FitchRatings

Corporates
Property/Real Estate
Poland

MLP Group S.A.

Ratings

MLP Group S.A.

Long-Term IDR	BB+
Senior Unsecured Debt - Long-Term Rating	BB+(EXP)

Outlooks

Long-Term Foreign-Currency IDR	Stable

Click here for the full list of ratings

2035 Climate Vulnerability Signal: 25

The ratings reflect MLP Group S.A.'s quality portfolio of logistics assets, primarily in Poland. The portfolio is modern, with good transport links and mostly green certified. This has aided tenant demand as reflected in the portfolio's low vacancy rate and tenant churn. Fitch Ratings forecasts the group's net debt/EBITDA leverage at about 10x during 2025-2027 and EBITDA interest cover at 1.7x-2.0x.

MLP's portfolio uses mostly secured funding leaving limited income-producing unencumbered investment property assets. The planned unsecured bond is part of MLP's strategy to progressively fund itself with unsecured debt.

Key Rating Drivers

Poland-Focused Portfolio: MLP's income-producing industrial portfolio of over 1.1 million sqm, valued at PLN3.9 billion at end-1H24, is mainly in Poland (85% of value), Germany (13%) and Romania (2%). The Polish assets are in the five biggest sub-markets, including Warsaw, Łódź, Poznan and Silesia. Poland's industrial property stock has grown rapidly to reach over 30 million sqm at end-2023 (over 60% increase from 2019). Within continental Europe, Poland ranks fourth in size after Germany (100 million sqm), France (50), and the Netherlands (44).

Modern, Concentrated Assets: MLP's portfolio is highly concentrated with its top 10 logistics parks comprising 89% of total end-1H24 value (the biggest one, in Pruszków near Warsaw, constituting 29%). The portfolio includes generic big boxes (96% by value at end-1H24) and 'city logistic' (last mile) assets whose share in the mix the company plans to grow to 30% by end-2028 (city logistics constituted 61% of under construction asset value at end-1H24). Assets are predominantly new with 60% no older than five years. Almost 80% (by space) is certified at least 'BREEAM Very Good' (or German equivalent).

Development-Led Growth: MLP plans to grow through property developments. Capex reached almost PLN1 billion in 2022-2023, including land acquisitions. It had 171,000 sqm (117,000 sqm in Poland) of space under-construction across seven locations at end-1H24, with contracted capex at about PLN270 million.

At end-1H24, 47% of schemes under construction were pre-let, many adjacent to existing assets. MLP quotes a rental income yield-on-cost of 12%. MLP's land bank of 269 hectares (owned and optioned) is enough to double MLP's asset footprint, including its expansion in Germany.

Stable Operating Performance: Occupancy decreased to 92% at end-1H24 (2021-2023: 95%) as a new development was completed. The weighted average lease length to earliest-break (WALB) of 7.8 years compares well with other Fitch-rated logistics peers. Like-for-like rental growth was 11% in 2023 (1H24: 5.5%, including 5.4 percentage points due to inflation-linked indexation under its euro-denominated tenancy agreements).

Sector-Diversified Tenants: Top 10 tenants represented 38% of rental income at end-2023 and include a mix of local, mid-sized and multinational companies. The biggest tenant is L-Shop Team, a textile wholesaler, generating 7% of rent. MLP is focused on attracting light industrial tenants with nearshoring requirements.

This sector leased 34% of MLP's gross leasable area followed by third-party logistics (29%) and retail companies (28%). The share of e-commerce tenants was 9%, which limits MLP's exposure to possible lower post-pandemic demand from this sector.

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 (June 2024)

EMEA Real Estate 2024 Mid-Year Outlook (June 2024)

EMEA Real Estate: CEE Property Companies - Relative Credit Analysis (February 2024)

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

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Stable Leverage: Fitch forecasts MLP's net debt/EBITDA to increase to 10.8x in 2024 (2023: 9.4x) due to capex, land acquisitions and a slightly lower EBITDA margin affected by lower profits from utilities services to tenants as energy prices stabilised. We expect capex and land purchases to continue in 2025-2027. This should be offset by rent from completed developments and no dividend payments, leading to leverage at around 10x. We expect EBITDA interest cover to remain at about 2x (2023: 2.6x) as new debt is procured or existing debt refinanced under the current interest rate environment.

Limited FX Risk: MLP leases are euro denominated as is typical with property companies in central and eastern Europe. This matches the currency of the majority of group debt and construction contracts. As rent is usually a small share of tenants' total logistics costs (or tenants may earn in euro servicing western European markets) these entities are less sensitive to the occupancy cost increases caused by the potential devaluation of the Polish zloty. MLP reports in zloty, so euro fluctuations may distort the company's financial metrics.

Ownership Structure: MLP biggest shareholder is Israel Land Development Company Ltd, with a combined 41% economic interest but its direct control is limited. For relevant matters to be approved by MLP's supervisory board, Israel Land Development Company needs four out of six votes (or three with the chair's casting vote), whereas it has two.

MLP operates independently, including separate financing and treasury functions. Two independent supervisory board members nominated by minority shareholders, including pension and mutual funds that hold together no more than 20% of MLP's shares, also provide some independent oversight over the company's management. Fitch rates MLP based on its standalone credit profile.

Financial Summary

(PLNm)	2021	2022	2023	2024F	2025F	2026F
Gross revenue	117	153	201	256	360	413
EBITDA after associates and minorities	91	142	189	233	335	387
EBITDA margin (%)	78.3	93.0	94.1	91.0	93.1	93.6
EBITDA net leverage (x)	14.4	10.8	9.4	10.8	9.9	10.1
EBITDA interest coverage (x)	2.7	3.8	2.6	1.7	1.9	2.1

F = Forecast
Source: Fitch Ratings, Fitch Solutions

MLP Income-producing Portfolio as of End-June 2024

Country	GLA (ths sqm)	Market value (EURm)	Share of total (%)	Rental income[a] (EURm)	Share of total (%)	Occupancy (% GLA)	Average rent (EUR/sqm/month)
Poland	1,043	775	85	42	86	89	3.8
Germany	80	117	13	13	12	100	6.9
Romania	39	22	2	2	2	100	3.4
Total	**1,160**	**915**	**100**	**50**	**100**	**92**	**3.6**

[a] Annualised average gross rent
Source: Fitch Ratings, Fitch Solutions, MLP Group S.A.

Rating Derivation Relative to Peers

MLP is rated lower than Fitch-rated continental European logistic peers, including Catena AB (publ) (IDR: BBB-/Stable), Tritax EuroBox plc (BBB-/Rating Watch Positive), SELP Finance SARL (BBB/Stable), AXA Logistics Europe Master S.C.A (BBB+/Stable), Warehouses de Pauw NV/SA (BBB+/Stable) and Montea NV (BBB+/Stable). Its PLN3.9 billion Poland-focused portfolio of mostly modern big-box assets is significantly smaller and more concentrated than the rated peers'.

MLP's lease profile with a WALB of almost eight years is similar to Tritax EuroBox's and AXA's but longer than SELP's (5.7 years) and Catena's (5.1 years). Like its continental European peers MLP benefits from contractual indexation-linked annual rental uplifts. MLP's portfolio's 5% vacancy is comparable to Tritax EuroBox's. Other portfolios have lower vacancy rates. MLP focuses on development-led growth, which is also a part of the strategies of SEGRO PLC (BBB+/Stable) and Montea.

Other Fitch-rated peers are CEE property companies. The size and concentration of MLP's portfolio is similar to the EUR1 billion retail portfolio of AKROPOLIS GROUP, UAB (BB+/Stable) or Balkans Real Estate B.V.'s (BB(EXP)/Stable) EUR0.7 billion (fully consolidated) portfolio of retail (70% of market value) and office (30%) assets. However, MLP's country risk exposure is materially lower than Balkans' as most of its assets are in Poland (A-/Stable).

The portfolio of NEPI Rockcastle N.V. (BBB+/Stable), valued at EUR6.6 billion, Globalworth Real Estate Investments Limited (BBB-/Stable) at EUR2.8 billion, and Globe Trade Centre S.A. (BB+/Stable) at EUR2 billion are bigger and more diversified.

MLP's financial profile, including Fitch-forecast net debt/EBITDA at around 10x, is comparable to Global Trade Centre's, whose net debt/EBITDA we expect to decrease to 9.5x in 2027 from 11x in 2024. Akropolis has the most conservative financial profile with net debt/EBITDA forecast to be lower than 4.0x until 2027 and an end-2023 LTV below 25%. Balkans' and NEPI's net debt/EBITDA is expected below 6.0x. The financial profile of Globalworth is weaker than NEPI's.

The financial profiles of the rated logistic peers are not directly comparable as their assets are mostly in countries whose currency's interest rate environment is lower than for Poland.

Navigator Peer Comparison

	IDR/Outlook	Operating Environment	Management and Corporate Governance	Property Portfolio	Rental Income Risk Profile	Liability Profile	Access to Capital	Profitability	Financial Structure	Financial Flexibility
AKROPOLIS GROUP, UAB	BB+/Stable	a+	bb	bb+	bbb-	bb	bb+	bbb	bbb+	a-
Balkans Real Estate B.V.	BB(EXP)/Stable	bb	bb+	bb	bb	bbb	bb-	bbb	bb	bbb+
Globalworth Real Estate Investments Limited	BBB-/Stable	bbb	bbb+	bbb	bbb-	bbb	bbb	bb+	bbb	bbb+
Globe Trade Centre S.A.	BB+/Stable	bbb+	bbb	bbb	bb+	bb+	bb+	bbb	bb+	bbb
MAS PLC	BB/RWN	bbb+	bbb-	bb	bb+	bbb	bb+	bb	bbb+	bbb+
MLP Group S.A.	BB+/Stable	bbb+	bbb-	bb+	bbb	bb+	bb-	bbb-	bb	bbb+
NEPI Rockcastle N.V.	BBB+/Stable	bbb+	a-	bbb	bbb	bbb	bbb+	bbb-	a-	a-

Source: Fitch Ratings.

Relative Importance of Factor: Higher | Moderate | Lower

Rating Sensitivities

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

- Expansion of the portfolio reducing asset concentration while maintaining portfolio quality and above 95% occupancy rate
- Net debt/EBITDA less than 9.5x on a sustained basis
- EBITDA interest cover above 1.7x on a sustained basis
- Unencumbered investment property assets/unsecured debt ratio trending towards 2x

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

- Net debt/EBITDA consistently above 10.5x
- EBITDA interest cover consistently below 1.5x
- Loan-to-value above 55%
- 12-month liquidity score below 1.0x
- For the senior unsecured rating: unencumbered investment property assets/unsecured debt ratio below 1x

Liquidity and Debt Structure

Ample Liquidity: MLP held PLN251 million of readily available cash at end-1H24, which, pro forma for proceeds from the EUR300 million bond, would increase cash sources to PLN1.5 billion. This is ample to cover PLN370 million of debt maturing during the next 12 months and Fitch-estimated negative free cash flow of over PLN620 million including committed and uncommitted capex. MLP does not have committed revolving credit facilities.

Prospective Unsecured Funding Strategy: MLP's debt is mainly secured with most of its assets pledged to banks. MLP's new strategy is to progressively fund itself with unsecured debt. The proceeds from the planned unsecured bond will be mainly used to prepay some secured loans and to finance the development of new unencumbered assets. In a relatively short time this should create a meaningful unencumbered asset pool. The Fitch-calculated income-producing investment property assets/unsecured debt ratio, pro forma for the bond issuance, is forecast to reach over 1x by end-1H25.

The planned bond's draft documentation has a debt incurrence test subject to a secured net debt/total assets ratio of maximum 35%.

ESG Considerations

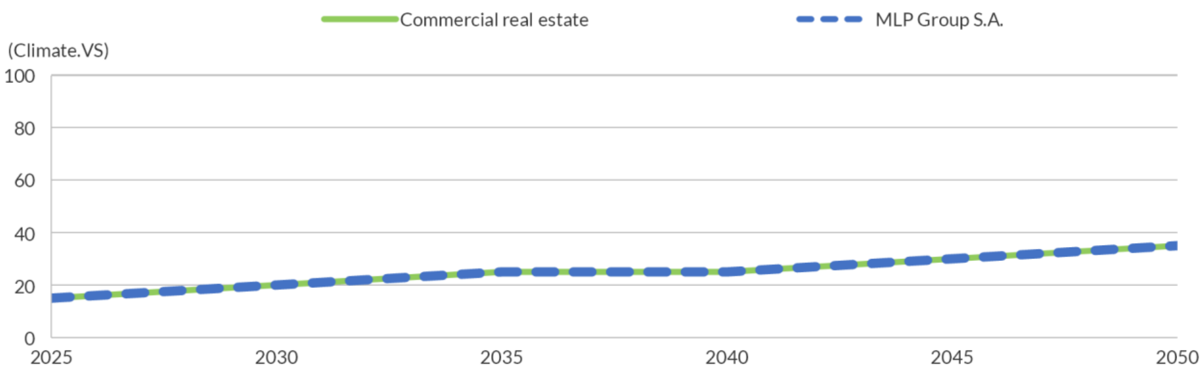
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's 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. For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Climate Vulnerability Signals for Non-Financial Corporate Sectors.

The 2023 revenue-weighted Climate.VS for MLP for 2035 is 25 out of 100, suggesting low exposure to climate related risks in that year.

Climate.VS Evolution
As of Jun 30, 2024



Source: Fitch Ratings

Liquidity and Debt Maturities

(PLNm)	30 June 2024
Fitch available cash	251
+ Undrawn portion of committed facility	-
+ Expected FCF [a]	-622
-/+ Analyst adjustments [b]	1,294
Total sources	**923**
12-month debt maturities	369
Total uses	**369**
Fitch liquidity ratio	**2.5x**

[a] Including all the capex (committed and uncommitted)
[b] Proceeds from EUR300 million planned bond.
Source: Fitch Ratings, Fitch Solutions, MLP Group S.A.

Debt maturity schedule

(PLNm)	30 June 24
2024 (June – December)	0
2025	319
2026	177
2027	789
2028	263
Thereafter	625
Total debt	**2,173**

Excludes mortgage loan amortisation.
Source: Fitch Ratings, Fitch Solutions, MLP Group S.A.

Key Assumptions

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

- Rent increase of 27% and 41% in 2024 and 2025, respectively driven mainly by the completed new developments' rental income coming on stream; like-for-like growth including the CPI indexation effect, and rent increases on renewals, limited to 2%-3% per year
- About PLN2.5 billion of construction capex and PLN715 million land acquisitions until 2027
- No dividends paid for the next four years
- Average cost of debt in 2024-2027 of about 5%
- Constant EUR/PLN exchange rate at 4.35

Financial Data

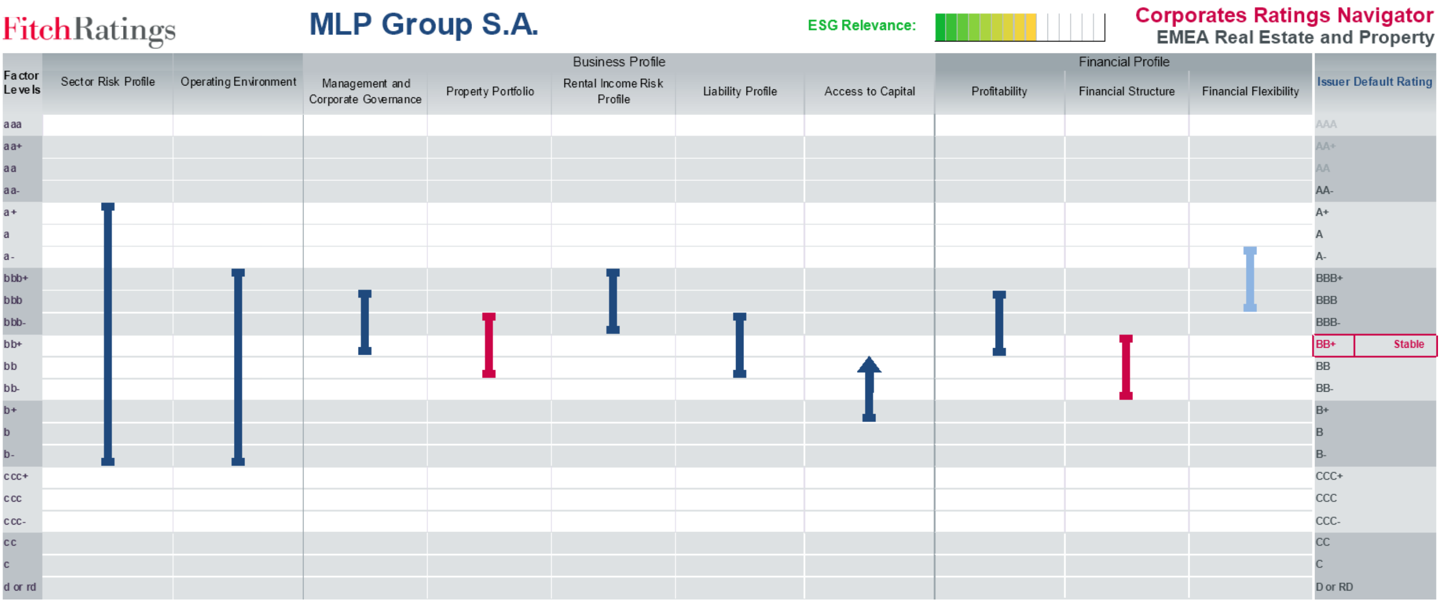
(PLNm)	2021	2022	2023	2024F	2025F	2026F
Summary income statement						
Gross revenue	117	153	201	256	360	413
Revenue growth (%)	13.0	30.9	31.4	27.4	40.5	14.9
EBITDA before income from associates	91	142	189	233	335	387
EBITDA margin (%)	78.3	93.0	94.1	91.0	93.1	93.6
EBITDA after associates and minorities	91	142	189	233	335	387
EBIT	92	142	189	233	335	387
EBIT margin (%)	78.7	93.2	94.2	91.0	93.1	93.7
Gross interest expense	-35	-42	-82	-136	-176	-185
Pretax income including associate income/loss	599	545	-61	97	159	202
Summary balance sheet						
Readily available cash and equivalents	177	315	344	817	134	65
Debt	1,491	1,856	2,113	3,331	3,434	3,981
Net debt	1,314	1,541	1,768	2,513	3,300	3,915
Summary cash flow statement						
EBITDA	91	142	189	233	335	387
Cash interest paid	-34	-38	-71	-136	-176	-185
Cash tax	-7	-7	-24	-14	-22	-28
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—	—	—
Other items before FFO	-3	-1	-35	—	—	—
FFO	51	100	59	83	136	173
FFO margin (%)	43.5	65.5	29.2	32.5	37.9	41.9
Change in working capital	84	46	47	—	—	—
CFO (Fitch-defined)	134	146	105	83	136	173
Total non-operating/nonrecurring cash flow	—	—	—	—	—	—
Capex	-533	-581	-482	—	—	—
Capital intensity (capex/revenue) (%)	456.5	380.2	240.0	—	—	—
Common dividends	—	—	—	—	—	—
FCF	-399	-435	-377	—	—	—
FCF margin (%)	-341.5	-284.6	-187.6	—	—	—
Net acquisitions and divestitures	—	—	—	—	—	—
Other investing and financing cash flow items	-42	73	-2	—	—	—
Net debt proceeds	332	333	407	1,218	103	547
Net equity proceeds	124	182	—	—	—	—
Total change in cash	14	154	29	473	-683	-69
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-533	-581	-482	-828	-922	-789
FCF after acquisitions and divestitures	-399	-435	-377	-745	-786	-616
FCF margin after net acquisitions (%)	-341.5	-284.6	-187.6	-291.1	-218.6	-149.1
Gross Leverage ratios (x)						
EBITDA leverage	16.3	13.1	11.2	14.3	10.3	10.3
CFO-capex/debt	-26.8	-23.4	-17.8	-17.2	-19.5	-8.0
Net Leverage ratios (x)						
EBITDA net leverage	14.4	10.8	9.4	10.8	9.9	10.1
CFO-capex/net debt	-30.4	-28.2	-21.3	-22.8	-20.3	-8.1
Coverage ratios (x)						
EBITDA interest coverage	2.7	3.8	2.6	1.7	1.9	2.1

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

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



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

FitchRatings

MLP Group S.A.

Corporates Ratings Navigator
EMEA Real Estate and Property

Operating Environment

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

Management and Corporate Governance

bbb+	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
bbb	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
bbb-	Group Structure	bbb	Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions.
bb+	Financial Transparency	bb	Financial reporting is appropriate but with some failings (eg: lack of interim or segment analysis)
bb			

Property Portfolio

bbb	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	b	High single asset concentration. Top 10 assets comprise more than 60% of net rental income or value.
bb+	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.
bb	Asset Quality	bbb	Prime and good secondary.
bb-	Development Exposure	bb	Committed development cost to complete of 15% 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.
bbb+	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	bbb	Smoothed lease maturity profile with no large lease expiries in the near term.
bbb-	Tenant Concentration and Tenant Credit	bb	Top 10 tenants comprise more than 30% of annual base rent revenue; high tenant credit risk.
bb+			

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	bbb	Fixed or hedged debt 50%-75% of total debt. Evidence of consistent policy.
bb+			
bb			
bb-			

Access to Capital

bb+	Sources of Capital	bb	Limited access to some of the following markets: equity, unsecured bonds/bank debt, secured debt, and joint ventures.
bb	Unencumbered Asset Pool	b	Limited unencumbered pool with adverse selection.
bb-	Absolute Scale	bb	Rent-yielding property assets of at least EUR750m.
b+			
b			

Profitability

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

Financial Structure

bbb-	Loan-To-Value	bbb	50%
bb+	Unencumbered Asset Cover	b	1.0x
bb	Managing Balance Sheet Through the Cycle	bbb	Maintenance of a suitable LTV taking asset volatility into account.
bb-	EBITDA Net Leverage	bb	10.0x
b+			

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	bbb	1.75x
bbb	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Effective hedging.
bbb-			

Credit-Relevant ESG Derivation

MLP Group S.A. has 9 ESG potential rating drivers

- Focus on low-carbon new-builds and renovations
- Buildings' energy consumption, focus on renewable sources
- 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	9	issues	3
not a rating driver	3	issues	2
	2	issues	1

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

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.

FitchRatings

MLP Group S.A.

Corporates Ratings Navigator
EMEA Real Estate and Property

Credit-Relevant ESG Derivation

MLP Group S.A. has 9 ESG potential rating drivers

- MLP Group S.A has exposure to emissions regulatory risk but this has very low impact on the rating.
- MLP Group S.A has exposure to energy productivity risk but this has very low impact on the rating.
- MLP Group S.A has exposure to unsustainable building practices risk but this has very low impact on the rating.
- MLP Group S.A has exposure to extreme weather events but this has very low impact on the rating.
- MLP Group S.A 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

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

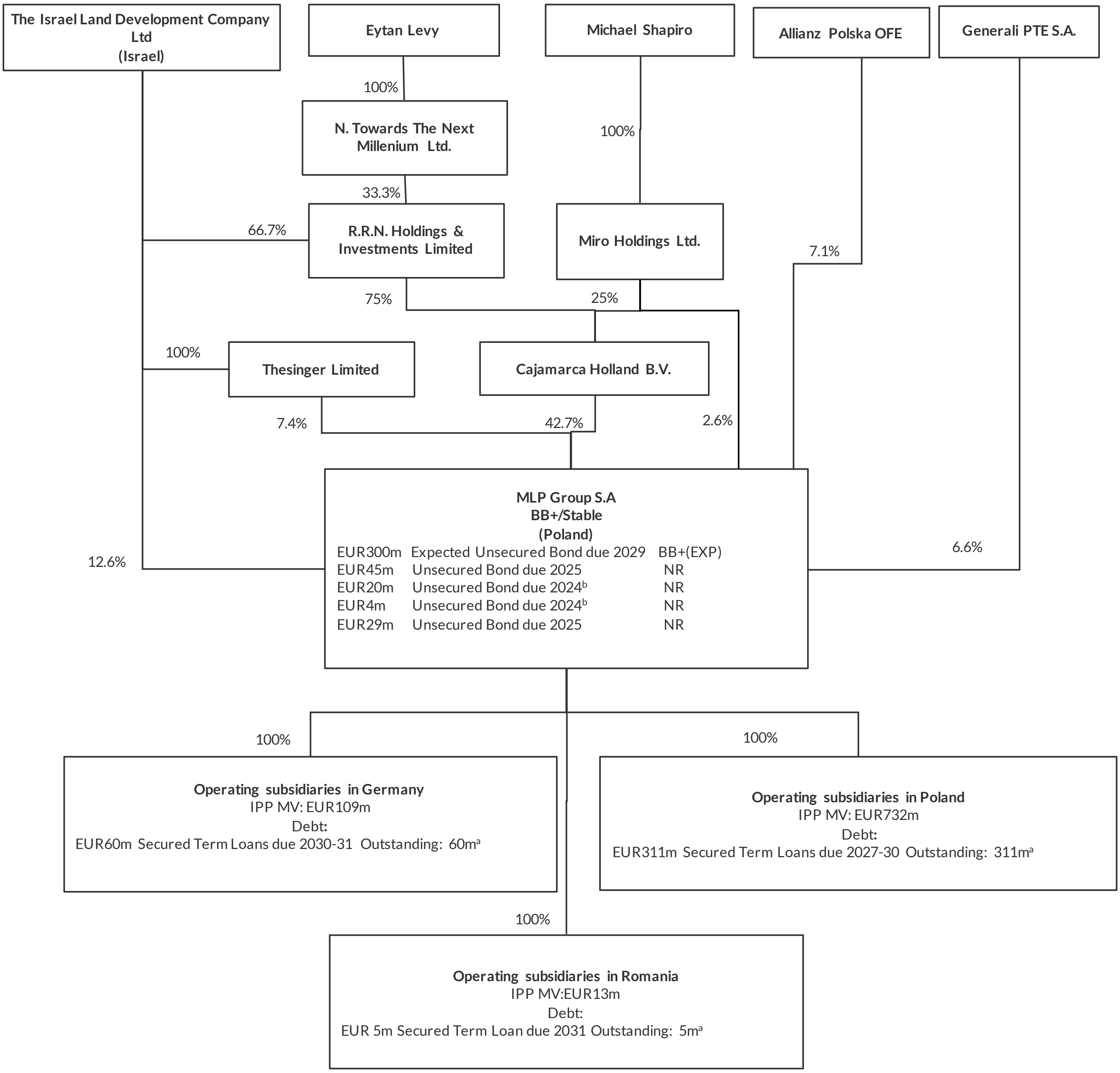
How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues 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.

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



IPP=Income Producing Properties
As at end-December 2023.
[a] Around EUR70m from the expected bond proceeds will be used to pre-pay secured loans.
[b] Repaid in 1H24; in March 2024 MLP issued EUR41m unsecured bond due 2026.
Source: Fitch Ratings, Fitch Solutions, MLP Group S.A.

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (EURm)	EBITDA after associates and minorities (EURm)	EBITDA margin (%)	EBITDA interest coverage (x)	EBITDA net leverage (x)
MLP Group S.A.	BB+						
		2023	47	44	94.1	2.6	9.4
		2022	33	30	93.0	3.8	10.8
		2021	25	20	78.3	2.7	14.4
NEPI Rockcastle N.V.	BBB+						
	BBB+	2023	510	459	89.9	5.7	4.9
	BBB+	2022	422	373	88.3	7.5	6.4
	BBB	2021	369	322	87.1	5.7	5.7
Globalworth Real Estate Investments Limited	BBB-						
	BBB-	2023	160	129	80.2	2.7	9.5
	BBB-	2022	150	123	82.0	2.7	10.6
	BBB-	2021	150	128	85.0	2.9	9.6
Globe Trade Centre S.A.	BB+						
	BB+	2023	137	105	78.0	3.7	11.4
	BBB-	2022	124	99	80.5	3.6	11.5
	BBB-	2021	130	110	84.7	3.6	12.2
MAS PLC	BB						
	BB	2023	67	55	82.7	3.0	7.0
	BB	2022	42	50	74.2	3.3	5.7
	BB	2021	52	49	76.9	5.9	2.5
AXA Logistics Europe Master S.C.A.	BBB+						
	BBB+	2023	243	167	71.0	6.8	4.0
	BBB+	2022	198	127	66.0	6.4	7.2
	BBB+	2021	143	103	72.1	6.2	5.0
Catena AB (publ)	BBB-						
	BBB-	2023	162	125	77.3	3.6	8.2
	BB+	2022	139	105	75.7	5.1	7.4
	BB+	2021	135	102	76.1	4.6	9.5
SELP Finance SARL	BBB						
	BBB	2023	308	260	84.5	3.8	9.3
	BBB	2022	277	225	81.2	4.1	9.9
	BBB+	2021	243	201	82.6	9.7	10.0
Warehouses De Pauw NV/SA	BBB+						
	BBB+	2023	337	322	95.5	9.2	7.4
	BBB+	2022	293	291	99.1	6.9	8.4
		2021	255	252	98.7	5.8	8.7
Tritax EuroBox plc	BBB-						
	BBB-	2023	68	50	74.0	9.6	14.4
	BBB-	2022	55	36	65.7	4.1	17.1
	BBB-	2021	44	31	69.5	5.3	5.6
AKROPOLIS GROUP, UAB	BB+						
	BB+	2023	84	80	94.8	5.1	3.1
	BB+	2022	75	70	93.2	6.4	4.3
	BB+	2021	53	51	96.2	16.8	7.1
Balkans Real Estate B.V.	BB(EXP)						
	BB(EXP)	2022	90	48	58.3	3.3	7.3
		2021	62	33	53.0	2.6	11.7

Source: Fitch Ratings, Fitch Solutions

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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 (%)
MLP Group S.A.	PLN3.7bn (EUR0.9bn)	By value: Poland: 86 Germany: 13 Romania: 1	5.0	7.4	Top10: 38 (mix of international and more local)	Manufacturing: 34 (% GLA) Logistics: 29 Retail: 28 E-commerce: 9	Development	Big box: 93 Urban: 7	Est. about 7	Net true equivalent yield: Poland: 5.9 Germany: 4.6 Romania: 4.5	Reversionary: Poland: 6.7 Germany: 4.6 Romania: 7.9
AXA Logistics Europe Master S.C.A	EUR4.9bn	By value: France: 25 Germany: 20 UK:13 Sweden: 12 Italy: 11	1.1	6.6	Top 10: 39 Amazon: 13	Logistics	Acquisition	Distribution warehouses: 75% Last mile: 9% E-fulfilment centre: 7% Other: 9%	n.a.	4.7	n.a.
Catena AB	EUR2.7bn	By value: Sweden: 92% Denmark: 8%	3.4	5.1	Top 10: 44	Logistics & Transport: 38 Food & Beverage: 25 Durable Goods: 18 Other: 20	Both	Warehouses: 52 Distribution centres: 36 Terminals: 11	n.a.	5.4	5.5
SEGRO PLC (at share)	GBP17.8bn	By value: UK: 63 France: 11 Germany: 11 Italy: 7 Poland: 4	5.0	7.3	Top 20: 32	Transport and logistics: 23 Retail: 10 Manufacturing: 16 TMT: 11 Wholesale Dist.: 8 Post & Parcel: 9	Both	UK urban: 52 UK big box: 9 Cont Europe urban: 14 Cont Europe big box: 23	n.a.	4.0	4.3
SELP Finance SARL	EUR6.7bn	By value: Germany: 28 Italy: 18 France: 18 Poland: 19	1.5	5.7	Top 10: 27 Top 20: 39 Amazon: 7	Transport and logistics: 36 Retail: 29 Manufacturing: 18 Wholesale dist.: 8	Both	Big box: 98 Urban Warehouses: 2	9.2	Net true equivalent yield: 5.5	n.a.

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 (%)
		Spain: 6 Netherlands: 7				Post and parcel: 3					
Tritax EuroBox plc End-Sept 2023	EUR1.56bn	By rent: Germany: 43 Italy: 13 Spain: 14 Belgium: 11 Netherlands: 12	5	7.9	Top 10: 75	Omnichannel retail: 22 Third-party logistics: 25 Online retail: 21 Manufacturing: 9 (As of Sept-2023)	Acquisition	Big box: 100	5.5	4.2	4.3
Tritax Big Box plc	GBP4.8bn	UK:100	2.5	11.4	Top 10: 49	Online retail: 22 Food retail: 16 Home and DIY: 13 Other retail: 11	Both	Big box: 100	10	4.2	4.6
Warehouses de Pauw NV/SA (WDP)	EUR 6.1bn	By value: Netherlands: 43 Belgium: 34 Romania: 18 France: 3	1.5	5.3	Top 10: 29 (Excl. Solar)	Industrial: 18 Retail (food): 17 FMCG: 14 Retail (non-food): 10 Food, fruit & veg: 8	Development	General warehouse: 56 Big box: 23	8.0	5.3	5.3
VGP SA JVs at 100%	EUR7.2bn	By value: Germany: 53 Czech Republic: 12 Spain: 8 Netherlands: 7	VGP: 1.2 JVs: 1	VGP: 8.9 JVs: 7.3 Combined: 7.9	Top 10: 32 Amazon: 5	Logistics: 43 Light ind: 35 Ecommerce: 20 Other: 2	Development	Big box: n.a Ind: n.a Manufacturing: n.a.	3.7	Weighted average yield: VGP: 6.2 JVs: 5.0	n.a.

Note: All data as of December 2023 unless otherwise stated
Source: Fitch Ratings, companies' disclosures

Fitch Adjusted Financials

(PLNm as of 31 Dec 2023)	Notes and formulas	Standardised values	Fair value and other debt adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		361	—	—	-160	201
EBITDA	(a)	-79	—	-1	269	189
Depreciation and amortization		-1	—	1	—	0
EBIT		-80	—	-0	269	189
Balance sheet summary						
Debt	(b)	2,114	-1	—	-1	2,113
Of which other off-balance-sheet debt		—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—
Lease-adjusted debt		2,114	-1	—	-1	2,113
Readily available cash and equivalents	(c)	344	—	—	—	344
Not readily available cash and equivalents		9	—	—	—	9
Cash flow summary						
EBITDA	(a)	-79	—	-1	269	189
Dividends received from associates less dividends paid to minorities	(d)	—	—	—	—	—
Interest paid	(e)	-72	—	0	0	-71
Interest received	(f)	—	—	—	—	—
Preferred dividends paid	(g)	—	—	—	—	—
Cash tax paid		-24	—	—	—	-24
Other items before FFO		233	—	1	-269	-35
FFO	(h)	59	—	-0	0	59
Change in working capital		47	—	—	—	47
CFO	(i)	105	—	-0	0	105
Non-operating/nonrecurring cash flow		—	—	—	—	—
Capex	(j)	-482	—	—	—	-482
Common dividends paid		—	—	—	—	—
FCF		-377	—	-0	-0	-377
Gross leverage (x)						
EBITDA leverage	b / (a+d)	-26.8	—	—	—	11.2
(CFO-capex)/debt (%)	(i+j) / b	-17.8	—	—	—	-17.8
Net leverage (x)						
EBITDA net leverage	(b-c) / (a+d)	-22.4	—	—	—	9.4
(CFO-capex)/net debt (%)	(i+j) / (b-c)	-21.3	—	—	—	-21.3
Coverage (x)						
EBITDA interest coverage	(a+d) / (-e)	-1.1	—	—	—	2.6

CFO – Cash flow from operations
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.
Debt in the standardised values column excludes lease liabilities of PLN58.743m.
Source: Fitch Ratings, Fitch Solutions, MLP Group S.A.

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