

### VGP continues its strong growth

- **During 2014 VGP has now acquired circa 1 million m<sup>2</sup> of new development land**
- **117.1 % increase of committed annualised rent income since 31 Dec-13 to EUR 22.5 million (+ € 12.1 million)**
- **Strong demand recorded from manufacturing companies**

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During the third quarter of 2014 VGP continued to record strong growth in all the markets where the Group is active, with Germany growing exponentially.

Since the beginning of 2014 VGP has expanded its land bank by securing 2.1 million m<sup>2</sup> of additional new development land of which 1.0 million m<sup>2</sup> was already acquired during the year. These new land plots allow VGP to develop a further 450,000 m<sup>2</sup> of future lettable area.

The development activities and leasing activities are continuing to grow strongly, supported by the strong demand for new lettable space from manufacturing and logistic companies recorded especially in Germany and Estonia. Also in VGP's other markets a sound demand for lettable space is noticed.

### Acquisition of new development land in Germany

During 2014 VGP has now acquired around 0.9 million m<sup>2</sup> of new development land in Germany since the beginning of 2014 and increased its footprint in Germany from 4 parks (located in Hamburg, Rodgau, Bingen and Leipzig), to currently 9 parks.

As a result the secured land bank in Germany increased to 1.8 million m<sup>2</sup> of which 1.7 million m<sup>2</sup> was in full ownership. The secured land bank allows VGP to develop on total circa 975,000 m<sup>2</sup> of lettable area.

### Acquisition of new development land outside Germany

Also in the other markets where VGP is active, new land was secured during the third quarter of 2014 to support the future development pipeline.

At the end of October 2014 VGP entered into a partnership with a Czech based construction company Gemo for the development of a new VGP Park located in Olomouc.

The new VGP Park Olomouc consists of around 482,000 m<sup>2</sup> of development land on which circa 206,000 of lettable area can be developed. VGP

has currently already started-up the construction of 2 adjacent buildings of 10,000 m<sup>2</sup> each, with Gemo. VGP is negotiating with a number of potential tenants to lease out the first building.

VGP also expanded its land bank in other parts of the Czech Republic and secured an additional land plot of 174,000 m<sup>2</sup> in Prague West. This additional land plot allows VGP to develop an additional 50,000 m<sup>2</sup> of lettable area.

Finally a smaller plot of land of 36,000 m<sup>2</sup> was secured in Liberec (Czech Republic) to develop a built-to-suit project (15,000 m<sup>2</sup>).

In Estonia VGP decided, based on the successful development of VGP Park Nehatu (Estonia), to extend its current VGP Park Nehatu with the acquisition of 46,000 m<sup>2</sup> of new development land, allowing VGP to develop a further 23,000 m<sup>2</sup> of lettable area.

### **117.1% increase in committed annualised rent income to € 22.5 million**

During the third quarter of 2014 VGP continued to see an increasing demand for semi- industrial buildings which resulted in the signing of new lease contracts.

VGP managed to sign additional committed lease agreements representing a yearly rental income in excess of EUR 9.6 million during the third quarter of 2014.

As a result the annualised committed leases have increased with 117.1% since the beginning of 2014 to reach € 22.5 million. The signed committed lease agreements represent a total of 404,615 m<sup>2</sup> of lettable area with currently a weighted average term of the committed leases standing at 7.6 years compared to 7.1 years at the end of June 2014.

During the third quarter the development activities also gained momentum with 2 buildings being delivered (in total 30,311 m<sup>2</sup>). The Group has currently in total 17 completed projects in its investment portfolio representing 268,160 m<sup>2</sup> of lettable area. In addition there are 14 buildings under construction which represent a total future lettable area of 170,431 m<sup>2</sup>.

### **Planned development of additional 200,000 m<sup>2</sup> lettable area until end of 2015**

VGP has currently a total secured land bank of 3,823,229 m<sup>2</sup> of which 2,965,894 m<sup>2</sup> is in full ownership. VGP expects to acquire, subject to permits, the secured land plots which are not yet fully owned over the next 12 months.

The secured land bank allows VGP to develop besides the current completed projects and projects under construction (438,591 m<sup>2</sup>) circa 1,200,000 m<sup>2</sup> of future lettable area of which 652,000 m<sup>2</sup> located in Germany, 335,000 located in the Czech Republic and 213,000 m<sup>2</sup> in the other countries.

Based on the current negotiations with potential tenants and the expressed interests by potential tenants, VGP plans to start up 200,000 m<sup>2</sup> of additional new projects during the next

12 months.

According to Jan Van Geet, CEO of VGP: *"The conditions to achieve these objectives are looking promising and are underpinned by the optimistic mood expressed by different participants which we met at the recent international real estate fair - Expo Real in Munich (Germany). During the Expo Real we held numerous interesting meetings and discussions with municipalities and companies. Our offer of VGP's customised industrial and logistic facilities seems to meet exactly the needs and requirements of medium-sized businesses. These mid-sized companies are keen to expand, but have limited or no expansion possibilities at their current location or have a need for modern production buildings to further grow their businesses. As a result our development pipeline is well filled-up."*

### **Completion of sale of remaining 20% interest in the VGP CZ I and VGP CZ II portfolios**

On 22 August 2014 VGP together with its joint venture partners European Property Investors Special Opportunities, L.P. (EPISO) and Curzon Capital Partners III LP (CCP III), both property funds managed by Tristan Capital Partners, concluded an agreement to sell their respective stakes in the VGP CZ I and VGP CZ II portfolios in the Czech Republic to PointPark Properties (P3).

On 22 October 2014 this sale has been completed leaving the VGP Group with a substantial amount of cash which has and will be re-invested in the Group's development pipeline, with the bulk of the proceeds being invested in Germany.