

**VGP TRADING UPDATE:**  
**SURGE IN VGP'S NEW CONTRACTED RENTAL INCOME DOUBLES**  
**DEVELOPMENT ACTIVITY**

**19 November 2021, 7:00am, Antwerp, Belgium:** VGP NV ('VGP' or 'the Group'), a European provider of high-quality logistics and semi-industrial real estate, today published a trading update for the first ten months of 2021:

- Record operating performance underpinned by strong client-led demand
  - €63.4 million signed and renewed lease agreements (versus €34.6 million for 10M'20), bringing total annualized rental income to €240.5 million (+29.8% year-to-date)
  - 1,619,000 m<sup>2</sup> under construction – 2.2x the level of Oct 2020 – representing €100.0 million in additional annual rent once fully built and let (currently 80.7% pre-let)
  - 427,000 m<sup>2</sup> added to the completed portfolio, now at 2.87 million m<sup>2</sup> (98.8% let)
- Expansion of land bank despite significant consumption secures future growth
  - 3.17 million m<sup>2</sup> of new land positions bought and a further 4.21 million m<sup>2</sup> committed subject to permits
  - Total land bank acquired and committed has grown to 10.49 million m<sup>2</sup> (+37.1% year-to-date) which provides 4.69 million m<sup>2</sup> of future lettable area
- Agreement in principle with Allianz Real Estate in respect of setting up a fourth joint venture with an investment capacity of €2.8 billion and first closing anticipated in 2022

VGP's Chief Executive Officer, **Jan Van Geet**, said: *"The year 2021 is turning into a record year in many respects as e-commerce demand continues to go through a structural shift and adjustments to business supply chains increase demand for warehouse space. We have achieved our best-ever new leases signed and square meters under construction whilst maintaining a high pre-let level of 80.7%."*

Jan Van Geet continued: *"I am most delighted that we have managed to further expand our land bank. The level of elevated construction activity consumed a significant amount of our existing land bank, yet even on a net-basis we managed to continue to increase it – since December 2020 by 2.84 million m<sup>2</sup> – as we have managed to secure several more iconic land positions during the last few months. These include positions in Vienna, Budapest and San Sebastián, and an extension of our existing park in Bratislava, that will drive our Group's future prospects and growth. VGP further expanded its footprint across Europe as we have acquired a first land position in Serbia and will open our first office in France, allowing us to serve more businesses and communities across Europe. We are also expanding our renewable energy business with now 145.4 MWp in solar roof projects installed or in the pipeline."*

Jan Van Geet concluded: *"In addition to our outstanding operating performance, the increasing engagement with our clients is a strong proof point of our successful strategy as we remain committed to using our resources to drive sustainable solutions to support our employees, clients and the communities we serve. Our expanding balance sheet and growing capital base allows us to expand our client-led construction activities and keep income-generating assets on our balance sheet longer. Our newly announced joint venture with Allianz Real Estate will, once operational, provide us with the ability to continue to recycle our capital expenditures and re-invest into new development opportunities"*

## OPERATING HIGHLIGHTS – 10M 2021

### Strong lease activity reflects significant client demand

- Signed and renewed rental income of €63.4 million driven by €58.5 million of new leases (€5.9 million on behalf of the Joint Ventures<sup>1</sup>) and €4.9 million of renewals (all on behalf of the Joint Ventures). Lease agreements in the amount of €3.3 million were terminated
- Annualized committed leases as of October 2021 (including Joint Ventures at 100%) of €240.5 million (vs €185.2 million at Dec-20) of which €149.6 million related to the Joint Ventures
- Our commercial teams are experiencing significant demand. Based on already signed letters of intent for additional future lease contracts, we expect the current pace to continue into the coming period as clients respond to consumer desire for convenience. Changing consumption trends across the physical and digital space are fundamentally impacting and changing the nature of demand from our clients
- The new leases signed are typically long-term (increasing our weighted average lease term of the total portfolio from 8.5 years in Dec 2020 to 8.7 years today) and indexed annually to inflation

### Development activities

- Delivery of 16 projects during the first ten months of 2021 adding 427,000 m<sup>2</sup> of lettable area representing € 21.1 million of annualized leases; these buildings are 98.4% let. It is expected that circa 100,000 m<sup>2</sup> of additional lettable area will be delivered prior to the year-end (100% pre-let)
- A total of 58 projects under construction which will create 1,619,000 m<sup>2</sup> of future lettable area representing € 100.0 million of annualised leases once fully built and let (80.7% pre-let)
- Whilst construction costs have trended upward, this has been offset through higher rental prices and lower yields
- The significant investments into our organizational structure over the last few years – the Group today has circa 350 employees, with local technical expertise available across the Group and in all of our markets – have enabled the Group to swiftly gear-up for the current surge in demand without impacting timelines and quality of our construction pipeline
- Geographical split of parks under construction, based on square meters: 46% are located in Germany, 12% Spain, 12% in Czech Republic, 9% Slovakia, 7% Romania, 6% the Netherlands, 4% Hungary, 3% Latvia, 2% Italy and 1% Austria

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<sup>1</sup> Joint Ventures means either and each of (i) the First Joint Venture i.e. VGP European Logistics S.à.r.l., the 50:50 joint venture between VGP and Allianz and (ii) the Second Joint Venture i.e. VGP European Logistics 2 S.à.r.l., the 50:50 joint venture between VGP and Allianz, and (iii) the Third Joint Venture i.e. VGP Park München GmbH, the 50:50 joint venture between VGP and Allianz, and (iv) LPM Joint Venture, i.e. LPM Holding B.V., the 50:50 joint venture between VGP and Roozen Landgoederen Beheer

### **Expanding land bank with strategic geographic spread**

- During the first ten months of 2021 in total 3,165,000 m<sup>2</sup> of land was acquired representing a development potential of 1,320,000 m<sup>2</sup> and a further 4,205,000 m<sup>2</sup> of land plots were committed, pending permits, which have a development potential of 1,770,000 m<sup>2</sup> of future lettable area, bringing the total owned and committed land bank to 10,490,000 m<sup>2</sup> (+37.1% year-to-date), supporting 4,685,000 m<sup>2</sup> of future lettable area
- A further 3,230,000 m<sup>2</sup> of new land plots have been identified and secured which are under due diligence and have a development potential of 1,470,000 m<sup>2</sup> of future lettable area. This brings the land bank of owned, committed and secured to 13,720,000 m<sup>2</sup> supporting 6,155,000 m<sup>2</sup> of future lettable area
- From an asset value perspective, the land bank is predominantly Western European-based but on the bases of square meters the land bank is well spread across the countries in which we operate
- Our team continues to find additional – increasingly brownfield – sites for future development, and we are working with planning authorities on the most effective and sustainable utilization and regeneration of such sites in order to reduce our impact on the environment

### **Expansion of the Group's European footprint**

- The Group further expanded its European footprint with the acquisition of a first land plot in Serbia, where a 1.1 million m<sup>2</sup> land position was acquired near Belgrade Airport. The main focus will now be on the development of this location as several, primarily Western European manufacturing companies have expressed interest
- The Group will open its first office in France (Lyon). In the coming period the focus will be on identifying suitable development locations
- Other continental European countries, including Sweden and Greece, remain in focus for potential future expansion

### **Renewable Energy**

- A total solar power generation capacity of 62.8MWp is currently installed or under construction through 54 roof-projects. This is being realised through a €32.3 million investment to date. In addition, the currently identified pipeline equates to an additional power generation capacity of 82.6 MWp

### **Agreement in principle with Allianz Real Estate regarding setup of fourth joint venture<sup>1</sup>**

- Agreement in principle with Allianz Real Estate has been reached in respect of setting up a fourth 50:50 joint venture between the two partners. This new Joint Venture is replacing the investment capacity of the First Joint Venture – which has reached its investment capacity at €2 billion – and covers the same countries
- The new joint venture will have an investment target of €2.8 billion and follows a similar structure as the first two joint ventures with VGP servicing the new joint venture as its asset, property and development manager
- A first closing with the new joint venture is anticipated in the course of 2022

### **Capital and liquidity position**

- In September 2021 VGP received a €21.1 million profit-distribution from the First Joint Venture
- In respect of the expansion of the Second Joint Venture, it is anticipated that a further closing will occur during the first half of 2022. This third closing is anticipated to generate proceeds of circa € 120-130 million<sup>2</sup>
- The newly announced joint venture with Allianz Real Estate will provide the Group with the ability to continue recycle its capital expenditures whilst simultaneously finance the build-out of the existing pipeline and acquire new land positions. A first closing with the new joint venture is anticipated in the course of 2022
- The Group believes that it is important to maintain a strong capital position and continually evaluates its capital markets options to finance the investment pipeline and any opportunistic investment opportunities as they arise

### **Outlook**

- The Group looks confidently at the last few weeks of 2021 and into 2022
- Client demand and supply constraints are supporting rents and occupancy, and underlying real estate fundamentals are expected to continue to support a strong positive near-term valuation outlook and sustained long-term demand
- Based on the strong leasing activities as reported over the last few months and indications of interest received for the coming period, development activities are expected to continue to operate at elevated levels well into 2022
- Longer term development activities will continue to be driven by client-led demand and our ability to meet these opportunities

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<sup>1</sup> Whilst the new joint venture will be the fifth joint venture entered into by the Group, it will be the fourth joint venture together with Allianz Real Estate

<sup>2</sup> Subject to final agreement between the joint venture partners in terms of the transferred income generating assets and pricing

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## FORWARD-LOOKING STATEMENTS

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## ABOUT VGP

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 or committed) of 10.49 million m<sup>2</sup> and the strategic focus is on the development of business parks. Founded in 1998 as a Belgian family-owned real estate developer in the Czech Republic, VGP with a staff of circa 350 employees owns and operates assets in 12 European countries directly and through several 50:50 joint ventures. As of June 2021, the Gross Asset Value of VGP, including the joint ventures at 100%, amounted to € 4.48 billion and the company had a Net Asset Value (EPRA NTA) of € 1.51 billion. VGP is listed on Euronext Brussels (ISIN: BE0003878957).

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