Spotlight: VGP N.V.

Part Developer and Part Investment Property Investor

VGP's Property Portfolio at End-2022

Asset class	Industrial and logistics parks
Portfolio size	VGP Investment Properties: EUR2.7bn JVs at 100%: EUR3.7bn
Geographies	Continental Europe Group with JVs at 100%: Germany 54%, Czech: 13%, Spain 9%, The Netherlands 7%, Slovakia 4%, Romania 3%, Hungary 3%, Austria 2%, Italy 2%, Other 3%
Weighted average yield	VGP portfolio: 5.29% (1H23: 5.56%) JVs portfolio: 4.68% (1H23: 4.98%)
Vacancy rate	VGP: 1.5% JVs: 0.9%
Weighted average lease (earliest break)	VGP: 9.5 years JVs: 6.7 years

Source: Fitch Ratings, VGP N.V.

Related Research

Fitch Affirms VGP N.V. at 'BBB-'; Outlook Stable (September 2023)

Warehouses de Pauw NV/SA (August 2023)

SELP Finance SARL (June 2023)

AXA Logistics Europe Master S.C.A. (November 2022)

EMEA Real Estate - The Adverse Effects of Rising Interest Rates (November 2022)

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Property Development for Bespoke JVs

VGP N.V. (BBB-/Stable) sources land across continental Europe to develop industrial and logistics parks, which, pre-let and developed, are transferred to existing bespoke debt- and equity-funded joint ventures (JVs) with Allianz Real Estate as a co-equity investor, and a newly-established EUR1.1 billion JV with Deka Immobilien. Cash proceeds from JV monetisations repay VGP's cost-to-build outlay. VGP retains a 50% stake in the JVs.

Although primarily a property developer, VGP retains a stake in the JVs' resultant investment properties, so these new industrial and logistics units (some large-scale parks) have strong investment property characteristics of good transport and access-to-workforce locations, long-dated leases, CPI-indexation rents, and green credentials, with geographic and tenant diversity.

Alongside managing development risks to get to completion, VGP subsequently benefits from asset management fees, cash dividends and subordinated fundings' interest income, complementing its stable investment-grade financial profile.

Development Risk Mitigants

VGP's inherent development risk mitigants include an in-house team that sources land and manages development costs; a healthy development profit margin; land acquisition mainly incurred with tenant pre-lets in place (end-2022 under construction developments: 90% pre-let); and completed assets transferred at value to established, pre-funded JVs.

In Germany (54% of the group's portfolio), developers can only source quality land that is granted once a tenant, and its local employment and trade tax-paying credentials, are established by the permit-granting local authorities.

Developments are pre-agreed and screened with the JV partner as suitable for each geography-specific JV to buy on completion. In some cases, the monetisation value has been pre-agreed (e.g. the Munich JV, and Deka 2H23 and 2024 monetisations)

VGP's Lower Development Profit Margins

Amid higher interest rates, the actual valuation yields on VGP's JV portfolio (which are more consistent on a like-for like basis) have widened by 70bps (YE21: 4.28%, YE22: 4.68% and 1H23: 4.98%) indicating a decrease in completion values across its portfolio.

Yields will also differ by country mix. Previous higher values produced higher, unsustainable development profit margins. At current wider valuation yields, VGP's development margin is closer to 20%-30%. This is also due to construction costs (some going back to 2021 levels), net of increased rents, and the discipline of VGP management not buying land at "insane" prices (the management's description of 2022 values). Protecting the development profit margin leaves VGP's operating model intact.

Sector Fundamentals Remain Strong

Industrial and logistics real estate is the earliest asset class to stabilise during this period of interest rate-induced recalibrations in asset values, because the sector's fundamentals remain sound. There is underlying demand (from ecommerce, product distribution networks, and industrial near- and on-shoring trends) for these units, limited land supply in main markets, and low levels of speculative development (hence the market's low vacancy rates), which supports higher rents (with conducive supply and demand, and rents increasing with CPI-indexation).

Industrial and logistic developers made significant capital profits when valuation yields were low, so they did not maximise capital values further with optimised rents. Now that yields have recalibrated in the higher interest rate environment, it is likely that developers will play their part in promoting higher starting rents (aided by market-wide high CPI-indexation) to increase completion values and protect their development profit margin. However, some developers may also have too highly-valued purchased land on their balance sheets, stoking problems for the future.

In light of uncertain future capital values, Fitch Ratings has focused its analysis on the longevity of rental income relative to long-term debt and interest rate fixing, as measured in net debt/rental-derived EBITDA. This also reflects VGP's focus on its annualised committed rents and long-dated leases and the completed portfolio's high occupancy rate at end-2022.

Recurring Income from JVs

VGP's own income statement's rental income is less meaningful, as this is an accountant's rent of the completed assets held for a transitionary period before they are sold on to the JVs. More recurring and durable are the asset management and facilities management fees that VGP receives from the JVs as well as income from construction loans and shareholder loans, which supports its investment-grade profile. In the financial year to December 2022 (FY22), JVs totalled EUR3.7 billion (at 100%) of investment property, and upstreamed EUR60 million of cash distributions (FY21: EUR20.6 million) to VGP. Fitch calculates FY23 dividend capacity from JVs at around EUR70 million, rising thereafter.

Fitch uses VGP's committed annualised rental income figures to compile a 'fail-safe' financial profile for the rated entity (i.e. if there were no more JV monetisations and VGP had to complete property developments for itself to hold).

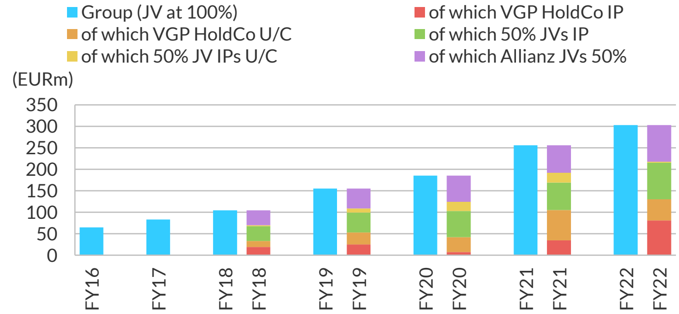
Substantially pre-let, with a weighted average lease length of 9.5 years and a range of yield (gross rent-based) of 5.0%-5.5% (1H23 depending on the country mix), VGP's financial profile compares well with peers such as Tritax EuroBox plc (BBB-/Negative), AXA Logistics European Master S.C.A. and Warehouses de Pauw NV/SA (both 'BBB+'/Stable) which all have little development activity, and SELP Financial SARL (BBB/Stable) and the UK entity SEGRO PLC (BBB+/Negative), both of which are part-developer property investors.

Committed Annualised Rental Income

The company defines its year-end committed annualised rental income as the annualised rental income generated or to be generated by signed lease agreements of which the start date is already in effect or will be in effect in the future.

VGP's EUR303.2 million (JV at 100%) committed annualised rental income at end-2022 included existing and prospective rental income to be funded on VGP's balance sheet, and existing completed assets within the JVs. It is equivalent to the rent roll figure.

Committed Annualised Rental Income



IP - investment property; U/C - under construction. Source: Fitch Ratings, VGP

VGP Pre-Let and Occupancy Profile

	Under construction pre-let (%)	VGP portfolio occupancy (%)	JV portfolio occupancy (%)
1H23	90.7	98.8	n.a.
YE22	89.3	98.5	99.1
YE21	83.3	99.3	99.4
YE20	79.0	100.0	98.0

Source: Fitch Ratings, VGP

Using these pre-let rental gross rental income (GRI) figures, Fitch has compiled two financial profiles to assess VGP (i) as a holding company (VGP as HoldCo) and (ii) VGP's proportionally consolidated financial profile, both discussed on the following pages.

Holdco Financial Profile

This profile shows VGP as a HoldCo, adding the capex needed to achieve the relevant pre-let rental figure to the company's end-2022 net debt, assuming no more transfers of completed buildings to the JVs.

This profile is most relevant to VGP's bondholders, as the rental income in VGP's actual income statement is less relevant as it is transitionary (reflecting its part-year investment properties and held-for-sale assets, as they transition to the JVs).

VGP as HoldCo

(EURm)	FY21	FY22
Summary income statement		
Net rental income (NRI) – annualised rent	126.6	125.3
JV asset, facilities and development fees	21.3	21.5
Administration expenses[a]	-12.7	-12.5
Renewable energy EBITDA	n.a.	2.6
Operating profit	135.2	136.9
Interest income from JVs and associates	12.3	17.3
Dividend capacity from JVs[b]	32.7	39.5
Add back depreciation	2.4	3.1
EBITDA: JV dividend capacity	182.7	196.8
Alternative: use actual dividends from JVs	20.6	60.0
EBITDA: actual cash dividends from JVs	170.6	217.3
Interest expense[c]	-61.7	-74.4
Summary balance sheet		
VGP opening net debt	1,162.8	1,649.4
Capex spend to achieve annualised rent	600.7	475
VGP closing net debt	1,763.5	2,124.4
VGP opening investment property (IP) and held for sale (H4S)	2,354.4	2,695.6
Capex spend to achieve annualised rent	600.7	475.0
VGP closing IP and H4S	2,955.1	3,170.6
of which development land	434.6	779.0
Financial ratios using dividend capacity		
Gross interest cover ratio (x)	3.0	2.6
Net debt/EBITDA (x)	9.7	10.8
Financial ratios using actual cash dividends from JVs		
Gross interest cover ratio (x)	2.8	2.9
Net debt/EBITDA (x)	10.3	9.8
Loan-to-value (excluding development land and JV equity stakes; including 40% (FY20: 20%) gain on incremental capex spent) (%)	67%	85%

[a] Fitch assumes administration expenses at 10% of NRI
[b] Dividend capacity from JVs taken from JVs' EBITDA less their interest expense
[c] At an assumed average 3.5% cost of debt, including FY22 20% (FY21: 40%) revaluation uplift on incremental capex
Source: Fitch Ratings, VGP N.V.

To this financial profile of backbone rental income, Fitch has added the actual recurring fees from the JVs, VGP's cash dividend of EUR60 million in FY22 (or the JVs' profit before tax implied dividend capacity).

These show the backbone of recurring income streams to VGP relative to its cost base, including:

- Annual committed rental income (equivalent to an annualised gross rental income figure): EUR303.2 million at end-2022 and excluding amounts related to the JVs' existing investment properties, so EUR131.9 million. Assuming 5% property outgoings, net rental income equivalent was EUR125.3 million in FY22.
- JV fees: many of these are recurring in nature as VGP and its JVs have grown. They include asset management fees based on each JV's net asset value, facilities management and letting fees, construction loan remuneration, tax-efficient interest receivable on shareholder loans and cash distributions from JVs.
- Administration expenses: VGP has its own in-house construction team, whereas other property companies outsource this activity and capitalise it in their balance sheets. Fitch therefore excludes this cost from VGP's pro forma profile.
- Similarly, Fitch has not included the cost base of the new renewable energy division and only added its EBITDA.
- VGP has also made discretionary contributions to a charitable foundation (FY22: EUR3 million, FY21: EUR5 million). Fitch has put these amounts alongside discretionary dividends to shareholders.
- EBITDA: The resultant EBITDA is recurring and rent-derived.
- Investment property and net debt: Fitch has added the capex required to achieve the annualised rental income to VGP's YE22 net debt. Conservatively, Fitch has added an assumed 20% valuation increase above cost.
- VGP as HoldCo net debt/EBITDA: Using actual cash dividends from the JVs, FY22 cash flow leverage was 9.8x. This higher-than-expected leverage reflects the delayed JV monetisations in 2022. Pro forma for 1H23 and the September 2023 Deka JV monetisations and VGP's cash receipts, the ratio improves to 8.3x, consistent with VGP's rating sensitivities to maintain its investment-grade rating.
- The net debt/EBITDA upgrade and downgrade rating sensitivities of 7x and 9x, respectively, capture VGP's different mix of income streams, size and concentrations. This compares with Tritax EuroBox's positive and negative rating sensitivities of 9.5x and 10.5x, respectively, and SELP, which undertakes development activities and whose negative rating sensitivity is above 10x.
- Interest coverage: VGP's interest coverage (about 3x) has less headroom than peers' but is set to improve as higher CPI-increase rents feed through, and its legacy near-term higher-coupon debt is repaid.

Proportionally Consolidated Financial Profile

Based on the same analytical approach of VGP as HoldCo, the proportionally consolidated profile adds 50% of the JVs' rents, investment property and debt. This financial profile is more familiar to investors and serves as a good reality check, but includes VGP's share of JV debt that is secured and has no recourse to VGP, and the YE22 JVs are leveraged at a loan-to-value (LTV) ratio of around 50%.

This synthetic profile and its resultant FY22 9.6x net debt/EBITDA are comparable to rated peers, particularly non-developers Tritax EuroBox, Warehouses de Pauw, and AXA LEM, all of which have portfolios of similar NIY, but are of different sizes.

VGP's Proportionally Consolidated Financial Profile

(EURm)	FY22 VGP	FY22 JV at 50%	To achieve committed annualised rent	FY22 total committed annualised rent	FY21 total committed annualised rent
Summary income statement					
NRI – annualised rent		64.1		197.3	174.8
JV asset and facilities fee income	21.5			21.5	21.3
Administration expenses[a]				-19.7	-17.5
Interest income from JVs & associates	17.3			17.3	12.3
JV Cash dividends	60.0			60.0	20.6
Renewable energy EBITDA	2.6			2.6	
EBITDA		64.1		278.9	211.6
Interest expense[b]				-119.6	-87.5
Summary balance sheet					
Investment properties and held for sale assets	2,695.6,	1,916.3	+475,0	5.086.9	4,701.9
Net debt	1,649.4	594.2	+475.0	2,667.4	2,501.1
Net asset value	1,310.9	891.2	[c]95.0	2,297.1	2,415.9
EBITDA interest coverage ratio (x)				2.3	2.4
Net debt/EBITDA (x)				9.6	10.5
LTV (excluding development land and JV equity stakes; including 20% (FY21: 40%) gain on incremental capex spent) (%)				61	51

[a] Illustrative reversal of VGP development programme team's costs, but Fitch assumes administration expenses at 10% NRI
[b] Interest expense at an average of 3.5% cost of debt
[c] Including FY21: 40%, FY22: 20% revaluation uplift on incremental capex
Source: Fitch Ratings, VGP N.V.

VGP's Real Profit Model – Transfers to JVs

The main operating model and key profit driver for VGP is the capital gains realised on completion (whose valuations are assessed by third parties, or agreed with the JV partner) when these income-producing units are transferred (monetised) to the JVs. This is VGP's development profit margin.

Analytically, Fitch regards this profit stream as a benefit for VGP's equity stakeholders rather than fixed-income, nominal debt, creditors. Fitch does not view capital profits as an investment-grade rating activity because property values are uncertain (property company management do not control the main component of valuation yields, which is interest rates), rents may vary, completion times may vary (particularly if there is no funded purchaser), development risk has to be actively managed and the speculative holding cost of non-income-producing land can seriously affect this profit stream (and has almost been the downfall of industrial developers).

JVs at 100% - Closing Values

Date of closing	Headline amount sold into the JV (EURm)	End-period investment properties value (EURm)	
VGP European Logistics JV (JV I) at 100%			
May 2016	500		
October 2016	80	end-2016	496
May 2017	173	end-2017	715
May 2018	400	end-2018	1,162
April 2019	203		
November 2019	232	end-2019	1,662
October 2020	166	end-2020	1,917
June 2021	68	end-2021	2,300
July 2022	81	end-2022	2,246
January 2023	115	end-June 2023	2,325
VGP European Logistics 2 S.a.r.l JV (JV II)			
July 2019	175	end-2019	145
November 2020	258	end-2020	403
		end-2021	451
March 2022	364	end-June 2022	757
July 2022	24	end-2022	714
May 2023	253	end-June 2023	944
Munich JV			
June 2020	187		--
December 2020	55	end-2020	419
		end-2021	551
		end-2022	638
		end-June 2023	629

JVs at 100% - Closing Values

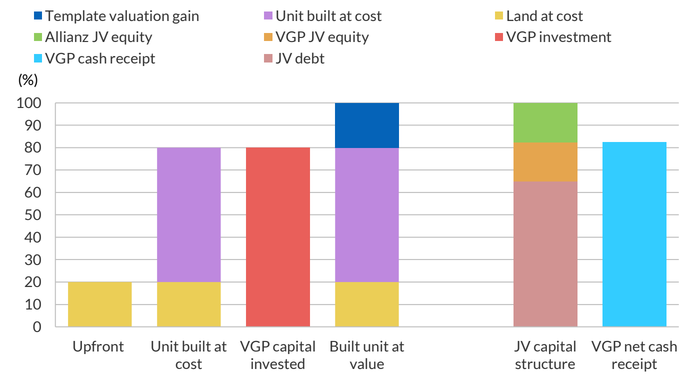
Date of closing	Headline amount sold into the JV (EURm)	End-period investment properties value (EURm)	
Logistics Park Moerdijk (LPM)			
November 2020	--	end-2020	81
	--	end-2021	105
	--	end-2022	156
		end-June 2023	155
Deka JV			
September 2023	~700		
Planned 1Q23, 3Q24	414	(planned)	1,114
JV IV (replicated JV I)			
Planned EUR1.114 billion fund			

Source: Fitch Ratings, VGP N.V.

VGP's regular monetisations into the debt-funded, co-investor Allianz JVs alleviate many of these risks, together with its internal discipline on land purchase. Fitch has analysed VGP's development programme in detail, to ensure that its risk profile is consistent with the rating.

The chart below shows a representative 20%-30% capital gain on the construction of a unit in an industrial park, and a JV's repayment of VGP's capital outlay. As described on page 1, VGP's end-2022 development programme has retained its template 20%-30% development profit margin, despite yield recalibration and higher, construction costs and mitigating rent increases.

Template Development Outlays



Source: Fitch Ratings

The table below contains the past seven years' historic data that shows that as EUR2.5 billion of assets have been transferred into the JVs, after VGP has injected cash for its 50% equity stake in the relevant JV, VGP has received 89% of the assets' value in cash (most of which is revalued above-cost when transferred from VGP's balance sheet). Given the template 20%-30% valuation gain, we can say that JV monetisation receipts repay VGP's at-cost-capital for that completed asset and re-invests those cash proceeds in further expansion.

This model benefits from the Allianz 60%-65% LTV, requiring a 17.5% (of value) equity injection from each partner (65% secured debt, 17.5% of value Allianz equity, 17.5% of value VGP equity – each having a 50:50 equity stake).

These proportions will change if the new Deka JV with 30% LTV (therefore 35% Deka equity, 35% VGP equity) template becomes the ongoing template. This would mean that VGP (and its shareholders) will have to put more capital into the retained JV and, depending on its development profit margin, may not recoup all of its at-cost capital from the monetisation receipts. Conversely, VGP should receive higher cash dividends from a lower-LTV (lower-risk) JV to service its own higher, and any unrecovered, capital outlay.

The Munich JV was different to the above JVs in that VGP initially funded a large portion of the capital for this entity upfront – covering the development stage – and, since mid-2020, Allianz has been rebalancing its contribution to a 50:50 proportion (VGP receiving capital amounts from Allianz, based on the pre-agreed capital value of the now-completed park). Furthermore, if additional secured debt is raised against this JV's income-producing assets, VGP will receive its share of this re-gearing of the balance sheet.

Current Development Programme

The development programme includes a number of large projects, most of which include land already acquired as of end-2022. Fitch's rating case assumes an additional EUR475 million of capex from 2023 to achieve the YE22 committed annualised rental income.

Summary Cash Flow from Disposal of VGP Assets into JVs

(EURm, rounded up)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Seven-year total
Investment properties transferred at value	534	174	255	476	609	55	370	2,472
Cash shareholder loans advanced	-223	-113	-256	-337	-373	-42	-191	-1,534
Cash shareholder loans repaid, including interest	151	101	338	286	313	40	206	1,435
Realised valuation gain on sale (value in JV)	21	0	34	35	167	12	88	357
Sub-total: cash received (from bank funding and Allianz equity) before VGP equity into JV	483	162	372	459	717	65	472	2,731
Cash equity by VGP into the JV (net)	-77	-24	-50	-74	-192	-12	104	-531
Cash received after VGP equity into JV	386	138	288	386	525	54	368	2,200
as % of investment property transferred in	79	79	126	81	86	99	99	89

Source: Fitch Ratings, VGP

Summary Development Programme at End-2022

	Total lettable area when complete (sqm[a], rounded up)	Included in annualised committed rental income[b] (EURm)
Estimated end-value of completed parks more than EUR200m		
VGP Park München, Germany (JV III)	313,900 complete	25.7
VGP Park Giessen Am Alten Flughafen, Germany[c]	251,500	16.3
VGP Park Nijmegen, Netherlands	139,000 left	Not disclosed
VGP Park Nurnberg, Germany	158,600	5.0
VGP Park Magdeburg, Germany[c]	312,000	15.6
VGP Park Laatzen, Germany[c]	139,000	10.2
VGP Park Moerdijk, the Netherlands (LPM JV)	486,700	n.a.
Estimated end-value of completed parks at or below EUR200m		
VGP Park Berlin, Oberkramer, Germany[c]	68.800	5.1
VGP Park Bratislava, Slovakia	259,000 124,700	6.3
VGP Park BUD Aerozone Kft., Hungary	124,000 136.300	3.8
VGP Park La Naval, Spain	112,900	n.a.
VGP Park Petit Couronne, Rouen, France	119,500	n.a.
VGP Park Ceske Budejovice, Czech Republic	130,800	0.5

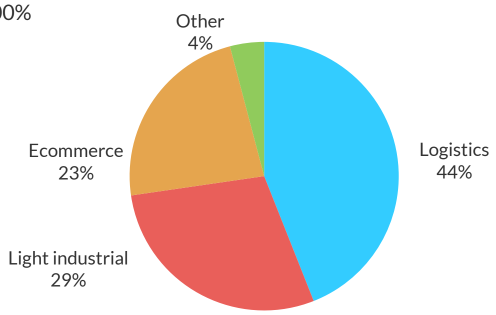
[a] Square metres. [b] As disclosed in VGP's 2022 annual report. [c] Intended for Deka JV
Source: Fitch Ratings, VGP

The KraussMaffei Technologies buildings at sizeable parks such as Munich and Laatzen, and the Picnic pre-let Wiesloch, yield high rents by square metre as they are higher quality than traditional industrial units, also reflecting higher building costs.

VGP's typical tenants span manufacturing operations, logistics and third-party logistics together with ecommerce-related operations (retailers' distribution centres such as Zalando at Park Berlin and pre-let at Giessen and REWE at Magdeburg).

YE22 Tenant Portfolio Breakdown

JVs at 100%



Source: Fitch Ratings

Top 10 Tenants (JVs at 100%) as of June 2023

Tenant	Rental income (%)	Industry
KraussMaffei Technologies (part of China National Chemical Corporation Limited; A/Stable)	8.5	Manufacturing (plastics coverings)
Amazon.com, Inc. (AA-/Stable)	4.8	Retail logistics
Rhenus Logistics	4.5	Logistics
Zalando	4.3	Retail logistics
Ahold Delhaize Group	2.5	Retail logistics
Drylock Technologies	2.3	Manufacturing
Siemens AG (A+/Stable)	1.6	Manufacturing
MediaMarktSaturn	1.5	Retailer logistics
BMW Group	1.5	Auto manufacturing
Contemporary Amperex Technology Co., Limited (A-/Stable)	1.2	Engineering
Total	**32.7**	

Source: Fitch Ratings, VGP

The units are built to VGP's standards and are not bespoke to tenants, which means that the building is ready to be re-let when re-leased or a tenant fails and leaves a unit vacant.

Land a Significant Cost Input

Land is a non-income producing asset, until the building permit, construction, and pre-let is completed. At YE22 VGP's land was valued (mainly at cost) at EUR779 million (YE21: EUR434.6 million). This is spread across different geographies (Germany's developments are underway, the Netherlands Moerdijk site is included in the LPM JV, and CEE countries have a lower average land value). Land value, before building costs, can be 20%-30% of a park's end-completion value.

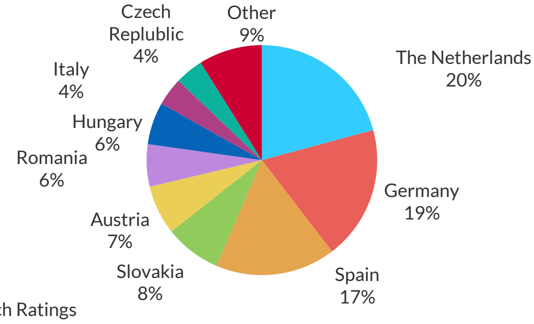
A common problem for many industrial and logistics park developers is the scarcity of good-quality land. This stems from constraints on land availability in countries such as Germany and the Netherlands, and from inherently limited land availability in other countries such as Spain (particularly in Madrid and Barcelona, where only brownfield sites are available). VGP views Czech land prices as too high and Poland as a market with rent vulnerable to sudden changes.

VGP's management is cautious about markets where land availability is less constrained and oversupply and participants' speculative builds can alter the risk profile. Too many bidders for land in 2021 and 2022 led to the "insane bidding contests" label from VGP's CEO which led to little land being acquired in 2022, as the management thought unrealistic pricing would jeopardise its development profit margins should yields change. Instead, VGP concentrated on getting its existing development plan pre-let and built-out.

VGP has only recently returned to the market to find sensibly priced land for Germany, France and Denmark, where it needs land for further expansion plans.

YE22 Land Bank

JVs at 100%, share by square metres



Source: Fitch Ratings

VGP looks for land near cities with more than 100,000 inhabitants (tenants need access to the workforce), on transport arteries (good locations), with electricity and power connectivity, an ability to operate 24/7 and good transport access. Alongside smaller last-mile units' plots, VGP has also amassed sites for sizeable, co-ordinated, multi-tenanted industrial and logistics parks. Some sites will have big box assets that are greater than 10,000sqm.

Key Person Risk: The Allianz Event

For more information on key person risk, i.e. 'the Allianz Event', please refer to Fitch's "Spotlight: VGP N.V." report published 21 September 2022. This risk is less of an issue for VGP as it does not apply to JV I (now full), Munich JV III, JV IV (the successor to JV I), nor the Deka JV.

Logistics Sector Property Portfolio Factors ■ Concern ■ Medium ■ Good

Company	Investment property portfolio value	Geographical spread (% of portfolio by rent or value)	Vacancy rate (%)	Average lease length (years)	Top tenant concentrations and top tenant (%)	Sector concentrations (%)	Acquisition or development strategy	Asset type (%)	Average asset age (years)	Net initial yield (%)	Topped-up net initial yield (%)
AXA Logistics Europe Master S.C.A	EUR4.9bn	By value: France: 21 Germany: 21 Italy: 14 Sweden: 12 Netherlands: 10	1.2	5.7 (Jun22)	Top 10: 38	Logistics	Acquisition	Big box: 100	n.a.	4.4	n.a.
Catena AB	EUR2.2bn	By value: Sweden: 92% Denmark: 8%	2.8	5.5	Top 10: 44	Logistics & transport: 40 Food & beverage: 23 Durable goods: 17 Other: 20	Both	Warehouses: 49 Distribution Centres: 40 Terminals: 11	n.a.	4.8	5.0
SEGRO PLC (at share)	GBP14.7bn	By value: UK: 63 France: 12 Germany: 11 Italy: 6 Poland: 4	4.0	7.0	Top 20: 32 Amazon: 7	Transport and logistics: 22 Retail: 19 Manufacturing: 15 TMT: 11 Wholesale distrib.: 10 Post & parcel: 9	Both	UK urban: 53 UK big box: 8 Cont. Europe urban: 14 Cont. Europe big box: 23	n.a.	3.7	3.9
SELP Finance SARL	EUR6.8bn	By value: Germany: 28 Italy: 19 France: 18 Poland: 19 Spain: 7	0.9	5.6	Top 20: 40 Amazon: 7	n.a.	Both	Big box: 92 Urban Warehouses: 4 Other: 4	8.5	Net true equivalent yield: 4.8	n.a.
Tritax EuroBox plc As of end-Sept 2022	EUR1.8bn	By rent: Germany: 45 Italy: 12 Spain: 11 Belgium: 11 Netherlands: 10	0.3	8.0	Top 10: 71	Omnichannel retail: 28 Third-party logistics: 21 Online retail: 23 Manufacturing: 9 (As of Sept 2021)	Acquisition	Big box: 100	5.2	3.6	3.7

Logistics Sector Property Portfolio Factors ■ Concern ■ Medium ■ Good

Company	Investment property portfolio value	Geographical spread (% of portfolio by rent or value)	Vacancy rate (%)	Average lease length (years)	Top tenant concentrations and top tenant (%)	Sector concentrations (%)	Acquisition or development strategy	Asset type (%)	Average asset age (years)	Net initial yield (%)	Topped-up net initial yield (%)
Warehouses de Pauw NV/SA (WDP)	EUR 6.4bn	By value: Netherlands: 44 Belgium: 34 Romania: 17 France: 3	0.9	5.5	Top 10: 27 (Excl. solar)	Industrial: 16 Retail (food): 12 Retail (non-food): 9 Food, fruit & veg: 8 Automotive: 7	Development	General Warehouse: 56 Big box: 24	7.0	5.0	5.0
VGP SA JVs at 100%	EUR6.4	By value: Germany: 54 Czech Republic: 13 Spain: 9 Netherlands: 7	VGP: 1.5 JVs: 0.9	VGP: 9.5 JVs: 6.7 Combined: 8.1	Top 10: 35 Amazon: 5	Logistics: 44 Light ind: 29 Ecommerce: 23 Other: 4	Development	Big box: n.a Industrial: n.a Manufacturing: n.a.	3.7	Weighted average yield: VGP: 5.3 JVs: 4.7	n.a.

Note: All data as of December 2022 unless otherwise stated
Source: Fitch Ratings, companies' disclosures