RATING ACTION COMMENTARY

Fitch Affirms WDP at 'BBB+'/Stable on Planned Acquisition of Argan

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Fitch Ratings - Warsaw - 28 Jul 2026: Fitch Ratings has affirmed Warehouses De Pauw NV/SA's (WDP) Long-Term Issuer Default Rating (IDR) at 'BBB+' and affirmed senior unsecured debt at 'A-'. The Outlook on the IDR is Stable.

The affirmation follows WDP's announcement of its planned acquisition of Argan S.A, a listed French logistics real estate REIT. Argan adds to WDP a larger established portfolio in France, which has landbank potential alongside a management team with a disciplined approach to its development risks. This strengthens WDP's geographic diversification beyond its core Benelux and Romanian markets, and fledgling portfolios in Germany, Spain and Italy. The all-share transaction has been recommended by the two companies' boards and respective block family shareholders. The transaction is expected to be completed in 1Q27, subject to tax and regulatory approvals.

Argan's EUR4.3 billion (end-1H26 value) all-French portfolio will complement WDP's EUR8.7 billion big-box and logistics assets portfolio. We expect the enlarged group's net debt/EBITDA to be 8.0x-9.0x, consistent with WDP's rating.

KEY RATING DRIVERS

Complementary European Logistics Portfolio: Argan's portfolio complements WDP's western European portfolio (excluding Romania) both geographically and in terms of quality. Both portfolios have similar topped-up net initial yields of about 5% and reversionary potential. The addition of Argan's assets will create a pro forma EUR13 billion portfolio in France, providing critical mass and reducing WDP's concentration in its higher-risk Romanian portfolio to 13% of the enlarged portfolio (end-2025: 19%).

Both portfolios benefit from strong operational metrics, including high occupancy (end-1H26: WDP: 97.2%; Argan: 100%) and a comparable weighted average lease term to earliest break (WDP: 5.6 years; Argan: 4.9 years). Both portfolios have annual CPIindexed rental income. Carrefour constitutes 28% of Argan's rent roll, but this exposure is diluted to about 10% of the enlarged group's rental income (Ahold: 4% and Auchan: 3%), as the top 10 tenants account for 29% (vs 24% for WDP in 2025).

Step-Up in French Exposure: We view the acquisition of Argan as mutually beneficial for both companies. Argan's established portfolio, existing tenant relationships, landbank and retained management knowledge, should help WDP penetrate the French market, which historically has been difficult for WDP to access, and build critical mass there. In turn, WDP has better access to capital than Argan.

Argan's existing landbank and its ability to source further sites could be developed further if French market conditions, including the economy, planning permissions and underlying tenant demand, prove conducive. Argan's management has a record of maintaining a disciplined pre-let development programme, while WDP's management has undertaken some speculative development when confident in the location. Both companies follow a strategy of balancing development activity with financial discipline.

Plans for Argan's Debt: On completion, Argan's low-cost debt of about EUR1.7 billion (end-1H26: about 2.5%) will include a EUR500 million unsecured bond (2029 maturity) and multiple asset-level secured financings totalling EUR1.2 billion (maturing 2026-2037), which will be initially retained at Argan with no recourse to WDP. Fitch believes that, although WDP will offer no guarantees to Argan's creditors, these instruments will gradually be replaced by WDP-level debt. Consequently, Fitch will consolidate Argan into WDP's financial metrics.

Expected Cost Synergies: WDP expects about EUR10 million of near-term cost savings, mainly through lower financing costs by taking advantage of its deeper access to capital to refinance Argan's 2026 and 2027 maturing debt, alongside some operational synergies.

Increased Footprint Outside Core Benelux: Acquisitive growth in France in 2024-2025 led to a beneficial improvement in WPD's geographical concentration. Including the Argan portfolio, WDP's pro-forma French exposure will increase to about 39% of the enlarged group's investment property (end-2025: 8%), while its Benelux portfolio will reduce to less than 50% (end-2025: 70%). Fitch believes the benefits of geographical diversification will increase further, as WDP expands into Spain and Italy, which will also reduce exposure to the higher-risk Romanian market.

Portfolio Growth Plans Unaffected: Fitch expects WDP's template of opportunistic acquisitions, alongside mostly pre-let developments, to continue for the enlarged portfolio. We expect planned expansion into WDP's new territories of Spain and Italy to also align with WDP's overall strategy of pre-let activities and yield-on-cost parameters. Including new portfolio opportunities, we expect WDP to increase its annual portfolio growth investment to about EUR700 million annually (EUR500 million pre-Argan acquisition).

Robust Financial Profile Maintained: Including the merger, Fitch calculates WDP's net debt/EBITDA at 8.0x-9.0x during 2026-2029 (2025: 8.4x). EBITDA net interest coverage remained comfortable at 5.6x in 2025 (2024: 8.0x), despite the average cost of debt increasing to 2.4% in 2025 (end-2024: 1.9%). We forecast this ratio to remain above 5.0x up to 2029, supported by the fact that Argan's cost of debt (end-1H26: 2.1%) and hedging characteristics (100% debt hedged or fixed) are similar to WDP's. The enlarged group's Fitch-calculated loan-to-value is 44%.

Senior Unsecured Rating Uplift: WDP's senior unsecured debt is rated one notch above its IDR, reflecting stronger-than-average investment property recovery prospects in well-established markets, with sufficient investor depth and regular valuations. This transaction adds secured debt to WDP's all-unsecured debt structure, but the enlarged group's unencumbered investment properties/unsecured debt will be about 2.2x, and secured debt/total debt about 22%, compared with Fitch's criteria requirements of 2.0x and 20%, respectively. Fitch expects these ratios to improve as inherited Argan secured debt matures and is refinanced with WDP-level unsecured debt.

PEER ANALYSIS

WDP's pro forma EUR13 billion, Benelux- and France-dominated, modern portfolio of big boxes and general warehouses is comparable in size and quality to SEGRO PLC's (IDR: BBB+/Stable) GBP15.1 billion (excluding its share of SELP) portfolio, which is primarily focussed on the UK. It is larger than the same-rated AXA Logistics Europe Master S.C.A's (AXA LEM; BBB+/Stable) continental European EUR4.9 billion portfolio, Montea NV's (BBB+/Stable) EUR2.8 billion Benelux-focussed portfolio, LondonMetric Property Plc's (BBB+/Stable) UK-based GBP2.8 billion predominantly urban logistics portfolio, and lower-rated SELP Finance SARL's (BBB/Stable) continental European EUR6.0 billion portfolio and Catena AB (publ)'s (BBB/Stable) Nordic-focussed EUR3.7 billion portfolio.

WDP supplements its predominantly pre-let development pipeline with opportunistic acquisitions, compared with Montea, SELP and SEGRO, which have development-led growth strategies. Post-transaction, we expect this strategy to continue, with WDP's scale allowing it to explore further growth opportunities in France. We consider a development-led growth approach as riskier, mitigated by higher returns from invested capital.

Fitch forecasts WDP's 2026-2029 net debt/EBITDA to stay within its 8x-9x rating sensitivities supporting the 'BBB+' IDR. Montea and AXA LEM have the same rating sensitivity range. LondonMetric's blended 7.5x-8.5x includes the lower debt capacity of its specialist portfolios. SELP has a higher range of 9x-10x for its 'BBB' IDR.

FITCH'S KEY RATING-CASE ASSUMPTIONS

-- Annual like-for-like rental growth of 2% during 2026-2029, driven by indexation-linked rental uplifts. Total CAGR of about 17% until 2029, supported by the merger with Argan, rents from developments and acquisitions coming on-stream

-- Total capex of about EUR2.6 billion over 2026-2029, including acquisitions at a net initial yield of 6%-7% and developments at a yield-on-cost of 6.5%-7.3%. This also includes investments in energy projects of EUR250 million and maintenance capex of EUR10 million yearly

-- About EUR300 million of cash from disposals in 2026-2029

-- Equity sourced from retained earnings or scrip dividends. No equity issuance assumed

-- Cash dividends at 80% of funds from operations and 40% of scrip dividend take-up (in comparison to over 50% take-up historically)

CORPORATE RATING TOOL INPUTS AND SCORES

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

Business and financial profile factors (assessment, relative importance): management ('bbb', Lower), access to capital ('a', Moderate), liability profile ('bbb', Moderate), property portfolio ('bbb', Higher), rental income risk profile ('bbb+', Moderate), profitability ('bbb', Lower), financial structure ('bbb+', Higher), and financial flexibility ('a+', Moderate).

The quantitative financial subfactors are based on custom CRT financial period parameters: 20% weight for the historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.

The governance assessment of 'good' has no impact.

The operating environment assessment of 'a+' has no impact.

The SCP is 'bbb+'.

RATING SENSITIVITIES

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

- Net debt/EBITDA above 9.0x (reflecting the current portfolio mix) on a sustained basis

- EBITDA net interest coverage below 2.0x on a sustained basis

- Failure to realise synergies, including a reduction in Argan's cost of debt, adversely affecting the group's financial profile

- For the senior unsecured rating: deterioration in unencumbered investment property/unsecured debt asset cover to significantly below 2.0x on a sustained basis

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

- Established geographic diversification and scale across western Europe

- Net debt/EBITDA below 8.0x on a sustained basis

- EBITDA net interest coverage above 3.0x on a sustained basis

LIQUIDITY AND DEBT STRUCTURE

At end-2025, WDP had EUR15 million of readily available cash and EUR1.7 billion of undrawn credit facilities (excluding maturities shorter than one year and amounts allocated to commercial paper in issue). This covers WDP's debt maturities in 2026. WDP has no near-term bulk debt repayments until 2030, and has a weighted average debt maturity of 4.3 years (end-2024: 4.9 years).

Liquidity is aided by scrip dividends (EUR108 million in 2025) and contributions-in-kind linked to acquisitions (EUR87 million). Argan's large near-term debt maturity, after refinancing its November 2026 bond with green bonds (expected pre-completion), will be in 2029 when its EUR500 million green bond and about EUR260 million of secured bank loans fall due. These are likely to be refinanced at the WDP level.

At end-2025, 89% of WDP's all-unsecured debt was either fixed-rate or covered by interest-rate hedges with an average hedge duration of 4.2 years. Argan's debt is 100% fixed or hedged. Fitch expects the combined entity's cost of debt to be 2.0%-2.9% until 2029. We forecast EBITDA interest coverage to remain comfortably above 5.0x (end-2025: 5.6x).

ISSUER PROFILE

WDP is a logistics asset landlord with a consolidated (excluding joint ventures) portfolio of modern, good-quality big-box and smaller warehouses of EUR7.7 billion at end-2025. Its portfolio is Benelux-focussed (Belgium, Netherlands and Luxembourg), with exposures to Romania, France and Germany.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

Click here to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for WDP.

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.

RATING ACTIONS

ENTITY / DEBT	RATING TYPE	RATING	RATING ACTION	PRIOR
Warehouses De Pauw NV/SA	LT IDR	BBB+ Rating Outlook Stable	Affirmed	BBB+ Rating Outlook Stable

senior unsecured	LT	A-	Affirmed	A-

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Corporates Recovery Ratings and Instrument Ratings Criteria (pub. 02 Aug 2024) (including rating assumption sensitivity)

Corporate Rating Criteria (pub. 09 Jan 2026) (including rating assumption sensitivity)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub. 09 Jan 2026)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Warehouses De Pauw NV/SA	EU Issued, UK Endorsed

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