French public limited company (*Société Anonyme*)
with an Executive Board and Supervisory Board
with share capital of €45,902,580

Registered office: 21, rue Beffroy
92200 Neuilly sur Seine
393 430 608 Nanterre Trade and Companies Register

HALF-YEAR FINANCIAL REPORT

Period from 1st January to 30 June 2022

This document is a full free translation of the original French *Rapport Financier Semestriel*. It is not a binding document. In case of discrepancies, the French version shall prevail.

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ARGAN

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Half-Year Consolidated Financial Statements as at 30 June 2022

From 1st January to 30 June 2022

I – Consolidated balance sheet

ASSETS (in thousands of euros)	Notes	30.06.2022	31.12.2021
Non-current assets:			
Goodwill	8	55,648	55,648
Other intangible assets	9	3	3
Tangible fixed assets	10	11,457	11,547
Assets under construction	11.1	72,606	52,841
Investment properties	11.2	4,090,113	3,793,274
Investments in associates	17		
Financial derivative instruments	12	11,599	590
Other non-current assets	13	2,005	2,102
Total non-current assets		**4,243,430**	**3,916,005**
Current assets:			
Trade receivables	14	51,400	23,807
Other current assets	15	26,589	23,757
Other financial assets at fair value through income			
Cash and cash equivalents	16	249,050	523,162
Total current assets		**327,039**	**570,726**
Assets held for sale	18		13,870
TOTAL ASSETS		**4,570,469**	**4,500,601**

LIABILITIES (in thousands of euros)	Notes	30.06.2022	31.12.2021
Shareholders' equity:			
Capital	19.1	45,903	45,177
Premiums	19.1	291,266	272,435
Reserves		1,772,764	1,147,752
Treasury shares	19.3	-1,123	-90
Revaluation of financial instruments	12	2,300	-7,757
Income		321,687	668,113
Total equity, share of owners of the parent company		**2,432,796**	**2,125,631**
Minority interests		39,226	37,844
Total consolidated shareholders' equity		**2,472,022**	**2,163,475**
Non-current liabilities:			
Long-term portion of financial liabilities	20	1,885,308	1,857,264
Financial derivative instruments	12		3,759
Security deposits	22	10,314	10,360
Provisions	23		
Total non-current liabilities		**1,895,622**	**1,871,384**
Current liabilities:			
Short-term portion of financial liabilities	20	93,054	361,570
Financial derivative instruments	12	4	
Short-term tax liabilities	24		3
Debts on fixed assets		10,252	24,803
Provisions	23	71	54
Other current liabilities	25	99,444	77,347
Total current liabilities		**202,825**	**463,779**
Liabilities classified as held for sale	21		**1,963**
TOTAL LIABILITIES		**4,570,469**	**4,500,601**

II – Consolidated income statement

Period from 1 January 2022 to 30 June 2022

In thousands of euros	Notes	30.06.2022	30.06.2021
Rental income		81,672	76,182
Rebilling of rental charges and taxes		24,194	25,804
Rental charges and taxes		-25,514	-26,897
Other property income (IFRS 16)		1,595	1,558
Other property expenses		-257	-147
Net income from buildings	26	**81,691**	**76,500**
Other income from operations			
Personnel expenses		-4,262	-1,953
External expenses		-3,514	-1,221
Taxes		-741	-733
Amortisation, depreciation and provisions (1)		-127	-140
Other operating income and expenses		-80	-63
Current operating income		**72,967**	**72,389**
Other income and operating expenses	11.5.1	-500	
Income from disposals	11.5.2	-113	-7
Change in fair value of investment property	11	264,772	285,177
Operating income		**337,126**	**357,560**
Income from cash and cash equivalents	27	40	22
Cost of gross financial debt	27	-22,784	-16,849
Cost of net financial debt	27	**-22,744**	**-16,827**
Other financial income and expenses	28	-8,703	-1,978
Tax expense or income	29		
Share of income from associates	17	-16	-53
Net income		**323,069**	**342,658**
Equity holders of the parent		321,687	338,289
Non-controlling interests		1,381	4,369
Earnings per share in euros		**14.02**	**14.98**
Diluted earnings per share in euros	30	**14.16**	**15.10**

III – Statement of income and expenses recognised

In thousands of euros	Notes	30.06.2022	30.06.2021
Earnings for the period		**323,069**	**342,658**
Effective portion of gains and losses on hedging instruments	12	6,518	2,192
Total gains and losses recognised directly in equity		**6,518**	**2,192**
Earnings for the period and gains and losses recognised directly in equity		**329,586**	**344,850**
- Of which Group share		328,205	340,481
- Of which non-controlling interests		1,381	4,369

IV – Consolidated cash flow statement

In thousands of euros	Notes	30.06.2021	30.06.2021
Consolidated net income (including minority interests)		**323,069**	**342,658**
Net depreciation expense and provisions		127	140
Unrealised gains and losses related to changes in fair value of investment property	11	-264,772	-285,177
Unrealised gains and losses related to changes in fair value of derivative instruments	12	-8,703	-1,978
Calculated expenses		1,784	
Other income and operating expenses	11.5.1	500	
Income from disposals of assets, grants received	11.5.2	113	7
Share of income related to associates	17	16	53
Cost of net financial debt	27	22,744	16,827
Tax expense (including deferred taxes)	29		
Cash from operations before cost of debt and tax (A)		**74,878**	**72,529**
Current taxes (B)		-17	-37
Change in operating WCR (C)		-9,059	31,091
Net cash flow from operations (D) = (A + B + C)		**65,802**	**103,583**
Acquisition of tangible assets	10	-37	-30
Acquisition of fixed assets investment properties	11	-49,567	-60,068
Change in fixed asset liabilities		-14,551	-28,580
Disposals of fixed assets		13,776	
Acquisitions of financial capital assets	13	-403	-3,263
Decreases in financial capital assets			
Dividends received (equity-accounted companies)	17		
Business combination impact	32		
Other investing cash flow items	13		152
Net investing cash flow (E)		**-50,781**	**-91,789**
Capital increase and reduction			
Purchase and resale of treasury shares	19.3	-1,071	167
Investment grant received			
Dividend paid (shareholders of the parent company and minority interests)	19.2	-21,752	-25,249
Receipts from borrowing	20.1	200,361	88,776
Repayment of borrowings and financial debts	20.1	-446,370	-55,588
Net cash flow from financial income and expenses	27	-20,269	-15,191
Other financing cash flow items (lessee advances)			
Net financing cash flow (F)		**-289,102**	**-7,085**
Net cash flow (D + E + F)		**-274,089**	**4,709**
Opening cash position		523,039	37,319
Cash position on the balance sheet date	31	248,958	42,028

V – Statement of changes in consolidated equity

(in thousands of euros)	Capital	Premiums and Reserves	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 2020	**44,618**	**1,164,910**	**-238**	**-9,588**	**278,863**	**1,478,566**	**4**	**1,478,570**
Dividend	559	21,035			-46,843	-25,249		-25,249
Allocation of retained earnings		234,164		-2 144	-232 020	0		0
Treasury shares			148			148		148
Free share allocation						0		0
Capital increases						0		0
Income from disposal of treasury shares		78				78		78
Comprehensive income as at 31 December 2021				3,974	668,113	672,087	8,183	680,270
Other changes						0	29,657	29,657
Shareholders' equity as at 31 December 2021	**45,177**	**1,420,188**	**-90**	**-7,757**	**668,113**	**2,125,631**	**37,844**	**2,163,475**
Dividend	725	36,245			-58,723	-21,752		-21,752
Allocation of retained earnings		605,852		3,538	-609,390	0		0
Treasury shares			-1,033			-1,033		-1,033
Free share allocation		1,784				1,784		1,784
Capital increase						0		0
Income from disposal of treasury shares		-38				-38		-38
Comprehensive income as at 30 June 2022				6,518	321,687	328,205	1,381	329,586
Impact of changes in the scope of consolidation						0		0
Shareholders' equity as at 30 June 2022	**45,903**	**2,064,029**	**-1,123**	**2,300**	**321,687**	**2 432,796**	**39,226**	**2,472,022**

VI – Notes to the consolidated financial statements
Period from 1 January to 30 June 2022

1. General information

ARGAN's business is the construction, acquisition and rental of logistics facilities and warehouses.

The company has 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 99.90% of the shares of this subsidiary.

On 18 February 2021, SCI CARGAN-LOG was created. The Group holds 60% of the shares of this subsidiary.

ARGAN is listed on NYSE Euronext Paris since 25 June 2007.It is part of compartment A.

2. Significant events

Since the beginning of this year, ARGAN maintained its growth path with the delivery of three new developments projects, for a total area of 27,000 sq.m with an average yield on cost exceeding 6.5%:

Delivery in January, of the first Aut0nom®, the warehouse producing its own green energy for selfconsumption. This warehouse of 14,000 sq.m located in Marne-la-Vallée, in Serris, facing A4 highway, leased to two internationals tenants, each one occupying a unit for a firm period of respectively three and nine years.

Aut0nom® is the new standard of ARGAN's warehouse. It hosts a photovoltaic power plant on the roof, coupled with a set of storage batteries, the production of which is intended for self-consumption by tenants. It replaces gas heating with electric air/air heat pumps and generalizes smart LED lighting. Aut0nom® produces more green energy than it consumes for its heating-cooling and lighting. During the month of June, Aut0nom® has covered c.90% of the warehouse electricity consumption.

In February, the delivery of a 7,000 sq.m extension of our warehouse in Marne-la-Vallée, in Chanteloup-en-Brie, for its current tenant Arvato Services Heathcare, which extend the total area of the logistics platform to 28,000 sq.m, with a new lease of 6-year firm period

This extension is equipped with LED lighting including motion sensor and a photovoltaic power plant which produces 440 MWh annually, intended for self-consumption.

In March, the delivery of a 6,000 sq.m extension of our 12,000 sq.m warehouse in Marne-la-Vallée, in Croissy-Beaubourg leased since 2000 to L'Oréal. This extension is leased to Intersurgical, with a lease of 9-year firm period.

This extension is equipped with LED lighting including motion sensor and a photovoltaic power plant which produces 120 MWh annually, intended for self-consumption.

These three developments are certified BREEAM "very good".

ARGAN sold a 9,000 sq.m asset in Tours for around €14 million.

Finally, within the framework of its joint-venture with Carrefour (Cargan-Log, 60% owned by ARGAN), ARGAN has let two warehouses located in Marseille and Lens, for a total area of 50,000 sq.m. The renovations will be completed respectively in July and December 2022.

3. Background to the preparation of the consolidated financial statements

The consolidated half-year financial statements for the period from 1 January to 30 June 2022 were adopted by the Executive Board on 12 July 2022.

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 (http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission).

The new standards whose application is mandatory since 1 January 2022 are:

Amendment to IAS 16 "Tangible fixed assets - Proceeds prior to their intended use"

- Amendment to IAS 37 "Onerous Contracts – Costs of Performing a Contract"

- Amendment to IFRS 3 "Reference to the conceptual framework

The standards have no significant impact on the Group's earnings and financial position.

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 2022.

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.

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

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".

Consolidation period

All companies included in the scope prepare financial statements or interim financial reports on the same date as the consolidated financial statements.

Intragroup transactions

Receivables, debts, income and expenses arising from transactions between consolidated companies are eliminated.

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 the acquisition price and the acquirer's interest in the fair value of the assets and liabilities acquired is recorded as Goodwill.

Intangible assets

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.

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. In most cases, the Group considers that it is able to reliably determine the cost price of 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. This valuation is carried out by the independent appraiser on a semi-annual basis.

6.1.1.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.

6.1.2.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

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.

Operating leases for investment properties

Lease agreements are recognised in the balance sheet from inception of the lease agreement at the discounted present value of future lease payments.

In accordance with IFRS 16, when property or equipment is held under a lease, the lessee must recognise a right-of-use asset and a lease liability at amortised cost.

Assets recognised for rights of use are included in the line items where the related underlying assets would be presented if they were owned. The lessee depreciates the right of use on a straight-line basis over the term of the contract, except for rights relating to investment property which are measured at fair value.

The Group has adopted the simplified retrospective method by applying the simplifying measures provided for by the standard and has chosen to exclude the initial direct costs in determining the right of use.

As at 30 June 2022, the leases at ARGAN only concern leases relating to land under leasehold agreements (airports, ports, etc.). These are therefore measured at fair value and the difference between the fair values from one period to the next is recorded in the income statement.

Exclusion of the following contracts:

- Tacit or less than one year leases ; and
- Contracts for assets with a value of less than EUR 5,000.

The Group has no such contracts at the balance sheet date.

The discount rate used is based on the basis of the group's average debt rate on 1 January 2020, adjusted to take into account the average duration of all the contracts concerned, i.e. 40 years. The discount rate to assess the rental debt is 2.241% for all outstanding contracts on 1 January 2020.

The group has not identified any future cash outflow not taken into account in the valuation of rental obligations (variable rents, extension options, residual value guarantees, etc.).

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.

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)”.

Impairment of goodwill and fixed assets

6.1.3.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. An impairment test is performed annually.

As at 30 June 2022, no value were identified, goodwill hasn’t been depreciated.

6.1.4.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.

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.

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.

6.1.5. 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.

6.1.6. 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 30 June 2022.

Derivatives are classified in the balance sheet depending on their maturity dates.

6.1.7. 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.

6.1.8. 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.

6.1.9. Assets and liabilities 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 under "Assets held for sale" and "Liabilities classified as held for sale" without the possibility of compensation. 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.

Shareholders' equity

6.1.10. 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.

6.1.11. Investment grants

Investment grants received are all related to investment property. They are deducted on receipt from the value of the relevant asset.

6.1.12. Free share allocation scheme

On 9 July 2019, 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 2019, 2020 and 2021. The free share allocation depends on the increase in the Company's performance, measured on 31 December 2021, the end date for this three-year plan.

At its meeting of January 17, 2022, the Board of Directors granted a one-time allocation of 30,074 shares of the company to the members of the company's Board of Directors. These bonus shares may only be definitively acquired by the Board of Directors.

On March 28, 2022, the Board of Directors set up a free share allocation plan subject to certain performance criteria relating to the results for fiscal years 2022, 2023 and 2024. The grant of free shares is contingent on the Company's performance, as measured on December 31, 2024, the end of the plan, through two criteria:

- The developer's margin generated on developments and acquisitions, increased by income from disposals, and reduced by the loss of income due to vacancies in the portfolio, over the three years.
- The sum of the increase in recurring income generated during each of the three years.

For the three financial years 2019, 2020 and 2021, the maximum number of free shares that can be allocated is 55,000 shares for all seven beneficiaries (i.e. the four members of the Executive Board and the three members of the Executive Committee).

The free shares will be allocated in one go, at the end of the plan, in January 2022, depending on the performance of the three-year plan. This free share allocation plan provides for a vesting period and a holding period, each of one year.

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.

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.

Security deposits from lessees

Security deposits are not discounted since the impact of discounting would be immaterial.

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.

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.

Taxes

6.1.13. 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).

6.1.14. Deferred taxe

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 25%. In accordance with IAS 12, the calculated amounts are not discounted.

6.1.15. SIIC regime

The Company has 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%.

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.

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.

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.

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, date of 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.

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).

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.

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.

Risks management

6.1.16. 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 45% 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.

6.1.17. 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.

The economic slowdown could adversely affect our tenants' business and increase the Company's exposure to counterparty risk for the fiscal year 2022.

6.1.18. Liquidity risk

The Company's policy with regard to liquidity risks is to ensure that the amount of rental income is, at any time, greater than the Company's needs to cover its operating expenses, interest expenses and repayment of all financial debt that it may incur in the course of implementing its investment programme.

With regard to rents, the leases concluded with relatively long firm terms, the quality of the tenants and the fact that there has been no vacancy to date, provide good visibility on the collection of rents and the forecast level of cash flow.

With regard to debt, asset-backed financing with an obligation to respect the LTV ratio on the Company's assets (essentially an obligation to respect an LTV ratio of less than 70%) represents 60% of all financing contracted, to which can be added bonds, also subject to the same LTV ratio, which represent 94% of all financing contracted. The Company's LTV stood at 41% at 30 June 2022, well below the level of its covenants.

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.

6.1.19. Credit risk

The Company's client portfolio is largely made up of leading companies, whose financial situation makes it possible to limit the credit risk.

Prior to the signing of leases, the situation, particularly the financial situation, of potential tenants is examined. The leases are accompanied by the following guarantees: a security deposit or bank guarantee equivalent to 3 months' minimum rent, which may, if necessary, be reinforced according to the potential risk profile of the user. Interest rate risk is managed by the Company in this regard and its residual exposure to variable rates is low, with around 7% of its debt being unhedged, variable-rate debt, as described in Note 12.

6.1.20. Equity risk

As the Company holds a certain number of its own shares as treasury stock, it is sensitive to changes in its own share price, which has an impact on the amount of its equity.

of its own shares, which impacts the amount of its equity. This risk is not significant

not significant, given the small number of treasury shares held (see note 19.3)

6.1.21. 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.

Although the current economic and geopolitical situation makes it more difficult to take short-term positions the liquidity to be deployed remains considerable. The logistics asset class remains resilient despite the increase in financing rates and the current climate of uncertainty, which is leading to the development of wait-and-see positions, resulting in yields remaining almost stable at their lowest level..

6.1.22. 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 5 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 30/06/2022	% interest and control at 31/12/2021
SA	ARGAN	393 430 608	100%	100%
SCCV	NANTOUR	822 451 340	49.90%	49.90%
SCI	AVILOG	841 242 274	99.90%	99.90%
SCI	CARGAN-LOG	894 352 780	60.00%	60.00%

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

8. Goodwill

(in thousands of euros)	Total
Gross values	
Balance at 31.12.2021	55 648
Additional amounts recognised as a result of business combinations that occurred during the year	
Reclassified as held for sale	
Balance at 30.06.2022	**55 648**
Accumulated impairment losses	
Balance at 31.12.2021	
Impairment	
Balance at 30.06.2022	0
Net value	
Net value as at 31 December 2021	**55 648**
Net value as at 30 June 2022	**55 648**

9. Intangible assets

(in thousands of euros)	Gross value as at 31.12.2021	Increase	Decrease	Change in scope	Other changes	Gross value as at 30.06.2022
Other intangible assets (software)	78	2				80
Amortisation Other intangible assets	-75		-2			-77
Net value	**8**	**2**	**-2**	**0**	**0**	**3**

10. Tangible fixed assets

(in thousands of euros)	Gross value as at 31.12.2021	Increase	Decrease	Other changes	Gross value as at 30.06.2022
Land	8,651				8,651
Buildings	3,001				3,001
Depreciation of buildings	-482	-69			551
Office fixtures and fittings and equipment	963	35	-39		958
Depreciation of office fixtures and fittings and equipment	-587	-56	39		-603
Net value	**11,547**	**-90**	**0**	**0**	**11,457**

11. Investment properties

Assets under construction

(in thousands of euros)	Gross value as at 31.12.2021	Increase	Decrease(1)	Line item to line item transfer (2)	Change in fair value	Gross value as at 30.06.2022
Value of constructions in progress	52,841	44,648		-42,905	18,021	72,606

(1) Corresponds to development projects abandoned during the year.
(2) Corresponds to N-1 work in progress commissioned during the year and item to item transfers

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 30 June 2022, the balance of assets under construction is mainly composed of sites for construction and buildings for which delivery is planned for the second half of 2022.

Investment properties

The item "investment properties" on the assets side of the balance sheet consists of investment properties and IFRS 16 rights of use for investment properties.

(in thousands of euros)	Net value as at au 31.12.2021	Increase	Decrease	Other changes (1)	Line item to line item transfer (2)	Fair value	Reclassification IFRS 5	Net value as at 30.06.2022
Rights of use IFRS 16	62 374	1 181				-1 082		62 473
Owned investment properties	3 167 081	5 551		695	138 484	210 038		3 521 848
investment properties under finance lease	563 820	-652		407	-95 579	37 795		505 792
Total investment properties	**3 793 276**	**6 081**	**0**	**1 102**	**42 905**	**246 751**	**0**	**4 090 113**

(1) For investment properties, the amount indicated corresponds to the contribution of 3 properties in the context of the creation of SCI CARGAN-LOG for €30,345K (see Note 18)
(2) Corresponds to N-1 work in progress commissioned during the year and item to item transfers

The average rate of return from the independent valuation excluding transfer taxes of the Company's assets was down from 4.30% as at 31 December 2021 to 4.10% as at 30 June 2022.

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 10.90% in the market value of the assets
- A decrease of 0.5% in the rate results in an increase of 13.90% in the market value of the assets

Fair value hierarchy

Asset classification	Fair value at 30.06.2022			Fair value at 31.12.2021		
	level 1	level 2	level 3	level 1	level 2	level 3
Warehouse buildings	0	0	4,027,640	0	0	3,730,900
Office buildings	0	0	0	0	0	0
Total	**0**	**0**	**4,027,640**	**0**	**0**	**3,730,900**

Summary of investment property and assets under construction

	Amount as at 30.06.2022	Amount as at 31.12.2021
Opening value (of which work in progress)	**3 846 115**	**3 203 852**
Change in fair value through operating income	247 833	528 735
Change in fair value ongoing operating fixed asset	18 021	15 901
Acquisition of investment properties		31 542
Works and building of investment properties	4 899	91 628
Works and building of ongoing fixed asset	44 648	30 801
Rent free period	1102	8175
Buildings held for sale		-14 150
Cost of disposal of properties held for sale		281
Disposals of buildings		-49 080
Disposals of fixed asset in progress		-898
Annual indexation of rights of use IFRS 16	1181	1457
Change in fair value of the rights of use IFRS 16	-1082	-2127
Closing value	**4 162 719**	**3 846 115**
Of which assets under construction	**72,606**	**52,841**
Of which Investment properties	**4 162 719**	**3 846 115**

The various assumptions used by the independent appraiser in measuring fair values are as follows:

Value per geographical area Highest/Average/Lowest	Number of assets (1)	Valuation excluding duties (in thousand euros)	Rent € / sq m/ year	Rental value € / sq m /year	Discount rate on firm flows	Discount rate on unsecured flows	Rate of return on sale	Rate including transfer taxes (including land value if land bank)
Ile de France / Oise	42	1 815 240	160 € / 61 € / 35 € (1)	133 € / 61 € / 35 €	4,95% / 3,63% / 3,00%	5,25% / 4,01% / 3,25%	5,50% / 4,17% / 3,50%	7,79% / 4,09% / 3,09% (1)
Rhône Alpes / Bourgogne / Auvergne	10	439 720	60 €/ 43 € / 30 €	67 € / 45 € / 36 €	4,80% / 3,80% / 3,15%	5,20% / 4,11% / 3,40%	5,55% / 4,31% / 3,65%	5,09% / 3,96% / 3,28%
Hauts de France	7	340 730	56 € / 47 € / 29 €	67 € / 47 € /33 €	4,15% / 3,70% / 3,40%	4,65% / 4,05% /3,80%	4,90% / 4,30% / 4,05%	6,19% / 4,20% / 3,56%
Bretagne/Pays de la Loire	6	175 180	86 € / 44 €/ 26 €	82 € / 46 € / 35 €	5,05% / 4,68% / 4,05%	5,65% / 5,15% / 4,55%	5,60% / 5,21% / 4,80%	5,58% / 4,81% / 4,60%
Grand Est	8	536 850	97 € / 52 € / 37 €	89 € / 49 € / 36 €	4,70% / 3,86% / 3%	5,20% / 4,27% / 3,25%	5,75% / 4,46% / 3,65%	5,34% / 3,79% / 3,19%
Centre Val de Loire	7	363 660	92 € / 40 € / 32 €	86 € / 47 € / 37 €	6,00% / 4,29% / 3,43%	7,00% / 4,75% / 3,68%	4,95% / 4,31% / 3,75%	6,64% / 3,97% / 3,49%
Other regions	10	356 260	89 € / 50 € / 39 €	84 € / 53 € / 36 €	5,62% / 4,18% / 3,30%	6,37% / 4,66% / 3,55%	6,22% / 4,64% / 4,05%	5,78% / 4,38% / 3,54%

(1) Excluding the vacant asset of Ferrières-en-Brie

All the 90 assets that make up ARGAN's portfolio have been taken into account in this overview. These include standard logistics warehouses but also specific assets such as cold stores, standard and cold fulfilment centres, or also assets that are not fully owned but are built on Temporary Occupancy Permits.

11.5.1 Other Income and operating expenses

	Other Income and operating expenses 30.06.2022	Other Income and operating expenses 30.06.2021
Other operating income		
Other operating expenses	-500	
Total des autres produits et charges opérationnels	**-500**	**0**

11.5.2 Income from disposal of buildings

	Income from disposal of investment properties 30.06.2022	Income from disposal of investment properties 30.06.2021
Disposal price of buildings sold	14,150	
Disposal price of on-going fixes assets		
Fair value at opening of the properties sold	-14,150	
Fair value at opening of ongoing fixed assets sold		
Disposal costs and investments	-120	-7
Price adjustments on previous disposals		
Capital gains and losses on disposals of other fixed assets	8	
Total income from disposals	**-113**	**-7**

11.1. 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	167,996	508,317	294,355	970,667

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 30.06.2022	Fair value at 31.12.2021	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	2,864	-3,250	6,114	6,114		677
Caps and collars	8,731	80	8,651		8,651	370
Amortising cash				402		-402
Total cash flow hedging instruments	**11,595**	**-3,170**	**14,765**	**6,516**	**8,651**	**645**
Of which against equity	2,300	-7,757	10,057			
Of which against income	8,651	3,539	5,112			
Of which against debt (balancing payment)	645	1,048	-403			

	Amount as at 30.06.2022			**Amount as at 31.12.2021**		
(in thousands of euros)	**Fixed**	**Hedged variable**	**Unhedged variable**	**Fixed**	**Hedged variable**	**Unhedged variable**
Borrowings	1,184,309	373,276	251,102	1,404,524	366,185	253,358
Finance lease debt		61,394	46,452		70,912	66,946
Borrowings on RCF			1,010			2,010
Macroeconomic swap						
Collar macroeconomic swap		166,968	-166,968		188,505	-188,505
Financial liabilities	**1,184,309**	**601,637**	**131,596**	**1,404,524**	**625,602**	**133,809**
Total	**1,917,542**			**2,163,935**		

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 2022:

(in thousands of euros)	Amount originally hedged	Amount as at 30.06.2022	Type	Fixed rate/Collar	Variable rate	Period covered
Swap 17	22 000	11 367	Fixed- for variable-rate	0,561%	Euribor 3 months	2015-2030
Collar 24	9 037	4 077	Zero premium collar	-0,25% / + 1,5%	Euribor 3 months	2017-2024
Collar 25	16 357	8 499	Zero premium collar	-0,30% / + 1,5%	Euribor 3 months	2017-2024
Collar 27	8 482	4 483	Zero premium collar	-0,30% / + 1,5%	Euribor 3 months	2017-2024
Collar 28	4 590	2 761	Zero premium collar	-0,28% / + 1,5%	Euribor 3 months	2017-2024
Collar 29	26 009	16 148	Zero premium collar	-0,28% / + 1,5%	Euribor 3 months	2017-2024
Collar 30	5 364	1 391	Zero premium collar	-0,32% / + 1,5%	Euribor 3 months	2017-2024
Collar 31	8 032	5 090	Zero premium collar	-0,18% / + 1,5%	Euribor 3 months	2017-2023
Collar 35	41 282	78 882	Zero premium collar	-0,65% / + 1,5%	Euribor 3 months	2016-2023
Collar 36	160 599	88 086	Zero premium collar	-0,50% / + 1,5%	Euribor 3 months	2016-2023
Collar 38	17 431	12 589	Zero premium collar	-0,02% / + 1,25%	Euribor 3 months	2017-2024
Collar 41	28 190	15 524	Zero premium collar	0% / + 1,5%	Euribor 3 months	2018-2025
Swap 42	2 505	1 789	Fixed- for variable-rate	0,630%	Euribor 3 months	2018-2026
Swap 43	43 000	35 982	Fixed- for variable-rate	1,010%	Euribor 3 months	2018-2030
Swap 44	10 900	9 316	Fixed- for variable-rate	0,530%	Euribor 3 months	2019-2029
Collar 43	109 058	98 363	Zero premium collar	-0,40%/+1,5%	Euribor 3 months	2020-2029
Collar 44	20 700	18 785	Zero premium collar	-0,64%/+2,5%	Euribor 3 months	2020-2028
Collar 45	3 080	2 856	Zero premium collar	-0,5%/+1,75%	Euribor 3 months	2020-2025
Collar 46	8 000	7 195	Zero premium collar	-0,54%/1,2%	Euribor 3 months	2020-2028
Collar 47	18 900	16 788	Zero premium collar	-0,54%/1,2%	Euribor 3 months	2020-2028
Collar 49	6 160	5 456	Cap with smooth premium 0,1675%	1%	Euribor 3 months	2020-2028
Collar 50	67 200	65 439	Zero premium collar	-0,745%/+1,5%	Euribor 3 months	2021-2026
Collar 51	7 200	7 011	Zero premium collar	-0,525%/1,5%	Euribor 3 months	2021-2026

List of hedging and trading instruments already taken out as at 1 January 2022:

(in thousands of euros)	Amount originally hedged	Amount as at 30.06.2022	Type	Fixed rate/Collar	Variable rate	Period covered
Collar 52	83 760	83 760	Cap Spread	1,5%/3,0%	Euribor 3 months	2021-2026

13. Other non-current financial assets

(in thousands of euros)	Amount as at 31.12.2021	Increase	Decrease	Reclassification maturing within 1 year	Amount as at 30.06.2022
Deposits and guarantees paid	303				303
Advances paid on fixed assets	1,799	708	-805		1,702
Total	**2,102**	**708**	**-805**	**0**	**2,005**

14. Trade receivables

(in thousands of euros)	Amount as at 30.06.2022	Amount as at 31.12.2021
Trade and other receivables	51,400	23,420
Doubtful receivables		387
Total gross trade receivables	**51,400**	**23,807**
Impairment	0	0
Total net trade receivables	**51,400**	**23,807**

Receivables mainly correspond to invoices for rents for Q3 2022, which are produced before 30 June 2022.

15. Other current assets

(in thousands of euros)	Amount as at 30.06.2022	Amount as at 31.12.2021
Tax and social security receivables	6,206	7,941
Other operating receivables	18,070	14,543
Deferral of IFRS 16 rent free periods (1)	1,059	1,053
Other prepaid expenses	1,254	220
Other current operating assets	**26,589**	**23,757**
Accrued interest on finance lease transactions		
Other current financial assets	**0**	**0**
Total other current assets	**26,589**	**23,757**

(1) A compter du 31 décembre 2021, l'étalement des franchises de loyers IFRS 16 est reclassé en autres actifs courants d'exploitation.

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 30.06.2022	Amount as at 31.12.2021
Risk-free, highly liquid investment securities	15,001	25,001
Cash in hand	234,049	498,161
Cash	**249,050**	**523,162**

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 01.01.2022	-54	54	0
Share of income 30.06.2022	-16		-16
Share of dividend distribution			0
Reclassification of provision on equity accounted investments		16	16
Balance at 30.06.2022	**-71**	**71**	**0**

The Group's share in the net fair value of the entity's identifiable assets and liabilities amounted €0 as at 30 June 2022.

18. Assets held for sale

(in thousands of euros)	Amount as at 31.12.2021	Increase	Decrease	Amount as at 30.06.2022
Investment properties	13 870		-13 870	0
Assets held for sale	**13 870**	**0**	**-13 870**	**0**

19. Consolidated shareholders' equity

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 2022	22 588 545	2	45 177	272 435
Free shares		2	0	
Dividend in shares	362 745	2	725	36 173
Dividend				-17 342
Amount of capital as at 30 June 2022	**22 951 290**	**2**	**45 903**	**291 266**

Dividend paid

(in thousands of euros)	30.06.2022	31.12.2021
Net dividend per share (in euros)	2.60	2.10
Overall dividend paid	58 723	46 843
Impact of the option to pay the dividend in shares	-36 971	-21 594
Dividend paid	**21 752**	**25 249**

Treasury shares

(in thousands of euros)	Closing amount	Opening amount	Change	Income from disposal	Cash impact
Acquisition cost	1 123	90	1 033	-38	-1 071
Impairment	0	0	0		
Net value	1 123	90	1 033		
Number of treasury shares	11 650	803	10 847		

Free shares

(In euros)	Plan 2019/2020/2021
Attribution date	17/01/2022
Number of beneficiary	7
acquisition date	17/01/2023
Number of free shares	30 074
Stock price at the acquisition date (en €)	112,64
Dividend / share expected Y+1 (in €)	2,60
fair value of shares (in €)	110,04
Expenses accounted during the period (in €)	1 784 325

20. Financial liabilities

Change in financial liabilities and guarantees given

(in thousands of euros)	Amount as at 31.12.2021	Change in consolidation	Increase	Decrease	Other changes (1)	Line item to line item transfers	Amount as at 30.06.2022
Borrowings	1 061 889		170 322			-119 517	1 112 694
Credit lines	0		33 000			-33 000	0
Bond issues	630 000						630 000
Finance lease	114 735					-23 962	90 773
Issue costs	-16 027		-2 961			3 864	-15 124
Non-current IFRS 16 lease liabilities	66 667				1 181	-883	66 964
Non-current financial liabilities	**1 857 264**	**0**	**200 361**	**0**	**1 181**	**-173 498**	**1 885 306**
Borrowings	309 187			-361 702		119 517	67 003
Credit lines	0			-33 000		33 000	0
Bond issues	25 000			-25 000			0
Finance lease	21 160			-30 013		25 925	17 072
Issue costs	-3 904			4 168		-3 864	-3 600
Accrued interest on loans	8 378				2 423		10 800
Bank loans	122				-31		92
Current IFRS 16 lease liabilities	1 627			-824		883	1 687
Current financial liabilities	**361 570**	**0**	**0**	**-446 370**	**2 392**	**175 461**	**93 054**
Borrowings on assets held for sale	1 963					-1 963	0
Total gross financial liabilities	**2 220 798**	**0**	**200 361**	**-446 370**	**3 573**	**0**	**1 978 361**

(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 30 June 2022 : €1,176,187k
    - as at 31 December 2021: €1,365,652k

- No guarantees made by ARGAN during the years ended June 30, 2022 and December 31, 2021.

Maturities of financial liabilities and fixed-rate/variable-rate breakdown

(in thousands of euros)	30.06.2022	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)	606 588	37 105	170 619	398 864
Fixed rate borrowings	1 203 108	29 897	954 217	218 994
Variable rate capital lease obligations (a)	107 845	17 072	49 702	41 071
Fixed rate capital lease obligations	0			
IFRS 16 lease liabilities	68 651	1 687	5 391	61 573
Issue costs	-18 724	-3 600	-12 081	-3 044
Accrued interest on loans	10 800	10 800		
Bank loans	92	92		
Capital financial liabilities	**1 978 361**	**93 053**	**1 167 849**	**717 459**

(a) Original variable rate – the hedged portion of these borrowings is specified in Note 12

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 +€0.6m on the financial costs for the period.

Due dates for finance lease payments

(in thousands of euros)	Finance lease commitment as at 30.06.2022	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	110 811	18 066	52 300	7 925	32 520
Total future lease payments	**110 811**	**18 066**	**52 300**	**7 925**	**32 520**

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.

Net financial debt

Net financial debt consists of gross financial debt less net cash.

(in thousands of euros)	Amount as at 30.06.2022	Amount as at 31.12.2021	Change
Gross financial liabilities	1 909 710	2 152 504	-242 794
Cash and cash equivalents	-249 050	-523 162	274 112
Net financial debt before IFRS 16	**1 660 660**	**1 629 342**	**31 318**
IFRS 16 lease liabilities	68 651	68 294	357
Net financial debt	**1 729 311**	**1 697 637**	**31 675**

Changes in the liabilities included in the Group's financing activities result from:

(in thousands of euros)	Amount as at 31.12.2021	Cash flow	Change in Consolidation	Fair values	Reclassification IFRS 5	Amount as at 30.06.2022
Cash and cash equivalents	**523 162**	**-274 112**				**249 050**
Non-current financial liabilities	1 790 598	27 744				1 818 342
Current financial liabilities	359 943	-270 540			1 963	91 366
Borrowing on assets held for sale	1 963				-1 963	0
Gross debt before IFRS 16	**2 152 504**	**-242 796**	**0**	**0**	**0**	**1 909 710**
Net financial debt before IFRS 16	**1 629 342**	**31 316**	**0**	**0**	**0**	**1 660 660**
IFRS 16 lease liabilities	68 294	357				68 651
Gross debt	**2 220 798**	**-242 439**	**0**	**0**	**0**	**1 978 361**
Net financial debt	**1 697 637**	**31 673**	**0**	**0**	**0**	**1 729 311**

21. Liabilities held for sale

(in thousand of euros)	Amount as at 30.06.2022	Amount ast at 31.12.2021	Change
Borrowings			0
Leased loans		1 963	-1 963
Accrued interest			0
Net financial debt	**0**	**1 963**	**-1 963**

22. Security deposits

(in thousands of euros)	Amount as at 30.06.2022	Amount as at 31.12.2021	Change
Tenant security deposits	10,314	10,360	-46

23. Provisions

(in thousands of euros)	Amount as at 31.12.2021	Increase	Decrease	Changes in scope	Amount as at 30.06.2022
Provisions for current equity-accounted investments	54	16			71
Provisions for non-current contingencies					0
Provisions for current contingencies					0
Provisions for liabilities and charges	**54**	**16**	**0**	**0**	**71**
Of which provisions used					
Of which unused provisions					

As the net position of SCCV NANTOUR was negative as at 30 June 2022, the equity-accounted securities were reclassified as provisions

24. Tax liability

No tax liabilities were recorded as at 30 June 2022.

25. Other current liabilities

(in thousands of euros)	Amount as at 30.06.2022	Amount as at 31.12.2021
Trade and other payables	23 166	17 110
Tax liabilities	24 458	7 760
Social security liabilities	544	1 213
Other current liabilities	4 070	2 593
Deferral of rent-free periods under IFRS16(1)		
Prepaid income	47 206	48 672
Total other current liabilities	**99 444**	**77 347**

(1)As of December 31, 2021, the Deferral of rent-free periods under IFRS16 is reclassified in other current operating assets.

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.

26. Net income from buildings

(in thousands of euros)	Amount as at 30.06.2022	Amount as at 30.06.2021
Rental income	81 672	76 182
Rental expenses and rebilled rates	24 194	25 804
Other income from buildings	1 595	1 558
Total income from buildings	**107 461**	**103 544**
Rental expenses and rates	25 514	26 897
Other expenses on buildings	257	147
Total expenses on buildings	**25 771**	**27 044**
Net income from buildings	**81 691**	**76 500**

27. Cost of net financial debt

(in thousands of euros)	Amount as at 30.06.2022	Amount as at 30.06.2021
Income from money market investment securities < 3 months		
Income from cash and cash equivalents	40	22
Income from interest rate hedges		
Income from cash	**40**	**22**
Interest on loans and overdrafts	-12 991	-14,249
Interest on IFRS 16 lease liabilities	-776	-779
Exit penalties		
Derivatives	-455	-483
Borrowing costs	-2 071	-1,337
Early repayment penalties due to banks borrowings	-6 491	
Cost of gross financial debt	**-22 784**	**-16,849**
Cost of net financial debt	**-22 744**	**-16,827**
Change in accrued interests	2 423	1,583
Spread early repayment swaps	53	53
Change in cash flow from financial income and expenses	**-20 269**	**-15,191**

28. Other financial income and expenses

(in thousands of euros)	Amount as at 30.06.2022	Amount as at 30.06.2021
Fair value financial income on trading instruments	8 703	1 978
Fair value financial expenses on trading instruments		
Interest on current accounts of associates		
Other financial income and expenses	**8 703**	**1 978**

29. Reconciliation of tax expense

(in thousands of euros)	Amount as at 30.06.2022	Amount as at 30.06.2021
Profit before tax	323 085	342 658
Theoretical tax expense (income) at the prevailing rate in France	**-80 771**	**-90 804**
Impact of the non-taxable sector	80 771	90 804
Discounted exit tax		
Exceptional contribution of 3% on distribution		
Corporate tax on previous financial years		
Unused tax losses		
Actual tax expense	**0**	**0**

30. Earnings per share

Calculation of earnings per share	Amount as at 30.06.2022	Amount as at 30.06.2021
Net income, Group share (in thousands of €)	321 704	338 289
Weighted average number of capital shares	22 718 813	22 404 905
Treasury shares (weighted)	-5 746	-2 611
Number of shares retained	22 713 067	22 402 294
Earnings per share (in euros)	**14.16**	**15.10**

31. Details of the cash flow statement

Cash net of bank overdrafts is as follows:

(in thousands of euros)	Amount as at 30.06.2022	Amount as at 31.06.2021	Amount as at 30.06.2020
Cash and cash equivalents	249 050	42 128	29 070
Bank loans, commercial paper and accrued interest	-92	-100	-27
Cash in the cash flow statement	**248 958**	**42 028**	**29 043**

32. Impact of business combinations on cash flows

None

33. Off-balance sheet commitments

(in thousands of euros)	Amount as at 30.06.2022	Amount as at 31.12.2021
Commitments received:		
Credit lines received and unused	206 490	214 990
Signed loans not disbursed	75 926	25 287
Sureties received from tenants	78 760	76 923
Total commitments in assets	**361 176**	**317 200**
Commitments given:		
Sureties and guarantees given	3 000	3 000
Commitments to acquire investment properties	2 504	18 000
Work undertaken head office		
Total commitments in liabilities	**5 504**	**21 000**
Reciprocal commitments:		
Commitments to build investment properties	55 382	21 708
Total commitments in assets and liabilities	**55 382**	**21 708**

34. 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		303				1 702		2 005	2 005
Cash in hand	234 049				15 001			249 050	249 050
Current and non-current financial instruments							11 599	11 599	11 599
Other assets						76 735		76 735	76 735
TOTAL FINANCIAL ASSETS	**234 049**	**303**	**0**	**0**	**15 001**	**78 437**	**11 599**	**339 389**	**339 389**
Non-current IFRS 16 financial liabilities and lease liabilities		1 255 308			630 000			1 885 308	1 885 308
Current and non-current financial instruments							4	4	4
Current IFRS 16 financial liabilities and lease liabilities						93 054		93 054	93 054
Financial liabilities on assets held for sale								0	0
Other liabilities						52 238		52 238	52 238
Security deposit						10 314		10 314	10 314
TOTAL FINANCIAL LIABILITIES	**0**	**1 255 308**	**0**	**0**	**630 000**	**155 606**	**4**	**2 040 919**	**2 040 919**

35. 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 30.06.2022	Amount as at 30.06.2021
Salaries	594	377
Attendance fees	65	57
Overall remuneration	**659**	**434**

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.

36. Headcount

	Executives	Non-executives	Total
Average headcount as at 30 June 2021	23	3	26
Average headcount as at 30 June 2022	23	3	26

37. Statutory auditors' fees

(In thousands of euros)	Mazars		Exponens		Total	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Audit, statutory auditor, certification, review of individual and consolidated financial statements						
ARGAN	44	58	27	35	72	93
CARGAN-LOG	8	10	0	0	8	10
Sub-total	**52**	**68**	**27**	**35**	**80**	**103**
Services other than certifying the financial statements						
ARGAN		3		3	0	6
CARGAN-LOG		0	0	0	0	0
Sub-total	**0**	**3**	**0**	**3**	**0**	**6**
Grand total	**52**	**71**	**27**	**38**	**80**	**109**

38. Post-closing events

On 12 July 2022, the Company signed a premises with Renault group in sale & leaseback to acquire a logistic platform of 153,000 sq.m in Fouchères.

ARGAN

A French public limited company (*Société Anonyme*) with share capital of €45,177,090

Registered office: 21 rue Beffroy 92200 NEUILLY SUR SEINE, France

Trade and Companies Register: RCS NANTERRE B 393 430 608

Statutory auditors' report
on the half-yearly financial information

Period from 1 January to 30 June 2021

EXPONENS

MAZARS

EXPONENS

SIMPLIFIED JOINT STOCK COMPANY, MEMBER OF THE *COMPAGNIE RÉGIONALE DES COMMISSAIRES AUX COMPTES* OF PARIS

REGISTERED OFFICE: 20 RUE BRUNEL – 75017 PARIS

SHARE CAPITAL OF €5,650,000 - RCS PARIS 351 329 503

MAZARS

61, RUE HENRI REGNAULT – 92075 PARIS LA DÉFENSE CEDEX

TÉL: +33 (0) 1 49 97 60 00 - FAX: +33 (0) 1 49 97 60 01

PUBLIC LIMITED COMPANY PROVIDING ACCOUNTING AND STATUTORY AUDITING SERVICES WITH AN EXECUTIVE BOARD AND SUPERVISORY BOARD

SHARE CAPITAL OF €8,320,000 - RCS NANTERRE 784 824 153

Statutory auditors' report on the half-yearly financial information
Period from January 1 to June 30, 2022

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (Code monétaire et financier), we hereby report to you on

- the review of the accompanying interim consolidated financial statements of Argan for the period from January 1 to June 30, 2022
- the verification of the information given in the half-yearly activity report.

These interim consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.
A review of interim financial information consists principally of making inquiries of persons responsible for financial and accounting matters and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, our assurance that the financial statements, taken as a whole, are free of material misstatement, obtained in the context of a limited review, is a moderate assurance, lower than that obtained in the context of an audit.
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRS as adopted by the European Union, and that they give a true and fair view of the assets and liabilities and of the financial position of the Group as of June 30, 2004 and of the results of its operations for the six months then ended.

Specific verification

We have also verified the information given in the half-year management report on the consolidated financial statements subject to our review.
We have no matters to report as to its fair presentation and consistency with the interim consolidated financial statements.

The auditors

Mazars

Paris La Défense, le 21 July 2022

Jean-Maurice El Nouchi

Exponens Conseil & Expertise

Paris, le 21 July 2022

Nathalie Lutz

Public limited company with an Executive Board and Supervisory Board
with share capital of €45,902,580
Registered office: 21 Rue Beffroy 92 200 Neuilly
Trade and Companies Register: RCS NANTERRE B 393 430 608

Executive Board's half-year activity report

Period from 1st January to 30 June 2022

1/ POSITION OF THE CONSOLIDATED GROUP OVER THE PAST SEMESTER

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 (excluding current developments) with a total surface area of **3,280,000 sqm**, is valued at **€4.03bn** excluding transfer taxes (**€4.24bn** including transfer taxes) as at 30 June 2022.

Its property base consists of 90 buildings, mainly **category A logistics centres** (**78 hubs** and **12 fulfilment centres** as at 30 June 2022), with a weighted average age of 1**0 years**. The buildings are located throughout France, mainly on the vertical axis of highways.

The breakdown of surface area is largely as follows:

- Ile de France Region: 34%
- Hauts de France Region: 15%
- Grand Est : 12%
- Centre Val de Loire Region : 11%
- Auvergne / Rhône-Alpes Region: 9%
- Occitanie : 6%
- Pays de la Loire : 5%
- Bourgogne / Franche Comté : 4%
- Rest of France: 5%

ARGAN was listed on compartment C of Euronext Paris on 25 June 2007. ARGAN has integrated the compartment B of Euronext Paris in January 2012 and the compartment A in January 2020.

Its market capitalisation at 30 June 2022 was **€2.047bn** based on a price of €89.2/share.

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

SIIC regime:

ARGAN has been placed under the SIIC (*société d'Investissement Immobilier Cotée* - listed real estate investment company) tax regime (the French REIT regime).

The exit tax amount for ARGAN was paid in full.

2/ REPORT OF OPERATIONS

Since the beginning of this year, ARGAN maintained its growth path with the delivery of **three new developments projects, for a total area of 27,000 sq.m with an average yield on cost exceeding 6.5%:**

- **Delivery in January, of the first Aut0nom®, the warehouse producing its own green energy for self-consumption.** This warehouse of 14,000 sq.m located in Marne-la-Vallée, in Serris, facing A4 highway, leased to two internationals tenants, each one occupying a unit for a firm period of respectively three and nine years.
  Aut0nom® is the new standard of ARGAN's warehouse. It hosts a **photovoltaic power plant** on the roof, coupled with a set of **storage batteries**, the production of which is intended for self-consumption by tenants. It replaces gas heating with electric air/air heat pumps and generalizes smart LED lighting. **Aut0nom® produces more green energy than it consumes for its heating-cooling and lighting.**
  During the month of June, **Aut0nom® has covered c.90% of the warehouse electricity consumption**.

- In February, **the delivery of a 7,000 sq.m extension of our warehouse in Marne-la-Vallée, in Chanteloup-en-Brie**, for its current tenant Arvato Services Heathcare, which extend the total area of the logistics platform to 28,000 sq.m, with a new lease of 6-year firm period
  This extension is equipped with LED lighting including motion sensor and a photovoltaic power plant which produces 440 MWh annually, intended for self-consumption.

- In March, **the delivery of a 6,000 sq.m extension of our 12,000 sq.m warehouse in Marne-la-Vallée, in Croissy-Beaubourg** leased since 2000 to L'Oréal. This extension is leased to Intersurgical, with a lease of 9-year firm period.
  This extension is equipped with LED lighting including motion sensor and a photovoltaic power plant which produces 120 MWh annually, intended for self-consumption.

These three developments are certified BREEAM "very good". **For the second half-year of 2022, ARGAN is expecting the delivery of 3 assets for a total of 50,000 sq.m.**

ARGAN sold a 9,000 sq.m asset in Tours for around €14 million. This transaction is part of the group's arbitration policy to dispose mature assets. Its proceeds will contribute to future developments enhancing value creation.

ARGAN has also proactively re-let a 22,000 sq.m warehouse in Gonesse. This transaction comes within the framework of an end of lease given by the tenant in place. This space currently occupied until October 14 will be re-let to GL events from October 15, 2022, **demonstrating the attractiveness of the group's warehouses and its ability to anticipate its rental challenges.**

Finally, within the framework of its joint-venture with Carrefour (Cargan-Log, 60% owned by ARGAN), **ARGAN has let two warehouses located in Marseille and Lens,** for a total area of 50,000 sq.m. The renovations will be completed respectively in July and December 2022.

The change in rents received by the Group is as follows:

- **1st semester 2022: €81.7m in net rental income**
- 1st semester 2021: €76.2m in net rental income

An increase of +**7%** in the 1st semester 2022 compared with the 1st semester 2021.

The occupancy rate for the portfolio was 99% as at 30 June 2022, due to rental vacancy of the site of Ferrières, located in the Paris region (vacant since April 30, 2021).

As at 30 June 2022, gross financial debt relating to assets delivered amounts to **€1.288bn**, of which it should be added bond issues of **€630m for a total gross debt of €1.918 bn**

Including residual cash, **net LTV** (net financial debt/value of the portfolio excluding transfer taxes) **decreases at 41%** as of 30 June 2022.

The allocation of ARGAN's gross financial debt as a percentage of capital is as follows:

- **33%** of fixed rate bonds, i.e. €630m at the fixed average rate of 1.47%
- **29%** of fixed rate amortising loans, i.e. €554m at an average rate of 1.31%
- **31%** of hedged variable rate amortising loans, i.e. €602m at an average rate of 1.21%
- **7%** of variable rate amortising loans, i.e. €132m at an average rate of 3-month Euribor + 1.12%

Taking into account a 3-month Euribor of -0.3% on average over the first semester of 2022, the ARGAN Group's average rate for total debt was stable at **1.35%** as at 30 June 2022 (1.65% as at 30 June 2021, with an average 3-month Euribor of -0.54%.

The amount of financing items that are individually hedged and the hedging instruments entered into as at 30 June 2022 are as follows:

- €5.1M: Collar -0.18% / + 1.5% until 10/01/23
- €1.4M: Collar -0.32% / + 1.5% until 10/01/24
- €2.8M: Collar -0.28% / + 1.5% until 10/01/24
- €4.1M: Collar -0.25% / + 1.5% until 10/01/24
- €8.5M: Collar -0.30% / + 1.5% until 10/01/24
- €4.5M: Collar -0.30% / + 1.5% until 10/07/24
- €12.6M: Collar -0.02% / + 1.25% until 10/01/24
- €16.1M: Collar -0.28% / + 1.5% until 10/01/24
- €2.9M: Collar -0.5% / + 1.75% until 10/07/25
- €15.5M: Collar – 0% / + 1.5% until 10/01/25
- €83.8M: Cap 1.5% / + 3.0% until 10/07/26

- €1.8M: Fixed rate swap at 0.63% until 10/04/26
- €65.4M: Collar -0.745% / + 1.5% until 12/10/26
- €7.0M: Collar -0.525% / + 1.5% until 12/10/26
- €18.8M: Collar -0.64% / +2.5% until 10/07/28
- €7.2M: Collar -0.54% / +1.2% until 10/04/28
- €16.8M: Collar -0.54% / +1.2% until 10/07/28
- €5.5M: cap at 1% until 10/04/28
- €9.3M: Fixed rate swap at 0.53% until 10/07/29
- €98.4M: Collar -0.40% / +1.5% until 23/01/29
- €11.4M: Fixed rate swap at 0.561% until 10/07/29
- €36.0M: Fixed rate swap at 1.010%/+2.5% until 08/06/30

The Company has also entered into the following macro hedges:

- €88.1M: Collar -0.5% / +1.5% until 10/10/23
- €78.9M: Collar -0.65% / +1.5% until 10/10/23

3/ FORESEEABLE DEVELOPMENT OF THE SITUATION

For the financial year 2022, **ARGAN anticipates an increase in its rental income of +5% to €165m**.

4/ SIGNIFICANT EVENTS POST-CLOSING 30 JUNE 2022

Argan signed, on 12 July 2022, a premise, with Renault group to purchase in sale & leaseback, an asset of 153,000 sq.m in Fouchères (89).

5/ KEY RISKS ANALYSIS

Risks at the corporate level can be of different types:

Risks related to the Company's level of debt:

- **Interest rate risks:** As the Company uses debt to finance its future developments, any change in interest rates would result in a change in the financial expenses due on these loans. However, the Company has entered into various interest rate hedges enabling it to reduce its exposure to variable rates to 7% of its total debt at June 30, 2022.

  In addition, the majority of financing contracts concluded at variable rates include the possibility of conversion to fixed rates.

- **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.

- **Financing risks:** As at 30 June 2022, total debt relating to assets delivered amounts to €1.9bn. The rise in interest rates has an only relative impact on the cost of debt. Because of the amortizable nature of the bank debt taken out, the Company does not have to refinance its short- and medium-term debt.

  As at 30 June 2022, asset-backed 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 plus bond issuances which also include the same LTV ratio compliance and represent 33% of all loans taken out.
  As a reminder, the Company's LTV ratio decreases at 41% as of 30 June 2022, far from its covenant's levels

***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 inflationary situation has the effect of potentially reducing the profitability of our client-tenants if they cannot increase their prices. Prolonged and generalized high inflation could thus deteriorate their solvency and, by extension, the Company's ability to recover part of its rents.

  Rising interest rates also entail a risk on the valuation of the Company's assets.

  Changes in the economic situation have an impact on changes in the INSEE indexes (ICC: cost of construction index or ILAT: index of rents for tertiary activities) on which the Company's rents are indexed. However, the company has in 45% of leases, a system of indexation tunnel or pre-indexation of rents which limits the increase in indexation.

In addition, the Company is exposed to fluctuations in the real estate market, which could have an adverse effect on its investment and arbitrage policy, as well as on its business, financial condition, results and prospects.

- **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.

- **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 issues.

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. For the record, Argan has no needs to raise money until end-2026

Operational risks:

- **Risks related to lease regulations and their non-renewal:** It remains possible that when a lease expires, some tenants may choose not to renew their lease agreement, and the Company may not be able to renew the relevant property quickly and on the same terms. Given the laddering of current leases, however, the Company believes it is in a position to deal with such eventualities. It should be noted that as at 30 June 2022, the occupancy rate was 99%, with an average remaining fixed lease term of 5.8 years.

Average residual firm lease	Pourcentages
More than 6 years	36%
Between 3 to 6 years	43%
Less than 3 years	21%

- **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 90 buildings, leased to a total of 54 different tenants. ARGAN's top 12 tenants were responsible for 76% of annualised rental income for 2022 across c.60 sites. The majors tenants are : Carrefour (31%), FM logistic (8%), Casino (7%), Géodis (6%) and Amazon (5%).

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 first half-year 2022, the annual rental revenue from the largest site represents 5% 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 2022. Since the beginning of the year, inflation and disruptions in the supply chain can weaken some 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 l'Ile-de-France (34%), les Hauts de France (15%), le Grand-Est (12%), le Centre / Val de Loire (11%), l'Auvergne / Rhône-Alpes (8%), l'Occitanie (6%) and les Pays de La Loire (5%). 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 30 June 2022, 58% 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. ARGAN also has the option of having its warehouses built in separate lots by the different trades.

Asset-related risks:

➢ **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.

➢ **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 estimation of asset values:** The Company's portfolio is valued on a semi-annual basis by independent experts. The valuation of the assets is based on a number of parameters and assumptions, which may change over the years. This valuation for the assets may not be equivalent to their realisable value in the event of a disposal, in particular in the event of a change in the asset valuation parameters between the date of the valuation report and the date of disposal.

In its appraisal report as of 30 June 2022, The independent expert states that "we draw your attention to the fact that the global inflationary situation, rising interest rates, recent geopolitical events in Ukraine and the ongoing impact of the global Covid-19 pandemic has increased the volatility of the real estate markets in the short and medium term. Past experience has shown that user and investor behavior can change rapidly during these periods of increased volatility. Also, it should be noted that the conclusions stated in this report are valid only as of the valuation date. We recommend that this valuation may be reviewed periodically to take into account potential market changes due to ongoing events.
The valuation of the portfolio is carried out by the independent expert on a half-yearly basis, the valuation of the assets will therefore be reviewed at the annual closing.

6/ SCOPE OF CONSOLIDATION

The scope of consolidation as at 30 June 2021 is as follows:

Social Form	Companies	company SIREN registration n°	% interest and control at 30.06.2022	% interest and control at 31.12.2021
SA	ARGAN	393 430 608	100.00%	100.00%
SCCV	NANTOUR	822 451 340	49.90%	49.90%
SCI	AVILOG	841 242 274	51.00%	51.00%
SCI	CARGAN-LOG	894 352 780	60.00%	60.00%

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 Nantour, Avilog and Cargan-Log form the Argan group (the «**Group**»).

7/ CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements for the period from 1 January to 30 June 2021 were approved by the Executive Board on 12 July 2022.

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 (http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission).

The standards and interpretations listed below and which have been applicable to the Group since 1 January 2022, have no significant impact on its results and financial position:

- Amendments to IAS 16 "Property, plant and equipment – Proceeds prior to intended use"
- Amendments to IAS 37 "Onerous contracts – Costs of performing a contract"
- Amendments to IFRS 3 "Reference to the conceptual framework"

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 2022.

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

Simplified consolidated income statement:

(in thousands of €) Consolidated financial statements, IFRS standards	From 01/01/22 to 30/06/22 (6 months)	From 01/01/21 to 30/06/21 (6 months)
Rental income	81 672	76 182
Rebilled rental expenses and rental taxes	24 194	25 804
Rental expenses and rates	-25 514	-26 897
Other income from buildings	1 595	1 558
Other expenses from buildings	-257	-147
Net income from buildings	**81,691**	**76,500**
Current operating income	72,967	72,389
Operating income after value adjustments	337,127	357,560
Cost of net financial debt	-22,744	- 16,827
EBIT	314,383	340,733
Net income	**323,085**	**342,658**
Net income Group share	**321,704**	**338,289**
Number of shares as at 30 June	22,951,290	22,588,545
Diluted net income, Group share/weighted number of shares	**€14.16**	**€15.10**
Recurring net income	58,400	55,400
Recurring net income – group share	58,300	55,400
Net recurring income diluted – group share – per share	€2.57	€2.47
Average weighted number of shares	22,713,067	22,402,294

- ARGAN generated rental income of €81.7million during the first semester of 2022, an increase of 7% compared with the first half of 2021. Rental charges correspond to the contractual non-re-invoicing of charges or are due to rental vacancy. Other income and expenses mainly correspond to the application of IFRS 16.

- EBITDA (current operating income) was €73 million as at 30 June 2022, up 1% compared with the first semester of 2021.

- The operating income after value adjustments was €337.1 million, down 6% due to higher lower change in the fair value of investment properties.

- Net income is €323.1 million, after deduction of €22.7 million from the cost of net financial debt (which includes interest on loans and overdrafts for -€13 million, interest related to IFRS 16 rental debts for -€0.8 million, exit penalties and balance of issue costs on loans repaid early for -€6.5 million, derivative instruments for -€0.4 million and loan issue costs for -€2 million) and taking into account +€8.7 million of other financial income and expenses. This represents a decrease of 6%.

- Diluted earnings per share amounted to €14.16, compared with €15.10 for the first half of 2021. This result is calculated on the basis of a weighted number of shares of 22,713,067.

  Recurring net income amounted to €58.4 million, an increase of 5% compared with the first half of 2021.

Statement of income and expenses recognised:

(in thousands of €)	From 01/01/22 to 30/06/22 (6 months)	From 01/01/21 to 30/06/21 (6 months)
Earnings for the period	323,085	342,658
Total gains and losses recognised directly in equity	6,518	2,192
Earnings for the period and gains and losses recognised directly in equity	**329,603**	**344,850**
- Including group share	328,221	340,481

- Gains and losses recognised directly in equity amount to a gain of €6,518k (versus a loss of -€2,192k in the first semester of 2021). This corresponds to the change in fair value of hedging instruments (on the effective portion).

Simplified consolidated balance sheet:

(in thousands of €)	As at 30/06/22	As at 31/12/21
Non-current assets	4,243,387	3,916,005
Current assets	327,039	570,726
Assets held for sale	0	13,870
Total Assets	**4,570,426**	**4,500,601**
Shareholders' equity	2,432,770	2,125,631
Minorities	39,226	37,844
Non-current liabilities	1,895,622	1,871,384
Current liabilities	202,809	463,779
Liabilities classified as held for sale	0	1,963
Total Liabilities	**4,570,426**	**4,500,601**

Balance sheet assets:

- Non-current assets amounted to €4,243.4 million, mainly comprising €4,027.6 million in investment properties at their value excluding transfer taxes, €72.6 million in assets under construction, €11.5

million in tangible fixed assets, €62.5 million in rights of use under IFRS 16, €2.0 million in other non-current assets, €11.6 million in derivatives instruments 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 4.10% excluding transfer taxes (i.e. 3.90% including transfer taxes) as at 30 June 2022, down sharply compared to 31 December 2021 (4.3% excluding transfer taxes).

- Current assets amounted to €327.0 million, comprising cash of €249.1 million, trade receivables of €51.4 million, and other current assets of €26.6 million.
- No asset is currently held for sale as at 30 June 2022.

Balance sheet liabilities:

- Shareholders' equity, share of the parent company was €2,432.8 million as at 30 June 2022, up €307.1 million compared with 31 December 2021. This increase over the period is the result of:
    - Consolidated income for the period of + 323.5 M€,
    - A cash dividend distribution of – 21.8 M€,
    - The change in fair value of hedging instruments for +6.5 M€,
    - Valuation impact & the selling of treasury shares for -1.1 M€
- Non-current liabilities amounted to €1,895.6 million, consisting of €1,885.3 million in long-term debt, and €10.3 million in security deposits
- Current liabilities amounted to €202.8 million, consisting of €91.4 million in short-term debt, €1.7 million in liabilities related to the application of IFRS 16, €10.3 million in debts on fixed assets, and €99.4 million in other liabilities.
- No assets held for sale at end-June 2022

Calculation of the Net Asset Value (NAV) EPRA Net Reinstatement Value (NRV) as at 30 June 2021:

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

NAV EPRA Net Reinstatement Value (NRV) amounts to €114.7 per share as at 30 June 2022 (+12% over 6 months).
NAV EPRA Net Tangible Asset (NTA) amounts to €103.1 per share as at 30 June 2021 (+12% over 6 months).
NAV EPRA Net Disposal Value (NDV) amounts to €103.6 per share as at 30 June 2021 (+13% over 6 months).

NAV EPRA (in millions of €)	**As at 30 June 2022**			**As at 31 December 2021**		
	NRV	**NTA**	**NDV**	**NRV**	**NRV**	**NRV**
Consolidated shareholders' equity	2,432.8	2,432.8	2,432.8	2,125.6	2,125.6	2,125.6
+ Fair value of financial instruments	-11.6	-11.6	-	3.2	3.2	-
- Goodwill in the balance sheet	-	-55.6	-55.6	-	-55.6	-55.6
+ Transfer taxes	210.5	-	-	186.9	-	-
NAV EPRA	**2,631.7**	**2,365.5**	**2,377.1**	**2,315.7**	**2,073.1**	**2,070.0**

Number of shares	22,951,290			22,495,656		
NAV EPRA in €/share	**114.7**	**103.1**	**103.6**	**102.5**	**91.8**	**91.6**

This significant increase of €11.3 per share of the NAV EPRA NJTA per share compared to 31 December 2021 is attributable to:

- Net income (excluding change in fair value): +€2.2
- The change in the value of the portfolio: +€11.5
- Payment of the dividend in cash: -€0.9
- The dilutive impact of new shares issued under the share dividend option: -€1.5

<u>DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT</u>

I certify that, to the best of my knowledge, that the accounts and the consolidated financial statements of the ARGAN Group for the half-year ended have been drawn up in accordance with applicable accounting standards, and give a true and fair view of the assets and liabilities, financial position, and profits and losses of the company, and of all the companies included in its scope of consolidation, and that the half-year activity report on pages 44 to 56 presents a true and fair view of the major events that took place in the first half of the year, their impact on the financial statements, the main related-party transactions and describes the main risks and uncertainties for the remaining six months of the year.

Neuilly-sur-Seine, 22 July 2022

Ronan Le Lan

Chairman of the Executive Board