

Annual results 2023: Excellent financial performance driving ambitious targets for 2024

• Strong increase in main financial indicators

- Rental income: +11% to €184 million (initial target: €182 million¹)
- Recurring net income - group share: +5% to €126 million (initial target: €124 million¹)
- Dividend: €3.15² in respect of 2023 (+5% vs. 2022)
- Consolidated Group share net income: -€263.5 million, including a portfolio fair value impact of -€373.2 million

• Maintained solid balance sheet

- LTV at 49.7% (under the initial assessment of an exceeded 50% threshold): set to clearly decrease starting 2024 and much lower than our bond covenant
- Cost of debt remaining under tight control at 2.3%

• Strengthened leadership over the French logistics real estate market

- After €132 million invested in 2023, a record pipeline of €180 million for 2024
- Premium portfolio valued €3.7 billion (excluding duties), with 100% occupancy rate
- Demonstrated resistance of the NAV EPRA NTA: €79.1

• Ambitious 2024 annual targets

- Rental income: €197 million (+7% vs. 2023)
- Group share Recurring net income: €133 million (+6% vs. 2023)
- Dividend per share: €3.30³ (+5% vs. 2023²)

• Strongly proactive ESG roadmap

- 100% of new developments under the AUTONOM[®] label, the “in-use” Net Zero warehouse
- €50 million of total investments from 2024 to 2030 for new electric heat pumps to replace gas boilers
- 100% of ARGAN employees shareholders starting from 2024

¹ For more information, please refer the press release published on January 19, 2023.

² Subject to approval during the Shareholders Annual Meeting of March 21, 2024.

³ Subject to approval during the Shareholders Annual Meeting of March 20, 2025.

Jean-Claude Le Lan, Founder & Chairman of ARGAN’s Supervisory Board:

“Despite a **change in cycle**, with in particular a strong rise in interest rates – which recently started stabilizing – we once again recorded **results that demonstrate how solid ARGAN’s business model is**.

Our **financial performance remained excellent** as, over 12 months, we recorded a strong increase in our main indicators: **rental income grew +11%** and our **Group share recurring net income was up +5%** (although financial costs increased over the year).

With our **LTV held under 50%, much lower than our bond’s covenant**, the balance sheet remains as well solid, with a **cost of debt under control (2.3%)**. I have to add that our policy for strong **debt reduction** will result in a sizeable decrease of our LTV ratio as early as **2024**, to be **under 40% by the end of 2026¹**.

Beyond these considerations, we confirm that we are deploying a **very proactive ESG roadmap**. We are thus **fully committed to reduce our carbon impact**. This is why we **systematically deploy** our **AUTONOM®-labelled** warehouses that generate their own **green energy** and **invest €50 million in the coming years** in the installation of **electric heat pumps to replace gas boilers** installed in our existing portfolio. Lastly, it is important for us that **all employees benefit from team success, 100% of ARGAN’s employees** are from now on **shareholders of the company** through a Free share Plan renewed each year.”

Ambitious 2024 targets driven by a proven model for value creation and debt under tight control:

| Indicators | 2024 targets | Full year 2023 | Change vs. 2023 |
|------------------------------------|--------------------|--------------------|-----------------|
| Rental income | €197 million | €184 million | ↗ +7% |
| Recurring net income – Group share | €133 million | €126 million | ↗ +6% |
| Dividend per share | €3.30 ² | €3.15 ³ | ↗ +5% |

¹ At a capitalisation rate (excluding duties) at or below 5.25%.

² Subject to approval during the Shareholders Annual Meeting of March 20, 2025.

³ Subject to approval during the Shareholders Annual Meeting of March 21, 2024.

FINANCIAL PERFORMANCE AS AT DECEMBER 31, 2023

2023 financial key figures:

| Consolidated income statement | Dec. 31, 2023 | Dec. 31, 2022 | Change |
|--|---------------------------|-----------------------|---------------|
| Rental income | €183.6 million | €166.1 million | ↗ +11% |
| Net income – Group share | -€263.5 million | €95.1 million | ↘ n.a |
| Net recurring income – Group share | €125.6 million | €119.2 million | ↗ +5% |
| Net income per share – Groupe share | -€11.4¹ | €4.2 | ↘ n.a |
| Net recurring income per share – Group share | €5.5 ¹ | €5.2 | ↗ +5% |

| Valuation indicators | Dec. 31, 2023 | Dec. 31, 2022 | Change |
|---|--------------------------|----------------------|---------|
| Portfolio valuation excluding duties | €3.68 billion | €3.94 billion | ↘ - 7% |
| NAV EPRA NTA per share | €79.1² | €92.9 | ↘ - 15% |
| NAV EPRA NRV per share | €90.6 ² | €104.8 | ↘ - 14% |
| NAV EPRA NDV per share | €83.6 ² | €94.2 | ↘ -11% |

| Debt indicators | Dec. 31, 2023 | Dec. 31, 2022 | Change |
|-----------------------------|---------------|---------------|------------|
| LTV EPRA | 49.7% | 45.1% | ↗ +460 bps |
| LTV EPRA (including duties) | 47.1% | 42.8% | ↗ +430 bps |
| Cost of debt | 2.3% | 1.5% | ↗ +80 bps |

On January 15, 2024, ARGAN's Management Board approved the 2023 consolidated financial statements. The audit procedures of our statutory auditors on these consolidated financial statements have been carried out. The certification report will be issued after the specific checks have been carried out.

Strong increase in our main financial indicators

Over 2023, ARGAN recorded an **excellent operating performance**, which resulted in a **strong increase of the rental income (+11%)** and **Group share net recurring income (+5%)**. These results **demonstrate once again our Group's capacity to turn its very good performance into robust cash flow, in particular thanks to tight control over our debt.**

Significant increase in our rental income: +11% in 2023

ARGAN recorded a **sizeable increase of +11% in its rental income in 2023**, which stood at **€184 million** over the year. The strong momentum of 2023 came from the full-year effect of rents coming from the developments in 2022, rents of 5 warehouses delivered in 2023, as well as the indexation that took place on January 1, 2023 (+4% on average).

An occupancy rate that remains at 100%

Driven by a PRIME-quality portfolio, in demanded locations, the occupancy rate has been lastingly standing at 100% amid a rental market with low supply (French vacancy rate at 4.7% at the end of December 2023 as published by CBRE). Our EPRA vacancy rate thus stands at 0%.

¹ Calculated on the weighted average number of shares of 23,030,242.

² Calculated on the number of shares at the end 2023 of 23,079,697.

Continued increase in our Group share Net recurring income: up +5%

The Group share net recurring income increased +5%, to €126 million in 2023, representing a high margin of 69% of our rental income. Note that the net recurring income is the best reflection of our Group's cash flow generation and shows ARGAN's capacity to pursue the financing of its development model despite the rise of financial costs recorded over the year (+43%).

When integrating the mechanical impact of the change in fair value of our portfolio for -€373.2 million, on a backdrop of rising capitalisation rates, the Group share net income stood at -€263.5 million over 12 months.

Portfolio and NAV EPRA NTA: valuation maintained at levels showcasing the PREMIUM-quality of our assets

A PREMIUM portfolio appraised at €3.68 billion with a capitalisation rate of 5.1% (excluding duties), down -7% over 12 months

The delivered portfolio (excluding properties under development) stood at 3,580,000 sq.m as at December 31, 2023. Its valuation amounts to €3.68 billion excluding duties (€3.89 billion including duties), down -7% compared with December 31, 2022.

The valuation of the delivered portfolio at €3.68 billion shows a capitalisation rate of 5.10% excluding duties, up from the rate of 4.45% excluding duties recorded at December 31, 2022. At 4.85% including duties (EPRA Net Initial Yield), the capitalisation rate of our portfolio is thus close to the French prime rate of 4.75% (source: CBRE as at December 31, 2023), thus reflecting the PREMIUM-quality of our assets.

The average residual lease term increased to 5.7 years compared with 5.5 years as at December 31, 2022. The weighted average age was 11.1 years.

A record development pipeline for 2024: €180 million¹

After €132 million of investments in 2023 for 100,000 sq.m of new lettable area, ARGAN is determined to drive its solid momentum further in 2024 by delivering €180 million of investments in additional 170,000 sq.m of new pre-let leased off-plan (BEFA) warehouses. The average yield of 2024 projects approaches 7%.

The high profitability of deliveries planned for 2024 testifies to ARGAN's ability to pursue its profitable growth momentum, driven by a portfolio of AUTONOM[®]-labelled warehouses on strategic locations, as part of a long-term partnership approach with reliable and blue-chip clients.

Half of 2024 developments were pre-financed through mortgage amortizing loans, and the other half will be through warehouses disposals in 2024 and in 2025.

Overall, 2023 and 2024 are two record years in terms of investments for ARGAN, with a total of over €310 million for 270,000 sq.m of new lettable areas.

With a development pipeline projected to be steady and solid, ARGAN is anticipating an average annual growth rate of about +5% in its rental income over the 2024-2026 period (including the impact of selective warehouse disposals that will be carried out over the same period).

NAV EPRA of continuation (NTA) at €79 per share

The NRV (reconstitution NAV) was €90.6 per share at December 31, 2023 (-14% over one year).

The NTA (continuation NAV) was €79.1 per share at December 31, 2023 (-15% over one year).

The NDV (liquidation NAV) was €83.6 per share at December 31, 2023 (-11% over one year).

¹ For more information regarding 2023 and 2024 development pipeline, please refer to the press release published on January 3, 2024.

More particularly, the trend in the NTA (**continuation NAV**) over the year **represents, in value, a -€13.8 decrease** compared with December 31, 2022 that comes from net earnings per share (+€5.5), the change in the value of the assets (-€16.2), the payment of the dividend in cash (-€2.7) and in shares (-€0.4).

A SOLID BALANCE SHEET: DEBT RATIOS SET TO DECREASE SIGNIFICANTLY

A cost of debt under tight control

Reflecting tight control, our gross debt remained virtually stable compared with the end of December 2022 and stood at €1.9 billion, which is the same level our net debt stood at.

On a backdrop of strongly increasing interest rates in 2023, the average cost of our debt remained low at 2.3% as at December 31, 2023, compared with 1.5% as at December 31, 2022, for a maturity of 5.8 years. Our Group is not expecting a significant increase of its cost of debt, estimating it at about 2.4% for 2024 based on a hypothesis of 4% for the average 3-month Euribor rate for the year.

ARGAN primarily uses long-term financing with fixed rates or with hedging instruments, which helps our Group contain the impact of changing interest rates on the cost of its debt. Our debt is indeed made up of:

- **55% fixed-rate debt;**
- **40% of hedged variable debt;**
- **Only 5% variable rate debt that is not hedged.**

Selective asset disposals in the short term set to accelerate the natural pace of our debt reduction

ARGAN confirmed it would no longer use debt to finance its development (2024-2026 period). As planned, our Group has more particularly repaid on July 4, 2023, its bond in an amount of €130 million, issued in June 2017, at a fixed rate of 3.25%.

The Group's debt is mainly made of mortgage loans (74% of our debt at the end of December 2023), which means it is being amortized by around €100 million each year. This particularity grants ARGAN with a linear and adequate debt reimbursement. This also means that an LTV ratio approaching 50% is of smaller significance for us than for other companies whose debt structure would primarily consist in bonds, with substantial maturity deadlines and refinancing needs.

Moreover, of the two previously laid-out options, ARGAN has decided at this stage to self-finance its development, through selective asset disposals from 2024 on and pending on trends in market conditions.

This value-creative positive policy will consist in selling assets with lower capitalisation rates to develop in turn warehouses more frugal in terms of carbon emissions with higher yields.

This is why, a first asset is under the process of being sold (for a value of €17 million) and ARGAN is aiming for total proceeds from assets sales of about €75 million in 2024.

As such, ARGAN is renouncing for now, due to current market conditions, to set up a third-party investment with selected investors.

Significant and fast decrease in debt ratios

Our net debt level as at December 31, 2023 results in an net **EPRA LTV** (*net financial debt/appraised value excluding duties*) that increased to **49.7%** due to the mechanical impact of assets valuation, but that also remained **much lower than our bond's covenant (65%)**.

As part of a strengthened debt reduction policy by ARGAN from 2024 to 2026, and assuming a capitalisation rate remaining close to the one recorded at the end of December of 2023 (equal to or lower than 5.25%), our LTV ratio (excluding duties) would significantly decrease already by the end of 2024. It would then stand below 40% by the end of 2026, thus remaining well under our (bond) covenant of 65%. This trajectory would also be consistent with an LTV ratio of about 33% by 2030.

In addition, our **net debt to EBITDA ratio**, which stood at **11 times at the end of December 2023**, would then decrease to **about 8x by the end of 2026 and 7x at the end of 2030**, under the same hypotheses as above.

ARGAN's trajectory **prevents any financing in the short term**. It will also result in a **good positioning to be granted optimal conditions to refinance our bond**, in an amount of **€500 million**, when its **maturity date comes in November 2026**.

ESG ROADMAP: A STRONGLY PROACTIVE POLICY

Accelerating the decarbonation of our business

ARGAN has no intention to build warehouses whose operation processes are not up to the stakes linked with climate change and the preservation of our ecosystems.

This is why our Group is already systematically deploying for **all new projects AUTONOM[®]-labelled warehouses**. This Net Zero "in-use" logistics warehouse generates and uses its own green energy. Consequently, **carbon emissions are drastically shrunk** compared with a standard logistics building.

Regarding residual emissions, we are committing, **starting 2024**, to compensate them with reforestation actions that will be submitted to the **French State Low Carbon Label** (*Label Bas Carbone délivré par l'État français*).

Additionally, for the existing portfolio of warehouses, ARGAN is **investing an overall amount of €50 million over the coming years to replace gas boilers, which are highly CO₂ emitting, with air/water electric heat pumps**. These investments are projected to generate yields of **8% or over**.

Together, these actions, along the commitments made for 2025 and 2030 and part of our published 2023 ESG report, place our roadmap for carbon emissions reduction in line with a **1.5°C SBTi trajectory**.

Fully involving ARGAN employees to team success

Regarding the **Social and Societal component**, ARGAN is lastly focusing on continued involvement of all employees to collective success by sharing the created value. This is why we decided to maintain an **attractive salary policy with 100% of our people who are from now on shareholders of the company through Free Share Plans**, which are renewed each year.

2024 financial calendar *(Publication of the press release after closing of the stock exchange)*

- March 21: General Assembly 2024
- April 2: Net sales of 1st quarter 2024
- July 1: Net sales of 2nd quarter 2024
- July 24: Half-year results 2024
- October 1: Net sales of 3rd quarter 2024

2025 financial calendar *(Publication of the press release after closing of the stock exchange)*

- January 3: Net sales of 4th quarter 2024
- January 16: Annual results 2024
- March 20: General Assembly 2025

About ARGAN

ARGAN is the only French real estate company specializing in the DEVELOPMENT & RENTAL OF PREMIUM WAREHOUSES listed on EURONEXT and is the leading player of its market. Building on a unique client-tenant-centric approach, ARGAN builds pre-let PREMIUM warehouses for blue-chip clients and supports them throughout all project phases from the development milestones to the rental management.

Profitability, tight control over our debt and sustainability are at the heart of **ARGAN**'s DNA. Its strongly proactive ESG policy has very concrete results with our AUTONOM[®] concept, the "in-use" Net Zero warehouse. As of today, our portfolio represents 3.6 million sq.m, across about a hundred warehouses, exclusively located in the continental part of France. This portfolio is valued €3.7 billion as at December 31, 2023 for a yearly rental income of about €200 million in 2024.

ARGAN is a listed real estate investment company (French SIIC), on Compartment A of Euronext Paris (ISIN FR0010481960 - ARG) and is included in the Euronext SBF 120, CAC All-Share, EPRA Europe and IEIF SIIC France indices.

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APPENDICES

Consolidated net income (IFRS)

| In millions of € | December 31, 2022 (12 months) | December 31, 2023 (12 months) |
|--|----------------------------------|----------------------------------|
| Rental income | 166.1 | 183.6 |
| Rebilling of rental charges and taxes | 28.6 | 33.9 |
| Rental charges and taxes | -30.4 | -35.0 |
| Other property income | 3.2 | 3.2 |
| Other property expenses | -0.4 | -0.2 |
| Net property income | 167.1 | 185.5 |
| EBITDA (Current Operating Income) | 150.5 | 172.1 |
| Of which IFRS 16 impact | 2.8 | 3.0 |
| Change in fair value of the portfolio | -31.8 | -370.8 |
| Change in fair value IFRS 16 | -1.2 | -2.4 |
| Other operational expenses | -0.5 | - |
| Income from disposals | -0.2 | -0.2 |
| EBITDA, after value adjustments (FV) | 116.8 | -201.2 |
| Income from cash and equivalents | 0.6 | 1.6 |
| Interest on loans and overdrafts | -28.4 | -41.4 |
| Interest on IFRS 16 lease liabilities | -1.7 | -1.9 |
| Borrowing costs | -4.1 | -3.7 |
| Change in fair value of the derivative instruments | -0.9 | -0.2 |
| Early repayment penalties | -6.5 | - |
| Income before tax | 75.8 | -246.8 |
| Other financial income and expenses | 19.2 | -19.7 |
| Tax | - | - |
| Share of profit of equity-accounted companies | - | - |
| Consolidated net income | 94.9 | -266.4 |
| Consolidated net income – group share | 95.1 | -263.5 |
| Diluted Consolidated net income per share (€) | 4.2 | -11.4 |

Net recurring income

| In millions of € | December 31, 2022 (12 months) | December 31, 2023 (12 months) |
|--|----------------------------------|----------------------------------|
| Consolidated net income | 94.9 | -266.4 |
| Change in fair value of hedging instruments | 0.9 | 0.2 |
| Change in fair value of the portfolio | 31.8 | 370.8 |
| Income from disposals | 0.2 | 0.2 |
| Other financial expenses | -19.2 | 19.7 |
| Tax | - | - |
| Share of profit of equity-accounted companies | - | - |
| Early repayment penalties | 6.5 | - |
| Allocation of free shares | 3.8 | 0.6 |
| Other operating expenses non-recurring | 0.5 | - |
| Impact of IFRS 16 | 0.1 | 1.3 |
| Net recurring income | 119.5 | 126.2 |
| Minority interests | 0.3 | 0.6 |
| Net recurring income – Group share (EPRA) | 119.2 | 125.6 |
| Recurring net income per share (€) | 5.2 | 5.5 |

Simplified consolidated balance sheet

| In millions of € | December 31, 2022 (12 months) | December 31, 2023 (12 months) |
|---|----------------------------------|----------------------------------|
| Non-current assets | 4,159.6 | 3,935.5 |
| Current assets | 256.8 | 118.1 |
| Assets held for sale | 22.8 | 17.5 |
| Total Assets | 4,439.3 | 4,071.1 |
| Shareholders' equity | 2,217.5 | 1,887.8 |
| Minorities | 37.6 | 34.6 |
| Non-current liabilities | 1,831.3 | 1,864.5 |
| Current liabilities | 343.0 | 276.2 |
| Liabilities classified as held for sale | 9.8 | 8.0 |
| Total Liabilities | 4,439.3 | 4,071.1 |

NAV EPRA

| | December 31, 2022 | | | December 31, 2023 | | |
|---|-------------------|----------------|----------------|-------------------|----------------|----------------|
| | NRV | NTA | NDV | NRV | NTA | NDV |
| Shareholders' equity (in €m) | 2,217.5 | 2,217.5 | 2,217.5 | 1,887.8 | 1,887.8 | 1,887.8 |
| Shareholders' equity (in €/share) | 96.6 | 96.6 | 96.6 | 81.8 | 81.8 | 81.8 |
| + Fair value of financial instruments (in €m) | -30.8 | -30.8 | - | -5.5 | -5.5 | - |
| - Goodwill in the balance sheet (in €m) | - | -55.6 | -55.6 | - | -55.6 | -55.6 |
| + Fair value of fixed-rate debt (in €m) | - | - | - | - | - | +98.2 |
| + Transfer taxes (in €m) | 219.7 | - | - | 208.4 | - | - |
| = NAV (in €m) | 2,406.4 | 2,131.1 | 2,161.9 | 2,090.7 | 1,826.6 | 1,930.4 |
| = NAV (in €/share) | 104.8 | 92.9 | 94.2 | 90.6 | 79.1 | 83.6 |

DISCLAIMER

Some elements or statements included in this press release may contain forward looking data or prospective estimates regarding potential future events, trends, roadmaps or targets. Although ARGAN considers these forward-looking statements rely on reasonable assumptions at the time this document is released, forward looking projections and announced trends are by nature subject to risks, identified or not as of today. These can lead to significant discrepancies between actual results and those indicated or implied in elements or statements contained in this press release.

For more detailed information regarding risks, readers can refer to the latest version of the Universal Registration Document of ARGAN, filed with the Autorité des marchés financiers (AMF) and available in a digital format on the AMF website (www.amf-france.org) as well as ARGAN's (www.argan.fr).

ARGAN makes no undertaking in any form to publish updates or revise its forward-looking statements, nor to communicate new pieces of information, new future events or any other circumstances that may question these statements.