

Significant increase of 59% in recurring net income for the first half of 2020

Consolidated income statement	First half 2020	First half 2019	Change
Rental income	€69.5m	€45.1m	+54%
Recurring net income	€50.6m €2.3/share	€31.9m €2.0/share	+59%
Net income	€49.6m €2.2/share	€157.2m €9.5/share	-68%
Incl. change in fair value of properties	€5.7m	€127.7m	
Balance sheet information	30 June 2020	31 December 2019	Change (6 months)
Triple NAV/ share			
• Including transfer taxes	€61.4	€61.1	+0.5%
• Excluding transfer taxes	€56.0	€55.8	+0.4%
Value of the portfolio excluding transfer taxes	€2.68bn	€2.68bn	NM
LTV ratio	56%	56%	NM
Cost of debt	1.65%	1.7%	-5 bps
Occupancy rate	98%	99%	-1 point

On 08 July 2020, the Executive Board approved the interim consolidated accounts as at 30 June 2020. Limited review procedures on these accounts have been completed and the report of the statutory auditors regarding the half-year financial information is about to be issued.

Commenting on the results, Jean-Claude Le Lan, Founder and Chairman of the Supervisory Board said: « In the context of the Covid-19 pandemic, our priority has been to ensure the safety and health of our teams whom I thank for their reactivity and their unfailing mobilisation. Changing consumption patterns, and in particular the development of e-commerce, reinforce our strategy and position logistics warehouses as key players at the heart of distribution networks. Despite uncertainties that remain, notably as to the economic consequences of this crisis, we believe that we are in a good position to deal with these and we maintain our €140m rental income guidance for the financial year 2020. This is driven by the quality of our tenants, operating in sectors that have shown resilience. »

Recurring net income up +59%

Significant increase of the recurring net income up +59% to €50.6m as at 30 June 2020, now representing 73% of the rental income compared to 71% for the previous financial year. In contrast, the decrease of 68% in net income at €49.6m is mainly due to the drop in the creation of value within the portfolio to €5.7m in the first half of 2020 compared to €127.7m last year.

Premium portfolio valued at €2.69bn excluding transfer taxes (€2.81bn including transfer taxes)

The **built portfolio** (excluding real estate assets under development) amounts to **2,865,000 sqm** as at **30 June 2020**, compared to 2,860,000 sqm at the end of 2019. The **portfolio's total valuation (including land reserves valued at €12m) was worth €2.69bn excluding transfer taxes (€2.81bn including transfer taxes).**

In details, the valuation of the built portfolio amounts to €2.68bn excluding transfer taxes (€2.80bn including transfer taxes) resulting in a capitalisation rate of **5.30% excluding transfer taxes** (5.10% including transfer taxes) unchanged vs. 31 December 2019.

The average **remaining fixed length** of the leases is **down slightly at 5.4 years** compared to 5.8 years as at 31 December 2019.

The **occupancy rate for the portfolio is 98%** and its **weighted average age is 8.9 years.**

LTV ratio unchanged at 56% and cost of debt down at 1.65%

Gross financial debt relating to assets delivered amounts to €1.53bn, including bond issues of €155m. Including residual cash, **net LTV** (net financial debt/appraisal value excluding transfer taxes) **remains at 56%** as of 30 June 2020.

Debt consists of 10% of fixed rate bonds, 42% of fixed rate amortising loans, 38% of hedged variable rate amortising loans and 10% of variable rate amortising loans. **The average cost of debt as of 30 June 2020 fell to 1.65% compared to 1.70% as at 31 December 2019 and its maturity is 8 years.**

Stable triple NAV /share: €56.0 excluding transfer taxes, €61.4 including transfer taxes

The **triple NAV excluding transfer taxes amounts to €1.25bn as of 30 June 2020**, compared to €1.24bn as at 31 December 2019. **The NAV per share excluding transfer taxes is up +0.4% to €56.0 per share** compared to €55.8 per share as at 31 December 2019. This increase of 20 cents comes from net income (+€2.1), the change in the fair value of the portfolio (+€0.2), the payment of the dividend in cash (-€1.7) and in shares (-€0.2) and the change in the value of hedging instruments (-€0.2).

Financial calendar 2020 (Publication of the press release after closing of the stock exchange)

- 01 October: 3rd quarter sales 2020
- 04 January: Annual revenue 2020
- 20 January: Annual results 2020

About Argan

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

As at 31 December 2019, ARGAN's portfolio amounted to 2.9 million sq. meters, comprising 85 warehouses located exclusively in France, valued at €2.7 billion and generating annual rental income of €140 million. ARGAN is listed on Compartment A of Euronext Paris (ISIN FR0010481960 - ARG) and is included in the CAC All-Share and IEIF SIIC France indices. The company opted for the listed real estate investment companies (SIICs) tax regime on 01 July 2007.

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Simplified consolidated income statement (IFRS)

In millions of €	30 June 2019 (6 months)	31 December 2019 (12 months)	30 June 2020 (6 months)
Rental income	45.1	100.2	69.5
Rental income and expenses	0	-0.5	-1.2
Other IFRS 16 income and expenses	1.2	2.4	1.2
EBITDA (excl. acquisition costs for the « Cargo » portfolio)	40.3	89.2	64.2
Acquisition costs for « Cargo »	-	-47.1	-
EBITDA (Current Operating Income)	40.3	42.1	64.2
Including impact of IFRS 16	0.4	0.6	0.7
Change in fair value of the portfolio	127.7	197.1	5.7
Income from disposals	-0.3	-0.3	-0.1
EBITDA, after value adjustments (FV)	167.7	238.9	69.8
Income from cash and equivalents	0.1	0.2	0.0
Cost of gross financial debt	-7.7	-17.1	-12.4
Interest on IFRS 16 lease liabilities	-0.7	-1.5	-0.8
Borrowing costs	-0.3	-0.6	-1.0
Borrowing costs for the bridge « Cargo »	-	-4.8	-3.0
Change in fair value of hedging instruments	-0.9	-1.9	-0.8
Income before tax	158.2	213.2	51.8
Other financial expenses	-2.1	-1.0	-2.0
Tax	-0.3	1.4	0
Share of profit of equity-accounted companies	1.4	1.4	-0.2
Consolidated net income	157.2	215.0	49.6
Diluted earnings per share (€)	9.5	12.1	2.2

Recurring net income

In millions of €	30 June 2019 (6 months)	31 December 2019 (12 months)	30 June 2020 (6 months)
Consolidated net income	157.2	215.0	49.6
Acquisition costs for « Cargo »	-	47.1	-
Borrowing costs for the bridge « Cargo »	-	4.8	3.0
Change in fair value of hedging instruments	0.9	1.9	0.8
Change in fair value of the portfolio	-127.7	-197.1	-5.7
Income from disposals	0.3	0.3	0.1
Other financial expenses	2.1	1.0	2.0
Tax	0.3	1.4	0
Share of profit of equity-accounted companies	-1.4	-1.4	0.2
Impact of IFRS 16	0.3	0.9	0.7
Recurring net income	31.9	71.1	50.6
Recurring net income per share (€)	2.0	4.0	2.3

Simplified consolidated balance sheet (IFRS)

In millions of €	31 December 2019	30 June 2020
ASSETS	2,946.4	3,041.2
Non-current assets	2,794.4	2,863.2
Non-current assets- IFRS 16 rights of use	64.1	65.0
Current assets	87.9	113.0
Assets held for sale	-	-
LIABILITIES	2,946.4	3,041.2
Shareholders' equity	1,241.9	1,249.0
Shareholders' equity – impact of first application of IFRS 16	-3.2	-
Non-current liabilities	831.9	1,495.2
Non-current liabilities –IFRS 16 lease liabilities	67.4	68.5
Current liabilities	806.9	227.0
Current liabilities – IFRS 16 lease liabilities	1.5	1.5
Liabilities held for sale	-	-