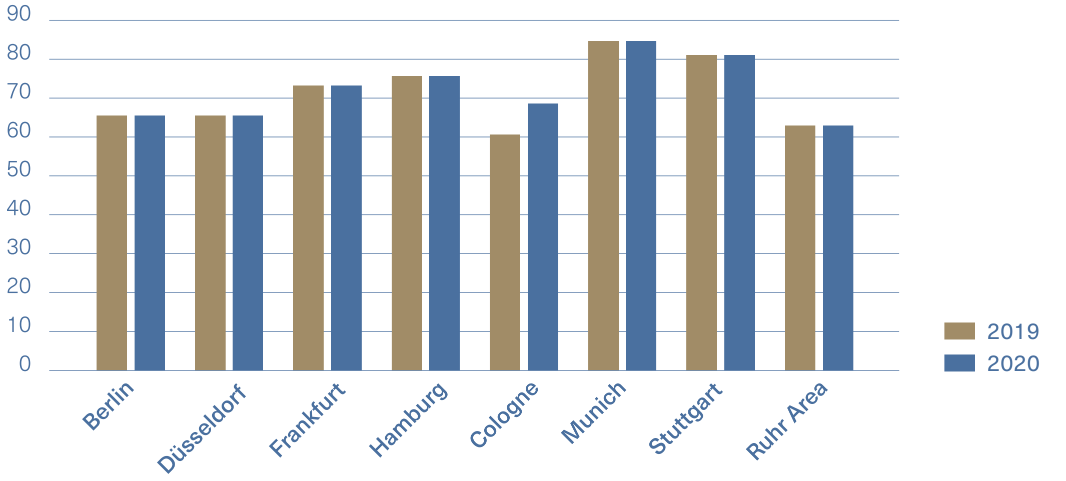
Around 5.04 million m² of space was taken up outside the Big 5 conurbations in 2020, the second-highest result after 2018 (5.07 million m²). This was 2% higher year-on-year (2019: 4.96 million m²) and 9% above the corresponding five-year average. While take-up by owner-occupiers was 18% lower than the average of the past five years, letting take-up showed an increase of 28%.

This means that the Ruhr area has recorded the highest take-up of all regions for the fifth consecutive year. With around 845,000 m² and a year-on-year increase of 24%, the gap between the Ruhr area and the second to fourth placed regions (Leipzig/Halle with 317,000 m², and Bremen and Hanover/Brunswick each with 228,000 m²), is considerable.

The strongest demand for space came from retailers and e-Commerce businesses (40%) and from the distribution/ logistics segment (34%), while manufacturers accounted for just 22% of take-up. The largest owner-occupier deal of the year outside the Big 5 conurbations and nationwide was registered in the third quarter, in which the online retailer Amazon commenced construction on a 153,000 m² distribution centre in Gera. The largest letting outside the Big 5 was marked by the non-food retailer TEDi, which leased around 80,000 m² in a development in Kamen in the third quarter.

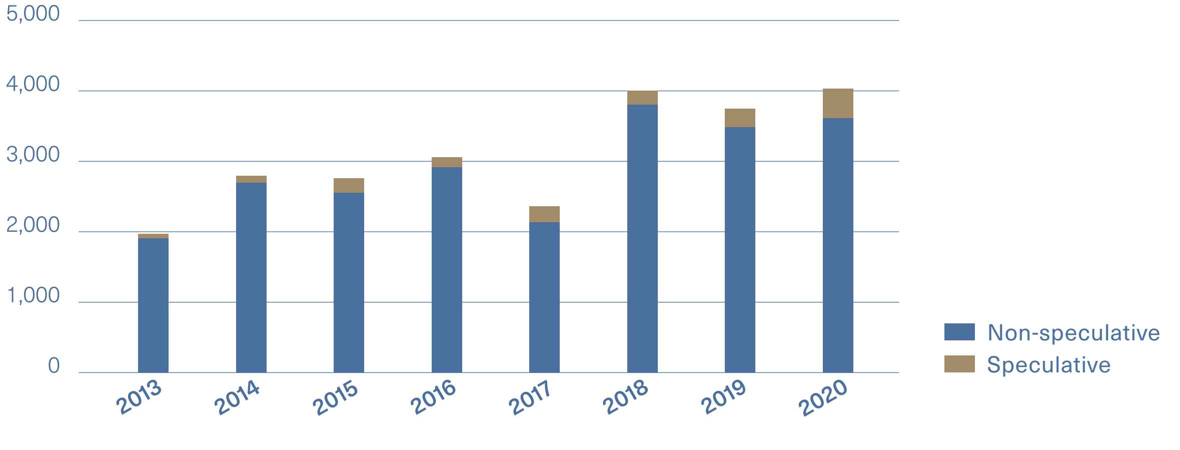
Around 70% of space was taken up in new buildings or developments; this rises to 100% when considering only units larger than 40,000 m².

PRIME RENT IN GERMANY
€/m²/year



Source: JLL, January 2021

NEW WAREHOUSING SPACE UNDER CONSTRUCTION
'000 m²



Source: JLL, January 2021

WAREHOUSE TAKE-UP TOTAL *(m²)*		**2019**	**2020**
Berlin		493,300	451,700
Düsseldorf		177,100	173,000
Frankfurt		413,000	472,500
Hamburg		364,000	498,300
Cologne	only space ≥ 5,000 m²	89,300	187,400
Munich		219,000	307,200
Stuttgart	only space ≥ 5,000 m²	52,800	107,700
Ruhr area	only space ≥ 5,000 m²	683,300	844,500

WAREHOUSE TAKE-UP TOTAL *(≥ 5,000 m²)*	**2019**	**2020**
Berlin	282,100	251,500
Düsseldorf	102,100	108,400
Frankfurt	268,800	329,500
Hamburg	200,800	345,500
Cologne	89,300	187,400
Munich	76,500	205,800
Stuttgart	52,800	107,700
Ruhr area	683,300	844,500

PRIME RENTS FOR WAREHOUSING SPACE *(≥ 5,000 m²) (€/m²/month)*	**2019**	**2020**
Berlin	5.50	5.50
Düsseldorf	5.50	5.50
Frankfurt	6.20	6.20
Hamburg	6.40	6.40
Cologne	5.10	5.80
Munich	7.10	7.10
Stuttgart	6.80	6.80
Ruhr area	5.25	5.25

COMPLETIONS *(m²)*	**2019**	**2020**
Berlin	126,000	349,800
Düsseldorf	92,500	151,600
Frankfurt	301,900	129,100
Hamburg	83,900	9,000
Cologne	52,500	38,800
Munich	46,400	35,000
Stuttgart	85,300	119,500
Ruhr area	291,300	405,900

Source: JLL – Logistics and Industrial Market Overview / Germany / 4th quarter 2020








Spanish market[1]

Leading logistics areas

The logistics markets in both Madrid and Barcelona are laid out in three concentric rings, each of which reflects a different type of activity or product managed by logistics platforms.

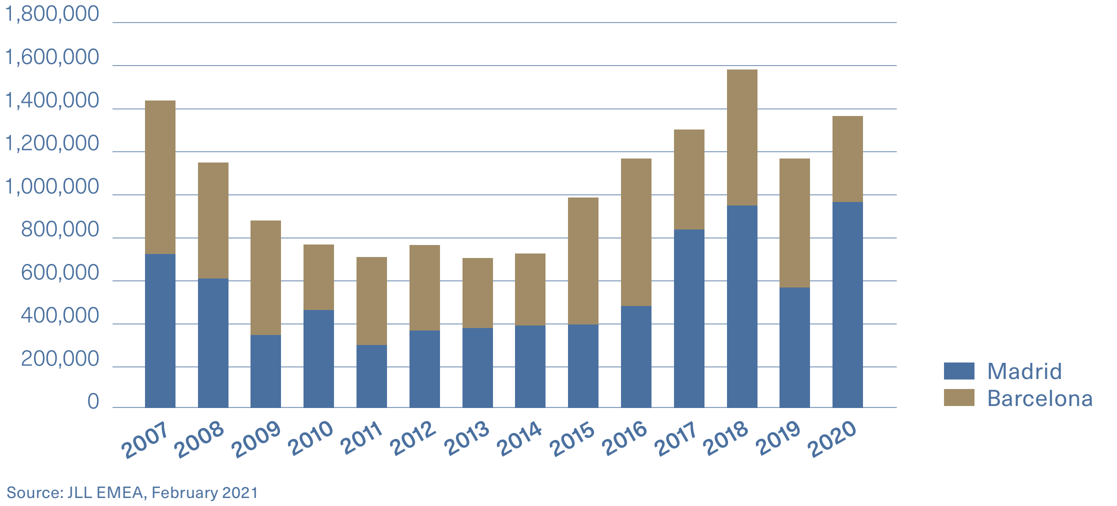
Operators are concentrated along the primary logistics routes. These include the A-2, A-3, A-4 and A-42 roads heading out of Madrid and the A-2 and AP-7 in Barcelona. These roads in both cities pass through all three rings. Operators are located along various stretches depending on the type of freight traffic and whether they are focused on local, regional or national/international transport.

Take-up

During Q4 2020, the total take-up in Madrid exceeded 275,000 m² showing a decrease by 33% in comparison with the previous quarter. Compared to the Q4 2019, it increased by 140%. For the entire year 2020, the total take-up in Madrid reached more than 940,000 m² representing annual growth of 71%.

During Q4 2020, the total take-up in Barcelona amounted to 95,000 m² showing a decrease by 13% in comparison with the previous quarter. Compared to the Q4 2019, it decreased by 18%. For the entire year 2020, the total take-up in Barcelona was closed to 390,000 m² which represent annual drop of 34%.

TAKE-UP IN SPAIN
m²



Source: JLL EMEA, February 2021

1 Source: Jones Lang LaSalle – 2020 Industrial Investment Report CEE & Western Europe – February 2021

Prime Rent

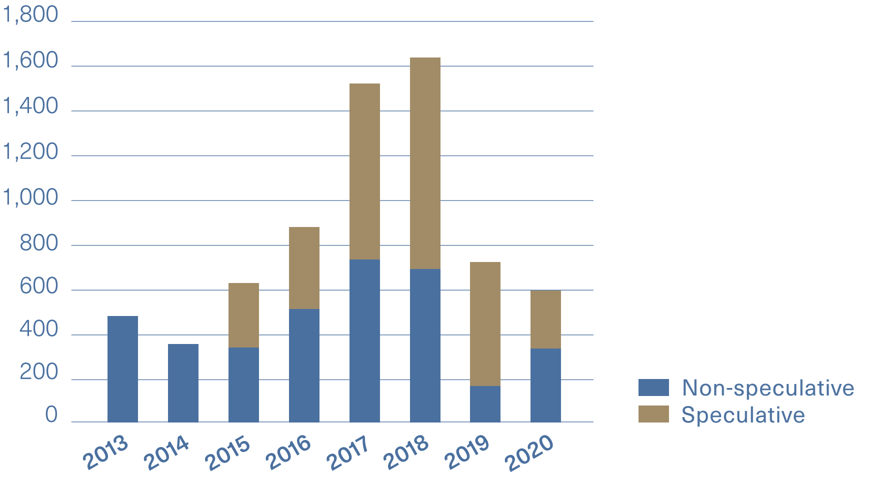
Prime logistics rents in 2020 stays at the same level as in 2019 at € 81.00/ m²/year in Barcelona and at € 66.00/ m²/year in Madrid. Looking ahead, prime logistics rents are projected to show further growth in 2021–2024, led by Madrid where potential rental growth is estimated at 1.3%, followed by Barcelona with 1.1%.

Immediate and future logistics offer

Vacant logistics space was lowest in Barcelona at the end of 2018, at 3.1% whilst reaching a still limited 3.8% in Madrid. Vacancy in both cities grew over the 2019 and as the result, at the end of the year, vacancy rates amounted as follows: 7.7% in Madrid and 3.2% in Barcelona. During Q4 2020, the vacancy rate in Barcelona reached 2.6%, which indicates drop by 55 bps in comparison with the same period of the previous year. In Madrid, vacancy rate increased by 195 bps to 9.60% y-o-y.

Looking at future supply, nearly 600,000 m² of new logistics space was under construction at the end of 2020, out of which 461,000 m² were under construction in Barcelona and Madrid. What's more, nearly 42% of total space under construction was attributable to space being built speculatively. In Q4 2020, approximately 358,000 m² of industrial and logistics space was completed in Madrid, whereas 123,600 m² was completed in Barcelona. For the entire year 2020, completions were as follows: Barcelona – 287,000 m², 42% up y-o-y and Madrid 820,000 m², 35% up y-o-y.

NEW WAREHOUSING SPACE UNDER CONSTRUCTION
'000 m²



Source: JLL EMEA, February 2021

Netherlands market[1]

Leading logistics areas

The Netherlands logistics market is characterized by its two major global gateway sites: Rotterdam harbour is Europe's leading container port whilst Schiphol airport ranks as 3rd largest European cargo airport. As such the country is regarded as one of the major European freight forwarding markets.

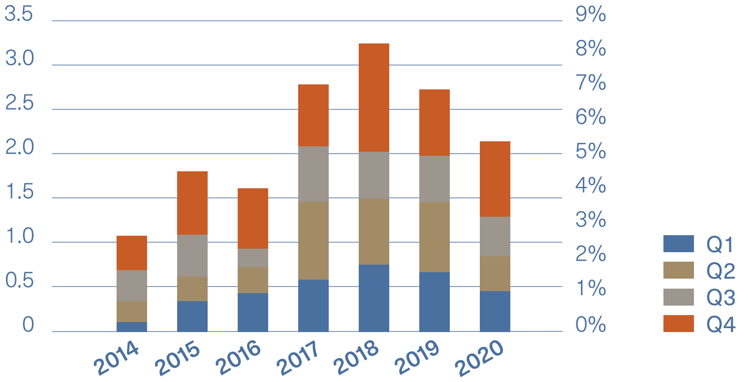
The Dutch logistics market is divided into six different clusters, comprising the two major distribution hubs Amsterdam and Rotterdam as well as the for regional areas West-Noord Brabant, Mid-Noord Brabant, Southeast-Noord Brabant and North Limburg.

Take-up of logistics space

Take up in 2020 was mainly driven by 3PL parties and retailers who benefitted from the increase in e-commerce, which has now gained a permanent spot in the shopping behavior of consumers. The largest transaction in 2020 Q4 was 56,000 m² built to suit warehouse near Cuijk by Danone. Preliminary numbers have shown that vacancy has remained stable over the quarter and currently stands at 5.1%. Supply has increased significantly compared to 2019, due to the completion of speculative developments and vacancy in low quality warehouses.

Despite the uncertainty in the market, the appetite for logistics real estate investment has remained high. The total investment volume in 2020 was € 2.7 billion, of which € 1.4 billion was concluded in Q4. This is only 1% lower than the record high volume in 2019. The strong appetite for logistics real estate is visible in the compressed yields. Due to the high investor demand and the strong performance of the occupier market, prime yields have compressed further, standing at 3.6%.

TAKE-UP IN NETHERLANDS
million/m²



Source: JLL EMEA, February 2021

1 Source: Jones Lang LaSalle – 2020 Industrial Investment Report CEE & Western Europe – February 2021

Prime rent

Prime rents have remained stable in Amsterdam and Rotterdam during Q4 2020 at a current level of € 85.00/m²/year and € 70.00/m²/year, respectively. Utrech registered a slight increase to € 67.00/m²/year compared to the same period of the previous year.

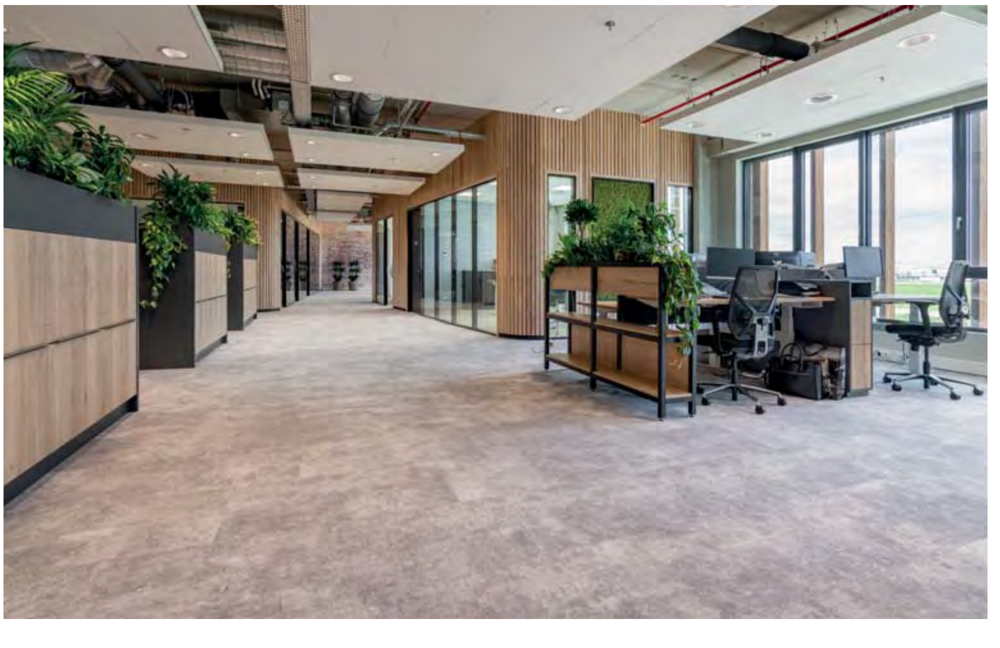
Outlook

Although vaccination has started, the Netherlands is still in strict lockdown; this continues to drive online consumer spending. This trend is expected to at least partly remain after the lockdown. Online spending has a positive effect on logistics real estate on the occupier and investment side.

3PL parties and online retailers have been performing well. Under the current circumstances, it is expected that this will continue in 2021. Therefore, JLL expects that take up will increase and scarcity in high quality warehouses in logistics hotspots will remain.

The investment market has seen a relatively low amount of portfolio deals. JLL expects that the number of portfolio deals will increase and therefore the investment volume. Also, speculative developments will most likely gain popularity amongst investors who are looking for a way into this sector.

The year 2020 has shown the resilience and strength of the logistics real estate market and this will continue into 2021.



Italian market[1]

Leading logistics areas

The Italian logistics market historically remains a less open market if compared to other Western European countries as it is predominantly driven by domestic consumption and has limited links to external economies.

The Milan/Lombardy area, as Italy's economic and industrial powerhouse, is historically the most dynamic logistics market across Italy. Meanwhile, Rome accounting for a similar population size also accounts for a sizable logistics stock whilst the market remains significantly less dynamic and even more locally driven if compared to Milan.

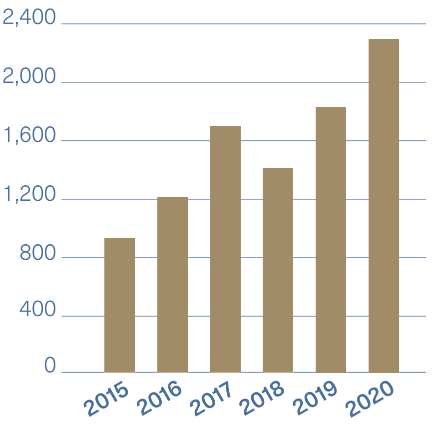
Among the smaller markets, Bologna is benefitting from its strategic location at the crossroads of northern and southern Italy whilst the Veneto market remains a relatively dynamically growing area as well.

Take-up of logistics space

The logistics sector has continued to present strong fundamentals and is expected to be resilient moving forward. Urban logistics will reach new levels in terms of demand strength and innovative supply solutions as e-commerce will continue to drive occupier demand for a variety of logistics buildings. This will lead to some new building designs, including multi-storey and multi-level solutions in selective major cities, while in urban cores other uses will be repurposed to support last mile activities including hyper-local distribution networks.

In Italy, the take-up in 2020 reached record levels with around 2.3 million m², representing a figure higher (+25%) than 2019 and about 80% up on the last 5 years average. Geographically, Milan continued to be the main destination, attracting the 60% of the take-up.

TAKE-UP IN ITALY
'000 m²



Source: JLL EMEA, February 2021

However, other destinations are gaining ground such as Bologna (9%) and Torino macro area (5%). The market was characterised by a predominance of grade A buildings (90%) and by a decrease of manufacturing and retail demand in favour of e-commerce and 3PLs. Another trend was the sharp increase of pre-let and owner-occupier deals, which represented the 76% of the total take-up in 2020 (56% in 2019). This confirms the fervid development activity which characterised the market in the last year: total completions grew by 40% compared to 2019.

1 Source: Jones Lang LaSalle – 2020 Industrial Investment Report CEE & Western Europe – February 2021

Prime rents

Prime rents in the wider Milan area started to recover from 2015 onwards, growing an average of 4.7% p.a. between 2015 and 2017. They continued to edge up in 2018 albeit at a more moderate 1.8% to € 56.00/ m^2/year. Prime rents in the wider Rome market started to recover in 2017, growing a solid 5.8% that year. This was followed by a slower 1.8% in 2018 with prime rents in Rome now standing at the same level than Milan at € 56.00 / m^2 / year.

Meanwhile, rents also continued to rise in the smaller markets during 2018, growing a strong 5.9% y-o-y in Bologna to € 54.00/m^2/year and 2.1% in the Veneto region to € 49.00/ m^2/year. In 2019, prime rents stayed at the same level as 2018. During 2020, the slight increase (+2% y-o-y) of prime rent was recorded in almost every major market, except of Veneto region which remained stable at a level of € 49.00/m^2/year.

PRIME RENT IN ITALY

MARKET	PRIME RENT 2019	PRIME RENT 2020
Milan	56/m^2/year	57/m^2/year
Rome	56/m^2/year	57/m^2/year
Bologna	54/m^2/year	55/m^2/year
Veneto region	49/m^2/year	49/m^2/year

Source: JLL EMEA, February 2021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Report of the Board **of Directors**

Corporate governance statement

Principles

VGP adopts the Belgian Code on Corporate Governance (hereinafter the "Belgian Corporate Governance Code" or the "Code 2020") as its reference code on corporate governance. The Code 2020 is available on the website of the Belgian Corporate Governance Committee (*www.corporategovernancecommittee.be*).

As required by the Code 2020, the Board of Directors has drawn up the VGP Corporate Governance Charter according to the recommendations of Code 2020 published on 9 May 2019 and taking into account the provisions of the Code on Companies and Associations ("CCA") introduced by the law of 23 March 2019.

The VGP Corporate Governance Charter was first approved by the Board of Directors of the Company in its meeting of 20 April 2010 and has been updated by the Board of Directors of the Company in its meetings of 8 December 2016 and 9 October 2017. The current applicable version of the VGP Corporate Governance Charter, which has been approved by the Board of Directors of the Company on 8 May 2020, supersedes and replaces all previous versions.

VGP complies in principle with the Code 2020 and explains in the VGP Corporate Governance Charter and in this Corporate Governance Statement why it departs from some of its provisions. The VGP Corporate Governance Charter is available at *www.vgpparks.eu*.

Governance structure

At the extraordinary shareholders' meeting of 8 May 2020, the Company opted for a monistic governance model with a Board of Directors in accordance with article 7:85 and further of the CCA. The Company deems this model to be best suited for the needs and functioning of the Company and its business.

The Board of Directors is authorised to perform all operations that are considered necessary or useful to achieve the Company's purpose, except those reserved to the shareholders' meeting by law or as set out in the articles of association.

NAME	YEAR APPOINTED	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
Executive director and Chief Executive Officer			
Jan Van Geet s.r.o. represented by Jan Van Geet	2017	2021	8
Non-executive director			
VM Invest NV represented by Bart Van Malderen	2017	2021	8
Independent, non-executive directors			
Ann Gaeremynck	2019[1]	2023	4
GAEVAN BV represented by Ann Gaeremynck	2020[2]	2023	6
Katherina Reiche	2019	2023	10
Vera Gäde-Butzlaff	2019	2023	10

Board of Directors

The Board of Directors consists of five members, who are appointed by the General Meeting of Shareholders. The Chairman and the Chief Executive Officer are never the same individual. The Chief Executive Officer is the only Board member with an executive function. All other members are non-executive Directors. Three of the Directors are independent: Mrs Katherina Reiche (first appointed in 2019), Mrs Vera Gäde-Butzlaff (first appointed in 2019) and Mrs Ann Gaeremynck (first appointed in 2019).

The mandate of Mrs Ann Gaeremynck was initially held in her own name before the annual shareholders' meeting of 8 May 2020 appointed GAEVAN BV, represented by Mrs Ann Gaeremynck, as independent director for a term of three years, expiring at the end of the annual shareholders meeting of 2023, in replacement of Mrs Ann Gaeremynck.

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

For a detailed description of the operation and responsibilities of the Board of Directors we refer to the VGP Corporate Governance Charter, which is published on the company's website (*https://www.vgpparks.eu/investors/corporate-governance/*).

The Board of Directors has not and does not intend to appoint a company secretary. By doing so, the Company, as a smaller listed company, departs from the principles 3.19 and further of the Code 2020. Given its relatively small size and the small size of the Company's Board of Directors, the Company believes appointing a Company secretary is not necessary at this stage. As long as the Company does not appoint a Company secretary, the functions of secretary will be taken up by the Company's CFO.

The Board of Directors held 10 board meetings in 2020. The most important points on the agenda were:

- approval of the 2019 annual accounts and 2020 semi-annual accounts;
- approval of budgets;
- review and discussion of the COVID-19 pandemic's impact on the activities of the Group;
- review and discussion of the seventh closing with the First Joint Venture, the second closing with the Second Joint Venture, the entering into a new joint venture in respect of VGP Park München and initial and first closing thereof and the entering of anew joint venture in respect of the development of VGP Park Moerdijk;
- review and discussion of the property portfolio (i.e. investments, tenant issues etc.);
- review, discussion and approval of the investments and expansion of the land bank;
- approval of the early termination of the VGP MISV incentive plan;
- review and approval of a capital increase and the placement of treasury shares, each through an accelerated book building procedure;
- review, discussion and decisions on the main legal, regulatory and corporate governance developments resulting in the adoption of a new corporate governance charter and changes the articles of associations in order to comply with the CCA.

Mrs Katherina Reiche, Mrs Vera Gäde-Butzlaff and Mrs Ann Gaeremynck are independent directors, in accordance with article 7:87 of the CCA. The composition of the Board of Directors meets the gender diversity requirement laid down in article 7:86 of the CCA.

Proposals for reappointments at the 2021 general shareholders' meeting

Immediately after the annual shareholders' meeting of 14 May 2021, the mandates of the Executive Director (Jan Van Geet s.r.o.) and the Non-Executive Director (VM Invest NV) will expire. The annual shareholders' meeting of 14 May 2021 will therefore be requested to renew both mandates for a new term of 4 years, ending at the annual shareholders' meeting of 2025.

1 Until the Annual General Meeting in May 2020.

2 As of the Annual General Meeting in May 2020.

Committees of the Board of Directors

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

Audit Committee

The members of the Audit Committee are appointed by the Board of Directors. The Audit Committee is composed of three members who are all non-executive Directors. Two members, Mrs Ann Gaeremynck and Mrs Vera Gäde-Butzlaff, are independent directors.

The members of the committee have sufficient relevant expertise, especially in accounting, auditing and financial matters, to effectively perform their functions.

The duration of the appointment of a member of the Audit Committee may not exceed the duration of his/her directorship. Committee members' terms of office may be renewed at the same time as their directorships.

The Audit Committee is chaired by one of its members. The chairman of the Board of Directors may not chair the Audit Committee.

For a detailed description of the operation and responsibilities of the Audit Committee we refer to the VGP Corporate Governance Charter, which is published on the company's website (*https://www.vgpparks.eu/investors/corporate-governance/*).

The Audit Committee meets at least four times a year and whenever circumstances require, at the request of its Chairman, one of its members, the Chairman of the Board of Directors, the CEO or the CFO. It decides if and when the CEO, CFO, the Statutory Auditor(s) or other people should attend its meetings.

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

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

The Audit Committee met four times in 2020. The Chairwoman of the Audit Committee reported the outcome of each meeting to the Board of Directors. The most important points on the agenda were:

- discussion on the 2019 annual accounts and 2020 semi-annual accounts and business updates;
- analysis of the recommendations made by the statutory auditor;
- discussion of the impact of the COVID-19 pandemic;
- the different closings with the Allianz joint ventures;
- financing structure of the Group;
- the capital increase and the placement of treasury shares, each through an accelerated book building procedure;
- the debt and liquidity situation;
- discussion, review and approval of proposed scope and fees for audit and non-audit work carried out by Deloitte.

NAME	YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
GAEVAN BV represented by Ann Gaeremynck (Chairwoman)	2019	Non-executive	Independent	2023	4
Vera Gäde-Butzlaff	2019	Non-executive	Independent	2023	4
VM Invest NV represented by Bart Van Malderen	2017	Non-executive	—	2021	4

Remuneration Committee

The members of the Remuneration Committee are appointed by the Board of Directors.

The Remuneration Committee is composed of three members who are all non-executive Directors. Two members, Mrs Ann Gaeremynck and Mrs Katherina Reiche are independent directors.

The members of the Remuneration Committee possess the necessary independence, skills, knowledge, experience and capacity to execute their duties effectively.

The duration of the appointment of a member of the Remuneration Committee may not exceed the duration of his/her directorship. Committee members' terms of office may be renewed at the same time as their directorships.

The Remuneration Committee is chaired by the Chairman of the Board of Directors or by another non-executive director.

For a detailed description of the operation and responsibilities of the Remuneration Committee we refer to the VGP Corporate Governance Charter, which is published on the company's website (*https://www.vgpparks.eu/investors/corporate-governance/*).

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

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

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

The Remuneration Committee met two times in 2020. The most important points on the agenda were:

— assessment and determination of the performance targets and criteria for the CEO, other members of the Executive Committee and senior managers;
— allocation of variable remuneration;
— early termination of the VGP MISV incentive plan;
— allocations under the long term incentive plan;
— changes in the remuneration of board and committee members;
— discussion on the drafting of the new 2021 remuneration policy.

In order to maintain a flexible remuneration policy that enables it to attract, reward, incentivize and retain the necessary talent, the Company departs from the following principles of the Code 2020 in the framework of its remuneration policy:

— by not requiring its non-executive directors to receive part of their remuneration in the form of shares in the Company and by not setting a minimum holding period for shares in the Company held by such persons, if any, the Company departs from principle 7.6 of the Code 2020;
— by not setting a minimum threshold of shares to be held by the executives as part of their remuneration, the Company departs from principle 7.9 of the Code 2020; and
— by not setting a minimum period of three years for the vesting and exercisability of stock options, the Company departs from principle 7.11 of the Code 2020.

Nomination Committee

The company has not set up a Nomination Committee. The Company does not intend to set up a nomination committee. By doing so, the Company, as a smaller listed company, departs from the principles 4.19 and further of the Code 2020. Given its relatively small size and the small size of the Company's Board of Directors, the Company believes setting up a nomination committee would at this stage overly complicate its decision-making processes.

Evaluation of the Board of Directors and its committees

In accordance with the VGP Corporate Governance Charter, the Board of Directors shall, every three years, conduct an evaluation of its size, composition and performance, and the size, composition and performance of its Committees, as well as the interaction with the executive management. In view of the changes in the Board of Directors and Committees in 2019, the next assessment is expected to occur by 2022.

NAME	YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION	MEETINGS ATTENDED
VM Invest NV represented by Bart Van Malderen (Chairman)	2017	Non-executive	—	2021	2
Katherina Reiche	2019	Non-executive	Independent	2023	2
GAEVAN BV represented by Ann Gaeremynck	2019	Non-executive	Independent	2023	2

Remuneration report

Introduction

This remuneration report has been drafted in accordance with the provisions of article 3:6 (§3) of the Code of Companies and Associations and the VGP Corporate Governance Charter – Annex 5, and takes into account VGPs existing remuneration practices, as well as the draft remuneration policy which will be submitted to the annual shareholders' meeting of 14 May 2021 for approval.

2020 was another year of record growth for VGP with net profit for the financial year 2020 soaring to € 370.9 million (compared to a net profit of € 205.6 million for the financial year 2019). VGP recorded a solid business growth across its property portfolio with signed and renewed rental income of € 45.2 million, bringing total signed rental income to € 185.2 million, a 19.5% YoY increase.

During the year 27 buildings were completed totalling 531,000 m^2 of lettable area representing € 22.9 million of annualised committed leases. At the end of the year 33 buildings were under construction representing 869,000 m^2 of lettable area.

A third 50:50 joint venture was entered into with Allianz, which focusses on the development of VGP Park München (Germany) and a fourth 50:50 joint was entered into with Roozen Landgoederen Beheer, a strong local Dutch partner. The last joint venture focusses on the development of the Logistics Park Moerdijk. During 2020 there were 4 closings with the respective Allianz joint ventures which resulted in net cash proceeds totalling € 405.6 million.

Finally, VGP set up the Renewable Business line to assist the Group's clients in making their businesses more sustainable in a cost-effective way and helping and assisting them with their green energy transition. As of 31 December 2020, the roofs of VGP's building portfolio enabled a photovoltaic power generation capacity of 42.5 MWp installed or under construction (compared to 12.5 MWp as at the end of December 2019).

Total remuneration

Total remuneration of the directors

General

Following the approval by the annual shareholder's meeting of 8 May 2020, the directors receive an annual fixed remuneration of € 75,000. The chairman does not receive any additional fixed remuneration for his chair. The directors also receive an attendance fee of € 2,000 for each meeting of the Board of Directors and € 2,000 for each meeting of the Audit Committee or the Remuneration Committee they attend. The directors do not receive any variable remuneration, contribution for retirement benefits or other benefits in kind.

Reported financial year 2020

TABLE A – REMUNERATION OF THE BOARD OF DIRECTORS FOR THE REPORTED FINANCIAL YEAR 2020

2020 REMUNERATION *(in €)*	FIXED REMUNERATION			VARIABLE REMUNERATION		EXTRA-ORDINARY ITEMS	PENSION	TOTAL REMUNE-RATION	PROPORTION OF FIXED AND VARIABLE REMUNERATION	
	BASE SALARY	ATTEN-DANCE FEES	OTHER BENEFITS	ONE-YEAR VARIABLE	MULTI-YEAR VARIABLE				FIXED	VARI-ABLE
Non-executive directors										
VM Invest NV represented by Bart Van Malderen *Chair of the Board of Directors and Remuneration Committee*	75,000	28,000	n.a.	n.a.	n.a.	n.a.	n.a.	103,000	100%	0%
Ann Gaeremynck[1] *Independent director and chair of the Audit Committee*	n.a.	14,000	n.a.	n.a.	n.a.	n.a.	n.a.	14,000	100%	0%
GAEVAN BV[1] represented by Ann Gaeremynck *Independent director and chair of the Audit Committee*	75,000	18,000	n.a.	n.a.	n.a.	n.a.	n.a.	93,000	100%	0%
Katherina Reiche *Independent director*	75,000	24,000	n.a.	n.a.	n.a.	n.a.	n.a.	99,000	100%	0%
Vera Gäde-Butzlaff *Independent director*	75,000	28,000	n.a.	n.a.	n.a.	n.a.	n.a.	103,000	100%	0%
Executive directors										
Jan Van Geet s.r.o. represented by Jan Van Geet *Executive director*[2]	75,000	16,000	n.a.	n.a.	n.a.	n.a.	n.a.	91,000	100%	0%
Total	**375,000**	**128,000**	n.a.	n.a.	n.a.	n.a.	n.a.	**503,000**	100%	0%

1 The mandate of the independent director Ann Gaeremynck came to an end at the annual shareholders' meeting of 8 May 2020. At that meeting, GAEVAN BV, represented by Ann Gaeremynck, was appointed as independent director instead.

2 The remuneration that Jan Van Geet s.r.o. receives in his capacity of CEO is reflected in tables B and C below.

Total remuneration of the Executive Management Team

General

The Executive Management Team consists of Jan Van Geet (Chief Executive Officer), Dirk Stoop (Chief Financial Officer), Tomas Van Geet (Chief Commercial Officer), Miquel-David Martinez (Chief Technical Officer), Matthias Sander (Chief Operating Officer – Eastern Europe), Jonathan Watkins (Chief Operating Officer – Western Europe) and Martijn Vlutters (Vice President – Business Development & Investor Relations)[1].

The remuneration for the Executive Management Team consists of:

— *A fixed remuneration:* the base salary is determined as a function of the individual responsibilities and skills of each member of the Executive Management Team. The CEO receives a base salary in his capacity as CEO as well as his capacity as executive director.

— *A short-term variable remuneration:* linked to the performance criteria as described below.

— *A long-term variable remuneration:* through the participation of the long-term incentive plan (the "LTIP"). The CEO does not participate in the LITP.

— *A contribution for retirement benefits:* although the members of the Executive Management Team are, in principle, responsible for their own pension arrangements, some members (depending on status and function) benefit from a pension allowance. The CEO does not benefit from any pension contribution.

— *Other benefits in kind* (such as, amongst others, car allowance and related expenses).

Performance criteria short-term variable remuneration

For financial year 2020, the performance of the Executive Management Team was appraised on the basis of the following performance criteria:

FINANCIAL YEAR 2020 PERFORMANCE CRITERIA	RELATIVE WEIGHTING	ACHIEVEMENT
Net result and the occupancy rate	50%	Net result of € 370.9 million (EPS of € 18.58), which is an increase of 68%, above expectations. Occupancy rate of 98.5%, above expectations.
Growth of the annualised committed leases	20%	Net growth in annualised committed leases of € 30.2 million, in accordance with expectations.
Cash generation and recycling of own equity through the divestment to the joint ventures	15%	4 closings (including the initial closing of VGP Park München) with the joint ventures generating total net cash proceeds of € 405 million, above expectations.
Sustainable development and organisation development objectives	15%	Roll out of photovoltaic panel programme with 10.2 MWp installed during 2020, bringing total installed to 26.7 MWp and commitments or under construction as at 31 December 2020 of additional 15.7 MWp, above expectation. Further strengthening of VGP Team, above expectations.

1 The natural persons listed here are the respective permanent representatives of (i) Jan Van Geet s.r.o., (ii) Dirk Stoop BV, (iii) Tomas Van Geet s.r.o., (iv) Matthias Sander s.r.o., (v) Havbo Consulting Ltd. and (vi) MB Vlutters BV. Mr Jan Prochazka (COO- Czech Republic) terminated his term of office at the end of 2020.

Reported financial year 2020
Taking into account the achievement of the abovementioned performance criteria in respect of the short-term variable remuneration, as well as the other aspects of the total remuneration package, the Board of Directors awarded the Executive Management Team with the following total remuneration for the financial year 2020:

TABLE B – REMUNERATION OF THE EXECUTIVE MANAGEMENT TEAM FOR THE REPORTED FINANCIAL YEAR 2020

2020 REMUNERATION *(in €)*	FIXED REMUNERATION			VARIABLE REMUNERATION		EXTRA-ORDINARY ITEMS	PENSION	TOTAL REMUNERATION	PROPORTION OF FIXED AND VARIABLE REMUNERATION	
	BASE SALARY	FEES	OTHER BENEFITS	ONE-YEAR VARIABLE	MULTI-YEAR VARIABLE				FIXED	VARIABLE
Executive Management Team										
Jan Van Geet s.r.o., represented by Jan Van Geet, *CEO*[1]	600,000[2]	n.a.	34,936	600,000	n.a.	n.a.	n.a.	1,234,936	51%	49%
Other members of Executive Management Team	1,252,547	n.a.	81,398	1,595,397	1,471,893[3]	n.a.	66,059	4,467,293	31%	69%
Total	**1,852,547**	n.a.	**116,334**	**2,195,397**	**1,471,893**	n.a.	**66,059**	**5,702,229**	**36%**	**64%**

Conclusion

The total amount of remuneration as set out above is in line with VGP's existing remuneration practices. More in particular, the remuneration package allows the Group to attract, retain and motivate selected profiles, taking account of the Group's characteristics and challenges, while maintaining coherence between the remuneration of the members of the Board of Directors, the Executive Management Team and of all staff, properly and effectively managing risk and keeping the costs of the various remunerations under control.

The total amount of remuneration, and more in particular, the variable fraction of the total remuneration package, contributes to the long-term performance of the Group by setting performance criteria that focus on the long-term objectives of the Group.

Share-based remuneration

For the financial year 2020, no share-based remuneration was granted.

Severance payments

For the financial year 2020, no severance payments were made in relation to the termination of management or employment agreements of any members of the Executive Management Team.

1 The remuneration that Jan Van Geet s.r.o. receives in his capacity of executive director is reflected in table A above.

2 During a meeting held on 27 February 2020, the Board of Directors decided to bring the base salary of the CEO to a more market conform level. The revised base salary as from financial year 2020 onwards was therefore increased to € 600,000 per annum.

3 This amount relates to the LTIP variable remuneration vested during the financial year 2020 and which related to transitory arrangements for certain members of the Executive Management Team who participated in the previous VGP MISV incentive plan which was discontinued as at 31 December 2019. For more detailed information on the LTIP and VGP MISV incentive plan, please see Remuneration Report page 68 of the Annual Report 2019.

Claw-back

There are no mechanisms to delay payment and no clawback provisions in relation to the variable remuneration of the Executive Management Team.

Derogations from the remuneration policy

For the remuneration in respect of financial year 2020, VGP did not derogate from its existing remuneration practices.

Comparative information on the change of remuneration and company performance

With a view to increasing transparency of past, current and future remuneration programs and in alignment with investor interest and the legislative framework, the following table demonstrates the annual change, over a period of 5 years, in (i) the remuneration of members of the Board of Directors and the Executive Management Team, (ii) the performance of the Group on a consolidated basis and (iii) the average remuneration of the employees of VGP NV.

TABLE C – COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

	2015	2016	2017	2018	2019	2020
Remuneration of non-executive directors						
Total annual remuneration	80,500	85,500	82,500	182,000[1]	396,500[2]	412,000
Year-on year difference *(%)*		6%	-4%	121%	118%	4%
Number of non-executive directors under review	4	4	4	4	4	4
Remuneration of CEO and executive director						
Total annual remuneration as executive director	15,000	16,000	15,000	16,000	93,000	91,000
Year-on year difference *(%)*		7%	-6%	7%	481%	-2%
Total annual remuneration as CEO	588,884	335,160	336,562[3]	336,380	837,212	1,234,936
Year-on year difference *(%)*		-43%	0%	0%	149%	48%
Remuneration of the Executive Management Team						
Total annual remuneration	1,019,378	1,373,283	1,218,679	1,621,658	5,739,044[4]	4,467,293
Year-on year difference *(%)*		35%	-11%	33%	254%	-22%
Number of non-executive directors under review	4	4	4	6	7	7
Company performance						
Net profit attributable to shareholders *('000 €)*	86,561	91,286	95,995	121,106	205,613	370,939
Year-on year difference *(%)*		5%	5%	26%	70%	80%
Average remuneration per employee						
Average salary per employee[5]	n.a.	n.a.	59,160	72,715	76,065	74,512
Year-on year difference *(%)*				23%	5%	-2%

As requested by the Belgian Company Law, VGP reports the pay ratio of the CEO remuneration versus the lowest FTE employee remuneration in its legal entity VGP NV. The 2020 pay ratio is 18.2.

1 The annual shareholders' meeting of 11 May 2018 approved the payment of an extraordinary fee of € 33,000 to all independent directors to reflect to reflect their contribution to the further growth of the Group.

2 The increase in financial year 2019 is due to (i) the increase in base salary from € 10,000 to € 40,000 and (ii) a one-off extraordinary fee, granted to all members of the Board of Directors to reflect the contribution of the directors to the further growth of the Group and to ensure that their total remuneration for financial year 2019 was aligned to a more market-based remuneration. This increase and additional remuneration was approved by the annual shareholders meeting of 10 May 2019.

3 This overview of annual change in remuneration for the financial year 2017 of the CEO does not take into account the exceptional termination benefits received by Little Rock SA, a company controlled by Jan Van Geet, in view of the termination of the agreement entered into in the course of April 2015 for the rendering of services relating to the Group's daily, financial and commercial management. For more detailed information, please see Remuneration Report included in the Annual Report of 2017 – page 47.

4 The increase was mainly due to the early termination of the VGP Misv incentive plan which resulted in the early vesting of the long-term incentives under this plan. The early termination of the VGP Misv plan had also some spill over effects on 2020 as for certain managers new allocations were granted under the new LTIP for a corresponding number of Units and with a lock-up period reflecting the remaining initial lock up period as applicable under the initial VGP MISV Plan. This resulted in a further vesting at the end of 2020. For more detailed information, please see table B.

5 The average remuneration of employees is calculated on the basis of the "total annual gross wages" excluding company cars, divided by the number of employees of VGP NV on year over year bases for continues operations. These numbers do not take into account the remuneration of employees of the other Group companies.

Policies of conduct

Code of Conduct

During 2019 a formal Code of Conduct was introduced. This Code of Conduct describes the key principles of conduct for the business environment, in which the Group operates. At the same time, a training program has been rolled out throughout the countries in which the Group operates in order to preserve the compliance culture across the Group.

The Code of Conduct sets out the shared values of integrity, compliance with local and international law, respect for employees and customers, the willingness to accept social responsibility, environmental awareness and an unequivocal stand against bribery and corruption. The Code of Conduct describes in clear terms the principles which the VGP Group must adhere to and provides a number of examples of potential violations as well as good practice.

The Code of Conduct is made available to all VGP staff. VGP uses in-person training to familiarise employees with its contents and application in everyday scenarios. This training is mandatory for all employees having managerial responsibilities and is carried out progressively throughout the countries, in which VGP operates.

There are a number of channels for reporting possible violations of the Code of Conduct, including a compliance hotline, which allows anonymous reports.

Transparency of transactions involving shares of VGP

The Board of Directors has adopted a Dealing Code on 17 January 2007 which has been updated by the Board of Directors of the Company on 8 December 2016 to prevent the illegal use of inside information by VGP staff members and connected persons, and further updated on 8 May 2020 to implement changes following the adoption of the new Code on Companies and Associations.

The purpose of this Dealing Code is to ensure that such persons do not abuse, nor place themselves under suspicion of abusing, and maintain the confidentiality of information that may be considered as Inside Information, especially in periods leading up to an announcement of financial results or of price sensitive events or decisions.

Reference is also made to *Annex 4 Rules preventing market abuse (Dealing Code)* of the VGP Corporate Governance Charter on *https://www.vgpparks.eu/investors/corporate-governance/*.

Duty to report effective dealings

The VGP staff members must inform the Compliance Officer immediately within three (3) business days after they or a connected person have dealt in any of the Company's financial instruments, mentioning the date of the transaction, the nature of the dealing (purchase, sale, etc), the amount of financial instrument and the total price of the dealing.

Simultaneously, a notification has to be made to the FSMA by an executive staff member or connected person thereof by way of a form that is available on the website of the FSMA (*www.fsma.be*) and that can also be requested from the Compliance Officer.

Closed dealing periods

During so-called "closed" periods (being 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is obliged to make public), directors, members of the Executive Management Team and employees may not trade in VGP financial instruments.

Insider transactions during 2020

During 2020 no insider transactions occurred.

Transparency notifications 2020

Due to the capital increase of April 2020, the subsequent introduction of the double voting rights and the conversion of VGP Misv Comm. VA into a wholly owned subsidiary, a number of transparency declarations were received and published by the Company during 2020. For further details we refer the Company's website: *https://www.vgpparks.eu/investors/shareholding/*.

For further details on the Company's shareholder structure as at 31 December 2020 as well as the description of authorisation in respect of authorised capital, delegated to the Board of Directors, we refer to the section *Information about the Share*.

Conflict of interest

In accordance with Article 7:96 of the new Code on Companies and Associations, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interest of a financial nature with the Company.

During 2020 following conflicts of interests arose:

Excerpt from the minutes of the Board of Directors meeting of 21 April 2020

The agenda calls for (1) approval in principle of an increase of the Company's capital for a maximum amount of € 12,015,975.78 (excluding share premium) by issuing a maximum of 2,409,638 new shares of the Company, which will be privately placed with investors selected through an accelerated book building procedure (the "Transaction"); (2) approval and ratification of all agreements and documents relating to the Transaction (the "Transaction Documents"), including the Engagement Letter, the Solicitation & Allocation Protocol, the Underwriting Agreement and all documents referred to therein, the Representation & Indemnity Letter, the Pre-Commitment Letters and the Press Releases; (3) application for listing and admission to trading on the regulated markets of Euronext Brussels and the Prague Stock Exchange; and (4) delegation of powers in relation to the Transaction.

Description and justification of the transaction in accordance with Article 7:96 of the CCA.

The chairman of the Board of Directors, VM Invest NV, permanently represented by Mr Bart Van Malderen, and the managing director of the Company, Jan Van Geet s.r.o., permanently represented by Mr Jan Van Geet, have communicated to the other directors prior to this meeting that they have a conflict of interest with respect to the envisaged Transaction within the meaning of (i) Article 7:96 of the Code of Companies and Associations (the "CCA"), given their conflicting financial interest in relation to the Pre-Allocation and the determination of the issue price and (ii) Article 7:200, 2° of the CCA, given that they *de facto* represent (persons connected with) the beneficiaries of the cancellation of the preferential subscription rights.

Consequently, pursuant to Articles 7:96, §1, fourth paragraph and 7:200, 2° of the CCA, the aforementioned directors and their permanent representatives are excluded from any deliberation and vote by the Board of Directors on or directly related to the Transaction, including the current meeting and the meeting of the Board of Directors to be held in front of a notary public which will resolve on the actual decision to increase the capital and issue the New Shares.

The non-conflicted directors refer to the description of the Transaction (including in particular the Pre-Allocation and the resulting cancellation of the preferential subscription rights) and the financial consequences thereof as set out above as well as in the draft special report by the Board of Directors prepared in accordance with Article 7:198 *juncto* Articles 7:179, 7:191 and 7:193 of the CCA (the "Board Report"). The non-conflicted directors are of the opinion that the Transaction is in the interest of the Company, as it reconciles the need for additional financing of the Company with the interests of its existing shareholders. A more detailed justification of the Transaction (including in particular the Pre-Allocation and the resulting cancellation of the preferential subscription rights) is set out in the Board Report.

None of the other directors declared to have an interest in the Transaction that would require the application of the procedure set out in the provisions of Articles 7:96 and/or 7:200, 2° of the CCA.

After having discussed the items on the agenda, the Board of Directors unanimously,
- RESOLVED to approve the Transaction.
- RESOLVED to approve and, to the extent necessary, ratify the entering into of the Transaction Documents.
- RESOLVED to apply for the listing and admission to trading of the New Shares on the regulated markets of Euronext Brussels and the Prague Stock Exchange.
- RESOLVED to authorise Ms Ann Gaeremynck and Mr Dirk Stoop, acting individually and with power of substitution, to carry out, on behalf of the Company, all actions that they deem necessary, useful or desirable for the Company with a view to implement the above-mentioned decisions, including but not limited to finalising the negotiations regarding the Transaction Documents and finalising, executing and initialling the Transaction Documents; negotiating, finalising and executing all notarial deeds in respect of the Transaction and signing and initialling all related documents, including representing the Company and the Board of Directors in front of a notary public; taking all necessary actions in view of the dematerialisation and the listing of the New Shares and finalising, executing and submitting all necessary forms, requests or applications with Euroclear, Euronext Brussels and the Prague Stock Exchange, respectively, to that effect; and in general, doing all that is necessary or useful to implement and realise the Transaction, including negotiating, amending and executing any other documents connected to the Transaction.

Excerpt from the minutes of the Board of Directors meeting of 12 June 2020

The agenda calls for (1) deliberation and approval of the granting of a loan by the Company to VGP MISV Comm. VA ("MISV") for an amount of € 10,715,500.00; and (2) Power of attorney.

Description and justification of the transaction in accordance with Article 7:96 of the CCA.

The chairman of the Board of Directors, VM Invest NV, permanently represented by Mr Bart Van Malderen, and the managing director of the Company, Jan Van Geet s.r.o., permanently represented by Mr Jan Van Geet, have communicated to the other directors prior to this meeting that they have a conflict of interest with respect to the envisaged transaction within the meaning of Article 7:96 of the Code of Companies and Associations (the "CCA"), given their conflicting financial interest in relation to the early repayment of the bonds by MISV made possible by the proposed transaction.

Consequently, pursuant to Article 7:96, §1, fourth paragraph of the CCA, the aforementioned directors are excluded from any deliberation and vote by the Board of Directors on or directly related to the transaction, including the current meeting.

The proposed transaction consists of the granting of a loan by the Company to MISV in the framework of the early repayment of the bonds issued by MISV. This early repayment is part of the phase-out of the VGP MISV incentive plan, as a result of which MISV has lost its function as a vehicle for this plan. The Board of Directors intends to repurpose MISV as an operational group company. To enable this repurposing, the bonds issued within the framework of the VGP MISV incentive plan need to be repaid.

The non-conflicting directors are of the opinion that the refinancing of the bond loans is in the interest of the Company because it eliminates the interests payable to the bondholders. The refinancing is indeed less expensive than the interest due under the bond loans: the interest payable on the bonds amounts to € 2,586,297.38 or 24.1% over the financial year 2020 (€ 1,941,929.77 or 19.4% over the financial year 2019).

None of the other directors declared to have an interest that would require the application of the procedure set out in Article 7:96 of the CCA. In so far as Article 7:97 of the CCA would be applicable, the proposed transaction falls under the exemption provided by Article 7:97, §1, third paragraph, 2° of the CCA, so that application of the procedure provided by this Article is not required.

After having discussed the items on the agenda, the Board of Directors unanimously,

— RESOLVED to approve the granting of the Loan to MISV, in accordance with the terms of the Loan Agreement.
— RESOLVED to grant a special power of attorney to Mr Dirk Stoop, acting individually and with power of substitution, to carry out, on behalf of the Company, all actions that he deems necessary, useful or desirable for the Company with a view to implement the abovementioned resolutions, including but not limited to finalising and executing the Loan Agreement and any other documents, instruments, agreements, requests, forms, inquiries, declarations, confirmations, notifications letters, certificates or proxies necessary, useful or desirable in the framework of the resolutions and/or documents mentioned above.

The complete minutes of these Board of Directors meetings will be included in the Board of Director's report attached to the 31 December 2020 statutory accounts.

Risk management and internal controls

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

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

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

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

Control environment

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

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

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

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

Risk management system

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

Within the different key, management, assurance, and supporting processes, the risks associated with the business are identified, analysed, pre-evaluated and challenged by internal and occasionally by external assessments.

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

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

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

Statutory auditor

DELOITTE Bedrijfsrevisoren BV having its offices at Gateway Building, Luchthaven Nationaal 1 J, 1930 Zaventem, Belgium represented by Mrs. Kathleen De Brabander has been appointed as Statutory Auditor.

The annual shareholders' meeting of 8 May 2020 approved (i) the renewal of the mandate of the Statutory Auditor for a period of 3 years to end immediately after the annual shareholders' meeting to be held in 2023 and at which the decision will be taken to approve the annual accounts closed on 31 December 2022; and (ii) determined the annual remuneration of the auditor at € 159,700 for the audit of the statutory and the consolidated accounts. This amount being exclusive of expenses and VAT, and subject to an annual indexation as from 2021 and to an annual review reflecting any changes in the audit scope which would be required to ensure that such audit scope remains aligned with the evolution of the VGP group.


VGP

COVID-19

With the outbreak of the COVID-19 pandemic, VGP has primarily focussed on the safety and wellbeing of its employees, customers and all other stakeholders. In line with the Government's advice and already as early as from March 2020 onwards, VGP's administrative employees have predominantly worked from home. In these exceptional circumstances, the dedication of our teams and the digitalization of our activities have made it possible to remain at the service of our customers.

For the VGP team members involved in development activities on-site or interacting with customers we have ensured that such activities could be performed within a safe environment for everyone on site and with respect to the measures imposed by the respective local authorities.

Despite the economic uncertainty, VGP continued to perform well during 2020. None of the VGP workforce has been furloughed and the Group has not taken any government support. The different 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.

VGP recorded no impacts on the timing of its developments during 2020, despite some small delays of materials purchased cross borders which were temporarily closed.

The requests for rent relief from tenants mainly focussed on short term deferral of rental payment (to be paid back within a scheduled period). These requests were mainly seen during the first wave of measures in the first half of 2020 but have not repeated during the second half of the year. VGP actively manages these requests and considers different options to support the tenants where necessary. Rental collection has continued to progress well with rent collection since the start of the COVID-19 pandemic at 99.7% of the total invoiced rent. Our development activities at year end were running all on schedule.

Risk factors

The following risk factors that could influence the Group's activities, its financial status, its results and further development, have been identified by the Group. The Group takes and will continue to take the necessary measures to manage those risks as effectively as possible.

The Group is amongst others exposed to:

1. Risks related to the Group's growth strategy

1.1 The Group may not be able to continue its development activities in a sustained and profitable way, for which it depends on its ability to execute new lease agreements and dispose of its real estate assets to the First and Second Joint Venture

The Group's revenues are determined by the ability to sign new lease contracts and by the disposal of real estate assets, in particular to the First and Second Joint Venture. The Group's short-term cash flow may be affected if it is unable to continue successfully signing new lease contracts and successfully dispose of real estate assets, which could have an adverse effect on the Group's business, financial condition and results of operations.

As a result, the Group's solvability depends on its ability to create a healthy financial structure in the long term with (i) a sufficiently large recurring income stream from leasing agreements for the developed logistic property (at both the Group's and the Joint Ventures' level) vis-à-vis the debt that is issued for financing the acquisition and the development of that logistic property, and (ii) the Group's ability to continue its development activities in a sustained and profitable way in order to produce income generating properties which once they have reached a mature stage can be sold to or operated by the Joint Ventures or eventually sold to a third party.

The Group is largely dependent on the income stream from the Joint Ventures to which the majority of the mature assets are sold in respect of the First and Second Joint Venture or being developed in respect of the Third and LPM Joint Venture. As a result, the Group receives fee and dividend income from the Joint Ventures instead of leasing income from mature assets. Hence it is important that a sufficiently large recurrent income at the Joint Ventures' level is created in order to upstream cash to the Group. Those dividend streams are important for the liquidity and the solvability of the Group for the purpose of cash recycling and repayment of shareholders loans.

The Group's current income stream from the Joint Ventures as well as fee income from the Joint Venture is rapidly increasing but still relatively limited compared to the considerable amount of debt (at both the Group's as well as Joint Ventures' level), as the First and Second Joint Venture are still in their initial 5-year investment phase, the Third Joint Venture is in the middle of its development phase of VGP Park München and the LPM Joint Venture is in the initial phase of its development planning.

Please also refer to the following risk factors, which are related hereto and which deal with certain aspects in more detail: risk factor 2.2 *"The Group's development projects require large initial investments while they will start generating income only after a period in time"*, risk factor 3.1 *"The Group's business, operations and financial conditions are significantly affected by the Joint Ventures"*, risk factor 4.1 *"The Group's debt levels have substantially increased over the last years and the Group is exposed to a (re)financing risk"* and risk factor 4.3 *"The Group is exposed to risk of financing from its Joint Ventures"*.

1.2 The Group may not have the required human and other resources to manage growth or may not continue to adequately and efficiently monitor its portfolio

The Group's success depends in part on its ability to manage future expansion and to identify attractive investment opportunities. Such expansion is expected to place significant demands on management, support functions, accounting and financial control, sales and marketing and other resources and involves a number of risks, including: the difficulty of assimilating operations and personnel in the Group's operations, the potential disruption of ongoing business and distraction of management.

As at 31 December 2020, the Group had over 260 employees. The Group's aim is to have a sufficiently large team to support the current growth rate of the Group.

2. Risks related to the Group's business activities and industry

2.1 The Group's development projects may experience delays and other difficulties, especially in respect of receiving necessary permits

The strategy of the Group is focussed on the development of income generating logistic property and on the potential disposal of such property once it has reached a mature stage.

Development projects tend to be subject to a variety of risks, each of which could cause late delivery of a

project and, consequently, increase the development period leading up to its contemplated sale to or completion by the Joint Ventures, trigger a budget overrun, cause a loss or decrease of expected income from a project or even, in some cases, its actual termination.

The Group adopts a "first mover" strategy in respect of securing or acquiring land plots on strategic locations without necessarily having already identified a specific future tenant. The Group typically contractually secures land plots to develop its projects prior to the granting of the required permits. The secured land plots are only acquired once the necessary permits have been obtained. The Group's projects are therefore subject to the risk of changes in the relevant urban planning regulations and environmental, zoning and construction permits being obtained in a form consistent with the project plan and concept. The realisation of any project may, therefore, be adversely affected by (i) the failure to obtain, maintain or renew necessary permits, (ii) delays in obtaining, maintaining or renewing relevant permits and (iii) the failure to comply with the terms and conditions of the permits. Furthermore, a permit may be subject to an appeal by an interested party. Any such procedure could further delay the development and, ultimately, the sale of a project to or completion by the Joint Ventures and negatively impact the financial condition of the Group.

Over the past 12 to 16 months, the Group has experienced a significant lengthening of the period required for receiving zoning permits. This is due to strong construction activity in all asset classes and local authorities which are unable to timely process all the permit requests. It can currently take between 24 to 36 months in order to receive the necessary permits.

Other factors which may have an adverse effect on the development activities of the Group are, amongst others, unfamiliarity with local regulations, contract and labour disputes with construction contractors or subcontractors, unforeseen site conditions which may require additional work and construction delays or destruction of projects during the construction phase (e.g. due to fire or flooding).

In addition, when considering property development investments, the Group makes certain estimates as to the economic, market and other conditions, including estimates relating to the value or potential value of a property and the potential return on investment. These estimates may prove to be incorrect, rendering the Group's strategy inappropriate with consequent negative effects on the Group's business, results of operations, financial conditions and prospects.

Taking into account all the aforementioned risks, the Group does not have the full assurance that all of its development projects can be completed in the expected time frame or within the expected budgets. If any of the risks highlighted above materialise and adversely impact the successful development of the development projects, this could have a material adverse effect on the Group's future business, financial condition, operating results and cash flows.

At the end of December 2020, the Group has a remaining development land bank in full ownership of 5,464,000 m² which allows the Group to develop 2,700,000 m² of future lettable area. This includes the remaining 1,142,000 m² development land bank held by the Joint Ventures with a development potential of circa 674,000 m² of new lettable area. In addition, the Group has another 2,184,000 m² of secured land plots which are expected to be purchased during the next 12-24 months, subject to obtaining the necessary permits. This brings the remaining total owned and secured land bank

for development (combined own and Joint Ventures) to 7,648,000 m^2 which represents a remaining development potential of 3,599,000 m^2.

2.2 The Group's development projects require large initial investments while they will start generating income only after a period of time

During the first phase of the development of a new project, no income will be generated by the new development until such project is completed and delivered to a tenant. During such phase, the Group already makes significant investments in relation to the development of such project. The development phase of a VGP park typically takes between 12 to 36 months and depends on the size of the park and its development potential. Once the construction of a building is initiated, it usually takes about 6 to 9 months to complete, with longer periods applying to large (> 50,000 m^2) and more complex buildings in terms of fit-out. The size of the park will also impact the timing of a future sale to the First and Second Joint Ventures as in general a park needs to be 75% developed prior to being offered to the First or Second Joint Venture. Given the scale of the developments undertaken by the Third Joint Venture and the anticipated developments by the LPM Joint Venture, the buildings being constructed by these joint ventures will take between 12–24 months to complete.

As at 31 December 2020, the Group had contractual obligations to develop new projects which were not yet rent income generating for a total amount of € 342.7 million (compared to € 219.0 million as at 31 December 2019). Any delay in the development of such projects or the lease thereof could have an adverse effect on the Group's business, financial condition and results of operations.

2.3 The Group could experience a lower demand for logistic space due to fluctuating economic conditions in certain markets

The Group's revenues depend to a large extent on the volume of development projects. Hence the results and cash flows of the Group may fluctuate significantly depending on the number of projects that can be developed and sold to the Joint Ventures.

The volume of the Group's development projects depends largely on national and regional economic conditions and other events and occurrences that affect the markets in which the Group's property portfolio and development activities are located. The Group is currently active in: Germany, Austria, the Netherlands, Spain, Portugal, Italy, the Czech Republic, the Slovak Republic, Hungary, Romania and Latvia.

A change in the general economic conditions of the countries where the Group is present could result in lower demand for logistic space, rising vacancy rates and higher risks of default by tenants and other counterparties. The Group's main country exposure is Germany, with 54% of the Group's property portfolio and projects under construction (own and Joint Ventures at 100% combined) located there as at 31 December 2020 (compared to 51% as at 31 December 2019).

2.4 The fair market value of the property portfolio might not be realised and is subject to competition

The Group's revenues depend on the fair market value of its real estate projects. The results and cash flows of the Group may fluctuate significantly depending on the number of projects that can be developed and sold to or completed by the Joint Ventures and their respective fair market values.

The own property portfolio, excluding development land but including the assets being developed on behalf of the First and Second Joint Venture, is valued by a valuation expert at 31 December 2020 based on a weighted average yield of 5.51%. (compared to 5.76% as at 31 December 2019) applied to the contractual rents increased by the estimated rental value of unlet space. A 0.10%. variation of this market rate would give rise to a variation of the total portfolio value of € 16.7 million.

The markets in which the Group operates are also exposed to local and international competition. Competition among property developers and operators may result in, amongst others, increased costs for the acquisitions of land for development, increased costs for raw material, shortages of skilled contractors, oversupply of properties and/or saturation of certain market segments, reduced rental rates, decrease in property prices and a slowdown in the rate at which new property developments are approved, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.5 The Group may lose key management and personnel or fail to attract and retain skilled personnel

The Group continues to depend to a large degree on the expertise and commercial qualities of its management, commercial and technical team and in particular on its Chief Executive Officer, Jan Van Geet.

In particular, if Jan Van Geet, as Chief Executive Officer of the Group, would no longer devote sufficient time to the development of the portfolio of the Allianz Joint Ventures, Allianz can stop the acquisition process of income-generating assets until he has been replaced to the satisfaction of Allianz.

Experienced technical, marketing and support personnel in the real estate development industry are in high demand and competition for their talent is intense. In order to retain personnel, a long-term incentive plan is in place. Please refer to the *Remuneration Report* for further details.

The loss of services of any members of the management or failure to attract and retain sufficiently qualified personnel may have a material adverse effect on the Group's business, financial condition, operating results and cash flows.

3. Risks related to the Group's Joint Ventures

3.1 The Group's business, operations and financial conditions are significantly affected by the Joint Ventures

In order to enable the Group to continue to invest in its development pipeline whilst at the same time being adequately financed, the Group has entered into three 50:50 joint ventures with Allianz (Allianz Joint Ventures) and one joint venture with a local Dutch partner Roozen (LPM Joint Venture). The first 2 joint ventures with Allianz (First Joint Venture and Second Joint Venture) are mainly focussed on acquiring income generating assets which are being developed by VGP. The third joint venture with Allianz (Third Joint Venture) relates to the development of VGP Park München and the last joint venture (LPM Joint Venture) relates to the development of VGP Park Moerdijk. These Joint Ventures allow the Group to partially recycle its initial invested capital when completed projects are acquired by the First or Second Joint Venture or when buildings are completed by the Third and LPM Joint Ventures through refinancing of the invested capital by external bank debt and allow the Group to reinvest these monies in the continued expansion of the development pipeline, including the further expansion of the land bank, thus allowing VGP to concentrate on its core development activities.

The Group may therefore be significantly affected by the Joint Ventures, which are subject to additional risks such as:

(i) the First and Second Joint Venture may discontinue acquiring the completed assets from the Group as these joint ventures have no contractual or legal binding obligation to acquire the income generating assets offered by the Group;

The First and Second Joint Venture do not have any contractual or legal obligation to acquire the income

generating assets proposed by VGP. There is therefore a risk that these joint ventures would discontinue acquiring the completed assets from the Group. In such an event, VGP is entitled under the terms of the AZ JVAs to dispose of such income-generating assets itself. Any delay in the disposal of such income-generating assets could have a material adverse effect on the short-term cash position of VGP which may in turn have a negative impact on the Group's business, financial condition and results of operations.

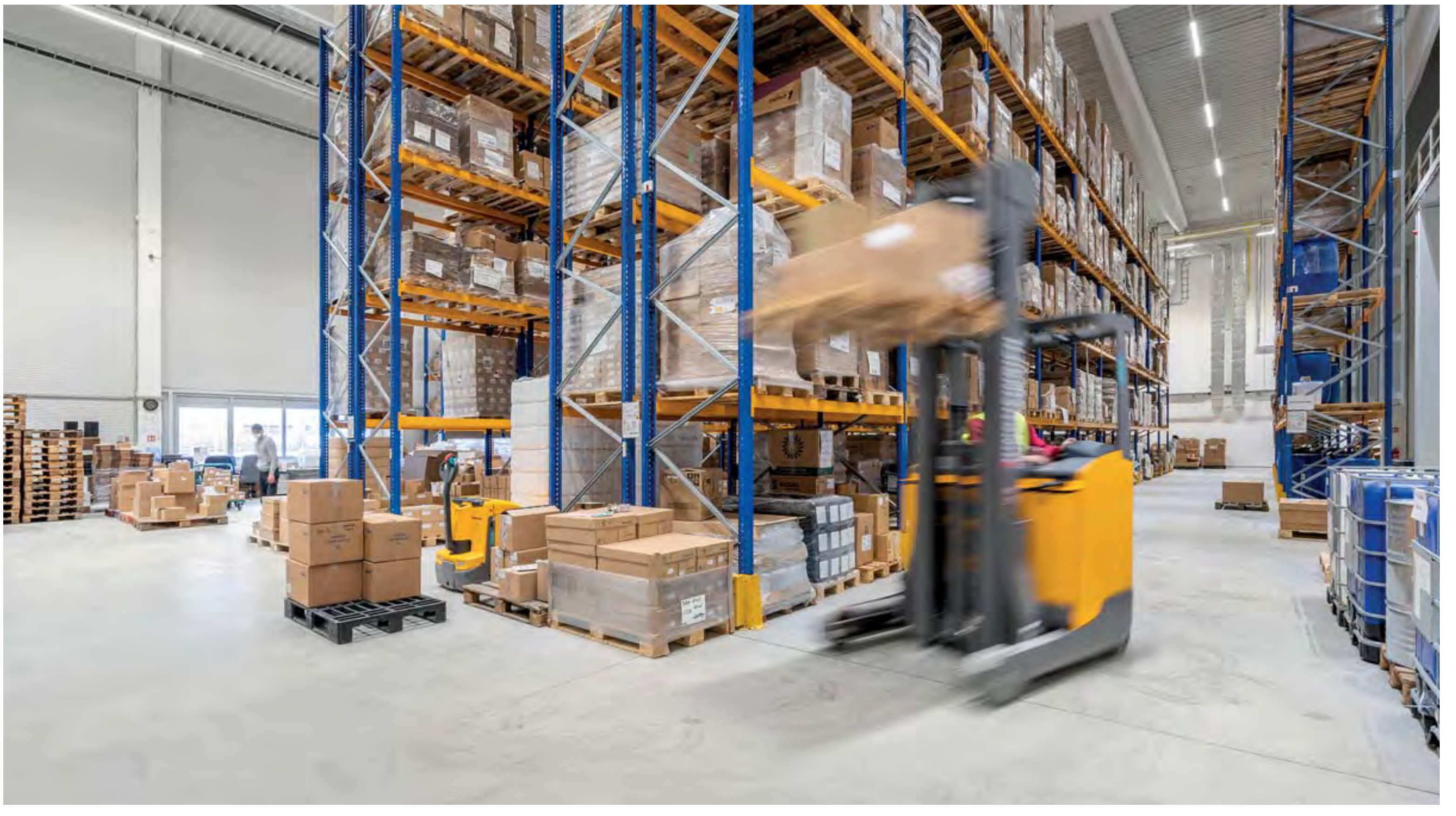
The properties that have on the date of this annual report already been sold to the First and Second Joint Ventures generated a significant contribution to the income and result of the Group. Prior to their sale, and their deconsolidation has resulted and will further result in a decrease of the reported gross rental income of the Group.

If Jan Van Geet, as CEO of the Group, would no longer devote sufficient time to the development of the portfolio of the Allianz Joint Ventures, Allianz can, upon notice thereof, stop the acquisition process of the proposed income-generating assets (in case of the First or Second Joint Venture) or suspend the delivery period (in case of the Third Joint Venture), until Jan Van Geet has been replaced to the satisfaction of Allianz. Such temporary standstill of Allianz's investment or development obligation might negatively impact the short-term cash position of the Group. Prospective investors should furthermore note that the Allianz Joint Venture Agreement between VGP and Allianz may be subject to amendment or may be terminated in accordance with the provisions thereof. Any such amendment or termination may have a material adverse impact on VGP's financial position and income.

(ii) the Group has recognised that it has a constructive obligation towards the Joint Ventures:
The Group has recognized that it has a de facto constructive obligation towards the Joint Ventures (of up to its proportional share) as it will always seek to ensure that the Joint Ventures and its subsidiaries will be in a position to fulfill their respective obligations, since the proper functioning is material for the Group in realizing its expected capital gains. There is however no contractual obligation to provide capital contributions or funds to financially support the Joint Ventures, other than what is set out in the JVA, i.e. the Group's funding obligations under the JVA towards the Joint Ventures as mentioned in this section *"Risk Factors – The Group's business, operations and financial conditions are significantly affected by the Joint Ventures – Risks related to the Group's industry, properties and operations"*. This entails that ultimately any payment due by the Joint Ventures to the Group will either be borne by the Joint Ventures' shareholders, i.e. (i) VGP and Allianz, pro rata their shareholding, or in the event that VGP does not comply with its aforementioned funding obligations under the AZ JVA, will lead to VGP being diluted by Allianz in accordance with the provisions of the AZ JVA or alternatively Allianz providing funding to the Allianz Joint Ventures on preferential interest terms and repayment conditions; and (ii) VGP and Roozen pro rata their shareholding, or in the event that Roozen does not comply with its aforementioned funding obligations under the LPM JVA, will lead to VGP providing funding to the LPM Joint Venture on preferential interest terms and repayment conditions.

(iii) the sale of properties to the First and Second Joint Ventures could result in a decrease of the reported gross rental income of the Group as some of the sold properties may make a significant contribution to the income of the Group prior to their sale and their respective deconsolidation:
The properties that have on the date of this annual report already been sold to the First and Second Joint Venture generated a significant contribution to the income and result of the Group. Prior to their sale, and their deconsolidation has resulted and will further result in a decrease of the reported gross rental income of the Group. The portfolio sold to the Joint Ventures during 2020 represented (i) € 0.3 million of rent for the period 1 January 2020 to 15 October 2020 related to the property portfolio sold during the seventh closing with VGP European Logistics joint venture on 15 October 2020 (compared to € 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 and € 1.4 million of rent for the period 1 January 2019 to 30 November 2019 related to the property portfolio sold during the sixth closing); (ii) € 3.7 million of rent for the period 1 January 2020 to 16 November 2020 related to the property portfolio sold during the second closing with the VGP European Logistics 2 joint venture on 16 November 2020 (compared to € 4.4 million of rent for the period 1 January 2019 to 31 July 2019 related to the property portfolio sold during the first closing with the VGP European Logistics 2 joint venture).

(iv) Allianz may stop the acquisition process of proposed income-generating assets or suspend the delivery period of assets being developed, and the Allianz Joint Venture Agreements may be amended or terminated in accordance with the provisions thereof:
The Group is required to comply with the provisions of several management agreements pursuant to which it is acting as exclusive asset manager, property manager and development manager of the Allianz Joint Ventures and of the Allianz Joint Ventures'



subsidiaries. Should a member of the Group materially breach its obligations under a management agreement which is not remedied within a certain period in time following a notification thereof, or should the Company breach its exclusivity obligations under the Allianz Joint Venture Agreements in relation to the offering or development of income-generating assets, then Allianz is entitled to terminate all the management agreements with immediate effect, to terminate the Allianz Joint Venture Agreements and/or to exercise a call option on all the shares the Company holds in the Allianz Joint Ventures against payment of a purchase price of 90% of the fair market value of these shares, which entails a discount of 10% of the fair market value of these shares. The occurrence of any of the aforementioned events might materially impact VGP's ability to generate sufficient dividend income out of the Allianz Joint Ventures and/or to retain joint control over the Allianz Joint Ventures and in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

(v) the Group may incur additional liabilities as a result of cost overrun on developments made on behalf of the Allianz Joint Ventures:
The Group acts as development manager vis-à-vis the Allianz Joint Ventures and in such capacity, the Group is responsible for ensuring that any development is being made within the initially agreed construction price/budget. In case the actual construction cost would be higher than the initial construction budget, any top-up payment to which VGP would be entitled under the terms of its agreements with the Allianz Joint Ventures and Allianz will be adversely affected. In case the actual construction costs would be higher than the market value of the completed building, then such difference would need to be fully borne by the Group (provided this was due to the Group), which could have a material adverse effect on the Group's business, financial condition and results of operations.

(vi) the Group may be unable to provide funds to the Allianz Joint Ventures which were previously committed under the terms of the relevant Allianz Joint Venture Agreements, which may result in the dilution of the Group:
Any failure by the Company to provide funds to the Allianz Joint Ventures that were committed under the terms of the Allianz Joint Venture Agreements towards Allianz (i.e. for financing of the relevant top-up payment (if any), the repayment of construction and development loans to the Group upon the acquisition by the First or Second Joint Venture of completed assets or at the moment of completion of developed assets by the Third Joint Venture, capital expenditures in relation to repairs and maintenance of such assets and the purchase price for any future completed assets which the First or Second Joint Venture would acquire or any other financing required by Allianz or VGP under the terms of the AZ JVA (such as replacement of bank debt) and acknowledged by an appointed third-party financial expert), entitles Allianz to either exclusively subscribe to three times the number of shares that represents the amount of the funds not provided by the Company or alternatively to provide itself funding to the Allianz Joint Venture on preferential interest terms and repayment conditions. For instance: if there are five hundred (500) issued shares, and if the default amount (the amount which would have otherwise been financed by VGP for example) is equal to 2% of the fair market value of the Allianz Joint Venture, Allianz shall be entitled to subscribe for and acquire, following payment therefore in cash, thirty (three times ten) newly issued shares of the Joint Venture, which is equal to three times 2% of the outstanding shares of the Allianz Joint Venture on a pre-dilution basis. This might impact the Company's ability to retain joint control over the Allianz Joint Venture and its ability to generate sufficient

dividend income out of the Allianz Joint Venture and in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

(vii) changes in consolidation rules and regulations may trigger a consolidation obligation at the level of Allianz which may result in the dilution of the Group:
In the event that Allianz would be subject to an obligation to consolidate the Allianz Joint Ventures (for instance after a change in accounting rules or other regulations) within its companies' group, the Allianz Joint Venture Agreements provide that Allianz has the right to replace the existing debt financing in the Allianz Joint Ventures by equity, which might result in a dilution of the Company if the Company is unable to fund its commensurate part of the equity. This might impact the Company's ability to retain joint control over the Allianz Joint Ventures and its ability to generate sufficient dividend income out of the Allianz Joint Ventures and in turn could have a material adverse effect on the Group's business, financial condition and results of operations. However, as the debt position of the Allianz Joint Ventures would be replaced by equity financing by Allianz on a 1:1 basis, in such case, the Net Asset Value of the Company's stake in the Allianz Joint Ventures would not be affected.

(viii) in case of a material breach by the Group or in case the participation that Jan Van Geet holds in the Company would fall below 25%, Allianz may terminate the Allianz Joint Ventures Agreements or may exercise a call option on the Group's shares in the Allianz Joint Ventures at a discounted purchase price:
If at any time during the term of the Allianz Joint Venture Agreement, the participation that Jan Van Geet, directly or indirectly, holds in the Company falls below 25% of the total outstanding Shares (other than due to the dilution of his participation as a result of capital increases or similar transactions at the level of the Company in which he would not participate), then Allianz is entitled to terminate all the management agreements with immediate effect and to terminate the Allianz Joint Venture Agreement. The occurrence of such aforementioned event might materially impact VGP's ability to generate sufficient dividend income out of the Allianz Joint Ventures and/or to retain joint control over the Allianz Joint Ventures and in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

(ix) the Joint Ventures or any of their subsidiaries may be in default under the development and construction loans granted by the Group which may have a negative impact on the Group:
The Group has granted significant development and construction loans to the project companies of the Joint Ventures in a total amount of € 181.6 million[1] as at 31 December 2020 (€ 114.9 million as at 31 December 2019). The purpose of the Joint Ventures is only to invest in income generating assets and the joint ventures's partners have agreed that as a result, any development undertaken within the Joint Ventures will be in first instance pre-financed by VGP, except for the Third and LPM Joint Venture where the joint ventures' partners have agreed that the developments would be financed on a 50:50 basis. The repayment of these construction and development loans as well as the shareholder loans granted for the purpose of financing the proportional development costs for the Third and LPM Joint Ventures will be principally driven by the subsequent refinancing of the Joint Ventures' assets upon their completion. Should the proceeds of such refinancing be significantly lower than the development costs, VGP may be unable to recover the total amount of these construction and development loans granted to the Joint Ventures, as the Joint Ventures would not be able to draw the entire amount of such construction and development loans under its existing credit facilities and whereby consequently such shortfall would have to be funded by additional shareholder loans granted to the Joint Ventures by the respective shareholders of the Joint Ventures pro rata their shareholding, which could have a material adverse effect on the Group's business, financial condition and results of operations.

3.2 Any or all such risks could have a material adverse effect on the Joint Ventures' business, financial condition and results of operations, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, the Joint Ventures are exposed to many of the risks to which the Group is exposed, including amongst others the risks for the Group as described in the following sections: risk factor 1.1 *"The Group may not be able to continue its development activities in a sustained and profitable way, for which it depends on its ability to execute new lease agreements and dispose of its real estate assets to the First and Second Joint Ventures"* (but only in relation to the ability to execute new lease agreements, not the ability to dispose of assets), risk factor 2.3 *"The Group could experience a lower demand for logistic space due to fluctuating economic conditions in certain markets"*, and risk factor 2.1 *"The Group's development projects may experience delays and other difficulties,*

1 € 69.7 million relating to the First and Second Joint Ventures and € 111.9 million relating to the Third and LPM Joint Venture.

especially in respect of receiving necessary permits", all as in this part Risk Factors.

3.3 The Company is a holding company with no operating income and is hence solely dependent on distributions made by, and the financial performance of, the Joint Ventures and the members of the Group

The Company is a holding company of which the sole activity is the holding and managing of its only asset, i.e. its participations in its subsidiaries and in the Joint Ventures. The real estate portfolios of the Group are owned through specific asset companies which are 100% subsidiaries of the Group or which are subsidiaries of the Joint Ventures.

Accordingly, the Company's ability to meet its financial obligations will largely depend on the cash flows from the members of the Group and the distributions paid to it by members of the Group or the Joint Ventures. The ability of the subsidiaries and the Joint Ventures to make distributions to the Company depends on the rental income generated by their respective portfolios.

The financing arrangements of the Joint Ventures, and to a lesser extent the Group's subsidiaries, are subject to a number of covenants and restrictions which could restrict the ability to upstream cash to the Group. The bank facilities require the Joint Ventures and the Group's Subsidiaries to maintain specified financial ratios and meet specific financial tests. A failure to comply with these covenants could result in an event of default that, if not remedied or waived, could result in a Joint Venture or the members of the Group being required to repay these borrowings before their due date.

3.4 The Group may be unable to recover their loans granted to the Joint Ventures and their subsidiaries

The Group have granted significant loans to the Joint Ventures and to the Joint Ventures' subsidiaries.

As at 31 December 2020 these loans amount to € 266.6 million (compared to € 178.5 million as at 31 December 2019).

These outstanding loans carry the risk of late, partial or non-repayment in the event of underperformance by any of the Joint Ventures or their subsidiaries.

4. Risks related to the Group's financial situation

4.1 The Group's debt levels have substantially increased over the last years and the Group is exposed to a (re)financing risk

In view of the geographic expansion, accelerated growth of the Group and more generally, the sustained growth of the demand for logistic warehouse space, the Group has incurred significant borrowings in recent years. With the start of a number of significant new prime developments, i.e. VGP Park München and VGP Park Laatzen, VGP expects that debt levels in (nominal terms) will continue to increase, but is convinced that it will be able to execute its growth strategy within a Gearing Ratio of 65%.

VGP is continuously optimising its capital structure with an aim to maximise shareholder value while keeping the desired flexibility to support its growth. During 2020 VGP successfully completed two share placements resulting in a net increase the Group's equity with € 295.4 million. The Group operates within and applies a maximum Gearing Ratio of 65%.

As of 31 December 2020, the net debt amounted to € 560.9 million (compared to € 604.2 million at 31 December 2019). The Gearing Ratio was 25.2% (compared to 37.2% as at 31 December 2019).

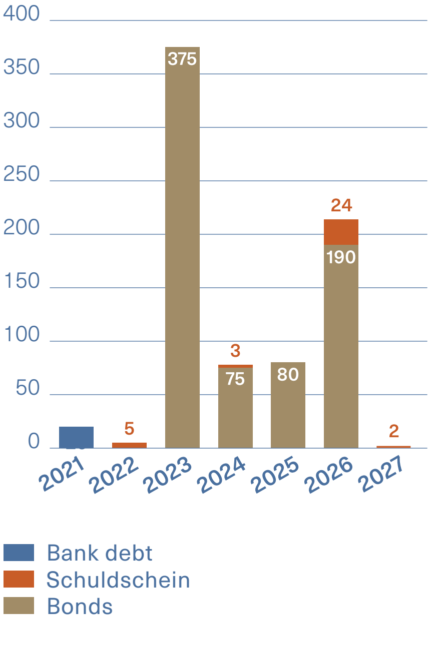
On 31 December 2020, the Group had bonds outstanding for a total amount of € 715.5 million[1] (all being unsecured bonds) and had an outstanding financial debt of € 53.6 million[2], of which € 20.3 million was related to secured bank debt and € 33,3 million schuldschein loans.

Considering the model of the Joint Ventures, additional short-term bank debt might occasionally be needed to cover temporary cash shortfalls due to timing of recycling of shareholder loans granted to the Joint Ventures. These shareholder loans are repaid when projects are acquired by the First or Second Joint Venture or in case of the Third or LPM Joint Venture when adequate bank credit facilities are available to allow partial refinancing of invested equity.

The Group is currently constructing substantially more than previously anticipated and has a number of large developments which have recently been or will shortly be initiated and which will require some time before being able to be sold to the First or Second Joint Venture or being eligible for refinancing through bank debt in case of the Third or LPM Joint Venture. As a result, higher peak funding needs may arise between the various Joint Ventures' closings. In order to allow the Group to comfortably bridge these periods the Group has arranged additional revolving credit facilities.

As at 31 December 2020 the maturity profile of the Group's financial debt is as follows:

MATURITY PROFILE FINANCIAL DEBT
31 December 2020 *(in € million)*



Note: The figures shown in the chart exclude capitalised finance costs on bank borrowings schuldschein loans and bonds.

1 Including € 4.5 million of capitalised finance costs.

2 Including € 0.3 million of capitalised finance costs.

Given its accelerated growth strategy, the Group may not be able to refinance its financial debt or may be unable to attract new financing or to negotiate and enter into new financing agreements on terms which are commercially desirable. If the Group is unable to receive financing or financing against favourable terms, this may have an impact on the Group's cash flow and results and, thus, the Group may be unable to proceed with or to execute certain developments and may have to delay the initiation of certain projects.

4.2 The Group's borrowings are subject to certain restrictive covenants

Under the terms of the bonds, schuldschein loans and bank credit facilities, the Group needs to ensure that it all times complies with the respective covenants set forth therein. Failing to do so will result in the Group being in default under several (if not all) of the outstanding bonds, schuldschein loans and/or bank credit facilities. This may lead to an obligation of the Group to repay in full all outstanding financial indebtedness thereunder, which might have a material adverse effect on the Group's business, financial condition, operating results and cash flows.

While the Group monitors its covenants on an on-going basis in order to ensure compliance and to anticipatively identify any potential problems of non-compliance for action, there can be no assurances that the Group will at all times be able to comply with these covenants. During 2020, the Group remained well within its covenants.

The terms and conditions of the Apr-23 Bond, the Sep-23 Bond, the Jul-24 Bond, the Mar-25 Bond, the Mar-26 Bond and the Schuldschein Loans include following financial covenants, tested at the level of the Company:

- Consolidated Gearing to equal or to be below 65%;
- Interest Cover Ratio to equal or to be above 1.2;
- Debt Service Cover Ratio (or DSCR) to be equal or to be above 1.2.

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

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

As at 31 December 2020 the Consolidated Gearing[1] stood at 25.2% compared to 39.3% as at 31 December 2019. The Interest Cover Ratio was 11.3 as at 31 December 2020 compared to 23.3 as at 31 December 2019 and finally the Debt Service Cover Ratio was 25.9 as at 31 December 2020 compared to 13.5 as at 31 December 2019.

The credit agreement entered into with Swedbank (Latvia)) bank includes following financial covenants:

- Equity of VGP Latvia sia to remain at above 20% of its balance sheet;
- Debt service cover ratio of at least 1.20; and
- Loan to value not to exceed 70%.

As at 31 December 2020, the Equity ratio stood at 35.9%, the Debt Service Cover Ratio stood at 1.7 and the Loan to Value stood at 51.1%. As at 31 December 2019 VGP was also in compliance with all of its bank covenants.

4.3 The Group is exposed to risk of financing from its Joint Ventures

Considering the model of the Joint Ventures, VGP depends on the ability of the Joint Ventures to have sufficient long-term financing in place to allow these Joint Ventures to acquire income generating assets developed by VGP or in case of the Third and LPM Joint Venture to refinance the development costs incur when developing the respective parks of these joint ventures.

The First Joint Venture has been able to secure committed credit facilities, (all maturing at the end of May 2026), in Germany, the Czech Republic, the Slovak Republic and Hungary. As at 31 December 2020, the aggregate outstanding credit facilities amounted to € 909.8 million which were drawn for an amount of € 838.8 million. The undrawn amount of € 71.0 million will be applied towards the financing of the acquisition of additional income generating assets developed by VGP over the remaining investment period ending in May 2021. The aggregate Loan to Value ratio as at 31 December 2020 stood at 46.7%.

The Second Joint Venture has been able to secure a 10-year € 337.8 million committed credit facility (maturing at the end of July 2029), in respect of the assets to be acquired in Spain, Austria, Italy and the Netherlands and a 5-year € 31.3 million committed credit facility (maturing June 2024) in respect of the assets to be

1 Calculated by reference to the terms and conditions of the bonds and schuldschein loan documentation.

acquired in Romania. As at 31 December 2020, the aggregate outstanding credit facilities therefor amounted to € 369.0 million which were drawn for an amount of € 220.7 million

The undrawn amount of € 148.3 million will be applied towards the financing of the acquisition of additional income generating assets developed by VGP over the remaining investment period of the next 3.5 years. The aggregate Loan to Value ratio as at 31 December 2020 stood at 55.2%.

The Third Joint Venture has been able to secure committed credit facilities, (maturing on 22 June 2029), in respect of the financing of the first 2 completed buildings in VGP Park München. As at 31 December 2020, there were no drawings outstanding under this facility and it is expected that during 2021 the total amount of the facility will be drawn. Additional bank financing will be arranged upon completion of the respective other buildings which are currently under construction.

The LPM Joint Venture has been able to extend an existing secured bank development loan in an amount of € 17.4 million (maturing on 30 November 2022), in respect of the financing of development land. Other than dividend pay-out restriction no additional covenants are applicable. The Loan to Value ratio (for comparative purposes) as at 31 December 2020 stood at 21.6%.

The Joint Ventures may not be able to refinance their financial debt or may be unable to attract new financing or to negotiate and enter into new financing agreements on terms which are commercially desirable. If the Joint Ventures are unable to receive financing or financing against favourable terms, this may have an impact on the Group's cash flow and results and, thus, the Group may be unable to proceed with or to execute certain developments and may have to delay the initiation of certain projects.

5. Legal and regulatory risks

5.1 The Group has to comply with a broad and diverse regulatory framework

As the Group is active and intends to further develop business in the mid-European countries (whereby the Group's current focus is on Latvia, the Czech Republic, the Slovak Republic, Hungary and Romania), Germany, Austria, Spain, Portugal, the Netherlands and Italy, the Group is subject to a wide range of EU, national and local laws and regulations. These include requirements in terms of building and occupancy permits (which must be obtained in order for projects to be developed and let), as well as zoning, health and safety, environmental, monument protection, tax, planning, foreign ownership limitations and other laws and regulations.

Because of the complexities involved in procuring and maintaining numerous licenses and permits, there can be no assurance that the Group will at all times be in compliance with all of the requirements imposed on properties and the Group's business. Any failure to, or delay in, complying with applicable laws and regulations or failure to obtain and maintain the requisite approvals and permits could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. In this respect, please also refer to risk factor 2.1: *"The Group's development projects may experience delays and other difficulties, especially in respect of receiving necessary permits"* .

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

5.2 The Group may be subject to litigation and other disputes

The Group may face contractual disputes which may or may not lead to legal proceedings as the result of a wide range of events, especially during the construction and development phase. The most likely disputes include: (i) actual or alleged deficiencies in its execution of construction projects (including relating to the design, installation or repair of works); (ii) defects in the building materials; and (iii) deficiencies in the goods and services provided by suppliers, contractors, and sub-contractors.

In addition, after the development phase, the Group may become subject to disputes with tenants, commercial contractors or other parties in relation to the leasing.

As a result, disputes, accidents, injuries or damages at or relating to one of the Group's ongoing or completed projects resulting from the Group's actual or alleged deficient actions could result in significant liability, warranty or other civil and criminal claims, as well as reputational harm. These liabilities may not be insurable or could exceed the Group's insurance coverage limit.

At the date of this annual report, no governmental, legal or arbitration proceedings have been started or are threatened against the Group which may have, or have had in the recent past, significant effects on the Group and/or the Group's financial position or profitability.

Summary of the accounts and comments

Income statement

INCOME STATEMENT *(in thousands of €)*	**2020**	**2019**
Revenue[1]	29,558	26,037
Gross rental income	12,078	11,653
Property operating expenses	(3,784)	(2,556)
Net rental income	**8,294**	**9,097**
Joint ventures' management fee income	14,699	10,492
Net valuation gains/(losses) on investment properties	366,361	188,165
Administration expenses	(29,296)	(18,100)
Share in result of joint ventures and associates	63,338	65,703
Other expenses	(4,000)	(3,000)
Operating profit	**419,396**	**252,357**
Finance income	9,319	5,543
Finance costs	(17,911)	(19,781)
Finance costs – net	**(8,592)**	**(14,238)**
Profit before taxes	**410,804**	**238,119**
Taxes	(39,865)	(32,506)
Profit for the period	**370,939**	**205,613**
Attributable to:		
Shareholders of VGP NV	370,939	205,613
Non-controlling interests	—	—

RESULT PER SHARE	**2020**	**2019**
Basic earnings per share *(in €)*	18.58	11.06
Diluted earnings per share *(in €)*	18.58	11.06

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

Balance sheet

ASSETS *(in thousands of €)*	**2020**	**2019**
Intangible assets	557	46
Investment properties	920,151	792,945
Property, plant and equipment	16,944	5,287
Investments in joint ventures and associates	654,773	387,246
Other non-current receivables	264,038	63,571
Deferred tax assets	1,786	695
Total non-current assets	**1,858,249**	**1,249,790**
Trade and other receivables	44,828	28,770
Cash and cash equivalents	222,356	176,148
Disposal group held for sale	102,309	169,655
Total current assets	**369,493**	**374,573**
Total assets	**2,227,742**	**1,624,363**

SHAREHOLDERS' EQUITY AND LIABILITIES *(in thousands of €)*	**2020**	**2019**
Share capital	72,225	62,251
Other reserves	285,420	69
Retained earnings	948,092	637,461
Shareholders' equity	**1,305,737**	**699,781**
Non-current financial debt	748,796	767,673
Other non-current liabilities	10,461	12,789
Deferred tax liabilities	43,813	31,647
Total non-current liabilities	**803,070**	**812,109**
Current financial debt	34,468	12,673
Trade debts and other current liabilities	77,725	89,325
Liabilities related to disposal group held for sale	6,742	10,475
Total current liabilities	**118,935**	**112,473**
Total liabilities	**922,005**	**924,582**
Total shareholders' equity and liabilities	**2,227,742**	**1,624,363**

Comments on the accounts

Income statement

Net rental income

The net rental income decreased with € 0.8 million to € 8.3 million after taking into effect (i) the impact of the seventh closing with VGP European Logistics joint venture in October 2020 and the second closing with VGP European Logistics 2 in November 2020, partially offset by the income generating assets delivered during 2020; and (ii) the effects of the 2019 closings i.e. the fifth and sixth closing with VGP European Logistics joint venture in April and November 2019 respectively and the first closing with VGP European Logistics 2 in July 2019 which in aggregate contributed for € 6.6 million to the 2019 net rental income.

Including VGP's share of the Joint Ventures and looking at net rental income on a "look-through" basis net rental in total increased by € 8.6 million (from € 46.7 million for the period ending 31 December 2019 to € 55.3 million for the period ending 31 December 2020)[1].

Income from Joint Ventures

The Joint Ventures' management fee income increased by € 4.2 million to € 14.7 million. The increase was mainly due to the growth of the Joint Ventures' portfolio and the development activities undertaken on behalf of the Joint Ventures.

Property and facility management fee income increased from € 8.7 million for the period ending 31 December 2019 to € 10.7 million for the period ending 31 December 2020. The development management fee income generated during the period was € 4.0 million compared to € 1.7 million for the period ending 31 December 2019.

Net valuation gain on investment properties

As at 31 December 2020 the net valuation gains on the property portfolio reached € 366.4 million compared to a net valuation gain of € 188.2 million for the period ended 31 December 2019.

The low yields in real estate valuations continued to persist during the year. The own property portfolio, excluding development land but including the buildings being constructed on behalf of the Joint Ventures, is valued by the valuation expert at 31 December 2020 based on a weighted average yield of 5.51% (compared to 5.76% as at 31 December 2019) applied to the contractual rents increased by the estimated rental value on unlet space. The (re) valuation of the own portfolio was based on the appraisal report of the property expert Jones Lang LaSalle.

Administrative costs

The administrative costs for the period were € 29.3 million compared to € 18.1 million for the period ended 31 December 2019, reflecting the continued growth of the development activities of the Group and its geographic expansion as well as the costs of the introduction of the long term incentive plan which became fully operational in 2020.

1 See Financial Review section "Supplementary notes not part of the audited financial statements" for further details.

As at 31 December 2020 the VGP team comprised more than 260 people active in 12 different countries.

Share in result of joint ventures and associates

VGP's share of the Joint Ventures' profit for the period decreased slightly from € 65.7 million for the period ending 31 December 2019 to € 63.3 million for the period ending 31 December 2020, primarily reflecting lower unrealised valuation gains on investment properties driven by slower contraction of the yield on the investment portfolio, partially offset by higher net rental income.

Net rental income at share increased to € 47.0 million for the period ending 31 December 2020 compared to € 37.6 million for the period ended 31 December 2019. The increase reflects the underlying growth of the Joint Ventures' portfolio resulting from the different closings made between the Joint Ventures and VGP.

At the end of December 2020, the Joint Ventures (100% share) had € 143.5 million of annualised committed leases representing 2,407,000 m^2 of lettable area compared to € 102.3 million of annualised committed leases representing 1,913,000 m^2 at the end of December 2019.

The net valuation gains on investment properties at share decreased to € 48.1 million for the period ending 31 December 2020 (compared to € 60.8 million for the period ending 31 December 2019). The Joint Ventures' portfolio, excluding development land and the buildings being constructed by VGP on behalf of the Joint Ventures, was valued at a weighted average yield of 4.76% as at 31 December 2020 (compared to 5.16% as at 31 December 2019) reflecting country mix change from the different closing in 2020 and the further contraction of the yields during 2020. The (re)valuation of the Joint Venture portfolio was based on the appraisal report of the property expert Jones Lang LaSalle, except for VGP Park München (please refer to the Financial Review section *"3.2 Critical judgements in applying accounting policies"*.

The net financial expenses of the Joint Ventures at share for the period ending 31 December 2020 increased to € 17.8 million from € 16.2 million for the period ending 31 December 2019. For the period ending 31 December 2020, the financial income at share was € 2.0 million (€ 0.1 million for the period ending 31 December 2019) and included € 1.9 million unrealised gains on interest rate derivatives

(compared to an unrealised loss of € 0.3 million 31 December 2019).

The financial expenses at share increased from € 16.3 million for the period ending 31 December 2019 to € 19.7 million for the period ending 31 December 2020 and included € 5.9 million interest on shareholder debt (€ 3.5 million as at 31 December 2019), € 8.7 million interest on bank debt (€ 7.6 million as at 31 December 2019), € 5.5 million other financial expenses (€ 5.0 million as at 31 December 2019) and a positive impact of € 0.5 million (€ 0.3 million per 31 December 2019) related to capitalised interests.

Other expenses

The other expenses relate to the 2020 contribution to the VGP Foundation which will be paid out during the course of 2021. For further information on the VGP Foundation, reference is made to the *Corporate Responsibility Report* included in this annual report.

Net financial costs

For the period ending 31 December 2020, the financial income was € 9.3 million (€ 5.5 million for the period ending 31 December 2019) and included € 9.3 million interest income on loans granted to the Joint Ventures (€ 5.5 million as at 31 December 2019) and some residual other financial income.

The reported financial expenses as at 31 December 2020 of € 17.9 million (€ 19.8 million as at 31 December 2019) are mainly made up of € 26.6 million expenses related to financial debt (€ 22.0 million as at 31 December 2019), € 2.9 million other financial expenses (€ 1.9 million as at 31 December 2019) and a positive impact of € 11.9 million (€ 4.2 million for the period ending 31 December 2019) related to capitalised interests. As a result, the net financial costs reached € 8.6 million for the period ending 31 December 2020 compared to € 14.2 million at the end of December 2019.

Shareholder loans to the Joint Ventures amounted to € 266.6 million as at 31 December 2020 (compared to € 178.5 million as at 31 December 2019) of which € 181.6 million (€ 114.9 million as at 31 December 2019) was related to financing of the buildings under construction and development land held by the Joint Ventures.

Taxes

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

The change in the tax line is mainly due to the variance of the fair value adjustments of the property portfolio and has therefore only residual cash effect. For the period ending 31 December 2020, the taxes were € 39.9 million (2019: € 32.5 million) and included € 39.0 million deferred taxes (2019: € 32.0 million).

Profit for the year

Profit for the year increased from € 205.6 million (€ 11.06 per share) for 2019 to € 370.9 million (€ 18.58 per share) for the financial year ended 31 December 2020.

Balance sheet

Investment properties

Investment properties relate to completed properties, projects under construction as well as land held for development. The fluctuations from one year to the other reflect the timing of the completion and delivery as well as the divestments or acquisitions of such assets.

As at 31 December 2020 the investment property portfolio consists of 10 completed buildings representing 205,000 m² of lettable area with another 33 buildings under construction representing 869,000 m² of lettable area, of which 10 buildings (235,000 m²) are being developed for the Joint Ventures.

During the year 27 buildings were completed totalling 531,000 m² of lettable area. For its own account VGP delivered 6 buildings representing 120,000 m² of lettable area and 21 buildings (411,200 m²) were delivered on behalf of the Joint Ventures of which 7 buildings were initially developed by VGP for its own account but were sold to the Joint Ventures as part of the seventh closing of the VGP European Logistics joint venture and the second closing of VGP European Logistics 2 joint venture.

Investment in joint ventures and associates

At the end of December 2020, the investments in the joint ventures and associates increased to € 654.8 million from € 387.2 million as at 31 December 2019.

The investments in joint ventures and associates as at the end of 2020 reflect the Group's Joint Ventures with Allianz Real Estate (VGP European Logistics, European Logistics 2 and VGP Park München) and with Roozen (LPM joint venture) all of which are accounted for using the equity method.

The First Joint Venture - VGP European Logistics - launched in March 2016 targets the acquisition of assets developed by VGP in Germany, the Czech Republic, Slovakia and Hungary. The Second Joint Venture, which was entered into in July 2019, targets the acquisition of assets developed by VGP in Austria, Italy, the Netherlands, Portugal, Romania and Spain. The Third Joint Ventures focusses on the development of VGP Park München, (Germany) and finally the LPM Joint Venture focusses on the development of VGP Park Moerdijk (Netherlands).

Disposal group held for sale

The balance of the Disposal group held for sale decreased from € 169.7 million as at 31 December 2019 to € 102.3 million as at 31 December 2020.

The net decrease is mainly driven by the completed projects which were sold during the year as part of the seventh closing with VGP European Logistics joint venture and the second closing with VGP European Logistics 2 Joint Venture.

The balance as at 31 December 2020 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.

Under the joint venture agreements, the First and Second Joint Ventures have an exclusive right of first refusal in relation to acquiring the income generating assets developed by VGP.

VGP European Logistics has the exclusive right of first refusal in relation to acquiring the income generating assets located in Germany, the Czech Republic, the Slovak Republic and Hungary. VGP European Logistics 2 has the exclusive right of first refusal in relation to acquiring the income generating assets located in Austria, Italy, the Netherlands, Portugal, Romania and Spain. The development pipeline which is transferred to the Joint Ventures as part of the different closings between First or Second Joint Ventures and VGP is being developed at VGP's own risk and subsequently acquired and paid for by these joint ventures subject to pre-agreed completion and lease parameters.

The development pipeline which is being developed by the Third and LPM Joint Venture is being developed at the respective joint venture partners' risk and consequently not reclassified as "Disposal group held for sale".

Share capital and other reserves

On 21 April 2020 the Company successfully placed 2.0 million of ordinary shares in the capital of the Company at a price of € 100.00 per share. The Company raised € 200.0 million, before the € 1.7 million expenses and as a result the Company's share capital increased by € 10 million and share premium by € 188.3 million (see also *Financial Review – note 16.2*).

In September 2020, VGP (through its 100% subsidiary VGP Belgium NV) successfully placed 929,153 existing ordinary VGP NV shares by means of a private placement via an accelerated bookbuild offering to international institutional investors. The gross sales proceeds were in an amount of € 109.2 million. The realised net gain on this transaction (€ 97 million) was directly booked in other reserves (see also *Financial Review – Statement of changes in equity*).

Total non-current and current financial debt

The financial debt increased from € 780.3 million as at 31 December 2019 to € 783.3 million as at 31 December 2020.

The increase was mainly driven by (i) an increase of the accrued interest on bonds and Schuldschein loans (+ € 2.8 million) and (ii) amortisation of capitalised finance costs (+ € 1.6 million), off-set by the repayment of bank debt in an amount of € 1.3 million and € 0.1 million paid finance costs.

The gearing ratio[1] of the Group as of 31 December 2020 amounted to 25.2% compared to 37.2% as at 31 December 2019.

Cash flow statement

SUMMARY *(in thousands of €)*	2020	2019
Cash flow from operating activities	(52,168)	(29,326)
Cash flow from investing activities	(134,530)	(125,504)
Cash flow from financing activities	233,584	162,287
Net increase / (decrease) in cash and cash equivalents	**46,886**	**7,456**

The changes in the cash flow from investing activities was mainly due to: (i) € 428.2 million (2019: € 453.8 million) of expenditure incurred for the development activities and land acquisition; (ii) € 405.6 million cash in from the different closings with the Joint Ventures during the year (2019: € 339.0).

The changes in the cash flow from financing activities were driven by: (i) € 60.3 million dividend paid out in May 2020 (2019: € 40.8 million); (ii) € 198.3 million net proceeds from the capital increase in April 2020, (iii) € 97.0 million net proceeds from the sale of treasury shares in September 2020, and (iv) € 1.3 million repayment of bank debt (2019 € 0.7 million).

Events after the balance sheet date

The impact of the coronavirus pandemic on our operational activities has remained limited so far. However, the initial limited availability of vaccines together with the gradual rollout of the large-scale vaccination campaigns, which differ significantly from one country to the other in Europe, continues to create a high level of uncertainty in the short term. See also section *“Outlook 2021”* in the first part of *“Report of the Board of Directors”* of this of this Annual Report.

1 Calculated as Net debt / Total equity and liabilities

Information **about the share**

Listing of shares

Euronext Brussels
Main Market of Prague

VGP share VGP ISIN BE0003878957

Market capitalisation 31 Dec-20 .... 2,523,481,930 €
Highest capitalisation .... 2,667,563,280 €
Lowest capitalisation .... 1,712,509,760 €
Share price 31 Dec-19 .... 87.80 €
Share price 31 Dec-20 .... 122.60 €

Shareholder structure

As at 31 December 2020 the share capital of VGP was represented by 20,583,050 shares. Ownership of the Company's shares is as follows:

SHAREHOLDERS[1]	NUMBER OF SHARES	% OF TOTAL SHARES	NUMBER OF VOTING RIGHTS[1]	% OF TOTAL VOTING RIGHTS
Little Rock SA	4,548,204	22.10%	8,420,307	28.04%
Alsgard SA	2,409,914	11.71%	4,819,828	16.05%
Sub-total Jan Van Geet Group	**6,958,118**	**33.81%**	**13,240,135**	**44.08%**
VM Invest NV	4,149,171	20.16%	6,822,804	22.72%
Public	9,475,761	46.04%	9,970,751	33.20%
Total	**20,583,050**	**100.00%**	**30,033,690**	**100.00%**

Little Rock SA and Alsgard SA are companies controlled by Mr. Jan Van Geet.
VM Invest NV is a company controlled by Mr. Bart Van Malderen.

The Extraordinary General Shareholders' Meeting of 8 May 2020 approved the introduction of the double voting right. A double voting right is therefore granted to each VGP share that has been registered for at least two years without interruption under the name of the same shareholder in the register of shares in registered form, in accordance with the procedures detailed in article 29 of the Articles of Association. In accordance with Belgian law, dematerialised shares do not benefit from the double voting right.

In accordance with Articles 7:217 and 7:224 of the Code on companies and associations, voting rights attached to VGP shares held by the Company itself or by its subsidiaries have been suspended.

VGP has not issued any other class of shares, such as non-voting or preferential shares. In accordance with Article 15 of the law of 2 May 2007 regarding the publication of major shareholdings ("transparency law") VGP must publish, its (i) total share capital, (ii) the total number of securities granting voting rights and (iii) the total number of voting rights, at the latest by the end of each month during which these numbers have increased or decreased.

1 As at 31 December 2020, on the basis of transparency declarations, information received from the shareholders or press releases issued by the Company in respect of Voting rights and denominator published on the Company's website.

Authorised capital

The Board of Directors has been authorized by the Extraordinary Shareholders' Meeting held on 8 May 2020 to increase the Company's subscribed capital in one or more times by an aggregate maximum amount of € 92,666,815 (before any issue premium). The authority is valid for five years from 14 May 2020 and can be renewed in accordance with the applicable statutory provisions. Pursuant to this authorization, the Board of Directors may, among others, effect a capital increase under the authorized capital by means of issuing ordinary shares, subscription rights or convertible bonds and may limit or disapply the preferential subscription right of the Company's shareholders.

Furthermore, the Board of Directors has been authorized, for a period of three years from 8 May 2020, to make use of the authorized capital upon receipt by the Company of a notice from the FSMA of a public takeover bid for the Company's securities.

Liquidity of the shares

To improve the liquidity of its shares VGP NV concluded a liquidity agreement with KBC Bank.

This agreement ensures that there is increased liquidity of the shares which should be to the benefit of the Group in the future as more liquidity allows new shares to be more easily issued in case of capital increases.

Financial calendar

2021 first quarter trading update	14 May 2021
Annual shareholders' meeting	14 May 2021
2021 half year results	27 August 2021
2021 third quarter trading update	19 November 2021

Outlook
2021

It is with confidence that we look at 2021 and beyond. Development activities should continue to operate at elevated levels during 2021 supported by solid demand from potential tenants as we expect technological changes and e-commerce to continue to be an important driver for demand across our platform. Our existing land bank provides the foundation for growth over the coming years and VGP expects to be able to continue expanding its rental income and property portfolio through the completion and start-up of new building projects in 2021.

2021 should also see a further expansion of our service offering through VGP Renewable Energy, through increased production of green energy.

The impact of the coronavirus pandemic on our operational activities has remained limited so far. However, the initial limited availability of vaccines together with the gradual rollout of the large-scale vaccination campaigns, which differ significantly from one country to the other in Europe, continues to create a high level of uncertainty in the short term.


VGP
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Board of Directors and Management

Board of Directors

COMPOSITION ON 31 DECEMBER 2020					
NAME		YEAR APPOINTED	EXECUTIVE OR NON-EXECUTIVE	INDEPENDENT	NEXT DUE FOR RE-ELECTION
Chairman	VM Invest NV represented by Bart Van Malderen	2017	Non-executive and reference shareholder	—	2021
CEO	Jan Van Geet s.r.o. represented by Jan van Geet	2017	Executive and reference shareholder	—	2021
Directors	GAEVAN BV represented by Ann Gaeremynck	2019	Non-executive	Independent	2023
	Katherina Reiche	2019	Non-executive	Independent	2023
	Vera Gäde Butzlaff	2019	Non-executive	Independent	2019

Bart Van Malderen

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

Jan Van Geet

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

Ann Gaeremynck

***1966** Ann Gaeremynck is currently Professor of Accounting and Audit at the KU Leuven, Faculty of Economics and Business Administration. Her main research area is in the field of audit and governance. She also holds the Deloitte Chair in Governance.

Katherina Reiche

***1973** Katherina Reiche is Chairwomen of the Management Board of Westenergie AG, Germany's leading energy infrastructure company, since 2020. Prior to this Katherina Reiche chaired the board of the Association of Municipal Enterprises (VKU) in Germany from 2015 to 2019 and chaired the European Association of Public Employers and Enterprises (CEEP) since June 2016. She was a member of the German Bundestag from 1998 to 2015. She served as State Secretary in the German Federal Ministry of Environment from 2009 to 2013 and as State Secretary in the Federal Ministry of Transport and Digital Infrastructure from 2013 to 2015. In 2020 she was appointed by the German federal cabinet as Chairwoman of the National Hydrogen Council.

Vera Gäde-Butzlaff

***1954** Vera Gäde-Butzlaff is currently member of several boards a.o. Berliner Volksbank, where she is Chair of the Audit and Risk Committee. Prior to this Vera Gäde-Butzlaff was Deputy State Secretary for Environment and Agriculture at the Ministry of Regional Planning, Agriculture and Environment of Saxony-Anhalt from 2001 to 2002. From 2003 to 2014, she was a member of the Board of Directors and since 2007 CEO of Berlin's city cleaning and waste management companies (BSR). From 2015 to 2018 she was CEO of GASAG AG, one of Germany's largest regional energy suppliers. From 2018 to 2020, she has chaired the Supervisory Board of Vivantes, the hospital group.

Executive
Management Team

COMPOSITION ON 31 DECEMBER 2020	
Jan Van Geet[1]	Chief Executive Officer
Dirk Stoop[2]	Chief Financial Officer
Tomas Van Geet[3]	Chief Commercial Officer
Miquel-David Martinez	Chief Technical Officer
Matthias Sander[4]	Chief Operating Officer – Eastern Europe
Jonathan Watkins[5]	Chief Operating Officer – Western Europe
Martijn Vlutters[6]	Vice President – Business Development & Investor Relations

1 As permanent representative of Jan Van Geet s.r.o.
2 As permanent representative of Dirk Stoop BV.
3 As permanent representative of Tomas Van Geet s.r.o.
4 As permanent representative of Matthias Sander s.r.o.
5 As permanent representative of Havbo Consulting Ltd.
6 As permanent representative of MB Vlutters BV.

Mr. Dirk Stoop

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

Mr. Tomas Van Geet

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

Mr. Miquel-David Martinez

***1978** is civil engineer and joined VGP's team in 2016. He takes responsibility for technical concepts and contract execution. Prior to this position, Miquel-David was the technical director and partner in Inel Group, a construction management and engineering company mainly focused on building projects for the tertiary sector.

Mr. Matthias Sander

***1970** He is a mechanical and economic bachelor and joined VGP in 2018. He takes responsibility for the expansion into new countries, sourcing land plots across Europe and coordinating of the development pipeline. Matthias spent the last 11 years in several leading roles with Knorr Bremse (a leading German industrial Group) and was its Managing Director in the Czech Republic.

Mr. Jonathan Watkins

***1975** Joined VGP in December 2019. Mr Watkins was previously head of UK and German Ops Real Estate at Amazon. Prior to this he held several leading roles in acquisition and construction of new stores and warehouses at Lidl Denmark, UK and Germany. Jon holds a Master's Degree, Surveying of the University College of Estate Management and a BSc Surveying from Sheffield Hallam University.

Mr. Martijn Vlutters

***1979** Joined VGP in 2018. He takes responsibility for business development and investor relations. Prior to joining VGP, Martijn worked 13 years at J.P. Morgan based in London and New York in various roles in Capital Markets and Corporate Finance. Within this period he spent 2 years in New York as Investor Relations for J.P. Morgan Chase. Martijn holds a Master degree in Civil Engineering from Delft University and Business Administration from Erasmus/ Rotterdam School of Management.

Corporate **Responsibility Report**


VGP

Building Tomorrow **Today**

As a family-owned business **we think across generations**.

Building Tomorrow Today has since long been our **guiding principle** as we believe a brighter tomorrow can be built from the foundations of today. We want **to help** construct a happier future for **coming generations**.

We are building to **create value**.

Not only for our clients, partners and shareholders but also **for the communities** in which we operate.

At VGP, we want to build tomorrow by **doing the right thing** today:
By doing business in a responsible manner.

By finding a **balance** between **results**, **tradition**, **innovation** and **sustainability**.

We do this by challenging ourselves and adapting to changing needs **every day**.

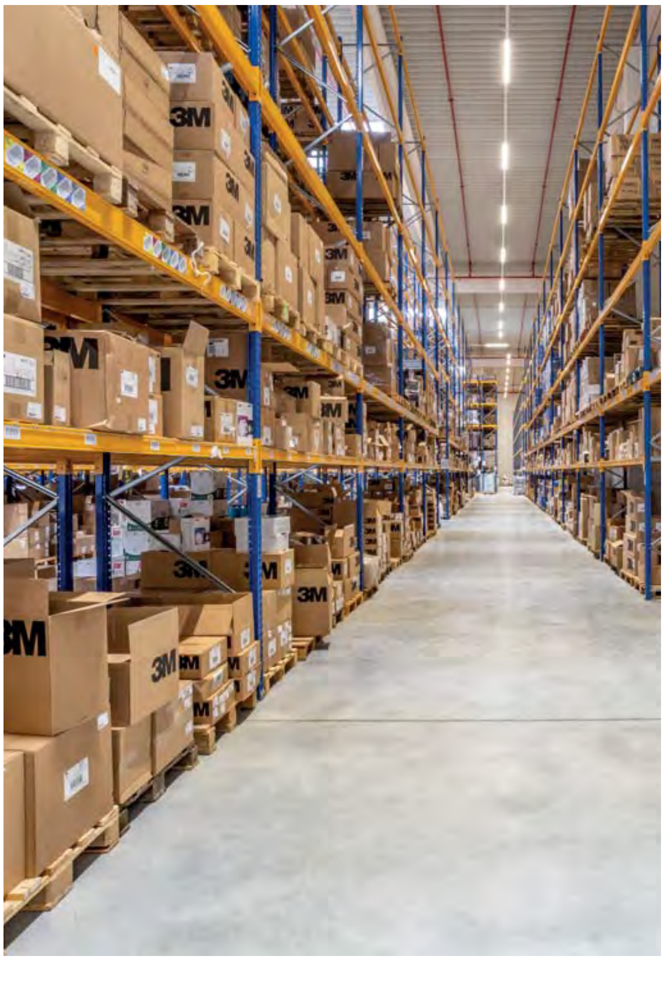
Content

2020 Highlights

01

Protecting our employees and stakeholders **during coronavirus**

At VGP Health and Safety is a core value. In the face of the coronavirus pandemic we have continued to live up to this core value, acting quickly and with great solidarity to protect employees, contractors and all our stakeholders in the time of Coronavirus (Covid-19). Furthermore, none of VGP workforce has been furloughed and the Group has not taken any government support.



02

VGP Parks enabled the **distribution of critical goods**, including **medical supplies** and **protective gear** in the time of Coronavirus

By the timely delivery of our buildings and by keeping our existing buildings and infrastructure operational, VGP Parks enabled the distribution of critical goods, including medical supplies and protective gear in the time of Coronavirus.

03

34.9% of the **total portfolio** has now been **environmentally certified** or with certificate pending in December 2020

Whilst our building standard for long has been BREEAM Very Good equivalent, we have stepped up actual certification efforts resulting in a total of 15 buildings certified since start of 2020 with at least BREEAM Very Good or equivalent. In addition, several buildings are being delivered to a higher standard including VGP Park München, building A, certified DGNB Gold and VGP Park Valsamoggia, buildings A and B with BREEAM Excellent (BIU).

04

Conducted a GHG protocol compliant **carbon footprint analysis** of VGP Group identifying emission reduction targets

Based on the analysis the total CO_2e emissions (direct + indirect) for VGP Group over the year 2019 were estimated at 2,308 tCO_2e. This emission equates to a total CO_2e emission per FTE and per m^2 office surface of 9.7 tCO_2e/FTE and 0.6 tCO_2e/m^2. Both are KPIs which we will monitor going forward.

CALCULATE
Carbon Footprint &Life Cycle Analysis
(GHC Protocol, ISO, PAS 2060, EPD...)

REDUCE
CO_2 Reduction Advisory
(Buildings, Personal Transportation, Logistics, Industrial Processes, Food and Agriculture...)

COMMUNICATE
Environmental Communication
(Strategic marketing support, Media, internal/external comm.)

OFFSET
CO_2 Offseting and Project Organisation
(Gold Standard, VCS, REDD+...)

05

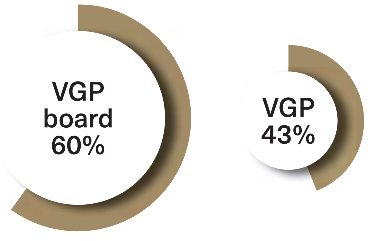
Long-term target to reach **net-zero carbon emissions** before 2025

VGP derived its own emission reduction targets based on its long-term target to achieve net-zero emissions before 2025, in addition, VGP commits to reduce scope 1 and 2 GHG emissions by 50 % by 2030.

06

Board of directors' continued **diversity leadership** with 60% female ratio

We believe that supporting all people and promoting inclusion across our business and society makes the world a better place for all. We're committed to creating a diverse and inclusive culture that helps employees know they are valued, respected and empowered to bring their best ideas forward.



07

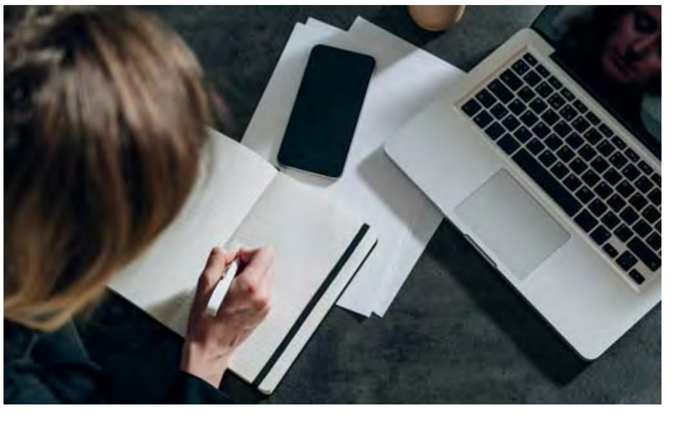
Expansion of VGP Renewable Energy **green power generation** capacity to **42.5 MWp**

A total PV power generation capacity of 42.5 MWp currently installed or under construction through 36 projects. In addition, we are in discussion for the installation of a further 53.3 MWp. The total capacity installed and under construction is expected to realise a reduction in CO_2 emissions of 7,800 tCO_2 on an annual basis once operational in the course of 2021. This is sufficient energy for maintaining 13,400 households. The pipeline projects are expected to add a further prevention of CO_2 emissions of 9,790 tCO_2 on an annual basis or enough energy for maintaining 16,800 households.

08

Expanded the sustainable building and renewable energy teams to 6 people and setting up group-wide **dedicated employee training sessions**

All country teams are building in-house expertise including through our own local-based BREEAM certified engineers and roll-out of group-wide dedicated technical training sessions, including on sustainable building practices.



1 Ignoring peak vs trough production of a PV system; assuming households consume on average 3,171 kWh of electricity annually (www.energytransition.org: German 2018 household consumption)

photo © IERS (Ukraine)

09

Identified the initial **16 support projects** for VGP Foundation

The VGP Foundation received € 3 million start-up capital from VGP in the year 2020 of which € 1 million has been spent on the initial 16 support projects. In addition, VGP has provisioned a € 4 million contribution for the year 2021. Longer term, VGP has committed to contribute circa 1-2% of its annual profit into the VGP Foundation.

VGP FOUNDATION

10

Published **corporate responsibility report** in accordance with **GRI**-standards and completed **CDP** greenhouse gas emissions filing

We strive to provide consistent CR disclosure year-over-year for ease of comparison and actual performance measurement. In October 2020 we made our first filing for the CDP database which we aim to do annually going forward.

2 GRI (Global Reporting Initiative)-standard is the world's most widely used standard for sustainable reporting

3 CDP (Carbon Disclosure Project) is a not-for-profit charity that operates a disclosure system for investors, companies and governments to manage disclosure of their environmental impacts

Message from the CEO

This is a time like no other in our lives. The COVID-19 pandemic continues to produce uncertainty, stress and trauma in our communities.

Our number one priority has always been to keep our employees safe and protected, and we have taken the necessary actions to keep them safe, including enhancing home-work facilities, implemented additional cleaning and hygiene protocols throughout our facilities and providing protective equipment.

Over the past year, e-commerce and logistics, more than ever before, have proven an essential business and we try to do our part to support global coronavirus response efforts including ensuring our existing parks remain open and fully operational. New buildings are delivered on schedule to ensure logistics and particularly critical supplies could reach their destination on time. Furthermore, none of VGP workforce has been furloughed during this period, the Group has not taken any government relief and we have supported tenants with genuine cash flow problems caused by the pandemic by reprofiling repayments.

Whilst today it may seem difficult to think beyond the impact of the pandemic on families and communities which may make environmental and societal issues feel less urgent, we believe these conversations are critical—now more than ever.

The consensus of global climate scientists is that the planet is warming at a rapid pace, which is extremely likely due to human activities . We are currently on track for more than a 3-degree temperature hike by 2100 . This would render the planet unrecognizable and unlivable in many regions. We are already seeing the impacts of a changing climate, such as the melting of glaciers, the unprecedented wildfires in the US and Australia and the increase in extreme weather events locally across the globe. 2100 may seem like a long way away, but it's really not. My three-year-old daughter will be 82 and it will be her generation that feels the impact the most. Moreover, warming gets locked in many years in advance, like when you heat water up to boil. The coming years are therefore critical years to make a difference.

That is why we are excited to announce that VGP is committing to go carbon neutral by 2025.

While all construction projects started this year are already committed to constructing only to BREEAM Very Good or equivalent sustainable certification and with sustainability already a big part of who we are and what we do through VGP Renewable Energy, we have decided to take our efforts a leap further and pledge to be carbon neutral in 5 years.

Knowing systemic change is needed the most, I have realized we can do more. Now. With what is in our control. In the pages that follow, you will read how we have developed our sustainability strategy in the past year. We have an even deeper understanding of the business risks and opportunities of transitioning to a low-carbon footprint and have identified actions we will take.

Our aim is to also let our tenants benefit from our efforts towards driving sustainability by offering green energy foremostly but also by offering to assist them in making their businesses more sustainable in a cost-effective way.

We will continue partnering with our tenants, the municipalities in which we operate, and nonprofits globally so we all come back stronger and healthier from this.

This mindset of resiliency underpins everything we do at VGP in order to create more sustainable practices that strengthen our business in a changing world in which we work continuously towards Building Tomorrow Today.

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

1 NATO, "Scientific Consensus: Earth's Warming Climate": https://climate.nasa.gov/scientific-consensus/

2 World Meteorological Service, "2019 concludes a decade of exceptional global heat and high-impact weather": https://public.wmo.int/en/media/press-release/2019-concludes-decade-of-exceptional-global-heat-and-high-impact-weather

The Group

VGP is a 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 an owned and secured development land bank of 7.65 million m² and its 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 260 employees today owns and operates assets in 12 European countries directly and through joint ventures. As of December 2020, the Gross Asset Value of VGP, including the joint ventures at 100%, amounted to € 3.84 billion and the company had a Net Asset Value (EPRA NAV) of € 1.35 billion. VGP is listed on Euronext Brussels and on the Prague Stock Exchange (ISIN: BE0003878957).

OUR KEY FIGURES IN 2020	
Committed Annualised rental income	€ 185 Mio.
Number of tenancy contracts	289
Completed gross leasable area	3,310,000 m²
Green energy production installed	42.5 MWp
Green energy production pipeline	53.3 MWp
Number of employees	283
% men / % women – overall	57% / 43%
% men / % women – board	40% / 60%
% independent directors	60%

For more information, please visit www.vgpparks.eu

1 Including the joint venture at 100%
2 Completed gross leasable area including under construction (areas held through JVs accounted for at 100%)
3 Enabled green energy production through PV installations owned by third parties installed on roofs of VGP Parks (Including operational and installations under construction)
4 Enabled green energy production through own PV installations and PV installations owned by third parties installed on roofs of VGP Parks for which heads of terms have been agreed


conpax

Business **Principles**

As a family-owned business we aim to think across generations and therefore intend to operate in a responsible and sustainable manner. We aim to build our business on the basis of mutually prosperous, long-term relationships meaning we strive to create value and be a trusted partner to both our customers and the communities in which we operate. In our efforts to serve our customers and communities best, we are guided by these principles:

PEOPLE FIRST
working together,
safely and responsibly

INTEGRITY
establish trust by being
reliable, open and honest
to all stakeholders

SUSTAINABILITY
through a practical approach with
creative and sustainable solutions we
achieve building tomorrow today

CLIENT SUCCESS
we aim to deliver successful
results through rigorous
operational controls and
best possible solutions
for all stakeholders

Engaging
with stakeholders

We maintain an open dialogue with our stakeholders, including our investors, customers, employees, suppliers and the communities in which we operate. We seek feedback during our investor updates and client meetings. This has helped us to determine material sustainability priorities and the social impacts of our business. This in turn allows us to calibrate our targets and systems to manage, review and report on our ESG performance. Our Global Reporting Initiative (GRI) index at the end of this report demonstrates the full view of our updated 2021 ESG topics.

VGP IN DIALOGUE

Dialogue, conferences, meetings and calls with investors and analysts	**Capital markets**
Dialogue in context of joint projects, supplier due diligence, forums & conferences	**Suppliers**
Dialogue through meetings and conferences as member of local and pan-European associations	**Networks and associations**
Dialogue in the context of press releases, information events on new parks, trade fairs	**Media**
Dialogue in context of new initiatives and existing partnerships	**Business and joint venture partners**
Personal meetings, park visits, neighborhood conversations	**Local stakeholders**
One-on-one meetings/dialogue, answering questions	**Civil society and NGOs**
Dialogue with employees, driving forces, idea management, internal media	**Employees**
Dialogue (including in context of park/building design), social media, trade fairs	**Clients**

The 2030 Sustainable Development Goals

The Sustainable Development Goals (SDGs) were adopted in 2015 by the 193 United Nations (UN) member states. There are 17 goals which address economic, environmental and social impacts, and are designed to form a blueprint for good growth, nationally and internationally, by 2030. They're underpinned by 169 targets to help define progress. The SDGs provide a focus for how businesses, governments and civil society can tackle these challenges in order to promote a more sustainable future for all. They have helped to inform our thinking about where we can play a role. VGP contributes in different ways and to different degrees to all the SDGs. In line with UN Global Compact guidance, we have identified which goals are particularly relevant to us: where expectations, risks and opportunities for VGP are greatest, and where we can make the most significant contribution.

We list these priority SDGs in the table below. The list is substantially the same as last year except four major updates:

- we have introduced one new target, aiming for carbon neutrality under scope 1 and scope 2 by 2025
- we have updated our training course target beyond Code of Conduct training to achieve "Continuous learning" throughout our organization
- we have updated our solar PV target from 100 WMp to 200 MWp by 2025
- GRI aligned disclosure we already provided last year. From now on our ambition is to publish each year the data also in the CDP database

The progress for each target has been updated to reflect steps taken in 2020:

TARGET	PROGRESS
Achieve carbon neutrality under scope 1 and 2 by 2025 7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION	Analysed CO_2 footprint over FY2019 and set targets which will allow us to achieve carbon neutrality by 2025
200MW of solar PV in operation or under construction by 2025 7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION	Approximately 42.5 MWp installed or under construction across Europe Projects representing 53.3 MWp are currently in the pipeline

TARGET	PROGRESS
100% BREEAM Very Good or equivalent sustainability certification for all newly constructed buildings	100% of new construction projects across Europe are being environmentally certified (previously building standard was compliant but not certified) Combined with buildings previously certified this has resulted in 34.9% of the total portfolio certified or with certificate pending as of December 2020
Maintain >95% historical occupancy rate	As of Dec 2020, the average occupancy rate for the completed portfolio was 98.5% Since 2010 VGP has operated with an occupancy rate of >95%
Safe working environment	Targeting zero workforce fatalities We request employees, contracted workforce as well as suppliers of VGP to adhere to our new VGP Health and Safety Policy
Supply chain ethics	We conduct a supplier due diligence (based on our new Quality Management Handbook)
Gender equality	Our board consists of 60% female and 40% male members Overall gender ratio of the group is 43% female and 57% male
Continuous learning	Code of Conduct training is mandatory for all managers and is carried out throughout the organization
GRI aligned disclosures through CDP database	This report describes how we address corporate sustainability, including SDGs. This Corporate and Social Sustainability Report has been prepared in accordance with the GRI Standards – Core Option Our progress is reflected in the CDP database
1-2% of net profits annually to be invested into the VGP Foundation	The VGP Foundation received €3 million start-up capital from VGP in the year 2020 of which €1 million has been spent €4 million has been provisioned for 2021

Resilience
and integrity

In 2020, the Group has continued in strengthening its activities in the area of compliance and integrity and has reinforced its policies in order to preserve the integrity with which its business is conducted. A Code of Conduct has been issued and disseminated to all employees. The Code of Conduct describes the key principles of conduct for the business environment, in which the Group operates, covering such topics as health and safety, environmental regulation, competition policy, anti-corruption, no discrimination or personal data protection. Where required, it refers to specific group policies in particular areas. A training program in the area of compliance has been started last year. In spite of the limitations resulting from the impossibility of personal meetings caused by the COVID-19 pandemic, the training program continues through on-line video meetings, taking into account the growth of the Group's geographical coverage as well as headcount. Also, the Code of Conduct is progressively used in contracting with suppliers as a tool for promoting the responsible business approach throughout the supply chain.

Group-wide **rules of conduct**

The Code of Conduct sets out the shared values of integrity, compliance with local and international law, respect for employees and customers, the willingness to accept social responsibility, environmental awareness and an unequivocal stand against bribery and corruption. The Code of Conduct describes in clear terms the principles which the VGP Group must adhere to and provides a number of examples of potential violations as well as good practice.

The Code of Conduct is available on our Group-wide intranet. We use in-person and video-call trainings to familiarise employees with its contents and application in everyday scenarios. This training is mandatory for all employees having managerial responsibilities and is carried out regularly throughout the countries, in which VGP operates. There are a number of channels for reporting possible violations of the Code of Conduct, including a compliance hotline.


VGP

People

Company **culture**

The family ownership of the business transpires into a collegial team spirit across the company. Integrity means honesty and sincerity in what VGP does and adhering to open communication with issues being openly discussed and addressed as soon as possible. Mutual trust, respect for everyone and opportunity to grow with room for own initiative are important for our employees to feel rewarded and enjoy their work. We like to encourage "out of the box"-thinking – even if it sometimes goes wrong – because we still can learn from it. No fear of mistakes culture, but encouragement of initiative and responsibility. This is critical in order to be able to execute on the ambitious goals VGP has set for the years ahead.

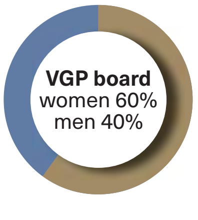
We operate in culturally diverse markets and we celebrate our differences. We support an inclusive and transparent workplace, free of harassment and discrimination, where all of our people can contribute equally to our commercial goals. VGP believes in equal opportunities for all employees. VGP does not make any distinction on the grounds of gender, religion, ethnic background or sexual orientation in its HR, recruitment and promotion policies or remuneration systems.

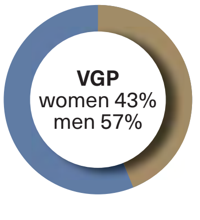
Performance and career development reviews are encouraged by senior management. These reviews are conducted on a constructive basis and personal level, generally always conducted by line management albeit the actual performance rate of conducting reviews are not monitored on a group wide basis.

At year-end 2020, the group had 283 employees spread over the 12 countries in which we are active. In 2020, the number of employees increased with 41.

We believe that supporting all people and promoting inclusion across our business and society makes the world a better place for all. We're committed to creating a diverse and inclusive culture that helps employees know they are valued, respected and empowered to bring their best ideas forward.

The gender split of the VGP staff at the end of 2020 is: 57% male – 43% female. Moreover, women continue to be well represented in our Board of Directors with 60% of the members being female. Our HR system does currently not register minority or vulnerable groups.





Staff **well-being**

This past year most effort in terms of staff well-being had to do with the management of the organization and our employees through the coronavirus pandemic.

As ways of working shifted dramatically with the COVID-19 pandemic, many of our employees had to transition to new processes, and modes of communication and collaboration. We hope that by having a foundation of involvement, fairness, respect, and equality we have been able to help our employees to adopt to new ways of working and interacting.

As every employee's situation is different, we have taken a personalized approach to fostering culture and enabling the changes as mentioned above. In order for everyone to be able to adapt to the virtual-working model which we rolled-out last year and which we, to a large extent, continue to use today, we believe it's important to engage employees in a continual two-way dialogue that takes into consideration their specific needs, allows them to configure their own journeys and provide personalized coaching by management.

As we believe the future will continue to require different working models and team structures, continuing to build and solidify such an integrated culture now will benefit us in the future.

Given the unique circumstances and explain the several steps taken we have addressed these points in the separate chapter below. Looking into 2021 we are focused on increasing the roll-out of our training practices. A number of new training programs have been rolled out. More detail in the chapter "Preparing Staff for Success".

Protecting our employees and stakeholders during coronavirus

At VGP Health and Safety is a core value reflected in the Respect for our Employees and Business Partners core business principle. In the face of the coronavirus pandemic we have continued to live up to this core value, acting quickly and with great solidarity to protect employees, contractors and all our stakeholders in the time of Coronavirus (Covid-19).

Overarching aim and objectives

We aim to safeguard the Health and Safety of our staff and partners, and ensure that the business does not suffer of inadequate planning or poor decision making in the time of Coronavirus. Our objectives are:

Protect the health and wellbeing of our people, their families, our stakeholders through medical preparedness and raising awareness

Maintain business activities through continuity planning and proactive supply chain management

Protect and strengthen long term relationships with our partners and the communities in which we operate

Management framework for corona advice and reporting

In early March 2020 we put in place a new management corona reporting dashboard and reporting framework to provide monitoring, guidance, advice and reporting on the preparedness of our country organizations. Our country organizations prepare their response and are accountable to comply with their national health regulatory requirements and the implementation of group-wide guidance.

Our global and local measures

We have put in place a range of group-wide and local measures to protect our teams and contribute to the containment of the disease. These measures include:

- Strict adherence to social distancing in operations and our offices
- Adaption of our Health and Safety guidance for all our operations in relation to COVID-19
- Strong promotion of digital (i.e., “contactless”) initiatives in our markets to replace face-to-face meetings where possible and enable tele-working
- Clear agreements to ensure the readiness of all our county teams in respect of the protection of our employees and contractors while on our site.

All these measures have been added to our standing practices to enforce and incentivize Health & Safety and safe business practices in the face of the Corona-crisis. We are constantly monitoring and adapting our approach for each country, carefully following developments as well as the instructions of local health authorities to help in every way we can.

Preparing staff for success

The integration of new digital systems should lead to an improvement of the corporate processes, the optimisation of the cooperation, as well as the quality and service for all stakeholders. In 2020 we started the implementation and roll-out of a new ERP-system, after the selection of the partner at the end of 2019. At the start of 2021 we have decided to significantly expand our training course targets beyond mandatory Code of Conduct training in order to achieve a “Continuous learning” environment throughout our organization. In addition to setting up systems and tailored programs for on the job technical courses including on sustainable building standards, health and safety and technical evolutions.

Health & safety

VGP is committed to the prevention of harm in our operations, extending to both our employees and contracted workforce. We request employees, contracted workforce as well as suppliers of VGP to adhere to VGP Health and Safety Policy. VGP will comply with applicable legislation and safety procedures at all building sites. In those few instances VGP is not acting as general contractor this is being conducted in close cooperation with the respective general contractor. VGP conducts inspections and assessments of potential areas of improvement during workplace visits and we are committed to identifying critical risks and applying controls to actively prevent incidents. We look to create a safe working environment and our ongoing target is for zero workforce fatalities in our operations whilst we drive an understanding that safety is everyone’s responsibility.

Supply chain **ethics**

VGP is committed to good business ethics and the protection of human rights across its supply chain. Our supply chain consists of small, medium and large-scale suppliers who we partner with to help deliver our property development and property and facility management activities. As part of our introduction of our Code of Conduct, VGP will impose compliance with its code on its suppliers. Furthermore, to mitigate the bribery risk of our suppliers, we conduct a supplier due diligence (based on the Quality Management Handbook). Our Code of Conduct requires the respective VGP manager responsible for the engagement to ensure proper due diligence is conducted, including the requirement to report any work which is subcontracted by a supplier. This review is generally always conducted under supervision of the respective technical director albeit the actual performance rate of conducting such reviews are not monitored on a group wide basis.

Sustainability

Addressing **climate risk**

The Paris Agreement for the first time brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so. The renewable energy directive 2018/2001/EU with implementation deadline of 30 June 2021 was introduced as part of the Clean energy for all Europeans package, aimed at keeping the EU a global leader in renewables and, more broadly, helping the EU to meet its emissions reduction commitments under the Paris Agreement. The new directive establishes a binding renewable energy target for the EU for 2030 of at least 32%, with a clause for a possible upwards revision by 2023. VGP supports the Paris Agreement goal to reduce global carbon emissions to limit the average temperature rise to below two degrees Celsius. In order to achieve this VGP has set its own emission reduction targets as described below based on its long-term target to achieve net-zero emissions before 2025.

Whilst our building standard for long has been BREEAM Very Good equivalent, we have stepped up actual certification efforts meaning since start of 2020 all new buildings get delivered with at least a BREEAM Very Good or equivalent certification. This minimum building standard is aimed at enhancing the durability of the portfolio and reduce the carbon footprint. With the actual certification in place this minimum building standard is transparent to all our stakeholders. In addition, we continue to invest capital into alternative energy sources across the parks which we already operate and we have under construction, in order to drive onsite energy solutions and drive towards carbon neutral operations at our parks.

Total lettable area environmentally certified
35% of the portfolio
1,155,000 m²

Sustainable use
of land and buildings

Our business model starts with the sourcing of prime land locations. With the land selection we look for locations close to ring roads with public transport access.

Our land sourcing strategy encompasses a careful selection process to ensure we minimize potential travel for both our customer's employees on site and logistics accessibility. In addition, our ambition is to increase the number of developments on brownfield land which will further support our effort to reduce our environmental impact and revitalise and repurpose often contaminated industrial wasteland. Moreover, as we will introduce sustainable features in terms of green areas our projects will restore and improve the biodiversity of such area.

Brownfield sites are often a soar on the local neighbourhood, particularly when the soil is contaminated or the site is increasingly abandoned, therefore a redevelopment can bring positive energy into such neighbourhood. Given these sites are often situated at prime locations in terms of proximity to the metropolitan areas, these are good for our customers. Further benefit is that workers are typically already more readily available and transport infrastructure is in place.

As part of a comprehensive strategy to advance environmentally sustainable solutions for our tenants and our own operations, VGP has enhanced its building standard in order to obtain BREEAM (Building Research Establishment Environmental Assessment Method) "Very Good" certificates (or equivalent) for all our construction projects since 2020 onwards.

Its multi-criteria approach distinguishes BREEAM from other methods. The building certification process evaluates land use, environmental aspects, the building process, water consumption, waste, contaminations, transport, equipment and materials, health and comfort, alongside energy consumption. Whilst, naturally, all new-build projects in the past were already completed as energy efficient as possible, separately from the certification process, since January 2020 we have ensured a certification for BREEAM Very Good or equivalent is obtained for every new building (see table), combined with buildings previously certified this has resulted in 1,155,000 m^2 total lettable area, or

34.9% of the total portfolio, has now been certified or had its certificate pending in December 2020.

VGP has accomplished an occupancy rate benchmark above 95% across its portfolio since 2010 (measured on a 6-months average). For us a high occupancy rate represents good business and sustainable use of the buildings we have created. It suggests our properties are well-located, adaptable to a variety of uses and are continuing to meet the needs of our customers.

BUILDINGS CERTIFIED DURING 2020

VGP Park Valsamoggia buildings A and B	BREEAM Excellent (BIU)
VGP Park Nijmegen building A	BREEAM Very Good
VGP Park München building A1	DGNB Gold
VGP Park Giessen – Lutzellinden building A	DGNB Gold (in progress)[1]
VGP Park Magdeburg-Sülzetal building A	DGNB Silver (in progress)
VGP Park San Fernando de Henares building C1 and C2	BREEAM Very Good (in progress)
VGP Park Lliçà d'Amunt building A, D and E	BREEAM Very Good (in progress)
VGP Park Valencia Cheste building A and B	BREEAM Very Good (in progress)
VGP Park Zaragoza building A	BREEAM Very Good (in progress)
VGP Park Timisoara building D	BREEAM Very Good (in progress)

1 (in progress): projects with building certificate issuance pending in December 2020

Sustainable energy usage

Whilst energy consumption in our parks is foremost the responsibility of our clients, it is VGP's long-term goal to create value by reducing the environment impact of its buildings. VGP does this by implementing energy-saving measures as well as enabling the production of clean energy sources. Sustainable building standards, energy-efficient design and construction of a building is vital to reducing energy demands within the building. Therefore, our goal to always ensure a minimum of BREEAM Very Good certification will further contribute to a reduction of the energy consumption of our future portfolio.

This high quality and certified building standard are applied in order to create sustainable value for tenants, shareholders and other stakeholders. Various improvements in building design and building management have been introduced in order to create such sustainable value. In the building design this includes measures to improve insulation and simultaneously improve the fit into the environment for example through the application of green roofs and facades, and solar panels. And in terms of the management systems, these are focused on improving transparency in terms of energy supply and usage. In the best case, all building and plant engineering functions can be monitored and operated via a central system. For this purpose, all sensors, drives and operating elements as well as user and technical systems (e.g. heating, ventilation, air conditioning, cooling) are integrated. All these monitoring, control, regulation and optimisation devices are managed with specialized software, the building control technology ("Gebäudeleittechnik" or "GLT"). GLT is the central tool of the building's energy manager as it collects all data from the sensors and controllers of a building. It logs and analyses the data statistically and displays it graphically. This way the energy manager has an overview of all technical processes within a building and can more easily identify potential savings. A summary of VGP's energy consumption for its operations including energy consumed from activities within VGP's operational control is below.

A high quality and certified building standard applied in order to create sustainable value for shareholders, tenants and other stakeholders

Examples in building design and management which are typically applied include:

- LED lighting in- and outside
- use of highly qualified and certified materials under ISO 14001
- sustainable use of materials including recycling of rubble granules
- use of precast concrete of highly durable quality
- installation of solar panels, where feasible
- energy-efficient cooling installations where required
- low-noise installations due to environmental factors
- water-saving sanitary facilities
- sustainable landscaping of the site
- sustainable (rain) water management
- if applicable refrigeration/freezing installation with leak detection systems and automatic in-block valves
- loading and unloading docks equipped with energy-efficient doors and airlocks
- electric car and truck charging facilities
- logistic traffic routes through the park and inside buildings designed for optimal transport and handling of freight traffic

A summary of VGP's energy consumption for its operations including energy consumed from activities within VGP's operational control is below.

Total fuel consumption within the organization

FY2019 ENERGY DATA	NON-RENEWABLE SOURCES	RENEWABLE SOURCES
Gas (GJ)	166.11	—
Electricity (MWh)	276.10	134.89
Fuels (diesel and gasoline) (GJ)	23,226,26	—
TOTAL	**24,386.35**	**485.62**

Carbon footprint **reduction strategy**

VGP conducted a carbon footprint analysis in order to better understand the climate impact of our day to day operations. On the basis of this analysis we have been able to understand where the current strengths and the improvement areas in terms of CO_2 emissions are. Furthermore, it is our intention to follow up on KPIs to allow us to reduce our climate impact. The annually updated balance gives us pointers on where the influencing factors for preventing greenhouse gas emissions are. So we can check whether we are on the right track for meeting our goals to reduce greenhouse gases.

Scope and methodology

The analysis was conducted based on the CO_2logic-approach (in line with PAS 2060 standard for Carbon Neutrality) which is based on the following principles:

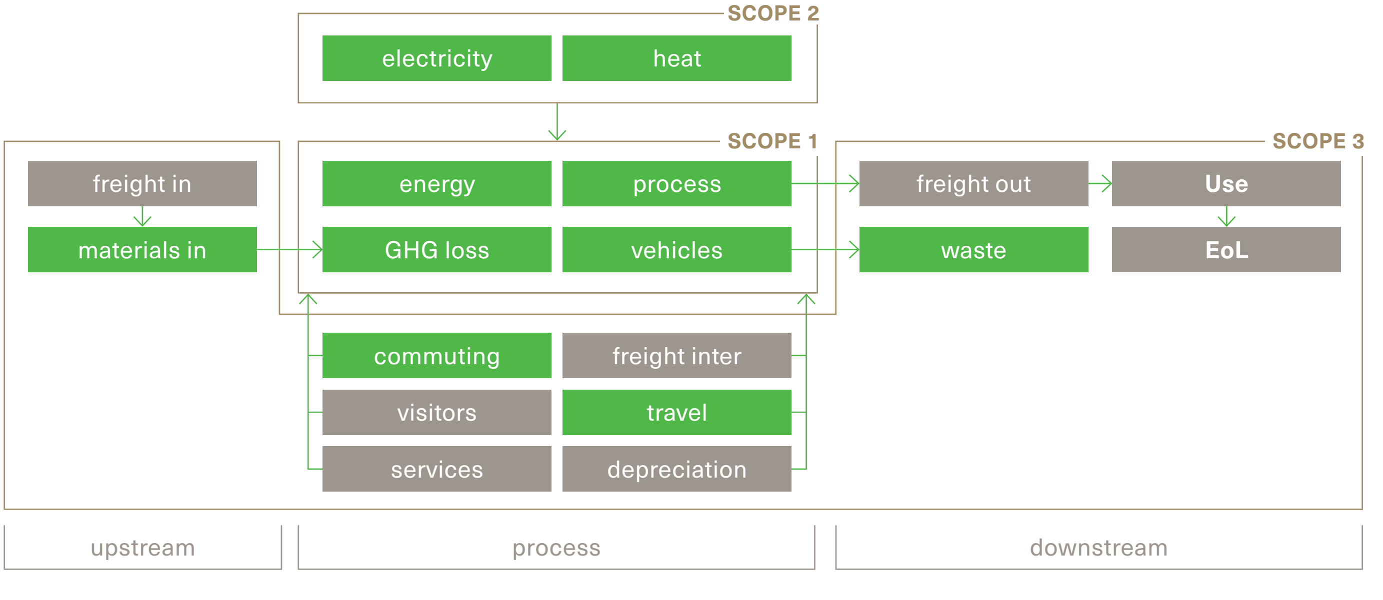
1. Calculating emissions (knowledge)
2. Reducing emission (action)
3. Offsetting emissions (taking full responsibility and show solidarity)
4. Communication (influence others)

For the analysis of our full scope 1 and full scope 2 emissions and a partial scope 3 analysis (*see text box*) the Bilan Carbone ® methodology has been used for the calculation of the carbon footprint. The methodology is recognized by the PAS 2060 standard for carbon neutrality, is compliant with the ISO 14064 standard and the GHG Protocol.

Not included within the scope of the analysis conducted in 2020 is a full scope 3 analysis, which would include amongst others the emissions of supply chain of our building materials and construction activities. Our building standard of BREEAM Very Good or equivalent certification ensures that emissions also for our construction activities (scope 3) is recognised and therefore the certification process encourages for our designs to be such that operational energy demand, consumption and CO_2 emissions are minimized. Over and above the individual building certification, it is our ambition to conduct a comprehensive full scope 3 analysis on a group-wide level in order to be able to take comprehensive initiatives for scope 3 emissions reduction where feasible on the basis of impact and influence.

The scope of VGP's carbon footprint calculations

FULL SCOPE 1 **which includes direct emissions related to:**	**FULL SCOPE 2** **including indirect emissions related to:**	**PARTIAL SCOPE 3** **including indirect emissions related to:**
— Heating of our own buildings and offices (natural gas/fuel) — Leased & owned vehicles — Cooling systems GHG losses	— Grid electricity (grey) — District heating	— Upstream emissions from scope 1&2 — Business travels (air-train) — Commuting (excl leased & owned vehicles which are already captured under scope 1) — Waste from our offices — Paper consumption



Total CO_2 footprint

Based on the analysis the total CO_2e emissions (direct + indirect) for VGP Group over the year 2019 were estimated at 2,308 tCO_2e. This emission can be translated in 227 times the annual CO_2 emission of a Belgian person or 397 ha of new forest needed to capture this amount in one year. This emission equates to a total CO_2e emission per FTE and per m^2 office surface of 9.7 tCO_2e/FTE and 0.6 tCO_2e/m^2. Both are KPIs which we will monitor going forward.

Mobility is responsible for 91% of VGP's total CO_2 e footprint with business travel (41%) and company cars (41%) being the two main contributors.

GHG emissions data

ENERGY	UNITS	2019
Scope 1	Tonnes CO_2	691
Scope 2	Tonnes CO_2	95
Scope 3[1]	Tonnes CO_2	1,522
Total	**Tonnes CO_2**	**2,308**

On the roofs of VGP Parks we have so far installed or under construction solar panels representing a total power generation capacity of 42.5 MWp. In addition, we are in discussion for the installation of a further 53.3 MWp.

Compensating the emissions are the existing PV systems in operation on VGP Park's roofs. The total 42.5 MWp installed or under construction equates to CO_2 emissions of 7,800 tCO_2 on an annual basis (see further detail in chapter "Creating value through renewable energy").

1 Scope 3 analysis conducted only partially – see for definition call-out box **"The scope of VGP's carbon footprint calculations"**

Long-term target to reach net-zero emissions before 2025

VGP derived its own emission reduction targets as described below based on its long-term target to achieve net-zero emissions before 2025. VGP commits to reduce scope 1 and 2 GHG emissions by 50 percent per ton of product by 2030 from base year by:

- Switch to electric cars
- Introducing a business travel policy which aims to replace flight travel as much as possible by train for trips <750km
- Replace business flight travel by teleconferencing for 20% of meetings
- Commuting: facilitate a switch to bikes for trips <10km distance
- Switch to green energy contracts for our office buildings
- Promote digitization to reduce paper consumption and waste

Furthermore, VGP commits to reduce scope 3 GHG emissions from purchased building and construction materials following the completion of a comprehensive full scope 3 analysis on a group-wide level. This analysis will enable us to take comprehensive initiatives for scope 3 emissions reduction where feasible on the basis of impact and influence.

Creating value through renewable energy

VGP Renewable Energy N.V. has been setup by the Group in 2020 to broaden the ability of the Group to assist our clients in making their businesses more sustainable in a cost-effective way. The objective of the Renewable Energy business line is to serve the Group's client base, by offering such clients an ability to assist with their green energy transition including

An ability to offer green energy
(produced on or off site)

Smart energy management
(including use of batteries and smart local grids)

Facilitate our clients in their transition towards a green (forklift-)truck and car fleet by **offering green electric and hydrogen charging facilities** and infrastructure at our parks

Generation to date

The large roofs of our logistics warehouses are very well suited for the installation of solar panels without imposing aesthetic damage to local communities. This allows the park and the immediate surrounding communities to have access to locally produced green energy. Thanks to their scale, solar panels are perfectly in line with decentralised energy production. This decentralised approach ensures more continuity and availability of energy at a specific industrial logistics park and its community. Moreover, clients can consume locally produced green energy.

On the roofs of VGP Parks we have so far installed or under construction solar panels representing a total power generation capacity of 42.5 MWp. In addition, we are in discussion for the installation of a further 53.3 MWp.

Based on German average emission standards[1], the total capacity installed and under construction is expected to realise a reduction in CO_2 emissions of 7,800 tCO_2 on an annual basis once operational in the course of 2021. This is sufficient energy for maintaining 13,400 households[2]. The pipeline projects are expected to add a further prevention of CO_2 emissions of 9,790 tCO_2 on an annual basis or enough energy for maintaining 16,800 households.

1 Emissionsbilanz erneurbarer Energietrager; Bestimmung der vermiedenen Emissionen im Jahr 2018; Umwelt Bundesamt; 37/2019

2 Ignoring peak vs trough production of a PV system; assuming households consume on average 3,171 kWh of electricity annually (www.energytransition.org: German 2018 household consumption)

We have 42.5 MWp of solar PV installed or under construction on our rooftops across the portfolio

VGP PARK	BUILDING	SURFACE (m^2)	PRODUCTION	STATUS
VGP Park Nijmegen	NLDNIJ – A1/A2	20,943	1,518	Operational
VGP Park Nijmegen	NLDNIJ – A3	21,388	1,548	Operational
VGP Park Nijmegen	NLDNIJ – A4/A5	19,221	1,743	Operational
VGP Park Roosendaal	NLDROO1 – A	41,149	3,899	Operational
VGP Park München	GERMUE – A1	5,860	748	Operational
VGP Park Göttingen	GERGOE – A	23,803	750	Operational
VGP Park Göttingen	GERGOE – A	19,189	750	Operational
VGP Park Göttingen 2	GERGOE2 – C	46,152	3,875	Under Construction
VGP Park Berlin 2	GERBER2 – C	26,061	750	Under Construction
VGP Park Berlin 2	GERBER2 – D	53,675	2,804	Operational
VGP Park Bischoffsheim	GERBIS – A	6,653	305	Operational
VGP Park Giessen - Buseck	GERBUS – A	5,642	748	Under Construction
VGP Park Lutzellinden	GERLUE – A	12,364	748	Operational
VGP Park Magdeburg	GERMAG – A	26,365	748	Under Construction
VGP Park Magdeburg	GERMAG – B	35,100	2,246	Under Construction
VGP Park Erfurt	GERERF – A	27,265	748	Under Construction
VGP Park Hamburg	GERHAM – A1	24,748	748	Under Construction
VGP Park Hamburg	GERHAM – A2	18,743	748	Under Construction
VGP Park Hamburg 2	GERHAM2 – B2	40,585	748	Under Construction
VGP Park Hamburg 3	GERHAM3 – C	23,679	748	Under Construction
VGP Park Hamburg	GERHAM – A5	13,166	750	Operational
VGP Park Hamburg	GERHAM – A4	12,295	745	Operational
VGP Park Frankental	GERFRA – A	57,458	4,011	Operational
VGP Park Bobenheim – Roxheim	GERBOB – A	23,269	1,809	Operational
VGP Park Leipzig (Messe)	GERLEI – A1	2,497	531	Operational
VGP Park Leipzig (Messe)	GERLEI – A2	9,629	745	Operational
VGP Park Leipzig (Messe)	GERLEI – B1	24,629	1,490	Operational
VGP Park Borna	GERBOR – A	13,617	748	Under Construction
VGP Park Wetzlar	GERWET – B	5,162	750	Operational
VGP Park Ginsheim	GERGIN – A	9,600	748	Under Construction
VGP Park Dresden	GERDRE – A	20,175	750	Operational
VGP Park Schwalbach (DEU 3)	GERSCH – A	8,386	645	Under Construction
VGP Park Soltau	GERSOL – A	55,812	748	Under Construction
VGP Park Höchstadt	GERHOE – A	15,000	748	Under Construction
VGP Park Valsamoggia	ITAVAL – B	14,499	301	Operational
VGP Park Valsamoggia	ITAVAL – A	6,678	48	Operational
TOTAL		**790,456**	**42,489**	

Projects representing a further 53.3 MWp are currently in the pipeline

VGP PARK	BUILDING	SURFACE (m^2)	PRODUCTION (kWp)
VGP Park Roosendaal	NLDROO1 – B	9,576	940
VGP Park München	GERMUE – A2	5,860	750
VGP Park München	GERMUE – A3	5,860	750
VGP Park München	GERMUE – A4	3,907	500
VGP Park München	GERMUE – A5	3,907	500
VGP Park München	GERMUE – B	27,344	3,500
VGP Park München	GERMUE – C	19,532	2,500
VGP Park München	GERMUE – E	12,500	1,600
VGP Park München	GERMUE – PHN	3,907	500
VGP Park München	GERMUE – PHS	3,135	400
VGP Park Göttingen	GERGOE – B	38,506	2,994
VGP Park Göttingen 2	GERGOE2 – C	30,000	4,200
VGP Park Göttingen 2	GERGOE2 – E	6,046	847
VGP Park Berlin 2	GERBER2 – B	9,716	1,362
VGP Park Berlin 2	GERBER2 – C	26,061	3,649
VGP Park Giessen – Buseck	GERBUS – A	12,486	1,748
VGP Park Laatzen	GERLAA – A	54,728	3,250
VGP Park Laatzen	GERLAA – B	11,659	1,600
VGP Park Laatzen	GERLAA – D	3,907	499
VGP Park Chemnitz	GERCHE – A	12,616	1,766
VGP Park Magdeburg	GERMAG – A	26,365	1,497
VGP Park Magdeburg	GERMAG – B	35,100	750
VGP Park Erfurt	GERERF – A	27,265	1,638
VGP Park Hamburg	GERHAM – A1	24,748	1,417
VGP Park Hamburg	GERHAM – A2	18,743	892
VGP Park Hamburg 2	GERHAM2 – B2	40,585	2,803
VGP Park Hamburg 3	GERHAM3 – C	23,679	1,323
VGP Park Hamburg 2	GERHAM2 – B1.1	34,467	3,016
VGP Park Hamburg 2	GERHAM2 – B1.2	23,004	2,013
VGP Park Soltau	GERSOL – A	55,812	4,136
TOTAL		**611,022**	**53,339**

VGP Renewable Energy can facilitate our clients in their transition towards a green truck and car fleet

Our imminent target is to expand the roll-out of photo-voltaic installations on the roofs of our parks – not by renting out our roofs to PV investors but by investing and operating such PV systems ourselves, in cooperation with our tenants.

Ultimately our goal is to capitalize, not only on the available roof space for PV systems but on the most current energy technologies available across the entire spectrum of renewable energy production and storage relevant to the tenants at our parks and sites. This is to do good for our tenants – as obtaining sufficient supply of (sustainable) energy sources and emissions are increasingly key constraining factors – and municipalities, but we also believe that due to a combination of better technology, lower prices, and the benefits of scale, we will be able to make such investments at increasingly attractive terms for our shareholders.

Green Finance
Framework

In 2019, VGP drew up a Green Finance Framework which provides clear, transparent insight into the criteria that facilitate investments into renewable energy projects, energy efficiency and ecologically sounds measures for logistics property, in order to reduce CO_2 emissions and achieve a carbon-neutral environment.

This Green Finance Framework offers VGP a general framework for the issue of Green Bonds, Green Private Placements and/or Green (Syndicated) Loans.

The independent non-profit research institute Centre for International Climate and Environmental Research (CICERO) has confirmed that this financing program is in line with the Green Bond Principles. Based on the foreseen minimum BREEAM Very Good certification of our building projects, a considerable part of the anticipated capital expenditure for 2021 is expected to amount to the eligible assets. Further information about our financing and future emissions can be found in the Investor section on our website[1].

- Green Financing Framework classified as “Medium Green”
- Governance framework classified as “Good”
- Green Financing Framework in-line with the Green Bond and Green Loan principles

°CICERO
Center for International
Climate Research

°C
°CICERO
Medium Green

Fair
Good
Excellent
°C

1 www.vgpparks.eu/en/investors

photo © ANCOT

Society —
VGP Foundation

The VGP Foundation was founded in 2019 and is a registered Belgian private foundation ("private stichting") under number 0735.540.607.

The VGP Foundation received €3 million start-up capital from VGP in the year 2020 and in addition, VGP has provisioned €4 million for the year 2021. Longer term, VGP has committed to contribute circa 1-2% of its annual profit into the VGP Foundation. Additionally, VGP offers in-kind funding through the provision of expert volunteers, community volunteers, products and services. It also provides office space, IT and travel support, and hosts the Foundation's website.

Three focus areas

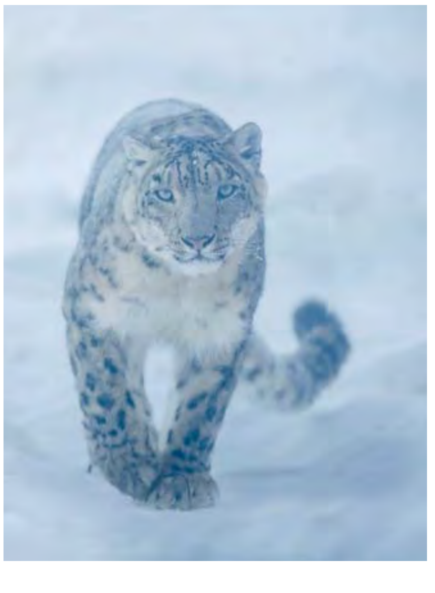
The foundation will focus on three main areas:

1/ Supporting education for children and young people in need

As VGP has an impact on local communities, the VGP Foundation wants to support social projects focused on education and child care

2/ Preservation and creation of biospheres and nature conservation zones

As VGP turns green fields into economic fields, the VGP Foundation wants to engage in projects encouraging nature conservation, such as creating permanent biotopes



3/ Protection of European cultural assets and heritage

VGP operates on a pan-European basis and we believe in the dream of uniting all people of Europe. We want to support European cultural heritage through conservation and protection of heritage buildings

Project case study
TAJO – Talent workshops for disadvantaged youngsters

Interview with Claudia van Egmond
(Managing Director of TAJO)

Despite all efforts, social vulnerability continues to deny opportunities. To seize those opportunities, they must first be presented to young people. With TAJO, we stimulate the motivation of young people. The youngsters get a glimpse of what "later" has in store so that they better understand the importance of "doing your best for later". At TAJO, interactive Saturday workshops introduce young people aged 10-14 to a wide range of professions and the skills and talents that go with them.

Experienced professionals, who act as guest teachers, teach numerous disciplines (care, journalism, entrepreneurship, culture, ...). These workshops are conducted enthusiastically and experientially. This way, young people can experience for themselves which fields of study appeal to them and are encouraged to study in a direction that will take them further, at school and in life. TAJO is there for everyone, but with priority for those who need it most.


photo © TAJO

TAJO is the abbreviation for a talent studio for young people. It is a non-profit initiative started in Ghent/Belgium with a clear purpose: **Promoting a successful educational pathway for youngsters** between the age of 10 and 14, with special attention for those kids who need it the most. Visit website **tajo.be**

photo © TAJO

TAJO's Objective

"Two years ago, we at TAJO identified the need for an answer to the question why families in vulnerability do not progress, and why the children of these families are not assisted in discovering their talents, developing self-confidence, and building an educational network."

We learned repeatedly that education is a decisive factor in determining what social opportunities and which social environments are available to an individual. Investing in education is a keyway of improving the prospects of those who come from socially disadvantaged backgrounds.

Tajo aims to provide young stars who are about to enter high school with a decision-making basis for their future. *"We accompany these young stars voluntarily on a three-year-journey. During this time, we give them the opportunity to find their talents, discover their personality and develop self-confidence in weekly Saturday workshops."* TAJO brings approx. 120 young stars closer to society and supports them on their journey with its approx. 500 Volunteers, Experts, and educational Staff in two Locations in Gent, Belgium. TAJO's experts pass on their passion and knowledge to the young stars in the workshops and provide them with extracurricular knowledge to offer the children a brighter future.

During the Covid-19 pandemic, TAJO was up to the challenge of maintaining the network and supporting the young stars despite the lockdown. With personal and elaborate diploma ceremonies at the families' homes, the TAJO volunteers were able to bridge the time professionally and ensure a constant exchange. Thanks to the small teams, TAJO was able to continue with its Saturday workshops as usual after the lockdown.

Call-to-Action & Future

TAJO's objective for the future is to collectively, all together, help society and establish a concept that will sustainably help ensure more high school diploma completion. TAJO is the only proactive initiative to support children at this important age when they must make crucial decisions for their future. *"Children at this age want to know a lot and find their talents, we at TAJO try to support them as much as possible on their way."*

The project aims to be copied and implemented not only in the city of Gent, but also in other Belgium and European cities.

VGP Foundation – **Governance**

Registered as a private foundation in Belgium, the VGP Foundation operates in accordance with charity regulations. All partners of the VGP Foundation are required to define KPIs and report on the progress of joint projects at the end of each quarter. Additionally, the VGP Foundation will follow its own transparent, KPI-led reporting process to ensure the best allocation of funds and resources.

The board of the VGP Foundation consists of five members today. The VGP Foundation's charter foresees a board of six members, including three directors who are independent from VGP. The Board has full responsibility for the strategy, policies, performance and operations (including the management of funds) of the VGP Foundation. It also makes the final decision on all projects run as part of the Foundation's programs.

Jan Van Geet
initiator and founder

Jan Van Geet is the founder and CEO of VGP. He has overall daily as well as strategic management responsibilities of the Group. He started in the Czech Republic in 1993 and was manager of Ontex in Turnov, a producer of hygienic disposables. Until 2005, he was also managing director of WDP Czech Republic. WDP is a Belgian real estate investment trust. In September 2019 he founded on behalf of VGP the VGP Foundation as an independent charity.

Olaf Tschimpke

Mr. Tschimpke is currently Chairman of the NABU International Nature Conservation Foundation. Founded in 2009 by the NABU (Nature and Biodiversity Conservation Union), Germany's largest nature and biodiversity conservation association, it aims to protect natural heritage worldwide. The foundations' international project funding is focused on climate protection and the conservation of biological diversity. Until 2019, Tschimpke served as. President of the NABU and was Deputy Chairman of the Council for Sustainable Development of the German Federal Government from 2012 to 2019. Since 2017 member of the German steering committee for science "Sustainability 2030"; advisory board of the German Industry Initiative for Energy Efficiency; Chairman of the curator-board of the Nature Conservation Foundation History; member of the curatorship of the Michael Otto Foundation and the Hanns R. Neumann Foundation. He is also a member of the ZDF Television Council.

Prof. Dr. Anne De Paepe

Prof. Dr. Anne De Paepe is currently Chairperson of the Board of Directors of the Ghent University Association, Honorary Rector of Ghent University and Professor of Human & Medical Genetics of the Faculty of Medicine & Health Sciences at Ghent University. An expert in the field of Rare Hereditary Diseases and Medical Genetics, she developed the Ghent University Centre for Medical Genetics into an internationally renowned institution where more than 200 people are researching hereditary diseases today. In doing so, she not only pioneered scientific research but also translated her findings to her clinical work as an M.D. She is also a pioneer as the first female Rector at Ghent University, a leading Belgian research and teaching institution. Since 2019 she has been actively involved with TAJO as a Board member, supporting disadvantaged children in the greater Ghent-area in Belgium.

Tereza Van Malderen

Tereza Van Malderen graduated from the Academy of Art in Prague and spent afterwards more than 20 years engaging in the world of art on many different levels. She has been actively involved in several different charitable projects nationally as well as internationally, especially in the domain of cultural heritage.

Hugo Van Geet

Hugo Van Geet is the founder of VGD, chartered accountants and tax advisers, an office he founded and helped develop into a medium-sized European partnership of certified accountants and tax advisers.
Mr Van Geet has a close relationship with leading Flemish entrepreneurial families of international business renown, and advises many of these families on business and family-related issues. As such, he also holds positions in several board of directors. Classical music is an important factor in his daily life, he organizes concerts at a high level, created his own opera and, at the request of the Flemish government, is also the chairman of the Antwerp Symphony Orchestra. Although he has a financial and regulatory background, Hugo has a broad interest in nature conservation, European cultural heritage and sustainable agriculture.

Approved projects **2020**

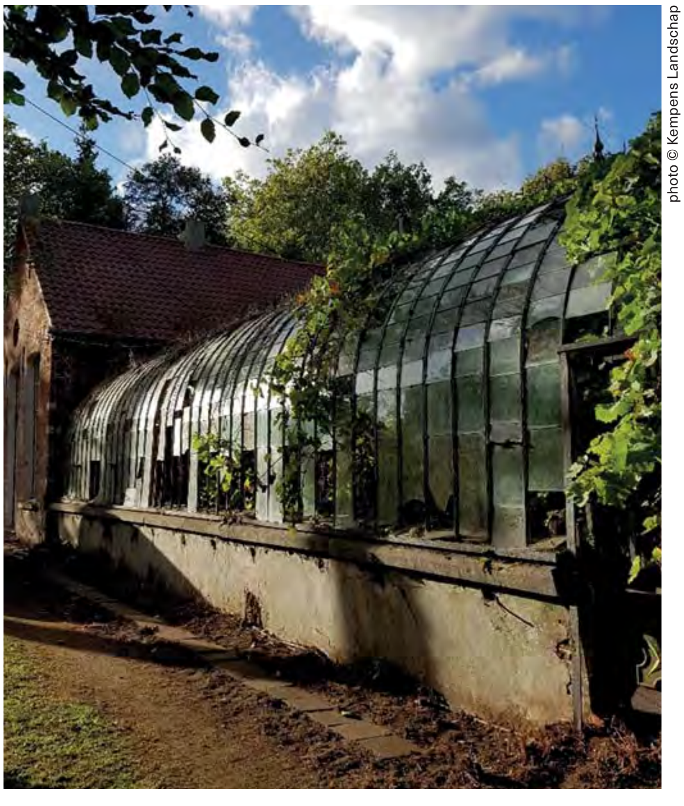


photo © Kempens Landschap

CULTURE

Hof Ter Laken

Belgium

Hof Ter Laken is a twelfth century country estate in neo-Flemish Renaissance style, situated in Booischot, Belgium. This restoration project is led by Kempens Landschap, a Foundation focused on restoring and maintaining historically significant landscape in Antwerp province. The VGP Foundation will conditionally contribute towards the reconstruction of the greenhouse and aviary at the estate. The aim is to give the entire site a new function with high social added value whilst respecting the heritage.

CULTURE

Spanish Riding School Vienna

Austria

VGP Foundation is supporting the renovation works on the cultural heritage site of the Spanish Riding School in Vienna. While ticket sales cover basic operational costs (maintained by state subsidies during Corona pandemic), the SRS lacks the financial means to maintain and repair the older support buildings.

CULTURE

Restoration of a castle

Czech Republic

Whilst there are many famous and well looked after castles open for visitors in the Czech Republic, there are also many which have long been abandoned or not been properly maintained. Various estates are currently being analysed against our investment criteria. We try to look at the estate and its landscape from an integral point of view, thereby seeking a balance between an ability to preserve precious cultural heritage with its natural surroundings versus sustainable economical usage through a potential future (social) function.

SOCIETY

Talent workshops for disadvantaged youngsters

Belgium

VGP Foundation is providing financial support to TAJO, which is the abbreviation for talent studio for young people. It is a non-profit initiative started in Ghent/Belgium with a clear purpose: Promoting a successful educational pathway for youngsters between the age of 10 and 14, with special attention for those kids who need it the most.

NATURE

Protection of Insects: Insect scout campaign

Germany

The biomass of flying insects decreased within 27 years by up to 75 percent. At the same time the insects in their diversity are not only an irreplaceable food source for other animals, almost all plants are pollinated by insects. In order to draw attention to the dramatic situation, NABU has called for an interactive campaign – "The Insect Summer". Insect scouts are to enthuse the world for insects and support with the identification of insects. VGP Foundation is supporting the project, which aims to build up a network of experts and from 2021 to 2022 in total 32 people, spread over all states, are to be trained.

photo © NABU

NATURE

Project coordination by NABU International

Germany

Coordination of activities, including project contracts with local partners, monitoring, accounting and regular reporting on all active nature conservation projects led by NABU International in which VGP Foundation participates.

NATURE

Peatland Restoration

Baltics

While only 3% of the global land area is peatland, they store twice as many green-house gases as all the forests on earth. The protection and restoration of peatlands is therefore an efficient means for ecosystem-based climate protection and restoration. At the same time, as wetlands they are of central importance for the protection of species. VGP Foundation, together with and supported by NABU International, is planning to purchase high-value bog areas in the Baltics that are acutely threatened by drainage in order to restore the water balance and protect the natural habitat.

NATURE

Protection of the Carpathians

Romania, Ukraine

Uncontrolled cutting down of trees, poaching, lack of waste management system, exhausting business projects, and climate change lead to Carpathian forests being in the zone of ecological risk. The local population of depressed remote rural areas are traditionally accustomed to forest exploitation. NABU International in cooperation with NGO's, national parks and the Church community both in the Ukraine and Romania want to provide local people with alternative practical examples of life activities and sustainable development in the Carpathians' unique ecosystems. The main goal of the project which VGP Foundation supports is to develop and then implement an educational program for children and youth in rural areas of the Carpathians. The aim is to reach circa 45,000 children and adults during the project implementation.

NATURE

Protection of the Ebro Delta

Spain

The Ebro Delta is one of the most important bird areas in Catalonia, Spain. Here 300 species of birds, ducks, herons, waders, gulls, coots and flamingos breed, rest or winter. The Ebro Delta is the second largest wetland in Spain. One third of the delta is a nature reserve. The reserve is partly managed by NABU's Spanish partner Sociedad Espanola de Ornitologia (SEO). The bird paradise was severely devastated by storm Gloria in 2019. The storm also heavily damaged and rendered uninhabitable the 80-year-old house in which the SEO volunteer caretakers of the sanctuary live. VGP Foundation is helping in repairing the house.

NATURE

Protection of the Snow Leopard in Kyrgyzstan

Kyrgyzstan

For the protection of snow leopards, which are among the most endangered big cats on earth, NABU, in close cooperation with NABU Kyrgyzstan, will build in 2021 a new rehabilitation centre in Terek (the Kemin district of the Chui region). The old, outdated, and risky cages will be replaced. Moreover, an environmental education centre will be set up. During the first month of the project, the new territory has been cleaned; the road to the future centre was repaired. In the next month, the roof and the house will be renovated.

NATURE

Protection of the Snow Leopard in Tajikistan

Tajikistan

Due to the growing population of mountain communities in the highlands, conflicts with snow leopards are becoming more and more frequent. In some cases, they have already led to the killing of the strictly protected species by shepherds protecting their farm animals. The construction of snow leopard-safe stables and implementing a compensation/insurance system is the most effective method to solve the conflict – also the project's main goal which is led by NABU, in cooperation with ANCOT. In the first month after the project launching, 7 villages of Bartang valley have been visited.

photo © ANCOT

NATURE

Protection of migrating birds

Cyprus

Every year more than 2 million birds are being killed in Cyprus alone through illegal poaching. The importance of education and public awareness is crucial to protect the millions of birds migrating via the Mediterranean. The aim of the project, which VGP Foundation is supporting and is led by NABU International, is to encourage nature protection at a grassroots level to make three Cypriot villages more avi-fauna friendly and become a model for other villages to follow. In addition, the project foresees the addition of a Education & Awareness space to the wildlife rehabilitation centre.

NATURE

Restoration of Jizerské smrčiny

Czech Republic

The Jizerské smrčiny is a location of special natural habitat in the central part of the plateau of the Jizera Mountains. There are a number of specially protected and endangered species of plants and animals in the area. Due to a long period of cultivation of monocultural forests and often inappropriate farming methods rapid water run-offs are increasingly endangering the area. The project, supported by VGP Foundation and led by the Ivan Dejmal Foundation for nature conservation, aims to cut unoriginal trees, plant new trees and build water retaining dams and baffles.

NATURE

Increasing stability of forest covers in Liberec region

Czech Republic

The forest areas of six towns in the Liberec region has for long witnessed a general decrease in biodiversity, caused by unsuitable composition of the forest and an overpopulation of cloven-hoofed animals. The aim of this project is to restore the biodiversity by planting diverse trees and placing fencing. The project is led by Ivan Dejmal Foundation and is supported by VGP Foundation.

NATURE

New networks for the Eastern Imperial Eagle

Europe

The breeding grounds of the endangered Eastern Imperial Eagle extend from south eastern Central Europe to Lake Baikal in Siberia. The European population is estimated at 1,100 to 1,600 breeding pairs. Populations in Eastern Europe are now highly fragmented. The aim of the project supported by VGP Foundation and led by NABU International, is to improve the conservation measures for the Eastern Imperial Eagle by transferring knowledge between existing conservation projects and closing knowledge gaps. The focus lies on the investigation of relevant factors for a recolonization of former habitats and the investigation of potential threat factors in the wintering areas.

NATURE

ARISTEU Bee Project

Europe

The bee population in Europe is dramatically decreasing – threat for plants and crops, resulting in low levels of honey production in Europe because of industry, climate change and diseases. The aim of the project is to create growing social and business awareness for the bees by placing bee hives in selected VGP parks. The hives will support local bee colonies and thereby support pollination in the local neighbourhood. The project supported by VGP Foundation is led by ARISTEU in cooperation with Esclatec, a foundation focused on catering to the needs of people with disabilities.

2020 approved funding
split by focus areas

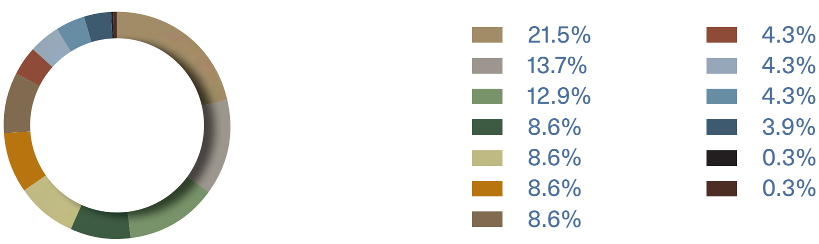
2020 Funding areas

FOR THE YEAR ENDED 31 DECEMBER 2020

PROGRAM FOCUS AREA	€
Cultural heritage	350,000
Nature conservation	712,100
Social projects	100,000
Total projects approved	1,162,100

Approved projects: 16 projects approved with funds allocated to 13 projects so far

SPLIT OF ALLOCATED FUNDS PER PROJECT
(split based on Euro amount approved)



About this report

This Corporate Responsibility Report describes how we address corporate sustainability, how we implement our sustainability strategy, the policies and guidelines we observe, the targets we have set ourselves including the Sustainable Development Goals (SDGs) and our main achievements. This Corporate Responsibility Report has been prepared in accordance with the GRI Standards: Core Option. and has not been externally audited. The GRI Content Index can be found below.

CRITERIA	DESCRIPTION	REFERENCE
102-1	Name of the organization	VGP NV
102-2	Activities, brands, products and services	VGP is a 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 and commited) of 7.65 million m^2 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 260 employees today owns and operates assets in 12 European countries directly and through VGP European Logistics, VGP European Logistics 2 and VGP Park München, joint ventures with Allianz Real Estate
102-3	Location of headquarters	Uitbreidingstraat 72, 2600, Berchem (Antwerp), Belgium
102-4	Location of operations	Office locations (for park locations refer to our website: www.vgpparks.eu/en/properties/): Vienna, Austria; Prague, Czech Republic; Jenišovice u Jablonce nad Nisou, Czech Republic; Dusseldorf, Germany; Gyor, Hungary; Segrate (Milan), Italy; Riga, Latvia; Luxembourg, Luxembourg; Den Bosch, Netherlands Porto, Portugal; Bucharest, Romania; Bratislava, Slovakia; Barcelona, Spain; Madrid, Spain; Zaragoza, Spain
102-5	Ownership and legal form	Ownership information can be found on our website: https://www.vgpparks.eu/en/investors/shareholding/ Legal form of the group is Naamloze Vennootschap ("NV") which is a type of public limited company defined by business law in Belgium
102-6	Markets served	https://www.vgpparks.eu/en/about/
102-7	Scale of the organization	https://www.vgpparks.eu/en/about/
102-8	Information on employees and other workers	See disclosure in relation to People on page 125
102-9	Supply chain	See section on Supply chain ethics on page 128

CRITERIA	DESCRIPTION	REFERENCE
102-10	Significant changes to the organization and supply chain	Change includes the launch of a third joint venture with Allianz Real Estate since June 2020 as disclosed in the annual report
102-11	Precautionary Principle or approach	VGP applies the precautionary principle to risk management
102-12	External initiatives	United Nations Sustainable Development Goals GRI PAS 2060 standard for carbon neutrality and the GHG Protocol
102-13	Membership of associations	Professional membership of various associations in the countries in which we operate Professional member of European Public Real Estate Association
102-14	Statement from senior decision-maker	CEO letter on page 115
102-16	Values, principles, standards and norms of behaviour	See page 106 and description of the business principles on page 118
102-18	Governance structure	https://www.vgpparks.eu/en/investors/corporate-governance/
102-40	List of all stakeholder groups	See section on Engaging with stakeholders on page 119
102-41	Collective bargaining agreements	VGP is not opposed to collective bargaining however to date there is no collective bargaining agreement in place
102-42	Identifying and selecting stakeholders	See section on Engaging with stakeholders on page 119
102-43	Approach to stakeholder engagement	See section on Engaging with stakeholders on page 119
102-44	Key topics and concerns raised	Captured in our material aspects
102-45	Entities included in the consolidated financial statements	See annual report
102-46	Defining report content and topic boundaries	See section About this report on page 150
102-47	List of material topics	See page page 120 and page 121
102-48	Restatements of information	No restatements have been made compared to the prior year Corporate Responsibility report
102-49	Changes in reporting	The list of material topics is substantially the same as last year except four major updates as described on page 120 A section on Protecting our employees and stakeholders during coronavirus has been included on page 127
102-50	Reporting period	Reporting period is 12 months, applying the calendar year
102-51	Date of most recent report	The previous report is the Corporate Responsibility report 2019 which was published on 10 March 2020. The report is available on the website: https://www.vgpparks.eu/media/2264/vgp_corporate-responsility-2020_eng_web.pdf?ver=210
102-52	Reporting cycle	We foresee to continue publishing a Corporate Responsibility report on an annual basis. Our financial reporting is on a semi-annual basis.
102-53	Contact person for questions regarding the report	martijn.vlutters@vgpparks.eu
102-54	Claims of reporting in accordance with the GRI standard	This report has been prepared in accordance with the GRI standards: Core option

CRITERIA	DESCRIPTION	REFERENCE
102-55	GRI content index	Included
102-56	External assurance	No external assurance is provided over the Corporate Responsibility report
201-1	Direct economic value generated and distributed	See FY 2020 results press release as released dd 26 February 2021
201-2	Financial implications and other risks and opportunities due to climate change	See Addressing Climate Risk on page 129
205-1	Operations assessed for risks related to corruption	See section on resilience and integrity on page 122
205-2	Communication and training about anti-corruption policies and procedures	Senior management has been trained and a training program is being conducted throughout the organization including all countries in which the Group operates in order to preserve the compliance culture
205-3	Confirmed incidents of corruption and actions taken	There were no instances of corruption identified during this period
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	VGP is not subject to legal actions related to anti-competitive behaviour, anti-trust, and monopoly practices
302-1	Energy consumption within the organization	See section on sustainable energy usage pages 131
302-4	Reduction of energy consumption	Information unavailable as over the past year the full consumption has been monitored for the first full year, i.e. like-for-like comparison will be first available next year
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Ecologists are engaged to research, identify and report on threatened species, terrestrial or aquatic, on development sites
305-1	Direct (scope 1) GHG emissions	See Total CO_2 footprint on page 133
305-2	Energy indirect (scope 2) GHG emissions	See Total CO_2 footprint on page 133
305-3	Other indirect (scope 3) GHG emissions	See Total CO_2 footprint on page 133
305-5	Reduction of GHG emissions	See Carbon footprint reduction strategy page 133
306-2	Management of significant waste related impacts	See Long-term target to reach net-zero emissions before 2025 on page 134
306-3	Composition of waste generated	Total waste emissions are 4.7 tCO_2e, or 0.2% of total emissions. 82% of waste emissions result from residual waste, while only representing 32% of the generated waste. Whereas paper waste caused only 16% of waste emissions and 64% of waste generation. Waste emissions are mainly calculated based on an extrapolation of data from the Belgian office (residual, paper and plastic waste) or benchmark data when extra fractions were sorted
306-5	Waste directed to disposal	VGP does not transport hazardous waste as part of day-to-day operations. If remediation is required, within the development of a project, VGP appoints principal contractors to complete works in accordance with applicable law and regulations. No occurrences of significant spills were identified

CRITERIA	DESCRIPTION	REFERENCE
307-1	Non-compliance with environmental laws and regulations	No significant breaches of environmental laws
401-3	Parental leave	All employees are entitled to parental leave; information on parental leave take-up and return rates is not available at this stage
403-1	Occupational health and safety management system	See section on Health & Safety on page 128
403-2	Hazard identification, risk assessment and incident investigation	See section on Health & Safety on page 128
403-3	Occupational health services	See section on Health & Safety on page 128
403-4	Worker participation, consultation and communication on occupational health and safety	See section on Health & Safety on page 128
403-5	Worker training on occupational health and safety	Not reported
403-9	Work-related injuries	Not reported
404-3	Percentage of employees receiving regular performance and career development reviews	See section on Company culture on page 125
405-1	Diversity of governance bodies and employees	See section on Company culture on page 125
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	VGP does not prohibit or restrict freedom of association
413-1	Operations with local community engagement, impact assessments, and development programs	See section on VGP Foundation on pages 140–149
414-1	New suppliers that were screened using social criteria	See section on supply chain ethics on page 128
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no reported incidents


SALIDA

Portfolio

Germany

01 VGP Park Hamburg
02 VGP Park Soltau
03 VGP Park Leipzig
04 VGP Park Leipzig Flughafen
05 VGP Park Berlin
06 VGP Park Berlin Oberkrämer
07 VGP Park Ginsheim
08 VGP Park Schwalbach
09 VGP Park München
10 VGP Park Bingen
11 VGP Park Rodgau
12 VGP Park Höchstadt
13 VGP Park Borna
14 VGP Park Bobenheim-Roxheim
15 VGP Park Frankenthal
16 VGP Park Wustermark
17 VGP Park Göttingen
18 VGP Park Göttingen 2
19 VGP Park Wetzlar
20 VGP Park Halle
21 VGP Park Dresden - Radeburg
22 VGP Park Bischofsheim
23 VGP Park Giessen-Buseck
24 VGP Park Giessen-Lutzelinden
25 VGP Park Giessen Am alten Flughafen
26 VGP Park Chemnitz
27 VGP Park Magdeburg
28 VGP Park Laatzen
29 VGP Park Einbeck
30 VGP Park Erfurt
31 VGP Park Rostock

The Netherlands

68 VGP Park Nijmegen
69 VGP Park Roosendaal
70 VGP Park Moerdijk

Spain

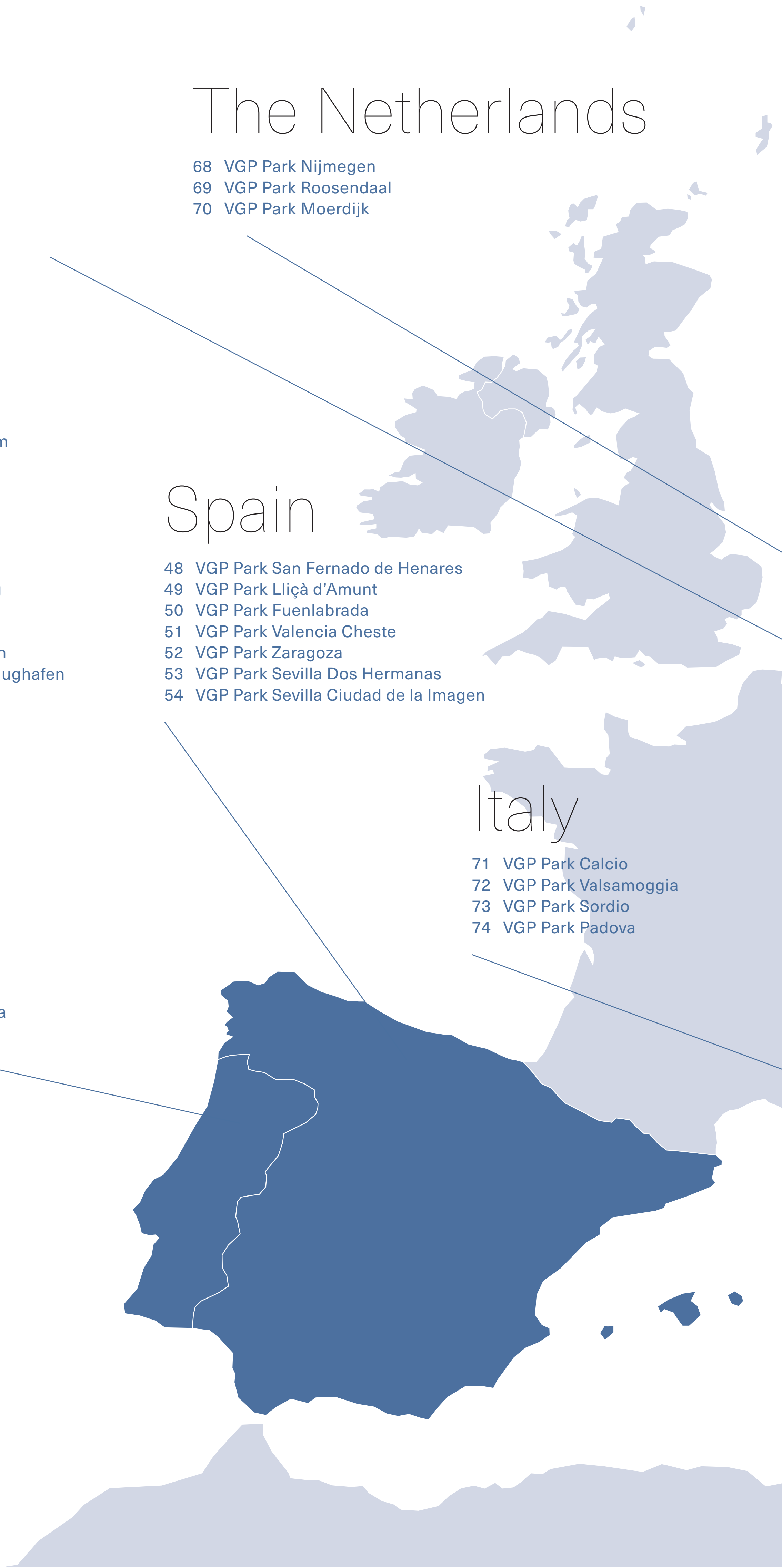
48 VGP Park San Fernado de Henares
49 VGP Park Lliçà d'Amunt
50 VGP Park Fuenlabrada
51 VGP Park Valencia Cheste
52 VGP Park Zaragoza
53 VGP Park Sevilla Dos Hermanas
54 VGP Park Sevilla Ciudad de la Imagen

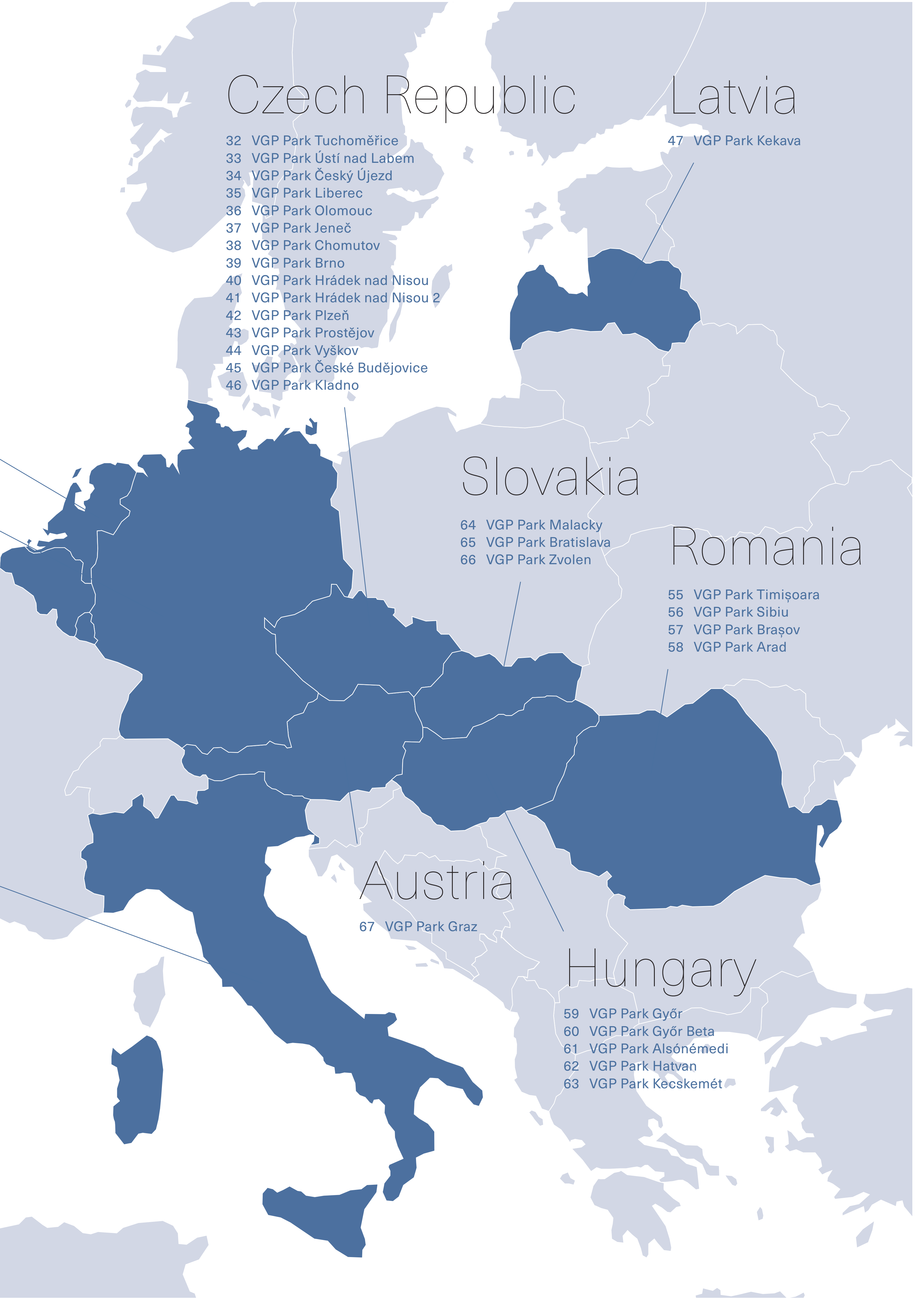
Italy

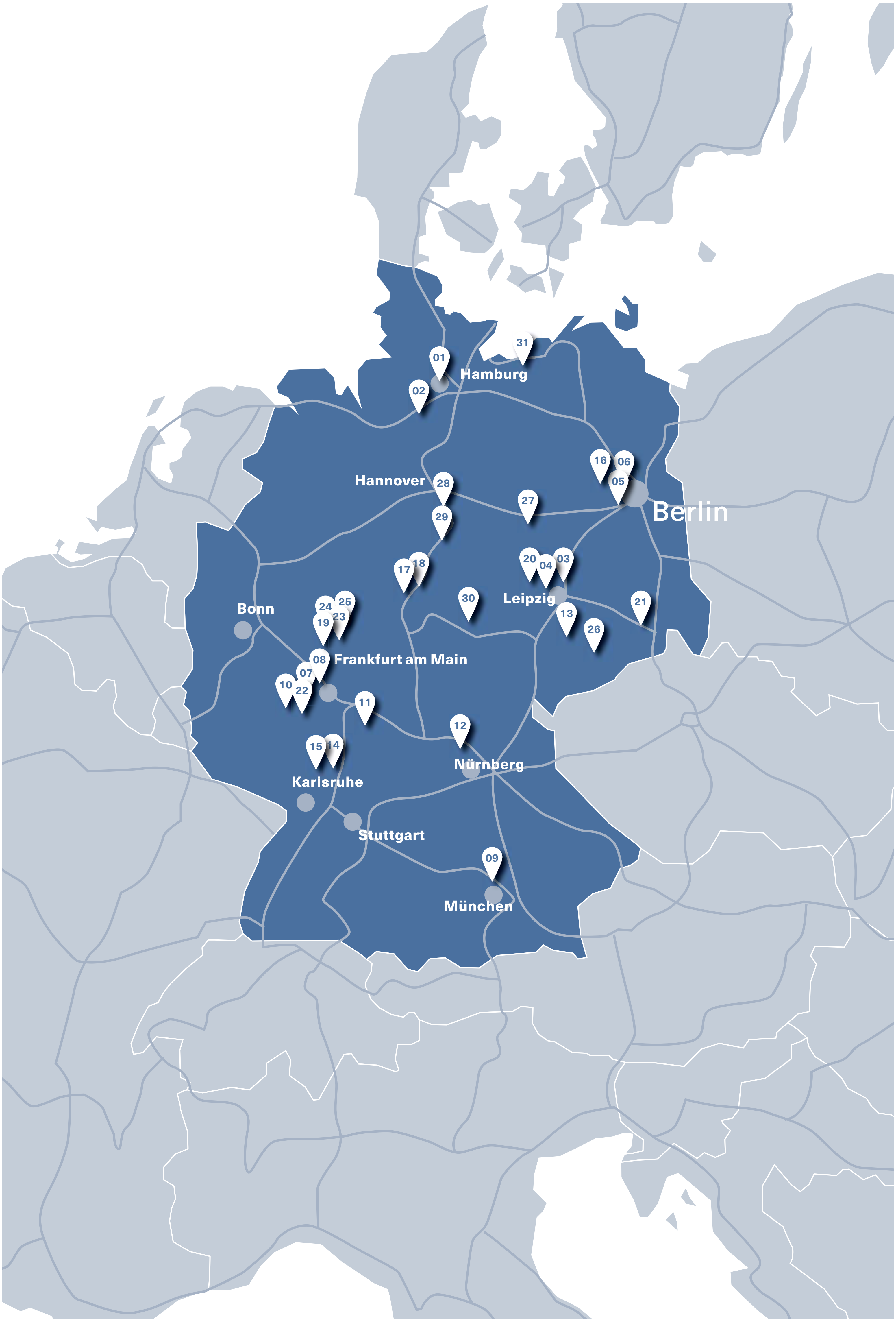
71 VGP Park Calcio
72 VGP Park Valsamoggia
73 VGP Park Sordio
74 VGP Park Padova

Portugal

75 VGP Park Santa Maria da Feira




Czech Republic
32 VGP Park Tuchoměřice
33 VGP Park Ústí nad Labem
34 VGP Park Český Újezd
35 VGP Park Liberec
36 VGP Park Olomouc
37 VGP Park Jeneč
38 VGP Park Chomutov
39 VGP Park Brno
40 VGP Park Hrádek nad Nisou
41 VGP Park Hrádek nad Nisou 2
42 VGP Park Plzeň
43 VGP Park Prostějov
44 VGP Park Vyškov
45 VGP Park České Budějovice
46 VGP Park Kladno
Latvia
47 VGP Park Kekava
Slovakia
64 VGP Park Malacky
65 VGP Park Bratislava
66 VGP Park Zvolen
Romania
55 VGP Park Timișoara
56 VGP Park Sibiu
57 VGP Park Brașov
58 VGP Park Arad
Austria
67 VGP Park Graz
Hungary
59 VGP Park Győr
60 VGP Park Győr Beta
61 VGP Park Alsónémedi
62 VGP Park Hatvan
63 VGP Park Kecskemét



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Frankfurt am Main
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Nürnberg
Karlsruhe
Stuttgart
09
München

Germany

Germany

VGP Park Berlin

BUILDING A

TENANT	Emons Logistik GmbH; Barsan Global Logistik GmbH; Emsland-Stärke GmbH; Isringhausen GmbH & Co. KG		
LETTABLE AREA	23,852 m^2	**BUILT**	2015

Germany

VGP Park Berlin

BUILDING B

TENANT	Lillydoo Services GmbH		
LETTABLE AREA	9,716 m^2	**BUILT**	2018

Germany

VGP Park Berlin

BUILDING C

TENANT	SSW Stolze Stahl Waren GmbH; DefShop GmbH; Pets Deli Tonius GmbH		
LETTABLE AREA	26,061 m^2	**BUILT**	2018

Germany

VGP Park Berlin

BUILDING D

TENANT	Lidl Digital FC GmbH & Co. KG; Solardach LLG GmbH		
LETTABLE AREA	53,675 m^2	**BUILT**	2017

Germany

VGP Park Berlin

BUILDING E

TENANT	DD Logistik Vertriebs GmbH		
LETTABLE AREA	10,587 m^2	**BUILT**	2020

Germany

VGP Park Berlin

BUILDING F

TENANT	DD Logistik Vertriebs GmbH		
LETTABLE AREA	24,860 m^2	**BUILT**	2020

Germany

VGP Park Berlin

BUILDING G

TENANT	Logit Services GmbH; Pietsch GmbH; Alfred Kärcher Vertriebs-GmbH; Messenger Fullfillment GmbH		
LETTABLE AREA	11,725 m^2	**BUILT**	2020

Germany

VGP Park Berlin

BUILDING H

TENANT	Zalando Lounge Logistics SE & Co. KG		
LETTABLE AREA	23,094 m^2	**BUILT**	2019

Germany

VGP Park Bingen

BUILDING A

TENANT	Custom Chrome Europe GmbH		
LETTABLE AREA	6,400 m^2	**BUILT**	2014

Germany

VGP Park Bobenheim-Roxheim

BUILDING A

TENANT	Lekkerland Deutschland GmbH & Co.KG; Energie Südwest – Grüne Energie GmbH		
LETTABLE AREA	23,270 m^2	**BUILT**	2016

Germany

VGP Park Borna

BUILDING A

TENANT	Lekkerland Deutschland GmbH & Co.KG; VGP Renewable Energy S.à.r.l.		
LETTABLE AREA	13,618 m^2	**BUILT**	2016

Germany

VGP Park Frankenthal

BUILDING A

TENANT	Amazon Logistik Frankenthal GmbH; PV Frankenthal GmbH & Co KG		
LETTABLE AREA	146,898 m^2	**BUILT**	2018

Germany

VGP Park Ginsheim

BUILDING A

TENANT	INDAT Robotics GmbH; Greenyard Fresh Germany GmbH; 4PX Express GmbH; Vicampo.de GmbH; VGP Renewable Energy S.à.r.l.		
LETTABLE AREA	35,635 m^2	**BUILT**	2017

Germany

VGP Park Hamburg

BUILDING A0

TENANT	GEODIS CL Germany GmbH; Nippon Express (Deutschland) GmbH; Weider & Nesse Gmb; EGC Energie- und Gebäudetechnik Control GmbH & Co. KG; Deutsche Post Immobilien GmbH		
LETTABLE AREA	34,888 m^2	**BUILT**	2013

Germany

VGP Park Hamburg

BUILDING A1

TENANT	Hausmann Logistik GmbH; Drive Medical GmbH & Co. KG; CHEP Deutschland GmbH		
LETTABLE AREA	24,749 m^2	**BUILT**	2014–2016

Germany

VGP Park Hamburg

BUILDING A2

TENANT	MH Handel GmbH		
LETTABLE AREA	16,660 m^2	**BUILT**	2015

Germany

VGP Park Hamburg

BUILDING A3

TENANT	Zebco Europe GmbH; Hausmann Logistik GmbH		
LETTABLE AREA	9,471 m^2	**BUILT**	2015

Germany

VGP Park Hamburg

BUILDING A4

TENANT	LZ Logistik GmbH; Energie Südwest-Grüne Energie GmbH		
LETTABLE AREA	14,471 m^2	**BUILT**	2016

Germany

VGP Park Hamburg

BUILDING A5

TENANT	Landgard eG; Kohivo Green-Investment GmbH & Co. KG		
LETTABLE AREA	13,167 m²	**BUILT**	2018

Germany

VGP Park Hamburg

BUILDING B1

TENANT	Rhenus Warehousing Solution SE & Co.KG		
LETTABLE AREA	57,471 m²	**BUILT**	2015–2017

Germany

VGP Park Hamburg

BUILDING B2

TENANT	Geis Industrie-Service GmbH; Karl Heinz Dietrich GmbH & Co KG; Lagerei und Spedition Dirk Vollmer GmbH; VGP Renewable Energy S.à.r.l.		
LETTABLE AREA	40,586 m²	**BUILT**	2017

Germany

VGP Park Hamburg

BUILDING B3

TENANT	CARGO-PARTNER GmbH; Lagerei und Spedition Dirk Vollmer GmbH		
LETTABLE AREA	9,455 m²	**BUILT**	2017

Germany

VGP Park Hamburg

BUILDING C

TENANT	Rieck Projekt Kontrakt Logistik Hamburg GmbH & Co. KG		
LETTABLE AREA	23,679 m²	**BUILT**	2017

Germany

VGP Park Hamburg

BUILDING D1

TENANT	AO Deutschland Ltd.		
LETTABLE AREA	2,502 m²	**BUILT**	2015

Germany

VGP Park Höchstadt

BUILDING A

TENANT	C&A Mode GmbH & Co. KG; VGP Renewable Energy S.à.r.l.		
LETTABLE AREA	15,001 m^2	**BUILT**	2015

Germany

VGP Park Leipzig

BUILDING A1

TENANT	Deine Tür GmbH; fms field marketing + sales services GmbH; Kohivo Green-Investment GmbH & Co. KG		
LETTABLE AREA	7,231 m^2	**BUILT**	2019

Germany

VGP Park Leipzig

BUILDING A2

TENANT	Flaschenpost Leipzig GmbH; Energie Südwest – Grüne Energie GmbH		
LETTABLE AREA	9,630 m^2	**BUILT**	2019

Germany

VGP Park Leipzig

BUILDING B1

TENANT	USM operations GmbH; Solardach LLG GmbH		
LETTABLE AREA	24,630 m^2	**BUILT**	2017

Germany

VGP Park Rodgau

BUILDING A

TENANT	A & O GmbH, Geis Ersatzteil-Service GmbH; PTG Lohnabfüllung GmbH; toom Baumarkt GmbH		
LETTABLE AREA	24,878 m^2	**BUILT**	2016

Germany

VGP Park Rodgau

BUILDING B

TENANT	Rhenus Warehousing Solution SE & Co.KG		
LETTABLE AREA	43,375 m^2	**BUILT**	2016

Germany

VGP Park Rodgau

BUILDING C

TENANT	toom Baumarkt GmbH		
LETTABLE AREA	19,782 m^2	**BUILT**	2015

Germany

VGP Park Rodgau

BUILDING D

TENANT	EBARA Pumps Europe S.p.A.; ASENDIA Operations GmbH & Co KG		
LETTABLE AREA	7,062 m^2	**BUILT**	2016

Germany

VGP Park Rodgau

BUILDING E

TENANT	PTG Lohnabfüllung GmbH		
LETTABLE AREA	8,763 m^2	**BUILT**	2015

Germany

VGP Park Schwalbach

BUILDING A

TENANT	Stronghold Germany GmbH; VGP Renewable Energy S.à.r.l.		
LETTABLE AREA	8,387 m^2	**BUILT**	2017

Germany

VGP Park Soltau

BUILDING A

TENANT	AUDI AG; VGP Renewable Energy S.à r.l.		
LETTABLE AREA	55,811 m^2	**BUILT**	2016

Germany

VGP Park Wetzlar

BUILDING A

TENANT	Ancla Logistik GmbH		
LETTABLE AREA	18,781 m^2	**BUILT**	2018–2019

Germany

VGP Park Wetzlar

BUILDING B

TENANT	POCO Einrichtungsmärkte GmbH; Global Cargo Service GmbH; Strieder Transport Logistik GmbH; Trans-Pak AG; ILIOS Energie PV3 GmbH		
LETTABLE AREA	19,265 m^2	**BUILT**	2018

Germany

VGP Park Göttingen

BUILDING A

TENANT	Friedrich ZUFALL GmbH & Co. KG; Amazon EU S.a.r.l.; Niederlassung Deutschland; VGP Renewable Energy S.à.r.l.		
LETTABLE AREA	43,001 m^2	**BUILT**	2018

Germany

VGP Park Göttingen

BUILDING B

TENANT	Amazon EU S.a.r.l.; Niederlassung Deutschland		
LETTABLE AREA	38,506 m^2	**BUILT**	2019

Germany

VGP Park Göttingen

BUILDING E

TENANT	Van Waveren Saaten GmbH		
LETTABLE AREA	6,046 m^2	**BUILT**	2019

Germany

VGP Park Wustermark

BUILDING A2

TENANT	Wardow GmbH		
LETTABLE AREA	11,916 m^2	**BUILT**	2019

Germany

VGP Park Wustermark

BUILDING B1

TENANT	Schulze Logistik Berlin GmbH; Gläser und Flaschen GmbH; box at Work gmbH; Teppich Tetik GmbH		
LETTABLE AREA	29,624 m^2	**BUILT**	2020

Germany

VGP Park Wustermark

BUILDING C1

TENANT	Wepoba Wellpappenfabrik GmbH		
LETTABLE AREA	12,800 m²	**BUILT**	2018

Germany

VGP Park Wustermark

BUILDING C2

TENANT	TA Technix GmbH		
LETTABLE AREA	6,382 m²	**BUILT**	2018

Germany

VGP Park Dresden

BUILDING A

TENANT	Schenker Deutschland AG; Kohivo Green-Investment GmbH & Co. KG		
LETTABLE AREA	20,285 m²	**BUILT**	2018

Germany

VGP Park Bischofsheim

BUILDING A

TENANT	Bettmer GmbH; Wendel Energie UG		
LETTABLE AREA	6,659 m²	**BUILT**	2019

Germany

VGP Park Halle

BUILDING A

TENANT	L'ISOLANTE K-FLEX GmbH; TTM GmbH Internationale Spedition		
LETTABLE AREA	21,262 m²	**BUILT**	partly delivered

Germany

VGP Park Halle

BUILDING B

TENANT	Landgard eG; Ceha Deutschland GmbH; Schenker Deutschland AG		
LETTABLE AREA	26,826 m²	**BUILT**	2020 + partly under construction

Germany

VGP Park Einbeck

BUILDING A

TENANT	Burgsmüller GmbH		
LETTABLE AREA	8,883 m^2	**BUILT**	2020

Germany

VGP Park Chemnitz

BUILDING A

TENANT	ThyssenKrupp System Engineering GmbH		
LETTABLE AREA	12,590 m^2	**BUILT**	2019

Germany

VGP Park Giessen-Buseck

BUILDING A

TENANT	PROLIT Verlagsauslieferung GmbH; JingDong Development Deutschland GmbH		
LETTABLE AREA	17,356 m^2	**BUILT**	2020

Germany

VGP Park Giessen-Lützellinden

BUILDING A

TENANT	BiUno GmbH; VGP Renewable Energy S.a.r.l.		
LETTABLE AREA	14,209 m^2	**BUILT**	2020

Germany

VGP Park Magdeburg

BUILDING A

TENANT	REWE Markt GmbH		
LETTABLE AREA	31,867 m^2	**BUILT**	2020

Germany

VGP Park München

BUILDING A1

TENANT	Bayerische Motoren Werke Aktiengesellschaft		
LETTABLE AREA	38,381 m^2	**BUILT**	2020

Germany

VGP Park München

BUILDING PH NORD

TENANT	Bayerische Motoren Werke Aktiengesellschaft; Krauss Maffei Technologies GmbH		
LETTABLE AREA	22,908 m^2	**BUILT**	2020

VGP PARK *(in €)*	OWNER	LAND AREA *(m²)*	LETTABLE AREA *(m²)*				
			COMPLETED	UNDER CONSTRUC-TION	POTENTIAL	TOTAL	CONTRACTED ANNUAL RENT *(in million €)*
VGP Park Hamburg	VGP	32,362	—	—	9,700	9,700	—
VGP Park Göttingen 2	VGP	173,375	6,046	79,896	—	85,943	4.9
VGP Park Halle	VGP	165,888	21,262	64,074	—	85,336	2.2
VGP Park Giessen-Buseck	VGP	36,549	17,356	—	—	17,356	0.9
VGP Park Giessen-Lutzelinden	VGP	23,379	14,209	—	—	14,209	1.1
VGP Park Gießen Am alten Flughafen	VGP	316,603	—	—	157,995	157,995	—
VGP Park Magdeburg	VGP	604,858	31,867	41,472	230,504	303,843	2.2
VGP Park Laatzen	VGP	284,987	—	138,242	—	138,242	10.1
VGP Park Erfurt	VGP	50,265	—	28,425	—	28,425	0.2
VGP Park Berlin Oberkrämer	VGP	180,052	—	—	89,148	89,148	—
VGP Park Rostock	VGP	105,217	—	—	51,359	51,359	—
VGP Park Leipzig Flughafen	VGP	47,361	—	—	22,000	22,000	—
TOTAL		**2,020,896**	**90,740**	**352,109**	**560,706**	**1,003,555**	**21,5**

VGP Park Bingen	JV1	15,000	6,400	—	—	6,400	0.4
VGP Park Hamburg	JV1	537,112	247,097	—	—	247,097	13.6
VGP Park Soltau	JV1	119,868	55,811	—	—	55,811	1.9
VGP Park Rodgau	JV1	212,740	103,860	—	—	103,860	6.2
VGP Park Höchstadt	JV1	45,680	15,001	—	—	15,001	0.9
VGP Park Berlin	JV1	460,029	183,570	—	9,950	193,520	9.5
VGP Park Frankenthal	JV1	243,124	146,898	—	—	146,898	9.2
VGP Park Bobenheim-Roxheim	JV1	56,655	23,270	—	—	23,270	1.8
VGP Park Borna	JV1	42,533	13,618	—	—	13,618	0.9
VGP Park Leipzig	JV1	105,885	41,491	—	4,750	46,241	2.1
VGP Park Schwalbach	JV1	19,587	8,387	—	—	8,387	0.5
VGP Park Wetzlar	JV1	67,336	38,046	—	—	38,046	2.0
VGP Park Ginsheim	JV1	59,845	35,635	—	—	35,635	2.3
VGP Park Dresden-Radeburg	JV1	32,383	20,285	—	—	20,285,	0.9
VGP Park Göttingen	JV1	138,297	81,507	—	—	81,507	3.2
VGP Park Wustermark	JV1	132,680	60,723	10,956	—	71,679	3.4
VGP Park Bischofsheim	JV1	13,457	6,659	—	—	6,659	0.5
VGP Park Chemnitz	JV1	40,421	12,590	—	—	12,590	1.1
VGP Park Einbeck	JV1	20,300	8,883	—	—	8,883	0.7
VGP Park München	JV3	674,248	61,289	175,515	77,229	314,033	25.6
TOTAL		**3,037,180**	**1,171,018**	**186,471**	**91,929**	**1,449,419**	**86,6**

TOTAL GERMANY		**5,058,075**	**1,261,758**	**538,580**	**652,635**	**2,452,974**	**108,1**

Czech Republic

32 VGP Park Tuchoměřice
33 VGP Park Ústí nad Labem
34 VGP Park Český Újezd
35 VGP Park Liberec
36 VGP Park Olomouc
37 VGP Park Jeneč
38 VGP Park Chomutov
39 VGP Park Brno
40 VGP Park Hrádek nad Nisou
41 VGP Park Hrádek nad Nisou 2
42 VGP Park Plzeň
43 VGP Park Prostějov
44 VGP Park Vyškov
45 VGP Park České Budějovice
46 VGP Park Kladno

Czech Republic

VGP Park Brno

BUILDING I.

TENANT	KARTON P+P, spol. s r.o.; Igepa velkoobchod papírem spol. s r.o.		
LETTABLE AREA	12,226 m²	**BUILT**	2017

Czech Republic

VGP Park Brno

BUILDING II.

TENANT	NOTINO, s.r.o.; SUTA s.r.o.; SECUPACK s.r.o.		
LETTABLE AREA	14,253 m²	**BUILT**	2013–2016

Czech Republic

VGP Park Brno

BUILDING III.

TENANT	HARTMANN – RICO a.s.		
LETTABLE AREA	8,621 m²	**BUILT**	2013

Czech Republic

VGP Park Český Újezd

BUILDING I.

TENANT	Yusen Logistics (Czech) s.r.o.; Spedice Kudrová s.r.o.		
LETTABLE AREA	12,789 m²	**BUILT**	2018

Czech Republic

VGP Park Český Újezd

BUILDING II.

TENANT	FIA ProTeam s.r.o.		
LETTABLE AREA	2,753 m²	**BUILT**	2016

Czech Republic

VGP Park Hrádek nad Nisou

BUILDING H1

TENANT	Drylock Technologies s.r.o.		
LETTABLE AREA	40,361 m²	**BUILT**	2012–2014

Czech Republic

VGP Park Hrádek nad Nisou

BUILDING H4

TENANT	Drylock Technologies s.r.o.		
LETTABLE AREA	17,805 m^2	**BUILT**	2020

Czech Republic

VGP Park Hrádek nad Nisou

BUILDING H5

TENANT	Drylock Technologies s.r.o.		
LETTABLE AREA	26,720 m^2	**BUILT**	2018

Czech Republic

VGP Park Liberec

BUILDING L1

TENANT	KNORR-BREMSE Systémy pro užitková vozidla ČR, s.r.o.		
LETTABLE AREA	11,436 m^2	**BUILT**	2016

Czech Republic

VGP Park Olomouc

BUILDING A

TENANT	Nagel Česko s.r.o.		
LETTABLE AREA	7,808 m^2	**BUILT**	2017

Czech Republic

VGP Park Olomouc

BUILDING B

TENANT	John Crane a.s.		
LETTABLE AREA	12,029 m^2	**BUILT**	2017

Czech Republic

VGP Park Olomouc

BUILDING C

TENANT	SGB Czech Trafo s.r.o.; Edwards, s.r.o.		
LETTABLE AREA	11,140 m^2	**BUILT**	2018

Czech Republic

VGP Park Olomouc

BUILDING D

TENANT	MedicProgress, a.s.		
LETTABLE AREA	2,600 m^2	**BUILT**	2019

Czech Republic

VGP Park Olomouc

BUILDING G1

TENANT	Benteler Automotive Rumburk s.r.o.; Gerflor CZ s.r.o; PROZK s.r.o.; SUTA s.r.o.		
LETTABLE AREA	12,084 m^2	**BUILT**	2017

Czech Republic

VGP Park Olomouc

BUILDING G2

TENANT	Euro Pool System CZ s.r.o.; FENIX solutions s.r.o.		
LETTABLE AREA	19,859 m^2	**BUILT**	2015

Czech Republic

VGP Park Olomouc

BUILDING H

TENANT	Mürdter Dvořák, lisovna, spol. s r.o.; DRADURA Česká republika s.r.o.		
LETTABLE AREA	14,254 m^2	**BUILT**	2019

Czech Republic

VGP Park Olomouc

BUILDING J

TENANT	ARDON SAFETY s.r.o.		
LETTABLE AREA	14,043 m^2	**BUILT**	2019

Czech Republic

VGP Park Olomouc

BUILDING L

TENANT	Nissens Cooling Solutions Czech s.r.o.		
LETTABLE AREA	17,995 m^2	**BUILT**	2020

Czech Republic

VGP Park Pilsen

BUILDING A

TENANT	ASSA ABLOY ES Production s.r.o.		
LETTABLE AREA	8,711 m²	**BUILT**	2014

Czech Republic

VGP Park Pilsen

BUILDING B

TENANT	FAIVELEY TRANSPORT CZECH a.s.		
LETTABLE AREA	21,918 m²	**BUILT**	2015

Czech Republic

VGP Park Pilsen

BUILDING C

TENANT	Excell Czech s.r.o.; FAIVELEY TRANSPORT CZECH a.s.		
LETTABLE AREA	9,868 m²	**BUILT**	2014–2015

Czech Republic

VGP Park Pilsen

BUILDING D

TENANT	COPO TÉXTIL PORTUGAL S.A.,organizační složka; TRANSTECHNIK CS, spol. s r.o.		
LETTABLE AREA	3,640 m²	**BUILT**	2015–2016

Czech Republic

VGP Park Tuchoměřice

BUILDING A

TENANT	CAAMANO CZ INTERNATIONAL GLASS CORPORATION, s.r.o.; Invelt – s.r.o.; FC MORELO CZ s.r.o.; EFACEC PRAHA s.r.o.		
LETTABLE AREA	6,577 m²	**BUILT**	2013

Czech Republic

VGP Park Tuchoměřice

BUILDING B

TENANT	HARTMANN – RICO a.s.; ESA s.r.o.; Lidl Česká republika v.o.s.		
LETTABLE AREA	18,604 m²	**BUILT**	2014–2017

Czech Republic

VGP Park Ústí nad Labem

BUILDING P1

TENANT	JOTUN CZECH a.s.		
LETTABLE AREA	2,392 m^2	**BUILT**	2014

Czech Republic

VGP Park Ústí nad Labem

BUILDING P2

TENANT	Ligman Europe s.r.o.		
LETTABLE AREA	6,368 m^2	**BUILT**	2018

Czech Republic

VGP Park Ústí nad Labem

BUILDING P3

TENANT	Treves CZ s.r.o.		
LETTABLE AREA	8,725 m^2	**BUILT**	2017

Czech Republic

VGP Park Ústí nad Labem

BUILDING P4

TENANT	Treves CZ s.r.o.		
LETTABLE AREA	6,134 m^2	**BUILT**	2018

Czech Republic

VGP Park Ústí nad Labem

BUILDING P5

TENANT	JOTUN CZECH a.s.; SUTA s.r.o.		
LETTABLE AREA	3,503 m^2	**BUILT**	2020

Czech Republic

VGP Park Ústí nad Labem

BUILDING P6.1

TENANT	SSI Technologies s.r.o.		
LETTABLE AREA	6,080 m^2	**BUILT**	2015

Czech Republic

VGP Park Ústí nad Labem

BUILDING P6.2

TENANT	SSI Technologies s.r.o.		
LETTABLE AREA	4,803 m^2	**BUILT**	2020

Czech Republic

VGP Park Jeneč

BUILDING AB

TENANT	4PX Express CZ s.r.o.		
LETTABLE AREA	52,582 m^2	**BUILT**	2017

Czech Republic

VGP Park Jeneč

BUILDING C

TENANT	4PX Express CZ s.r.o.		
LETTABLE AREA	11,698 m^2	**BUILT**	2018

Czech Republic

VGP Park Jeneč

BUILDING D1

TENANT	4PX Express CZ s.r.o.		
LETTABLE AREA	1,885 m^2	**BUILT**	2017

Czech Republic

VGP Park Jeneč

BUILDING D2

TENANT	4PX Express CZ s.r.o.		
LETTABLE AREA	3,725 m^2	**BUILT**	2019

Czech Republic

VGP Park Chomutov

BUILDING A

TENANT	Beinbauer Automotive CZ s.r.o.		
LETTABLE AREA	15,555 m^2	**BUILT**	2018

Czech Republic

VGP Park Chomutov

BUILDING BC

TENANT	Magna Automotive (CZ) s.r.o.; Geis Solutions CZ s.r.o.
LETTABLE AREA	36,095 m^2 — **BUILT** 2018

VGP PARK *(in €)*	**OWNER**	**LAND AREA** *(m^2)*	**LETTABLE AREA** *(m^2)*				
			COMPLETED	**UNDER CONSTRUCTION**	**POTENTIAL**	**TOTAL**	**CONTRACTED ANNUAL RENT** *(in million €)*
VGP Park Olomouc	VGP	132,567	—	—	59,278	59,278	—
VGP Park Hrádek nad Nisou 2	VGP	78,240	—	—	30,932	30,932	—
VGP Park Prostějov	VGP	139,661	—	14,882	36,819	51,701	0.4
VGP Park Vyškov	VGP	54,353	—	—	24,470	24,470	—
VGP Park České Budějovice	VGP	304,382	—	—	81,809	81,809	—
VGP Park Kladno	VGP	68,705	—	—	28,024	28,024	—
TOTAL		**777,908**	**—**	**14,882**	**261,332**	**276,214**	**0.4**
VGP Park Tuchoměřice	JV1	58,701	25,181	—	—	25,181	1.2
VGP Park Český Újezd	JV1	45,383	15,542	—	—	15,542	0.8
VGP Park Liberec	JV1	36,062	11,436	—	2,304	13,740	0.6
VGP Park Brno	JV1	63,974	35,099	—	—	35,099	2.0
VGP Park Hrádek nad Nisou	JV1	180,638	84,886	—	—	84,886	4.9
VGP Park Plzeň	JV1	102,044	44,136	—	3,284	47,419	2.5
VGP Park Ústí nad Labem	JV1	133,209	40,964	—	—	40,964	2.4
VGP Park Olomouc	JV1	347,186	111,812	23,334	16,054	151,200	6.2
VGP Park Jeneč	JV1	173,859	69,889	—	—	69,889	2.7
VGP Park Chomutov	JV1	106,791	51,650	5,310	—	56,960	2.3
TOTAL		**1,247,846**	**490,595**	**28,644**	**21,642**	**540,881**	**25.5**
TOTAL CZECH REPUBLIC		**2,025,755**	**490,595**	**43,526**	**282,974**	**817,095**	**25.9**

Other countries in Europe

Latvia
47 VGP Park Kekava

Spain
48 VGP Park San Fernado de Henares
49 VGP Park Lliçà d'Amunt
50 VGP Park Fuenlabrada
51 VGP Park Valencia Cheste
52 VGP Park Zaragoza
53 VGP Park Sevilla Dos Hermanas
54 VGP Park Sevilla Ciudad de la Imagen

Romania
55 VGP Park Timișoara
56 VGP Park Sibiu
57 VGP Park Brașov
58 VGP Park Arad

Hungary
59 VGP Park Győr
60 VGP Park Győr Beta
61 VGP Park Alsónémedi
62 VGP Park Hatvan
63 VGP Park Kecskemét

Slovakia
64 VGP Park Malacky
65 VGP Park Bratislava
66 VGP Park Zvolen

Austria
67 VGP Park Graz

The Netherlands
68 VGP Park Nijmegen
69 VGP Park Roosendaal
70 VGP Park Moerdijk

Italy
71 VGP Park Calcio
72 VGP Park Valsamoggia
73 VGP Park Sordio
74 VGP Park Padova

Portugal
75 VGP Park Santa Maria da Feira


47
Riga
Amsterdam
70
69
68
64
66
65
Bratislava
62
Vienna
59
61
Budapest
60
67
63
Gyor
Graz
58
56
57
71
74
55
73
Timisoara
Milan
Verona
72
Bucharest
Rome

Hungary

VGP Park Alsónémedi

BUILDING A1.1

TENANT	Nagel Hungária Logisztikai Korlátolt Felelösségü Társaság		
LETTABLE AREA	22,905 m^2	**BUILT**	2016

Hungary

VGP Park Győr

BUILDING A

TENANT	SKINY Gyártó Korlátolt Felelösségü Társaság; Waberer's-Szemerey Kft.; Gebrüder Weiss Szállítmányozási Kft.		
LETTABLE AREA	20,290 m^2	**BUILT**	2009

Hungary

VGP Park Győr

BUILDING B

TENANT	Lear Corporation Hungary Kft.; TI Automotive (Hungary) Kft.		
LETTABLE AREA	24,740 m^2	**BUILT**	2012, 2017

Hungary

VGP Park Győr

BUILDING C

TENANT	Dana Hungary Kft.		
LETTABLE AREA	6,463 m^2	**BUILT**	2011

Hungary

VGP Park Kecskemét

BUILDING B1

TENANT	Flisom Hungary kft.; Bohnenkamp Korlátolt Felelösségü Társaság, HunTex Recycling Kft.		
LETTABLE AREA	17,046 m^2	**BUILT**	2020

Hungary

VGP Park Hatvan

BUILDING A1

TENANT	LKH LEONI Kft.		
LETTABLE AREA	16,664 m^2	**BUILT**	2019

Slovakia

VGP Park Malacky

BUILDING A

TENANT	Benteler Automotive SK s.r.o.; SPP – distribuce, a.s.		
LETTABLE AREA	14,863 m^2	**BUILT**	2009

Slovakia

VGP Park Malacky

BUILDING B

TENANT	Benteler Automotive SK s.r.o.; Cipher Europe s.r.o.; PLP Facility, a.s.		
LETTABLE AREA	19,656 m^2	**BUILT**	2016

Slovakia

VGP Park Malacky

BUILDING C

TENANT	FROMM SLOVAKIA, a.s.; Tajco Slovakia s. r. o.		
LETTABLE AREA	15,255 m^2	**BUILT**	2015

Slovakia

VGP Park Malacky

BUILDING D

TENANT	Volkswagen Konzernlogistik GmbH & Co. OHG		
LETTABLE AREA	25,692 m^2	**BUILT**	2015

Slovakia

VGP Park Malacky

BUILDING E1

TENANT	IDEAL Automotive Slovakia, s.r.o.		
LETTABLE AREA	12,756 m^2	**BUILT**	2016

Latvia

VGP Park Kekava

BUILDING A

TENANT	SIA “Degalava Real Estate”; MMD Serviss SIA		
LETTABLE AREA	35,557 m^2	**BUILT**	2018

Latvia

VGP Park Kekava

BUILDING B

TENANT	MMD Serviss SIA		
LETTABLE AREA	26,988 m²	**BUILT**	2019

Romania

VGP Park Timişoara

BUILDING A1

TENANT	QUEHENBERGER LOGISTICS ROU SRL		
LETTABLE AREA	17,613 m²	**BUILT**	2016

Romania

VGP Park Timişoara

BUILDING A2

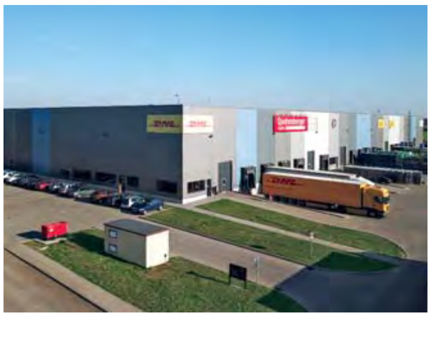
TENANT	SC FAN COURIER EXPRESS SRL; VAN MOER GROUP SRL; KLG Europe Logistics SRL; INTER CARS ROMANIA SRL		
LETTABLE AREA	18,085 m²	**BUILT**	2016

Romania

VGP Park Timişoara

BUILDING B1

TENANT	QUEHENBERGER LOGISTICS ROU SRL; UPS Romania SRL; World Media Trans SRL; PROFI ROM FOOD SRL; Acila SRL; Arhivatorul Plus SRL; Ericsson Antenna Technology Romania SRL; VGP Proiecte Industriale SRL		
LETTABLE AREA	17,905 m²	**BUILT**	2014



Romania

VGP Park Timişoara

BUILDING B2

TENANT	DHL International Romania SRL; RESET EMS srl; S.C. DSV SOLUTIONS SRL.; NEFAB PACKAGING ROMANIA SRL; HELBAKO ELECTRONICA SRL; OVT LOGISTICZENTRUM SRL; LOSAN DEPOT SRL; STALL ARDALEX SRL		
LETTABLE AREA	18,203 m²	**BUILT**	2015/partly under construction

Romania

VGP Park Timişoara

BUILDING C1

TENANT	cargo-partner Expeditii s.r.l.; EUROCCOPER SRL; DELIVERY SOLUTIONS S.A.; DYNAMIC PARCEL DISTRIBUTION S.A.		
LETTABLE AREA	22,278 m²	**BUILT**	2018

Romania

VGP Park Timişoara

BUILDING C2

TENANT	Hafele Romania SRL; ROFAM TECHNOLOGY S.R.L.; KATHREIN BROADCAST SRL; CONTINENTAL AUTOMOTIVE PRODUCTS SRL; Ericsson Anteena Technology Romania SRL; ITC LOGISTIC ROMANIA S.R.L.		
LETTABLE AREA	21,597 m²	**BUILT**	2018/partly under construction

Romania

VGP Park Sibiu

BUILDING B

TENANT	Englmayer Romania SRL		
LETTABLE AREA	16,527 m²	**BUILT**	2019/partly under construction

Spain

VGP Park Lliça d'Amunt

BUILDING A

TENANT	Picking Farma S.A.		
LETTABLE AREA	13,639 m²	**BUILT**	2020

Spain

VGP Park Lliça d'Amunt

BUILDING C

TENANT	Noatum logistics Spain, S.A.U.; DistriCenter, S.A.U.; , Vivace Logística, S.A.; Luís Simoes Logística Integrada, S.A.		
LETTABLE AREA	32,169 m²	**BUILT**	2019

Spain

VGP Park Lliça d'Amunt

BUILDING D

TENANT	Moldstock, S.L.		
LETTABLE AREA	7,205 m²	**BUILT**	2020

Spain

VGP Park Lliça d'Amunt

BUILDING E

TENANT	Maskokotas, S.L.		
LETTABLE AREA	20,991 m²	**BUILT**	2020

Spain

VGP Park San Fernando de Henares

BUILDING A

TENANT	ThyssenKrupp Elevadores, S.L.U.; Rhenus Logistics S.A.U.
LETTABLE AREA	22,962 m²
BUILT	2018

Spain

VGP Park San Fernando de Henares

BUILDING B1

TENANT	Rhenus Logistics, S.A.U.; Noatum Logistics Spain, S.A.U.; Logwin Solutions Spain, S.A.
LETTABLE AREA	19,671 m²
BUILT	2019

Spain

VGP Park San Fernando de Henares

BUILDING B2

TENANT	Rhenus Logistics, S.A.U.
LETTABLE AREA	12,267 m²
BUILT	2019

Spain

VGP Park San Fernando de Henares

BUILDING C2

TENANT	Digi Spain Telecom, S.L.
LETTABLE AREA	5,165 m²
BUILT	2020

Spain

VGP Park San Fernando de Henares

BUILDING E

TENANT	DSV Road Spain, S.A.U.
LETTABLE AREA	12,176 m²
BUILT	2019

Spain

VGP Park Zaragoza

BUILDING A

TENANT	Cotrali Zaragoza, S.L.
LETTABLE AREA	18,074 m²
BUILT	2020

Austria

VGP Park Graz

BUILDING A

TENANT	MAGNA Steyr Fahrzeugtechnik AG & Co KG		
LETTABLE AREA	17,737 m²	BUILT	2018

Netherlands

VGP Park Nijmegen

BUILDING A

TENANT	Conpax Beheer B.V.; ESTG B.V.; Ahold Europe Real Estate & Construction B.V.; Nippon Express (Nederland) B.V.; OTC Medical B.V.; VGP Renewable Energy Netherlands BV		
LETTABLE AREA	67,380 m²	BUILT	2019–2020

Netherlands

VGP Park Roosendaal

BUILDING A

TENANT	Active Ants B.V.; BAS Warehousing B.V.; VGP Renewable Energy Netherlands BV		
LETTABLE AREA	42,248 m²	BUILT	2020

Italy

VGP Park Valsamoggia

BUILDING A

TENANT	Macron S.p.a.		
LETTABLE AREA	6,678 m²	BUILT	2020

Italy

VGP Park Valsamoggia

BUILDING B

TENANT	Macron S.p.a.		
LETTABLE AREA	16,106 m²	BUILT	2019

VGP PARK *(in €)*	OWNER	LAND AREA *(m²)*	LETTABLE AREA *(m²)*				
			COMPLETED	UNDER CONSTRUC-TION	POTENTIAL	TOTAL	CONTRACTED ANNUAL RENT *(in million €)*
SLOVAKIA							
VGP Park Bratislava	VGP	574,993	—	18,576	243,964	262,540	2.7
VGP Park Zvolen	VGP	102,074	—	—	52,281	52,281	—
HUNGARY							
VGP Park Hatvan	VGP	57,584	16,664	—	9,317	25,981	1.0
VGP Park Győr Beta	VGP	104,373	—	—	50,957	50,957	—
VGP Park Kecskemét Kft	VGP	167,617	17,046	—	62,769	79,815	0.9
ROMANIA							
VGP Park Timișoara 2	VGP	40,285	—	30,501	—	30,501	0.6
VGP Park Sibiu	VGP	219,636	—	16,527	75,881	92,408	0.1
VGP Park Brașov	VGP	383,758	—	9,521	168,633	178,154	0.4
VGP Park Arad	VGP	389,922	—	—	196,075	196,075	—
LATVIA[1]							
VGP Park Kekava	VGP	148,442	62,545	—	—	62,545	3.4
SPAIN							
VGP Park Fuenlabrada	VGP	80,223	—	41,735	—	41,735	0,5
VGP Park Valencia Cheste	VGP	113,104	—	39,491	26,696	66,187	0.3
VGP Park Zaragoza	VGP	117,593	18,074	22,553	33,257	73,884	1.9
VGP Park Sevilla Dos Hermanas	VGP	103,000	—	—	61,279	61,279	—
VGP Park Sevilla Ciudad de la Imagen	VGP	54,991	—	—	28,803	28,803	—
NETHERLANDS							
VGP Park Nijmegen	VGP	232,965	—	42,835	108,607	151,442	2.8
ITALY							
VGP Park Calcio	VGP	48,593	—	22,866	—	22,866	0.5
VGP Park Sordio	VGP	26,811	—	—	13,708	13,708	—
VGP Park Padova	VGP	50,091	—	22,672	—	22,672	1.1
AUSTRIA							
VGP Park Graz 2	VGP	91,674	—	—	41,570	41,570	—
PORTUGAL							
VGP Park Santa Maria da Feira	VGP	73,518	—	—	29,255	29,255	—
TOTAL		**3,181,247**	**114,329**	**267,278**	**1,203,052**	**1,584,659**	**16.4**

1 Exluding 2 new parks in Latvia for which € 3.4 million of contracted annualised rent has already been signed. The landplots of these parks were secured in 2020 and will be acquired during the course of 2021.

VGP PARK *(in €)*	OWNER	LAND AREA *(m²)*	LETTABLE AREA *(m²)*				
			COMPLETED	UNDER CONSTRUC-TION	POTENTIAL	TOTAL	CONTRACTED ANNUAL RENT *(in million €)*
SLOVAKIA							
VGP Park Malacky	JV1	220,492	88,223	—	9,880	98,103	4.2
HUNGARY							
VGP Park Győr	JV1	121,798	51,493	—	—	51,493	2.9
VGP Park Alsónémedi	JV1	85,349	22,905	—	14,700	37,605	1.4
ROMANIA							
VGP Park Timișoara	JV2	259,149	115,681	—	—	115,681	5.4
SPAIN							
VGP Park San Fernando	JV2	222,750	72,241	19,697	20,602	112,540	5.5
VGP Park Lliçà d'Amunt	JV2	149,597	74,003	—	—	74,003	3.6
NETHERLANDS							
VGP Park Nijmegen	JV2	162,368	67,380	—	19,200	86,580	3.9
VGP Park Roosendaal	JV2	86,511	42,248	—	9,576	51,824	1.7
ITALY							
VGP Park Valsamoggia	JV2	52,776	22,783	—	—	22,783	1.5
AUSTRIA							
VGP Park Graz	JV2	38,239	17,737	—	—	17,737	1.2
NETHERLANDS							
VGP Park Moerdijk	LPM	720,601	—	—	486,695	486,695	—
TOTAL		**2,119,630**	**574,693**	**19,697**	**560,653**	**1,155,043**	**31.3**

TOTAL OTHER EUROPEAN COUNTRIES		**5,300,877**	**689,023**	**286,974**	**1,763,705**	**2,739,702**	**47.7**

Financial review

Consolidated income statement

For the year ended 31 December 2020

Income statement *(in thousands of €)*	**Note**	**2020**	**2019**
Revenue[1]	5	29,558	26,037
Gross rental income	5	12,078	11,653
Property operating expenses	6	(3,784)	(2,556)
Net rental income		**8,294**	**9,097**
Joint ventures' management fee income	5	14,699	10,492
Net valuation gains/(losses) on investment properties	7	366,361	188,165
Administration expenses	8	(29,296)	(18,100)
Share in result of joint ventures and associates	9	63,338	65,703
Other expenses		(4,000)	(3,000)
Operating profit		**419,396**	**252,357**
Finance income	10	9,319	5,543
Finance costs	10	(17,911)	(19,781)
Finance costs – net		**(8,592)**	**(14,238)**
Profit before taxes		**410,804**	**238,119**
Taxes	11	(39,865)	(32,506)
Profit for the period		**370,939**	**205,613**
Attributable to:			
Shareholders of VGP NV	12	370,939	205,613
Non-controlling interests		—	—

Result per share *(in €)*	**Note**	**2020**	**2019**
Basic earnings per share	12	18.58	11.06
Diluted earnings per share	12	18.58	11.06

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

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

Consolidated statement of **comprehensive income**

For the year ended 31 December 2020

Statement of comprehensive income *(in thousands of €)*	**2020**	**2019**
Profit for the year	**370,939**	**205,613**
Other comprehensive income to be reclassified to profit or loss in subsequent periods	—	—
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	—	—
Other comprehensive income for the period		
Total comprehensive income/(loss) of the period	**370,939**	**205,613**
Attributable to:		
Shareholders of VGP NV	370,939	205,613
Non-controlling interest	—	—

Consolidated **balance sheet**

For the year ended 31 December 2020

Assets *(in thousands of €)*	**Note**	**2020**	**2019**
Intangible assets		557	46
Investment properties	13	920,151	792,945
Property, plant and equipment		16,944	5,287
Investments in joint ventures and associates	9	654,773	387,246
Other non-current receivables	9	264,038	63,571
Deferred tax assets	11	1,786	695
Total non-current assets		**1,858,249**	**1,249,790**
Trade and other receivables	14	44,828	28,770
Cash and cash equivalents	15	222,356	176,148
Disposal group held for sale	20	102,309	169,655
Total current assets		**369,493**	**374,573**
Total assets		**2,227,742**	**1,624,363**

Shareholders' equity and liabilities *(in thousands of €)*	**Note**	**2020**	**2019**
Share capital	16	72,225	62,251
Other reserves	16	285,420	69
Retained earnings		948,092	637,461
Shareholders' equity		**1,305,737**	**699,781**
Non-current financial debt	17	748,796	767,673
Other non-current liabilities	18	10,461	12,789
Deferred tax liabilities	11	43,813	31,647
Total non-current liabilities		**803,070**	**812,109**
Current financial debt	17	34,468	12,673
Trade debts and other current liabilities	19	77,725	89,325
Liabilities related to disposal group held for sale	20	6,742	10,475
Total current liabilities		**118,935**	**112,473**
Total liabilities		**922,005**	**924,582**
Total shareholders' equity and liabilities		**2,227,742**	**1,624,363**

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

Statement of **changes in equity**

For the year ended 31 December 2020

Statement of changes in equity *(in thousands of €)*	**Statutory share capital**	**Capital reserve** *(see note 16)*	**IFRS share capital**	**Other reserves**	**Retained earnings**	**Total equity**
Balance as at 1 January 2019	**92,667**	**(30,416)**	**62,251**	**69**	**481,147**	**543,467**
Other comprehensive income/(loss)	—	—	—	—	—	—
Result of the period	—	—	—	—	205,613	205,613
Total comprehensive income/(loss)	**—**	**—**	**—**	**—**	**205,613**	**205,613**
Dividends to shareholders	—	—	—	—	(40,883)	(40,883)
Remeasurement of VGP Misv management incentive plan	—	—	—	—	(8,416)	(8,416)
Balance as at 31 December 2019	**92,667**	**(30,416)**	**62,251**	**69**	**637,461**	**699,781**
Balance as at 1 January 2020	**92,667**	**(30,416)**	**62,251**	**69**	**637,461**	**699,781**
Other comprehensive income/(loss)	—	—	—	—	—	—
Result of the period	—	—	—	—	370,939	370,939
Total comprehensive income/(loss)	**—**	**—**	**—**	**—**	**370,939**	**370,939**
Capital and share premium increase net of transaction costs *(see note 16)*	9,974	—	9,974	188,346	—	198,320
Sale of treasury shares *(see note 16)*	—	—	—	97,005	—	97,005
Dividends	—	—	—	—	(60,308)	(60,308)
Balance as at 31 December 2020	**102,641**	**(30,416)**	**72,225**	**285,420**	**948,092**	**1,305,737**

Consolidated **cash flow statement**

For the year ended 31 December 2020

Cash flow statement *(in thousands of €)*	Note	2020	2019
Cash flows from operating activities	21		
Profit before taxes		410,804	238,119
Adjustments for:			
Depreciation		2,076	1,207
Unrealised (gains)/losses on investment properties	7	(200,221)	(153,273)
Realised (gains)/losses on disposal of subsidiaries and investment properties	7	(166,140)	(34,892)
Unrealised (gains)/losses on financial instruments and foreign exchange		282	108
Interest (income)		(9,319)	(5,543)
Interest expense		17,629	19,673
Share in (profit)/loss of joint ventures and associates	9	(63,338)	(65,703)
Operating profit before changes in working capital and provisions		**(8,227)**	**(304)**
Decrease/(Increase) in trade and other receivables		(28,240)	(12,249)
(Decrease)/Increase in trade and other payables		10,401	2,964
Cash generated from the operations		**(26,066)**	**(9,589)**
Interest income		27	27
Interest paid		(25,259)	(19,280)
Income taxes paid		(870)	(484)
Net cash from operating activities		**(52,168)**	**(29,326)**
Cash flows from investing activities	21		
Proceeds from disposal of tangible assets		14	22
Proceeds from disposal of subsidiaries and investment properties	22	405,644	339,008
Investment property and investment property under construction		(428,244)	(453,849)
Distribution by/(investment in) joint ventures and associates		(10,759)	(3,000)
Loans provided to joint ventures and associates		(116,506)	(30,271)
Loans repaid by joint ventures and associates		15,321	22,586
Net cash used in investing activities		**(134,530)**	**(125,504)**
Cash flows from financing activities	21		
Dividends paid		(60,308)	(40,883)
Net proceeds capital and share premium increase	16	198,320	—
Net proceeds sale of treasury shares	16	97,005	—
Proceeds from loans	17	—	204,151
Loan repayments	17	(1,433)	(981)
Net cash used in financing activities		**233,584**	**162,287**
Net increase/(decrease) in cash and cash equivalents		**46,886**	**7,456**
Cash and cash equivalents at the beginning of the period		176,148	161,446
Effect of exchange rate fluctuations		(678)	1,116
Reclassification to (–)/from held for sale		—	6,130
Cash and cash equivalents at the end of the period		**222,356**	**176,148**

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

Notes to and forming part of **the financial statement**

For the year ended 31 December 2020

1. General information

VGP NV (the "Company") is a limited liability company and was incorporated under Belgian law on 6 February 2007 for an indefinite period of time with its registered office located at Uitbreidingstraat 72 box 7, 2600 Antwerp (Berchem), Belgium and the Company is registered under enterprise number 0887.216.042 (Register of Legal Entities of Antwerp – Division Antwerp).

The Group is a pure-play real estate group specialised in the acquisition, development, and management of logistic real estate, i.e. buildings suitable for logistical purposes and light industrial activities. The Group focuses on strategically located plots of land suitable for development of logistic business parks of a certain size, so as to build up an extensive and well-diversified land bank on top locations, i.e. locations in the vicinity of highly concentrated living and/or production centres, with an optimal access to transport infrastructure.

The aim of the Group is to become a leading pan-European specialised developer and owner of high-quality logistic and light industrial property logistic property. The Group is currently active in Germany, the Netherlands, Austria, Spain, Portugal, Italy, the Czech Republic, Slovakia, Hungary, Romania and Latvia.

The Company's consolidated financial statements include those of the Company and its subsidiaries (together referred to as "Group"). The consolidated financial statements were approved for issue by the board of directors on 9 April 2021.

2. Summary of principal accounting policies

2.1 Statement of compliance

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

These standards comprise all new and revised standards and interpretations published by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Interpretations Committee of the IASB, as far as applicable to the activities of the Group and effective as from 1 January 2020.

New standards and interpretations applicable during 2020

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

- 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 – Phase 1
- Amendments to references to the Conceptual Framework in IFRS standards

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

New standards and interpretations not yet effective during 2020

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2020, and have not been applied when preparing financial statements:

- 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 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (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 4 Insurance Contracts – deferral of IFRS 9 (applicable for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021)
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)
- 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)

The initial application of the above standards, amendments to standards and interpretation is estimated not to give rise to any material changes in the presentation and preparation of the consolidated financial statements.

2.2 Basis of preparation

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

2.3 Principles of consolidation

Subsidiaries

Subsidiaries are entities over which VGP NV exercises control, which is the case when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

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

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

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

Joint ventures and associates

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

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

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

IAS 28.28 only permits recognition of the gain or loss from downstream transactions "to the extent of unrelated investors' interests in the associate or joint venture". However, the standard does not specifically address the treatment of revenue derived from transactions with equity-method investees (e.g. revenue from the sale of goods, or interest revenue) and whether that revenue should be eliminated from the consolidated financial statements. In respect of the treatment of revenues derived from transactions with joint ventures and associates (e.g. sales services, interest revenue, …), the Group has opted not to eliminate its interest in these transactions. As a matter of example, VGP receives € 100 interest income on a loan provided to a 50:50 joint venture. Under the accounting policy adopted by VGP this interest income would be accounted for as € 100 interest income of the Group. The cost incurred by the joint venture would be accounted for on a proportional (50%) basis through "results in joint ventures and associates" without making any adjustment for the proportional interest held by VGP. By doing so the Group will only recognise its proportional profit or loss in its consolidated figures and ensure that it does not recognise a higher profit or loss than its share in the "results in joint ventures and associates".

In contrast, according to IFRS 10.25 upon loss of control of a subsidiary, a parent de-recognises the assets and liabilities of the subsidiary (including non-controlling interests) in full and measures any investment retained in the former subsidiary at its fair value. In the absence of any other relevant guidance, entities have, in effect, an accounting policy choice of applying either the approach in IFRS 10 or the approach in IAS 28. VGP has made the accounting policy choice to recognize the gain or loss on the disposal of a subsidiary to a joint venture or associate in full in profit or loss.

2.4 Foreign currency translation

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

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

2.5 Goodwill

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

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

2.6 Intangible assets

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

2.7 Investment properties

Completed projects

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

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

Property under construction

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

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

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

Development land

Land of which the Group has the full ownership i.e. registered in the respective land registry as owner and on which the Group intends to start construction (so called "development land") is immediately valued at fair value. The development land is valued by an external independent valuation expert using the valuation sales comparative approach.

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

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

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

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

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

In case the Board of Directors is of the opinion that the fair value of the development land cannot be reliable determined the Board may elect to value the development land at cost less impairment until the fair value becomes reliably determinable.

2.8 Capitalisation of borrowing costs

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

2.9 Leases

VGP as lessee

At the start of the lease period, the leases (except for leases with a maximum term of twelve months and leases whose underlying assets are of low value) are recognised on the balance sheet as rights of use and lease liabilities at the present value of the future lease payments. Next, all rights of use that qualify as investment properties are valuated at fair value, in accordance with the valuation rules detailed under 2.7 Investment properties. The minimum lease payments are recognised in part as financing costs and in part as settlement of the outstanding liability, in a manner resulting in a constant periodic interest rate on the remaining balance of the liability. The cost of financing is offset directly against the result. Conditional lease payments are incorporated as costs in the periods in which they were made.

VGP as lessor

If a lease meets the conditions of a financial lease (according to IFRS 16), VGP as the lessor will recognise the lease from its start date as a receivable in the balance sheet at an amount equal to the net investment in the lease. The difference between this latter amount and the book value of the leased property (exclusive of the value of the residual right held by VGP) at the start of the lease will be recognised in the profit and loss account for that period. Each periodic payment made by the lessee will be partly recognised by VGP as a repayment of the capital and partly as financial income based on a constant periodic return for VGP. The residual right held by VGP will be recognised at its fair value on each balance sheet date. This value will increase every year and will correspond to the market value of the full right of ownership at the end of the lease. These increases will be recognised in Net valuation gains/(losses) on investment properties in the profit and loss account.

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

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

2.10 Property, plant and equipment

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

— software:	33%;
— IT equipment:	10–33%;
— office furniture and fittings:	7–20%;
— cars:	25%;
— photovoltaic panels:	5%

2.11 Financial assets at amortised cost

Financial assets at amortized cost include trade receivables, other receivables and cash and cash equivalents and represent non-derivative financial instruments which are held within a business model with the purpose to receive contractual cashflows (held to collect) and the contractual terms of the financial asset give rise to cashflows at fixed dates which represent solely payments of principal and interest (SPPI). Such financial assets are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated income statement over the period of the borrowings on an effective interest basis.

Trade receivables do not carry any interest and are stated at amortised cost as reduced by appropriate bad debt allowances. Such allowances are based on the expected credit losses, calculated in accordance with IFRS 9. The group has not developed a provision matrix based on historical credit loss experience as historical credit losses are insignificant. In case there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit losses. This is the case when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the default risk has significantly increased. An impairment loss is recognized in the statement of income, as are subsequent recoveries of previous impairments.

Other financial assets at amortized cost include mainly loan to joint ventures and associates. These financial assets are accounted for at amortized cost and the Group recognizes a loss allowance for expected credit losses in accordance with IFRS 9. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Cash and cash equivalents comprise cash balances and call deposits. Such cash balances are only held with banks with high credit ratings, as such expected credit losses are not deemed significant. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cashflow statement.

2.12 Non-current assets held for sale and discontinued operations

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

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

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

2.13 Interest bearing borrowings

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

2.14 Trade and other payables

Trade and other payables are stated at amortised cost.

2.15 Derivative financial instruments

The Group does not apply hedge accounting in accordance with IFRS 9. Derivative financial assets and liabilities are classified as financial assets or liabilities at Fair Value through Profit or Loss (FVPL). Derivative financial assets and liabilities comprise mainly interest rate swap and forward foreign exchange contracts for hedging purposes (economic hedge). Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs. Gains or losses on derivatives are recognised in profit or loss in net change in fair value of financial instruments at FVPL.

2.16 Impairment on property, plant and equipment and intangible assets

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

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

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

2.17 Reversal of impairment

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

2.18 Provisions

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

2.19 Revenue recognition

Revenue includes rental income, property and facility management income, development management income and service charge income.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Revenue from service and property, facility and development management is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Some property management contracts may include multiple elements of service, which are provided to tenants. The Group assesses whether the individual elements of service in contracts are separate performance obligations. Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price will be allocated to each performance obligation (lease and non-lease component) based on the stand-alone selling prices. Where these selling prices are not directly observable, they are estimated based on an expected cost, plus margin. In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, this consideration may include discounts, trade allowances, rebates and amounts collected on behalf of third parties.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

2.20 Expenses

Service costs and property operating expenses

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

Net financial result

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

Income tax

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

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

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

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

3. Critical accounting estimates and judgements and key sources of estimation uncertainty

3.1 General business risk

We refer to the chapter "Risk factors" for an overview of the risks affecting the businesses of the VGP Group.

3.2 Critical judgements in applying accounting policies

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

— Determining whether control, joint control or a significant influence is exercised over investments. In this respect management concluded that it has joint control over the Joint Ventures and hence these Joint ventures and the related associates are accounted for using the equity method;

— VGP has made the accounting policy choice to recognize the gain or loss on the disposal of a subsidiary to a joint venture or associate in full in profit or loss. In respect of the treatment of revenues derived from transactions with joint ventures and associates (e.g. sales services, interest revenue, …), the Group has opted not to eliminate its interest in these transactions nor to make any adjustment for the proportional adjustment to the joint venture corresponding figures. By doing so the Group will only recognise its proportional profit or loss in its consolidated figures and ensure that it does not recognise a higher profit or loss than its share in the "results in joint ventures and associates". (See note 2.3 for further information).

— In 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 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* – in this section 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 the majority of the buildings such buildings 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* – in this section further information). As the first closing in respect of the completion of the two initial buildings occurred on 16 December 2020 based on the proportional agreed purchase price with Allianz Real Estate and in view of the anticipated additional changes to the second part of the BMW building which will occur during the course of 2021, the Board of Directors has elected to continue to measure these buildings at their respective proportional agreed purchase price until 31 December 2021 as it considers this to be the best reflection of the fair value of these assets.

— In November 2020, VGP entered into a 50:50 joint venture ("LPM Joint Venture") with Roozen Landgoederen Beheer in respect of the development of the Logistics Park Moerdijk. The land which is currently in ownership of this joint venture will be exchanged for a perpetual leasehold in the future. The exact timing and impact of this exchange is uncertain. The Board of Directors has therefore concluded that the fair value of this development land cannot reliably be determined at this stage. This development land has thus been measured at cost.

3.3 Key sources of estimation uncertainty

VGP's portfolio is valued at least annually by independent real estate experts. This valuation by real estate experts is intended to determine the market value of a property at a certain date, as a function of the market evolution and the characteristics of the property concerned.

The property portfolio is recorded at the fair value established by the real estate experts in the Group's consolidated accounts. (see note 13)

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

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 years ended 31 December 2020 and 2019.

In June 2020, the Group entered into a new 50:50 joint venture with Allianz Real Estate – VGP Park München – (the Third Joint Venture) for an initial term of 10 years. Contrary to the two existing joint ventures with Allianz Real Estate which concentrate on the acquisition of income-generating assets developed by VGP, this Third Joint Venture will initially be focused on the development of VGP Park München.

In November 2020, the Group entered into a new 50:50 joint venture with Roozen Landgoederen Beheer (LPM Joint Venture) for an indefinite period. The LPM Joint Venture will develop Logistics Park Moerdijk ("LPM") together with the Port Authority Moerdijk on a 50:50-basis. The objective is to build a platform of new, grade A logistics and industrial properties of which 50% for account of the LPM Joint Venture i.e. VGP Park Moerdijk and the other 50% directly for account of the Port Authority Moerdijk.

Consequently, as from 2020 onwards the business lines have been amended to take the new Third and LPM Joint Venture into consideration.

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 and VGP European Logistics 2 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

in thousands of €	2020	2019
Investment EBITDA	55,452	46,206
Property development EBITDA	342,536	172,488
Property management and asset management EBITDA	9,342	7,249
Total operating EBITDA	**407,330**	**225,943**

in thousands of €	For the year ended 31 December 2020			
	Investment	Development	Property and asset management	Total
Gross rental income	12,078	—	—	12,078
Property operating expenses	(378)	(3,406)	—	(3,784)
Net rental income	**11,700**	**(3,406)**	**—**	**8,294**
Joint venture management fee income	—	—	14,699	14,699
Net valuation gains/(losses) on investment properties destined to the joint ventures	—	365,682	—	365,682
Administration expenses	(2,123)	(19,740)	(5,357)	(27,220)
Share of joint ventures' adjusted operating profit after tax[1]	45,875	—	—	45,875
Operating EBITDA	**55,452**	**342,536**	**9,342**	**407,330**
Other expenses				(4,000)
Depreciation and amortisation	—	(1,996)	(85)	(2,081)
Earnings before interest and tax	**55,452**	**340,540**	**9,257**	**401,249**
Net finance costs – Own				(8,592)
Net finance costs – Joint ventures and associates				(19,613)
Profit before tax				**373,044**
Current income taxes – Own				(870)
Current income taxes – Joint ventures and associates				(1,792)
Recurrent net income				**370,383**
Net valuation gains/(losses) on investment properties – other countries[2]				679
Net valuation gains/(losses) on investment properties – Joint ventures and associates				48,072
Net fair value gain/(loss) on interest rate swaps and other derivatives – Joint ventures and associates				1,862
Deferred taxes – Own				(38,995)
Deferred taxes – Joint ventures and associates				(11,062)
Reported profit for the period				**370,939**

1 The adjustments to the share of profit from the joint ventures (at share) are composed of € 48.1 million of net valuation gains/(losses) on investment properties, € 1.9 million of net fair value loss on interest rate derivatives and € 11.1million of deferred taxes in respect of these adjustments.

2 Relates to developments in countries outside of the JV perimeters i.e. Latvia.

in thousands of €	For the year ended 31 December 2019			
	Investment	**Development**	**Property and asset management**	**Total**
Gross rental income	11,653	—	—	11,653
Property operating expenses	(256)	(2,300)	—	(2,556)
Net rental income	**11,397**	**(2,300)**	**—**	**9,097**
Joint venture management fee income	—	—	10,492	10,492
Net valuation gains/(losses) on investment properties destined to the joint ventures	—	186,757	—	186,757
Administration expenses	(1,681)	(11,969)	(3,243)	(16,893)
Share of joint ventures' adjusted operating profit after tax[1]	36,490	—	—	36,490
Operating EBITDA	**46,206**	**172,488**	**7,249**	**225,943**
Other expenses				(3,000)
Depreciation and amortisation	—	(1,105)	(102)	(1,207)
Earnings before interest and tax	**46,206**	**171,383**	**7,147**	**221,736**
Net finance costs – Own				(14,238)
Net finance costs – Joint ventures and associates				(16,049)
Profit before tax				**191,449**
Current income taxes – Own				(484)
Current income taxes – Joint ventures and associates				(1,464)
Recurrent net income				**189,502**
Net valuation gains/(losses) on investment properties – other countries[2]				1,408
Net valuation gains/(losses) on investment properties – Joint ventures and associates				60,753
Net fair value gain/(loss) on interest rate swaps a nd other derivatives – Joint ventures and associates				(108)
Deferred taxes – Own				(32,022)
Deferred taxes – Joint ventures and associates				(13,919)
Reported profit for the period				**205,613**

1 The adjustments to the share of profit from the joint ventures (at share) are composed of € 60.8 million of net valuation gains/(losses) on investment properties, € 0.1 million of net fair value loss on interest rate derivatives and € 13.9 million of deferred taxes in respect of these adjustments.

2 Relates to developments in countries outside of the JV perimeters i.e. Latvia.

4.2 Geographical markets

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.

in thousands of €	31 December 2020						
	Gross rental income[1]	Net rental income[1]	Share of joint ventures' operating EBITDA	Operating EBITDA (Incl. JV at share)	Investment properties Own	Investment properties JV at share	Capital expenditure[2]
Western Europe							
Germany	33,501	27,475	27,072	313,131	506,518	935,512	294,362
Spain	3,966	2,352	2,126	21,849	140,472	75,730	44,189
Austria	602	434	504	103	13,009	12,575	755
Netherlands	2,574	1,497	127	42,496	60,414	107,590	30,348
Italy	1,053	1,424	(19)	2,515	31,164	12,415	21,706
Portugal	—	(67)	—	(516)	5,096	—	1,666
	41,695	**33,114**	**29,809**	**379,576**	**756,673**	**1,143,821**	**393,026**
Central and Eastern Europe							
Czech Republic	11,713	10,900	10,729	21,775	91,147	207,745	39,087
Slovakia	1,847	1,360	1,625	5,517	46,422	30,813	13,183
Hungary	3,179	2,779	1,954	1,901	35,026	29,033	9,199
Romania	2,630	1,765	2,273	2,154	52,674	33,650	24,396
	19,368	**16,804**	**16,580**	**31,346**	**225,269**	**301,241**	**85,865**
Baltics							
Latvia	3,109	2,921	—	2,790	40,519	—	931
Other[3]	—	**2,415**	**(515)**	**(6,383)**	—	—	—
						—	
Total	**64,172**	**55,253**	**45,874**	**407,330**	**1,022,461**	**1,445,062**	**479,823**

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 € 416.1 million and amounts to € 63.7 million on development properties of the First and Second Joint Venture.

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

in thousands of €	31 December 2019						
	Gross rental income[1]	Net rental income[1]	Share of joint ventures' operating EBITDA	Operating EBITDA (Incl. JV at share)	Investment properties Own	Investment properties JV at share	Capital expenditure[2]
Western Europe							
Germany	28,823	24,534	23,096	119,583	447,176	612,099	301,395
Spain	2,206	819	612	29,086	149,460	33,045	42,618
Austria	905	723	138	2,231	12,236	11,795	12,371
Netherlands	8	(472)	—	20,886	115,612	—	59,125
Italy	—	243	—	5,625	30,764	—	20,357
Portugal	—	(17)	—	(265)	3,255	—	3,181
	31,942	**25,829**	**23,846**	**177,146**	**758,503**	**656,939**	**439,048**
Central and Eastern Europe							
Czech Republic	10,989	10,286	9,172	30,230	58,145	196,444	28,475
Slovakia	1,913	1,983	1,751	2,750	42,984	24,218	29,144
Hungary	2,137	2,430	1,863	1,344	25,522	28,606	16,731
Romania	3,749	3,009	811	12,570	38,511	27,801	22,569
	18,787	**17,707**	**13,596**	**46,894**	**165,162**	**277,068**	**96,918**
Baltics							
Latvia	2,571	2,137	—	2,025	38,935	—	3,486
							—
Other[3]	**—**	**997**	**(953)**	**(123)**	**—**	**—**	**—**
Total	**53,300**	**46,669**	**36,490**	**225,943**	**962,600**	**934,007**	**539,452**

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 € 517.5 million and amounts to € 21.9 million on development properties of the First and Second Joint Venture.

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

5. Revenue

in thousands of €	2020	2019
Rental income from investment properties	10,087	10,182
Straight lining of lease incentives	1,991	1,471
Total gross rental income	**12,078**	**11,653**
Property and facility management income	10,743	8,748
Development management income	3,956	1,744
Joint ventures' management fee income	**14,699**	**10,492**
Service charge income	2,781	3,892
Total revenue	**29,558**	**26,037**

The Group leases out its investment property under operating leases. The operating leases are generally for terms of more than 5 years. The gross rental income reflects the full impact of the income generating assets delivered during 2020 and the different closings with the Joint Ventures which occurred during year i.e. the 2020 rental income includes (i) € 0.3 million of rent for the period 1 January 2020 to 15 October 2020 related to the property portfolio sold during the seventh closing with VGP European Logistics joint venture on 15 October 2020 (compared to € 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 and € 1.4 million of rent for the period 1 January 2019 to 30 November 2019 related to the property portfolio sold during the sixth closing); (ii) € 3.7 million of rent for the period 1 January 2020 to 16 November 2020 related to the property portfolio sold during the second closing with the VGP European Logistics 2 joint venture on 16 November 2020 (compared to € 4.4 million of rent for the period 1 January 2019 to 31 July 2019 related to the property portfolio sold during the first closing with the VGP European Logistics 2 joint venture).

At the end of December 2020, the Group (including the joint ventures) had annualised committed leases of € 185.2 million[1] compared to € 155.0 million[2] as at 31 December 2019.

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

in thousands of €	2020	2019
Less than one year	41,713	52,665
Between one and five years	155,977	205,603
More than five years	215,843	399,922
Total	**413,533**	**658,190**

1 € 143.5 million related to the JV Property Portfolio and € 41.7 million related to the Own Property Portfolio.
2 € 102.3 million related to the JV Property Portfolio and € 52.7 million related to the Own Property Portfolio.

6. Property operating expenses

in thousands of €	**2020**	**2019**
Repairs and maintenance	(318)	(192)
Letting, marketing, legal and professional fees	(496)	(276)
Real estate agents	(366)	(254)
Service charge income	2,781	3,892
Service charge expenses	(3,073)	(3,141)
Other income	1,904	1,765
Other expenses	(4,216)	(4,350)
Total	**(3,784)**	**(2,556)**

7. Net valuation gains/(losses) on investment properties

in thousands of €	**2020**	**2019**
Unrealised valuation gains/(losses) on investment properties	188,863	117,366
Unrealised valuation gains/(losses) on disposal group held for sale	11,358	35,907
Realised valuation gains/(losses) on disposal of subsidiaries and investment properties	166,140	34,892
Total	**366,361**	**188,165**

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 31 December 2020 based on a weighted average yield of 5.51% (compared to 5.76% 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 total portfolio value of € 16.7 million.

8. Administration expenses

in thousands of €	**2020**	**2019**
Wages and salaries	(9,876)	(7,943)
Audit, legal and other advisors[1]	(15,593)	(5,931)
Other administrative expenses	(1,751)	(3,019)
Depreciation	(2,076)	(1,207)
Total	**(29,296)**	**(18,100)**

1 The comparative figure as at 31 December 2019 was restated for the amount contributed by the Company to the VGP Foundation. As from 31 December 2020, the amount contributed by the Company to the VGP Foundation has been classified separately under "Other expenses" in the income statement.

9. Investments in Joint Ventures

9.1 Profit from Joint Ventures

The table below presents a summary Income Statement of the Group's joint ventures with (i) Allianz Real Estate (VGP European Logistics, VGP European Logistics 2, VGP Park München) and the associates; and (ii) the joint venture with Roozen Landgoederen Beheer (LPM), 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, the Netherlands, Italy and Romania. VGP Park München is incorporated in München (Germany) and owns and develops the VGP park located in München. LPM Joint Venture will develop Logistics Park Moerdijk ("LPM") together with the Port Authority Moerdijk on a 50:50-basis. The objective is to build a platform of new, grade A logistics and industrial properties of which 50% for account of the LPM Joint Venture 50% directly for account of the Port Authority Moerdijk. VGP NV holds 50% directly in all joint ventures and holds another 5.1% in the subsidiaries of VGP European Logistics holding assets in Germany.

in thousands of €	**VGP European Logistics (excl. minorities) at 100%**	**VGP European Logistics 2 at 100%**	**VGP Park München at 100%**	**LPM at 100 %**	**Joint Ventures at 50%**	**VGP European Logistics German Asset Companies at 5.1%**	**2020**
Gross rental income	84,896	12,251	1,283	—	49,215	2,880	52,095
Property Operating expenses							
— underlying property operating expenses	(419)	(730)	(154)	(48)	(675)	(11)	(687)
— property management fees	(6,850)	(1,311)	(241)	—	(4,201)	(246)	(4,447)
Net rental income	**77,626**	**10,210**	**888**	**(48)**	**44,338**	**2,624**	**46,962**
Net valuation gains/(losses) on investment properties	82,403	5,847	—	—	44,125	3,947	48,072
Administration expenses	(1,440)	(327)	(75)	(270)	(1,056)	(36)	(1,092)
Operating profit	**158,589**	**15,730**	**813**	**(318)**	**87,407**	**6,535**	**93,942**
Net financial result	(24,855)	(6,054)	(2,878)	—	(16,893)	(857)	(17,751)
Taxes	(20,909)	(2,864)	(195)	—	(11,984)	(869)	(12,853)
Profit for the period	**112,826**	**6,812**	**(2,260)**	**(318)**	**58,530**	**4,808**	**63,338**

in thousands of €	**VGP European Logistics (excl. minorities) at 100%**	**VGP European Logistics 2 at 100%**	**VGP Park München at 100%**	**LPM at 100 %**	**Joint Ventures at 50%**	**VGP European Logistics German Asset Companies at 5.1%**	**2019**
Gross rental income	74,204	4,121	n.a.	n.a.	39,162	2,482	41,645
Property Operating expenses							
— underlying property operating expenses	(195)	(1,345)	n.a.	n.a.	(770)	(12)	(782)
— property management fees	(5,735)	(451)	n.a.	n.a.	(3,093)	(201)	(3,294)
Net rental income	**68,274**	**2,325**	**n.a.**	**n.a.**	**35,299**	**2,269**	**37,569**
Net valuation gains/(losses) on investment properties	108,906	3,374	n.a.	n.a.	56,140	4,612	60,752
Administration expenses	(1,902)	(199)	n.a.	n.a.	(1,051)	(28)	(1,078)
Operating profit	**175,277**	**5,500**	**n.a.**	**n.a.**	**90,389**	**6,854**	**97,242**
Net financial result	(28,731)	(2,046)	n.a.	n.a.	(15,388)	(768)	(16,157)
Taxes	(27,543)	(1,355)	n.a.	n.a.	(14,449)	(934)	(15,383)
Profit for the period	**119,003**	**2,099**	**n.a.**	**n.a.**	**60,551**	**5,152**	**65,703**

9.2 Summarised balance sheet information in respect of Joint Ventures

in thousands of €	VGP European Logistics (excl. minorities) at 100%	VGP European Logistics 2 at 100%	VGP Park München at 100%	LPM at 100 %	Joint Ventures at 50%	VGP European Logistics German Asset Companies at 5.1%	2020
Investment properties	1,847,545	403,423	418,918	80,496	1,375,191	69,871	1,445,062
Other assets	353	113	—	—	233	19	252
Total non-current assets	**1,847,898**	**403,536**	**418,918**	**80,496**	**1,375,424**	**69,890**	**1,445,314**
Trade and other receivables	11,372	8,157	8,451	24	14,002	449	14,451
Cash and cash equivalents	56,724	17,284	14,368	15	44,196	1,945	46,140
Total current assets	**68,096**	**25,441**	**22,819**	**39**	**58,198**	**2,394**	**60,591**
Total assets	**1,915,995**	**428,977**	**441,737**	**80,535**	**1,433,622**	**72,283**	**1,505,905**
Non-current financial debt	898,911	245,188	165,528	49,779	679,703	34,574	714,277
Other non-current financial liabilities	1,537	108	—	—	823	—	823
Other non-current liabilities	6,819	2,561	1,727	—	5,553	164	5,718
Deferred tax liabilities	143,377	27,749	1,821	—	86,474	5,165	91,638
Total non-current liabilities	**1,050,644**	**275,606**	**169,076**	**49,779**	**772,552**	**39,903**	**812,456**
Current financial debt	22,509	3,532	—	—	13,020	707	13,728
Trade debts and other current liabilities	17,888	9,370	16,947	4,750	24,477	471	24,949
Total current liabilities	**40,396**	**12,902**	**16,947**	**4,750**	**37,498**	**1,179**	**38,676**
Total liabilities	**1,091,040**	**288,508**	**186,023**	**54,529**	**810,050**	**41,082**	**851,132**
Net assets	**824,955**	**140,469**	**255,714**	**26,006**	**623,572**	**31,201**	**654,773**

in thousands of €	VGP European Logistics (excl. minorities) at 100%	VGP European Logistics 2 at 100%	VGP Park München at 100%	LPM at 100 %	Joint Ventures at 50%	VGP European Logistics German Asset Companies at 5.1%	2019
Investment properties	1,603,926	145,281	n.a.	n.a.	874,603	59,404	934,008
Other assets	838	24	n.a.	n.a.	431	43	474
Total non-current assets	**1,604,763**	**145,305**	**n.a.**	**n.a.**	**875,034**	**59,448**	**934,482**
Trade and other receivables	12,201	3,351	n.a.	n.a.	7,776	446	8,222
Cash and cash equivalents	51,134	3,198	n.a.	n.a.	27,166	1,636	28,802
Total current assets	**63,335**	**6,549**	**n.a.**	**n.a.**	**34,942**	**2,082**	**37,024**
Total assets	**1,668,098**	**151,854**	**n.a.**	**n.a.**	**909,976**	**61,530**	**971,506**
Non-current financial debt	823,106	88,068	n.a.	n.a.	455,587	31,512	487,099
Other non-current financial liabilities	5,337	40	n.a.	n.a.	2,689	—	2,689
Other non-current liabilities	7,208	1,508	n.a.	n.a.	4,358	190	4,548
Deferred tax liabilities	116,130	3,121	n.a.	n.a.	59,626	3,845	63,470
Total non-current liabilities	**951,781**	**92,737**	**n.a.**	**n.a.**	**522,259**	**35,547**	**557,806**
Current financial debt	20,022	784	n.a.	n.a.	10,403	631	11,034
Trade debts and other current liabilities	25,914	3,443	n.a.	n.a.	14,678	742	15,421
Total current liabilities	**45,936**	**4,227**	**n.a.**	**n.a.**	**25,081**	**1,373**	**26,455**
Total liabilities	**997,717**	**96,964**	**n.a.**	**n.a.**	**547,341**	**36,920**	**584,260**
Net assets	**670,381**	**54,890**	**n.a.**	**n.a.**	**362,635**	**24,610**	**387,246**

In June 2020, the Group entered into a new 50:50 joint venture with Allianz Real Estate – VGP Park München – (the Third Joint Venture) for an initial term of 10 years. Contrary to the two existing joint ventures with Allianz Real Estate which concentrate on the acquisition of income-generating assets developed by VGP, this Third Joint Venture will initially be focused on the development of VGP Park München. On 16 December 2020, the newly established Third Joint Venture (VGP Park München GmbH) completed a first, and currently only, closing with the acquisition of 1 parking house and the first part of the building pre-let to BMW.

The First Joint Venture (VGP European Logistics) recorded one closing during the year. On 15 October 2020, VGP completed a seventh and currently last closing, whereby the First Joint Venture ("VGP European Logistics S.à r.l.") acquired 10 logistic buildings, including 2 buildings in 2 new VGP parks and another 8 newly completed buildings (in parks which were previously transferred to the First Joint Venture).

The Second Joint Venture (VGP European Logistics 2) recorded one closing during the year. On 16 November 2020, VGP completed a second and currently last closing, whereby the Second Joint Venture ("VGP European Logistics 2 S.à r.l.") acquired 9 logistic buildings, including 7 buildings in 4 new VGP parks and another 2 newly completed buildings (in parks which were previously transferred to the Second Joint Venture).

In November 2020, the Group entered into a new 50:50 joint venture ("LPM Joint Venture") with Roozen Landgoederen Beheer. The LPM Joint Venture will develop Logistics Park Moerdijk ("LPM") together with the Port Authority Moerdijk on a 50:50-basis. The objective is to build a platform of new, grade A logistics and industrial properties of which 50% for account of the LPM Joint Venture i.e. VGP Park Moerdijk and the other 50% directly for account of the Port Authority Moerdijk.

The Joint Ventures' property portfolio, excluding development land and buildings being constructed by VGP on behalf of the Joint Ventures, is valued at 31 December 2020 based on a weighted average yield of 4.76%[1] (compared to 5.16% as at 31 December 2019). A 0.10% variation of this market rate would give rise to a variation of the Joint Venture portfolio value (at 100%) of € 62.5 million.

The (re)valuation of the First and Second Joint Ventures' portfolio was based on the appraisal report of the property expert Jones Lang LaSalle.

VGP provides certain services, including asset-, property- and development advisory and management, for the 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 agreement.

9.3 Other non-current receivables

in thousands of €	**2020**	**2019**
Shareholder loans to VGP European Logistics S.à.r.l.	51,672	52,449
Shareholder loans to VGP European Logistics 2 S.à.r.l.	15,351	5,668
Shareholder loans to VGP Park München GmbH	82,911	—
Shareholder loans to LPM Holding BV	29,030	—
Shareholder loans to associates (subsidiaries of VGP European Logistics S.à.r.l.)	17,871	5,454
Construction and development loans to subsidiaries of VGP European Logistics S.à.r.l.	32,507	81,084
Construction and development loans to subsidiaries of VGP European Logistics 2 S.à.r.l.	37,226	33,806
Construction and development loans reclassified as assets held for sale	(69,733)	(114,890)
Other non-current receivables	67,203	—
Total	**264,038**	**63,571**

Other non-current receivables relate to the remaining non-current balance due by Allianz Real Estate in respect of the acquisition of VGP Park München and which shall become payable by Allianz Real Estate in different instalments based on the completion dates of the respective buildings. (see also note 22 *Cash flow from disposal of subsidiaries and investment properties and note 14 Trade and Other Receivables*).

9.4 Investments in joint ventures and associates

in thousands of €	**2020**	**2019**
As at 1 January	**387,246**	**241,427**
Additions	211,091	80,116
Result of the year	63,338	65,703
Repayment of equity	(6,902)	—
As at the end of the period	**654,773**	**387,246**

1 The First and Second Joint Venture have been valued by an independent valuation expert. The valuation of the Third Joint Venture is based on the agreed proportional purchase price with Allianz Real Estate. The LPM Joint Venture only holds development land and hence has been excluded from the weighted average yield calculation.

10. Net financial result

in thousands of €	**2020**	**2019**
Bank and other interest income	2	27
Interest income – loans to joint venture and associates	9,292	5,516
Other financial income	25	—
Financial income	**9,319**	**5,543**
Bond interest expense	(24,706)	(20,840)
Bank interest expense – variable debt	(1,871)	(1,153)
Interest capitalised into investment properties	11,881	4,230
Net foreign exchange expenses	(282)	(108)
Other financial expenses	(2,933)	(1,910)
Financial expenses	**(17,911)**	**(19,781)**
Net financial costs	**(8,592)**	**(14,238)**

11. Taxation

11.1 Income tax expense recognised in the consolidated income statement

in thousands of €	2020	2019
Current tax	(870)	(484)
Deferred tax	(38,995)	(32,022)
Total	**(39,865)**	**(32,506)**

11.2 Reconciliation of effective tax rate

in thousands of €		2020		2019
Profit before taxes		410,804		238,118
Adjustment for share in result of joint venture and associates		(63,338)		(65,703)
Result before taxes and share in result of joint venture and associates		**347,466**		**172,416**
Income tax using the German corporate tax rate	15.8%	(54,986)	15.8%	(27,285)
Difference in tax rate non-German companies		19,736		(191)
Non-tax-deductible expenditure		(1,057)		(68)
Losses/Notional interest deduction		(3,765)		(4,957)
Other		207		(5)
Total	**11.5%**	**(39,865)**	**18.8%**	**(32,506)**

The majority of the Group's profit before taxes is earned in Germany. Hence the effective corporate tax rate in Germany is applied for the reconciliation. The change of the 2020 effective tax rate (compared to 2019) is mainly due to the one-off-tax effect of the sale of VGP Park München which occurred during the year.

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

2020 — *in thousands of €*	< 1 year	2–5 years	> 5 years
Tax loss carry forward	104	2,950	39,753

2019 — *in thousands of €*	< 1 year	2–5 years	> 5 years
Tax loss carry forward	22	964	37,126

11.3 Deferred tax assets and liabilities

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

in thousands of €	Assets		Liabilities		Net	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Investment properties	—	—	(47,253)	(39,039)	(47,253)	(39,039)
Currency hedge accounting/Derivatives	—	—	(1,541)	(1,759)	(1,541)	(1,759)
Tax losses carried-forward	1,211	191	—	—	1,211	191
Capitalised interest	—	—	(917)	(693)	(917)	(693)
Capitalised cost	—	—	(87)	—	(87)	—
Other	—	—	(183)	(127)	(183)	(127)
Tax assets/liabilities	**1,211**	**191**	**(49,981)**	**(41,619)**	**(48,770)**	**(41,428)**
Set-off of assets and liabilities	574	504	(574)	(504)	—	—
Reclassification to liabilities related to disposal group held for sale	—	—	6,742	10,475	6,742	10,475
Net tax assets/liabilities	**1,786**	**695**	**(43,813)**	**(31,647)**	**(42,028)**	**(30,953)**

A total deferred tax asset of € 7,313k (€ 6,873k in 2019) was not recognised.

12. Earnings per share

12.1 Earnings per ordinary share (EPS)

in number	**2020**	**2019**
Weighted average number of ordinary shares (basic)	19,960,099	18,583,050
Dilution	—	—
Weighted average number of ordinary shares (diluted)	19,960,099	18,583,050

in thousands of €	**2020**	**2019**
Result for the period attributable to the Group and to ordinary shareholders	370,939	205,613
Earnings per share *(in €)* – basic	18.58	11.06
Earnings per share *(in €)* – diluted	18.58	11.06

12.2 EPRA NAV's – EPRA NAV's per share

In October 2019, the EPRA published its new Best Practice Recommendations which set out the financial indicators listed real estate companies should disclose so as to provide more transparency across the European listed sector. The EPRA NAV and EPRA NNNAV were consequently replaced by three new Net Asset Value indicators: Net Reinstatement Value (NRV), Net Tangible Assets (NTA) and Net Disposal Value (NDV). The EPRA NAV indicators are obtained by adjusting the IFRS NAV in such a way that stakeholders get the most relevant information about the fair value of assets and liabilities. The three different EPRA NAV indicators are calculated on the basis of the following scenarios:

(i) *Net Reinstatement Value*: based on the assumption that entities never sell assets and aims to reflect the value needed to build the entity anew. The purpose of this indicator is to reflect what would be required to reconstitute the company through the investment markets based on the current capital and financing structure, including Real Estate Transfer Taxes. EPRA NRV per share refers to the EPRA NRV based on the number of shares in circulation as at the balance sheet date. See www.epra.com.

(ii) *Net Tangible Assets*: assumes that entities buy and sell assets, thereby realising certain levels of deferred taxation. This pertains to the NAV adjusted to include property and other investments at fair value and to exclude certain items that are not expected to be firmly established in a business model with long-term investment properties. EPRA NTA per share refers to the EPRA NTA based on the number of shares in circulation as at the balance sheet date. See www.epra.com.

(iii) *Net Disposal Value*: provides the reader with a scenario of the sale of the company's assets leading to the realization of deferred taxes, financial instruments and certain other adjustments. This NAV should not be considered a liquidation NAV as in many cases the fair value is not equal to the liquidation value. The EPRA NDV per share refers to the EPRA NDV based on the number of shares in circulation as at the balance sheet date. See www.epra.com.

in thousands of €	**31 December 2020**				
	EPRA NRV	**EPRA NTA**	**EPRA NDV**	**EPRA NAV**	**EPRA NNNAV**
IFRS NAV	**1,305,737**	**1,305,737**	**1,305,737**	**1,305,737**	**1,305,737**
IFRS NAV per share *(in €)*	63.44	63.44	63.44	63.44	63.44
NAV at fair value (after the exercise of options, convertibles and other equity)	**1,305,737**	**1,305,737**	**1,305,737**	**1,305,737**	**1,305,737**
To exclude:					
Deferred tax	48,770	48,770	—	48,770	—
Intangibles as per IFRS balance sheet	—	(557)	—		—
Subtotal	**1,354,507**	**1,353,950**	**1,305,737**	**1,354,507**	**1,305,737**
Fair value of fixed interest rate debt	—	—	(8,021)	—	(8,021)
Real estate transfer tax	25,019	—	—	—	—
NAV	**1,379,526**	**1,353,950**	**1,297,716**	**1,354,507**	**1,297,716**
Number of shares	20,583,050	20,583,050	20,583,050	20,583,050	20,583,050
NAV/share *(in €)*	**67.02**	**65.78**	**63.05**	**65.81**	**63.05**

in thousands of €	**31 December 2019**				
	EPRA NRV	**EPRA NTA**	**EPRA NDV**	**EPRA NAV**	**EPRA NNNAV**
IFRS NAV	**699,781**	**699,781**	**699,781**	**699,781**	**699,781**
IFRS NAV per share *(in €)*	37.7	37.7	37.7	37.7	37.7
NAV at fair value (after the exercise of options, convertibles and other equity)	**699,781**	**699,781**	**699,781**	**699,781**	**699,781**
To exclude:					
Deferred tax	41,428	41,428		41,428	
Intangibles as per IFRS balance sheet		(46)			
Subtotal	**741,209**	**741,163**	**699,781**	**741,209**	**699,781**
Fair value of fixed interest rate debt			(24,808)		(24,808)
Real estate transfer tax	16,246				
NAV	**757,455**	**741,163**	**674,973**	**741,209**	**674,973**
Number of shares	18,583,050	18,583,050	18,583,050	18,583,050	18,583,050
NAV/share *(in €)*	**40.76**	**39.88**	**36.32**	**39.89**	**36.32**

13. Investment properties

in thousands of €	2020			
	Completed	**Under Construction**	**Development land**	**Total**
As at 1 January	**94,056**	**338,266**	**360,623**	**792,945**
Capex	67,452	201,226	7,353	276,031
Acquisitions	—	9,851	130,256	140,107
Capitalised interest	3,902	7,934	45	11,881
Capitalised rent free and agent's fee	3,245	2,351	32	5,628
Sales and disposals	(191,596)	(292,107)	(10,083)	(493,786)
Transfer on start-up of development	—	193,574	(193,574)	—
Transfer on completion of development	155,018	(155,018)	—	—
Net gain from value adjustments in investment properties	36,477	150,604	2,408	189,489
Reclassification to held for sale	(2,144)	—	—	(2,144)
As at 31 December	**166,410**	**456,681**	**297,060**	**920,151**

in thousands of €	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**

As at 31 December 2020 investment properties totalling € 30.8 million (same as at 31 December 2019) were pledged in favour the Group's banks (see note 17).

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.

13.1 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 31 December 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).

13.2 Property valuation techniques and related quantitative information

(i) Valuation process

The Group's investment property is initially carried at cost plus transaction cost. It is subsequently measured at fair value and is valued at least once per year. In view of the rapid growth of the portfolio the Group has in recent years opted to perform the valuations twice per year i.e. as at 30 June and 31 December. Valuations are performed by independent external property appraisers. The Group ordinarily uses Jones Lang LaSalle as the Group's valuator. From time to time, at the discretion of the Company, a small part of the portfolio may be valued by another external independent valuator. For the 31 December 2020 valuations, all valuations were carried out by Jones Lang LaSalle. As a result, the value of the Group's assets depends on developments in the local real estate market in each of the Group's countries of operations and is subject to change. Gains and losses from changes in fair value are recognized in the Group's income statement as valuation results and are also a component of the Group's indirect result.

The Group's valuation contracts are typically entered into for a term of one year and the fees of the property experts are fixed for the term of their appointment and are not related to the value of the properties for which a valuation is made. The valuations are prepared in accordance with the RICS Valuation – Professional Standards (incorporating the International Valuation Standards) Global edition January 2020 (same approach as for the previous period end valuations). The basis of valuation is the market value of the property, as at the date of valuation, defined by the RICS as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

(ii) Valuation methodology

Discounted cash flow approach

In view of the nature of the portfolio and the bases of valuation Jones Lang LaSalle has adopted the income approach, discounted cash flow technique, analysed over a 10-year period for each property. The cash flow assumes a ten-year hold period with the exit value calculated on ERV. To calculate the exit value Jones Lang Lasalle has used the exit yield which represents their assumption of the possible yield in the 10th year.

The cash flow is based upon the rents payable under existing lease agreements until the agreed lease end. In case of early break option, the valuator has assumed that the break will be exercised only if the penalty is less than the valuator's assumed expiry void period.

After the lease termination the valuator has assumed a certain expiry void period and a 5 year new lease contract. For currently vacant premises the valuator has assumed a certain initial void period and 5 year lease contract. For the properties that are under construction, the valuator has adopted an initial void starting as of the valuation date. The assumed rental income was calculated on the basis of estimated rental value (ERV).

The assumed voids are used to cover the time and the relocated cost of marketing, re-letting and possible reconstruction. The voids were adopted to each of the buildings within the portfolio.

In order to calculate the net rental income the valuators have deducted capital expenditures (contribution to the sinking fund) from the gross rental income.

Equivalent yield approach

For the properties in Spain, the valuator has adopted the equivalent yield approach.

The equivalent yield approach calculates the gross market value by applying a capitalisation rate (equivalent yield) to the net rental income as of the valuation date and capitalising the income into perpetuity.

The abovementioned assumptions are more thoroughly specified below section of the valuation assumptions.

Valuation assumptions

The following main assumptions, together with the quantitative information included in section "*(iii) Quantitative information about fair value measurements using unobservable inputs*"; were made by the valuator.

- Jones Lang LaSalle's analyses adopts a 10 years cash flow approach to reflect the initial income and any agreed rent indexation reverting to the estimated rental value after expiry of the current leases. For the purpose of the valuation the valuator has assumed that the current tenants will stay in the premises until the agreed lease end. In case of early break option, the valuator has assumed that the break will be exercised only if the penalty is less than valuator's assumed expiry void period.
- For the properties in Spain, the value was calculated using the equivalent yield approach, which assumes the building is completed as of the valuation date and subject to a 10-year lease.
- The valuator has assumed that after termination (first possible break) of the current lease contracts new 5-year leases will be signed and the valuator's ERV will be applied and the rent will be indexed each lease anniversary in line with EU CPI, if not mentioned otherwise in the lease agreements.
- The range of used estimated rental values has been detailed in below section "*(iii) Quantitative information about fair value measurements using unobservable inputs*".
- After the termination of existing leases (first break option) the valuator has adopted an expiry void of 3–12 months. The assumed voids are used to cover the time and the cost of marketing, re-letting and possible reconstruction. The voids were adopted to each of the building within the portfolio.
- For currently vacant industrial and office premises the valuator has adopted an initial void of 9–12 months.
- For properties that are vacant and under construction, the valuator has adopted an initial void starting at the valuation date.
- From the gross income the valuator has deducted a contribution to a sinking fund at 0.00%–2.20%.
- The rents were indexed in line with the indexation that was agreed in the lease agreements. Therefore, the rents are subject to the indexation according to German, Spanish CPI, EU CPI, EICP or HICP. The EICP indexation was assumed at the level of 1.9%.

- The rents after reversion have been indexed on an annual basis each lease anniversary in line with the EU CPI indexation, which is assumed to be at 1.9%.
- The exit value was calculated on ERV.
- The cash flow that was used for the calculation was discounted either quarterly or monthly depending on the frequency of the rent payments.
- Based on the location, projected achievable rental income stream and position in the market the valuator has applied an exit yields and discount rates (see below section *"(iii) Quantitative information about fair value measurements using unobservable inputs"*; for further details).

Property that is being constructed or developed for future use as investment property is also stated at fair market value, and investment properties under construction are also valued by an independent valuation expert. For the properties under construction the valuation expert has used the same approach as applicable for the completed properties but deducting the remaining construction costs from the calculated market value, whereby "remaining construction costs" means overall pending development cost, which include all hard costs, soft costs, financing costs and developer profit. Developer profit takes into account the level of risk connected with individual property and is mainly dependent on development stage and pre-letting status.

The equivalent yield approach ("EYA") was utilized for the building under construction in Spain. EYA calculates the gross market value by applying a capitalisation rate (equivalent yield) to the net rental income as of the valuation date, and capitalising the income into perpetuity. When calculating the value of the property it is assumed that the building is completed as of the valuation date and subject to a 10-year lease, with the remaining construction costs deducted from the market value.

Land held for development is valued using the valuation sales comparison approach. The sales comparison approach produces a value indication by comparing the subject property to similar properties and applying adjustments to reflect advantages and disadvantages to the subject property. This is most appropriate when a number of similar properties have recently been sold or are currently for sale in the market.

Valuation review

The valuations made are reviewed internally by the CEO, CFO and Financial Controller and discussed with the independent valuator as appropriate. The CFO and CEO report on the outcome of the valuation processes and results to the audit committee and take any comments or decision in consideration when performing the subsequent valuations.

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

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

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 31 Dec-20 *(€ '000)*	Valuation technique	Level 3 – Unobservable inputs	Range
Czech Republic	IPUC	8,400	Discounted cash flow	ERV per m² *(in €)*	49
				Discount rate	7.15%
				Exit yield	5.90%
				Weighted average yield	6.70%
				Cost to completion *(in '000 €)*	2,567
				Properties valued *(aggregate m²)*	14,882
	DL	43,503	Sales comparison	Price per m² *(in €)*	
Germany	IP	88,280	Discounted cash flow	ERV per m² *(in €)*	46–74
				Discount rate	5.30%–6.00%
				Exit yield	4.50%–5.00%
				Weighted average yield	5.17%
				Cost to completion *(in '000 €)*	3,587
				Properties valued *(aggregate m²)*	90,737
				WAULT (until maturity) *(in years)*	5.87
				WAULT (until first break) *(in years)*	5.72
	IPUC	302,740	Discounted cash flow	ERV per m² *(in €)*	45–95
				Discount rate	5.00%–7.75%
				Exit yield	3.70%–4.60%
				Weighted average yield	4.80%
				Cost to completion *(in '000 €)*	132,108
				Properties valued *(aggregate m²)*	339,619
	DL	103,039	Sales comparison	Price per m² *(in €)*	
Spain	IP	13,350	Equivalent yield	ERV per m² *(in €)*	44
				Equivalent yield	5.75%
				Reversionary yield (nominal)	5.97%
				Weighted average yield	5.75%
				Cost to completion *(in '000 €)*	548
				Properties valued *(aggregate m²)*	18,074
				WAULT (until maturity) *(in years)*	5.86
				WAULT (until first break) *(in years)*	2.42
	IPUC	64,431	Equivalent yield	ERV per m² *(in €)*	48–50
				Equivalent yield	4.90–5.80%
				Reversionary yield (nominal)	n.a.
				Weighted average yield	5.57%
				Cost to completion *(in '000 €)*	26,272
				Properties valued *(aggregate m²)*	103,779
	DL	23,115	Sales comparison	Price per m² *(in €)*	

Region	Segment	Fair value 31 Dec-20 *(€ '000)*	Valuation technique	Level 3 – Unobservable inputs	Range
Romania	IPUC	17,300	Discounted cash flow	ERV per m² *(in €)*	43–53
				Discount rate	9.25%–10.00%
				Exit yield	7.75%–9.00%
				Weighted average yield	9.96%
				Cost to completion *(in '000)*	8,251
				Properties valued *(aggregate m²)*	56,548
	DL	35,373	Sales comparison	Price per m² *(in €)*	
Netherlands	IPUC	30,300	Discounted cash flow	ERV per m² *(in €)*	45
				Discount rate	4.65%
				Exit yield	5.20%
				Weighted average yield	4.29%
				Cost to completion *(in '000)*	14,136
				Properties valued *(aggregate m²)*	42,157
	DL	21,858	Sales comparison	Price per m² *(in €)*	
Italy	IPUC	26,710	Discounted cash flow	ERV per m² *(in €)*	44–86
				Discount rate	6.30–6.95%
				Exit yield	5.65–6.00%
				Weighted average yield	6.17%
				Cost to completion *(in '000)*	12,766
				Properties valued *(aggregate m²)*	44,660
	DL	4,454	Sales comparison	Price per m² *(in €)*	
Hungary	IP	24,980	Discounted cash flow	ERV per m² *(in €)*	58–63
				Discount rate	7.65%
				Exit yield	7.25%
				Weighted average yield	7.95%
				Cost to completion *(in '000 €)*	733
				Properties valued *(aggregate m²)*	33,711
				WAULT (until maturity) *(in years)*	8.64
				WAULT (until first break) *(in years)*	7.71
	DL	8,438	Sales comparison	Price per m² *(in €)*	
Latvia	IP	39,800	Discounted cash flow	ERV per m² *(in €)*	50–58
				Discount rate	7.75–8.25%
				Exit yield	7.75%
				Weighted average yield	8.52%
				Cost to completion *(in '000)*	500
				Properties valued *(aggregate m²)*	62,545
				WAULT (until maturity) *(in years)*	4.63
				WAULT (until first break) *(in years)*	3.34
	DL	719	Sales comparison	Price per m² *(in €)*	

Region	Segment	Fair value 31 Dec-20 *(€ '000)*	Valuation technique	Level 3 – Unobservable inputs	Range
Slovakia	IPUC	6,800	Discounted cash flow	ERV per m² *(in €)*	54
				Discount rate	7.50%
				Exit yield	6.50%
				Weighted average yield	7.46%
				Cost to completion *(in '000 €)*	6,622
				Properties valued *(aggregate m²)*	18,576
	DL	38,456	Sales comparison	Price per m² *(in €)*	
Austria	DL	13,009	Sales comparison	Price per m² *(in €)*	
Portugal	DL	5,096	Sales comparison	Price per m² *(in €)*	
Total		**920,151**			

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 m² *(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 m²)*	14,882
	DL	19,631	Sales comparison	Price per m² *(in €)*	
Germany	IP	24,720	Discounted cash flow	ERV per m² *(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 m²)*	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 m² *(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 m²)*	183,251
	DL	204,885	Sales comparison	Price per m² *(in €)*	

Region	Segment	Fair value 31 Dec-19 *(€ '000)*	Valuation technique	Level 3 – Unobservable inputs	Range
Spain	IP	30,400	Equivalent yield	ERV per m² *(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 m²)*	32,169
				WAULT (until maturity) *(in years)*	3.2
				WAULT (until first break) *(in years)*	3.2
	IPUC	48,126	Equivalent yield	ERV per m² *(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 m²)*	100,352
	DL	34,907	Sales comparison	Price per m² *(in €)*	
Romania	IPUC	6,100	Discounted cash flow	ERV per m² *(in €)*	41
				Discount rate	9.75%
				Exit yield	9.25%
				Weighted average yield	9.74%
				Cost to completion *(in '000)*	790
				Properties valued *(aggregate m²)*	16,527
	DL	19,813	Sales comparison	Price per m² *(in €)*	
Netherlands	IPUC	84,400	Discounted cash flow	ERV per m² *(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
				Properties valued *(aggregate m²)*	103,563
	DL	31,212	Sales comparison	Price per m² *(in €)*	
Italy	IPUC	30,500	Discounted cash flow	ERV per m² *(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
				Properties valued *(aggregate m²)*	45,478
	DL	264	Sales comparison	Price per m² *(in €)*	
Hungary	IPUC	15,870	Discounted cash flow	ERV per m² *(in €)*	54–58
				Discount rate	7.65%
				Exit yield	7.50%
				Weighted average yield	7.87%
				Cost to completion *(in '000)*	8,480
				Properties valued *(aggregate m²)*	34,257
	DL	4,630	Sales comparison	Price per m² *(in €)*	

Region	Segment	Fair value 31 Dec-19 *(€ '000)*	Valuation technique	Level 3 – Unobservable inputs	Range
Latvia	IP	38,935	Discounted cash flow	ERV per m² *(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 m²)*	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 m² *(in €)*	
Slovakia	DL	29,791	Sales comparison	Price per m² *(in €)*	
Portugal	DL	3,255	Sales comparison	Price per m² *(in €)*	
Total		**792,945**			

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

(iv) Sensitivity of valuations

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

non observable input	**Impact on fair value in case of**	
	Fall	**Rise**
ERV *(in €/m²)*	Negative	Positive
Discount rate	Positive	Negative
Exit yield	Positive	Negative
Remaining lease term (until first break)	Negative	Positive
Remaining lease term (until final expiry)	Negative	Positive
Occupancy rate	Negative	Positive
Inflation	Negative	Positive

A decrease in the estimated annual rent will decrease the fair value.

An increase in the discount rates and the capitalisation rates used for the terminal value i.e. the exit yield of the discounted cash flow method will decrease the fair value.

There are interrelationships between these rates as they are partially determined by market rate conditions.

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

In addition, the sensitivity of the fair value of the portfolio can be estimated as follows: the effect of a rise (fall) of 1% in rental income results in a rise (fall) in the fair value of the portfolio of approximately € 9.3 million (all variables remaining constant).

The effect of a rise (fall) in the weighted average yield (see note 7) of 25 basis points results in a fall (rise) in the fair value of the portfolio of approximately € 40.5 million (all variables remaining constant).

14. Trade and other receivables

in thousands of €	**2020**	**2019**
Trade receivables	7,781	6,169
Tax receivables – VAT	27,865	19,562
Accrued income and deferred charges	1,469	644
Other receivables	7,713	2,395
Total	**44,828**	**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. (see also note 22 *Cash flow from disposal of subsidiaries and investment properties and note 9.3 Other non-current receivables*).

15. Cash and cash equivalents

The Group's cash and cash equivalents comprise primarily cash deposits of which 91% held at Belgian banks.

16. Share capital and other reserves

16.1 Share capital

Issued and fully paid	**Number of shares**	**Par value of shares** *(€ '000)*
Ordinary shares issued at 1 January 2020	**18,583,050**	**62,251**
Issue of new shares	2,000,000	9,974
Ordinary shares issued at 31 December 2020	**20,583,050**	**72,225**

On 21 April 2020 the Company successfully placed 2.0 million of ordinary shares in the capital of the Company at a price of € 100.00 per share. The Company raised € 200.0 million, before the € 1.7 million expenses and as a result the Company's share capital increased by € 10 million and share premium by € 188.3 million (see note 16.2).

The statutory share capital of the Company after the capital increase amounts to € 102,641k. 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") in 2007 (see also *"Statement of changes in equity"*).

16.2 Other reserves

in thousands of €	**2020**	**2019**
As at 1 January	**69**	**69**
Share premium arising on the issue of new shares	188,346	—
Gain on the sale of treasury shares (net)	97,005	—
As at 31 December	**285,420**	**69**

Following the early termination of the VGP MISV incentive plan, VGP Belgium NV (formerly named VGP MISV Comm. VA) became a 100% subsidiary of the Company during the month of August 2020. As a result, the 929,153 existing ordinary VGP NV shares held by VGP Belgium NV became treasury shares. In September 2020, VGP (through its 100% subsidiary VGP Belgium NV) successfully placed these 929,153 existing ordinary VGP NV shares by means of a private placement via an accelerated bookbuild offering to international institutional investors. The gross sales proceeds were in an amount of € 109.2 million. The realised net gain on this transaction (€ 97 million) was directly booked in other reserves (see also *Financial Review – Statement of changes in equity*).

17. Current and non-current financial debt

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

Maturity *in thousands of €*	**2020**			
	Outstanding balance	**< 1 year**	**> 1–5 year**	**> 5 year**
Non-current				
Bank borrowings	—	—	—	—
Schuldschein loans	33,252	—	7,262	25,990
Bonds				
2.75% bonds Apr-23	149,088	—	149,088	—
3.90% bonds Sep-23	223,246	—	223,246	—
3.25% bonds Jul-24	74,583	—	74,583	—
3.35% bonds Mar-25	79,771	—	79,771	—
3.50% bonds Mar-26	188,857	—	—	188,857
	715,544	**—**	**526,687**	**188,857**
Total non-current financial debt	**748,796**	**—**	**533,949**	**214,847**
Current				
Bank borrowings	20,318	20,318	—	—
Accrued interest	14,150	14,150	—	—
Total current financial debt	**34,468**	**34,468**	**—**	**—**
Total current and non-current financial debt	**783,264**	**34,468**	**533,949**	**214,847**

Maturity *in thousands of €*	**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**	**—**	**473,346**	**294,327**
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**	**473,346**	**294,327**

The above 31 December 2020 balances include capitalised finance costs of (i) € 263k on bank borrowings and schuldschein loans (2019: € 289k) and (ii) € 4,456k on bonds of (2019: € 5,896k).

The accrued interest relates to the 5 issued bonds (€ 14.0 million) and the Schuldschein loans (€ 0.2 million). The coupons of the bonds are payable annually on 2 April for the Apr-23 Bond (first interest period being for 6 months), 21 September for the Sep-23 Bond, 6 July for the Jul-24 Bond, 30 March for the Mar-25 Bond and 19 September for the Mar-26. The interest on the Schuldschein loans are payable on a semi-annual basis on 15 April and 15 October for the variable rate Schuldschein loans and annually on 15 October for the fixed rate Schuldschein loans.

17.1 Overview

17.1.1 Bank loans

The loans and credit facilities granted to the VGP Group are all denominated in € can be summarised as follows (all figures below are stated excluding capitalised finance costs):

2020 *in thousands of €*	**Facility amount**	**Facility expiry date**	**Outstanding balance**	**< 1 year**	**> 1–5 years**	**> 5 years**
Swedbank AS – Latvia	20,333	31-Aug-21	20,333	20,333	—	—
KBC Bank NV	75,000	31-Dec-22	—	—	—	—
Belfius Bank NV	50,000	31-Dec-22	—	—	—	—
JP Morgan AG	25,000	08-Nov-22	—	—	—	—
Total bank debt	**170,333**		**20,333**	**20,333**	**—**	**—**

2019 *in thousands of €*	**Facility amount**	**Facility expiry date**	**Outstanding balance**	**< 1 year**	**> 1–5 years**	**> 5 years**
Swedbank AS – Latvia	21,667	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	08-Nov-22	—	—	—	—
Total bank debt	**171,667**		**21,667**	**1,333**	**20,334**	**—**

17.1.2 Schuldschein loans

On 10 October 2019, VGP completed a *Schuldscheindarlehen* private placement ("Schuldschein loans") for an aggregate amount of € 33.5 million (excluding capitalised finance costs) which was used to finance the current development pipeline of the Group.

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 (for more information on covenants see note 17.2.2.).

2020 *in thousands of €*	**Loan amount**	**Loan expiry date**	**Outstanding balance**	**< 1 year**	**> 1–5 years**	**> 5 years**
Schuldschein loans	33,500	Oct-22 to Oct-27	33,500	—	7,500	26,000

2019 *in thousands of €*	**Loan amount**	**Loan expiry date**	**Outstanding balance**	**< 1 year**	**> 1–5 years**	**> 5 years**
Schuldschein loans	33,500	Oct-22 to Oct-27	33,500	—	7,500	26,000

17.1.3 Bonds

As at 31 December 2020 VGP has following 5 bonds outstanding:

— the € 150 million fixed rate bond maturing on 2 April 2023 which carries 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 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")

17.2 Key terms and covenants

17.2.1 Bank loans

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

For further information on financial instruments we refer to note 23.

VGP Latvia sia (owner of the VGP Park Kekava) entered into a two year € 22 million investment loan with Swedbank AS (Latvia) in 2019. These funds were used to partially repay the invested equity made available by the Company. The investment loan is subject to certain covenants i.e.:

— Equity of VGP Latvia sia to remain at above 20% of its balance sheet;

— Debt service cover ratio of at least 1.20; and

— Loan to value not to exceed 70%.

VGP Latvia sia pledged its asset in favour of Swedbank AS. During the year VGP Latvia operated well within its loan covenants and there were no events of default nor were there any breaches of covenants with respect to this loan agreement noted.

The KBC Bank, Belfius Bank and JP Morgan credit facilities are unsecured and are subject to the same covenants as the bonds (see note 17.2.3.).

The JP Morgan credit facility contains an additional undertaking pursuant to which VGP NV is not allowed to pay out dividends in case of non-compliance with the unencumbered asset ratios and provided that there are any amounts drawn under the credit facility at the moment of payment of such dividend. The ratios which apply are as follows:

— Unencumbered asset coverage ratio is below or at 0.75x; or

— Asset coverage ratio is below or at 1.0x.

The covenants are tested semi-annually based on a 12-month period and are calculated as follows:
— Loan to value ratio means in respect of a project the aggregate loans divided by the open market value as valued by an independent valuator;
— Debt service cover ratio means cash available for debt service divided by debt service whereby debt service means the aggregate amount of financial expenses due and payable together with any loan principal due and payable.
— Unencumbered asset coverage ratio means the unencumbered investment real estate properties plus unrestricted cash on balance sheet divided by the gross value of the drawn unsecured debt plus contingent liabilities.
— Asset coverage ratio means the unencumbered investment real estate properties plus unrestricted cash on balance sheet plus 50% of VGP's Joint Ventures' equity stake divided by the gross value of the drawn unsecured debt plus contingent liabilities.

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

17.2.2 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 Schuldschein loans are unsecured and are subject to the same covenants as the bonds (see note 17.2.3.).

During the year the Group operated well within its Schuldschein loan covenants and there were no events of default nor were there any breaches of covenants with respect to Schuldschein loans noted.

17.2.3 Bonds

All bonds are unsecured and at fixed interest rate.

The terms and conditions of the bonds include following financial covenants:
— Consolidated gearing to equal or to be below 65%
— Interest cover ratio to equal or to be above 1.2
— Debt service cover ratio to equal or to be above 1.2

The abovementioned ratios are tested semi-annually based on a 12-month period and are calculated as follows:
— Consolidated gearing means consolidated total net debt divided by the sum of the equity and total liabilities;
— Interest cover ratio means the aggregate net rental income (increased with the available cash and cash equivalents) divided by the net finance charges;
— Debt service cover ratio means cash available for debt service divided by net debt service.

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

17.3 Reconciliation debt movement to cash flows

2020 *in thousands of €*	**01-Jan-20**	**Cash Flows**	**Non-cash movement**				**31-Dec-20**
			Acquisitions/ (Divestments)	**Foreign exchange movement**	**Fair value changes**	**Other**	
Non-current financial debt	767,673	(1,433)	—	—	—	(17,443)	748,797
Other non-current financial liabilities	—	—	—	—	—	—	—
Current financial debt	12,673	—	—	—	—	21,794	34,467
	780,346	**(1,433)**	**—**	**—**	**—**	**4,351**	**783,264**
Non-current financial assets	—	—	—	—	—	—	—
Total liabilities from financing activities	**780,346**	**(1,433)**	**—**	**—**	**—**	**4,351**	**783,264**

The cash movements relate to: (i) repayment of bank debt in the amount of € 1.3 million and (ii) € 0.1 million of paid finance costs.

The non-cash movements relate to: (i) € 18.9 million of transfer of bank debt from non-current financial to current financial debt, (ii) € 2.8 million relating to changes in accrued interest on bonds and schuldschein loans; and (iii) € 1.6 million relating to amortisation of capitalised finance costs.

2019 *in thousands of €*	01-Jan-19	Cash Flows	Non-cash movement				31-Dec-19
			Acquisitions/ (Divestments)	Foreign exchange movement	Fair value changes	Other	
Non-current financial debt	564,385	202,211	—	—	—	1,077	767,673
Other non-current financial liabilities	60	—	—	—	(60)	—	—
Current financial debt	22,479	959	(14,609)	—	—	3,844	12,673
	586,924	**203,170**	**(14,609)**	**—**	**(60)**	**4,921**	**780,346**
Non-current financial assets	—	—	—	—	—	—	—
Total liabilities from financing activities	**586,924**	**203,170**	**(14,609)**	**—**	**(60)**	**4,921**	**780,346**

The cash movements relate to: (i) the issuance of a new € 150.0 million bond, (ii) new bank debt and schuldschein loans in the amount of € 55.5 million, (iii) € 1.6 million of paid finance costs and finally (iv) repayment of bank debt in the amount of € 0.7 million.

The non-cash movements relate to: (i) divestment of VGP Park Timisoara (to VGP European Logistics 2) resulting in the repayment of the € 14.6 million bank debt, (ii) € 1.1 million relating to changes in accrued interest on bonds and schuldschein loans; and (iii) € 3.8 million other relating to changes in accrued interest on bonds and amortisation of finance costs.

18. Other non-current liabilities

in thousands of €	2020	2019
Deposits	2,392	1,224
Retentions	5,549	1,213
Other non-current liabilities	2,520	10,352
Total	**10,461**	**12,789**

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

The decrease in other non-current liabilities was mainly due to the reclassification of the non-current liabilities in respect of the remeasured VGP Misv incentive plan (€ 6.7 million as at 31 December 2019) to other current liabilities.

19. Trade debts and other current liabilities

in thousands of €	2020	2019
Trade payables	58,102	56,335
Deposits	—	118
Retentions	884	154
Accrued expenses and deferred income	5,228	1,062
Other payables	13,511	31,656
Total	**77,725**	**89,325**

The decrease in other payables are mainly related to payment of the remaining balance in respect of the acquired development land of VGP Park Bratislava (€ 25.8 million as at 31 December 2019).

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

in thousands of €	**2020**	**2019**
Intangible assets	—	—
Investment properties	102,309	169,655
Property, plant and equipment	—	—
Deferred tax assets	—	—
Trade and other receivables	—	—
Cash and cash equivalents	—	—
Disposal group held for sale	**102,309**	**169,655**
Non-current financial debt	—	—
Other non-current financial liabilities	—	—
Other non-current liabilities	—	—
Deferred tax liabilities	(6,742)	(10,475)
Current financial debt	—	—
Trade debts and other current liabilities	—	—
Liabilities associated with assets classified as held for sale	**(6,742)**	**(10,475)**
Total net assets	**95,567**	**159,180**

In order to sustain its growth over the medium term, VGP entered into two 50:50 joint ventures with Allianz (First and Second Joint Venture) in respect of acquiring income generating assets developed by VGP. The First and Second Joint Ventures act as an exclusive take-out vehicle of the income generating assets, allowing VGP to partially recycle its initially invested capital when completed projects are acquired by the Joint Ventures. VGP is then able to re-invest the proceeds in the continued expansion of its development pipeline, including the further expansion of its land bank, allowing VGP to concentrate on its core development activities.

Each these joint ventures have an exclusive right of first refusal in relation to acquiring the following income generating assets of the Group: (i) for the First Joint Venture: the assets located in the Czech Republic, Germany, Hungary and the Slovak Republic; and (ii) for the Second Joint Venture: the assets located in Austria, Italy, the Benelux, Portugal, Romania and Spain.

The development pipeline which will be transferred as part of any future acquisition transaction between the First and Second Joint Venture and VGP is being developed at VGP's own risk and subsequently acquired and paid for by these joint ventures subject to pre-agreed completion and lease parameters.

As at 31 December 2020 the assets of the respective project companies which were earmarked to be transferred to the First and Second Joint Venture in the future, 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 these joint ventures. This balance includes € 69.7 million of interest-bearing development and construction loans (2019: € 114.9 million) granted by VGP to the Joint Ventures to finance the development pipeline of the Joint Ventures. (See also note 9.3)

21. Cash flow statement

Summary *in thousands of €*	**2020**	**2019**
Cash flow from operating activities	(52,168)	(29,326)
Cash flow from investing activities	(134,530)	(125,504)
Cash flow from financing activities	233,584	162,287
Net increase/(decrease) in cash and cash equivalents	**46,886**	**7,456**

The changes in the cash flow from investing activities was mainly due to: (i) € 428.2 million (2019: €453.8 million) of expenditure incurred for the development activities and land acquisition; (ii) € 405.6 million cash in from the different closings with the Joint Ventures during the year (2019: € 339.0 million).

The changes in the cash flow from financing activities were driven by: (i) € 60.3 million dividend paid out in May 2020 (2019: € 40.8 million); (ii) € 198.3 million net proceeds from the capital increase in April 2020, (iii) € 97.0 million net proceeds from the sale of treasury shares in September 2020, and (iv) € 1.3 million repayment of bank debt (2019 € 0.7 million).

22. Cash flow from disposal of subsidiaries and investment properties

in thousands of €	**2020**	**2019**
Investment property	608,483	476,345
Trade and other receivables	16,011	6,011
Cash and cash equivalents	24,057	20,425
Non-current financial debt	—	—
Shareholder Debt	(372,515)	(337,305)
Other non-current financial liabilities	(2,229)	(3,431)
Deferred tax liabilities	(31,459)	(23,452)
Trade debts and other current liabilities	(26,637)	(23,153)
Total net assets disposed	**215,711**	**115,440**
Realised valuation gain on sale	167,111	34,891
Total non-controlling interest retained by VGP	(1,989)	(3,020)
Shareholder loans repaid at closing	313,415	285,777
Equity contribution	(191,454)	(73,655)
Total consideration	**502,794**	**359,433**
Consideration to be received – Third Joint Venture	(73,093)	—
Consideration paid in cash	**429,701**	**—**
Cash disposed	(24,057)	(20,425)
Net cash inflow from divestments of subsidiaries and investment properties	**405,644**	**339,008**

Consideration to be received – Third Joint Venture relates to the remaining current and non-current balance due by Allianz Real Estate in respect of the acquisition of VGP Park München and which shall become payable by Allianz Real Estate in different instalments based on the completion dates of the respective buildings. (see also note 9.3 *Other non-current receivables* and note 14 *Trade and other receivables*).

23. Financial risk management and financial derivatives

23.1 Terms, conditions and risk management

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

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

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

As at 31 December 2020 there were no derivative financial instruments outstanding (same as for 31 December 2019).

23.2 Foreign currency risk

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

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

The table below summarises the Group's main net foreign currency positions at the reporting date. Since the Group has elected not to apply hedge accounting, the following table does not include the forecasted transactions. However, the derivatives the Group has entered into, to economically hedge the forecasted transactions are included. As at 31 December 2020 there were no foreign currency derivatives outstanding. (same as for 2019).

in thousands	2020		
	CZK	HUF	RON
Trade & other receivables	74,670	288,184	24,484
Non-current liabilities and trade & other payables	(64,927)	(559,588)	(6,277)
Gross balance sheet exposure	**9,744**	**(271,404)**	**18,207**
Forward foreign exchange	—	—	—
Net exposure	**9,744**	**(271,404)**	**18,207**

in thousands	2019		
	CZK	HUF	RON
Trade & other receivables	64,328	299,276	12,729
Non-current liabilities and trade & other payables	(57,942)	(1,807,525)	(1,537)
Gross balance sheet exposure	**6,386**	**(1,508,249)**	**11,192**
Forward foreign exchange	—	—	—
Net exposure	**6,386**	**(1,508,249)**	**11,192**

The following significant exchange rates applied during the year:

1 € =	2020	2019
	Closing rate	Closing rate
CZK	26.245	25.41
HUF	363.89	330.51995
RON	4.86940	4.77930

Sensitivity

A 10 percent strengthening of the euro against the following currencies at 31 December 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

Effects *in thousands of €*	**2020**	
	Equity	**Profit or (Loss)**
CZK	—	(34)
HUF	—	68
RON	—	(340)
Total	**—**	**(306)**

Effects *in thousands of €*	**2019**	
	Equity	**Profit or (Loss)**
CZK	—	(23)
HUF	—	415
RON	—	(213)
Total	**—**	**179**

A 10 percent weakening of the euro against the above currencies at 31 December 2020 would have had the equal but opposite effect on the above currencies to amounts shown above, on the basis that all other variables remain constant.

23.3 Interest rate risk

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

Where possible the Group will apply IFRS 9 to reduce income volatility whereby some of the interest rate swaps may be classified as cash flow hedges. Changes in the value of a hedging instrument that qualifies as highly effective cash flow hedges are recognised directly in shareholders' equity (hedging reserve).

The Group also uses interest rate swaps that do not satisfy the hedge accounting criteria under IFRS 9 but provide effective economic hedges. Changes in fair value of such interest rate swaps are recognised immediately in the income statement. (Interest rate swaps held for trading).

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

in thousands of € – nominal amounts	**2020**	**2019**
Financial debt		
Fixed rate		
Schuldschein loans	12,000	12,000
Bonds	720,000	720,000
Variable rate		
Bank debt	20,333	21,667
Schuldschein loans	21,500	21,500
Interest rate hedging		
Interest rate swaps		
Held for trading	n.a.	n.a.
Financial debt after hedging		
Variable rate		
Bank debt	20,333	21,667
Schuldschein loans	21,500	21,500
Total variable debt (A)	**41,833**	**43,167**
Fixed rate		
Bonds	720,000	720,000
Bank debt	—	—
Schuldschein loans	12,000	12,000
Total fixed rate debt (B)	**732,000**	**732,000**
Total financial debt (C)= (A)+(B)	**773,833**	**775,167**
Fixed rate/total financial debt (B)/(C)	**94.6%**	**94.4%**

The effective interest rate on financial debt (bank debt, schuldschein loans and bonds), including all bank margins and cost of interest rate hedging instruments was 3.35 % for the year 2020 (3.53% in 2019).

Sensitivity analysis for change in interest rates or profit

In case of an increase/decrease of 100 basis points in the interest rates, profit before taxes would have been € 418k lower/higher (2019: € 432k). This impact comes from a change in the floating rate debt, with all variables held constant.

Sensitivity analysis for changes in interest rate of other comprehensive income

For 2020 there is no impact given the fact that there are no interest rate swaps outstanding classified as cash flow hedges as at the reporting date. The same situation applied at the 31 December 2019 reporting date.

23.4 Credit risk

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

The management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Each new tenant is analysed individually for creditworthiness before VGP offers a lease agreement. In addition, the Group applies a strict policy of rent guarantee whereby, in general, each tenant is required to provide a rent guarantee for 6 months. This period will vary in function of the creditworthiness of the tenant. For the credit risk in respect of other non-current receivables please refer to the section 'Risk Factors' in this annual report.

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

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

in thousands of €	2020	2019
	Carrying amount	**Carrying amount**
Other non-current receivables	264,038	63,570
Trade & other receivables	15,494	8,564
Cash and cash equivalents	222,356	176,148
Total	**501,888**	**248,282**

As at 31 December 2020 there was € 0.1 million of restricted cash held in a bank account (2019: € 1.7 million). The group's cash and cash equivalents comprise primarily cash deposits of which 91% held at Belgian Banks (See note 15).

The aging of trade receivables as at the reporting date was:

in thousands of €	2020	2019
	Carrying amount	**Carrying amount**
Gross trade receivables		
Gross trade receivables not past due	7,206	5,578
Gross trade receivables past due	575	591
Bad debt and doubtful receivables	—	—
Provision for impairment of receivables (–)		—
Total	**7,781**	**6,169**

23.5 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding. The company manages its liquidity risk by ensuring that it has sufficient cash available and that it has sufficient available credit facilities and by matching as much as possible its receipts and payments. As at 31 December 2020 the Group, in addition to its available cash, has several committed credit lines at its disposal up to a maximum equivalent of € 150 million (2019: € 150 million) at floating interest rates with fixed margins.

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

in thousands of €	2020					
	Carrying amount	**Contractual Cash flow**	**< 1 year**	**1–2 years**	**2–5 years**	**More than 5 years**
Assets						
Cash and cash equivalents	222,286	222,286	222,286	—	—	—
Trade and other receivables	15,494	15,494	15,494	—	—	—
	237,780	**237,780**	**237,780**	**—**	**—**	**—**
Liabilities						
Secured bank loans	20,318	20,597	20,597	—	—	—
Unsecured Schuldschein loans	33,252	38,571	926	5,426	5,411	26,807
Unsecured bonds	715,544	821,750	24,668	24,668	575,765	196,650
Trade and other payables	78,744	78,744	68,284	5,657	2,798	2,005
	847,858	**959,662**	**114,475**	**35,751**	**583,974**	**225,462**

in thousands of €	2019					
	Carrying amount	**Contractual Cash flow**	**< 1 year**	**1–2 years**	**2–5 years**	**More than 5 years**
Assets						
Cash and cash equivalents	174,435	174,435	174,435			
Trade and other receivables	8,564	8,564	8,564			
Reclassified to (–) from held for sale	—	—	—			
	182,999	**182,999**	**182,999**	**—**	**—**	**—**
Liabilities						
Secured bank loans	21,478	22,350	1,753	20,597	—	—
Unsecured Schuldschein loans	33,400	39,499	929	926	10,089	27,555
Unsecured bonds	714,104	860,885	21,918	24,668	519,878	294,423
Trade and other payables	99,286	99,286	87,188	7,554	3,808	736
Reclassification to liabilities related to disposal group held for sale	—	—	—	—	—	—
	868,268	**1,022,021**	**111,787**	**53,745**	**533,775**	**322,714**

23.6 Capital management

VGP is continuously optimising its capital structure targeting to maximise shareholder value while keeping the desired flexibility to support its growth. The Group targets to operate within maximum gearing ratio of net debt/total shareholders' equity and liabilities at 65%.

As at 31 December 2020 the Group's gearing was as follows:

in thousands of €	**2020**	**2019**
Non-current financial debt	748,796	767,673
Current financial debt	34,468	12,673
Financial debt classified under liabilities related to disposal group held for sale	—	—
Total financial debt	**783,264**	**780,346**
Cash and cash equivalents	(222,356)	(176,148)
Cash and cash equivalents classified as disposal group held for sale	—	—
Total net debt (A)	**560,908**	**604,198**
Total shareholders' equity and liabilities (B)	**2,227,742**	**1,624,363**
Gearing ratio (A)/(B)	**25.2%**	**37.2%**

23.7 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 measured at fair value through profit or loss
HFT Financial liabilities Held for Trading

31 December 2020 *in thousands of €*	**Category in accordance with IFRS 9**	**Carrying amount**	**Fair value**	**Fair value hierarchy**
Assets				
Other non-current receivables	AC	264,038	264,038	Level 2
Trade receivables	AC	7,781	7,781	Level 2
Other receivables	AC	7,713	7,713	Level 2
Derivative financial assets	FVTPL	—	—	Level 2
Cash and cash equivalents	AC	222,286	222,286	Level 2
Total		**501,818**	**501,818**	
Liabilities				
Financial debt				
Bank debt	AC	53,570	53,570	Level 2
Bonds	AC	715,544	732,763	Level 1
Trade payables	AC	58,102	58,102	Level 2
Other liabilities	AC	24,856	24,856	Level 2
Derivative financial liabilities	HFT	—	—	Level 2
Total		**852,072**	**869,291**	

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	HFT	—	—	Level 2
Reclassification to liabilities related to disposal group held for sale		—	—	
Total		**868,268**	**898,465**	

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents and trade and other receivables, primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values;
- The Other non-current receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the counterparty and the risk characteristics of the financed project. As at 31 December 2020, the carrying amounts of these receivables, are assumed not to be materially different from their calculated fair values.
- Trade and other payables also generally have short times to maturity and, hence, their carrying amounts also approximate their fair values.
- The fair value of financial instruments is determined based on quoted prices in active markets. When quoted prices in active markets are not available, valuation techniques are used. Valuation techniques make maximum use of market inputs but are affected by the assumptions used, including discount rates and estimates of future cash flows. Such techniques include amongst others market prices of comparable investments and discounted cash flows. The principal methods and assumptions used by VGP in determining the fair value of financial instruments are obtained from active markets or determined using, as appropriate, discounted cash flow models and option pricing models.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period ending 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial assets amounting to € 30.8 million as at 31 December 2020 (same as in 2019) were pledged in favour of VGP's financing banks.

24. Personnel

Long-term incentive plan ("LTIP") for VGP team
The board of directors has agreed to set up a new long-term incentive plan in 2018. The LTIP allocates profit sharing units ("Units") to the respective VGP team members (the other members of the Executive Management Team and designated senior managers). One Unit represents an amount equal to the net asset value of VGP divided by the total amount of issued VGP shares. After an initial lock-up period of 5 years (from the respective award date), each participant may return the Units against cash payment of the proportional net asset value growth of such Units. This LTIP is therefore directly and solely based on the net asset value growth of the Group and has no direct nor indirect link to the evolution of the share price of the VGP shares. At any single point in time, the number of Units outstanding (i.e. awarded and not yet vested) cannot exceed 5% of the total amount of shares issued by the Company.

During the financial year 2020 there were 474,836 Units allocated to the VGP team and 121,674 Units were vested. Consequently, the total aggregate Units allocated as at 31 December 2020 (after vesting) amount to 427,494 Units. Based on the 31 December 2020 financial figures these Units represent an aggregate net asset value growth of € 7.2 million which was provided for in the 2020 financials. (see *Remuneration Report* for further details).

VGP Misv incentive plan
During a meeting held on 27 February 2020, the board of directors decided on the early termination of the previous long-term incentive plan (the "VGP MISV Plan"). As a result, VGP acquired all outstanding VGP MISV shares during the first half of 2020 from the remaining participants to the VGP MISV Plan. The participants which had not yet reached the term of their lock-up period (including certain members of the Executive Management Team, other than the CEO, and other designated senior managers) were granted new allocations under the LTIP for a corresponding number of Units and with a lock-up period reflecting the remaining initial lock up period as applicable under the initial VGP MISV Plan. The amounts due to the participants under the VGP MISV Plan were determined as at 31 December 2019 and will be paid out to the participants at the moment of the expiry of their initial lock-up period under the VGP MISV Plan. As at 31 December 2020 an aggregate liability towards the VGP managers in an amount of € 4.6 million was recorded.

25. Contingencies and commitments

As at 31 December, the important contingencies and commitments were:

in thousands of €	**2020**	**2019**
Contingent liabilities	1,391	55,537
Commitments to purchase land	179,567	84,442
Commitments to develop new projects	342,747	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 2,184,000 m^2 of land for which deposits totalling € 9.1 million (2019: 1,797,000 m^2 with deposits amounting to € 3.7 million). The € 9.1 million down payment on land was classified under investment properties as at 31 December 2020 (same classification treatment applied for 2019). The amount has been mainly made in respect of a land plot in the Czech Republic (€ 2.1 million) and one land plot in Germany (€ 4.3 million). These 2 land plots are expected to be acquired during the first half of 2021.
The contractual construction obligations relate to buildings under construction.

26. Related parties

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

26.1 Shareholders

Shareholding
As at 31 December 2020 the main shareholders of the company are:
— Little Rock SA (22.10%): a company controlled by Mr. Jan Van Geet;
— Alsgard SA (11.71%): a company controlled by Mr. Jan Van Geet;
— VM Invest NV (20.16%): a company controlled by Mr. Bart Van Malderen

The Extraordinary General Shareholders' Meeting of 8 May 2020 approved the introduction of the double voting right. A double voting right is therefore granted to each VGP share that has been registered for at least two years without interruption under the name of the same shareholder in the register of shares in registered form, in accordance with the procedures detailed in article 29 of the Articles of Association. In accordance with Belgian law, dematerialised shares do not benefit from the double voting right.

The two main ultimate reference shareholders of the company are therefore (i) Mr Jan Van Geet who holds 44.08% of the voting rights of VGP NV and who is CEO and an executive director and (ii) Mr Bart Van Malderen who holds 22.72% of the voting rights of VGP NV and who is a non-executive director.

The full details of the shareholding of VGP can be found in the section *"Information about the share"* of this annual report.

Lease activities

Drylock Technologies s.r.o, a company controlled by Bart Van Malderen, leases warehouses from VGP European Logistics joint venture under long term lease contracts. The rent received over the year 2020 amounts to € 3.7 million (same as for 2019).

Jan Van Geet s.r.o. leases out office spaces to the VGP Group in the Czech Republic used by the VGP operational team. The leases run until 2021 and 2023 respectively. During 2020 aggregate amount paid under these leases was € 98k equivalent (same as for 2019).

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

Other services

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

in thousands of €	**2020**	**2019**
Trade receivable/(payable)	(23)	9

VGP also provides real estate support services to Jan Van Geet s.r.o. During 2020 VGP recorded a € 12k revenue for these activities (2019: € 32k).

26.2 Subsidiaries

The consolidated financial statements include the financial statements of VGP NV and the subsidiaries listed in note 29. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not disclosed in this note.

26.3 Joint Ventures

The table below presents a summary of the related transactions with the Group's Joint Ventures with Allianz.

in thousands of €	**2020**	**2019**
Loans outstanding at year end	266,568	178,461
Investments in Joint Venture	211,091	80,116
Equity distributions received	(6,902)	—
Net proceeds from sales to joint venture	405,644	339,008
Other receivables from/(payables) to the Joint Venture at year-end	—	(74)
Management fee income	10,743	8,748
Interest and similar income from joint venture and associates	9,292	5,507

26.4 Key Management

Key Management includes the Board of Directors and the executive management. The details of these persons can be found in the section *Board of Directors and Management* of this Annual Report. Key management personnel compensation is shown in the table below:

in thousands of €	**2020**	**2019**
Basic remuneration and short-term incentives and benefits	4,733	3,614
Long term variable remuneration	1,472	3,302
Total gross remuneration	**6,205**	**6,916**

The disclosures relating to the Belgian Corporate Governance Code are included in the Corporate Governance Statement of this annual report. For 2020 no post-employment benefits were granted.

27. Events after the balance sheet date

The impact of the coronavirus pandemic on our operational activities has remained limited so far. However, the initial limited availability of vaccines together with the gradual rollout of the large-scale vaccination campaigns, which differ significantly from one country to the other in Europe, continues to create a high level of uncertainty in the short term. See also section "Outlook 2021" in the first part of "Report of the Board of Directors" of this of this Annual Report.

28. Services provided by the statutory auditor and related persons

The audit fees for VGP NV and its fully controlled subsidiaries amounted to € 170k. In addition, additional non-audit services were performed during the year by Deloitte and related persons for which a total fee of € 29.5k was incurred.

29. Subsidiaries, joint ventures and associates

29.1 Full consolidation

The following companies were included in the consolidation perimeter of the VGP Group as at 31 December 2020 and were fully consolidated:

Subsidiaries	Registered seat address	%	
VGP NV	Antwerpen, Belgium	Parent	(1)
VGP Belgium NV	Antwerpen, Belgium	100	(1)
VGP Renewable Energy NV	Antwerpen, Belgium	100	(5)
VGP CZ X a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100	(1)
VGP Park Prostejov a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100	(2)
VGP Park Olomouc 5 a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100	(2)
VGP Park Ceske Budejovice a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100	(2)
VGP Park Mnichovo Hradiste a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100	(2)
VGP Park Hradek nad Nisou 2 a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100	(2)
VGP Park Rochlov a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100	(2)
VGP Park Vyskov a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100	(2)
VGP Park Kladno a.s.	Jenišovice u Jablonce nad Nisou, Czech Republic	100	(2)
VGP – industrialni stavby s.r.o.	Jenišovice u Jablonce nad Nisou, Czech Republic	100	(3)
SUTA s.r.o.	Prague, Czech Republic	100	(3)
VGP FM Services s.r.o.	Jenišovice u Jablonce nad Nisou, Czech Republic	100	(3)
VGP Industriebau GmbH	Düsseldorf, Germany	100	(3)
VGP PM Services GmbH	Düsseldorf, Germany	100	(3)
FM Log.In. GmbH	Düsseldorf, Germany	100	(3)
VGP Renewable Energy Deutschland GmbH	Düsseldorf, Germany	100	(3)
VGP Park Hamburg 4 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(3)
VGP Park Halle S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Goettingen 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Rostock S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Magdeburg S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Laatzen S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Gießen S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)

Subsidiaries	Registered seat address	%	
VGP Park Ottendorf-Okrilla S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Berlin Oberkraemer S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Asset Management S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(3)
VGP Park Erfurt S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 26 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 27 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Erfurt 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Gießen Am alten Flughafen S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Leipzig Flughafen S.à r.l	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Berlin 4 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 32 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Logistics S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Park Berlin-Hönow S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 36 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 37 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 38 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 39 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP DEU 40 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Renewable Energy S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Latvia, SIA	Riga, Latvia	100	(2)
VGP Park Riga, SIA	Riga, Latvia	100	(2)
VGP Park Tiraines, SIA	Riga, Latvia	100	(2)
VGP Industrial Development Latvia, SIA	Riga, Latvia	100	(3)
VGP Zone Brasov S.R.L.	Timisoara, Romania	100	(2)
VGP Park Arad S.R.L.	Timisoara, Romania	100	(2)
VGP Park Sibiu S.R.L.	Timisoara, Romania	100	(2)
VGP Park Bucharest S.R.L.	Timisoara, Romania	100	(2)
VGP Park Timisoara 2 S.R.L.	Timisoara, Romania	100	(2)
VGP Proiecte Industriale S.R.L.	Timisoara, Romania	100	(3)
VGP Park Bratislava a.s.	Bratislava, Slovakia	100	(2)
VGP Park Zvolen s.r.o.	Bratislava, Slovakia	100	(2)
VGP Park Slovakia 2 s.r.o.	Bratislava, Slovakia	100	(2)
VGP – industrialne stavby s.r.o.	Bratislava, Slovakia	100	(3)
VGP Service Kft.	Györ, Hungary	100	(3)
VGP Park Hatvan Kft.	Györ, Hungary	100	(2)
VGP Park Gyor Beta Kft.	Györ, Hungary	100	(2)
VGP Park Kecskemet Kft.	Györ, Hungary	100	(2)
VGP Nederland BV	Tilburg, The Netherlands	100	(3)
VGP Renewable Energy Netherlands BV	Tilburg, The Netherlands	100	(2)
VGP Park Nederland 2 BV	Tilburg, The Netherlands	100	(2)
VGP Park Nederland 3 BV	Tilburg, The Netherlands	100	(2)
VGP Park Nederland 4 BV	Tilburg, The Netherlands	100	(2)
VGP Naves Industriales Peninsula, S.L.U.	Barcelona, Spain	100	(1)
VGP Park Fuenlabrada S.L.U.	Barcelona, Spain	100	(2)

Subsidiaries	Registered seat address	%	
VGP Park Valencia Cheste S.L.U.	Barcelona, Spain	100	(2)
VGP Park Zaragoza S.L.U.	Barcelona, Spain	100	(2)
VGP (Park) Espana 7 S.LU.	Barcelona, Spain	100	(2)
VGP (Park) Espana 8 S.L.U.	Barcelona, Spain	100	(2)
Daisen Investments 2020, S.L.U	Barcelona, Spain	100	(2)
Maliset Investments 2020, S.L.U.	Barcelona, Spain	100	(2)
VGP Costruzioni Industriali S.r.l.	Milan, Italy	100	(3)
VGP Park Verona S.r.l.	Milan, Italy	100	(2)
VGP Park Calcio S.r.l.	Milan, Italy	100	(2)
VGP Park Sordio S.r.l.	Milan, Italy	100	(2)
VGP Park Italy 5 S.r.l.	Milan, Italy	100	(2)
VGP Park Italy 6 S.r.l.	Milan, Italy	100	(2)
VGP Park Italy 7 S.r.l.	Milan, Italy	100	(2)
VGP Park Italy 8 S.r.l.	Milan, Italy	100	(2)
VGP Park Italy 9 S.r.l.	Milan, Italy	100	(2)
VGP Park Italy 10 S.r.l.	Milan, Italy	100	(2)
VGP Park Graz 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100	(2)
VGP Industriebau Österreich GmbH	Vienna, Austria	100	(3)
VGP Construção Industrial, Unipessoal Lda	Lisbon, Portugal	100	(3)
VGP Park Portugal 1, S.A.	Lisbon, Portugal	100	(2)
VGP Park Portugal 2, S.A.	Lisbon, Portugal	100	(2)
VGP Park Portugal 3, S.A.	Lisbon, Portugal	100	(2)
VGP Park Portugal 4, S.A.	Lisbon, Portugal	100	(2)
VGP Park Portugal 5, S.A.	Lisbon, Portugal	100	(2)

29.2 Companies to which the equity method is applied

Joint Venture	Registered seat address	%	
VGP European Logistics S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	50.00	(4)
VGP European Logistics 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	50.00	(4)
VGP Park München GmbH	Baldham, Germany	50.00	(4)
LPM Holding BV	Tilburg, The Netherlands	50.00	(4)

Associates	Registered seat address	%	
VGP Park Bingen GmbH	Düsseldorf, Germany	5.1	(4)
VGP Park Hamburg GmbH	Düsseldorf, Germany	5.1	(6)
VGP Park Hamburg 2 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Hamburg 3 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Rodgau GmbH	Düsseldorf, Germany	5.1	(6)
VGP Park Höchstadt GmbH	Düsseldorf, Germany	5.1	(6)
VGP Park Berlin GmbH	Düsseldorf, Germany	5.1	(6)
VGP Park Berlin 2 S.à r.l	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Berlin 3 S.à r.l	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Frankenthal S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Leipzig S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Leipzig GmbH	Düsseldorf, Germany	5.1	(6)
VGP DEU 3 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Wetzlar S.à r.l	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Ginsheim S.à r.l	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Dresden S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Goettingen S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Berlin Wustermark S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Bischofsheim S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Einbeck S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)
VGP Park Chemnitz S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	5.1	(6)

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

29.3 Changes in 2020

(i) New Investments

Subsidiaries	Registered seat address	%
VGP DEU 31 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 32 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 33 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 34 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 35 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 36 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 37 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 38 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 39 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP DEU 40 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP Renewable Energy S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100
VGP Park Nederland 3 BV	Tilburg, The Netherlands	100
VGP Park Nederland 4 BV	Tilburg, The Netherlands	100
LPM Holding BV	Tilburg, The Netherlands	50
VGP Park Portugal 3, S.A.	Lisbon, Portugal	100
VGP Park Portugal 4, S.A.	Lisbon, Portugal	100
VGP Park Portugal 5, S.A.	Lisbon, Portugal	100
VGP Park Italy 8 S.r.l.	Milan, Italy	100
VGP Park Italy 9 S.r.l.	Milan, Italy	100
VGP Park Italy 10 S.r.l.	Milan, Italy	100
VGP Park Riga, SIA	Riga, Latvia	100
VGP Park Tiraines, SIA	Riga, Latvia	100
VGP Industrial Development Latvia, SIA	Riga, Latvia	100
Daisen Investments 2020, S.L.U	Barcelona, Spain	100
Maliset Investments 2020, S.L.U.	Barcelona, Spain	100
VGP Park Kladno s.r.o	Jenišovice u Jablonce nad Nisou,Czech Republic	100
VGP Renewable Energy Deutschland GmbH	Düsseldorf, Germany	100
VGP Belgium NV	Antwerpen, Belgium	100

(ii) Name change

New Name	Former Name
VGP Renewable Energy Netherlands BV	VGP Park Roosendaal BV
VGP Renewable Energy NV	VGP Finance NV
VGP Belgium NV	VGP Misv Comm. VA
VGP Park Rostock S.à r.l.	VGP DEU 15 S.à r.l.
VGP Park Erfurt 2 S.à r.l.	VGP DEU 28 S.à r.l.
VGP Park Gießen Am alten Flughafen S.à r.l.	VGP DEU 29 S.à r.l.
VGP Park Leipzig Flughafen S.à r.l	VGP DEU 30 S.à r.l.
VGP Park Berlin 4 S.à r.l.	VGP DEU 31 S.à r.l.
VGP Logistics S.à r.l.	VGP DEU 34 S.à r.l.
VGP Park Berlin-Hönow S.à r.l.	VGP DEU 35 S.à r.l.

New Name	Former Name
VGP Park Sordio S.r.l.	VGP Park Italy 4 S.r.l.
VGP Park Arad S.R.L.	VGP Zone Brasov Two S.R.L.
VGP Park Zvolen s.r.o.	VGP Park Slovakia 1 s.r.o.
VGP Park Valencia Cheste S.L.U.	VGP (PARK) ESPANA, 5 S.L.U.
VGP Park Zaragoza S.L.U.	VGP (PARK) ESPANA, 6 S.L.U.
VGP European Logistics Spain S.L.U.	VGP (PARK) ESPANA, 9 S.L.U.
VGP Park Ottendorf-Okrilla S.à r.l.	VGP DEU 22 S.à r.l.
VGP Park Erfurt S.à r.l.	VGP DEU 25 S.à r.l.
VGP Park Prostejov a.s.	VGP CZ XII a.s..
VGP Park Verona S.r.l.	VGP Park Italy 1S.r.l.
VGP Park Calcio S.r.l.	VGP Park Italy 2S.r.l.
VGP Park Valsamoggia S.r.l.	VGP Park Italy 3S.r.l.

(iii) Subsidiaries divested

Subsidiaries	Registered seat address	%
VGP DEU 33 S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	100%

(iv) Subsidiaries sold to VGP European Logistics joint venture

Subsidiaries	Registered seat address	%
VGP Park Einbeck S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	94.9
VGP Park Chemnitz S.à r.l.	Luxembourg, Grand Duchy of Luxembourg	94.9

(v) Subsidiaries sold to VGP European Logistics 2 joint venture

Subsidiaries	Registered seat address	%
VGP Park Valsamoggia S.r.l.	Milan, Italy	100
VGP Park Llica d'Amunt S.L.U.	Barcelona, Spain	100
VGP Park Nederland 1 BV	Tilburg, The Netherlands	100
VGP Park Roosendaal Beta BV	Tilburg, The Netherlands	100

(vi) Registered numbers of the Belgian companies

Companies	Company number
VGP NV	BTW BE 0887.216.042 RPR – Antwerp (Division Antwerp)
VGP Renewable Energy NV	BTW BE 0894.188.263 RPR – Antwerp (Division Antwerp)
VGP Belgium NV	BTW BE 0894.442.740 RPR – Antwerp (Division Antwerp)

Supplementary notes not part of the audited **financial statements**

For the year ended 31 December 2020

1. Income statement, proportionally consolidated

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

in thousands of €	2020			2019		
	Group	**Joint Ventures**	**Total**	**Group**	**Joint Ventures**	**Total**
Gross rental income	12,078	52,095	64,173	11,653	41,645	53,298
Property operating expenses	(3,784)	(5,133)	(8,917)	(2,556)	(4,076)	(6,632)
Net rental and related income	**8,294**	**46,962**	**55,256**	**9,097**	**37,569**	**46,666**
Joint venture management fee income	14,699	—	14,699	10,492	—	10,492
Net valuation gains/(losses) on investment properties	366,361	48,072	414,433	188,165	60,752	248,917
Administration expenses	(29,296)	(1,092)	(30,388)	(18,100)	(1,078)	(19,178)
Other expenses	(4,000)	—	(4,000)	(3,000)	—	(3,000)
Operating profit/(loss)	**356,058**	**93,942**	**450,000**	**186,654**	**97,242**	**283,896**
Net financial result	(8,593)	(17,751)	(26,344)	(14,238)	(16,157)	(30,395)
Taxes	(39,865)	(12,853)	(52,718)	(32,506)	(15,383)	(47,889)
Profit for the period	**307,600**	**63,338**	**370,938**	**139,910**	**65,703**	**205,613**

2. Balance sheet, proportionally consolidated

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

in thousands of €	2020			2019		
	Group	**Joint Ventures**	**Total**	**Group**	**Joint Ventures**	**Total**
Investment properties	920,151	1,445,062	2,365,213	792,945	934,008	1,726,953
Investment properties included in assets held for sale	102,309	—	102,309	169,655	—	169,655
Total investment properties	**1,022,460**	**1,445,062**	**2,467,522**	**962,600**	**934,008**	**1,896,608**
Other assets	283,325	252	283,575	69,599	474	70,073
Total non-current assets	**1,305,785**	**1,445,314**	**2,751,097**	**1,032,199**	**934,482**	**1,966,681**
Trade and other receivables	44,828	14,451	59,279	28,770	8,222	36,992
Cash and cash equivalents	222,356	46,140	268,496	176,148	28,802	204,950
Disposal group held for sale	—	—	—	—	—	—
Total current assets	**267,184**	**60,591**	**327,775**	**204,918**	**37,024**	**241,942**
Total assets	**1,572,969**	**1,505,905**	**3,078,872**	**1,237,117**	**971,506**	**2,208,623**
Non-current financial debt	748,796	714,277	1,463,073	767,673	487,099	1,254,772
Other non-current financial liabilities	—	823	823	—	2,689	2,689
Other non-current liabilities	10,461	5,718	16,179	12,789	4,548	17,337
Deferred tax liabilities	43,813	91,638	135,451	31,647	63,470	95,117
Total non-current liabilities	**803,070**	**812,456**	**1,615,526**	**812,109**	**557,806**	**1,369,915**
Current financial debt	34,468	13,728	48,196	12,673	11,034	23,707
Trade debts and other current liabilities	77,725	24,949	102,677	89,325	15,421	104,746
Liabilities related to disposal group held for sale	6,742	—	6,742	10,475	—	10,475
Total current liabilities	**118,935**	**38,676**	**157,614**	**112,473**	**26,455**	**138,928**
Total liabilities	**922,005**	**851,132**	**1,773,140**	**924,582**	**584,260**	**1,508,842**
Net assets	**650,964**	**654,773**	**1,305,737**	**312,535**	**387,246**	**699,781**

Parent company **information**

1. Financial statements VGP NV

1.1 Parent company accounts

The financial statements of the parent company VGP NV, are presented below in a condensed form.

In accordance with Belgian company law, the directors' report and financial statements of the parent company VGP NV, together with the auditor's report, have been deposited at the National Bank of Belgium.

They are available on request from:

VGP NV
Uitbreidingstraat 72 bus 7
B-2600 Antwerpen (Berchem)
Belgium
www.vgpparks.eu

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

1.2 Condensed income statement

in thousands of €	**2020**	**2019**
Other operating income	9,124	8,326
Operating profit or loss	(9,818)	172
Financial result	35,906	22,668
Non-recurrent income financial assets	256,614	90,267
Current and deferred income taxes	(138)	(320)
Profit for the year	**282,564**	**112,787**

1.3 Condensed balance sheet after profit appropriation

in thousands of €	**2020**	**2019**
Formation expenses, intangible assets	6,431	5,901
Tangible fixed assets	112	157
Financial fixed assets	1,497,084	1,033,510
Total non-current assets	**1,503,627**	**1,039,568**
Trade and other receivables	9,815	3,144
Cash & cash equivalents	101,472	154,381
Total current assets	**111,287**	**157,525**
Total assets	**1,614,914**	**1,197,093**
Share capital	102,640	92,667
Share premium	190,027	—
Non-distributable reserves	10,264	9,267
Retained earnings	441,515	235,076
Shareholders' equity	**744,446**	**337,010**
Amounts payable after one year	758,533	758,221
Amounts payable within one year	111,935	101,862
Creditors	**870,468**	**860,083**
Total equity and liabilities	**1,614,914**	**1,197,093**

Valuation principles

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

2. Proposed appropriation of VGP NV 2020 result

in thousands of €	**2020**	**2019**
Profit for the year for appropriation	282,564	112,788
Profit brought forward	235,076	182,597
Profit to be appropriated	**517,640**	**295,385**
Transfer to statutory reserves	997	—
Profit to be carried forward	441,515	235,076
Gross dividends	75,128	60,308
Total	**517,640**	**295,385**

The Board of Directors of VGP NV will propose to the Annual Shareholders' Meeting to distribute a gross dividend of € 3.65 per share corresponding to a total gross dividend amount of € 75,128,132.50.

Auditor's **report**

Statutory auditor's report to the shareholders' meeting of VGP NV for the year ended 31 December 2020 – Consolidated financial statements

The original text of this report is in Dutch

In the context of the statutory audit of the consolidated financial statements of VGP NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 8 May 2020, in accordance with the proposal of the board of directors ("bestuursorgaan"/"organe d'administration") issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2022. We have performed the statutory audit of the consolidated financial statements of VGP NV for 14 consecutive periods.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 2,227,742 (000) € and the consolidated statement of comprehensive income shows a profit for the year then ended of 370,939 (000) €.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2020 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with *International Financial Reporting Standards* (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties VGP develops, owns and manages a portfolio of logistic and industrial warehousing properties, located mainly across Europe. The property portfolio is valued at 920,151 (000) € as at 31 December 2020, 1,445,062 (000) € is held by joint ventures at share and 102,309 (000) € is presented under “disposal group held for sale”. The portfolio includes completed investments and properties under construction (“development properties”) and is valued using the investment method in accordance with IAS 40 which is based on expected future cash flows. Development properties are valued using the same methodology with a deduction for all costs necessary to complete the development. Key inputs into the valuation exercise are yields and estimated rental values, which are influenced by prevailing market forces, comparable transactions and the specific characteristics of each property in the portfolio. The Group uses professionally qualified external valuers to fair value the Group’s portfolio at six-monthly intervals. The valuation of the portfolio is a significant judgement area, underpinned by a number of assumptions. Specifically estimating the cost to complete for development properties can involve judgements and the existence of estimation uncertainty. Coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement on the income statement and balance sheet, warrants specific audit focus in this area. **Reference to disclosures** The methodology applied in determining the valuation is set out in note 2.7 of the consolidated financial statements. In addition we refer to note 13 of the consolidated financial statements containing the investment property roll-forward, note 20 in relation to the disposal group held for sale and note 9 in relation to investments in joint ventures and associates.	**Assessing the valuer’s expertise and objectivity** — We assessed the competence, independence and integrity of the external valuers. — We assessed management’s process for reviewing and challenging the work of the external valuers. **Testing the valuations** — We compared the amounts per the valuation reports to the accounting records and from there we agreed the related balances through to the financial statements. — We involved internal valuation specialists to assist the financial audit team to discuss and challenge the significant assumptions and critical judgement areas, including yields and estimated rental values and compared to other data we have knowledge of. — We obtained the external valuation reports for all properties and confirmed that the valuation approach is in accordance with RICS in determining the carrying value in the balance sheet. — For development properties we also confirmed that the supporting information for construction contracts and budgets was consistent with the cost to complete deducted from the valuation of development properties. — Capitalized expenditure was tested on a sample basis to invoices, and budgeted costs to complete were compared to supporting evidence (for example by inspecting original construction contracts). **Information and standing data** — We tested the standing data the Group provided to the valuers for use in the performance of the valuation, relating to rental income, key rent contract characteristics and occupancy. — We considered the internal controls implemented by management and we tested the design and implementation of controls over investment properties.

Key audit matter	How our audit addressed the key audit matter
Creation of two new joint ventures In 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. Additionally, in November 2020, VGP entered into a 50:50 joint venture ("LPM Joint Venture") with Roozen Landgoederen Beheer in respect of the development of the Logistics Park Moerdijk. The proper accounting treatment of these two joint arrangements in accordance with IFRS is complex, and requires management judgement specifically with respect to: — Assessing whether under the joint venture agreements, VGP has joint control over VGP Park München GmbH and LPM Holding BV; — Determining the appropriate accounting treatment upon loss of control of VGP Park München in the consolidated financial statements of VGP NV. Proper accounting treatment of the creation of these two joint ventures is material to the Group's financial statements: the value of these investments per 31 December 2020, reported on the balance sheet as Investments in joint ventures and associates, for VGP Park München GmbH and LPM Holding BV amounts to 140 860 (000) €. Therefore, the key audit matter relates to the appropriate accounting treatment and disclosure in accordance with IFRS of the creation of these two new joint ventures. **Reference to disclosures** Refer to note 2.3 for the related accounting policies, note 3.2 in relation to the critical judgements in applying accounting policies and note 9 in relation to investments in joint ventures.	— We held discussions with management and obtained supporting documentation as necessary to ensure that we understood the nature of the transaction. We reviewed the proposed accounting treatment in relation to the Group's accounting policies and relevant IFRS standards. — We have read the paragraphs and addenda to the contracts supporting these transactions and evaluated the appropriateness of the recognition and measurement policies applied to the creation of these new joint ventures. — We have challenged management's assessment in relation to the joint control of VGP over VGP Park München GmbH and LPM Holding BV. — We have assessed the accounting treatment upon loss of control of VGP Park München in the consolidated financial statements of VGP NV. — We have involved our own IFRS experts to analyze the appropriate accounting treatment of these transactions. — We have assessed appropriate disclosure of these transactions in the notes to the consolidated financial statements.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

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

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;

— conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

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

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements, i.e.:

- the required components of the VGP annual report in accordance with Articles 3:6 and 3:32 of the Code of companies and associations, which appear in the chapter "Report of the Board of Directors".

are free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Antwerp, 9 April 2021
The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Kathleen De Brabander

Glossary of terms

Allianz or Allianz Real Estate
Means, in relation to (i) the First Joint Venture, Allianz AZ Finance VII Luxembourg S.A., SAS Allianz Logistique S.A.S.U. and Allianz Benelux SA (all affiliated companies of Allianz Real Estate GmbH) taken together; (ii)the Second Joint Venture, Allianz AZ Finance VII Luxembourg S.A., and (iii) the Third Joint Venture, Allianz Pensionskasse AG, Allianz Versorgungskasse Versicherungsverein a.G., Allianz Lebens-versicherungs-AG and Allianz Lebens-versicherungs AG.

Allianz Joint Ventures or AZ JVs
Means the First Joint Venture, the Second Joint Venture and the Third Joint Venture taken together.

AZ JVA(s) or Allianz Joint Venture Agreement(s)
Means either and each of (i) the joint venture agreement made between Allianz and VGP NV in relation to the First Joint Venture; (ii) the joint venture agreement made between Allianz and VGP NV in relation to the Second Joint Venture; and (iii) the joint venture agreement made between Allianz and VGP Logistics S.à r.l. (a 100% subsidiary of VGP NV) in relation to the Third Joint Venture.

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

Associates
Means all subsidiaries of VGP European Logistics S.à r.l. in which VGP NV holds a direct 5.1% participation.

Belgian Corporate Governance Code
Drawn up by the Corporate Governance Commission and including the governance practices and provisions to be met by companies under Belgian Law which shares are listed on a regulated market (the "2020 Code").
The Belgian Corporate Governance Code is available online at www.corporategovernancecommittee.be.

Break
First option to terminate a lease.

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

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

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

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.

Equivalent yield (true and nominal)
Is a weighted average of the net initial yield and reversionary yield and represents the return a property will produce based upon the timing of the income received. The true equivalent yield assumes rents are received quarterly in advance. The nominal equivalent assumes rents are received annually in arrears.

Estimated rental value ("ERV")
Estimated rental value (ERV) is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

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.

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.

First Joint Venture
Means VGP European Logistics S.à r.l., the 50:50 joint venture between VGP and Allianz.

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

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

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.

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

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

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

JVA(s) or Joint Venture Agreement(s)
Means either and each of (i) the joint venture agreement made between Allianz and VGP NV in relation to the First Joint Venture; (ii) the joint venture agreement made between Allianz and VGP NV in relation to the Second Joint Venture; (iii) the joint venture agreement made between Allianz and VGP Logistics S.à r.l. (a 100% subsidiary of VGP NV) in relation to the Third Joint Venture; and (iv) the joint venture agreement made between Roozen Landgoederen Beheer and VGP NV in relation to the LPM Joint Venture.

VGP European Logistics or VGP European Logistics joint venture
Means the First Joint Venture.

VGP European Logistics 2 or VGP European Logistics 2 joint venture
Means the Second Joint Venture.

VGP Park Moerdijk or the LPM joint venture
Means the LPM Joint Venture.

VGP Park München or VGP Park München joint venture
Means the Third Joint Venture.

Joint Ventures
Means either and each of (i) the First Joint Venture; (ii) the Second Joint Venture, (iii) the Third Joint Venture; and (iv) the LPM Joint Venture

LPM Joint Venture or LPM
Means LPM Holding B.V., the 50:50 joint venture between VGP and Roozen Landgoederen Beheer.

LPM JVA or LPM Joint Venture Agreement
Means the joint venture agreement made between Roozen Landgoederen Beheer and VGP NV in relation to the LPM Joint Venture.

Lease expiry date
The date on which a lease can be cancelled.

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

Net 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.

Net Initial Yield
Is the annualised rents generated by an asset, after the deduction of an estimate of annual recurring irrecoverable property outgoings, expressed as a percentage of the asset valuation (after notional purchaser's costs).

Occupancy rate
The occupancy rate is calculated by dividing the total leased out lettable area (m^2) by the total lettable area (m^2) including any vacant area (m^2).

Prime yield
The ratio between the (initial) contractual rent of a purchased property and the acquisition value at a prime location.

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

Property expert
Independent property expert responsible for appraising the property portfolio.

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

Reversionary Yield
Is the anticipated yield, which the initial yield will rise to once the rent reaches the ERV and when the property is fully let. It is calculated by dividing the ERV by the valuation.

Roozen or Roozen Landgoederen Beheer
Means in relation to the LPM Joint Venture, Roozen Landgoederen Beheer B.V.

Second Joint Venture
Means VGP European Logistics 2 S.à r.l., the 50:50 joint venture between VGP and Allianz.

Third Joint Venture
Means VGP Park München Gmbh, the 50:50 joint venture between VGP and Allianz.

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

Weighted average term of the leases (“WAULT”)
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.

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

Apr-23 Bond
the € 150 million fixed rate bond maturing on 2 April 2023 which carries a coupon of 2.75% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002677582 – Common Code: 208152149).

Sep-23 Bond
the € 225 million fixed rate bond maturing on 21 September 2023 which carries a coupon of 3.90% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002258276 – Common Code: 148397694).

Jul-24 Bond
the € 75 million fixed rated bond maturing on 6 July 2024 which carries a coupon of 3.25% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002287564 – Common Code: 163738783.

Mar-25 Bond
the € 80 million fixed rate bond maturing on 30 March 2025 which carries a coupon of 3.35% per annum (unlisted with ISIN Code: BE6294349194 – Common Code: 159049558).

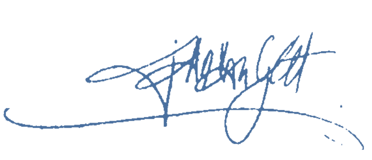
Mar-26 Bond
the € 190 million fixed rate bond maturing on 19 March 2026 which carries a coupon of 3.50% per annum (listed on the regulated market of Euronext Brussels with ISIN Code: BE0002611896 – Common Code: 187793777).

Statement of
responsible persons

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

- The annual accounts, which are in line with the standards applicable for annual accounts, give a true and fair view of the capital, the financial situation and the results of the issuer and the consolidated subsidiaries;

- The annual report gives a true and fair view of the development and the results of the company and of the position of the issuer and the consolidated companies, as well as a description of the main risks and uncertainties they are faced with.



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

Dirk Stoop
as permanent representative of
Dirk Stoop BV
CFO

Disclaimer

This report 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 report as of this date and does not undertake any obligation to update any forward-looking statements contained in this report in light of new information, future events or otherwise. The information in this report 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.

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