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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 2020 – 31 December 2020

Regulated Information  
Friday, 26 February 2021, 07:00 am CET

## **A TRANSFORMATIVE YEAR AND A SIGNIFICANTLY STRONGER PLATFORM PROVIDES FOUNDATION FOR A GOOD 2021**

**26 February 2021, 7:00am, Antwerp (Berchem), 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 2020:

- Record net profit of €370.9 million, an 80.4% YoY increase
- Strong business growth across the portfolio
  - Signed and renewed rental income of €45.2 million, bringing total signed rental income to € 185.2 million, a 19.5% YoY increase
  - A record 33 buildings with 869,000 m<sup>2</sup> under construction at year-end
  - Land bank expanded to 7.65 million m<sup>2</sup> – a 23.2% YoY increase
  - A record 27 projects delivered with 531,000 m<sup>2</sup> of lettable area, representing €29.1 million of annualised committed leases (entire completed portfolio is 98.5% let)
- Limited impact Covid-19: nearly all due payments received on time and very limited reprofiling
- Launched third joint venture for VGP Park München and completed four successful joint venture closings for a total value of €666 million resulting in €405.6 million net cash proceeds
  - First joint venture expanded to a €2 billion net asset value target and discussions with regards to a further expansion through a new joint venture are underway
- Year-end gearing ratio reduced to 25.2%, supported by two successful share placements
- Intention to propose to the Annual Meeting of Shareholders a distribution of a gross dividend of € 75 million which equates to € 3.65 per share – a 24.2% YoY increase

VGP's Chief Executive Officer, **Jan Van Geet**, said: *"The past year was transformative for VGP in many ways. Despite unforeseen challenges, we created an equity base growth from €700 million last year to €1.3 billion today as we outpaced many trends and significantly increased the number of mostly pre-let projects under construction driven by strong lease growth and enabled through cash recycling with four joint venture closings and two successful share placements. Looking ahead at 2021, we are seeing the same strong operating trends continue, leaving us convinced that this can also be a good year."*

Jan Van Geet continued: *"We have kicked off several iconic projects in the past year including our new parks in Laatzen (Hanover) and Bratislava. Furthermore, we have several milestone projects in the pipeline including VGP Park Moerdijk – the largest development project in The Netherlands – and more and more brownfield projects including in Giessen where we acquired a 32-hectare former US military airfield and in Wiesloch, Heidelberg, where 13 hectares will be redeveloped at the historic site of Heidelberger Druckmaschinen AG."*

Jan Van Geet concluded: *"We have strengthened our teams across the board, including Last Mile logistics and renewable energy expertise, which will enhance our product offerings and deepen our engagement with our clients. We have also continued to invest in our communities – for example, through our contribution to the first 16 projects identified by the VGP Foundation. I want to end by thanking our colleagues and partners, who quickly adapted to the pandemic and safely helped our existing tenants, the communities in which we operate and by ensuring construction projects were delivered to our clients on time."*

## FINANCIAL AND OPERATING HIGHLIGHTS

### Strong new leasing activity continued

- Signed and renewed rental income of € 45.2 million driven by 625,000 m<sup>2</sup> of new lease agreements signed (corresponding to € 34.0 million of new annualised rental income), combined with 209,000 m<sup>2</sup> of lease agreements renewed (corresponding to € 11.3 million of annualised rental income)
- The new leases signed are geographically well spread: Germany € 13.3 million (39%), the Netherlands € 5.9 million (17%), Spain € 3.9 million (12%), Slovakia € 3.0 million (9%), Romania € 2.4 million (7%) and the remainder in Italy, Czech Republic and Latvia (each 5%) and Hungary (1%)
- Terminations represented a total of € 3.7 million or 71,000 m<sup>2</sup> (of which 65,000 m<sup>2</sup> within the Joint Ventures' portfolio)
- The total signed lease agreements represent € 185.2 million<sup>1</sup> annualised committed rental income (equivalent to 3.22 million m<sup>2</sup> of lettable area), a 19.5% increase since December 2019

### Record level of construction activity

- During 2020 we delivered a record 27 projects representing 531,000 m<sup>2</sup> of lettable area, which equates to €29.1 million of annualised committed rental income
- At year-end we had a record 33 projects under construction or 869,000 m<sup>2</sup> of future lettable area, which, once delivered and fully let, will generate €55.2 million of annualised committed rental income; the portfolio under construction at year-end was 79% pre-let<sup>2</sup>

### Implications of Covid-19

- 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
- Rental collection has continued to progress well with rent collection since start of the Covid-19 pandemic at 99.7% of total rent billed

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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.

### **Record land bank expansion**

- Acquisition of 2.57 million m<sup>2</sup> of development land and a further 2.2 million m<sup>2</sup> committed subject to permits which brings the total land bank (owned and committed) to 7.65 million m<sup>2</sup> (a 23.2% net increase since December 2019), which supports 3.60 million m<sup>2</sup> of future lettable area
- Included within this land bank is more than 450,000 m<sup>2</sup> gross lettable area related to VGP Park Moerdijk. On 26 November 2020, VGP entered into a partnership with Roozen Landgoederen Beheer in order to develop Logistics Park Moerdijk (“LPM”) together with the Port Authority Moerdijk on a 50:50-basis. The total development land of LPM amounts to circa 140ha with a total development potential of circa 900,000 m<sup>2</sup> of lettable area
- In addition to the land owned and committed, negotiations are underway for a further 1.49 million m<sup>2</sup> of new land plots which have a development potential of 0.66 million m<sup>2</sup> of lettable area
- More than in prior years, we have acquired several brownfield projects including our new project in Giessen where we acquired a 32-hectare former US military airfield and in Heidelberg where 13 hectares will be redeveloped at the site of Heidelberger Druckmaschinen AG. Brownfield projects are being considered due to their often-strategic location in the vicinity of metropolitan areas and as it helps nature conservation. We are evaluating several other potential brownfield projects

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

- The team expanded to >260 FTE equivalent as we hired 40 additional people across the organization
- We have strengthened our teams across the board, including Last Mile logistics and renewable energy experts, which will enhance our product offerings and deepen our engagement with our clients

### **Balance sheet significantly strengthened**

- 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 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
- Also, four successful closings with the joint ventures were completed for a total gross asset value of €666 million. The first joint venture conducted a closing in October 2020 for €166 million and the second joint venture conducted a closing in November 2020 for €258 million. The third joint venture successfully completed its seed closing in June 2020 for €187 million and closed a first transaction of €55 million in December 2020. These four transactions combined resulted in €405.6 million net cash proceeds
- On 21 April 2020 VGP successfully completed an €200 million offering of new shares (equivalent to 10.8% of shares outstanding) at a discount of 4.6% compared to the last traded price and on 3 September 2020 VGP successfully completed an offering of 929,153 existing shares (equivalent to €109 million or 4.5% of the shares outstanding) at a discount of 4.2% compared to the last traded price

- These combined proceeds and existing unutilised long-term revolver facilities provide VGP with significant headroom to reinvest in its development pipeline and continue to grow the business. Gearing<sup>1</sup> at the end of 2020 stood at 25.2% providing significant leverage headroom

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

- VGP Renewable Energy N.V. has been setup by the Group in 2020 to broaden the ability of the Group to assist our clients in making their businesses more sustainable in a cost-effective way by offering green energy, smart energy management and facilitate our clients in their transition towards a green truck and car fleet
- A total PV power generation capacity of 42.5MWp is currently installed or under construction through 36 projects. This is being realised through a €16.2 million investment to date. In addition, the pipeline at the moment equates to an additional power generation capacity of 53.3 MWp

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

- We have made significant progress towards our Sustainable Development Goals and have introduced new goals for 2021 including a target to be net carbon neutral on our footprint for scope 1 and scope 2 emissions in compliance with PAS 2060 by 2025 and comply with CDP climate change disclosure

### **Outlook 2021**

- It is with confidence that we look at 2021 and beyond. Development activities should continue to operate at elevated levels during 2021 supported by solid demand from potential tenants as we expect technological changes and e-commerce to continue to be an important driver for demand across our platform. Our existing land bank provides the foundation for growth over the coming years and VGP expects to be able to continue expanding its rental income and property portfolio through the completion and start-up of new building projects in 2021
- Focus on expansion of service offering through VGP Renewable Energy, through increased production of green energy and facilitating our clients in their transitioning towards green energy
- Finally, we expect in the course of 2021 to be able to announce the details of a further expansion of our first joint venture with Allianz Real Estate beyond the €2.0 billion expanded target and we anticipate to be able to conduct several closings with the joint ventures in the course of this year

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<sup>1</sup> Calculated as Net debt / Total equity and liabilities

## KEY FINANCIAL METRICS

<b>Operations and results</b>	<b>2020</b>	<b>2019</b>	<b>Change (%)</b>
Committed annualised rental income (€mm)	185.2	155.0	19.5%
IFRS Operating Profit before tax (€mm)	419.4	252.4	66.2%
IFRS net profit (€mm)	370.9	205.6	80.4%
IFRS earnings per share (€ per share)	18.58	11.06	68.0%
Dividend per share (€ per share)	3.65 <sup>1</sup>	2.93 <sup>2</sup>	24.6%

<b>Portfolio and balance sheet</b>	<b>2020</b>	<b>2019</b>	<b>Change (%)</b>
Portfolio value, including Joint Ventures at 100% (€mm)	3,843	2,771	38.7%
Portfolio value, including Joint Ventures at share (€mm)	2,468	1,897	30.1%
Occupancy ratio of standing portfolio (%)	98.5	99.8	-
EPRA NTA <sup>3</sup> per share (€ per share)	65.78	39.89	64.9%
IFRS NAV per share (€ per share)	63.44	37.66	68.5%
Net financial debt (€mm)	560.9	604.2	(7.2)%
Gearing <sup>4</sup> (%)	25.2	37.2	-

## CONFERENCE CALL FOR INVESTORS AND ANALYSTS

### VGP will host a conference call at 10:30 (CET) on 26 February 2021

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: 888 394 8218 (toll free) / +1 323 701 0225
- Confirmation Code: 1934802

A presentation is available under Financial & Operating Results through VGP's Investor Relations website.:

[www.vgpparks.eu/en/investors/publications/](http://www.vgpparks.eu/en/investors/publications/)

<sup>1</sup> Proposed dividend per share to be approved by the Annual General Meeting of Shareholders of 14 May 2021.

<sup>2</sup> Proposed dividend per share over FY2019 was €3.25 per share; based on new shares issued this was adjusted to €2.93 per share

<sup>3</sup> EPRA Net Tangible Assets. Other metrics, EPRA Net Reinstatement Value and Net Disposal Value can be found in note 12.2

<sup>4</sup> Calculated as Net debt / Total equity and liabilities

## FINANCIAL CALENDAR

Annual Report 2020	13 April 2021
First quarter 2021 trading update	14 May 2021
General meeting of shareholders	14 May 2021
Dividend ex-date	21 May 2021
Dividend payment date	25 May 2021
Half year results 2021	27 August 2021
Third quarter 2021 trading update	19 November 2021

## 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 7.65 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 260 employees today owns and operates assets in 12 European countries directly and through several 50:50 joint ventures. As of December 2020, the Gross Asset Value of VGP, including the joint ventures at 100%, amounted to € 3.84 billion and the company had a Net Asset Value (EPRA NAV) of € 1.35 billion. 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.