

## **BROAD-BASED STRENGTH IN NEW LEASES DRIVING RECORD DEVELOPMENT PIPELINE**

**14 November 2019, 7:00am, Antwerp (Berchem), Belgium:** VGP NV ('VGP' or 'the Group'), a leading European provider of high-quality logistics and semi-industrial real estate, today published a trading update for the first ten months of 2019:

- Robust operating performance driven by record new leases
  - Strong leasing growth across the portfolio resulting in record €39.3 million net increase signed and renewed lease agreements, bringing total annualized rental income to €143.6 million (+37.9% year-to-date) and increasing the average lease term of the portfolio to 8.8 years (vs. 7.8 at Dec-18)
  - A record of 34 projects under construction, representing 705,000 m<sup>2</sup> or €37.3 million in additional annual rent once fully built and let. The portfolio under construction, including projects to be started up in the next six months is 75% pre-let
  - 16 projects delivered in 2019 year-to-date representing 255,000 m<sup>2</sup> (100% occupancy)
- Replenished land bank to secure future growth
  - Maintained pipeline through 2.50 million m<sup>2</sup> of new land bought and a further 2.13 million m<sup>2</sup> committed subject to permits
  - Total land bank acquired and secured of 6.18 million m<sup>2</sup> which supports 2.76 million m<sup>2</sup> of future lettable area
- Continued cash recycling and strengthening of funding base
  - Successful first closing with VGP European Logistics 2 joint venture on 31 July allowed recycling of €96 million of gross cash proceeds
  - Expect sixth closing for VGP European Logistics joint venture at the end of November 2019, with anticipated gross cash proceeds of circa € 130 million
- Enhanced sustainability targets set for 2020 onwards with 100% of new developments to be BREEAM certified 'Very Good' or equivalent and emphasis on increasing renewable energy generation across the group

VGP's Chief Executive Officer, **Jan van Geet**, said: *"Across Europe competition for industrial space close to major population centres continues to thrive, mainly driven by e-commerce as their push for a wide delivery network with faster delivery is being rolled-out. This has resulted in continued strong demand for our parks whilst fueling our mostly pre-let construction pipeline. The investments made during the last few years – both in terms of land bank and organizational structure – have created this expanding opportunity to serve our clients and build shareholder value for the long run."*

Jan van Geet concluded: *"At the same time, through our enhanced sustainability targets we are taking a new path towards sustainable construction and resource-conserving operations, as I believe business must play a leadership role in creating solutions that protect the environment and grow the economy together with the communities in which they operate."*

## OPERATING HIGHLIGHTS

### Record new leases

- Record signed and renewed rental income of € 42.5 million driven by €41.2 million of new leases (€3.3 million on behalf of the Joint Ventures<sup>1</sup>) and €1.3 million of renewals (€1.2 million on behalf of the Joint Ventures). During the year lease contracts for a total amount of € 1.6 million (€0.7 million on behalf of the Joint Ventures) were terminated
- Annualized committed leases at the end of October 2019 (including joint ventures at 100%) increased to €143.6 million (vs €104.1 million at Dec-18) of which € 90.5 million related to the Joint Ventures
- The signed new leases have a weighted average lease term of 10.8 years which has increased the average term of the combined own and Joint Ventures' portfolio to 8.8 years<sup>2</sup> (7.8 years at Dec-18)

### Momentum in development activity with strong largely pre-let construction pipeline

- Development of 34 projects under construction totaling 705,000 m<sup>2</sup> of future lettable area and expected to generate € 37.3 million of new rent when fully built and leased
- Of the construction activities, 41% is located in Germany – including over 100,000 m<sup>2</sup> at VGP Park Munich, 47,000 m<sup>2</sup> at VGP Park Berlin, 46,000 m<sup>2</sup> at VGP Park Gottingen, 30,000 m<sup>2</sup> at VGP Park Wustermark and 21,000 m<sup>2</sup> at VGP Park Halle, 16% is located in Spain – including 45,000 m<sup>2</sup> at VGP Park Llica d'Amunt, 39,000 m<sup>2</sup> at VGP Park Valencia and 18,000 m<sup>2</sup> at VGP Park Zaragoza, 15% is located in the Netherlands of which 64,000 m<sup>2</sup> at VGP Park Nijmegen and 41,000 m<sup>2</sup> at VGP Park Roosendaal, and 11% in the Czech Republic of which 56,000 m<sup>2</sup> in VGP Park Olomouc and 15,000 m<sup>2</sup> in VGP Park Prostějov.
- The pre-let ratio of the portfolio under construction, including construction projects which are expected to be started up in the next six month, is currently 75% (the portfolio under construction today is 57% pre-let)<sup>3</sup>
- Delivery of 16 projects during the first ten months of in total 255,000 m<sup>2</sup> of lettable area – of which 40% in Germany and 30% in Spain – representing € 12.7 million of annualized committed leases; these buildings are 100% let

### Land bank maintained

- 2.50 million m<sup>2</sup> of land acquired YTD (of which 50% in Germany) bringing the total owned and secured land bank to 6.18 million m<sup>2</sup> supporting 2.76 million m<sup>2</sup> of future lettable area
- A further 830,000 m<sup>2</sup> of new land plots identified which are under exclusive negotiation and have a development potential of 397,000 m<sup>2</sup> of future lettable area

### Continued cash recycling and strengthening of funding base

- On 31 July 2019, the initial transaction closing with Second Joint Venture i.e. VGP European Logistics 2, the second 50:50 joint venture between VGP and Allianz Real Estate, for an initial transaction value of € 175 million generated gross cash proceeds of circa € 96 million
- At the end of November 2019, a sixth closing for First Joint Venture i.e. VGP European Logistics is expected to occur, with anticipated gross cash proceeds of circa € 130 million
- Since 30 June 2019, VGP completed bilateral unsecured financing lines for a total of €58.5 million with several financial institutions and before the end of the year additional credit facilities are expected to be put in place

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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

<sup>2</sup> The weighted average lease term until first break is 8.3 years. The weighted average lease term of our own portfolio stands at 12.1 years (11.7 years until first break) and for the Joint Ventures' portfolio at 7.0 years (6.4 years until first break)

<sup>3</sup> The completed portfolio (incl Joint Ventures at 100%) has an occupancy ratio of 99.7%

### **Enhanced sustainability targets set for 2020 onwards**

- As part of a comprehensive strategy to advance environmentally sustainable solutions for our tenants and our own operations, VGP has committed to obtain BREEAM ‘Very Good’ certificates for all our construction projects by 2020 onwards and to source renewable power from as many of our parks’ available resources as possible – starting with increasing investments into roof-fixed solar panels
- This commitment builds on VGP’s efforts to advance sustainability in our business and operations in an effort to support our tenants and the communities in which we operate

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### **FORWARD-LOOKING STATEMENTS**

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### **ABOUT VGP**

VGP is a leading pan-European developer, manager and owner of high-quality logistics and semi-industrial real estate. VGP operates a fully integrated business model with capabilities and longstanding expertise across the value chain. The company has a well-advanced development land bank of 7.0 million m<sup>2</sup> 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 200 employees today owns and operates assets in 12 European countries directly and through VGP European Logistics, a joint venture with Allianz Real Estate. As of June 2019, the Gross Asset Value of VGP, including the joint venture at 100%, amounted to €2.2 billion and the company had a Net Asset Value (EPRA NAV) of €604 million. VGP is listed on Euronext Brussels and on the Prague Stock Exchange (ISIN: BE0003878957).

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