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# HALF-YEAR FINANCIAL RESULTS PRESS RELEASE

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For the period  
1 January 2020 – 30 June 2020

Regulated Information  
Monday, 24 August 2020, 7:00 am CET

## **VGP REPORTS RESULTS FOR FIRST HALF 2020**

**24 August 2020, 7:00am, Antwerp (Berchem), Belgium:** VGP NV ('VGP' or 'the Group'), the Antwerp-based European provider of high-quality logistics and semi-industrial real estate, today announces the results for half-year ended 30 June 2020:

- Operating performance resulting in a net profit of € 196.9 million
  - Result positively affected by the entering into a new 50:50 joint venture with Allianz Real Estate in respect of VGP Park München
  - € 20.1 million worth of signed and renewed lease agreements during H1 2020, bringing total annualised rental income to € 165.2 million (+6.6% YTD)<sup>1</sup>
  - Delivered 12 projects for a total of 190,000 m<sup>2</sup> of lettable area in first half of 2020
  - 33 projects under construction for a total of 795,000 m<sup>2</sup> of lettable area as of 30 June 2020
  - Total portfolio value increased to €3.23 billion (+16.6%YTD)<sup>1</sup>
  - VGP invested in its future pipeline with 1.17 million m<sup>2</sup> of new land bought and a further 1.97 million m<sup>2</sup> committed subject to permits
- Impact of Covid-19 remains limited so far
  - All our construction activities have resumed in full
  - The impact on rental payments is very limited: nearly all due payments were received on time with very limited rental payment reprofiling
- Broadened partnership with Allianz through launch of third joint venture for VGP Park München
- Balance sheet further strengthened through €200.0 million capital raising reducing gearing to 35.0% as of 30 June 2020

VGP's Chief Executive Officer, **Jan Van Geet**, said: *“Despite the challenging market environment due to the various Covid-19 lockdowns, we have achieved many new milestones during the first half of 2020. Demand for our buildings remained strong resulting in a broad-based and mostly pre-let construction pipeline. Furthermore, our new joint venture with Allianz in our VGP Park München has taken our cooperation to a next level and made our balance sheet stronger than ever before.”*

Jan Van Geet added: *“We have acquired a couple of big trophy land plots during the period, despite fierce competition on the market, thanks to the agility of our team and our reputation. I expect these land plots to be the main driver of value creation going forward as we already register a lot of appetite for these new locations.”*

Jan Van Geet concluded: *“We permanently focus on opportunities to continue to expand our portfolio pipeline; besides, we are working hard to become a major supplier of renewable energy for our tenants.”*

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<sup>1</sup> Compared to 31 December 2019; inclusive of Joint Ventures at 100%

## FINANCIAL AND OPERATING HIGHLIGHTS

### New leases signed

- Signed and renewed rental income of € 20.1 million driven by 200,000 m<sup>2</sup> of new lease agreements signed, corresponding to € 11.4 million of new annualised rental income<sup>1</sup>
- During the period for a total of 164,000 m<sup>2</sup> of lease agreements were renewed corresponding to € 8.8 million of annualised rental income of which 30,000 m<sup>2</sup> (€ 1.7 million) related to the own portfolio and 134,000 m<sup>2</sup> (€ 7.1 million) related to the joint ventures<sup>2</sup>. Renewed contracts within the joint ventures portfolio included various prolongations by 1-5 years.
- Terminations represented a total of € 1.2 million or 25,000 m<sup>2</sup>, all within the joint ventures' portfolio
- The signed annualised committed leases represent € 165.2 million<sup>3</sup> (equivalent to 2.84 million m<sup>2</sup> of lettable area), a 6.6% increase since December 2019.

### Construction activity

- A total of 12 projects completed delivering 190,000 m<sup>2</sup> of lettable area, representing €9.9 million of annualised committed leases (as of 24<sup>th</sup> of August 2020 this has increased to 311,000 m<sup>2</sup> of lettable area)
- Additional 33 projects under construction which will create 795,000 m<sup>2</sup> of future lettable area, representing €49.5 million of annualised leases once built and fully let – the portfolio under construction is 73.4% pre-let

### Implications of Covid-19

- VGP's business is progressing well in 2020 despite the Covid-19 pandemic. The entire VGP team has been operational throughout the crisis with full access to central systems. None of the VGP workforce has been furloughed and the Group has not taken any government support.
- 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 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 by offering to reschedule rental payments or reprofiling. None of our customers so far has requested to return their rented space.

### Land bank has continued to expand

- Acquisition of 1.17 million m<sup>2</sup> of development land and a further 1.97 million m<sup>2</sup> committed subject to permits which brings the remaining total owned and secured land bank for development to 6.89 million m<sup>2</sup>, which supports 3.12 million m<sup>2</sup> of future lettable area.

A further 0.85 million m<sup>2</sup> of new land plots identified which are under negotiation and having a development potential of 0.41 million m<sup>2</sup> of future lettable area.

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<sup>1</sup> Of which 160,000 m<sup>2</sup> (€ 8.3 million) related to the own portfolio

<sup>2</sup> Joint ventures refers to VGP European Logistics, VGP European Logistics 2 and VGP Park München, All three 50:50 joint ventures with Allianz Real Estate

<sup>3</sup> For joint venture at 100%

### **Setup of new business line VGP Renewable Energy driving increase in photovoltaic investments**

- In July 2020, our first photovoltaic project was delivered in Nijmegen, Netherlands (1.5MWP) and further 16 photovoltaic projects are under construction for total 17.6 MWP. This is split between Germany (10.4MWP) and the Netherlands (7.2MWP). In addition, several pipeline projects are currently being identified in Germany and Spain. As of year-end 2019 we had 16.5MWP installed on VGP's roofs which are owned and operated by third parties.

### **Expansion of partnership with Allianz Real Estate through launch of third joint venture**

- In June 2020, VGP and Allianz Real Estate entered into a new 50:50 joint venture for the development of VGP Park München. This is the third joint venture with Allianz Real Estate.
- The managerial and governance setup of the new partnership is similar to the first two joint ventures between the two partners with VGP serving the new joint venture as its sole asset, property and development manager. Contrary to the two existing joint ventures which concentrate on the acquisition of income-generating assets developed by VGP, this new 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. 270,000 m<sup>2</sup>. The park is almost entirely pre-let to KraussMaffei Technologies and BMW. BMW has formally taken the decision to also move its competence centre for batteries to VGP Park München. This will result in the park being 100% pre-let. This new lease contract is currently being exchanged with BMW.
- There are currently already 3 buildings and 2 parking houses under construction. The delivery of the first building to BMW occurred at the beginning of August 2020. The subsequent completions are scheduled to occur in November 2020 (1 parking house), 1 building (currently under negotiation) by mid-2021 with all but one of the remaining buildings being delivered by November 2022. The last building is expected to be delivered by the beginning of 2026.

### **Balance sheet further strengthened through capital raising whilst two additional joint venture closings are anticipated before the end of the year**

- On 21 April 2020 VGP successfully completed an offering of new shares for a total consideration of €200.0 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 (approximately 10.8% of VGP's outstanding shares on completion of the offering) were placed at an issue price of €100.00 per share, representing a discount of 4.58% compared to the last traded price of the Group's share on 21 April 2020 of €104.8.
- In line with their pre-commitments, Little Rock SA, controlled by Mr Jan Van Geet, and VM Invest NV, controlled by Mr Bart Van Malderen, have each subscribed for 33.81% and 20.16% of the new shares respectively, and received full allocations.
- In terms of further expansion with the joint ventures we anticipate two additional closings before the end of 2020. The seventh closing with VGP European Logistics (first joint venture) is

anticipated with a transaction value<sup>1</sup> of >€150 million as well as the second closing with VGP European Logistics 2 (second joint venture) with a transaction value of >€ 200 million

- These steps will ensure VGP can maintain its financial purchasing power and to be able to finance the investment pipeline and to benefit from additional investment opportunities.

## KEY FINANCIAL METRICS

Operations and results	H1 2020	H1 2019	Change (%)
Committed annualised rental income (€mm)	165.2	129.3	27.8%
IFRS Operating profit (€mm)	217.9	96.1	126.7%
IFRS net profit (€mm)	196.9	75.0	162.5%
IFRS earnings per share (€ per share)	10.19	4.04	152.3%

Portfolio and balance sheet	30 Jun 20	31 Dec 19	Change (%)
Portfolio value, including joint venture at 100% (€mm)	3,231	2,771	16.6%
Portfolio value, including joint venture at share (€mm)	2,167	1,897	14.3%
Occupancy ratio of standing portfolio (%)	99.9	99.8	-
EPRA NAV per share (€ per share)	52.42	39.89	31.4%
IFRS NAV per share (€ per share)	50.28	37.66	33.5%
Net financial debt (€mm)	685.8	604.2	13.5%
Gearing <sup>2</sup> (%)	35.0	37.2	-

## CONFERENCE CALL FOR INVESTORS AND ANALYSTS

### VGP will host a conference call at 10:30 (CEST) on 24 August 2020

The conference call will be available on:

- Belgium: 0800 58228 (toll free) / +32 (0)2 404 0659
- UK: 0800 358 6377 (toll free) / +44 (0)330 336 9105
- US: 866-548-4713 (toll free) / +1 323-794-2093
- Confirmation Code: 3420218

A presentation is available on VGP website:

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

<sup>1</sup> The transaction value corresponds to purchase price (at fair market value) for the completed income generating buildings which are transferred to the respective joint venture.

<sup>2</sup> Calculated as Net debt / Total equity and liabilities

## CONTACT DETAILS FOR INVESTORS AND MEDIA ENQUIRIES

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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 development land bank (owned or committed) of 6.89 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 230 employees today owns and operates assets in 12 European countries directly and through three joint ventures with Allianz Real Estate (VGP European Logistics, VGP European Logistics 2 and VGP Park München). As of June 2020, the Gross Asset Value of VGP, including the joint ventures at 100%, amounted to €3.23 billion and the company had a Net Asset Value (EPRA NAV) of €1,079 million. VGP is listed on Euronext Brussels and on the Prague Stock Exchange (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.