



Dear fellow share- and bond holders of VGP,

I mentioned in the announcement of our annual results that “last year was a busy year (as usual)”.

This was actually an understatement.

Last year was a grand cru year like we never had before – it was a year in which many things came together, a year with such a lot of commercial success throughout our group and across our different offices (our contracted rental income increased with 50% and our land bank with nearly 40%), in other words a year that, in normal times, would be such a good foundation for the future that our result in 2020 could not but be otherwise than good.

However – that was before the coronavirus COVID-19 forced governments across the world to take extreme (precautionary) measures and I think no one can predict today what the impact of that will be.

With a full order book and 80% of our developments under construction pre-let and VGP being well financed, we are however well sheltered far away from the tempest created by the massive economic disruptions and potential global economic recession due to the coronavirus COVID-19 outbreak. But we will have to see which impact all of the measures taken to control the spread of the coronavirus COVID-19

will have on our customers and suppliers before being able to make a more detailed analysis.

Making abstraction of the current events, we can look back at a year in which VGP's performance continues on a much stronger foundation with, as I mentioned before, a significant growth in our contracted rental income of nearly 50% in combination with the growth of our land bank with nearly 40%. We expanded our Allianz Real Estate partnership through the launch of a second joint venture, and we strengthened our position in the German market following the acquisition and the launch of several iconic projects such as VGP Park Laatzen, VGP Park Göttingen and especially VGP Park München, our most iconical project until now. These projects are the result of our intense cooperation with authorities, communities and SME clients over the past few years.

Next to our real estate expansion, we also continued to expand our organization. We are now with almost 220 people spread over 13 different countries. With Jon Watkins joining us as COO Western Europe

from Amazon, where he was head of Real Estate EME, we are strengthening our organization for the further expansion of VGP across Europe. Together with Matthias Sander as COO Eastern Europe, they are working closely with the dedicated, specialized and local teams within the group to further expand our land bank and streamline the teams. In addition, we have also further strengthened our local teams to provide our customers with local, professional and tailor-made logistics solutions. I am very pleased with the new talent that we have managed to bring on board and, while it is still early to assess the full impact of these efforts, we're seeing tangible results even in today's changing market.

All this is done with a long-term view as we continue to only purchase land when we have the legal certainty that we can use the land for its intended purpose. We are and remain confident that the real value of VGP is embedded in its land bank and the excellent locations it is made from and we believe that this will remain so over time, throughout any crisis.



My father always says: land, the enemy can only run over it, not take it with him. Over the years, our significant land bank has always been our strategic advantage, allowing us to offer our customers the logistics facilities they need in large, dense and supply-constrained areas.

Developing the best plots of land requires more and more time and effort and when the opportunity arises is difficult to predict. That is why it is extremely important that we keep a large capital buffer available at all times. Only in this way and provided we have enough reserves, can we respond quickly and ingeniously to opportunities for land purchases in a market where scarcity prevails.

Despite the current uncertainties in the market, VGP must constantly be ready to respond to new investment opportunities and remain loyal to its basic investment principles, which are based on a long-term vision, throughout the economic cycles. Only in this way can we secure the further organic growth of VGP in the long term. Also thanks to the current large pipeline of pre-let projects under construction, I am optimistic about our future.

Corporate Responsibility

2019 was the year in which a courageous teenager, Greta Thurnberg, aroused the attention of the whole world with the sentence: “We cannot continue to live in this world as if there is no future, because after today tomorrow will come”, a sentence that mobilised a whole movement of mainly young people and caused a growing awareness and commitment among the political elite, governments and agencies to improve the impact of mankind on climate change. There is a general awareness that climate change poses major problems and that a fundamental change of mentality is needed. Our adagio “Building Tomorrow Today” commits us to support our future generations in this and we are convinced that VGP can make an important contribution in relation to sustainability and climate change. In this spirit we have set ourselves enhanced sustainability goals for 2020 to address climate change.

As part of a comprehensive strategy to advance environmentally sustainable solutions for our customers and our own operations, VGP decided to obtain BREEAM ‘Very Good’ certificates for all our developments under construction from 2020 onwards. Furthermore, we would like to provide renewable energy solutions for as many of our parks as possible – starting with increasing investments into roof-fixed photovoltaic installations.



For this purpose, we have created a new brand and business unit: “VGP Renewable Energy”. We expect to have the first photovoltaic installations up and running in our parks by the end of 2020.

These commitments build on VGP’s efforts to advance our corporate responsibility in our business and operations, and our effort to support our clients and the communities in which we operate in managing their carbon footprint. Some people consider corporate responsibility to be enhanced philanthropy. While we are devoted to philanthropy (we are on our way to make € 3 million available this year to the VGP Foundation – the launch of which I announced in my letter last year), corporate responsibility is far more than just that and I personally look forward to accelerate this transition in 2020 and beyond.

Dividend

Notwithstanding the difficult and uncertain market situation due to the COVID-19 outbreak, the board of directors would like to propose to the annual shareholders meeting a dividend of € 60.4 million, which amounts to a payout ratio of 29% – an annual increase of 48% but below the payout ratio of 34% last year.

Finally, I would like to say that we know we have to earn the trust and respect of our shareholders, employees, customers and the communities we serve every single day. We are devoted to doing this.

I would like to express my deep gratitude and appreciation for my colleagues at VGP and our partners, and their families for supporting them.

Today, in response to the outbreak of COVID-19, as the health and safety of our employees, their families, our partners, and communities remains a top priority, we have taken all possible (precautionary) measures to minimize health risks throughout our pan-European platform and to contribute to the attempt to stop this pandemic.

I wish to all of you good health and I am confident that the future is bright. Looking forward to be seeing you hopefully soon,

*Yours sincerely,
Jan Van Geet*