MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms WDP's A3 ratings following proposed merger with ARGAN SA; outlook stable

29 Jul 2026

Milan, July 29, 2026 -- Moody's Ratings (Moody's) has today affirmed the A3 long-term issuer and senior unsecured debt and the (P)A3 senior unsecured MTN program rating of Warehouses De Pauw NV/SA (WDP or the company) following its proposed cross-border merger with ARGAN SA (Argan). The outlook remains stable.

RATINGS RATIONALE

On 23 July 2026, WDP and Argan announced a friendly all-share cross-border merger under which Argan would merge into WDP. The transaction, which is expected to close in the first quarter of 2027, remains subject to shareholder approvals at both companies' extraordinary general meetings, regulatory clearances and a favourable French tax ruling.

The affirmation of WDP's A3 issuer and debt ratings with a stable outlook reflects the improved business profile of the combined group and the expectation that leverage will remain in line with our requirements for the current rating category. Furthermore, the action considers WDP's consistently strong financial performance, supported by a disciplined focus on profitability and driven by a robust rental growth benefitting from the resilience of the European logistics sector, despite signs of demand normalisation. Although WDP's growth targets remain ambitious, the company has a solid track record of pursuing them through a measured approach — balancing organic development and acquisitions, funded through a prudent mix of debt and equity — without weakening its credit profile.

The merger will create one of the largest listed logistics real estate platforms in Europe, with a portfolio of about €13 billion generating more than €700 million of annualised rent across eight countries. The two portfolios are highly complementary: Argan is a pure-play French developer-owner, while WDP has only recently entered the French market. The merger will therefore strengthen WDP's business profile by expanding its market position in France, where France would represent about 39% of the combined portfolio on a pro forma basis, up from 8% for WDP on a standalone basis, and by reinforcing WDP's positions across its core Western European markets. The companies also share an entrepreneurial, family-anchored culture, which should support Argan's integration with WDP.

We expect the transaction to be broadly leverage-neutral, despite the €280 million exceptional dividend to be paid by Argan and debt-funded ahead of the merger. However, Moody's-adjusted gross debt/total assets will remain elevated for the A3 rating category, at around 42%, over the next 12 to 18 months, delaying the gradual deleveraging previously expected from 2027. Moody's-adjusted net debt/EBITDA and fixed-charge coverage will also weaken modestly, but we expect both metrics to remain within the guidance for the current rating, at well below 9x and well above 4x, respectively, over the same period. WDP is committed to retaining a credit profile consistent with its A3 rating, and we expect growth to continue to be funded through a balanced mix of debt and equity, including historically high scrip dividend acceptance, consistent with its stated financial policy.

The principal near-term credit consideration is execution risk, which we view as manageable, supporting the stable outlook for WDP. WDP's offer is binding and carries no funding condition precedent. Liquidity could come under pressure if a large proportion of dissenting Argan shareholders exercise withdrawal rights, or if a significant share of Argan's lenders invoke change-of-control clauses. To mitigate these risks, WDP is putting in place an additional €500 million committed revolving credit facility maturing in July 2028 and is engaging with lenders at an early stage. Even under a stressed scenario assuming an exceptionally high take-up of withdrawal rights and invocation of change-of-control clauses, which we view as unlikely given WDP's credit profile and existing shareholder voting commitments, we expect WDP would be able to address any resulting liquidity shortfall through a combination of debt and equity, supported by its strong access to capital markets. Such a scenario would, however, materially raise leverage, and we would expect WDP to take proactive deleveraging measures to maintain a credit profile consistent with an A3 rating.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

An upgrade could materialise under a continuously supportive environment for logistics platforms and if:

• WDP demonstrates strong execution and prudent financial policies through real estate cycles, while maintaining robust interest coverage, liquidity and debt maturity profile;

• Moody's-adjusted gross debt/total assets sustainably improves below 35% and Moody's-adjusted net debt/EBITDA decreases towards 7x, supported by a prudent financial policy, with Moody's-adjusted fixed-charge coverage staying above 4.5x;

• WDP continues to scale while keeping its development pipeline between 10% and 15% of total assets, with high pre-let requirements; and

• WDP improves its liquidity management with reduced reliance on undrawn RCFs. An upgrade would also require meeting Prime-1 criteria, including committed bank lines covering peak CP issuance without a material adverse change provision and unrestricted same-day market access.

The ratings could be downgraded if:

• Moody's-adjusted EBITDA/interest expense coverage falls materially below 4.0x;

• Moody's-adjusted net debt/EBITDA rises significantly above 9x, or gross debt/total assets increases consistently well above 40%;

• Liquidity weakens, including a deterioration in the debt maturity profile or reduced access to capital;

• Committed developments consistently exceed 15% of total assets and/or pre-let rates drop significantly; or

• Macroeconomic conditions or demand for logistics assets deteriorate broadly, leading to weaker operating performance.

RATING OUTLOOK

The stable outlook reflects our expectation that WDP will sustain solid operating performance, maintain good liquidity and adhere to a disciplined financial policy, and that the combined entity will remain well positioned in its current rating category despite temporarily weaker leverage metrics, particularly on an asset-based basis. The stable outlook also incorporates our expectation that the main execution risks associated with the merger — including WDP's covenant waivers — will be resolved ahead of completion, and that WDP will take deleveraging measures to restore balance-sheet strength if it faces a high take-up of withdrawal rights or change-of-control clauses.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was REITs and Other Commercial Real Estate Firms published in March 2026 and available at https://ratings.moodys.com/rmc-documents/460886. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

COMPANY PROFILE

Warehouses De Pauw NV/SA ("WDP") is a large, pure-play logistics real estate landlord. As of June 2026 the company owned a portfolio of 334 assets worth around €8.7 billion, generating approximately €497 million in annualised rents, with leading positions across its core Western European markets — the Netherlands, Belgium and Luxembourg, France, Germany and Romania (representing around 37%, 34%, 8%, 2% and 19% of total investment properties, respectively). WDP also holds a 10% stake in Swedish logistics landlord Catena AB. As of 28 July 2026, WDP had a market capitalisation of around €5.45 billion.

Following completion of the contemplated merger with Argan SA, the combined entity would rank among the largest listed logistics real estate platforms in Europe, with a portfolio of around €13 billion generating more than €700 million of annualised rent across eight countries.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

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For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1462204.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the UK and is(are) endorsed for use in the UK in accordance with the UK CRA Regulation.

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