FitchRatings

Corporates
Property/Real Estate
United Kingdom

LondonMetric Property Plc

LondonMetric Property Plc's first-time ratings reflect an all-UK core Distribution logistics property portfolio of GBP2.8 billion at end-September 2024, weighted towards urban logistics, with proven rent reversion, high occupancy, and long leases. These types of assets are core to a retailer's or a distributor's logistics network, as shown by this portfolio's high 90% tenant retention rate.

The group's Long Income portfolio of GBP3.2 billion shares similar traits of contractual rent increases, high occupancy and longer leases. These specialist assets include Merlin Entertainment's theme parks, Ramsay's private hospitals, and Travelodge's budget hotels.

LondonMetric continues to be conservatively financed, aided by recent equity-funded M&A activity. Fitch projects a pro forma net debt/EBITDA at around 7x and interest cover at a comfortable 3x.

Key Rating Drivers

Rental Income-Focussed: A combination of the group's long weighted average lease length to earliest break (WALB, 17.7 years), high occupancy (99%), and contractual CPI/RPI or fixed rent uplifts (78% of the portfolio), some with minimum annual cash rent increases, results in rent visibility and stability. This is underpinned by the fundamentals of LondonMetric's core UK Distribution portfolio, which includes mega and regional distribution and urban logistics. Their embedded rent reversionary potential reflects quality asset selection, location, the size of these assets, and their underlying demand.

Mission-Critical Assets: LondonMetric has targeted key units that are "mission-critical" to retailers' and logistics' established distribution networks. In assessing these properties, the group calculates their rent potential relative to operators' larger transport, labour and other operating costs. Such properties offer an enduring service, including supporting the UK's growth in ecommerce. This approach is also consistent with LondonMetric's smaller portfolios of drive-thru and convenience service assets (quick restaurants and local Co-op type stores).

Long-Dated WALB and Purpose: The long WALB provides the landlord with long-term income and the tenant with the security of an extended tenure. Indications of a tenant's intention to stay long-term include their investment in operational automation and the building's ESG credentials, and the unit's strategic importance within its national and regional distribution network. In the Distribution and Convenience portfolios, LondonMetric actively seeks to re-gear and extend a lease as its WALB shortens towards five to seven years, thereby maintaining the portfolios' WALB at 11 and 12.3 years, respectively.

Specialist Long-Term Income Portfolio: The very long leases for the former LXi portfolio's Merlin Entertainments sites (53 years to expiry), Ramsay private hospitals (12.6 years) and Travelodge budget hotels (25 years) share the same investment strategy of long-stay and specialist properties with dedicated operators. The portfolios' properties also benefit from established locations, some with sites of critical mass.

Capturing Cash Rent Increases: Within the core Distribution portfolio, LondonMetric has posted significant five-yearly rent increases above previous passing rent from lease lettings and re-gearing (FY24: 37%, FY23: 26%, year-end March). Rent reviews have also resulted in material increases (FY24: 21%, FY23: 16%, on a five yearly equivalent basis). On a group basis, LondonMetric receives annual cash rent uplifts on 42% of the portfolio, while 50% of the portfolio has rent increases at five-year intervals.

Ratings

Long-Term IDR	BBB+
Senior Unsecured Debt-Long-Term Rating	A–

Outlook

Long-Term Foreign-Currency IDR	Stable

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	3
2035 Climate Vulnerability Signal:	25

Applicable Criteria

Corporate Rating Criteria (December 2024)

Sector Navigators — Addendum to the Corporate Rating Criteria (December 2024)

Corporate Recovery Ratings and Instrument Ratings Criteria (August 2024)

Related Research

Global Corporates Macro and Sector Forecasts

Global Economic Outlook (March 2025)

EMEA Real Estate Outlook 2025 (December 2024)

EMEA Real Estate — The Adverse Effects of Rising Interest Rates: 2024 Update (December 2024)

Property Companies' Low-Coupon Debt Beneficial to Take-Private Offers (September 2024)

EMEA Real Estate: Logistics Property Companies —Relative Credit Analysis (February 2025)

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Post-M&A Portfolio: The acquisitions of LXi's GBP2.9 billion of investment properties in March 2024 and CT Property Trust's (CTPT) GBP0.3 billion in May 2023 — both through all-shares transactions — have expanded LondonMetric's portfolio. They complement the Long Income portfolio and industrial assets. As part of its strategy to refine the portfolio, LondonMetric has sold GBP231 million of these acquired non-core properties. Management targets a portfolio mix of at least 50% Distribution assets by value (end-September 2024: 45%).

Tenant Concentrations: Management's disciplined approach seeks to reduce high tenant concentrations, where its top 10 tenants currently contribute 37% of total income. This includes Ramsay Health Care at 11%, followed by Merlin Entertainments at 9% and Travelodge at 6%. The remaining tenants are each below 2% and include typical retailers such as Primark, Tesco and Sainsbury/Argos with their distribution centres and some superstores; logistics companies like Great Bear Distribution and Amazon; and industrial units.

Specialist Assets' Rental Evidence: The contractual rent uplifts for some of the specialist buildings, such as private hospitals and entertainment sites, partly mitigate the lack of readily available open market rent review evidence for some of these assets. These rents therefore rely on a tenant's covenant, rent affordability, assessments of the asset's alternative use, and the enduring viability of the asset's purpose. Due to their higher net income yield (NIY), Fitch has applied a lower debt capacity to these asset types when setting the group's rating sensitivities relative to the profiles of commercial property peers.

Pro forma Profile: Fitch forecasts LondonMetric's net debt/EBITDA at around 7x for FY25, and a comfortable interest coverage above 3x, after including the full-year effects of LXi and CTPT. Fitch uses cash rents, reflecting actual payments received, rather than using IFRS rental income, which straight-lines future years' fixed rent uplifts and tenant incentives over the lease term. Fitch uses 1HFY25 annualised net contractual rent of GBP345.6 million (net of Merlin's income strip). Consistent with the group's historical profile, Fitch-calculated loan-to-value (LTV) forecast is 34% at FYE25.

Senior Unsecured Debt Uplift: Historically, LondonMetric has used unsecured debt. The enlarged group inherited LXi asset-specific secured debt, some of which has been prepaid with new unsecured funding at the LondonMetric-level, and others are planned for repayment. Nevertheless, the Fitch-calculated unencumbered investment properties/unsecured debt ratio is expected to remain above 2.0x (even after excluding the specialist properties) and warrants the senior unsecured rating uplift to 'A–'.

Financial Summary

(GBPm)	FY23	FY24	FY25F	FY26F	Y27F	FY28F
Gross revenue	147	178	342	374	397	418
EBITDA after associates and minorities	129	157	300	328	348	367
EBITDA margin (%)	87.7	87.4	87.7	87.8	87.8	87.8
EBITDA net leverage (x)	7.7	12.9	6.6	7.0	7.2	7.3
EBITDA net interest coverage (x)	4.2	4.5	3.7	3.8	3.4	3.2

The historic profile is from LondonMetric's annual accounts using IFRS rental income, whereas the forecast years use cash-based rents (without straight-lining of rental income or tenant incentives).
Source: Fitch Ratings, Fitch Solutions

LondonMetric Property plc
Property Portfolio at End-September 2024 (Financial Year Ending March)

Asset class	Distribution/Logistics (45% of portfolio value); Long Income: retail (15%), healthcare (16%), hotels and theme parks (21%); Other (3%)
Geography (by fair value)	UK (99% of portfolio value), Germany (1%)
Portfolio size	GBP6.2 billion
Passing rent	GBP343.6 million
GLA	2.4 million sq m
Occupancy	99%
EPRA net initial yield (NIY)	5.3% (of which Distribution 4.7%, Long Income 5.8%)

EPRA — European Public Real Estate Association.
Source: Fitch Ratings, LondonMetric Property plc

Peer Analysis

LondonMetric's closest peer is the UK logistics company SEGRO PLC (IDR: BBB+/Stable, end-2024 GBP15.1 billion portfolio).

Development Appetite: SEGRO has a greater exposure to property development activity which entails planning permission, construction, completion, valuation and pre-let risks. In contrast, LondonMetric has a minimal exposure to forward-funded units, so it benefits less from a premium yield-on-cost or valuation uplift from well-managed development risk. SEGRO's development appetite adversely affected its previous 'A–' IDR when interest rates increased in 2022. These increases reduced its portfolio valuations, leading SEGRO to write down its acquired undeveloped land bank. Additionally, SEGRO did not issue its GBP0.9 billion equity until 1Q24.

Quality Portfolios, NIYs: The two entities' net initial yields (SEGRO: UK only: 4.1%, group 4.4% for end-December 2024; LondonMetric: Distribution for end-September 2024: 4.7%, group 5.3%) reflect the more regional portfolio of LondonMetric's multi-landlord locations against the self-managed critical mass campuses of SEGRO (Slough Trading Estate, Park Royal, East Midlands Gateway and Coventry).

The average rent will be higher for SEGRO given the greater proportion of its portfolio in London and south-east England. SEGRO's portfolio will be younger given the group's approach of self-development with some standing acquisition. LondonMetric's end-September 2024 occupancy of 98% for Distribution compares with SEGRO's variable levels (end-2024: 94%). LondonMetric's five-year tenant retention rate of 90% compares with SEGRO's equivalent at 80%.

Capturing Rent Reversion: Both companies quote significant rent reversion. Fitch calculates that SEGRO has recently captured higher rent increases. We believe it has achieved its published estimated rental values (ERVs), which show the degree of rent increase upon rent reviews, an increase on passing rent (probably set five years ago) and some re-gearing. SEGRO achieves higher rent increases (2024: 43%, 2023: 40% and 2022: 28%; compared with LondonMetric 1HFY25: 18%, FY24: 21%, FY23: 16%, albeit excluding its re-gears). Both companies' figures are five-year equivalents.

Fitch believes this is because:

- SEGRO's five-year reviews are at open market rent values whereas LondonMetric has a greater proportion (60% of the portfolio) of annual fixed or CPI/RPI increases, some capped;
- SEGRO's UK WALB is 8.5 years against LondonMetric's Distribution portfolio at 11 years, meaning SEGRO has shorter leases and more frequent breaks or re-leasing to capture ERVs; and
- SEGRO's portfolio also includes its core London-weighted campuses where rents will be higher.

When, if, the UK logistics market no longer has significant ERVs, LondonMetric will be protected by its fixed and minimal, some CPI/RPI, contractual rent uplifts, whereas SEGRO will be negotiating more (albeit upward-only) rent reviews and lease expiries.

EPRA Cost Ratio: LondonMetric has a lower European Public Real Estate Association (EPRA) cost ratio (property and admin expenses include vacant property costs/gross rents, 1HFY25: 7.6%) than European peers, at about 10%–12%. The acquisition of LXi REIT Plc in 2024 has not adversely affected this ratio. We attribute this to a lean head office and the portfolio's assets' triple-net-lease structure. Conversely, SEGRO's EPRA cost ratio was a high 24% reflecting unrecovered property outgoings, some of which are attributable to its property development activities.

Different Rating Sensitivities: Although SEGRO and LondonMetric share the same IDR, Fitch's rating sensitivities differentiate their financial profiles. SEGRO's net debt/EBITDA negative sensitivity to 'BBB' IDR is above 9.5x, whereas LondonMetric's is above 8.5x (blending the lower debt capacity of the specialist portfolios). LondonMetric's financial profile, LTV and tapping of new equity have been steadier than SEGRO's over recent years.

Navigator Peer Comparison

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

Source: Fitch Ratings

Relative Importance of Factor: Higher | Moder | Lower

Rating Sensitivities

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

- Net debt/EBITDA, based on the current portfolio mix, above 8.5x
- Net interest cover below 2.5x
- Affecting the senior unsecured rating: secured debt/total debt above 20% (Fitch FYE25 forecast: 38%)

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

- Completion of planned, management-preferred, portfolio mix after the LXi merger
- Reduction in significant tenant concentrations
- Net debt/EBITDA, adjusted for the portfolio mix, below 7.5x
- Net interest cover above 3.0x

Liquidity and Debt Structure

LondonMetric's end-1HFY25 liquidity included cash of GBP85 million and GBP748 million availability under its revolving credit facilities (RCFs), reducing to about GBP540 million with April 2026 expiries. These cover GBP350 million of debt maturing in September/October 2025. At end-1HFY25, the group's average loan tenor was about 4.8 years with a weighted average cost of debt of about 4%. Despite end-1HFY25 cost of debt being burdened by LXi's legacy high fixed coupon secured debt, group EBITDA net interest cover is forecast at above 3.5x for FY25.

LondonMetric's debt is fully hedged until September 2026, when some of the interest hedges expire. Fitch assumes an increase in cost of debt as these existing interest rate hedges, with weighted average caps/swaps of 2.42%, expire and are replaced by market-rate instruments. Even then, Fitch forecasts net interest cover to remain above 3.0x.

Much of the unsecured debt, is held at the parent level. Secured creditors (at former LXi entities, A&J Mucklow or CT Property Trust) only have recourse to the property company owning the pledged asset, and not to the wider group. Although Fitch expects the secured debt/total debt ratio to be 38% at FYE25, this will decrease as the group reduces secured funding, as liability management opportunities arise.

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, click here.

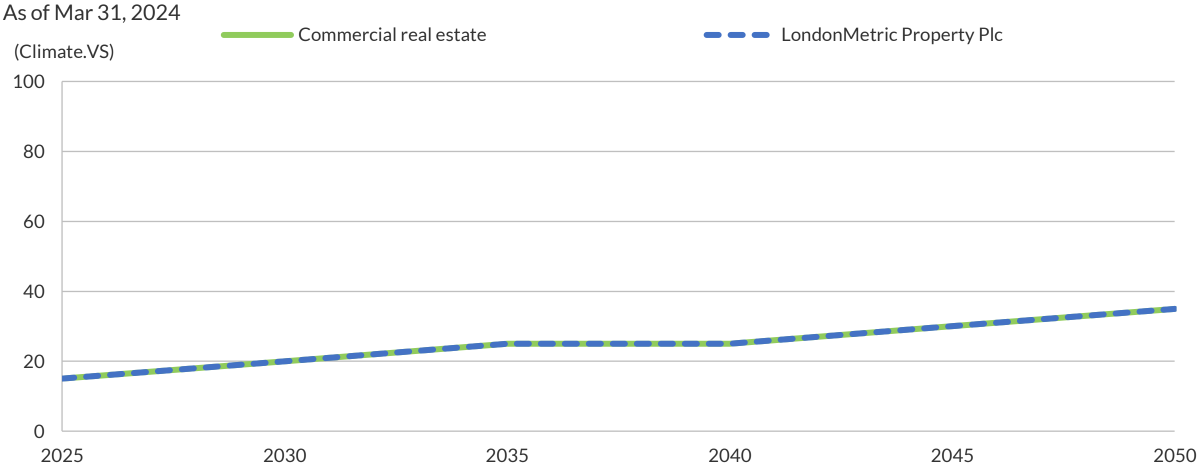
Climate Vulnerability Considerations

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 FY24 revenue-weighted Climate Vulnerability Signal (Climate.VS) for LondonMetric Property plc for 2035 is 25 out of 100, suggesting low exposure to climate-related risks in that year.

Climate.VS Evolution

As of Mar 31, 2024



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(GBPm)	2025F	2026F
Available liquidity		
Beginning cash balance	52	57
Rating case FCF after acquisitions and divestitures	44	-321
Addback uncommitted capex	—	207
Total available liquidity (A)	**97**	**-58**
Liquidity uses		
Debt maturities	-40	-349
Total liquidity uses (B)	**-40**	**-349**
Liquidity calculation		
Ending cash balance (A+B)	57	-407
Revolver availability	748	543
Ending liquidity	**805**	**136**
Liquidity score (x)	21.1	1.4

Source: Fitch Ratings, Fitch Solutions, LondonMetric Property Plc

Scheduled Debt Maturities

(GBPm)	31 Mar 2024
2025	40
2026	349
2027	372
2028	100
2029	519
Thereafter	707
Total	**2,087**

Source: Fitch Ratings, Fitch Solutions, LondonMetric Property Plc

Key Assumptions

Key Assumptions within Our Rating Case for the Issuer

- Fitch's forecasts use annualised cash rents so that all assets acquired or leased part-way during the year make a full-year contribution to rents relative to year-end debt
- Fitch uses actual contractual rental uplifts for the Merlin assets, as well as Travelodge and Ramsay portfolios. For the rest of the portfolio, RPI/CPI rental uplifts are calculated using Fitch's UK inflation forecasts under its December 2024 Global Economic Outlook. Open market reviews are assumed to achieve at least rent increases that match inflation. Fixed uplifts are forecast at around 2% a year
- Acquisition spend of about GBP300 million in FY25 with yield income at 6% (in line with completed 1HFY25 acquisitions) followed by GBP160 million in FY26 and around GBP100 million a year thereafter
- Disposals of GBP353 million and GBP24 million in FY25 and FY26, respectively, mostly comprising non-core assets from the acquired LXi portfolio
- Development spend (mostly forward-funded) of about GBP450 million during FY25–FY28
- Average cost of debt at 4.5%–5%, reflecting the embedded high cost (some floating rate) on the inherited LXi REIT secured debt. Fitch's UK interest rate assumptions under its December 2024 Global Economic Outlook are used for variable debt costs
- Dividends at 90% of Fitch's cash rents-based funds from operations. This does not include the benefit of LondonMetric's five-year history of scrip dividends averaging 7.4% of total dividends
- No additional equity

Financial Data

(GBPm)	FY23	FY24	FY25F	FY26F	2FY27F	FY28F
Summary income statement						
Gross revenue	147	178	342	374	397	418
Revenue growth (%)	10.1	21.4	91.8	9.5	6.0	5.5
EBITDA before income from associates	129	156	300	328	348	367
EBITDA margin (%)	87.7	87.4	87.7	87.8	87.8	87.8
EBITDA after associates and minorities	129	157	300	328	348	367
EBIT	129	156	300	328	348	367
EBIT margin (%)	87.7	87.4	87.7	87.8	87.8	87.8
Gross interest expense	-33	-42	-81	-87	-103	-113
Pretax income including associate income/loss	70	128	221	244	247	256
Summary balance sheet						
Readily available cash and equivalents	24	52	166	46	54	22
Debt	1,015	2,087	2,155	2,355	2,555	2,705
Net debt	991	2,035	1,989	2,309	2,502	2,683
Summary cash flow statement						
EBITDA	129	156	300	328	348	367
Cash interest paid	-33	-44	-81	-87	-103	-113
Cash tax	-0	-1	—	—	—	—
Dividends received less dividends paid to minorities (inflow/outflow)	0	2	—	—	—	—
Other items before FFO	-13	-53	—	—	—	—
FFO	84	68	218	242	245	254
FFO margin (%)	57.1	37.9	63.9	64.7	61.8	60.7
Change in working capital	13	11	—	—	—	—
CFFO (Fitch-defined)	96	78	218	242	245	254
Total non-operating/nonrecurring cash flow	—	—	—	—	—	—
Capex	-275	-63	—	—	—	—
Capital intensity (capex/revenue) (%)	187.4	35.5	—	—	—	—
Common dividends	-83	-91	—	—	—	—
FCF	-262	-76	—	—	—	—
FCF margin (%)	-178.5	-42.4	—	—	—	—
Net acquisitions and divestitures	—	73	—	—	—	—
Other investing and financing cash flow items	260	185	—	—	—	—
Net debt proceeds	-10	-100	68	200	200	150
Net equity proceeds	-6	-3	—	—	—	—
Total change in cash	-19	79	114	-120	8	-32
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-358	-80	-173	-562	-438	-436
FCF after acquisitions and divestitures	-262	-2	46	-320	-193	-182
FCF margin after net acquisitions (%)	-178.5	-1.2	13.4	-85.5	-48.5	-43.4
Gross leverage ratios (x)						
EBITDA leverage	7.9	13.3	7.2	7.2	7.3	7.4
(CFFO-capex)/debt	-17.6	0.7	8.9	1.4	5.3	5.7
Net leverage ratios (x)						
EBITDA net leverage	7.7	12.9	6.6	7.0	7.2	7.3
(CFFO-capex)/net debt	-18.0	0.7	9.6	1.5	5.4	5.7
Coverage ratios (x)						
EBITDA interest coverage	3.9	3.6	3.7	3.8	3.4	3.2

CFFO — Cash flow from operations. The historic profile is from LondonMetric's annual accounts using IFRS rental income, whereas the forecast years uses cash-based rents (without straight-lining of rental income or tenant incentives).
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

LondonMetric Property Plc

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

aa-	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
a+	Governance Structure	a	Experienced board exercising effective check and balances. Ownership can be concentrated among several shareholders.
a	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
a-	Financial Transparency	a	High quality and timely financial reporting.
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.
a-	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.
bbb-	Development Exposure	a	Committed development cost to complete of up to 5% of investment properties. Limited speculative development.

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 Lease Maturity Profile	a	Lease duration (or average tenure for residential) longer than seven years with large majority renewed. Smoothed lease maturity profile with no large lease expiries in the medium term.
bbb+	Rental Income Volatility	bbb	Sustained rental income growth and/or average volatility in rents compared to comparable sector levels. Less reversionary potential in rents in the near term.
bbb	Tenant Concentration and Tenant Credit	bb	Top 10 tenants comprise more than 30% of annual passing rent ; above-average tenant credit risk.
bbb-			

Liability Profile

a-	Debt Maturity Profile	bbb	Average debt tenor above five years. No year represents more than 20% of total debt.
bbb+	Interest Rate Hedging Profile	bbb	Fixed or hedged debt above 60% of total debt (recent period-end measured) with average interest rate maturity above five years. Evidence of consistent policy.
bbb			
bbb-			
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

bbb+	FFO Dividend Cover	bbb	1.1x
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

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	EBITDA Net Leverage	a	8.0x
bbb-			

Financial Flexibility

aa-	Financial Discipline	a	Clear commitment to maintaining a conservative policy with only modest deviations allowed.
a+	Liquidity Coverage	a	No need for external funding beyond committed facilities in the next 12 months even under a severe stress scenario. Well-spread maturities. Diversified funding.
a	Recurring Income EBITDA Interest Cover	aa	3.0x
a-	FX Exposure	aa	No material FX mismatch.
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

LondonMetric Property Plc 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.

FitchRatings

LondonMetric Property Plc

Corporates Ratings Navigator
EMEA Real Estate and Property

Credit-Relevant ESG Derivation

LondonMetric Property Plc has 9 ESG potential rating drivers

- LondonMetric Property Plc has exposure to emissions regulatory risk but this has very low impact on the rating.
- LondonMetric Property Plc has exposure to energy productivity risk but this has very low impact on the rating.
- LondonMetric Property Plc has exposure to unsustainable building practices risk but this has very low impact on the rating.
- LondonMetric Property Plc has exposure to extreme weather events but this has very low impact on the rating.
- LondonMetric Property Plc 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	E Relevance
GHG Emissions & Air Quality	3	Focus on low-carbon new-builds and renovations	Property Portfolio; Rental Income Risk Profile; Access to Capital; Profitability	5
Energy Management	3	Buildings' energy consumption, focus on renewable sources	Property Portfolio; Rental Income Risk Profile; Access to Capital; Profitability	4
Water & Wastewater Management	2	Buildings' water consumption, recycling	Property Portfolio; Profitability	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

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
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) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
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

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.

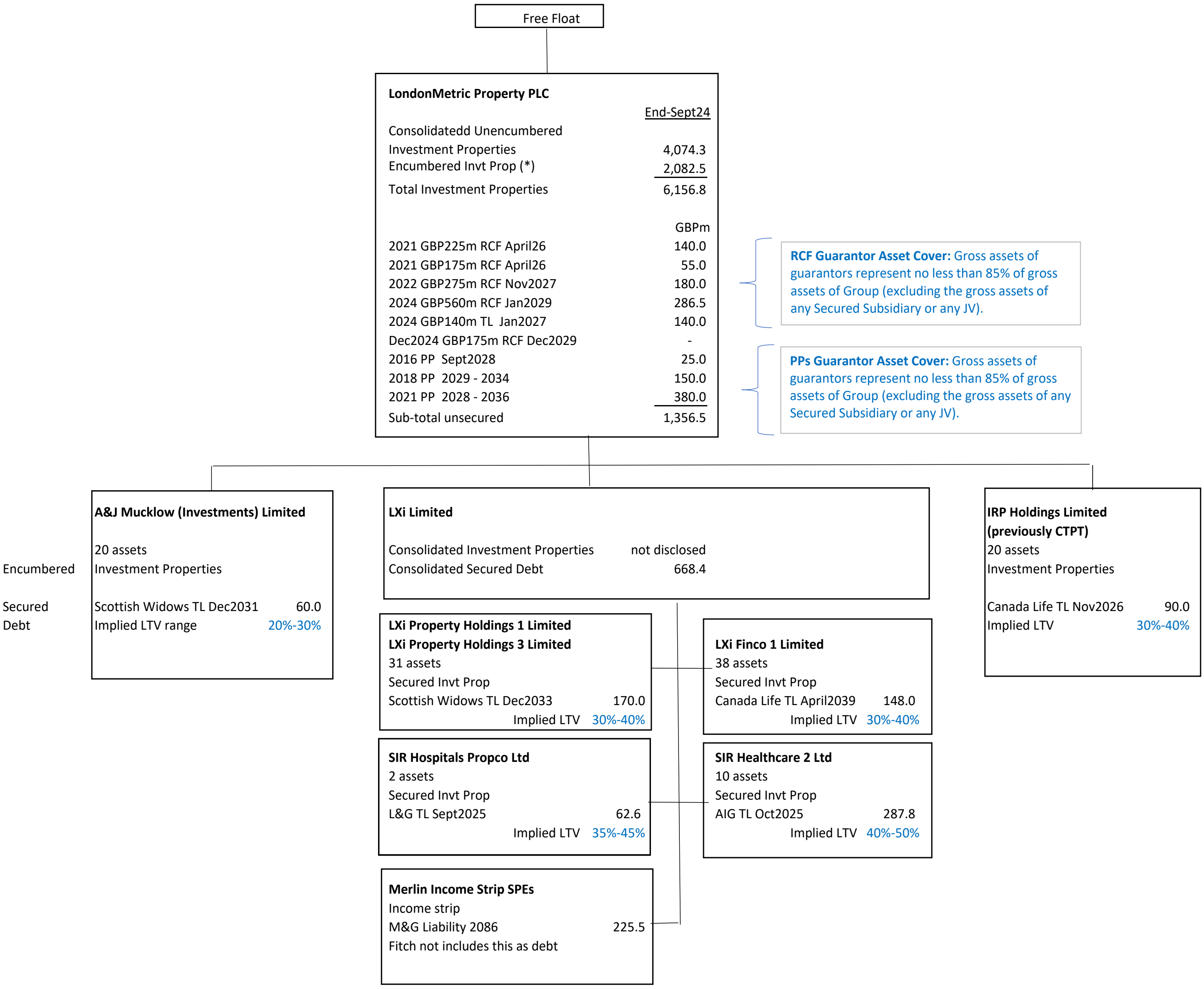
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and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



TL — Term loan. RCF — Revolving credit facility. PP — Private placement. JV — Joint venture.
[a] The encumbered investment property figure includes post-1H25 portfolio substitutions.
Source: Fitch Ratings, LondonMetric. As of 30 September 2024

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (GBPm)	EBITDA after associates and minorities (GBPm)	EBITDA margin (%)	EBITDA interest coverage (x)	EBITDA net leverage (x)
LondonMetric Property Plc	BBB+						
		2024	178	157	87.4	3.6	12.9
		2023	147	129	87.7	3.9	7.2
SEGRO PLC	BBB+						
	BBB+	2023	547	472	79.3	2.4	10.7
	A–	2022	488	399	79.9	3.0	12.0
	A–	2021	402	345	78.6	6.9	9.8
Warehouses De Pauw NV/SA	BBB+						
	BBB+	2023	292	278	95.5	9.2	7.4
	BBB+	2022	259	257	99.1	6.9	8.4
		2021	215	212	98.7	5.8	8.7
Montea NV	BBB+						
		2023	93	89	96.4	8.3	6.9
		2022	80	81	100.8	4.4	8.9
		2021	63	65	103.1	7.1	7.6
AXA Logistics Europe Master S.C.A.	BBB+						
	BBB+	2023	159	110	69.3	33.3	5.0
	BBB+	2022	128	81	63.6	27.1	9.0
	BBB+	2021	91	58	63.9	4.3	7.4
SELP Finance SARL	BBB						
	BBB	2023	266	225	84.5	3.8	9.3
	BBB	2022	245	199	81.2	4.1	9.9
	BBB+	2021	205	169	82.6	9.7	10.0
Catena AB (publ)	BBB						
	BBB–	2023	140	108	77.3	3.6	8.2
		2022	123	93	75.7	5.1	7.4
		2021	113	86	76.1	4.6	9.5
Civitas Social Housing Limited	A–						
	A–	2024	73	54	73.6	3.3	5.4
	A–	2023	55	43	78.2	3.6	7.9
	A–	2022	52	40	78.3	4.7	7.6
Assura plc	A–						
	A–	2024	149	130	87.7	4.5	9.4
	A–	2023	143	125	87.1	4.3	9.2
	A–	2022	131	115	87.8	4.6	8.8

LondonMetric's FYE24 net debt/EBITDA of 12.9x includes LXi debt but only 3 weeks' rental contribution. Pro forma, without LXi's debt, the group's metric would have been around 7x. AXA LEM's figures are "at share" (subtracting part of EBITDA allocated to non-controlling interest).
Source: Fitch Ratings, Fitch Solutions

Logistics Traffic Light Report

Company	Investment property portfolio value	Geographical spread (% of portfolio by rent or value)	Vacancy rate (%)	Weighted average lease break (WALB) (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											
End-Dec 2023	EUR4.9bn	By value: France:25 Germany: 20 UK: 13 Italy: 11 Sweden: 12	1.1	6.6	Top 10: 39 Amazon: 13	Logistics	Acquisition	Distribution warehouses: 75% Last mile: 9% E-fufilment centre: 7% Other: 9%	10.5	4.7	n.a
Catena AB											
End-Dec 2024	EUR3.7bn	By value: Sweden: 82 Denmark: 18	3.3	6.7 (To expiry)	Top 10: 55 DSV: 20	Logistics & transport: 52 Food & beverage: 17 Durable goods: 15 Other: 16	Both	Warehouses: 52 Distribution centres: 36 Terminals: 11 (as of 2023)	n.a.	5.5	5.6
LondonMetric Property plc											
Distribution portfolio	GBP2.8bn	UK: 100	1.8	11.0	Top 5:7	Of Distribution portfolio: Urban logistics: 24% Regional: 11% Mega: 6%	Acquisition	Of Distribution portfolio: Urban logistics: 61% Regional logistics: 27% Mega logistics: 12%	n.a	4.5	4.7
Whole portfolio	*GBP6.2bn*	*UK: 99,* *Germany: 1*	*1.0*	*17.7*	*Top 10: 37*	*Convenience: 17%* *Healthcare: 14%* *Entertainment & leisure: 21%*				*5.2*	*5.3*
End Sept-24											
Montea NV											
End-Dec 2024	EUR2.7bn	By value: Belgium: 47 Netherlands: 41 France: 11 Germany: 1	0.2	5.9	Top 10: 30 Amazon: 4	Logistics: 46 Construction: 14 Food & beverage: 15 Auto: 6 Pharma: 7 Retail: 8	Development	Big box focus	~10	5.1	5.1
MLP Group S.A											
End-Dec 2023	EUR0.85bn	By value: Poland: 86 Germany: 13 Romania: 2	5.0	7.1	Top 10: 38	Logistics: 29 Manufacturing: 34 Retail: 28 E-commerce: 9	Development	Big box: 93 Urban: 7	Est ~ 7	Net true equivalent yield Poland: 5.9 Germany: 4.6 Romania: 4.5	Reversionary Poland: 6.7 Germany: 4.6 Romania: 7.9

Company	Investment property portfolio value	Geographical spread (% of portfolio by rent or value)	Vacancy rate (%)	Weighted average lease break (WALB) (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 (%)
SEGRO PLC (at share)											
End-Dec 2024	GBP17.9bn	By value: UK: 56 France: 11 Germany: 12 Italy: 7 Poland: 7	3.0	7.2	Top 20: 33	Transport and logistics: 23 Retail: 18 Manufacturing: 15 TMT: 11 Wholesale district: 9 Post and parcel: 10	Both	UK urban: 44 UK big box: 11 Continental Europe urban: 13 Continental Europe big box: 22 Data centres: 8	n.a.	4.1	4.4
SELP Finance SARL											
End-Dec 2024	EUR6.0bn	By value: Germany: 27 Italy: 13 France: 18 Poland: 22 Spain: 8 Netherlands: 8 Czechia: 3	3.2	5.2	Top 10: 23 Top 20: 35	Transport and logistics: 35 Retail: 26 Manufacturing: 20 Wholesale distribution: 7 Post & parcel: 4	Both	Big box: 97 Urban warehouses: 3	9.8	Net true equivalent yield: 5.7	n.a.
Titanium Ruth Holdco Limited											
End-Dec 2024	EUR1.4bn	By rent: Germany: 41 Italy: 14 Spain: 14 Belgium: 11 Netherlands: 12	5.6	7.5	Top 10: 76	Omnichannel retail: 26 Third-party logistics: 26 Online retail: 17 Manufacturing: 10	Acquisition	Big box: 100	5.2	4.7	4.7
Tritax Big Box plc											
End-Dec 2023	GBP4.8bn	UK: 100	2.5	11.4 (To expiry)	Top 10: 49	Online retail: 22 Food retail: 16 Home & DIY: 13 Other retail: 11	Both	Big box: 100	10	4.2	4.6
Warehouses de Pauw NV/SA											
End-Dec 2024	EUR8.0bn	By value: Netherlands: 39 Belgium: 31 Romania: 20 France: 7	2.0	5.7	Top 10: 24 (excluding solar)	Industrial: 18 Retail (food): 18 FMCG: 13 Retail (non-food): 10 Food, fruit & veg: 7 Healthcare: 7	Development	General warehouse: 52 Big box: 24 Manufactu-ring: 8	8	5.4	5.3
VGP SA											
(Joint ventures at 100%) **End-Dec 2024**	EUR7.8bn	By value: Germany: 40 Belgium: 12 Czech Republic: 8 Spain: 7	VGP: 2.0 JVs: 1.8	VGP: 9.0 JVs: 6.9 Combined: 7.6	Top 10: 31 Amazon: 6	By area Logistics: 19 Light industrial: 50 E-commerce: 28 Other: 3	Development	Big box: n.a. Industrial: n.a. Manufactu-ring: n.a.	4.2	Weighted average yield VGP: 7.2 JVs: 5.1	n.a.

Financial year ending in 2023/2024, with end-month varying by company. n.a.: not available.
Source: Fitch Ratings

Fitch Adjusted Financials

(GBPm as of 31 March 2024)	Notes and formulas	Standardised values	Cash adjustment	Fair value and other debt adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary							
Revenue		178	—	—	—	—	178
EBITDA	(a)	161	—	—	-1	-5	156
Depreciation and amortisation		—	—	—	—	—	—
EBIT		161	—	—	-1	-5	156
Balance sheet summary							
Debt	(b)	2,074	—	13	—	—	2,087
Of which other off-balance-sheet debt		—	—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—	—
Lease-adjusted debt		2,074	—	13	—	—	2,087
Readily available cash and equivalents	(c)	112	-60	—	—	-0	52
Not readily available cash and equivalents		—	60	—	—	—	60
Cash flow summary							
EBITDA	(a)	161	—	—	-1	-5	156
Dividends received from associates less dividends paid to minorities	(d)	2	—	—	—	—	2
Interest paid	(e)	-44	—	—	—	—	-44
Interest received	(f)	8	—	—	—	—	8
Preferred dividends paid	(g)	—	—	—	—	—	—
Cash tax paid		-1	—	—	—	—	-1
Other items before FFO		-59	—	—	1	5	-53
FFO	(h)	68	—	—	—	—	68
Change in working capital		11	—	—	—	—	11
CFFO	(i)	78	—	—	—	—	78
Non-operating/nonrecurring cash flow		—	—	—	—	—	—
Capex	(j)	-63	—	—	—	—	-63
Common dividends paid		-91	—	—	—	—	-91
FCF		-76	—	—	—	—	-76
Gross leverage (x)							
EBITDA leverage	b/(a+d)	12.8	—	—	—	—	13.3
(CFFO-capex)/debt (%)	(i+j)/b	0.7	—	—	—	—	0.7
Net leverage (x)							
EBITDA net leverage	(b-c)/(a+d)	12.1	—	—	—	—	12.9
(CFFO-capex)/net debt (%)	(i+j)/(b-c)	0.8	—	—	—	—	0.7
Coverage (x)							
EBITDA interest coverage	(a+d)/(-e)	3.7	—	—	—	—	3.6

CFFO — 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 GBP269.6 million.
Source: Fitch Ratings, Fitch Solutions, LondonMetric Property Plc

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.