



BUILDING
TOMORROW
TODAY

FY2021 FINANCIAL RESULTS Presentation

23 February 2022





Highlights 2021



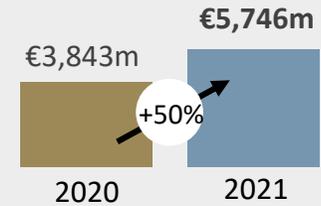
Pan-European expansion and stronghold Germany lead to record leasing- and construction activity, and underpin strong FY2021 financial performance



- Record net profit of €650.1 million, an 75.2% YoY increase
- Strong business growth across the portfolio
 - Signed and renewed rental income of €79.7 million (versus €45.2 million for FY20, +76% YoY)
 - Total signed rental income as of Dec 2021 to € 256.1 million (+38.3% YoY)
 - A record 1,478,000 m² under construction at year-end – 1.7x the level of Dec 2020 , representing 50 buildings and €93.9 million in additional annual rent once fully built and let (83.8% pre-let as of Dec 2021)
 - Land bank expanded to 10.94 million m² (+ 43.0% YoY) – c. 5 million m² of future lettable area
 - Nearly 40% of our development projects acquired in 2021 are brownfield sites
 - A record 652,000 m² of lettable area delivered, representing 26 projects (€32.0 million of annualised committed leases)
 - Started operations in France, Serbia and Greece
 - Eyeing further expansion in Croatia, Sweden and Denmark
- Year-end gearing ratio reduced to 29.8%

Ongoing strong financial performance

- **Steady growth of total portfolio value¹**



- **Continued strong growth in committed annualised rental income¹**



- **Record net profit supported by strong predominantly pre-let new construction activity and continued yield compression**



- **Intention to propose to AGM distribution of gross dividend of € 149.6 million or €6.85 per share**



¹ Including JVs portfolio at 100%

Key ESG achievements & highlights of VGP in 2021



Carbon footprint scope 1 and 2 reduction

- On track to achieve net carbon neutrality by 2025 and 50% gross reduction by 2030
- All VGP offices green energy PPA contract as of 1 Jan 2022¹



Carbon footprint Scope 3 reduction

- Engaging with tenants on self-consumption renewable energy
- Aim to align our portfolios' performance with the goals of the Paris Agreement



VGP Renewable Energy

- 74.7 MWp installed or under construction and 74.5 MWp in pipeline
- Multiply installed capacity 2x by 2025 to 300MWp
- Supporting tenants in switch to green drive-train technologies



Green buildings certification

- 54.3% of portfolio green certified
- Aiming for BREEAM Excellent / DGNB Gold for all new builds in 2022 on a best-efforts basis (required minimum BREEAM Very Good)



Buildings life-cycle management

- Several pilot projects DGNB Klima Positiv life-cycle certification under way
- EBRD joint research on circular materials

¹<https://www.vgpparks.eu/en/newsroom/investor-news/vgp-announces-pan-european-corporate-solar-energy-deal-to-power-all-vgp-offices-with-100-renewable-electricity/>

Key ESG achievements & highlights of VGP in 2021



Governance

- Implemented principles 3.19 of the Belgian Code on Corporate Governance by appointing Company Secretary
- Updating charter and various policies and guidelines to demonstrate highest standards of business conduct and integrity



Diversity and talent management

- Board continues diversity lead with 60% female board members
- Various training/development initiatives being implemented
- Conducted inaugural annual group employee satisfaction survey



VGP Foundation

- 19 environmental, 5 culture and 5 social projects supported thus far
- €7 million commitment made available until 2021 (further €5 million committed for 2022)



Climate change management

- Evaluating Carbon Risk Real Estate Monitor 2050 pathway analysis for portfolio compliance on a best efforts basis



ESG disclosure

- GRI compliant CR disclosure
- Annual CDP and GRESB submission
- Initial Sustainalytics score; plan to initiate MSCI ESG and S&P Global CSA score in 2022

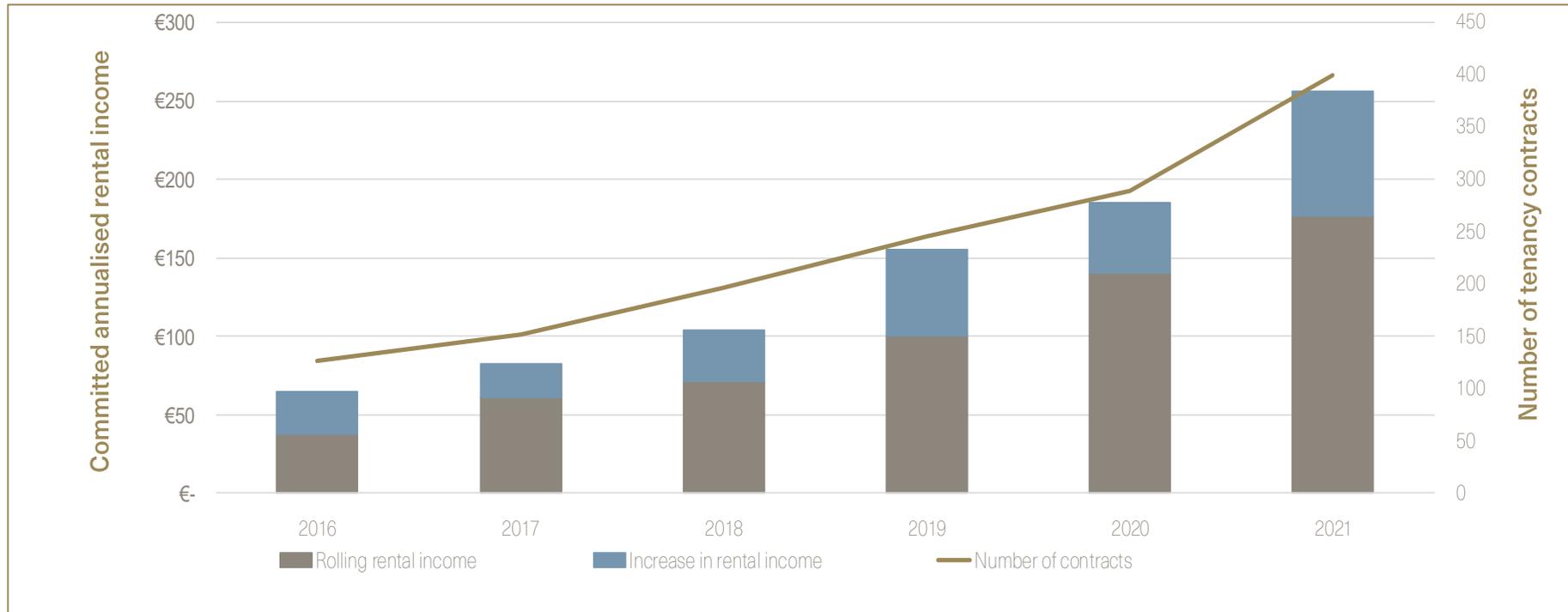


Operational
performance



2021 saw an absolute record in new leasing activity

Committed annualised rental income and number of tenancy contracts



- In total 399 tenant contracts driving committed annualised leases to € 256.1 million¹ (2020: €185.2 million)
- Occupancy rate of 99.4% for the completed portfolio² (2020: 98.5%)

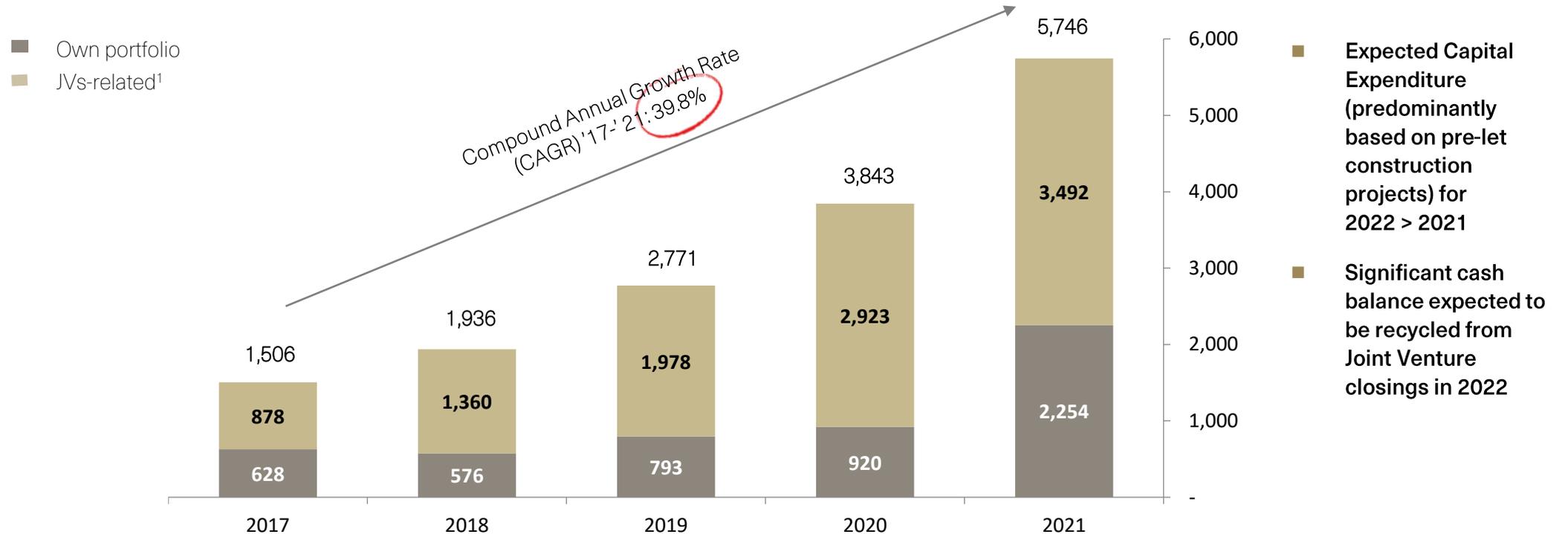
**Signed and renewed rental income of €79.7 million in 2021
(of which €74.6 million new leases)²**

¹ Including € 151.2million through the Joint Ventures

² Including 100% of JVs' assets

...driving resilient portfolio growth ...

Total portfolio – including 100% JV (€ million)



- Expected Capital Expenditure (predominantly based on pre-let construction projects) for 2022 > 2021
- Significant cash balance expected to be recycled from Joint Venture closings in 2022

	2017	2018	2019	2020	2021	
Capital expenditure	€261.0m	€352.7m	€539.5m	€479.8m	€743.2m	▶ €2,375m
Net cash inflow from divestments to JVs ²	€155.7m	€438.4m	€339.0m	€405.6m	€49.6m	▶ €1,388m

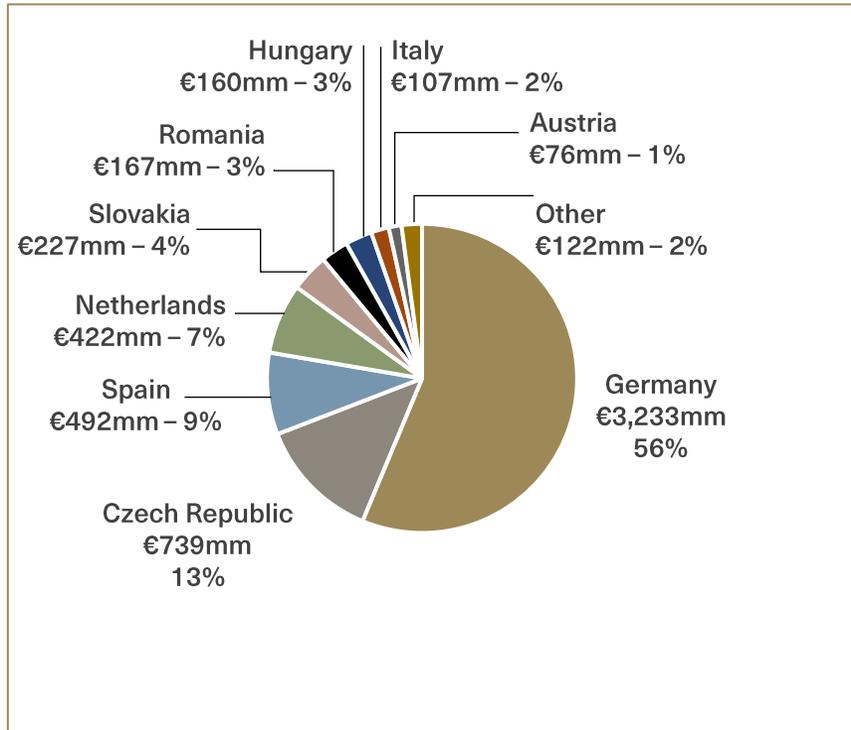
As of 31 December 2021

¹ JVs-related includes German 5.1% stake held directly by VGP and portion of Held-for-Sale being developed on behalf of the JVs

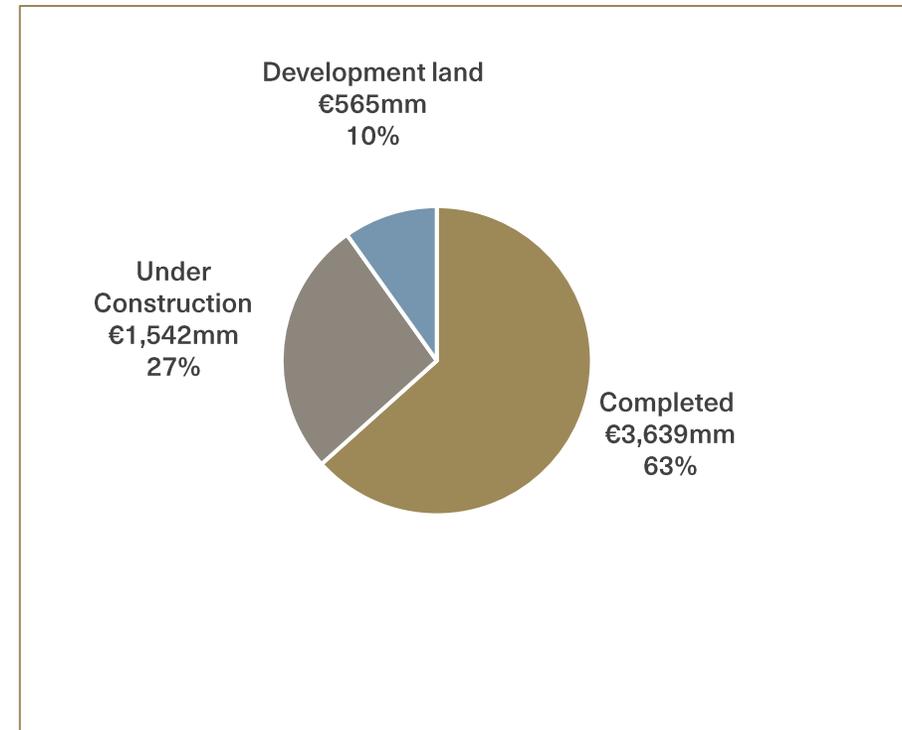
² Includes sale of Mango building, Spain (€150m in 2018)

...which has resulted in a diversified investment portfolio

Investment portfolio breakdown by country¹



Investment portfolio breakdown by status¹



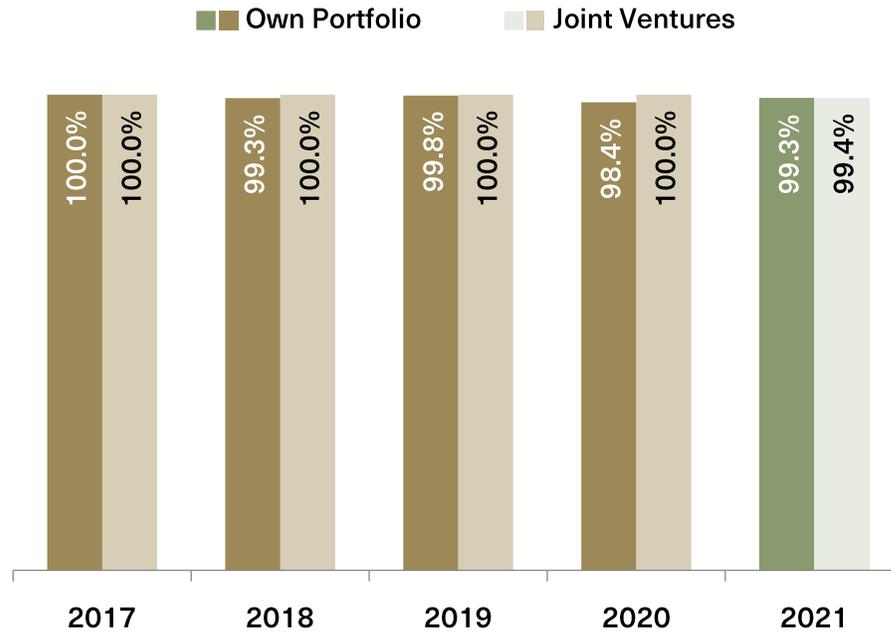
- The Investment portfolio has grown to €5,746 million¹, up 49.5%YoY
- Western Europe, represents 76% of total portfolio as of Dec-21 and 75% of operating EBITDA incl. JVs at share over FY 2021

As of 31 December 2021

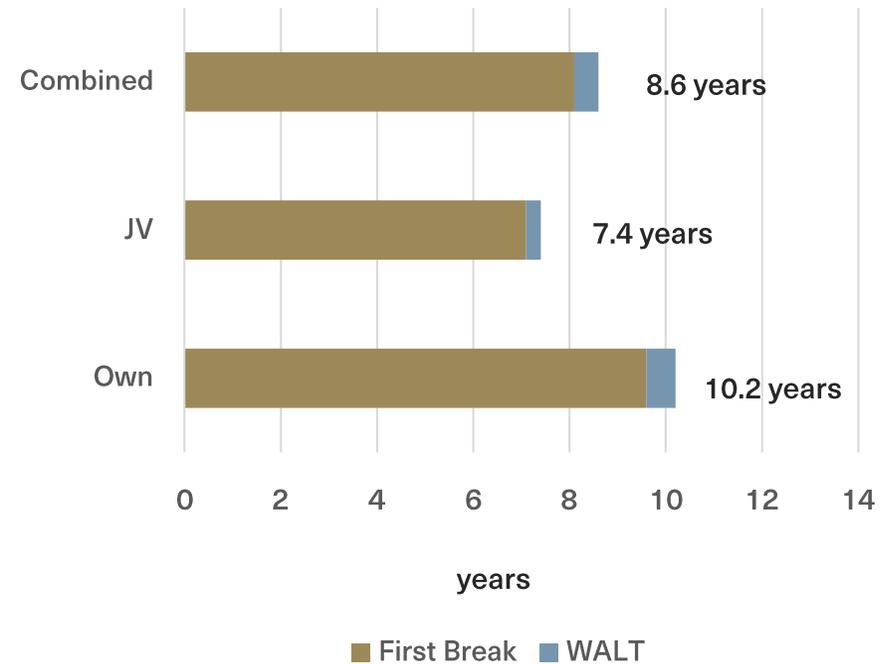
¹ Including 100% of JVs assets

Portfolio virtually fully-let on a long-term basis

Occupancy evolution (%)



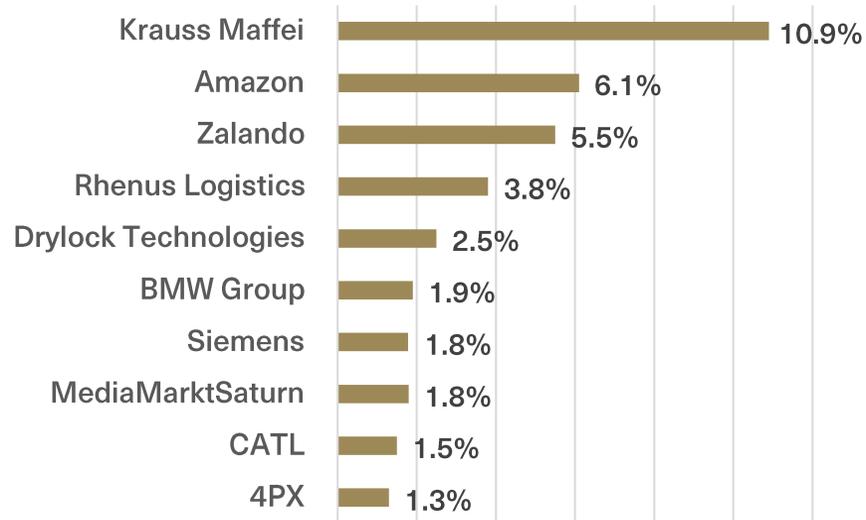
Weighted average lease term (WALT) of the portfolio



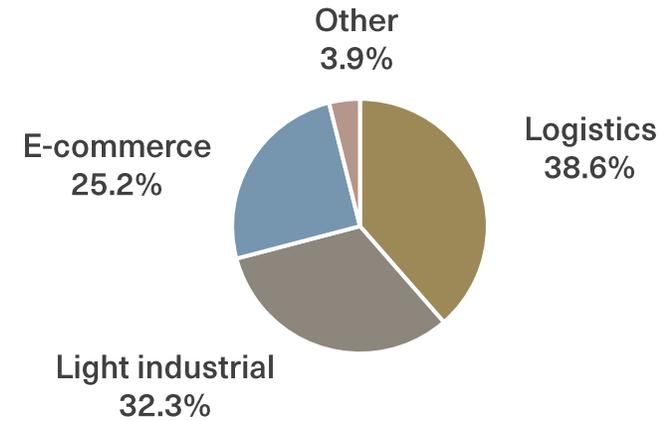
Despite passage of one-year, combined WALT has increased YoY from 8.5 to 8.6 years

Portfolio leased to a diversified and blue-chip customer base

Blue-chip top 10 Tenants (JVs at 100%)



Tenant portfolio breakdown – by industry segment



Top 10 clients count for 37.0%

Delivery of new developments in 2021

- 26 buildings representing 652,000 m²
- €32.0 million rental income through 47 tenant contracts
- Largest share of new developments delivered for tenants active in:

- (non-food and food-retail) logistics
- light-industrial/automotive-related
- e-commerce



connox



MediaMarktSaturn



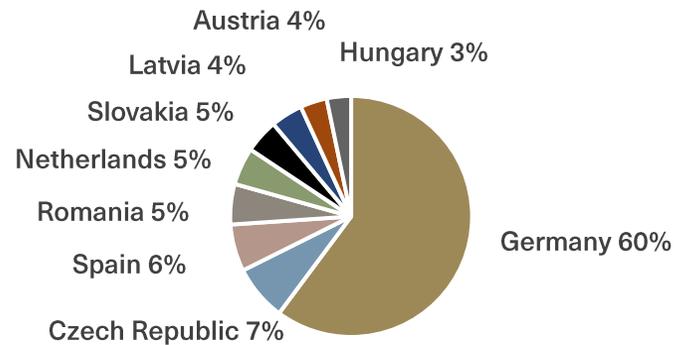
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The predominantly pre-let portfolio under construction expanded significantly

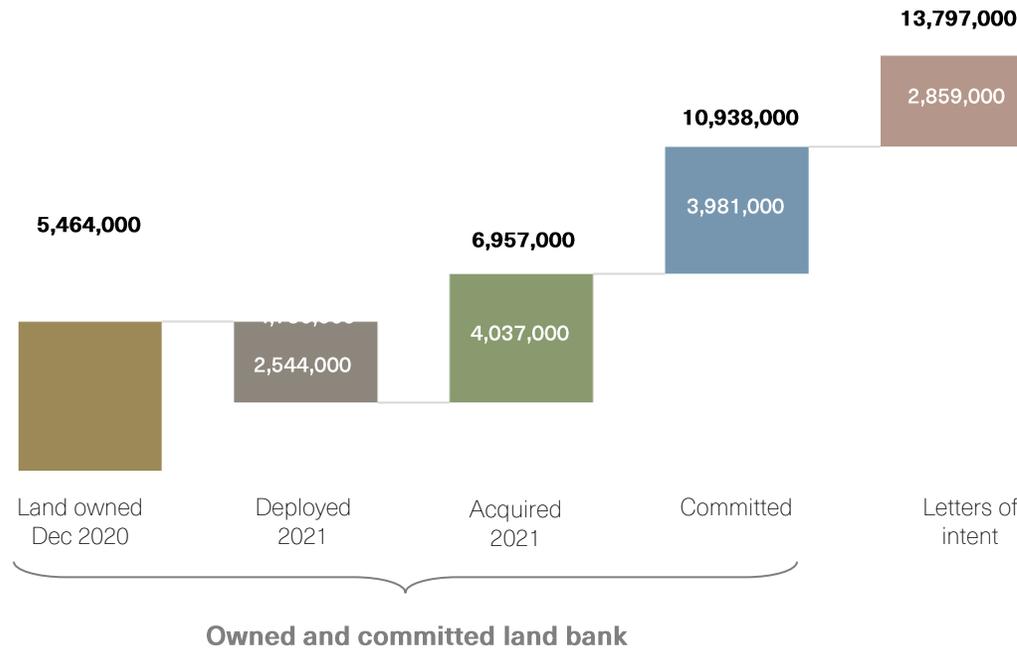
- At Dec 2021, 50 buildings were under construction, representing a record 1,478,000 m² – 1.7x the level of Dec 2020
 - This equates to € 93.9 million of new lease contracts
 - The portfolio under construction is 83.8% pre-let
 - Western Europe represents 75% of the portfolio under construction¹

Developments – geographic breakdown (by rental value)

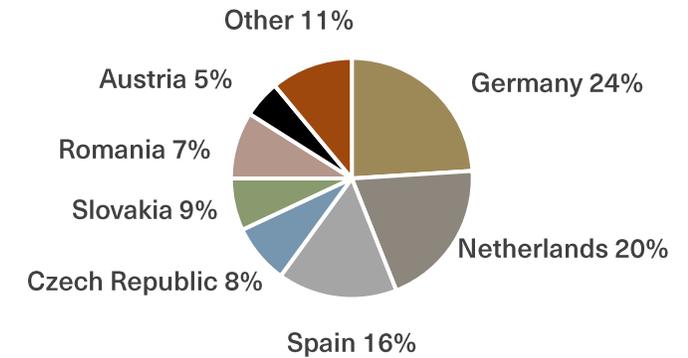


Owned and committed land bank expanded further to support future growth

Build-up of Land bank (m²)



Land bank¹ – geographic breakdown



¹ Geographical breakdown of development potential (m²) of the owned and committed land bank (own and JV)

- Total land bank (owned and committed) of 10.94 million m² equates to development potential of **4.98 million m²**
- In addition, 2.86 million m² of land under option, subject to due diligence, with **1.3 million m²** of development potential

6.29 million m² of development potential embedded in the Land bank

VGP

Financial
performance



Income Statement

- Operating profit up €279.1 mm to €650.0mm
 - Increase driven by higher net valuation gain (up €243.9mm) and Joint-Venture contribution (up €123.4 mm) compensating higher admin expenses (up €19.3mm)
- On a “look-through”- basis¹ net rental is up by € 15.4 mm YoY to €70.7mm
- Net valuation gains on the property portfolio of € 610.3mm
 - Positively affected by the low yields in real estate valuations
 - The own standing property portfolio is valued on a weighted average yield of 4.64% (vs. 5.51% as at 31 Dec '20)²
- Administrative expenses of € 52.1 mm
 - primarily driven by higher wages and salary costs, including provisioning for the long-term incentive program - LTIP
- Other expenses of €5mm, reflecting contribution to VGP Foundation

Income Statement (€mm)

	FY21	FY20
Revenue	44.3	29.6
Gross rental income	17.6	12.1
Property operating expenses	(2.2)	(3.8)
Net rental income	15.4	8.3
Joint venture management fee income	21.3	14.7
Net valuation gains on investment properties	610.3	366.4
Administration expenses	(52.1)	(29.3)
Share of net profit from JV's and associates	186.7	63.3
Other expenses	(5.0)	(4.0)
Operating profit	776.6	419.4
Financial income	12.3	9.3
Financial expense	(25.0)	(17.9)
Net financial result	(12.7)	(8.6)
Profit before taxes	763.9	410.8
Taxes	(113.8)	(39.9)
Profit for the period	650.1	370.9

1 Look-through basis includes VGP's share of the JVs net rental income

2 The (re)valuation of the own portfolio was based on the appraisal report of the property expert Jones Lang LaSalle

Income Statement – by segment

Investment			Development			Property and Asset Management		
(€mm)	FY21	FY20	(€mm)	FY21	FY20	(€mm)	FY21	FY20
Gross rental income	17.6	12.1	Gross rental income	-	-	Gross rental income	-	-
Property operating expenses	(0.2)	(0.4)	Property operating expenses	(2.0)	(3.4)	Property operating expenses	-	-
Net rental income	17.4	11.7	Net rental income	(2.0)	(3.4)	Net rental income	-	-
Joint venture management fee income	-	-	Joint venture management fee income	-	-	Joint venture management fee income	21.3	14.7
Net valuation gains on investment properties destined to the JVs	-	-	Net valuation gains on investment properties destined to the JVs	592.8	365.7	Net valuation gains on investment properties destined to the JVs	-	-
Administration expenses	(4.3)	(2.1)	Administration expenses	(38.4)	(19.7)	Administration expenses	(7.0)	(5.4)
Share of JVs' adjusted operating profit after tax	54.3	45.9	Share of JVs' adjusted operating profit after tax	-	-	Share of JVs' adjusted operating profit after tax	-	-
EBITDA	67.5	55.5	EBITDA	552.3	342.5	EBITDA	14.3	9.3
<ul style="list-style-type: none"> Share in result of JVs up €8.5mm YoY corresponds to VGP's share in the result of the JVs <u>excluding any revaluation result</u> VGP received a €21.1 million cash profit distribution in 2021 			<ul style="list-style-type: none"> Valuation gains/(losses) up €227.1 mm YoY FY 2021 total Cap Ex spent was €743mm (including Cap Ex related to assets already sold to JVs) 			<ul style="list-style-type: none"> Revenues include asset management, property management and facility management income 		

Please note the segment reporting disclosure in the notes of our FY 2021 condensed consolidated interim financial statements press release for overview of adjustments to operating EBITDA

Balance sheet - assets

- Investment Properties (own portfolio) incl Disposal group held for sale total €2,354mm
 - Completed portfolio €563mm ('20: €166mm)
 - Under Construction €855mm ('20: €457mm)
 - Development land €435mm ('20: €297mm)
 - Disposals held for sale contains assets that are envisaged to be disposed of to the JV's
- Investment in Joint Ventures and associates increased to €858.1 mm by €203.3 mm, reflecting:
 - JV1: €611.8mm (incl. 8th closing)
 - JV2: €92.0mm
 - JV3: €130.8mm (JV for München)
 - Other development JVs: €23.6mm (incl Moerdijk)
- Other non-current receivables remained flat at €264.9mm from €264.0mm, mainly reflecting
 - shareholder loans to VGP Park München (€135.9 mm) and VGP Park Moerdijk (€52.2 mm) and other JVs (€75.9mm)¹
 - balance due by Allianz in respect of VGP Park München (€ 67.0mm)² reclassified as current receivable
- Cash position of €222.2mm – in addition several multi-year unsecured revolving credit facilities undrawn and available (€200mm as of Dec '21)

Consolidated Balance Sheet – Assets (€mm)

(€mm)	31 Dec '21	31 Dec '20
ASSETS		
Investment properties	1,852.5	920.2
Investment in joint ventures and associates	858.1	654.8
Other non-current receivables	264.9	264.0
Other non-current assets	35.1	19.3
Total non-current assets	3,010.7	1,858.2
Trade and other receivables	148.0	44.8
Cash and cash equivalents	222.2	222.4
Disposal group held for sale	501.9	102.3
Total current assets	872.1	369.5
TOTAL ASSETS	3,882.7	2,227.7

¹ Net of development and construction loans

² The remaining balance due by Allianz Real Estate in respect of the acquisition of VGP Park München shall become payable by Allianz Real Estate in different instalments based on the completion dates of the respective buildings

Balance sheet – Shareholders' equity and liabilities

- Shareholders' equity of €2,176 mm, up €870 mm since Dec '20
 - Includes effect of the €300 mm capital increase in Nov 2021
- Total liabilities of €1,707 mm (2020: €922 mm)
 - Financial debt of €1,385 mm (2020: €783 mm) due to the issue of a green bond of €600 mm
 - Post balance sheet date a further €1,000 mm was issued through a dual-tranche bond (Jan 2022)
- Consolidated gearing ratio at Dec '21 stood at 29.8%¹
 - Proportionally consolidated Loan-To-Value stood at 46.2%

Consolidated Balance Sheet – Shareholders equity and liability (€mm)

(€mm)	31 Dec '21	31 Dec '20
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	2,175.6	1,305.7
Non-current financial debt	1,340.6	748.8
Other non-current (financial) liabilities	32.5	10.5
Deferred tax liabilities	112.3	43.8
Total non-current liabilities	1,485.4	803.1
Current financial debt	44.1	34.5
Trade debt and other current liabilities	107.5	77.7
Liabilities related to disposal group HFS	70.2	6.7
Total current liabilities	221.8	118.9
Total liabilities	1,707.2	922.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,882.7	2,227.7

¹ Calculated as Net debt / Total equity and liabilities



Summary and outlook



Summary and Outlook

Summary

- Strong financial and operating result over 2021
 - Resilient business performance across portfolio; achieved many new milestones
 - Formidable land bank expanded with some trophy new positions
- Start of operations in France, Serbia and Greece
- Ability to continue to rapidly recycle invested capital through expansion of partnership with Allianz Real Estate
- Paying a sustainable competitive dividend: proposal is to pay a dividend of €6.85 per share

Outlook

- Client demand and shortage of supply of grade A logistics and semi-industrial buildings are supporting rent levels and occupancy
 - The underlying fundamentals remain very supportive
- Significant Capital Expenditure anticipated due to predominantly pre-let construction pipeline fully covered by available cash sources
 - Capital Expenditure anticipated for 2022 in excess of 2021 capex spent of €743mm
 - Significant cash balance expected to be recycled from Joint Venture closings in 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



Appendix



Track record of the joint ventures

First JV: VGP European Logistics



Closing I (May '16)	GAV: Net cash:	c.€500mm €176mm
Closing II (Oct '16)	GAV: Net cash:	c.€80mm €59mm
Closing III (May '17)	GAV: Net cash:	c.€173mm €122mm
Closing IV (May '18)	GAV: Net cash:	c.€400mm €290mm
Closing V (Apr '19)	GAV: Net cash:	c.€203mm €125mm
Closing VI (Nov '19)	GAV: Net cash:	c.€232mm €123mm
Closing VII (Oct '20)	GAV: Net cash:	c.€166mm €126mm
Closing VIII (Jun '21)	GAV: Net cash:	c.€68mm €50mm

Net cash proceeds of €1,071 mm from First JV

Second JV: VGP European Logistics 2



Closing I (Jul '19)	GAV: Net cash:	c.€175mm €91mm
Closing II (Nov '20)	GAV: Net cash:	c.€258mm €180mm

Net cash proceeds of €271 mm from Second JV

Third JV: VGP Park München



Seed c'ing (Jun '20)	GAV: Net cash:	c.€187mm €87mm
Closing I (Dec '20)	GAV: Net cash:	c.€55mm €16mm

VGP net cash proceeds of €103mm from Third JV

Fourth JV: Agreed with Allianz



- This new joint venture has replaced the investment capacity of the First Joint Venture
- Investment target of €2.8 billion
- A first closing with the new joint venture is anticipated in course of H2 2022

Disclaimer

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 m² 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>

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