ARGAN

Universal registration document

2019

ARGAN is the only French real estate company specialising in the *DEVELOPMENT & RENTAL* of *PREMIUM WAREHOUSES* for leading companies.

French public limited company (*Société Anonyme*) with an Executive Board and Supervisory Board
with share capital of €44,507,874
Registered office: 21, rue Beffroy - 92200 Neuilly-sur-Seine, France
393 430 608 Nanterre Trade and Companies Register
(the "**Company**" or "**Argan**")

UNIVERSAL REGISTRATION DOCUMENT & FINANCIAL REPORT 2019

This universal registration document was filed on 29 April 2020 with the *Autorité des Marchés Financiers* (the French Financial Markets Authority), as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Regulation**"), without prior approval in accordance with Article 9 of the said Regulation.

The universal registration document may be used for the purpose of an offer to the public of securities or admission of securities to trading on a regulated market if it is supplemented by a securities note together with, if applicable, a summary and any amendments to the universal registration document. The resulting set of documents shall be approved by the Autorité des Marchés Financiers in accordance with the Regulation.

Pursuant to Article 9 and Article 19 of the Regulation, this universal registration document (the "**Universal Registration Document**") incorporates by reference the following information:

- With regard to the financial year ended 31 December 2018: the consolidated financial statements, the statutory financial statements and the corresponding statutory auditors' reports, appearing in Part III-Financial Information of the Registration Document filed with the AMF on 24 April 2019, under number D.19-0377
- With regard to the financial year ended 31 December 2017: the consolidated financial statements, the statutory financial statements and the corresponding statutory auditors' reports, appearing in Part III-Financial Information of the Registration Document filed with the AMF on 26 April 2018, under number D.18-0412

Copies of the Universal Registration Document are available free of charge from the registered office of Argan at 21, rue Beffroy - 92200 Neuilly-sur-Seine, France and on Argan's website (www.argan.fr) and on the French Financial Markets Authority's (AMF) website (www.amf-france.org).

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A WORD FROM THE CHAIRMAN

Jean Claude Le Lan

Chairman and Founder

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

Argan combines the transparency of a publicly listed company with the stability of a clear strategy which is defined and implemented by the majority shareholder and a management team who are experts in their fields.

Our aim is to build a portfolio of modern ***PREMIUM*** warehouses constructed to the highest standards, to ensure an occupancy rate close to 100%, with constant expansion to include new developments.

A high level of integration has created an in-house team with expertise throughout the whole value creation chain, covering the identification of future customers' needs, financing, development, rental management and building maintenance. This offers our clients the advantage of a single point of contact right from design and development of their warehouses and throughout the term lease agreements.

In October 2019, ARGAN acquired for an amount of €900 million the "Cargo" portfolio composed of 22 premium logistics hubs with a surface area of 1,100,000 sq. meters. This helped the company to scale up and achieve exceptional earnings growth in fiscal year 2019.
This transaction alone is equivalent to 8 years of development and portfolio growth of 60%.

Our development has been fast and well managed. From a blank sheet in 2000, in 2019 the portfolio encompassed 2.9 million sq. meters and was valued at €2.7 billion (an increase of 93% compared with 2018) and generating annual rental income of €140 million, with a rate of return of 5.30%. Argan has its sights set on a portfolio valuation of €3 billion by 2021/2022.

ARGAN is fully aware of current environmental issues and adopted a policy of environmental responsibility in 2018. To continue its progress, in 2020 ARGAN intends to implement an ambitious "Climate Plan" to develop premium warehouses with a carbon neutral operating footprint in terms of heating and lighting.

1. Our strengths

- ARGAN covers the value creation chain in-house.
- As a developer-investor, it is ideally positioned to secure cost prices for construction.
- Its growth strategy is geared around PREMIUM logistics hubs in Prime locations, let on long-term leases to financially solvent tenants.
- The company is managed by the majority shareholder.
- Its operating costs (including developer's costs) are among the lowest in the sector, representing less than 6% of rental income.
- It has a portfolio of PREMIUM logistics hubs with an average age of 8.4 years (at 31 December 2019).
- Its occupancy rate is 99% (at 31 December 2019).
- The average remaining fixed term of the leases is 5.8 years (31 December 2019).
- Most of the company's tenants are major corporates.
- There is a balance of tenant types: 82% are shippers, 14% are multi-client logistics specialists and 4% are single-client logistics specialists.
- It pays a dividend representing a yield of around 2.6%.
- It follows the guidelines coming out of the Grenelle Environment Forum (*Grenelle de l'Environnement*), by developing buildings that adhere to the HQE (*Haute Qualité Environnementale* - High Environmental Quality), BBC (*Bâtiment Basse Consommation* - Low-energy Consumption Building), and BREEAM (Building Research Establishment Environmental Assessment Method) standards.

2. Management and control

The Company has a Supervisory Board and an Executive Board.

Jean-Claude LE LAN and his family own 40% of the shares, while the remaining 60% are free-float shares (at 31 December 2019), thereby complying with the Company's status as a listed real estate investment company (*Société d'Investissements Immobiliers Cotée*, SIIC – the French REIT regime), which it adopted on 1 July 2007.

There are 8 members on **the Supervisory Board**, including 3 independent members. They are:

- Jean-Claude LE LAN – Chairman and majority shareholder
- Bernard THEVENIN – Vice-Chairman of the Supervisory Board and member of the Audit Committee
- Nicolas LE LAN – Member
- Stéphane CASSAGNE – Member
- Florence Soule de Lafont – Independent member of the Supervisory Board and Chairman of the Appointments and Remuneration Committee
- François-Régis DE CAUSANS – Independent member of the Supervisory Board, Chairman of the Audit Committee and member of the Appointments and Remuneration Committee
- Constance DE PONCINS – Independent member
- Najat AASQUI (permanent representative of PREDICA) – Member of the Supervisory Board, the Audit Appointments and Remuneration Committee

Emmanuel CHABAS (proposed by PREDICA) was appointed as observer (a non-voting member) of the Supervisory Board by the shareholders' General Meeting of 15 October 2019.

The Supervisory Board decided at its meeting of 16 October 2019 to set up an Audit Committee and an Appointments and Remuneration Committee, each with three members whom the Supervisory Board would appoint from among its own members.

There are 4 members on **the Executive Board**, namely:

- Ronan LE LAN – Chairman – Portfolio Management
- Francis ALBERTINELLI – Member – Administrative and Finance
- Frédéric LARROUMETS – Member – Developments
- Jean-Claude LE LAN (Junior) – Member – Management Control and Treasury

Members' professional backgrounds and the processes followed by the Supervisory Board, the specialised Committees and the Executive Board are described in Part II.3 – Corporate governance.

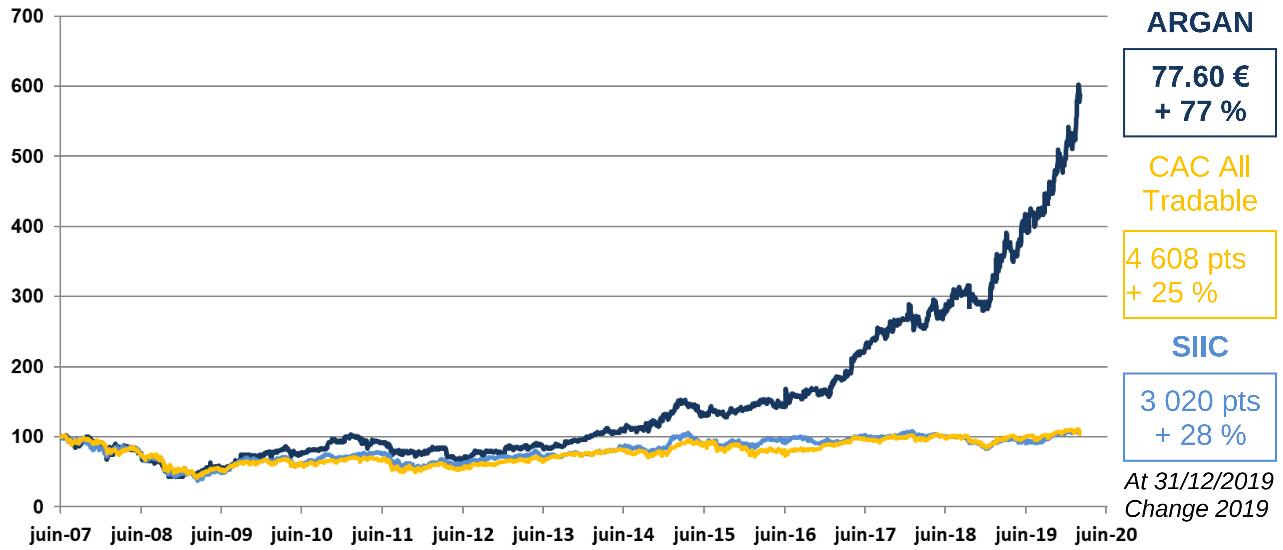
3. Change in the share price and the NAV

3.1. Change in the share price since listing (25 June 2007):

Argan is listed on Euronext Paris since 25 June 2007. Its shares were transferred from compartment C to compartment B in January 2012 and from compartment B to compartment A in January 2020.

The market capitalisation at 31 December 2019 was **€1.724 billion** based on a share price of €77.60/share. Argan is included in the CAC All-Share and IEIF SIIC France indices.
ISIN code: FR0010481960

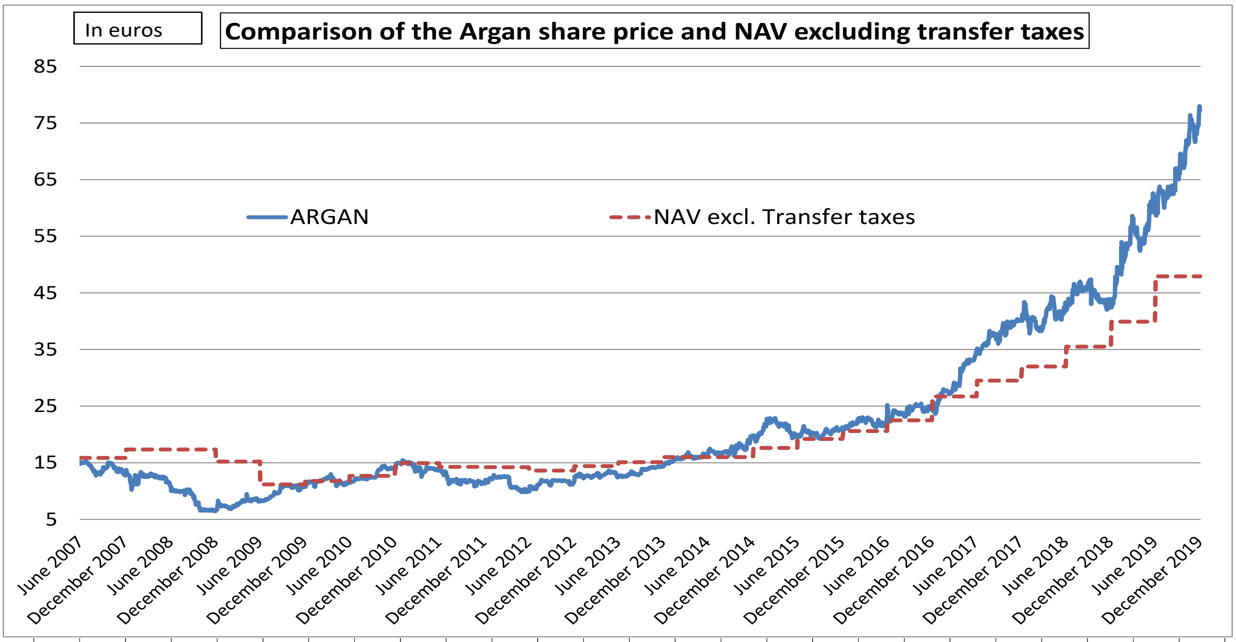
Change in the ARGAN share price (€) and in the SIIC France and CAC All Tradable indices
Base 100 = IPO share price on 25/06/07



The lowest and highest share prices (closing rates) over the past five years have been as follows:

Closing share price	2019	2018	2017	2016	2015
Lowest share price	42.40	37.80	23.60	20.80	18.70
Highest share price	78.00	47.40	40.38	25.46	22.90

3.2. Change in the share price and the NAV excluding transfer taxes:



	2007		2008		2009		2010		2011		2012	
	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half
ARGAN share price (half-year average)	15,0	14,0	12,3	8,5	7,8	10,0	11,7	12,9	14,3	11,9	11,4	11,4
NAV/share excl. transfer taxes in €		15,9	17,3	17,3	15,2	11,2	11,8	12,7	14,9	14,3	14,2	13,6
Discount - / Premium +		**-12%**	**-29%**	**-51%**	**-49%**	**-11%**	**-1%**	**2%**	**-4%**	**-17%**	**-20%**	**-16%**

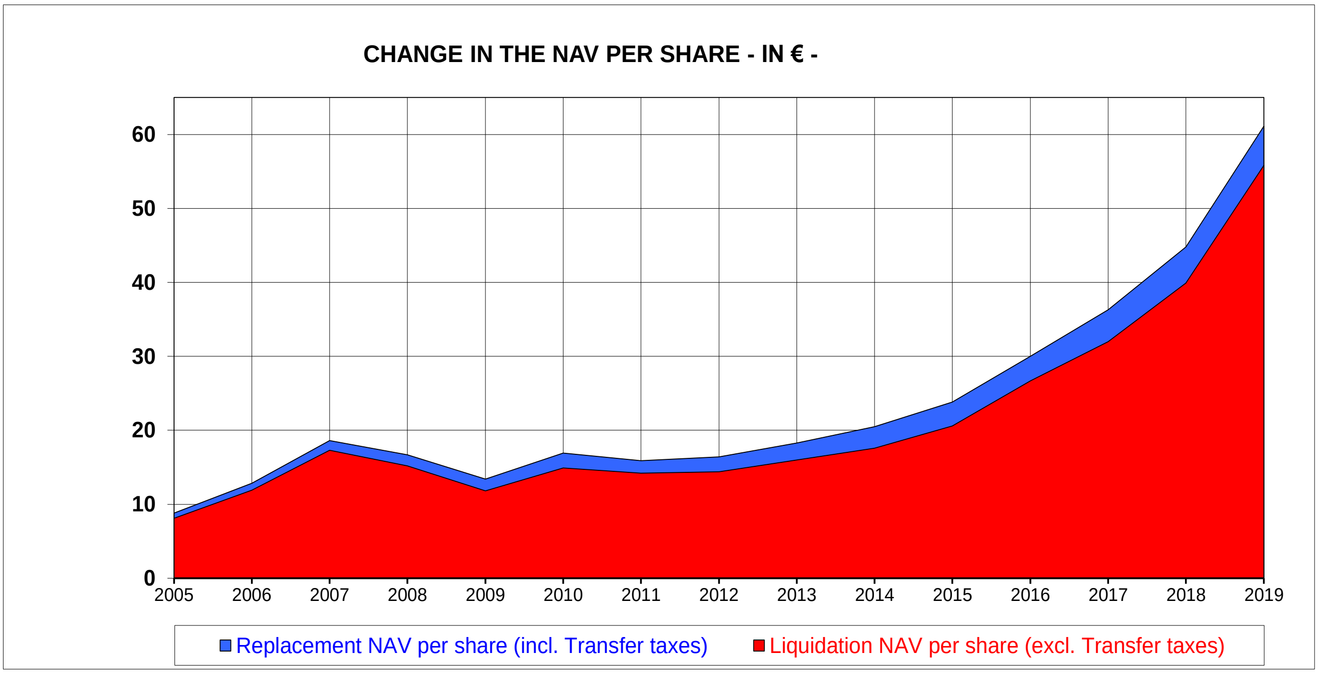
	2013		2014		2015		2016		2017		2018		2019	
	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half
ARGAN share price (half-year average)	12,8	13,5	15,8	17,4	21,1	20,3	22,0	24,1	29,2	37,7	40,8	44,6	53,5	67,1
NAV/share excl. transfer taxes in €	14,4	15,1	16,0	16,0	17,6	19,2	20,6	22,5	26,7	29,5	32,0	35,5	39,9	47,9
Discount - / Premium +	**-11%**	**-11%**	**-1%**	**9%**	**20%**	**6%**	**7%**	**7%**	**9%**	**28%**	**28%**	**26%**	**34%**	**40%**

This table shows the discount or premium on the ARGAN share in relation to its EPRA triple Net Asset Value (NNNAV) excluding transfer taxes.

It compares the half-year average of the ARGAN share price to the last NAV excluding transfer taxes published at the end of the previous half-year period. For example, the average share price for the second half of 2019, i.e. €67.10, represents a premium of +40% on the last known NAV excluding transfer taxes, i.e. €47.90 as at 30 June 2019.

For information, the price of the ARGAN share at 31 December 2019 was €77.60. This represents a premium of +39% on the EPRA NNNAV excluding transfer taxes as at December 2019, which was €55.80.

3.3. Change in the NAV per share:



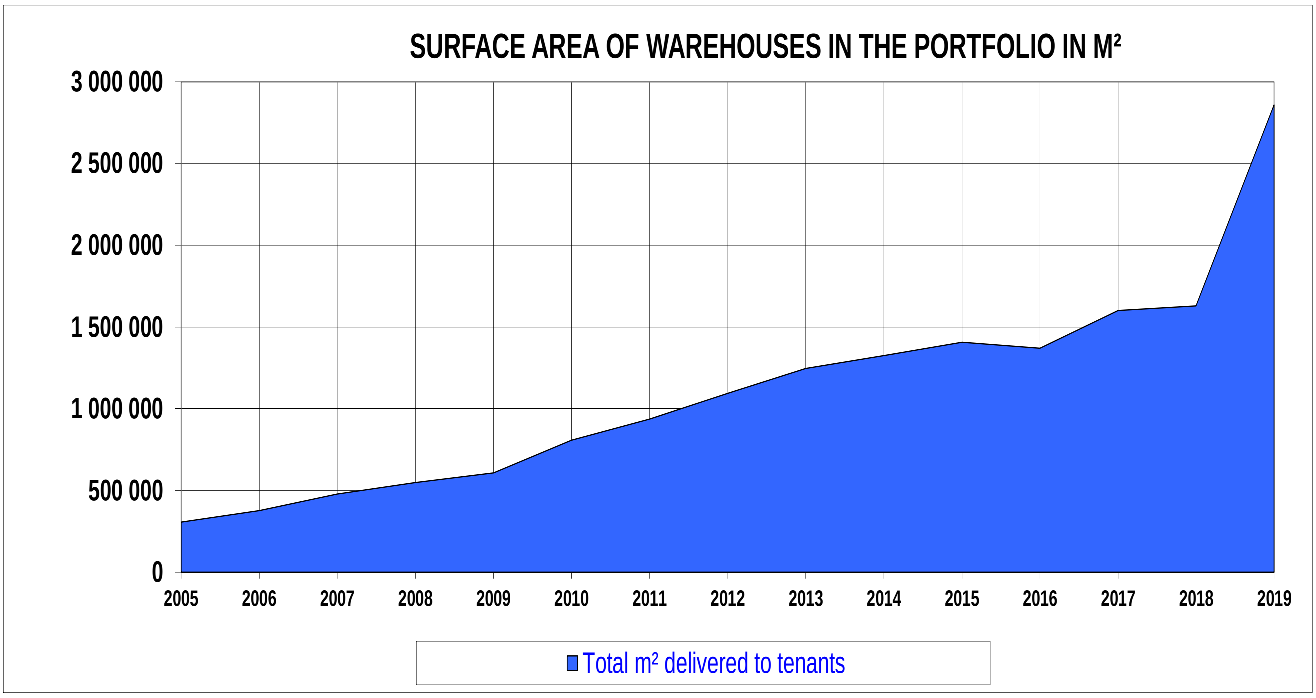
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Replacement NAV per share (incl. Transfer taxes)	8,8	12,9	18,6	16,7	13,4	16,9	15,9	16,4	18,3	20,5	23,8	30,0	36,3	44,8	61,1
Evolution annuelle A / A-1		46%	45%	-10%	-20%	26%	-6%	3%	12%	12%	16%	26%	21%	23%	36%
Liquidation NAV per share (excl. Transfer taxes)	8,1	11,9	17,3	15,2	11,8	14,9	14,2	14,4	16,0	17,6	20,6	26,7	32,0	39,9	55,8
Change year on year Y / Y-1		47%	45%	-12%	-22%	26%	-5%	1%	11%	10%	17%	30%	20%	25%	40%

The EPRA triple NAV excluding transfer taxes per share was €55.80 at 31 December 2019, compared with €39.90 at 31 December 2018, an increase of €15.90 or 40%.

This increase of €15.9 is attributable to:

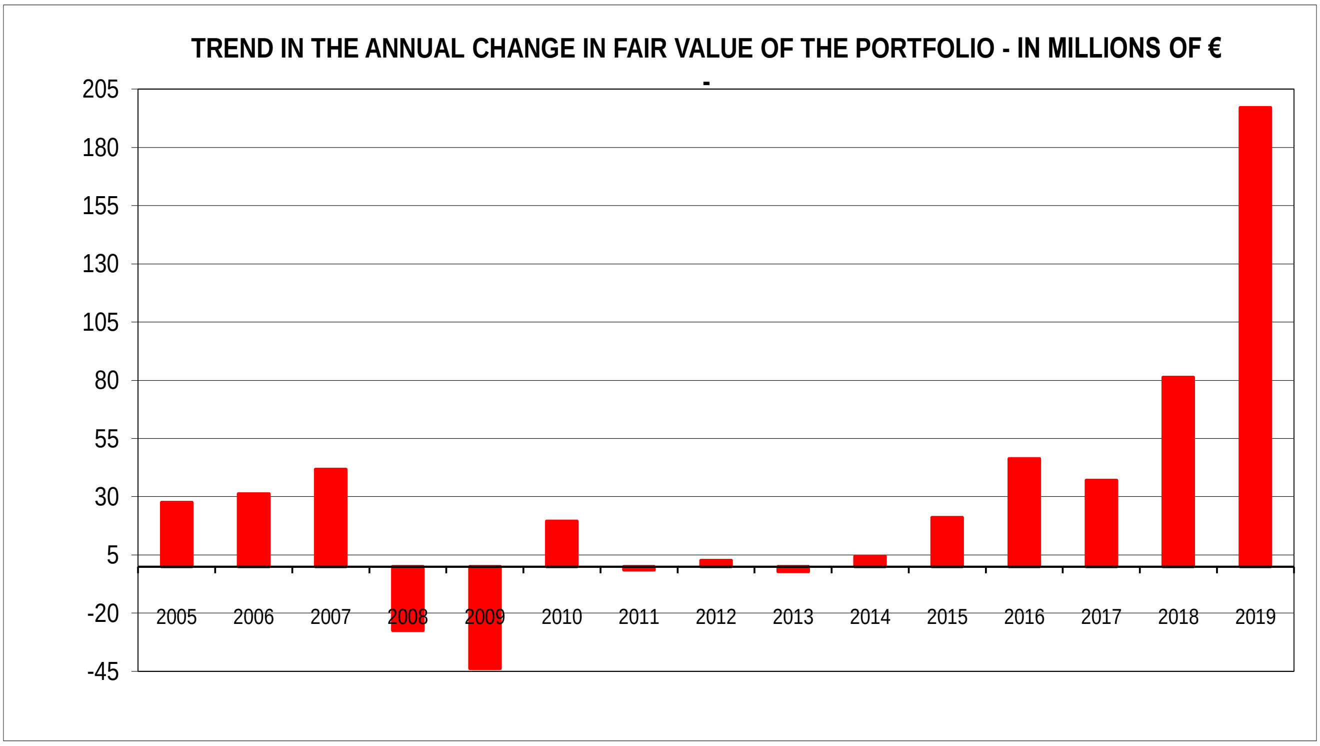
- Net income (excluding change in fair value): +€3.30
- The change in the value of the portfolio: +€8.90
- The impact of the inclusion of "Cargo" in the consolidation perimeter: +€5.00
- The revaluation of debt hedging instruments: -€0.10
- Payment of the dividend in cash: -€0.60
- The dilutive impact of new shares issued under the share dividend option: -€0.60

4. Key figures of the portfolio



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total m² delivered to tenants	305 606	375 211	476 351	549 500	608 000	806 000	936 500	1 095 000	1 247 000	1 326 000	1 406 000	1 370 000	1 600 000	1 630 000	2 860 000
Change year on year		23%	27%	15%	11%	33%	16%	17%	14%	6%	6%	-3%	17%	2%	75%
Value Excl.transf.tax.(€m)	187,2	258,2	350,7	370,3	370,9	539,3	614,9	753,5	839,5	902,4	961,5	1 022,5	1 255,9	1 385,6	2 670,5

The Company's portfolio covered 2,860,000 sq. m at 31 December 2019, up by +75% compared with the previous year.



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Change in fair value	27,5	31,3	41,7	-27,5	-43,6	19,5	-1,5	2,7	-2,1	4,5	21,1	46,3	37,0	81,2	197,1
Portfolio excl.transf.tax.	187,2	258,2	350,7	370,3	370,9	539,3	614,9	753,5	839,5	902,4	961,5	1 022,5	1 255,9	1 385,6	2 670,5
Change in FV / Portfolio Y-1		17%	16%	-8%	-12%	5%	0%	0%	0%	1%	2%	5%	4%	6%	14%

5. Overview of the Group's activities and markets

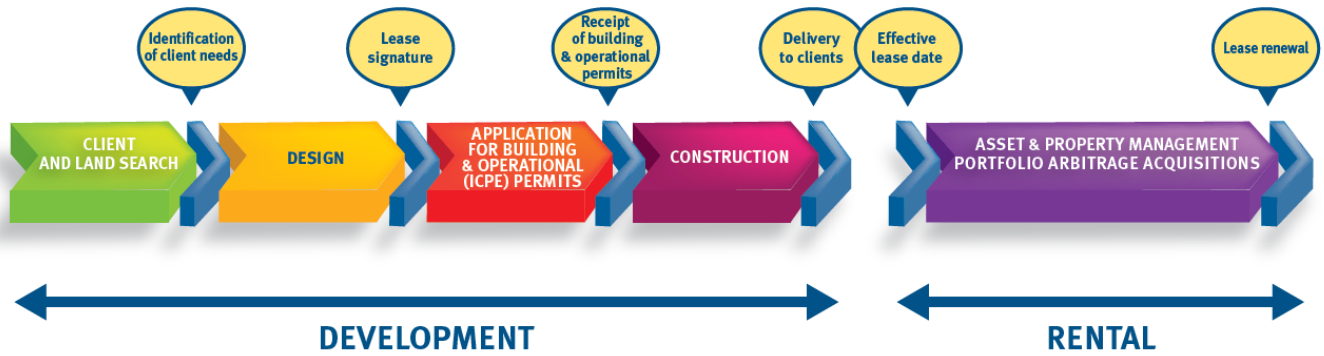
5.1 The Group's commercial real estate activities

ARGAN has acquired wide-ranging expertise in the development and rental of PREMIUM warehouses.

After starting from a blank sheet in 2000, at 31 December 2019 ARGAN held a portfolio of 85 PREMIUM warehouses amounting to a total of 2.860 million sq. meters. Most of these sites were developed by the Company and they are managed in-house.

ARGAN's expertise can be seen at every stage of the warehouse development and rental management process and the Company's positioning as a Pure Player ensures it is constantly being enhanced.

The stages of the development of a logistics hub



Each step requires particular expertise:

Understanding and examining clients' storage and distribution needs in depth, working with them to design their future warehouse and supporting them with active asset management.

Optimizing the overall design of a logistics project requires knowledge of how a warehouse operates and the flows of goods and vehicles in and out. It also requires a thorough understanding of the regulatory environment. Poor design not only increases construction costs, but more importantly operating costs, owing to lack of overall usability or energy efficiency.

Handling the engineering analysis for all aspects of the build: soil stability and mechanical strength, pier and beam structure, paving, roofing, cladding and thermal insulation, to form the fabric of the building.
Next, there are structural engineering plans to be developed and technical equipment to be assessed and selected, encompassing power distribution and lighting, heating, loading dock equipment and the whole of the safety system, including automatic fire-extinguishing, fire hose stations, etc.

Maintaining a high level of expertise in the ICPE regulations (*Installations Classées pour la Protection de l'Environnement* – Classified Facilities for Environmental Protection) is essential.
Depending on the nature and quantity of the products they store, warehouses must either make a declaration, registration or obtain prefectoral authorisation in order to operate. The ministerial decree of 11 April 2017 for combustible products, and other decrees covering more specific products, establish the requirements for fitting out storage bins, the fire-fighting equipment to be provided and the prevention of pollution risks.
The Company has long-standing experience of the regulations and is therefore fully conversant with their implementation.

Promoting sustainable development in every project

- Selection of materials with a small environmental footprint begins at design and engineering analysis stage, ensuring the best possible energy performance.
- The main contributors in controlling the facility's energy consumption and its carbon footprint are high performance lighting with presence sensors and dimming systems, enhanced thermal insulation, lots

of natural light, high-efficiency heating, solar water heaters and centralised technical management. In addition, since 2018, photovoltaic systems have been installed in all new warehouses to help meet the tenants' own energy needs, saving them around 20% on their electricity bill.

- Trees planted as part of the landscaping work are chosen from regional species, preferably broadleaved to optimise the carbon footprint.
- Happy staff work better.
- ARGAN creates an atmosphere conducive to well-being, high-quality work, productivity and accident prevention with light colours on walls and the underside of the roof, good natural light distribution, an appropriate colour temperature and intensity for artificial light and high-quality office fittings, and by ensuring acoustic comfort and areas for staff to relax.

Ensuring a high-quality build to guarantee the durability of the building and keep maintenance costs under control, by using top-tier construction companies and consultants with a reputation for experience, diligence and a high level of excellence.

Asset management certainly demands expertise in commercial leases, but above all it requires a spirit of long-term partnership and the utmost respect for clients.

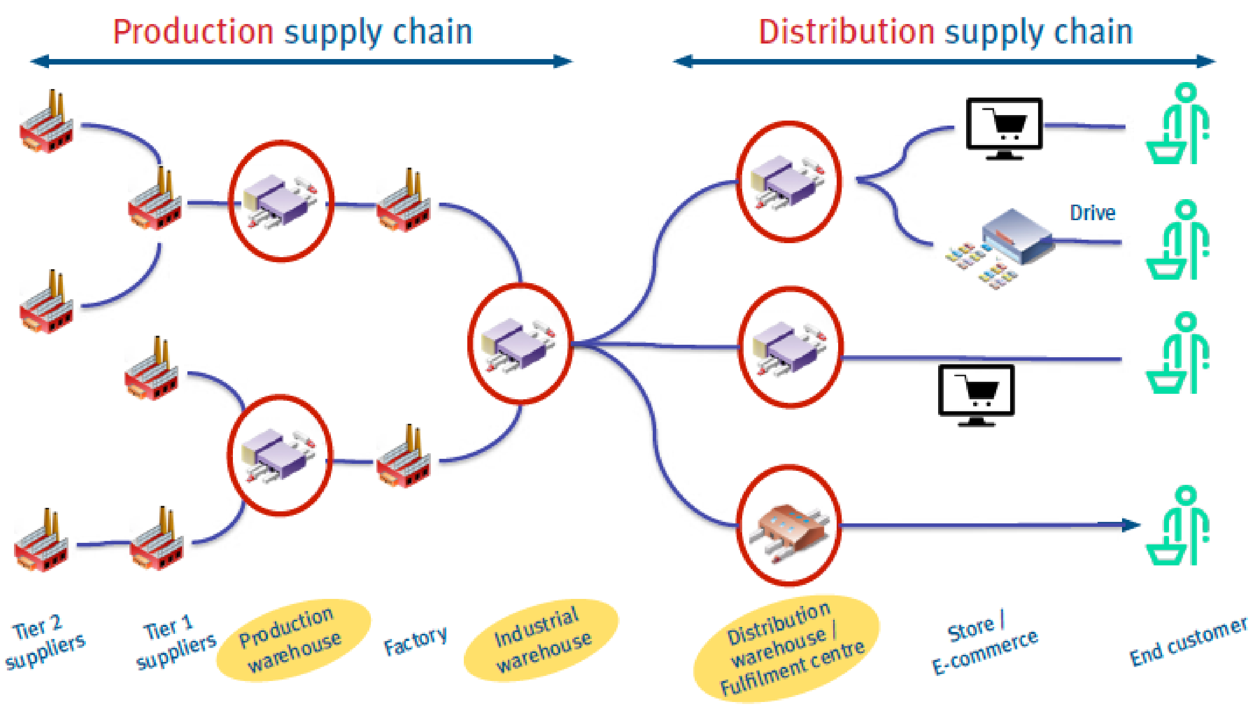
5.2 The Group's market

ARGAN is only active in the warehouse market in mainland France.

5.2.1 The warehouse boom

The combined effects of globalisation and companies' outsourcing of their logistics functions have led to in considerable growth in logistics real estate since the 2000s.
This shift has created logistics specialists and logistics service providers, a new profession that deals with storage and potentially transport, and this is how logistics specialists such as FM LOGISTIC, GEODIS, XPO, KUEHNE+NAGEL, ID LOGISTICS, etc… have emerged. Whilst they operate internationally, there are also smaller, more recent operators whose business is confined to the French market.
This development has led to the emergence of the logistics real estate industry, bringing together all the players in the chain: land developers, property developers, investors, builders, architects, engineering consultants and real-estate agents with specialist expertise in this asset class.
As a result, warehouses were "standardised" in line with requirements under the regulation of 5 August 2002, which was superseded by the version of 11 April 2017, and according to the needs expressed by logistics specialists. As such, since 2002, warehouses have been restricted to bins of 6,000 sq. meters separated by fire walls, include 35 m-long manoeuvring aprons for trucks, as well as safety systems under ICPE (*Installations Classées pour la Protection de l'Environnement* – Classified Facilities for Environmental Protection).
These qualitative standards are constantly evolving upward, particularly with regard to energy performance. In 2010, ARGAN was the first to develop a BBC (*Bâtiment Basse Consommation* - Low-energy Consumption Building) warehouse, for L'OREAL, and from 2018 onwards, it decided to install photovoltaic systems in all its new warehouses, so clients can use self-produced electricity to help meet their energy needs if they wish.
Clearance heights have also changed, from 8 metres in the 1980s and 1990s to 10 meters in 2000; since 2010, the requirement has been 12 metres.
At the end of 2019, the French logistics warehouse market was around 60 million sq. meters of space in operated warehouses of more than 5,000 sq. meters. Approximately 67% of this total, i.e. 40 million sq. meters, was leased. To begin with, warehouses were developed mainly from north to south along the main routes from Lille to Marseille, including in the areas around Paris and Lyon, but the market has spread throughout the country in recent years.
The development of this market is being driven by the increasing importance of logistics in a connected economy, new patterns of consumption, especially via e-commerce, and demand for shorter delivery times. On average, 2.2 million sq. meters of new warehouse space have been delivered annually over the past 5 years.

5.2.2 The central importance of warehousing in the supply chain



Note: There are always warehouses associated with a producer, in particular when it distributes its products itself.

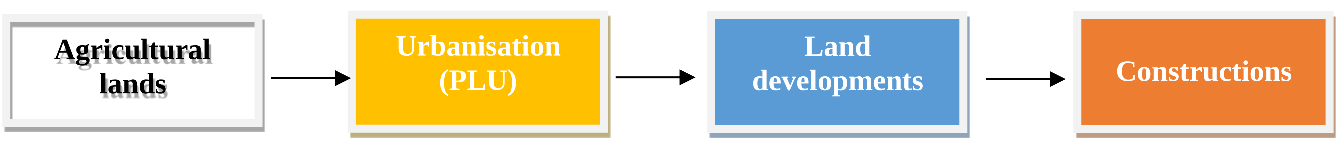
5.2.3 Operators in the sector

There are many operators in this sector and it is not always easy to identify individual roles, as some operators cover several areas. The sector includes land developers, property developers, builders, investors, real-estate agents, lessees i.e. tenants, government agencies, local authorities (Communities of communes or communities of agglomerations) architects, consulting firms and Asset managers:

1. <u>**LAND DEVELOPERS**</u>

Building a warehouse of 100,000 sq. meters requires at least double the land area - i.e. 200,000 sq. meters or 20 hectares. For land to be built on, it must first be allocated for development. Allocation of land in areas where houses, offices, shops or warehouses are to be built is the responsibility of the district councils, combined district councils or urban district councils. This is managed via the PLU (*Plan Local d'Urbanisme* - Local urban development plan), which is approved by the government agencies (the prefecture).

PLUs must be drafted to dovetail with the SCOT (*Schéma de Cohérence Territoriale*, a comprehensive zoning and development plan) and, in Ile de France, with the SDRIF (*Schéma Directeur Régional Ile de France*, Regional masterplan for Ile de France).
Land developers are involved at an early stage, supporting and driving the process of allocating land for building and then developing sites (laying roads, water and wastewater systems, gas, electricity and telephone).
Land development companies carry out development works on behalf of local authorities that own the land and have generally purchased it from agricultural landowners.
Land developers may also purchase agricultural lands upfront, to qualify them for inclusion in local authority PLUs, then develop the lands and subsequently sell them to operators such as property developers, builders or development investors.



2. **PROPERTY DEVELOPERS**

Property developers buy lands from local authorities or land developers and build warehouses, generally leased off-plan (BEFA), and then sell them to investors.
They may also be asked to build for owner-users who do not wish to be tenants.
Before construction can start, the warehouse needs to be designed and administrative approvals must be obtained: the building permit and ICPE authorisation (*Installations Classées pour la Protection de l'Environnement* - Classified Facilities for Environmental Protection), for which property developers enlist the help of architects and specialist ICPE consultancy firms.

Development cycle:

Length of cycle: approximately 18 months

3. **BUILDERS**

There are two ways to build:

- either the project owner (land owner) instructs a design and build architect to carry out the project from A to Z,
- or he hires a general contractor who will handle the process from end to end:

In the first scenario:
The architect is responsible for design and for applying for building permit. He instructs specialist engineering consultants to apply for ICPE authorisation, performs structural calculations, and design the fluid systems (electricity, heating, installation of fire extinguishers, etc.).
The architect creates the project plans and writes the description of the construction work, awards contracts for the works in separate lots and manages the works.
In general in this model, the architect (project manager) does not provide the project owner with a guaranteed final price, since the price is only known following the outcome of the calls for tender.
In the second scenario:
The general contractor, who may be a consultancy or a contracting company, carries out all the tasks described above but also has a performance obligation under a CPI (*Contrat de Promotion Immobilière* - Real Estate Development Agreement) and commits to a fixed total price.
Note: The **project owner** is the land owner, **the project manager** is the architect or the person responsible for leading and overseeing delivery of the project.

4. **INVESTORS**

Investors generally buy new warehouses from property developers or other investors in the event of resale, as their business is to rent these warehouses to shippers or logistics specialists.
These investors are Real Estate Companies or Funds:

- Real Estate Companies like ARGAN are intended to be long-term concerns, managing a real estate portfolio for rent.
- Funds (very often British or American) are set up for predetermined periods at the end of which the assets are sold and the funds are dissolved. This is a strictly financial approach where the underlying asset is warehouses.

The lines between roles are sometimes blurred:

- Investors with a similar positioning to Argan may also take on property development themselves to pick up the property developer's margin.
- Builders seeking to improve their bottom line are also becoming property developers and in some cases land developers as well.
  As a business area where there is ample supply, construction requires significant resources.
- Property developers work with little in the way of equity capital and around ten employees or even fewer, and can achieve successful outcomes when the climate is conducive to investment. What is key here is being able to sign a commercial lease with a future lessee prior to completion of the project.

5. **REAL ESTATE AGENTS**

Real estate agents have earned an enviable position in this sector where they act as an interface between supply and demand at all levels:

- Between lessees and property developers or investors/property developers,
- Between property developers and investors.

They generally operate at all levels of the sector.

Their fee is around 1% of the transaction amount for a sale (€200,000 for a sale of €20 million) and about 15% of the annual rent for a lease.
The critical factor for these professionals is having access to the following information: Who wants to buy? Who wants to sell? Who wants to rent?

6. **LESSEES**

Tenants may be shippers or logistics specialists and are the most important players in the chain.
Rather than taking on the mantle of ownership by allocating their financial resources to property, they have chosen instead to devote them to their more profitable core business.

7. **GOVERNMENT AGENCIES**

Government agencies are responsible for reviewing building permit and ICPE applications and are supervised by the departmental prefects.
It is the prefect who grants ICPE authorisations but building permits are granted by district authorities further to referral from the government agencies.

8. **LOCAL AUTHORITIES**

District and local authorities are of course concerned about town planning issues in their local areas and they determine the allocation of land for housing, shops, business operations and logistics via their PLUs.
Three types of districts are identified:

- Urban districts > 450,000 inhabitants
- Districts and conurbations > 50,000 inhabitants
- Combined districts (no threshold)

Logistics businesses are generally not welcome on the pretext that they create noise and other pollution, especially because of the heavy vehicles involved.
As a result, areas allocated to logistics real estate will be away from housing and as close as possible to main roads or motorways.

Warehouses cannot be sited too far from labour pools, however.

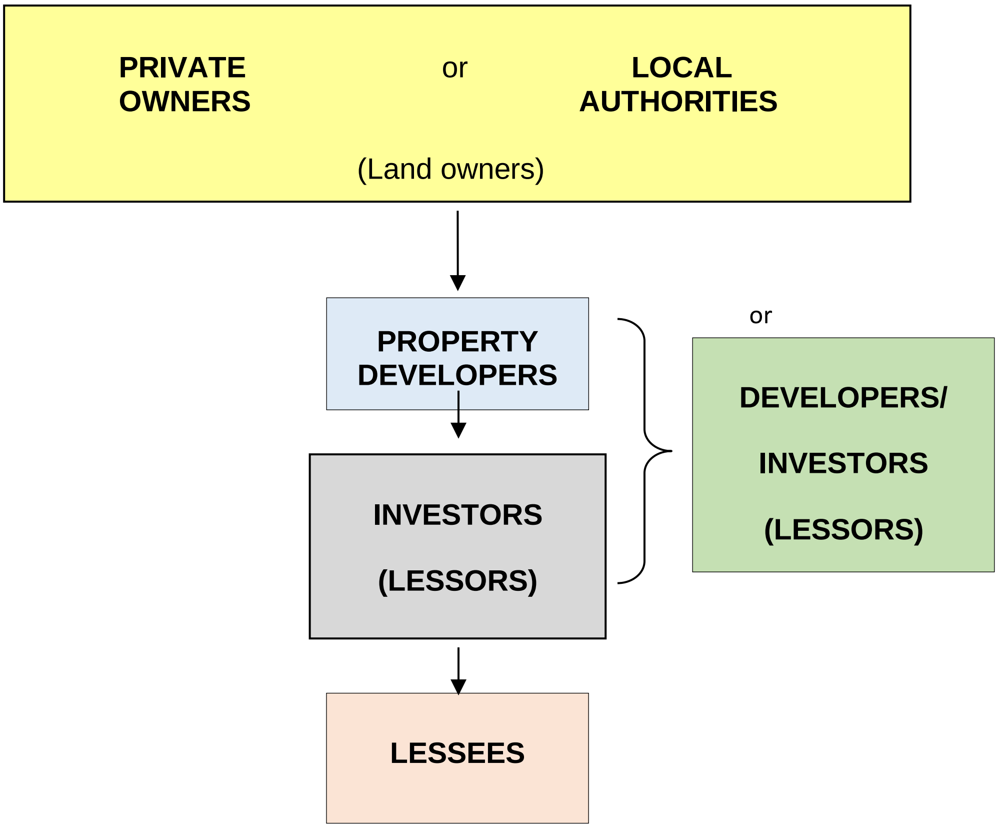
9. **ARCHITECTS AND ENGINEERING CONSULTANTS**

These service providers act on behalf of operators in the development chain. Architects prepare building permits while engineering consultants provide input in their areas of expertise: land development, geotechnology, structural design, fluids, ICPE, etc.

10. **ASSET MANAGERS (property management companies)**

Property investment funds make use of property management companies (Asset Managers) to manage their property assets.
These companies provide rental management, rent recovery and technical facility management services, either directly or indirectly.

LESSOR/LESSEE RELATIONSHIP



5.2.4 Key competitors

In recent years, the warehouse boom has sparked considerable investors' interest owing to the rental returns they offer. In 2019, it was around 5 to 6%, much higher than for offices and major shopping centres, and the development of e-commerce makes this asset class even more attractive.
Sales of warehouses were worth around €5bn in 2019, representing around 13% of non-residential real estate transactions and equivalent to an increase of 47% over the previous year.

Two types of competitors are active in **sales transactions or development**:

- ✓ **Investment Funds** (mostly British or American) such as AEW, CBRE GLOBAL INVESTORS, LOGICOR, AXA Real Estate - operate in the secondary market by trading portfolios of existing warehouses, not necessarily the most recent builds, and they take advantage of opportunities in the European, US and Asian markets depending on the economic environment.
  These funds are backed by banks or insurance companies and assign Asset Managers to manage their warehouses.
  They are not actually competitors for ARGAN, but rather, they are potential buyers.
- ✓ **Developers/Investors** such as ARGAN, BARJANE, GAZELEY, GOODMAN, SEGRO, SOGARIS, PARCOLOG, PROLOGIS, or **Property Developers** such as JMG, PRD and PANHARD - focused, like ARGAN, on the development of new warehouses intended for rental. Over the past five years, this segment has provided approximately 1,000,000 sq. meters per year. ARGAN's market share is around 5%.

The **warehouse owners**' market is more fragmented owing to the presence of Developers/Investors, Investment Funds and owner-operators.
Owner-operators are not direct competitors, but their activity reduces the market share of warehouses for rental. This segment mainly includes major retailers such as LECLERC, INTERMARCHE, CASINO, AUCHAN, SYSTEME U and CARREFOUR, with some of them both owning and renting warehouses.

In France, there is a total of around 60 million sq. meters of space in warehouses of more than 5,000 sq. meters, including 40 million sq. meters of warehouses for rent. ARGAN's share of this market is approximately 7%.

5.2.5 Types of Warehouses

SEGMENTATION BY OPERATING RADIUS

TYPE	REMARKS
NATIONWIDE WAREHOUSES	These facilities are relevant for companies that store a wide range of products with a low turnover. For example: automotive spare parts, homewares and household equipment
REGIONAL WAREHOUSES	Relevant for large volumes generating lots of transport operations For example: wholesale distribution
LOCAL WAREHOUSES OR FULFILMENT CENTRES	These are small warehousing facilities on the outskirts of towns for products requiring a high frequency of delivery For example: fresh products, pharmaceuticals

SEGMENTATION BY TYPE OF PRODUCTS STORED

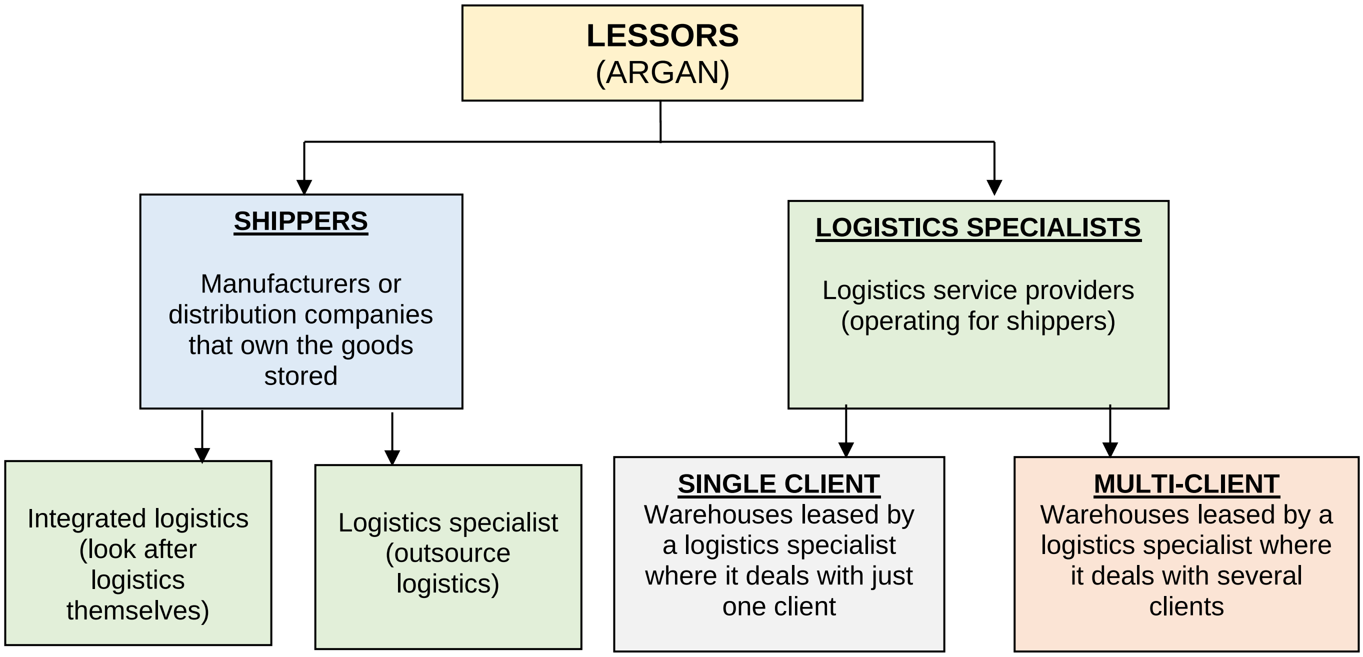
TYPE	REMARKS
DRY PRODUCT WAREHOUSES (no temperature control)	Relevant for products that do not require temperature control Example: food supplies, manufactured components
TEMPERATURE-CONTROLLED WAREHOUSES	Relevant for products that need to be kept below a certain temperature (generally 25°C) For example: pharmaceuticals, chocolate, etc.
POSITIVE COLD STORAGE WAREHOUSES **(1° to 8°C)**	Relevant for fresh products For example: vegetables, fruits, fish, etc.
FROZEN STORAGE WAREHOUSES **(-20° to -30°)**	Relevant for frozen products The structure of these warehouses must be insulated from the ground when they are built. (The cost of production engineering for the freezing system is largely equivalent to the cost of the building's structure).
DUAL- OR TRIPLE-TEMPERATURE WAREHOUSES	Generally relevant for major distributors, depending on the mix of products stored
E-COMMERCE WAREHOUSES	There are two major types: standard warehouses and highly mechanised warehouses.

SEGMENTATION BY SIZE

TYPE	REMARKS
XXL UNITS > 50,000 sq. meters	Large warehouses conducive to the consolidation of transport flows and management cost savings Relevant for national and regional warehouses and warehouses for major distribution
UNITS **20,000 to 50,000 sq. meters**	This kind of warehouse is the most numerous. They are generally regional or may be national in case of small volumes
UNITS < 20,000 sq. meters	Designed for smaller volumes or for local coverage

5.2.6 *Types of Lessees*

SHIPPERS OR LOGISTICS SPECIALISTS:

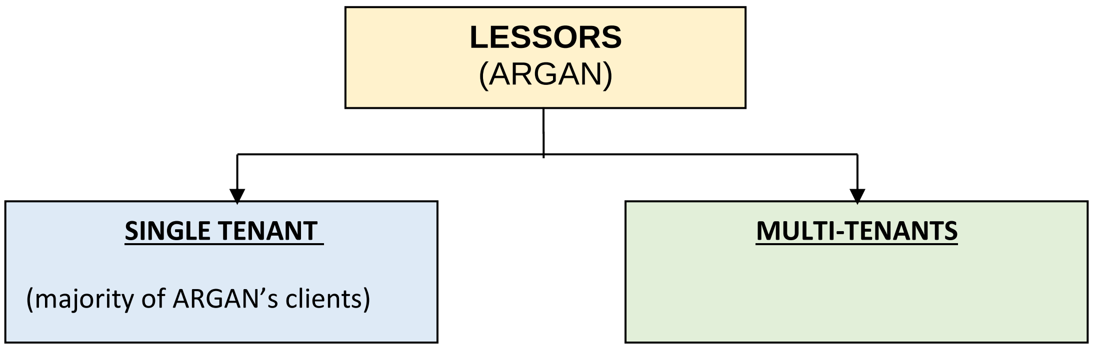


→ Advantages for the lessor:
A more sustainable arrangement in principle
Increased visibility of the shipper's strategy

→ Disadvantages for the lessor:
- If the logistics specialist loses its client's contract, the lease will not be renewed

→ Advantages for the lessor:
- If the logistics specialist loses a client, the rental continues
- Consolidation of transport flows

SINGLE-TENANT OR MULTI-TENANT RENTAL:



→ Analysis:
just 1 tenant in the warehouse
Management is simpler
High risk in case of non-renewal of the lease.

→ Analysis:
Several tenants in the same warehouse
Management is costly (because of the need to split the charges)
Less risk in case one of the tenants does not renew, provided that it is not the main tenant.

5.3 Group's strategy

5.3.1 PREMIUM Warehouse

ARGAN's strategy is to develop PREMIUM warehouses to the latest standards.
Trade-offs are made periodically on the oldest warehouses to maintain this "PREMIUM" portfolio.

5.3.2 Rental policy

The Company's rental prices track market prices as closely as possible in the spirit of long-term partnership with its tenant clients.

5.4 Regulations applicable to activities of the Group

In developing and holding real estate assets, the Company is subject to various regulations and must both fulfil health risk prevention and personal safety requirements and protect the environment. The key features of these regulations are described below, bearing in mind that this overview is not intended to be a comprehensive analysis of the regulations that affect the Company.

5.4.1 Regulation relating to town planning law

When building its warehouses, ARGAN must heed the rules applicable in this area and in particular the local rules as laid down in the land use plan (*Plan d'Occupation des Sols*, POS) or, since the SRU (*Solidarité et Renouvellement Urbain* - Solidarity and Urban Renewal) law of 13 December 2000, the PLU (*Plan Local d'Urbanisme* - Local urban development plan) governed by Articles L.123-1 *et seq*. of the French Town Planning Code, as well as the *Zone d'Aménagement Concerté* (ZAC - Joint Development Zone). These must themselves be consistent with the supra-district standards such as the *Schéma de Cohérence Territoriale* (SCOT - a comprehensive zoning and development plan) governed by Articles L.122-1 *et seq*. of the French Town Planning Code and, in and around Paris, the *Schéma Directeur Régional Ile de France* (SDRIF - Regional masterplan for Ile de France).

These various town planning documents apply the general principles set out in Article L.121-1 of the French Town Planning Code:

- The balance between natural areas or farmland and developed areas or land approved for development;
- The diversity of urban functions and social diversity in urban areas;
- Control of motorised travel and prevention of nuisances, as well as the safeguarding of water, air and ecosystem quality.

In the absence of a POS or PLU, the common law must be applied in accordance with the rules of the National Planning Regulation (NPR), in accordance with Articles L.111-1-1 *et seq.* of the French Town Panning Code.

5.4.2 Rules relating to ICPE regulations

The decree of 5 August 2002 is replaced by the ministerial decree of 11 April 2017 on loss prevention in covered storage facilities subject to authorisation, registration and reporting under section 1510. It applies to covered storage spaces (storing more than 500 tonnes of combustible materials, products or substances) with the exception of facilities used to store categories of materials, products or substances covered by the French Council of State classification, buildings intended exclusively for storing motor vehicles and trailers and establishments open to the public.

The authorisation is granted by the Prefect and examined by staff at the DREAL (*Direction Régionale de l'Environnement, de l'Aménagement et du Logement* - regional environment, planning and housing agency) and is intended to protect the environment, people and property. A public survey of neighbouring and local communities is conducted in this regard by an investigating commissioner, who submits a report setting out his or her opinion on the proposed development.

The Company uses specialised companies to build its hubs. It takes particular care to select high-quality contractors with the skills and experience necessary to safeguard the environmental quality of its projects.

ARGAN's warehouses are all authorised depending on the size of the facility and the nature of the materials being stored.

Should the nature and quantity of the products stored change significantly, the DREALs could challenge prefectoral authorisations issued prior to the decree of 11 April 2017; in this case, the said decree would then be applied.

ARGAN owns buildings covered by authorisations that date from prior to the decree of 11 April 2017. If necessary, however, they would fulfil the criteria of the said decree, subject to some possible adaptations in due course.

There are currently three different ICPE regimes, namely:

- *A declaration regime* for the storage of combustible products over 500 tonnes and a warehouse capacity of less than 50,000 m^3,
- *A registration* regime for the storage of combustible products over 500 tonnes and a warehouse capacity of between 50,000 m^3 and 300,000 m^3, and
- *An authorisation regime* for the storage of combustible products over 500 tonnes and a warehouse capacity of more than 300,000 m^3.

ARGAN takes great care to comply with this regulation, which is essential in its sector of activity. The Company works with a specialised firm of engineering consultants to compile the application in conjunction with and on behalf of the tenant, and attends preparatory meetings until the prefectoral order is handed down in the tenant's name.

At 31 December 2019, the Group owns buildings with classified facilities

LOCATION	*TYPE*	RELEVANT SECTIONS		
		Authorisation	Registration	Declaration
Croissy Beaubourg (French department 77) 9/11 rue Pelloutier	*Warehouse*	1510		2925, 1412, 1432, 2920
Croissy Beaubourg (77) 23 Allée du 1er Mai	*Warehouse*		1510, 2663	2925, 1530, 1131, 2920
Chaponnay (69) rue du Professeur M. Dargent	*Warehouse*	1510, 2920		2925, 1432
Creuzier Le Neuf (03) rue des Ancises	*Warehouse*	1510, 1432		2925, 1530, 2910, 2920
Flévy (57) rue André Maginot	*Warehouse*	1510, 2663		2925, 1432
Poincy (77) rue des Rochelles	*Warehouse*	1510, 1530		2925
Brie-Comte-Robert (77) Route de Férolles	*Fulfilment centre*			2925
Tournan-en-Brie (77) "Le Closeau"	*Warehouse*	1510		2925
Tournan-en-Brie (77) "Le Closeau"	*Warehouse*			Not relevant
Poincy (77) 40 Avenue de Meaux	*Warehouse*	1510, 2663, 1172		1131, 1450, 1432, 1173.1530
Gonesse (95) Zac du Parc des Tulipes Sud	*Warehouse*	1510		2925, 2920
Roye (80) Rue du champ Macret	*Warehouse*	1510, 1432		2925, 1530, 2910
Roissy-en-Brie (77) Av Joseph de Boismortier	*Warehouse*	1510		2925
Ferrières-en-Brie & Bussy (77) Zac du Bel Air	*Warehouse*	1510	2662, 2663	1311, 1530, 2910, 2925
Saint-Quentin-Fallavier (38) Zac Chesnes	*Warehouse*	1510, 2662, 2663, 1530		2920, 2925, 2910
Châtres (77) ZAC de Val Bréon	*Warehouse*	1510, 1530, 2663		2910, 2925
Coudray-Montceaux (91) Bâtiment A	*Warehouse*	1510, 1530, 2662, 2663, 1432		1412, 2910, 2925
Bonneuil-sur-Marne (94) 16 Rte de Stains	*Fulfilment centre*			Not relevant
Chanteloup-en-Brie (77) Zac du Chêne St Fiacre	*Warehouse*		1510	1131, 1432, 2663, 2925
Trappes (78) 27 rue Roger Hennequin	*Warehouse*	1510, 1530, 1532, 2662, 2663, 1450, 2255		1412, 1432, 2925
Wissous (91) 575-619 rue du Berger	*Warehouse*		1510	2925, 2910
Amblainville (60) Zac des Vallées	*Warehouse*	1510, 1532, 2662	1530, 2663	2925

Longueil-Sainte-Marie (60) Zac des Vallées	*Warehouse*	1510, 1530, 1432, 1412, 2920		1173, 2662, 2910, 2925
Fauverney (21) "Boulouze"	*Warehouse*	1510, 1530, 1432, 1450, 2920, 1520, 1525, 1611, 1630, 2662, 2663, 2711		1172, 1412, 2255, 2910, 2925
Trappes (78) 27 bis rue Roger Hennequin	*Fulfilment centre*			
Saint-Ouen-l'Aumône (95) 6 Av du fond de Vaux	*Warehouse*			4735, 2921, 2925
Ferrières-en-Brie (77) Zac du Bel Air	*Warehouse*	1510, 1530, 2662, 2663	2663	2714, 2925
Rouvignies (59) Parc d'activités Aérodrome Ouest	*Warehouse*	1510, 1532, 2663	1530, 2662	2910, 2925
Mitry-Mory (77) Zac de la Villette aux Aulnes	*Warehouse*	1432	1510	1412, 2925, 2920
Wissous (91) 1549-1641, rue du Berger	*Warehouse*	1510, 1532, 2662, 2663	1530, 2663	1136, 1511, 2921, 2925, 2150
Coudray-Montceaux (91) Bâtiment B	*Warehouse*	1510, 1530, 2662, 2663, 1432		1412, 2910, 2925
Saint-Bonnet-les-Oules (42) Zone de Lapra	*Warehouse*	1510		1200, 1414, 1530, 1532, 2255, 2925
Ville-en-Vermois (54) Zac Moussière	*Fulfilment centre*			1435
Saint-Aignan-de Grand lieu (44) Zac Aéroportuaire	*Fulfilment centre*			1434
Bruguières (31) 80 Avenue de Toulouse	*Fulfilment centre*			
Bruges (33) Rue du Commandant Molliere	*Fulfilment centre*			
Trappes (78) 27 ter rue Roger Hennequin	*Warehouse*	1510, 1530, 2662	1532, 2663	4320, 4331, 2925
Beaulieu (49) Anjou Actiparc du Layon	*Warehouse*	1510, 1530, 2662, 2663		1412, 2925
Saint-Ouen-l'Aumône (95) 13, rue de la Garenne	*Warehouse*	1510, 1530, 2662, 4755	2663, 1532	2925
Valenton (94) rue de la Ferme de la Tour	*Warehouse*			1510, 1511
Athis-Mons (91) 1 rue du Jacana Athis-Mons	*Warehouse*			2925
Lognes (77) 16 boulevard de Courcerin	*Fulfilment centre*			
Strasbourg (67) 10 rue minoterie Schiltigheim	*Warehouse*	1510, 1530, 1532, 2662, 2663		
Sauvian (34), ZAC Les portes de Sauvian	*Warehouse*	1510		1530, 2925, 4755
Meung-sur-Loire (45) 9ème avenue - Synergie	*Warehouse*	1510, 1530, 1532, 2662, 2663		2925
Le Cellier (44), Parc d'activités Relandières	*Warehouse*			2925, 2920, 2921, 1136
Limeil-Brévannes (94), Avenue Jean Monnet	*Fulfilment centre*			
Saint-Sulpice (81), ZAC des Cadaux	*Warehouse*			1136, 2925, 1511, 2921
Guipavas (29), 370, rue Jacqueline Auriol - ZAC de Saint THUDON	*Fulfilment centre*			
Lomme (59), 30 avenue de la Rotonde	*Warehouse*			2920, 2921, 2925, 1136
Sucy-en-Brie (94), Chemin du Marais	*Warehouse*	2565		1131, 2560, 2561, 2575
La Farlède (83), 170 rue Pierre Gilles de Gennes	*Warehouse*			4802

Chanceaux-sur-Choisille (37), Rue du Cassantin	*Warehouse*			1136, 1511, 2921, 2925
Wissous (91) Chemin Croix Brisée Haut Wissous 2	*Warehouse*	1510, 1530, 1532, 2662, 2663	2663	1511, 2925, 4320, 4330, 4331, 4510, 4755
Cestas (33) Les pins de Jarry, 5 chemin St Eloi de Noyon	*Warehouse*		1510	2910, 2663, 2925
Moissy-Cramayel (77), parc d'activité Moissy Sud	*Warehouse*	1510		
Moissy-Cramayel (77), parc d'activité Moissy Sud	*Warehouse*	1432	1510, 1530, 1532, 2662, 2663	1412, 2925
Wissous (91) 1 bd Arago - ZI de Villemilan	*Warehouse*		1510	1511, 4802, 2925
Pusignan (69) Zac de Suntex	*Warehouse*	1510, 1530, 1532, 2662, 2663		2910, 2925
Fleury (91), "La Remise de la Croix Blanche"	*Warehouse*		1510	1413, 1511, 2795, 2925, 4735
Albon (26) "Les Picardes" ZAC AXE 7	*Warehouse*	1510, 1530, 1532, 2662, 2663		2925
La Crèche (79) ZAC Champs Albert	*Warehouse*			1511, 2925, 4735
Gennevilliers (92) 19-23 Chemin des Petits Marais	*Fulfilment centre*			
Artenay Poupry (28) ZA de Villeneuve II	*Warehouse*	1450, 1510, 1530, 1532, 2662, 2663		1436, 2910
Le Mans Allonnes (72) Monne	*Warehouse*	1510, 1530, 1532, 2662, 2663	1511, 4331	1436, 1450, 2714, 2925, 4510, 4735, 4801
Luneville (54) Ferme de la Maison de Briques	*Warehouse*	1510, 1530, 1532, 2662, 2663, 2920	4734	1436, 1450, 1511, 2714, 2910, 2921, 2925, 4320, 4510, 4511, 4735, 4741, 4801
Avignon Laudun (30) ZAC Antoine Lavoisier	*Warehouse*	4511, 4320, 4331, 1436, 1450, 1510	2662, 2663	4510, 4741, 4718, 4330, 4734, 4801, 1530, 1532, 1630, 2711, 2910, 2925
Aulnay-sous-Bois (93) Boulevard André Citroen	*Warehouse*	1510, 1530, 1532, 2662, 2663, 4511		1450, 2714, 2910, 2925, 4320, 4510, 4734, 4741, 4801
Bourges (18) Le Vallon	*Warehouse*	1510, 1530, 1532, 2662, 2663	2663	1450, 1511, 2714, 2910, 2925, 4510, 4734, 4735, 4801
Vendin (62) ZA du Bois Rigault	*Warehouse*	1510, 1530, 1532, 2662, 2663	4331	4734, 2910, 4741, 1450, 2925, 4510, 4801, 4715, 4320
Épaux-Bézu (02) Z.I.D. de l'OMOIS	*Warehouse*	4001, 4510, 1450, 1510, 4755	2662, 2663, 4331	4440, 4441, 4320, 4718, 1436, 4801, 1530, 1532,

				1630, 2925, 2711, 4220
Mâcon Bâgé (01)	*Warehouse*	1450, 1510, 1530, 1532, 2662, 2663	4734	1436, 2714, 2910, 2925, 4320, 4510, 4511, 4741, 4801
Savigny-sur-Clairis (89) Grands Champs	*Warehouse*	1412, 1432, 1450, 1510, 1530, 1532, 2255, 2662, 2663		1172, 1173, 1200, 1520, 1525, 2910, 1525
Cholet (49) ZAC du Cormier 5	*Warehouse*	1450, 1510, 1530, 1532, 2662, 2663, 4001, 4320, 4331, 4755	4734	1436, 2925, 4110, 4120, 4130, 4140, 4220, 4441, 4510, 4741, 4801
Crépy-en-Valois (60) 12 rue Louis Armand	*Warehouse*		1510, 1511	1172, 1185, 1450, 1520, 1412, 1432, 1532, 2255, 2663, 2714, 2925
Billy-Berclau (62) 337 rue de Prague	*Warehouse*			1511, 2925, 1532
La Courneuve (93) 51 and 53 av de Verdun and 81 rue de Maurice Berteaux	*Warehouse*			1511, 2925, 2714
Combs-la-Ville (77) ZAC des rives de la Francilienne, Bd Maurice Fauré	*Warehouse*	1510		2925
Brie-Comte-Robert (77) Les Prey Le Roy	*Warehouse*			1511, 2925, 4735
Plaisance-du-Touch (31) 1 rue Docteur Charcot	*Warehouse*		1511	4802, 2925
Labenne (40) Artiguenave	*Warehouse*		1510	1414, 1511, 2910, 2925, 4802
Cestas (33) Parc activité Jarry III	*Warehouse*			1511, 1136, 2925
Saint-Quentin-Fallavier (38) ZAC DE CHESNES NORD, 53 rue du Parc Forestier	*Warehouse*	1510		2925, 4802
Bain-de-Bretagne (35) 13 rue de la Seine	*Warehouse*			1511, 2925
Ploufragan (22) rue du Boisillon	*Warehouse*	1510, 2255		1434, 1530, 2925

5.4.3 *Health rules*

➢ ***Asbestos***

Asbestos was long used in the construction industry for its thermal and noise insulation properties and for fire protection, but **the use of asbestos is prohibited in France since 1 January 1997,** due to its carcinogenic effects.

The rules on the prevention of asbestos-related health risks are set out in Articles R.1334-14 to R.1334-29-9 of the French Public Health Code.

The rules require owners to look for asbestos in their buildings and to prepare and update the asbestos survey report. This report indicates the location and condition of any materials and products containing asbestos. It also specifies the removal and containment work carried out, as well as the safety instructions to follow when handling, managing and disposing of asbestos waste.

Under the French Public Health Code, when the asbestos survey report reveals the presence of asbestos, the owner must then check the condition of the sprayed insulation, lagging and false ceilings. Depending on how badly the asbestos has deteriorated, he must then carry out work to contain or remove it, to be completed within 36 months of the date of the inspection report.

The owner shall make the survey report available to the building's occupants and furnish it to any person undertaking work in the building and to various bodies on request.

However, the obligation to prepare an asbestos survey report only applies to buildings for which a building permit was issued prior to 1 July 1997. The Group's assets covered by the rules have all been investigated to establish whether asbestos is present and all the measures required in case of its discovery have been implemented.

The buildings owned by the Company do not fall within the scope of this regulation, having been constructed after 1 July 1997.

- ***Lead poisoning***

Lead poisoning results from lead absorption, particularly as a result of exposure to deteriorated surface coatings containing lead paint. It may cause anaemia or irreversible damage to the nervous system.

The rules on the prevention of health risks related to lead poisoning are set out in Articles L.1334-1 to L.1334-12 and R.1334-1 to R.1334-13 of the French Public Health Code, as amended by Decree No. 2006-474 of 25 April 2006 on the fight against lead poisoning and the decision of 19 August 2011 on identifying risks of lead exposure.

In this regard, when the prefect is notified of a case of lead poisoning in a child or a risk of lead exposure for a minor, the prefect immediately opens an investigation into the affected minor's environment to determine the source of the poisoning.

As part of this investigation, the prefect may arrange for inspection of the cladding on the building or the part of the building the affected minor lives in or regularly frequents or for which a risk of lead exposure has been reported.

Should the investigation into the affected minor's environment identify the presence of a source of lead exposure that is likely to have caused the child's poisoning, with deteriorated coatings containing lead at concentrations in excess of the limits set by decree, the prefect will require the owner to carry out the necessary works, i.e. to place covering materials over the relevant surfaces and, where appropriate, to replace certain elements.

In addition, if a property constructed before 1 January 1949 is sold, a lead exposure risk report identifying coatings containing lead and, where applicable, a summary statement of the factors responsible for deterioration of the building is produced, depending on whether the building is located in an area classified as being at risk of lead exposure.

The buildings owned by the Company do not fall within the scope of this regulation, having been constructed after 1949.

- ***Legionellosis***

The legionella bacteria responsible for many diseases can proliferate in systems and equipment that allow water to circulate at a temperature of between 25 and 45°C. There is a substantial risk of proliferation in domestic hot water installations (e.g. showers) and air treatment appliances (e.g. air cooling towers).

No case of legionellosis has been reported in the buildings owned by ARGAN.

5.4.4 Rules on passenger lift safety.

A new regulation introduced by Decree N° 2004-964 of 9 September 2004 on lift safety, supplements the previous provisions and stipulates, in particular, that lifts are to be serviced to keep them in good working order and to ensure passenger safety, in accordance with the provisions of Articles R.125-2-1 and R.125-2-2 of the French Construction and Housing Code.

In general, the buildings owned by ARGAN do not have lifts. In the few buildings that have lifts, the tenant is responsible for their upkeep and maintenance under the terms of the lease.

5.4.5 Rules on environmental protection

- ***Statement of Risks and Pollution***

If a property asset (residential or other) is located in an area covered by a natural, mining and technological risk prevention plan, or an area of seismic activity defined by decree, or a regulatory area of high radon potential, or on land located in a soil information sector (SIS), the vendor or lessor must inform purchasers or tenants of the existence of the risks covered by that plan or decree. The details are provided in a statement of risks and pollution (ERP – *Etat des Risques et Pollutions*) based on the information supplied by the prefect. The statement is attached to the lease agreement or any unilateral agreement to sell or purchase, and any contract effecting or recording the sale. Decree N° 2018-434 of 4 June 2018 specifies the arrangements for making this disclosure and the content of such statement of risks and pollution.

This disclosure relates to the properties located:

- ✓ within the risk exposure zone demarcated by an approved technological risk prevention plan;
- ✓ in an area exposed to risk circumscribed by a foreseeable natural risk prevention plan that has been approved or where certain provisions have been made immediately enforceable pursuant to Article L.562-2 of the French Environmental Code;
- ✓ within the zone being assessed with a view to

developing a prescribed technological risk prevention plan or natural risk prevention plan;

- ✓ in any of the areas of seismic activity 2, 3, 4 or 5 listed in Article R.563-4 of the French Environmental Code;
- ✓ in an area exposed to risk circumscribed by a foreseeable mining risk prevention plan that has been approved or where certain provisions have been made immediately enforceable pursuant to Article L.562-2 of the French Environmental Code;
- ✓ in an area of level 3 radon potential as defined in Article R.1333-29 of the French Public Health Code;
- ✓ in a district included in the list of land classified as Soil Information Areas (SIS) provided for in Article L.125-6.

The statement of risks and pollution attached to the lease agreement or any unilateral agreement to sell or purchase, and any contract effecting or recording the sale must mention the risks referred to in the documents described and the evidence attached to the prefectoral order and to which the building being sold or leased is exposed. The statement is supplied together with extracts from the documents and evidence used to pinpoint the building in relation to the risks incurred. The seller or lessor prepares the statement of risks and pollution using a template adopted by ministerial decree. The statement must be drawn up less than six months prior to the date of signature of the written lease agreement, the agreement to sell or the document effecting or recording the sale of the property asset.

The obligation for vendors and lessors to provide information on risks and pollution is applicable (in different forms) since 1 June 2006. For tenants, the obligation to attach the statement of risks relates to written lease agreements "noting the new tenant's entry into the premises".

➢ ***Environmental Appendix***

Law N° 2010-788 of 12 July 2010 establishing a national commitment for the environment and its implementing decree of 30 December 2011 (the "**Grenelle 2 Law**") introduced the requirement, as from 1 January 2012, for lease agreements (in particular commercial) on office premises or shops of more than 2,000 sq. meters to include an environmental appendix; this provision has applied to all current leases since 14 July 2013 (Article L.125-9 of the French Environmental Code).
This environmental appendix incorporates the information that the Lessor and the Lessee must provide on the characteristics of the building and the leased premises. They can then adopt a joint policy to limit energy and water consumption and CO_2emissions, improve waste recovery, encourage collective or 'soft' modes of transport and use more environmentally friendly construction materials.

➢ ***Energy performance***

Articles L.134-1 *et seq*. of the French Construction and Housing Code require an energy performance assessment certificate to be drawn up. In the case of a proposed building, the project owner prepares the certificate for handover to the building's owner, while for an existing building, it is the owner who prepares the certificate for handover at the time of sale or, if the building is for residential use, at the time of rental.
Pursuant to the Grenelle 2 Law, this assessment is mandatory when entering into a commercial lease on all or part of a building, and the certificate must be attached to the lease agreement for information purposes. When the commercial lease pertains to a proposed building, the tenant must be supplied with the assessment certificate no later than the time of receipt of the asset.
The assessment includes the amount of energy consumed or estimated and a reference scale-based classification for evaluating the building's energy performance. It also includes recommendations for improving this performance.

The Group upholds compliance with these provisions.

➢ ***Termites***

The rules on environmental protection related to termites are set out in Articles L.133-1 to L.133-6 and R.133-1 to R.133-7 of the French Construction and Housing Code.

Responsibility for termite control lies with district or prefectoral authorities. If a building is located in an area that the district council has defined as being at risk, the mayor may require the building owner to check for termites and supply a parasite assessment report.

If applicable, should the assessment identify that termites are present, the mayor could enjoin the building owner to carry out the work needed to prevent or eradicate them. In addition, when termite outbreaks are identified in one or more districts, the areas of infestation or likely short-term infestation are demarcated by a prefectoral order.

In addition, the occupier of any existing or proposed building with a termite infestation must declare it at the town hall. In the absence of an occupier, the owner is responsible for making such declaration.

None of ARGAN's buildings has any termite infestation.

5.4.6 Rules on rental

Rental of the Group's property assets is governed by the provisions of Articles L.145-1 *et seq*. and R.145-3 *et seq*. of the French Commercial Code as amended by Law N° 2014-626 of 18 June 2014 (known as the "Pinel" Law), relating to commercial leases. In particular, the public policy provisions of this statute impose a minimum lease term of 9 years, the right for the tenant to renew, under certain conditions, and failing that, the right to compensation for eviction. They also govern rent reviews during the term of the lease and setting the rent when the lease is renewed.

ARGAN's leases have been contracted in accordance with applicable legislation.

5.4.7 Rules pertaining to SIIC (Société d'Investissement Immobilier Cotée – listed real estate investment company) status

As of 1 July 2007, the Company opted for the SIIC tax regime (the French REIT regime), to exempt it from corporate tax on rental income and capital gains earned on the disposal of buildings to unrelated persons, and income from participating interests in partnerships or subsidiaries that are also subject to the same regime.
A change in or loss of the SIIC tax regime could have a significant adverse effect on the Company's earnings. The Company is currently compliant with all the requirements linked to developments in this regime, known as SIIC 5, and in particular with the obligations around the maximum number of shares the majority shareholder may hold.

➢ ***Scope***

The SIIC regime is an optional regime for stock companies that continue to fulfil all the following criteria on an ongoing basis:

- Listing on a regulated French or foreign market under certain conditions and share capital of €15 million or more;
- The company's main corporate purpose is to acquire or construct buildings for rent and/or hold direct or indirect participating interests in companies with the same corporate purpose, whether this business is conducted in France or abroad;
- Since 1 January 2007, SIICs have also had to fulfil the following two criteria:
  - ✓ on the date the company opts for the SIIC regime and only on that date, at least 15% of the company must be owned by persons who each hold less than 2% of the capital and voting rights, directly or indirectly;
  - ✓ the direct or indirect holding by a shareholder or group of shareholders, whether French or foreign, acting in concert within the meaning of the French Commercial Code, must be less than 60% of the share capital and voting rights.

Companies that opted for the regime prior to 1 January 2007 have had to fulfil this last criterion since 1 January 2010 (see SIIC 4/SIIC 5 below).

Subsidiary companies of the SIIC that are subject to corporate tax may also opt for this regime if (i) they are controlled, directly or indirectly, to the extent of at least 95% by one or more SIICs or at least 95% by one or more SIICs and one or more SPPICAVs and (ii) their main purpose is as described above.

The scheme also applies automatically to subsidiaries of the SIIC that are not subject to corporate tax (partnerships) to the extent of their share of profit as assessed by the SIIC or its subsidiaries that have opted for the scheme, provided that the main business of the said partnership is as described above.

➢ ***Exemption scheme***

- ***Exempted income***

  - ✓ Profits taken from the rental of buildings or similar real rights (construction lease, emphyteutic lease, usufruct) or from the subletting of leased buildings (new agreements or agreements entered into from 1 January 2005) by the SIIC and its subsidiaries that have opted for the scheme or have been granted temporary enjoyment thereof by the government, its statutory bodies, or a local authority or one of its statutory bodies, are exempt from corporate tax provided that at least 85% of the amount of the profits is distributed before the end of the financial year in which the profits were made. This rate has increased from 85% to 95% since 2013.
  - ✓ Capital gains resulting from the sale to non-related companies within the meaning of Article 39-12 of the French General Tax Code, of buildings, certain real rights, rights relating to new leasing contracts with effect from 1 January

2005, securities of companies subject to corporate tax that have opted for the regime, and securities of partnerships controlled by the SIIC or one of its subsidiaries that has opted for the regime are exempt from corporate tax, provided that at least 50% of the amount of the capital gains is distributed before the end of the second financial year after the gains are made. This rate has increased from 50% to 60% since 2013.

Article 45 of French Law N° 2018-1317 of 28 December 2018 on finances for 2019 stipulates that SIICs must now distribute 70% of their exempt profits from disposals of buildings. This provision applies to financial years ended on or after 31 December 2018. As a result, capital gains on disposals made during financial years ended prior to that date are still required to make a distribution at the rate of 60%, even if the distribution had not yet taken place as at 31 December 2018.

- ✓ Dividends received from subsidiaries that have opted in are exempt provided that they are distributed in full during the financial year following their receipt. The share of earnings from partnerships as assessed by the SIIC or its subsidiaries that have opted for the regime is exempt under the same conditions as above, including distribution. A SIIC receiving dividends from another SIIC, a foreign company with equivalent status or a company investing primarily in property *(Société de Placement à Prépondérance Immobilière à Capital Variable*, SPPICAV) may also be exempted provided that it redistributes the dividend in full if it holds at least 5% of the capital and voting rights of the distributing company for a minimum period of 2 years.

- ***Taxable income***

Earnings from other business activities are established and taxed in accordance with the rules of common law.

PROCEDURES FOR ALLOCATING COSTS THAT ARE SHARED BY THE EXEMPT AND TAXABLE SECTORS

The principle is that costs are allocated exclusively and in full to either one of the sectors.

If shared costs are not allocated exclusively, then as a general rule they may be allocated to the exempt sector using a ratio where the numerator is the amount of the income for the exempt sector and the denominator is the total amount of income for the company.

PROCEDURES FOR ALLOCATING FINANCIAL EXPENSES

In principle, if net financial income is positive, it is subject to tax;

In principle, if net financial income is negative:

- The principle is that costs are allocated exclusively and in full to one of the sectors.
- Failing that, allocation to the exempt sector is based on ratio where the numerator is the gross book value of the assets contributing to the generation of the exempt income and the denominator is the gross book value of all the assets.

TAX REGIME FOR DIVIDENDS DISTRIBUTED PURSUANT TO THE DISTRIBUTION OBLIGATION

- ✓ Dividends distributed pursuant to the distribution obligation do not trigger the application of the parent company regime for the company that receives them. Since 1 January 2018, dividends paid to natural persons domiciled for tax purposes in France have been taxed as follows:
  In the year the dividend is paid:
  - a non-definitive, flat-rate withholding tax at a rate of 12.8% as well as social security deductions at a rate of 17.2% (i.e. an overall rate of 30%).
  In the year after the dividend is paid:
  - a one-off, flat-rate withholding tax of 12.8% after deduction of the non-definitive withholding tax paid in the year of dividend payment; or
  - the taxpayer may exercise an express, irrevocable and global option such that the dividend may be subject to income tax in accordance with the progressive scale, with a 40% allowance on the portion of the dividend resulting from taxable activities, after deduction of the non-definitive, flat-rate withholding tax paid in the year of dividend payment (Articles 200 A, 13, and 158 of the French General Tax Code). Any surplus deduction is returned. In addition, with effect from 21 October 2011, SIIC securities are no longer eligible for the PEA (*Plan d'Epargne en Actions* - Share Savings Plan), although shares already held within a PEA on that date may remain there;
- ✓ The SIIC is liable for a 20% levy on distributions out of exempt income that are paid to shareholders, other than natural persons, who hold 10% or more of its capital directly or indirectly, and who would

not be subject to corporate tax or an equivalent tax (amount equivalent to two thirds or more of the corporate tax payable under the same conditions in France) on dividends paid out by the SIIC. This levy is not payable if the beneficiary of the distribution is a SIIC or a foreign company subject to an equivalent exemption regime where the partners holding at least 10% of the company's capital are subject to corporate tax. It cannot be either charged or returned and does not qualify as a deductible expense when calculating the distributing company's profit or loss. It is paid voluntarily in the month following payment of the dividend.

- ✓ Finally, with regard to foreign shareholders, dividends that will be distributed to them in France will be subject to a withholding tax at a rate of 28% for legal entities or 12.8% for natural persons, subject to the possible application of international tax treaties.

Restructuring

- ✓ If need be, the legislation provides for a tax neutrality regime for mergers appropriate to the specific features of SIICs;
- ✓ When assets become eligible for the exemption scheme, it triggers the payment of a corporate tax on associated unrealised capital gains at a rate of 19% over four years;
- ✓ In addition, the capital gain realised by a SIIC or one of its subsidiaries on the sale of a building, real rights or rights relating to a leasing contract on a building is exempt with no requirement to make a distribution when (i) the buyer is covered by the exemption regime (SIICs, subsidiaries of SIICs, SPPICAVs, subsidiaries of SPPICAVs) and (ii) the seller and the buyer are related companies within the meaning of Article 39-12 of the French General Tax Code. However, the buyer must undertake to comply with certain conditions and, in particular, in the event that the building is sold, to add the corresponding over-amortisation back into its exempt taxable income, 95% of which must be distributed (addition of the capital gain over 15 years).

Exiting the exemption regime

Penalties are applied if an SIIC exits the exemption regime.

If exit occurs within ten years of opting in, the capital gains that were subject to the exit tax at SIIC level are subject to additional taxation at the corporate tax rate under ordinary law, less the exit tax paid at the time of entry into the scheme. No such sanction is applied if one of the subsidiaries exits the regime or if a SIIC is controlled of at least 95% by another SIIC and remains subject to the exemption regime. In addition, profits in the exempt sector that have not been distributed become subject to corporate tax at the ordinary law rate. A further tax of 25% is also payable on a portion of the unrealised capital gains generated during the exemption period. Finally, in the event that a SIIC exits the regime permanently following a suspension period (see SIIC 4/SIIC 5 below), in addition to the aforementioned penalties it must also pay corporate tax at the reduced rate of 19% on the unrealised capital gains generated during the period of suspension from the regime.

SIIC 4/SIIC 5: MAJORITY SHAREHOLDER

- Since 1 January 2010, a majority shareholder or a group of shareholders acting in concert must hold, directly or indirectly, less than 60% of the share capital and voting rights of the SIIC, failing which, the company will be liable for corporate tax in respect of the financial year in question. Fulfilment of this condition is assessed on an ongoing basis during a financial year and does not apply if the shareholders in question are themselves SIICs. In case of failure to adhere to the 60% cap, provision is made for a rectification period. If the cap is exceeded as a result of a takeover bid/public exchange offer, a restructuring operation or a bond conversion or redemption transaction, the time allowed for rectification runs until expiry of the period for filing the declaration for the year in which the cap is exceeded. Otherwise, it expires at the end of the financial year in which the cap was exceeded;
- During the adjustment period, the exemption scheme is suspended and the SIIC becomes liable for corporate tax under the conditions of ordinary law on its rental income, capital gains on the sale of securities of real estate companies and dividends from exempt subsidiaries. Should a building be disposed of during the suspension period, the taxable capital gain is reduced by the amount of

depreciation deducted during the exemption period;

- Returning to the exemption regime has a similar impact in terms of tax treatment to a discontinuation of business, although with one mitigation measure: only unrealised capital gains on assets eligible for the exemption regime generated during the suspension period are taxed at the rate of 19%;
- Suspension of the scheme may be applied only once in the 10 years following the opt-in to the regime or the 10 years thereafter, except in case of a takeover bid/public exchange offer, restructuring, conversion or redemption of bonds in shares. If the situation is not rectified within the specified period or the cap is exceeded on successive occasions, the SIIC exits the regime permanently, with the consequences being as described above (see the paragraph on Withdrawal from the exemption scheme).

6. Portfolio

6.1 Assets at 31 December 2019

ARGAN's portfolio amounts to **2,860,000 sq. meters**, comprising 74 logistics hubs and 11 fulfilment centres, a total of 85 buildings.

The table below shows the locations and surface areas of the assets in the portfolio and how they are held, listed in chronological order:

Building address	*Holding arrangement*	*Land Area*	*NET USABLE AREA OF THE BUILDING*		
			Warehouse	*Offices social areas*	*TOTAL*
Croissy Beaubourg (French department 77) 9/11 rue Pelloutier	REFL	24,067	10,335	1,606	11,941
Croissy Beaubourg (77) 23 Allée du 1er Mai	REFL	57,183	21,415	1,507	22,922
Chaponnay (69) rue du professeur M. Dargent	FO	57,860	26,172	2,478	28,650
Creuzier Le Neuf (03) rue des Ancises	FO	90,781	25,252	1,441	26,693
Flévy (57) rue André Maginot	FO	77,984	29,848	1,294	31,142
Poincy (77) rue des Rochelles	FO	62,366	27,668	1,002	28,670
Brie-Comte-Robert (77) Route de Férolles	FO	36,112	6,593	456	7,049
Tournan-en-Brie (77) "Le Closeau"	REFL	33,427	19,913	768	20,681
Tournan-en-Brie (77) "Le Closeau"	FO	22,500	2,211	720	2,931
Poincy (77) 40 Avenue de Meaux	FO	36,516	14,349	394	14,743
Gonesse (95) Zac du Parc des Tulipes Sud	FO	49,873	19,911	2,063	21,974
Roye (80) Rue du champ Macret	REFL	149,085	49,161	1,727	50,888
Roissy-en-Brie (77) Zac des Grands Champs	REFL	86,019	34,524	1,734	36,258
Ferrières & Bussy (77) Zac du Bel Air	FO	99,600	31,753	1,469	33,222
Saint-Quentin-Fallavier (38) ZAC Chesnes	REFL	90,054	40,574	2,066	42,640
Châtres (77) ZAC de Val Bréon	FO	162,937	69,332	2,837	72,169
Coudray-Montceaux (91) - Bâtiment A	REFL	172,355	81,367	3,640	85,007

Building address	Holding arrangement	Land Area	NET USABLE AREA OF THE BUILDING		
			Warehouse	Offices social areas	TOTAL
Bonneuil-sur-Marne (94) 16 Rte de Stains	PPOA	48,991	19,776	560	20,336
Chanteloup-en-Brie (77) ZAC du Chêne St Fiacre	FO	55,309	18,479	1,925	20,404
Trappes (78) 27 rue Roger Hennequin	FO	115,325	49,834	2,384	52,218
Wissous (91) 575-619 rue du Berger	CL	49,147	21,085	1,475	22,560
Amblainville (60) Zac des Vallées	REFL	122,307	41,349	1,133	42,482
Longueil-Sainte-Marie (60) Zac Paris Oise	REFL	224,566	82,779	11,397	94,176
Fauverney (21) "Boulouze"	REFL	242,686	75,896	1,620	77,516
Trappes (78) 27 bis rue Roger Hennequin	FO	19,900	4,269	399	4,668
Cergy (95) Av du fond de Vaux	FO	45,246	12,883	757	13,640
Ferrières-en-Brie (77) Zac du Bel Air	REFL	84,870	30,913	1,577	32,490
Rouvignies (59) (Valenciennes)	FO	171,203	73,139	1,865	75,004
Mitry-Mory (77) Zac de la Villette aux Aulnes	REFL	41,677	12,463	3,237	15,700
Wissous (91) 1549-1641 rue du Berger	REFL/CL	57,832	26,144	2,074	28,218
Coudray-Montceaux (91) - Bâtiment B	REFL	152,868	74,325	3,641	77,966
Saint-Bonnet-les-Oules (42) Zone de Lapra	FO	143,751	50,109	1,669	51,778
Ville-en-Vermois (54) Zac Moussière	REFL	62,252	11,678	1,631	13,309
Saint-Aignan de Grand lieu (44) Zac Aéroport.	FO	51,366	9,187	2,453	11,640
Bruguières (31) 80 Avenue de Toulouse	FO	50,090	9,037	2,047	11,084
Bruges (33) Rue du Commandant Molliere	FO	42,169	10,485	2,602	13,087
Trappes (78) 27 ter rue Roger Hennequin	FO	66,029	24,217	1,724	25,941
Beaulieu (49) Anjou Actiparc du Layon	REFL	79,564	30,457	950	31,407
Cergy (95) 13 rue de la Garenne	FO	74,482	29,121	906	30,027
Valenton (94) ZAC Val de Pompadour, rue ferme de la Tour	FO	37,447	4,423	760	5,183
Athis-Mons (91), 1 rue du Jacana	CL	32,925	10,272	680	10,952

Building address	Holding arrangement	Land Area	NET USABLE AREA OF THE BUILDING		
			Warehouse	Offices social areas	TOTAL
Lognes (77), 16 Bd de Courcerin	REFL	51,879	9,238	3,826	13,064
Strasbourg (67) 10 rue la minoterie Schiltigheim	FO	33,313	17,009	528	17,537
Sauvian (34), ZAC Les portes de Sauvian	FO	156,306	53,512	2,048	55,560
Meung-sur-Loire (45) 9ème av. Parc Synergie	FO	50,530	12,399	578	12,977
Le Cellier (44), Parc d'activités Relandières	FO	36,555	5,622	1,343	6,965
Limeil-Brévannes (94), Avenue Jean Monnet	CL	67,249	15,878	1,476	17,354
Saint-Sulpice (31), ZAC des Cadaux	FO	49,018	5,653	1,260	6,913
Guipavas (29), 370, rue Jacqueline Auriol - ZAC de Saint THUDON	REFL	19,863	3,571	1,069	4,640
Lomme (59), 30 avenue de la Rotonde	REFL	32,221	5,552	1,288	6,840
Sucy-en-Brie (94), Chemin du Marais	REFL	18,154	8,360	473	8,833
La Farlède (83), 170 rue Pierre Gilles de Gennes	REFL	14,838	4,646	1,191	5,837
Chanceaux-sur-Choisille (37), Rue du Cassantin	REFL	38,480	5,636	1,264	6,900
Wissous (91) Zac Haut de Wissous 2	FO	115,115	48,693	3,971	52,664
Cestas (33) Zac JARY IV	FO	67,830	18,724	1,121	19,845
Moissy-Cramayel 1 (77), parc d’activité Moissy Sud	FO	42,249	23,482	2,086	25,568
Moissy-Cramayel 2 (77), parc d’activité Moissy Sud	FO	43,357	20,134	480	20,614
Wissous (91) 1 Boulevard Arago	FO	52,340	21,184	1,083	22,267
Pusignan (69)	FO	74,116	32,820	787	33,607
Fleury (91)	FO	125,673	64,542	2,716	67,258
Albon (26)	FO	81,104	12,194	319	12,513
La Crèche (79)	FO	124,738	19,036	1,699	20,735
Gennevilliers (92)	PPOA	35,065	8,227	3,560	11,787
Artenay Poupry (28) ZA de Villeneuve II	FO	341,668	126,437	4,754	131,191
Le Mans Allonnes (72) Monne	FO	273,073	76,622	4,062	80,684

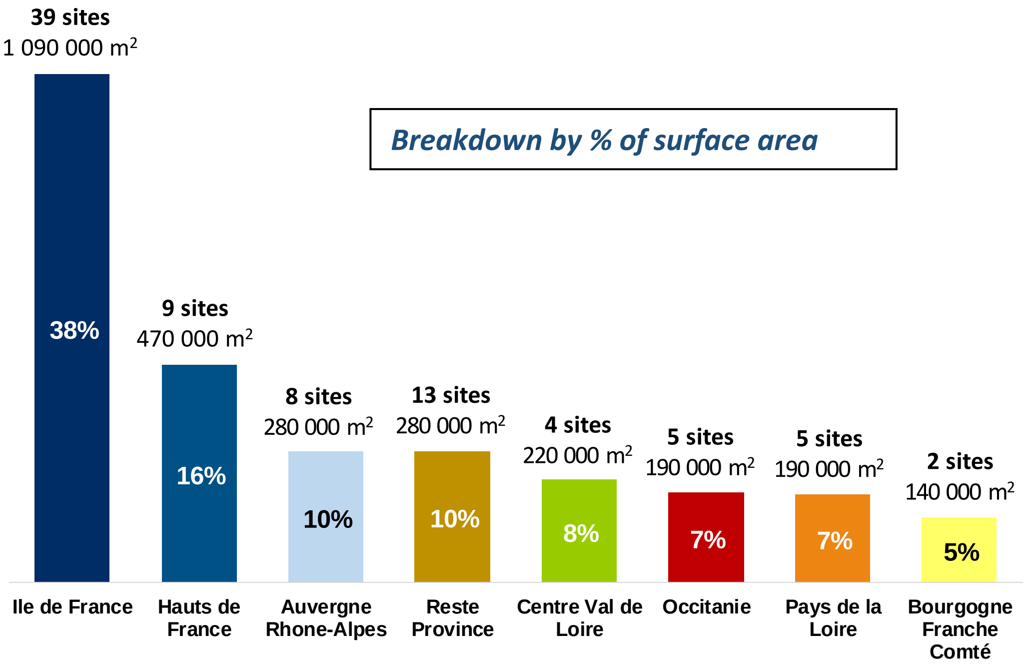
Building address	Holding arrangement	Land Area	NET USABLE AREA OF THE BUILDING		
			Warehouse	Offices social areas	TOTAL
Lunéville (54)	FO	169,550	58,556	5,170	63,726
Avignon Laudun (30)	FO	133,572	84,147	1,398	85,545
Aulnay-sous-Bois (93)	FO	161,827	60,667	1,727	62,394
Bourges (18)	FO	198,815	66,190	2,337	68,527
Vendin (62) ZA du Bois Rigault	FO	239,251	51,397	3,735	55,132
Épaux-Bézu (02)	FO	133,531	54,030	1,603	55,632
Mâcon Bâgé (01)	FO	177,420	57,720	1,583	59,303
Savigny-sur-Clairis (89)	FO	185,972	59,059	2,639	61,698
Cholet (49)	FO	189,720	56,310	1,198	57,508
Crépy-en-Valois (60)	FO	201,190	49,519	1,500	51,019
Billy-Berclau (62)	FO	123,195	34,137	1,000	35,137
La Courneuve (93) 51 - 53 av Verdun 81 rue Maurice Berteaux	FO	52,613	20,794	1,310	22,104
Combs-la-Ville (77) ZAC rives Francilienne Bd Maurice Fauré	FO	57,266	23,079	3,121	26,200
Brie-Comte-Robert (77) RD 316	FO	79,196	20,365	1,000	21,365
Toulouse Plaisance-du-Touch (31)	FO	91,357	30,762	2,584	33,346
Labenne (40)	FO	123,746	33,711	1,721	35,432
Cestas (33) Parc activités Jarry III	FO	107,228	18,428	1,339	19,767
Saint-Quentin-Fallavier (38)	FO	61,408	22,698	2,265	24,963
Bain-de-Bretagne (35) 13 rue de la Seine	FO	176,823	10,670	1,321	11,991
Ploufragan (22)	FO	116,424	24,030	774	24,804
TOTAL		**8,105,559**	**2,698,137**	**158,973**	**2,857,110**

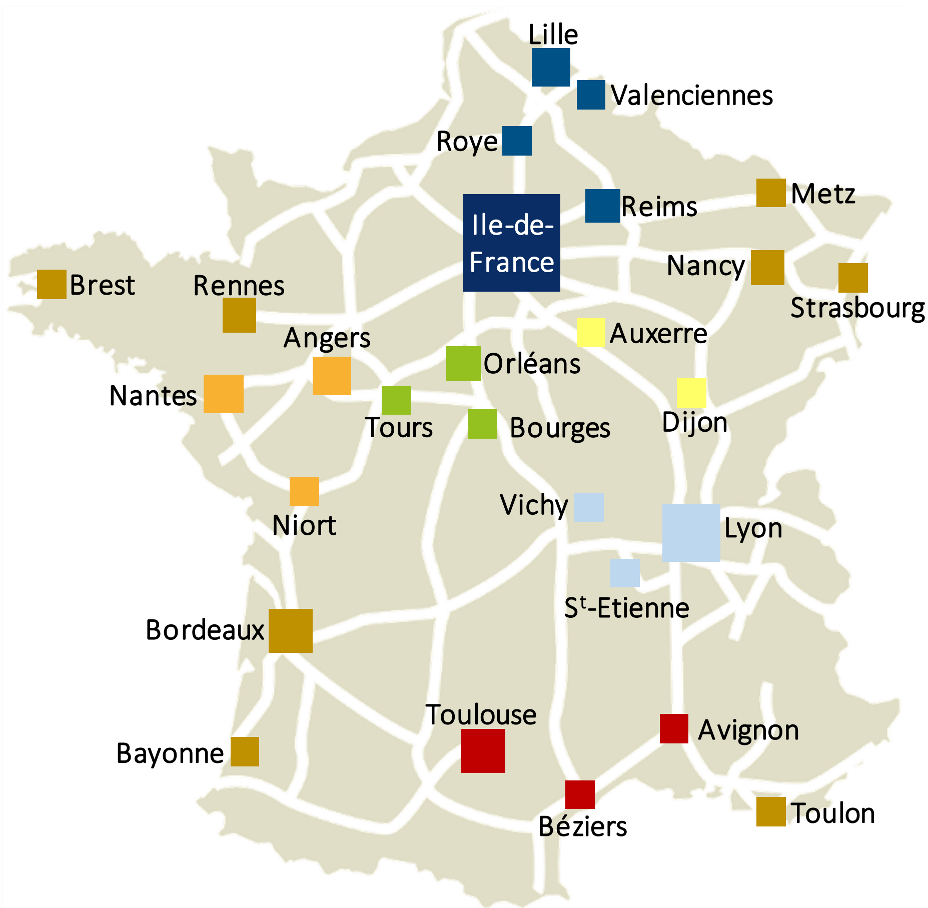
Holding arrangement:
PPOA = Public Property Occupancy Agreement
REFL = Real Estate Finance Lease
CL = Construction Lease
FO = Full Ownership

6.1.1 Structure of the portfolio

The assets in the portfolio are primarily recently built, PREMIUM logistics hubs.

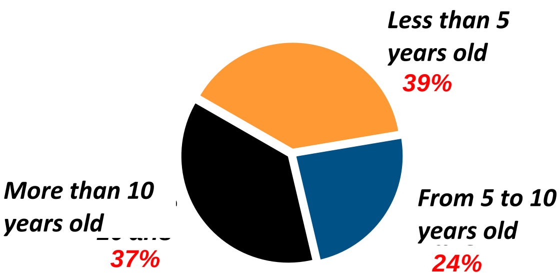
➢ **38% of the assets in the portfolio are located in Ile de France.**





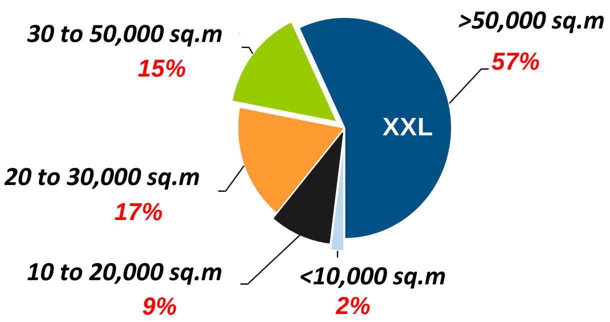
➢ The weighted **average age** of the assets in the portfolio is **8.4 years.**

63% of assets are less than 10 years old.



➢ **The average size** of a hub in the portfolio is around **34,000 sq. meters.**

XXL hubs (with a surface area of more than 50,000 sq. meters) make up 57% of the portfolio's total surface area.

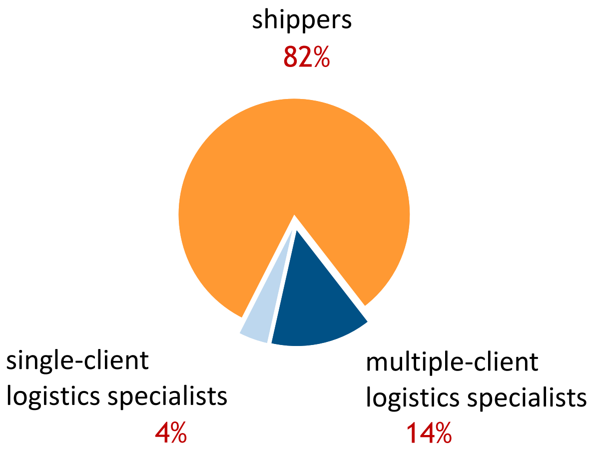


6.1.2 Tenants

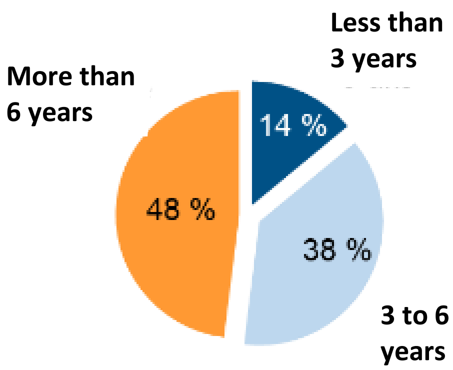
The majority of ARGAN's tenants are leading companies.

➢ **82%** of the portfolio is leased by **shippers**, who are manufacturers or distributors, including: Auchan, BSH électroménager, Carrefour, Casino, Castorama, Celio, Décathlon, Eram, L'Oréal, Rexel, SNCF, Sysco

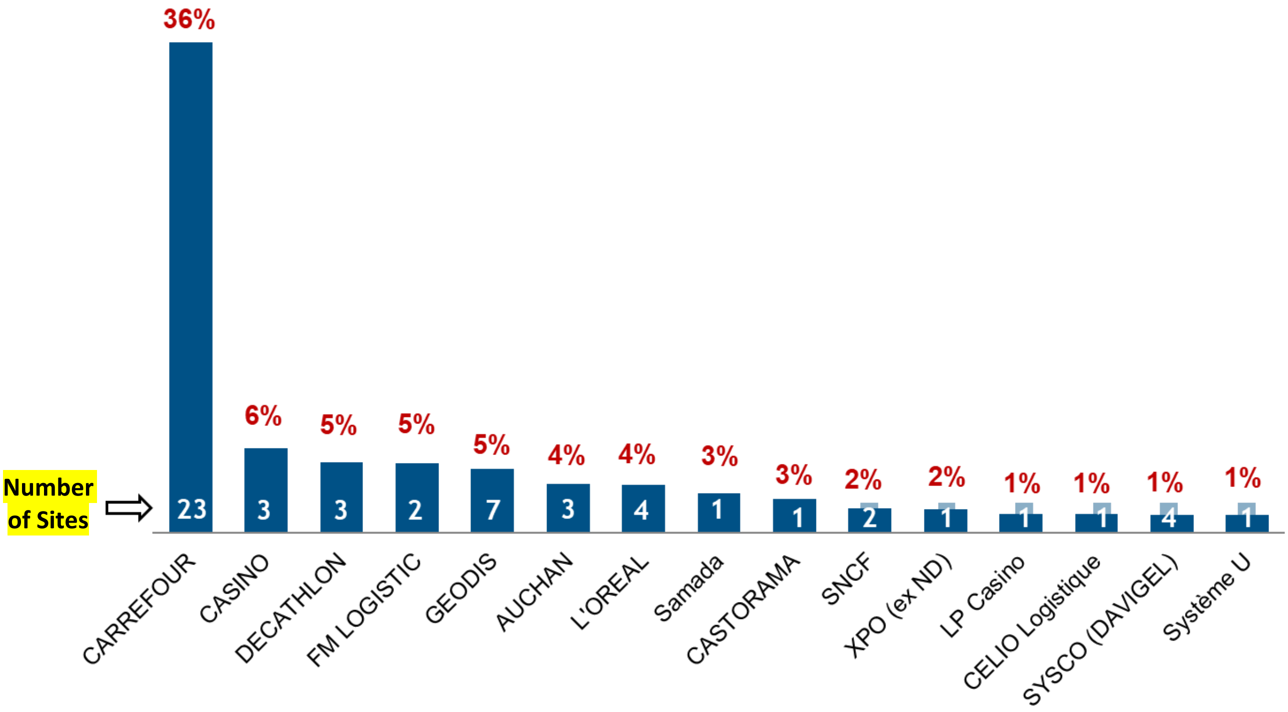
➢ **18%** of the portfolio is leased by logistics specialists handling logistics operations on behalf of shippers. They include: Alloga, Arvato, Daher, FM Logistic, Geodis, Kuehne & Nagel, Movianto, XPO Logistics



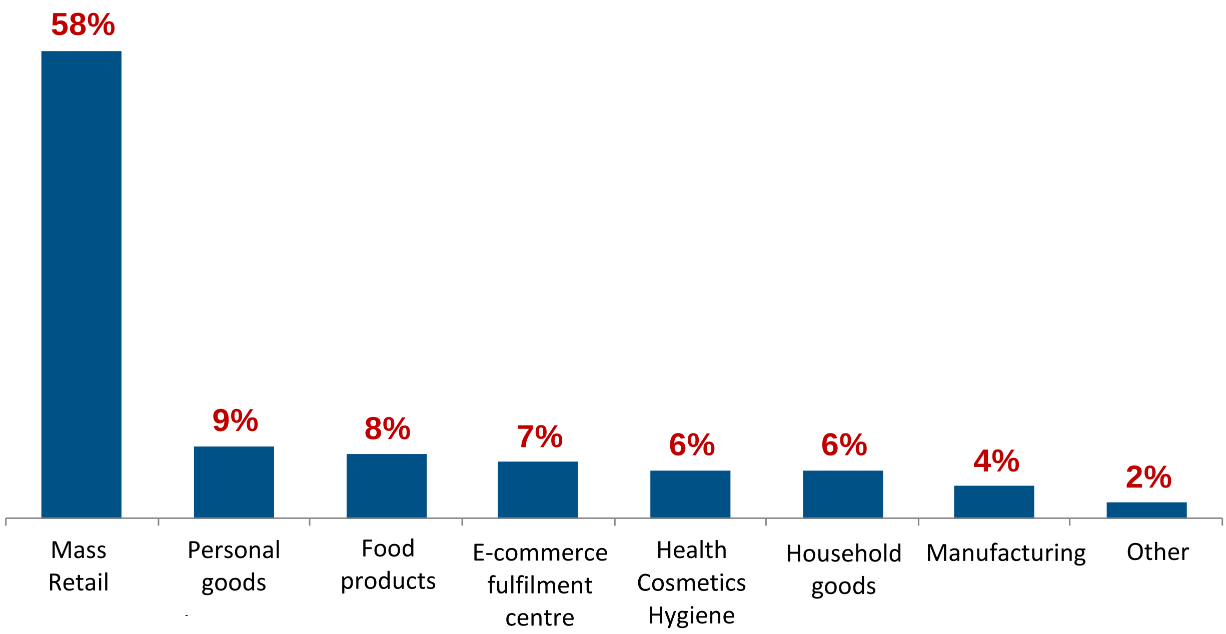
➢ **The occupancy rate is 99%** with an average **remaining fixed lease term** of **5.8 years**.



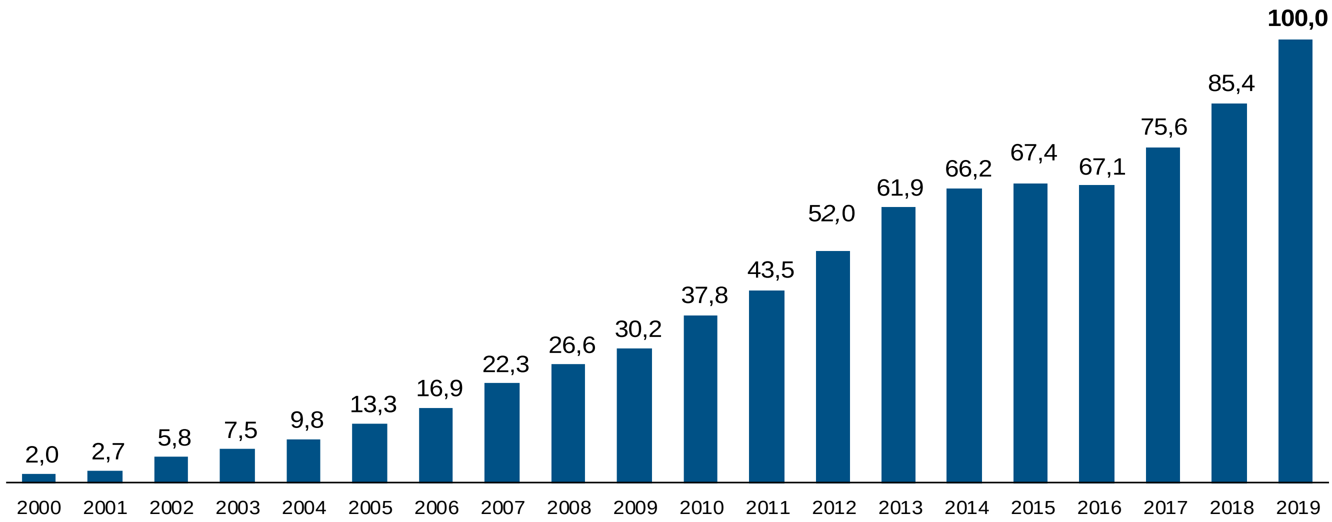
➢ 79% of annual rental income comes from ARGAN's top 15 tenants, who are spread across 57 sites.



➢ **The breakdown by business sector is as follows:**



➢ **The increase in rental income over 19 years is as follows (in millions of €):**



ARGAN's rental income has grown continuously since it was founded (a portfolio representing €5 million in annual rent was traded off in 2016). The average annual growth rate over the 19-year period is +23%.

6.2 Chronological overview of buildings

1) Croissy-Beaubourg (Marne La Vallée, French département 77)

11,941 sq. m logistics hub including 1,606 sq. m of office space and social areas on a plot of 24,067 sq. m.
This hub is subject to ICPE sections 1510, 2925 1412, 1432 and 2920.

2) Croissy-Beaubourg (Marne La Vallée, 77)

22,922 sq. m logistics hub including 1,507 sq. m of office space and social areas on a plot of 57,183 sq. m.
This hub is subject to ICPE sections 1510, 2663, 2925, 1530, 1131 and 2920.

3) Chaponnay (South East Lyon, 69)

28,650 sq. m logistics hub including 2,478 sq. m of office space and social areas on a plot of 57,860 sq. m.
This hub is subject to ICPE sections 1510, 2920, 2925 and 1432.

4) Creuzier-le-Neuf (Vichy, 03)

26,693 sq. m logistics hub including 1,441 sq. m of office space and social areas on a plot of 90,781 sq. m.
This hub is subject to ICPE sections 1510, 1432, 2925, 1530, 2910 and 2920.

5) Flévy (North East Metz, 57)

31,142 sq. m logistics hub including 1,294 sq. m of office space and social areas on a plot of 77,984 sq. m.
This hub is subject to ICPE sections 1510, 2663, 2925 and 1432.

6) Poincy (Meaux, 77)

28,670 sq. m logistics hub including 1,002 sq. m of office space and social areas on a plot of 62,366 sq. m.
This hub is subject to ICPE sections 1510, 1530 and 2925.

7) Brie-Comte-Robert (77)

7,049 sq. m fulfilment centre including 456 sq. m of office space and social areas on a plot of 36,112 sq. m.
This hub is subject to ICPE section 2925.

8) Tournan-en-Brie (77)

20,681 sq. m logistics hub including 768 m² of office space and social areas on a plot of 33,427 m².
This hub is subject to ICPE sections 1510 and 2925.

9) Tournan-en-Brie (77)

2,931 sq. m logistics hub including 720 sq. m of office space and social areas on a plot of 22,500 sq. m.

10) Poincy (Meaux, 77)

14,743 sq. m logistics hub including 394 sq. m of office space and social areas on a plot of 36,516 sq. m.
This hub is subject to ICPE sections 1510, 2663, 1172, 1131, 1450, 1432, 1173 and 1530.

11) Gonesse (95)

21,974 sq. m logistics hub including 2,063 sq. m of office space and social areas on a plot of 49,873 sq. m.
This hub is subject to ICPE sections 1510, 2925 and 2920.

12) Roye (alongside the A1 autoroute, 80)

50,888 sq. m logistics hub including 1,727 sq. m of office space and social areas on a plot of 149,085 sq. m.
This hub is subject to ICPE sections 1510, 1432, 2925, 1530 and 2910.

13) Roissy-en-Brie (77)

36,258 sq. m logistics hub including 1,734 sq. m of office space and social areas on a plot of 86,019 sq. m.
This hub is subject to ICPE sections 1510 and 2925.

14) Ferrières & Bussy (Marne La Vallée, 77)

33,222 sq. m logistics hub including 1,469 sq. m of office space and social areas on a plot of 99,600 sq. m.
This hub is subject to ICPE sections 1510, 2662, 2663, 1311, 1530, 2910 and 2925.

15) Saint-Quentin-Fallavier
(Lyon south-eastern logistics zone, 38)

42,640 sq. m logistics hub including 2,066 sq. m of office space and social areas on a plot of 90,054 sq. m.
This hub is subject to ICPE sections 1510, 2662, 2663, 1530, 2920, 2925 and 2910.

16) Châtres (alongside route nationale 4, 77)

72,169 sq. m logistics hub including 2,837 sq. m of office space and social areas on a plot of 162,937 sq. m.
This hub is subject to ICPE sections 1510, 1530, 2663, 2910 and 2925.

17) Le Coudray-Montceaux Bâtiment A (southern suburbs of Paris, 91)

85,007 sq. m logistics hub including 3,640 sq. m of office space and social areas on a plot of 172,355 sq. m.
This hub is subject to ICPE sections 1510, 1530, 2662, 2663, 1432, 1412, 2910 and 2925.

18) Bonneuil-sur-Marne (Autonomous Port of Paris, 94)

20,336 sq. m logistics hub including 560 sq. m of office space and social areas on a plot of 48,991 sq. m.

19) Chanteloup-en-Brie (Marne La Vallée, 77)

20,404 sq. m logistics hub including 1,925 sq. m of office space and social areas on a plot of 55,309 sq. m.
This hub is subject to ICPE sections 1510, 1131, 1432, 2663 and 2925.

20) Trappes (western suburbs of Paris, 78)

52,218 sq. m logistics hub including 2,384 sq. m of office space and social areas on a plot of 115,325 sq. m.
This hub is subject to ICPE sections 1510, 1530, 1532, 2662, 2663, 1450, 2255, 1412, 1432 and 2925.

21) Wissous (Paris Orly Airport, 91)

22,560 sq. m logistics hub including 1,475 sq. m of office space and social areas on a plot of 49,147 sq. m.
This hub is subject to ICPE sections 1510, 2925 and 2910.

22) Amblainville (Oise, 60)

42,482 sq. m logistics hub including 1,133 sq. m of office space and social areas on a plot of 122,307 sq. m.
This hub is subject to ICPE sections 1510, 1532, 2662, 1530, 2663 and 2925.

23) Longueil-Sainte-Marie
(alongside the A1 autoroute, 60)

94,176 sq. m logistics hub including 11,397 sq. m of office space and social areas on a plot of 224,566 sq. m.
This hub is subject to ICPE sections 1510, 1530, 1432, 1412, 2920, 1173, 2662, 2910 and 2925.

24) Fauverney (Dijon, 21)

77,516 sq. m logistics hub including 1,620 sq. m of office space and social areas on a plot of 242,686 sq. m.
This hub is subject to ICPE sections 1510, 1530, 1432, 1450, 2920, 1520, 1525, 1611, 1630, 2662, 2663, 2711, 1172, 1412, 2255, 2910 and 2925.

25) Trappes (western suburbs of Paris, 78)

4,668 sq. m fulfilment centre including 399 sq. m of office space and social areas on a plot of 19,900 sq. m.

26) Cergy
(north-western suburbs of Paris, 95)

13,640 sq. m logistics hub including 757 sq. m of office space and social areas on a plot of 45,246 sq. m.
This hub is subject to ICPE sections 2921, 2925 and 4735.

27) Ferrières-en-Brie (Marne La Vallée, 77)

32,490 sq. m logistics hub including 1,577 sq. m of office space and social areas on a plot of 84,870 sq. m.
This hub is subject to ICPE sections 1510, 1530, 2662, 2663, 2714 and 2925.

28) Rouvignies (Valenciennes, 59)

75,004 sq. m logistics hub including 1,865 sq. m of office space and social areas on a plot of 171,203 sq. m.
This hub is subject to ICPE sections 1510, 1532, 2663, 1530, 2662, 2910 and 2925.

29) Mitry-Mory (Seine-et-Marne, 77)

15,700 sq. m logistics hub including 3,237 sq. m of office space and social areas on a plot of 41,677 sq. m.
This hub is subject to ICPE sections 1432, 1510, 1412, 2925 and 2920.

30) Wissous (Paris Orly Airport, 91)

28,218 sq. m logistics hub including 2,074 sq. m of office space and social areas on a plot of 57,832 sq. m.
This hub is subject to ICPE sections 1510, 1532, 2662, 2663, 1530, 1136, 1511, 2921, 2925 and 2150.

31) Le Coudray-Montceaux Bâtiment B (southern suburbs of Paris, 91)

77,966 sq. m logistics hub including 3,641 sq. m of office space and social areas on a plot of 152,868 sq. m.
This hub is subject to ICPE sections 1510, 1530, 2662, 2663, 1432, 1412, 2910 and 2925.

32) Saint-Bonnet-les-Oules (St Etienne, 42)

51,778 sq. m logistics hub including 1,669 sq. m of office space and social areas on a plot of 143,751 sq. m.
This hub is subject to ICPE sections 1510, 1200, 1414, 1530, 1532, 2255 and 2925.

33) Ville-en-Vermois (Nancy, 54)

13,309 sq. m fulfilment centre including 1,631 sq. m of office space and social areas on a plot of 62,252 sq. m. This hub is subject to ICPE section 1435.

34) Saint-Aignan de Grand Lieu (Nantes, 44)

11,640 sq. m fulfilment centre including 2,453 sq. m of office space and social areas on a plot of 51,366 sq. m. This hub is subject to ICPE section 1434.

35) Bruguières (Toulouse, 31)

11,084 sq. m fulfilment centre including 2,047 sq. m of office space and social areas on a plot of 50,090 sq. m.

36) Bruges (Bordeaux, 33)

13,087 sq. m fulfilment centre including 2,602 sq. m of office space and social areas on a plot of 42,169 sq. m.

37) Trappes (western suburbs of Paris, 78)

25,941 sq. m logistics hub including 1,724 sq. m of office space and social areas on a plot of 66,029 sq. m.
This hub is subject to ICPE sections 1510, 1530, 1532, 2662, 2663, 2925, 4320 and 4331.

38) Beaulieu (Angers, 49)

31,407 sq. m logistics hub including 950 sq. m of office space and social areas on a plot of 79,564 sq. m.
This hub is subject to ICPE sections 1510, 1530, 2662, 2663, 1412 and 2925.

39) Cergy (north-western suburbs of Paris, 95)

30,027 sq. m logistics hub including 906 sq. m of office space and social areas on a plot of 74,482 sq. m.
This hub is subject to ICPE sections 1510, 1530, 1532, 2662, 2663, 2925 and 4755.

40) Valenton (southern suburbs of Paris, 94)

5,183 sq. m logistics hub including 760 sq. m of office space and social areas on a plot of 37,447 sq. m.
This hub is subject to ICPE sections 1510 and 1511.

41) Athis Mons (northern suburbs of Paris, 91)

10,952 sq. m logistics hub including 680 sq. m of office space and social areas on a plot of 32,925 sq. m.
This hub is subject to ICPE section 2925.

42) Lognes (eastern suburbs of Paris, 77)

13,064 sq. m fulfilment centre including 3,826 sq. m of office space and social areas on a plot of 51,879 sq. m.

43) Strasbourg (67)

17,537 sq. m logistics hub including 528 sq. m of office space and social areas on a plot of 33,313 sq. m.
This hub is subject to ICPE sections 1510, 1530, 1532, 2662 and 2663.

44) Sauvian (Béziers, 34)

55,560 sq. m logistics hub including 2,048 sq. m of office space and social areas on a plot of 156,306 sq. m.
This hub is subject to ICPE sections 1510, 1530, 2925 and 4755.

45) Meung-sur-Loire (Orléans, 45)

12,977 sq. m logistics hub including 578 sq. m of office space and social areas on a plot of 50,530 sq. m.
This hub is subject to ICPE sections 1510, 1530, 2662, 2663 and 2925.

46) Le Cellier (Nantes, 44)

6,965 sq. m logistics hub including 1,343 sq. m of office space and social areas on a plot of 36,555 sq. m.
This hub is subject to ICPE sections 2925, 2920, 2921 and 1136.

47) Limeil-Brévannes (southern suburbs of Paris, 94)

17,354 sq. m fulfilment centre including 1,476 sq. m of office space and social areas on a plot of 67,249 sq. m
.

48) Saint-Sulpice (Toulouse, 31)

6,913 sq. m logistics hub including 1,260 sq. m of office space and social areas on a plot of 49,018 sq. m.
This hub is subject to ICPE sections 1136, 2925, 1511 and 2921.

49) Guipavas (Brest, 29)

4,640 sq. m fulfilment centre including 1,069 sq.m of office space and social areas on a plot of 19,863 sq. m.

50) Lomme (Lille, 59)

6,840 sq. m logistics hub including 1,288 sq. m of office space and social areas on a plot of 32,221 sq. m.
This hub is subject to ICPE sections 2920, 2921, 2925 and 1136.

51) Sucy-en-Brie (southern suburbs of Paris, 94)

Logistics hub – 8,833 sq. m workshop including 473 sq. m of office space and social areas on a plot of 18,154 sq. m.
This hub is subject to ICPE sections 1131, 2560, 2561 and 2575.

52) La Farlède (Toulon, 83)

5,837 sq. m logistics hub including 1,191 sq. m of office space and social areas on a plot of 14,838 sq. m.
This hub is subject to ICPE section 4802.

53) Chanceaux-sur-Choisille (Tours, 37)

6,900 sq. m logistics hub including 1,264 sq. m of office space and social areas on a plot of 38,480 sq. m.
This hub is subject to ICPE sections 1136.1511, 2921 and 2925.

54) Wissous (Paris Orly Airport, 91)

52,664 sq. m logistics hub including 3,971 sq. m of office space and social areas on a plot of 115,115 sq. m.
This hub is subject to ICPE sections 1510, 1530, 1532, 2662 and 2663.

55) Cestas (Bordeaux 33)

19,845 sq. m logistics hub including 1,121 sq. m of office space and social areas on a plot of 67,830 sq. m.
This hub is subject to ICPE section 1510.

56) Moissy-Cramayel 1 (southern suburbs of Paris, 77)

25,568 sq. m logistics hub including 2,086 sq. m of office space and social areas on a plot of 42,249 sq. m.
This hub is subject to ICPE section 1510.

57) Moissy-Cramayel 2 (southern suburbs of Paris, 77)

20,614 sq. m logistics hub including 480 sq. m of office space and social areas on a plot of 43,357 sq. m.
This hub is subject to ICPE sections 1432, 1510, 1530, 1532, 2662, 2663, 1412 and 2925.

58) Wissous (Paris Orly Airport, 91)

22,267 sq. m logistics hub undergoing refurbishment, including 1,083 sq. m of office space and social areas on a plot of 52,340 sq. m.
This hub is subject to ICPE sections 1510, 1511, 4802 and 2925.

59) Pusignan (Lyon, 69)

33,607 sq. m logistics hub including 787 sq. m of office space and social areas on a plot of 74,116 sq. m.

This hub is subject to ICPE sections 1510, 1530, 1532, 2662, 2663, 2910 and 2925.

60) Fleury-Mérogis (southern suburbs Paris, 91)

67,258 sq. m logistics hub including 2,716 sq. m of office space and social areas on a plot of 125,673 sq. m.
This hub is subject to ICPE sections 1510, 1413, 1511, 2795, 2925 and 4735.

61) Albon (south of Lyon, 26)

12,513 sq. m logistics hub including 319 sq. m of office space and social areas on a plot of 81,104 sq. m.
This hub is subject to ICPE sections 1510, 1530, 1532, 2662, 2663 and 2925.

62) La Crèche (Niort, 79)

20,735 sq. m logistics hub including 1,699 sq. m of office space and social areas on a plot of 124,738 sq. m.
This hub is subject to ICPE sections 1511, 2925 and 4735.

63) Gennevilliers (Autonomous Port of Paris, 92)

11,787 sq. m fulfilment centre including 3,560 sq. m of office space and social areas on a plot of 35,065 sq. m.

64) CARGO portfolio (22 warehouses in France)

Portfolio of 1,087,467 sq. m comprising 22 PREMIUM logistics hubs leased to Carrefour Group, including 48,139 sq. m of office space and social areas on a plot of 3,394,845 sq. m.
These hubs are subject to ICPE sections
1136, 1172, 1173, 1185, 1200, 1412, 1414, 1432, 1434, 1436, 1450, 1510, 1511, 1520, 1525, 1530, 1532, 1630, 2255, 2662, 2663, 2711, 2714, 2910, 2920, 2921, 2925, 4001, 4110, 4120, 4130, 4140, 4220, 4320, 4330, 4331, 4440, 4441, 4510, 4511, 4715, 4718, 4734, 4735, 4741, 4755, 480 and 4802.

6.3 Appraisals

Extract from the Appraisal Report as at 31 December 2019 prepared by CBRE Valuation – 131 avenue de Wagram, 75017 PARIS

6.3.1 Background

ARGAN SA asked CBRE Valuation to assess the fair value as at 31 December 2019 of 86 property units used for warehousing located in the Paris region and the French provinces, considering the current level of occupancy.
The task was led by **Anne Digard, FRICS**, Chair of CBRE VALUATION, and involved a team of nine property experts based in Paris, Lyon, Bordeaux, Toulouse, Marseille, Lille and Nantes offices:

Pierrick Astier, Director, MRICS
Jordan Forestier, Analyst
Esther Delaunay, Analyst
Edmond Lombart, Analyst
Marjorie Astruc, Property Expert
Antoine Robert, Analyst
Cécile Arduino, Analyst
Victor Hauffman-Glémane, Analyst

The mandate was confirmed on 26 April 2019 when the new agreement signed under the property appraisal framework contract covering the period from 2019 to 2022 was sent. The amendment to the framework contract was signed on 10 November 2019.

➢ **Appraisal/Updating visit**

86 properties were subject to either:
- updating without a visit (78 updates to property units)
- updating with a visit (3 updates with visits to property units)
- 2 detailed property appraisals
- 3 file-based reviews.

➢ **Basis for work**

We were provided with the following information for each of the property units:
- A statement of the surface areas
- A statement of the terms of leases
- The rental situation as at 31 December 2019
- The tax regime applicable in the event of resale
- Copies of any new leases, amendments and specific information on leases or renewals for certain assets.

➢ **Observations - Reservations**

- Our starting point for surface areas was the surface area data supplied by our client.
- As agreed with our client, we were not provided with the authorisations for Classified Facilities for Environmental Protection (ICPE). We take the default position that the information provided by Argan is accurate, that ICPE Authorisations are consistent with the current rules on Classified Facilities for the Environment and that the buildings' status in respect of this regulation has no impact on the values determined in this report
- Should any differences in surface areas be identified as a result of a survey by a surveyor, our calculations and results would need to be amended accordingly.
- With regard to the use of the premises in accordance with the applicable regulations, we have appraised the surface areas based on the information about use that our client supplied.

When factoring the regime applicable in case of a transfer into our calculations, we use a fixed amount determined according to the regime to which the appraised property would be subject. As a result, the rate for acquisition expenses on a transaction subject to transfer taxes, is set at 6.90%.

Special cases: Ile de France

Pursuant to Article 50 of the Amending Finance Law adopted on 29 December 2015, with effect from 1 January 2016 an additional tax of 0.6% is collected for the Ile de France region, on top of the registration charges for transfers for consideration of premises for office or business use or for storage. We use a fixed rate of 7.50% for transfer taxes for these three categories of property. For other types of property, we use a fixed rate of 6.90%. For mixed-use buildings including housing and offices/business premises, we also use a fixed rate of 6.90% unless the tax authorities adopt a different position and specify the formula to be applied for deducting transfer taxes.

In the event of a transaction subject to VAT, the reform of 11 March 2010 amending the conditions for liability to the VAT regime, makes its application in respect of sales of property assets dependent on commitments made or options taken by the parties. Any options and commitments are only known once the transaction has been completed. As a result, without accurate knowledge of all these parameters, we carried out this appraisal on the conventional basis of the most likely scenario, making certain implicit assumptions. CBRE Valuation cannot be held liable in the event that the tax conditions applied are different from those used in this appraisal.

In general, land charges are eligible for legal costs at a rate of 1.80%, based on a greenfield site for a proposed construction project.

- If the information provided were shown to be incorrect or if we were provided with additional information at a later date, the accuracy of this valuation would be affected as a result and, in such circumstances, we reserve the right to amend our report accordingly.

➢ **Report format**

In accordance with our client's instructions, we have prepared a summary 8 to 10 pages long for each building, containing the address, a photo of the building and a site plan (for buildings we visited), a brief description, the rental and legal situation and the valuation of the assets.

For newly acquired assets, we have prepared comprehensive reports including the address, photos of the building, site plans, aerial views, descriptions of the location and the asset, the rental and legal situation, information on town planning and the environment and the valuation of the assets.

6.3.2 Methodology

➢ **Principles**

Our property appraisals conform to the following standards:

- The current Charter of Property Valuation
- The current COB (*Commission des Opérations de Bourse* – Securities and Stock Exchange Commission) report of 3 February 2000 (the Barthès de Ruyter Report)
- The current European Valuation Standards from The European Group of Valuers' Associations (TEGoVA)
- The current valuation standards of the Royal Institution of Chartered Surveyors (RICS).

Regular external audits of compliance with confidentiality and ethics rules are conducted. The information disclosed to *CBRE Valuation may* not be used for purposes other than valuation of the buildings (unless otherwise expressly instructed or authorised by the client). For the purpose of this assignment, CBRE Valuation has signed the Non-Disclosure Agreement drawn up by ARGAN SA.

Our appraisals are carried out by qualified experts in accordance with the criteria set out in these documents.
Each property is considered as an investment and is appraised on the basis of "Open Market Value", i.e the best price that might reasonably be expected for the sale of a property without regard to financing considerations on the valuation date. It assumes:

- a willing vendor;
- that a reasonable period has elapsed prior to the valuation date (review of the nature of the property and the state of the market) for marketing the property, for reaching an agreement on the price, terms and completion of the sale;
- that the state of the market, values, and other circumstances were the same as on the valuation date, no matter when the contracts are assumed to have been exchanged prior to that date;
- that any higher bid by a potential buyer with a special interest has been disregarded; and
- that both parties to the transaction have acted with full knowledge of the facts, while exercising caution and without constraint.

➢ **Methods**

We will use the discounted cash flow method to determine the fair value of the assets of the ARGAN Group based on the assumptions used for this assignment:

Discounted Cash Flow method: We believe this method to be the most appropriate for the portfolio, given the change in rental conditions and particularly the reduction in fixed periods for most assets (10-year cash flow).

This method has proven to be the most appropriate for complex development of cash flows, particularly since leases are signed per asset.

It consists of discounting the expected net financial flows, including resale, over a given period (10 years).
In the Discounted Cash Flows method, the Current Value is calculated using the following elements:

➢ Discounted net financial flows including income and expenses:
  - Income: guaranteed minimum rents, with indexation,
  - Charges (if any): non-billable expenses, management and letting fees, doubtful rents, letting expenses, budgets for major repair works

(non-refundable amounts), maintenance costs, etc… Note that for the majority of leases, all costs and works are charged to the lessee, including costs under Article 606 of the French Civil Code.

- The resale price at the end of the period: Net cash flow for year 11 capitalised and collected at the end of year 10.
- A discount rate: this rate is used to calculate the present value of future net cash flows.

There are two ways to approach this discount rate:

- using the risk-free asset rate (10-year OAT), to which we add a liquidity premium and a risk premium associated with the building;
- by comparison with the discount rates applied to flows generated by assets of the same type.

The discount rate for our review was calculated by overlapping these two approaches. Cash flows develop according to contractual indices and the market change indices used,
so largely according to these parameters (excluding assets with a pre-determined indexation):

Change (Warehouse class)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Annual average over 10 years
-Cost of construction index rents	1.75%	1.75%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.67%
-Tertiary activities rent index rents	1.90%	1.75%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.68%
-Rental value Constrained market	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	1.97%
-Rental value Unconstrained market	0.00%	0.00%	1.00%	1.50%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.50%

All Cash Flows are then discounted over 10 years, bearing in mind that year 11 includes the receipt of rents as well as the net resale price of the property.

An exception to this rule is the DCF used for assets on construction leases. In this case, the discount period is modelled on the remaining period of the construction lease.

For cross-checking purposes, we also applied the income capitalisation method:

Income Methods: these methods consist of applying a rate of return to an income (to capitalize it), whether this income is recognised or existing income or theoretical or potential income (market rent or market rental value).

The methods can be applied in different ways depending on the basis of the types of income considered (actual rent, market rent, net income), for which there are separate rates of return. To determine the rental value, we make a comparison with the market rents that may be obtained for property assets in a given region, under standard lease terms and conditions.

The concept of market rental value implies that at the time the lease is signed, no capital sum is paid to either the previous tenant (right to the lease) or the owner (key money, initial lease payment).

- **Definition of "Fair Value" (IFRS 13)**

Since 1 January 2013, it has been appropriate to consider "Fair Value" based on a new definition under IFRS 13 (Fair Value Measurement), whereby it is "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. "

The standard establishes a hierarchy of the inputs used to measure fair value.

For assets within the scope of our assessment, we will categorise the inputs to our valuation as follows:

Key inputs	Level
Warehouses: 5 relevant items of data	
-Rate of return	3
-DCF discount rate	3
-Terminal value of the DCF	3
-MRV (market rental value)	3
-Rent accrued	2

Highest and best use: We have not identified any alternative use for the assets that make up the portfolio covered by our assessment which, if redeveloped, would produce a fair value greater than we have calculated for its current use.

6.3.3 Conclusion

Based on our assessment, we arrived at fair values for the ARGAN portfolio as at **31 December 2019** of:

€2,670,452,000 excl. tax/excl. VAT and excl. agency fees

or

€2,788,600,008 excl. VAT/DI and FAI

Registration costs and fees: ordinary law regime	6.20%, 6.90% or 7.50% depending on the region
VAT regime:	1.80%

Remarks: In the event of a transaction subject to VAT, the reform of 11 March 2010 amending the conditions for liability to the VAT regime, makes its application in respect of sales of property assets dependent on commitments made or options taken by the parties.

Any options and commitments are only known once the transaction has been completed. As a result, without accurate knowledge of all these parameters, we carried out this appraisal on the conventional basis of the most likely scenario, making certain implicit assumptions.

CBRE Valuation cannot be held liable in the event that the tax conditions applied are different from those used in this appraisal.

In the current context, our conclusions should be seen as the average prices that would have been negotiated as of today following expiry of a period and under performance conditions deemed to be customary and normal.

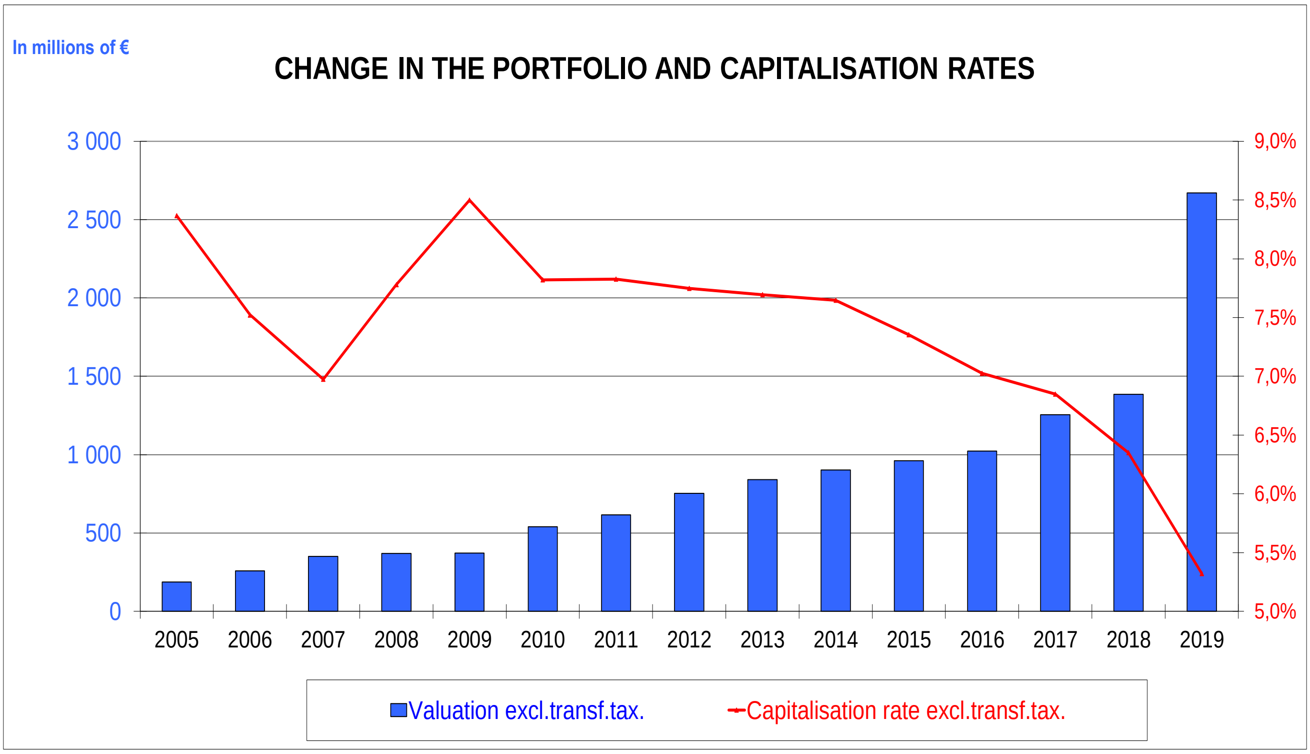
Pierrick Astier – MRICS – CIS HypZert (MLV)
Director
CBRE Valuation

Anne Digard – FRICS – VR-REV
Chairman - CEO
CBRE Valuation & Advisory

Drawn up on 31 December 2019

6.3.4 Summary of results

The appraisal by CBRE shows **a value of €2,670.5 million excluding transfer taxes for the built portfolio at the end of December 2019, i.e. a capitalisation rate of 5.30% excluding transfer taxes.**



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Valuation excl.transf.tax.	187,2	258,2	350,7	370,3	370,9	539,3	614,9	753,5	839,5	902,4	961,5	1 022,5	1 255,9	1 385,6	2 670,5
Change year on year Y / Y-1		38%	36%	6%	0%	45%	14%	23%	11%	7%	7%	6%	23%	10%	93%
Capitalisation rate excl.transf	8,4%	7,5%	7,0%	7,8%	8,5%	7,8%	7,8%	7,75%	7,7%	7,65%	7,35%	7,0%	6,85%	6,35%	5,3%
Valuation incl.transf.tax.	192,6	265,4	363,1	384,2	387,0	559,4	638,4	782,4	871,2	942,7	1 007,6	1 070,9	1 324,2	1 465,1	2 788,6
Rate of return incl.transf.tax.	8,1%	7,3%	6,7%	7,5%	8,1%	7,5%	7,5%	7,5%	7,4%	7,3%	7,0%	6,7%	6,5%	6,0%	5,1%

We note that from a low of 7% in 2007, capitalisation rates excluding transfer taxes rose to 8.5%, causing a loss of value on existing assets. There was then a reversal at the end of 2009 and the capitalisation rate has declined steadily since 2010, coming in at 5.30% at the end of 2019.

Adding the fair value valuation of the real estate reserves (i.e. €10 million excluding transfer taxes) to the fair value valuation of the built assets (i.e. €2.670 million excluding transfer taxes), **ARGAN's real estate portfolio was worth €2.680 million excluding transfer taxes as at 31 December 2019**.

7. Information on the "Grenelle 2" Law

Pursuant to the provisions of Article L.225-102-1, amended by Law N° 2018-938 of 30 October 2018,

What follows is the information stipulated in Article R.225-105-1 of the French Commercial Code which the Company believes to be valuable in considering the social and environmental consequences of its activity as well as its corporate commitments to sustainable development, the fight against discrimination and the promotion of diversity.

The Company's main business is developing warehouses that will be leased to future operators. While environmental impacts related to the construction phase can be controlled, the impacts associated with the operation of logistics warehouses remain the sole responsibility of tenants, although the Company strives to build warehouses that provide the best possible energy performance. As a result, we focus specifically on presenting the steps that are taken during the design and construction phases of our warehouses.

This social, environmental and corporate information for 2019, both quantitative and qualitative, is provided for the entire consolidated Group.

7.1 Social information:

As at 31 December 2019, the workforce was a total of 26 employees (26 permanent contracts), including 23 executives (4 women and 19 men) and 3 non-executives (1 woman and 2 men), all based at the head office in Neuilly-sur-Seine (92). The employees' average age is 41. As at 31 December 2018, the workforce was a total of 23 employees (23 permanent contracts).

Twenty-five (25) of these employees work full-time and their employment contracts are governed by the national real estate collective bargaining agreement. There are no company agreements in force within the Company. Similarly, the Company has no staff representative body, has not set up a health and safety committee, and has not adopted any specific measures for the recruitment of disabled workers or a social welfare budget, given an overall workforce that is smaller than provided for by the regulations.

Four members of staff joined the Company on permanent contracts during financial year 2019 and there was one leaver. The Company had no issues of staff absenteeism and there were no workplace accidents.

The Company has adopted staff incentive arrangements based on individual and collective performance. In this vein, there is a profit-sharing agreement, signed on 4 June 2018, which applies to financial years 2018, 2019 and 2020 for all employees, and a free share allocation plan for financial years 2019, 2020 and 2021 for seven employees, which is described in detail in the Executive Board's special report. Finally, a collective bonus scheme has been introduced for all employees. The scheme was set up within the Company for the 2019 financial year and depends on the amount of rent generated by new development leases signed in 2019.

The Company is governed by French law and operates exclusively in France. Naturally, it complies with all the fundamental conventions of the International Labour Organization (ILO) that apply to it.

Finally, training is provided as necessary at the initiative of the Company or employees to keep up to date with the knowledge and techniques used in the Company's line of business.

7.2 Environmental information:

The Company ensures that when making an acquisition, undertaking development work and for its buildings in operation, it upholds the following:

- compliance with the regulations governing town planning and construction,
- compliance with the regulatory framework for construction sites and renovation sites,
- where applicable, the site's compliance with the HQE (high environmental quality) standard,
- obtaining all inspection reports from external supervisory bodies.

The Company remains particularly alert to compliance with all rules and regulations (on asbestos, classified facilities, etc.) in the management and operation of its property assets, both in terms of its own obligations and in respect of those of its tenants. Accordingly, the Company places great emphasis on compliance with:

7.2.1 ICPE (Classified Facilities for Environmental Protection) regulation

All the Company's logistics hubs are authorised according to the ICPE regulation in respect of loss prevention in warehouses, where this is warranted by the size of this facility and the nature of the materials that are stored there. The Company takes a careful approach to compliance with this regulation, which is of paramount importance in its business sector. The Company works with a specialised firm of engineering consultants to compile the application, in conjunction with and on behalf of the tenant, and attends preparatory meetings until the prefectoral order is handed down in the tenant's name.

Employees involved in compliance with the ICPE regulation are given training to update their knowledge as needed.

7.2.2 Rules on health

Under the regulations governing the prevention of asbestos-related health risks, the Company arranged assessments of its buildings constructed before 1 July 1997, none of which revealed any trace of asbestos.

Similarly, no cases of legionellosis have been reported in the buildings that the Company owns.

7.2.3 Environmental information

- Sustainable development policy

The Company is particularly concerned with sustainable development and is compliant with the legal standards. Accordingly, it promotes the construction of HQE, BREEAM or LEED-certified warehouses and offers to its tenant partners turnkey warehouses as standard. The facilities it delivers are built to strict specifications to address the environmental challenges that logistics real estate will face in the future.

The biggest sources of greenhouse gas emissions are rental properties, due to energy consumption and emissions from construction works. Greenhouse gas emissions from ARGAN's internal operations represent a small proportion of the Group's total emissions. Full responsibility for the environmental impacts related to the operation of logistics hubs resides with tenants. However, the Company strives to build warehouses that provide the best possible energy performance. Similarly, the Company considers greenhouse gas emissions in its construction projects in the interests of energy efficiency.

For example, arrangements are made upfront to limit any harmful effects generated by construction site, by means of the site's organisation plan, appointment of an environment manager in the contracting companies, information for staff, and the management and sorted collection of construction waste. This benefits local residents, workers and the environment. The Company takes a disciplined approach in applying the RT2012 regulation on insulation with the aim of reducing energy consumption and prefers to use materials whose production generates no or little CO^2, choosing wood rather than steel, for example. In addition, rainwater is recovered for the purposes of warehouses' operating needs (watering green spaces, sanitary facilities), with the excess being filtered on site when the nature of the soil allows. It promotes the use of low-energy electrical appliances with programmable controllers to provide varying levels of light intensity for particular areas and at different times.

During 2009, the Company obtained the first HQE "Sustainable Logistics" certification, covering for the first time all project phases (Programme, Design and Implementation) for the extension of the L'Oréal hub in Vichy. During 2010, the Company also delivered France's first HQE-certified and BBC-labelled logistics hub, to L'Oréal. Since 2011, the Company has developed or acquired eight HQE-certified hubs, which are leased to L'Oréal, Auchan, Décathlon, Eurial and Casino. Seventeen warehouses leased to Mirova, Carrefour, XPO, Samada, Nutrition & Santé, Tereva and Rexel have received BREEAM certification.

In addition, the Company is stepping up its environmental commitment and from 2018 onwards, it decided to install photovoltaic systems in all its new warehouses, so clients can use self-produced electricity to help meet their energy needs. The first warehouse installed with a 200 kilowatt-peak (kWp) photovoltaic system was delivered to Rexel in October 2018 in Cestas (33). As at 31 December 2019, the Company has seven warehouses installed with photovoltaic systems. It thereby plays an active role in protecting the planet by helping its lease clients to reduce their electricity bill by approximately 20% and improve their carbon footprint. The total installed power is 5,000 kWp, reducing CO_2 emissions by 300 t/year.

The Company is fully aware of current environmental issues and is keen to continue its efforts in terms of environmental responsibility which began in 2018. As a result, in 2020 the Company is launching an ambitious "Climate Plan". The Plan aims to develop PREMIUM warehouses with a carbon-neutral operating footprint in terms of heating and lighting, addressing the main causes of CO_2 emissions by fitting photovoltaic systems so operators can use self-produced electricity and offsetting residual CO_2 emissions by planting trees on site using the "Miyawaki" method or, if need be, in woodland.

- Financial risks related to the effects of climate change (Article L.225-100-1 of the French Commercial Code)

Climate change risks can be broken down into:

- physical risks resulting from damage caused directly by weather and climate events caused by changes in the climate system. These risks are controlled by applying current standards at construction stage and adjusting the property portfolio in response to climate change.

  It should be remembered that all the Company's assets are located in France, a region of the world considered to have a very low level of vulnerability to climate change (Source: Standard & Poor's 2014), and 38% of assets are in the Paris region. None of the Company's assets are located on the coast.

- transition risks resulting from modifications for transition to a low carbon economy. Risk control is based on the sustainable development policy adopted by the Company and described above.

As at 31 December 2019, the Company has not recognised any provision or guarantee for environmental risks.

7.3 Corporate information:

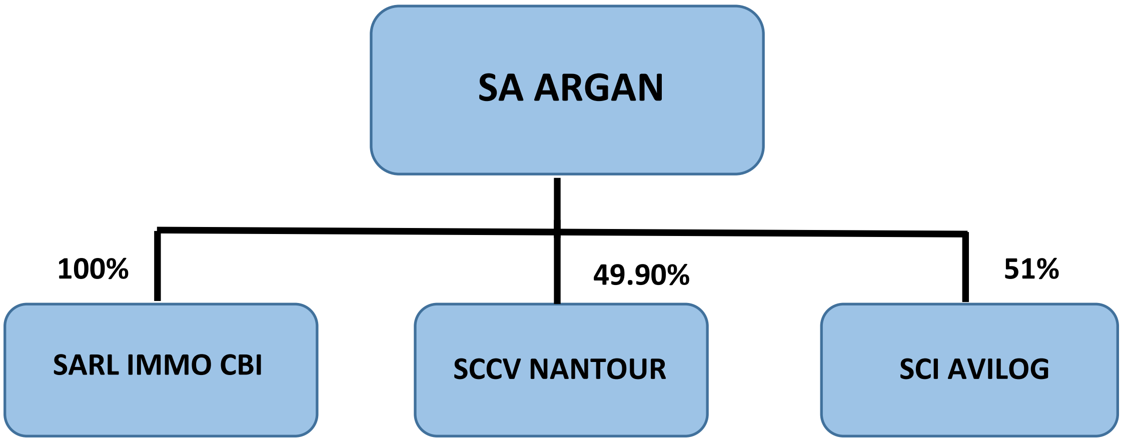
The Company's logistics hubs storing 500 tonnes or more of combustible goods require prefectoral authorisation to operate. The authorisation is granted by the Prefect and examined by staff at the DREAL (*Direction Régionale de l'Environnement, de l'Aménagement et du Logement* regional environment, planning and housing agency) and is intended to protect the environment, people and property. A public survey of neighbouring and local communities is conducted in this regard by an investigating commissioner, who submits a report setting out his or her opinion on the proposed development.

The Company subcontracts the construction of its hubs to contractors or developers specialised in logistics real estate. The contractor consultation phase requires the most careful handling in terms of corruption risk. To respond to this risk, the Development Department has introduced a formal tender process put in place within the Development Department and the final selection is signed off by the top management of the Company.
The Company takes particular care to select high-quality contractors with the skills and experience necessary to safeguard the environmental quality of its projects. It also ensures that contractors are fully engaged in terms of their social responsibility. For example, it checks that they are upholding safety standards on construction sites.

Finally, the Company's business activities contribute to regional economic development and the vitality of logistics business parks through the jobs created by tenant companies in all 85 of the Company's hubs.

8. Legal organisation

As at 31 December 2019, the Group's legal structure is as follows:



Argan and its subsidiaries form the Argan Group (the "**Group**").

As at 31 December 2019, the Group includes ARGAN, its fully controlled subsidiary IMMOCBI SARL, and the subsidiaries NANTOUR SCCV, in which ARGAN has a 49.90% holding and AVILOG SCI, in which its holding is 51%. (see Financial Information in Part II 2.2.8 – Main Subsidiaries, and Part III – Scope of consolidation).

All four companies have the same primary corporate purpose, namely, "The purchase and/or construction of all land, buildings and property assets and rights for rental, management or leasing; the development of all land and property assets and rights; fitting out all property units for rental; and all other ancillary or related activities pertaining to the above-mentioned business activity; all being performed directly or indirectly, either alone, in partnership or as part of a joint venture, grouping or company, with any other persons or companies".

Companies in which ARGAN holds more than a 50% share are fully consolidated and the SCCV Nantour is accounted for using the equity method.

As at 31 December 2019, the 85 built properties are owned by ARGAN. At that date, the subsidiaries do not own any completed buildings.

The Group presents its consolidated financial statements in accordance with IFRS and has opted to recognise its portfolio of real estate assets at fair value on the balance sheet. ARGAN and IMMOCBI opted into the SIIC tax regime on 1 July 2007.

There are twenty-five (25) full-time employees as at 31 December 2019. They deal with asset management, property and rental management of the asset portfolio and implement the policy on acquisitions, arbitrage and its own development with the support of the Administration and Finance Department and the Legal Department.

ARGAN takes the form of a public limited company with an Executive Board and a Supervisory Board. As at 31 December 2019, its share capital comprised 22,211,969 shares, each with a nominal value of €2.

ARGAN is listed on NYSE-Euronext Paris, Compartment A.

1. Highlights of the 2019 financial year

1.1 Change in share capital

The Company's share capital increased by €11,668,672 further to:

- The issue of 245,342 shares with a par value of €2 for payment of the dividend in shares, and
- Approval of the contribution in kind by CRFP 8, Predica Prévoyance Dialogue du Crédit Agricole and Primonial Capimmo of a total of 22,737,976 shares in SCI Cargo Property Assets and the decision (i) to increase the share capital by a nominal amount of €11,177,988 by issuing 5,588,994 new shares in consideration of the said contribution, and (ii) that the difference between the value of the contribution in kind (i.e., €279,449,725.04) and the nominal value of the shares allocated in consideration of the said contribution (i.e. €11,177,988) equates to a share premium of €268,271,737.04.

1.2 Members of the Executive Board

There was no change in the membership of the Executive Board during the financial year ended 31 December 2019.

1.3 Members of the Supervisory Board

The appointments of Mr. Stéphane Cassagne and Predica Prévoyance Dialogue du Crédit Agricole (represented by Mrs. Najat Aasqui) as members of the Supervisory Board and the appointments of Mr Emmanuel Chabas (proposed by Predica) and the legal entity CRFP 8 (Group Carrefour) as non-voting members of the Supervisory Board were approved by the Combined Shareholders' Meeting of 15 October 2019.

It should be noted that CRFP 8 resigned from its role as a non-voting member effective 9 December 2019 and that Mrs. Françoise Leroy, an independent member of the Supervisory Board, resigned from her role effective 6 December 2019. The Combined Shareholders' Meeting of 19 March 2020 approved the appointment of Mrs. Constance de Poncins to replace her.

2. Operating results

2.1 Consolidated results of the ARGAN Group

2.1.1 Position of the consolidated group over the past financial year

ARGAN is the only French real estate development and rental company listed on Euronext Paris specialised in PREMIUM warehouses.

The Company's property portfolio of built assets and land reserves is valued at €2.68 billion excluding transfer taxes (€2.8 billion including transfer taxes) as at 31 December 2019.

It comprises:

- The built portfolio (excluding current developments), with a total surface area of 2,860,000 sq. meters and an appraisal value of €2.67 billion excluding transfer taxes (€2.79 billion including transfer taxes),
- Land reserves, valued at €10 million excluding transfer taxes.

Its property base consists of 85 buildings, mainly category A logistics centres (74 hubs and 11 fulfilment centres as at 31 December 2019), with a weighted average age of 8.4 years. The buildings are located throughout France, close to main traffic roads.

The breakdown of surface area by region is largely as follows:

Ile de France:	38%
Hauts de France:	16%
Auvergne/Rhône-Alpes:	10%
Centre/Val de Loire:	8%
Occitanie:	7%
Pays de la Loire:	7%
Bourgogne/Franche Comté:	5%
Rest of France:	9%

ARGAN was listed on compartment C of Euronext Paris on 25 June 2007. Its shares were transferred from compartment C to compartment B in January 2012 and from compartment B to compartment A in January 2020.

Its market capitalisation at 31 December 2019 was €1.724 billion based on a price of €77.60/share.

ARGAN currently has three subsidiaries, IMMOCBI SARL, AVILOG SCI (fully consolidated) and NANTOUR SCCV (consolidated using the equity method).

SIIC regime:

ARGAN and its subsidiary IMMOCBI have been placed under the SIIC (*société d'Investissement Immobilier Cotée* - listed real estate investment company) tax regime (the French REIT regime).
The exit tax amounts for ARGAN and its subsidiary IMMOCBI were paid in full.

2.1.2 Report of operations

New rentals for 2019 represent an investment of €1.035 million, generating €54.7 million in rental income. This equates to a return of 5.3% on a total surface area of approximately 1,230,000 sq. meters.
An additional amount of €10 million was spent on construction work for an asset that is being redeveloped.

The details of the investments are as follows:

- In May, the Company acquired an **8,200 sq. m** fulfilment centre and a separate office building of **3,500 sq. m in Gennevilliers (92). These have been leased for a fixed term of 10 years to DSV Road,** the world number 5 in transport and logistics services;
- In June, the Company delivered a hub with a **floor area of 65,000 sq. m** (including mezzanine). The facility is **located in Fleury-Mérogis (91) and has been leased for a fixed term of 12 years to Casino** for the food e-commerce operations of the Monoprix brand. The mezzanine in this warehouse will be given over to an automated process, developed by British service provider Ocado and the first of its kind in France;
- June saw the delivery of a **34,000 sq. m hub in Pusignan, near Lyon (69). The facility has been leased for a fixed term of 10 years to Tereva,** one of France's leading distributors of heating and sanitary products to the construction industry;
- **In October, the Company acquired the "Cargo" portfolio of 1,085,000 sq. m, comprising 22 PREMIUM logistics hubs leased to Carrefour Group for fixed terms of 6 years on average**;
- In November, the Company delivered a **21,000 sq. m refrigerated hub in Niort (79), leased for a fixed term of 12 years to Eurial,** the dairy division of Agrial, France's largest farming cooperative;
- In December, it delivered a **13,000 sq. m hub in Albon (26), 60 km south of Lyon, which has been leased for a fixed term of 7 years to Nutrition & Santé**, the European leader in health food and organic food.

The change in rents received by the Group is as follows:
- **2019: €100.2M in net rental income**
- 2018: €85.4M in net rental income

An increase of **17%** in 2019 compared with 2018.

The occupancy rate for the portfolio was 99% as at 31 December 2019.

As at 31 December 2019, gross financial debt for assets valued at **€2.680 million** (excluding debt on ongoing developments) was a total of **€1.369 million**, plus bond issues of **€155 million**, i.e. **total gross debt of €1.524 million.**

Including residual cash of €17 million, net LTV (net financial debt/value of assets excluding transfer taxes) was 56%.
The allocation of ARGAN's gross financial debt as a percentage of capital is as follows:
- **61%** at a fixed rate, i.e. €934M at an average rate of 1.76%
- **5%** at variable rate, i.e. €77M at an average rate of 3-month Euribor + 1.60%
- **34%** at a hedged variable rate, i.e. €513M at an average rate of 1.60%.

Taking into account a 3-month Euribor of -0.36% on average over 2019, the ARGAN Group's average rate for total debt was 1.70% as at 31 December 2019, compared with 1.90% as at 31 December 2018, with an average 3-month Euribor of -0.32%.

The amount of financing items that are individually hedged and the hedging instruments entered into as at 31 December 2019 are as follows:

- €39.5M: Collar -0.50%/+0.93% until 10/12/2020
- €6.5M: Collar -0.18%/+1.5% until 10/01/2023
- €8.8M: Collar -0.55%/+1.75% until 10/07/2023
- €2.3M: Collar -0.32%/+1.5% until 10/10/2023
- €4.1M: Collar -0.26%/+1.5% until 10/01/2024
- €6.4M: Collar -0.25%/+1.5% until 10/01/2024
- €12.3M: Collar -0.30%/+1.5% until 10/01/2024
- €3.7M: Collar -0.28%/+1.5% until 10/01/2024
- €14.9M: Collar -0.02%/+1.25% until 10/01/2024
- €21.0M: Collar -0.28%/+1.5% until 10/01/2024
- €3.1M: Collar -0.32%/+1.5% until 10/01/2024
- €7.1M: Collar -0.01%/+1.4% until 10/04/2024
- €6.3M: Collar -0.30%/+1.5% until 10/07/2024
- €8.4M: Collar -0.0125%/+ 1.5% until 10/10/2024
- €10.6M: Collar + 0.12%/+2% until 10/10/2024

- €22.7M: Collar 0%/+1.5% until 10/10/2024
- €2.2M: Fixed rate swap at 0.63% until 10/04/2026
- €25.0M: Fixed rate swap at 0.41% until 10/07/2029
- €10.8M: Fixed rate swap at 0.53% until 10/07/2029
- €15.0M: Fixed rate swap at 0.561% until 10/01/2030
- €40.7M: Fixed rate swap at 1.01% until 08/06/2030

The Company has also entered into the following macro hedges:

- €112.3M: Collar -0.65%/+1.5% until 10/10/2023
- €128.9M: Collar -0.50%/+1.5% until 10/10/2023

2.1.3 Significant events post-closing on 31 December 2019

In January 2020, the Company finalised long-term loan facilities for a total amount of €645 million and simultaneously repaid the short-term loan for the same amount in connection with the "Cargo" portfolio acquisition.

In response to the Covid-19 health crisis that began in early March, ARGAN has (as indicated in the press release of 18 March) adopted all the appropriate health measures to ensure the Company can continue to operate via teleworking and a limited on-site presence, enabling it to maintain a close relationship with its tenant-clients.

Ongoing building projects were halted temporarily and work is now being gradually restarted. Provided that operations can resume in full at the end of the second quarter, it should therefore be possible to complete the deliveries planned for 2020.
The Company has updated its risk factors assessment to reflect recent developments in connection with the Covid-19 pandemic; the analysis is included in Part II, section 5.2 of this Universal Registration Document.
The Company will continue its careful monitoring of developments in the Covid-19 situation and will work closely with its partners and clients.

2.1.4 Foreseeable development of the situation

The Covid-19 pandemic is an unprecedented global health crisis that is creating a high level of uncertainty, with impacts that are difficult to quantify as at the date of filing of this Universal Registration Document. However, the Company believes it is well placed to handle the crisis and is maintaining its target of increasing rental income by around +40% to €140 million in 2020.

2.1.5 Scope of consolidation

The scope of consolidation as at 31 December 2019 is as follows:

Social Form	Companies	company SIREN registration n°	% interest and control at 31.12.2019	% interest and control at 31.12.2018
SA	ARGAN	393 430 608	100.00%	100.00%
SARL	IMMO CBI	498 135 920	100.00%	100.00%
SCCV	NANTOUR	822 451 340	49.90%	49.90%
SCI	AVILOG	841 242 274	51.00%	51.00%

Companies in which ARGAN holds more than a 50% share are fully consolidated. SCCV Nantour is consolidated using the equity method. ARGAN and its subsidiaries, IMMO CBI, NANTOUR and AVILOG form the ARGAN group (the "**Group**").

SAS Portimmo was acquired on 14 May 2019, then merged into ARGAN during the financial year.

On 15 October 2019, ARGAN acquired all the shares of the SCI Cargo Property Assets. The SCI Cargo Property Assets and its 22 subsidiaries transferred all of their assets to ARGAN on 25 November and 31 December 2019, respectively.

2.1.6 Consolidated financial statements

The consolidated annual financial statements for the period from 1 January to 31 December 2019 were approved by the Executive Board on 13 January 2020.

In accordance with Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards, the ARGAN Group's consolidated financial statements are prepared in accordance with IFRS as adopted in the European Union. The standards are available on the European Commission website (https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32008R1126).

The new standards that must be applied as of 1 January 2019 and which will have a significant impact on the Group's results and financial position are as follows:

- IFRS 16: Lease agreements (published on 13 January 2016).

Section 4 sets out the information required under the transition arrangements and the impact of the first-time application of IFRS 16.

The standards and interpretations listed below and which have been applicable to the Group since 1 January 2019, have no significant impact on its results and financial position:

- IFRIC 23: Uncertainty over Income Tax Treatments (published on 7 June 2017);
- Amendments to IAS 19: Employee Benefits: Plan Amendment, Curtailment or Settlement (published on 7 February 2018);
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (published on 12 October 2017);
- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures (published on 12 October 2017);
- Annual Improvements (2015-2017 cycle): Annual Improvements to IFRS Standards 2015–2017 Cycle (published on 14 March 2019).

The Group opted not to implement the standards, amendments to standards and interpretations adopted by the European Union that were eligible for early application from 2019.

The standards, amendments to standards and interpretations currently being adopted by the European Union have not been applied early.

➢ **<u>Simplified consolidated income statement:</u>**

(in thousands of €) **Consolidated financial statements, IFRS standards**	**From 01/01/2019 to 31/12/2019**	**From 01/01/2018 to 31/12/2018**
Rental income	100,238	85,390
Rental income and expenses	- 510	-
Other IFRS 16 income and expenses	2,354	-
Current operating income, excluding acquisition costs for the "Cargo" portfolio	89,187	77,900
Current operating income	42,080	77,900
Operating income after value adjustments	238,921	161,005
Cost of net financial debt	- 25,675	- 21,291
EBIT	213,246	139,714
Net income, Group share	**215,036**	**144,525**
Number of shares as at 31 December	22,211,969	16,377,633
Diluted net income, Group share/weighted number of shares	**€12.14**	**€8.86**
Recurring net income	71,100	58,700

- ARGAN generated rental income of €100.2 million during 2019, an increase of 17% compared with the previous year. Income related to the implementation of IFRS 16 was €2.4 million.

- EBITDA (current operating income), excluding acquisition costs for the "Cargo" portfolio, was

€89.2 million as at 31 December 2019, up 15% compared with the previous year (€77.9 million).

- Operating income after adding back the acquisition costs of the "Cargo" portfolio for €47.1 million and value adjustments was €238.9 million, following a positive change in fair value on investment properties of €197.1 million and a loss of -€0.3 million on disposals. The rise of 48% was due in particular to the significant increase in the change in fair value of the portfolio.

- Net income, Group share is €215 million, after deduction of €21.3 million from the cost of net financial debt (which includes €1.4 million in interest on IFRS 16 lease debts) and recognition of €1.4 million in share of profit of associates, €1.4 million in tax income and -€1 million in other financial expenses. This figure represents an increase of 49%.

- Net income per share was thus €12.14, compared with €8.86 for 2018 and calculated on the basis of a weighted number of 17,719,437 shares.

- Recurring net income, defined as net income excluding the change in fair value of assets and debt hedging instruments, excluding income from disposals and excluding the "Cargo" acquisition costs, was €71.1 million, an increase of 21% compared with the previous year.

➢ **Statement of income and expenses recognised:**

(in thousands of €)	From 01/01/2019 to 31/12/2019	From 01/01/2018 to 31/12/2018
Earnings for the period	215,036	144,525
Total gains and losses recognised directly in equity	-1,324	880
Earnings for the period and gains and losses recognised directly in equity	**213,712**	**145,405**

Gains and losses recognised directly in equity amount to a loss of -€1.324k (versus a gain of €880k the previous year). This corresponds to the change in fair value of hedging instruments (on the effective portion).

➢ **Simplified consolidated balance sheet:**

(in thousands of €)	**As at 31/12/2019**	**As at 31/12/2018**
Non-current assets	2,858,551	1,472,904
Current assets	87,898	59,642
Assets held for sale	-	-
Total Assets	**2,946,449**	**1,532,546**
Shareholders' equity	1,238,725	653,477
Non-current liabilities	899,285	756,934
Current liabilities	808,439	122,135
Liabilities classified as held for sale	-	-
Total Liabilities	**2,946,449**	**1,532,546**

Balance sheet assets:

- Non-current assets amounted to €2,858.6 million, mainly comprising €2,670.5 million in investment properties at their value excluding transfer taxes, €54.4 million in assets under construction, €11.8 million in tangible fixed assets, €64.1 million in rights of use under IFRS 16, €1.1 million in investments in associates, €1.1 million in other non-current assets, and €55.6 million in goodwill resulting from the first-time consolidation of the "Cargo" portfolio.
- Valuation of the portfolio showed a capitalisation rate of 5.30% excluding transfer taxes (i.e. 5.10% including transfer taxes) as at 31 December 2019, substantially lower than at 31 December 2018 (6.35% excluding transfer taxes).
- Current assets amounted to €87.9 million, comprising cash of €16.7 million, trade receivables of €40.7 million, and other current assets of €30.5 million.
- No assets were held for sale as at 31 December 2019.

Balance sheet liabilities:

- Shareholders' equity was €1,238.7 million as at 31 December 2019, up €585.2 million compared with 31 December 2018. This increase over the period is the result of:
  - Consolidated income for the period of +€215 million,
  - A cash dividend distribution of -€10.2 million,
  - The change in fair value of hedging instruments for -€1.3 million,
  - The impact of the free share allocation for +€2.1 million,
  - The impact of the first application of IFRS 16 for -€3.2 million,
  - The impact of the valuation and disposal of treasury shares for €0.2 million,
  - The impact of the change in scope with the first-time consolidation of "Cargo" for +€382.6 million (which breaks down as €279.5 million for the issue price of the securities, €104 million for the effect of the business combination in accordance with IFRS 3 and acquisition costs of -€0.9 million).
- Non-current liabilities amounted to €899.3 million, consisting of €818.4 million in long-term debt, €67.4 million in liabilities related to the application of IFRS 16, €7.8 million in security deposits and €5.7 million in financial derivative instruments.
- Current liabilities amounted to €808.4 million, consisting of €60.7 million in short-term debt, a short-term loan of €645 million for the "Cargo" acquisition, €1.4 million in liabilities related to the application of IFRS 16, €26.6 million in debts on fixed assets and €74.7 million in other liabilities.
- There are no liabilities classified as held for sale.

Calculation of the EPRA Triple Net Asset Value (NNNAV) as at 31 December 2019 (SIIC regime):

The Net Asset Value as at 31 December 2019 corresponds to consolidated shareholders' equity, as the Company has chosen to include its investment properties at fair value.

The replacement NAV is calculated inclusive of transfer taxes.

The liquidation NAV is calculated excluding transfer taxes.

Calculation of the EPRA Triple Net Asset Value:

(in millions of €)	as at 31/12/2019	as at 31/12/2018	as at 31/12/2017
Consolidated shareholders' equity	1,238.7	653.5	517.7
Deferred tax liabilities	0	0	0
Exit tax and tax on capital gains on disposals, SIIC status	0	0	0
SIIC status liquidation NAV	**1,238.7**	**653.5**	**517.7**
Registration fees	118.2	79.4	68.3
SIIC status replacement NAV	**1,356.9**	**732.9**	**586.0**

Number of shares	22,211,969	16,377,633	16,164,156
SIIC status liquidation NAV/share	**€55.8**	**€39.9**	**€32.0**
SIIC status replacement NAV/share	**€61.1**	**€44.8**	**€36.2**

The liquidation NAV per share as at 31 December 2019 was therefore €55.8, compared with €39.9 as at 31 December 2018, an increase of 40%.

This significant increase of €15.9 is attributable to:

- Net income (excluding change in fair value): +€3.3
- The change in the value of the portfolio: +€8.9
- Gains on disposals: +€0.1
- The impact of the first-time consolidation of "Cargo": +€5.0
- The revaluation of debt hedging instruments: -€0.1
- Payment of the dividend in cash: -€0.6
- The dilutive impact of new shares issued under the share dividend option: -€0.6

2.2 ARGAN company results

2.2.1 Position of the Company and its subsidiaries during the past financial year

ARGAN invested €135 million in 5 new developments during the financial year ended 31 December 2019, a rate substantially equivalent to that of the previous financial year, but more importantly, it acquired the “Cargo” portfolio consisting of 22 warehouses leased to Carrefour Group, for €900 million excluding transfer taxes.
These investments will have a full-year effect on rent growth in 2020.
Meanwhile, over the 2019 financial year, the total consolidated IFRS rental income received by the Company and its subsidiaries increased by 17% to €100.2 million in 2019 (versus €85.4 million in 2018).

ARGAN was listed on compartment C of Euronext Paris on 25 June 2007. Its shares were transferred from compartment C to compartment B in January 2012 and from compartment B to compartment A in January 2020.

2.2.2 Significant events post-closing on 31 December 2019

In January 2020, the Company finalised long-term loan facilities for a total amount of €645 million and simultaneously repaid the short-term loan for the same amount in connection with the “Cargo” portfolio acquisition.

In response to the Covid-19 health crisis that began in early March, ARGAN has adopted (as indicated in the press release of 18 March) all the appropriate health measures to ensure the Company can continue to operate via teleworking and a limited on-site presence, enabling it to maintain a close relationship with its tenant-clients.
Ongoing building projects were halted temporarily and work is now being gradually restarted. Provided that operations can resume in full at the end of the second quarter, it should therefore be possible to complete the deliveries planned for 2020.
The Company has updated its risk factors assessment to reflect recent developments in connection with the Covid-19 pandemic; the analysis is included in Part II, section 5.2 of this Universal Registration Document.
The Company will continue its careful monitoring of developments in the Covid-19 situation and will work closely with its partners and clients.

2.2.3 Foreseeable development of the situation

The Covid-19 pandemic is an unprecedented global health crisis that is creating a high level of uncertainty, with impacts that are difficult to quantify as at the date of filing of this Universal Registration Document. However, the Company believes it is well placed to handle the crisis and is maintaining its target of increasing rental income by around +40% to €140 million in 2020.

2.2.4 Consideration of the social and environmental impacts of the Company’s operations

See Part I, Chapter 7. Information on the “Grenelle 2” Law

2.2.5 Financial statements

The annual financial statements for the year ended 31 December 2019 were prepared in accordance with the presentation rules and valuation methods provided for by the regulations in force.

Net results figures for our subsidiaries for the year ended 31 December 2019 are set out in Part II, Chapter 2.2.8 Main subsidiaries.

No changes were made to presentation compared with the previous financial year.

➢ **Simplified corporate income statement:**

(in thousands of €)	From 01/01/2019 to 31/12/2019	From 01/01/2018 to 31/12/2018
Net sales	108,966	104,942
Operating income	- 5,511	14,930
Share of income from joint operations	5,535	2,661
Financial income	4,799	- 15,447
Extraordinary income	- 244	20,951
Taxes	32	1,693
Net income	**4,547**	**21,402**

➢ Net sales includes €87.7 million in rents, €0.2 million in income from ancillary activities, and €21.1 million from other services (corresponding mainly to rebilling of costs to our tenants, for property tax, office tax, insurance, rental charges and land use fees).

➢ Operating income amounted to -€5.5 million, compared with €14.9 million for the previous year, mainly due to costs related to the “Cargo” acquisition (cost of the bridge loan and the legal restructuring resulting from the transfer of all assets and liabilities).

- The share of income from joint operations was €5.5 million.
- Financial income was €4.8 million, comprising -€8.6 million in interest on real estate loans and -€4.9 million in interest on the bond issue, -€1.7 million in deferred hedging instrument exit costs, €19.4 million in dividend income, €0.2 million in investment income and €0.4 million in rental advances.

- Extraordinary income derives primarily from disposals of buildings as well as from special depreciation allowances and provisions for liabilities and charges.
- The Company's net income therefore amounted to a profit of €4.5 million.

Simplified company balance sheet:

(in thousands of €)	As at 31/12/2019	As at 31/12/2018
Fixed assets	1,736,080	718,157
Current assets	86,029	61,934
Borrowing costs	2,372	2,362
Total Assets	**1,824,481**	**782,453**
Shareholders' equity	387,504	112,500
Provisions for charges	-	527
Debt	1,436,977	669,426
Total Liabilities	**1,824,481**	**782,453**

Balance sheet assets:

- Fixed assets comprise €1,287.8 million in buildings at net book value, €41 million in construction in progress, €314.6 million in merger losses, €0.5 million in other tangible fixed assets and €21.6 million in intangible assets, €35 million in financial fixed assets consisting of equity investments in the Group's subsidiaries, €35.1 million in lessee loans on leasing agreements and €0.4 million in other financial fixed assets.
- Current assets consist mainly of the Company's cash balance of €16.7 million, which is partially invested in securities, as well as trade receivables of €40.8 million, €27.4 million in other receivables, €0.1 million in advances and deposits paid and €1 million in prepaid charges.
- Borrowing costs consist of banking commissions, particularly for bond issues, and correspond to amounts not yet allocated, as the Company has opted to allocate these charges over the term of the loans.

Balance sheet liabilities:

- Shareholders' equity breaks down as €44.4 million in share capital, issue premiums of €331.7 million, €3.3 million in legal reserves, profit for the financial year of €4.5 million, €0.5 million in investment grants and €3.1 million in special depreciation allowances.
- Debts consist mainly of €1,136.9 million in property loans, €155 million in bond issues, €34.9 million in financial debt on equity investments in the Group's subsidiary, €7.8 million in security deposits received from tenants, as well as €22.3 million in trade payables, €9 million in tax and social security payables, €26.5 million in payables on fixed assets, €1.3 million in other debts and €43.2 million in prepaid income.

2.2.7 Payment terms (Articles L.441-6-1 and D.441-4 of the French Commercial Code)

The balance of trade payables by maturity date as at 31 December 2019 is as follows:

	Article D. 4411. -1° of the French Commercial Code: Invoices received not paid as at the closing date of the financial year and overdue						Article D. 4411. - 2° of the French Commercial Code: Invoices issued not paid at the closing date of the financial year and overdue					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
(A) Late payment period												
Number of invoices affected						1						1
Total amount of invoices affected (specify whether incl. or excl. tax)					€6k incl. Tax						€9k incl. Tax	
Percentage of total amount of purchases for the financial year (specify whether incl. or excl. tax)												
Percentage of sales for the financial year (specify whether incl. or excl. tax)												0.01%
(B) Invoices excluded from (A) relating to payables and receivables in dispute or not recognised												
Number of invoices excluded						15						3
Total amount of invoices excluded (specify whether incl. or excl. tax)						€711k incl. tax						€47k incl. tax

2.2.8 Main subsidiaries

As at 31 December 2019, the Company holds the following equity investments:

SUBSIDIARIES/EQUITY INVESTMENTS	SARL IMMO CBI
Head office	21 rue Beffroy – 92200 NEUILLY-SUR-SEINE
Share capital	€1,000,000
Shareholders' equity	€35,041,103
Percentage of the share capital held by the Company	100%
Carrying amount of shares held	€34,966,140
Amount of loans and advances granted	€0
Sales excl. tax	€40,290
Income for the last financial year	€64,880
Dividends or income recognised by the Company during the financial year	€19,400,000

SUBSIDIARIES/EQUITY INVESTMENTS	SCCV NANTOUR
Head office	36 rue Marbeuf – 75008 PARIS
Share capital	€10,000
Shareholders' equity	€2,152,851
Percentage of the share capital held by the Company	49.90%
Carrying amount of the shares held	€4,990
Amount of loans and advances granted	€0
Sales excl. tax	€14,321,751
Income for the last financial year	€2,142,851
Dividends or income recognised by the Company during the financial year	€5,535,145

SUBSIDIARIES/EQUITY INVESTMENTS	SCI AVILOG
Head office	21 rue Beffroy – 92200 NEUILLY-SUR-SEINE
Share capital	€10,000
Shareholders' equity	€8,799
Percentage of the share capital held by the Company	51%
Carrying amount of the shares held	€5,100
Amount of loans and advances granted	€0
Sales excl. tax	€0
Income for the last financial year	€0
Dividends or income recognised by the Company during the financial year	€0

3. Corporate governance

3.1 Executive Board

3.1.1 Members of the Executive Board

Administration of the Company is entrusted to an executive board with at least two (2) and no more than seven (7) members, subject to the exceptions prescribed by law in the event of a merger.

The term of office of the members of the Executive Board is two (2) years, renewable.
The members of the Company's Executive Board are as follows as at the filing date for this document:

Surname and First name	Date of first appointment	Date term of office ends	Main position held within the Company	Main position held outside the Company	Other offices and positions held in any company
Ronan Le Lan	17/04/2003	15/01/2021	Chairman of the Executive Board and Portfolio Director	None	Co-Director SARL IMMO CBI (subsidiary)
Francis Albertinelli	17/04/2007	15/01/2021	Member of the Executive Board and Chief Financial Officer	None	None
Frédéric Larroumets	01/09/2014	15/01/2021	Member of the Executive Board and Director of Developments	None	None
Jean-Claude Le Lan Junior	28/12/2009	15/01/2021	Member of the Executive Board and Management Controller	None	None

Existing family tie: Ronan Le Lan and Jean-Claude Le Lan Junior are brothers.
These members are party to the family shareholder agreement, which is described in detail in Part IV, 6 - Shareholder agreement.

The members of the Executive Board are domiciled for professional purposes at the registered office of the Company at 21 rue Beffroy, 92200 Neuilly-sur-Seine, France.

Professional backgrounds of the members of the Executive Board:

Ronan Le Lan: A graduate of ESTP Paris, from 1989 to 2000 Ronan Le Lan worked for Bouygues Construction – Ile de France as a site manager and then at Bouygues Immobilier – Ile de France as a program manager. He joined ARGAN in 2001 as a project manager and is now Portfolio Director. He is the Chairman of the Executive Board since 2003.

Francis Albertinelli: Francis Albertinelli is a graduate of ESTP Paris and IAE and worked at Bouygues Group from 1991 to 1998, first as Head of Reporting and then as Head of Management Control. From 1999 to 2003, he was Head of Management Control for Neuf Cegetel's Network Division. He joined ARGAN in 2004 as Director of Administration and Finance and is a member of the Executive Board since 2007.

Frédéric Larroumets: After graduating from ESTP Paris and MBA ESSEC Business School, Frédéric Larroumets was Director of Real Estate at Gefco from 2003 to 2008, then Director of Logistics Real Estate Funds at AEW from 2008 to 2010. He joined ARGAN in 2010, where he is now Director of Development, and is a member of the Executive Board since 2014.

Jean-Claude Le Lan Junior: Jean-Claude Le Lan Junior holds a Graduate Diploma in Finance and Accounting (DESCF) and worked for AXA Real Estate from 1994 to 2009, where he was an accounting and financial information systems project manager. He joined ARGAN at the end of 2009 as Head of Management Control and Treasury and joined the Executive Board at the end of 2009.

To the Company's knowledge:

- no member has been convicted of fraud in the past five years,
- no member has been involved in a bankruptcy, receivership or liquidation proceeding over the past five years,
- no member has been charged with an offence or issued with a penalty handed down by a statutory or regulatory authority (including designated professional bodies) over the past five years,
- no member has been barred by a court from serving as a member of an issuer's administrative, management or supervisory body or from being involved in the management or conduct of an issuer's business over the past five years,
- there is no conflict of interest between the members of the Executive Board, the members of the Supervisory Board and the Company,
- No member has been selected under an arrangement or agreement with the main shareholders, clients, suppliers or others.

3.1.2 Operation (Articles 13 to 19 of the Articles of Association)

- **Executive Board – Composition (Article 13 of the Articles of Association)**

The Company is managed by an Executive Board under the control of the Supervisory Board established by Article 20 of these Articles of Association (see Part II 3.2.2.). The Supervisory Board sets the number of members of the Executive Board, although it may not exceed seven.

If a seat is vacant, the Supervisory Board must, within two months of the vacancy, either change the number of seats it had previously set or fill the vacancy.

If the share capital is less than €150,000, the Supervisory Board may appoint a single person with the title of Sole Chief Executive Officer to perform the duties assigned to the Executive Board.

The members of the Executive Board or the Sole Chief Executive Officer do not need to be shareholders, but they must be natural persons.

The members of the Executive Board or the Sole Chief Executive Officer are appointed by the Supervisory Board. Members of the Executive Board may be removed at any time by the general shareholders' meeting. Members of the Executive Board may also be removed by the Supervisory Board.

Removal of a member of the Executive Board or the Sole Chief Executive Officer does not terminate any employment contract that the person concerned has entered into with the Company.

If a single person performs the duties assigned to the Executive Board with the title of Sole Chief Executive Officer, all the provisions of these Articles of Association concerning the Executive Board shall apply to the Sole Chief Executive Officer, with the exception of those which, particularly in Articles 14 to 19, apply to the Executive Board collectively (see pages 76 to 78).

- **Term of office – Age limit (Article 14 of the Articles of Association)**

The Executive Board is appointed for a period of two years, at the end of which the Board is renewed in full.

Members of the Executive Board are still eligible for reappointment.

No member of the Executive Board may be appointed if he is over sixty-five (65) years of age. Members of the incumbent Executive Board are automatically deemed to have resigned at the end of the financial year in which they reached that age.

- **Chairmanship of the Executive Board – Decisions (Article 15 of the Articles of Association)**

The Supervisory Board appoints one of the members of the Executive Board as Chairman.

The Executive Board meets as often as the interests of the Company requires at the invitation of its Chairman or at least half of its members, either at the registered office or at any other location specified in the meeting invitation. The agenda may only be set at the time of the meeting.

The Chairman of the Executive Board chairs the meetings. The Executive Board appoints a secretary who does not need to be a member of the Board.

If the Executive Board consists of two members, decisions are taken unanimously. If it has more than two members, decisions must be taken by a majority of the members of the Executive Board, since proxy voting is not permitted. In the event of a tied vote, the Chairman has the casting vote.

Decisions are written up in minutes that are entered in a special register and signed by the members of the Executive Board who were present at the meeting.

- **Powers and obligations of the Executive Board – General Management (Article 16 of the Articles of Association)**

The Executive Board has the broadest powers to represent the Company in all circumstances in its dealings with third parties, within the limits of the corporate purpose and subject to the powers that have been expressly granted by law to the Supervisory Board and to the Shareholders' Meetings.

In its dealings with third parties, the Company shall be bound even by those actions of the Executive Board that fall outside the scope of the corporate purpose, unless it can prove that the third party knew that the action went beyond this purpose or that it could not have been unaware thereof given the circumstances, mere publication of the Articles of Association not being sufficient to constitute such proof.

However, in addition to the sureties, endorsements or guarantees referred to in Article 26 of the Articles of Association and as a strictly internal measure not enforceable against third parties, the decisions listed below are subject to the prior authorisation of the Supervisory Board:

- by simple majority:

(i) remuneration of members of the Executive Board and observers in line with market practices;

(ii) approval of the amount of the dividend and how it is to be distributed (cash and shares);

(iii) any development, investment, acquisition or exchange of assets, branch of activity or equity investments exceeding €25 million;

(iv) any trade/sale of assets, branches of activity or equity investments exceeding an individual amount of €25 million;

(v) any transaction referred to in paragraphs (iii) and (iv) above which does not exceed €25 million but which would have the effect of (x) one tenant accounting for more than 20% of rental income or (y) increasing the LTV ratio to 65% or more;

(vi) any debt (including due issuance of debt securities) exceeding an amount of €25 million; and

(vii) any collateralisation to guarantee one or more of ARGAN's obligations in respect of a transaction for which the amount of security exceeds €25 million.

- by a two-thirds majority:

(viii) approval of any annual budget as well as any material updates and any material amendments;

(ix) any speculative real estate development project (new development not marketed at the start-up date) with no limit on the amount;

(x) any individual trade/sale of assets, branches of activity or equity investments exceeding an individual amount of €70 million;

(xi) any merger, spin-off or contribution of assets;

(xii) any action affecting the Company's eligibility for the SIIC tax regime;

(xiii) any conclusion of an agreement likely to imply a conflict of interest between a member of the Supervisory Board or the Executive Board and the Company;

(xiv) any issue of securities likely to result in a change in the Company's share capital (other than as a result of decisions and commitments made prior to 15 October 2019); and

(xv) any significant change in the governance of the Company.

Where a transaction requires the authorisation of the Supervisory Board and the Supervisory Board declines to give it, the Executive Board may submit the dispute to the General Shareholders' Meeting, which will decide what action should be taken.

The Executive Board convenes all General Shareholders' Meetings, decides on the agenda for the meetings and implements the decisions from said meetings.

At least once a quarter, the Executive Board submits a report to the Supervisory Board. Within three months of the end of each financial year, it presents the annual financial statements and, where applicable, the consolidated financial statements to the Supervisory Board for the purposes of audit and control.

The Chairman of the Executive Board represents the Company in its dealings with third parties. The Supervisory Board may grant the same power of representation to one or more members of the Executive Board, who will then have the title of Chief Executive Officer. The chairmanship and general management responsibilities may only be removed from members of the Executive Board by the Ordinary Shareholders' Meeting on a proposal from the Supervisory Board.

The Chairman of the Executive Board or any member of the Board who has been given the title of Chief Executive Officer by the Supervisory Board may act on behalf of the Company in respect of binding commitments to third parties.

- **Remuneration of members of the Executive Board (Article 17 of the Articles of Association)**

The Supervisory Board determines the procedure and amount of remuneration for each of the members of the Executive Board.

- **Number of corporate offices held by the members of the Executive Board (Article 18 of the Articles of Association)**

1- No-one may simultaneously hold more than one corporate office as a member of the Executive Board or as Sole Chief Executive Officer of Public Limited Companies having their registered office in France.

2- A second mandate of the same nature may be held in a company controlled, within the meaning of Article L.233-16 of the French Commercial Code, by the Company in which the first corporate office is held. Any individual who, when taking on a new corporate office, are in breach of the provisions of 1 above, must relinquish one of their corporate offices within three months of their appointment. On expiry of this period, they are deemed to have relinquished their new mandate and must return the remuneration received, although the validity of the deliberations in which they took part are not called into question.

The provisions set out in (1) and (2) above apply to the holding of multiple posts as Chief Executive Officer of Public Limited Companies with a Board of Directors.

- **Liability of the members of the Executive Board (Article 19 of the Articles of Association)**

Without prejudice to the individual liability that may result from the Company's admission to bankruptcy proceedings, the members of the Executive Board are liable, individually or jointly and severally, as the case may be, to the Company or to third parties, for offences against the laws or regulations applicable to Public Limited Companies, or for violations of the Articles of Association, or for offences committed in their management.

3.2 Supervisory Board

3.2.1 Members of the Supervisory Board

The Supervisory Board consists of at least three (3) and no more than eighteen (18) members.

The Ordinary Shareholders' Meeting may appoint one or more observers. They may be natural or legal persons who do not need to be shareholders, but under no circumstances may more than three observers be appointed.

Members of the Supervisory Board appointed prior to 15 October 2019 were appointed for six (6) years until the expiry of their current term of office on that date. Members of the Supervisory Board appointed from 15 October 2019 (inclusive) are appointed for four (4) years. Their terms of office expire at the end of the Ordinary Shareholders' Meeting having approved the financial statements for the past financial year and held in the year in which the term of office ends. They are eligible for re-election.

The members of the Company's Supervisory Board are as follows as at the filing date for this document:

Surname and First name	Date of first appointment	Expiry date of the mandate	Main position held within the Company	Main position held outside the Company	Other offices and positions held in any company during the 2019 financial year
Mr. Jean-Claude Le Lan	17/04/2003	Shareholders' Meeting called to approve the financial statements for 2020	Chairman of the Supervisory Board	None	- Co-Director SARL IMMO CBI (subsidiary) - Chairman of KERLAN SAS
Mr. Bernard Thevenin	19/04/2007	Shareholders' Meeting called to approve the financial statements for 2020	Vice-Chairman of the Supervisory Board	Consultant	- Manager of BT Consulting
Mr. Nicolas Le Lan	23/03/2017	Shareholders' Meeting called to approve the financial statements for 2022	Member of the Supervisory Board	Business Manager, Capital Market, CBRE	- None
Mr. Stéphane Cassagne	15/10/2019	Shareholders' Meeting called to approve the financial statements for 2022	Member of the Supervisory Board	General Counsel of GEODIS Group	- Non-partner manager of SCI De l'Entrepôt Ney - Chairman of Geodis International - Member of the Management Board of Transport Bernis - Member of the Management Board of Geodis Logistics Ile de France since 2014. - Director of Walbaum - Chairman of Geodis Freight Forwarding - Chairman of Immobilière Geodis II Logistics since 2009

					- Chairman of Geodis Business Development since 2016. - Director of Geodis Benelux Holding BV since 2003. - Director of Geodis Iberia SA since 2009. - Director of Geodis America Inc. since 2015. - Member of the Supervisory Board of UPPLY since 2018. - Member of the Supervisory Board of Ermewa Holding since 2014. - Member of the Supervisory Board of Aviron Bayonnais Rugby Pro SAOSP since 2017. - Member of the Management Committee of TLF (Transport Logistics France).
Mrs. Florence Soule de Lafont	19/04/2007	Shareholders' Meeting called to approve the financial statements for 2020	Independent member of the Supervisory Board	Partner at Heidrick & Struggles.	- None
Mr. François-Régis de Causans	24/03/2016	Shareholders' Meeting called to approve the financial statements for 2021	Independent member of the Supervisory Board	Director, EMEA Logistics, Capital Market, CBRE	- None
Mrs. Constance de Poncins	19/03/2020	Shareholders' Meeting called to approve the financial statements for 2023	Independent member of the Supervisory Board	Chief Delegate of AGIPI, *Association d'assurés en Epargne, Retraite, Prévoyance et Santé* (Association of savings, pensions, provident and health product policyholders)	Chairman of the following SICAVs: • AGIPI Obligations Monde • AGIPI Grandes tendances • AGIPI Actions Emergents • AGIPI Monde durable • AGIPI Convictions • AGIPI Région Permanent representative of AGIPI on the Board of Directors of the AGIPI Immobilier SICAV

					Permanent representative of AGIPI Retraite on the Board of Directors of the following SICAVs: • AGIPI Actions Monde • AGIPI Actions Europe • AGIPI Ambitions • AGIPI Obligation Inflation • AGIPI Revenus Permanent representative of AGIPI Retraite on the Board of Directors of FAIDER Director of the AGIPI EIG Member of the Supervisory Board and the Audit Committee of Tikehau Capital Treasurer and General Secretary of APEPVT (*association pour la protection de l'environnement et du patrimoine des communes de Villedieu les Bailleuls et Tournai sur Dives* - Association for the protection of the environment and heritage of the municipalities of Villedieu les Bailleuls and Tournai sur Dives)
Mrs. Najat Aasqui, permanent representative of PREDICA	15/10/2019	Shareholders' Meeting called to approve the financial statements for 2022	Member of the Supervisory Board		- Permanent representative of Predica on the Supervisory Board of Altarea Cogedim SCA since 2019

Family tie: Mr. Jean-Claude Le Lan is the father of Mr. Ronan Le Lan, Mr. Jean-Claude Le Lan Junior and Mt. Nicolas Le Lan. Jean-Claude Le Lan and Nicolas Le Lan are party to the family shareholder agreement, which is described in detail in Part IV, 6 - Shareholder agreement.
Furthermore, Emmanuel Chabas (proposed by PREDICA) was appointed as a non-voting member of the Supervisory Board by the General Shareholders' Meeting of 15 October 2019.
The members of the Supervisory Board are domiciled for professional purposes at the registered office of the Company at 21 rue Beffroy, 92200 Neuilly-sur-Seine, France.

Professional backgrounds of the members of the Supervisory Board:

Jean-Claude Le Lan: With a dual technical (CNAM) and business management (IAE and E-MBA) background, he invented a patented process for self-supporting roofs for industrial and logistics buildings, founding BATIROC in 1979 to exploit it. He was a joint national winner of the business creation prize awarded by ANVAR as a result. Jean-Claude Le Lan founded ARGAN in 1993 and has been Chairman of the Supervisory Board since 2003.

Bernard Thevenin: A graduate of HEC international business school, Ashridge College and a Master's-qualified Logistics Engineer, he has served as Chief

Financial Officer at a number of companies (CIBA VISION, Sephora, Hays Logistics France and Kuehne Nagel). He joined ARGAN in 2007 as a member of the Supervisory Board.

Nicolas LE LAN: A graduate of the ECE Paris graduate school of engineering, he is a Real Estate Appraisal Analyst at CBRE Paris. He was appointed as a member of the Supervisory Board at the General Shareholders' Meeting of 23 March 2017.

Stéphane Cassagne: Born on 30 July 1967 in Paris and a French national, Stéphane Cassagne holds a postgraduate degree in Business Law. He joined the Calberson Group in September 1993 and became Legal Director of GEODIS Calberson in 1998. He was appointed Chief Legal Officer of the GEODIS Group in 2003, joining the Group Management Committee as a result of his appointment. In 2007, he also took responsibility for real estate and insurance operations. Since February 2013, he is the General Counsel of the GEODIS Group, with responsibility for legal affairs, insurance and real estate.

Florence Soule de Lafont: A graduate of ENSAE graduate engineering school, SFAF (French Society of Financial Analysts) and IEA graduate school of management, Florence Soule de Lafont also holds a Master's in International Finance. She held various market and financing operations positions with the Caisse des Dépôts et Consignations from 1991 to 2000 and was then Director of Financing at Ixis CIB from 2000 to 2005. She moved into executive search in 2007 and is now a partner in Heidrick & Struggles' Financial Services practice. She joined ARGAN in 2007 as a member of the Supervisory Board.

François-Régis de Causans: A graduate of ESDES business school with a Master's degree in Real Estate Management from ESSEC international business school and a member of the Royal Institution of Chartered Surveyors (MRICS), he held various roles in ING REIM's Transaction division before becoming Head of European Transactions at CBRE Global Investors Europe. He is currently Senior Director EMEA Industrial & Logistics Capital Markets at CBRE in London. He joined ARGAN in 2016 as a member of the Supervisory Board.

Constance de Poncins: She is a graduate of the *Institut des Actuaires Français* (IAF) and holds a postgraduate degree in Econometrics and an Executive MBA from the Management Institute of Paris (MIP/EDHEC). She is also certified as a company director. She began her career in 1992 in AXA France's individual Life Technical Division, before becoming Director of Customer Service for Private Management and Finance, and then Director of Commitments and Group-wide Projects. In 2009, she joined Neuflize Vie as Director of Technical and Investments, and Director of Asset and Liability Commitments. Since 2015, she has been Chief Delegate of the AGIPI Savers' Association, an AXA partner with more than €17.5 billion in savings under management.

Najat Aasqui: She holds a postgraduate degree in Banking and Finance from Université Paris X and a Master's in Economics from Université Lille I. She held several business banking roles with Credit Agricole group, including in acquisition financing, before joining Crédit Agricole Assurances in 2017 as an investment manager (private equity and listed equities). In March 2019, she was appointed Head of Listed Equity Investment Portfolios at Crédit Agricole Assurances.

Professional backgrounds of the observer on the Supervisory Board:

Emmanuel Chabas: Graduate of ESSEC. He began his career in management control and internal audit with the BNP Paribas Group in 2001. He then joined BNP Paribas Cardif in 2006 as Head of Real Estate Acquisitions. Since September 2015, he is Head of Real Estate Investments at Crédit Agricole Assurances.

To the Company's knowledge:

- no member has been convicted of fraud in the past five years,
- no member has been involved in a bankruptcy, receivership or liquidation proceeding over the past five years,
- no member has been charged with an offence or issued with a penalty handed down by a statutory or regulatory authority (including designated professional bodies) over the past five years,
- no member has been barred by a court from serving as a member of an issuer's administrative, management or supervisory body or from being involved in the management or conduct of an issuer's business over the past five years,
- there is no conflict of interest between the members of the Executive Board, the members of the Supervisory Board and the Company.

With three women and five men on its Supervisory Board, the Company is compliant with the provisions of Article L.225-69-1 of the French Commercial Code (created by Law no. 2011-103 on the equal representation of women and men on Boards of Directors and Supervisory Boards and on equal employment).

3.2.2 Operation (Articles 20 to 29)

- **Supervisory Board – Composition – Observers (Article 20)**

The Executive Board is controlled by a Supervisory Board composed of at least three members and a maximum of eighteen members, except when the temporary exemption provided for mergers applies, when it may be increased to twenty-four. The members of the Supervisory Board are natural or legal persons who are shareholders and are appointed by the Ordinary Shareholders' Meeting, which may remove them at any time. Each member of the Supervisory Board must own a number of shares set at one (1).

In the event of a merger or demerger, however, the members of the Supervisory Board may be appointed by the Extraordinary Shareholders' Meeting. Legal persons appointed to the Supervisory Board are required to appoint a permanent representative who is subject to the same conditions and obligations as if they were a member of the Board on their own behalf. Where a legal person dismisses its permanent representative, it is required to appoint its replacement at the same time. The same applies should the permanent representative die or resign.

No member of the Supervisory Board may be part of the Executive Board. If a member of the Supervisory Board is appointed to the Executive Board, his term of office on the Supervisory Board expires when he takes up office.

The Ordinary Shareholders' Meeting may appoint one or more observers. They may be natural or legal persons who do not need to be shareholders, but under no circumstances may more than three observers be appointed.

The Supervisory Board may also appoint observers, subject to ratification by the next Ordinary Shareholders' Meeting. Observers may be removed at any time by the Ordinary Shareholders' Meeting.

They are appointed for a term of four years expiring at the end of the Ordinary Shareholders' Meeting having approved the financial statements for the past financial year and held in the year in which their term of office expires.

Observers are invited to meetings of the Supervisory Board and take part in deliberations in an advisory capacity (without voting rights), without their absence affecting the validity of these deliberations.

Observers are bound by the same confidentiality obligations as the members of the Supervisory Board.

The Supervisory Board may pay observers by making a deduction from the amount of remuneration allocated to Board members by the General Shareholders' Meeting.

- **Shares of members of the Supervisory Board (Article 21)**

Each member of the Supervisory Board must own a number of shares as specified in Article 20.

If, on the date of his appointment, a member of the Supervisory Board does not own the number of shares required or if, during his term of office, he ceases to own them, he will be considered to have automatically resigned if he has not acquired the necessary shares within a period of six months.

- **Term of office – age limit – holding multiple corporate offices (Article 22)**

Members of the Supervisory Board appointed prior to 15 October 2019 were appointed for six (6) years until the expiry of their current term of office on that date. Members of the Supervisory Board appointed from 15 October 2019 (inclusive) are appointed for four years. Their terms of office expire at the end of the Ordinary Shareholders' Meeting having approved the financial statements for the past financial year and held in the year in which the term of office ends. They are eligible for re-election.

No individual over the age of seventy-five (75) years may be appointed as a member of the Supervisory Board if his appointment increases the number of members of the Supervisory Board over that age to more than one third.

A natural person may not simultaneously hold more than five corporate offices as a member of the Supervisory Board or as a director of Public Limited Companies having their registered office in France, unless otherwise provided for by the applicable laws or regulations.

- **Vacancies – co-optation – ratifications (Article 23)**

In the event that one or more seats are vacated as a result of death or resignation, the Supervisory Board may make temporary appointments between two General Shareholders' Meetings. If the number of members of the Supervisory Board falls below three, the Executive Board must convene the Ordinary Shareholders' Meeting immediately in order to make up the Supervisory Board's numbers.

Provisional appointments made by the Supervisory Board are subject to ratification by the next Ordinary General Shareholders' Meeting. Any member appointed to replace another member shall remain in office only for the remainder of the term of office of his predecessor.

- **Board Bureau (Article 24)**

The Supervisory Board elects a Chairman and Vice-Chairman from its natural person members. They are responsible for convening meetings of the Board and overseeing its proceedings. They perform their duties during their term of office as a member of the Supervisory Board. The Board determines their remuneration, where appropriate. At each meeting, the Board may appoint a secretary who does not need to be a shareholder.

- **Board decisions – Minutes (Article 25)**

The Supervisory Board meets whenever Company interests require it to do so.

It is convened by the Chairman or the Vice-President. However, the Chairman must call a Board meeting within fifteen days, if at least one member of the Executive Board or at least one third of the members of the Supervisory Board submit a reasoned request in this respect.

In the absence of a response to such requests, the initiators of the request may call the meeting themselves and set the meeting's agenda. Otherwise, the agenda is decided by the Chairman and may only be set at the time of the meeting.

Meetings are held at any location specified in the meeting notice.

An attendance register is kept which is signed by the members of the Supervisory Board attending the meeting. At least half of the members of the Board must attend in person to constitute a quorum for decision-making.

Decisions shall be taken, as appropriate and under the conditions referred to in Article 16 of the Articles of Association, by a simple majority (50% plus one vote) or by a majority of two-thirds of the votes of the members present or represented, each member present or represented having one vote and each member present having only one delegation of authority. Decisions not specifically referred to in Article 16 of the Articles of Association shall be taken by a simple majority of the votes of the members present or represented. The Chairman of the meeting shall have the casting vote in the event of a tie unless otherwise stipulated in the internal regulations of the Supervisory Board. If the Board is composed of fewer than five members and only two members attend the meeting, decisions must be taken unanimously.
The decisions of the Supervisory Board are written up in minutes that are entered in a special register held at the registered office.

- **Mandate and powers of the Supervisory Board (Article 26)**

The Supervisory Board exercises permanent control over the management of the Company by the Executive Board. Throughout the year, it may carry out the controls and verifications it considers appropriate and may ask to be provided with the documents it considers useful for carrying out its duties.

The Supervisory Board may authorise the Executive Board, with the option to delegate such powers, to give sureties, endorsements or guarantees under the conditions provided for by the applicable laws and regulations.

The Supervisory Board also grants the Executive Board, as an internal measure not binding on third parties, the authorisations provided for in Article 16 of these Articles of Association.

It authorises the agreements referred to in Article 29.

It submits its comments on the Executive Board report and the financial statements for the financial year to the annual Ordinary Shareholders' Meeting.

It may decide to relocate the registered office within the same department or move it to a neighbouring department subject to ratification of this decision by the next Ordinary Shareholders' Meeting.

The Supervisory Board may grant one or more of its members all special powers for one or more specific purposes.

The Supervisory Board may adopt internal regulations specifying how it will operate.

The Supervisory Board may decide to create committees to examine issues that the Board or its Chairman submits for their opinion. It decides on the composition and powers of the committees that carry out their activities under its responsibility. It sets the remuneration of the individuals on the Board.

- **Remuneration of the members of the Supervisory Board (Article 27)**

The Shareholders' Meeting may allocate the members of the Supervisory Board an annual fixed amount as remuneration for their activity. The amount of this remuneration is charged to operating expenses. The Supervisory Board shall freely distribute the overall amounts allocated among its members.

The remuneration of the Chairman and the Vice-Chairman is determined by the Board.

The Board may grant exceptional remuneration for assignments or duties entrusted to its members. Such exceptional remuneration is subject to the provisions of Article 29.

- **Liability of members of the Supervisory Board (Article 28)**

Members of the Supervisory Board are liable for any misconduct in the performance of their duties. They are not liable for any acts of management or the results thereof.

They may be held civilly liable for offences committed by members of the Executive Board if they were aware of them and failed to disclose them to the General Shareholders' Meeting.

- **Agreements between the Company and a member of the Executive Board or the Supervisory Board (Article 29)**

The agreements referred to in Articles L. 225-86 *et seq.* of the French Commercial Code are authorised in accordance with applicable laws and regulations.

3.2.3 Internal regulations

The internal regulations are based on the principles of corporate governance resulting from the AFEP-MEDEF corporate governance code for listed companies, updated in January 2020, and the Directors' Charter published by the French Institute of Directors, and refer to the Middlenext Code (updated in October 2016 and which aims to adapt these principles specifically to midcaps and small caps) as a framework for corporate governance as a whole.

The internal regulations were validated and approved by the Supervisory Board at its meeting of 17 November 2010 and became effective on 1 January 2011. Its update for the 2019 financial year was approved by the Supervisory Board at its meeting of 16 October 2019.

3.2.4 Standing committees of the Supervisory Board

Pursuant to (i) the shareholders' agreement dated 10 July 2019 between the members of the Le Lan family and Predica and (ii) Article 26 of the Company's Articles of Association, the Supervisory Board meeting of 16 October 2019 decided to set up an Audit Committee and an Appointments and Remuneration Committee tasked with formulating opinions and recommendations on an advisory basis. The Supervisory Board is responsible for determining the tasks of each of these two committees reporting to the Board.

The Supervisory Board appoints three of its members to the Audit Committee and three to the Appointments and Remuneration Committee for the duration of their terms of office as members of the Supervisory Board. At least one member of the Audit Committee must have specialist financial and accounting skills.

The Supervisory Board appoints an independent member to act as Chairman of each of the Committees. The Chairman is primarily responsible for the effective operation of the Committee that he or she chairs.

- **The Audit Committee**

The Audit Committee is specifically responsible for:

- ✓ following the process for preparing financial information and, where appropriate, making recommendations to ensure its integrity;
- ✓ monitoring the effectiveness of the internal control and risk management systems, as well as internal auditing, where appropriate, with regard to the procedures for preparing and processing accounting and financial information, without infringing on its independence;
- ✓ issuing a recommendation on the statutory auditors proposed for appointment by the General Shareholders' Meeting or who are being considered for reappointment;
- ✓ monitoring completion by the statutory auditors of their assignment and taking into account the findings and conclusions of the *Haut conseil du commissariat aux comptes*, France's supervisory body for auditors, following the audits carried out by the said body;
- ✓ ensuring that the statutory auditors are independent, in accordance with applicable legal and regulatory provisions;
- ✓ approving the provision of services that are not included in the statutory audit engagements;
- ✓ reporting regularly to the Supervisory Board on the performance of its tasks and the results of the account certification assignment, how this assignment has contributed to the integrity of the financial information and the role that it played in this process, and informing the Board of any issues encountered.

As at the date of this document, the members of the Audit Committee are as follows:

Members of the Audit Committee	Role	Term of Office ends
Mr. François-Régis de Causans	Chairman	Annual GM 2022
Mr. Bernard Thevenin	Member	Annual GM 2021
Mrs. Najat Aasqui	Member	Annual GM 2023

➢ **The Appointments and Remuneration Committee**

The Appointments and Remuneration Committee is specifically responsible for:

- ✓ making any relevant observations to the Supervisory Board on the composition of the Supervisory Board and the Executive Board;
- ✓ issuing an opinion on the applications for membership of the Supervisory Board or the Executive Board in light of their business experience, skills and the extent to which they are representative of economic, social and cultural matters; in the particular case of members of the Executive Board, the selection process guarantees that at least one male and one female candidate are present until the process is concluded (Article L.225-58 of the French Commercial Code);
- ✓ issuing a recommendation on the total amount of remuneration and the procedures for allocation to members and non-voting members of the Supervisory Board;
- ✓ examining and proposing all the elements of the overall remuneration of the Company's corporate officers to the Supervisory Board and, if applicable, proposing the qualitative and quantitative criteria for determining the variable portion of this remuneration; overall remuneration is understood to mean salary and bonuses, as well as present or future ancillary benefits such as benefits in kind, supplementary pension, etc.;
- ✓ reviewing the plans for free allocation of shares, allocation of options for subscription or purchase of shares or any similar instrument for the benefit of employees and senior managers, as well as the terms and conditions for allocation.

As at the date of this document, the members of the Appointments and Remuneration Committee are as follows:

Members of the Appointments and Remuneration Committee	Role	Term of Office ends
Mrs. Florence Soule de Lafont	Chairman	Annual GM 2021
Mr. François Régis de Causans	Member	Annual GM 2022
Mrs. Najat Aasqui	Member	Annual GM 2023

3.2.5 Duties of the Supervisory Board

➢ **Appointment and remuneration of corporate officers**

The Supervisory Board is responsible for:

- ✓ preparing for setting the overall remuneration of the corporate officers and, if applicable, proposing the qualitative and quantitative criteria for determining the variable portion of this remuneration; overall remuneration is understood to mean salary and bonuses, as well as present or future ancillary benefits such as benefits in kind, supplementary pension, etc.;
- ✓ reviewing the plans for free allocation of shares for the benefit of employees and senior managers, as well as the terms and conditions for allocation;
- ✓ examining the applications for membership of the Supervisory Board or the Executive Board in light of their business experience, skills and the extent to which they are representative of economic, social and cultural matters;
- ✓ obtaining any relevant information on the terms and conditions of recruitment, remuneration, the Articles of Association, and the employment contracts of the executive officers of the Company and its subsidiaries.
- ✓ Make any proposals and issue any opinions on directors' fees or other remuneration and benefits for members of the management and supervisory bodies, assess the position of each of the members of the Executive Board or the Supervisory Board with regard to any relationships they may have with the Company or ARGAN Group companies that are likely to compromise their independent judgement or lead to potential conflicts of interest with the Company.

On a practical level, the Executive Board provides the Supervisory Board with a statement of remuneration for corporate officers and statutory auditors.

In particular, the Board ensures that the remuneration for positions held by members of the Le Lan family is consistent and equitable with regard to other members of staff and comparable to the remuneration for equivalent positions in similar companies.

➢ **Investments – Arbitrages – Refinancing**

The Supervisory Board reviews and approves the 3-year development action plan on an annual basis and receives quarterly reports on progress.

This rolling 3-year plan was initiated by the Executive Board and shows the status of plans for refinancing and trade-offs as well as the volume of investments based on self-financing capacity.

This plan shows the statement of cash balance resulting from income and expenditure (investments). The Board is particularly vigilant in ensuring that this balance is maintained.

The choice of investments is the responsibility of the Executive Board, which, together with specialised employees, looks for developments and acquisitions that meet our strategic criteria.

The Supervisory Board delegates authority to the Executive Board to act in accordance with the approved annual action plan.
However, the prior authorisation of the Supervisory Board is necessary for development operations or acquisitions and trade-offs exceeding €25 (twenty-five) million in 2019. Authorisation would also be required if the effect of the planned development or acquisition transaction were that one tenant would represent more than 20% of rental income and/or if the LTV were to increase to 65% or more.

➢ **Internal and external audit and control of the Company**

The Supervisory Board decided at its meeting of 16 October 2019 to set up an Audit Committee and an Appointments and Remuneration Committee tasked with formulating opinions and recommendations in an advisory capacity.

On behalf of the Supervisory Board, the Audit Committee ensures that the process for preparing financial information is followed and, where appropriate, makes recommendations to ensure its integrity;

On behalf of the Supervisory Board, the Audit Committee monitors the effectiveness of the internal control and risk management systems and reports on them.

In particular, it conducts reviews as follows:

- ***Accounting and financial documents***

- Reviews the draft company and consolidated, semi-annual and annual financial statements, including any changes to the accounting principles and rules applied in their preparation.
- Reviews the financial documents issued by the Company when the annual and half-yearly financial statements are prepared.
- Monitors the quality of the procedures for compliance with stock market regulations.
- Reviews draft accounts for specific transactions such as contributions, mergers, spin-offs, payment of interim dividends.
- Analyses, where applicable, operations proposed by the Executive Board and submitted to the Supervisory Board with regard to equity investments, acquisitions or disposals.

- ***External control of the Company***

- Reviews the proposals for appointment of the Company's statutory auditors and their remuneration;
- Reviews each year with the statutory auditors:
  - ➢ Their action plan and conclusions,
  - ➢ Their recommendations and follow-up

- ***Internal control of the Company***

ARGAN has adopted an internal control system that encompasses the companies included in the consolidation scope, covering all the Company's operations and those of its subsidiaries and meeting current standards.

Internal control covers all the procedures defined and implemented by the ARGAN Supervisory Board with the aim of ensuring:

- ➢ The reliability, quality and availability of accounting and financial information,
- ➢ Efficiency in the conduct of the Group's operations and support for the Group in achieving its strategic and operational objectives,
- ➢ Compliance with applicable laws and regulations,
- ➢ Safeguarding of the Group's assets,
- ➢ Fraud prevention and detection.

On behalf of the Supervisory Board, the Audit Committee monitors the effectiveness of the internal control and risk management systems and reports on them.

The overall objective of the internal control system is to prevent and control risks resulting from Group operations and the risks of error or fraud, particularly in the accounting and financial areas.

Like any control system, however, it cannot provide an absolute guarantee that these risks are completely eliminated.

The internal control procedures in place are as follows:

1.) An **analytical financial dashboard by building** showing, for example, the income statement forecast and the cash flow balance by building.
This dashboard highlights the balance of rents/loan repayments and the level of residual debt compared with the market value of each building (LTV by building).

2.) A **debt dashboard** showing overall debt as well as a breakdown by type (fixed – variable), by bank and by building, the traceability of the cost of debt and the debt forecast, and overall LTV.

3.) An **asset dashboard** including:

- a statement of the buildings (floor areas – age – geographical location, etc.).
- a statement of the leases, including a schedule of the fixed and contractual terms and specific lease conditions (overview of leases).
- a statement of the rents, including a breakdown by tenant, amounts compared with market values.
- valuations of the buildings including a history of values and rates of return.

4.) A **Shareholder dashboard** including:

- traceability of consolidated results and analysis of cash flows, overheads compared with rents and calculation of the NAV.
- the portfolio: summary of the traceability of valuations and capitalisation rates, measurement of income, lease terms, measurement of floor areas and age of assets.
- debt: summary of debt traceability (LTV, fixed/variable split, maturity, DSCR and ICR).
- stock market information: change in the ARGAN share compared with notable indices, progress of dividends, the status of share ownership.

5.) A **management dashboard** including:

- a statement of ARGAN's sureties and guarantees to lenders (understanding of amounts and terms);
- the value and terms of the Group's mortgage and lease loans;
- fact sheets summarising the contents of the various leases and a general schedule showing lease terms and renewal dates;
- VAT option declarations, self-supply procedures;
- a review of chargebacks of expenses on insurance policies held by the Company, which are charged back to subsidiaries and tenants where provided for in the lease.

6.) **Monitoring of cost prices**. This is a non-accounting monitoring with reconciliation of the recognised values. A reconciliation is also carried out during construction between amounts still to be paid to contractors and the amount of the financing in place that is available.

7.) **Cash movement control procedures.** The Company has entered into a cash management agreement with its subsidiaries in the form of a current account advance, producing an aggregate cash position managed at ARGAN level. All cash movements are checked twice: once when the movement order is issued, in a non-accounting table, and again when the movements are recognised in the accounts.

The dashboards are updated biannually when the financial statements are prepared.

- ***Risk review***

The Audit Committee examines the relevance of the risk analysis and monitoring procedures for the Supervisory Board. It ensures that a process is established for identifying, quantifying and preventing the main risks involved in the Group's operations.
Depending on the topics to be addressed, Committee meetings are attended by anyone whom the Committee wishes to interview, seek assistance from or simply have in attendance, including the statutory auditors, relevant members of the Executive Board, the Chief Financial Officer and the Head of Management Control.

Powers delegated by the Supervisory Board to the Executive Board

The Supervisory Board authorises the Executive Board to allocate, under its responsibility, the tasks involved in managing the Company to the members of the Executive Board.
The Supervisory Board grants general authority to sign documents concerning the Company and any commitments made on its behalf to the Chairman of the Executive Board and to any other member of the Executive Board if they have the title of Chief Executive Officer.

For the 2019 financial year, the Supervisory Board delegated authority to the Executive Board to carry out any development, acquisitions, trade-offs and refinancing operations, in accordance with the 2019 version of the 3-year Business Plan. However, the prior authorisation of the Supervisory Board is necessary for development operations or acquisitions and trade-offs exceeding **€25 (twenty-five) million in 2019**.

Authorisation would also be required if the effect of the planned development or acquisition transaction were that **one tenant would represent more than 20%** of rental income and/or if the **LTV were to increase to 65% or more**.

3.3 Compensation and benefits of any kind paid to corporate officers

Please refer to the Report of the Supervisory Board on Corporate Governance in Part IV, 12 of this Universal Registration Document This sets out the principles and criteria for determining, distributing and allocating elements of compensation, as well as the remuneration and benefits of any kind for corporate officers.
It should also be noted that this report contains the remuneration policy approved by the General Shareholders' Meeting of 19 March 2020 in accordance with Article L.225-82-2 of the French Commercial Code.

4. Employees and environment

4.1 Social information

4.1.1 Group headcount

As at 31 December 2019, the Company had twenty-five (25) full-time employees, including four (4) executive officers.

4.1.2 Profit-sharing agreements, share options and free shares for Company employees for financial year 2019

➢ **Profit-sharing agreement**

A memorandum of agreement for profit-sharing, ratified by a two-thirds majority of all employees with 3 months' service, was adopted on 4 June 2018 for a period of three financial years from 1 January 2018, i.e. for financial years 2018, 2019 and 2020.

In general terms, the profit-sharing agreement provides for the allocation of a profit-sharing bonus to employees and corporate officers of the Company's Executive Board which is intended to give them an interest in developing and improving performance.

Profit-sharing depends on two criteria:
- Performance of the Development,
- The building occupancy rate.

The annual total profit-share is made up of the sum of the profit-share generated by each of these two criteria.

Given that it is by nature uncertain, the profit-share is variable and may be zero. Employees undertake to accept the result as determined by the earnings for each financial year. Consequently, the signatories do not believe that a profit-share will be paid as a matter of course to each eligible employee in respect of a financial year.

For the purposes of employment law, profit-share payments to employees are not qualify as salary. They do not qualify as remuneration within the meaning of Article L.242-1 of the French Social Security Code defining the basis for social security contributions. However, they are subject to the general social contribution (CSG) and the social debt reimbursement (CRDS) and to income tax.

By mutual agreement, it will be within a range of 0 to 2 months' salary for each employee and may not exceed 20% of the gross payroll for the company's employees.

The following payments have been made under the profit-sharing agreement for the most recent financial years:

FINANCIAL YEARS	PROFIT SHARE AMOUNT PAID
2018	€263,185
2019	€304,389

➢ **Share subscription options**

There was no share purchase or subscription option plan specifically for employees or officers of the Company ongoing as at 31 December 2019.

➢ **Free share allocations**

The Combined Shareholders' Meeting of 21 March 2019 (23rd Resolution) authorised the Executive Board to allocate members of the Company's staff or certain categories thereof, as well as corporate officers, free Company existing shares or to be issued, up to a total amount not exceeding 2% of the share capital on the date of allocation by the Executive Board.

This Executive Board was granted this authorisation for thirty-eight (38) months.

On 9 July 2019, the Executive Board used the power it had been granted, by setting up **a free share allocation plan** subject to exceeding certain performance criteria relating to the results for financial years **2019, 2020 and 2021.**
The free allocation of shares depends on the increase in the Company's performance, assessed on 31 December 2021, the end date for the current three-year plan, on the basis of two criteria:

- The developer margin on developments and acquisitions, plus income from disposals, less the shortfall related to asset vacancies over the three financial years.
- The sum of the increase in the Recurring Income generated in each of the three financial years.

The employees affected by the introduction of this plan are the members of the Executive Board and the Executive Committee, i.e. a total of 7 persons. Each beneficiary is allocated a quota of shares according to performance on each criterion, weighted according to his role.

The maximum number of free shares that may be allocated for all three financial years, 2019, 2020 and 2021, is 55,000 shares.

It should be noted that the Supervisory Board has decided not to set any minimum amount of shares granted free of charge that the corporate officers would be required to retain in registered form until they cease to hold office.

4.1.3 Human Resources team and policy

As at 31 December 2019, the workforce was a total of 26 employees, including 23 executives and 3 non-executives, all based at the head office in Neuilly-sur-Seine (92).

Twenty-five of these employees work full-time and their employment contracts are governed by the national real estate collective bargaining agreement.

The Company has adopted various staff incentive arrangements based on individual and collective performance:

- a profit-sharing agreement is in force for financial years 2018, 2019 and 2020 (see Part II 4.1.2.- Profit-sharing agreement)
- an annual collective bonus scheme is in place and was applicable in 2019, based on the amount of rent generated by the new development leases signed
- a free share allocation plan is in place for financial years 2019, 2020 and 2021 (see Part II 4.1.2. Free share allocations)

See also Part I, 7.1 Social information.

4.2 Environmental information

The Company ensures that when making an acquisition, undertaking development work and for its buildings in operation, it upholds the following:

- compliance with the regulations governing town planning and construction,
- compliance with the regulatory framework for construction sites and renovation sites,
- where applicable, the site's compliance with the HQE (high environmental quality) standard,
- obtaining all inspection reports from external supervisory bodies.

The Company remains particularly alert to compliance with all rules and regulations (on asbestos, classified facilities, etc.) in the management and operation of its property portfolios, both in terms of its own obligations and in respect of those of its tenants, as specified in Part I, 5.4 - Regulations applicable to activities of the Group.
See also Part I 7.2.- Environmental information and 7.3 Corporate information.

5. Outlook and risk management

5.1 Outlook

5.1.1 Significant change in the financial or business position

ARGAN has experienced no significant change in its financial or business situation since 31 December 2019.

In response to the Covid-19 health crisis that began in early March, ARGAN as ensured the Company can continue to operate via teleworking and a limited on-site presence, enabling it to maintain a close relationship with its tenant clients.
Ongoing building projects have been halted temporarily. However, provided that work can resume at the end of the second quarter, it should be possible to complete the deliveries planned for 2020, with little impact on rental income for the year.

5.1.2 Investment strategy

See Part I, 5.3 – Group's Strategy.

5.1.3 Development

Capitalising on its solid fundamentals and recognized expertise, ARGAN intends to continue with the execution of its long-term strategy in order to increase shareholder value.

In doing so, ARGAN intends to remain a pure player in logistics property, maintaining its strategy of developing PREMIUM hubs, with a value around €150 million per year and leased to solid leading names, upholding its integrated, responsive operation and accelerating its NAV growth while continuing to increase the dividend at the same pace as results.

In addition to developing its own hubs, which is a priority development focus for ARGAN, the company has the option of making targeted acquisitions from developers and users. The Company also occasionally makes selective trade-offs to maintain a premium portfolio of platforms.

ARGAN has its sights set on an asset valuation of €3bn by 2021/2022 and has set itself the following targets for the end of 2020:

Key indicators	Targets for end 2020	Change compared with end 2019
Rental income	€140 million	+40%
Recurring net income	€104 million	+46%

Recurring net income/Rental income	74%	+300 bps
NAV/share incl. transfer taxes	€66	+8%

On 15 January 2020, ARGAN also announced the launch of an ambitious "Climate Plan". The Plan aims to build premium warehouses with a carbon-neutral operating footprint and will continue the Company's efforts in terms of environmental responsibility which began in 2018, by installing photovoltaic systems in the new warehouses.

See also Part I, 7.2.3 Environmental Information.

5.1.4 Tax regime and shareholder distribution policy

For a detailed description of the tax regime applicable to ARGAN and to the Group, see Part I, 5.4.7 – Rules pertaining to SIIC status and Part II, 6.3.1 – Dividend distribution policy.

4.2 Risk factors and insurance

Investors are invited to consider all the information contained in this Universal Registration Document, including risk factors, before deciding to acquire shares in the Company.

However, investors should be aware that other risks, of which ARGAN has no knowledge, or which are currently non-material, could become significant factors that could have a material adverse effect on ARGAN and its operations, financial position, performance or outlook.

ARGAN has reviewed the most material risks, given the likelihood of their occurrence, which could have a negative impact on its operations, financial position, performance or outlook. ARGAN considers that there are no material risks other than those set out in this Universal Registration Document. Risks are divided into broad categories. Within each category, risk factors are ranked in order of materiality (the most material risk factors are listed first).

The risks presented in this section have been updated to reflect recent developments in the Covid-19 pandemic and, in particular, to reassess as at the date of this document the potential impacts of the current health crisis for the Company. However, many uncertainties remain regarding the duration, scale and effects of the crisis, making it difficult to determine the future impact of this health crisis on the Company as at the filing date for this Universal Registration Document.

The table below lists net risks (i.e. after taking into account risk mitigation and prevention measures) by category and their level of priority according to their potential impact and their likelihood of occurrence:

Prioritisation and summary of significant net risks specific to ARGAN

Risk category	Risk	Risk classification
Risks related to the organisational structure and the listing of ARGAN's shares	Risks related to the control of the Company	High
	Risks related to the departure of a member of the Le Lan family	High
	Risks related to the liquidity and the ARGAN share price	Medium
Risks related to the Company's level of debt	Interest rate risks	Medium
	Liquidity risks	Medium
	Financing risks	Medium
Market risks	Risks related to the economic environment and the logistics property market	High
	Risks related to the availability of financings	Medium
	Risks related to the competitive environment	Medium
Operational risks	Risks related to lease regulations and their renewal	Medium
	Risks related to prefectoral authorisations for operations	Low
	Risks of dependency on certain tenants and counterparty risks	Low
	Risks related to the sector-specific and geographical concentration of assets	Low
	Risks related to quality control of services provided by subcontractors	Low
Asset-related risks	Risks related to the estimation of asset values	Medium
	Risks related to the acquisition strategy	Medium
	Risks related to the tax regime for SIICs	Low

5.2.1 Risks related to the organisational structure and the listing of ARGAN's shares

➢ **Risks related to the control of the Company**

Mr. Jean-Claude Le Lan and his family are expected to remain the controlling shareholder of the Company (see Part II, 6.2.1 - Main Shareholders). As a result, Mr. Jean-Claude Le Lan and his family will continue to have a significant influence on the Company in the future and could also, depending on the level of investment of the other shareholders, adopt by themselves all resolutions submitted for the approval of shareholders at the Ordinary Shareholders' Meeting and potentially at the Extraordinary Shareholders' Meeting. Mr Jean-Claude Le Lan and his family therefore have a significant influence on major decisions concerning, in particular, the appointment of members of the Executive Board and the Supervisory Board, the approval of the annual financial statements, the distribution of dividends, as well as changes to the Company's capital and the Articles of Association.

The Company is controlled by Mr. Jean-Claude Le Lan and his family. However, the Company considers that there is no risk of abusive control, particularly because of the presence of independent members on the Supervisory Board.

➢ **Risks related to the departure of a member of the Le Lan family**

ARGAN's development depends on the involvement of the Company's top executives and key employees, particularly the Chairman of the Executive Board, Mr. Ronan Le Lan, and the Chairman of the Supervisory Board, Mr. Jean-Claude Le Lan. Should one of them leave or be otherwise unavailable, there is no guarantee that it would not have a significant negative impact on the ARGAN Group's strategy and financial position as well as on the implementation of new projects necessary for its growth and development.
In order to address this possibility, ARGAN has created an organisational structure for the Company and expanded its management team.

➢ **Risks related to the liquidity and the ARGAN share price**

The Company's shares are admitted to trading on the Euronext Paris market; it is not possible to guarantee the existence of a liquid market for its shares, nor that such a market, if it develops, will persist. For information, it should be noted that the average daily transaction volume on ARGAN shares during 2019 was 3.800 (source: Euronext).
The lack of liquidity for ARGAN shares may have an impact on their marketability and their price. In addition, the price of ARGAN shares may vary significantly compared with its NAV.

5.2.2 Risks related to the Company's level of debt

➢ **Interest rate risks**

With the Company using debt to finance its future developments, any change in interest rates would result in a change in the financial cost burden in respect of these loans. However, the Company has entered into various interest rate hedges to reduce its exposure to variable rates as at 31 December 2019 to approximately 5% of its total debt.

The breakdown of debt between fixed/variable and hedged variable rates, as well as an analysis of interest rate risk sensitivity, are set out in Part III, Section 1 Consolidated accounts, item 12. Financial derivative instruments and interest rate risk management and item 19. Financial debt.

In addition, the majority of financing contracts entered into at a variable rate include options for converting to a fixed rate.

➢ **Liquidity risks**

The Company's liquidity risk policy is to ensure that at all times, rental revenue exceeds what the Company needs to cover its operating expenses, interest and repayment charges for any financial debt it may take on in implementing its investment programme.

Opting for the SIIC regime requires the Company to distribute a significant portion of its profits.

See also Part III, Section 1 Consolidated financial statements, item 6.26.3 Liquidity and credit risks.

The Company has conducted a specific review of its liquidity risk and considers that it is able to meet its future maturities and at present, it does not anticipate an increased risk due to the current health crisis.

➢ **Financing risks**

As at 31 December 2019, outstanding bank debts relating to existing assets (excluding buildings under construction) amounted to €1,125 million for mortgage loans and €237 million for lease loans, making a total of €1,362 million. Adding in bonds amounting to €155 million and other bank loans, total debt was €1,524 million.
To date, the Company does not anticipate significant changes in financing risk with the Covid-19 pandemic. Since the bank debt subscribed can be amortised, the Company does not need to refinance its debt in the short and medium term.

Statement of borrowings in thousands of € at 31/12/2019:

Details	Amort. start dates	Amort. end dates	Total residual debt	Breakdown		
				Fixed	Hedged variable	Unhedged variable
				Amount	Amount	Amount
Croissy-Beaub. (77) - REFL	Nov-2009	Nov-2024	10,525	0		10,525
Chaponnay (69)	Dec-2013	May-2024	11,616	0	11,616	
Creuzier-le-Neuf (03)	Jul-2017	Jul-2024	6,224	0	6,419	-196
Flévy (57)	Dec-2013	May-2024	8,114	0	8,114	
Poincy (77)	Jan-2007	Jan-2022	8,705	0		8,705
Brie-Comte-Robert (77)	Jul-2016	Jul-2026	2,742	0	8,831	-6,089
Tournan-en-Brie (77) - REFL	Jan-2010	Jan-2025	7,261	0		7,261
Tournan-en-Brie (77)	Dec-2013	May-2024	1,343	0	1,343	
Poincy (77)	Dec-2013	May-2024	6,129	0	6,129	
Gonesse (95)	Dec-2013	May-2024	12,258	0	12,258	
Roye (80) - REFL	June-2010	June-2025	11,177	0		11,177
Roissy-en-Brie (77) - REFL	Oct-2009	Oct-2024	6,775	0		6,775
Ferrières (77)	Jan-2013	Oct-2026	12,578	0		12,578
Saint-Quentin-Fallavier (38) - REFL	Apr-2010	Apr-2025	12,344	0	12,344	
Châtres (77)	Jul-2017	Jul-2024	28,265	0		28,265
Le Coudray-Montceaux (91) Bat. A - REFL	Jul-2010	Jul-2025	27,511	0		27,511
Bonneuil (94)	Apr-2011	Apr-2026	6,758	0		6,758
Chanteloup-en-Brie (77)	Jul-2017	Jul-2024	5,483	0		5,483
Trappes (78)	Jul-2017	Jul-2024	15,219	0		15,219
Wissous (91)	Jan-2013	Oct-2027	5,060	0		5,060
Amblainville (60) - REFL	May-2012	May-2027	13,296	0		13,296
Longueil (60) - REFL	Nov-2011	Oct-2026	25,833	0		25,833
Fauverney (21) - REFL	Nov-2011	Oct-2023	14,716	0	2,329	12,387
Trappes (78) Land	May-2013	Apr-2020	471	0		471
Trappes (78) Building	Oct-2016	Apr-2031	3,095	0		3,095
Cergy (95)	Jul-2016	Apr-2028	9,381	0		9,381
Ferrières (77) - REFL and rider	Sept-2012	Sept-2027	11,145	0		11,145
Rouvignies (59)	Apr-2014	Oct-2027	22,784	0	2,242	20,542
Mitry-Mory (77) - REFL	Jul-2012	Jul-2024	6,273	0	6,273	
Wissous (91) - REFL and rider	Sept-2012	Oct-2027	12,069	0		12,069
Coudray (91) Bat. B - REFL	Mar-2013	Mar-2028	29,848	0	24,703	5,144

Saint-Bonnet-les-Oules (42)	Jul-2017	Jul-2024	11,511	0	15,033	-3,522
Ville-en-Vermois (54) - REFL	Jan-2015	Dec-2023	3,151	0	3,151	
Saint-Aignan (44)	Dec-2014	Oct-2029	4,885	0		4,885
Bruguières (31)	Dec-2014	Oct-2029	4,745	0		4,745
Bruges (33)	Jul-2017	Jul-2024	5,348	0	6,460	-1,112
Trappes (78) Building	Oct-2016	Apr-2031	11,571	0		11,571
Beaulieu (49) - REFL	Dec-2015	Dec-2030	8,073	0	4,114	3,958
Cergy (95)	Oct-2016	Oct-2032	13,323	0		13,323
Valenton (94)	Dec-2016	Jan-2032	7,098	0	7,098	
Athis-Mons (91)	Oct-2017	Oct-2032	8,431	0	8,431	
Lognes (77) - REFL	Dec-2016	Dec-2031	14,936	0	14,936	
Strasbourg (67)	June-2018	June-2033	13,679	13,679		
Sauvian (34)	June-2017	June-2032	16,566	0	10,626	5,940
Meung-sur-Loire (45)	Apr-2019	Jan-2034	5,723	0		5,723
Le Cellier Nantes (44)	June-2018	June-2033	3,988	3,988		
Limeil-Brévannes (34)	Apr-2018	Apr-2030	15,437	15,437		
Saint-Sulpice (60)	June-2018	June-2033	3,967	3,967		
Guipavas (29) - REFL	Jan-2014	Sept-2025	2,385	0	2,385	
Lomme (59) - REFL	May-2012	May-2027	4,229	0	4,229	
Sucy-en-Brie (94) - REFL and rider	Aug-2013	Aug-2028	9,050	0	9,050	
La Farlède (83) - REFL	Apr-2013	Apr-2025	4,107	0	4,107	
Chanceaux Tours (37) - REFL	Dec-2009	Dec-2024	2,920	0	2,920	
Wissous (91)	June-2018	June-2033	50,748	0	40,712	10,036
Neuilly 21 Beffroy (92)	May-2019	Apr-2034	10,900	0	10,770	130
Cestas (33)	Jul-2019	Jul-2033	9,701	9,701		
Moissy I and II (77)	Oct-2019	Jul-2034	31,623	0	24,979	6,644
Pusignan (69)	Jan-2020	Oct-2034	21,500	21,500		
Fleury-Mérogis (91)	Oct-2019	Apr-2031	43,600	43,600		
Albon (26)	Jan-2020	Jan-2035	3,950	0		3,950
La Crèche (79)	Apr-2020	Jan-2035	14,793	14,793		
Gennevilliers (92)	Jan-2020	Jan-2035	0	0		
Billy-Berclau (62)	Oct-2020	Jul-2034	609	609		
Bridge JP Morgan	Oct-2020	Oct-2020	645,000	645,000		0
ARGAN BNP	Nov-2016	Nov-2023	5,714	5,714		
ARGAN BPI	Dec-2014	Dec-2021	800	800		
ARGAN Club BPI	Feb-2018	Mar-2021	10	0		10
ARGAN Club BPI	Sept-2019	Sept-2022	10	0		10
ARGAN BPI	Feb-2017	Feb-2022	10	0		10
ARGAN BOND	Feb-2017	Feb-2022	25,000	25,000		
ARGAN BOND	Jul-2017	Jul-2023	130,000	130,000		
Collar 2 Sept 2016 macro €160M	Oct-2016	Oct-2023			128,948	-128,948
Collar 1 July 2016 macro €41M	Oct-2016	Oct-2023			112,260	-112,260
TOTAL (in thousands of €)			**1,524,088**	**933,789**	**512,812**	**77,487**
			100%	**61%**	**34%**	**5%**

The various credit agreements signed by the Company and its subsidiaries include standard early repayment clauses as well as fixed rate conversion opportunities for variable rate loans.

Most of the financing includes guarantees when it is put in place: collateralisation of the leasing agreement under the REFL or mortgage for borrowing, Daily assignment of rents or sub-rents (see Part IV, 5. Collateralisation – mortgages).

Certain financing arrangements also include obligations to comply with ratios (or covenants); failure to comply may constitute an event of default. This is essentially an LTV ratio on the Company's assets or only the assets financed.

As at 31 December 2019, financing with an obligation to comply with LTV ratios on the Company's assets (obligation to comply with an LTV ratio of less than 70% primarily) represents 49% of all financing agreed. Bond issuances also include the same LTV ratio compliance and represent 10% of all loans taken out.
As a reminder, the Company's LTV ratio was 56% as at 31 December 2019.

5.2.3 Market risks

- **Risks related to the economic environment and the logistics property market**

Changes in the general economic environment are likely to influence demand for new warehouse space, as well as having a long-term impact on the occupancy rate and tenants' ability to pay their rents. The Company considers that its client portfolio is largely made up of leading companies whose financial position limits this risk.
The current health crisis is resulting in a pronounced slowdown in activity and a significant decline in growth that could affect our tenant-clients. A prolonged, widespread downturn in their sales could impair their solvency and, by extension, the Company's ability to recover part of its rents. Uncertainties about the scale and duration of the pandemic do not allow us to accurately determine the impact of the crisis on business and the market in which the Company operates. We have proposed targeted support measures for certain clients such as monthly rent payments or postponed settlement. We have not seen any defaults to date; however, depending on the duration and effects of the crisis on the businesses of some of our tenants, this situation could have a negative impact on the collection of rents.
Developments in the economic situation have an impact on changes in the INSEE (French National Institute of Statistics and Economic Studies) indices to which the Company's rents are indexed (ICC: Cost-of-Construction index or ILAT: Tertiaries Activities Rent Index). However, in 54% of its leases, the Company has implemented a collar indexation clause or pre-indexation of rents in order to limit the effects of indexation to INSEE indices.
In addition, the Company is exposed to changes in the real estate market, which could adversely affect its investment and trade-off policy, as well as its operations, financial position, performance and outlook.

- **Risks related to the availability of financings**

To finance its business, the Company primarily uses long-term mortgages and lease loans as well as, to a lesser extent, bond loans.
In view of its substantial leveraging and in the event of a credit crunch by the major financial institutions or an increase in credit rates, the Company might be unable to implement its development strategy as quickly as it would like due to a shortage of loans granted. However, it believes that the diversity of its financial partners allows it to arrange the financings it needs, bearing in mind that it may also, depending on market conditions, issue bonds.

- **Risks related to the competitive environment**

The Company faces strong competition from many players.

In the context of its asset business, the Company is competing with players who may have greater financial standing and/or a larger portfolio, or even their own development capability. This financial capacity and the ability to undertake major projects in their own right gives the largest market participants the option of responding to calls for tender for the procurement of assets with high profit potential, on pricing terms that do not necessarily meet the investment criteria and acquisition objectives the Company has set for itself.

Against a backdrop of growth in the market in which it is positioned, and faced with this competition, the Company may not be able to implement its development strategy as quickly as desired, which could adversely affect its growth, operations and future performance.

5.2.4 Operational risks

- **Risks related to lease regulations and their renewal**

Buildings are let by ARGAN's in-house teams (in the letting and development departments), with the ad hoc assistance of external lettings managers. Lease agreements are drawn up on the basis of a standard lease, reviewed periodically according to legal developments.

It remains possible that when a lease expires, some tenants may choose not to renew their lease agreement, and ARGAN may not be able to renew the relevant property quickly and on the same terms. Given the laddering of current leases, however, ARGAN believes it is in a position to deal with such eventualities. It should be noted that as at 31 December 2019, the occupancy rate was 99%, with an average remaining fixed lease term of 5.8 years, as follows:

Remaining fixed term of leases	Percentages
More than 6 years	48%
3 to 6 years	38%
Less than 3 years	14%

- **Risks related to prefectoral authorisations for operations**

The majority of the Company's logistics hubs (where the quantity of combustible goods stored exceeds 500 tonnes) require a Prefectoral Authorisation to be able to operate. These authorisations, which include requirements relating to the configuration of the building concerned, apply to the operating tenants, except in the case of multi-tenant sites for which the Company is the holder of the authorisation.

This authorisation is assigned to the site for its operating model (quantity and nature of products stored, method of storage, etc.), with no time limit. Only a development or a change in this operating model may require an update to the prefectoral authorisation for operations. The Company oversees the application for the said update.

During the operational phase, the Company contractually requires its tenants to comply with the authorisations for operations and ensures that they do so (duty to disclose correspondence with the DREAL, ban on terminating the order, warehouse inspections, etc.). ARGAN's in-house property department is responsible for this oversight.

Although all of the Company's assets are compliant with ICPE regulations, it cannot guarantee that additional authorisations will be obtained if its tenants make a change to the way they operate its warehouses. To date, the Company has not had to deal with any significant delay in updating a prefectoral authorisation for operations.

- **Risks of dependency on certain tenants and counterparty risks**

The Company's assets comprise 85 buildings, leased to a total of 45 different tenants. ARGAN's top 10 tenants were responsible for 73% of annualised rental income for 2019 across 49 sites.

The Company's client portfolio is largely made up of leading companies whose financial position limits counterparty risk in principle.

Before a lease agreement is signed, the position of potential tenants, particularly their financial position, is examined. Leases include the following guarantees: security deposit or bank guarantee equivalent to 3 months' minimum rent which may, if applicable, be increased depending on the user's potential risk profile.

For the financial year 2019, the annual rental revenue from the largest site represents 3.2% of the Company's total annual rent roll. The Company is confident that it can handle a default of this magnitude for as long as necessary to install a new tenant on such a site.

The slowdown in the economy could adversely affect our tenants' business operations and increase the Company's exposure to counterparty risk for 2020. Despite the general lockdown, essential businesses have been allowed to continue their operations, including some ARGAN tenant brands. However, at present, we expect to see a slowdown in business for our tenants in economic sectors such as personal and household goods, representing around 15% of our tenants.

- **Risks associated with the sector-specific and geographical concentration of the Company's assets**

The Company's assets are essentially premium logistics hubs. In particular, the Company could face a lack of availability of supply, or competition from other players in the sector.

In addition, certain property assets are located in the same region, including Ile-de-France, Hauts de France, Auvergne/Rhône-Alpes, Centre/Val de Loire, Occitanie and Pays de La Loire.

The return on property assets varies depending on the economic growth of the geographical region in which they are located. The decline in rental values in a given region as well as the availability of equivalent or higher quality supply at prices that may be lower could encourage some tenants to leave if they wish to obtain better value for money. This could also make it more difficult to re-let a real estate asset or make a trade under satisfactory conditions.

The Company cannot guarantee that it will be able to reduce the potential effects on results of any deterioration in the conditions in these regional rental markets. However, it believes that the regions referred to above are recognised logistics areas that meet the needs of its tenants.

- **Risks related to quality control of services provided by subcontractors**

The attractiveness of real estate portfolios, rental income and valuations may be affected by potential tenants' perception of the warehouses, i.e. the risk that these potential tenants may consider the quality, cleanliness and/or safety of the warehouses to be inadequate, or that they need to undertake restructuring, renovation or repair work.

As at 31 December 2019, 63% of the Company's real estate stock is covered by a 10-year guarantee, and tenants are responsible for upkeep of the buildings, other than what falls under Article 606 of the French Civil Code, which is covered by a 10-year guarantee.

In addition, for the purpose of its development operations, ARGAN entrusts the construction of its warehouses to general contractors. Supply of this type of construction company is abundant and there is full competition.

The Company is in no way dependent on this offer. For example, the following general contractors have built warehouses for ARGAN: BEG, BOUYGUES Construction, GA, GICRAM, GSE, IDEC, LYRIS, QUARTUS, etc.

ARGAN also has the option of having its warehouses built in separate lots by the different trades.

5.2.5 Asset-related risks

- **Risks related to the estimation of asset values**

The Company's portfolio is valued on a semi-annual basis by independent experts. The appraisals carried out meet the national professional standards of the *Charte de l'Expertise en Evaluation Immobilière* (Charter of real estate valuation) developed under the guidance of IFEI (*Institut Français de l'Expertise Immobilière* - French institute of real estate appraisal) and the COB report of February 2000 (the "Barthès de Ruyter" working group), the TEGOVA European professional standards and the principles of the Royal Institution of Chartered Surveyors (RICS), or any other equivalent standard that replaces them.

The latest appraisal report relates to the assets held by the Company as at 31 December 2019. The appraisal was carried out by CBRE VALUATION. The appraised value of the assets (excluding property reserves) was €2.68 billion excluding transfer taxes, i.e. €2.8 billion including taxes.

The summary appraisal report in Part I, 6.3 Appraisals specifies the context and the methodology used by the experts.

The valuation for the assets may not be equivalent to their realisable value in the event of a disposal. This kind of distortion could occur, for example, in the event of a change in the asset valuation parameters between the date of the valuation report and the date of disposal.

In addition, the value provided by the appraisers may require the Company to set aside provisions for impairment, in accordance with the relevant accounting procedures, if the asset value determined by the Company with reference to the appraisal value is less than the net book value (the method applicable to the company's financial statements).

Since the Company has opted to recognise investment property on a fair value basis, its income statement may thus be impacted by a negative change in the fair value of its property, linked to a decrease in market values. On the other hand, the downward trend in market values may have an impact on obligations to comply with ratios or covenants vis-à-vis certain financial institutions under loan agreements. As at 31 December 2019, 59% of the financings taken out include an LTV covenant obligation on the Company's assets; failure to comply may constitute an event of default.

The current health crisis is likely to result in adverse fluctuations in the valuation of real estate assets that might negatively affect the valuation of the Company's assets. As at the filing date for this Universal Registration Document, there is uncertainty regarding the impact of the crisis and its consequences for asset value impairments, although default seems unlikely given that covenants on the Company's debt primarily impose an LTV ratio of less than 70%. For information, an increase of 0.5% in the Company's capitalisation rate (5.30% excluding transfer taxes as assessed by the appraisers as at 31 December 2019) would result in a fall of 8.6% in the value of the Company's assets, i.e. an increase in LTV from 56% to 61.2%.

The attractiveness of the logistics investment market was confirmed during 2019, with the volumes invested in logistics exceeding the average for the last 10 years. Given the strong demand for this asset class and a financial environment that remains favourable, rental yields continued to contract, leading to a significant positive change in the fair value of investment properties.

- **Risks related to the acquisition strategy**

For the purpose of its development, the Company intends to make selective acquisitions of property assets. It cannot guarantee that such acquisition opportunities will arise, nor that acquisitions will achieve the expected profitability.

Such acquisitions involve a number of risks related to (i) conditions in the property market, (ii) the presence of multiple investors in this market (iii) asset prices, (iv) the rental yield potential of such assets, (v) the effects on the Company's operating results, (vi) the involvement of executives and key personnel in such transactions, and (vii) the discovery of problems inherent in such acquisitions such as the presence of hazardous or toxic substances, or environmental or regulatory problems.

Failure to make any acquisitions or making acquisitions of buildings that do not meet the Company's criteria in full would be likely to affect its results and its outlook.

- **Risks related to the tax regime for SIICs**

A change in or loss of the SIIC tax regime could have a significant adverse effect on the Company's results. The Company is currently compliant with all the requirements linked to developments in this regime, known as SIIC 4, and in particular with the obligations around the maximum number of shares the majority shareholder may hold.

See also Part III, Section 1 Consolidated financial statements, item 6.26.7 Risk related to the maintenance of the SIIC regime.

5.2.6 Insurance cover

The lease agreements between the Company and its tenants provide for coverage of all insurance costs by the lessee, as they are all "triple net" leases.

- **Cover policy**

The Company uses a real estate brokerage firm, ASSURANCES COSTE-FERMON S.A.S. ARGAN's real estate assets, including the majority of the leased-financed assets, are covered by the insurance companies AXA and AFM.

In general, the Company considers that its insurance policies are adequate in light of the value of the insured assets and the risk incurred. In particular, they cover the cost of reinstatement of all the property assets.

The table below shows the level of cover per claim for the main risks as at 1st January 2020, on the understanding that this list cannot be exhaustive:

Types of cover	Amount
Direct damages ➢ Comprehensive insurance covering all property by type or intended use without distinction	Up to the amount of the damage and subject to the limit of the CIL (*)
Liability insurance, included in the CIL ➢ Claims by neighbours and third parties	From €5,940,307 to €10,000,000 depending on the policies
Miscellaneous losses and charges, included in the CIL ➢ Financial losses; loss of rent; indirect losses; demolition costs; leak detection costs, etc. All of these losses and miscellaneous costs are covered in full and without distinction, up to an amount of:	From €5,831,612 to €21,669,227 or no limit depending to the policies
Cover common to all insured events ➢ Adjuster's fees	According to schedule
Additional cover ➢ Replacement cost	

(*) CIL = Contractual Indemnity Limit. €25, €30, €50, €60, or €100 million depending on the policies.

The Company has also taken out a corporate civil liability policy (*Contrat de Responsabilité Civile Entreprise*) with AXA. This policy covers personal injury, up to a limit of €10,000,000 per year, as well as damages to property and non-physical damages resulting from a loss, up to the limit of €5,000,000 per year.

➢ **Insurance of corporate officers**

None

5.2.6 Exceptional events and litigation

To ARGAN's knowledge, there are no litigations, arbitration proceedings or exceptional events that have had, or are likely to have, a significant adverse impact on its operations, financial position or performance.

6. Capital and ownership of the Group

6.1 Information on the capital

The Company is controlled by its majority shareholder (see the table of main shareholders in paragraph 6.2.1 below).

Change in share capital

The table below shows how the Company's share capital has changed over the past three years:

Date	Transaction	Capital increase/reduction	Par value	Issue, contribution or merger premium	Number of shares created / cancelled	Total number of shares	Capital after transaction
20/01/2017	Capital increase by free share allocation	€19,200	€2	-€19,200	9,600	14,488,549	€28,977,098
27/04/2017	Capital increase by payment of the dividend in shares	€639,350	€2	€7,442,034	319,675	14,808,224	€29,616,448
13/12/2017	Capital increase by contribution in kind	€2,711,864	€2	€37,288,136	1,355,932	16,164,156	€32,328,312
19/01/2018	Capital increase by free share allocation	€39,190	€2	-€39,190	19,595	16,183,751	€32,367,502
27/04/2018	Capital increase by payment of the dividend in shares	€387,764	€2	€6,613,315	193,882	16,377,633	€32,755,266
26/04/2019	Capital increase by payment of the dividend in shares	€490,684	€2	€11,418,217	245,342	16,622,975	€33,245,950
15/10/2019	Capital increase by issuance of new shares	€11,177,988	€2	€268,271,737.04	5,588,994	22,211,969	€44,423,938
15/01/2020	Capital increase by free share allocation	€83,936	€2	-€83,936	41,968	22,253,937	€44,507,874

6.2 Ownership structure of the Group

6.2.1 Main shareholders

The purpose of the table below is to illustrate the distribution of the share capital amongst the shareholders on 31 December 2017, 2018 and 2019:

Main shareholders	31 December 2017			31 December 2018			31 December 2019		
	Number of securities	% capital	% voting rights	Number of securities	% capital	% voting rights	Number of securities	% capital	% voting rights
Le Lan family (in concert) of whom:	**8,716,228**	**53.92%**	**53.93%**	**8,812,133**	**53.81%**	**53.82%**	**8,892,339**	**40.03%**	**40.04%**
Jean-Claude Le Lan	3,496,732	21.63%	21.63%	3,496,732	21.35%	21.36%	3,318,773	14.94%	14.94%
KERLAN SAS **(*)**	1,191,818	7.37%	7.37%	1,418,447	8.66%	8.66%	1,418,447	6.39%	6.39%
Mr and Mrs Le Lan	-	-	-	-	-	-	204,955	0.92%	0.92%
Jean-Claude Le Lan Junior	825,139	5.10%	5.11%	814,235	4.97%	4.97%	830,706	3.74%	3.74%
Nicolas Le Lan	898,724	5.56%	5.56%	815,604	4.98%	4.98%	815,604	3.67%	3.67%
Charline Le Lan	917,222	5.67%	5.67%	815,602	4.98%	4.98%	815,602	3.67%	3.67%
Ronan Le Lan	735,784	4.55%	4.55%	758,695	4.63%	4.63%	775,676	3.49%	3.49%
Véronique Le Lan Chaumet	584,762	3.62%	3.62%	626,771	3.83%	3.83%	643,270	2.90%	2.90%
Karine Le Lan	66,047	0.41%	0.41%	66,047	0.40%	0.40%	69,306	0.31%	0.31%
Public, of whom:	**7,446,609**	**46.07%**	**46.07%**	**7,561,290**	**46.17%**	**46.18%**	**13,318,677**	**59.96%**	**59.96%**
Crédit Agricole Assurances	-	-	-	-	-	-	3,725,106	16.77%	16.77%
Other public	7,446,609	46.07%	46.07%	7,561,290	46.17%	46.18%	9,593,571	43.19%	43.19%
Treasury shares (**)	**1,319**	**0.01%**	**0.00%**	**4,210**	**0.03%**	**0.00%**	**953**	**0.00%**	**0.00%**
TOTAL	**16,164,156**	**100.00%**	**100.00%**	**16,377,633**	**100.00%**	**100.00%**	**22,211,969**	**100.00%**	**100.00%**

(*) KERLAN SAS is a company wholly owned by Mr. Jean-Claude LE LAN.
(**) under the liquidity contract.

The main characteristics of the shareholders' agreement between the members of the Le Lan family and the shareholders' agreement signed as part of the purchase of the "Cargo" portfolio are set out in Part IV, 6 – Shareholders agreements.

For information on the majority control of the Company by the LE LAN family, see Part II, 5.2.1. Risks related to the organisational structure and the listing of ARGAN's shares.

As at 30 December 2019, the Company held 1,053 of its own shares with a par value of €2 each and a net book value on its balance sheet of €73,731.

The public holds around 60% of the capital.

6.2.2 Crossing of statutory thresholds and disclosure of intent

Part IV, 2.2.2 Share Capital sets out the different threshold levels for which disclosure is required.

- In a letter dated 22 July 2019, DEGROOF PETERCAM ASSET MANAGEMENT S.A. disclosed, on behalf of the funds it manages, that it had fallen below the threshold of 6% of ARGAN's capital and voting rights and held 995,999 shares representing 5.99% of the capital and voting rights.

- In a letter dated 17 October 2019, Jean-Claude Le Lan and his family, acting in concert, disclosed that subsequent to the Combined Shareholders' Meeting of 15 October 2019 of ARGAN, they had fallen below all the statutory thresholds in increments of 2% of the capital and voting rights of ARGAN, from 53.49% to 40.03%, and now held 8,892,339 shares, representing 40.03% of the capital and voting rights.

- In a letter dated 17 October 2019, Jean-Claude Le Lan disclosed that subsequent to the Combined Shareholders' Meeting of 15 October 2019 of ARGAN, he individually had fallen below all the statutory thresholds in increments of 2% of the capital and voting rights of ARGAN, from 21.20% to 15.86%, and now held 3,523,728 shares, representing 15.86% of the capital and voting rights.

- In a letter dated 17 October 2019, the company KERLAN SAS, wholly owned by Jean-Claude Le Lan, disclosed that subsequent to the Combined Shareholders' Meeting of 15 October 2019 of ARGAN, it had fallen below all the statutory thresholds in increments of 2% of the capital and voting rights of ARGAN, from 8.53% to 6.39%, and now held 1,418,447 shares, representing 6.39% of the capital and voting rights.

- In a letter dated 25 October 2019, AXA INVESTMENT MANAGERS disclosed that it had fallen below the threshold of 2% of ARGAN's capital and voting rights and now held 381,658 shares, representing 1.72% of the capital and voting rights.

- In a letter dated 25 October 2019, CREDIT AGRICOLE SA disclosed that its subsidiary PREDICA SA had exceeded the regulatory thresholds of 5%, 10% and 15% as well as the statutory thresholds of 2%, 4%, 6%, 8%, 10%, 12%, 14% and 16% of ARGAN's capital and voting rights, and now held 3,725,106 shares, representing 16.77% of the capital and voting rights.

- In a letter dated 25 October 2019, CREDIT AGRICOLE SA disclosed that it had indirectly exceeded the regulatory thresholds of 5%, 10% and 15% as well as the statutory thresholds of 2%, 4%, 6%, 8%, 10%, 12%, 14% and 16% of ARGAN's capital and voting rights, and now indirectly held 3,725,106 shares, representing 16.77% of the capital and voting rights.

- In a letter dated 5 December 2019, COHEN & STEERS disclosed that it had exceeded the threshold of 2% of ARGAN's capital and voting rights and now held 887,070 shares, representing 3.99% of the capital and voting rights.

- In a letter dated 9 December 2019, CRFP 8 disclosed that it had fallen below the threshold of 5% of ARGAN's capital and voting rights and all the statutory thresholds below it in successive tranches of 2%, and now held 45,613 shares, representing 0.205% of the capital and voting rights.

- In a letter dated 9 December 2019, AXA INVESTMENT MANAGERS disclosed that it had exceeded the threshold of 2% of ARGAN's capital and voting rights and now held 517,807 shares representing 2.33% of the capital and voting rights.

- In a letter dated 9 December 2019, BANK OF MONTREAL disclosed that THAMES RIVER CAPITAL LLP had fallen below the threshold of 4% of ARGAN's capital and voting rights and now held 766,092 shares, representing 3.45% of the capital and voting rights.

- In a letter dated 16 December 2019, DEGROOF PETERCAM ASSET MANAGEMENT S.A. disclosed, on behalf of the funds it manages, that it had fallen below the threshold of 5% of ARGAN's capital and voting rights and now held 945,776 shares, representing 4.26% of the capital and voting rights.

6.3 Dividends paid for the last three financial years

6.3.1 Dividend distribution policy

The Company has historically distributed a dividend representing a yield of between 3 and 6%.

It intends to pursue a consistent distribution policy, in accordance with the rules of the SIIC tax regime, i.e. in short, a minimum of 95% of the results from rental operations, 70% of the realised capital gains and 100% of the dividends received from its subsidiaries.

In view of the Company's excellent performance in 2019, the Combined Shareholders' Meeting of 19 March 2020 approved a dividend of €1.90/share, an increase of +41% compared with the previous year.

6.3.2 Dividend distribution table for the last three financial years

The following dividends have been paid for the last three financial years:

FINANCIAL YEAR	DIVIDEND
Financial year ended 31 December 2018	€1.35
Financial year ended 31 December 2017	€1.02 (**)
Financial year ended 31 December 2016	€0.92 (*)

(**) Including €0.356 treated for tax purposes as a recapitalisation within the meaning of Article 112 1° of the French General Tax Code and therefore not constituting distributed income within the meaning of the provisions of Article 243 *bis* of that Code.

(*) Including €0.524 treated for tax purposes as a recapitalisation within the meaning of Article 112 1° of the French General Tax Code and therefore not constituting distributed income within the meaning of the provisions of Article 243 *bis* of that Code.

6.4 Transactions on the Company's securities

On 1 January 2019, the Company signed a liquidity contract with Invest Securities.

In running its liquidity contract, ARGAN carried out the following transactions on its own shares during 2019:

2019	Number of securities purchased	Number of securities sold
January	59	959
February	101	301
March	379	1,009
April	508	318
May	1,408	1,791
June	305	530
July	461	434
August	190	338
September	110	310
October	454	754
November	253	703
December	313	351
Total	**4,541**	**7,798**

On 1 January 2019, the liquidity account held the following assets:

- 4,210 securities
- €73,920.53

On 31 December 2019, the liquidity account held the following assets:

- 953 securities
- €267,019.99

In accordance with the provisions of Article L.225-211, paragraph 2 of the French Commercial Code, ARGAN has not acquired any shares for allocation to its employees under a profit-sharing plan.

6.5 Miscellaneous information

- **Existence of statutory restrictions on the exercise of voting rights and transfers of shares or clauses of agreements pursuant to Article L.233-11 of the French Commercial Code:** None

- **List of holders of any security with special control rights and a description thereof**: None

- **Control mechanism provided for in any employee share ownership scheme where control rights are not exercised by the employees:** None

- **Agreement between shareholders of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights**:
  See the main characteristics of the shareholders' agreement between the members of the Le Lan family and the shareholders' agreement signed as

part of the purchase of the "Cargo" portfolio in Part IV, 6 – Shareholders agreements.

- **Rules applicable to the appointment and replacement of members of the Executive Board as well as the amendment of the Company's Articles of Association:**
  The Articles of Association stipulate that the members of the Executive Board are appointed by the Supervisory Board during the life of the company. Members of the Executive Board may be removed at any time by the General Shareholders' Meeting. Members of the Executive Board may also be removed by the Supervisory Board. Members of the Executive Board are still eligible for reappointment.
  Direct or indirect amendments to the Articles of Association are decided or authorised by the Company's Extraordinary Shareholders' Meetings.

- **Powers of the Executive Board to issue or buy back shares:**
  See the table of delegations of authority in Part IV, 4. Current delegations of authority.

- **Agreements entered into by the Company which will be amended or terminated in the event of a change of control of the Company**: None

- **Agreements providing for compensation for members of the Executive Board or employees if they resign or are dismissed without real and serious grounds or if their employment ends due to a public offer**: None

- **Delegations of authority and powers to increase the capital granted by the Company's General Shareholders' Meeting during the financial year ended 31 December 2019:**
  The delegations of authority and powers to increase the capital granted by the Company's General Shareholders' Meeting during the financial year ended 31 December 2019 are summarized in the table in Part IV, 4.- Delegations of authority in effect.

- **Managers' transactions on the Company's securities:**

  Managers carried out the following transactions on the Company's shares during the 2019 financial year:

- As part of day-to-day operations:

  - ✓ 19,815 shares sold by Frédéric Larroumets
  - ✓ 1,850 shares purchased by a natural person related to Jean Claude Le Lan

- As part of the payment of the dividend in shares:

  - ✓ 1,076 shares received by Francis Albertinelli
  - ✓ 619 shares received by Frédéric Larroumets
  - ✓ 16,471 shares received by Jean Claude Le Lan Junior
  - ✓ 16,981 shares received by Ronan Le Lan
  - ✓ 26,996 shares received by Jean Claude Le Lan
  - ✓ 1,409 shares received by a natural person related to Jean Claude Le Lan

- **Equity investments and takeovers:**

Takeovers
During the past financial year, SAS Portimmo was acquired and then merged into ARGAN. On 15 October 2019, ARGAN acquired all the shares of SCI Cargo Property Assets. SCI Cargo Property Assets and its 22 subsidiaries transferred all of their assets to ARGAN on 25 November and 31 December 2019, respectively.

Equity investments
During the past financial year, our Company has not made any equity investments.

Disposals of equity investments
During the past financial year, our Company has not sold any equity investments.

7 General Shareholders' Meeting of 19 March 2020

The ARGAN General Shareholders' Meeting was held on 19 March 2020 with the following agenda and was required to vote on the following resolutions:

7.1 Agenda

Under the authority of the Ordinary Shareholders' Meeting

- Reading of the Executive Board management report, the Supervisory Board's observations on this report, the Supervisory Board's report on corporate governance, the Statutory Auditors' report on this report and their report on the annual financial statements for the financial year ended 31 December 2019,
- Reading of the Executive Board management report, the Supervisory Board's observations on this report and the Statutory Auditors' report on the consolidated financial statements for the financial year ended 31 December 2019,
- Review and approval of the financial statements for the year ended 31 December 2019,
- Discharge of the members of the Executive Board and the members of the Supervisory Board,
- Review and approval of the consolidated financial statements for the year ended 31 December 2019,
- Allocation of income for the financial year,
- Distribution of a dividend,
- Option of payment of the dividend in shares,
- Reading of the special report of the Statutory Auditors on the regulated agreements and commitments referred to in Article L.225-86 of the French Commercial Code,
- Approval of the regulated agreements and commitments referred to in Article L.225-86 of the French Commercial Code,
- Appointment of a member of the Supervisory Board,
- Approval of the remuneration policy for corporate officers,
- Approval of the report on the remuneration of corporate officers,
- Approval of the elements of the remuneration paid or allocated for the financial year ended 31 December 2019 to Ronan Le Lan as Chairman of the Executive Board,
- Approval of the elements of the remuneration paid or allocated for the financial year ended 31 December 2019 to Francis Albertinelli as a member of the Executive Board,
- Approval of the elements of the remuneration paid or allocated for the financial year ended 31 December 2019 to Frédéric Larroumets as a member of the Executive Board,
- Approval of the elements of the remuneration paid or allocated for the financial year ended 31 December 2019 to Jean-Claude Le Lan Junior as a member of the Executive Board,
- Approval of the elements of the remuneration paid or allocated for the financial year ended 31 December 2019 to Jean-Claude Le Lan as Chairman of the Supervisory Board,
- Determination of the amount of remuneration to be allocated to the members of the Supervisory Board,
- Authorisation given to the Executive Board to purchase the Company's shares.

Under the authority of the Extraordinary Shareholders' Meeting.

- Delegation of authority to the Executive Board to decide to issue ordinary shares and/or transferable securities which are capital securities giving access to other capital securities of the Company or conferring entitlement to the allocation of debt securities and/or transferable securities giving access to capital securities to be issued – with the elimination of the preferential subscription right and via a public offering other than those referred to in paragraph 1 of Article L.411-2 of the French Monetary and Financial Code, or in the context of a public offer including an exchange component;
- Delegation of authority to the Executive Board to decide to issue ordinary shares and/or transferable securities which are capital securities giving access to other capital securities of the Company or conferring entitlement to the allocation of debt securities and/or transferable securities giving access to capital securities to be issued – with the elimination of the preferential subscription right and via an offering referred to in paragraph 1 of Article L.411-2 of the French Monetary and Financial Code;
- Authorisation for the Executive Board to decide to issue ordinary shares and/or securities which are capital securities giving access to other capital securities of the Company or conferring entitlement to the allocation of debt securities

and/or securities giving access to capital securities to be issued, and to freely determine the issue price, subject to a limit of 10% of the share capital – without preferential subscription rights;

- Authorisation for the Executive Board to increase the number of shares and/or transferable securities to be issued in the event of a capital increase with or without preferential subscription rights;
- Setting the maximum nominal amount of immediate and/or future share capital increases that may be performed: overall cap;
- Delegation of authority to the Executive Board to increase the share capital, with elimination of the preferential subscription right, by issuing ordinary shares and/or securities giving access to ordinary shares of the Company reserved for members of a Company Savings Plan (PEE);
- Authorisation granted to the Executive Board to reduce the capital by cancelling shares;
- Powers to complete formalities.

7.2 Text of resolutions submitted to the Ordinary General Shareholders' Meeting

1st RESOLUTION *(Review and approval of the financial statements for the financial year ended 31 December 2019)*

The General Shareholders' Meeting, ruling under the quorum and majority conditions of ordinary general shareholders' meetings, after hearing the reading of the Executive Board's management report and the Statutory Auditors' report on the annual financial statements for the year ended 31 December 2019, as well as the reading of the Supervisory Board's report on corporate governance and the Statutory Auditors' report on that document, and taking note of the observations of the Supervisory Board on the Executive Board's management report and on the financial statements for the past financial year:

- approves the financial statements for the financial year ended 31 December 2019 as presented and showing a profit of €4,547,426.90;
- approves all transactions reflected in these accounts or summarised in these reports.

In accordance with Article 223 *quarter* of the French General Tax Code, the General Shareholders' Meeting hereby approves the total amount of €47,238 in expenses and charges referred to in 4 of Article 39 of the French General Tax Code.

The General Meeting therefore grants discharge to the members of the Executive Board and the members of the Supervisory Board for performing their mandates for the annual financial year ended 31 December 2019.

This resolution was adopted

2nd RESOLUTION *(Review and approval of the consolidated financial statements for the financial year ended 31 December 2019)*

The General Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings, having listened to the Executive Board's management report and the Statutory Auditors' report on the consolidated financial statements for the financial year ended 31 December 2019:

- approves the consolidated financial statements for the year ended 31 December 2019 as presented and showing a consolidated net profit, Group share of €215,036k;
- approves all transactions reflected in these accounts or summarised in these reports.

This resolution was adopted

3rd RESOLUTION *(Allocation of income for the financial year)*

The General Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings, having considered the Executive Board's report and having read the Supervisory Board's observations, resolves to allocate the profit for the financial year ended 31 December 2019 as follows:

To distribution of a dividend for	€4,547,426.90
Total:	**€4,547,426.90**

This resolution was adopted

4th RESOLUTION *(Distribution of a dividend)*

The General Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings, having noted that the "Acquisition premiums" account shows a credit balance of €304,170,862.80 at the date of this General Shareholders' Meeting, resolves, on the proposal of the Executive Board, to withdraw the sum of €37,731,570.40 from this "Acquisition premiums" account and allocate it to an available reserves account. The balance of the "Acquisition premiums" account will then be €266,439,292.40.

The General Shareholders' Meeting, having noted that the "Other reserves" account shows a credit balance of €3,483 at the date of this General Shareholders' Meeting, resolves, on the proposal of the Executive Board, to withdraw the sum of €3,483 from this "Other reserves" account and allocate it to an available reserves account. The balance of the "Other reserves" account will then be €0.

The General Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings, having considered the Executive Board's report and having read the Supervisory Board's observations, resolved to distribute a dividend for the financial year ended 31 December 2019 of €1.90 per share with a dividend entitlement deriving from its vesting date. The dividends distributed, amounting to the sum of €42,282,480.30, will be deducted from:

- The profit for the financial year of	€4,547,426.90
- The "Available Reserve" account as resulting from the allocations mentioned above of	€37,735,053.40
Total:	**€42,282,480.30**

The Executive Board specifies that the amount of €42,282,480.30 distributed accordingly constitutes, in view of the provisions of Article 112 1° of the French General Tax Code:

- distributed income of €4,787,780;

For natural person shareholders and an amount of €3,941,182, or €0.18 per share, this part of the dividend is not eligible for the 40% allowance referred to in Article 158-3-2° of the French General Tax Code, as it is deducted from the SIIC's exempt profits.
For the balance of €846.598, or €0.04 per share, this part of the dividend is eligible for the 40% allowance referred to in Article 158-3-2° of the French General Tax Code, provided that it is deducted from the SIIC's taxable profits.
It should be noted, however, that for these same shareholders and except in special circumstances, the whole of the dividend will be subject to the one-off, flat-rate withholding tax at the overall rate of 30% and will only be subject to progressive income tax, with the possible application of the above-mentioned 40% allowance, for certain shareholders who chose this option when they registered to make their annual income tax return.

- A repayment of paid-in capital amounting to €37,494,700.30, i.e. €1.68 per share;

This dividend will be paid on 22 April 2020, with an ex-dividend date of 26 March 2020. If, at the time the dividend was paid, the Company held some of its own shares, the amounts corresponding to dividends not paid in respect of these shares would be allocated to the "Other Reserves" account.

In accordance with the provisions of Article 243 *bis* of the French General Tax Code (the "**CGI**"), it is reiterated that the dividends for the last three financial years were as follows:

Financial year ended	Dividend paid per share	Portion of the dividend eligible for the 40% allowance referred to in Art. 158 3 2° of the CGI	Portion of the dividend not eligible for the 40% allowance referred to in Art. 158 3 2° of the CGI
31/12/2016	€0.396 (*)	€0	€0.396
31/12/2017	€0.664 (**)	€0	€0.664
31/12/2018	€1.35	€0.21	€1.14

(*) The balance of the amounts distributed by the General Shareholders' Meeting of 23 March 2017 (4th Resolution), i.e. €0.524 per share, is treated for tax purposes as a recapitalisation within the meaning of Article 112 1° of the French General Tax Code and therefore does not constitute distributed income within the meaning of the provisions of Article 243 *bis* of that Code.

(**) The balance of the amounts distributed by the General Shareholders' Meeting of 22 March 2018 (4th Resolution), i.e. €0.356 per share, is treated for tax purposes as a recapitalisation within the meaning of Article 112 1° of the French General Tax Code and therefore does not constitute distributed income within the meaning of the provisions of Article 243 *bis* of that Code.

This resolution was adopted

5th RESOLUTION *(Option of payment of the dividend in shares)*

The General Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings, having noted that the share capital is fully paid up and in accordance with Articles L.232-18 *et seq.* of the French Commercial Code and 44 of the Company's Articles of Association, having read the Executive Board's report, resolves to grant shareholders the option of payment of the dividend in cash or in shares, such option relating to the entire dividend covered by the 4th resolution of this General Meeting.
The new shares that will be issued in payment of the dividend will be created with a vesting date of 1 January 2020. Their issue price is set at 95% of the average opening price for the share listed for the 20 stock market trading days preceding this General Shareholders' Meeting, less the net amount of the dividend. The issue price will be rounded up to the nearest euro cent.
If the amount of the dividend to which they are entitled does not correspond to a whole number of shares, the shareholder may obtain a number of shares rounded down to the nearest whole number of shares, plus a payment in cash.
The option of payment of the dividend in shares may be exercised from 30 March 2020 to 16 April 2020 inclusive. After this period, shareholders who have not opted for payment of the dividend in shares will receive their dividend in cash.
The General Meeting grants all powers to the Executive Board to ensure this decision is implemented, to conduct all transactions related or subsequent to the exercise of the option, to recognise the resulting capital increase and to make the corresponding amendments to the Articles of Association.

This resolution was adopted

6th RESOLUTION (*Approval of the regulated agreements and commitments referred to in Article L.225-86 of the French Commercial Code*)

The General Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings and having read the Statutory Auditors' special report on the regulated agreements and commitments referred to in Article L.225-86 of the French Commercial Code, and making its decision on the basis of this report, takes note and hereby approves the transactions and agreements described in this report and acknowledges that the other agreements related to routine transactions and were concluded under normal conditions.

This resolution was adopted

7th RESOLUTION *(Appointment of a member of the Supervisory Board)*

The General Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings, resolves to appoint Mrs. Constance de Poncins as a member of the Supervisory Board for a period of four (4) years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the financial year ended 31 December 2023.

This resolution was adopted

8th RESOLUTION *(Approval of the remuneration policy for corporate officers)*

The General Meeting, pursuant to Article L.225-82-2 of the French Commercial Code, voting under the quorum and majority conditions required for ordinary shareholders' meetings and having read the Supervisory Board's report on corporate governance pursuant to Article L.225-68 of the French Commercial Code, hereby approves the remuneration policy for the Company's corporate officers as set out in this report.

This resolution was adopted

9th RESOLUTION *(Approval of the report on the remuneration of corporate officers).*

The General Meeting, pursuant to Article L.225-100-II of the French Commercial Code, voting under the quorum and majority conditions required for ordinary shareholders' meetings and having read the Supervisory Board's report on corporate governance pursuant to Article L.225-68 of the French Commercial Code, including the report on the remuneration of the Company's corporate officers containing the information referred to in Article L.225-37-3-I of the French Commercial Code, hereby approves the aforementioned report on the remuneration of the Company's corporate officers.

This resolution was adopted

10th RESOLUTION (*Approval of the components of the remuneration paid or allocated for the financial year ended 31 December 2019 to Ronan Le Lan as Chairman of the Executive Board*)

The General Meeting, pursuant to Article L.225-100-III of the French Commercial Code, voting under the quorum and majority conditions required for ordinary shareholders' meetings, hereby approves the fixed, variable and exceptional elements making up the total remuneration and benefits of any kind paid or allocated for the financial year ended 31 December 2019 to Ronan Le Lan, in his capacity as Chairman of the Executive Board, as set out in the Supervisory Board's report on corporate governance pursuant to Article L.225-68 of the French Commercial Code.

This resolution was adopted

11th RESOLUTION (*Approval of the components of the remuneration paid or allocated for the financial year ended 31 December 2019 to Francis Albertinelli as a member of the Executive Board*)

The General Meeting, pursuant to Article L.225-100-III of the French Commercial Code, voting under the quorum and majority conditions required for ordinary shareholders' meetings, hereby approves the fixed, variable and exceptional elements making up the total remuneration and benefits of any kind paid or allocated for the financial year ended 31 December 2019 to Francis Albertinelli, in his capacity as a member of the Executive Board, as set out in the Supervisory Board's report on corporate governance pursuant to Article L.225-68 of the French Commercial Code.

This resolution was adopted

12th RESOLUTION (*Approval of the components of the remuneration paid or allocated for the financial year ended 31 December 2019 to Frédéric Larroumets as a member of the Executive Board*)

The General Meeting, pursuant to Article L.225-100-III of the French Commercial Code, voting under the quorum and majority conditions required for ordinary shareholders' meetings, hereby approves the fixed, variable and exceptional elements making up the total remuneration and benefits of any kind paid or allocated for the financial year ended 31 December 2019 to

Frédéric Larroumets, in his capacity as a member of the Executive Board, as set out in the Supervisory Board's report on corporate governance pursuant to Article L.225-68 of the French Commercial Code.

This resolution was adopted

13th RESOLUTION (*Approval of the components of the remuneration paid or allocated for the financial year ended 31 December 2019 to Jean-Claude Le Lan Junior as a member of the Executive Board*)

The General Meeting, pursuant to Article L.225-100-III of the French Commercial Code, voting under the quorum and majority conditions required for ordinary shareholders' meetings, hereby approves the fixed, variable and exceptional elements making up the total remuneration and benefits of any kind paid or allocated for the financial year ended 31 December 2019 to Jean-Claude Le Lan Junior, in his capacity as a member of the Executive Board, as set out in the Supervisory Board's report on corporate governance.

This resolution was adopted

14th RESOLUTION (*Approval of the components of the remuneration paid or allocated for the financial year ended 31 December 2019 to Jean-Claude Le Lan as the Chairman of the Supervisory Board*)

The General Meeting, pursuant to Article L.225-100-III of the French Commercial Code, voting under the quorum and majority conditions required for ordinary shareholders' meetings, hereby approves the fixed, variable and exceptional elements making up the total remuneration and benefits of any kind paid or allocated for the financial year ended 31 December 2019 to Jean-Claude Le Lan, in his capacity as Chairman of the Supervisory Board, as set out in the Supervisory Board's report on corporate governance pursuant to Article L.225-68 of the French Commercial Code.

This resolution was adopted

15th RESOLUTION *(Determination of the amount of remuneration to be allocated to the members of the Supervisory Board)*

The General Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings, in accordance with Article L.225-83 of the French Commercial Code and having read the Executive Board's report, resolves:

- to increase by €40,000 the total amount of remuneration to be allocated to the members of the Supervisory Board referred to in Article L.225-83 of the French Commercial Code and for the financial year ended 31 December 2019, raising it to €100,000;
- set a total amount of €108,000 for the remuneration to be allocated to the members of the Supervisory Board referred to in Article L.225-83 of the French Commercial Code, for the reporting period commenced on 1 January 2020, on the understanding that the Supervisory Board will determine the distribution of this amount between its members in accordance with the applicable laws and regulations.

This resolution was adopted

16th RESOLUTION (Authorisation given to the Executive Board to purchase the Company's shares)

The General Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings, having read the Executive Board's report and in accordance with the provisions of Articles L.225-209 of the French Commercial Code, Title IV of Book II of the General Regulations of the French Financial Markets Authority and the European regulations applicable to market abuse or any provisions that might replace them, authorises the Executive Board, with the option to subdelegate such authority under the conditions provided for by law and by the Company's Articles of Association, to have the Company purchase its own shares up to 10% of the number of shares comprising the share capital at any given time, or up to 5% of the number of shares comprising the share capital of the Company at any given time in the case of shares purchased for holding and subsequent use in payment or exchange in a merger, demerger or asset transfer, on the understanding that these percentages apply to capital adjusted, if applicable, for operations that may affect it subsequent to this General Shareholders' Meeting.
The General Shareholders' Meeting resolves that the Executive Board, with the option to subdelegate such powers under the conditions provided for by law, may make purchases or arrange for purchases, in descending order of priority, with a view to:

(a) ensure a liquid market for the ARGAN share, through a liquidity contract entered into with an independent investment services provider, in accordance with market practices accepted by the AMF;

(b) cover share option programmes or other share allocations to employees and/or eligible corporate officers of the Company and/or its subsidiaries and more specifically for the purposes of: (i) covering share option plans for employees and/or eligible corporate officers, or some of them, of the Company and/or the companies in its group related to it under the conditions of Article L.225-180 of the French Commercial Code; (ii) to allocate shares free of charge or to assign them to employees and former employees in respect of their participation in any Company savings plan under the conditions provided for by the applicable laws and regulations; and (iii) to allocate shares free of charge to employees and eligible corporate officers, or some of them, of the Company and companies related to it under the conditions of Article L.225-197-2 of the French Commercial Code, under the provisions of Articles L.225-197-1 *et seq.* of the French Commercial Code;

(c) holding them and subsequently remitting them for payment or exchange in connection with external growth transactions;

(d) remitting them when exercising rights attached to transferable securities conferring immediate and/or future entitlement to the allocation of shares of the Company;

(e) cancelling them, in whole or in part, in order to optimise cash management, return on equity and earnings per share, pursuant to a cancellation authorisation granted to the Executive Board by the Extraordinary Shareholders' Meeting.

The maximum unit purchase price may not exceed, subject to applicable laws and regulations, one hundred and fifty euros (€150) (excluding purchase costs). The maximum amount of funds that the Company may devote to the transaction is one hundred and fifty million euros (€150,000,000), or its equivalent on the same date in foreign currencies or any other monetary unit established by reference to several currencies. The Executive Board may, in the event of transactions on the Company's capital, including a change in the par value of ordinary shares, capital increase by incorporation of reserves followed by the creation and free allocation of shares, division or grouping of securities, adjust the maximum purchase price referred to above in order to take account of the impact of these transactions on the value of the shares.

The General Shareholders' Meeting resolves that the shares may be purchased, sold or transferred and paid for, on one or more occasions, by any means authorised by the applicable regulations, on the market or off the market, including by means of a public offer or transactions on blocks of shares, in the form of options or derivatives or warrants, under the conditions provided for by the market authorities and at the times that the Executive Board or the person acting on delegation of the Executive Board will decide, and that the maximum portion of the capital that may be transferred as blocks of shares may account for the entirety of the share purchase programme.

The General Shareholders' Meeting resolves that the Company may use this resolution and continue to carry out its purchase programme even in the event of public offers relating to shares, securities or transferable securities issued by the Company or initiated by the Company, in accordance with the applicable legal and regulatory provisions. In accordance with the applicable regulations, the Company must inform the AMF of the purchases, sales and transfers made and, more generally, undertake all necessary formalities and disclosures.

The General Shareholders' Meeting grants all powers to the Executive Board, with the option to subdelegate such powers under the conditions provided for by law and by the Company's Articles of Association, to carry out all acts, enter into all agreements, undertake all formalities and in general to do whatever is necessary for this resolution to be applied.

This authorisation is granted for a period of eighteen (18) months starting from this Meeting. The General Shareholders' Meeting resolves that this authorisation cancels and, in respect of the unused portion, supersedes any prior decision of the shareholders with the same purpose.

This resolution was adopted.

7.3 Text of resolutions submitted to the Extraordinary General Shareholders' Meeting

17th RESOLUTION (*Delegation of authority to the Executive Board to decide to issue ordinary shares and/or transferable securities which are capital securities giving access to other capital securities of the Company or conferring entitlement to the allocation of debt securities and/or transferable securities giving access to capital securities to be issued – with the elimination of the preferential subscription right and via a public offering other than those referred to in paragraph 1° of Article L.411-2 of the French Monetary and Financial Code, or in the context of a public offer including an exchange component)*

The General Shareholders' Meeting, voting under the quorum and majority conditions required for extraordinary shareholders' meetings, having read the Executive Board's report and the Statutory Auditors' special report and having confirmed that the share capital has been paid up in full, in accordance with the provisions of Articles L.225-129 *et seq*. of the French Commercial Code and in particular Articles L.225-129-2, L.225-135, L.225-136, L.225-148 and L.228-91 *et seq.* of that Code:

1 - Delegates authority to the Executive Board, with the option of subdelegating such authority to any person authorised by law, on one or more occasions, in the proportions and at the times it decides, in France and abroad, in euros or in foreign currency, or in any monetary unit established by reference to a set of currencies, to issue, with removal of shareholders' preferential subscription right, by means of a public offer other than those referred to in paragraph 1° of Article 411-2 of the French Monetary and Financial Code, of ordinary shares of the Company and any transferable securities that are equity securities giving access to other equity securities or conferring entitlement to the allocation of debt securities, and/or transferable securities, including debt securities, giving access to equity securities to be issued, of any kind, including subscription warrants issued independently, free of charge or for consideration, or purchase warrants, giving immediate and/or future access by any means to the Company's capital, or conferring entitlement to the allocation of debt securities, it being understood that the subscription may be paid for in cash, or by way of offset against due and payable debts, or by transfer to the Company of securities that meet the conditions laid down in Article L.225-148 of the French Commercial Code under a public offer with an exchange component initiated by the Company and that any issue of preference shares is precluded.

2 - Resolves that the maximum nominal amount of share capital increases likely to be carried out immediately and/or in the future under this delegation, may not exceed twenty million euros (€20,000,000) or its equivalent in foreign currencies or any other monetary unit established by reference to several currencies on the date of the issue decision, plus, if applicable, the nominal amount of the additional shares to be issued in order to safeguard, in accordance with the laws and regulations in force and, if applicable, the contractual stipulations, the rights of holders of transferable securities giving access to the capital, including if the shares are issued to finance returns on securities that may be transferred to the Company under a public offer with an exchange component on securities that fulfil the conditions of Article L.225-148 of the French Commercial Code, on the understanding that this amount will count towards the overall cap of fifty million euros (€50,000,000) set in the 21st resolution of this General Shareholders' Meeting.

3 - Resolves that securities giving access to ordinary shares of the Company issued under the conditions defined above may consist of debt securities or be associated with the issue of such securities, or allow them to be issued as intermediate securities. In particular, they may take the form of subordinated or non-subordinated securities, with a fixed or open-ended duration, and may be issued either in euros or in foreign currencies or in any monetary units established by reference to several currencies. The nominal amount of the debt securities likely to be issued pursuant to this delegation of authority may not exceed the sum of one hundred and fifty million euros (€150,000,000) or the equivalent in foreign currencies or any other monetary unit established by reference to several currencies on the date of the issue decision, (i) on the understanding that this amount will count towards the cap set in the 17th resolution of the Combined Shareholders' Meeting of 21 March 2019 and (ii) is independent and separate from the amount of the debt securities referred to in Articles L.228-40 and L.228-92, final paragraph of the French Commercial Code, of which the Executive Board may decide or authorise the issue in accordance with Article L.228-40 of the French Commercial Code or the Articles of Association.

4 - Resolves to remove the preferential subscription rights of shareholders to shares and/or securities to be issued under this authority and which may therefore be subject to a public offer, it being understood that the Executive Board may, in accordance with Article L.225-135 of the French Commercial Code, grant shareholders a priority option to subscribe to all or part of the issue, for a period for which the minimum duration is set by decree and under the conditions that the Board will set. This priority subscription option will not create negotiable rights, but it may, if the Executive Board thinks fit, be exercised for both irreducible and reducible amounts. If an issue of shares or securities decided pursuant to this delegation of authority has not been fully subscribed, the Executive Board may use either of the following powers, in the order it decides:

- limit the issue to the amount of the subscriptions provided that the said amount is at least three quarters of the issue that was initially decided;
- freely distribute all or some of the unsubscribed issued securities;

- offer all or some of the unsubscribed securities to the public, on the French or international market.

5 – Expressly authorises the Executive Board to make full or partial use of this delegation of authority to finance returns on any securities transferred to the Company under a public offer containing with an exchange component initiated by the Company on securities issued by any company that fulfil the conditions of Article L.225-148 of the French Commercial Code, as stipulated in this resolution (with the exception of the issue price restrictions set out in paragraph 7 below).

6 - Notes that, where applicable, the above-mentioned delegation of authority automatically implies, to the benefit of holders of securities providing access to the Company's capital, which may be issued under this delegation of authority, the waiver by shareholders of their preferential subscription right to the shares to which these securities may confer entitlement.

7 - Resolves that (i) the issue price for the shares will be at least equal to the minimum permitted by the applicable laws and regulations (i.e. for information purposes, as at the date of this Shareholders' Meeting, a price at least equal to the weighted average of the prices for the last three stock market trading sessions prior to commencement of the public offer, less a possible maximum discount of 10%) and (ii) the issue price of the other securities will be such that the amount received immediately by the Company plus the amount likely to be collected by it in future for each share issued as a result of the issue of these transferable securities, is at least equal to the price specified in (i) of this paragraph.

8 - Resolves that the Executive Board will have the broadest powers, with the option of subdelegating such powers to any person authorised by law, to implement this delegation of authority and in particular to:
- determine the conditions for (the) capital increase(s) and/or (the) issue(s);
- determine the number of shares and/or securities to be issued, their issue price and the amount of the premium for which payment in full may be requested, if applicable, at the time of issue;
- decide on the issue dates and procedures, the nature and form of the securities to be created, which may be subordinated or non-subordinated, with a fixed or open-ended term, and in particular, in the event of the issue of securities representing debt securities, their interest rate, their term, their redemption price, whether fixed or variable, with or without premiums and the amortisation procedures;
- determine how the shares and/or securities issued will be paid up;
- determine, where applicable, the terms and conditions for exercising the rights attached to the securities issued or to be issued and, in particular, determine the date, which may be retroactive, from which the new shares will be entitled to receive dividends, as well as any other conditions and procedures for completing the issue(s);
- determine how, if applicable, the Company will have the option to buy or exchange, at any time or for specified periods, securities issued or to be issued;
- provide for the possibility of suspending the exercise of the rights attached to these securities for a maximum period of three months;
- set out the terms and conditions under which the rights of holders of the transferable securities conferring a future right to shares of the Company will be safeguarded, in accordance with the legal and regulatory provisions and, as the case may be, the applicable contractual provisions;
- in particular, in the event that securities are issued for the purpose of financing returns on securities transferred under a public offer with an exchange component initiated by the Company:

* to draw up the list of securities contributed to the exchange;

* to set the conditions of issue, the exchange ratio and, where applicable, the amount of the cash balance to be paid;

* determine the terms and conditions of issue under either a public exchange offer or a public purchase or exchange offer in principal terms, together with a public exchange or purchase offer on secondary terms, or an alternative public purchase or exchange offer, or any other form of public offer in accordance with the law and regulations applicable to said public offer;

- on its sole initiative, offset the costs, charges and duties for the capital increase(s) against the amount of the premiums relating thereto and, where applicable, deduct from this amount the sums necessary to increase the legal reserve to one tenth of the new capital amount after each increase;
- determine the terms under which the Company will have the option, where applicable, to purchase the warrants, at any time or during specified periods, for the purpose of cancelling them, in the event of the issue of securities conferring entitlement to the allocation of capital securities on presentation of a warrant;
- in general, enter into all agreements, particularly in order to ensure the successful completion of the planned transaction(s), take all measures and carry out all formalities required for financial servicing of the securities issued under this delegation of authority as well as the exercise of the rights attached thereto, record the completion of each capital increase, make the corresponding amendments to the Articles of Association, and generally do whatever is necessary.

This delegation of authority is granted for a period of twenty-six (26) months starting from this Meeting. The General Shareholders' Meeting resolves that this authorisation cancels and, in respect of the unused portion, supersedes any prior decision of the shareholders with the same purpose.

This resolution was adopted

<u>18th RESOLUTION *(Delegation of authority to the Executive Board to decide to issue ordinary shares and/or transferable securities which are capital securities giving access to other capital securities of the Company or conferring entitlement to the allocation of debt securities and/or transferable securities giving access to capital securities to be issued – with the elimination of the preferential subscription right and via an offering referred to in paragraph 1° of Article L.411-2 of the French Monetary and Financial Code)*</u>

The General Shareholders' Meeting, voting under the quorum and majority conditions required for extraordinary shareholders' meetings, having read the Executive Board's report and the Statutory Auditors' special report, in accordance with the provisions of Articles L.225-129 *et seq*. of the French Commercial Code and in particular Articles L.225-129-2, L.225-135, L.225-136 and the provisions of L.228-91 *et seq.* of that Code:

1 - Delegates authority to the Executive Board, with the option of subdelegating such authority to any person authorised by law, to decide to increase the share capital, funder an offer referred to in paragraph 1° of Article L.411-2 of the French Monetary and Financial Code, i.e. an offer exclusively for a restricted group of investors acting on their own behalf or for qualified investors, and subject to a limit of 20% of the Company's capital (as it exists at the time of the transaction) per twelve-month (12) period, on one or more occasions, in the proportions and at the times that it decides, by issuing, in France and abroad, in euros or in foreign currency, with removal of shareholders' preferential right, ordinary shares of the Company and any transferable securities that are equity securities giving access to other equity securities of the Company or conferring entitlement to the allocation of debt securities and/or transferable securities, including debt securities, giving access to equity securities to be issued, of any kind, with it being possible to subscribe for such shares and transferable securities either in cash, or by way of offset against due and payable debts; it is understood that the issue of any securities or transferable securities giving access to preference shares is precluded; the nominal amount of any capital increase under this delegation of authority will count towards the overall cap of fifty million euros (€50,000,000) set in the 21st resolution of this General Shareholders' Meeting.

2 - Resolves that the maximum nominal amount of issues of transferable securities representing debt securities giving access to the capital which may be carried out under this delegation of authority may not exceed a nominal amount of one hundred and fifty million euros (€150,000,000), or the equivalent of this amount in case of issue in another currency; the nominal amount of issues of securities representing debt securities which may be carried out pursuant to this delegation of authority (i) shall count towards the cap set in the 17th resolution of the Combined Shareholders' Meeting of 21 March 2019 and (ii) is independent and separate from the amount of the debt securities referred to in Articles L.228-40 and L.228-92, last paragraph of the French Commercial Code, of which the Executive Board may decide or authorise the issue in accordance with Article L.228-40 of the French Commercial Code or the Articles of Association.

3 - Resolves to eliminate the preferential subscription rights of shareholders to the shares and transferable securities issued under this delegation of authority.

4 – Takes note and resolves, as appropriate, that this delegation of authority automatically implies express waiver by shareholders, to the benefit of holders of the securities issued, of their preferential subscription right to the securities to which the securities issued will confer entitlement.

5 - Resolves that (i) the issue price for the shares will be at least equal to the minimum permitted by the applicable laws and regulations (i.e. for information purposes, as at the date of this Shareholders' Meeting, a price at least equal to the weighted average of the prices for the last three stock market trading sessions prior to commencement of the public offer, less a possible maximum discount of 10%) and (ii) the issue price of the other securities will be such that the amount received immediately by the Company plus the amount likely to be collected by it in future for each share issued as a result of the issue of these transferable securities, is at least equal to the price specified in (i) of this paragraph.

6 - Resolves that if the issue has not been fully subscribed, the Executive Board may use one or more of the following powers in the order it determines:

- limit the amount of the issue in question to the amount of the subscriptions provided that they are at least three quarters of the issue that was initially decided;
- freely distribute all or some of the unsubscribed issued securities to the persons of its choice.

7 - Resolves that the Executive Board will have the broadest powers, with the option of subdelegating such powers to any person authorised by law, to implement this delegation of authority and in particular to:

- determine the conditions for (the) capital increase(s) and/or (the) issue(s);
- determine the number of shares and/or securities to be issued, their issue price and the amount of the premium for which payment in full may be requested, if applicable, at the time of issue;
- decide on the issue dates and procedures, the nature and form of the securities to be created, which may be subordinated or non-subordinated, with a fixed or open-ended term, and in particular, in the event of the issue of securities representing debt securities, their interest rate, their term, their redemption price, whether fixed or variable, with or without premiums and the amortisation procedures;
- determine how the shares and/or securities issued will be paid up;
- determine, where applicable, the terms and conditions for exercising the rights attached to the securities issued or to be issued on the basis of this resolution and, in particular, determine the date, which may be retroactive, from which the new shares will be entitled to receive dividends, as well as any other conditions and procedures for completing the issue(s);
- determine how, if applicable, the Company will have the option to buy or exchange, at any time or for specified periods, securities issued or to be issued on the basis of this resolution;
- provide for the possibility of suspending the exercise of the rights attached to these securities for a maximum period of three months;
- set out the terms and conditions under which the rights of holders of the transferable securities conferring a future right to shares of the Company will be safeguarded, in accordance with the legal and regulatory provisions and, as the case may be, the applicable contractual provisions;
- - on its sole initiative, offset the costs, charges and duties for the share capital increase(s) against the amount of the premiums relating thereto and, where applicable, deduct from this amount the sums necessary to increase the legal reserve to one tenth of the new capital amount after each increase;

- in general, enter into all agreements, particularly in order to ensure the successful completion of the planned transaction(s), take all measures and carry out all formalities required for financial servicing of the securities issued under this delegation of authority as well as the exercise of the rights attached thereto, record the completion of each capital increase, make the corresponding amendments to the Articles of Association, and generally do whatever is necessary.

This delegation of authority is granted for a period of twenty-six (26) months starting from this Meeting. The General Shareholders' Meeting resolves that this authorisation cancels and, in respect of the unused portion, supersedes any prior decision of the shareholders with the same purpose.

This resolution was adopted

<u>19th RESOLUTION *(Authorisation for the Executive Board to decide to issue ordinary shares and/or securities which are capital securities giving access to other capital securities of the Company or conferring entitlement to the allocation of debt securities and/or securities giving access to capital securities to be issued, and to freely determine the issue price, subject to a limit of 10% of the share capital – without preferential subscription rights)*</u>

The General Shareholders' Meeting, voting under the quorum and majority conditions required for extraordinary shareholders' meetings, having read the

Executive Board's report and the Statutory Auditors' special report, under Article L.225-136-1° of the French Commercial Code and subject to a limit of 10% of the share capital per twelve-month (12) period for the purpose of issues of ordinary shares and/or transferable securities which are equity securities giving access to other equity securities of the Company or giving entitlement to the allocation of debt securities and/or securities giving entitlement to equity securities to be issued as decided under the delegations of authority granted under the 17th and 18th resolutions of this General Shareholders' Meeting, authorises the Executive Board to freely set the issue price on the basis of market opportunities, the sole limitation being that the amounts to be received for each share are at least equal to their par value. It is understood that the nominal amount of any capital increase carried out pursuant to this authorisation will count towards the overall cap of fifty million euros (€50,000,000) set in the 21st resolution of this General Shareholders' Meeting;

This delegation of authority is granted for a period of twenty-six (26) months starting from this Meeting. The General Shareholders' Meeting resolves that this authorisation cancels and, in respect of the unused portion, supersedes any prior decision of the shareholders with the same purpose.

This resolution was adopted

20th RESOLUTION ***(Authorisation for the Executive Board to increase the number of shares and/or securities to be issued in the event of a capital increase with or without preferential subscription rights).***

The General Shareholders' Meeting, voting under the quorum and majority conditions required for extraordinary shareholders' meetings, having read the Executive Board's report and the Statutory Auditors' special report and in accordance with the provisions of Article L.225-135-1 of the French Commercial Code:

Authorises the Executive Board, with the option of subdelegating such authorisation to any person authorised by law, to increase the number of shares, equity securities or other transferable securities to be issued in the event of an increase in the Company's share capital with or without preferential subscription rights, as decided pursuant to the 17th resolution of the Combined Shareholders' Meeting of 21 March 2019, or the 17th or 18th resolutions of this General Shareholders' Meeting, in accordance with the deadlines and subject to the limits set by the regulations applicable on the day of the issue (i.e., as things stand, within 30 days of the closure of the subscription period and subject to a limit of 15% of the initial issue), at the same price as was used for the initial issue, resolves that the nominal amount of any capital increase under this authorisation will count towards the cap applicable to the initial issue and to the overall capital increase cap of fifty million euros (€50,000,000) set in the 21st resolution of this General Shareholders' Meeting.

This authorisation is granted for a period of twenty-six (26) months starting from this Meeting. The General Shareholders' Meeting resolves that this authorisation cancels and, in respect of the unused portion, supersedes any prior decision of the shareholders with the same purpose.

This resolution was adopted

21st RESOLUTION ***(Setting the maximum nominal amount of immediate and/or future share capital increases that may be performed: overall cap).***

The General Shareholders' Meeting, voting under the quorum and majority conditions required for extraordinary shareholders' meetings, having read the Executive Board's report, and as a result of the adoption of the extraordinary resolutions above, resolves to set a maximum nominal amount of fifty million euros (€50,000,000) for immediate or future share capital increases likely to be performed under the delegations of authority and authorisations granted by the previous extraordinary resolutions as well as, if applicable, current valid delegations of authority (including those approved by the Combined Shareholders' Meeting of 21 March 2019 which have not been cancelled by this Meeting), on the understanding that this nominal amount may be increased by the nominal amount of the additional shares to be issued to safeguard the rights of holders of transferable securities giving access to the capital, in accordance with the applicable legislative and regulatory provisions and, if applicable, contractual stipulations.

This resolution was adopted

22nd RESOLUTION ***(Delegation of authority to the Executive Board to increase the share capital, with elimination of the preferential subscription right, by issuing ordinary shares and/or securities giving access to ordinary shares of the Company reserved for members of a Company Savings Plan (PEE)).***

The General Shareholders' Meeting, voting under the quorum and majority conditions required for extraordinary shareholders' meetings, having read the Executive Board's report and the Statutory Auditors' special report and in accordance with the provisions of Articles L.225-129 *et seq*. of the French Commercial Code as well as Articles L.3332-1 and L.3332-18 *et seq.* of the French Employment Code:

1 - Delegates authority to the Executive Board, with the option of subdelegating such authority to any person authorised by law, to increase the share capital, on one or more occasions, in the proportions and at the times that it decides, at its discretion, by issuing ordinary shares or transferable securities giving access to ordinary shares of the Company reserved for eligible corporate officers, employees and former employees of the Company and/or of companies or economic interest groupings related to the Company under the terms of Article L.225-180 of the French Commercial Code, as well as Articles L.3344-1 et L.3344-2 of the French Employment Code, who are members of the Company's company/group savings plan. Such securities may be issued by means of a cash payment or by capitalising reserves, profits or premiums and the free allocation of shares or other securities giving access to the capital. The total nominal amount of the capital increases that may be performed under this resolution may not exceed one million euros (€1,000,000), plus, where applicable, the nominal amount of the additional shares to be issued to safeguard, in accordance with the law and, where applicable, the contractual provisions, the rights of holders of securities giving access to the capital, on the understanding that this amount does not count towards the overall cap stipulated in the 25th resolution.

2 - Resolves to remove the preferential subscription rights of shareholders, to the benefit of the said members of a company savings plan, to the ordinary shares and securities to be issued, granted free of charge if applicable, under this resolution, which implies waiver by shareholders of their preferential subscription rights to the ordinary shares to which the securities issued on the basis this authorisation may confer entitlement.

3 - Resolves that the issue price of the ordinary shares or transferable securities to be issued pursuant to this resolution will be set under the conditions provided for in Articles L.3332-18 *et seq*. of the French Employment Code, and will correspond, pursuant to Articles L.3332-18 et seq. referred to above, to the average price for the share listed on the Euronext Paris market for the 20 stock market trading days preceding the Executive Board's decision setting the opening date for the subscription period, after application, if applicable, of a discount of no more than 30%, or 40% when the lock-up period stipulated by the plan pursuant to Articles L.3332-25 and L.3332-26 of the French Employment Code is 10 years or more. The General Shareholders' Meeting expressly authorises the Executive Board to reduce or cancel the aforementioned discount, if it sees fit, in particular in order to take into account new international accounting provisions or, *inter alia*, the legal, accounting, tax and social security regimes applicable locally. The Executive Board may also replace all or part of the discount by allocating ordinary shares or transferable securities giving access to the capital pursuant to the provisions below.

4 - Authorises the Executive Board to proceed with the free allocation of ordinary shares or other securities giving immediate and/or future access to the Company's capital, it being understood that the total benefit resulting from this allocation in respect of the employer contribution and/or discount may not exceed the legal or regulatory limits.

5 - Resolves that the characteristics of any securities giving access to the Company's capital will be determined by the Executive Board under the conditions stipulated in the regulations applicable at that time.

6 - Delegates to the Executive Board, within the limits and under the conditions specified above, the broadest powers to determine all the terms and conditions of the transactions stipulated in the terms of this resolution and in particular:
- to decide that issues may take place directly for the benefit of beneficiaries or through undertakings for collective investment in transferable securities or through another entity or entities as permitted by applicable legal or regulatory provisions;
- to establish, where applicable, a list of companies eligible for the offer that is shorter than the list of companies eligible for the company savings plan;
- to set the terms and conditions of the issues that will be carried out under this authorisation and in particular the terms and conditions of entitlement to dividend rights, the procedures for payment in full, and the subscription price for ordinary shares or transferable securities giving access to the capital under the legal conditions;
- to determine the start and end dates for the subscription period;
- to set the deadline for subscribers to pay in full for their ordinary shares or their transferable securities giving access to the capital;
- to take all necessary measures to safeguard the rights of holders of securities or other equity-linked securities, in accordance with the legal and regulatory provisions and, if applicable, the contractual provisions;
- to record the completion of the capital increase up to the amount of equity securities or transferable

securities giving access to the capital that will actually be subscribed;
- at its sole discretion and as it sees fit, to offset the costs of the capital increases to the amount of the premiums relating thereto and deduct from this amount the sums necessary to increase the legal reserve to one tenth of the new capital amount after each increase;
- to take all measures to carry out capital increases, carry out the resulting formalities, particularly those relating to the listing of the securities created, and more generally to do whatever is necessary. The Executive Board may delegate to any person authorised by law the powers necessary to carry out the issues authorised by this resolution, as well as the powers to postpone them, subject to the limits and according to the procedures that it may specify in advance.

This authorisation is granted for a period of twenty-six (26) months from this Meeting. The General Shareholders' Meeting resolves that this authorisation cancels and, in respect of the unused portion, supersedes any prior decision of the shareholders with the same purpose.

This resolution was adopted

23rd RESOLUTION *(Authorisation granted to the Executive Board to reduce the capital by cancelling shares).*

The General Shareholders' Meeting, voting under the quorum and majority conditions required for extraordinary shareholders' meetings, having read the Executive Board's report and the Statutory Auditors' special report:

1 - Authorises the Executive Board, under the provisions of Article L.225-209 of the French Commercial Code, to cancel, on one or more occasions, the shares acquired by the Company as part of a programme by the Company to buy back its own shares, subject to a limit of 10% of the Company's share capital per twenty-four-month (24) period and to reduce the share capital accordingly, on the understanding that this limit applies to an amount of the Company's capital which will be adjusted to take account of transactions affecting share capital taking place subsequent to this General Shareholders' Meeting.

2 - Assigns the broadest powers to the Executive Board, with the option to subdelegate such powers to any person authorised by law, to carry out this or these capital reductions, in particular to determine the final amount of the capital reduction, to set the terms and conditions and to record its completion and amend the Articles of Association accordingly, to carry out all formalities, procedures and declarations in respect of all bodies and, in general, to do whatever is necessary. This delegation of authority is granted for a term of eighteen (18) months starting from this Meeting. The General Shareholders' Meeting resolves that this authorisation cancels and, in respect of the unused portion, supersedes any prior decision of the shareholders with the same purpose.

This resolution was adopted

24th RESOLUTION (Powers to complete formalities).

As necessary, the General Shareholders' Meeting, voting under the quorum and majority conditions required for extraordinary shareholders' meetings, gives the broadest powers to the bearer of copies or extracts of the minutes of this General Shareholders' Meeting to carry out all disclosure and filing formalities, and generally to do whatever is necessary.

This resolution was adopted

CONSOLIDATED FINANCIAL STATEMENTS 2019

I - Consolidated balance sheet as at 31 December 2019

ASSETS (in thousands of euros)	Notes	31.12.2019	31.12.2018
Non-current assets:			
Goodwill	8	55,648	
Other intangible assets	9	18	27
IFRS 16 rights of use	9	64,098	
Tangible fixed assets	10	11,787	12,148
Assets under construction	11.1	54,346	66,409
Investment properties	11.2	2,670,452	1,385,640
Investments in associates	17	1,073	5,205
Financial derivative instruments	12		322
Other non-current assets	13	1,127	3,154
Total non-current assets		**2,858,551**	**1,472,904**
Current assets:			
Trade receivables	14	40,643	17,309
Other current assets	15	30,535	16,661
Other financial assets at fair value through income			
Cash and cash equivalents	16	16,721	25,673
Total current assets		**87,898**	**59,642**
Assets held for sale			
TOTAL ASSETS		**2,946,449**	**1,532,546**

LIABILITIES (in thousands of euros)	Notes	31.12.2019	31.12.2018
Shareholders' equity:			
Capital	18.1	44,424	32,755
Premiums	18.1	330,692	52,722
Reserves		659,892	427,496
Impact of first application of IFRS 16		-3,167	
Treasury shares	18.3	-74	-181
Revaluation of financial instruments	12	-8,083	-3,843
Income		215,037	144,525
Total equity, share of owners of the parent company		**1,238,722**	**653,472**
Minority interests		4	5
Total consolidated shareholders' equity		**1,238,726**	**653,477**
Non-current liabilities:			
Long-term portion of financial liabilities	19	818,341	748,200
Long-term portion of IFRS 16 lease liabilities	19	67,402	
Financial derivative instruments	12	5,703	1,849
Security deposits	20	7,839	6,884
Provisions	21		
Long-term tax liabilities (Exit Tax - SIIC)	22		
Total non-current liabilities		**899,285**	**756,934**
Current liabilities:			
Short-term portion of financial liabilities	19	60,696	53,339
Short-term portion of financing (Cargo transaction)	19	645,000	
Short-term portion of IFRS 16 lease liabilities	19	1,455	
Financial derivative instruments	12		
Short-term tax liabilities (Exit Tax - SIIC - Current taxes)	22		1,081
Debts on fixed assets		26,587	20,592
Provisions	21		527
Other current liabilities	23	74,701	46,597
Total current liabilities		**808,439**	**122,135**
TOTAL LIABILITIES		**2,946,449**	**1,532,546**

II - Consolidated income statement

Period from1 January 2019 to 31 December 2019

In thousands of euros	Notes	31.12.2019	31.12.2018
Rental income		100,238	85,390
Property operating income and expenses		-510	
Other income and expenses on buildings		2,354	
Net income from buildings	24	**102,082**	**85,390**
Other income from operations			
Personnel expenses		-6,320	-4,000
External expenses		-18,956	-1,760
Taxes		-32,527	-1,314
Amortisation, depreciation and provisions (1)		-1,889	-374
Other operating income and expenses		-309	-43
Current operating income		**42,080**	**77,900**
Income from disposals	11	-306	1,893
Change in fair value of investment property	11	197,148	81,212
Operating income		**238,921**	**161,005**
Income from cash and cash equivalents	25	190	275
Cost of gross financial debt (2)	25	-25,865	-21,566
Cost of net financial debt	25	**-25,675**	**-21,291**
Other financial income and expenses	26	-1,029	-1,334
Tax expense or income	27	1,416	-1,694
Share of income from associates	17	1,404	7,839
Net income		**215,036**	**144,525**
Equity holders of the parent		215,037	144,525
Non-controlling interests		-1	
Earnings per share in euros	28	**12.14**	**8.86**
Diluted earnings per share in euros	28	**12.14**	**8.86**

(1) Including allocations for IFRS 16 rights of use: €1,845K

(2) Including interests related to IFRS 16 lease liabilities: €1,445K

III – Statement of income and expenses recognised

In thousands of euros	Notes	31.12.2019	31.12.2018
Earnings for the period		**215,036**	**144,525**
Effective portion of gains and losses on hedging instruments	12	-1,324	880
Total gains and losses recognised directly in equity		**-1,324**	**880**
Earnings for the period and gains and losses recognised directly in equity		**213,712**	**145,405**
- Of which Group share		213,713	145,405
- Of which non-controlling interests		-1	0

IV - Consolidated cash flow statement

In thousands of euros	Notes	31.12.2019	31.12.2018
Consolidated net income (including minority interests)		**215,036**	**144,525**
Net depreciation expense and provisions		-28	901
Unrealised gains and losses related to changes in fair value of investment property	11	-197,148	-81,212
Unrealised gains and losses related to changes in fair value of derivative instruments	12	1,001	1,283
Calculated expenses		2,079	10
Expenses incurred (costs) on the Cargo transaction		-964	
Income from disposals of assets, grants received	11	306	-1,893
Share of income related to associates		-1,403	-7,839
Cost of net financial debt	25	20,055	21,291
Cost of net financial debt - Cargo transaction	25	5,620	
Tax expense (including deferred taxes)	27	-1,416	1,694
Cash from operations before cost of debt and tax (A)		**43,139**	**78,760**
Current taxes (B)		-3,147	-1,271
Change in operating WCR (C)		-26,303	3,758
Net cash flow from operations (D) = (A + B + C)		**13,689**	**81,247**
Acquisition of tangible and intangible assets		-115,408	-190,697
Disposals of fixed assets	11	-7	88,971
Acquisitions of financial capital assets	13	-199	-275
Decreases in financial capital assets			
Impact of business combinations - Cargo	30	-588,278	
Impact of business combinations - Portimmo	30	-6,735	
Dividends received (equity-accounted companies)	17	5,535	2,661
Change in fixed asset liabilities		-4,781	16,835
Other investing cash flow items		2,165	245
Net investing cash flow (E)		**-707,709**	**-82,259**
Capital increase and reduction		0	5
Purchase and resale of treasury shares	18.3	174	-121
Investment grant received			
Dividend paid (shareholders of the parent company and minority interests)	18.2	-10,197	-9,504
Receipts from borrowing		766,869	113,797
Repayment of borrowings and financial debts	19.1	-45,092	-158,743
Payment of IFRS 16 lease debt	19.1	-1,115	
Net cash flow from financial income and expenses		-25,570	-21,186
Other financing cash flow items (lessee advances)			
Net financing cash flow (F)		**685,068**	**-75,752**
Net cash flow (D + E + F)		**-8,952**	**-76,764**
Opening cash position		25,617	102,381
Cash position on the balance sheet date	29	16,664	25,617

V – Statement of changes in consolidated equity

(in thousands of euros)	Capital	Premiums and Reserves	IFRS 16	Treasury shares	Gains and losses recognised in equity	Earnings	Shareholders' equity, Group share	Shareholders' equity, minority interests' share	Total shareholders' equity
Shareholders' equity as at 31 December 2017	**32,328**	**400,469**		**-52**	**-6,746**	**91,683**	**517,683**	**0**	**517,683**
Dividend	427	6,575				-16,506	-9,504		-9,504
Allocation of retained earnings		73,151			2,023	-75,176	0		0
Treasury shares				-129			-129		-129
Free share allocation		10					10		10
Capital increases							0	5	5
Income from disposal of treasury shares		12					12		12
Comprehensive income as at 31 December 2018					880	144,525	145,405		145,405
Shareholders' equity as at 31 December 2018	**32,755**	**480,218**	**0**	**-181**	**-3,843**	**144,525**	**653,472**	**5**	**653,477**
Dividend	491	11,418				-22,106	-10,197		-10,197
Allocation of retained earnings		125,335			-2,917	-122,419	0		0
Impact of first application of IFRS 16 on 01/01/19			-3,167				-3,167		-3,167
Treasury shares				107			107		107
Free share allocation		2,079					2,079		2,079
Impact of changes in scope - Cargo (1)	11,178	371,470					382,648		382,648
Income from disposal of treasury shares		62					62		62
Comprehensive income as at 31 December 2019					-1,324	215,036	213,712	-1	213,712
Shareholders' equity as at 31 December 2019	**44,424**	**990,584**	**-3,167**	**-74**	**-8,083**	**215,036**	**1,238,722**	**4**	**1,238,726**

(1) The impact of €382.6 million pertains to:

- The issue price of the securities (shares issued): €279.5 million
- The effect of the business combination in accordance with IFRS 3: €104 million
- Acquisition costs booked: -€0.9 million

VI - Notes to the consolidated financial statements
Period from 1 January to 31 December 2019

1. General information

ARGAN's business is the construction, acquisition and rental of logistics facilities and warehouses.

The company and its "Immo CBI" subsidiary have been covered by the tax regime for listed real estate investment companies (SIICs) since 1 July 2007.

The Group has held a 49.9% stake in SCCV Nantour since 9 September 2016.

On 15 May 2018, SCI Avilog was created. The Group holds 51% of the shares of this subsidiary.

On 14 May 2019, the Group acquired all the shares of SAS PORTIMMO. SAS PORTIMMO was merged into ARGAN during the financial year.

On 15 October 2019, the Group acquired all the shares of SCI CARGO PROPERTY ASSETS. SCI CARGO PROPERTY ASSETS and its 22 subsidiaries transferred all of their assets to ARGAN on 25 November and 31 December 2019, respectively.

ARGAN is listed on NYSE Euronext Paris, compartment B, since 25 June 2007.

2. Significant events

In 2019, ARGAN invested a total of €1,045 million to acquire a floor area of to 1,230,000 sq. meters.

In May, ARGAN acquired PORTIMMO, which owned an 8,200 sq. m fulfilment hub and a separate office building of 3,500 sq. m in Gennevilliers (92). These have been leased for a fixed term of 10 years to DSV Road, the world number 5 in transport and logistics services.

In June, the Company delivered a hub covering 65,000 sq. m (including mezzanine). The facility is located in Fleury-Mérogis (91) and has been leased for a fixed term of 12 years to Casino for the food e-commerce operations of the Monoprix brand. The mezzanine in this warehouse will be given over to an automated process, developed by British service provider Ocado and the first of its kind in France.

In June, ARGAN delivered a 34,000 sq. m hub in Pusignan, near Lyon (69). The facility has been leased for a fixed term of 9 years to Tereva, one of France's leading distributors of heating and sanitation products to the construction industry.

In October, the company acquired the Cargo portfolio, comprising 22 premium logistics hubs leased to Carrefour Group for fixed terms of 6 years on average and representing 1,085,000 sq. m.

In November, it let a 21,000 sq. m refrigerated hub in Niort/La Crèche (79). This hub has been leased for 12 years to the Eurial dairy division of Agrial, France's second-largest dairy cooperative.

In December, ARGAN delivered a 13,000 sq. m hub in Albon (26), 60 km south of Lyon and leased for a fixed term of 7 years to Nutrition & Santé, the European leader in health food and organic food.

The PORTIMMO and CARGO assets were acquired as business combinations in accordance with IFRS 3. The other assets were the subject of isolated acquisitions.

3. Background to the preparation of the consolidated financial statements

The consolidated annual financial statements for the period from 1 January to 31 December 2019 were adopted by the Executive Board on 13 January 2020.

In accordance with Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards, the ARGAN Group's consolidated financial statements are prepared in accordance with IFRS as adopted in the European Union. The standards are available on the European Commission website (https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32008R1126).

The new standards that must be applied as of 1 January 2019 and which will have a significant impact on the Group's earnings and financial position are as follows:

- IFRS 16: Lease agreements (published on 13 January 2016),

Section 4 sets out the information required under the transition arrangements and the impact of the first-time application of IFRS 16.

The standards and interpretations listed below have been applicable to the Group since 1 January 2019 and have no significant impact on its earnings and financial position:

- IFRIC 23: Uncertainty over Income Tax Treatments (published on 7 June 2017);
- Amendments to IAS 19: Employee Benefits: Plan Amendment, Curtailment or Settlement (published on 7 February 2018);
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (published on 12 October 2017);
- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures (published on 12 October 2017);
- Annual Improvements (2015-2017 cycle): Annual Improvements to IFRS Standards 2015–2017 Cycle (published March 14, 2019).

The Group opted not to implement the standards, amendments to standards and interpretations adopted by the European Union that were eligible for early application from 2019.

The standards, amendments to standards and interpretations currently being adopted by the European Union have not been applied early.

4. General principles of measurement and preparation

The financial statements are presented in thousands of euros.

They are prepared according to the historical cost principle, except for investment property and financial derivative instruments, which are measured at fair value.

Application of IFRS 13 "Fair Value Measurement"

Since 1 January 2013, the ARGAN Group has applied IFRS 13, which defines fair value as " the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The standard establishes a three-level fair value hierarchy for the inputs used in the valuations:

- Level 1: Unadjusted quoted prices in an active market for identical assets and liabilities that the entity can access at the measurement date,
- Level 2: Valuation model using inputs that are directly or indirectly observable in an active market,
- Level 3: Valuation model using non-observable inputs in an active market.

The hierarchical fair value level is therefore determined with reference to the levels of the inputs in the valuation technique. If a valuation technique is used with inputs at different levels, the asset or liability is included in one of the three levels on the basis of the lowest-level input that is significant to its valuation.

First application of IFRS 16 "Leases"

Application of IFRS 16 "Leases" has been mandatory since 1 January 2019. This standard requires lessees to recognise all rents still to be paid for contracts eligible for the standard in the form of a:

- Right of use, in fixed assets;
- Lease liability, in financial debt.

The Group has adopted the simplified retrospective approach, applying the simplified measures provided for in the standard.

The following contracts are excluded:

- Contracts that expired on or before 31 December 2018;
- Tacit leases or those with a term of less than one year; and
- Contracts relating to assets with a value of less than €5,000.

The Group has chosen to exclude initial direct costs when calculating the right of use.

Leased assets relate only to leases on land under farm-out agreements (airports, ports, etc.).

The discount rate used is based on the Group's average debt ratio as at 1 January 2019, adjusted to account for the average term of all the relevant contracts, i.e. 40 years. The discount rate for measuring rental debt is 2.241% for all existing agreements as at 1 January 2019.

The Group has not identified any future cash outflow not taken into account in the measurement of rental commitments (variable rents, extension options, residual value guarantees, etc.).

The impact of the application of this standard on 1 January 2019 resulted in an increase in the Group's debt of €54.7 million and an increase of €50.7 million in the net book value of intangible assets. The impact on shareholders' equity as at 1 January 2019 was -€3.2 million.

5. Use of estimates

Preparing the consolidated financial statements in accordance with the principles established by IFRS requires Management to make a number of estimates and certain assumptions that affect the amounts included in assets and liabilities, and the amounts included in the income and expense accounts during the financial year. These estimates are based on the going concern assumption and are on the information available at the time they are prepared.

Management's key estimates in preparing the financial statements cover:

- the assumptions used in valuing investment property,
- asset impairment and provisions,
- current and non-current maturities of certain credit lines with outstanding drawdowns,
- assessment of lease agreements, rental costs, taxes and insurance when these amounts are not known on the balance sheet date.

Management regularly reviews its estimates and assessments to account for past experience and incorporate factors deemed relevant to economic conditions. However, since assumptions are by nature uncertain, actual figures may differ from the estimates.

6. Accounting principles, rules and methods

6.1 Consolidation methods

Companies controlled by the Group, i.e. those in which the Group has the power to govern the financial and operational policies so as to obtain benefits, are fully consolidated.

The list of consolidated companies is given in Note 7, "Scope of consolidation".

6.2 Consolidation period

All companies included in the scope prepare financial statements or interim financial reports on the same date as the consolidated financial statements.

6.3 Intragroup transactions

Receivables, debts, income and expenses arising from transactions between consolidated companies are eliminated.

6.4 Business combinations

Business combinations are treated in accordance with IFRS 3. Under this method, when an entity over which the Group acquires sole control is consolidated for the first time, the assets and any liabilities acquired are recognised at fair value as at the acquisition date.

The difference between Goodwill and the acquirer's interest in the fair value of the assets and liabilities acquired is recorded as Goodwill.

6.5 Intangible assets

Lease agreements are recognised in the balance sheet from inception of the lease agreement at the discounted present value of future lease payments. These agreements are recorded as "lease obligations" in liabilities with a corresponding entry for "rights of use relating to lease agreements" in assets.

Leased assets relate only to leases on land under farm-out agreements (airports, ports, etc.).

They are depreciated over the term of the lease, which is generally the fixed term under the contract unless there is a known intention to renew or terminate the lease. Depreciation expense is recognised in the income statement in operating margin, while interest expense is recognised in financial income. Lease contracts corresponding to low unit value or short-term assets are recognised directly in expenses.

Other intangible assets acquired are recorded in the balance sheet at their acquisition cost less accumulated depreciation and impairment losses. These are primarily licenses for the use of low unit cost software.

6.6 Investment properties (IAS 40)

Real estate assets held directly or under a finance lease agreement to generate rental income or for capital appreciation or both are classified as "Investment properties" in the balance sheet.

Real estate assets consist solely of buildings under construction and buildings let on operating leases which meet the definition of investment properties.

Argan has opted to value its investment property at fair value as defined by IFRS 13 (see Note 4). These buildings are therefore not subject to depreciation or impairment.

Buildings under construction or under development are recognised at fair value when this can be measured reliably. The Company's view is that fair value can be measured reliably when there are no further major uncertainties about the cost price for the building. The Group considers that it can value the building once it is more than 50% complete. If fair value cannot be reliably determined, the property is recognised at its last known value plus any fixed costs over the period.

The fair value is applied on the basis of valuations carried out by a reputable independent appraiser. The appraisals conform to the national professional standards of the February 2000 COB/AMF report (Barthes de Ruyter) and the *Charte de l'Expertise en Evaluation Immobilière* (Charter of real estate valuation) developed under the guidance of IFEI. They also conform to the TEGOVA European professional standards. Specifically, the portfolio was valued in accordance with the Charter of real estate valuation.

6.6.1. Methodology

The main methodology used is the net income capitalisation or discounted future cash flow methods. The latter method is preferred in view of the reduction in fixed terms for most assets and the complex change in cash flows provided for in the leases.

The values used exclude transfer taxes and fees. The difference in fair values from one period to the next is recognised in income.

The change in fair value of each building recorded in the income statement is calculated as follows:

Market value n – (market value n-1 + amount of work and expenditure capitalised in year n).

Capitalised expenses are the prices paid, transfer taxes and acquisition costs for buildings.

The gain on disposal of an investment property is the difference between:

- the net selling proceeds after deduction of related costs and rent guarantees granted; and
- the most recent fair value recorded in the closing balance sheet for the previous financial year.

6.6.2. Fair Value

The fair value measurement must take into account the highest and best use of the asset. ARGAN Group has not identified any highest and best use of an asset that is different from the current use. As a result, the implementation of IFRS 13 did not change the assumptions used when valuing the assets.

Fair value measurement of investment property involves the use of different valuation methods using unobservable or observable inputs to which certain adjustments have been applied. As a result, the Group's assets are deemed to fall under Level 3 of the fair value hierarchy enacted by IFRS 13, notwithstanding the consideration of certain observable Level 2 inputs as set out below.

Key inputs	**Level**
Warehouses and Offices	
- rate of return	3
- discount rate and terminal value of the DCF rate	3
- market rental value	3
- rent accrued	2

6.7 Finance leases on investment properties

Leases that transfer substantially all the risks and rewards of ownership incidental to the leased assets to the Group as lessee are classified as finance leases. The fair value of buildings covered by a finance lease agreement is recorded in assets. The principal owed to the lessor is recorded in current and non-current liabilities.

The buildings in question are recognised at period-end according to the fair value method (see paragraph 6.6).

Payments made under a lease agreement are broken down between financial expense and amortisation of the outstanding debt.

6.8 Tangible fixed assets

Tangible fixed assets other than investment properties are recorded at their cost less accumulated depreciation and impairment losses.

Depreciation is recognised as expenses on a straight-line basis over the estimated useful life of tangible capital assets. Components with shorter useful lives than the asset to which they pertain are depreciated over their individual service lives.

Useful lives are estimated as:

- Buildings: 10 to 60 years,
- Other tangible fixed assets: 3 to 10 years.

6.9 Investment property under construction

Sites for construction of a real estate complex intended for rent, as well as construction in progress, are recognised as investment property in progress using the valuation methods described in paragraph 6.6 "Investment properties (IAS 40)".

6.10 Impairment of goodwill and fixed assets

6.10.1 Impairment of goodwill

The Group is recognised as a single Cash-Generating Unit (CGU).

The single CGU to which goodwill has been assigned is tested for impairment each year, or more frequently if there is an indication that the unit may have lost value.

The value of goodwill in the balance sheet is compared with the recoverable value, which is the higher of the value in use and the fair value (less disposal costs). The recoverable value of fixed assets that do not generate a cash flow independently of other assets is calculated by combining them within the Cash-Generating Unit (CGU).

The value in use of the CGU is calculated using the discounted future cash flows (DCF) method over five years.

The recoverable value of the CGU calculated in this way is then compared with the contributory value in the consolidated balance sheet of the assets tested (including goodwill). An impairment loss is recognised, where applicable, if this value in the balance sheet is greater than the recoverable value of the CGU. It is charged first to goodwill and then to the other assets in the unit at the pro rata carrying amount of each of the assets in the unit. The impairment loss is first reduced by the carrying amount of any goodwill allocated to the unit.

This impairment loss is recognised in operating income. An impairment loss recognised for goodwill is not recovered in a subsequent period.

No impairment loss was recorded as at 31 December 2019.

6.10.2 Impairment of fixed assets

Intangible fixed assets with indefinite useful lives are tested for impairment at each annual or semi-annual balance sheet date and whenever there is any indication that a decrease in value may have occurred. Other intangible and tangible fixed assets are also tested whenever there is an indication of an impairment loss.

Impairment loss is the difference between the net carrying amount and the recoverable value of the asset, which is its useful value or selling value, less disposal costs, if the selling value is greater than the useful value.

Investment property is measured at fair value and is therefore not subject to any impairment.

6.11 Trade and other receivables

Trade receivables are initially stated at fair value and, where the impact is material, they are subsequently measured at their amortised cost, less provisions for impairment, using the effective interest rate method. The impairment model requires the recognition of expected credit losses ("**ECLs**") on receivables resulting from lease agreements and commercial receivables. The aim of this new approach is earlier recognition of expected losses, while the provisioning model prior to IFRS 9 was conditional on the occurrence of an incurred loss event. The impairment amount represents the difference between the carrying amount of the asset and the value of estimated future cash flows, discounted at the original effective interest rate. The asset's carrying amount is reduced via an impairment account and the amount of the loss is recognised in the income statement. Non-recoverable receivables are derecognised and offset by reversal of the impairment to trade receivables. When a previously derecognised receivable is recovered the amount is credited to the income statement.

6.12 Financial assets

Financial assets include assets held to maturity, available-for-sale assets, loans and receivables, asset derivatives, assets at fair value through income, and cash and cash equivalents.

6.12.1. Held-to-maturity financial assets

Held-to-maturity financial assets are exclusively securities with fixed maturities and fixed or determinable income, other than loans and receivables, which the Group intends and has the ability to hold until maturity.

They are initially recognised at fair value and are subsequently measured and recognised at amortised cost using the effective interest rate method. Any potential impairment is recorded in the income statement under the heading of "Other financial income and expenses".

The Group had no such investments outstanding as at 31 December 2019.

6.12.2. Available-for-sale financial assets

Available-for-sale assets chiefly include non-consolidated equity interests and securities that do not meet any of the other definitions of financial assets.

Available-for-sale financial assets are measured at fair value at each balance sheet date. Changes in the fair value of the securities are recognised in equity.

Fair value is the market price for listed securities or an estimate of the value in use for unlisted securities.

The Group had no such investments outstanding as at 31 December 2019.

6.12.3. Loans and receivables

These are financial assets with determined or determinable payments that are not listed on an active market. Loans and receivables are recognised at issue at fair value and are subsequently remeasured at amortised cost using the effective rate method. Any potential impairment recorded in the income statement under the heading of "Other financial income and expenses".

The non-current "Loans and receivables" item includes deposits and guarantees paid with maturities of more than 12 months.

Other financial assets with a maturity of less than twelve months that are not designated as "financial assets at fair value through income" are recorded as "Other current assets" in balance sheet assets.

6.12.4. Financial instruments

IFRS 13 requires the credit risk of a counterparty (i.e. the risk that a counterparty may default on any of its obligations) to be taken into account when measuring the fair value of financial assets and liabilities.

IFRS 13 retains the IFRS 7 disclosure requirements about the three-level fair value hierarchy, whereby an entity is required to differentiate between the fair values of financial assets and financial liabilities on the basis of the observable nature of the inputs used to determine fair value.

As at 31 December 2013, the Group's first application of IFRS 13 had not affected the fair value hierarchy for financial instruments, which had hitherto been Level 2 in accordance with IFRS 7 (valuation model based on observable market data) given that credit risk adjustment is considered to be an observable input.

Borrowings that are initially issued at a variable rate expose the Group to the risk of cash flows on interest rates. Borrowings that are initially issued at a fixed rate expose the Group to the risk of variations in the fair value of instruments associated with interest rate fluctuations.

The Group uses derivatives to hedge its variable-rate debt against interest rate risk (hedging of future cash flows) and applies hedge accounting when the documentation and effectiveness conditions are fulfilled:

- Derivatives that do not meet the eligibility criteria for hedge accounting are recorded in the balance sheet at fair value with changes in fair value stated in the income statement.
- A hedge is deemed to be effective if the changes in cash flow of the hedged item are offset by a change in the hedging instrument within a range of 80 to 125%. In this case, the effective portion of the change in fair value of the hedging instrument is recognised in equity, and the change in fair value of the hedged portion of the hedged item is not recorded in the balance sheet. The change in value of the ineffective portion is recorded immediately in income for the period. Accumulated gains or losses in equity are transferred to income under the same heading as the hedged item over the same periods during which the hedged cash flows impact on income.

The fair value of the derivatives is measured using generally accepted models (discounted future cash flow method, etc.) and based on market data. There was no material impact from counterparty credit risk in measuring the fair value of the Group's financial instruments as at 31 December 2019.

Derivatives are classified in the balance sheet depending on their maturity dates.

6.12.5. Financial assets at fair value through income

Financial assets measured at fair value through income are held for trading, i.e. purchased at the outset with the intention to sell in the short term. They may also be assets purposely recorded in this class because they are managed on the basis of a net asset value that represents fair value, with an original maturity of more than three months.

Financial assets at fair value carried through income are presented in the cash flow statement under "Change in working capital".

The fair value stated in assets is based on valuations reported by banks and changes in fair value are recognised in the income statement.

6.12.6. Cash and cash equivalents

This item includes cash in hand, short-term investments and other liquid and easily convertible instruments for which there is a negligible risk of impairment and which mature within three months of purchase at the latest. Investments held for over three months and frozen or pledged accounts are excluded from cash. Cash and cash equivalents are recognised at fair value and any changes in value are recorded in profit or loss.

6.12.7. Assets held for sale

Non-current assets or a group of assets and liabilities are held for sale if the carrying amount will be recovered primarily through a sale rather than ongoing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable. The assets and liabilities concerned are reclassified as "Assets or liabilities held for sale" without the possibility of compensation and are valued at the lower of their carrying amount or their fair value net of disposal costs. The fair value of properties covered by an agreement to sell corresponds to the sale value stated in the agreement, net of disposal costs incurred by the Group.

6.13 Shareholders' equity

6.13.1. Treasury shares

Pursuant to IAS 32, treasury shares and directly associated transaction costs are recognised as a deduction from consolidated equity. Proceeds from the sale of treasury shares are recognised in equity.

6.13.2. Investment grants

Investment grants received are all related to investment property. They are deducted on receipt from the value of the relevant asset.

6.13.3. Free share allocation scheme

On 20 July 2016, the Executive Board set up a plan under which free shares would be awarded subject to certain performance criteria being exceeded in relation to the results for financial years 2016, 2017 and 2018. The free share allocation depends on the success of the three-year plan for 2016/2017/2018, which was measured on 31 December 2018, the end date for this three-year plan.

The Executive Board meeting of 15 January 2019 allocated 41,968 shares of the Company to the members of the Company's Executive Board. These free shares may only vest to the beneficiaries referred to above at the end of a period of one year from the said meeting of the Executive Board.

Pursuant to IFRS 2 "Share-based payments", the fair value of these free shares represents an expense that will be recorded on a straight-line basis over the one-year vesting period from the date of the allocation. The fair value of the free shares was determined using the price on the allocation date less known future dividends. These additional expenses are classified as staff costs.

6.14 Financial liabilities

Interest-bearing borrowings are initially recognised at fair value less attributable transaction costs and are measured subsequently at amortised cost using the effective interest rate method.

The long-term portion of borrowings with a maturity of more than 12 months from the balance sheet date is classified as non-current debts and the short-term portion is classified as current debts. Where no final maturity has been set as at the date the financial statements are prepared, the company makes an estimate.

Borrowing costs are reported as a deduction from the borrowing in order to recognise the actual cash proceeds from subscriptions for such borrowing.

However, borrowing costs related to the acquisition or production of a property asset are capitalised as part of the cost of the asset when it is likely that they will generate future economic benefits for the business and the costs can be reliably assessed.

6.15 Security deposits from lessees

Security deposits are not discounted since the impact of discounting would be immaterial.

6.16 Provisions

In accordance with IAS 37, a provision is booked if, at the balance sheet date, the Group has an obligation as result of a past event, when it is likely that an outflow of resources representing economic benefits will be required and the amount of the obligation can be reliably estimated. The amount of the provision is discounted at the risk-free rate if the time value of the money is material and if a reliable schedule can be determined. Increases in provisions to reflect the passage of time are recorded in financial expenses. Provisions maturing beyond one year or with no fixed maturity are classified as non-current liabilities.

Contingencies are not recognised.

6.17 Suppliers

Trade payables are recognised initially at fair value and measured subsequently at amortised cost. When such liabilities have short maturities, the amounts obtained by applying this method are very close to the nominal value of the debts, which is therefore used.

6.18 Taxes

6.18.1. Current taxes

Some of the income earned by companies that have opted for the SIIC regime are still subject to corporate tax at the standard rate.

The operations of SCCV Nantour do not qualify for the tax regime for listed real estate investment companies (SIICs).

6.18.2. Deferred taxes

Deferred taxes are recognised for all temporary differences between the carrying amount of assets and liabilities and their tax bases and are recorded using the liability method. They are calculated according to the regulations and the tax rates that have been adopted or announced as at the balance sheet date and taking into account the company's tax status on the reporting date. Deferred taxes are calculated at a rate of 31%. In accordance with IAS 12, the calculated amounts are not discounted.

6.18.3. SIIC regime

The Company and its IMMO CBI subsidiary have been covered by the tax regime for listed real estate investment companies (SIICs) since 1 July 2007.

Companies that adopt the SIIC regime are exempt from corporate tax on rental income and capital gains on the sale of property or certain interests in real estate companies.

In consideration of this tax exemption, SIICs are required to make a distribution to their shareholders of at least 95% of their exempt profits from rental operations and 70% of the exempt profits from capital gains on the sale of buildings or interests in real estate companies. They must also distribute 100% of the dividends received from any subsidiary subject to corporate tax that has adopted the SIIC regime.

Adoption of the SIIC scheme, subject to compliance with the conditions provided for by law regarding its corporate purpose, the composition of its assets, the amount of its share capital and its listing on a French regulated market, led to payment of corporate tax at the rate of 16.5%, assessed on the difference between the market value of its real estate assets on the date the SIIC regime was adopted and their taxable value. This tax, also referred to as exit tax, was paid in four equal instalments. Since 1 January 2019, the rate has increased to 19%.

6.19 Post-employment benefits granted to employees

Post-employment benefits with defined benefits granted to Group employees comprise lump-sum payments made on the retirement date.

Group employee pensions are paid by 'pay as you go' national pension organisations. Since the Group considers that it has no obligation beyond the payment of contributions to these bodies, contributions are recorded as an expense in the periods in which they are called.

6.20 Rental income

Rental income is recognised on the invoicing date and income from a rental period that extends beyond the balance sheet date is included in prepaid income.

To account fully for the economic benefits provided by assets, inducements granted to tenants (rent-free periods, rent ceilings, etc.), for which the counterpart is the level of rent assessed for the whole of the tenant's commitment period, are spread over the probable term of the lease as estimated by the company without taking into account the impact of indexed rent increases, where this is material.

6.21 Property operating income and expenses

Property operating expenses and rates include all operating expenses and rates for rented or vacant premises, be they responsibility of the tenant or the owner.

Property operating expenses and rates are charged back to the tenant either euro for euro or at a flat rate.

6.22 Other property operating income and expenses

Other property operating income is income that cannot be classified as rent or rebilled rental expenses (professional fees and miscellaneous services, etc.).

Other property operating expenses correspond to legal fees, doubtful receivables and expenses for works that are not by nature rental expenses.

As they are included in the fair value of investment property, initial direct costs incurred in connection with the negotiation and drafting of operating leases are recognised as expenses at the time of signature of the leases to which they are attached and are therefore not expensed over the rental period.

In the particular case of leases entered into at the end of the year with rental income commencing only as from the following year, other property expenses are recorded as prepaid expenses.

With effect from 1 January 2019 and the first application of IFRS 16, rental payments for land under construction leases are no longer charged back with netting of these expenses. Instead, they are allocated to financial expense and depreciation expense.

6.23 Earnings per share

Net earnings per share (before dilution) is calculated as net income, Group share for the financial year divided by the weighted average number of shares outstanding during the financial year.

Diluted net earnings per share takes into account outstanding shares and dilutive financial instruments giving deferred access to the Group's capital. The dilutive effect is calculated using the "share buyback" method, whereby the theoretical number of shares that would be issued at market price (average price of the share) is then deducted from the total number of shares resulting from the exercise of the dilutive instruments.

Treasury shares are deducted from the weighted average number of outstanding shares used as the basis for calculating net earnings per share (before and after dilution).

6.24 Presentation of the financial statements

Assets and liabilities with maturities of less than 12 months are classified in the balance sheet as current assets and liabilities. If their maturity exceeds 12 months. they are classified as non-current assets or liabilities.

Expenses in the income statement are shown by type.

In the cash flow statement, the net cash flow from operations is determined using the indirect method, whereby this net cash flow is derived from net income adjusted for non-monetary transactions, factors associated with net cash flows from investment and financing activities and changes in the working capital requirement.

Finance lease investments are excluded from investment activities in the cash flow statement. The portion of charges corresponding to the payment of financial expenses is shown in financing cash flow items. The portion of the charge corresponding to capital repayment is shown in financing items.

6.25 Operating sectors

The company has not identified distinct operating sectors insofar as its chief business is property investment, specifically the operation of investment properties that generate rental income. The Group does not offer any other products or services that could be considered a distinct component of the entity.

The portfolio consists solely of logistics hubs on French territory.

6.26 Risks management

6.26.1. Market risk

Changes in the general economic environment are likely to influence demand for new warehouse space, as well as having a long-term impact on the occupancy rate and tenants' ability to pay their rents.

Economic developments also have an impact on changes in the INSEE (French National Institute of Statistics and Economic Studies) indices to which the Company's rents are indexed (ICC: Cost-of-Construction index or ILAT: Tertiaries Activities Rent Index). However, in 54% of its leases, the Company has implemented a collar indexation clause or pre-indexation of rents in order to limit the effects of indexation to INSEE indices.

In addition, the Company is exposed to changes in the logistics real estate market, which could adversely affect Argan's investment and trade-off policy, as well as its operations, financial position, performance and outlook.

6.26.2. Counterparty risk

The majority of tenants are companies that do not present a significant risk with regard to their solvency.

Lessees are subject to a prior financial check and changes in their business and their financial solvency are monitored throughout the term of the lease.

6.26.3. Liquidity and credit risks

The company's characteristics (leases concluded for relatively long fixed terms, a current zero vacancy rate, financing through largely fixed-rate medium/long-term debt) provide it with good visibility of its projected level of cash flow. Given the cash available to the Company and its confirmed credit lines, the Company believes it will have no difficulty meeting its loan repayments due within one year. The Company also believes it is able to finance its development operations via medium/long-term financing from financial institutions.

6.26.4. Interest rate risk

The Company's policy is to favour fixed-rate debt. For its variable-rate debt, the company limits the sensitivity of financial expenses to fluctuations in interest rates by setting up hedging instruments (fixed- for variable-rate swaps, CAPs and Collars). Interest rate risk is managed by the Company in this regard and its residual exposure to variable rates is low, with around 5% of its debt being unhedged, variable-rate debt, as described in Note 11.

6.26.5. Equity market risk

As the Company holds a number of treasury shares, it is sensitive to fluctuations in the market price of its own shares which impact its equity. This risk is not material, given the small number of treasury shares held (see Note 17.3).

6.26.6. Asset valuation risk

The Company has adopted the fair value method for recognising investment properties. This fair value corresponds to the market value determined by appraisal, as the Company uses an independent appraiser to measure its assets. The Company's income statement may therefore be impacted by a negative change in the fair value of its buildings resulting from a fall in market values. On the other hand, the downward trend in market values may have an impact on obligations to comply with ratios or covenants vis-à-vis certain financial institutions under loan agreements.

The attractiveness of the logistics investment market was confirmed during 2019, with the volumes invested in logistics exceeding the average for the last 10 years. Given the strong demand for this asset class and a financial environment that remains favourable, rental yields continued to contract, leading to a significant positive change in the fair value of investment properties.

6.26.7. Risk associated with the SIIC regime

These risks relate to the requirements of the tax regime applicable to listed real estate investment companies and possible changes in or loss of this status. The Company is eligible for the SIIC tax regime and, as such, is exempt from corporate tax. Eligibility for this tax regime is conditional on compliance with the obligation to redistribute a significant share of profits and with conditions relating to the Company's shareholder base. Should the Company fail to comply with these conditions, its status as an SIIC may be jeopardised, or there may be financial consequences. In addition, the obligation for the Company to hold the assets acquired that entitle it to taxation under Article 210 E of the French General Tax Code for a minimum of five years could be a constraint, but the Company points out that both the assets that qualified for this treatment were acquired more than five years ago. Finally, loss of SIIC tax status and the corresponding tax saving or any substantial changes to the provisions applicable to SIICs would be likely to affect the Company's business, results and financial position.

7. Scope of consolidation

Form	Companies	Company registration N° (SIREN)	% interest and control at 31/12/2019	% interest and control at 31/12/2018
SA	ARGAN	393 430 608	100%	100%
SARL	IMMO CBI	498 135 920	100%	100%
SCCV	NANTOUR	822 451 340	49.90%	49.90%
SCI	AVILOG	841 242 274	51.00%	51.00%

Companies in which ARGAN holds more than a 50% share are fully consolidated. SCCV Nantour is consolidated using the equity method.

SAS Portimmo was acquired on 14 May 2019, then merged into ARGAN during the financial year.

On 15 October 2019, ARGAN acquired all the shares of SCI CARGO PROPERTY ASSETS. SCI CARGO PROPERTY ASSETS and its 22 subsidiaries transferred all of their assets to ARGAN on 25 November and 31 December 2019, respectively.

8. Goodwill

8.1 Calculation of Goodwill

On 15 October 2019, ARGAN acquired all of the 73,086,356 shares comprising the capital of SCI CARGO PROPERTY ASSETS. The CARGO securities were financed as follows:

- By way of a cash sale to ARGAN by the assignors of a total of 50,348,380 shares of SCI CARGO PROPERTY ASSETS for €618,781,590 (cash portion);

- By way of a contribution in kind of a total of 22,737,976 shares of SCI CARGO PROPERTY ASSETS subject to ARGAN's issuing a total of 5,588,994 new ordinary shares of ARGAN issued at the agreed price of €50 per new share.

The acquisition of SCI Cargo Property Assets is treated as a business combination falling within the scope of the revised IFRS 3 and is therefore recognised by the Argan Group according to the purchase method.

The consideration transferred is measured at its fair value, corresponding to the sum of the assets transferred, contracted debts and equity securities issued as at the date of the transaction, i.e. 15 October 2019 (date of takeover by Argan).

Consequently, the value used for the new ordinary shares issued as remuneration for the transfer corresponds to the last price for the Argan share on the date of the acquisition, i.e. €68.60 per share on 15 October 2019. The difference between this value and the issue price of €50.00 per share, applied to the 5,588,994 new shares issued, has an impact of €104.0 million on consolidated shareholders' equity.

Furthermore, there are no contingent liabilities or non-controlling interests.

Identifiable assets, assumed liabilities and contingent liabilities were measured at fair value on the acquisition date, particularly with respect to:
- Investment properties
- Other assets and liabilities

Goodwill resulting from the consolidation of Cargo is as follows:

In thousands of euros	Total
Cost of SCI Cargo securities	**1,002,817**
- Of which share in cash	618,782
- Of which share in securities	383,405
Fair value of the assets and liabilities acquired as at 15 October 2019	**946,538**
- Of which fair value of investment properties	942,938
- Of which other assets/other liabilities	3,600
GOODWILL	**55,648**

Goodwill is shown in the Goodwill line in the consolidated balance sheet for 2019.

As at 31 December 2019, this goodwill was allocated to the Group's single Cash-Generating Unit. The CGU is tested for impairment at each annual period-end (*see 6.10 Impairment of goodwill and fixed assets).*

8.2 Pro forma financial information

In accordance with AMF recommendation N°2013-08, pro forma information was prepared to show how Argan would have looked if the transaction had taken place on 1 January 2019, since the acquisition had an impact of more than 25% on the Group's main aggregates.

This pro forma financial information is presented for the sole purpose of illustrating the effect that the acquisition of SCI Cargo Property Assets and SAS Portimmo could have had on the Group's consolidated income statement for the year ended 31 December 2019, if the transaction had taken effect on 1 January 2019. It does not include the cost savings or the various synergies that could result from this acquisition.

The same accounting rules and policies were applied for the preparation of this pro forma financial information and for the Argan Group's consolidated financial statements as at 31 December 2019, as described in these Notes.

Pro forma financial information was prepared on the basis of the following information:

- The audited consolidated financial statements of the Argan Group for the year ended 31 December 2019, prepared in accordance with IFRS;
- The audited consolidated financial statements of SCI Cargo as at 31 December 2018 and 30 September 2019, prepared in accordance with IFRS;
- The unaudited income statement of SCI Cargo Property Assets for the period from 1 October to 15 October 2019;
- The unaudited income statement of SAS Portimmo for the period from 1 January 2019 to 13 May 2019.

The pro forma information was based on various pro forma adjustments prepared and calculated by Argan, as well as estimates and assumptions that the company considers reasonable. The pro forma adjustments are as follows:

(1) Fair value of Cargo investment properties

As at 31 December 2019, SCI CARGO PROPERTY ASSETS held a portfolio of 22 real estate assets. Two assets, Aulnay and Billy Berclau, were delivered during 2019. For the purposes of the pro forma financial statements as at 31 December 2019, all these assets are treated as if they were held and leased as at January 2019.

Consequently, the historical information for SCI Cargo has been adjusted in order to show net rental income from all assets from 1 January 2019.

In addition, since Argan SA's independent appraiser did not measure the fair value of the assets acquired as at 1 January 2019, for the purpose of this pro forma information, the fair value is considered to be the same as the measurement as at 31 December 2019. No change in fair value is therefore recognised in the pro forma income statement.

(2) Adjustment of accounting standards and methods

Argan has opted to recognise its investment properties at fair value.

Since SCI Cargo had opted to recognise its investment property at cost and measure them subsequently at cost less any depreciation and impairment, the depreciation expense for the period from 1 January to 15 October 2019 was cancelled so as to bring SCI Cargo's accounting policies into line with Argan's.

(3) Cancellation of the acquisition, legal restructuring and financing costs of the transaction

Transaction, restructuring and financing costs amount to €53,703k in the Group's consolidated financial statements. These costs relate to:

- Transfer taxes, notarial costs, restructuring cost (universal transfer of assets and liabilities, *TUP*) and fees recorded in expenses for the period, amounting to €47,107k;
- Costs related to short-term financing (commission) taken into account in the effective interest rate and representing an expense of €4,781k for 2019;
- Fees of €964k directly related to the issue of Document E, required due to the issue of capital instruments.

The costs above have been cancelled in the pro forma financial data, in order to give a current view of operations.

(4) Adjustment of financial costs related to the acquisition of SCI Cargo Property Assets

Pro forma financial income accounts for the effects of the acquisition of SCI Cargo Property Assets as if it had taken place on 1 January 2019. This financing amounted to €645,000k:

• Portion paid in cash in accordance with the Memorandum of Understanding	= + €618,782k
• Share of acquisition costs	= + €26,218k
	€645,000k

The corresponding interest expense was estimated based on the financial terms obtained by Argan for its day-to-day operations, as well as the terms of the proposals already obtained and signed for refinancing the transaction.

Pro forma consolidated income statement (in thousands of euros)	Historical information not restated		Adjustments to Cargo historical information	Pro forma adjustments		Pro forma information 31/12/2019
	ARGAN (*) Published 31/12/2019	PORTIMMO and CARGO prior to the acquisition date (**)	Adjustments to rental income from Billy Berclau and Aulnay (1) Cancellation of depreciation expense for the period (2)	Cancellation of acquisition and legal restructuring costs (3)	Theoretical financial expense for 2019 (4)	
Rental income	100,238	34,646	1,925			136,809
Property operating income and expenses	-510	-1,299				-1,809
Other income and expenses on buildings	2,354					2,354
Net income from buildings	**102,082**	**33,347**	**1,925**	**0**	**0**	**137,354**
Personnel expenses	-6,320					-6,320
External expenses	-18,956	-221		16,594		-2,583
Taxes	-32,527	-255		31,296		-1,486
Amortisation, depreciation and provisions	-1,889	20,216	-20,216			-1,889
Other operating income and expenses	-309					-309
Current operating income	**42,080**	**53,087**	**-18,291**	**47,890**	**0**	**124,766**
Income from disposals	-306					-306
Change in fair value of investment properties	197,148					197,148
Operating income	**238,921**	**53,087**	**-18,291**	**47,890**	**0**	**321,607**
Income from cash and cash equivalents	190					190
Cost of gross financial debt	-25,865	-42		4,887	-8,706	-29,726
Cost of net financial debt	**-25,675**	**-42**	**0**	**4,887**	**-8,706**	**-29,536**
Other financial income and expenses	-1,029	-4,371		4,371		-1,029
Tax expense or income	1,416	-119		119		1,416
Share of income from associates	1,404					1,404
Net income	**215,036**	**48,555**	**-18,291**	**57,267**	**-8,706**	**293,863**
Equity holders of the parent	215,037	48,555	-18,291	57,267	-8,706	293,862
Non-controlling interests	-1					-1

(*) Non-restated historical financial information corresponds to Argan's published consolidated financial statements as at 31 December 2019 including:

- Cargo from 15 October to 31 December 2019
- Portimmo from 14 May to 31 December 2019

(**) Historical adjustments to the pro forma consolidated financial statements include the impacts of:

- Cargo for the period from 1 January to 14 October 2019
- Portimmo for the period from 1 January to 13 May 2019

9. Intangible assets

(in thousands of euros)	Gross value as at 31.12.2018	Change of method	Change in scope	Increase (1)	Decrease	Gross value as at 31.12.2019
IFRS 16 rights of use		60,478	14,534	1,066		76,078
Amortisation of IFRS 16 rights of use		-10,135	-260		-1,585	-11,980
Other intangible assets (software)	69			8		78
Amortisation Other intangible assets	-43			-17		-60
Net value	**27**	**50,343**	**14,274**	**1,057**	**-1,585**	**64,116**

(1) Includes the impact of the annual indexation of IFRS 16 lease payments.

The right of use of €14,534k in change in consolidation corresponds to a lease on land under a farm-out agreement which is located in Gennevilliers and was acquired in 2019.

10. Tangible fixed assets

(in thousands of euros)	Gross value as at 31.12.2018	Increase	Decrease	Other changes	Gross value as at 31.12.2019
Land				8,651	8,651
Buildings	12,110		-589	-8,651	2,870
Depreciation of buildings	-323	104			-219
Office fixtures and fittings and equipment	650	272	-69		853
Depreciation of office fixtures and fittings and equipment	-289	-130	51		-368
Net value	**12,148**	**246**	**-607**	**0**	**11,787**

On 31 December 2019, €8,651k was reclassified from "Buildings" to "Land", resulting in an adjustment to provisions of -€207k. This reclassification relates to the Company's registered office.

11. Investment properties

11.1. Assets under construction

(in thousands of euros)	Gross value as at 31.12.2018	Increase	Line item to line item transfer	Change in fair value	Gross value as at 31.12.2019
Value of constructions in progress	66,409	44,864	-60,258	3,332	54,346

Buildings under construction or under development are recognised at fair value when this can be measured reliably. If fair value cannot be reliably determined, the property is recognised at its last known value plus any fixed costs over the period. At each balance sheet date, an impairment test is used to confirm that the recognised value does not exceed the recoverable value of the building.

As at 31 December 2019, the balance of assets under construction is mainly composed of sites for construction and buildings for which delivery is planned for the first half of 2020.

11.2. Investment properties

(in thousands of euros)	Investment properties 31.12.2019	Investment properties 31.12.2018
Opening value	**1,385,640**	**1,255,895**
Acquisitions of owned buildings		107,705
N-1 work in progress commissioned and line item to line item transfer	60,258	6,982
Works and construction on property owned	70,351	25,383
Change in consolidation - CARGO	942,938	
Change in consolidation - PORTIMMO	17,730	
Work financed under finance lease arrangements		9
Work not refinanced under finance lease arrangements		
Acquisitions of property under finance lease arrangements		
Fair value of property sold	-281	-86,082
Reclassification as assets held for sale	0	0
Change in fair value	193,816	75,748
Closing value	**2,670,452**	**1,385,640**

The average rate of return from the independent valuation excluding transfer taxes of the Company's assets was down from 6.35% as at 31 December 2018 to 5.30% as at 31 December 2019.

The sensitivity of the portfolio's market value to the change in this average capitalisation rate excluding transfer taxes is as follows:

- An increase of 0.5% in the rate results in a decrease of 8.6% in the market value of the assets

- A decrease of 0.5% in the rate results in an increase of 10.4% in the market value of the assets

(in thousands of euros)	Investment properties 31.12.2019	Investment properties 31.12.2018
Fair Value of owned investment properties	2,022,494	807,639
Fair Value of properties under finance lease arrangements	647,958	578,001
Total	**2,670,452**	**1,385,640**

11.3. Fair value hierarchy

Asset classification	Fair value at 31.12.2019			Fair value at 31.12.2018		
	level 1	level 2	level 3	level 1	level 2	level 3
Warehouse buildings	0	0	2,670,452	0	0	1,385,640
Office buildings	0	0	0	0	0	0
Total	**0**	**0**	**2,670,452**	**0**	**0**	**1,385,640**

11.4. Summary of investment property and assets under construction

	Amount as at 31.12.2019	Amount as at 31.12.2018
Opening value (of which work in progress)	**1,452,049**	**1,264,501**
Change in fair value through operating income	197,148	81,212
Acquisition of buildings and works	115,215	192,471
Buildings held for sale		
Change in consolidation - CARGO	942,938	
Change in consolidation - PORTIMMO	17,730	
Disposals of buildings	-282	-86,082
Disposals of work in progress		-53
Closing value	**2,724,797**	**1,452,049**
Of which assets under construction	**54,346**	**66,409**
Of which Investment properties	**2,670,452**	**1,385,640**

The various assumptions used by the independent appraiser in measuring fair values are as follows (of 86 assets in Argan's portfolio, 33 assets are not included in this overview due to their particular characteristics: cold stores and assets not held freehold but built on a temporary occupation permit):

Ile de France/Oise - 21 assets							
Values	Rent €/sq m /year	Rental value €/sq. m/year	Discount rate on firm flows	Discount rate on unsecured flows	Theoretical rate of return on sale	Net Initial Yield	Capitalisation rate
Highest	€57	€65	6.75%	7.50%	7.75%	7.05%	7.58%
Lowest	€40	€43	3.75%	4.00%	4.25%	3.75%	4.82%
Average	**€48**	**€50**	**5.24%**	**5.72%**	**6.03%**	**5.28%**	**5.64%**

Rhône Alpes/Bourgogne/Auvergne - 8 assets							
Values	Rent €/sq. m /year	Rental value €/sq. m/year	Discount rate on firm flows	Discount rate on unsecured flows	Theoretical rate of return on sale	Net Initial Yield	Capitalisation rate
Highest	€54	€51	6.35%	6.85%	7.35%	8.11%	8.67%
Lowest	€37	€40	4.00%	4.25%	4.50%	3.98%	4.05%
Average	**€46**	**€45**	**4.90%**	**5.28%**	**5.62%**	**5.24%**	**5.50%**

Hauts de France - 3 assets							
Values	Rent €/sq. m /year	Rental value €/sq. m/year	Discount rate on firm flows	Discount rate on unsecured flows	Theoretical rate of return on sale	Net Initial Yield	Capitalisation rate
Highest	€55	€46	4.90%	5.40%	6.15%	6.34%	6.77%
Lowest	€43	€42	4.25%	4.50%	4.75%	4.18%	4.26%
Average	**€49**	**€44**	**4.47%**	**4.80%**	**5.28%**	**5.27%**	**5.54%**

Bretagne/Pays de la Loire - 3 assets							
Values	Rent €/sq. m /year	Rental value €/sq. m/year	Discount rate on firm flows	Discount rate on unsecured flows	Theoretical rate of return on sale	Net Initial Yield	Capitalisation rate
Highest	€38	€40	6.50%	7.25%	7.50%	6.76%	7.22%
Lowest	€25	€35	5.35%	5.60%	5.85%	5.17%	5.26%
Average	**€33**	**€38**	**6.00%**	**6.50%**	**6.75%**	**5.99%**	**6.31%**

The rest - 10 individual assets							
Values	Rent €/sq. m /year	Rental value €/sq. m/year	Discount rate on firm flows	Discount rate on unsecured flows	Theoretical rate of return on sale	Net Initial Yield	Capitalisation rate
Highest	€69	€57	5.80%	6.55%	6.80%	6.12%	6.54%
Lowest	€30	€35	4.03%	4.28%	4.53%	4.02%	4.10%
Average	**€41**	**€42**	**5.13%**	**5.53%**	**5.85%**	**5.28%**	**5.48%**

Regional fulfilment centres in mainland France - 5 assets							
Values	Rent €/m²/year	Rental value €/m²/year	Discount rate on firm flows	Discount rate on unsecured flows	Theoretical rate of return on sale	Net Initial Yield	Capitalisation rate
Highest	€86	€84	6.00%	6.75%	7.00%	6.55%	7.00%
Lowest	€64	€62	5.50%	5.75%	6.25%	5.77%	5.87%
Average	**€74**	**€73**	**5.73%**	**6.38%**	**6.68%**	**6.18%**	**6.54%**

Fulfilment centres in Ile de France - 3 assets							
Values	Rent €/sq. m /year	Rental value €/sq. m/year	Discount rate on firm flows	Discount rate on unsecured flows	Theoretical rate of return on sale	Net Initial Yield	Capitalisation rate
Highest	€119	€99	5.85%	6.35%	6.60%	6.60%	6.72%
Lowest	€68	€68	4.60%	4.85%	5.35%	4.41%	4.48%
Average	**€93**	**€84**	**5.15%**	**5.48%**	**5.90%**	**5.63%**	**5.84%**

11.5. Income from disposal of buildings

	Income from disposal of investment properties 31.12.2019	**Income from disposal of investment properties 31.12.2018**
Disposal price of buildings sold	262	92,250
Fair value at opening of the properties sold	-281	-86,082
Disposal costs and investments		-3,147
Price adjustments on previous disposals	-291	-1,020
Capital gains and losses on disposals of other fixed assets	4	-108
Total income from disposals	**-306**	**1,893**

11.6. Minimum rents receivable

(in thousands of euros)	Within less than one year	Within one to five years	Within more than five years	Total
Minimum rents receivable	138,543	438,347	229,943	806,834

This table shows rental commitments from tenants in the form of fixed periods of 3, 6, 9 or 12 years.

12. Financial derivative instruments and interest rate risk management

(in thousands of euros)	Fair value at 31.12.2019	Fair value at 31.12.2018	Change in fair value	Of which change in fair value through equity	Of which change in fair value through income	Of which cash equalisation payment
Fixed-payer interest rate swaps	-4,389	-1,317	-3,072	-3,072		3,779
Caps and collars	-1,317	-210	-1,107		-1,107	1,452
Amortising cash				1,748		-1,748
Total cash flow hedging instruments	**-5,706**	**-1,527**	**-4,179**	**-1,324**	**-1,107**	**3,484**
Of which against equity	-8,083	-3,843	-4,240			
Of which against income	-1,107	-1,388	281			
Of which against debt (balancing payment)	3,484	5,231	-1,748			

	Amount as at 31.12.2019			Amount as at 31.12.2018		
(in thousands of euros)	**Fixed**	**Hedged variable**	**Unhedged variable**	**Fixed**	**Hedged variable**	**Unhedged variable**
Borrowings	927,255	181,063	171,584	204,548	153,313	169,644
Finance lease debt		90,540	147,082		100,300	164,044
Borrowings on RCF	6,514		30	8,443		20
Macroeconomic swap						
Collar macroeconomic swap		241,209	-241,209		268,489	-268,489
Financial liabilities	**933,769**	**512,812**	**77,487**	**212,991**	**522,102**	**65,219**
Total	**1,524,068**			**800,312**		

The Group uses derivative instruments to manage and reduce its net exposure to interest rate fluctuations.

The Group has entered into interest swaps and collars with a zero premium; these limit the impact of volatility of future cash flows from interest payments on variable-rate loans.

Under the terms of these swaps, the Group pays fixed interest rates as specified below and receives variable interest on the amounts of the hedged principal, calculated using 3-month Euribor.

Collars are derivative instruments used to regulate the change in a variable rate.

List of hedging and trading instruments already taken out as at 1 January 2019:

(in thousands of euros)	Amount originally hedged	Amount as at 31.12.2019	Type	Fixed rate/Collar	Variable rate	Period covered
Swap 17	22,000	15,033	Fixed- for variable-rate	0.561%	3-month Euribor	2015-2030
Collar 24	9,037	6,419	Zero premium collar	-0.25%/+1.5%	3-month Euribor	2017-2024
Collar 25	16,357	12,344	Zero premium collar	-0.30%/+1.5%	3-month Euribor	2017-2024
Collar 26	4,090	2,329	Zero premium collar	-0.32%/+1.5%	3-month Euribor	2017-2023
Collar 27	8,482	6,273	Zero premium collar	-0.30%/+1.5%	3-month Euribor	2017-2024
Collar 28	4,590	3,705	Zero premium collar	-0.28%/+1.5%	3-month Euribor	2017-2024
Collar 29	26,009	20,998	Zero premium collar	-0.28%/+1.5%	3-month Euribor	2017-2024
Collar 30	5,364	3,151	Zero premium collar	-0.32%/+1.5%	3-month Euribor	2017-2024
Collar 31	8,032	6,460	Zero premium collar	-0.18%/+1.5%	3-month Euribor	2017-2023
Collar 32	5,012	4,114	Zero premium collar	-0.26%/+1.5%	3-month Euribor	2017-2024
Collar 33	45,806	39,461	Zero premium collar	-0.50%/+0.93%	3-month Euribor	2013-2020
Collar 34	10,500	8,831	Zero premium collar	-0.55%/+1.75%	3-month Euribor	2016-2023
Collar 35	41,282	112,260	Zero premium collar	-0.65%/+1.5%	3-month Euribor	2016-2023
Collar 36	160,599	128,948	Zero premium collar	-0.50%/+1.5%	3-month Euribor	2016-2023
Collar 37	8,373	7,098	Zero premium collar	-0.01%/+1.4%	3-month Euribor	2017-2024
Collar 38	17,431	14,936	Zero premium collar	-0.02%/+1.25%	3-month Euribor	2017-2024
Collar 39	9,600	8,431	Zero premium collar	-0.125%/+1.5%	3-month Euribor	2017-2024
Collar 40	11,933	10,626	Zero premium collar	+0.12%/+2%	3-month Euribor	2018-2024
Collar 41	28,190	22,691	Zero premium collar	0%/+1.5%	3-month Euribor	2018-2025
Swap 42	2,505	2,242	Fixed- for variable-rate	0.630%	3-month Euribor	2018-2026
Swap 43	43,000	40,712	Fixed- for variable-rate	1.010%	3-month Euribor	2018-2030

List of hedging and trading instruments already taken out as at 31 December 2019:

(in thousands of euros)	Amount originally hedged	Amount as at 31.12.2019	Type	Fixed rate/Collar	Variable rate	Period covered
Swap 44	10,900	10,770	Fixed- for variable-rate	0.530%	3-month Euribor	2019-2029
Swap 45	13,591	13,421	Fixed- for variable-rate	0.410%	3-month Euribor	2019-2029
Swap 46	11,700	11,558	Fixed- for variable-rate	0.410%	3-month Euribor	2019-2029

13. Other non-current financial assets

(in thousands of euros)	Amount as at 31.12.2018	Increase	Decrease	Reclassification maturing within 1 year	Amount as at 31.12.2019
Deposits and guarantees paid	2,603	161	-2,326		438
Advances paid on fixed assets	551	199	-61		689
Total	**3,154**	**360**	**-2,387**	**0**	**1,127**

14. Trade receivables

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018
Trade and other receivables	40,643	17,309
Doubtful receivables	0	0
Total gross trade receivables	**40,643**	**17,309**
Impairment	0	0
Total net trade receivables	**40,643**	**17,309**

Receivables mainly correspond to invoices for rents for Q1 2020, which are produced before 31 December 2019.

15. Other current assets

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018
Tax and social security receivables	15,986	8,252
Other operating receivables	14,526	8,367
Other prepaid expenses	23	42
Other current operating assets	**30,535**	**16,661**
Accrued interest on finance lease transactions		
Other current financial assets	**0**	**0**
Total other current assets	**30,535**	**16,661**

Tax receivables mainly relate to recoverable VAT. Other operating receivables register provisions on notarial costs and rent-free periods.

16. Cash and cash equivalents

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018	Change
Risk-free, highly liquid investment securities	6,001	7,501	-1,500
Cash in hand	10,720	18,172	-7,452
Cash	**16,721**	**25,673**	**-8,952**

Investment securities consist primarily of term deposits and money market OEIC funds.

17. Investments in associates

(in thousands of euros)	Equity-accounted investments	Impairment of equity-accounted investments	Net
As at 01.01.2019	5,205	0	5,205
Share of income 31.12.2019	1,404		1,404
Share of dividend distribution	-5,535		-5,535
Balance at 31.12.2019	**1,073**	**0**	**1,073**

The Group’s share in the net fair value of the entity’s identifiable assets and liabilities amounted €1,073 thousand as at 31 December 2019.

18. Consolidated shareholders’ equity

18.1. Composition of share capital

(in thousands of euros)	Number of shares issued	Par value (in €)	Total capital after the transaction	Share premium after the transaction
Position as at 1 January 2019	16,377,633	2	32,755	52,722
Dividend in shares	245,342	2	491	11,369
Dividend				-706
Share issues at €50 according to CARGO Acquisition Protocol	5,588,994	2	11,178	267,308
Amount of capital as at 31 December 2019	**22,211,969**	**2**	**44,424**	**330,692**

18.2. Dividend paid

(in thousands of euros)	31.12.2019	31.12.2018
Net dividend per share (in euros)	1.35	1.02
Overall dividend paid	22,106	16,506
Impact of the option to pay the dividend in shares	-11,909	-7,002
Dividend paid	**10,197**	**9,504**

18.3. Treasury shares

(in thousands of euros)	Closing amount	Opening amount	Change	Income from disposal	Cash impact
Acquisition cost	74	185	-111	63	174
Impairment	0	-4	4		
Net value	74	181	-107		
Number of treasury shares	4,614	4,494	120		

18.4. Free shares

(in euros)	Plan 2016/2017/2018
Allocation date	15/01/2019
Number of beneficiaries	4
Acquisition date	15/01/2020
Number of free shares	41,968
Price on the allocation date (in €)	44.4
Dividend/share expected year N+1 (in €)	1.35
Fair Value of shares (in €)	43.05
Expense recognised for the period (in €)	2,078,968

19. Financial liabilities

19.1. Change in financial liabilities and guarantees given

(in thousands of euros)	Amount as at 31.12.2018	Change of method	Change in consolidation	Increase (1)	Decrease	Line item to line item transfers	Amount as at 31.12.2019
Borrowings	357,982			129,423		-32,061	455,344
Bond issues	155,000						155,000
Finance lease	237,622					-27,552	210,070
Issue costs	-2,404			-8,127		8,457	-2,074
Non-current financial liabilities	**748,200**	**0**	**0**	**121,296**	**0**	**-51,156**	**818,341**
Non-current IFRS 16 lease liabilities		**54,700**	**14,534**	**736**	**0**	**-2,568**	**67,402**
Borrowings	22,886				-23,826	32,061	31,123
Bond issues	0						0
Finance lease	26,721				-26,721	27,552	27,552
Issue costs	-429				5,455	-8,457	-3,431
Accrued interest on loans	4,104			5,394	-4,104		5,394
Bank loans	56			58	-56		58
Commercial paper	0						0
Short-term financing - Cargo				645,000			645,000
Current financial liabilities	**53,338**	**0**	**0**	**650,452**	**-49,252**	**51,156**	**705,696**
Current IFRS 16 lease liabilities		**0**	**0**	**0**	**-1,115**	**2,568**	**1,455**
Borrowings on assets held for sale (Note 18.5)	0						0
Total gross financial liabilities	**801,538**	**54,700**	**14,534**	**772,484**	**-50,367**	**0**	**1,592,894**

(1) Includes the impact of the annual indexation of IFRS 16 lease payments.

Most of the borrowings were covered by the following guarantees to financial institutions when they were set up:

- mortgages and lenders' liens on the buildings concerned, amounting to:
- as at 31 December 2019: €1,118,432k
- as at 31 December 2018: €372,505k

- guarantees made by ARGAN, amounting to:
- as at 31 December 2019: €0k
- as at 31 December 2018: €0k

19.2. Maturities of financial liabilities and fixed-rate/variable-rate breakdown

(in thousands of euros)	31.12.2019	Portion due in less than one year	Portion due in more than one year and less than 5 years	Portion due in more than 5 years
Variable rate borrowings (a)	352,677	20,729	184,781	147,166
Fixed rate borrowings	933,789	655,392	195,512	82,885
Variable rate capital lease obligations (a)	237,622	27,552	114,469	95,601
Fixed rate capital lease obligations	0	0	0	0
Issue costs	-5,505	-3,431	-1,459	-615
Capital financial liabilities	**1,518,583**	**700,242**	**493,303**	**325,037**
IFRS 16 lease liabilities	68,856	1,455	4,710	62,692
IFRS 16 capital lease liabilities	**68,856**	**1,455**	**4,710**	**62,692**

(a) Original variable rate – the hedged portion of these borrowings is specified in Note 11

The Company has estimated the maturities for its credit lines.

Taking into account the interest rate hedges put in place by the Group, a change of +50bp in the 3-month Euribor would have an impact of +€0.9 million on the financial costs for the period.

19.3. Due dates for finance lease payments

(in thousands of euros)	Finance lease commitment as at 31.12.2019	Portion due in less than one year	Portion due in more than one year and less than 5 years	Portion due in more than 5 years	Option exercise price
Fixed-rate lease payments					
Variable-rate lease payments	253,251	31,101	124,038	53,376	44,735
Total future lease payments	**253,251**	**31,101**	**124,038**	**53,376**	**44,735**

The maturities (capital and interest) of variable rate finance leases included in the commitment amount shown above under lease agreements were calculated using the interest rate applicable on the reporting date.

19.4. Net financial debt

Net financial debt consists of gross financial debt less net cash.

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018	Change
Gross financial liabilities	1,523,998	801,539	722,459
Cash and cash equivalents	-16,721	-25,673	8,952
Net financial debt before IFRS 16	**1,507,277**	**775,866**	**731,411**
IFRS 16 lease liabilities	68,896		68,896
Net financial debt	**1,576,173**	**775,866**	**800,307**

Changes in the liabilities included in the Group's financing activities result from:

(in thousands of euros)	Amount as at 31.12.2018	Cash flow	Change in Consolidation	Fair values	Change of standard	Amount as at 31.12.2019
Cash and cash equivalents	**25,669**	**-40,266**	**31,318**			**16,721**
Non-current financial liabilities	748,200	70,141				818,341
Current financial liabilities	53,339	7,350	7			60,696
Cargo short-term financing liabilities	0	645,000				645,000
Net financial instruments						0
Gross debt before IFRS 16	**801,539**	**722,491**	**7**	**0**	**0**	**1,524,037**
Net financial debt before IFRS 16	**775,870**	**762,757**	**-31,311**	**0**	**0**	**1,507,316**
IFRS 16 lease liabilities		-377	14,534		54,700	68,857
Gross debt	**801,539**	**722,114**	**14,541**	**0**	**54,700**	**1,592,894**

20. Security deposits

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018	Change
Tenant security deposits	7,839	6,884	955

21. Provisions

(in thousands of euros)	Amount as at 31.12.2018	Increase	Decrease	Changes in scope	Amount as at 31.12.2019
Provisions for current expenses	527		-527		0
Provisions for non-current contingencies	0				0
Provisions for liabilities and charges	**527**	**0**	**-527**	**0**	**0**
Of which provisions used			280		
Of which unused provisions			247		

22. Tax liability

No tax liabilities were recorded as at 31 December 2019.

23. Other current liabilities

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018
Trade and other payables	22,302	4,699
Tax liabilities	8,315	3,121
Social security liabilities	545	548
Other current liabilities	1,302	12,365
Deferral of rent-free periods under IFRS16	-970	
Prepaid income	43,207	25,864
Total other current liabilities	**74,701**	**46,597**

Tax liabilities relate primarily to VAT collected on receipts and accrued expenses.

Since rents are invoiced quarterly in advance, deferred income relates to rents for the quarter following the reporting date.

24. Net income from buildings

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018 restated (1)	Amount as at 31.12.2018
Rental income	100,238	85,390	85,390
Rental expenses and rebilled rates	20,754	20,232	
Other income from buildings	2,555		
Total income from buildings	**123,547**	**105,622**	**85,390**
Rental expenses and rates	21,264	19,707	
Other expenses on buildings	201	134	
Total expenses on buildings	**21,465**	**19,841**	**0**
Net income from buildings	**102,082**	**85,781**	**85,390**

(1) With effect from 1 January 2019, net income from buildings is now broken down by, on the one hand, property operating expenses and rates and corresponding chargebacks (see paragraph 6.21 - Property operating income and expenses) and, on the other, other income and expenses on buildings (see paragraph 6.22 - Other property operating income and expenses). In 2018, rental expenses and rates were offset by rebilling. The difference was recognised as external expenses or taxes. The financial statements for 2018 have therefore been restated.

25. Cost of net financial debt

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018
Income from money market investment securities < 3 months		
Income from cash and cash equivalents	190	275
Income from interest rate hedges		
Income from cash	**190**	**275**
Interest on loans and overdrafts	-16,272	-18,569
Interest on IFRS 16 lease liabilities	-1,445	
Exit penalties		
Derivatives	-1,853	-2,088
Borrowing costs	-674	-909
Interest on financing for the Cargo transaction	-5,620	
Cost of gross financial debt	**-25,865**	**-21,566**
Cost of net financial debt	**-25,675**	**-21,291**

26. Other financial income and expenses

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018
Fair value financial expenses on trading instruments	-1,001	-1,283
Interest on current accounts of associates	-28	-51
Other financial income and expenses	**-1,029**	**-1,334**

27. Reconciliation of tax expense

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018
Profit before tax	212,656	146,219
Theoretical tax expense (income) at the prevailing rate in France (31%)	**-65,923**	**-48,740**
Impact of the non-taxable sector	58,993	47,000
Discounted exit tax		
Exceptional contribution of 3% on distribution		46
Corporate tax on previous financial years	32	
Unused tax losses	8,314	
Other timing differences		
Actual tax expense	**1,416**	**-1,694**

28. Earnings per share

Calculation of earnings per share	Amount as at 31.12.2019	Amount as at 31.12.2018
Net income, Group share (in thousands of €)	215,036	144,525
Weighted average number of capital shares	17,724,051	16,314,456
Treasury shares (weighted)	-4,614	-4,494
Number of shares retained	17,719,437	16,309,962
Earnings per share (in euros)	**12.14**	**8.86**

29. Details of certain items in the cash flow statement

Cash net of bank overdrafts is as follows:

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018
Cash and cash equivalents	16,721	25,673
Bank loans, commercial paper and accrued interest	-58	-56
Cash in the cash flow statement	**16,664**	**25,617**

30. Impact of business combinations on cash flows

(in thousands of euros)	Amount as at 31.12.2019
Acquisition of 100% of CARGO securities - Cash financing	-618,781
Acquisition of the cash of SCI CARGO PROPERTY	30,503
Impact of Cargo business combinations	**-588,278**
Acquisition of 100% of the shares of SAS Portimmo	-7,143
Acquisition of the cash of SAS Portimmo	408
Impact of Portimmo business combinations	**-6,735**

31. Off-balance sheet commitments

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018
Commitments received:		
Credit lines received and unused		
Sureties received from tenants	143,564	12,684
Total commitments in assets	**143,564**	**12,684**
Commitments given:		
Sureties and guarantees given	2,840	1,442
Commitments to acquire investment properties		
Work undertaken head office		
Total commitments in liabilities	**2,840**	**1,442**
Reciprocal commitments:		
Commitments to build investment properties	140,706	49,335
Total commitments in assets and liabilities	**140,706**	**49,335**

32. Recognition of financial assets and liabilities

(in thousands of euros)	Assets / liabilities measured at fair value through income	Assets / liabilities held to maturity	Available -for-sale assets	Loans and receivables	Assets / Liabilities at amortised cost	Historical cost	Fair value through equity	Total	Fair Value
Financial assets		438				689		1,127	1,127
Cash in hand	10,720				6,001			16,721	16,721
Current and non-current financial instruments								0	0
Other assets						71,154		71,154	71,154
TOTAL FINANCIAL ASSETS	**10,720**	**438**	**0**	**0**	**6,001**	**71,843**	**0**	**89,002**	**89,002**
Non-current IFRS 16 financial liabilities and lease liabilities		730,743			155,000			885,743	885,743
Current and non-current financial instruments							5,703	5,703	5,703
Current IFRS 16 financial liabilities and lease liabilities						707,151		707,151	707,151
Financial liabilities on assets held for sale								0	0
Other liabilities						31,494		31,494	31,494
Security deposit						7,839		7,839	7,839
TOTAL FINANCIAL LIABILITIES	**0**	**730,743**	**0**	**0**	**155,000**	**746,484**	**5,703**	**1,637,930**	**1,637,930**

33. Related party relationships

The remuneration over the period of the members of the Executive Board and the members of the Supervisory Board is as follows:

(in thousands of euros)	Amount as at 31.12.2019	Amount as at 31.12.2018
Salaries	1,025	1,006
Attendance fees	100	57
Overall remuneration	**1,125**	**1,063**

The company has not made any special pension or severance arrangements in the event of termination of the duties of corporate officers. Other than senior managers, no other related parties have been identified.

34. Headcount

	Executives	Non-executives	Total
Average headcount as at 31 December 2018	20	2	22
Average headcount as at 31 December 2019	22	3	25

35. Statutory auditors' fees

(In thousands of euros)	Mazars		Exponens		Total	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Audit, statutory auditor, certification, review of individual and consolidated financial statements						
ARGAN	86	54	57	31	143	85
IMMOCBI	0	0	2	5	2	5
Sub-total	**86**	**54**	**59**	**36**	**145**	**90**
Services other than certifying the financial statements						
ARGAN	65	2	30	2	95	4
IMMOCBI	0	0	0	0	0	0
Sub-total	**65**	**2**	**30**	**2**	**95**	**4**
Grand total	**151**	**56**	**89**	**38**	**240**	**94**

Services other than certifying the 2019 financial statements pertain to the specific tasks carried out in connection with the acquisition of CARGO PROPERTY ASSETS (Document E, proforma, updates to the Universal Registration Document, etc.).

36. Post-closing events

In January 2020, the Company finalised long-term loan facilities for a total amount of €645 million and simultaneously repaid the short-term loan for the same amount in connection with the "Cargo" portfolio acquisition.

ARGAN

A French public limited company (*Société Anonyme*) with an Executive Board and Supervisory Board with share capital of €44,507,874

Registered office: 21 rue de Beffroy 92200 NEUILLY SUR SEINE, France

Trade and Companies Register: RCS NANTERRE B 393 430 608

Statutory auditors' report on the consolidated financial statements

Financial year ended 31 December 2019

EXPONENS MAZARS

ARGAN

Public limited company with an Executive Board and Supervisory Board

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Statutory auditors' report on the consolidated financial statements

To the Argan General Shareholders' Meeting,

Opinion

In performance of the assignment entrusted to us by your General Shareholders' Meeting, we have audited the consolidated financial statements of ARGAN for the financial year ended 31 December 2019, as appended to this report.

We certify that the consolidated financial statements are accurate and consistent and give a true and fair view of the income from operations for the past financial year as well as the financial position and assets of the group of consolidated companies at the end of the year, in accordance with IFRS as adopted by the European Union.

The opinion set out above is consistent with the content of our report to the Audit Committee.

Basis of opinion

Auditing standards

We conducted our audit in accordance with the professional standards applicable in France. We believe that the evidence collected in our audit is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities pursuant to these standards are described in the section of this report on "Responsibilities of the Statutory Auditors in the audit of the consolidated financial statements".

Independence

We conducted our audit in accordance with the independence rules applicable to us, for the period from 1 January 2019 to the issue date of our report and in particular we did not provide any services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or by the French Code of Ethics for Statutory Auditors.

Observation

Without qualifying the opinion expressed above, we draw your attention to the note on "First application of IFRS 16 "Leases" in the Notes to the consolidated financial statements concerning the entry into force of IFRS 16, which has been mandatory since 1 January 2019.

Justification of assessments – Key points of the audit

In accordance with the provisions of Articles L. 823- 9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we draw to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgement, were of most significance in the audit of the consolidated financial statements for the financial year, and our responses to these risks.

These assessments were part of our audit of the consolidated financial statements, taken as a whole, and contributed to the opinion we formed which is expressed above. We do not express an opinion on elements of these consolidated financial statements taken individually.

Accounting treatment of the acquisition of SCI Cargo Property Assets

(*Note 8 to the consolidated financial statements*)

Identified risk

On 15 October 2019, Argan acquired 100% of SCI Cargo's shares:

- 31.1% of SCI Cargo's capital, by way of a contribution in kind exchanged for the issue of 5,588,994 new shares of Argan,
- 68.9% of the capital of SCI, by way of a cash payment of €618.8 million.

As indicated in Note 8 to the consolidated financial statements, the accounting treatment for first inclusion of SCI Cargo in the scope of consolidation of the Argan group requires:

- Measurement of the value of the consideration transferred by Argan in payment of the purchase price,
- Measurement and recognition at fair value as at the takeover date the identifiable assets acquired, liabilities transferred and contingent liabilities, in accordance with the provisions of revised IFRS 3 applicable to such business combinations.

These assessments are material and are estimates, in particular those relating to the valuation of real estate assets.

We considered the accounting treatment of the acquisition of SCI Cargo as a key point in our audit because of the materiality of this acquisition and the high degree of judgement required from Management in respect of the valuations carried out, mainly those relating to the fair value of the assets and liabilities acquired.

Our response

Under these circumstances, our work consisted of:

- Obtaining and examining the contract for Argan's acquisition of SCI Cargo, to carry out a critical review of how the fair value of the consideration transferred was determined and identify the provisions of the contract which necessitate specific accounting procedures;
- Verifying that revised IFRS 3 has been correctly applied to this business combination;
- Reviewing the process introduced by Management to identify and measure any assets, liabilities and contingent liabilities of SCI Cargo and its subsidiaries on the takeover date for recognition in the Argan Group's consolidated financial statements in connection with the business combination;
- Assessing the appropriateness of the assumptions made and methods used to measure the assets and liabilities recognised in the consolidated financial statements on the takeover date, in accordance with the requirements of the accounting standards;
- Reviewing the accounting principles applied by SCI Cargo and its subsidiaries and reviewing their consistency with the accounting principles applied by Argan;
- Verifying the appropriateness of the information provided in Note 8 to the consolidated financial statements.

Valuation of investment properties

(Notes 6.6, 6.9 and 11 to the consolidated financial statements)

Identified risk

Nearly all Argan's real estate assets are investment properties that have been delivered and/or are under construction and are let on operating leases.

As at 31 December 2019, the net value of investment properties (delivered and in progress) was €2,670 million, compared with total assets of €2,947 million.

As stated in Note 6.6, Argan opted, as permitted by IAS 40, for a fair value valuation of investment properties. This applies to leased buildings and buildings under construction or under development, where fair value can be reliably measured. The fair value is applied on the basis of valuations by an independent Property Appraiser.

The majority of these valuations are based on unobservable Level 3 data, as defined in IFRS 13 "Fair Value Measurement" and described in Note 4 to the consolidated financial statements, which are therefore based on estimates. The Property Appraiser's valuation of investment properties considers specific information such as the nature of each asset, its location, its rental income, the remaining fixed term of the leases, the rate of return and investment expenditures.

We considered the valuation of investment properties to be a key point in our audit because of the material nature of this item as regards the consolidated financial statements, the high degree of judgement required from Management to determine the main assumptions used and in view of the sensitivity of the fair value of investment property to these assumptions.

Our response

Under these circumstances, our work consisted of:

- Assessing the Property Appraiser's qualifications, certifications and independence, based on their engagement letter;
- Assessing the completeness of the scope evaluated by the Property Appraiser by comparison with the managed rental income statement as at 31 December 2019;
- Carrying out a critical review of the valuation method used at the end of the financial year for investment properties under construction (historical cost or fair value);
- Assessing the relevance of the information provided by the Group for the Property Appraiser (rental income statements, investment expenditure budget), more specifically for acquisitions/ extensions/ deliveries of investment properties in the financial year;
- Obtaining the property valuation reports and confirming the change in fair value of the property portfolio in light of the valuation methods used, changes in the scope and the market inputs on which the Property

Appraiser's valuations are based, such as the discount rate, the rate of return and the market rental value;

- Conducting an interview with the Finance Department and the Property Appraiser to justify the overall valuation of the portfolio and the appraisal values for specific assets that have come to our attention;
- Assessing the appropriateness of the information shown in Note 11 to the consolidated financial statements.

Specific verifications

We also performed specific verifications of the information about the Group given in the Executive Board's management report, as required under statutory and regulatory provisions in accordance with the professional auditing standards applicable in France.

We have no matters to report regarding the fair presentation of this information and its consistency with the consolidated financial statements.

Information arising from other legal and regulatory obligations

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of ARGAN by the General Shareholders' Meeting of 20 December 2006 (MAZARS) and the Combined Shareholders' Meeting of 15 April 2008 (Exponens). As at 31 December 2019, MAZARS was in its 14th consecutive year of appointment and Exponens was in its 11th year, marking their 12th and 11th years respectively since the Company's securities were admitted to trading on a regulated market.

Responsibilities of management and of the persons charged with corporate governance in relation to the consolidated financial statements

The management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS as adopted in the European Union and for implementing the internal controls it deems necessary for the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, for presenting the information required in these financial statements, where applicable, in relation to the continuity of operations, and for applying the going concern accounting policy, unless there is a plan to liquidate the company or cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risk management systems, as well as internal auditing, where appropriate, with regard to the procedures for preparing and processing accounting and financial information.

The consolidated financial statements have been adopted by the Executive Board.

Responsibilities of the Statutory Auditors in the audit of the consolidated financial statements

Audit objective and procedure

We are responsible for preparing a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance means a high level of assurance, but this does not guarantee that an audit carried out in accordance with professional standards can always detect every material misstatement. Misstatements may result from fraud or error and are considered material when it can reasonably be expected that they might, individually or collectively, influence the financial decisions taken by users of the financial statements on the basis of those statements.

As specified in Article L.823-10-1 of the French Commercial Code, our certification of the financial statements does not involve any guarantee of the viability or quality of your company's management.

In an audit carried out in accordance with the professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit. In addition, the statutory auditor:

- identifies and assesses the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, develops and implements audit procedures in response to these risks, and gathers information that it considers sufficient and appropriate to support its opinion. The risk of failing to detect a material misstatement resulting from fraud is greater than in the case of a material misstatement resulting from error, since fraud may involve collusion, falsification, deliberate omissions, false declarations or the circumvention of the internal control system;

- obtains an understanding of the aspects of internal control that are relevant for the audit in order to develop appropriate audit procedures in the circumstances, and not to express an opinion at to the effectiveness of the internal control systems;

- assesses the appropriateness of the accounting policies used, and the reasonableness of the accounting estimates made by the management and the related information provided in the consolidated financial statements;

- assesses the appropriateness of the management's application of the going concern accounting principle and, according to the evidence collected, whether there is material uncertainty connected with events or circumstances that could jeopardise the company's ability to continue its operations. This assessment is based on the evidence collected up to the date of the statutory auditor's report, but it is noted that subsequent circumstances or events could jeopardise the continuity of operations.

  If the auditor concludes that there is material uncertainty, they draw the attention of readers of the report to the information provided in the consolidated financial statements concerning this uncertainty or, if this information is not provided or is not relevant, it issues a certification with reservations or refuses to certify;

- appraises the overall presentation of the consolidated financial statements and evaluates whether the consolidated financial statements reflect the underlying transactions and events in a way that gives a true and fair view;

- The auditor collects evidence on the financial information of the persons or entities included in the scope of consolidation that it considers sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for the management, supervision and performance of the audit of the consolidated financial statements as well as for the opinion expressed on these financial statements.

Report to the Audit Committee

We provide the Audit Committee with a report that describes the scope of the audit and the programme of work carried out, as well as the conclusions resulting from our work. We also draw its attention to any significant weaknesses in the internal control system that we have identified with regard to the procedures for preparing and processing accounting and financial information.

The report to the Audit Committee includes information on the risks of material misstatement that we consider to have been the most important for the audit of the consolidated financial statements for the financial year and which therefore constitute the key audit matters that we have to describe in this report.

We also provide the Audit Committee with the declaration set out in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France laid down by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where necessary, we discuss the risks to our independence and the safeguard measures applied with the Audit Committee.

Paris and Paris-la-Défense, 7 February 2020
Statutory Auditors

EXPONENS **Yvan Corbic**	**MAZARS** **Jean-Maurice El Nouchi**

2. FINANCIAL STATEMENTS 2019

BALANCE SHEET - ASSETS

	Gross	Amortisation and Depreciation	Net 31/12/2019	Net 31/12/2018
Uncalled subscribed capital				
FIXED ASSETS				
Intangible assets				
Set-up costs				
Research and development costs				
Concessions, patents, licences, software and similar rights	77,838	59,612	18,226	26,857
Goodwill (1)	21,459,988		21,459,988	21,459,988
Other intangible assets	159,153		159,153	159,153
Advances and deposits on intangible assets				
Tangible fixed assets				
Lands	232,419,865		232,419,865	121,125,917
Buildings	1,183 482,557	128,044,603	1,055 437,954	455,849,304
Industrial plant, tools and equipment				
Other tangible fixed assets	315,770,891	719,252	315,051,639	739,191
Tangible assets under construction	40,301,008		40,301,008	40,674,337
Advances and deposits	689,329		689,329	550,922
Financial assets (2)				
Investments (equity accounted)				
Other equity investments	34,976,230		34,976,230	34,976,230
Receivables on investments				
Other long-term investments				
Loans	35,128,893		35,128,893	40,017,453
Other financial assets	437,946		437,946	2,577,684
TOTAL FIXED ASSETS	**1,864 903,698**	**128,823,467**	**1,736 080,232**	**718,157,036**
CURRENT ASSETS				
Inventory and work in progress				
Raw materials and supplies				
Work in progress (goods and services)				
Intermediate and finished products				
Goods				
Advances and deposits paid on orders	**72,983**		**72,983**	**80,528**
Receivables (3)				
Trade and other	40,816,257		40,816,257	17,456,092
Other receivables	27,441,404		27,441,404	17,645,825
Capital subscribed and called, not paid up				
Miscellaneous				
Transferable securities	6,074,758		6,074,758	7,682,264
Cash in hand	10,664,086		10,664,086	18,096,802
Prepaid expenses (3)	959,739		959,739	972,496
TOTAL CURRENT ASSETS	**86,029,228**		**86,029,228**	**61,934,005**
Borrowing costs to be deferred	2,371,760		2,371,760	2,361,470
Redemption premiums on bonds				
Conversion differences - assets				
GRAND TOTAL	**1,953 304,685**	**128,823,467**	**1,824 481,219**	**782,452,511**
(1) Of which right to lease			*21,459,988*	*21,459,988*
(2) Of which falling due within one year (gross)			*5,015,279*	*4,888,560*
(3) Of which falling due after one year (gross)			*3,147,748*	*3,483,719*

BALANCE SHEET - LIABILITIES

	31/12/2019	31/12/2018
SHAREHOLDERS' EQUITY		
Capital	44,423,938	32,755,266
Issue, merger, acquisition premiums, etc.	331,656,395	52,721,540
Revaluation difference		
Legal reserve	3,324,595	3,275,527
Reserves required under the Articles of Association or contractually		
Regulated reserves		
Other reserves	3,483	1,891
Carried forward		
INCOME FOR THE YEAR (profit or loss)	**4,547,427**	**21,401,908**
Investment grants	477,975	212,817
Regulated provisions	3,070,143	2,130,874
TOTAL SHAREHOLDERS' EQUITY	**387,503,955**	**112,499,822**
OTHER EQUITY		
Income from issues of equity securities		
Conditional advances		
TOTAL OTHER EQUITY		
PROVISIONS FOR LIABILITIES AND CHARGES		
Provisions for liabilities		527,266
Provisions for charges		
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES		**527,266**
DEBT (1)		
Convertible bond issues		
Other bond issues	155,000,000	155,000,000
Bank borrowings (2)	1,136 878,682	385,028,611
Loans and other financial liabilities (3)	42,784,872	65,527,090
Advances and deposits paid on orders in progress		
Trade and other payables	22,265,223	4,659,807
Tax and social security payables	9,020,367	4,875,951
Payables on fixed assets and related accounts	26,524,619	20,529,710
Other payables	1,286,925	7,928,681
Prepaid income	43,216,576	25,875,572
TOTAL DEBT (1)	**1,436 977,263**	**669,425,423**
Conversion differences - liabilities		
GRAND TOTAL	**1,824 481,219**	**782,452,511**
(1) Of which falling due after than one year (a)	651,133,747	578,609,521
(1) Of which falling due within one year (a)	785,843,516	90,815,902
(2) Of which bank loans and bank credit balances	57,575	55,760
(3) Of which participation borrowings		
(a) With the exception of advances and deposits received on orders in progress		

INCOME STATEMENT

	FRANCE	Exports	31/12/2019	31/12/2018
Operating income (1)				
Sales of goods				
Production sold (goods)				
Production sold (services)	108,965,651		108,965,651	104,941,799
Net sales	**108,965,651**		**108,965,651**	**104,941,799**
Production in inventory				
Capitalised production			107,682,010	66,864,353
Operating subsidies				
Write-backs of provisions (and depreciation), transfers of expenses			3,827,445	3,647,407
Other income			265,892	418
Total operating income (I)			**220,740,998**	**175,453,977**
Operating expenses (2)				
Purchases of goods				
Changes in inventory				
Purchases of raw materials and supplies				
Changes in inventory				
Other purchases and external expenses (a)			175,998,660	115,830,280
Taxes and similar payments			18,041,730	16,615,992
Wages and salaries			3,034,473	2,780,493
Social security contributions			1,207,057	1,209,288
Amortisation and depreciation:				
- On fixed assets: depreciation			27,360,496	23,987,148
- On fixed assets: impairment			499,267	
- On current assets: impairment				
- For liabilities and charges: provisions				
Other expenses			110,112	100,400
Total operating expenses (II)			**226,251,795**	**160,523,600**
OPERATING INCOME (I-II)			**- 5,510,797**	**14,930,377**
Share of income from joint operations				
Profit appropriated or loss transferred (III)			**5,535,145**	**2,661,235**
Loss incurred or profit transferred (IV)				
Financial income				
From equity investments (3)			19,400,000	
From other transferable securities and fixed asset receivables (3)			403,746	470,167
Other interest and similar income (3)			178,392	272,059
Write-backs on provisions and impairment and transfers of expenses			3,823	
Positive translation differences				
Net income from disposals of transferable securities			73,922	14,689
Total financial income (V)			**20,059,882**	**756,916**
Financial expenses				
Amortisation, depreciation and provisions				3,823
Interest and similar expenses (4)			15,260,937	16,200,273
Negative translation differences				
Net expenses on disposals of transferable securities				
Total financial expenses (VI)			**15,260,937**	**16,204,096**
FINANCIAL INCOME (V-VI)			**4,798,944**	**- 15,447,180**
RECURRING INCOME before tax (I-II+III-IV+V-VI)			**4,823,292**	**2,144,432**

INCOME STATEMENT

	31/12/2019	31/12/2018
Extraordinary income		
On management transactions	1,651,148	97
On capital transactions	311,121	64,483,701
Write-backs on provisions and impairment and transfers of expenses	527,266	
Total extraordinary income (VII)	**2,489,536**	**64,483,798**
Extraordinary expenses		
On management transactions	668,104	
On capital transactions	1,125,174	42,041,517
Amortisation, depreciation and provisions	939,879	1,491,208
Total extraordinary expenses (VIII)	**2,733,156**	**43,532,725**
EXTRAORDINARY INCOME (VII-VIII)	**-243,620**	**20,951,073**
Employee profit-sharing (IX)		
Income tax (X)	32,245	1,693,597
Total income (I+III+V+VII)	**248,825,560**	**243,355,926**
Total expenses (II+IV+VI+VIII+IX+X)	**244,278,134**	**221,954,018**
PROFIT OR LOSS	**4,547,427**	**21,401,908**
(a) Including		
- Equipment leasing fees		
- Real estate leasing fees	*35,857,133*	*36,031,730*
(1) Of which income relating to previous financial years		
(2) Of which expenses relating to previous financial years		
(3) Of which income relating to related entities		
(4) Of which interest relating to related entities	*56,827*	*75,387*

ACCOUNTING RULES AND METHODS

Name of the Company: SA ARGAN

Notes to the balance sheet before distribution for the financial year ended 31/12/2019, for which the total is
€1,824,481,219 and the income statement for the financial year, presented in list form and showing a profit of €4,547,427.

The financial year lasts for 12 months and covers the period from 01/01/2019 to 31/12/2019.
The notes or tables below form an integral part of the annual financial statements.
These annual financial statements were adopted on 13/01/2020 by the company's senior managers.

General rules

The annual financial statements for the financial year as at 31/12/2019 were prepared in accordance with French Accounting Standards Authority regulation No. 2014-03 consolidated as at 1st January 2019.
The accounting principles were applied consistently in line with the principle of prudence, in accordance with the following basic assumptions:
- going concern,
- consistency of accounting methods from one financial year to the next,
- independence of financial years.
and in accordance with the general rules governing the preparation and presentation of the annual financial statements.
The basic method used when stating the value of items in the financial statements is the historical cost method.
Only material information is disclosed. Unless otherwise stated, amounts are expressed in euros.

Intangible and tangible fixed assets

Intangible and tangible fixed assets are valued at their acquisition cost for assets acquired for consideration, at their production cost for assets produced by the company and at their market value for assets acquired free of charge and through exchange.

The cost of a capital asset consists of its purchase price, including customs duties and non-recoverable taxes, after deduction of rebates, trade discounts and cash discounts from all directly attributable costs incurred in creating and developing the asset such that it is operational for its intended use. Transfer taxes, fees or commissions and legal costs related to the acquisition are not allocated to this acquisition cost. All costs that are not part of the acquisition price of the capital asset and that cannot be allocated directly to the costs required to create and develop the asset such that it is operational for its intended use are recognised as expenses.

The gross value of tangible fixed assets is reduced by any accumulated depreciation and impairment losses, as determined from the fair value of the assets. In this regard, Management has introduced a process for valuation of the property portfolio by an independent Property Appraiser, to estimate the fair value of the assets. This is described in the note on "Valuation of equity securities and the real estate portfolio".

Intangible assets consist of rights to leases.

In accordance with the French general chart of accounts (Article 745-5), technical losses have been assigned to identifiable assets contributed for which an actual value can be reliably estimated.

Technical losses resulting from the universal transfers of assets from the SCIs in the Cargo scope were allocated to the real estate assets contributed, using the values determined by the independent appraiser as at 31 December 2019.

The technical loss resulting from the merger of SAS PORTIMMO into ARGAN SA was allocated to real estate assets.

As at 31 December 2019, technical losses were allocated to the following identifiable asset groups:

- €159,153 in technical losses on intangible assets, excluding goodwill
- €314,917,764 in technical losses on tangible fixed assets.

For the purpose of depreciation, the same accounting treatment is applied to the technical loss as to the underlying asset to which it is allocated: if the underlying asset is depreciable, the share of the affected technical loss is depreciated at the same rate.

Depreciation

Depreciation is calculated by component. For simplicity, movable property is depreciated over the period of use:

- Logistics hub:
- Roads and external works: 30 years
- Envelope: 15 and 30 years
- Amenities: 10 to 20 years
- General equipment and sundry fixtures and fittings: 10 years

- Offices
- Structure: 60 years
- Frontage: 30 years
- Amenities: 20 years
- Fittings: 10 years

-Other capital assets
- Concessions, software and patents: 1 to 3 years
- Vehicles: 4 to 5 years
- Office equipment: 5 to 10 years
- Computer hardware: 3 years
- Furniture: 10 years

The company applies the special depreciation allowance in order to qualify for the tax deduction for capital assets with an accounting lifetime that exceeds the tax lifetime. When acquiring a property that was previously on a finance lease, the company has chosen not to recognise a special depreciation allowance on the portion of the tax basis of the building corresponding to the basic exit tax paid when the SIIC regime was adopted.

Valuation of equity securities and the real estate portfolio

The real estate portfolio held directly or indirectly by Argan SA is valued biannually by an independent appraiser.
The appraisals carried out meet the French national professional standards of the *Charte de l'Expertise en Evaluation Immobilière* (Charter of real estate valuation) developed under the guidance of IFEI and the COB report of February 2002 (COB has been AMF since 2004).
These appraisals also conform to the TEGOVA European professional standards and the principles of the Royal Institution of Chartered Surveyors (RICS).
The main methodologies used are the net income capitalisation or discounted future cash flow methods. The latter method is preferred in view of the reduction in fixed terms for most assets and the complex change in cash flows provided for in the leases.
Consequently, the valuation of the assets may not be equivalent to their realisable value in the event of a disposal.
In light of the value reported by the appraiser, the Company may be required to depreciate its real estate assets when the asset value (revalued by reference to the appraisal value of the property assets) is less than the net book value and the technical loss, if any.

Equity securities are recognised at their acquisition or subscription cost, including acquisition charges. The book value of the equity securities is determined by reference to the use value of the equity investment. If applicable, it also takes into account the appraisal value of the property assets of the controlled entity.

Receivables

Receivables are valued at their nominal value. An impairment is applied if the asset value is less than the carrying amount.

Provisions

Any current obligation resulting from a past company event vis-à-vis a third party, which may be estimated with sufficient reliability, and covering identified risks, is recognised as a provision.

Borrowing costs

The Company has opted to defer the borrowing costs as defined in accordance with CNC opinion no. 2006-A of 7 June 2006.

Work in progress

Project management in progress is recorded using the percentage of completion method.

Rental income

Rental income is recognised on the invoicing date and income from a rental period that extends beyond the balance sheet date is included in prepaid income. Rent-free periods granted are not treated as deferred rent.
Accordingly, no income is recognised during the rent-free period.

Taxes

The Company recognises corporate tax at the standard rate on activities not covered by the SIIC regime.

Financial futures and hedging transactions

The company does not apply hedge accounting. Hedging instruments are recorded as financial income or expense on each contractual maturity date.

Extraordinary income and expenses

Extraordinary income and expenses reflect items that do not relate to normal day-to-day operations.

Identity of consolidating parent company

Company: ARGAN
Form: French public limited company
Capital of: €44,423,938
Registered office: 21 rue Beffroy 92200 Neuilly sur Seine, France
SIRET (Business registration number): 393 430 608

SIGNIFICANT EVENTS

Other significant items

On 14 May 2019, ARGAN acquired all the shares of SAS PORTIMMO, which owned an 8,200 sq. m fulfilment hub and a separate office building of 3,500 sq. m in Gennevilliers (92). These have been leased for a fixed term of 10 years to DSV Road, the world number 5 in transport and logistics services. SAS PORTIMMO was merged into ARGAN during the financial year with retroactive accounting effect to 1st January 2019.

In June, ARGAN delivered a hub covering 65,000 sq. m (including mezzanine). The facility is located in Fleury-Mérogis (91) and has been leased for a fixed term of 12 years to Casino for the food e-commerce operations of the Monoprix brand. The mezzanine in this warehouse will be given over to an automated process, developed by British service provider Ocado and the first of its kind in France;

In June, ARGAN delivered a 34,000 sq. m hub in Pusignan, near Lyon (69). The facility has been leased for a fixed term of 9 years to Tereva, one of France's leading distributors of heating and sanitation products to the construction industry.

On 15 October 2019, ARGAN acquired all the shares of SCI CARGO PROPERTY ASSETS which, along with its 22 subsidiaries, has 22 premium logistics hubs which are leased to Carrefour Group for fixed terms of 6 years on average and amount to 1,085,000 sq. m.
SCI CARGO PROPERTY ASSETS was acquired partly via a transfer in kind of the shares of SCI CARGO PROPERTY ASSETS to ARGAN. This resulted in a capital increase of €11,177,988 and an acquisition premium of €268,271,737.
SCI CARGO PROPERTY ASSETS and its 22 subsidiaries transferred all of their assets to ARGAN on 25 November and 31 December 2019, respectively.

In November, ARGAN let a 21,000 sq. m refrigerated hub in Niort/La Crèche (79). This hub has been leased for 12 years to the Eurial, dairy division of Agrial, France's second-largest dairy cooperative.

In December, ARGAN delivered a 13,000 sq. m hub in Albon (26), 60 km south of Lyon and leased for a fixed term of 7 years to Nutrition & Santé, the European leader in health food and organic food.

NOTES ON THE BALANCE SHEET

Fixed Assets

FIXED ASSET SCHEDULE

	At the start of the period	Increase	Decrease	At the end of the period
Set-up and development costs				
Goodwill	21,459,988			21,459,988
Other intangible assets	228,591	9,107	707	236,991
Intangible assets	**21,688,579**	**9,107**	**707**	**21,696,979**
Lands	121,125,917	111,564,373	270,426	232,419,865
Buildings on freehold land	493,539,267	624,940,769	8,651,000	1,109 829,036
Buildings on non-freehold land	63,544,996	10,108,526		73,653,521
General building fixtures and fittings				
Industrial plants, tools and equipment				
General fixtures and fittings	73,500	19,305		92,805
Vehicles	407,895	215,254	63,444	559,704
Office and IT equipment, furniture	168,492	37,196	5,070	200,618
Recoverable packaging and other items	389,194	314,528,570		314,917,764
Tangible assets under construction	40,674,337	61,749,172	62,122,501	40,301,008
Advances and deposits	550,922	199,175	60,768	689,329
Tangible fixed assets	**720,474,520**	**1,123,362,340**	**71,173,209**	**1,772,663,650**
Equity-accounted investments				
Other equity investments	34,976,230	938,722,952	938,722,952	34,976,230
Other long-term investments				
Loans and other financial assets	42,595,137	160,962	7,189,260	35,566,839
Financial assets	**77,571,367**	**938,883,914**	**945,912,212**	**70,543,069**
FIXED ASSETS	**819,734,466**	**2,062,255,361**	**1,017,086,128**	**1,864,903,698**

NOTES ON THE BALANCE SHEET

The asset flows are as follows:

	Intangible assets	Tangible fixed assets	Financial assets	Total
Breakdown of increases				
Line item to line item transfers		70,754,428		70,754,428
Current asset transfers			160,962	160,962
Acquisitions	9,107	117,433,719	938,722,952	1,056 165,778
Contributions		935,174,193		935,174,193
Creations				
Revaluations				
Increases in the financial year	**9,107**	**1,123,362,340**	**938,883,914**	**2,062,255,361**
Breakdown of decreases				
Line item to line item transfers		70,754,428		70,754,428
Transfers to current assets			7,189,260	7,189,260
Disposals	707	418,781		419,488
Spin-offs			938,722,952	938,722,952
Decommissioning				
Decreases in the financial year	**707**	**71,173,209**	**945,912,212**	**1,017,085,421**

NOTES ON THE BALANCE SHEET

Financial assets

List of subsidiaries and equity investments

Detailed information on each security

	Capital	Shareholders' equity (other than capital)	Share of capital held	Income for the last financial year ended
-Subsidiaries (ownership of more than 50%)				
SARL IMMO CBI 92200 NEUILLY SUR SEINE, France	1,000,000	34,041,103	100.00	64,880
SCI AVILOG 92200 NEUILLY SUR SEINE, France	10,000	-1,201	51.00	
-Equity investments (ownership of between 10 and 50%)				
SCI SCCV NANTOUR 75008 PARIS, France	10,000	2,142,851	49.90	2,142,851

Comprehensive information on all subsidiaries

	Gross carrying amount	Net carrying amount	Amounts of loans and advances	Sureties and endorsements	Dividends received
-Subsidiaries (ownership of more than 5%)	34,971,239	34,971,239			19,400,000
-Equity investments (ownership of between 10 and 50%)	4,990	4,990			
- Other French subsidiaries - Other foreign subsidiaries - Other French equity investments - Other foreign equity investments					

NOTES ON THE BALANCE SHEET

Depreciation of fixed assets

	At the start of the period	Increase	Decrease	At the end of the period
Set-up and development costs				
Goodwill				
Other intangible assets	42,581	17,738	707	59,612
Intangible assets	**42,581**	**17,738**	**707**	**59,612**
Lands				
Buildings on freehold land	90,334,700	23,068,285		113,402,984
Buildings on non-freehold land	10,475,478	3,304,714		13,780,191
General building fixtures and fittings				
Industrial plants, tools and equipment				
General fixtures and fittings		989		989
Vehicles	222,692	96,652	45,791	273,853
Office and IT equipment, furniture	65,742	31,577	5,070	92,250
Recoverable packaging and other items	11,455	278,084		289,539
Tangible fixed assets	**101,110,067**	**26,780,601**	**50,861**	**127,839,806**
FIXED ASSETS	**101,152,649**	**26,798,339**	**51,568**	**127,899,419**

NOTES ON THE BALANCE SHEET

Current assets

Receivables schedule

Total receivables at the end of the financial year were €104,784,239. The detailed ranking by maturity is as follows:

	Amount (gross)	Maturities of less than one year	Maturities of more than one year
Fixed asset receivables:			
Receivables on equity investments			
Loans	35,128,893	5,015,279	30,113,614
Other	437,946		437,946
Current asset receivables:			
Trade and other receivables	40,816,257	40,816,257	
Other	27,441,404	24,293,656	3,147,748
Capital subscribed – called, not paid up			
Prepaid expenses	959,739	959,739	
Total	**104,784,239**	**71,084,931**	**33,699,308**
Loans granted during the financial year			
Loans recovered during the financial year	4,888,560		

Accrued income

	Amount
Unbilled trade receivables	698,609
Supplier credit notes outstanding	14,795
Accrued income	289,755
Bank – accrued interest receivable	351,540
Total	**1,354,698**

NOTES ON THE BALANCE SHEET

Asset depreciation

The asset flows are as follows:

	Impairment at the start of the period	Provisions for the financial year	Reversals for the financial year	Impairment at the end of the period
Intangible assets				
Tangible fixed assets	424,781	499,267		924,048
Financial assets				
Inventory				
Receivables and Transferable securities	3,823		3,823	
TOTAL	**428,603**	**499,267**	**3,823**	**924,048**
Breakdown of provisions and reversals				
Operating		499,267		
Financial			3,823	
Exceptional				

Shareholders' equity

Composition of share capital

Share capital of €44,423,938.00 divided into €22,211,969 securities with a par value of €2.00.

	Number	Par value
Securities making up the share capital at the start of the period	16,377,633	2.00
Securities issued during the period	5,834,336	2.00
Securities redeemed during the period		
Securities making up the share capital at the end of the period	22,211,969	2.00

NOTES ON THE BALANCE SHEET

Regulated provisions

	Provisions at the start of the period	Provisions for the financial year	Reversals for the financial year	Provisions at the end of the period
Petroleum depletion				
For investments				
For price increases				
Special depreciation allowances	2,130,874	939,269		3,070,143
Start-up loans				
Other provisions				
TOTAL	**2,130,874**	**939,269**		**3,070,143**
Breakdown of provisions and reversals				
Operating				
Financial				
Exceptional		939,269		

Provisions

SCHEDULE OF PROVISIONS

	Provisions at the start of the period	Provisions for the financial year	Reversals used for the financial year	Reversals unused for the financial year	Provisions at the end of the period
Disputes					
Warranties					
Losses on futures markets					
Fines and penalties					
Foreign exchange losses					
Pensions and similar obligations					
For taxes					
Renewal of fixed assets					
Major maintenance and refurbishment					
Social security and tax payments to be paid on leave					
Other provisions for liabilities and charges	527,266		527,266		
TOTAL	**527,266**		**527,266**		
Breakdown of provisions and reversals for the period					
Operating					
Financial					
Exceptional			527,266		

NOTES ON THE BALANCE SHEET

Payables

Schedule of payables

Total payables at the end of the financial year were €1,436,977,263. The detailed ranking by maturity is as follows:

	Gross amount	Maturities within one year	Maturities of more than one year	Maturities of more than 5 years
Convertible bonds (*)				
Other bonds (*)	155,000,000		155,000,000	
Loans (*) and other borrowings from credit institutions of which:				
- due within a maximum of 1 year from the outset	57,575	57,575		
- due more than 1 year from the outset	1,136,821,107	681,476,556	225,292,669	230,051,882
Loans and other financial liabilities (*)	7,839,410	1,995,675	2,382,568	3,461,167
Trade and other payables	22,265,223	22,265,223		
Tax and social security payables	9,020,367	9,020,367		
Payables on fixed assets and related accounts	26,524,619	26,524,619		
Other liabilities (**)	36,232,386	1,286,925	34,945,461	
Prepaid income	43,216,576	43,216,576		
TOTAL	**1,436,977,263**	**785,843,516**	**417,620,698**	**233,513,049**
(*) Loans underwritten during the period	780,793,955			
(*) Loans repaid over the period including:	27,990,694			
(**) Of which to groups and affiliates	34,945,462			

NOTES ON THE BALANCE SHEET

Accrued expenses

	Amount
Invoices receivable	21,961,585
Invoices receivable from fixed assets suppliers	17,349,482
Accrued interest on loans	5,354,980
Banks – accrued interest payable	57,575
Provisions for paid leave	165,048
Provisions for contributions on paid leave	80,639
Other social security contributions payable	2,863
Government – sundry provisions	478,084
Government – provision for organic tax on sales	160,000
Government – provision for tax on company vehicles	15,640
Government – CPD + apprenticeship tax	7,324
Government – withholding tax K on furniture	7,500
Government – withholding tax	1,024
Government – Other taxes payable	160,116
Trade credit notes to be issued	397,051
Accrued expenses	10,879
Total	**46,209,790**

Adjustment accounts

Prepaid expenses

	Operating expenses	Financial Expenses	Extraordinary expenses
Prepaid expenses	959,739		
Total	**959,739**		

Prepaid income

	Operating income	Financial income	Extraordinary income
Prepaid income	42,684,351		
Prepaid income on deferred rental surcharge - Gonesse			
Prepaid income on deferred rental surcharge - Trappes	152,926		
Prepaid income on deferred rental surcharge - Athis-Mons	184,416		
Prepaid income on deferred rental surcharge - Rouvignies D	194,883		
Total	**43,216,576**		

In accordance with the French general chart of accounts (Article 745-5), ARGAN assigned technical losses to identifiable assets contributed for which an actual value can be reliably estimated.

Technical losses resulting from the universal transfers of assets from the SCIs in the Cargo scope were allocated to the real estate assets contributed, using the values determined by the independent appraiser as at 31 December 2019.

The loss resulting from the merger of Portimmo into ARGAN SA was allocated to real estate assets.

In euros	Fixed assets				Depreciation				Net carrying amount
	31/12/2018	Increases	Decreases	31/12/2019	31/12/2018	Increases	Decreases	31/12/2019	31/12/2019
Capri Artenay		37,543,085		37,543,085					37,543,085
Capri Allones		22,392,837		22,392,837					22,392,837
Capri Luneville		24,736,394		24,736,394					24,736,394
Capri Laudun		15,716,507		15,716,507					15,716,507
Capri Aulnay		22,557,847		22,557,847					22,557,847
Capri Bourges		16,131,981		16,131,981					16,131,981
Capri Vendin		24,768,311		24,768,311					24,768,311
Capri Epaux-Bézu		14,609,560		14,609,560					14,609,560
Capri Bagé La Ville		17,383,955		17,383,955					17,383,955
Capri Savigny sur Clairis		13,639,492		13,639,492					13,639,492
Capri Cholet		15,929,501		15,929,501					15,929,501
Capri Crépy		8,510,305		8,510,305					8,510,305
Capri Billy		9,133,660		9,133,660					9,133,660
Capri La Courneuve		12,167,584		12,167,584					12,167,584
Capri Combs La Ville		8,156,855		8,156,855					8,156,855
Capri Brie Comte Robert		13,819,739		13,819,739					13,819,739
Capri Plaisance du Touch		7,790,738		7,790,738					7,790,738
Capri Labenne		5,032,198		5,032,198					5,032,198
Capri Cestas		8,415,685		8,415,685					8,415,685
Capri Saint Quentin Fallavier		4,252,206		4,252,206					4,252,206
Capri Bain de Bretagne		3,744,056		3,744,056					3,744,056
Capri Ploufragan		1,014,812		1,014,812					1,014,812
Sub-total for Cargo	**0**	**307,447,307**	**0**	**307,447,307**	**0**	**0**	**0**	**0**	**307,447,307**
Immotournan	275,345			275,345				0	275,345
Immocèdre	72,508			72,508	6,592	3,296		9,887	62,621
Immogonesse	41,341			41,341	4,864	2,432		7,295	34,045
Portimmo (Gennevilliers)		7,081,263		7,081,263		272,356		272,356	6,808,907
Total of Technical losses	**389,194**	**314,528,570**	**0**	**314,917,764**	**11,455**	**278,084**	**0**	**289,539**	**314,628,225**

CHANGE IN SHAREHOLDERS' EQUITY 2019

	31/12/2018	Allocation of income and decision to distribute a dividend (CSM 21/03/2019)	Impact of payment in shares of the dividend decided by the CSM 21/03/2019	Consideration for the contribution in kind of shares of SCI Cargo	Income 31/12/2019	31/12/2019
Share capital	32,755,266		490,684	11,177,988		44,423,938
Issue premium	15,704,590	-706,005	11,369,148			26,367,733
Acquisition premium	37,016,950			268,271,712		305,288,662
Legal reserve	3,275,527		49,068			3,324,595
Other Reserves	1,891	-1,891	3,483			3,483
Carried forward	0					0
Income for the period to 31/12/18	21,401,908	-21,401,908				0
Income for the period to 31/12/2019	0				4,547,427	4,547,427
Shareholders' equity before grants and special depreciation allowances	110,156,131	-22,109,804	11,912,383	279,449,700	4,547,427	383,955,837

The Combined Shareholders' Meeting of 21 March 2019:
-allocated the profit for the 2018 financial year to the dividend distribution for €21,401,908.13.
-resolved to withdraw €706,005.40 from the issue premium account,
-resolved to withdraw €1,891.08 from the Other reserves account,
-resolved to distribute a dividend of €1.35/share, i.e. €22,109,804.55.

The Executive Board meeting of 21 March 2019 states that the dividend is distributed as follows:

- Payment in shares for an amount of €11,908,901
- Cash payment for an amount of €10,200,904.55
- The Combined Shareholders' Meeting of 15 October 2019 approved the contribution in kind of the 22,737,976 shares of SCI CARGO PROPERTY ASSETS. Consideration for this contribution is provided in the form of new ordinary shares of Argan issued at a unit price of €50.

TREASURY SHARES

ARGAN holds 1,053 treasury shares as at 30 December 2019, i.e. less than 0.001% of the capital.
The value of the shares is €73,731 and no impairment was recognised given the market value.
Changes in treasury shares during the financial year involved 4,541 purchases and 7,698 sales.

FREE SHARE ALLOCATION

The Combined Shareholders' Meeting of 8 April 2010 authorised the Executive Board to make free allocations of shares either in issue or to be issued, for the benefit of employees and corporate officers of the Company or related companies.

The total number of shares that may be issued or purchased may not exceed 2% of the share capital.

Allocation of the shares to their beneficiaries will only be final at the end of a minimum vesting period of 1 year. In addition, beneficiaries may only dispose of the shares allocated to them after a minimum retention period of 1 year.

On 20 July 2016, the Executive Board set up a plan under which free shares would be allocated subject to certain performance criteria being exceeded in relation to the results for financial years 2016, 2017 and 2018.

The free share allocation depends on the success of the three-year plan for 2016/2017/2018, which was measured on 31 December 2018, the end date for this three-year plan.

The Executive Board meeting of 15 January 2019 allocated 41,968 shares of the Company to the members of the Company's Executive Board.

NOTES ON THE INCOME STATEMENT

Sales

Breakdown by business sector

BUSINESS SECTOR	31/12/2019
RENTS	87,747,153
DELEGATED PROJECT MANAGEMENT	
MANAGEMENT FEES	
REBILLING OF EXPENSES	21,218,498
MISCELLANEOUS RENTALS	
COMMISSIONS AND BROKERAGE	
TOTAL	**108,965,651**

Operating and financial expenses and income

Remuneration of statutory auditors

Principal Statutory Auditor
Fee for certification of accounts: €143,200
Fee for other services: €95,000

Fees other than for certifying the 2019 financial statements pertain to the specific tasks carried out in connection with the acquisition of CARGO PROPERTY ASSETS (Document E, proforma, updates to the Universal Registration Document, etc.).

Related parties

Amount included in financial expenses:
-with IMMO CBI for €27,541,
-with CARGO PLAISANCE DU TOUCH, a subsidiary of SCI CARGO PROPERTY ASSETS, for €1,345,
-with CSCV Nantour for €27,941.

NOTES ON THE INCOME STATEMENT

Extraordinary expenses and income

Extraordinary income

Transactions in the period

	Expenses	Income
Sanctions, tax penalties and criminal fines	3,215	
Other exceptional expenses on management operations	664,889	
Carrying amounts of assets disposed of	1,125,174	
Depreciation of fixed assets	610	
Special depreciation allowances	939,269	
Other exceptional income from management operations		1,485,146
Proceeds from disposals of assets		283,420
Investment grants transferred to income		27,701
Provisions for liabilities and charges		527,266
Income from previous years		166,002
TOTAL	**2,733,156**	**2,489,535**

Income and income taxes

Tax breakdown

	Income before tax	Corresponding tax	Income after tax
+ Recurring income	4,823,292	32,245	4,791,047
+ Extraordinary income	-243,620		-243,620
+ Employee profit-sharing			
Accounting income	**4,579,672**	**32,245**	**4,547,427**

Corporate tax recognised for the 2019 financial year is subject to the non-SIIC regime.

OTHER INFORMATION

Post-closing event

In January 2020, the Company finalised long-term loan facilities for a total amount of €645 million and simultaneously repaid the short-term loan for the same amount in connection with the "Cargo" portfolio acquisition.

Headcount

Average headcount: 25 people.

The average headcount breaks down as follows:
- Executives: 22 people
- Employees: 3 people

Information on senior managers

Remuneration allocated to members of the management bodies

The remuneration allocated to members of the management bodies amounted to €928,513.

The remuneration allocated to members of the supervisory bodies amounted to €196,000, broken down as follows:

- Attendance fees: €100,000
- Chairman's allowance: €96,000

OTHER INFORMATION

Financial commitments

Commitments given	Amount in euros
Discounted unexpired bills	
Endorsements and sureties	2,840,112
Pension commitments	
Commitments under equipment leases	
Commitments under real estate leases	253,250,568
FINANCIAL LIABILITIES SUBJECT TO INTEREST RATE/SWAP HEDGING ARRANGEMENTS	*93,737,152*
FINANCIAL LIABILITIES SUBJECT TO INTEREST RATE/COLLAR HEDGING ARRANGEMENTS	*419,074,925*
Other commitments given	512,812,077
TOTAL	**768,902,757**
Of which pertaining to:	
Senior managers	
Subsidiaries	
Equity investments	
Other related companies	
Commitments backed by collateral	

The maturities of the commitments given for endorsements and sureties in the following financial years are as follows:
2020: €130k
2022: €230k
2023: €2,300k
2027: €180k

Pension commitments are considered immaterial.

For 2019, the Company hedged its interest rates via swap and collar arrangements.
These hedges provide a 5- to 15-year guarantee of a fixed rate for a variable rate on a capital outstanding of €93,737k (Swap) and €419,075k (Collar) on the reporting date for 2019.

OTHER INFORMATION

Finance Lease

	Land	Buildings	Tools and Equipment	Other	Total
Original value		**446,441,385**			**446,441,385**
Total from previous periods					
Provisions for the financial year					
Depreciation					
Total from previous periods		230,567,637			230,567,637
Financial year		35,863,536			35,863,536
Fees paid		**266,431,173**			**266,431,173**
Within one year		31,100,612			31,100,612
More than one year and less than five years		124,038,462			124,038,462
More than five years		53,376,261			53,376,261
Fees payable		**208,515,335**			**208,515,335**
Within one year					
More than one year and less than five years		12,875,003			12,875,003
More than five years		31,860,230			31,860,230
Residual value		**44,735,233**			**44,735,233**
Amount defrayed during the financial year		**35,857,133**			**35,857,133**

Breakdown of income and related distribution obligations 2019

Breakdown of income and related distribution obligations:

	Amount of income	Loss carryforwards	Net income after losses	Distribution obligations	
	Financial year N			N+1	N+2
Rental	-14,632,591		-14,632,591	0	
Capital gains on disposals	-826,227		-826,227	0	0
Dividends	19,400,000		19,400,000	3,941,182	
Exempt income before loss carryforwards	3,941,182	0	3,941,182	3,941,182	
Loss carried forward	0				
Exempt income after loss carryforwards	3,941,182				
Taxable income	-30,323,069				
Accounting income	4,547,427				

Monitoring of distribution obligations made in N:

	Obligations			Accounting income for N - 1	Distribution made in N	Obligations to be deferred	
	Obligations deferred						
Financial year in which the exempt income originated	3	4	Obligations in N			3	4
N - 1							
N - 2							
N - 3							
N - 4							
N - 5							
	0				0	0	0

Degree of market risk exposure 2019

(in thousands of euros)	Notional as at 31.12.2019	Fair value at 31.12.2019	Fair value at 31.12.2018	Change in fair value	Of which change in fair value through equity	Of which change in fair value through income	Of which cash equalisation payment
Fixed-payer interest rate swaps	93,737	-4,389	-1,317	-3,072	-3,072		3,779
Rate caps and collars	419,075	-1,317	-210	-1,107		-1,107	1,452
Amortising swaps				0	1,748		-1,748
Total cash flow hedging instruments	**512,812**	**-5,706**	**-1,527**	**-4,179**	**-1,324**	**-1,107**	**3,484**

	Amount as at 31.12.2019			Amount as at 31.12.2018		
(in thousands of euros)	Fixed	Hedged variable	Unhedged variable	Fixed	Hedged variable	Unhedged variable
Borrowings	927,255	181,063	171,584	204,548	153,313	169,644
Finance lease debt		90,540	147,082		100,300	164,044
Borrowings on RCF	6,514		30	8,443		20
Macroeconomic swap						
Collar macroeconomic swap		241,209	-241,209		268,489	-268,489
Financial liabilities	**933,769**	**512,812**	**77,487**	**212,991**	**522,102**	**65,219**
Total	**1,524,068**			**800,312**		

The Group uses derivatives to manage and reduce its net exposure to interest rate fluctuations.
The Group has entered into interest swaps and collars with a zero premium; these limit the impact of volatility of future cash flows from interest payments on variable-rate loans.
Around 5% of its debt is unhedged, variable-rate debt.

Under the terms of these swaps, the Group pays fixed interest rates as specified below and receives variable interest on the amounts of the hedged principal, calculated using 3-month Euribor.

Collars are derivative instruments used to regulate the change in a variable rate.

ARGAN

A French public limited company (*Société Anonyme*) with an Executive Board and Supervisory Board with share capital of €44,507,874

Registered office: 21 rue de Beffroy 92200 NEUILLY SUR SEINE, France

Trade and Companies Register: RCS NANTERRE B 393 430 608

Statutory auditors' report on the annual financial statements

Financial year ended 31 December 2019

EXPONENS MAZARS

ARGAN

Public limited company with an Executive Board and Supervisory Board

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Statutory auditors' report on the annual financial statements

To the Argan General Shareholders' Meeting,

Opinion

In performance of the assignment entrusted to us by your General Shareholders' Meeting, we have audited the annual financial statements of ARGAN for the financial year ended 31 December 2019, as appended to this report.

We certify that the annual financial statements are accurate and consistent and give a true and fair view of the income from operations for the past financial year as well as the financial position and assets of the company at the end of the year, in accordance with French accounting rules and principles.

The opinion set out above is consistent with the content of our report to the Audit Committee.

Basis of opinion

Auditing standards

We conducted our audit in accordance with the professional standards applicable in France. We believe that the evidence collected in our audit is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities pursuant to these standards are described in the section of this report on "Responsibilities of the Statutory Auditors in the audit of the annual financial statements".

Independence

We conducted our audit in accordance with the independence rules applicable to us, for the period from 1 January 2019 to the issue date of our report and in particular we did not provide any services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or by the French Code of Ethics for Statutory Auditors.

Justification of assessments – Key points of the audit

In accordance with the provisions of Articles L.823- 9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we draw to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgement, were of most significance in the audit of the annual financial statements for the financial year, and our responses to these risks.

These assessments were part of our audit of the annual financial statements, taken as a whole, and contributed to the opinion we formed which is expressed above. We do not express an opinion on elements of these annual financial statements taken individually.

Valuation of the real estate portfolio

(Note on Accounting rules and methods, paragraphs on "Intangible and tangible fixed assets" and "Valuation of equity securities and the real estate portfolio" and notes on "Fixed asset schedule" and "Depreciation of fixed assets" in the notes to the annual financial statements).

Identified risk

Tangible fixed assets represent a net carrying amount of €1,644 million as at 31 December 2019, i.e. 90% of the company's assets. They are primarily real estate assets considered to be investment properties.

Tangible assets are recognised at acquisition cost less accumulated depreciation and any impairment losses, as determined from the fair value of the assets. In this regard, Management has introduced a process for valuation of the property portfolio by an independent Property Appraiser, to estimate the fair value of the assets at each half-yearly balance sheet date. This is described in the note on "Valuation of equity securities and the real estate portfolio" in the notes to the annual financial statements.

Valuation of the real estate portfolio is an estimation exercise. The independent Property Appraiser's valuation of the real estate assets considers specific information such as the nature of each asset, its location, its rental income, the remaining fixed term of the leases, the rate of return and investment expenditure.

This valuation may result, where applicable, in the recognition of an impairment if the value of the properties assets estimated by the Property Appraiser is less than their net carrying amount.

We considered the valuation of the real estate portfolio to be a key point in our audit because of the material nature of this item as regards the annual financial statements, the high degree of judgement required from Management to determine the main assumptions used and in view of the sensitivity of the fair value of real estate assets to these assumptions.

Our response

Under these circumstances, our work consisted of:

- Assessing the Property Appraiser's qualifications, certifications and independence, based on their engagement letter;
- Assessing the completeness of the scope evaluated by the Property Appraiser by comparison with the managed rental income statement as at 31 December 2019;
- Assessing the relevance of the information provided by the company for the Property Appraiser (rental income statements, investment expenditure budget), more specifically for acquisitions / extensions / deliveries of real estate assets in the financial year;
- Obtaining the property valuation reports and confirming the fair value of the real estate assets in light of the valuation methods used, changes in the scope and the market inputs on which the Property Appraiser's valuations are based, such as the discount rate, the rate of return and the market rental value;
- Conducting an interview with the Finance Department and the Property Appraiser to justify the appraisal values for specific assets that have come to our attention;
- On this basis, comparing the fair value and the net carrying amount of the property assets, and assessing whether adequate impairment losses have been recognised;
- Assessing the appropriateness of the information shown in the notes on "Fixed asset schedule" and "Depreciation of fixed assets" in the notes to the financial statements.

Specific verifications

We also performed specific verifications as required under statutory and regulatory provisions in accordance with the professional auditing standards applicable in France.

Information given in the management report and other documents sent to shareholders on the financial position and the annual financial statements

We have no matters to report regarding the fair presentation and consistency with the annual financial statements of the information in the Executive Board's management report and in the other documents on the financial position and the annual financial statements sent to shareholders.

We certify that the annual financial statements are consistently accurate as regards the information on terms of payment laid down in Article D.441-4 of the French Commercial Code.

Corporate governance report

We certify that the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code is included in the Supervisory Board's report on corporate governance.

We verified that the information provided pursuant to the provisions of Article L.225-37-3 of the French Commercial Code on the remuneration and benefits paid to corporate officers as well as the commitments made in their favour is consistent with the financial statements or with the data used to prepare these financial statements. Where applicable, we also verified that this information is consistent with the evidence collected by your company from companies that control it or that it controls. On the basis of this work, we certify that this information is accurate and fairly presented.

Other information

In accordance with the law, we have ensured that the information on equity investments and takeovers and the identity of the shareholders and holders of voting rights has been provided in the management report.

Information arising from other legal and regulatory obligations

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of ARGAN by your General Shareholders' Meeting of 20 December 2006 (MAZARS) and the Combined Shareholders' Meeting of 15 April 2008 (Exponens).

As at 31 December 2019, MAZARS was in its 14th consecutive year of appointment and Exponens was in its 11th year, marking their 12th and 11th years respectively since the company's securities were admitted to trading on a regulated market.

Responsibilities of management and of the persons charged with corporate governance in relation to the annual financial statements

The management is responsible for the preparation of annual financial statements that give a true and fair view in accordance with French accounting rules and principles and for implementing the internal controls it deems necessary for the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the annual financial statements, management is responsible for assessing the company's ability to continue as a going concern, for presenting the information required in these financial statements, where applicable, in relation to the continuity of operations, and for applying the going concern accounting policy, unless there is a plan to liquidate the company or cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risk management systems, as well as internal auditing, where appropriate, with regard to the procedures for preparing and processing accounting and financial information.

The annual financial statements have been adopted by the Executive Board.

Responsibilities of the Statutory Auditors in the audit of the annual financial statements

Audit objective and procedure

We are responsible for preparing a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements taken as a whole are free from material misstatement. Reasonable assurance means a high level of assurance, but this does not guarantee that an audit carried out in accordance with professional standards can always detect every material misstatement. Misstatements may result from fraud or error and are considered material when it can reasonably be expected that they might, individually or collectively, influence the financial decisions taken by users of the financial statements on the basis of those statements.

As specified in Article L.823-10-1 of the French Commercial Code, our certification of the financial statements does not involve any guarantee of the viability or quality of your company's management.

In an audit carried out in accordance with the professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit. It also:

- identifies and assesses the risks of material misstatement in the annual financial statements, whether due to fraud or error, develops and implements audit procedures in response to these risks, and gathers information that it considers sufficient and appropriate to support its opinion. The risk of failing to detect a material misstatement resulting from fraud is greater than in the case of a material misstatement resulting from error, since fraud may involve collusion, falsification, deliberate omissions, false declarations or the circumvention of the internal control system;

- obtains an understanding of the aspects of internal control that are relevant for the audit in order to develop appropriate audit procedures in the circumstances, and not to express an opinion as to the effectiveness of the internal control systems;
- assesses the appropriateness of the accounting policies used, and the reasonableness of the accounting estimates made by the management and the related information provided in the annual financial statements;
- assesses the appropriateness of the management's application of the going concern accounting principle and, according to the evidence collected, whether there is material uncertainty connected with events or circumstances that could jeopardise the company's ability to continue its operations. This assessment is based on the evidence collected up to the date of the statutory auditor's report, but it is noted that subsequent circumstances or events could jeopardise the continuity of operations. If the auditor concludes that there is material uncertainty, they draw the attention of readers of the report to the information provided in the annual financial statements concerning this uncertainty or, if this information is not provided or is not relevant, it issues a certification with reservations or refuses to certify;
- appraises the overall presentation of the annual financial statements and evaluates whether the annual financial statements reflect the underlying transactions and events in a way that gives a true and fair view;

Report to the Audit Committee

We provide the Audit Committee with a report that describes the scope of the audit and the programme of work carried out, as well as the conclusions resulting from our work. We also draw its attention to any significant weaknesses in the internal control system that we have identified with regard to the procedures for preparing and processing accounting and financial information.

The report to the Audit Committee includes information on the risks of material misstatement that we consider to have been the most important for the audit of the annual financial statements for the financial year and which therefore constitute the key audit matters that we have to describe in this report.

We also provide the Audit Committee with the declaration set out in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France laid down by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where necessary, we discuss the risks to our independence and the safeguard measures applied with the Audit Committee.

Paris and Paris La Défense,

7 February 2020

Statutory Auditors

EXPONENS	**MAZARS**
Yvan Corbic	**Jean-Maurice El Nouchi**

ARGAN

A French public limited company (*Société Anonyme*) with an Executive Board and Supervisory Board
with capital of €44,507,874
Registered office: 21, rue Beffroy – 92200 NEUILLY SUR SEINE, France
Trade and Companies Register: RCS NANTERRE B 393 430 608

Statutory auditors' special report on regulated agreements

Shareholders' Meeting to approve the financial statements for
the year ended 31 December 2019

ARGAN

Public limited company with an Executive Board and Supervisory Board

Statutory auditors' special report on regulated agreements

Shareholders' Meeting to approve the financial statements for the year ended 31 December 2019

To the shareholders,

In our capacity as statutory auditors of your company, we present below our report on regulated agreements.

Our obligation is to inform you, on the basis of the information given to us, of the characteristics and the main terms of the agreements of which we were informed or which we discovered in the course of our work, along with the reasons they are beneficial to the company. We do not comment as to their usefulness or appropriateness, or investigate whether any additional agreements exist.

Your obligation, under the terms of Article R.225-58 of the French Commercial Code, is to determine whether the agreements are of benefit and should be approved.

Furthermore, we are required, if applicable, to provide you with the information stipulated in Article R.225-58 of the French Commercial Code on the execution in the past financial year of agreements already approved by the General Shareholders' Meeting.

We have followed due diligence as we deemed necessary as a result of the professional standards of the French national institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this assignment.

Agreements subject to approval by the General Shareholders' Meeting

We hereby inform you that we have not been notified of any agreements authorised and entered into during the past financial year to be submitted for approval by the General Shareholders' Meeting pursuant to the provisions of Article L.225-86 of the French Commercial Code.

Agreements already approved by the General Shareholders' Meeting

We hereby inform you that we have not been notified of any agreements already approved by the General Shareholders' Meeting which would have continued to apply during the past financial year.

Paris and Paris-la-Défense, 7 February 2020

EXPONENS	MAZARS
Yvan Corbic	**Jean-Maurice El Nouchi**
Partner	Partner

3. APPENDICES TO THE MANAGEMENT REPORT

FINANCIAL SCHEDULE as at 31 December 2019

NATURE OF INFORMATION	FY 31/12/2019	FY 31/12/2018	FY 31/12/2017	FY 31/12/2016	FY 31/12/2015
1. Capital at the end of the financial year					
Share capital	44,423,938	32,755,266	32,328,312	28,957,898	28,397,756
Number of existing ordinary shares...........	22,211,969	16,377,633	16,164,156	14,478,949	14,198,878
2. Operations and earnings for the year					
Net sales excluding taxes.........................	108,965,651	104,941,799	92,433,740	81,694,109	76,270,837
Pre-tax income, employee profit-sharing and amortisation, depreciation and provisions..	33,374,881	47,749,002	24,791,622	19,431,602	11,567,416
Income tax	32,245	1,693,597	704,568	0	0
Employee profit-sharing payable for the financial year..	0	0	0	0	0
Income after tax, employee profit-sharing and amortisation, depreciation and provisions..	4,547,427	21,401,908	6,745,860	5,960,484	-275,947
Distributed income	* 42,282,480	22,106,322	16,505,535	13,328,096	12,501,590
3. Earnings per share					
Income after tax and employee profit-sharing but before amortisation, depreciation and provisions......................	1.50	2.81	1.49	1.34	0.81
Income after tax, employee profit-sharing and amortisation, depreciation and provisions..	0.20	1.31	0.42	0.41	-0.02
Dividend allocated to each share	1.90	1.35	1.02	0.92	0.88
4. Staff					
Average employee headcount during the year..	25	22	19	17	16
Payroll expense for the year......................	3,034,473	2,780,493	2,089,243	1,587,125	1,435,100
Amounts paid in respect of employee benefits for the financial year (social security, employee welfare)......................	1,207,057	1,209,288	898,022	807,362	668,957

* corresponds to the maximum amount that will be distributed (given that treasury shares held on the day of distribution are not entitled to the dividend)

PART FOUR: ADDITIONAL INFORMATION

1. General information

1.1 Company name

The Company's name is "**ARGAN**".

1.2 Location and unique identification number

The Company is registered with the Nanterre Trade and Companies Register under the unique identification number 393 430 608.

1.3 Date of incorporation and lifetime

The Company was incorporated on 30 December 1993 for a term of ninety-nine (99) years expiring on 30 December 2092.

1.4 Registered office, legal form and applicable legislation

The registered office of the Company is located at 21, rue Beffroy 92200 Neuilly-sur-Seine, France (telephone: +33 (0)1.47.47.05.46).
The Company was incorporated as a limited liability company and was converted into a simplified joint stock company on 16 December 1999.
It became a public limited company with an Executive Board and a Supervisory Board on 17 April 2003.
The Company is a French public limited company (*société anonyme*), governed in particular by the provisions of the French Commercial Code.

1.5 Company LEI code

Argan's LEI code is: 529900FXM41XSCUSGH04.

1.6 Company website

Argan's website is www.argan.fr.

Please note that unless otherwise stipulated in this Universal Registration Document, the information on the website is not included in this document.

1.7 History of the Company's capital

The Company was created on 30 December 1993 under the name "ARGAN", with capital of €60,979.61 (400,000 French francs) by Mr. Jean-Claude Le Lan, the current Chairman of the Supervisory Board.

The Extraordinary General Meeting of 16 December 1999 decided to convert the share capital into euros by converting the nominal value and increasing the capital by a sum of €3,020.40 by raising the par value of the shares and by capitalisation of the same amount deducted from the "retained earnings" account.

By a decision of the Extraordinary Shareholders' Meeting of 29 December 2000, the share capital was increased to €700,000 by means of a capital increase in kind of €230,784 and capitalisation of €405,216 of the share premium, fully paid up.

By a decision of the Combined Shareholders' Meeting of 31 March 2005, the share capital was increased to €3,062,500 by means of the capitalisation of €2,362,500 of ordinary reserves, fully paid up.

The Combined Shareholders' Meeting of 19 April 2007 resolved to divide the share capital into 1,531,250 shares with a par value of two euros (€2) each. In addition, the Combined Shareholders' Meeting of 19 April 2007 resolved to increase the share capital to €15,000,000 by means of (i) a capital increase of €2,590,000 in connection with ARGAN's merger by absorption of IMMOFINANCE and (ii) capitalisation of €9,347,500 of the merger premium resulting from the above-mentioned merger by absorption, fully paid up.

On 19 June 2007, the Executive Board decided, pursuant to a delegation of authority granted by the Combined Shareholders' Meeting of 19 April 2007 in its 8th resolution on an extraordinary basis, to increase the Company's share capital by a nominal amount of €4,000,000 by issuing 2,000,000 new shares, each with a par value of €2, thereby taking the share capital to €19,000,000.

On 8 June 2009, the Executive Board resolved to record the final completion of the Company's capital increase of €488,988 resulting from the resolution by the Combined Shareholders' Meeting of 28 April 2009 to offer shareholders payment of the dividend in shares for the financial year ended 31 December 2008 of €0.60 net per share. At this time, the Company issued 244,494 new shares, each with a par value of €2, thereby taking the Company's share capital to €19,488,988.

On 13 May 2010, the Executive Board resolved to record the final completion of the Company's capital increase of €784,040 resulting from the resolution by the Combined Shareholders' Meeting of 8 April 2010 to offer shareholders payment of the dividend in shares for the financial year ended 31 December 2009 of €0.66 net per share. At this time, the Company issued 392,020 new shares, each with a par value of €2, thereby taking the Company's share capital to €20,273,028.

On 30 March 2011, the General Shareholders' Meeting approved the merger by absorption of IMMOGONESSE, a simplified joint stock company with share capital of €5,360,000 with its registered office at 10 rue Beffroy, 92200 Neuilly-sur-Seine, France, registered in the Nanterre trade and companies register under number 489 587 758, of which it already held all the shares. Hence, the transaction did not result in any capital increase.
The net assets contributed amounted to €69,733.76.

On 19 April 2011, the Chairman of the Executive Board resolved to record the final completion of the capital increase, maintaining preferential subscription rights for the Company's shareholders, for a nominal amount of €6,358,356 resulting from the resolutions of the Executive Board meetings of 21 March 2011 and 15 April 2011. In this, he made use of the delegations of authority and authorisations granted by the 13th and 16th resolutions of the Company's General Shareholders' Meeting of 28 April 2009. At this time, the Company issued 3,179,178 new shares, each with a par value of €2, thereby taking the Company's share capital to €26,631,384.

On 6 May 2011, the Executive Board resolved to record the final completion of the Company's capital increase of €494,060 resulting from the resolution by the Combined Shareholders' Meeting of 30 March 2011 to offer shareholders payment of the dividend in shares for the financial year ended 31 December 2010 of €0.75 net per share. At this time, the Company issued 247,030 new shares, each with a par value of €2, thereby taking the Company's share capital to €27,125,444.

On 15 June 2011, the Chairman of the Executive Board resolved to record the final completion of the capital increase for one category of beneficiaries for a nominal amount of €300,000 resulting from the resolutions of the Executive Board meeting of 6 June 2011. In this, he made use of the delegation of authority granted by the 1th resolution of the Company's General Shareholders' Meeting of 6 June 2011. At this time, the Company issued 150,000 new shares, each with a par value of €2, thereby taking the Company's share capital to €27,425,444.

On 15 May 2012, the Chairman of the Executive Board resolved to record the final completion of the Company's capital increase of a nominal amount of €754,312 resulting from the resolution by the Combined Shareholders' Meeting of 30 March 2012 to offer shareholders payment of the dividend in shares for the financial year ended 31 December 2011 of €0.80 net per share. At this time, the Company issued 357,156 new shares, each with a par value of €2, thereby taking the Company's share capital to €28,179,756.

On 1 February 2013, the Executive Board used the delegations of authority granted to it by the Company's General Shareholders' Meetings of 8 April 2010 (13th resolution) and 30 March 2011 (11th resolution), resolving to record the final completion of the Company's capital increase of a nominal amount of €72,900 resulting from the free allocation of 36,450 new shares, each with a par value of €2, thereby taking the Company's share capital to €28,252,656.

On 31 January 2014, the Executive Board used the delegations of authority granted to it by the Company's General Shareholders' Meetings of 8 April 2010 (13th resolution) and 28 March 2013 (8th resolution), resolving to record the final completion of the capital increase of a nominal amount of €71,600 resulting from the free allocation of 35,800 new shares, each with a par value of €2, thereby taking the Company's share capital to €28,324,256.

On 19 January 2015, the Executive Board used the delegations of authority granted to it by the Company's General Shareholders' Meetings of 8 April 2010 (13th resolution) and 28 March 2013 (8th resolution), resolving to record the final completion of the capital increase of a nominal amount of €73,500 resulting from the free allocation of 36,750 new shares, each with a par value of €2, thereby taking the Company's share capital to €28,397,756.

On 21 January 2016, the Executive Board used the delegations of authority granted to it by the Company's General Shareholders' Meetings of 28 March 2013 (16th resolution) and 27 March 2015 (12th resolution), resolving to record the final completion of the capital increase of a nominal amount of €21,600 resulting from the free allocation of 10,800 new shares, each with a par value of €2, thereby taking the Company's share capital to €28,419,356.

On 27 April 2016, the Executive Board resolved to record the final completion of the Company's capital increase of €538,542 resulting from the resolution by the Combined Shareholders' Meeting of 24 March 2016 to offer shareholders payment of the dividend in shares for the financial year ended 31 December 2015 of €0.88 net per share. At this time, the Company issued 269,271 new shares, each with a par value of €2, thereby taking the Company's share capital to €28,957,898.

On 20 January 2017, the Executive Board used the delegations of authority granted to it by the Company's General Shareholders' Meetings of 28 March 2013 (16th resolution) and 27 March 2015 (12th resolution), resolving to record the final completion of the capital increase of a nominal amount of €19,200 resulting from the free allocation of 9,600 new shares, each with a par value of €2, thereby taking the Company's share capital to €28,977,098.

On 27 April 2017, the Executive Board resolved to record the final completion of the Company's capital increase of €639,350 resulting from the resolution by the Combined Shareholders' Meeting of 23 March 2017 to offer shareholders payment of the dividend in shares for the financial year ended 31 December 2016 of €0.92 net per share. At this time, the Company issued 319,675 new shares, each with a par value of €2, thereby taking the Company's share capital to €29,616,448.

The Extraordinary Shareholders' Meeting of 13 December 2017 approved the contribution in kind by GERILOGISTIC of two warehouse buildings in Moissy Cramayel (77) to the Company and resolved (i) to increase the share capital correspondingly by a nominal amount of €2,711,864 by issuing 1,355,932 new shares in consideration of the said contribution, and (ii) that the difference between the value of the contribution in kind (i.e. €40,000,000) and the nominal value of the shares allocated in consideration of the said contribution (i.e. €2,711,864) equates to a share premium of €37,288,136.

On 19 January 2018, the Executive Board used the delegations of authority granted to it by the Company's General Shareholders' Meetings of 28 March 2013 (16th resolution) and 23 March 2017 (15th resolution), resolving to record the final completion of the capital increase of a nominal amount of €39,190 resulting from the free allocation of 19,595 new shares, each with a par value of €2, thereby taking the Company's share capital to €32,367,502.

On 27 April 2018, the Executive Board resolved to record the final completion of the Company's capital increase of €387,764 resulting from the resolution by the Combined Shareholders' Meeting of 22 March 2018 to offer shareholders payment of the dividend in shares for the financial year ended 31 December 2017 of €1.02 net per share. At this time, the Company issued 193,882 new shares, each with a par value of €2, thereby taking the Company's share capital to €32,755,266.

On 26 April 2019, the Executive Board resolved to record the final completion of the Company's capital increase of €490,684 resulting from the resolution by the Combined Shareholders' Meeting of 21 March 2019 to offer shareholders payment of the dividend in shares for the financial year ended 31 December 2018 of €1.35 net per share. At this time, the Company issued 245,342 new shares, each with a par value of €2, thereby taking the Company's share capital to €33,245,950.

The Extraordinary Shareholders' Meeting of 15 October 2019 approved the contribution in kind by CRFP 8, Predica Prévoyance Dialogue du Crédit Agricole and Primonial Capimmo of a total of 22,737,976 membership shares of SCI Cargo Property Assets and resolved (i) to increase the share capital correspondingly by a nominal amount of €11,177,988 by issuing 5,588,994 new shares in consideration of the said contribution, and (ii) that the difference between the value of the contribution in kind (i.e. €279,449,725.04) and the nominal value of the shares allocated in consideration of the said contribution (i.e. €11,177,988) equated to a share premium of €268,271,737.04.

On 15 January 2020, the Executive Board used the delegations of authority granted to it by the Company's General Shareholders' Meetings of 24 March 2016 (13th resolution) and 21 March 2019 (16th resolution), resolving to record the final completion of the capital increase of a nominal amount of €83,936 resulting from the free allocation of 41,968 new shares, each with a par value of €2, thereby taking the Company's share capital to €44,507,874.

2. Share capital and Articles of Association

2.1. Articles of Association

2.1.1 Corporate purpose (Article 3 of the Articles of Association)

The Company's purpose is, in France or abroad:

- primarily, the purchase and/or construction of all lands, buildings and property assets and rights for rental, management or leasing; the development of all lands and property assets and rights; fitting out all property units for rental; and all other ancillary or related activities pertaining to the above-mentioned business activity; all being performed directly or indirectly, either alone, in partnership or as part of a joint venture, grouping or company, with any other persons or companies;

- on an ancillary basis, services relating to real estate and, in particular, delegated project management, buildings maintenance and rental management.

- involvement, by any means, in any transactions that may relate to its purpose, by acquiring any interests and shareholdings, by any means and in any form whatsoever, in any French or foreign company, including by means of acquisition, creation of new companies, subscription for or purchase of securities or membership rights, contributions, mergers, partnerships, joint ventures, economic interest groupings or otherwise, as well as the administration, management and control of such interests and shareholdings;

- and, more generally, any property and financial transactions that may relate directly or indirectly to the corporate purpose or to any similar or related purposes likely to expedite its expansion or development, including the possibility of trading its assets, including by way of sale.

2.1.2 General Shareholders' Meetings

- ***Meeting notice (Article 32 of the Articles of Association)***

General Shareholders' Meetings are convened either by the Executive Board or, failing that, by the Supervisory Board or the Statutory Auditor(s) or by any person authorised for this purpose by the statutory or regulatory provisions.

General Shareholders' Meetings will be held at the registered office or at any other location given in the meeting notice.
General Shareholders' Meetings are convened and held in accordance with the applicable laws and regulations.

- ***Agenda (Article 33 of the Articles of Association)***

Meeting agendas are prepared by the person convening the meeting.
One or more shareholders, representing at least the proportion of the share capital stipulated by the applicable laws and regulations or a group of shareholders fulfilling the conditions set out in Article L.225-120 of the French Commercial Code, have the right to request the inclusion of items or draft resolutions on the agenda. Requests to include items or draft resolutions on the agenda for the meeting must be sent to the registered office of the Company by registered letter with acknowledgement of receipt or in electronic form.

The Shareholders' Meeting cannot discuss an item that is not on the agenda, which cannot be amended if the meeting is convened a second time. However, it may, under any circumstances, remove one or more members of the Supervisory Board and replace them.

- ***Admission to Shareholders' Meetings – Powers (Article 34 of the Articles of Association)***

- In accordance with the applicable laws and regulations, shareholders are entitled to participate in the General Shareholders' Meeting if the securities are recorded in the securities account in their name or the name of the registered intermediary (in accordance with the seventh paragraph of Article L.228-1 of the French Commercial Code) at midnight, Paris time, on the second business day preceding the Meeting, either in the registered securities accounts held by the Company, or in the bearer securities accounts held by an intermediary mentioned in Article L.211-3 of the French Monetary and Financial Code.
- Any shareholder may vote by post using a form that can be obtained as indicated in the meeting notice.
- A shareholder may be represented by any natural or legal person of their choice as provided for by the applicable laws and regulations.

- ***Meeting procedures – Meeting officers – Minutes (Article 35 of the Articles of Association)***

An attendance register containing all the information stipulated by the applicable laws and regulations is duly signed by the shareholders present and the

shareholders' proxies; the powers granted to each representative and, if applicable, the postal voting forms, are attached to the attendance register. The officers for the Shareholders' Meeting certify that the attendance register is accurate.
Meetings are chaired by the Chairman of the Supervisory Board or, in their absence, by the Vice-Chairman. Failing this, they are chaired by the Chairman of the Executive Board or by any other person that the meeting elects. If the Shareholders' Meeting is called by a Statutory Auditor or a court officer, it is chaired by the person convening the meeting.
Provided they accept, the two shareholders present who represent the largest number of votes, both by themselves and as proxies, act as deputy returning officers.
These meeting officers (the chair and the deputy returning officers) then appoint a secretary who does not need to be a member of the Shareholders' Meeting.
The meeting officers run the Shareholders' Meeting, their role being to verify, certify and sign the attendance register, ensure that discussions are properly held, settle any differences that may arise in the course of the meeting, count the votes cast and ensure their validity, and ensure that minutes of the meeting are drawn up. Any member of the Shareholders' Meeting may request that the meeting officers' decisions be subject to the sovereign vote of the Shareholders' Meeting itself.
Proceedings are recorded in minutes signed by the meeting officers and kept in a special register in accordance with the applicable laws and regulations. Copies of and excerpts from are valid when certified under the conditions provided for by the applicable laws and regulations.

- ***Quorum – Voting (Article 36 of the Articles of Association)***

Calculation of the quorum is based on all the shares that make up the share capital, except in Special Shareholders' Meetings, where it is based on all the shares of the relevant class, less any shares with no voting rights under the applicable laws and regulations.
In the event of a postal vote, only forms that have been duly completed and received by the Company at least three days before the date of the Meeting will be taken into account for calculation of the quorum.
Voting rights attached to capital or dividend shares are proportional to the capital they represent. Each share confers one vote.
Votes are taken by a show of hands, by roll call or by secret ballot, as decided by the meeting officers or the shareholders. Shareholders may also vote by post.

- ***Ordinary Shareholders' Meeting (Article 37 of the Articles of Association)***

The Ordinary Shareholders' Meeting takes any decisions which exceed the powers of the Executive Board and which are not intended to amend the Articles of Association.

The Ordinary Shareholders' Meeting is held at least once a year, within six months of the end of the financial year, to approve the financial statements for this financial year, unless this period is extended by a court decision.

When convened for the first time, it can only make valid decisions if the shareholders present or represented or voting by post hold at least one fifth of the shares with voting rights. No quorum is required when the meeting is convened for a second time.
Resolutions are passed by a majority of the votes of the shareholders present, represented or voting by post.

- ***Extraordinary Shareholders' Meeting (Article 38 of the Articles of Association)***

The Extraordinary Shareholders' Meeting may amend any provisions of the Company's Articles of Association and may decide, for example, to adopt another civil or commercial legal form for the Company. It may not, however, increase the commitments of shareholders, excepting transactions resulting from a consolidation of shares performed in a due and proper manner.
The Extraordinary Shareholders' Meeting can only make valid decisions if the shareholders present or represented or voting by post hold at least one quarter of the shares with voting rights the first time the meeting is convened, and one fifth of the said shares the second time it is convened. Should the latter quorum not be achieved, the second Meeting may be postponed to a date no more than two months later than the date for which it was convened.
Resolutions are passed by a two-thirds majority of the votes of the shareholders present, voting by post or represented.
In constitutive Extraordinary Shareholders' Meetings, i.e. meetings called to discuss the approval of a contribution in kind or the grant of a special benefit, the contributor or the beneficiary is not entitled to vote either on their own account or as a proxy.

- ***Special Shareholders' Meetings (Article 39 of the Articles of Association)***

If there are several share classes, no change may be made to the rights of the shares of any of these classes without the requisite vote of an Extraordinary Shareholders' Meeting open to all shareholders and,

moreover, without the requisite vote of a Special Shareholders' Meeting open only to owners of shares of the relevant class.
Special Shareholders' Meeting can only make valid decisions if the shareholders present or represented or voting by post hold at least one third of the shares of the relevant class the first time the meeting is convened, and one fifth of the said shares the second time it is convened.
Invitations for and decisions of Special Shareholders' Meetings are issued in accordance with the applicable legal and regulatory conditions.

2.2 Share capital

As at 15 January 2020, the share capital is set at FORTY-FOUR MILLION, FIVE HUNDRED AND SEVEN THOUSAND, EIGHT HUNDRED AND SEVENTY-FOUR euros (€44,507,874).
It is divided into TWENTY-TWO MILLION, TWO HUNDRED AND FIFTY-THREE THOUSAND, NINE HUNDRED AND THIRTY-SEVEN (22,253,937) shares, all of the same class, with a par value of TWO (2) euros each, fully paid up.

2.2.1 Change in share capital (Article 8)

➢ ***Share capital increase***

The share capital may be increased by any means and in accordance with all the terms and conditions provided for by the applicable laws and regulations.
The Extraordinary Shareholders' Meeting has sole authority on the Executive Board's report to decide to increase the capital. It may delegate this authority to the Executive Board under the conditions set by the applicable laws and regulations.
The share capital may be increased either by issuing ordinary shares or preferred shares or by increasing the nominal amount of existing capital securities. It may also be increased via the exercise of rights attached to transferable securities giving access to the capital, under the conditions provided for by the applicable laws and regulations.
Shareholders have a preferential right in proportion to the amount of their shares to the subscription of cash shares issued to carry out a capital increase. Shareholders may waive their preferential right on an individual basis.
The right to allocate new shares to shareholders, following the capitalisation of reserves, profits or issue premiums, belongs to the bare owner, subject to the rights of the beneficiary.

➢ ***Payment for shares***

New equity securities are issued either at their nominal amount or at this amount plus an issue premium. Payment in consideration for such securities may be made in cash, including by offset against debts due and payable by the Company, or by contributions in kind, by capitalisation of reserves, profits or issue premiums, or as the result of a merger or a demerger. They may also be paid up following the exercise of a right attached to transferable securities giving access to the capital including, where applicable, the payment of the corresponding sums.

For shares subscribed in cash, at least one quarter of their nominal value must be paid up at the time of subscription together with, where applicable, the entirety of the issue premium. The balance should be paid in one or more instalments, as decided by the Executive Board, within five years from the day on which the capital increase was completed.

Subscribers are notified of calls for funds by registered letter with acknowledgement of receipt sent at least fifteen days prior to the date set for each payment. Payments shall be made either at the registered office or at any other place indicated for this purpose.

Any delay in the payments due on the unpaid amount of the shares will automatically, and without any further formalities whatsoever, result in payment of interest at the statutory rate, accruing from the date such payment was due, without prejudice to actions that the Company may bring against the defaulting shareholder or any enforcement measures provided by the applicable laws and regulations.

➢ ***Capital reduction***

The Extraordinary Shareholders' Meeting may authorise a capital reduction or decide to reduce the capital, and may delegate the broadest powers to the Executive Board to complete the reduction. It may not, under any circumstances, derogate from the principle of equality of shareholders.

The share capital may only be reduced to an amount below the legal minimum on the condition precedent of a capital increase intended to increase it to at least this minimum amount, unless the Company is converted into a different form of company.

In the event of failure to comply with these provisions, any interested party may seek the dissolution of the Company in court.

The court may not order the dissolution of the Company, however, if the situation has been remedied on the date on which it rules on the case.

➢ ***Capital depreciation***

The capital may be depreciated as provided for by the applicable laws and regulations. Depreciated shares are called dividend shares; the right to any distribution or reimbursement on the nominal value of the securities is reduced by the amount of the depreciation, but they retain their other rights.

2.2.2 Form of shares (Article 9 of the Articles of Association)

➢ ***Identification of shareholders***

- Shares may be either registered shares or bearer shares as decided by the holder. Registered shares may be converted to bearer shares and vice versa, subject to the applicable laws and regulations.
- Ownership of the shares results from their entry in the account under the conditions and in the manner stipulated by the applicable laws and regulations.
- For the purpose of identifying the holders of bearer securities, the Company or its representative is entitled to request, under the applicable legal and regulatory conditions, information concerning the owners of its shares and securities conferring the immediate or future right to vote at its own shareholders' meetings. Such information may be requested at any time and at the Company's own expense, either from the central custodian in charge of the administration of its share issue account, or directly from one or more financial intermediaries mentioned in Article L.211-3 of the French Monetary and Financial Code.

Where the deadline stipulated by the applicable laws and regulations for disclosure of such information is not met, or where the information provided is incomplete or incorrect, the central custodian, the Company or its representative or the account administrator may apply to the presiding judge of the court ruling in summary proceedings to enforce fulfilment of the disclosure obligation.
Under the conditions specified by the applicable laws and regulations (particularly those concerning time limits), intermediaries acting on behalf of owners of registered securities who are domiciled outside France are required to disclose information about the owners of such securities, at the request of the Company or its representative, which may be made at any time.
Should the Company deem that certain holders of bearer or registered securities whose identity has been disclosed to it hold such securities on behalf of third-party owners, it is entitled to ask these holders to disclose information about the owners of such securities held by each of them, under the conditions specified by the applicable laws and regulations.

In the event that the threshold of 10% of the Company's capital is exceeded (where this is understood as holding 10% or more of the rights to dividends paid by the company), whether directly or indirectly, any shareholder who is not a natural person must state in their declaration of threshold crossing whether they are a Shareholder Subject to Withholding Tax (as defined in Article 43 of the Articles of Association). If such a shareholder declares itself to be a Shareholder Subject to Withholding Tax, it must register all the shares it actually owns in registered form and ensure that the entities that it controls within the meaning of Article L.233-3 of the French Commercial Code also register all the shares that they hold in registered form. Should such shareholder declare that it is not a Shareholder Subject to Withholding Tax, it must provide evidence of this at any such request from the company. Additionally, if the company requests it, the shareholder must provide a legal opinion from an international tax consultancy firm. Any shareholder other than a natural person who has reported that they have crossed the threshold of 10% of the company's capital, whether directly or indirectly, must notify the company promptly of any change in its tax status that would cause it to acquire or lose the status of Shareholder Subject to Withholding Tax.

➢ ***Declaration of thresholds crossing***

In addition to the obligation to inform the Company of the holding of certain fractions of the capital or voting rights pursuant to Articles L.233-7 et seq. of the French Commercial Code, any natural or legal person, acting alone or in concert with others, who becomes the direct or indirect holder of a number of shares, voting rights or securities issued in representation of shares corresponding to 2% of the Company's capital or voting rights shall be required, within five trading days from the date of the registration of the shares that mean it reaches or exceeds this threshold, to inform the Company by registered letter with acknowledgement of receipt of its total holding of number of shares, voting rights and securities giving access to the capital.

This reporting obligation will apply under the conditions above whenever the holder exceeds or falls below the next 2% threshold, no matter what the reason, and applies when the 5% threshold is exceeded.

In case of failure to comply with the provisions above and in paragraph 3, point 6 of this Article, the shareholder(s) concerned will, subject to the conditions and limits laid down by the applicable laws and regulations, be deprived of the voting rights relating to the securities above the thresholds subject to reporting, if one or more shareholders holding at least 2% of the capital or voting rights requests this at the General Shareholders' Meeting.

2.2.3 Rights and obligations attached to the shares (Article 12 of the Articles of Association)

Each share confers the right to a share of the profits and corporate assets that is proportional to the capital it represents and confers the right to vote and to be represented at General Shareholders' Meetings under the conditions laid down in the applicable legal and regulatory conditions and in these Articles of Association. Pursuant to the option provided by Article L.225-123 of the French Commercial Code, any mechanism that automatically confers double voting rights on shares for which proof of registration in the name of one and the same shareholder for at least two years can be provided is expressly excluded by these Articles of Association.

All shareholders have the right to be informed about the Company's operations and to access certain corporate documents at the time and under the conditions laid down by the applicable laws and regulations.

Shareholders are only liable for losses up to the amount of their contribution.

Subject to the legal and statutory provisions, no majority may impose an increase in shareholders' commitments.
The rights and obligations attached to shares are transferred with the shares.
Possession of a share automatically implies full adherence to the resolutions of the General Shareholders' Meeting and to these Articles of Association.
Transfer includes all dividends due that have not been paid and all dividends falling due in the future, as well as any share in reserve funds, unless otherwise stipulated to the Company.

Heirs, creditors, beneficiaries or other representatives of a shareholder may not be entitled on any grounds whatsoever to request that the Company's assets and documents be placed under seal or request their distribution or sale by auction, or interfere in the administration of the Company; for the exercise of their rights, they should refer to the list of company assets and liabilities and the resolutions of the General Shareholders' Meeting.

Whenever it is necessary to hold a number of shares to exercise any particular right, for a share exchange, consolidation or allocation, or as a result of a capital increase or reduction, a merger or any other transaction, shareholders with isolated shares or with fewer shares than the number required are personally responsible for obtaining the number of shares necessary to exercise their rights, buying or selling shares if necessary to achieve this.

3. Allocation and distribution of profits (Article 43 of the Articles of Association)

Amounts to be set aside to reserves are deducted first from the profit for each financial year, less any prior losses, in accordance with the laws and regulations.
Accordingly, 5% is deducted to form the legal reserve; this deduction is no longer mandatory once the said fund reaches one-tenth of the share capital; the obligation applies once more if, for any reason, the legal reserve falls below this fraction.
Distributable profit consists of the profit for the financial year less prior losses and amounts set aside to reserves pursuant to the legal and regulatory provisions or the Articles of Association, plus retained earnings.
The General Shareholders' Meeting then determines the amount of this profit that it deems appropriate to transfer to any discretionary, ordinary or extraordinary reserves or to the retained earnings account.
Any remaining amount is divided between all shares in proportion to the amount paid up and not depreciated
Except in the case of a capital reduction, however, no distribution may be made to shareholders when equity falls below an amount of the capital plus reserves which may not be distributed under the legal and regulatory provisions or the Articles of Association, or would fall below it subsequent to the distribution.

Any shareholder, other than a natural person:
(i) with a direct or indirect holding, at the time that any distribution is paid out, of at least 10% of the company's dividend rights, and (ii) whose own situation or that of its partners with a direct or indirect holding, in respect of the payment of any distribution, of 10% or more of its dividend rights renders the company liable for the withholding tax of 20% referred to in Article 208 C II ter of the French General Tax Code (the "**Withholding Tax**") (such shareholder being hereinafter referred to as a "**Shareholder Subject to Withholding Tax**"), shall, at the time that any distribution is paid out, owe the company an amount

corresponding to the Withholding Tax payable by the company in respect of the said distribution.
In the event that the company has a direct or indirect holding of 10% or more of one or more listed real estate investment companies referred to in Article 208 C of the French General Tax Code (a "**Daughter SIIC**"), the Shareholder Subject to Withholding Tax will also, at the time that any distribution is paid out, owe the company an amount equal to the difference (the "**Difference**") between (i) the amount that would have been paid to the company by one or more Daughter SIICs if the said Daughter SIIC(s) had not been subject to Withholding Tax because of the Shareholder Subject to Withholding Tax, multiplied by the percentage of dividend rights held by shareholders other than the Shareholder Subject to Withholding Tax and (ii) the amount actually paid by the said Daughter SIIC(s) multiplied by the percentage of dividend rights held by shareholders other than the Shareholder Subject to Withholding Tax, such that the other shareholders do not have to pay any part of the Withholding Tax paid by any one of the SIICs in the chain of equity investments because of the Shareholder Subject to Withholding Tax. The company will be liable to shareholders other than Shareholders Subject to Withholding Tax for an amount equal to the Difference, in proportion to their dividend rights.
If there are multiple Shareholders Subject to Withholding Tax, each Shareholder Subject to Withholding Tax shall be liable to the company for the share of the Withholding Tax payable by the company that their direct or indirect investment has generated. The status of Shareholder Subject to Withholding Tax is assessed on the date of payment for the distribution.
Subject to the information provided in accordance with paragraph 3, point 6 of Article 9 above, any shareholder who is not a natural person and who holds or acquires, directly or indirectly, at least 10% of the capital of the company shall be deemed to be a Shareholder Subject to Withholding Tax.

Payment of any distribution to a Shareholder Subject to Withholding Tax will be made as an entry in the shareholder's individual current account (such sums will not produce interest); the current account will be reimbursed within five working days of the said entry once the sums owed by the Shareholder Subject to Withholding Tax have been offset, pursuant to the provisions set out above.

The General Shareholders' Meeting may decide to distribute all or part of the discretionary reserves in the form of a full or partial dividend, or as an exceptional distribution. In this case, the decision expressly identifies the reserve line items from which the amounts are to be debited. However, dividends are deducted first from the distributable profit for the year.

Following approval of the financial statements by the General Shareholders' Meeting, any losses are booked in a special account to be offset against future profits until the losses are eliminated.

4. Current delegations of authority

The Combined Shareholders' Meeting of 19 March 2020 granted the Executive Board the following delegations of authority:

Resolution	Purpose of the Resolution adopted in the ordinary part of the Combined Shareholders' Meeting of 19 March 2020	Maximum amount	Duration of the delegation of authority as from 19 March 2020
16th	Authorisation given to the Executive Board to purchase the Company's shares.	€150,000,000	eighteen (18) months

Resolution	Purpose of the Resolution adopted in the extraordinary part of the Combined Shareholders' Meeting of 19 March 2020	Maximum amount	Duration of the delegation of authority as from 19 March 2020
17th	Delegation of authority to the Executive Board to decide to issue ordinary shares and/or various transferable securities – with the elimination of the preferential subscription right and via a public offering other than those referred to in Article L.411-2, 1° of the French Monetary and Financial Code, or as part of a public offer including an exchange component	€20,000,000	twenty-six (26) months
18th	Delegation of authority to the Executive Board to decide to issue ordinary shares and/or various transferable securities with the elimination of the preferential subscription right and via an offer referred to in Article L.411-2, 1° of the French Monetary and Financial Code	20% of the share capital per year	twenty-six (26) months
19th	Authorisation granted to the Executive Board to decide to issue ordinary shares and/or various transferable securities and freely determine the issue price, without preferential subscription rights	10% of the share capital per year	twenty-six (26) months
20th	Authorisation granted to the Executive Board to increase the number of shares and/or transferable securities to be issued in case a capital increase with or without preferential subscription rights	15% of the initial issue	twenty-six (26) months
21st	Overall cap on share capital increases that may be implemented under the delegations of authority and authorisations in force	€50,000,000	
22nd	Delegation of authority to the Executive Board to increase the share capital, with elimination of the preferential subscription right, by issuing ordinary shares and/or transferable securities reserved for members of a Company Savings Plan (PEE)	€1,000,000	twenty-six (26) months
23rd	Authorisation granted to the Executive Board to reduce the capital by cancelling shares;	10% of the share capital	eighteen (18) months

5. Pledges – Mortgages

		Secured obligations			
Companies	***Building***	***Nature of the obligation***	***Outstanding capital As at 31/12/2019***	***Maturity***	***Security interests***
ARGAN	CROISSY BEAUBOURG (77)	Real-estate finance lease granted by CICOBAIL by means of a deed dated 04/12/2009	€10,525k	03/12/2024	- Assignment of sub-rents - Pledge of REFL - Lessee advance €1,100,000
ARGAN	Chaponnay (69)	Loan granted by HELABA by means of deeds dated 11/12/2013 and 02/06/2017	€11,616k	31/05/2024	- Lenders' liens and Mortgage until 31/05/2025 - Assignment of rents - Pledge of dedicated operating account
ARGAN	Creuzier-le-Neuf (03)	Loans granted by CA Nord, Arkea and other CRCAs by means of a deed dated 26/07/2017	€6,224k	26/07/2024	- Mortgage until 26/07/2025
ARGAN	FLÉVY (57)	Loan granted by HELABA by means of deeds dated 11/12/2013 and 02/06/2017	€8,114k	31/05/2024	- Lenders' liens and Mortgage until 31/05/2025 - Assignment of rents - Pledge of dedicated operating account
ARGAN	POINCY (77)	Loan granted by CREDIT FONCIER DE France by means of a deed dated 24/07/2006	€8,705k	24/01/2022	- Lenders' liens and mortgage until 24/01/2023
ARGAN	BRIE-COMTE-ROBERT (77)	Loan granted by BNP PARIBAS by means of a deed dated 03/07/2016	€2,742k	10/07/2026	- Mortgage until 10/07/2027 - Assignment of rents
ARGAN	Tournan-en-Brie (77)	Real-estate finance lease granted by FRUCTICOMI by means of a deed dated 27/03/2009	€7,261k	09/01/2025	- Assignment of sub-rents - Pledge of REFL - Lessee advance €1,500,000
ARGAN	Tournan-en-Brie (77)	Loan granted by HELABA by means of deeds dated 11/12/2013 and 02/06/2017	€1,343k	31/05/2024	- Lenders' liens and Mortgage until 31/05/2025 - Assignment of rents - Pledge of dedicated operating account
ARGAN	Poincy (77)	Loan granted by HELABA by means of deeds dated 11/12/2013 and 02/06/2017	€6,129k	31/05/2024	- Lenders' liens and Mortgage until 31/05/2025 - Assignment of rents - Pledge of dedicated operating account
ARGAN	Gonesse (95)	Loan granted by HELABA by means of deeds dated 11/12/2013 and 02/06/2017	€12,258k	31/05/2024	- Lenders' liens and Mortgage until 31/05/2025 - Assignment of rents - Pledge of dedicated operating account
ARGAN	Roye (80)	Real-estate finance lease granted by FINAMUR by	€11,177k	17/06/2025	- Assignment of sub-rents

		means of deeds dated 16/11/2009 and 11/01/2013			
ARGAN	Roissy-en-Brie (77)	Real-estate finance lease granted by CMCIC LEASE by means of a deed dated 21/10/2009	€6,775k	20/10/2024	- Assignment of sub-rents - Pledge of REFL - Lessee advance €3,470,000
ARGAN	FERRIÈRES-EN-BRIE (77)	Loans granted by BECM and CIC OUEST by means of a deed dated 15/11/2011	€12,578k	15/11/2026	- Lenders' liens and Pari passu mortgage until 15/11/2027 - Assignment of pari passu rents - Delegation of hedging agreement and pledge on operating account
ARGAN	SAINT-QUENTIN-FALLAVIER (38)	Assignment of real-estate finance lease granted by SOGEFIMUR by means of a deed dated 10/03/2010	€12,344k	10/04/2025	- Assignment of sub-rents - Pledge of REFL - Lessee advance €5,500,000
ARGAN	Châtres (77)	Loans granted by CA Nord, Arkea and other CRCAs by means of a deed dated 26/07/2017	€28,265k	26/07/2024	- Lenders' liens - Assignment of sub-rents - Pledge of REFL - Lessee advance €10,293,511
ARGAN	LE COUDRAY-MONTCEAUX (91) Bât A	Real-estate finance lease granted by HSBC REAL ESTATE by means of a deed dated 22/07/2010	€27,511k	21/07/2025	- Assignment of sub-rents - Pledge of REFL - Delegation of interest rate hedge - Lessee advance €9,000,000
ARGAN	BONNEUIL-SUR-MARNE (94)	Loans granted by BPI France and BANQUE POPULAIRE RIVES DE PARIS by means of deeds dated 08/03/2011	€6,758k	10/04/2026	- First-ranking pari passu mortgage until 10/04/2027 - Assignment of rents
ARGAN	CHANTELOUP-EN-BRIE (77)	Loans granted by CA Nord, Arkea and other CRCAs by deed dated 26/07/2017	€5,483k	26/07/2024	- Lenders' liens and pari passu mortgage until 26/07/2025 - Assignment of pari passu rents
ARGAN	TRAPPES (78)	Loans granted by CA Nord, Arkea and other CRCAs by deed dated 26/07/2017	€15,219k	26/07/2024	- Lenders' liens and pari passu mortgage until 26/07/2025 - Assignment of pari passu rents
ARGAN	Wissous (91)	Loan granted by BPI France by means of a deed dated 29/11/2011	€5,060k	10/10/2027	- Mortgage until 10/10/2028 - Assignment of rents
ARGAN	Amblainville (60)	Real-estate finance lease granted by FINAMUR & HSBC by means of deeds dated 07/10/2011, 26/07/2012 and 10/02/2017	€13,296k	24/05/2027	- Assignment of sub-rents - Pledge of REFL - Lessee advance €2,561,000 - Assignment of Guarantee for Parent Company
ARGAN	Longueil-Sainte-Marie (60)	Real-estate finance lease granted by SOGEFIMUR and BPI France by means of a deed dated 30/11/2011	€25,833k	29/11/2026	- Assignment of sub-rents - Pledge of REFL - Lessee advance €9,500,000
ARGAN	Fauverney (21)	Assignment of real-estate finance lease and rider granted by CICOBAIL and SOGEFIMUR by means of deeds dated 30/11/2011, 13/02/2015 and 22/07/2016	€14,716k	31/12/2023	- Assignment of sub-rents - Pledge of REFL - Lessee advance €3,317,500

ARGAN	Trappes (78)	Loans granted by BPI France and BCMNE by means of deeds dated 03/05/2013	€471k	10/04/2020	- Pari passu mortgage until 10/04/2021
ARGAN	Trappes (78)	Loans granted by BPI France and BCMNE by means of deeds dated 11/03/2016	€3,095k	10/04/2031	- Pari passu mortgage until 10/04/2032 - Assignment of pari passu rents
ARGAN	Cergy (95)	Loan granted by BPI France by means of a deed dated 09/07/2015	€9,381k	10/07/2028	- Mortgage until 10/07/2029 - Assignment of rents
ARGAN	Ferrières-en-Brie (77)	Real-estate finance lease granted by CMCIC LEASE and NATIOCREDIBAIL by means of deeds dated 07/12/2011 and 20/12/2012	€11,145k	31/08/2027	- Assignment of sub-rents - Pledge of REFL - Lessee advance €3,789,000
ARGAN	Rouvignies (60)	Loans granted by CA Nord, BPI France and CE Nord by means of deeds dated 20/11/2012 and 23/06/2016	€22,784k	10/04/2031	- Pari passu mortgage until 10/04/2032 - Assignment of rents
ARGAN	Mitry-Mory (77)	Real-estate finance lease granted by NATIOCREDIBAIL by means of a deed dated 26/07/2012	€6,273k	25/07/2024	- Assignment of sub-rents - Pledge of REFL - Lessee advance €2,600,000
ARGAN	Wissous (91)	Real-estate finance lease granted by LA BANQUE POSTALE by means of a deed dated 17/09/2012 and 29/01/2013	€12,069k	16/09/2027	- Assignment of sub-rents - Pledge of REFL - Lessee advance €3,000,000
ARGAN	LE COUDRAY-MONTCEAUX (91) Bât B	Real-estate finance lease granted by CMCIC LEASE and LA BANQUE POSTALE by means of a deed dated 29/03/2013	€29,848k	28/03/2028	- Assignment of sub-rents - Pledge of REFL - Lessee advance €6,000,000
ARGAN	SAINT-BONNET-LES-OULES (42)	Loans granted by CA Nord, Arkea and other CRCAs by means of a deed dated 26/07/2017	€11,511k	26/07/2024	- Lenders' liens and pari passu mortgage until 26/07/2025 - Assignment of pari passu rents
ARGAN	VILLE-EN-VERMOIS (54)	Assignment of real-estate finance lease granted by SOGEFIMUR by means of a deed dated 23/12/2014	€3,151k	10/10/2023	- Assignment of sub-rents - Pledge of REFL - Lessee advance €2,600,000
ARGAN	Saint-Aignan (44)	Loan granted by the BCMNE by means of a deed dated 21/11/2014	€4,885k	10/10/2029	- Lenders' liens until 10/10/2030 - Assignment of rents
ARGAN	Bruguières (31)	Loan granted by the BCMNE by means of a deed dated 21/11/2014	€4,745k	10/10/2029	- Lenders' liens until 10/10/2030 - Assignment of rents
ARGAN	Bruges (33)	Loans granted by CA Nord, Arkea and other CRCAs by means of a deed dated 26/07/2017	€5,348k	26/07/2024	- Lenders' liens and pari passu mortgage until 26/07/2025 - Assignment of pari passu rents
ARGAN	Trappes (78)	Loans granted by BPI France and BCMNE by means of deeds dated 11/03/2016	€6,420k	10/04/2031	- Pari passu mortgage until 10/04/2032 - Assignment of pari passu rents

ARGAN	Trappes (78)	Loans granted by BPI France by means of a deed dated 27/07/2018	€5,151k	10/01/2034	- Mortgage until 10/01/2035 - Assignment of rents
ARGAN	Beaulieu (49)	Real-estate finance lease granted by FINAMUR by means of a deed dated 22/12/2015	€8,073k	10/10/2030	- Assignment of sub-rents - Pledge of REFL - Lessee advance €1,600,000
ARGAN	Cergy (95)	Loan granted by BPI France by means of deeds dated 23/06/2016 and 15/12/2017	€13,323k	10/10/2031	- Mortgage until 10/10/2032 - Assignment of rents
ARGAN	Valenton (94)	Loan granted by BP Rives de Paris by means of a deed dated 23/12/2016	€7,098k	10/01/2032	- Lenders' liens - Assignment of rents
ARGAN	Athis-Mons (91)	Loan granted by CE Hauts de France by means of a deed dated 31/07/2017	€8,341k	10/10/2032	- Mortgage until 10/10/2033 - Assignment of rents
ARGAN	Lognes (77)	Real-estate finance lease granted by HSBC by means of a deed dated 21/12/2016	€14,936k	21/12/2031	- Assignment of sub-rents - Lessee loan pledge - Lessee advance €4,032,761 - Cash collateral - Assignment of Bank guarantee
ARGAN	Strasbourg (67)	Loan granted by BECM by means of a deed dated 14/06/2018	€13,679k	14/06/2033	- Mortgage until 14/06/2034 - Assignment of rents
ARGAN	Sauvian (34)	Loans granted by CA Nord Midi-Pyrénées, CA Languedoc and CA Brie Picardie by means of a deed dated 27/06/2017	€16,566k	10/07/2032	- Lenders' liens - Assignment of rents
ARGAN	Meung-sur-Loire (45)	Loan granted by BPI by means of a deed dated 24/07/2018	€5,723k	10/01/2034	- Mortgage until 10/01/2035
ARGAN	Le Cellier Nantes (44)	Loan granted by BECM by means of a deed dated 14/06/2018	€3,988k	14/06/2033	- Mortgage until 14/06/2034 - Assignment of rents
ARGAN	Limeil-Brévannes (94)	Loan granted by La Banque Postale by means of a deed dated 10/04/2018	€15,437k	10/04/2030	- Mortgage until 10/04/2031 - Assignment of rents
ARGAN	Saint-Sulpice Toulouse (31)	Loan granted by BECM by means of a deed dated 14/06/2018	€3,967k	14/06/2033	- Mortgage until 14/06/2034 - Assignment of rents
ARGAN	Guipavas (29)	Real-estate finance lease granted by CMCIC Lease by means of deeds dated 10/10/2012, 19/06/2014, 08/11/2017 and 09/01/2018	€2,385k	01/10/2025	- Assignment of sub-rents - Pledge of REFL
ARGAN	Lomme (59)	Real-estate finance lease granted by CMCIC Lease by means of deeds dated 05/07/2011, 21/12/2012, 08/11/2017, 09/01/2018	€4,229k	13/05/2027	- Assignment of sub-rents - Pledge of REFL
ARGAN	Sucy-en-Brie (94)	Real-estate finance lease granted by CMCIC Lease by means of deeds dated	€9,050k	29/08/2028	- Assignment of sub-rents - Pledge of REFL

		16/11/2012, 08/04/2014, 08/11/2017 and 08/01/2018			
ARGAN	La Farlède (83)	Real-estate finance lease granted by CMCIC Lease by means of deeds dated 07/09/2012, 13/08/2013, 08/11/2017 and 09/01/2018	€4,107k	05/04/2025	- Assignment of sub-rents - Pledge of REFL - Lessee advance €192k
ARGAN	Chanceaux (37)	Real-estate finance lease granted by CMCIC Lease by means of deeds dated 25/05/2009, 09/08/2010, 21/01/2011, 02/05/2011, 08/11/2017 and 22/01/2018	€2,920k	09/12/2024	- Assignment of sub-rents - Pledge of REFL
ARGAN	Wissous (91)	Loan granted by CFF by means of a deed dated 08/06/2018	€50,748k	08/06/2033	- Lenders' liens - Assignment of rents
ARGAN	Neuilly 21 Beffroy (92)	Loan granted by BNP by means of a deed dated 10/05/2019	€10,900k	10/04/2034	- Mortgage until 10/04/2035
ARGAN	Cestas (33)	Loan granted by CA Aquitaine by means of a deed dated 05/07/2018	€9,701k	10/01/2034	- Mortgage until 10/01/2035
ARGAN	Moissy I and II (77)	Loan granted by CE ILE DE FRANCE by means of a deed dated 04/07/2019	€31,623k	04/07/2034	- Mortgage until 10/07/2035 - Assignment of rents - Pledge of the receivable under the interest rate hedge
ARGAN	Pusignan (69)	Loan granted by CE Loire-Centre by means of a deed dated 20/12/2018	€21,500k	10/10/2034	- Mortgage until 10/10/2035 - Assignment of rents
ARGAN	Fleury-Mérogis (91)	Loan granted by Berlin Hyp by means of a deed dated 28/02/2019	€43,600k	27/02/2031	- Mortgage until 27/02/2032 - Assignment of rents - Pledge of the Cash Reserve Account
ARGAN	Albon (26)	Loan granted by LCL by means of a deed dated 13/11/2019	€3,950k	10/10/2034	- Mortgage until 10/10/2035 - Assignment of rents
ARGAN	La Crèche (79)	Loan granted by CA Aquitaine and CA Charente Maritime by means of a deed dated 02/05/2019	€14,793k	10/01/2035	- Mortgage until 10/01/2036 - Assignment of rents
ARGAN	Billy-Berclau (59)	Loan granted by CA Nord de France by means of a deed dated 17/10/2019	€609k	10/10/2034	- Lenders' liens and Mortgage until 10/10/2035 - Assignment of rents
ARGAN	CARGO portfolio	Unsecured loan granted by JP MORGAN by means of a deed dated 10/07/2019	€645,000k	15/10/2020	- None

The security interests granted on buildings financed through bank loans (excluding leasing, equity loans and bridge loans) amounts to €479 million, or 23% of the buildings' appraised value (€2,017 million).

6. Shareholders' agreements

6.1 Shareholders' agreement between the members of the Le Lan family

The purpose of the shareholders' agreement entered into by the members of the Le Lan family on 10 October 2007 for a period of five years, renewable by tacit agreement every five years, is to ensure control of the

ARGAN Company, by formalising the joint action by the signatories and managing the movements of the Company's shares to ensure the signatories are unified and represented.

This agreement was registered with the AMF on 14 November 2007.

The signatories to the agreement may not make any decision to acquire or subscribe for shares which might change the Company's status as an SIIC.

6.2 Shareholders' agreement between the Le Lan family, CRFP 8 and Predica

For the purpose of acquiring the "Cargo" portfolio, the Le Lan family[1], the simplified joint stock company CRFP8[2] and the public limited company Predica Prévoyance Dialogue du Crédit Agricole (Prédica)[3], decided to conclude a shareholders' agreement on 10 July 2019 in the presence of ARGAN, whereby they do not intend to act in concert.

This agreement is concluded for a period of 5 years from 15 October 2019 and may be expressly renewed for successive 2-year periods. It was registered on 18 July 2019 with the Autorité des Marchés Financiers (the French Financial Markets Authority) under number 219C1208, in accordance with the applicable regulations.

The main provisions of the shareholders' agreement are as follows:

Governance: ARGAN's Supervisory Board will consist of 8 members and 2 non-voting members as of the date of completion of the transfer, as follows (i) 4 members appointed from among the candidates proposed by the Le Lan family (including the Chairman and the Vice-Chairman), (ii) 3 independent members within the meaning of a corporate governance code, (iii) Predica, as a legal entity, (iv) 1 non-voting member appointed by Predica, and (v) 1 non-voting member appointed by CRFP 8.
It should be noted that CRFP 8 resigned from its non-voting member position with effect from 9 December 2019 due to a sale whereby its equity investment fell below the threshold of 5% of the Company's capital.

Standing Committees: two Standing Committees of the Supervisory Board (the Audit Committee and the Appointments and Remuneration Committee) will be established.

No joint action: the parties to the shareholders' agreement declare that they do not act jointly with respect to ARGAN within the meaning of Article L.233-10 of the French Commercial Code, bearing in mind that the members of the Le Lan family and Kerlan do act jointly with respect to ARGAN under the aforementioned shareholders' agreement between the members of the Le Lan family.

7. Group organisation chart

The Group comprises the Company itself and its three subsidiaries as described in Part I 8 – Legal organisation. These companies are part of the consolidated group.

8. Related party transactions

Related party relationships are described in Part III, Note 33 of the Notes to the consolidated financial statements for the year ended 31 December 2019. In addition, there are six types of agreements between ARGAN and its subsidiary IMMOCBI, made in the ordinary course of business and concluded under market conditions:

- Management fee (for day-to-day management and accounting management):
  Argan charges its subsidiary a fee equal to 3% of its rents excluding tax. This fee is invoiced quarterly in arrears;

- Cash management agreement:
  Argan and its subsidiary undertake to make cash advances to each other in the form of interest-bearing current accounts, depending on their available funds or their needs. These advances bear interest at the mean monthly money market rate + 0.05%. Invoicing takes place quarterly in arrears;

- Fire insurance policy management agreement:
  Argan has entered into a group fire insurance policy in order to insure its subsidiary on better financial terms. A new building belonging to its subsidiary was added to this policy under a rider invoiced to Argan. Argan charges costs back to its subsidiary on an annual basis;

[1] Jean-Claude Le Lan, Karine Weisse, Jean-Claude Le Lan (Junior), Ronan Le Lan, Véronique Le Lan, Nicolas Le Lan, Charline Le Lan and Kerlan (Kerlan SAS, a company wholly owned by Jean-Claude Le Lan)

[2] Controlled by Carrefour SA

[3] Controlled by Crédit Agricole SA

- Delegated project management agreement (in the construction phase):
  Argan provides delegated project management services to its subsidiary during the construction phase of a building. The subsidiary is billed under market conditions either in instalments or in full when delivery is complete. This expenditure is recognised in the cost price for the transaction, in the cost of the asset for the subsidiary.

- Interest rate hedging agreement:
  Argan has entered into an interest rate macro-hedging agreement to limit the risks associated with an increase in the variable rates for the Group's financing. Argan rebills its subsidiary on an annual basis for the savings or costs associated with the cover taken out.

- Guarantee agreement:
  Argan may stand joint and several guarantor for its subsidiary to credit institutions for the purpose of the loan agreements they grant this subsidiary. In return, ARGAN will charge its subsidiary an annual fee equal to 0.25% of the outstanding amount of the loan guaranteed. This fee is invoiced every six months in arrears.

  The table below presents a summary of all prior agreements entered into with the IMMOCBI subsidiary under normal conditions, which remained in force during the financial year:

Management agreement	Cash flow agreement	Project management agreement	Total insurance policy	Interest rate hedging agreement	Guarantee agreement
31/05/2007	31/05/2007	01/07/2013	02/07/2008	01/07/2011	01/12/2013

9. Legal proceedings and arbitration

There are no government, legal or arbitration proceedings, including any unresolved or outstanding proceedings of which the Company is aware, which might have or which have had over the last 12 months, a significant effect on the financial position or the profitability of the Company and/or the Group.

10. Appraisals

Information from third parties, expert certifications and declarations of interest

The Company's portfolio is valued every six months by an independent appraiser. For 2019, the Company instructed CBRE Valuation, 131 Avenue de Wagram, PARIS 75017, one of the leading valuers in France and worldwide. CBRE Valuation has around 50 appraisers in France, is part of AFREXIM and is a signatory to the *Charte de l'Expertise en Evaluation Immobilière* (Charter of real estate valuation).

The Company has worked with CBRE Valuation since 2007. CBRE Valuation regularly rotates its in-house teams responsible for appraising the Company's assets.

The fees paid to the appraisers pertain solely to the half-yearly asset appraisal. They are based on unit cost scales for appraisals with a visit or for updates to valuations. The appraisers are not paid any fees other than for valuations.

The appraisals conform to the national professional standards of the February 2000 COB/AMF report (Barthes de Ruyter) and the Charter of real estate valuation developed under the guidance of IFEI.

The appraisals also conform to the TEGOVA European professional standards. Specifically, the portfolio was valued in accordance with the Charter of real estate valuation.

The Discounted Cash Flow methodology is used and is cross-checked with the income capitalisation method. This method is preferred in view of the reduction in fixed terms for most assets and the complex change in cash flows provided for in the leases.
For a description of the methodology and the definitions used by CBRE Valuation, see Part I, 6.3.2 - Methodology.

Based on the values from the external appraisal by CBRE during December 2019, the total value of the asset portfolio is €2,670.4 million excluding transfer taxes for the assets delivered as at 31 December 2019 (excluding buildings under construction, buildings covered by an agreement to sell and land reserves). This is the value adopted by the Company in preparing its consolidated financial statements as at 31 December 2019.

11. Persons responsible – Access to financial information

11.1 Person responsible for financial information

11.1.1 Person responsible for the Universal Registration Document

Ronan Le Lan, Chairman of the Company's Executive Board.

11.1.2 Person responsible for the Universal Registration Document including an annual financial report

Ronan Le Lan, Chairman of the Company's Executive Board.

"*I hereby certify that, having taken all reasonable care to ensure such is the case, the information contained in this universal registration document, to the best of my knowledge, gives a true and fair view of the facts and contains no omission likely to affect its import.*

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a fair view of the assets, financial position and income of the Company and of all the companies included in the scope of consolidation, and that the management report on page 64 provides an accurate picture of the changes in the business, the results and the financial position of the Company and of all the companies included in the scope of consolidation and describes the main risks and uncertainties to which they are exposed.

*I have obtained a review completion letter (*lettre de fin de travaux*) from the statutory auditors stating that they have completed their assignment and that they have verified the information relating to the financial position and the financial statements given in this universal registration document and have read the universal registration document in full.*

The statutory auditors have reported on the financial information in the universal registration document. Their report on the company financial statements, which contains no observations, is included on page 190 of the universal registration document, and the report on the consolidated financial statements, which contains one observation, is included on page 159 of the universal registration document.

The statutory auditors have reported on the financial information for the year ended 31 December 2018 which is incorporated by reference. Their report on the company financial statements, which contains no observations, is included on page 182 of the Registration Document filed with the AMF on 24 April 2019 under number D.19-0377, and the report on the consolidated financial statements, which contains one observation, is included on page 154.

The statutory auditors have reported on the financial information for the year ended 31 December 2017 which is incorporated by reference. Their report on the company financial statements, which contains no observations, is included on page 178 of the Registration Document filed with the AMF on 26 April 2018 under number D.18-0412, and the report on the consolidated financial statements, which contains one observation, is included on page 146."

Ronan Le Lan
Chairman of the Executive Board

11.2 Statutory auditors

11.2.1 Statutory auditors

- **Mazars**, represented by Mr. Jean-Maurice EL NOUCHI, 61 rue Henri Regnault – 92400 Courbevoie, France

Mazars is a public limited company providing accounting and statutory auditing services and is a member of the *Compagnie Régionale de Versailles* (the Versailles branch of the French Institute of Statutory Auditors).
Date of first appointment: Mazars was appointed statutory auditor of the Company by the General Shareholders' Meeting of 20 December 2006.
Date of appointment for the current term of office: Mazars was appointed statutory auditor of the Company by the General Shareholders' Meeting of 23 March 2017.
Current term of office: six (6) financial years.
Expiry date of the current term of office: at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ended 31 December 2022.

- **EXPONENS**, represented by Mr Yvan Corbic, 20 rue Brunel – 75017 Paris, France

EXPONENS is a simplified joint stock company providing accounting and statutory auditing services and is a member of the *Compagnie Régionale de Paris* (the Paris branch of the French Institute of Statutory Auditors).
Date of first appointment: EXPONENS was appointed statutory auditor of the Company by the General Shareholders' Meeting of 15 April 2008.
Date of appointment for the current term of office: EXPONENS was appointed statutory auditor of the Company by the General Shareholders' Meeting of 24 March 2016
Current term of office: six (6) financial years.
Expiry date of the current term of office: at the end of the Ordinary Shareholders' Meeting which will be called to approve the financial statements for the year ended 31 December 2021.

11.2.2 Alternate statutory auditors

- **Mr. Loïc Wallaert**, residing at 61 rue Henri Regnault – 92400 Courbevoie, France

Mr. Loïc Wallaert is an auditor and an affiliate of the *Compagnie Régionale de Paris*.
Date of first appointment: Loïc Wallaert was appointed statutory auditor of the Company by the General Shareholders' Meeting of 20 December 2006.
Date of appointment for the current term of office: Mr. Loïc Wallaert was appointed statutory auditor of the Company by the General Shareholders' Meeting of 23 March 2017.
Current term of office: six (6) financial years.
Expiry date of the current term of office: at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ended 31 December 2022.

- **Thierry Legrand**, residing at 15 Place de la Nation – 75012 Paris, France

Thierry Legrand is an auditor and an affiliate of the *Compagnie Régionale de Paris*.
Date of first appointment: Thierry Legrand was appointed statutory auditor of the Company by the General Shareholders' Meeting of 24 March 2016.
Current term of office: six (6) financial years.
Expiry date of the current term of office: at the end of the Ordinary Shareholders' Meeting which will be called to approve the financial statements for the year ended 31 December 2021.

Statutory auditors' fees and their network

In accordance with Article 222-8 of the General Regulations of the AMF, the following table shows the amount of fees and disbursements, exclusive of taxes, that the Company and its fully consolidated subsidiaries have paid to the Statutory Auditors and their network in respect of the last two financial years. The table separates fees for statutory tasks and procedures directly related thereto from fees for other services:

	MAZARS				EXPONENS				TOTAL	
	Financial year 2019		Financial year 2018		Financial year 2019		Financial year 2018		2019	2018
	Amount excl. tax	%	Amount excl. tax	%	Amount excl. tax	%	Amount excl. tax	%	Amount excl. tax	Amount excl. tax
Audit . Statutory audit, certification, review of individual and consolidated financial statements . Issuer . Fully consolidated subsidiaries	€86,000		€54,000		€59,000		€36,000		€145,000	€90,000
. Other services related to the statutory auditor's assignment . Issuer . Fully consolidated subsidiaries	€65,000		€2,000		€30,000		€2,000		€95,000	€4,000
Sub-total	**€151,000**	**63%**	**€56,000**	**60%**	**€89,000**	**37%**	**€38,000**	**40%**	**€240,000**	**€94,000**
Other services provided by the networks to fully consolidated subsidiaries . Legal, tax, social security . Other (state if over 10% of the audit fees)										
Sub-total	**€0**		**€0**		**€0**		**€0**			
TOTAL	**€151,000**	**63%**	**€56,000**	**60%**	**€89,000**	**37%**	**€38,000**	**40%**	**€240,000**	**€94,000**

11.3 Financial reporting timetable

11.3.1 Dates of the most recent financial communications

- Annual results 2019: 15 January 2020
- Quarterly sales (Q1 2020): 1st April 2020

11.3.2 Provisional financial reporting timetable for 2020:

- Quarterly sales (Q2 2020): 1st July 2020
- Statement of operations and results for the first half-year (H1 2020): 10 July 2020
- Quarterly sales (Q3 2020): 1st October 2020

The Annual Information Document, drawn up pursuant to Article 222-7 of the General Regulations of the AMF and containing all the Company's publications for the financial year ended 31 December 2019 has been published separately and is available on the Company's website (http://www.argan.fr/).

11.4 Documents available to the public

Copies of this Universal Registration Document are available free of charge from the Company and on its website (www.argan.fr).
All legal and financial documents relating to the Company and to be made available to shareholders in accordance with the applicable regulations are available to view at the Company's registered office.

12. Supervisory Board

12.1 Report of the Supervisory Board on corporate governance (Article L.225-100 of the French Commercial Code)

This report contains the remuneration policy for the Company's corporate officers that was submitted to and approved by the Combined Shareholders' Meeting of 19 March 2020.

12.1.1 Governance

12.1.1.1 Composition of the Supervisory Board and the Executive Board

➢ **List of terms of office and positions of corporate officers:**

In accordance with the provisions of Article L.225-37-4 of the French Commercial Code, we hereby disclose the list of all the terms of office and the positions held in any company by the members of the Supervisory Board, who are corporate officers of the Company. It should be noted that members of the Supervisory Board appointed prior to 15 October 2019 were appointed for six (6) years until the expiry of their current term of office on that date and that those appointed since 15 October 2019 (inclusive) have been appointed for four (4) years.

Surname and First name	Date of first appointment	Date term of office ends	Main position held within the Company	Main position held outside the Company	Other offices and positions held in any company during the 2019 financial year
Jean-Claude Le Lan	17/04/2003	GM called to approve the financial statements for 2020	Chairman of the Supervisory Board	None	- Co-Director SARL IMMO CBI (subsidiary) - Chairman of KERLAN SAS
Bernard Thévenin	19/04/2007	GM called to approve the financial statements for 2020	Vice-Chairman of the Supervisory Board	Consultant	- Manager of BT Consulting
Nicolas Le Lan	23/03/2017	GM called to approve the financial statements for 2022	Member of the Supervisory Board	Business Manager, Capital Market, CBRE	- None
Stéphane Cassagne	15/10/2019	GM called to approve the financial statements for 2022	Member of the Supervisory Board	General Secretary of GEODIS Group	- Non-partner manager of SCI De l'Entrepôt Ney - Chairman of Geodis International - Member of the Management Board of Transport Bernis - Member of the Management Board of Geodis Logistics Ile de France since 2014 - Director of Walbaum - Chairman of Geodis Freight Forwarding - Chairman of Immobilière Geodis II Logistics since 2009 - Chairman of Geodis Business Development since 2016 - Director of Geodis Benelux Holding BV since 2003 - Director of Geodis Iberia SA since 2009 - Director of Geodis America Inc. since 2015 - Member of the Supervisory

					Board of UPPLY since 2018 - Member of the Supervisory Board of Ermewa Holding since 2014 - Member of the Supervisory Board of Aviron Bayonnais Rugby Pro SAOSP since 2017 - Member of the Management Committee of TLF (Transport Logistics France) - Manager of SNCF Logistics Services (term of office ends 21 May 2019)
Florence Soule de Lafont	19/04/2007	GM called to approve the financial statements for 2020	Independent member of the Supervisory Board	Partner at Heidrick & Struggles.	- None
François-Régis de Causans	24/03/2016	GM called to approve the financial statements for 2021	Independent member of the Supervisory Board	Director, EMEA Logistics, Capital Market, CBRE	- None
Françoise Leroy[1]	23/03/2017	GM called to approve the financial statements for 2022	Independent member of the Supervisory Board	None	- Member of the Supervisory Board of HIME (Saur Group) - Member of the Supervisory Board of Tarkett Group - Member of the Board of Directors of GTT
Najat Aasqui, permanent representative of PREDICA	15/10/2019	GM called to approve the financial statements for 2022	Member of the Supervisory Board		- Permanent representative of Predica on the Supervisory Board of Altarea Cogedim SCA since 2019

1. Françoise Leroy resigned from her position as a member of the Supervisory Board with effect from 6 December 2019.

It should be noted that Françoise Leroy resigned from her position as a member of the Supervisory Board with effect from 6 December 2019. It should also be noted that (i) Emmanuel Chabas (proposed by Predica) and the legal entity CRFP 8 (Carrefour Group) were appointed by the General Shareholders' Meeting of 15 October 2019 as non-voting members of the Supervisory Board for 4 years and that (ii) CRFP 8 resigned as a non-voting member with effect from 9 December 2019.

In addition, a list is set out below of all the terms of office and the positions held in any company by the members of the Executive Board, who are corporate officers of the Company.

Surname and First name	**Date of first appointment**	**Date term of office ends**	**Main position held within the Company**	**Main position held outside the Company**	**Other offices and positions held in any company**
Ronan Le Lan	17/04/2003	15/01/2021	Chairman of the Executive Board and Portfolio Director	None	- Co-Director SARL IMMO CBI (subsidiary)
Francis Albertinelli	17/04/2007	15/01/2021	Member of the Executive Board and Chief Fianncial Officer	None	- None
Frédéric Larroumets	01/09/2014	15/01/2021	Member of the Executive Board and Director of Developments	None	- None
Jean-Claude Le Lan Junior	28/12/2009	15/01/2021	Member of the Executive Board and Management Controller	None	- None

- **Diversity policy applied to members of the Supervisory Board and members of the Executive Board**

The composition of the Supervisory Board aims to comply with a policy of diversity policy allowing balance and complementarity in the experience of its members. The Supervisory Board considers that until 6 December 2019, when Françoise Leroy resigned, its composition was satisfactory in terms of diversity for the following reasons:

- ✓ it consisted of three women and five men, in accordance with the provisions of Article L.225-69-1 of the French Commercial Code;
- ✓ in addition to the Company's founding shareholder, the Supervisory Board also included three members who qualified as independent according to the criteria adopted by the Board (see below), all with different professional backgrounds;
- ✓ several age groups were represented on the Board.

Given the resignation of Françoise Leroy from her position as a member of the Supervisory Board with effect from 6 December 2019, as at the date of this report the Supervisory Board is composed of seven members, two women and five men. Consequently, the Combined Shareholders' Meeting of 19 March 2020 will be asked to consider appointing a female member of the Supervisory Board, Constance de Poncins.

Constance de Poncins is 49 years of age and a graduate of the Institut des Actuaires Français (IAF). She holds a postgraduate degree in Econometrics and an Executive MBA from the Management Institute of Paris (MIP/EDHEC) and is also certified as a company director. She began her career in 1992 in AXA France's individual Life Technical Division, before becoming Director of Customer Service for Private Management and Finance, and then Director of Commitments and Group-wide Projects. In 2009, she joined Neuflize Vie as Director of Technical and Investment, and Director of Asset and Liability Commitments. Since 2015, she has been Chief Delegate of the AGIPI Savers' Association, an AXA partner with more than €17.5 billion in savings under management.

Should the General Shareholders' Meeting approve this appointment, the Supervisory Board would again comprise eight members, three women and five men.

There are four members of the Executive Board as at the date of this report, all of whom are men.

- **Independent members**

To qualify as an independent member, a person must be competent and independent:

Competence: independent members must have the experience and skills to enable them to perform their duties in full as part of the Supervisory Board and the Committees on which they are likely to sit. In particular, independent members must be active, present and involved.

Independence: an independent member must fulfil a number of independence criteria in relation to the Company as well as in relation to its shareholders and officers. The following objective characteristics will be considered (criteria of the Middlenext Corporate Governance Code) when reviewing the nomination of an independent member:

- ✓ has not been an employee or corporate officer of the Company or of a company within its group within the past five years;
- ✓ has not had a significant business relationship with the Company or its group within the past two years (as a client, supplier, competitor, service provider, creditor, banker, etc.);
- ✓ is not a reference shareholder of the Company or a holder of a significant percentage of voting rights;
- ✓ does not have close ties or a close family connection with a corporate officer or a reference shareholder;
- ✓ has not been the company's statutory auditor within the past six years.

The Supervisory Board may consider that one of its members is independent despite not meeting all of these criteria. On the other hand, it may also consider that a member who does fulfil all these criteria is not independent.

In accordance with these principles, Florence Soule de Lafont, Françoise Leroy (resigned with effect from 6 December 2019) and François-Régis De Causans were appointed as independent members. In addition, Constance de Poncins, whose nomination is being proposed to the General Shareholders' Meeting of 19 March 2020, will also be considered independent if the Meeting approves her appointment.

- **Agreements with Group companies (Order 2014-863 of 31 July 2014 on regulated agreements for public limited companies)**

We did not identify any direct or indirect agreements between any of the members of the Executive Board or the Supervisory Board, or any of the shareholders with a fraction of more than 10% of ARGAN's voting rights, and the IMMOCBI, NANTOUR, AVILOG and SAS PORTIMMO subsidiary companies[4].

12.1.1.2 Duties of the Supervisory Board

The Supervisory Board exercises permanent control over the management of the Company by the Executive Board, which has the broadest powers to represent the Company in all circumstances in its dealings with third parties, within the limits of the corporate purpose and subject to the powers that have been expressly granted by law to the Supervisory Board and to the Shareholders' Meetings, and in compliance with the Articles of Association and the internal regulations of the Supervisory Board.

The Supervisory Board may carry out the controls and verifications at any time of year it considers appropriate for this purpose and may ask to be provided with the documents it considers useful for carrying out its duties. It also appoints the members of the Executive Board and determines their remuneration.

In addition to the cases provided for in Article 25 of the Company's Articles of Association, the Supervisory Board meets as often as required in the interest of the Company, and in any event at least four times a year. The Supervisory Board met eight times during the annual reporting period ended 31 December 2019, with an attendance rate of 98%.
The decisions of the Supervisory Board are written up in minutes that are entered in a special register held at the registered office.

➢ **Appointment and remuneration duties**

The Supervisory Board is responsible for:

- preparing for setting the overall remuneration of the corporate officers and, if applicable, proposing the qualitative and quantitative criteria for determining the variable portion of this remuneration; overall remuneration is understood to mean salary and bonuses, as well as present or future ancillary benefits such as benefits in kind, supplementary pension, etc.;
- reviewing the plans for free allocation of shares for the benefit of employees and senior managers, as well as the terms and conditions for allocation;
- examining the applications for membership of the Supervisory Board or the Executive Board in light of their business experience, skills and the extent to which they are representative of economic, social and cultural matters;
- obtaining any relevant information on the terms and conditions of recruitment, remuneration, the Articles of Association, and the employment contracts of the executive officers of the Company and its subsidiaries;
- make any proposals and issue any opinions on directors' fees or other remuneration and benefits for members of the management and supervisory bodies, assess the position of each of the members of the Executive Board or the Supervisory Board with regard to any relationships they may have with the Company or ARGAN Group companies that are likely to compromise their independent judgement or lead to potential conflicts of interest with the Company.

In particular, the Board ensures that the remuneration for positions held by members of the Le Lan family is consistent and equitable with regard to other members of staff and comparable to the remuneration for equivalent positions in similar companies.

➢ **Investment duties – Arbitrages - Refinancing**

The Supervisory Board reviews and approves the 3-year development action plan on an annual basis and receives quarterly reports on progress.

This rolling 3-year plan was initiated by the Executive Board and shows the status of plans for refinancing and trade-offs as well the volume of investments based on self-financing capacity.

The plan shows the statement of cash balance resulting from income and expenditure (investments).
The Board is particularly vigilant in ensuring that this balance is maintained.

The choice of investments is the responsibility of the Executive Board, which, together with specialised employees, looks for developments and acquisitions that meet our strategic criteria.

The Supervisory Board delegates authority to the Executive Board to act in accordance with the approved annual action plan.

[4] On 14 May 2019, Argan acquired all the shares of SAS Portimmo and then absorbed it on 15 October 2019 as part of a simplified merger transaction.

- **Decisions of the Executive Board subject to the prior authorisation of the Supervisory Board pursuant to the Company's Articles of Association and distribution of tasks**

In addition to the powers granted to the Supervisory Board by the applicable regulations (in particular the security interests, endorsements and guarantees that must be authorised by the Supervisory Board), certain Executive Board decisions require prior authorisation from the Supervisory Board in accordance with Article 16 of the Company's Articles of Association and as a strictly internal measure not binding on third parties.

See also Part II 3.1.2 Operation.

- **Powers delegated by the Supervisory Board to the Executive Board**

The Supervisory Board authorises the Executive Board to allocate, under its responsibility, the tasks involved in managing the Company to the members of the Executive Board.

The Supervisory Board grants general authority to sign documents concerning the Company and any commitments made on its behalf to the Chairman of the Executive Board and to any other member of the Executive Board if they have the title of Chief Executive Officer.

For the 2019 financial year, the Supervisory Board delegated authority to the Executive Board to carry out any development, acquisitions, trade-offs and refinancing operations, in accordance with the 2019 version of the 3-year Business Plan, subject to the limits specified above.

12.1.1.3 Preparation and organisation of the Supervisory Board's work

- **Principles**

The Company has introduced a set of measures based on the principles of corporate governance, namely:

- ✓ the "Corporate governance principles resulting from the consolidation of the October 2003 AFEP and MEDEF reports and the January 2007 and October 2008 AFEP and MEDEF recommendations concerning the compensation of executive directors of listed companies", published by these two bodies in December 2008,
- ✓ the Code of Ethics of the French Institute of Directors (IFA) dated 25 March 2004,
- ✓ the AFEP-MEDEF Code of Corporate Governance, published in December 2008,
- ✓ and especially, the Middlenext Corporate Governance Code published in December 2009 and updated in October 2016, which adapts these principles to medium- and small-cap companies (the "**Middlenext Code**").

In accordance with Articles L.225-68 and L.225-37-4 of the French Commercial Code, the Company has adopted the Middlenext Code as its overall framework for corporate governance. The Middlenext Code can be consulted at the Company's registered office and on the Middlenext website (www.middlenext.com).

In accordance with the recommendations of the Middlenext Code and the provisions of Article L.225-37-4 of the French Commercial Code, the Supervisory Board prepared the following table which summarises the various recommendations that have not been applied and the reasons why (comply or explain):

R15 - Corporate officers and employment contracts The Chairman of the Executive Board is an employee of the Company. The remuneration for this role is consistent with the duties performed and with the remuneration of the other members of the Executive Board. In addition, no undertakings have been made to the Chairman of the Executive Board to pay compensation when he takes, leaves or changes office.
R9 – Board members' terms of office Members of the Supervisory Board appointed prior to 15 October 2019 were appointed for six (6) years until the expiry of their current term of office on that date. Members of the Supervisory Board appointed from 15 October 2019 (inclusive) are appointed for four years.
R11 – Board evaluation In 2011, the Board carried out an evaluation of its work and its normal operation. The Board concluded that given the limited number of members on its Board (8), each member is actively involved and can express his opinions on and freely discuss how the Board operates and how the work it conducts is carried out. The Board therefore considers that a formal evaluation of its work is not required.

- **Standing Committees of the Supervisory Board**

Pursuant to (i) the shareholders' agreement dated 10 July 2019 between the members of the Le Lan family and Predica and (ii) Article 26 of the Company's Articles of Association, the Supervisory Board meeting of 16 October 2019 decided to set up an Audit Committee and an Appointments and Remuneration Committee tasked with formulating opinions and recommendations on an advisory basis. The Supervisory Board is responsible for determining the tasks of each of these two committees reporting to the Board.

The Supervisory Board appoints three of its members to the Audit Committee and three to the Appointments and Remuneration Committee for the duration of their terms of office as members of the Supervisory Board. At least one member of the Audit Committee must have specialist financial and accounting skills.

The Supervisory Board appoints an independent member to act as Chairman of each of the Committees. The Chairman is primarily responsible for the effective operation of the Committee that he chairs.

(a) The Audit Committee

The Audit Committee is specifically responsible for:

- following the process for preparing financial information and, where appropriate, making recommendations to ensure its integrity;
- monitoring the effectiveness of the internal control and risk management systems, as well as internal auditing, where appropriate, with regard to the procedures for preparing and processing accounting and financial information, without infringing on its independence;
- issuing a recommendation on the statutory auditors proposed for appointment by the General Shareholders' Meeting or who are being considered for reappointment;
- monitoring completion by the statutory auditors of their assignment and taking into account the findings and conclusions of the *Haut conseil du commissariat aux comptes*, France's supervisory body for auditors, following the audits carried out by the said body;
- ensuring that the statutory auditors are independent, in accordance with applicable legal and regulatory provisions;
- approving the provision of services that are not included in the statutory audit engagements;
- reporting regularly to the Supervisory Board on the performance of its tasks and the results of the account certification assignment, how this assignment has contributed to the integrity of the financial information and the role that it played in

this process, and informing the Board of any issues encountered.

As at the date of this report, the members of the Audit Committee are as follows:

Members of the Audit Committee	Role	Term of Office ends
François-Régis de Causans	Chairman	Annual General Shareholders' Meeting 2022
Bernard Thévenin	Member	Annual General Shareholders' Meeting 2021
Najat Aasqui	Member	Annual General Shareholders' Meeting 2023

(b) The Appointments and Remuneration Committee

In particular, the Appointments and Remuneration Committee is responsible for:

- making any relevant observations to the Supervisory Board on the composition of the Supervisory Board and the Executive Board;
- issuing an opinion on the applications for membership of the Supervisory Board or the Executive Board in light of their business experience, skills and the extent to which they are representative of economic, social and cultural matters; in the particular case of members of the Executive Board, the selection process guarantees that at least one male and one female candidate are present until the process is concluded (Article L.225-58 of the French Commercial Code);
- issuing a recommendation on the total amount of remuneration and the procedures for allocation to members and non-voting members of the Supervisory Board;
- examining and proposing all the elements of the overall remuneration of the Company's corporate officers to the Supervisory Board and, if applicable, proposing the qualitative and quantitative criteria for determining the variable portion of this remuneration; overall remuneration is understood to mean salary and bonuses, as well as present or future ancillary benefits such as benefits in kind, supplementary pension, etc.;
- reviewing the plans for free allocation of shares, allocation of options for subscription or purchase of shares or any similar instrument for the benefit of employees and senior managers, as well as the terms and conditions for allocation.

As at the date of this report, the members of the Appointments and Remuneration Committee are as follows:

Members of the Appointments and Remuneration Committee	Role	Term of Office ends
Florence Soule de Lafont	Chairman	Annual General Shareholders' Meeting 2021
François Régis de Causans	Member	Annual General Shareholders' Meeting 2022
Najat Aasqui	Member	Annual General Shareholders' Meeting 2023

➢ **Internal regulations**

The Supervisory Board meeting of 17 November 2010 unanimously adopted a set of internal regulations which takes effect on 1 January and is updated annually. The update to the internal regulations for the 2019 financial year was approved by the Supervisory Board meeting of 16 October 2019. The internal regulations are based on the above-mentioned principles of corporate governance and also take account of the Company's Articles of Association and the provisions of the above-mentioned shareholders' agreement.

➢ **Procedure referred to in Article L.225-87 of the French Commercial Code**

In accordance with Article L.225-87 of the French Commercial Code, the Supervisory Board must establish a procedure to assess on a regular basis whether the "*agreements relating to day-to-day operations and concluded under normal conditions*" (within the meaning of the regulated agreements) fulfil these conditions (persons with a direct or indirect interest in an agreement do not participate in the assessment thereof). In this case, however, as the Company has not entered into any agreements that meet this criterion, a specific assessment in this regard would be otiose.

12.1.2 Remuneration and benefits for Corporate Officers

- **Approval of the remuneration policy for the Company's corporate officers (8th resolution of the Combined Shareholders' Meeting)**

In accordance with Articles L.225-82-2 and R.225-56-1 of the French Commercial Code, shareholders will be asked at the Combined Shareholders' Meeting of 19 March 2020 (the "**Combined Shareholders' Meeting**") to approve the remuneration policy for the Company's corporate officers (members of the Executive Board and members of the Supervisory Board).

It is the Supervisory Board's view that the remuneration policy for the Company's corporate officers is consistent with the Company's corporate interest and contributes to its sustainability and business strategy because (i) it is based on the ongoing pursuit of a balance between the company's interests, recognition of executives' performance and consistency in remuneration practices and (ii) as well as fostering loyalty amongst Argan's staff, the aim when setting remuneration is to reward performance and promote the Company's own exacting standards.

The Supervisory Board reviews the remuneration policy for the Company's corporate officers annually (setting the remuneration for the members of the Executive Board, the remuneration of the Chairman of the Supervisory Board and putting forward proposals for setting the overall remuneration of the members of the Supervisory Board). Since 16 October 2019, the Appointments and Remuneration Committee has been involved in making recommendations to the Supervisory Board in the areas referred to in section 1.3.2 (b) of this report.

- **Elements of the remuneration policy applicable specifically to members of the Executive Board for their term of office**

All members of the Executive Board are employees of the Company and their remuneration is set individually by the Supervisory Board. The elements of remuneration for members of the Executive Board for their term of office are set out below.

Fixed remuneration

The fixed remuneration of the members of the Executive Board is decided on an individual basis by the Supervisory Board depending on the member's responsibilities. The Supervisory Board may propose an annual review during the financial year in question.

The fixed annual remuneration for Ronan Le Lan, Chairman of the Executive Board, was €160,000 as at 1 January 2020. This amount was decided on 10 April 2018.

The fixed annual remuneration for Francis Albertinelli, member of the Executive Board, was €160,000 as at 1 January 2020. This amount was decided on 10 April 2018.

The fixed annual remuneration for Frédéric Larroumets, member of the Executive Board, was €160,000 as at 1 January 2020. This amount was decided on 16 October 2018.

The fixed annual remuneration for Jean-Claude Le Lan Junior, member of the Executive Board, was €80,000 as at 1 January 2020. This amount was decided on 10 December 2019.

Annual variable remuneration

Members of the Executive Board do not receive annual variable remuneration.

Exceptional remuneration

The Supervisory Board may decide to allocate exceptional remuneration to one or more members of the Executive Board, particularly in connection with specific transactions carried out by the Company.

Other benefits of any kind

The Supervisory Board may provide members of the Executive Board with a company car.

A free share allocation plan was established on 9 July 2019. It applies to, *inter alia*, the four members of the Executive Board and allocation of shares is subject to their exceeding certain performance criteria in respect of the results of the three-year plan for 2019, 2020 and 2021. The maximum number of free shares that can be allocated is 40,000 shares for all four members of the Executive Board.
The free share allocation depends on the improvement in the Company's performance as assessed on 31 December 2021, the end date for the current three-year plan, on the basis of two criteria:

- The developer margin on developments and acquisitions, plus income from disposals, less the shortfall related to asset vacancies over the three financial years.
- The sum of the increase in the Recurring Income generated in each of the three financial years.

This free share allocation contributes to the objectives of the remuneration policy in that it gives each member of the Executive Board an increased stake in the Company's development and in improving its performance, including over the long term.

The aforementioned free share allocation plan stipulates a one-year vesting period and a one-year retention period for each member of the Executive Board.
It should be noted that the Supervisory Board has decided not to set any minimum amount of shares granted free of charge that the corporate officers would be required to retain in registered form until they cease to hold office.

To recap, the Executive Board decided on 20 July 2016 to establish a plan under which free shares would be allocated if certain performance criteria were exceeded in respect of the results for 2016, 2017 and 2018 (the maximum number of free shares that could be allocated was 44,000 shares for all four members of the Executive Board). On 15 January 2019, the Executive Board decided to allocate a total of 41,968 shares to all employees concerned, having analysed the extent to which the performance criteria in respect of the results for 2016, 2017 and 2018 had been met.
It should be noted that in accordance with the terms of the Plan, these free shares may only vest to their allottees on expiry of a period of one year after their grant date, i.e. on 15 January 2020.

Group bonuses and profit-sharing agreements

Each member of the Executive Board may receive a payout under the group employee profit-sharing agreement set up within the Company on 4 June 2018 for a period of three financial years, 2018, 2019 and 2020. This profit-sharing agreement provides for the allocation of a profit-sharing bonus to employees and members of the Company's Executive Board which is intended to give them an interest in developing and improving performance.

In addition, each member of the Executive Board may receive a payout under the all-employee group bonus scheme. The scheme was set up within the Company for the 2020 financial year and depends on the amount of rent generated by new development leases signed in 2020.

Terms of office and employment contracts

The term of office of each member of the Executive Board is two years. Each member of the Executive Board also has a permanent employment contract.
Each member of the Executive Board may be removed from office under the conditions laid down in ordinary law (the General Shareholders' Meeting or the Supervisory Board is competent in this matter). If a member of the Executive Board is removed from office, it does not terminate his employment contract. Such termination may take place under the conditions of ordinary law (notice period and reasons).

None of the members of the Executive Board has entered into a service agreement with the Company.

Other

It should be noted that none of the members of the Executive Board receives any remuneration, compensation or benefits payable or likely to be payable as a result of termination or a change of duties or subsequent thereto, or any conditional rights granted under defined benefit pension liabilities with the characteristics of the plans mentioned in Articles L.137-11 and L.137-11-2 of the French Social Security Code.

- **Elements of the remuneration policy applicable specifically to members of the Supervisory Board for their office**

Remuneration for the members of the Supervisory Board takes the form of a fixed overall sum which is allocated by the General Shareholders' Meeting and then divided up by the Supervisory Board between its members. Jean-Claude Le Lan also receives fixed remuneration in his capacity as Chairman of the Supervisory Board.

Annual fixed amount allocated by the General Shareholders' Meeting

The Supervisory Board sets the amount to be allocated to its members based on the overall amount decided by the General Shareholders' Meeting and in proportion to their actual presence at the Board meetings.
The fixed overall amount allocated for financial year 2020 is covered by the 15th resolution submitted for the approval of the Combined Shareholders' Meeting of 19 March 2020. We propose to set this amount at €108,000 for the financial year that began on 1 January 2020, on the understanding that the Supervisory Board will decide how this amount is to be distributed among its members, on the following bases:

- a base of €3,000 per member present per meeting of the Supervisory Board, it being specified that the Chairman of the Board and the permanent representative of Predica do not receive such remuneration;

- a base of €2,500 per member present per meeting of the Committee, it being specified that the permanent representative of Predica does not receive such remuneration and that each of the Chairmen of the two Committees is allocated exceptional annual remuneration of €3,000.

Fixed remuneration of the Chairman of the Supervisory Board

In his capacity as Chairman of the Supervisory Board, Jean-Claude Le Lan receives annual fixed remuneration of €96,000 as at 1 January 2020. This remuneration may be reviewed annually by the Supervisory Board.

Exceptional remuneration

In accordance with Article 27 of the Company's Articles of Association, the Supervisory Board may allocate exceptional remuneration to its members in the cases and under the conditions provided for by law.

Other benefits of any kind

The Supervisory Board may provide the Chairman of the Supervisory Board with a company car.

Terms of office and employment contracts

Members of the Supervisory Board appointed prior to 15 October 2019 were appointed for six (6) years until the expiry of their current term of office on that date. Members of the Supervisory Board appointed from 15 October 2019 (inclusive) are appointed for four years.

Each member of the Supervisory Board may be removed from office under the conditions laid down in ordinary law (the General Shareholders' Meeting is competent in this matter).

None of the members of the Supervisory Board has an employment contract with the Company or has entered into a service agreement with the Company.

Other

It is specified that, where applicable, none of the members of the Supervisory Board receives any remuneration, compensation or benefits payable or likely to be payable as a result of termination or a change of duties or subsequent thereto, or any conditional rights granted under defined benefit pension liabilities with the characteristics of the plans mentioned in Articles L.137-11 and L.137-11-2 of the French Social Security Code.

- **Approval of the report on the remuneration of the Company's corporate officers and the elements of the remuneration paid or allocated for the financial year ended 31 December 2019 (9th to 14th resolutions)**

In accordance with the provisions of Article L.225-100-II of the French Commercial Code, the Combined Shareholders' Meeting convened for 19 March 2020 must decide on a draft resolution concerning the information mentioned in Article L.225-37-3, I of the said Code. This information concerns each corporate officer, including corporate officers whose term of office ended and those newly appointed in 2019.

In addition, in accordance with the provisions of Article L.225-100-III of the French Commercial Code, the shareholders must also approve separate resolutions stipulating the fixed, variable and exceptional elements of total remuneration and benefits of any kind paid in 2019 or allocated for that financial year for the Chairman of the Supervisory Board, the Chairman of the Executive Board and the other members of the Executive Board.

Consequently, the sub-sections below contain the information required under the aforementioned statutory provisions and also specify, for each of provision, the relevant resolutions of the Combined Shareholders' Meeting of 19 March 2020.

- **Components of the remuneration paid or allocated for the financial year ended 31 December 2019 to Ronan Le Lan as Chairman of the Executive Board (9th and 10th resolutions)**

Components of remuneration	Amounts	Description
A. Fixed remuneration	€160,008	The Supervisory Board meeting of 10 April 2018 decided to award annual fixed remuneration of €160,000.
B. Annual variable remuneration	NA	No annual variable remuneration
C. Deferred variable remuneration	NA	No deferred variable remuneration
D. Multi-year variable remuneration	NA	No multi-year variable remuneration
E. Exceptional remuneration	NA	No exceptional remuneration
F. Argan purchase options	NA	No purchase options
G. Free allocation of Argan shares subject to performance conditions	NA	No free share allocation
H. Attendance fees	NA	No attendance fees.
I. Value of benefits of any kind	NA	No benefits of any kind
J. Severance pay	NA	No severance pay
K. Non-compete payment	NA	No non-compete payment
L. Supplementary pension plan	NA	No supplementary pension plan
M. Group schemes	€35,789	Remuneration related to the application of the group profit-sharing agreement (€26,668) and the allocation of the group bonus linked to the signature of new leases (€9,121)

- **Components of remuneration paid or allocated for the financial year ended 31 December 2019 to Francis Albertinelli as a member of the Executive Board (9th and 11th resolutions)**

Components of remuneration	Amounts	Description
A. Fixed remuneration	€160,216	The Supervisory Board meeting of 10 April 2018 decided to award annual fixed remuneration of €160,000.
B. Annual variable remuneration	NA	No annual variable remuneration
C. Deferred variable remuneration	NA	No deferred variable remuneration
D. Multi-year variable remuneration	NA	No multi-year variable remuneration
E. Exceptional remuneration	€250,000	Exceptional bonus granted by the Supervisory Board on 10 December 2019
F. Argan purchase options	NA	No purchase options
G. Free allocation of Argan shares subject to performance conditions	NA	No free share allocation
H. Attendance fees	NA	No attendance fees.
I. Value of benefits of any kind	NA	No benefits of any kind
J. Severance pay	NA	No severance pay
K. Non-compete payment	NA	No non-compete payment
L. Supplementary pension plan	NA	No supplementary pension plan
M. Group schemes	€35,824	Remuneration related to the application of the group profit-sharing agreement (€26,703) and the allocation of the group bonus linked to the signature of new leases (€9,121)

- **Components of remuneration paid or allocated for the financial year ended 31 December 2019 to Frédéric Larroumets as a member of the Executive Board (9th and 12th resolutions)**

Components of remuneration	Amounts	Description
A. Fixed remuneration	€160,008	The Supervisory Board meeting of 18 October 2018 decided to award annual fixed remuneration of €160,000.
B. Annual variable remuneration	NA	No annual variable remuneration
C. Deferred variable remuneration	NA	No deferred variable remuneration
D. Multi-year variable remuneration	NA	No multi-year variable remuneration
E. Exceptional remuneration	NA	No exceptional remuneration
F. Argan purchase options	NA	No purchase options
G. Free allocation of Argan shares subject to performanc conditions	NA	No free share allocation
H. Attendance fees	NA	No attendance fees.
I. Value of benefits of any kind	NA	No benefits of any kind
J. Severance pay	NA	No severance pay
K. Non-compete payment	NA	No non-compete payment
L. Supplementary pension plan	NA	No supplementary pension plan
M. Group schemes	€35,789	Remuneration related to the application of the group profit-sharing agreement (€26,668) and the allocation of the group bonus linked to the signature of new leases (€9,121)

- **Components of the remuneration paid or allocated for the financial year ended 31 December 2019 to Jean-Claude Le Lan Junior as Chairman of the Executive Board (9th and 13th resolutions)**

Components of remuneration	Amounts	Description
A. Fixed remuneration	€70,078	The Supervisory Board meeting of 10 April 2018 decided to award annual fixed remuneration of €70,000.
B. Annual variable remuneration	NA	No annual variable remuneration
C. Deferred variable remuneration	NA	No deferred variable remuneration
D. Multi-year variabl remuneration	NA	No multi-year variable remuneration
E. Exceptional remuneration	NA	No exceptional remuneration
F. Argan purchase options	NA	No purchase options
G. Free allocation of Argan shares subject to performance conditions	NA	No free share allocation
H. Attendance fees	NA	No attendance fees.
I. Value of benefits of any kind	NA	No benefits of any kind
J. Severance pay	NA	No severance pay
K. Non-compete payment	NA	No non-compete payment
L. Supplementary pension plan	NA	No supplementary pension plan
M. Group schemes	€20,801	Remuneration related to the application of the group profit-sharing agreement (€11,680) and the allocation of the group bonus linked to the signature of new leases (€9,121)

- **Components of the remuneration paid or allocated for the financial year ended 31 December 2019 to Jean-Claude Le Lan as Chairman of the Supervisory Board (9th and 14th resolutions)**

Components of remuneration	Amounts	Description
A. Fixed remuneration	€96,000	As Chairman of the Supervisory Board, Jean-Claude Le Lan is entitled to annual fixed remuneration of €96,000.
B. Annual variable remuneration	NA	No annual variable remuneration
C. Deferred variable remuneration	NA	No deferred variable remuneration
D. Multi-year variable remuneration	NA	No multi-year variable remuneration
E. Exceptional remuneration	NA	No exceptional remuneration
F. Argan purchase options	NA	No purchase options
G. Free allocation of Argan shares subject to performance conditions	NA	No free share allocation
H. Attendance fees	NA	No attendance fees.
I. Value of benefits of any kind	NA	No benefits of any kind
J. Severance pay	NA	No severance pay
K. Non-compete payment	NA	No non-compete payment
L. Supplementary pension plan	NA	No supplementary pension plan
M. Group schemes	NA	No Group scheme

- **Information referred to in Article L.225-37-3-I concerning Florence Soule de Lafont, Françoise Leroy5, François-Régis de Causans, Nicolas Le Lan, Bernard Thevenin, Stéphane Cassagne and Predica (represented by Najat Aasqui), each in their capacity as a member of the Supervisory Board (9th resolution)**

For each of the members of the Supervisory Board other than Jean-Claude Le Lan, Chairman of the Supervisory Board (see section 2.2.5. above for the Supervisory Board), only the overall remuneration allocated by the General Shareholders' Meeting pursuant to Article L.225-83 of the French Commercial Code is relevant in respect of the information required by Article L.225-37-3-I of that Code. The table below provides this information in detail for 2019:

Members of the Supervisory Board	Role	Amount of remuneration referred to in Article L.225-83 of the French Commercial Code ("attendance fees") for financial year 2019
Bernard Thevenin	Vice-Chairman	€20,500
Nicolas Le Lan	Member	€18,000
Stéphane Cassagne	Member	€6,000
François Régis de Causans	Independent member	€23,000
Florence Soule de Lafont	Independent member	€20,500
Françoise Leroy[2]	Independent member	€12,000
Predica, represented by Najat Aasqui	Member	N/A

- **Undertakings of any kind made by the Company and corresponding to elements of remuneration, compensation or benefits payable or likely to be payable as a result of taking, leaving or changing office or subsequent thereto (Art. L.225-37-3-I-4° of the French Commercial Code) (9th resolution)**

There are no undertakings of any kind made for the benefit of the Company's corporate officers for elements of remuneration, compensation or benefits payable or likely to be payable as a result of taking, leaving or changing office or subsequent thereto.

- **Information referred to in Article L.225-37-3-I-6° of the French Commercial Code for the Chairman of the Supervisory Board and each member of the Executive Board (9th resolution)**

In accordance with Article L.225-37-3-I-6°, the table below shows, for the Chairman of the Supervisory Board and each member of the Executive Board, the ratios for 2019 between the level of remuneration of each of these executives and, on the one hand, the average remuneration on a full-time equivalent basis of the Company's employees other than corporate officers and on the other, the median remuneration on a full-time equivalent basis of the Company's employees other than corporate officers:

[5] It should be noted that Françoise Leroy resigned as a member of the Supervisory Board with effect from 6 December 2019.

Corporate officer	Ratio (financial year 2019) of the corporate officer's total remuneration/mean remuneration of the Company's employees (other than corporate officers) ("RMO ratio")	Ratio (financial year 2019) of the corporate officer's total remuneration/median remuneration of the Company's employees (other than corporate officers) ("RME ratio")
Jean-Claude Le Lan, Chairman of the Supervisory Board	1.1	1.2
Ronan Le Lan, Chairman of the Executive Board	2.2	2.5
Francis Albertinelli, Member of the Executive Board	5.0	5.8
Frédéric Larroumets, Member of the Executive Board	2.2	2.5
Jean-Claude Le Lan Junior, Member of the Executive Board	1.0	1.2

- **Information referred to in Article L.225-37-3-I-7° and 8° of the French Commercial Code (9th resolution)**

In accordance with Article L.225-37-3-I-7° of the French Commercial Code, the table below shows the annual change in remuneration, in the Company's performance and in average remuneration on a full-time equivalent basis of the Company's employees other than executives, and the ratios mentioned in section 2.2.8 of the Supervisory Board's report on corporate governance, for financial years 2015 to 2019:

	Financial year 2015	Financial year 2016	Financial year 2017	Financial year 2018	Financial year 2019
1. Overall remuneration allocated by the General Shareholders' Meeting to members of the Supervisory Board (Article L.225-83 of the French Commercial Code) and distributed by the Supervisory Board					
Jean-Claude Le Lan, Chairman	N/A	N/A	N/A	N/A	N/A
Bernard Thevenin, Vice-Chairman	€8,250	€11,240	€12,000	€12,000	€20,500
Nicolas Le Lan	N/A	N/A	€9,000	€12,000	€18,000
Stéphane Cassagne	N/A	N/A	N/A	N/A	€6,000
François Régis de Causans	N/A	€16,820	€12,000	€12,000	€23,000
Florence Soule de Lafont	€11,000	€8,410	€9,000	€12,000	€20,500
Françoise Leroy[6]	N/A	N/A	€6,000	€9,000	€12,000
Predica, represented by Najat Aasqui	N/A	N/A	N/A	N/A	N/A
2. Remuneration of the Chairman of the Supervisory Board (Art. L.225-81 of the French Commercial Code)					
Jean-Claude Le Lan, Chairman	€69,996	€69,996	€69,996	€96,000	€96,000
3. Remuneration of the members of the Executive Board					
Ronan Le Lan, Chairman					
– Fixed remuneration	€130,008	€130,008	€143,336	€160,008	€160,008

[6] It should be noted that Françoise Leroy resigned as a member of the Supervisory Board with effect from 6 December 2019.

	Financial year 2015	Financial year 2016	Financial year 2017	Financial year 2018	Financial year 2019
– Value of free share allocation (performance condition)	€99,247	N/A	N/A	€457,600	N/A
– Group schemes	€18,960	€32,502	€40,393	€36,072	€35,789
Francis Albertinelli					
– Fixed remuneration	€130,128	€130,369	€143,456	€160,028	€160,216
– Value of free share allocation (performance condition)	€90,804	N/A	N/A	€457,600	N/A
– Exceptional remuneration	N/A	N/A	N/A	N/A	€250,000
– Group schemes	€18,977	€32,592	€40,423	€36,075	€35,824
Frédéric Larroumets					
– Fixed remuneration	€130,029	€130,209	€130,423	€143,752	€160,008
– Value of free share allocation (performance condition)	€86,940	N/A	N/A	€373,069	N/A
– Exceptional remuneration	N/A	N/A	N/A	€250,000	N/A
– Group schemes	€18,963	€32,552	€37,165	€33,363	€35,789
Jean-Claude Le Lan Junior					
– Fixed remuneration	€60,007	€60,153	€60,232	€70,028	€70,078
– Value of free share allocation (performance condition)	€50,792	N/A	N/A	€457,600	N/A
– Group schemes	€8,751	€15,038	€19,617	€21,075	€20,801
4. Company's performance					
Consolidated net income (in millions of €)	49.7	95.2	91.7	144.5	215.0
Recurring net income (in millions of €)	38.0	40.3	49.9	58.7	71.1
NAV Excluding transfer taxes/share (€)	20.6	26.7	32.0	39.9	55.8
5. Average remuneration (fixed + variable + group scheme) on a full-time equivalent basis of the Company's employees other than executives					
Annual amount	€75,650	€79,250	€91,215	€96,330	€88,735
6. RMO and RME ratios					
RMO ratio					
Jean-Claude Le Lan, Chairman of the Supervisory Board	0.9	0.9	0.8	1.0	1.1
Ronan Le Lan, Chairman of the Executive Board	2.0	2.1	2.0	2.0	2.2
Francis Albertinelli, member of the Executive Board	2.0	2.1	2.0	2.0	5.0
Frédéric Larroumets, member of the Executive Board	2.0	2.1	1.8	4.4	2.2

	Financial year 2015	Financial year 2016	Financial year 2017	Financial year 2018	Financial year 2019
Jean-Claude Le Lan Junior, member of the Executive Board	0.9	0.9	0.9	0.9	1.0
RME ratio					
Jean-Claude Le Lan, Chairman of the Supervisory Board	1.2	1.0	0.9	1.2	1.2
Ronan Le Lan, Chairman of the Executive Board	2.6	2.4	2.3	2.4	2.5
Francis Albertinelli, member of the Executive Board	2.6	2.4	2.3	2.4	5.8
Frédéric Larroumets, member of the Executive Board	2.6	2.4	2.1	5.2	2.5
Jean-Claude Le Lan Junior, member of the Executive Board	1.2	1.1	1.0	1.1	1.2

In accordance with Article L.225-37-3-I-8° of the French Commercial Code, it should be noted that the remuneration for each of the Company's corporate representatives for the 2019 financial year as shown in the Supervisory Board's report on corporate governance complies with the Company's remuneration policy for the said financial year.

Contribution to the Company's long-term performance is ensured by the ongoing pursuit of a balance between the company's interests, recognition of executives' performance and consistency in remuneration practices. As well as fostering loyalty amongst Argan's staff, the aim when setting remuneration is to reward performance and promote the Company's own exacting standards.

12.1.3 Additional information

Part IV, 4 (Current delegations of authority) includes a table of the current delegations of authority granted by the General Shareholders' Meeting in respect of capital increases pursuant to Articles L.225-129-1 and L.225-129-2.

In 2019, the Executive Board used the delegations of authority granted by the General Shareholders' Meeting as follows:

- Delegations of authority granted by the Combined Shareholders' Meetings of 22 March 2018 (16th resolution) and 21 March 2019 (15th resolution), relating to the Company's repurchase of its shares,
- Delegation of authority granted by the Combined Shareholders' Meeting of 21 March 2019 (23rd resolution) for the purposes of setting up the free share allocation plan for 2019/2020/2021.

All shareholders are entitled to attend General Shareholders' Meetings, for which the rules of procedure are set out in Title IV of the Company's Articles of Association (Articles 31 to 40). The terms and conditions of participation in the General Shareholders' Meeting are attached to the Supervisory Board's report on corporate governance.

All of the elements likely to have an impact in the event of a public offer, as specified in Article L.225-37-5 of the French Commercial Code, are included in the Executive Board's management report to which the corporate governance report refers.

Your Supervisory Board made no comments on the Executive Board's report or on the consolidated and company financial statements as presented.

12.2 Meetings of the Supervisory Board

The Supervisory Board met eight times during the financial year ended 31 December 2019, with a director attendance rate of 98%.

The agenda items for these meetings were as follows:

➢ **Meeting of 15 January 2019:**

- Approval of the financial statements as at 31 December 2018
- Report on Executive Board activity
- Information on free allocation of shares for 2015/2018
- Renewal of the terms of office of the members of the Executive Board and the Chairman
- Any other business

➢ **Meeting of 21 February 2019:**

- Approval of the partial refinancing of the Fleury-Mérogis project

➢ **Meeting of 9 April 2019:**

- Presentation of the results of the computer system audit and penetration testing
- Report on Executive Board activity
- Plan for free allocation of shares for financial years 2019/2021
- Argan's autonomous guarantee of €2.3 million in lieu of escrow, given on 21 December 2016 to the lessor financing the acquisition of a fulfilment centre
- Authorisation given to enter into a mortgage of €32 million
- Authorisation given to the Executive Board to enter into a notarised off-plan lease agreement for a fixed term of 15 years
- Any other business

➢ **Meeting of 18 June 2019:**

- Plan to acquire a portfolio of 22 logistics warehouses leased to Carrefour Group

➢ **Meeting of 9 July 2019:**

- Approval of the financial statements as at 30 June 2019
- Plan to acquire a portfolio of 22 logistics warehouses leased to Carrefour Group
- Plan for free share allocation for financial years 2019/2021
- Any other business

➢ **Meeting of 30 August 2019:**

- Combined Shareholders' Meeting of 15 October 2019

➢ **Meeting of 16 October 2019:**

- Update on Company governance
- Update on the "Cargo" acquisition and the refinancing of the credit agreement entered into on 10 July 2019 with J.P. Morgan Securities Plc and J.P. Morgan Europe Limited

➢ **Meeting of 10 December 2019:**

- Presentation of the 2020 budget by the Executive Board
- Executive Board activity report
- Update on the credit agreement concluded on 10 July 2019 with J.P. Morgan Securities Plc and J.P. Morgan Europe Limited
- Proposal for an amendment to the Supervisory Board's Internal Regulations
- Any other business

12.3 Miscellaneous provisions

12.3.1 Procedures for shareholder participation in the General Shareholders' Meeting

The procedures for shareholder participation in the General Shareholders' Meeting are specified in Title IV of ARGAN's Articles of Association and are included in Part IV, 2.1.2.

12.3.2 Disclosure of the information required by Article L.225-100-1 of the French Commercial Code

Each of the items of information required by Article L.225-100-1 of the French Commercial Code is included in the Executive Board's management report to the General Shareholders' Meeting, which is itself available on the ARGAN company website (www.argan.fr).

13 Cross-reference tables

This cross-reference table lists the headings referred to in Annexes 1 and 2 to Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and repealing Commission Regulation (EC) No 809/2004, and refers to the pages of this Universal Registration Document where the information relating to each of the headings can be found.

Minimum information to be included pursuant to Annexes 1 and 2 of Commission Delegated Regulation (EU) N° 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129		
Ref.	**Headings**	**Section and page in the Universal Registration Document**
	Annex 1	
1.	PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL	
1.1	Identity of the persons responsible	Part IV, Section 11, Sub-section 11.1, paragraph 11.1.1, page 216
1.2	Declaration by the persons responsible	Part IV, Section 11, Sub-section 11.1, paragraph 11.1.2, page 216
1.3	Expert declaration	Part I, Section 6, Sub-section 6.3, pages 55-58 Part IV, Section 10, pages 214-215
1.4	Statement relating to third party information	Part I, Section 6, Sub-section 6.3, pages 55-58 Part IV, Section 10, pages 214-215
1.5	Declaration relating to the filing of the Universal Registration Document	AMF inset, page 1
2.	STATUTORY AUDITORS	
2.1	Information on the statutory auditors	Part IV, Section 11, Sub-section 11.2, paragraphs 11.2.1 and 11.2.2, page 217
2.2	Information in the event that the statutory auditors have resigned or have not been reappointed	N/A
3.	RISK FACTORS	Part II, Section 5, Sub-section 5.2, pages 92 *et seq.*
4.	INFORMATION ABOUT THE ISSUER	
4.1	State the issuer's legal and commercial name	Part IV, Section 1, Sub-section 1.1, page 198
4.2	Place of registration of the issuer, its registration number and legal entity identifier (LEI).	Part IV, Section 1, Sub-sections 1.2 and 1.5, page 198
4.3	Date of incorporation and length of life of the issuer	Part IV, Section 1, Sub-section 1.3, page 198
4.4	Registered office, legal form of the issuer, applicable legislation, its country of incorporation, address and telephone number of the registered office, website with a disclaimer	Part IV, Section 1, Sub-sections 1.4 and 1.6, page 198
5.	BUSINESS OVERVIEW	
5.1	Principal activities	Part I, Section 5 - Sub-section 5.1, pages 11-12
5.2	Principal markets	Part I, Section 5, Sub-section 5.2, pages 12-18

5.3	Important events in the development of the issuer's business	Part II, Section 2, Sub-sections 2.1.2 and 2.1.3, pages 65-66 and Sub-sections 2.2.1 and 2.2.2, page 71. Part II, Section 5, Sub-section 5.1.3, pages 91-92
5.4	Strategy and objectives	Part I, Section 5, Sub-section 5.3, page 20 and Sub-sections 5.1.2 and 5.1.3, pages 91-92
5.5	Extent to which the issuer is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	N/A
5.6	Basis for any statements made by the issuer regarding its competitive position	Part I, Section 5, Sub-section 5.2.4, page 16 Part II, Section 5, Sub-section 5.2.3, page 97
5.7	Investments	
5.7.1	Material investments made by the issuer	Part II, Section 2, Sub-sections 2.1.1 and 2.1.2, pages 64-66
5.7.2	Material investments in progress or for which firm commitments have already been made, including their geographic distribution and the method of financing	Part II, Section 2, Sub-sections 2.1.3 and 2.1.4, page 66 For firm commitments: Part II, Section 5, Sub-section 5.1.3, pages 91-92
5.7.3	Joint ventures and undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	Part II, Section 2, Sub-sections 2.1.5, page 66 and 2.2.8, page 74 Part III, Section 1, Notes to the consolidated financial statements, page 139
5.7.4	A description of any environmental issues that may affect the issuer's utilisation of the tangible fixed assets	Part I, Section 7, pages 60-62
6	ORGANISATIONAL STRUCTURE	
6.1	Brief description of the Group	Part I, Section 8, page 63
6.2	List of significant subsidiaries	Part II, Section 2, Sub-section 2.2.8, page 74
7.	OPERATING AND FINANCIAL REVIEW	
7.1	Financial condition	
7.1.1	Review of business for the periods presented	Part II, Section 2, Sub-sections 2.1 and 2.2, pages 64-74
7.1.2	Indication of the issuer's likely future development and its activities in the field of research and development	Part II, Section 2, Sub-section 2.1.4, page 66 and Sub-section 2.2.3, page 71 Part II, Section 5, Sub-section 5.1.3, pages 91-92
7.2	Operating results	Part II, Section 2, Sub-sections 2.1 and 2.2, pages 64-74
7.2.1	Significant factors materially affecting the issuer's income from operations	Part II, Section 2, Sub-section 2.1.2, pages 65-66
7.2.2	Narrative discussion of the reasons for material changes in net sales or revenues	Part II, Section 2, Sub-section 2.1.2, pages 65-66
8.	CAPITAL RESOURCES	
8.1	Information concerning the issuer's capital resources	Part II, Section 1, Sub-section 1.1, page 64 Part II, Section 2, Sub-section 2.1.6, pages 66-70

		Part III, Section 1 consolidated financial statements, Statement of changes in consolidated equity, page 125 Part IV, Section 2, Sub-section 2.2, page 203
8.2	Sources and amounts of and a narrative description of the issuer's cash flows	Part III, Section 1 consolidated financial statements, Statement of consolidated cash flows, page 124
8.3	Information on the borrowing requirements and funding structure of the issuer	Part II, Section 2, Sub-section 2.1.2, pages 65-66
8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	N/A
8.5	Anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2	Part II, Section 5, Sub-section 5.1.3, pages 91-92
9.	REGULATORY ENVIRONMENT	
9.1	A description of the regulatory environment that the issuer operates in and that may materially affect its business, together with information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	Part I, Section 5, Sub-section 5.4, pages 20-30 Part II, Section 2, Sub-section 2.1.2, pages 65-66
10.	TREND INFORMATION	
10.1	The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Universal Registration Document. Any significant change in the financial performance of the Group since the end of the last financial period to the date of the registration document, or provide an appropriate negative statement	Part I, Section 5, Sub-section 5.2, pages 12-19 Part II, Section 5, Sub-section 5.1.1, page 91
10.2	Any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	Part I, Section 5, Sub-section 5.2, pages 12-19 Part II, Section 5, Sub-section 5.1.1, page 91
11.	PROFIT FORECASTS OR ESTIMATES	Not filled in because N/A
12.	ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	
12.1	Information about the members of the Company's administrative and management bodies	Part II, Section 3, Sub-section 3.1.1, page 75 and Sub-section 3.2.1, pages 79-81
12.2	Administrative, management and supervisory bodies and senior management conflicts of interests	Part II, Section 3, Sub-section 3.1.1, page 76 and Sub-section 3.2.1, page 82
13.	**REMUNERATION AND BENEFITS**	
13.1	Amount of remuneration paid and benefits in kind	Part II, Section 3, Sub-section 3.3, page 89 Part IV, Section 12, Sub-section 12.1.2, pages 226-235
13.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	Part IV, Section 12, Sub-section 12.1.2, pages 226-235
14.	**BOARD PRACTICES**	

14.1	Date of expiration of the current term of office	Part II, Section 3, Sub-section 3.1.1, page 75 and Sub-section 3.2.1, pages 79-81
14.2	Members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries	Part II, Section 3, Sub-section 3.1.1, page 76 and Sub-section 3.2.1, page 82
14.3	Information about the issuer's audit committee and remuneration committee	Part II, Section 3, Sub-section 3.2.4, pages 85-86 Part IV, Section 12, Sub-section 12.1.1.3, pages 224-225
14.4	A statement as to whether or not the issuer complies with the corporate governance regime(s) applicable to the issuer	Part II, Section 3, Sub-section 3.2.3, pages 84-85 Part IV, Section 12, Sub-section 12.1.1.3, page 223
14.5	Potential material impacts on the corporate governance, including future changes in board and committee composition	Part II, Section 1, Sub-section 1.3, page 64 Part II, Section 3, Sub-section 3.2.1, pages 79-82 Part IV, Section 12, Sub-section 12.1.1.1, pages 219-220
15.	**EMPLOYEES**	
15.1	Number of employees	Part I, Section 7, Sub-section 7.1, page 60 Part II, Section 4, pages 90-91
15.2	Shareholdings and stock options	Part II, Section 4, Sub-section 4.1.2, pages 90-91
15.3	Arrangements for involving the employees in the capital of the issuer	Part II, Section 4, Sub-section 4.1.2, pages 90-91
16.	**MAJOR SHAREHOLDERS**	
16.1	Shareholders holding more than 5% of the capital	Part II, Section 6, Sub-section 6.2.1, page 103
16.2	Existence of different voting rights	Part IV, Section 2, Section 2.1, Quorum – Voting, page 202
16.3	Direct or indirect ownership or control of the issuer	Part IV, Section 12, Sub-section 12.1.1.1, page 220
16.4	Any arrangements, the operation of which may result in a change in control of the issuer.	Part IV, Section 6, pages 212-213
17.	**RELATED PARTY TRANSACTIONS**	
17.1	Details of related party transactions	Part III, Section 2 – Statutory Auditors' Special Report, pages 195-196 Part IV, Section 8, pages 213-214
18.	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**	
18.1	Historical financial information	
18.1.1	Audited historical financial information covering the latest three financial years and the audit report in respect of each year.	Part III, pages 121-197
18.1.2	Change of accounting reference date	N/A
18.1.3	Accounting standards	Part III, pages 121-197
18.1.4	Change in accounting framework	N/A
18.1.5	The audited financial information must include at least the following: (a) the balance sheet; (b) the income statement; (c) a statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners; (d) the cash flow statement; (e) the accounting policies and explanatory notes.	Part III, pages 121-197
18.1.6	Consolidated financial statements	Part III, pages 121-163
18.1.7	Date of the latest financial information	Part IV, Section 11.3, page 218
18.2	Interim and other financial information	N/A

18.3	Auditing of historical annual financial information	
18.3.1	The historical annual financial information must be independently audited	Part III, pages 159 and 190
18.3.2	Indication of other information in the Universal Registration Document that has been audited by the auditors	Part III, pages 159 and 190
18.3.3	Where financial information in the Universal Registration Document is not extracted from the issuer's audited financial statements, state the source of the information and state that the information is not audited.	Part III, pages 159 and 190
18.4	Pro forma financial information	N/A
18.5	Dividend policy	
18.5.1	A description of the issuer's policy on dividend distributions and any restrictions thereon	Part II, Section 6, Sub-section 6.3, Page 105
18.5.2	The amount of the dividend per share for each financial year for the period covered by the historical financial information adjusted, where the number of shares in the issuer has changed, to make it comparable	Part II, Section 6, Sub-section 6.3, Page 105
18.6	Legal and arbitration proceedings	
18.6.1	Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement	Part II, Section 5, Sub-section 5.2.6, page 101 Part IV, Section 9, page 214
18.7	Significant change in the issuer's financial position	
18.7.1	A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published, or provide an appropriate negative statement	Part II, Section 5, Sub-section 5.1.1, page 91
19.	ADDITIONAL INFORMATION	
19.1	Share capital	
19.1.1	Amount of issued capital and information for each class of share capital	Part II, Section 1, Sub-section 1.1, page 64 Part II, Section 6, Sub-section 6.1, page 102 Part IV, Section 2, Sub-section 2.2, pages 203-205
19.1.2	If there are shares not representing capital, state the number and main characteristics of such shares	N/A
19.1.3	The number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer	Part II, Section 6, Sub-section 6.2.1, page 103
19.1.4	The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription	N/A

19.1.5	Information about and terms of any acquisition rights and/or obligations over authorised but unissued capital or an undertaking to increase the capital	N/A
19.1.6	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate	N/A
19.1.7	A history of share capital for the period covered by the historical financial information	Part II, Section 6, Sub-section 6.1, page 102 Part IV, Section 1, Sub-section 1.7, pages 198-201
19.2	Memorandum and Articles of Association	Part IV, Section 1, Sub-section 1.7, pages 198-201 and Sub-section 2.1, pages 201-203
19.2.1	Register and entry number in the register; Issuer's corporate purpose	Part IV, Section 1, Sub-section 1.2, page 198 and Section 2, Sub-section 2.1.1, page 201
19.2.2	Where there is more than one class of existing shares, a description of the rights, preferences and restrictions attaching to each class	Part IV, Section 2, Sub-section 2.2.3, page 205
19.2.3	A brief description of any provision of the issuer's Articles of Association, statutes, charter or bylaws that would have the effect of delaying, deferring or preventing a change in control of the issuer	Part II, Section 6.5, pages 105-106
20.	MATERIAL CONTRACTS	
20.1	A summary of each material contract, other than contracts entered into in the ordinary course of business, to which the issuer or any member of the group is a party	N/A
21	DOCUMENTS AVAILABLE	
21.1	A statement that the following documents can be inspected: (a) the up-to-date Memorandum and Articles of Association of the issuer; (b) all reports, letters, and other documents, valuations and statements prepared by any expert at the issuer's request. An indication of the website on which the documents may be inspected	Part IV, Section 11, Sub-sections 11.3 and 11.4, page 218
	ANNEX 2	
1.	INFORMATION TO BE DISCLOSED ABOUT THE ISSUER	
1.1	The issuer shall disclose information in accordance with the disclosure requirements for the Universal Registration Document for equity securities laid down in Annex 1	See Annex 1
1.2	When the Universal Registration Document is filed and published without prior approval, item 1.5 of Annex 1 shall be replaced with a statement that: (a) the Universal Registration Document has been filed with the French Financial Markets Authority (AMF) as competent authority under Regulation (EU) 2017/1129 without prior approval pursuant to Article 9 of Regulation (EU) 2017/1129; (b) the Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the AMF	Inset on page 1 of this Universal Registration Document

	together with any amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129	

The cross-reference table below identifies the information for inclusion in the Annual Financial Report to be published by listed companies in accordance with Articles L.451-1-2 of the French Monetary and Financial Code and 222-3 of the General Regulations of the AMF:

Cross-reference table for the Annual Financial Report and the Universal Registration Document		
Information required by the annual financial report	**Universal Registration Document**	
Headings	**Part**	**Section/Paragraph**
1. Annual financial statements	III	Section 2, page 164
2. Consolidated financial statements	III	Section 1, page 121
3. Management report	II	Page 64
Information referred to in Article 225-100-1 of the French Commercial Code	II	Section 1 to Section 7, pages 64 to 120
Information referred to in Article 225-100-3 of the French Commercial Code	II	Section 6, Sub-section 6.5, page 105
Information referred to in Article 225-211 of the French Commercial Code (Table of delegations of authority)	IV	Section 4, pages 206-207
4. Statement by natural persons with responsibility for the annual financial report	IV	Section 11, Section 11.1, page 216
5. Statutory auditors' reports on the annual and consolidated financial statements	III	Section 1, page 159 Section 2, page 190
6. Statutory auditors' fees	IV	Section 11, Section 11.2, page 218
7. Supervisory Board's report on corporate governance	IV	Section 12.1, page 219

Argan – 21, rue Beffroy - 92200 Neuilly-sur-Seine, France
Tel: +33 (0)1 47 47 05 46 - Fax: +33 (0)1 47 47 05 50
www.argan.fr – contact@argan.fr

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