

Jan Van Geet, CEO of the VGP Group, said: *“We have had a very good start of 2018 securing € 10.4 million of new and renewed rental income. Demands for lettable space remain strong in all of our markets and a significant number of new lease contracts are about to be signed which will further add to the annualised committed rental income. The development pipeline currently includes 26 new projects under construction which represent € 24.1 million of new rental income when fully developed and let. During the first quarter we opened new offices in Italy and the Benelux and we are currently in final negotiations to acquire our first land plots in these new markets. We also made good progress in the further development of our team and have been able to attract a number of strong and highly qualified profiles to support our next growth phase.”*

The first few months of 2018 can be summarised as follows:

- During the first four months, we contracted € 10.4 million of new and renewed rental income driven by 157,000 m<sup>2</sup> of new lease agreements signed corresponding to € 8.3 million of new annualised rental income combined with 39,000 m<sup>2</sup> of lease agreements renewed corresponding to € 2.0 million of annualised rental income and € 0.4 million of additional rental income from rental reviews and indexation).
- A total of 7 projects were delivered representing 227,407 m<sup>2</sup> of lettable area, capable of generating € 10.8 million of annual rent when fully let, of which € 10.6 million (97.6%) had been contracted.
- VGP European Logistics joint venture saw its fourth closing in 2018 which allowed VGP to recycle some € 301 million of net cash proceeds, which after the repayment of € 73 million short term bank debt and the anticipated € 35.3 million dividend payment will be re-invested in VGP's development pipeline to further grow the business.
- 505,150 m<sup>2</sup> of new projects are currently being developed (31 December 2017: 475,113 m<sup>2</sup>). These new projects represent future estimated annual rent of € 24.1 million.
- 433,389 m<sup>2</sup> of new development land acquired and 1,275,760 m<sup>2</sup> new land plots under option to support the development pipeline.
- During the first quarter of 2018 we opened new offices in Italy and the Benelux.
- We also significantly strengthened the VGP team with the hiring of new senior people in significant roles i.e.
  - a new VP Business Development and Investor Relations, who will join VGP during the second half of 2018 and who comes from a large blue chip investment bank;
  - a new Chief Investment Officer, who joined at the beginning of the year and who is responsible to drive VGP's further expansion into the new markets; and
  - a new Head of Controlling who comes from a large industrial company and who will join during the second quarter of 2018.
- Post the fourth Joint Venture closing at the end of April 2018 the own property portfolio of VGP now consists of 7 completed buildings representing 288,659 m<sup>2</sup> of lettable area, with an 100% occupancy rate. The Joint Venture's property portfolio consists of 60 completed buildings representing 1,216,173 m<sup>2</sup> of lettable area, having currently an occupancy rate of 99.4%, and a gross asset value (“GAV”) of € 1.1 billion.

### Annualised committed rent income

The increase in demand of lettable area resulted in the signing of new lease contracts in excess of € 10.4 million in total of which € 8.7 million related to new or replacement leases (€ 2.8 million on behalf of VGP European Logistics) and € 1.7 million (€ 1.5 million on behalf of VGP European Logistics) were related to renewals of existing lease contracts. During the first four months of the year lease contracts for a total amount of € 1.5 million (all related to VGP European Logistics) were terminated.

The annualised committed leases therefore increased to € 90.9 million , as at the end of April 2018 (compared to € 82.2 million as at 31 December 2017).


Germany was the main driver of the growth in committed leases with € 2.6 million of new leases signed during the year (€ 1.1 million on behalf of VGP European Logistics).

The other countries also performed very well with new leases being signed in the Czech Republic + € 2.5 million (€ 1.6 million on behalf of VGP European Logistics), in Spain + € 1.1 million (own portfolio), in Latvia + € 1.9 million (own portfolio), in Romania + € 0.1 million (own portfolio) and finally in Hungary + € 0.1 million (JV portfolio).

The signed committed lease agreements of the own portfolio (post fourth Joint Venture closing at the end of April 2018) represent a total of 480,363 m<sup>2</sup> of lettable area with the weighted average term of the annualised committed leases standing at 13.8 years .

The signed committed lease agreements of the Joint Venture portfolio (post fourth Joint Venture closing at the end of April 2018) represent a total of 1,306,903 m<sup>2</sup> of lettable area with the weighted average term of the annualised committed leases standing at 8.1 years .

The weighted average term of the annualised leases of the combined own and Joint Venture portfolio (post fourth Joint Venture closing at the end of April 2018) stood at 9.5 years compared to 9.7 years at the end of December 2017.

 Including € 0.4 million of other rental income from rent reviews and indexation.

[2] Including VGP European Logistics Joint Venture. Post fourth Joint Venture closing annualised committed leases for VGP European Logistics

stood at € 67.5 million (31 December 2017: € 52.5 million).

[3] The weighted average term of the committed leases up to the first break stands at 9.9 years as at the end of April 2018 (post fourth JV

closing).

[4] The weighted average term of the committed leases up to the first break stands at 7.5 years as at the end of April 2018 (post fourth JV closing).

[5] The weighted average term of the committed leases up to the first break stands at 8.1 years as at the end of April 2018 (post fourth JV closing).

### Evolution of the property portfolio

The development activities during 2018 can be summarised as follows:

#### *Completed projects*

During the first four months of 2018, 7 buildings were completed totalling 227,407 m<sup>2</sup> of lettable area.

For its own account VGP delivered 5 buildings i.e. In the Czech Republic: 2 buildings in VGP Park Usti nad Labem totalling 12,502 m<sup>2</sup>. In Germany: 1 building of 12,803 m<sup>2</sup> in VGP Park Wustermark and 1 building of 19,264 in VGP Park Wetzlar and finally, in Spain 1 building of 22,746 m<sup>2</sup> in VGP Park San Fernando de Henares.

Of these buildings the Joint Venture acquired at the end of April 2018: In the Czech Republic

the buildings of VGP Park Usti nad Labem and in Germany: the building in VGP Park Wetzlar.

For the Joint Venture VGP completed 2 buildings i.e. In the Czech Republic: 1 building of 13,071 in VGP Park Cesky Ujezd and in Germany 1 building of 147,022 in VGP Park Frankenthal. These buildings were also part of the fourth Joint Venture closing at the end of April 2018.

### *Projects under construction*

At the end of April 2018 (post Joint Venture closing) VGP has the following 26 buildings under construction:

For its own account VGP has 14 new buildings under construction i.e. in the Czech Republic: 2 buildings in VGP Park Chomotov. In Latvia 2 buildings in VGP Park Kekava. In Romania; 2 buildings in VGP Park Timisoara. In Germany 1 building in VGP Park Göttingen, 1 building in VGP Park Halle, 2 buildings in VGP Park Wustermark and finally 1 building in VGP Park Dresden. In Spain; 2 buildings in VGP Park San Fernando de Henares and 1 building in VGP Park Mango. The new buildings under construction represent a total future lettable area of 352,876 m<sup>2</sup> which corresponds to an estimated annualised rent income of € 16.5 million.

On behalf of the Joint Venture VGP is constructing 12 new buildings: In the Czech Republic: 2 buildings in VGP Park Hradek nad Nisou, 1 building in VGP Park Olomouc and 2 buildings in VGP Park Jenec. In Germany: 1 building in VGP Park Hamburg, 2 buildings in VGP Park Leipzig, 1 building in VGP Park Wetzlar and 2 buildings in VGP Park Berlin. In the other countries: 1 building in VGP Park Malacky (Slovakia). The new buildings under construction represent a total future lettable area of 152,274 m<sup>2</sup> which corresponds to an estimated annualised rent income of € 7.6 million.

### *Land bank*

During the first four months of the year, VGP continued to target land plots to support the development pipeline for future growth. VGP acquired 433,389 m<sup>2</sup> of new development land of which 333,311 m<sup>2</sup> was located in Romania with the remaining 100,078 m<sup>2</sup> being located in Germany. These new land plots have a development potential of 200,000 m<sup>2</sup> of future lettable area.

Besides this VGP has another 1,275,760 m<sup>2</sup> of new land plots under option which are located in Germany, the Czech Republic and Slovakia. These land plots have a development potential of approximately 570,000 m<sup>2</sup> of new lettable areas and the bulk of the land plots are expected to be purchased during 2018, subject to obtaining the necessary permits.

VGP has currently a remaining secured development land bank of 2,983,860 m<sup>2</sup> of which 57% or 1,708,100 m<sup>2</sup> is in full ownership. The secured land bank allows VGP to develop, in addition to, the current completed projects and projects under construction an additional 1,368,000 m<sup>2</sup> of lettable area of which 418,000 m<sup>2</sup> in Germany, 426,000 m<sup>2</sup> in the Czech Republic, 155,000 m<sup>2</sup> in Spain, 205,000 m<sup>2</sup> in Slovakia and 164,000 m<sup>2</sup> in Romania.

The Joint Venture has currently a remaining development land bank in full ownership of 149,219 m<sup>2</sup> on which a total of 59,000 m<sup>2</sup> of new lettable area can be developed.

### **Geographic expansion**

During the first months of 2018 we have established our operational presence in Italy and the Benelux. In Italy we have seen a number of interesting opportunities and we are currently close to securing 2 plots of land. In the Benelux we are close to securing one plot of land.

### **Expansion of the VGP team**

During 2018 we expanded the VGP team with a number of highly experienced and high-profile individuals. Mr Matthias Sander joined as new Chief Investment Officer. Matthias spent the last 11 years in several leading roles with Knorr Bremse and was its Managing Director in the Czech Republic. His industrial and automotive experience will be a valuable asset to identify and originate new business opportunities across our different markets. He will also help to further streamline VGP's internal processes with the establishment of measurable key performance indicators to support a focussed growth of the VGP Group. In line with building out a more professional organisation and focus on sustainable cost and profit deliverables a new Group Controller was also hired and will join VGP during the summer months.

We also attracted a new VP Business Development and Investor Relations who will join VGP during the second half of 2018 and who comes from a large blue chip investment bank. Further details will be disclosed closer to the effective start date of this person.