FitchRatings

Corporates
Property/Real Estate
Belgium

Warehouses De Pauw NV/SA

Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB+	Stable	08 Nov 2022
Senior Unsecured	A-		08 Nov 2022

Click here for full list of ratings

Fitch Ratings' assigning of a 'BBB+' IDR with a Stable Outlook and a senior unsecured rating of 'A-' to Warehouses De Pauw NV/SA (WDP) reflects its EUR6.4 billion end-June 2022 property portfolio of logistics assets primarily located in the Netherlands and Belgium.

The portfolio is modern and well located, which has supported tenant demand and led to consistently high occupancy. Fitch expects net debt/EBITDA of 7.6x in 2022 and 7.9x in 2023, with regular equity issuance to fund development and acquisition. WDP's financial policy is to maintain net debt/EBITDA (WDP adjusted) of about 8x.

Key Rating Drivers

Benelux-focused Logistics Portfolio: At end-1H22, WDP owned a EUR6.4 billion investment property portfolio of logistics assets (end-2021: EUR5.9 billion). The assets are located across the Netherlands (48% of value/45% of rent), Belgium (32%/31%) and Romania (16%/21%). The majority of the portfolio consists of mid-sized general warehouses (about 5,000 sq m to 50,000 sqm) and about 23% is big box assets (greater than 50,000 sq m).

WDP's high 11% Netherlands and 32% Belgium market shares (by owner-occupied space) and established domestic reputation leads to some control of rental evidence, although the consistently high renewal rate of over 90% and occupancy of close to 100% illustrates a focus on affordable rent rather than rent maximisation.

Well-Located, Modern Assets: The portfolio's assets are modern with an average age of 7.3 years (1H22) and are located near major transport infrastructure (roads, airports, and the geography's well served ports). The Benelux assets benefit from being at the entrance point for goods entering Europe via sea and within close proximity of densely populated towns and cities. Over half of the portfolio is suitable for urban logistics.

Moderate Leverage: Fitch expects WDP's net debt/EBITDA (Fitch's calculation using annualised rental income) to be 7.6x in 2022 and 7.9x in 2023 (2021: 8.6x). We expect leverage to remain relatively stable as the company maintains its net debt/EBITDA (WDP adjusted) target of about 8x by accessing additional equity, usually through a combination of an accelerated book build (ABB, 2022: EUR300 million) and scrip dividend take-up.

We expect EBITDA interest cover to stay above 6x, with an average debt cost of 1.9% at end-1H22. Even if real estate valuation yields widen, end-1H22 loan-to-value (LTV) was below 40%.

1H22 Activity: Consistent with its 2022-2025 growth plan, WDP acquired a 10% equity stake in Sweden's Catena for EUR230 million; various property acquisitions; and in 2H22 bought out its German JV partner and acquired seven Belgian logistics sites in Tournai for EUR120 million. To date in 2022, WDP has raised a total EUR476 million (EUR300 million ABB and EUR176 million contributions-in-kind (equity with acquisitions)) of additional equity.

Development-led Growth: We expect the majority of WDP's growth to be derived from the development of logistics assets, rather than the acquisition of completed assets. At end-1H22, the company had a development pipeline totalling 970,000 sq m, with 51% in the Netherlands, 28% in Belgium, 17% in Romania and 4% in Luxemburg.

The total development cost (including the cost of land) is about EUR704 million and the cost to complete was EUR423 million at end-1H22. The gross income yield on total development cost is about 5.7% in Benelux and 7.6% in Romania. The higher yield in Romania reflects the lower

Applicable Criteria

Corporate Rating Criteria (October 2022)
Sector Navigators - Addendum to the Corporate Rating Criteria (October 2022)
Corporates Recovery Ratings and Instrument Ratings Criteria (April 2021)

Related Research

EMEA Real Estate Updated Base Case (August 2022)
Real Estate and Property – Long-Term Climate Vulnerability Scores (June 2022)

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cost of land and cheaper construction costs and compensates WDP for the higher risks of investing in Romania.

Limited Development Risk: Development risk is mitigated by WDP's focus on pre-let rather than speculative developments. The company has a good record of pre-letting developments, and at end-1H22, 90% of the development pipeline was pre-let with an average duration of signed leases of 11.9 years. In addition, WDP has a prudent land acquisition strategy, whereby land is only acquired when zoning is in place.

Solid Operational Performance: The quality of WDP's portfolio is illustrated by its high occupancy rate of over 97% (1H22: 98.9%) and a lease renewal rate of about 90% over the last 10 years. The weighted average unexpired lease length (WAULT) to first break of 5.6 years provides WDP with stable rental income. The leases contain annual indexation clauses, which are upward only and linked to local CPI.

We expect like-for-like rental growth in WDP's portfolio to be limited due to the company's focus on maximising occupancy and good relationships with its tenants. Like-for-like rental growth was 3.1% in 1H22 (2021: 1.4%).

Growing Tenant Demand: WDP has a diversified tenant base (top 10: 29% of rent) and leases space to international and domestic tenants from a variety of different industries, including industrial, food retail, consumer goods, food distribution and non-food retail. Many of the tenants in these industries are taking up more space in order to fulfil consumer demand for e-commerce and to store more inventory to ensure that their supply chain is resilient to shocks.

As the supply of new logistics space, particularly in Benelux, is constrained by limited land supply and zoning constraints, we expect demand for WDP's good quality land to keep rising.

Sector Uplift Applied: Fitch has applied the EMEA real estate sector uplift to WDP's senior unsecured debt, rating it one notch above the IDR. Fitch applies this uplift, denoting above-average recoveries, to logistics portfolios with certain characteristics, including an unencumbered asset cover above 2x, over two-thirds of the portfolio being in good quality locations and where there are long-dated leases.

The uplift does not apply to portfolios of smaller, regional, high yielding industrial assets, or if over 30% of the portfolio is in less liquid markets (such as Central and Eastern Europe) where there is less investor depth. Fitch also applies the uplift to other European logistics property peers, including AXA Logistics Europe Master S.C.A, SELP Finance SARL and Tritax EuroBox.

Green Certification in Process: Sustainability is a key part of WDP's strategy and green credentials remain an increasingly important consideration for tenants. At end-1H22, 29% of WDP's portfolio was green-certified (by 2025: management targets 75%). Green credentials help broaden the funding investor base. The large roofs of warehouses are well-suited for renewable energy, which provides revenues for WDP and makes the buildings more attractive for tenants (tenants save money on electricity distribution charges by buying from WDP).

At 1H22, WDP had 95MWp (megawatt peak) installed renewable energy capacity (2025 target: 250MWp capacity).

Financial Summary

EURm	2020 A	2021 A	2022 F	2023 F	2024 F
Revenue	228	255	304	333	362
Operating EBITDA	220	253	290	319	346
EBITDA/interest paid (x)	4.9	5.5	6.8	6.9	6.4
Net Debt/operating EBITDA (x)	9.6	8.6	7.6	7.9	8.1

F – Forecast
Source: Fitch Ratings, Fitch Solutions

WDP's Property Portfolio 1H22

Asset Class	Logistics
Geography	Netherlands (48%), Belgium & Luxembourg (33%), Romania (16%), France (3%), Germany(<1%)
Portfolio size	EUR6.4bn
Passing Rent	EUR293m
Gross leasable area (GLA)	6,172,227 sqm
Net initial yield (NIY)	4.6%
Occupancy rate	98.9%

Source: Fitch Ratings, WDP as at end-June 2022

Rating Derivation Relative to Peers

WDP is rated the same as logistics property peer AXA Logistics Europe Master S.C.A. (AXA LEM; IDR: BBB+/Stable) and one notch higher than SELP Finance SARL (IDR: BBB/Stable), which both own pan-European portfolios of logistics assets. SELP owns a EUR6.9 billion (end-2021) portfolio solely focused on big box assets and AXA LEM owns a EUR4.1 billion portfolio spread across logistics assets of various sizes.

Tritax EuroBox plc (IDR: BBB-/Stable) also has a EUR1.3 billion pan-European portfolio as at end-September 2021. SEGRO plc (IDR: A-/Stable) has a GBP16.7 billion portfolio of wholly-owned assets that are primarily located in the UK and focused on urban warehouses. Fitch expects SEGRO's urban warehouse assets in London and Paris to generate higher rental growth than peers' portfolios.

WDP has a WAULT of 5.6 years, which is in line with SELP and AXA LEM's WAULT of about six years. SEGRO (including its 50% stake in SELP) has a longer WAULT of 7.2 years, although this is driven by the UK's longer WAULT of about eight years. Both WDP and SEGRO focus on development-led growth, although WDP takes less speculative development risk than SEGRO. SELP grows its portfolio through a mix of asset acquisitions and developments.

Although Fitch views development activity as more risky than asset acquisitions, pre-letting developments significantly reduces this risk. Also, companies are compensated for the additional risk by being able to generate a higher rental income yield on development cost relative to the yield on logistic asset acquisitions.

Fitch forecasts WDP's forecast net debt/EBITDA will be 7.6x in 2022 and 7.9x in 2023, with development and acquisitions funded by a mix of debt and equity. This is lower than SELP's forecast net debt/EBITDA of about 9x, but higher than AXA LEM and SEGRO where Fitch expects net debt/EBITDA to be 7x-8x and below 8x, respectively. Unlike most peers, WDP focuses on cash flow leverage in the form of net debt/ EBITDA rather than LTV.

Fitch views this positively as net debt/EBITDA is more stable and can be controlled to a greater degree by management. A focus on net debt/EBITDA also means that WDP will not re-lever its balance sheet based on recent valuation increases in the logistics property sector as valuations are likely to turn adverse in the current rising interest rate environment

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-
SEGRO PLC	A-/Stable	aa	a	bbb+	a-	a-	a	bbb	a-	a-
SELP Finance SARL	BBB/Stable	aa	bbb	bbb+	bbb+	bbb	a-	bbb	bbb	a-
Tritax EuroBox plc	BBB-/Stable	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

Importance Higher Modera Lower

Rating Sensitivities

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

- Increased geographic diversification and scale across Western Europe.
- Net debt/EBITDA below 8x on a sustained basis.
- EBITDA net interest cover above 3x on a sustained basis.
- Increase in the weighted average debt maturity to above five years.

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

- Net debt/EBITDA above 9x (reflecting the current portfolio mix) on a sustained basis.
- EBITDA net interest cover below 2x on a sustained basis.
- Deterioration in unencumbered investment property/unsecured debt asset cover to significantly below 2.0x on a sustained basis.

Liquidity and Debt Structure

Comfortable Liquidity: At end-1H22, WDP's readily available cash was EUR11.1 million and undrawn credit facilities above EUR1 billion. In October 2022, WDP completed a EUR300 million ABB. This liquidity is more than sufficient to cover the next 12 months' short-term debt maturities of EUR393 million (including EUR195 million commercial paper). Debt maturities are well spread with a weighted average debt maturity of 5.4 years at end-1H21 (2021: 4.5 years).

Raising funding for the development programme's spend, in April 2022, WDP issued EUR500 million 10-year US private placements at a 1.52% coupon under its updated green finance framework. WDP plans to increase its share of green funding further to 75% by 2025 (1H22: 36% of debt).

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This 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. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

Liquidity and Debt Maturities

(EURm)	31 Dec 21
Fitch available cash	9
+ Undrawn portion of committed facility	954
+ Expected free cash flow[a]	-247
+ Uncommitted capex/developments[b]	-
-/+ Analyst adjustments	-
Total sources	**716**
(12-month debt maturities)	321
Total uses	**321**
Fitch liquidity ratio	**2.2x**

[a] Including all the capex (committed and uncommitted)
[b]Add back the uncommitted capex
Source: Fitch Ratings, Fitch Solutions, WDP

Debt maturity schedule

(EURm)	31 Dec 21
2022	321
2023	223
2024	273
2025	177
2026	172
Thereafter	1,027
Total debt	**2,194**

Source: Fitch Ratings, Fitch Solutions, WDP

Key Assumptions

Fitch's Key Assumptions within our Rating case for the Issuer

- Low single-digit like-for-like rental growth. Although CPI will be high double-digit, Fitch has used a conservative 2%-3% in its forecasts even though WDP's leases allow higher uplifts
- Development spending of about EUR300 million per year during 2022-2024
- Land acquisitions annually of about EUR150 million during 2022-2024
- Annual asset acquisitions of about EUR100 million during 2022-2024
- Developments and acquisitions funded with about a 50:50 mix of debt and equity
- Use of ABBs and scrip dividend (with take-up of about 50%) to procure the equity needed for its developments and acquisitions

Financial Data

Warehouses De Pauw NV/SA

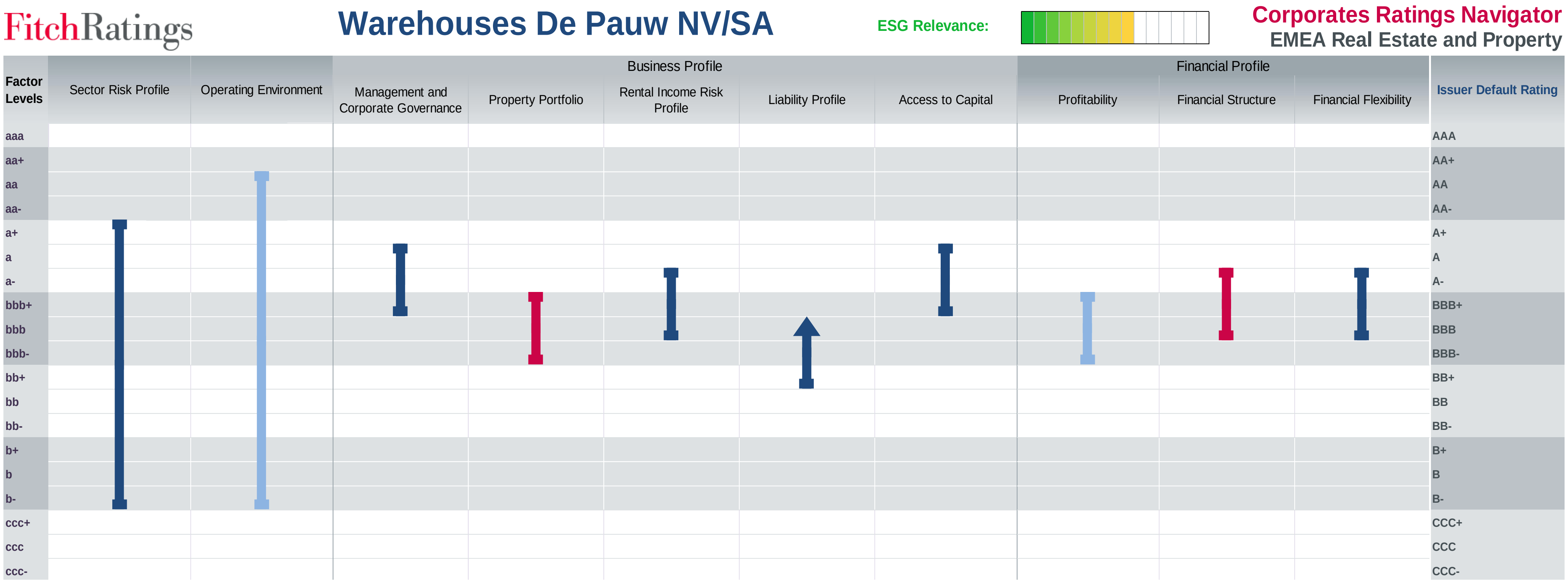
	Historical		Forecast		
(EURm)	2020	2021	2022	2023	2024
Summary income statement					
Gross revenue	228	255	304	333	362
Revenue growth (%)	12.7	11.7	19.0	9.7	8.6
EBITDA (before income from associates)	220	253	290	319	346
EBITDA margin (%)	96.4	99.0	95.6	95.7	95.6
EBITDAR	220	253	290	319	346
EBITDAR margin (%)	96.4	99.0	95.6	95.7	95.6
EBIT	213	251	288	317	344
EBIT margin (%)	93.2	98.5	95.0	95.2	95.1
Gross interest expense	-44	-44	-42	-46	-54
Pre-tax income (including associate income/loss)	335	1,115	251	276	295
Summary balance sheet					
Readily available cash and equivalents	11	9	158	67	153
Debt	2,119	2,194	2,352	2,579	2,947
Lease-adjusted debt	2,119	2,194	2,352	2,579	2,947
Net debt	2,108	2,184	2,194	2,512	2,793
Summary cash flow statement					
EBITDA	220	253	290	319	346
Cash interest paid	-45	-46	-42	-46	-54
Cash tax	—	—	-13	-16	-20
Dividends received less dividends paid to minorities (inflow/(out)flow)	—	—	0	0	0
Other items before funds from operations (FFO)	3	2	0	0	0
FFO	178	209	235	256	272
FFO margin (%)	77.9	82.1	77.4	77.0	75.2
Change in working capital	17	-32	-9	-5	-2
Cash flow from operations (CFO) (Fitch-defined)	195	178	226	251	270
Total non-operating/non-recurring cash flow	—	—	—	—	—
Capex	-335	-188	—	—	—
Capital intensity (capex/revenue) (%)	146.7	73.6	—	—	—
Common dividends	-78	-87	—	—	—
Free cash flow (FCF)	-218	-97	—	—	—
Net acquisitions and divestitures	-48	-150	—	—	—
Other investing and financing cash flow items	-2	-7	—	—	—
Net debt proceeds	282	63	159	227	367
Net equity proceeds	—	197	475	100	100
Total change in cash	8	-2	149	-91	86
Leverage ratios					
EBITDA net leverage (x)	9.6	8.6	7.6	7.9	8.1
EBITDAR leverage (x)	9.6	8.7	8.1	8.1	8.5
EBITDAR net leverage (x)	9.6	8.6	7.6	7.9	8.1
EBITDA leverage (x)	9.6	8.7	8.1	8.1	8.5
FFO net leverage (x)	9.5	8.6	7.9	8.3	8.6
Calculations for forecast publication					
Capex, dividends, acquisitions and other items before FCF	-461	-425	-691	-649	-632
FCF after acquisitions and divestitures	-266	-247	-465	-398	-362
FCF margin (after net acquisitions) (%)	-116.3	-96.9	-153.1	-119.4	-100.0
Coverage ratios					
FFO interest coverage (x)	4.9	5.6	6.5	6.5	6.1
FFO fixed-charge coverage (x)	4.9	5.6	6.5	6.5	6.1
EBITDAR fixed-charge coverage (x)	4.9	5.5	6.8	6.9	6.4
EBITDA interest coverage (x)	4.9	5.5	6.8	6.9	6.4
Additional metrics					
CFO capex/debt	-6.6	-0.5	-2.6	-1.4	-0.6
CFO capex/net debt	-6.6	-0.5	-2.8	-1.5	-0.6
CFO/capital expenditures (%)	58.292	94.641	78.441	87.316	93.845

Source: Fitch Ratings, Fitch Solutions, WDP

How to Interpret the Forecast Presented

The forecast presented 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



Bar Chart Legend:			
Vertical Bars = Range of Rating Factor		Bar Arrows = Rating Factor Outlook	
Bar Colours = Relative Importance		⇧	Positive
■	Higher Importance	⇩	Negative
■	Average Importance	⇳	Evolving
■	Lower Importance	▭	Stable

FitchRatings

Warehouses De Pauw NV/SA

Corporates Ratings Navigator
EMEA Real Estate and Property

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	a	Strong combination of issuer-specific funding characteristics and the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption, government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Management and Corporate Governance

a+	Management Strategy	a	Coherent strategy and good track record in implementation.
a	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
a-	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
bbb+	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bbb			

Property Portfolio

a-	Portfolio Liquidity and Ability to Leverage Assets	bbb	Average institutional appetite (buyers/sellers/lenders) in strong markets, indicating liquidity and ability to leverage assets.
bbb+	Investment Granularity	a	Very high portfolio granularity. Top 10 assets comprise less than 20% of net rental income or value.
bbb	Geographic Strategy	bbb	A strong and focused presence in a prime market; or focus on two to three markets with appropriate scale. Markets display different economic and business cycles.
bbb-	Asset Quality	bbb	Prime and good secondary.
bb+	Development Exposure	bbb	Committed development cost to complete of 10% of investment properties for average risk projects.

Rental Income Risk Profile

a	Occupancy	a	Limited occupancy volatility through cycles. Occupancy consistently above 95%. Track record of limited tenant defaults.
a-	Lease Duration, Renewal and NOI Volatility	bbb	Lease duration (or average tenure for residential) of five to eight years with most renewed, sustained net rental income growth and/or average volatility.
bbb+	Lease Expiry Schedule	a	Smoothed lease maturity profile with no large lease expiries in the medium term.
bbb	Tenant Concentration and Tenant Credit	bbb	Top 10 tenants comprise 15%-30% of annual base rent revenue; average tenant credit risk.
bbb-			

Liability Profile

bbb+	Debt Maturity Profile	bb	Average debt tenor between three to five years. No year represents more than 25% of total debt.
bbb	Fixed/Floating Interest Rate Liability Profile	a	Fixed or hedged debt above 75% of total debt. Evidence of consistent policy through the cycle.
bbb-			
bb+			
bb			

Access to Capital

a+	Sources of Capital	bbb	Solid access to all common and preferred equity, unsecured bonds/bank debt, secured debt, and/or joint ventures.
a	Unencumbered Asset Pool	a	Leveragable unencumbered pool with no adverse selection.
a-	Absolute Scale	a	Rent-yielding property assets of at least EUR5bn.
bbb+			
bbb			

Profitability

a-	FFO Dividend Cover	a	1.4x
bbb+	Asset Class Volatility	bb	Portfolio values change less than 40% peak to trough with a track record of recovery
bbb			
bbb-			
bb+			

Financial Structure

a	Loan-To-Value	a	40%
a-	Unencumbered Asset Cover	a	2.5x
bbb+	Managing Balance Sheet Through the Cycle	bbb	Maintenance of a suitable LTV taking asset volatility into account.
bbb	Net Debt/Recurring Operating EBITDA	a	8.0x
bbb-			

Financial Flexibility

a	Financial Discipline	bbb	Less conservative policy but generally applied consistently.
a-	Liquidity Coverage	a	1.25x
bbb+	Recurring Income EBITDA Interest Cover	a	2.5x
bbb	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Effective hedging.
bbb-			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Credit-Relevant ESG Derivation

Warehouses De Pauw NV/SA has 7 ESG potential rating drivers

- Sustainable building practices including Green building certificate credentials
- Portfolio's exposure to climate change-related risk including flooding
- Shift in market preferences
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	7	issues	3
not a rating driver	2	issues	2
	5	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

FitchRatings

Warehouses De Pauw NV/SA

Corporates Ratings Navigator
EMEA Real Estate and Property

Credit-Relevant ESG Derivation

Warehouses De Pauw NV/SA has 7 ESG potential rating drivers

- Warehouses De Pauw NV/SA has exposure to unsustainable building practices risk but this has very low impact on the rating.
- Warehouses De Pauw NV/SA has exposure to extreme weather events but this has very low impact on the rating.
- Warehouses De Pauw NV/SA 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.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	7	issues	3
not a rating driver	2	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Sustainable building practices including Green building certificate credentials	Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility	2
Exposure to Environmental Impacts	3	Portfolio's exposure to climate change-related risk including flooding	Property Portfolio; Profitability; Financial Structure; Financial Flexibility	1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

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) and the Sustainability Accounting Standards Board (SASB).

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Data security	Property Portfolio; Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility	4
Labor Relations & Practices	2	Impact of labor negotiations and employee (dis)satisfaction	Rental Income Risk Profile; Profitability; Financial Flexibility	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Shift in market preferences	Property Portfolio; Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility	1

Governance (G)

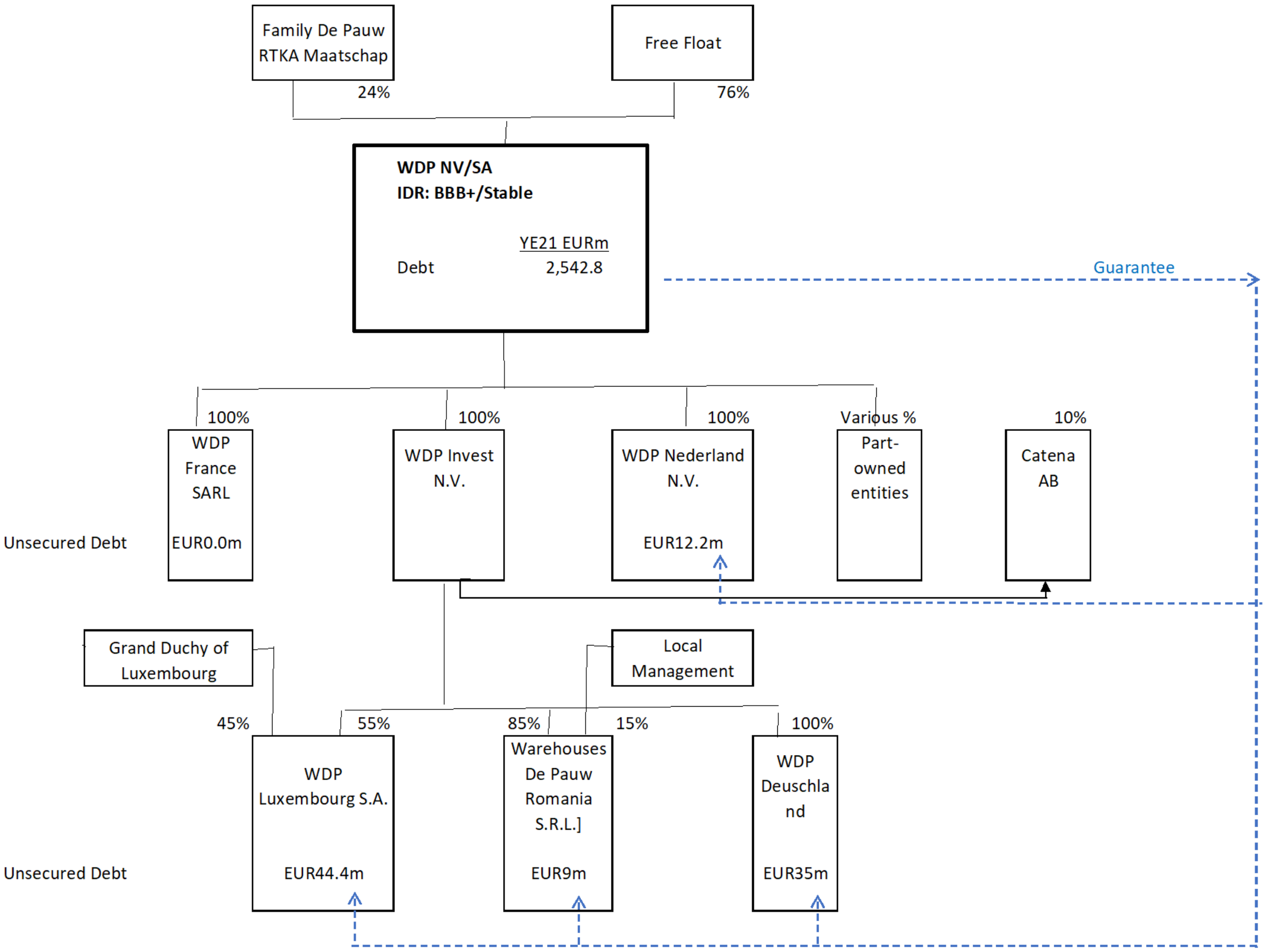
General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	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, WDP
Share ownership, and debt distribution, as at 30 June 2022

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (EURm)	EBITDA (before income from associates) (EURm)	EBITDA margin (%)	EBITDA net leverage (x)	EBITDA interest coverage (x)
Warehouses De Pauw NV/SA	BBB+						
		2021	255	253	99.0	8.6	5.5
		2020	228	220	96.4	9.6	4.9
		2019	203	198	97.8	9.3	4.9
AXA Logistics Europe Master S.C.A.	BBB+						
	BBB+	2021	143	103	72.1	4.8	2.7
		2020	113	92	81.0	3.2	4.7
		2019	55	41	74.5	8.7	0
SEGRO PLC	A-						
	A-	2021	402	316	78.6	9.8	6.9
	BBB+	2020	399	310	77.6	7.6	6.2
	BBB+	2019	379	286	75.3	6.5	6.7
	BBB+	2018	335	269	80.4	8.2	4.8
SELP Finance SARL	BBB						
	BBB	2021	243	201	82.6	10.3	9.7
	BBB+	2020	217	179	82.5	9.6	6.7
	BBB+	2019	190	157	82.8	10.2	8.4
	BBB+	2018	168	141	84.0	8.5	7.2
Tritax EuroBox plc	BBB-						
	BBB-	2021	44	31	69.5	5.6	5.3
		2020	36	25	68.8	12.9	3.3
		2019	24	16	65.5	13.6	4.0

Source: Fitch Ratings, Fitch Solutions

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	EUR4.1bn	By value: France: 25 Germany: 24 Italy:14 Netherlands: 10	3.0	5.4	Top 10: 40	Logistics	Acquisition	Big box: 100	10	3.9	n.a.
SEGRO PLC (at share)	GBP16.7bn	By value: UK: 66 France: 10 Germany: 9 Italy: 7 Poland: 4	3.2	7.2	Top 20: 31 Amazon: 5	Transport and logistics: 21 Manufacturing: 16 TMT: 11 Wholesale Dist.: 10 Post & Parcel: 9	Both	UK urban: 54 UK big box: 9 Continental Europe urban: 12 Continental Europe big box: 21	Not available	3.0	3.3
SELP Finance SARL	EUR6.9bn	By value: Germany: 28 Italy: 19 Poland: 18 France: 18 Netherlands: 5	1.8	5.7	Top 10: 27	Transport and logistics: 33 Retail: 17 Manufacturing: 17 Wholesale Dist: 12 Post & Parcel: 3	Both	Big box: 100	8.2	3.4	3.9
Tritax EuroBox plc	EUR1.3bn End-Sept 2021	By rent (Dec 2021): Germany: 48 Italy: 15 Spain: 12 Belgium: 11 Poland: 5	3.3	9.3	75	Omnichannel retail: 28 Third-party logistics: 21 Online retail: 23 Manufacturing: 9	Acquisition	Big box: 100	4.7	3.7	3.9
Warehouses de Pauw NV/SA (WDP) End-June 2022	EUR6.4bn	By value: Netherlands: 48 Belgium: 32 Romania: 16	1.1	5.4	Top 10: 29	Logistics	Development	Continental Europe urban: 50 Continental Europe big box: 23 Other: 27	7.3	4.6	4.6
VGP SA JVs at 100%	EUR5.8bn	By value: Germany: 53 Czech: 12 Spain: 10 Netherlands: 7	0.7	VGP: 9.6 JVs: 7.1	Top 10: 40 Krauss Maffei: 11 Amazon: 6	Logistics: 39 Light Ind: 32 Ecommerce: 24	Development	Big box: n.a Ind: n.a Manufacturing: n.a.	Likely very young	Weighted Average Yield: VGP: 4.6 JVs: 4.3	n.a.

Note: All data as of December 2021 unless otherwise stated
Source: Fitch Ratings, companies' disclosures

Fitch Adjusted Financials

(EUR Millions)	Notes and Formulas	Reported Values	Sum of Adjustments	Adjusted Values
31/12/2021				
Income Statement Summary				
Revenue		255		255
Operating EBITDAR		253		253
Operating EBITDAR After Associates and Minorities	(a)	253		253
Operating Lease Expense	(b)	0		0
Operating EBITDA	(c)	253		253
Operating EBITDA After Associates and Minorities	(d) = (a-b)	253		253
Operating EBIT	(e)	251		251
Debt and Cash Summary				
Total Debt with Equity Credit	(f)	2,194		2,194
Lease-Equivalent Debt	(g)	0		0
Other Off-Balance-Sheet Debt	(h)	0		0
Total Adjusted Debt with Equity Credit	(i) = (f+g+h)	2,194		2,194
Readily Available Cash and Equivalents	(j)	9		9
Not Readily Available Cash and Equivalents		0		0
Cash Flow Summary				
Operating EBITDA After Associates and Minorities	(d) = (a-b)	253		253
Preferred Dividends (Paid)	(k)	0		0
Interest Received	(l)	0		0
Interest (Paid)	(m)	-46		-46
Cash Tax (Paid)		0		0
Other Items Before FFO		2		2
Funds from Operations (FFO)	(n)	209		209
Change in Working Capital (Fitch-Defined)		-32		-32
Cash Flow from Operations (CFO)	(o)	178		178
Non-Operating/Nonrecurring Cash Flow		0		0
Capital (Expenditures)	(p)	-188		-188
Common Dividends (Paid)		-87		-87
Free Cash Flow (FCF)		-97		-97
Gross Leverage (x)				
Total Adjusted Debt/Operating EBITDAR[a]	(i/a)	8.7		8.7
FFO Adjusted Leverage	(i/(n-m-l-k+b))	8.6		8.6
FFO Leverage	(i-g)/(n-m-l-k)	8.6		8.6
Total Debt with Equity Credit/Operating EBITDA[a]	(i-g)/d	8.7		8.7
(CFO-Capex)/Total Debt with Equity Credit (%)	(o+p)/(i-g)	-0.5%		-0.5%
Net Leverage (x)				
Total Adjusted Net Debt/Operating EBITDAR[a]	(i-j)/a	8.6		8.6
FFO Adjusted Net Leverage	(i-j)/(n-m-l-k+b)	8.6		8.6
FFO Net Leverage	(i-g-j)/(n-m-l-k)	8.6		8.6
Total Net Debt with Equity Credit/Operating EBITDA[a]	(i-g-j)/d	8.6		8.6
(CFO-Capex)/Total Net Debt with Equity Credit (%)	(o+p)/(i-g-j)	-0.5%		-0.5%
Coverage (x)				
Operating EBITDA/(Interest Paid + Lease Expense)[a]	a/(-m+b)	5.5		5.5
Operating EBITDA/Interest Paid[a]	d/(-m)	5.5		5.5
FFO Fixed-Charge Coverage	(n-l-m-k+b)/(-m-k+b)	5.6		5.6
FFO Interest Coverage	(n-l-m-k)/(-m-k)	5.6		5.6

[a] EBITDA/R after dividends to associates and minorities.

Source: Fitch Ratings, Fitch Solutions, Warehouses De Pauw NV/SA

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

DISCLAIMER & DISCLOSURES