MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns a Ba1 Corporate Family Rating to New Immo Holding SA; Outlook is stable

24 Jul 2025

Milan, July 24, 2025 -- Moody's Ratings (Moody's) has today assigned a Ba1 long-term Corporate Family Rating (CFR) to New Immo Holding SA ("NIH" or "the company"), a Ba1 debt rating to the existing senior unsecured bond issued by NIH and maturing in November 2026 and a (P)Ba1 debt rating to the four senior unsecured bonds issued by ELO, which are expected to be pushed down to NIH. The outlook is stable.

"The Ba1 long-term corporate family and debt ratings along with the stable outlook reflect NIH's strong and resilient rental income derived from a well-diversified retail real estate portfolio built over nearly 50 years across Europe. The ratings also reflect NIH's close operational ties to Auchan Retail Finance (Auchan), which currently faces significant challenges together with weaker profitability compared to peers" says Elise Savoye, CFA, Vice President – Senior Analyst at Moody's Ratings. "The stable outlook reflects our expectation of gradual performance improvements and expansion into third-party management which will help offset pressures from a struggling anchor, high capital spending, and weak interest coverage" she adds. "The ratings also factor in NIH's plan to secure independent financing from ELO post debt push-down, with a strong commitment to prevent cash leakage from NIH and maintain an LTV below 40%. NIH aims to finalize a €415 million mortgage loan or a senior unsecured bond, along with a €350 million revolving credit facility by year-end. A failure to complete them would negatively affect the rating" she concludes.

RATINGS RATIONALE

The Ba1 long-term corporate family rating reflects New Immo Holding SA's strong and geographically diversified retail portfolio, developed over nearly 50 years and worth €6.6 billion with 184 sites as of December 2024, along with €12.9 billion of asset under management (1,105 sites and shops) through its fully consolidated subsidiary Nhood. This supports resilient rental performance, with an occupancy rate of 94.5% as of December 2024. However, NIH maintains significant operational ties to Auchan and, to a lesser extent, other brands under the Association Familiale Mulliez (AFM), which owns 97% of NIH's parent, ELO. Most of NIH's assets are anchored around Auchan stores. While direct rental exposure remains limited since Auchan typically owns its own premises, this dynamic weighs on future performance because tenant demand and footfall trends remain linked to Auchan's performance, which has significantly weakened over the past five years. Although NIH has shown resilience to date, the benefits of Auchan's restructuring -if any- will take time to materialize. As of May 2025, footfall declined by 2.1% from the same period last year, although performance improved following the end of the first quarter, with some slightly positive rent reversion observed after the 1.5% negative rent reversion in 2024.

The rating also incorporates NIH's moderate leverage appetite, with a maximal net loan-to-value (LTV) of 40%, supported by a consistent track record of adherence and a dividend policy targeting no more than 2 % to 3% of the net asset value. NIH has substantial off-balance-sheet commitments (€1,568 million as of December 2024) resembling first-demand guarantees to twelve equity-consolidated joint ventures. These are tied to assets whose value exceeds the commitments or to projects under NIH's active development oversight. Since no guarantees have ever been called and NIH is actively involved in managing these joint-ventures, we exclude these commitments from its adjusted metrics. However, the ratios including those off-balance sheet commitments reflect the associated event risk and could become more relevant if the operational performance of the joint ventures were to deteriorate. Following the debt pushdown, Moody's-adjusted LTV is expected to rise to 45.7 %, and Moody's-adjusted net debt to EBITDA will increase to 11.9x as of year-end 2025. We expect these metrics to decrease slightly to around 44.5% and 11.5x respectively over the next 12 to 18 months, positioning NIH comfortably within the Ba1 rating category.

The CFR also reflects NIH's weaker profitability compared to peers, highlighting the need for improved operational efficiency to be achieved through improved collection rates and growth in third-party asset management among other. These efforts are critical to offset the impact of a persistently high interest rate environment, which continues to weigh on already weak interest coverage of 2.5x as of year-end 2024 and expected to stabilise around 1.8x over the next 12 to 18 months.

ELO's weaker credit profile, driven by Auchan's challenges, contrasts with NIH's stronger fundamentals. Following the debt pushdown and the unwinding of the cash pooling mechanism, NIH will become financially independent from ELO. The rating assumes limited future distributions – supported by a track record of no distribution since 2019 despite Auchan's difficulties - and no further cash transfers to ELO or Auchan, supporting NIH's financial autonomy. We expect the debt pushdown to complete by the end of September 2025. Failure to execute the transaction within this timeframe would maintain financial dependence between NIH and its parent, ELO, and would materially and negatively affect NIH's ratings.

The Ba1 and (P)Ba1 debt ratings reflect the all senior unsecured capital structure nature of NIH pro-forma of the debt push down with €564 million of bank debt secured by mortgage by year-end 2025. We expect that going forward the NIH's debt will largely remain unsecured.

OUTLOOK

The stable outlook reflects our expectations for stronger operational profitability and greater financial independence from the shareholder. High occupancy rates, improving collection rates, and positive rental reversions should support gains in operational efficiency. These factors will help offset the negative impact of higher debt on leverage and coverage metrics, which should remain appropriate for a Ba1 rating over the next 12 to 18 months. The outlook also assumes that NIH will strengthen its financial independence from ELO, with NIH committed to avoiding aggressive distributions or cash leakage beyond what is currently planned. It also assumes that NIH will actively manage upcoming debt maturities and that NIH will maintain adequate liquidity throughout.

The current rating and stable outlook also factor in the planned execution of a €415 million mortgage loan or a senior unsecured bond along with the signing of a €350 million committed revolving credit facility before year-end. NIH is actively working on both transactions. A failure to complete them would negatively affect the rating.

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

An upgrade would require:

• Assessment of ELO's credit profile does not deteriorate, supported by a gradual recovery of Auchan's performance

• The company successfully improves its profitability while maintaining robust occupancy and positive rental reversion and Auchan's resizing plan effectively supports rental revenue growth

• Assessment of NIH's governance remains unchanged with track record of improved financial independence from its parents and no aggressive distribution

• Moody's-adjusted leverage sustained well below 45% and Moody's-adjusted Net Debt / EBITDA ratio does not exceed 11x

• Moody's fixed charge coverage ratio sustained above 2.25x

• Maintenance of a good liquidity profile

A downgrade could occur if:

• Failure to execute the debt push down in Q3 2025 and to sign the €415 million secured loan or a senior unsecured bond and the €350 million RCF by year-end

• Weakening credit assessment of its parent ELO, notably if Auchan's performance does not gradually recover

• Weaker assessment of NIH's governance with reversal of its financial independence from its parent and / or evidence of an increasing risks of cash and /or asset leakage from NIH to its parent ELO or to Auchan

• Moody's-adjusted leverage remains sustainably above 50% and / or Moody's-adjusted Net Debt / EBITDA sustainably above 12x

• Moody's-adjusted fixed charge coverage ratio sustained below 1.8x

• Erosion of liquidity together with a failure to refinancing its maturity at least 12 months in advance and failure to successfully access the debt capital markets in the short term

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

We take into account the impact of environmental, social and governance (ESG) factors when assessing companies' credit quality.

NIH's exposure to carbon transition risk remains limited and broadly in line with peers in the real estate sector. The company's development pipeline and asset rotation strategy—rotating approximately 5% of assets annually—support ongoing improvements in energy performance. NIH targets a net zero carbon pathway by 2040. As of year-end 2024, 78.5% of its portfolio held BREEAM In-Use certification.

NIH also faces social risks from shifting consumer preferences, including increased e-commerce penetration and a move toward smaller-format food retail. These trends could reduce demand for traditional retail assets. However, NIH's focus on necessity-driven retail and its diversification into mixed-use developments help mitigate these pressures.

Governance considerations weigh negatively on the rating. NIH remains exposed to operational challenges at Auchan, which weaken the credit profile of its parent, ELO. Although the debt pushdown aims to establish financial independence, this structure remains untested. The complex governance framework of the Association Familiale Mulliez (AFM) creates uncertainty around its willingness and capacity to support NIH. Nonetheless, NIH's operational performance has remained resilient, and its governance track record includes no dividend payments to ELO since 2019. We also recognize management's commitment to maintaining an investment-grade-compatible financial policy, including a maximum 40% net LTV ratio and a minimum €100 million liquidity buffer.

LIQUIDITY

Liquidity is a key consideration in the credit analysis, given upcoming debt maturities and significant capital expenditures totaling €1.4 billion over the next three years. NIH's liquidity is adequate. As of December 2024, NIH held €127 million in cash. As part of the debt pushdown, NIH will make an exceptional cash distribution of approximately €230 million to its parent ELO. However, our assessment assumes a normalised dividend distribution going forward, not exceeding 2% to 3% of NIH's net asset value, in line with its financial policy.

Our liquidity assessment assumes that NIH will secure a committed €350 million revolving credit facility (RCF) in the fourth quarter of 2025, and that this facility will remain undrawn over the next 12 to 18 months. Additionally, the adequate assessment assumes that NIH will successfully obtain a €415 million financing in Q4 2025, which appears realistic given the company's ongoing advanced discussions with its banking partners. Our evaluation thus foresees NIH successfully tapping into the debt capital markets to manage the refinancing of the €300 million green bond maturing in early 2026. Furthermore, it anticipates that NIH will proactively manage its substantial refinancing needs, with approximately €1.4 billion required annually in 2027 and 2028, ensuring refinancing efforts are addressed at least 12 months in advance.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was REITs and Other Commercial Real Estate Firms published in May 2025 and available at https://ratings.moodys.com/rmc-documents/443999. 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.

CORPORATE PROFILE

NIH ranks among the largest real estate landlords in Europe and holds a leading position in France, with a portfolio focused mainly on retail assets. The company also develops mixed-use and urban projects for sale. As of December 2024, NIH owns 184 assets across 8 countries through its fully owned subsidiary Ceetrus and manages €12.9 billion in assets in 11 countries via its second subsidiary, Nhood. In 2024, NIH generated €570 million in gross rental income and reported €355million in EBITDA.

NIH operates as a private company. ELO owns 97% of NIH and also controls Auchan, which anchors most of NIH's properties. ELO belongs to the Association Familiale Mulliez (AFM), one of France's wealthiest families. AFM owns about 50 companies across various sectors but with a strong focus on retail. NIH's assets are often clustered around other AFM-owned retail brands.

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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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/rmc-documents/435880.

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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