
VGP

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ANNUAL FINANCIAL RESULTS PRESS RELEASE

For the period
1 January 2022 – 31 December 2022

Regulated Information
Thursday, 23 February 2023, 07:00 am CET

FINANCIAL RESULT FOR FY2022

23 February 2023, 7:00am, Antwerp, Belgium: VGP NV ('VGP' or 'the Group'), today announces the results for the financial year ended 31 December 2022:

- Solid operating performance
 - Strong rental activity with **€ 73.4 million** of signed and renewed leases bringing the annualised committed leases to **€ 303.2 million**¹, a 18.4% YoY increase
 - 44 projects delivered representing a record **1,141,000 m²** and € 71.9 million of annualised rental income.
 - 26 projects under construction at year-end representing **814,000 m²** and € 51.3 million of additional annual rent once fully built and let (**>90% pre-let today**²)
 - €5.9 million gross renewable energy income
- **Operating profit of € 177.5 million** before unrealized valuation losses of € 293 million³, amongst others reflecting a like for like negative revaluation change of 7.33% on VGP's portfolio⁴ due to further increasing of market yields
- Cash recycled for € 347 million through disposals and closings with joint ventures, which have led to € 87.2 million realized gains on a record year of transactions with the joint ventures
- Progress on existing joint ventures:
 - successfully executed the 10th closing as per January 17th with the First Joint Venture generating € 81 million in cash
- Advanced discussions on new JVs' setup and closings in 2023 on various parts of the portfolio
- Year-end gearing ratio amounts to 34.4%, supported by € 1.1 billion of available liquidity
- Intention to propose to the AGM a distribution of a gross dividend of € 2.75 per share

Jan Van Geet, CEO of VGP, said: *"I am proud of our performance in 2022, in terms of leasing activity it is one of our best years ever, and taking into account the economic and geopolitical challenges it is perhaps our best year thus far, having signed and renewed leases in amount of € 73.4 million. Whilst we have booked a devaluation of our portfolio in response to macroeconomic conditions, VGP realized € 87.2 million gains on all disposals to JV's in '22, reflecting high double digit IRRs, in what was a record year of closings with our JV partners."*

Jan Van Geet continued: *"Over the year we delivered a record number of >1.1 million square meters of high quality assets and, as a result, our net rent and renewable energy income increased with 51% at share to €107 million. With a total of € 303 million contracted rental income, our portfolio cash flow will continue to grow at a similar pace in 2023. Likewise, our efforts in building a renewable energy platform sees good momentum with +200 MWp of solar systems either already installed or under construction."*

Jan Van Geet concluded: *"We approach 2023 with confidence as we see continued healthy occupier demand, start to see construction costs coming down, and our technical competence and ESG measures becoming increasingly important factors of distinction. We benefit from a strong cash position and are on the look-out for new opportunities which will become available in the present environment, yet, we remain vigilant due to prevailing uncertainties and are focused on profitable developments against attractive conditions. This was showcased during the delivery of VGP Park München last December, a project fitted to the highest technical standards and a plurality of sustainability measures, delivered*

¹ For Joint Ventures at 100%

² Calculated based on the contracted rent and estimated market rent for the vacant space

³ € 394 million including JV's at 100% and excluding realized gains of € 92.3 million

⁴ Including Joint Ventures at 100%

significantly within budget. We count on the desirability of our locations and the agility of our teams to further strengthen our pipeline.”

FINANCIAL AND OPERATING HIGHLIGHTS

Strong new leasing activity continued

- Signed and renewed rental income of € 73.4 million driven by 904,812 m² of new lease agreements signed corresponding to € 53.8 million of new annualised rental income
- Germany contributed most new leases (€ 25.4 million; 44%) whilst the remainder was geographically well spread across the markets VGP operates in: Romania € 5.2 million (9%), Spain € 4.4 million (8%), Czech Republic € 4.3 million (8%), Netherlands € 3.9 million (7%), Serbia € 3.5 million (6%), Hungary € 3.2 million (6%), Slovakia € 3.1 million (5%), Austria € 2.4 million (4%), Latvia € 1.2 million (2%), Portugal € 0.8 million (3%), and Italy € 0.1 million (1%).
- Lease agreements renewed for 308,000 m² (corresponding to € 16.0 million of annualised rental income) and € 3.6 million of indexation. € 10.3 million rental contracts terminated, replacement contracts have a 12% average increased pricing.
- The total signed lease agreements represent € 303.2 million¹ annualised committed rental income (equivalent to 5.2 million m² of lettable area), a 18.4% increase versus December 2021 reported at € 256.07 million.
- VGP expects a considerable amount of rental increase in 2023 throughout its entire portfolio as lease agreements are annually indexed against inflation.

Record year in project delivery

- During 2022 we delivered 44 projects representing a record 1,141,000 m² of lettable area, which equates to € 71.9 million of annualised rental income (98.7% let).
- At year-end 26 projects were under construction representing 814,000 m² of future lettable area, which, once delivered and fully let, will generate € 51.3 million of annualised committed rental income; the portfolio under construction is currently +90% pre-let².

Land bank

- Over the last 12 months in total 1,970,000 m² of land was acquired representing a development potential of minimum 792,000 m² and a further 2,405,000 m² of land plots were committed, pending permits, which have a development potential of at least 1,076,000 m² of future lettable area, bringing the total owned and committed land bank to 10,362,000 m², supporting a minimum of 4,664,000 m² 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 321,000 m² of new land plots with a development potential of at least 136,000 m². This brings the land bank of owned, committed and under option to 10,683,000 m² supporting circa 5,000,000 m² of future lettable area.

¹ For Joint Ventures at 100%

² Calculated based on the contracted rent and estimated market rent for the vacant space

- The land bank is well spread across the countries in which we operate.
- We remain vigilantly focussed on expanding our landbank, with a priority focus on Germany and the new countries France and Denmark.

Significant strengthening of the team

- At the end of 2022 the VGP team consisted of 383 FTE equivalent, net +61 FTE versus 2021 as we have strengthened our teams across the board and set up a team in France and Denmark. The number of FTE is not expected to grow further in 2023.
- Start of operations in Sweden and Greece has been postponed. The Group will reassess entry into those countries once local logistics markets have stabilized.

Joint Venture closings

- In March 2022 VGP and Allianz Real Estate announced the successful third closing in the Second Joint Venture with a total transaction volume of € 364 million. The gross proceeds from this transaction amounted to circa € 233 million¹. The transaction comprised of 13 logistic buildings, including 9 buildings in 7 new VGP parks and another 4 newly completed logistic buildings which were developed in parks previously transferred to the Joint Venture.
- Two additional closings took place on July 1st, one in the First and one in the Second Joint Venture. The transaction occurred for a total gross asset value of € 105 million and with gross cash proceeds for VGP amounting to € 82 million². The closing in the First Joint Venture, also called Rheingold, contained 8 logistic buildings of which 3 were located in Germany, 4 in the Czech Republic and one in Hungary. The closing in the Second Joint Venture, also called Aurora, consisted of one Portuguese asset.
- In December VGP and Allianz Real Estate executed the closing of the Third Joint Venture upon the completion of VGP Park Munich. The transfer consisted of a total GAV of € 418 million. The remaining payment received upon the closing amounted to € 70 million cash, a remaining € 7 million related to the transaction will be received during H1 '23.
- An additional closing was announced in December for the First Joint Venture; the 10th closing comprised of three new logistic buildings located in Germany (one) and in the Czech Republic (two) representing 113,000 m². The transaction value exceeded € 110 million and the gross proceeds amounted to € 81 million. The closing of the transaction has been effectuated in the course of January. Upon the closing of this transaction the First Joint Venture has reached completion and has entered its holding period.
- VGP and Allianz Real Estate have subsequently agreed to extend the holding term of the First Joint Venture agreement by 10 years to 2036. When the First Joint Venture was set up in 2016 it shaped the ambition for a long term-partnership. The extension announcement has reinforced the cooperation between the partners.
- In addition VGP received a total profit distribution of € 60 million³ from the joint ventures over 2022.

¹ Including a € 5.5 million equity distribution

² Including a € 14.75 million equity distribution

³ Composed of an equity distribution from the Joint Ventures for an amount of € 37.4 million and a partial repayment of shareholders' loan for a total amount of € 22.6 million. Resulting in a total profit distribution by the Joint Ventures of € 60 million.

- VGP is currently in discussions with Allianz Real Estate and various other potential joint venture partners about the Europa joint venture and other potential joint ventures. Various alternative structures are being assessed and the Group expects to be able to update the broader market once closing term sheets are signed.
- The first upcoming closing will be the anticipated fourth closing for Aurora, the Second Joint Venture, which is expected to occur in H1 2023 comprising of 12 assets (260,000 m²) in Austria, Italy, Spain and the Netherlands.¹

Strengthened capital and financial position

- On the 10th of January 2022, VGP announced the successful issue of 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 per cent p.a. and maturing on 17 January 2027 and a € 500 million 8-year bond paying a coupon of 2.250 per cent p.a. and maturing on 17 January 2030.
- On 25 November, VGP successfully completed a € 303 million rights issue by offering 5,458,262 new shares. The transaction had the highest take-up of issued rights of similar size in Belgium since 2015 and was completed without a discount.
- The Group further benefits from its expanded multi-year € 400 million revolving credit facilities which remain undrawn. The revolving credit facilities mature as follows: € 100 million matures in July 2027; € 50 million in December 2025; € 200 million matures in December 2026; and €50 million matures in December 2024.
- Year-end gearing ratio amounted to 34.4%.

ESG update

- Strong improvement in ESG ratings: The Sustainalytics score improved by 3.3 points to 12.1 – significant progress was made on the management score where we moved from Average to Strong. For CDP the Group achieved a B score (on scale from A to D-, F), part of the 16% highest graded companies globally (48,200 companies graded).
- CO₂ emissions and 2030 target across Scope 1-3 submitted to Science Based Target initiative.
- Already over 40% of portfolio compliant in 2050 on the 1.5°C decarbonization pathway (CRREM analysis).
- The VGP 2027, 2029 and 2030 bonds have been affirmed as aligned with the Climate Bonds Taxonomy.
- 131.6MWp in photovoltaic projects installed or under construction with a further 75.0MWp in pipeline; once fully built, the PV projects will generate more renewable energy than all tenants' energy consumption combined.
- All VGP offices switched to renewable energy since 1 January 2022 through a PPA contract with our own 3.9MWp solar roof at VGP Park Roosendaal providing the energy.
- We introduced further steps to reduce embodied emissions within our developments – first projects completed with wooden load bearing structure and heat pumps included in the VGP building

¹ Subject to final agreement between the joint venture partners in terms of the transferred income generating assets and pricing

standard (replacing gas powered heating), furthermore we have updated our building standard to implement water saving and retention techniques.

Renewable Energy

- In total, there are 62 solar panel installations operational across the portfolio. The total installed renewable energy capacity of the Group's assets in 2022 is 56.6 MWp (of which 15.1 MWp is third party operated) (+66% compared to Dec 2021) with a further 28 projects with a power of 75.0 MWp under construction, representing an investment of € 78 million once completed. Looking forward, another 60 projects with a total of 72.7 MWp contracted power are in the pipeline.
- Gross renewable energy income over 2022 was € 5.9 million (net € 5.6 million); compared to € 1.3 million in 2021. Gross renewable energy income over 2022 benefitted from significant increase in production capacity as well as higher energy prices.
- Operational solar production capacity should see exponential growth in the coming year.
- In 2022, new solar panels were installed across the portfolio. One of largest multi-site roof-top photovoltaic systems in the Netherlands is being built in VGP Park Nijmegen (Netherlands): the construction works started in 2020, with the installation of 4.8 MWp; in 2022 an additional 3.1 MWp has been installed and the project will be fully operational in 2023, when the installation will achieve a total output of around 17.61 MWp. The Group's largest multi-site in Germany is at VGP Park München where an 11.55 MWp photovoltaic plant was installed and finished in December 2022, generating an estimated saving of energy purchased from the grid of 9,000,000KWh.
- In Germany, VGP Park München also uses geothermal energy to meet its heating and cooling needs. A solid pipeline of future projects is maintained throughout the Group, such as photovoltaic self-consumption plants. The renewable electricity produced by the Group is either self-consumed to meet our tenant's energy needs or sold to the grid. Once the photovoltaic projects currently under construction are fully operational the solar power production capacity will surpass the total energy consumption of all tenants as measured over FY2021.

Outlook 2023

- Along with our strong balance sheet, healthy treasury position, well positioned portfolio and with a primary focus on the development of our existing and attractive land bank, we remain confident to deliver solid operational performance and further strengthen our cash recycling model.
- With the months of January and February having started well and despite an uncertain geopolitical and economic environment, VGP pursues prudently its margin-focused strategy, underpinned by technical competence and investment as well as a constant quest for high sustainability and quality in our warehouses and their locations.
- Given its annualized contracted rental income of € 303 million and recent deliveries of 1.1 million square meters to lessees, net rental income is expected to further record high double digit growth.

Dividend 2022

- The Board of Directors has decided to propose to the Annual Shareholder's Meeting of 12 May 2023 to distribute a gross dividend of € 2.75 per share, corresponding to a total gross dividend amount of € 75,051,108.

KEY FINANCIAL METRICS

Operations and results	2022	2021	Change (%)
Committed annualised rental income (€mm)	303.2	256.1	18.4%
Gross Renewable Energy income (€mm)	5.9	1.3	353.8%
Operating result before unrealized valuation adjustments (€mm)	177.5	45.4	291.0%
IFRS net profit (€mm)	(122.5)	650.1	n/a
IFRS earnings per share (€ per share)	(5.49)	31.41	n/a
Dividend per share (€ per share)	2.75 ¹	6.85	(59.9)%

Portfolio and balance sheet	2022	2021	Change (%)
Portfolio value, including Joint Ventures at 100% (€mm)	6,443	5,746	12.1%
Portfolio value, including Joint Ventures at share (€mm)	4,605	4,084	12.8%
Occupancy ratio of standing portfolio (%)	98.9	99.4	-
EPRA NTA ² per share (€ per share)	84,35	106.93	(21.1)%
IFRS NAV per share (€ per share)	80,69	99.65	(19.0)%
Net financial debt (€mm)	1,669	1,159	44.0%
Gearing ³ (%)	34.4	29.8	-

AUDIO WEBCAST FOR INVESTORS AND ANALYSTS

VGP will host an audio webcast at 10:30 (CET) on 23 February 2023

The conference call will be available on:

Webcast link:

- https://channel.royalcast.com/landingpage/vgp/20230223_1/
- Click on the link above to attend the presentation from your laptop, tablet or mobile device
- The presentation 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/>

¹ Proposed dividend per share to be approved by the Annual General Meeting of Shareholders of 12 May 2023.

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

³ Calculated as Net debt / Total equity and liabilities

FINANCIAL CALENDAR

Publication Annual Report 2022	11 April 2023
First quarter 2023 trading update	4 May 2023
General meeting of shareholders	12 May 2023
Dividend ex-date	24 May 2023
Dividend payment date	26 May 2023
Half year results 2023	24 August 2023
Third quarter 2023 trading update	3 November 2023

CONTACT DETAILS FOR INVESTORS AND MEDIA ENQUIRIES

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ABOUT VGP

VGP is a pan-European owner, manager and developer 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. Founded in 1998 as a Belgian family-owned real estate developer in the Czech Republic, VGP with a staff of circa 383 FTE's today owns and is active in 17 European countries directly and through several 50:50 joint ventures. the Gross Asset Value of VGP, including the joint ventures at 100%, amounted to € 6.44 billion and the company had a Net Asset Value (EPRA NTA) of € 2.30 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.