

ARGAN exceeds its targets and is coming out of this year 2020 stronger

- Net income: €279m, up more than 30%
- A PREMIUM portfolio valued at more than €3bn excluding transfer taxes (+13%)
- Built portfolio of more than 3 million sq. meters
- Continued implementation of our « Climate plan »

	Financial year 2020	Change
Rental income	€142m	+42%
Net income	€279m €12.5/share *	+30%
Recurring net income	€103m €4.6/share *	+45%
Value of the portfolio excluding transfer taxes	€3bn	+13%
Net Asset Value EPRA NRV**	€73	+19%
Dividend per share	€2.10	+11 %
LTV ratio	54%	-200 bps
Cost of debt	1.65%	-5 bps
Occupancy rate	100%	

* calculated on the weighted average number of shares for the financial year: 22,286,070

** ARGAN applies the EPRA best practices recommendations as part of the new EPRA metrics relating to the NAV

*** The dividend will be submitted for approval at the Combined GM on 25 March 2021

On 18 January 2021, the Executive Board of ARGAN approved the consolidated financial statements 2020. The audit procedures performed by our statutory auditors on these consolidated financial statements have been completed. The certification report will be issued after finalisation of the specific verifications.

2020 Results

Recurring net income up +45 %

For the financial year 2020, rental income amounts to €142.4m, a significant increase of +42% compared to the financial year 2019 (€100.2m), thus exceeding our initial target of €140m.

EBITDA (current operating income) amounts to €132.2m, up +48% (vs. €89.2m in 2019 excluding acquisition costs of the «Cargo» portfolio).

EBITDA after change in the fair value of the real estate portfolio and the income from disposals (+€183.9m vs €196.8m in 2019) **amounts to €316.1m, up +32%**.

Net income, after the cost of financial indebtedness, taxes and other financial expenses, **amounts to €278.9m, a strong increase of +30%** (vs €215m in 2019).

Recurring net income amounts to €103.4m, up +45% and now represents 73% of rental income, instead of 71% for the previous year.

A Premium portfolio of 3 million sqm valued at €3bn excluding transfer taxes (+13%)

In 2020, ARGAN has **invested €197m**, representing 180.000 sq. meters:

- In June, delivery of **two extensions to the logistics hubs of SYSCO** located in Nantes and Tours for an aggregate additional area of more than **5,000 sqm**;
- In August, delivery of a **7,400 sqm fulfilment centre located in Billy-Berclau, near Lens, leased to DPD France**, a subsidiary of DPDgroup, n°2 on the European parcel delivery market. An expected volume of 20,000 parcels per day will be processed in the future on this fully-automated centre;
- In September, delivery of a **21,500 sqm refrigerated warehouse located in Vendenheim, near Strasbourg, leased for a fixed term of 9 years to AUCHAN and equipped with a rooftop photovoltaic power plant dedicated to the operator's own use**. Located on the site of a former refinery whose floors have been depolluted beforehand, the logistics hub is aiming for a BREEAM Good certification;
- In October, delivery of a new **17,200 sqm refrigerated warehouse**, located near Tours and **leased for a fixed term of 9 years to AUCHAN**. This hub is equipped with an 800kWp photovoltaic power plant installed on the roof and dedicated to the operator's own use. This platform is aiming for BREEAM Good certification in the operational phase;
- In December, acquisition of two logistics hubs with a total area of **128,000 sqm, leased for average remaining fixed lengths of 9 years to the FM LOGISTIC, CORA and VIGNERON LOGISTIQUE groups**.

At the same time, ARGAN sold a portfolio of three logistics hubs with a total area of 50,000 sqm to OPPI Groupama Gan Logistics in November 2020.

After these transactions, the built portfolio (excluding property assets under development) **amounts to 2,990,000 sqm as at 31 December 2020**, compared to 2,860,000 sqm at the end of 2019. **Its valuation amounts to €3,012m excluding transfer taxes, i.e. €3,151m including transfer taxes, this objective being achieved more than one year ahead of the initial schedule.**

The valuation of the portfolio is thus increasing by +13%, from €2,670m at the end of 2019 to €3,012m excluding transfer taxes, resulting in a capitalisation rate of **5.05% excluding transfer taxes (4.80% including transfer taxes)**, down compared to the rate of 5.30% excluding transfer taxes as at 31 December 2019.

The weighted average remaining fixed length of the leases, calculated as at 1st January 2021, is **5.7 years** (stable vs. 5.8 years as at 31 December 2019).

The occupancy rate for the portfolio is 100% and its weighted average age is 9.2 years (vs. 8.4 years as at 31 December 2019).

Decrease of the LTV ratio to 54% and cost of debt down at 1.65%

Gross financial debt relating to assets delivered amounts to €1,674m, including bond issues for €155m. Including residual cash, **net LTV** (net financial debt/appraisal value excluding transfer taxes) **decreases to 54.3%** at the end of 2020.

Debt consists of 56% of fixed rates, 39% of hedged variable rates and 5% of variable rates.

The average cost of debt as of 31 December 2020 fell to 1.65% compared to 1.70% as at 31 December 2019. Its maturity is 8.7 years.

+19% increase in the NAV EPRA Net Reinstatement Value (NRV) at €73 per share

In accordance with the updated EPRA recommendations, ARGAN has applied the new standards for determining the net asset value as from 1st January 2020.

NAV EPRA Net Reinstatement Value (NRV) amounts to €73.0 per share as at 31 December 2020 (+19% over 1 year).

NAV EPRA Net Tangible Asset (NTA) amounts to €64.2 per share as at 31 December 2020 (+20% over 1 year).

NAV EPRA Net Disposal Value (NDV) amounts to €63.8 per share as at 31 December 2020 (+20% over 1 year).

This significant increase of €11.70 in the NAV EPRA NRV per share comes from net income (+€4.4), the change in the fair value of the portfolio (+€8.2), the payment of the dividend in cash (-€1.7) and in shares (-€0.2) and the transfer taxes (+€1.0).

A dividend of €2.10 per share, up +11%

The payment of a dividend of €2.10 per share will be proposed at the Annual General Meeting on 25 March 2021. This dividend represents a yield of 2.66% on the basis of the average share price in December 2020 (€78.95) and a distribution rate of 45% of the net cash-flows. Its payment is scheduled for April 2021.

Targets 2021

- 10% increase in our key indicators**

Argan sets the following targets for the end of 2021:

Key indicators	Targets end-2021	Change vs. end-2020
<i>Rental income</i>	€154m	+8%
<i>Recurring net income</i>	€114m	+10%
<i>NAV EPRA NRV / share</i>	€80	+8%
<i>Dividend per share *</i>	€2.30	+10%

* The dividend would be submitted for approval at the Combined GM approval in 2022

- Intensification of our «Climate plan» to develop carbon-neutral warehouses**

Argan intends to intensify the implementation of its «Climate plan» launched in 2020 which aims to build Premium warehouses whose operation will have a neutral-carbon footprint.

To achieve this objective, Argan is acting on the main causes of CO₂ emissions by fitting the roofs of new warehouses with photovoltaic power plants as well as improving heating and lighting performances and by

compensating for the residual CO₂ emissions with the planting of trees on each of the sites using the Miyawaki method and in the forest if necessary for the remainder.

Documentation relating to the presentation of the company's results is available on www.argan.fr.

Financial calendar 2021 *(Publication of the press release after closing of the stock exchange)*

- 25 March: Annual General Meeting of Shareholders
- 01 April: 1st quarter sales 2021
- 01 July: 2nd quarter sales 2021
- 15 July: Half-year results 2021
- 01 October: 3rd quarter sales 2021

About Argan

ARGAN is the only French real estate company specialising in the DEVELOPMENT & RENTAL OF PREMIUM WAREHOUSES listed on Euronext.

As at 31 December 2020, ARGAN's portfolio amounted to 3 million sq. meters, comprising 87 warehouses located exclusively in France, valued at €3 billion and generating an annualised rental income of €152 million. ARGAN is listed on Compartment A of Euronext Paris (ISIN FR0010481960 - ARG) and is included in the CAC All-Share and IEIF SIIC France indices. The company opted for the listed real estate investment companies (SIICs) tax regime on 01 July 2007.

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Simplified consolidated income statement (IFRS)

In millions of €	2018 (12 months)	2019 (12 months)	2020 (12 months)
Rental income	85.4	100.2	142.4
Rental income and expenses		-0.5	-1.5
Other IFRS 16 income and expenses		2.4	2.5
EBITDA (excl. acquisition costs for the « Cargo » portfolio)	77.9	89.2	132.2
Acquisition costs for « Cargo »	-	-47.1	-
EBITDA (Current Operating Income)	77.9	42.1	132.2
Including impact of IFRS 16		0.6	0.4
Change in fair value of the portfolio	81.2	197.1	174.6
Income from disposals	1.9	-0.3	9.3
EBITDA, after value adjustments (FV)	161.0	238.9	316.1
Income from cash and equivalents	0.3	0.2	0.1
Interest on loans and overdrafts	-18.6	-17.1	-26.4
Interest on IFRS 16 lease liabilities	-	-1.5	-1.6
Borrowing costs	-0.9	-0.6	-2.3
Borrowing costs and interests for the bridge « Cargo »	-	-4.8	-3.0
Derivative instruments	-2.1	-1.9	-1.7
Income before tax	139.7	213.2	281.2
Other financial expenses	-1.3	-1.0	-2.0
Tax	-1.7	1.4	-
Share of profit of equity-accounted companies	7.8	1.4	-0.3
Consolidated net income	144.5	215.0	278.9
Diluted earnings per share (€)	8.9	12.1	12.5

Recurring net income

In millions of €	2018 (12 months)	2019 (12 months)	2020 (12 months)
Consolidated net income	144.5	215.0	278.9
Acquisition costs for « Cargo »	-	47.1	-
Borrowing costs and interests for the bridge « Cargo »	-	4.8	3.0
Derivative instruments	2.1	1.9	1.7
Change in fair value of the portfolio	-81.2	-197.1	-174.6
Income from disposals	-1.9	0.3	-9.3
Other financial expenses	1.3	1.0	2.0
Other non recurring expenses	-	-	0.2
Tax	1.7	-1.4	-
Share of profit of equity-accounted companies	-7.8	-1.4	0.3
Impact of IFRS 16	-	0.9	1.2
Recurring net income	58.7	71.1	103.4
Recurring net income per share (€)	3.6	4.0	4.6

NAV EPRA

	31 December 2019			31 December 2020		
	NRV	NTA	NDV	NRV	NTA	NDV
Shareholders' equity (in €m)	1 238.7	1 238.7	1 238.7	1 478.6	1 478.6	1 478.6
Shareholders' equity (in €/share)	55.8	55.8	55.8	66.3	66.3	66.3
+ Fair value of financial instruments (in €m)	5.7	5.7	-	9.8	9.8	-
- Goodwill in the balance sheet (in €m)	-	-55.6	-55.6	-	-55.6	-55.6
+ Transfer taxes (in €m)	118.1	-	-	139.3	-	-
= NAV (in €m)	1 362.6	1 188.8	1 183.1	1 627.7	1 432.7	1 422.9
= NAV (in €/share)	61.3	53.5	53.3	73.0	64.2	63.8