FitchRatings

VGP N.V.

Corporates
Property/Real Estate
Belgium

Ratings

VGP N.V.	
Long-Term IDR	BBB-
Senior Unsecured Debt - Long-Term Rating	BBB-
Outlook	
Long-Term Foreign-Currency IDR	Stable

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2035 Climate Vulnerability Signal: 25

VGP N.V.'s ratings reflect its continued discipline in managing development risk, from land location and price, the quality of units built, pre-lets, its development profit headroom, to completion when new properties are sold to pre-funded dedicated 50-50 joint ventures (JVs). VGP in return receives cash from these JVs at about 70% of "at transfer value", covering its cost-to-build outlay.

The monetisation receipt proportions reflect the switch to new committed JVs with Deka Immobilien and Areim, which have lower bank-funded leverage at 30%-35% loan-to-value (LTV), following the end of the exclusivity with Allianz's JVs.

Fitch's pro-forma profile for VGP (if it built out the end-2023 pre-let development programme) achieves credit and operational metrics that are comparable with investment-grade rental income-focused investment property peers'. In addition, VGP is remunerated for its asset management and other services, and shareholder loans, to the JVs and receives recurring rental-derived dividends.

Key Rating Drivers

Continued Cash-Generative Monetisations: VGP's transfers of its investment properties to JVs totalled EUR1 billion in 2023 (1H24: EUR0.76 billion). The completed and pre-let assets - in JVs and pending transfer from VGP - are diverse geographically (weighted to Germany, the Czech Republic and Spain) and fulfil the latest ESG credentials. Management has maintained its template 30% development profit margin through the last property cycle. In 2021 and early 2022, it avoided land acquisitions and development when values were over-heating, instead sourcing brownfield (the Stellantis and Siemens sites) and scarce greenfield plots in 2023.

Growing Regular JV Contributions: The 50%-owned JVs now hold EUR2.4 billion (VGP's share) of new logistics units, some in large parks, all pre-let, in long-term funded vehicles. In 2023, JVs paid VGP EUR82 million (2022: EUR60 million) rental-derived cash dividends and EUR27 million (2022: EUR21.5 million) asset management-based fees. Of the past eight years' EUR3.5 billion ("at transfer value") monetisations of investment property into JVs, VGP has received 104% in cash (84% after VGP's outlay to procure its 50% equity) to cover its at-cost outlay.

Fitch sees the change from VGP's exclusivity with Allianz's JVs to the same JV model with Deka and Areim as a natural progression. Management stated it may look for more JV partners. VGP has built up a network of local offices to seek development opportunities, and it was inevitable it would, at some stage, outgrow Allianz's appetite for logistics real estate.

Stable WALB, Yield, Occupancy KPIs: The group's portfolio is young (an average of four years), with a long-dated weighted average lease length (to earliest-break, WALB) of 7.5 years, near fully occupied, with solid pre-lets (74% at end-1H24 on assets at more than six months under construction). The net initial yield (NIY) on the end-2023 JV portfolio stabilised at 4.98% (1H24: 5.01%, end-2022: 4.68%, end-2021: 4.28%). Rents are CPI-linked. Sector fundamentals are solid with the market displaying little speculative development, scarcity of land, and tenants wanting ESG-compliant buildings.

Light Industrial Tenants Bias: VGP continues to see demand from tenants in light industrial, logistics and e-commerce (57%, 40% and 1% of 2023's new leases) sectors. The light industrial sector includes modern technology industries such as auto (Krauss Maffei, Stellantis/Opel, Verne, BMW covering new battery technologies, plastic coverings, autonomous cars), satellites, to food production, to smaller light industrial operations. These new-production tenants seek new ESG-compliant, energy-producing and energy-efficient buildings.

Applicable Criteria

Corporate Rating Criteria (November 2023)

Corporate Recovery Ratings and Instrument Ratings Criteria (August 2024)

Sector Navigators – Addendum to the Corporate Rating Criteria (June 2024)

Related Research

Global Corporates Macro and Sector Forecasts

VGP N.V. Spotlight Report (September 2024)

Warehouses de Pauw NV/SA Rating Report (July 2024)

Montea NV Rating Report (September 2024)

EMEA Real Estate Logistics Property Companies – Relative Credit Analysis (November 2023)

EMEA Real Estate - The Adverse Effects of Rising Interest Rates: 2023 Update (October 2023)

Real Estate and Property – Long-Term Climate Vulnerability Signals (February 2023)

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Third-party logistics (3PLs) companies show robust demand, with some investing more in the building's automation infrastructure than the value of the building itself, while efficient retailers are seeking large regional distribution hubs. Fitch believes that e-commerce companies, following their pandemic-era over-expansion, are now sub-letting less of their own buildings' surplus space, signalling that demand for more space is on the rise.

Fundamentals Set for Growth: Fitch believes that large-scale light industrial and logistics will continue to grow. Scarcity of land for newbuilds and sustained tenant demand driven by new manufacturing technologies, on- and near-shoring, as well as efficiency-seeking retailers distribution centres, mean that rents should continue to rise. This increase is further supported by disciplined, low levels of speculative build.

Strong Green Credentials: VGP benefits from strong green credentials, aided by high standards for new developments, a young portfolio and investments in renewable energy (1H24: total capacity increased 115% year on year to 143 MWp). VGP's comprehensive sustainability framework covers land sourcing, design, construction, (green) leasing and in-use. New projects are guided by internal carbon reference pricing. Of its end-2023 certified properties (76% of its portfolio), 55% were green-certified as BREEAM "Excellent" or higher, while a further 43% were "Very Good".

VGP As HoldCo Rating Approach: In addition to assessing VGP's risk appetite for development, development profit margin and periodic monetisations, Fitch compiles a financial profile based on VGP as a holding company retaining and funding all pre-let developments. This results in comparable metrics with that of peers funding investment property portfolios. This reflects VGP's consistent approach of pre-letting, long WALB, a diversified portfolio of new-builds, along with holding a 50% equity stake in the JVs.

Resultant Financial Profile: Fitch's VGP HoldCo profile shows end-2023 net debt/EBITDA (including dividends paid from JVs) at 8.5x. When adjusted for actual JV monetisations in 1H24 and the LPM land disposal, this ratio improves to 7.1x, in line with Fitch's rating sensitivities. This adjustment acknowledges the regular occurrence of large JV monetisations during the year. The profile's interest cover ratio of around 3x reflects an assumed 3.5% cost of debt (instead of VGP's actual 2.3% in 1H24 and JVs' around 2.5%-4.5%.

Financial Summary

	VGP as HoldCo		VGP proportionally consolidated	
(EURm)	2022	2023	2022	2023
Net rental income	125.3	119.4	197.3	223.1
EBITDA: JV dividend capacity	198.0	228.2	--	--
Gross interest cover ratio (x)	2.7	3.1	--	--
Net debt/EBITDA (x)	10.7	9.2	--	--
EBITDA: actual cash dividends from JVs	216.2	246.1	278.9	338.7
Gross interest cover ratio (x)	2.9	3.3	3.4	3.1
Net debt/EBITDA (x)	9.8	8.5	9.7	8.5

Note: See Spotlight: VGP N.V. for analysis of the VGP as HoldCo and VGP proportionally consolidated profile.
Source: Fitch Ratings, Fitch Solutions, VGP

Property Portfolio Profile (End-December 2023)

Asset class:	Industrial and logistics parks
Portfolio size:	VGP investment properties and held for sale: EUR2.4bn JVs at 100%: EUR4.7bn
Geographies:	Continental Europe group with JVs at 100%: Germany 53%, Czech: 12%, Spain 9%, The Netherlands 7%, Slovakia 4%, Romania 3%, Hungary 4%, Austria 3%, Italy 2%, Other 3%
Weighted-average yield:	VGP portfolio: 6.22% JVs portfolio: 5.01%
Vacancy rate:	VGP: 1% JVs: 0.9%
Weighted-average lease: (earliest-break basis)	VGP: 8.9 years JVs: 7.3 years

Source: Fitch Ratings, VGP

Rating Derivation Relative to Peers

VGP is focused more on developing industrial and logistics parks than rated peers, which primarily generate rental income from their portfolios. However, VGP's end-product also results in units producing rental income. Some peers are focused on property investment activities (AXA Logistics Europe Master S.C.A (BBB+/Stable), SELP Finance SARL (BBB/Stable), Tritax EuroBox plc (BBB-/RWP) and Catena AB (publ) (BBB-/Stable), while others have active development programmes (SEGRO plc (BBB+/Stable) and Warehouses de Pauw NV/SA (WDP, BBB+/Stable)).

Catena's portfolio is Nordic, WPD's and Montea NV's (BBB+/Stable) are Benelux-focused and SEGRO's UK-biased, whereas the others are pan-European.

The units completed by VGP are comparable in quality, with long WALBs, very low vacancy rates, and new-builds with green credentials. VGP has created larger-scale multi-unit parks (Munich 314,000 sq m, Russelsheim plans for 390,000 sq m, and other German parks and in other countries can be above 100,000 sq m). VGP has the youngest portfolio, at four years. While peers have some 3PL and retailer distribution tenants, VGP distinguishes itself by attracting light industrial tenants seeking sizeable units for state-of-the-art manufacturing. They often require new buildings that are energy-efficient and capable of energy production. As a result, VGP secures long lease terms.

VGP JVs' end-2023 NIY of about 5% (which did not reduce to the overheated 3.5% of peers in 2021) is comparable with continental European peers' 5%, as CPI-induced rental increases were partly mitigated by adverse yield-shift. VGP's own portfolio (a transitionary portfolio) 6% NIY reflects the different country mix including CEE exposures.

The Fitch-created "VGP as HoldCo" financial profile shows end-2023 net debt/EBITDA, adjusted for 1H24 JV monetisations, at about 7x. This cash flow leverage and our rating case forecast, are in line with its our rating sensitivity for an upgrade to 'BBB' at 7x and within its downgrade sensitivity to 'BB+' of above 9x. Its other financial metrics such as interest cover are also comfortably within Fitch's rating sensitivities.

The 7x-9x net debt/EBITDA rating sensitivities for VGP's 'BBB-' rating reflects the different mix of activities compared with that of rental income-focused entities such as Tritax EuroBox with its 'BBB-' rating sensitivities of 9.5x-10.5x and SELP's downgrade to 'BBB-' guideline of above 10x. VGP's tighter guidelines acknowledge the mix of EBITDA including JV dividend receipts, JV fees and shareholder loans' interest, as well as development risk. However, VGP has managed the latter well.

Navigator Peer Comparison

Issuer		Business profile						Financial profile		
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Property Portfolio	Rental Income Risk Profile	Liability Profile	Access to Capital	Profitability	Financial Structure	Financial Flexibility
AXA Logistics Europe Master S.C.A.	BBB+/Stable	aa	bbb	bbb+	bbb	bbb	bbb+	bb+	bbb+	a-
Catena AB (publ)	BBB-/Stable	aa	a	bbb	bbb	bb	bbb-	bbb	bbb	bbb-
Montea NV	BBB+/Stable	aa	a	bbb-	bbb+	bbb	bbb+	bbb	bbb+	a-
SEGRO PLC	BBB+/Stable	aa	a	bbb+	a-	a-	a	bbb	bbb+	a-
SELP Finance SARL	BBB/Stable	aa	bbb	bbb+	bbb+	bbb-	a-	bbb	bbb	a-
Tritax EuroBox plc	BBB-/RWP	aa	a-	bb+	bbb	bbb-	bbb	bb+	bbb-	a-
VGP N.V.	BBB-/Stable	aa	bbb	bbb	bbb+	bb+	bbb-	bb+	bb+	bbb+
Warehouses De Pauw NV/SA	BBB+/Stable	aa	a-	bbb	bbb+	bbb	a-	bbb	bbb+	bbb+

Source: Fitch Ratings. Relative Importance of Factor: Higher, Moderat, Lower

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Using the VGP as HoldCo with an annualised committed rental profile:

- EBITDA interest cover (including JV fees, JV cash dividends, shareholder loan interest income, excluding development activities' administration expenses, relative to interest expense) greater than 5.0x.
- Net debt/EBITDA (including JV income and cash dividends) under 7x.
- Actual year-end unencumbered investment properties and held-for-sale assets greater than unsecured debt at all times.
- Fitch liquidity score greater than 1.0x.

Using the proportionally consolidated profile with an annualised committed rental profile:

- LTV (excluding development land) less than 50%.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Using the VGP as HoldCo with an annualised committed rental profile:

- EBITDA interest cover (including JV fees, JV cash dividends, shareholder loan interest income, excluding development activities' administration expenses, relative to interest expense) under 1.5x.
- Net debt/EBITDA (including JV income and cash dividends) greater than 9x.
- Actual year-end unencumbered investment properties and held-for-sale assets less than unsecured debt.
- Fitch liquidity score under 1.0x.
- Failure to maintain a high percentage of pre-lets.

Using the proportionally consolidated profile with an annualised committed rental profile:

- LTV (excluding development land) at more than 55%.

Liquidity and Debt Structure

Ample Liquidity: VGP's end-1H24 cash was EUR625.0 million after recent monetisations into the new Deka and Areim JVs and the LPM disposal receipts. Undrawn revolving credit facility availability totals EUR400 million. This results in ample liquidity for the remaining year's scheduled capex of at least EUR226 million and near-term debt maturities. After end-June 2024, its main next debt maturity was a EUR75 million bond in July 2024, which it repaid using cash, EUR80 million in March 2025 and a total EUR214 million in 2026.

Further monetisations into the JVs are planned in 2H24 (net cash proceeds of EUR68 million in August 2024). In 1H24, VGP drew EUR135 million of a EUR150 million European Investment Bank unsecured facility funding VGP Renewable Energy. Fitch calculates that if the whole Munich JV were to be leveraged to 50% LTV (currently 10% LTV) VGP's share of net proceeds could exceed EUR100 million-120 million, which would be similar to the EUR170 million lump sum realised in 1H24 from LPM's land disposal receipts.

All of VGP's end-2023, EUR2 billion of unsecured debt was at fixed interest rates averaging 2.1%. JVs' secured non-recourse debt has mid-2026, 2029 and 2030 debt maturities and an 2.5%-4.5% fixed-rate average cost of debt. JV LTV covenants have financial headroom. The JVs' low LTV averaged about 40%, which could be increased when JV I's 2026 debt facilities mature, or if the Munich JV is re-leveraged to release additional proceeds to the JV partners.

Liquidity Analysis Table in 2025: In the Liquidity Analysis table below, 2025's profile requires an assumption as to "Receipts from monetisations into JV". Monetisations into JVs totaled EUR1 billion in 2023 and EUR0.76 billion in 1H24. Such amounts would cover table's EUR100 million liquidity deficit. We also believe that VGP would not undertake EUR700 million of capex in 2025 if no monetisations into JVs were going to take place.

VGP N.V.

Liquidity analysis (EURm)	FY24F	2025F
Available liquidity	**This is end-1H24 cash**	
Beginning cash balance	625	405
Rating case FCF after acquisitions and divestitures	-75	-75
Remaining year's capex	-150	-700
Receipts from monetisations into JV	68	none assumed
Remaining EIB solar panel facility	15	—
Total available liquidity (A)	**483**	**-370**
Liquidity uses		
Debt maturities	-78	-80
Total liquidity uses (B)	**-78**	**-80**
Liquidity calculation		
Ending cash balance (A+B)	405	-450
Revolver availability	400	350
Ending liquidity	**805**	**-100**
Liquidity score (x)	11.3	-0.3

Source: Fitch Ratings, Fitch Solutions, VGP

Scheduled Debt Maturities

(EURm)	31 December 2023
2024	78
2025	80
2026	214
2027	502
2028	—
Thereafter	1,100
Total	**1,974**

Source: Fitch Ratings, Fitch Solutions, VGP

ESG Considerations

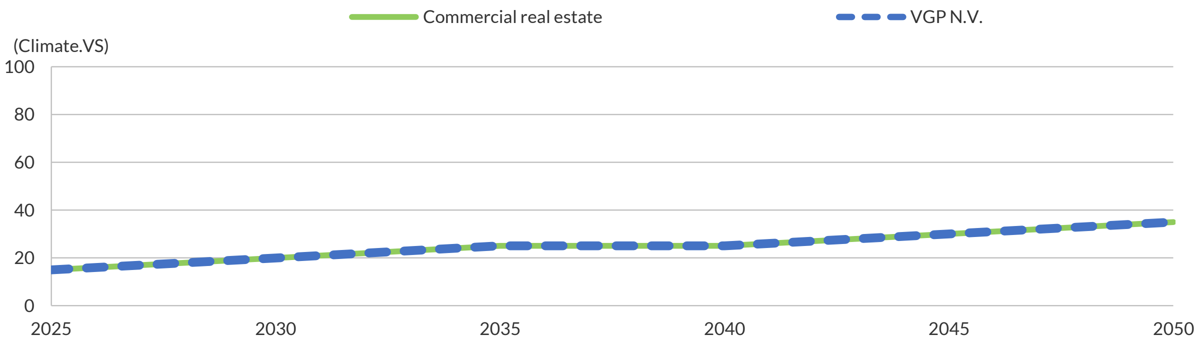
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's Corporate Rating Criteria.

The 2023 revenue-weighted Climate.VS for VGP for 2035 is 25 out of 100, suggesting exposure to climate-related risks in that year. For further information on how Fitch perceives climate-related risks in the real estate and property sector, see Real Estate and Property – Long Term Vulnerability Signals.

Climate.VS Evolution
As of June 30, 2024



Source: Fitch Ratings

Key Assumptions

Fitch's Key Assumptions within Our Rating Case for the Issuer:

- Continuation of VGP's operating model of proportionately acquiring land, developing pre-let properties with a development margin averaging 20%-30%, a target 5%-5.5% NIY, and with periodic monetisations of completed projects into bespoke JVs.
- Cash proceeds from JV debt, the partners' shareholder loans and partners' equity at about 70% of "at transfer value" of the assets for Deka and Areim JVs.
- Capex of EUR700 million a year with resultant investment properties transferring to JVs a year later, largely repaying VGP's cost-to-build, including its 20%-30% development margin on these newbuilds.
- Annual cash remuneration from JVs include: (i) management fees based on each JV's net asset value, facilities management and development management fees; (ii) shareholder loan interest income from an expanding JV base; and (iii) cash dividends derived from rental income.
- Cash dividends from JVs averaging EUR80 million a year during 2024-2026 (2023: EUR82 million).
- Allianz's JV I to JV III remain in place. The Deka and Areim JVs to raise initial bank debt at 30% LTV. For Deka, shareholders loans (half of which from VGP) will increase 'debt' to an implied 60% LTV.
- We do not include potential for Allianz's JV III (the Munich park JV) to increase its debt funding, the proceeds of which would be distributed to its two shareholders.
- Cost of debt at VGP averaging 3.5% and for JVs at 2.5%-4.5%. No interest receivable from large cash balances.
- VGP's investment property activity-related administration expenses at 10% of net rental income.
- The resultant financial profile results in consolidated gearing of about 30%, in line with VGP's target of 30%-40%.

Financial Data

(EURm)	2021	2022	2023	2024F	2025F	2026F
Summary income statement						
Gross revenue	18	51	69	120	122	125
Revenue growth (%)	45.5	190.9	34.8	74.1	1.8	1.8
EBITDA before income from associates	-13	35	47	171	183	195
EBITDA margin (%)	-73.9	68.6	68.8	142.7	149.6	156.2
EBITDA after associates and minorities	8	57	60	251	263	275
EBIT	-15	31	42	167	179	191
EBIT margin (%)	-87.5	59.8	60.2	139.4	146.4	153.0
Gross interest expense	-34	-44	-49	-40	-37	-37
Pre-tax income including associate income/loss	-28	4	113	143	157	169
Summary balance sheet						
Readily available cash and equivalents	222	699	210	469	385	392
Debt	1,372	2,349	1,974	1,896	1,816	1,816
Net debt	1,150	1,649	1,764	1,427	1,431	1,424
Summary cash flow statement						
EBITDA	-13	35	47	171	183	195
Cash interest paid	-29	-39	-57	-40	-37	-37
Cash tax	-0	-8	-16	—	—	—
Dividends received less dividends paid to minorities (inflow/outflow)	21	21	13	80	80	80
Other items before funds from operations (FFO)	—	-17	—	—	—	—
FFO	-21	10	-6	212	226	238
FFO margin (%)	-121.0	18.8	-9.1	176.3	184.6	190.9
Change in working capital	-41	-56	-8	—	—	—
Cash flow from operations (CFO) (Fitch-defined)	-62	-46	-15	212	226	238
Total non-operating/non-recurring cash flow	—	—	—	—	—	—
Capex	-680	-852	-667	—	—	—
Capital intensity (capex/revenue) (%)	3,863.6	1,663.7	966.6	—	—	—
Common dividends	-80	-153	-75	—	—	—
FCF	-822	-1,051	-757	—	—	—
FCF margin (%)	-4,670.5	-2,052.0	-1,096.4	—	—	—
Net acquisitions and divestitures	50	347	676	—	—	—
Other investing and financing cash flow items	-116	-86	-31	—	—	—
Net debt proceeds	593	967	-375	-78	-80	—
Net equity proceeds	295	299	—	—	—	—
Total change in cash	-0	477	-486	259	-84	8
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-710	-657	-66	125	-230	-230
FCF after acquisitions and divestitures	-772	-703	-80	337	-4	8
FCF margin after net acquisitions (%)	-4,388.1	-1,373.4	-116.4	280.5	-3.4	6.2
Gross leverage ratios (x)						
EBITDA leverage	180.6	41.6	32.8	7.5	6.9	6.6
CFO-capex/debt	-54.1	-38.2	-34.5	-25.8	-26.1	-25.5
Net leverage ratios (x)						
EBITDA net leverage	151.3	29.2	29.3	5.7	5.4	5.2
CFO-capex/net debt	-64.5	-54.4	-38.6	-34.2	-33.1	-32.5
Coverage ratios (x)						
EBITDA interest coverage	0.3	1.4	1.1	6.3	7.1	7.5

The 2021-2023 profile is from VGP's Annual Accounts (with its 'transitional' Income Statement). The 2024-2026 forecast years are the VGP as HoldCo financial profile.
Source: Fitch Ratings, Fitch Solutions, VGP

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator

FitchRatings **VGP N.V.**

Corporates Ratings Navigator
EMEA Real Estate and Property

Credit-Relevant ESG Derivation

VGP N.V. has 9 ESG potential rating drivers

- VGP N.V. has exposure to emissions regulatory risk but this has very low impact on the rating.
- VGP N.V. has exposure to energy productivity risk but this has very low impact on the rating.
- VGP N.V. has exposure to unsustainable building practices risk but this has very low impact on the rating.
- VGP N.V. has exposure to extreme weather events but this has very low impact on the rating.
- VGP N.V. has exposure to shifting consumer preferences but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	9	issues	3
not a rating driver	3	issues	2
	2	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Focus on low-carbon new-builds and renovations	Property Portfolio; Rental Income Risk Profile; Access to Capital; Profitability
Energy Management	3	Buildings' energy consumption, focus on renewable sources	Property Portfolio; Rental Income Risk Profile; Access to Capital; Profitability
Water & Wastewater Management	2	Buildings' water consumption, recycling	Property Portfolio; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Sustainable building practices including Green building certificate credentials	Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility
Exposure to Environmental Impacts	3	Portfolio's exposure to climate change-related risk including flooding	Property Portfolio; Profitability; Financial Structure; Financial Flexibility

E Relevance: 5, 4, 3, 2, 1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Data security	Property Portfolio; Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility
Labor Relations & Practices	2	Impact of labor negotiations and employee (dis)satisfaction	Rental Income Risk Profile; Profitability; Financial Flexibility
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	3	Shift in market preferences	Property Portfolio; Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility

S Relevance: 5, 4, 3, 2, 1

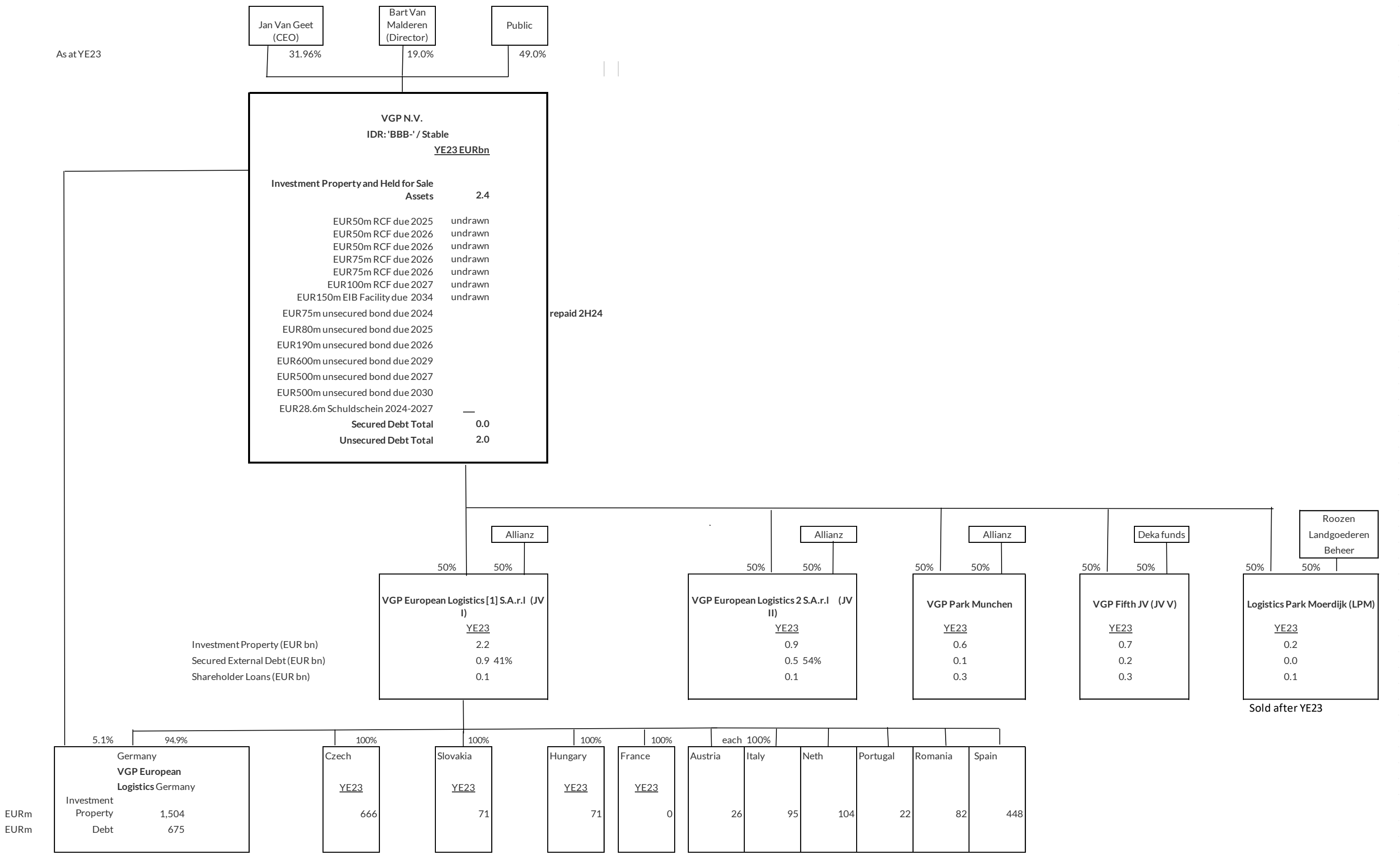
Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

G Relevance: 5, 4, 3, 2, 1

CREDIT-RELEVANT ESG SCALE How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, VGP

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (EURm)	EBITDA after associates and minorities (EURm)	EBITDA margin (%)	EBITDA net leverage (x)	EBITDA interest coverage (x)
VGP N.V.	BBB-						
Proportionally Consolidated Profile	BBB-	2023	238	338	n.m.	8.5	3.1
	BBB-	2022	218	278	n.m.	9.7	2.3
	BBB-	2021	192	209	n.m.	10.5	2.4
Warehouses De Pauw NV/SA							
	BBB+	2023	337	322	95.5	7.4	9.2
	BBB+	2022	293	291	99.1	8.4	6.9
		2021	255	252	98.7	8.7	5.8
Montea NV	BBB+						
	BBB+	2023	107	103	96.4	6.9	8.3
		2022	91	92	100.8	8.9	4.4
		2021	75	77	103.1	7.6	7.1
AXA Logistics Europe Master S.C.A.	BBB+						
	BBB+	2023	243	167	71.0	4.0	6.8
	BBB+	2022	198	127	66.0	7.2	6.4
	BBB+	2021	143	103	72.1	5.0	6.2
Catena AB (publ)	BBB-						
	BBB-	2023	162	125	77.3	8.2	3.6
		2022	139	105	75.7	7.4	5.1
		2021	135	102	76.1	9.5	4.6
SEGRO PLC	BBB+						
	BBB+	2023	632	545	79.3	10.7	2.4
	A-	2022	552	451	79.9	12.0	3.0
	A-	2021	478	410	78.6	9.8	6.9
SELP Finance SARL	BBB						
	BBB	2023	308	260	84.5	9.3	3.8
	BBB	2022	277	225	81.2	9.9	4.1
	BBB+	2021	243	201	82.6	10.0	9.7
Tritax EuroBox plc	BBB-						
	BBB-	2023	68	50	74.0	14.4	9.6
	BBB-	2022	55	36	65.7	17.1	4.1
	BBB-	2021	44	31	69.5	5.6	5.3

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(EURm as of 31 December 2023)	Notes and formulas	Standardised values	Other adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		96	—	—	-27	69
EBITDA	(a)	125	—	—	-77	47
Depreciation and amortization		-6	—	—	—	-6
EBIT		119	—	—	-77	42
Balance sheet summary						
Debt	(b)	1,963	—	—	—	1,974
Of which other off-balance sheet debt		—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—
Lease-adjusted debt		1,963	—	—	—	1,974
Readily available cash and equivalents	(c)	210	—	—	—	210
Not readily available cash and equivalents		—	—	—	—	—
Cash flow summary						
EBITDA	(a)	125	—	—	-77	47
Dividends received from associates less dividends paid to minorities	(d)	13	—	—	—	13
Interest paid	(e)	-57	—	—	—	-57
Interest received	(f)	7	—	—	—	7
Preferred dividends paid	(g)	—	—	—	—	—
Cash tax paid		-16	—	—	—	-16
Other items before FFO		-77	—	—	77	—
FFO	(h)	-6	—	—	—	-6
Change in working capital		-8	—	—	—	-8
CFO	(i)	-15	—	—	—	-15
Non-operating/non-recurring cash flow		—	—	—	—	—
Capex	(j)	-667	—	—	—	-667
Common dividends paid		-75	—	—	—	-75
FCF		-757	—	—	—	-757
Gross leverage (x)						
EBITDA leverage	b/(a+d)	14.4	—	—	—	32.8
(CFO-capex)/debt (%)	(i+j)/b	-34.5	—	—	—	-34.5
Net leverage (x)						
EBITDA net leverage	(b-c)/(a+d)	12.8	—	—	—	29.3
(CFO-capex)/net debt (%)	(i+j)/(b-c)	-38.6	—	—	—	-38.6
Coverage (x)						
EBITDA interest coverage	(a+d)/(-e)	2.4	—	—	—	1.1

Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region. Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly. Debt includes other off-balance sheet debt.
Source: Fitch Ratings, Fitch Solutions, VGP

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.