

Scope has completed a monitoring review on Futureal Development Holding Kft.

No action taken following the periodic review concluded on Futureal.

Scope Ratings GmbH (Scope) monitors and reviews its credit ratings on an ongoing basis and at least annually, or every six months in the case of sovereigns, sub-sovereigns and supranational organisations.

Scope performs monitoring reviews to determine whether material changes and/or changes in macroeconomic or financial market conditions could have an impact on the credit ratings. Scope considers all available and relevant information when undertaking the monitoring review.

Monitoring reviews are conducted by performing a peer comparison, benchmarking against the rating-change drivers, and/or reviewing the credit ratings' performance over time, as deemed appropriate by the Lead Analyst or Analytical Team Head, in addition to an assessment of all aspects of the relevant methodology/ies, including key rating assumptions and model(s). Scope publicly announces the completion of each monitoring review on its website.

Scope completed the monitoring review for Futureal Development Holding Kft. and Futureal Holding B.V. including their current ratings (issuer rating: BB-/Negative; senior unsecured debt rating: BB-) on 28 June 2024.

This monitoring note does not constitute a credit rating action, nor does it indicate the likelihood that Scope will conduct a credit rating action in the short term. Information about the latest credit rating action connected with this monitoring note along with the associated rating history can be found on www.scoperatings.com.

Key rating factors

Following the publication of the full-year 2023 figures and the company's year-to-date performance, the rating case for Futureal's BB-/Negative remains unchanged. It remains in line with Scope's expectations that the company will continue to prudently execute on its development pipeline and grow its recurring revenue base (rental income reached EUR 48.9m in 2023, up 43% YoY), while keeping leverage (Scope-adjusted debt/EBITDA*: 24.3x in 2023; down 3.7x YoY and loan/value ratio of 54% as of end-2023, up 11pp YoY) under control and EBITDA/interest cover above 1.5x.

The rating continues to reflect Futureal's solid market position, particularly in the industrial segment where it has further development potential. It also reflects the sound diversification of the company's portfolio in terms of asset classes and high-quality properties. Profitability, as measured by the EBITDA margin (2023: 39%, up 8pp YoY), continues to benefit from the gradual increase in rental income as the developments have been delivered and occupancy improves, although profitability is still subject to volatility due to development activities.

The rating is also supported by the long-dated and fixed-rate debt maturity profile (99% of debt was at fixed rate or hedged as of Q1 2024). Liquidity is deemed adequate and no major upcoming debt maturities are anticipated in the short-term. Parts of the cash reserves earmarked for bond repayments have been reallocated to financial investments and therefore no longer qualify as cash and cash equivalents. However, Scope acknowledges the very liquid and permanent nature of these funds, and therefore treats 50% of those investments as part of the cash position. Scope's view is supported by the quality of the underlying instruments, which are not considered to be highly risky or speculative (Sharpe ratio around 1.5).

This publication does not constitute a credit rating action. Scope downgraded the issuer ratings of Futureal Development Holding Kft and Futureal Holding B.V from BB to BB-, and maintained the Negative Outlook, on 8 December 2023. For the official credit rating action release click [here](#).

**All credit metrics refer to Scope-adjusted figures.*

The methodologies applicable for the reviewed ratings and/or rating Outlooks (European Real Estate Rating Methodology, 28 March 2024; General Corporate Rating Methodology, 16 October 2023) are available on <https://scoperatings.com/governance-and-policies/rating-governance/methodologies>.

This monitoring note is issued by Scope Ratings GmbH, Lennéstraße 5, D-10785 Berlin, Tel +49 30 27891-0.
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About Scope Group

With more than 300 employees operating from offices in Berlin, Frankfurt, London, Madrid, Milan, Oslo and Paris, Scope Group is the leading European provider of independent credit ratings, ESG analysis and fund research. Based on forward-looking and innovative methodologies, Scope offers a European perspective that contributes to greater diversity of opinion for institutional investors worldwide. Scope Ratings is registered in accordance with the EU rating regulation and operating in the European Union with ECAI status. Scope Ratings is the only European rating agency accepted by the ECB for the Eurosystem Credit Assessment Framework (ECAAF). The shareholders of Scope Group include CEO and founder Florian Schoeller and anchor shareholder Stefan Quandt, numerous senior personalities in European finance and industry as well as institutional investors from several European countries. More on www.scopegroup.com

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