



**Half-year results 2023:**  
*Excellent operating performance  
confirmed, in a new cycle*



**The warehouse that generates its own green energy  
for its own consumption**

**July 19, 2023**

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*TEREVA – Pusignan (69) - 33,000 sq.m*



*NUTRITION & SANTE – Albon (26) – 31,000 sq.m*



*DECATHLON – St Quentin Fallavier (38) – 43,000 sq.m*



## Key H1 2023 Results

# Key H1 2023 Results

Portfolio	▪ Valuation (excl. duties):	€3.6Bn	
	▪ Cap Rate (excl. duties):	5.0%	
	▪ Area:	3.5 million sq.m	
	▪ EPRA NAV NTA:	€78 per share	
Debt	▪ Confirmation by S&P of "BBB-" rating with stable outlook		
	▪ Net Debt:	€1.8Bn	Vs. €1.8Bn at 31 Dec. 2022
	▪ Net LTV:	49%	Vs. 45% at 31 Dec. 2022
	▪ Cost of Debt June 2023:	2.10%	Vs. 1.50% at 31 Dec. 2022
Results	▪ Rental Income:	€91M	↗ 11%
	▪ Recurring Net Income:	€63M	↗ 8%



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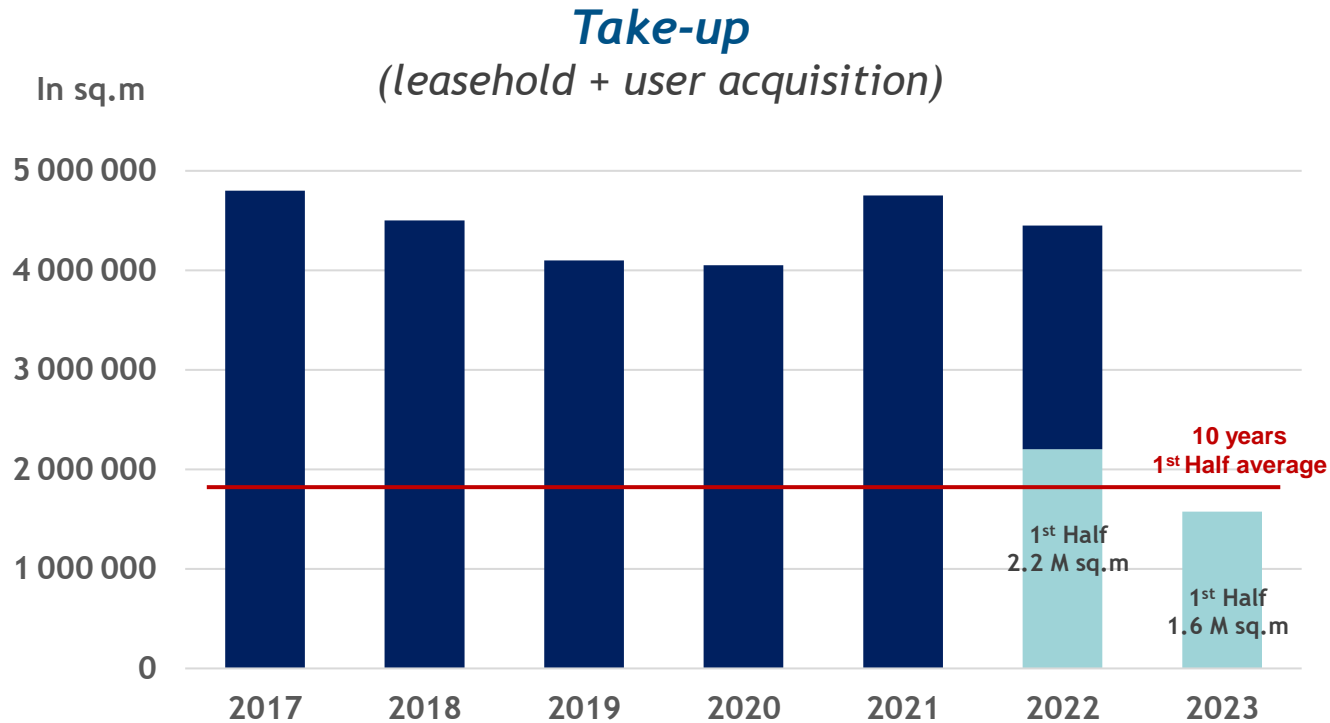


*DECATHLON – St Quentin Fallavier (38) – 43,000 sq.m*



**The Logistics Real Estate Market**

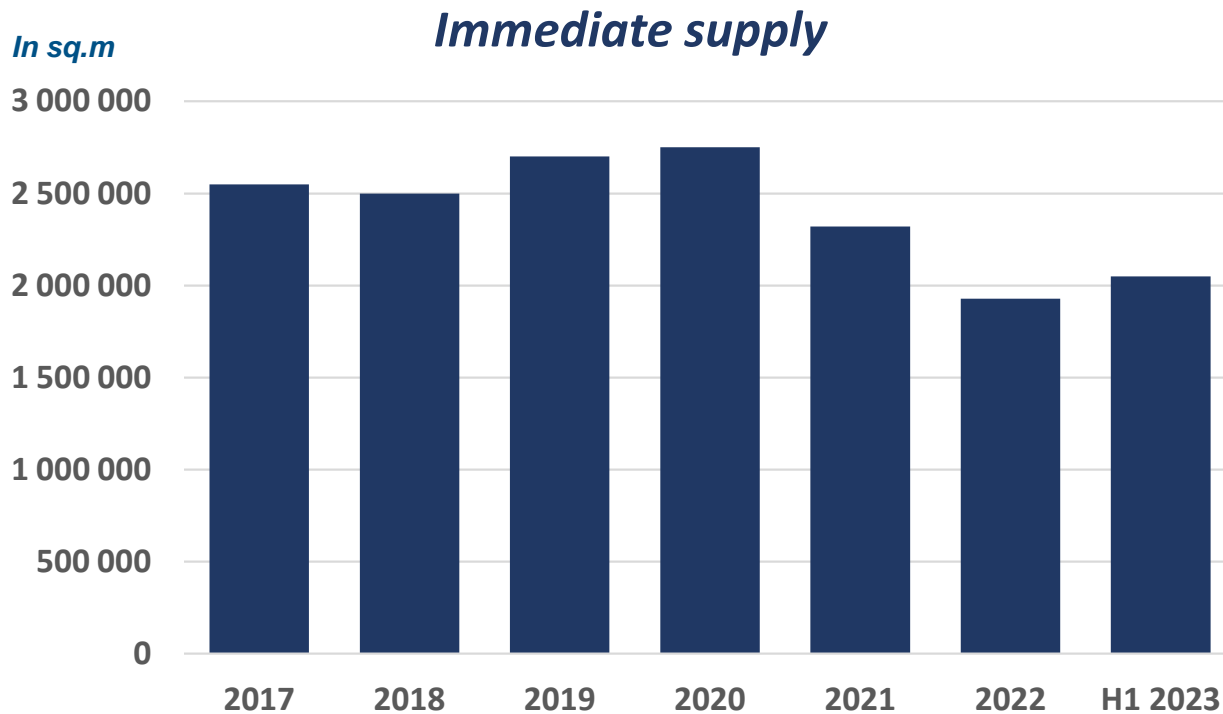
# Slowdown in take-up after record years



- **H1 2023 take-up was down -29% over one year**
- **Factors include: scarce offer on the main markets**

Source: CBRE

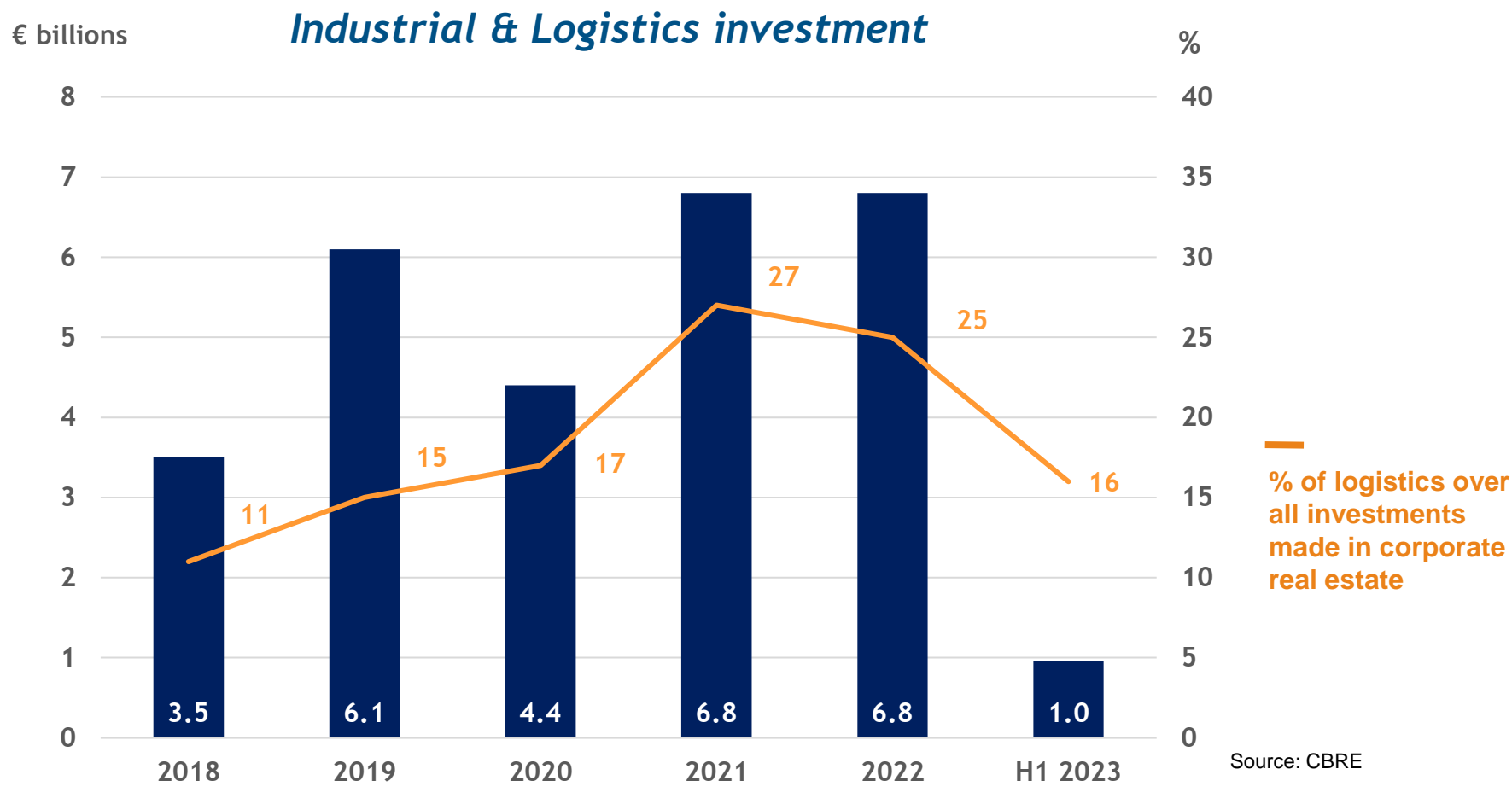
# Very low rental offering



**French vacancy rate  
at a low level of 3.7%  
at end of June 2023**

Source: CBRE

# Market of the French logistics investment



Decrease in investments in H1 2023 on a “wait-and-see” market backdrop



# Key Trends for the Coming Years

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- ✓ E-commerce development
- ✓ Development of last-mile urban logistics
- ✓ Reduction of carbon footprint
- ✓ Tightening of environmental rules (see hereafter)
- ✓ Restrictions on soil artificialisation

# Increasing Difficulty of Environmental Rules: Opportunity or **Threat**?

- **Opportunity** for those with **expertise**
- **Threat** to **new entrants**



- In recent years, applications for **building permits** and **environmental authorisations** have grown considerably in size and complexity due to **regulatory changes**: this is an **advantage for players with expertise** and a **barrier to entry** for **newcomers**



- The Law of 8 August 2016 for the reconquest of **biodiversity** has made it nearly impossible to obtain environmental authorisation if the project site contains **a protected species** (fauna and/or flora)



- The decree of 26 January 2017, which provides a framework for the **single environmental authorisation** and the **reform of impact studies**, incorporated new additional stages into an already heavy authorisation process



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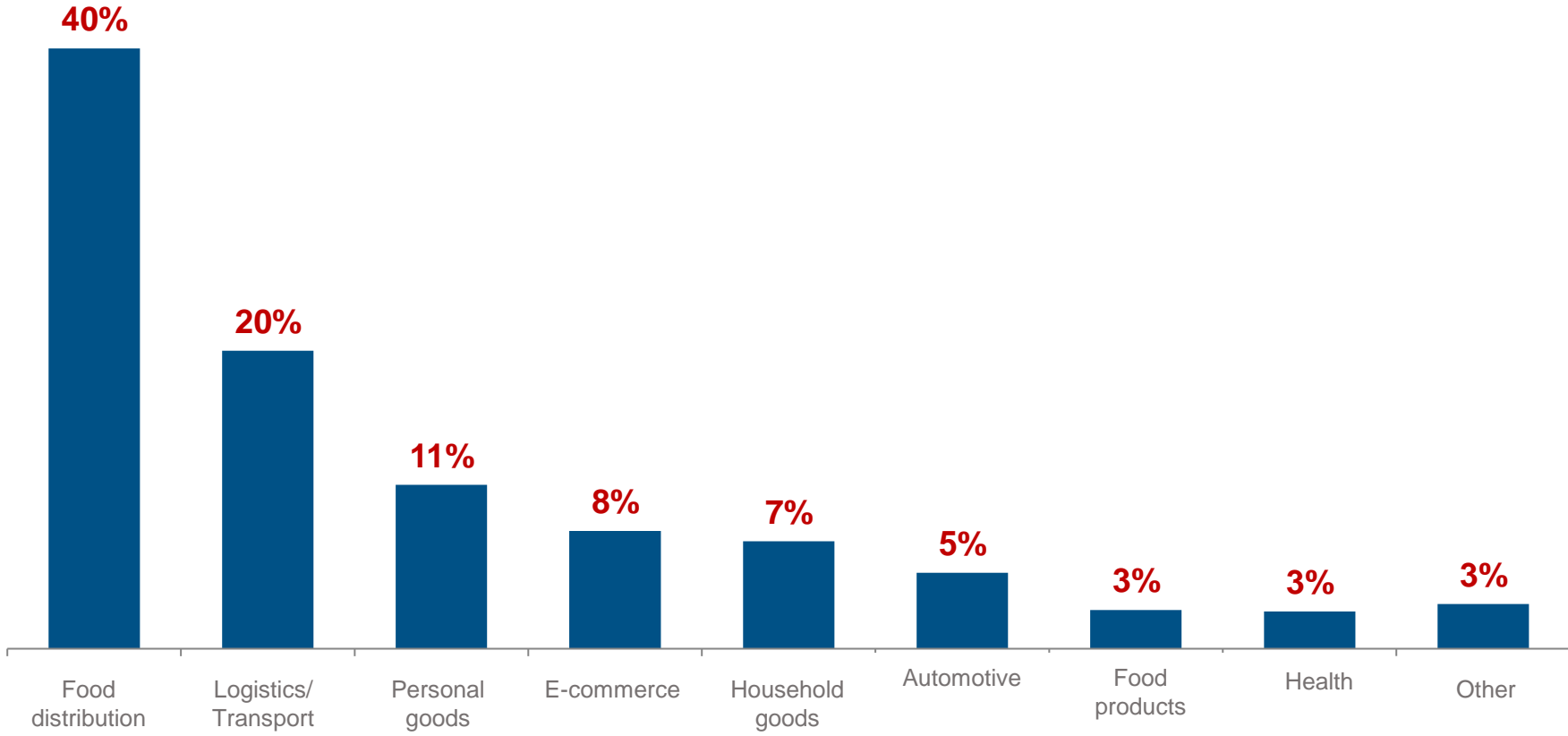


**Loyal and Blue Chip  
Clients/Tenants**

# Leading Clients



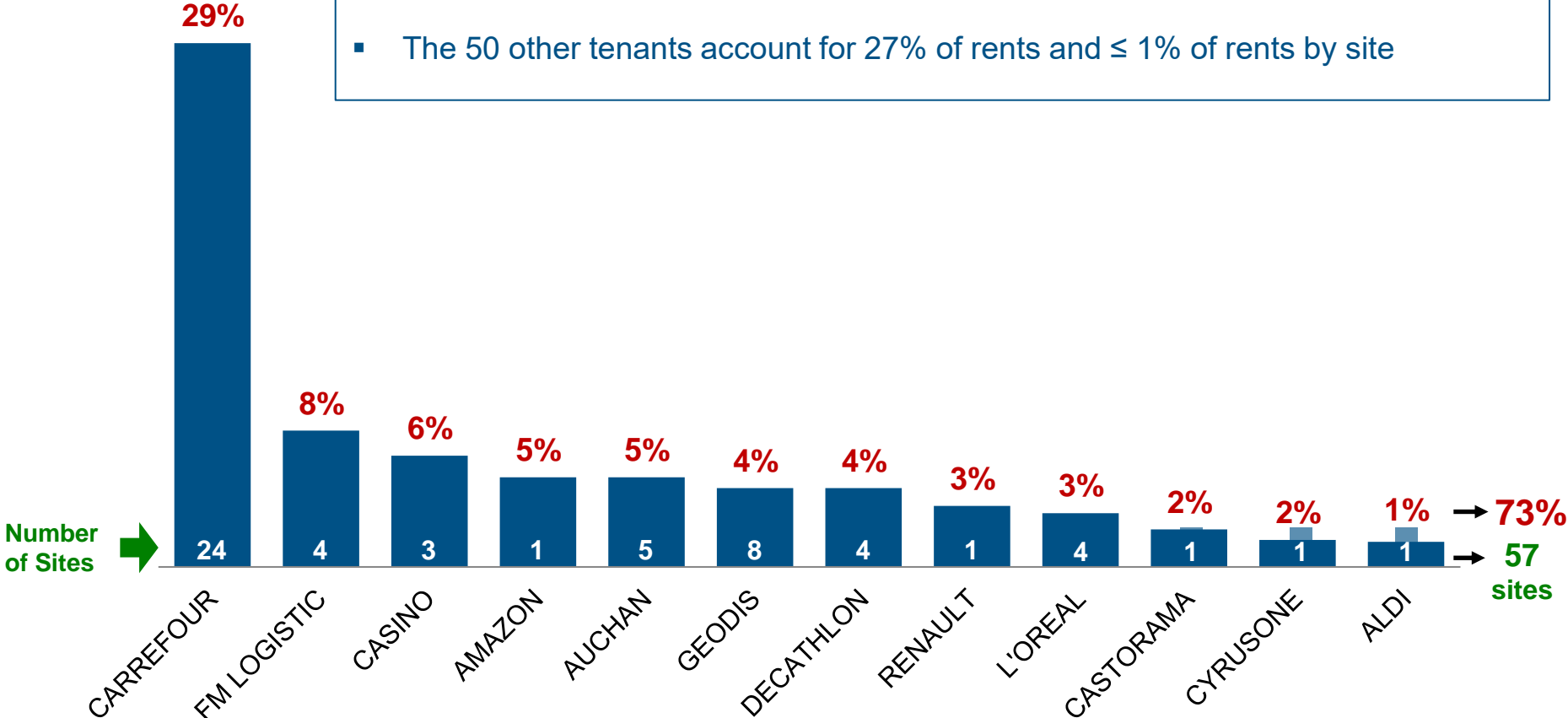
# Distribution of Customers By Economic Sector



NB: Distribution by % of rents

# Breakdown of Rental Income by Tenant

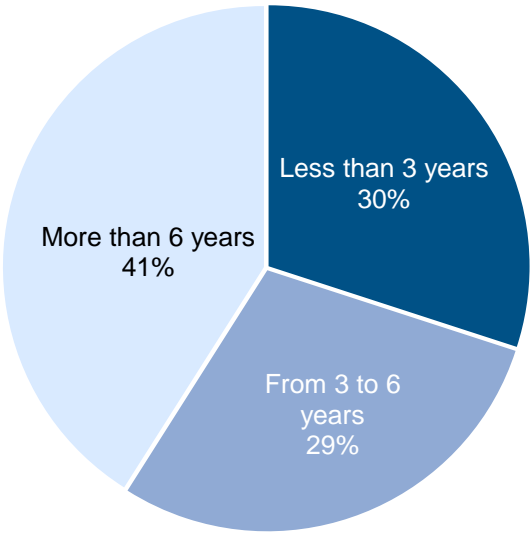
- Top 12 tenants account for 73% of rents, spread across 57 sites
- The 50 other tenants account for 27% of rents and  $\leq 1\%$  of rents by site



# Secured Rents

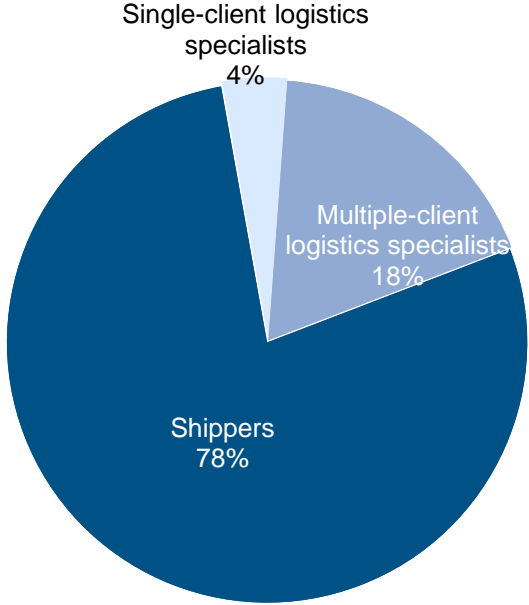
## Breakdown of Leases by Fixed Term

(in % of annual rental income)



**Average remaining fixed length: 5.5 years**  
(stable vs. end of 2022)

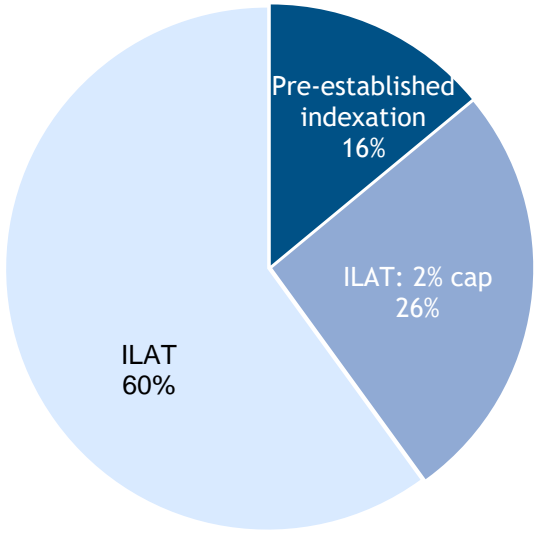
## Types of Clients



**Shippers:** Manufacturers or distributors who are leaseholders (Carrefour, Décathlon, L'Oréal, etc.)

**Logistics Specialists:** Operating on behalf of shippers who have outsourced the logistics functions (FM Logistic, Géodis, GXO Logistics, etc.)

## Rent Indexation



**Average Indexation 2023: +4%**



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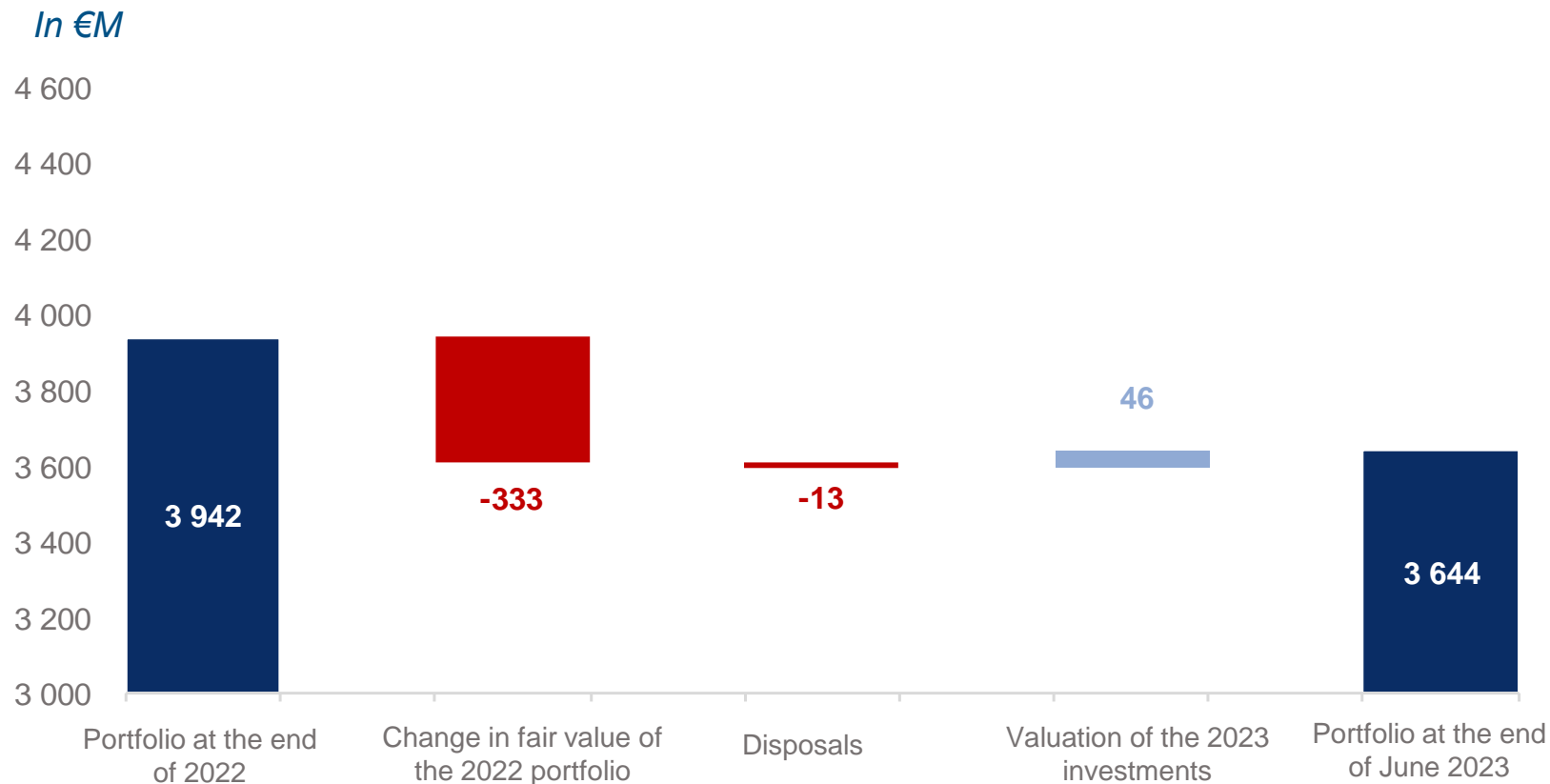
**A PREMIUM Portfolio of  
3.5 million sq.m**



# H1 2023: Key Figures of the Portfolio

<b>Valuation - <i>Excl.duties:</i></b>	▪ <b>€3.6Bn</b> (with a cap rate of 5.0%)
<b>Built Areas:</b>	▪ <b>3,520,000 sq.m</b> (stable vs. end of 2022)
<b>Built Land:</b>	▪ <b>940 ha</b>
<b>Spot Occupancy:</b>	▪ <b>100%</b>
<b>Average Remaining Fixed Lease Term:</b>	▪ <b>5.5 years</b>
<b>Average Age of The Warehouses:</b>	▪ <b>10.8 years</b>
<b>Number of Warehouses:</b>	▪ <b>About a hundred</b>
<b>Certified Warehouses</b>	▪ <b>50%</b>
<b>Number of Tenants:</b>	▪ <b>62</b>
<b>Number of Employees:</b>	▪ <b>&gt; 21,000 workers in our warehouses</b>

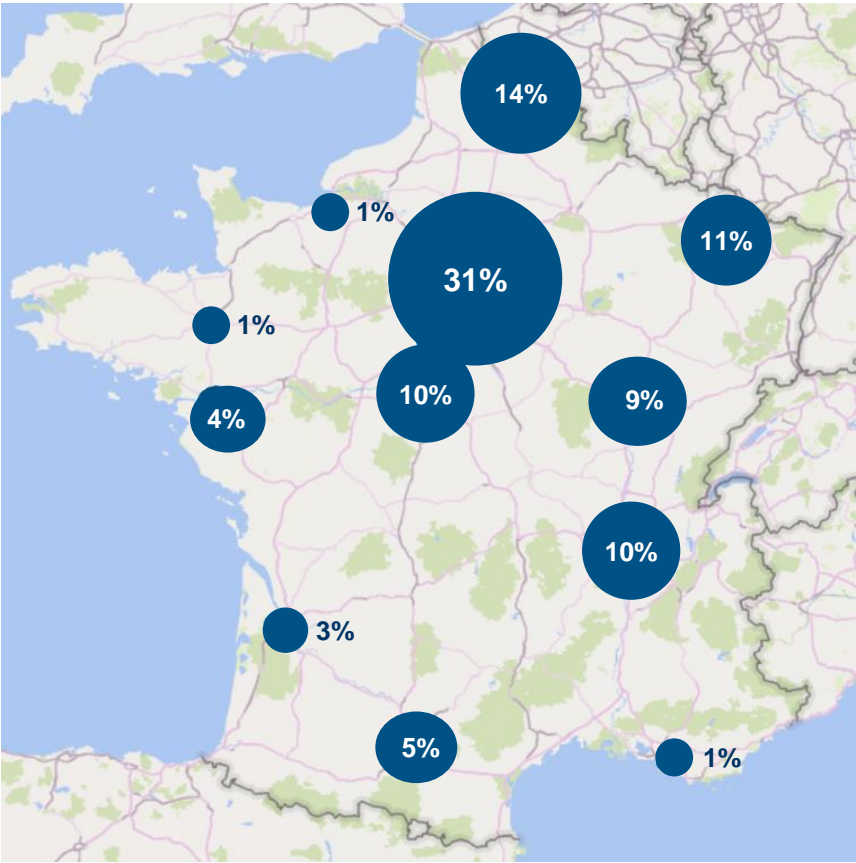
# Portfolio Valuation: €3.6Bn



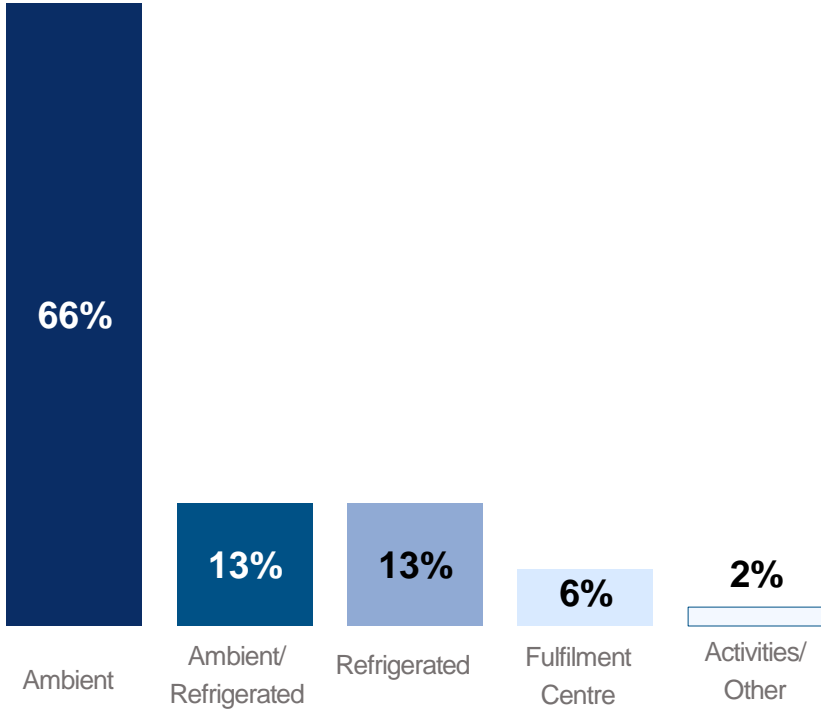
**Portfolio valuation was down by -8%**  
due to the **mechanical effect** linked to the **rise in the capitalisation rates**

# Distribution of the Logistics Hubs

*by Regions*



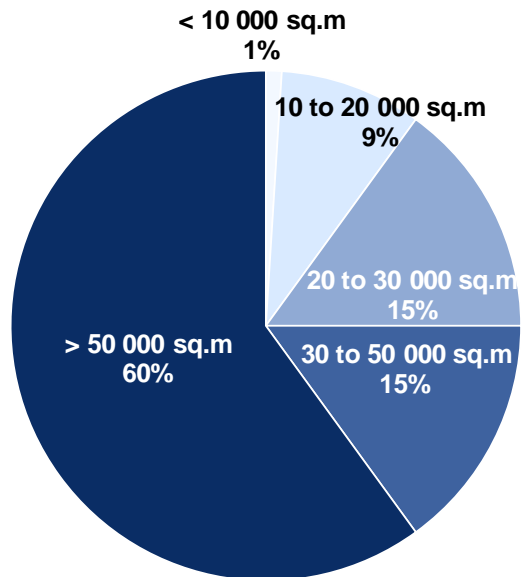
*by Types*



NB: Breakdown by % of Rents

# Breakdown of Logistics Hubs

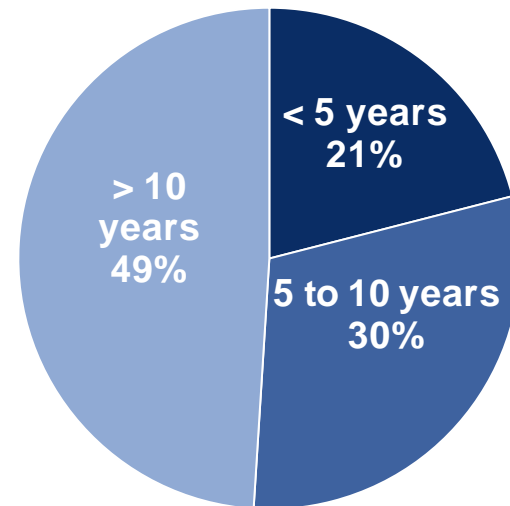
## by Surface Area



**Average size: 37,000 sq.m**

The 27 XXL warehouses represent 60% of the surface areas

## by Age



**Average age: 10.8 years**

# 2023 & 2024: €310M of investments for 255,000 sq.m



Agence Franc



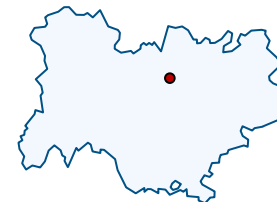
Eurial

- La Crèche (79)
- Extension
- Surface: 12,400 sq.m
- Fixed term: 12 years



Carrefour

- Mondeville (14)
- Surface: 82,000 sq.m
- Fixed term: 9 years



BUT

- Janneyrias (38)
- Surface: 38,000 sq.m
- Fixed term: 9.5 years

## Strong business momentum for ARGAN:

- 2023: 4 new development projects and 1 extension, for €135 million and 100,000 sq.m
- 2024: sustained pipeline of projects, for €175 million and 155,000 sq.m



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DECATHLON – St Quentin Fallavier (38) – 43,000 sq.m



Debt



# Financial Discipline for the Coming Years

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1

Debt

■ **Prioritise Debt Reduction**

2

Financing

■ **Mixed:**

■ **Amortisable Bank Debt (50%)**

■ **Bond (50%)**

3

Liquidity

■ **RCF  $\geq$  1 Year of Annual Rental Income**

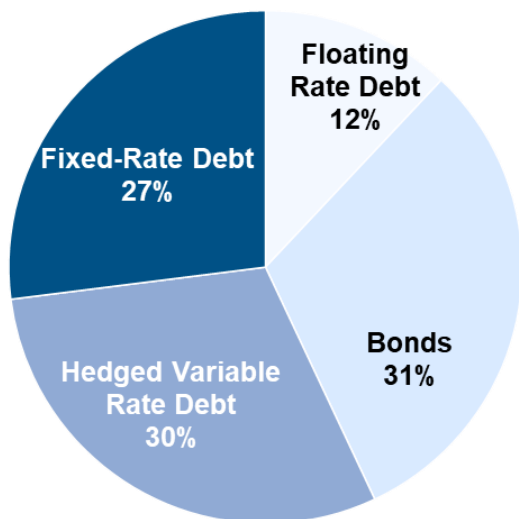
4

Rating

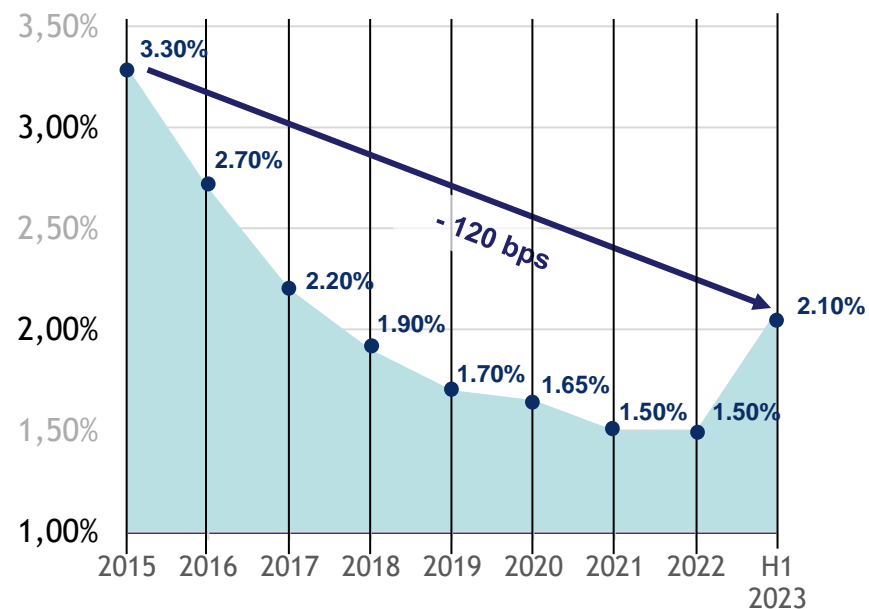
■ **Confirmation by S&P of "BBB-" Rating with Stable Outlook**

# Cost of Debt of 2.1% at end of June 2023

## DEBT STRUCTURE AT END OF JUNE 2023



## TRENDS IN THE COST OF DEBT



- **Average Cost of Debt at end of June 2023 = 2.10%**
- **Maturity of Debt = 5.9 years**
- **Net Debt / EBITDA<sup>(1)</sup> Full Year = 10.8 x**
- **LTV EPRA: 49%**

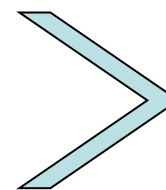
1. Based on the 2023 annualised EBITDA.



# Controlled Cost of Debt and LTV Ratio:

## Simulation of the Cost of Debt According to 3-month Euribor

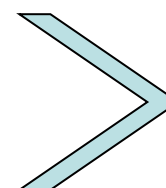
Euribor	2023	2024	2025
3.0%	2.2%	2.2%	2.1%
3.5%	2.4%	2.3%	2.3%
4.0%	2.5%	2.4%	2.4%
4.5%	2.7%	2.6%	2.5%



*Cost of debt to remain under control with current rates hypotheses*

## Evolution of the LTV Ratio as a Function of Capitalisation Rates

Cap Rate	2023	2024	2025
4.5%	45%	42%	38%
5.0%	50%	46%	42%
5.5%	55%	51%	46%
6.0%	59%	55%	50%



*Far from the 65% LTV bond covenant*



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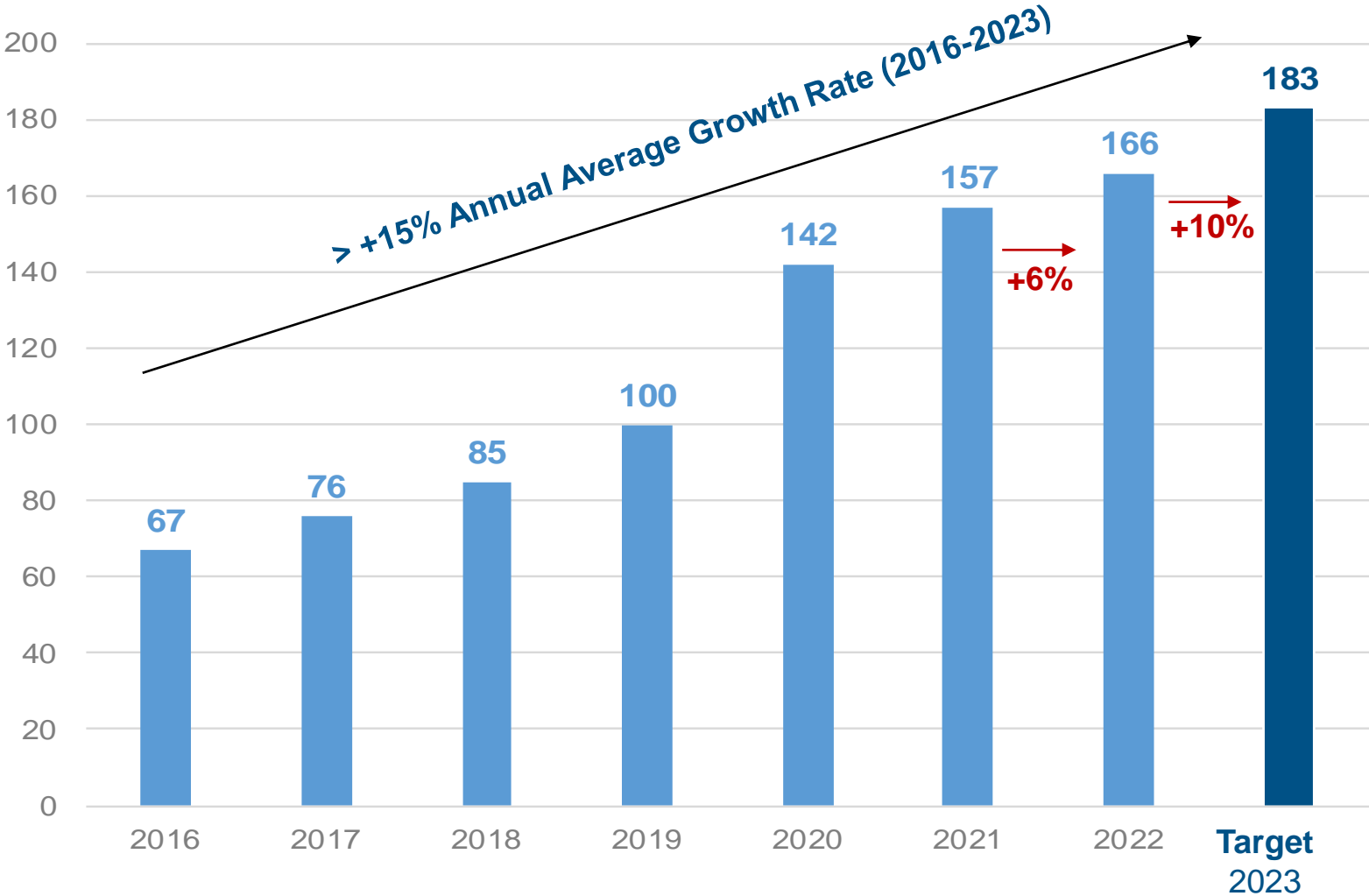


*DECATHLON – St Quentin Fallavier (38) – 43,000 sq.m*



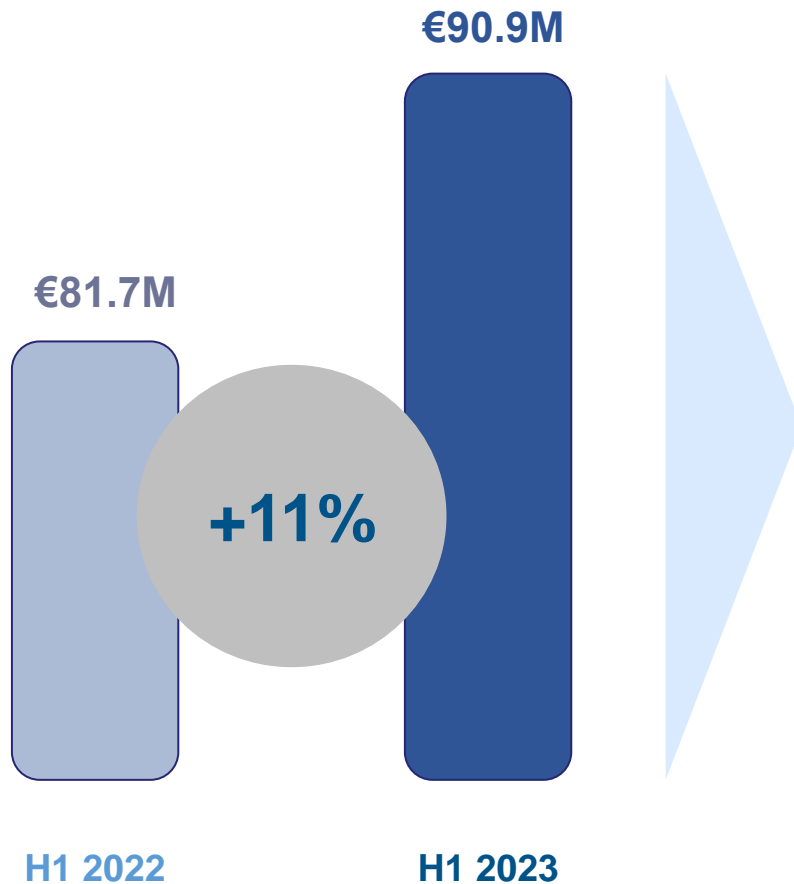
**H1 2023 Results**

# Continued Growth in Rental Incomes (in € M)






# Analysis of H1 2023 Rental Income

*Rental income (€ millions)*



- Full-year effect of rents coming from 2022 developments
- Rents of des warehouses delivered in H1 2023
- Rent indexation that took place on January 1, 2023 (+4% on average)

# Recurring Net Income H1 2023

In € M	H1 2022	H1 2023	
Rental Income	81.7	90.9	 +11%
Current expenses	-8.2	-7.1	
Income from cash	0.0	1.4	
Interest on loans	-13.0	-20.2	
Borrowing costs	-2.1	-1.9	
<b>Recurring Net Income</b> (Net income excluding change in fair value of assets and debt hedging instruments, and excluding income from disposals)	<b>58.4</b>	<b>63,1</b>	 +8%
<b>Recurring Net Income / Rental Income</b>	<b>71%</b>	<b>69%</b>	
<b>Recurring Net Income per Share (€)</b>	<b>€2.57</b>	<b>€2.74</b>	 +7%
On the basis of the weighted average number of shares for the financial year	22,713,067	22,999,955	

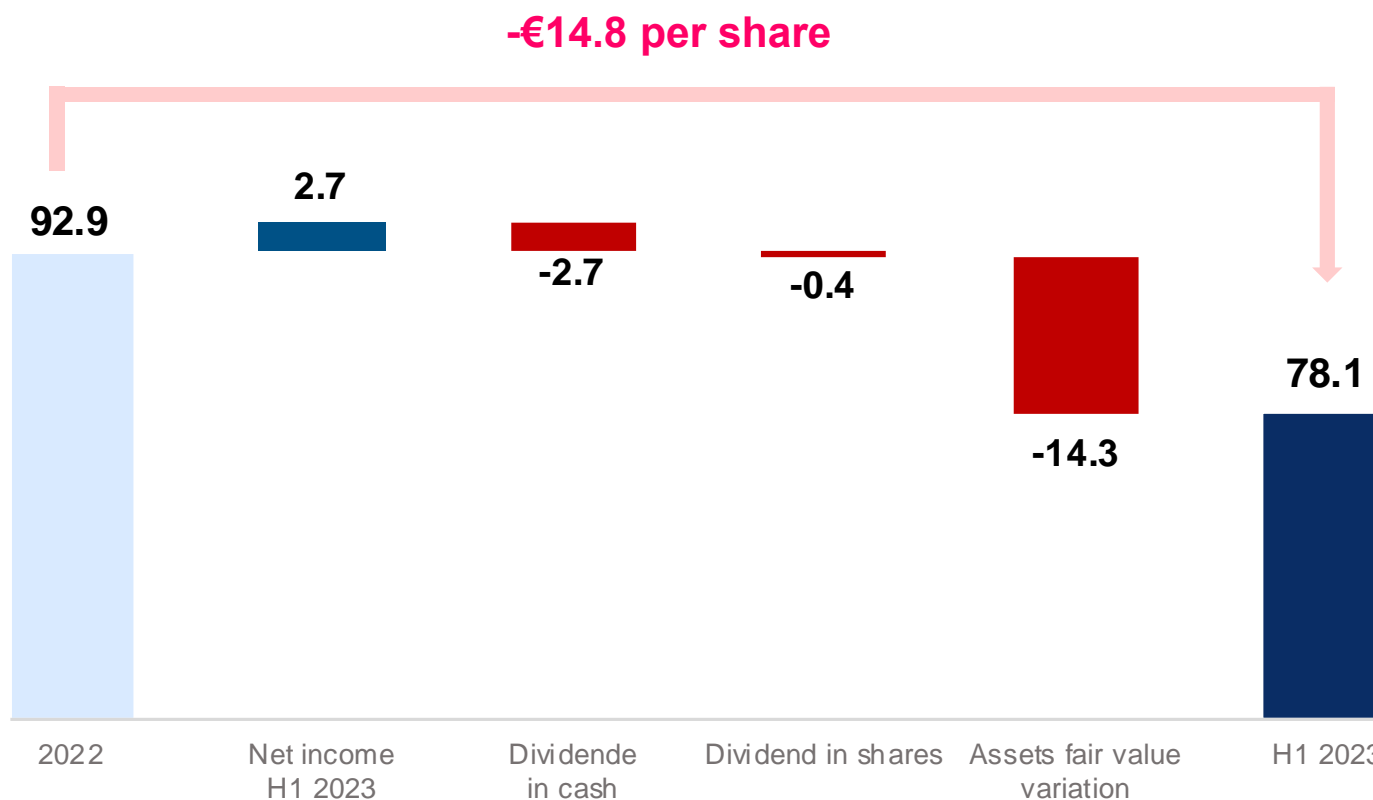
# Consolidated Income Statement H1 2023 (IFRS)

In € M	H1 2022	H1 2023
Rental Income	81.7	90.9
<b>EBITDA</b>	<b>73.0</b>	<b>85.3</b>
<i><b>EBITDA / Income</b></i>	<i><b>89%</b></i>	<i><b>94%</b></i>
Change in fair value	264.8	-332.6
Income from disposals	-0.1	-0.2
Other operational expenses	-0.5	-
<b>EBITDA, after value adjustments (FV)</b>	<b>337.1</b>	<b>-247.5</b>
Income from cash and equivalents	0.1	1.4
Interest on loans	-13.0	-20.2
Derivatives and borrowing costs	-3.3	-3.0
Early repayment	-6.5	-
<b>Income before tax</b>	<b>314.4</b>	<b>-269.3</b>
Tax and other financial expenses	8.7	-0.2
Share of income from equity-accounted companies	0	0
<b>Net Income</b>	<b>323.1</b>	<b>-269.5</b>
<b>Net Income Group Share</b>	<b>321.7</b>	<b>-267.0</b>
<b>Diluted Earnings per Share (€)</b>	<b>14.16</b>	<b>-11.60</b>
On the basis of the weighted average number of shares for the financial year	22,713,067	22,999,955

**Decrease in net income mainly linked to the mechanical impact of the rise in capitalisation rates on assets' fair value variations**

# Increase in NAV EPRA NTA Per Share in H1 2023

In €/share



NAV EPRA NRV	€89.3 / share	NAV EPRA NTA	€78.1 / share	NAV EPRA NDV	€85.3 / share
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**Updated 2023 targets**



# Updated 2023 targets

Key Figures	2023 targets	Changes Vs. 2022
Rental Income revised upwards	€183 M	↗ +10%
Recurring Net Income confirmed	€124 M	↗ +4%
<b>RNI / Rental Income</b>	<b>68%</b>	
Dividend per Share raised	€3.15 <sup>(1)</sup>	↗ +5%
Development 2023	€135M representing 100,000 sq.m	

1. Subject to approval during the Shareholders Annual Meeting of March 21, 2024.



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**Our Strategic Plan**

# Our financial strategy fits the new cycle

## An ongoing sustained growth pace

2023

> +10%

- **Growth** coming from indexation (+4% on average)
- **Full-year impact of our investments made in 2022 and 2023**
- **Occupancy rate back to 100%**

2023  
-  
2024

CAGR  
~+10%

- **Maintained sustained growth throughout 2023-2024**
- **Based on the current perimeter**

# Our financial strategy fits the new cycle

## A structurally strong debt reduction for 2030

LTV

**25%**  
(Capi. rate : 4.5%)  
to **35%**  
(Capi. rate : 6%)

Net debt  
/  
EBITDA

**7X**

- No further debt issuance to finance our development, all while repaying amortizing mortgage loans for €100 million per year
- Two options to finance our development:
  - Self-financing, by selling targeted assets by the end of 2024 or early 2025 depending on market conditions. This virtuous and value-creative policy will result in selling assets with moderate capitalisation rates to, in turn, develop warehouses with more favourable capitalisation rates and a low carbon footprint
  - Third party investments, by offering to a small pool of investors to provide funding in a dedicated financial vehicle, which will remain controlled by ARGAN. This second option, currently under review, would help us both maintain a sustained pace of growth and decrease the debt of our real estate company

# An Ambitious ESG Policy: strengthened approach

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## Accelerating our ESG approach



**RAPPORT RSE 2021**



- The ESG report published in September 2022 was an opportunity to present all the actions already deployed by Argan and the results achieved over the period 2018-2021
- Since the beginning of the year, we have been working on an update of our ESG strategy which should be presented in October 2023 in a dedicated ESG report (in French and English) with our low carbon trajectory. A list of indicators will be detailed with a multi-annual trajectory

# An Ambitious ESG Policy: 2030 ambitions

## Determined approach to lower carbon emissions

*(for lighting and heating)*

1

AUTONOM<sup>®</sup>

Our new developments are made with AUTONOM<sup>®</sup> the warehouse that produces its own green energy.  
*Already carbon neutral on lighting and heating*

Significant improvement of the asset base through new assets AUTONOM<sup>®</sup>

2

Existing Warehouses

Installation of electric heat pumps in existing warehouses by 2030 with a **ban on gas** (3.5 times more carbon intensive than electricity) for **drastic decrease in CO2 emissions**

Broad-based use of **Centralized Technical Management Systems**, notably for lighting & heating, to **reduce energy consumption by 10%**

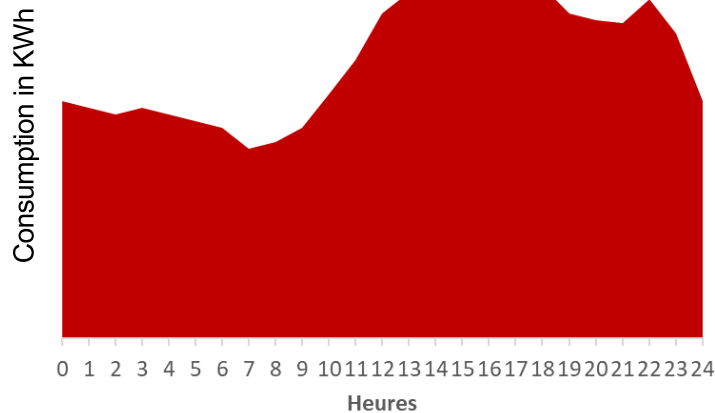
AUTONOM<sup>®</sup> is now the type of warehouse that we build!

AUTONOM<sup>®</sup> produces its **own green energy** for self-consumption and is characterised by:

- A roof equipped with a **photovoltaic power plant**, supplemented with **Lithium-Ion energy storage batteries**
- **Electric heat pumps** for heating
- **Gas heating that is eliminated**

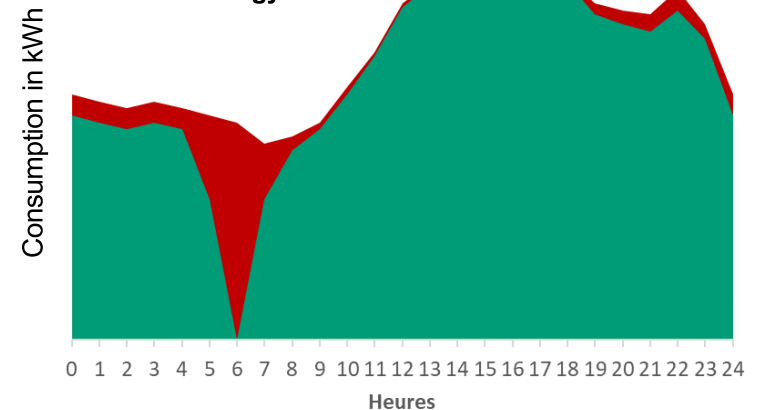
## Traditional Warehouses

All electricity consumption comes from the grid



## AUTONOM<sup>®</sup>

Self-consumed green energy replaces grid energy



# Calendar of Releases and Meetings 2023-2024

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## *Financial Calendar 2023*

➡ *October 2: Q3 2023 Sales*

## *Financial Calendar 2024*

➡ *January 3: 2023 Annual Sales*

➡ *January 18: 2023 Annual Results*

➡ *March 21: Annual General Meeting*