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**VGP**

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**BUILDING  
TOMORROW  
TODAY**

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# ANNUAL FINANCIAL RESULTS PRESS RELEASE

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For the period from  
1 January 2021 – 31 December 2021

Regulated Information  
Wednesday, 23 February 2022, 07:00 am CET

## **NEW LEASES SIGNED FOR 1.35 MILLION SQM UNDERPIN STRONG FINANCIAL RESULT FOR FY2021**

**23 February 2022, 7:00am, Antwerp, Belgium:** VGP NV ('VGP' or 'the Group'), a European provider of high-quality logistics and semi-industrial real estate, today announces the results for the financial year ended 31 December 2021:

- Record net profit of € 650.1 million, a 75.2% YoY increase
- Strong business growth across the portfolio
  - Signed and renewed rental income of € 79.7 million, bringing total signed rental income as of Dec 2021 to € 256.1 million, a 38.3% YoY increase
  - Strong letting activity continued into 2022
  - A record 1,478,000 m<sup>2</sup> under construction at year-end
  - Land bank expanded to 10.94 million m<sup>2</sup> – a 43.0% YoY increase, despite significant consumption due to expansion of construction works
  - A record 652,000 m<sup>2</sup> of lettable area delivered, representing € 32.0 million of annualised committed leases (entire completed portfolio is 99.4% let)
- The total capital expenditure for the Group over 2021 (including capital expenditure related to Joint Ventures projects) amounted € 743 million
  - based on the predominantly pre-let construction pipeline CAPEX for 2022 is expected to be well above 2021 level
- Year-end gearing ratio amounts to 29,8%
- Intention to propose to the Annual Meeting of Shareholders a distribution of a gross dividend of € 149.6 million which equates to € 6.85 per share – an 87.7% YoY increase – and gross dividend yield of 2.94% versus last close

VGP's Chief Executive Officer, **Jan Van Geet**, said: *"VGP reported solid results benefiting from elevated leasing activity, rental growth and compression in valuation yields. Like in previous years, we have been able to consistently enlarge our land bank in-line with our growth, yet, with nearly 40% of projects acquired last year being brownfield, we continue to place our clients closer to their clients and customers and help improve their supply chain efficiency and last mile delivery. The demand for new space witnessed into 2022 continues to be healthy and we remain optimistic on the outlook for this year as business sentiment is upbeat and secular shifts point towards elevated demand for the coming period driven by consumer shift towards ecommerce, supply chain optimization strategies and transition towards sustainable operations across industries and logistics."*

Jan Van Geet continued: *"I would like to particularly thank my team for their devotion, enthusiasm and energy. Everybody contributed to our achievements of last year. Our team has grown together with our company and today we can rely on a deep bench of experienced professionals offering technical in-house know-how on design and engineering of advanced semi-industrial and e-commerce facilities, without having to rely on general contractor or external engineers and consultants."*

Jan Van Geet concluded: *"We have managed to significantly strengthen our fortress balance sheet in the course of 2021 and due to the two bond issuances we have our financing needs for 2022 covered, despite a significantly larger capex anticipated in 2022 versus last year due to our predominantly pre-let construction pipeline."*

## FINANCIAL AND OPERATING HIGHLIGHTS

### Strong new leasing activity continued

- Signed and renewed rental income of € 79.7 million driven by 1,313,000 m<sup>2</sup> of new lease agreements signed (corresponding to € 74.6 million of new annualised rental income), combined with 102,000 m<sup>2</sup> of lease agreements renewed (corresponding to € 5.1 million of annualised rental income).
- Germany contributed half of the new leases (€ 37.3 million; 50%) whilst the remainder was geographically well spread across the markets VGP operates: Czech Republic € 10.2 million (14%), Spain € 5.4 million (7%), Hungary € 4.2 million (6%), Romania € 3.5 million (5%), Italy € 3.3 million (4%), Austria € 3.2 million (4%), Portugal € 2.4 million (3%), Slovakia € 2.1 million (3%), Latvia € 1.9 million (3%) and Netherlands € 1.1 million (1%).
- Terminations represented a total of € 3.7 million or 70,000 m<sup>2</sup> (of which 46,000 m<sup>2</sup> within the Joint Ventures' portfolio).
- The total signed lease agreements represent € 256.1 million<sup>1</sup> annualised committed rental income (equivalent to 4.46 million m<sup>2</sup> of lettable area), a 38.3% increase versus December 2020 reported at € 185.2 million.
- In addition to the signed lease agreements, VGP has signed a number of Letters of Intent over new future Leases representing € 30 million of annualised committed rent income if and when converted to lease agreements.
- VGP expects a significant amount of rental increase throughout its entire portfolio as virtually all of its lease agreements are annually indexed against inflation.

### Record level of construction activity

- During 2021 we delivered 26 projects representing a record 652,000 m<sup>2</sup> of lettable area, which equates to €32.0 million of annualised committed rental income (99.8% let).
- At year-end 50 projects were under construction representing 1,478,000 m<sup>2</sup> of future lettable area, which, once delivered and fully let, will generate €93.9 million of annualised committed rental income; the portfolio under construction at year-end was 83.8% pre-let<sup>2</sup>.

### Record land bank expansion

- Over the last 12 month in total 4,037,000 m<sup>2</sup> of land was acquired representing a development potential of 1,776,000 m<sup>2</sup> and a further 3,981,000 m<sup>2</sup> of land plots were committed, pending permits, which have a development potential of at least 1,690,000 m<sup>2</sup> of future lettable area, bringing the total owned and committed land bank to 10,938,000 m<sup>2</sup> (+43.0% year-over-year), supporting a minimum of 4,983,000 m<sup>2</sup> of future lettable area
- In addition to the owned and committed land bank, VGP has signed non-binding agreements (“land under option”) and is currently performing due diligence investigations, on an exclusive basis, on the potential acquisitions of in total circa 2,859,000 m<sup>2</sup> of new land plots with a development

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<sup>1</sup> For Joint Ventures at 100%

<sup>2</sup> Calculated based on the contracted rent and estimated market rent for the vacant space.

potential of at least 1,304,000 m<sup>2</sup>. This brings the land bank of owned, committed and under option to 13,797,000 m<sup>2</sup> supporting a minimum of 6,287,000 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.

### **Significant strengthening of the team**

- The team expanded to 322 FTE equivalent as we hired 60 additional people across the organization.
- We have strengthened our teams across the board which will enhance our product offerings and deepen our engagement with our clients.

### **Expanded relationship with Allianz through fourth joint venture**

- In June 2021, VGP and Allianz Real Estate announced the successful eighth and final closing of the first 50/50 joint venture, VGP European Logistics. The transaction comprised of four logistic buildings, including two buildings in a new VGP park and another two newly completed logistic buildings which were developed in parks previously transferred to the joint venture. Following this transaction this joint venture reached its expanded investment target and is fully invested<sup>1</sup>. The transaction value was € 68.2 million<sup>2</sup>. The net proceeds from this transaction amounts to circa € 49.6 million. Furthermore, in September 2021 VGP received a € 21.1 million profit distribution from the Joint Ventures.
- In December 2021, VGP and Allianz Real Estate entered into a new 50:50 joint venture with a € 2.8 billion investment target. This is the fourth joint venture with Allianz Real Estate. The ESG setup for the new partnership aims to encompass Carbon Risk Real Estate Monitor and EU Taxonomy compliance, on a best-efforts basis, the use of Sustainable Certification including high BREEAM or DGNB ratings, and EPC criteria, among others. The managerial and governance setup of the new partnership is similar to the first three joint ventures with VGP serving the new joint venture as its sole asset, property and development manager. Similarly, to the first joint venture which reached its investment target, the new joint venture will concentrate on the acquisition of income-generating assets developed by VGP in Germany, Czech Republic, Slovakia and Hungary. A first closing for the new joint venture is anticipated in the second half of 2022.
- A significant cash balance is expected to be recycled from Joint Venture closings in 2022. With firstly, 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. Gross transaction value is estimated to be well above € 300 million<sup>3</sup>

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<sup>1</sup> Barring any top-ups related to assets being completed in parks already owned by the joint venture

<sup>2</sup> The 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 First Joint Venture.

<sup>3</sup> Subject to final agreement between the joint venture partners in terms of the transferred income generating assets and pricing

### **Strengthened capital and financial position**

- On 31 March 2021, VGP announced the successful issue of a first benchmark international green bond for an aggregate nominal amount of € 600 million, for coupon of 1.500% p.a. and maturing on 8 April 2029.
- On 24 November, VGP successfully completed a € 300 million offering of new shares (equivalent to 6.1% of shares outstanding).
- The Group further benefits from renewed and expanded multi-year<sup>1</sup> € 200 million revolving credit facilities which are currently undrawn.
- Post the balance sheet date, on 10 January 2022, VGP successfully issued its second public benchmark green bonds for an aggregate nominal amount of € 1.0 billion, in two tranches, with a € 500 million 5-year bond paying a coupon of 1.625% p.a. and maturing on 17 January 2027 and a € 500 million 8-year bond paying a coupon of 2.250% p.a. and maturing on 17 January 2030.
- Year-end gearing ratio amounted to 29,8%.
- The Group will report on the progress of eligible investments in-line with the Green Finance Framework as part of the 2021 Corporate Responsibility Report expected to be published by the end of March 2022.

### **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 Group has opened its first office in France (Lyon). In the coming period the focus will be on identifying suitable development locations.
- A country manager for Greece has been appointed in January 2022 as the Group has entered the Hellenic market.
- Other continental European countries, including Croatia, Sweden and Denmark remain in focus for potential future expansion.

### **Significant growth in renewable energy power generation**

- A total solar power generation capacity of 74.7MWp is currently installed or under construction through 57 roof-projects. This is being realised through a € 38.4 million committed investment to date. In addition, the currently identified pipeline of 37 projects equates to an additional power generation capacity of 74.5 MWp.

### **Progress towards our Sustainable Development Goals**

- We have made significant progress towards our Sustainable Development Goals and are on track to achieve carbon neutrality by 2025 and 50% gross reduction by 2030 under scope 1 and 2.

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<sup>1</sup> €150 million matures on 31 December 2026 and €50 million matures on 31 December 2024

- With regards to the sustainable building target, the Group aims for BREEAM Excellent (required minimum BREEAM Very Good) or DGNB Gold for all new constructions started up in 2022.
- As of 1 January 2022, all of VGP's European offices switched to renewable energy as a Virtual Power Purchase Agreement was reached with Scholt Energy B.V., the independent energy supplier, and ACT Commodities B.V., the European energy trading house, to provide solar energy from VGP's existing solar farm on the roofs of VGP Park Nijmegen, Netherlands, to VGP offices across Europe. The agreement covers VGP's 20 offices across 12 countries. Additionally, it is envisaged to include VGP's new offices in France and Serbia this year also.
- ESG disclosure has been further enhanced following the publication of the GRI compliant 2020 Corporate Responsibility Report the Group reported its annual CDP and GRESB submissions and obtained an initial Sustainability score.

### **Outlook 2022**

- Client demand and shortage of supply of grade A logistics and industrial buildings are supporting rent levels and occupancy. The underlying fundamentals for logistics and semi-industrial real estate remain robust with e-commerce continuing to be a big driver for demand of new lettable space.
- Based on the strong leasing activities as reported over the course of 2021 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 with a.o. VGP's readily available prime land bank locations.
- With regards to VGP Renewable Energy, the Group focuses on an expansion of the service offering through increased production of green energy used for self-consumption and facilitating our clients in their transitioning towards green energy.

## KEY FINANCIAL METRICS

Operations and results	2021	2020	Change (%)
Committed annualised rental income (€mm)	256.1	185.2	38.3%
IFRS Operating Profit before tax (€mm)	776.6	419.4	85.2%
IFRS net profit (€mm)	650.1	370.9	75.3%
IFRS earnings per share (€ per share)	31.41	18.58	69.1%
Dividend per share (€ per share)	6.85 <sup>1</sup>	3.65	87.7%

Portfolio and balance sheet	2021	2020	Change (%)
Portfolio value, including Joint Ventures at 100% (€mm)	5,746	3,843	49.5%
Portfolio value, including Joint Ventures at share (€mm)	4,084	2,468	65.4%
Occupancy ratio of standing portfolio (%)	99.4	98.5	-
EPRA NTA <sup>2</sup> per share (€ per share)	106.93	65.78	62.5%
IFRS NAV per share (€ per share)	99.65	63.44	57.1%
Net financial debt (€mm)	1,159	561	107%
Gearing <sup>3</sup> (%)	29.8	25.2	-

## AUDIO WEBCAST FOR INVESTORS AND ANALYSTS

**VGP will host an audio webcast at 11:00 (CET) on 23 February 2021**

The conference call will be available on:

Webcast link:

- [https://event.webcasts.com/starthere.jsp?ei=1527750&tp\\_key=b3e18d81aa](https://event.webcasts.com/starthere.jsp?ei=1527750&tp_key=b3e18d81aa)
- Click on the link above to attend the presentation from your laptop, tablet or mobile device
- Audio will stream through your selected device
- Please join the event audio webcast 5-10 minutes prior to the start time

A presentation will be available on VGP website:

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

<sup>1</sup> Proposed dividend per share to be approved by the Annual General Meeting of Shareholders of 13 May 2022.

<sup>2</sup> EPRA Net Tangible Assets. Other metrics, EPRA Net Reinstatement Value and Net Disposal Value can be found in note 12.2

<sup>3</sup> Calculated as Net debt / Total equity and liabilities

## FINANCIAL CALENDAR

Publication Annual Report 2021	12 April 2022
First quarter 2022 trading update	13 May 2022
General meeting of shareholders	13 May 2022
Dividend ex-date	24 May 2022
Dividend payment date	26 May 2022
Half year results 2022	26 August 2022
Third quarter 2022 trading update	18 November 2022

## CONTACT DETAILS FOR INVESTORS AND MEDIA ENQUIRIES

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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 10.94 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 today owns and operates assets in 14 European countries directly and through several 50:50 joint ventures. As of December 2021, the Gross Asset Value of VGP, including the joint ventures at 100%, amounted to € 5.75 billion and the company had a Net Asset Value (EPRA NTA) of € 2.33 billion. VGP is listed on Euronext Brussels (ISIN: BE0003878957).

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

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