

Exceptional increase in net income group share to €338m for the first half of 2021

Consolidated income statement	First half 2021	First half 2020	Change
Rental income	€76.2m	€69.5m	+10%
Recurring net income	€55.4m <i>€2.5/share*</i>	€50.6m <i>€2.3/share</i>	+9%
Net income group share	€338.3m <i>€15.1/share*</i>	€49.6m <i>€2.2/share</i>	+582%
Incl. change in fair value of properties	<i>€286.2m</i>	<i>€5.7m</i>	
Balance sheet information	30 June 2021	31 December 2020	Change (6 months)
NAV EPRA NRV** / share	€87/share	€73/share	+19%
Value of the portfolio excluding transfer taxes	€3.3bn	€3bn	+9%
LTV ratio	49%	54%	-500bps
Cost of debt	1.65%	1.65%	-
Occupancy rate	99%	100%	-1 point

*Calculated on the weighted average number of shares of 22,402,294

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

On 12 July 2021, the Executive Board approved the interim consolidated accounts as at 30 June 2021. Limited review procedures on these accounts have been completed and the report of the statutory auditors regarding the half-year financial information is about to be issued.

Recurring net income up +9%

Recurring net income is up +9% to €55.4m as at 30 June 2021, representing 73% of the rental income, which is stable year-on-year. The exceptional increase in net income group share of +582% to €338.3m is mainly due to the very large positive change in the fair value of the portfolio of €286m in the first half of 2021 compared to €5.7m last year, reflecting in particular the contraction in capitalisation rates.

Premium portfolio valued at €3.3bn excluding transfer taxes (€3.45bn including transfer taxes)

The delivered portfolio (excluding real estate assets under development) amounts to 3,100,000 sqm as at 30 June 2021, compared to 2,990,000 sqm at the end of 2020. Its valuation amounted to €3.3bn excluding transfer taxes (€3.45bn including transfer taxes), up +9% compared to 31 December 2020.

The valuation of the delivered portfolio at €3.3bn excluding transfer taxes results in a capitalisation rate of **4.70% excluding transfer taxes** (4.50% including transfer taxes), down compared to 5.05% excluding transfer taxes as at 31 December 2020.

The average **remaining fixed length** of the leases **remains stable at 5.5 years** compared to 5.7 years as at 31 December 2020.

The occupancy rate for the portfolio is 99% and its weighted average age is 9.8 years.

LTV ratio down at 49% and cost of debt stable at 1.65%

Gross financial debt relating to assets delivered amounts to €1.64bn, including bond issues of €155m. Including residual cash, **net LTV** (net financial debt/appraisal value excluding transfer taxes) **falls to 49%** as of 30 June 2021.

Debt consists of fixed rate bonds for 9% of the total, fixed rate amortising loans for 47%, hedged variable rate amortising loans for 39% and variable rate amortising loans for the remaining 5%. **The average cost of debt as of 30 June 2021 remains stable at 1.65% and its maturity is 7.8 years.**

The exceptional drop in the debt ratio at the end of June is transitory and given the deliveries expected for the second half of the year, ARGAN maintains its objective of a 53% LTV ratio at the end of 2021.

+19% increase in the NAV EPRA Net Reinstatement Value (NRV) at €87 per share

In accordance with the updated EPRA recommendations, ARGAN applies the new standards for determining the net asset value since 1st January 2020.

NAV EPRA Net Reinstatement Value (NRV) amounts to €86.7 per share as at 30 June 2021 (+19% over 6 months).

NAV EPRA Net Tangible Asset (NTA) amounts to €77.2 per share as at 30 June 2021 (+20% over 6 months).

NAV EPRA Net Disposal Value (NDV) amounts to €77 per share as at 30 June 2021 (+21% over 6 months).

This significant increase of €13.8 in the NAV EPRA NRV per share compared to 31 December 2020 comes from net income (+€2.5), the change in the fair value of the portfolio (+€12.4), the payment of the dividend in cash (-€1.1) and in shares (-€0.9) and the transfer taxes (+€0.9).

Upward revision of 2021 targets

Given the excellent half-year results and the significant increase in the value of the portfolio according to expert appraisals, ARGAN is revising upwards its 2021 targets as follows:

Key indicators	Increased targets	Initial targets
Value of the portfolio	€3.5bn	€3.2bn
NAV ANR NRV/share	€90	€80

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

- 01 October: 3rd quarter sales 2021
- 03 January: Annual revenue 2021
- 19 January: Annual results 2021

About Argan

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

As at 30 June 2021, ARGAN's portfolio amounted to 3.1 million sq. meters, comprising approximately 100 warehouses located exclusively in France, valued at €3.3 billion and generating annual rental income of €155 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.

www.argan.fr

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Francis Albertinelli – Chief Financial and Administrative Officer

Marie-Caroline Schwartz – General Counsel

Tel: +33 1 47 47 05 46

E-mail: contact@argan.fr

www.argan.fr

| Citigate Dewe Rogerson

Aude Vayre – Media relations

Tel: +33 6 14 64 15 65

Philippe Ronceau – Investor relations

Tel: +33 6 64 12 53 61

E-mail: argan@citigatedewerogerson.com

Simplified consolidated income statement (IFRS)

In millions of €	30 June 2020 (6 months)	31 December 2020 (12 months)	30 June 2021 (6 months)
Rental income	69.5	142.4	76.2
Rental income and expenses	-1.2	-1.5	-1.1
Other IFRS 16 income and expenses	1.1	2.5	1.4
EBITDA (Current Operating Income)	64.2	132.2	72.4
Including impact of IFRS 16	0.1	0.4	1.4
Change in fair value of the portfolio	5.7	174.6	286.2
Income from disposals	-0.1	9.3	-
EBITDA, after value adjustments (FV)	69.8	316.1	357.6
Income from cash and equivalents	0.0	0.1	0.0
Cost of gross financial debt	-12.4	-26.4	-14.2
Interest on IFRS 16 lease liabilities	-0.8	-1.6	-0.8
Borrowing costs	-1.0	-2.3	-1.3
Borrowing costs for the bridge « Cargo »	-3.0	-3.0	-
Change in fair value of hedging instruments	-0.8	-1.7	-0.5
Income before tax	51.8	281.2	340.7
Other financial expenses	-2.0	-2.0	2.0
Tax	-	-	-
Share of profit of equity-accounted companies	-0.2	-0.3	-
Consolidated net income	49.6	278.9	342.7
Net income group share	49.6	278.9	338.3
Diluted earnings per share (€)	2.2	12.5	15.1

Recurring net income

In millions of €	30 June 2020 (6 months)	31 December 2020 (12 months)	30 June 2021 (6 months)
Consolidated net income	49.6	278.9	342.7
Borrowing costs for the bridge « Cargo »	3.0	3.0	-
Change in fair value of hedging instruments	0.8	1.7	0.5
Change in fair value of the portfolio	-5.7	-174.6	-286.2
Income from disposals	0.1	-9.3	-
Other financial expenses	2.0	2.0	-2.0
Tax	-	-	-
Share of profit of equity-accounted companies	0.2	0.3	-
Impact of IFRS 16	0.7	1.2	0.4
Recurring net income	50.6	103.4	55.4
Recurring net income per share (€)	2.3	4.6	2.5

Simplified consolidated balance sheet (IFRS)

In millions of €	31 December 2020	30 June 2021
ASSETS	3,393.9	3,758.9
Non-current assets	3,272.8	3,581.6
Current assets	121.1	108.9
Assets held for sale	-	68.4
LIABILITIES	3,393.9	3,758.9
Shareholders' equity	1,478.6	1,828.0
Non-current liabilities	1,685.8	1,679.0
Current liabilities	229.5	233.5
Liabilities held for sale	-	18.4