VGP TRADING UPDATE: SOLID GROWTH, RECORD DELIVERIES AND OCCUPANCY RATE BOOST RECURRING RENTAL INCOME

3 November 2022, 7:00 am, Antwerp, Belgium: VGP NV ('VGP' or 'the Group') today published its trading update for the first ten months of 2022, in which, against a background of volatile macro-economic and geopolitical uncertainties VGP recorded a robust operating performance:

- **€53.1 million of new and renewed leases** signed year-to-date (of which €21.3 million during the past 4 months) bringing the **annualised committed leases** for the year to date to **€291.0 million**[1] (+ €34.9 million compared to 31 December 2021) (+13.6% YTD and +21.0% y-o-y)
- Property portfolio[2] virtually fully let with **occupancy at 99.6%** as of 31 October 2022 (compared to 99.4 % as at 31 December 2021)
- Based on the current inflation, we expect our already income generating **rent roll to grow by 7% (€17 million²) through indexation alone** in 2023
- **37 projects under construction** representing 1,253,000 m² (of which 16 projects totalling 346,000 m² started up during the year) and **€82.8 million in additional annual rent** once fully built and let. These buildings under construction are **93.7% pre-let**
- **28 projects delivered** during the year representing 576,000 m², or € 31 million in additional annual rent (of which 11 projects totalling 240,000 m² delivered during the 2H 2022) and a further 460,000 m² estimated for delivery in the remainder of 2022
- **Photovoltaic capacity grew exponentially y-o-y** to 120.9MWp operational or under construction and with a further 67.9MWp being planned. Once built, the significant photovoltaic roll-out – which is already generating €3.7 million revenues YTD – will match our 2021 tenant electricity consumption. This contributed to the **three star GRESB developer rating** and elevated the **portfolio compliance on the Paris-aligned 1.5-degree decarbonisation pathway until the year 2045** which moves us significantly closer to a 1.5-degree ready portfolio under CRREM
- Continuing strong relationship with Allianz Real Estate evidenced by:
  - (i) **Second closing** of **VGP Park München joint venture** with Allianz Real Estate on track for December 2022 with **proceeds of circa €70 million** to be expected;
  - (ii) Including the upcoming closing for VGP Park München the total JV closing in 2022 will amount to an **annual record of more than €800 million;**
  - (iii) Additional closing expected in Q1 2023 with the First Joint Venture for a total GAV of more than € 100 million. The transaction is currently under due diligence;
  - (iv) **Profit distribution from the joint ventures** gaining momentum with profit distribution year to date totalling **€28.2 million with a further ca. €30 million** profit distribution to be received during November 2022

- **1,925,000 m² of new development land acquired during** the year (of which 378,000 m² during 2H 2022) and 696,000 m² of development land deployed during the year to support the new developments started up during the year. Total secured development land bank stand at 10,683,000 m² at the end of October 2022 representing a development potential of circa 5 million m²

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[1] Including Joint Ventures at 100%. As at 31 October 2022 the annualised committed leases of the Joint Ventures stood at €174.5 million (€151.1 million as at 31 December 2021).

[2] Including Joint Ventures at 100%.

VGP's Chief Executive Officer, **Jan Van Geet**: "VGP is having a very solid year in terms of growth and cash generation and an absolute record year in terms of completions of long-let projects to our clients: now these rents turn effective this generates a significant boost in our recurring revenue."

Jan Van Geet added: "These record deliveries have made evident once again that VGP's DNA is of course closely linked to the constant development of new projects. As we look forward, we see a significant need for high quality new developments, driven by many factors, as the world of tomorrow is one of sustainability and efficiency driven by smart technologies and artificial intelligence. I believe that we have only seen a fraction of the efficiency potential yet, more innovations to optimise energy and operational efficiency are inevitably going to transform our industry in the years ahead of us. I do believe that our team is well set-up to deliver those highly complex, tailor-made, and sustainable solutions to the highest quality matching future customer needs, and above all that it is set-up to do that in all the countries we are active in in a consistent way. This is critical as our long-term development activities will always be driven by our ability to meet such client demand and our profitability looking forward."

Jan Van Geet concluded: "It is equally important to point out to the fact that, as an economy does not develop in a linear way we have, besides the developer gains, always built different sources of recurring income – besides rental income and income from our renewable energy sources also facility and property management fees and asset management fees. These recurrent income streams, boosted by the record delivery of buildings over the past years are now becoming a substantial part of our income and give us ample room to pay out dividends in the future and strengthen substantially VGP's balance sheet on a standalone basis. Indeed, we have always deliberately chosen to keep recurring income from our assets partly on our balance sheet ourselves, partly through JVs we manage. Furthermore as a result, combined with the existing cash on balance sheet, undrawn RCFs and planned Munich joint venture closing we have enough means available to cover our commitments well beyond 2023."

OPERATING HIGHLIGHTS – 10M 2022

Lease activities and resilience

- Signed and renewed rental income of €53.1 million driven by 721,000 m^2 of new lease agreements signed (corresponding to €40.3 million of new annualised rental income[1]), combined with 241,000 m^2 of lease agreements renewed (corresponding to €12.7 million of annualised rental income[2]) and €3.7 million of indexation.
- Of the signed rent agreements in 2022 over half the committed rent comes from Logistics (53%) (of which 40% is general logistics, 13% is non-food retail logistics and 1% is food-retail logistics), followed by E-commerce (21%) and Light industrial (15%) (of which 4% is automotive related industry) and 10% is defined in another category.
- Germany was the main driver of the growth in committed leases with €17.4 million (40%) of new leases[3] signed during the year (of which € 5.8 million on behalf of the Joint Ventures[4]). The other countries also performed very well: new leases being signed in Romania +€ 4.3 million (10%) (€0.3 million on behalf of JV portfolio), Spain +€4.0 million (9%) (€2.6 million on behalf of JV portfolio), Netherlands +€3.9 million (9%) (€3.4 million on behalf of the JV portfolio), Slovakia +€3.6 million (9 %) (€0.9 million on behalf of JV portfolio), Czech Republic +€ 3.4 million (8%) (€2.5 million on behalf of JV portfolio), Hungary +€2.8 million (6%) (€0.1 million on behalf of JV portfolio), Austria +€2.4 million (5%) (€0.1 million on behalf of JV portfolio), Latvia +€0.7 million (2%) (own portfolio), Italy +€1.0 million (2%) (€0.4 million on behalf of JV portfolio) and Portugal +€0.6 million (1%) (own portfolio).
- Terminations represented a total of €9.1 million or 170,000 m^2 (of which 118,000 m^2 within the Joint Ventures' portfolio). VGP has been able to release premisses so far at overall higher rental prices. As an example, in Germany, VGP's largest market, VGP was able to increase as such its average rental price per square meter by 15%.
- The total signed lease agreements increased to €291.0 million annualised committed rental income (equivalent to circa 5.0 million m^2 of lettable area) from €256.1 million as of 31 December 2021. A 13.6% increase year-to-date.
- The signed committed lease agreements of the own portfolio represent a total of 2,038,000 m² of lettable area (€116.5 million of annualised committed leases) with the weighted average term of the annualised committed leases standing at 9.8 years[5] as at the end of October 2022.
- The signed committed lease agreements of the Joint Ventures' portfolio represent a total of 2,971,000 m² of lettable area (€174.5 million of annualised committed leases) with the weighted average term of the annualised committed leases standing at 7.3 years[6] as at the end of October 2022.

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1 Of which 493,000 m² (€27.8 million) related to the own portfolio.
2 Of which 200,000 m² (€10.5 million) related to the Joint Ventures' portfolio.
3 Including rent indexation effects.
4 Joint Ventures means either and each of (i) the First Joint Venture i.e. VGP European Logistics S.à.r.l., the 50:50 joint venture between VGP and Allianz and (ii) the Second Joint Venture i.e. VGP European Logistics 2 S.à.r.l., the 50:50 joint venture between VGP and Allianz, and (iii) the Third Joint Venture i.e. VGP Park München GmbH, the 50:50 joint venture between VGP and Allianz, and (iv) the Fourth Joint Venture i.e. VGP European Logistics 3 S.à.r.l., the 50:50 joint venture between VGP and Allianz and (v) LPM Joint Venture, i.e. LPM Holding B.V., the 50:50 joint venture between VGP and Roozen Landgoederen Beheer.
5 The weighted average term of the committed leases up to the first break stands at 9.5 years as at 31 October 2022.
6 The weighted average term of the committed leases up to the first break stands at 6.9 years as at 31 October 2022.

- The weighted average term of the annualised leases of the combined own and Joint Ventures' portfolio stood at 8.3 years[1] at the end of October 2022 compared to 8.6 years at the end of December 2021.
- The Annualised Committed Leases are composed of €207.7 million lease agreements which have already become effective as of 31 October 2022 and €83.3 million signed lease agreements which will become effective in the future. The breakdown as to when the Annualised Committed Leases will become effective is as follows:

In Million EUR	Current	<1 year	1-2 years	2-3 years	>3 years	Total
Own	64.1	44.2	5.7	0.6	1.9	116.5
Joint Ventures at 100%	143.6	30.9	0.0	0.0	0.0	174.5
Total	207.7	75.1	5.7	0.6	1.9	291.0

- Virtually all lease agreements include indexation clauses, of which the majority are uncapped, making the property portfolio well protected against inflation. Most of the existing leases are indexed in the first months of the year with the year-to-date indexation totalling €3.7 million of rent equivalent. It is expected that this amount will rapidly ramp up when the current high inflation levels will be charged through to tenants during the first half of 2023.
- Based on the lease agreements becoming effective in 2023, for every 5% of inflation 4% will be passed on as indexation through increase of rent. Assuming a 10% inflation rate, rent would be increased by 7% during the same year (8% rent increase in respect of the own portfolio and 7% in respect of the Joint Ventures' portfolio).

Development activities

- During the second half of 2022, VGP completed another 11 buildings representing 240,000 m² of lettable area, i.e.: in the Czech Republic: one building of 29,500 m² in VGP Park Hradek nad Nisou, one building of 15,800 m² in VGP Park Kladno, and one building of 5,500 m² in VGP Park Chomutov; in Germany: one building of 67,200 m² in VGP Park Laatzen and one building of 20,400 m² in VGP Park Rostock; in Spain: one building of 29,600 m² in VGP Park Sevilla Dos Hermanas and two buildings totalling 34,800 m² in VGP Park Zaragoza; in the other countries, one building of 10,700 m² in VGP Park Budapest Aerozone (Hungary), one building of 18,300 m² in VGP Park Bratislava (Slovakia), and finally one building of 8,200 m² in VGP Park Graz 2 (Austria).
- This brings the total of delivered projects for the first ten months of 2022 to 28 projects, adding 576,000 m^2 of lettable area representing €31.6 million of annualized leases and which are 99.3% let.
- 16 new projects have started up in the course of 2022 which represent 316,000 m^2 of future lettable area representing €23.3 million of annualised leases once fully built and let.
- A total of 39 projects under construction at the end of October 2022 which will add 1,253,000 m^2 of future lettable area representing €82.8 million of annualised leases once fully built and let (93.7% pre-let).
- Geographical split of parks under construction, based on square meters: 57% are located in Germany (17% attributable to VGP Park München and 40% to other projects in Germany), 11% in Romania, 8% in Hungary, 6% in the Netherlands, 6% in Latvia, 5% in the Czech Republic, 2% in Spain, 2% in Slovakia, 2% in Portugal and 1% in Austria.

[1] The weighted average term of the committed leases up to the first break stands at 8.0 years as at 31 October 2022.

- VGP continues to focus on maintaining its development margins by reviewing any new and existing developments against their respective² targeted yield on costs[1]. Reflective of current market dynamics, the targeted average yield on costs are well above 7% for Western Europe, above 7.5% for Southern Europe and above 8% for Central and East Europe[2].

Land bank

- During the second half of 2022, VGP expanded its land bank further and as at 31 October 2022, the Group (including the Joint Ventures at 100%) has a remaining development land bank in full ownership of 8,164,000 m² (of which 1,307,000 m² held by the Joint Ventures) which allows the Group to develop ca. 3,680,000 m² of future lettable area (of which 622,000 m² on behalf of the Joint Ventures). In addition, the Group has another 2,519,000 m² of secured land plots which are expected to be purchased during the next 6 to 18 months, subject to obtaining the necessary permits.
- This brings the remaining total owned and committed land bank for development as at 31 October 2022 to 10,683,000 m², which represents a remaining development potential of ca. 4,812,000 m² of which 706,000 m² (15%) in Germany, 733,000 m² (15%) in Romania, 639,000 m² (13%) in the Netherlands, 464,000 m² (10%) in the Slovak Republic, 487,000 m² (10%) in Serbia, 422,000 m² (9%) in Spain, 323,000 m² (6%) in Hungary, 316,000 m² (7%) in Italy, 263,000 m² (5%) in the Czech Republic, 138,000 m² (3%) in Austria, 149,000 m² (3%) in France, 120,000 m² (2%) in Portugal, 38,000 m² (1%) in Croatia and the remaining balance of 14,000 m² in Latvia.
- From an asset value perspective, the land bank is predominantly Western European-based but on the bases of square meters the land bank is well spread across the countries in which we operate.
- Due to the overall market circumstances, we do anticipate more, predominantly brownfield, opportunities to become available in the coming 12 months – we remain vigilant and are prepared for such opportunities to be seized at the right time.

ESG initiatives and sustainable energy

- 89 roof-solar installations with a total capacity of 120.9 MWp – of which own operational photovoltaic capacity doubled y-o-y to 40.4MWp, 15.1MWp third-party operated and 65.4MWp of own installations are currently under construction. This is being realised through a € 40.7 million investment to date (and a further €28.8 million committed). In addition, the identified pipeline equates to an additional power generation capacity of 67.9 MWp.
- The potential current annual energy production, including PV projects under construction and in the pipeline is estimated at 168,318 MWh per year, which is equal to the total electricity consumption of all our tenants in VGP buildings in 2021.
- The GRESB score for the Group has made significant progress in 2022; the development portfolio received one additional star to three green stars.
- VGP performed its second CRREM study (Carbon Risk Real Estate Monitor) in 2022. The analysis was done on the entire portfolio (based on GRESB submission; as of December 2021; including JVs at 100%). The results are encouraging as the portfolio remains compliant on a 1.5°C decarbonization pathway until 2037 which is a 10-year improvement versus last year's results. Taking also into account the expected annual energy production of current photovoltaic systems in

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[1] Yields on cost are calculated as annualised rent divided by total project cost (including land acquisition costs and project development costs).
[2] Western Europe includes Netherlands, Germany, France. Southern Europe includes Portugal, Spain, Italy Central Europe includes Czech Republic, Austria, Hungary. East Europe include Serbia, Romania, Latvia

the pipeline the portfolio compliance will be extended until 2045 and over 40% still compliant in 2050.

- The first certificate for EU Taxonomy compliance was received for a standing asset and going forward VGP aims for all new developments to achieve an EPC A energy label, EU taxonomy compliance, a BREEAM Excellent or DGNB Gold certificate and will no longer use gas heating where this is feasible.
- The Group's earlier announced carbon reduction roadmap targets across scope 1-3 are set taking the science-based target constraints into account (see Corporate Responsibility Report 2021 for further details), the Group has now engaged on a formal SBTi validation path, feedback is anticipated in 2023.

Allianz Real Estate and developments with regards to Joint Ventures

- Second closing of VGP Park München joint venture with Allianz Real Estate on track for December 2022 with proceeds of ca. €70 million to be excepted. Additional equity recycling expected during the first half of 2023 through the partial refinancing by already secured bank debt.
- Including the upcoming closing for VGP Park München, VGP and Allianz Real Estate will have completed 4 Joint Venture closings in 2022 resulting in a transfer of a record more than €800 million in gross asset value.
- Next closing expected in Q1 2023 with the First Joint Venture for a total gross asset value of more than €100 million. The transaction is currently under due diligence.
- Profit distribution from joint ventures is gaining momentum with profit distribution year to date totalling €28.2 million with a further ca. €30 million profit distribution to be received during November 2022.

Outlook

- Notwithstanding assets being transferred to the joint ventures, the recurring cash generating part of VGP's business is continuing to grow to a considerable size with total contracted annual rental and fee income on a proportional look-through basis due to rise substantially during the next 12 months. Thus will significantly increase the recurring cash generation of the Group.
- At the moment of publication of the FY2022 financial results, scheduled for release on 23 February 2023, VGP will further communicate on the dividend proposal. The expected dividend distribution will be reviewed in the light of the current dividend policy and taking the longer-term target of dividend coverage (by recurring net rental and fee income and dividend distributions received from the joint ventures minus recurring expenses) into consideration.
- Due to the overall market circumstances VGP anticipates more, predominantly brownfield, opportunities to become available during the next 12 months. VGP remains vigilant and is prepared for such opportunities to be seized at the right time and price.

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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. Founded in 1998 as a Belgian family-owned real estate developer in the Czech Republic, VGP with a staff of circa 380 FTEs today and operates in 19 European countries directly and through several 50:50 joint ventures. As of June 2022, the Gross Asset Value of VGP, including the joint ventures at 100%, amounted to € 6.53 billion and the company had a Net Asset Value (EPRA NTA) of € 2.34 billion. VGP is listed on Euronext Brussels. (ISIN: BE0003878957).

For more information, please visit**: http://www.vgpparks.eu**