French public limited company (Société Anonyme)
with an Executive Board and Supervisory Board
with share capital of €50.805.346

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

HALF-YEAR FINANCIAL REPORT

Period from January 1 to June 30, 2024

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.

TABLE OF CONTENTS

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AND STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION (Period from January 1, to June 30, 2024)……………….....………………………………….3

Consolidated balance sheet …………………………………………………………………..4
Consolidated income statement ……………………………………………………………5
Statement of income and expenses recognised ……………………………………….……6
Consolidated cash-flow statement ……………………………………………………………7
Statement of changes in consolidated equity ……………………………………………..... 8
Notes to the consolidated financial statements.……….……………………………………………9
Statutory auditors' review report on the half-yearly financial information ……………………..39

EXECUTIVE BOARD'S HALF-YEAR ACTIVITY REPORT ……………………...... 42

DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT ……………………………………………………………….…… 58

ARGAN

French public limited company (Société Anonyme) with an Executive Board and Supervisory Board
with share capital of €50.805.346

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

Half-Year Consolidated Financial Statements as at June 30, 2024

From January 1 to June 30, 2024

I - Consolidated balance sheet

ASSETS (in thousands of euros)	Notes	30.06.2024	31.12.2023
Non-current assets:			
Goodwill	8	55,648	55,648
Other intangible assets	9	1	1
Tangible fixed assets	10	11,212	11,291
Assets under construction	11.1	101,320	119,142
Investment properties	11.2	3,834,719	3,731,278
Investments in associates	17		
Financial derivative instruments	12	18,640	16,373
Other non-current assets	13	1,710	1,830
Total non-current assets		**4,023,250**	**3,935,563**
Current assets:			
Trade receivables	14	63,402	38,604
Other current assets	15	19,110	27,543
Other financial assets at fair value through income	12	146	
Cash and cash equivalents	16	63,250	51,963
Total current assets		**145,907**	**118,110**
Assets held for sale	18		17,464
TOTAL ASSETS		**4,169,157**	**4,071,136**

LIABILITIES (in thousands of euros)	Notes	30.06.2024	31.12.2023
Shareholders' equity:			
Capital	19.1	50,805	46,159
Premiums	19.1	334,911	229,418
Reserves		1,592,690	1,851,369
Treasury shares	19.3	-1,441	-877
Revaluation of financial instruments	12	7,207	25,179
Income		90,887	-263,449
Total equity, share of owners of the parent company		**2,075,059**	**1,887,799**
Minority interests		34,802	34,624
Total consolidated shareholders' equity		**2,109,862**	**1,922,422**
Non-current liabilities:			
Long-term portion of financial liabilities	20	1,815,367	1,841,485
Financial derivative instruments	12	4,818	10,850
Security deposits	22	13,222	12,141
Provisions	23		
Total non-current liabilities		**1,833,407**	**1,864,476**
Current liabilities:			
Short-term portion of financial liabilities	20	102,962	167,386
Financial derivative instruments	12		
Short-term tax liabilities	24		
Debts on fixed assets		19,261	16,814
Provisions	23	24	74
Other current liabilities	25	103,641	91,928
Total current liabilities		**225,888**	**276,201**
Liabilities linked to assets classified as held for sale	21		8,036
TOTAL LIABILITIES		**4,169,157**	**4,071,136**

II - Consolidated income statement

Period from January 1, 2024 to June 30, 2024

In thousands of euros	Notes	30.06.2024	30.06.2023
Rental income		98,058	90,933
Rebilling of rental charges and taxes		29,851	28,258
Rental charges and taxes		-30,125	-29,018
Other property income (IFRS 16)		1,791	1,645
Other property expenses		-151	-122
Net income from buildings	26	**99,423**	**91,696**
Other income from operations			
Personnel expenses		-3,937	-3,428
External expenses		-1,994	-2,403
Taxes		-633	-603
Amortisation, depreciation and provisions		-128	-134
Other operating income and expenses		-109	170
Current operating income		**92,622**	**85,298**
Other income and operating expenses	11.5.1		
Income from disposals	11.5.2	40	-172
Change in fair value of investment property	11	16,997	-332,613
Operating income		**109,659**	**-247,487**
Income from cash and cash equivalents	27	439	1,381
Cost of gross financial debt	27	-25,843	-23,195
Cost of net financial debt	27	**-25,404**	**-21,814**
Other financial income and expenses	28	6,760	-231
Tax expense or income	29		
Share of income from associates	17	50	13
Net income		**91,066**	**-269,519**
Equity holders of the parent		90,887	-266,970
Non-controlling interests		179	-2,549
Earnings per share in euros[1]	30	**3.80**	**-11.61**
Diluted earnings per share in euros[1]	30	**3.80**	**-11.60**

[1] *Earnings per share and diluted earnings per share were not correctly reported on June 30, 2023. Consequently, the consolidated income statement on June 30, 2023 was restated.*

III – Statement of income and expenses recognised

In thousands of euros	Notes	30.06.2024	30.06.2023
Earnings for the period		**91,066**	**-269,519**
Effective portion of gains and losses on hedging instruments	12	1,739	-342
Total gains and losses recognised directly in equity		**1,739**	**-342**
Earnings for the period and gains and losses recognised directly in equity		**92,804**	**-269,861**
- Of which Group share		92,626	-267,312
- Of which non-controlling interests		179	-2,549

IV - Consolidated cash flow statement

In thousands of euros	Notes	30.06.2024	30.06.2023
Consolidated net income (including minority interests)		**91,066**	**-269,519**
Net depreciation expense and provisions		128	134
Unrealised gains and losses related to changes in fair value of investment property	11	-16,997	332,613
Unrealised gains and losses related to changes in fair value of derivative instruments	12	-6 760	231
Calculated expenses		518	47
Other income and operating expenses	11.5.1		
Income from disposals of assets, grants received	11.5.2	-40	172
Share of income related to associates	17	-50	-13
Cost of net financial debt	27	25,404	21,814
Tax expense (including deferred taxes)	29		
Cash from operations before cost of debt and tax (A)		**93,268**	**85,479**
Current taxes (B)		33	-22
Change in operating WCR (C)		-3,611	27,344
Net cash flow from operations (D) = (A + B + C)		**89,690**	**112,801**
Acquisition of tangible assets	10	-48	-101
Acquisition of fixed assets investment properties	11	-64,587	-78,974
Change in fixed asset liabilities		2,447	8,477
Disposals of fixed assets		17,504	12,851
Acquisitions of financial capital assets	13	-58	519
Decreases in financial capital assets			
Business combination impact	32		
Dividends received (equity-accounted companies)	17		
Other investing cash flow items	13	-88	
Net investing cash flow (E)		**-44,831**	**-57,228**
Capital increase and reduction		147,219	
Purchase and resale of treasury shares	19.3	-577	-672
Investment grant received			
Dividend paid (shareholders of the parent company and minority interests)	19.2	-52,524	-61,551
Receipts from borrowing	20.1	82,526	127,328
Repayment of borrowings and financial debts	20.1	-187,196	-67,168
Net cash flow from financial income and expenses	27	-23,050	-16,145
Other financing cash flow items (lessee advances)			
Net financing cash flow (F)		**-33,602**	**-18,207**
Net cash flow (D + E + F)		**11,257**	**37,367**
Opening cash position		51,730	169,088
Cash position on the balance sheet date	31	62,987	206,455

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 2022	**45,903**	**2,065,820**	**-791**	**11,467**	**95,090**	**2,217,489**	**37,623**	**2,255,112**
Dividend	197	7,160			-68,907	-61,550		-61,550
Allocation of retained earnings		7,084		19,100	-26,184	0		0
Treasury shares			-86			-86		-86
Free share allocation		643				643		643
Capital increases	60	-60				0		0
Income from disposal of treasury shares		142				142		142
Comprehensive income as at 31 December 2023				-5,389	-263,449	-268,839	-2,999	-271,838
Impact of changes in the scope of consolidation						0		0
Shareholders' equity as at 31 December 2023	**46,161**	**2,080,787**	**-877**	**25,179**	**-263,449**	**1,887,799**	**34,624**	**1,922,422**
Dividend	567	19,628			-72,719	-52,524		-52,524
Allocation of retained earnings		-316,456		-19,712	336,168	0		0
Treasury shares			-563			-563		-563
Free share allocation		518				518		518
Capital increase	4,078	143,141				147,219		147,219
Income from disposal of treasury shares		-14				-14		-14
Comprehensive income as at 30 June 2024				1,739	90,887	92,626	179	92,806
Other changes						0		0
Shareholders' equity as at 30 June 2024	**50,805**	**1,927,601**	**-1,441**	**7,207**	**90,887**	**2,075,059**	**34,802**	**2,109,862**

VI - Notes to the consolidated financial statements
Period from January 1 to June 30, 2024

1. GENERAL INFORMATION **11**

2. SIGNIFICANT EVENTS **11**

3. BACKGROUND TO THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS **12**

4. GENERAL PRINCIPLES OF MEASUREMENT AND PREPARATION **12**

5. USE OF ESTIMATES **12**

6. ACCOUNTING PRINCIPLES, RULES AND METHODS **13**

- **6.1. CONSOLIDATION METHODS** **13**
- **6.2. CONSOLIDATION PERIOD** **13**
- **6.3. INTRAGROUP TRANSACTION** **13**
- **6.4. BUSINESS COMBINATIONS** **13**
- **6.5. INTANGIBLE ASSETS** **13**
- **6.6. INVESTMENT PROPERTIES (IAS 40)** **13**
  - *6.6.1. Methodology* *14*
  - *6.6.2. Fair Value* *14*
- **6.7. FINANCE LEASES ON INVESTMENT PROPERTIES** **14**
- **6.8. OPERATING LEASES FOR INVESTMENT PROPERTIES** **14**
- **6.9. TANGIBLE FIXED ASSETS** **15**
- **6.10. INVESTMENT PROPERTY UNDER CONSTRUCTION** **15**
- **6.11. IMPAIRMENT OF GOODWILL AND FIXED ASSETS** **16**
  - *6.11.1. Impairment of goodwill* *16*
  - *6.11.2. Impairment of fixed assets* *16*
- **6.12. TRADE AND OTHER RECEIVABLES** **16**
- **6.13. FINANCIAL ASSETS** **16**
  - *6.13.1. Loans and receivables* *17*
  - *6.13.2. Financial instruments* *17*
  - *6.13.3. Financial assets at fair value through income* *17*
  - *6.13.4. Cash and cash equivalents* *18*
  - *6.13.5. Assets and liabilities held for sale* *18*
- **6.14. SHAREHOLDERS' EQUITY** **18**
  - *6.14.1. Treasury shares* *18*
  - *6.14.2. Investment grants* *18*
  - *6.14.3. Free share allocation scheme* *18*
- **6.15. FINANCIAL LIABILITIES** **19**
- **6.16. SECURITY DEPOSITS FROM LESSEES** **19**
- **6.17. PROVISIONS** **19**
- **6.18. SUPPLIERS** **19**
- **6.19. TAXES** **19**
  - *6.19.1. Current taxes* *19*
  - *6.19.2. Deferred taxe* *19*
  - *6.19.3. SIIC regime* *20*
- **6.20. POST-EMPLOYMENT BENEFITS GRANTED TO EMPLOYEES** **20**
- **6.21. RENTAL INCOME** **20**
- **6.22. PROPERTY OPERATING INCOME AND EXPENSES** **20**
- **6.23. OTHER PROPERTY OPERATING INCOME AND EXPENSES** **20**
- **6.24. EARNINGS PER SHARE** **21**
- **6.25. PRESENTATION OF THE FINANCIAL STATEMENTS** **21**
- **6.26. OPERATING SECTORS** **21**
- **6.27. RISKS MANAGEMENT** **21**
  - *6.27.1. Real Estate market risk* *21*
  - *6.27.2. Counterparty risk* *21*
  - *6.27.3. Liquidity risk* *22*
  - *6.27.4. Credit risk* *22*
  - *6.27.5. Equity risk* *22*
  - *6.27.6. Asset valuation risk* *23*
  - *6.27.7. Risk associated with the SIIC regime* *23*
- **6.28. EFFECTS OF CLIMATE CHANGE** **23**

7. SCOPE OF CONSOLIDATION **24**

8. GOODWILL **24**

9. INTANGIBLE ASSETS **24**

10. TANGIBLE FIXED ASSETS 25
11. INVESTMENT PROPERTIES 25
11.1. ASSETS UNDER CONSTRUCTION 25
11.2. INVESTMENT PROPERTIES 25
11.3. FAIR VALUE HIERARCHY 26
11.4. SUMMARY OF INVESTMENT PROPERTY AND ASSETS UNDER CONSTRUCTION 26
11.5. OTHER OPERATING INCOME AND EXPENSES AND INCOME FROM THE DISPOSAL OF PROPERTIES 27
11.5.1. Other Income and operating expenses 27
11.5.2. Income from disposal of buildings 27
11.6. MINIMUM RENTS RECEIVABLE 28
12. FINANCIAL DERIVATIVE INSTRUMENTS AND INTEREST RATE RISK MANAGEMENT 28
13. OTHER NON-CURRENT FINANCIAL ASSETS 29
14. TRADE RECEIVABLES 29
15. OTHER CURRENT ASSETS 30
16. CASH AND CASH EQUIVALENTS 30
17. INVESTMENTS IN ASSOCIATES 30
18. ASSETS HELD FOR SALE 30
19. CONSOLIDATED SHAREHOLDERS' EQUITY 31
19.1. COMPOSITION OF SHARE CAPITAL 31
19.2. DIVIDEND PAID 31
19.3. TREASURY SHARES 31
19.4. FREE SHARES 31
20. FINANCIAL LIABILITIES 32
20.1. CHANGE IN FINANCIAL LIABILITIES AND GUARANTEES GIVEN 32
20.2. MATURITIES OF FINANCIAL LIABILITIES AND FIXED-RATE/VARIABLE-RATE BREAKDOWN 32
20.3. DUE DATES FOR FINANCE LEASE PAYMENTS 33
20.4. NET FINANCIAL DEBT 33
21. LIABILITIES LINKED TO ASSETS HELD FOR SALE 33
22. SECURITY DEPOSITS 33
23. PROVISIONS 34
24. TAX LIABILITY 34
25. OTHER CURRENT LIABILITIES 34
26. NET INCOME FROM BUILDINGS 34
27. COST OF NET FINANCIAL DEBT 35
28. OTHER FINANCIAL INCOME AND EXPENSES 35
29. RECONCILIATION OF TAX EXPENSE 35
30. EARNINGS PER SHARE 36
31. DETAILS OF THE CASH FLOW STATEMENT 36
32. IMPACT OF BUSINESS COMBINATIONS ON CASH FLOWS 36
33. OFF-BALANCE SHEET COMMITMENTS 36
34. RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES 37
35. RELATED PARTY RELATIONSHIPS 37
36. HEADCOUNT 37
37. STATUTORY AUDITORS' FEES 38
38. POST-CLOSING EVENTS 38

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 100% 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.

On 16 September 2021, SCI NEPTUNE was created. The Group holds 99.90% of the shares of this subsidiary.

ARGAN is listed on NYSE Euronext Paris since July 1, 2007. It is part of compartment A.

2. Significant events

Since the beginning of the year, ARGAN pursued its inaugurations at a sustained pace. In PRIME locations, the new platforms finalized in the first half of 2024 are located in:

- Eslettes (76), delivered in February, close to Rouen, for DSV Road, with an Aut0nom®-labelled distribution centre of 4,600 sq.m. As part of a nine-year fixed-term lease, this second partnership with DSV comes with a Net Carbon Zero footprint for the 'in-use' phase;
- Castries (34), delivered in May, very close to Montpellier, for CARREFOUR as well, for a multi-temperature urban logistics site of 4,300 sq.m, rented as part of a fixed-term 6-year lease;
- St-Jean-sur-Veyle (01), delivered in June, near Mâcon, for U PROXIMITE (a new client), for a tri-temperature warehouse of 31,300 sq.m, which is Aut0nom®-labelled and will be close to the one rented to BACK EUROP France since 2023, with a fixed-term lease of 12 years;
- Bolbec (76), delivered in June, at the periphery of le Havre, for DACHSER (a new client), for an Aut0nom®-labelled warehouse of 15,200 sq.m, alongside a site previously delivered to DIDACTIC in 2022; and in
- Mondeville (14), delivered in July, on the beltway of Caen, for CARREFOUR, as part of an Aut0nom® building of 82,000 sq.m on a former industrial brownfield of Stellantis, with a nine-year fixed-term lease.

ARGAN will then deliver, for the end of the fourth quarter, three new logistics warehouses, which will also be located in demanded locations, in:
- Augny (57) for 4MURS (a new client), in the neighbourhood of Metz and close to the warehouse rented to AMAZON, for a 9,500 sq.m Aut0nom® warehouse with a 12-year lease, including a 9-year fixed-term;
- Chartres (28), as part of an activity area that is the economic heart of the metropolitan district, for an Aut0nom® warehouse of 18,000 sq.m that will be operated under a fixed-term ten-year lease in future state of completion; and in
- Bruguières (31), close to Toulouse, as ARGAN is finalizing the works to rehabilitate and extend the fulfilment hub (for a total surface that will represent 13,400 sq.m) rented to GEODIS. This project includes a new signed lease for a fixed-term period of 12 years.

In total, ARGAN has thus commitments for close to €180 million in developments representing 170,000 sq.m in 2024, generating an average yield approaching 7%.

At the same, ARGAN sold in the second quarter a logistics platform in Caen (14) of 18,000 sq.m.

Finally, Argan made a capital increase in April with suppression of the preferential subscription right through an accelerated bookbuilding (ABB) process in an amount of €150 million at a price of €74 per share, representing 2,027,028 new created shares.

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 2024 were adopted by the Executive Board on July 18, 2024.

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

The new standards, amendments, interpretations adopted by European Union and application is mandatory from January 1, 2024, are:

- Amendments IAS 1 - Current/non-current classification of liabilities. Non-current liabilities with early repayment clauses.
- Amendments IFRS 16 - Lease liability under a sale and leaseback transaction.
- Amendments IAS 7 and IFRS 7 – Supplier financing agreement.

These new norms and amendments did not have an impact on the Group.

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 January 1, 2024.

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

6.1. Consolidation methods

Companies controlled by the Group, i.e. those in which the Group has the power to govern the financial and operational policies so as to obtain benefits, are fully consolidated.

The list of consolidated companies is given in Note 7, “Scope of consolidation”.

6.2. Consolidation period

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

6.3. Intragroup transaction

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

6.4. Business combinations

Business combinations are treated in accordance with IFRS 3. Under this method, when an entity over which the Group acquires sole control is consolidated for the first time, the assets and any liabilities acquired are recognised at fair value as at the acquisition date.

The difference between the acquisition price and the acquirer’s interest in the fair value of the assets and liabilities acquired is recorded as Goodwill.

6.5. 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.

6.6. Investment properties (IAS 40)

Real estate assets held directly or under a finance lease agreement to generate rental income or for capital appreciation or both are classified as “Investment properties” in the balance sheet.

Real estate assets consist solely of buildings under construction and buildings let on operating leases which meet the definition of investment properties.

Argan has opted to value its investment property at fair value as defined by IFRS 13 (see Note 4). These buildings are therefore not subject to depreciation or impairment.

Buildings under construction or under development are recognised at fair value when this can be measured reliably. The Company’s view is that fair value can be measured reliably when there are no further major uncertainties about the cost price for the building. 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.

6.6.1.Methodology

To determine the fair value of buildings included in the Group's portfolio as part of underlying assumptions, the Group favoured the discounted cash flow methodology.

As a cross-check, the income capitalization method is also applied.

The values used exclude transfer taxes and fees. The difference in fair values from one period to the next is recognised in income.

The change in fair value of each building recorded in the income statement is calculated as follows:

Market value n – (market value n-1 + amount of work and expenditure capitalised in year n).

Capitalised expenses are the prices paid, transfer taxes and acquisition costs for buildings.

The gain on disposal of an investment property is the difference between:

- the net selling proceeds after deduction of related costs and rent guarantees granted, and
- the most recent fair value recorded in the closing balance sheet for the previous financial year.

6.6.2.Fair Value

The fair value measurement must take into account the highest and best use of the asset. ARGAN Group has not identified any highest and best use of an asset that is different from the current use. As a result, the implementation of IFRS 13 did not change the assumptions used when valuing the assets.

Fair value measurement of investment property involves the use of different valuation methods using unobservable or observable inputs to which certain adjustments have been applied. As a result, the Group's assets are deemed to fall under Level 3 of the fair value hierarchy enacted by IFRS 13, notwithstanding the consideration of certain observable Level 2 inputs as set out below.

Key inputs	Level
Warehouses and Offices	
- rate of return	3
- discount rate and terminal value of the DCF rate	3
- market rental value	3
- rent accrued	2

6.7. Finance leases on investment properties

Leases that transfer substantially all the risks and rewards of ownership incidental to the leased assets to the Group as lessee are classified as finance leases. The fair value of buildings covered by a finance lease agreement is recorded in assets. The principal owed to the lessor is recorded in current and non-current liabilities.

The buildings in question are recognised at period-end according to the fair value method (see paragraph 6.6).

Payments made under a lease agreement are broken down between financial expense and amortisation of the outstanding debt.

6.8. 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 2024, 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.

The Group excludes the following contracts (no contracts meeting these criteria as of the balance sheet date):

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

The discount rate used is based on the basis of the group's average debt rate on 1 January 2019, 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 2019. For contracts taken in 2023, le the rate was 3%.

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.).

6.9. Tangible fixed assets

Tangible fixed assets other than investment properties are recorded at their cost less accumulated depreciation and impairment losses.

Depreciation is recognised as expenses on a straight-line basis over the estimated useful life of tangible capital assets. Components with shorter useful lives than the asset to which they pertain are depreciated over their individual service lives.

Useful lives are estimated as:

- Buildings: 10 to 60 years,
- Other tangible fixed assets: 3 to 10 years.

6.10. Investment property under construction

Sites for construction of a real estate complex intended for rent, as well as construction in progress, are recognised as investment property in progress using the valuation methods described in paragraph 6.6 “Investment properties (IAS 40)”.

6.11. Impairment of goodwill and fixed assets

6.11.1. Impairment of goodwill

The Group is recognised as a single Cash-Generating Unit (CGU).

The single CGU to which goodwill has been assigned is tested for impairment each year, or more frequently if there is an indication that the unit may have lost value.

The value of goodwill in the balance sheet is compared with the recoverable value, which is the higher of the value in use and the fair value (less disposal costs). The recoverable value of fixed assets that do not generate a cash flow independently of other assets is calculated by combining them within the Cash-Generating Unit (CGU).

The value in use of the CGU is calculated using the discounted future cash flows (DCF) method over five years.

The recoverable value of the CGU calculated in this way is then compared with the contributory value in the consolidated balance sheet of the assets tested (including goodwill). An impairment loss is recognised, where applicable, if this value in the balance sheet is greater than the recoverable value of the CGU. It is charged first to goodwill and then to the other assets in the unit at the pro rata carrying amount of each of the assets in the unit. The impairment loss is first reduced by the carrying amount of any goodwill allocated to the unit.

This impairment loss is recognised in operating income. An impairment loss recognised for goodwill is not recovered in a subsequent period. An impairment test is performed annually.

As at 30 June 2024, as no loss of value was identified, the goodwill was not tested for depreciation.

6.11.2. Impairment of fixed assets

Intangible fixed assets with indefinite useful lives are tested for impairment at each annual or semi-annual balance sheet date and whenever there is any indication that a decrease in value may have occurred. Other intangible and tangible fixed assets are also tested whenever there is an indication of an impairment loss.

Impairment loss is the difference between the net carrying amount and the recoverable value of the asset, which is its useful value or selling value, less disposal costs, if the selling value is greater than the useful value.

Investment property is measured at fair value and is therefore not subject to any impairment.

6.12. Trade and other receivables

Trade receivables are initially stated at fair value and, where the impact is material, they are subsequently measured at their amortised cost, less provisions for impairment, using the effective interest rate method. The impairment model requires the recognition of expected credit losses (“ECLs”) on receivables resulting from lease agreements and commercial receivables. The aim of this new approach is earlier recognition of expected losses, while the provisioning model prior to IFRS 9 was conditional on the occurrence of an incurred loss event. The impairment amount represents the difference between the carrying amount of the asset and the value of estimated future cash flows, discounted at the original effective interest rate. The asset’s carrying amount is reduced via an impairment account and the amount of the loss is recognised in the income statement. Non-recoverable receivables are derecognised and offset by reversal of the impairment to trade receivables. When a previously derecognised receivable is recovered, the amount is credited to the income statement.

6.13. 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.

6.13.1. 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.

6.13.2. 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 2024.

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

6.13.3. 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.

6.13.4. 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.

6.13.5. 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 in its current state and its sale must be highly probable within the 12 following months. The assets and liabilities concerned are reclassified under "Assets held for sale" and "Liabilities linked to assets 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.

6.14. Shareholders' equity

6.14.1. Treasury shares

Pursuant to IAS 32, treasury shares and directly associated transaction costs are recognised as a deduction from consolidated equity. Proceeds from the sale of treasury shares are recognised in equity.

6.14.2. Investment grants

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

6.14.3. Free share allocation scheme

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 years 2022, 2023 and 2024, the maximum number of free shares that can be allocated is 55,000 shares for all employees.

The allocation of free shares will be effective at the end of the plan, in January 2025, according the three-year plan performance. In the first two years, 2022 and 2023, a first advance of 25% of the maximum amount that can be attributed will be distributed and turned into shares by the dividing this amount on the average value of the Argan share in the fourth quarter of the considered year. In a case where the quantity to be allocated at the end of the three years was lower than the total of first advances, these advances would remain as acquired by their beneficiaries. This free share plan includes a vesting period and a lock-up period, each for one year.

As a result of its meeting on 16 January 2023, the Executive Board allocated a first advance of 25% converted into 12,681 shares of the company for all employees of Argan. These free shares were definitely acquired by above-mentioned beneficiaries on January 15, 2024.

On its meeting of January 15, 2024, the Executive Board allocated the second advance of 25% turned into 14,878 shares of the company for all employees of the company. These free shares will only be permanently acquired by above-mentioned beneficiaries when one year has passed from the day the Executive Board attributing the shares met.

Pursuant to IFRS 2 "Share-based payments", the fair value of these free shares represents an expense that will be recorded on a straight-line basis over the one-year vesting period from the date of the allocation. The fair value of the free shares was determined using the price on the allocation date less known future dividends. These additional expenses are classified as staff costs.

6.15. Financial liabilities

Interest-bearing borrowings are initially recognised at fair value less attributable transaction costs and are measured subsequently at amortised cost using the effective interest rate method.

The long-term portion of borrowings with a maturity of more than 12 months from the balance sheet date is classified as non-current debts and the short-term portion is classified as current debts. Where no final maturity has been set as at the date the financial statements are prepared, the company makes an estimate.

Borrowing costs are reported as a deduction from the borrowing in order to recognise the actual cash proceeds from subscriptions for such borrowing.

However, borrowing costs related to the acquisition or production of a property asset are capitalised as part of the cost of the asset when it is likely that they will generate future economic benefits for the business and the costs can be reliably assessed.

6.16. Security deposits from lessees

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

6.17. Provisions

In accordance with IAS 37, a provision is booked if, at the balance sheet date, the Group has an obligation as result of a past event, when it is likely that an outflow of resources representing economic benefits will be required and the amount of the obligation can be reliably estimated. The amount of the provision is discounted at the risk-free rate if the time value of the money is material and if a reliable schedule can be determined. Increases in provisions to reflect the passage of time are recorded in financial expenses. Provisions maturing beyond one year or with no fixed maturity are classified as non-current liabilities.

Contingencies are not recognised.

6.18. Suppliers

Trade payables are recognised initially at fair value and measured subsequently at amortised cost. When such liabilities have short maturities, the amounts obtained by applying this method are very close to the nominal value of the debts, which is therefore used.

6.19. Taxes

6.19.1. Current taxes

Some of the income earned by companies that have opted for the SIIC regime are still subject to corporate tax at the standard rate.

Operations of ARGAN’s subsidiaries: SCI Neptune, SCI Cargan-Log and SCI Avilog qualify for the tax regime for listed real estate investment companies (SIICs).

6.19.2. 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.

6.19.3. 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%.

6.20. Post-employment benefits granted to employees

Post-employment benefits with defined benefits granted to Group employees comprise lump-sum payments made on the retirement date.

Group employee pensions are paid by ‘pay as you go’ national pension organisations. Since the Group considers that it has no obligation beyond the payment of contributions to these bodies, contributions are recorded as an expense in the periods in which they are called.

6.21. 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.

The impact resulting from this linearization of revenue is included in the value of investment properties.

6.22. 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.

Argan acts as the principal for rental expenses and income.

6.23. 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.

6.24. Earnings per share

Net earnings per share (before dilution) is calculated as net income, Group share for the financial year divided by the weighted average number of shares outstanding during the financial year.

Diluted net earnings per share takes into account outstanding shares and dilutive financial instruments giving deferred access to the Group’s capital. The dilutive effect is calculated using the “share buyback” method, whereby the theoretical number of shares that would be issued at market price (average price of the share) is then deducted from the total number of shares resulting from the exercise of the dilutive instruments.

Treasury shares are deducted from the weighted average number of outstanding shares used as the basis for calculating net earnings per share (before and after dilution).

6.25. Presentation of the financial statements

Assets and liabilities with maturities of less than 12 months are classified in the balance sheet as current assets and liabilities. If their maturity exceeds 12 months. they are classified as non-current assets or liabilities.

Expenses in the income statement are shown by type.

In the cash flow statement, the net cash flow from operations is determined using the indirect method, whereby this net cash flow is derived from net income adjusted for non-monetary transactions, factors associated with net cash flows from investment and financing activities and changes in the working capital requirement.

Finance lease investments are excluded from investment activities in the cash flow statement. The portion of charges corresponding to the payment of financial expenses is shown in financing cash flow items. The portion of the charge corresponding to capital repayment is shown in financing items.

6.26. 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.

In accordance with IFRS 8.34, Argan specifies that Carrefour is the Group's main client, accounting for 28% of rental income.

6.27. Risks management

6.27.1. Real Estate 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. The current inflationary environment could impact clients-tenants profitability and deteriorate their solvency and by extension the company’s capacity to collect part of its rents.

The evolution of the economic situation impacts the fluctuations of the ILAT index (tertiary activities rent index), to which the Company's rents are indexed. As a reminder, the Company has implemented an indexing or pre-indexing tunnel system in 38% of its leases, which limits the effects of indexing according to the ILAT.

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.

6.27.2. Counterparty risk

The majority of tenants are companies that do not present a significant risk with regard to their solvency.

Lessees are subject to a prior financial check and changes in their business and their financial solvency are monitored throughout the term of the lease.

The leases are accompanied by the following guarantees: a security deposit or bank guarantee equivalent to at least 3 months of minimum rent, which can, if necessary, be increased depending on the potential risk profile of the tenant.

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

6.27.3. 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.

Regarding the debt, financings secured by assets and subject to a covenant with the LTV ratio on the Company’s assets (compliance with a net LTV ratio excluding duties of less than 70%, primarily) represent 54% of the total financings contracted. In addition, there is the bond loan, also subject to a covenant with a net LTV ratio excluding duties of less than 65%, which represents 27% of the total financings contracted. The Company’s net LTV excluding duties stands at 45.9% and the secured LTV at 34.6% as of June 30, 2024, significantly below the covenant levels. For information purposes, a 0.5% increase in the capitalization rate of the Company’s assets (5.30% excluding duties as of June 30, 2024, according to experts) would result in an 8.6% decrease in the value of the Company’s assets, leading to an increase in the net LTV excluding duties from 45.9% to 50.1% and in the secured LTV from 34.6% to 37.8%.

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.

6.27.4. Credit risk

The Company's policy is to prioritize fixed-rate debt. For its variable-rate debt, the Company limits the sensitivity of financial charges to interest rate fluctuations by implementing hedging instruments (fixed-to-floating rate swaps, CAP, and Tunnel). In this context, the Company manages the interest rate risk, and its residual exposure to variable rates is low. As detailed in note 12, the portion of its uncovered variable-rate debt is approximately 3%.

6.27.5. Equity risk

The Company, holding a number of its own shares in treasury, is sensitive to fluctuations in its stock price, which impact its equity. This risk is not significant, given the small number of treasury shares held (see note 19.3).

6.27.6. Asset valuation risk

The Company has chosen the option to account for investment properties using the fair value method. This fair value corresponds to the market value determined by an expert, as the Company relies on an independent expert for the valuation of its assets. The Company's income statement can thus be impacted by a negative variation in the fair value of its properties due to a decrease in market values. Additionally, the downward trend in market values can impact the compliance with ratios or covenants with certain financial institutions under loan agreements

After a year of macroeconomic and financial turbulence in 2023, 2024 is witnessing a relative stabilization in the interest rate environment, which restores some visibility for investors and stimulates the recovery of their activities. Yields are increasing only slightly and may have found their equilibrium point, with rising rents compensating for the impact of this increase on market values. The logistics asset class reached a record market share of 36% of the total investment in commercial real estate in the first half of 2024.

6.27.7. Risk associated with the SIIC regime

These risks relate to the requirements of the tax regime applicable to listed real estate investment companies and possible changes in or loss of this status. The Company is eligible for the SIIC tax regime and, as such, is exempt from corporate tax. Eligibility for this tax regime is conditional on compliance with the obligation to redistribute a significant share of profits and with conditions relating to the Company’s shareholder base. Should the Company fail to comply with these conditions, its status as an SIIC may be jeopardised, or there may be financial consequences. In addition, the obligation for the Company to hold the assets acquired that entitle it to taxation under Article 210 E of the French General Tax Code for a minimum of 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.

6.28. Effects of Climate Change

ARGAN significantly revamped its ESG strategy in 2023. This strategy was published in October 2023 and, for the first time, included a carbon footprint assessment and a trajectory for emission reductions across the three scopes. An updated carbon footprint for the 2023 fiscal year was then published in the 2024 ESG report in June 2024. This strategy will be further enriched by 2026, when ARGAN will officially be subject to the CSRD. Biodiversity and resilience issues, in particular, will be further explored within this timeframe.

Regarding Scope 3, which is directly related to ARGAN's rental properties, an initial decarbonization target has been published for emissions related to the energy consumption of its buildings: a 50% reduction by 2030.

In 2024, ARGAN initiated a consultation process with the companies that construct its warehouses through Real Estate Development Contracts. This effort aims not only to set a target for reducing emissions associated with the construction and end-of-life of its buildings (to be published by the end of the year) but also to address the impacts related to climate change. Over the past three years, the only significant claims reported were due to hail (damage to roofs and waterproofing systems), which were fully covered by the "All Risks Except" insurance. To date, no building has suffered damage directly related to climate change.

It is worth noting that ARGAN's real estate assets are all located in mainland France, with none in mountainous or coastal areas. Additionally, ARGAN complies with the enhanced requirements from various urban planning regulations and environmental studies. Nevertheless, once the consultation process with our constructors is complete, ARGAN plans to commission a study on climate change risks in 2025 to ensure the resilience of its assets for the years to come.

Thus, as of June 30, 2024, the consideration of climate change effects has not had a significant impact on the judgments and key estimates required for the preparation of Argan Group's financial statements.

7. Scope of consolidation

Form	Companies	Company registration N° (SIREN)	% interest and control at 30/06/2024	% interest and control at 31/12/2023
SA	ARGAN	393 430 608	100.00%	100.00%
SCI	NEPTUNE	903 397 784	99.90%	99.90%
SCCV	NANTOUR	822 451 340	49.90%	49.90%
SCI	AVILOG	841 242 274	99.90%	100.00%
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.

Nantour and Avilog companies were not active during the half-year.

8. Goodwill

(in thousands of euros)	Total
Gross values	
Balance at 31.12.2023	55 648
Additional amounts recognised as a result of business combinations that occurred during the year	
Reclassified as held for sale	
Balance at 30.06.2024	**55 648**
Accumulated impairment losses	
Balance at 31.12.2023	
Impairment	
Balance at 30.06.2024	0
Net value	
Net value as at 31 December 2023	**55 648**
Net value as at 30 June 2024	**55 648**

9. Intangible assets

(in thousands of euros)	Gross value as at 31.12.2023	Increase	Decrease	Change in scope	Other changes	Gross value as at 30.06.2024
Other intangible assets (software)	80					80
Amortisation Other intangible assets	-79	0				-80
Net value	**1**	**0**	**0**	**0**	**0**	**1**

10. Tangible fixed assets

(in thousands of euros)	Gross value as at 31.12.2023	Increase	Decrease	Other changes	Gross value as at 30.06.2024
Land	8,651				8,651
Buildings	3,001				3,001
Depreciation of buildings	-755	-69			-824
Office fixtures and fittings and equipment	1,119	48			1,167
Depreciation of office fixtures and fittings and equipment	-725	-59			-783
Net value	**11,291**	**-80**	**0**	**0**	**11,212**

11. Investment properties

11.1. Assets under construction

(in thousands of euros)	Gross value as at 31.12.2023	Increase	Decrease(1)	Other variations(2)	Line item to line item transfer(3)	Change in fair value	Gross value as at 30.06.2024
Value of constructions in progress	119,142	64,004		124	-82,652	702	101,320

(1) Corresponds to development projects abandoned during the year.
(2) Corresponds to the deferral of rent-free period.
(3) 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 2024, 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 2024.

11.2. 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 31.12.2023	Increase	Decrease	Other changes(1)	Line item to line item transfer(2)	Fair value	Reclassication IFRS 5	Net value at 30.06.2024
Rights of use IFRS 16	70,242	3,708				-1,171		72,779
Owned investment properties	3,293,001	849		-119	82,652	10,779		3,387,162
Investment properties under finance lease	368,035			55		6,688		374,778
Total investment properties	**3,731,278**	**4,557**	**0**	**-64**	**82,652**	**16,295**	**0**	**3,834,719**

(1) For owned investment properties and lease-financing, the amount indicated corresponds to the deferral of rent-free periods.
(2) Corresponds to N-1 work in progress commissioned during the year.

The average rate of return from the independent valuation of the Company's assets was up from 5.10% as at December 31, 2023 to 5.30% excluding transfer taxes as at June 30, 2024 (i.e., 5% including transfer taxes)

The sensitivity of the portfolio's market value to the change in this average capitalisation rate excluding transfer taxes is as follows:

- An increase of 0.5% in the rate results in a decrease of 8.60% in the market value of the assets
- A decrease of 0.5% in the rate results in an increase of 10.40% in the market value of the assets

11.3. Fair value hierarchy

Asset classification	Fair value at 30.06.2024			Fair value at 31.12.2023		
	level 1	level 2	level 3	level 1	level 2	level 3
Warehouse buildings	0	0	3,761,940	0	0	3,661,036
Office buildings	0	0	0	0	0	0
Total	**0**	**0**	**3,761,940**	**0**	**0**	**3,661,036**

11.4. Summary of investment property and assets under construction

	Amount as at 30.06.2024	Amount as at 31.12.2023
Opening value (of which work in progress)	**3,850,420**	**4,059,904**
Change in fair value through operating income	17,467	-389,927
Change in fair value ongoing operating fixed asset	702	19,163
Acquisition of investment properties		
Works and building of investment properties	849	3,815
Works and building of ongoing fixed asset	64,004	170,243
Rent free period	60	1,206
Buildings held for sale		-17,464
Cost of disposal of properties held for sale		
Disposals of buildings		
Disposals of fixed asset in progress		-33
New contracts for rights od use IFRS 16		1,950
Annual indexation of rights of use IFRS 16	3,708	3,912
Other changes in IFRS 16 rights of use		
Change in fair value of the rights of use IFRS 16	-1,171	-2,349
Closing value	**3,936,039**	**3,850,420**
Of which assets under construction	**101,320**	**119,142**
Of which Investment properties	**3,834,719**	**3,731,278**

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

Values by geographic area **Highest/Average /Lowest**	**Number of assets**	**Total value excl. taxes (in thousands of euros)**	**Rent € / sq. meter / year** **+high / Average / +low**	**Rental value € / sq. meter / year** **+high / Average / +low**	**Discount rate on firm flows** **+high / Average / +low**	**Discount rate on unsecured flows** **+high / Average / +low**	**Rate of return on sale** **+high / Average / +low**	**Tax rates included (including land value if land reserve)** **+high / Average / +low**
Ile de France / Oise	42	1,541,980	€180/ €64/ €31	€137/ €65/ €38	6.30% / 5.49% / 4.85%	6.60% / 5.88% / 5.10%	6.60% / 5.59% /4.95%	6.93% / 5.01% / 2.77%
Rhône Alpes / Bourgogne / Auvergne	15	666,350	€113/ €50/ €32	€105 / €55/ €40	6.65% / 5.89% / 5.10%	6.85% / 6.11% / 5.35%	6.30% / 5.59% / 5.20%	6.99% / 4.92% / 3.65%
Hauts de France	7	274,000	€59/ €49/ €31	€74/ €52/ €42	6.25% / 5.93% / 5.70%	6.50% / 6.20% / 5.85%	6.25% / 5.64% / 5.40%	5.37% / 5.15% / 4.74%
Brittany/Pays de la Loire	6	150,370	€97/ €46/ €27	€82/ €49/ €40	6.75% / 6.47% / 6.25%	7.25% / 7.02% / 6.85%	6.50% / 6.20% / 5.80%	6.52% / 5.51% / 5.07%
Grand Est	8	437,500	€105/ €57/ €38	€98/ €54/ €40	6.88% / 5.70% / 4.75%	7.13% / 5.99% / 5%	6.90% / 5.71% / 5.15%	5.74% / 4.90% / 4.37%
Centre Val de Loire	6	285,670	€102/ €43/ €33	€98/ €53/ €44	6.25% / 5.73% / 5.35%	7.25% / 6.20% / 5.70%	6.30% / 5.77% / 5.20%	6.70% / 5.07% / 4.52%
Other regions	16	406,070	€99/ €55/ €36	€100/ €62/ €38	7.15% / 5.91% / 5.00%	7.70% / 6.29% / 5.25%	7.12% / 5.79% / 5.30%	6.28% / 5.06% / 3.63%

All the 100 assets that make up ARGAN's portfolio, including its subsidiaries CARGAN LOG and NEPTUNE, 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 as well as a greenhouse for organic products.

11.5. Other operating income and expenses and income from the disposal of properties

11.5.1. Other Income and operating expenses

	Other income and operating expenses 30.06.2024	**Other income and operating expenses 30.06.2023**
Other operating income		
Other operating expenses		
Total of other operating income and expenses	**0**	**0**

11.5.2. Income from disposal of buildings

	Income from disposal of investment properties 30.06.2024	**Income from disposal of investment properties 30.06.2023**
Disposal price of buildings sold	17,504	13,000
Disposal price of on-going fixes assets		
Fair value at opening of the properties sold	-17,464	-13,000
Fair value at opening of ongoing fixed assets sold		
Disposal costs and investments		-195
Price adjustments on previous disposals		
Capital gains and losses on disposals of other fixed assets		24
Total income from disposals	**40**	**-172**

11.6. Minimum rents receivable

(in thousands of euros)	Within less than one year	Within one to five years	Within more than five years	Total
Minimum rents receivable	199,263	574,550	323,818	1,097,631

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 30.06.2024	Fair value at 31.12.2023	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	7,736	6,052	1,685	1,685		
Caps and collars	6,231	-529	6,760		6,760	54
Amortising cash				54		-54
Total cash flow hedging instruments	**13,967**	**5,523**	**8,445**	**1,739**	**6,760**	**0**
Of which against equity	7,207	25,179	-17,972			
Of which against income	6,760	-19,709	26,469			
Of which against debt (balancing payment)	0	54	-54			

	Amount as at 30.06.2024			**Amount as at 31.12.2023**		
(in thousands of euros)	**Fixed**	**Hedged variable**	**Unhedged variable**	**Fixed**	**Hedged variable**	**Unhedged variable**
Borrowings	1,068,167	412,383	299,169	1,066,342	428,125	313,332
Finance lease debt		12,262	49,589		47,050	21,511
Borrowings on RCF						70,010
Macroeconomic swap						
Collar macroeconomic swap		300,000	-300,000		300,000	-300,000
Financial liabilities	**1,068,167**	**724,645**	**48,758**	**1,066,342**	**775,175**	**104,853**
Total	**1,841,570**			**1,946,370**		

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 January 1, 2024:

(in thousands of euros)	Amount originally hedged	Amount as at 30.06.2024	Type	Fixed rate/Collar	Variable rate	Period covered
Swap 17	22,000	8,433	Fixed- for variable-rate	0.561%	Euribor 3 months	2015-2030
Collar 27	8,482	2,789	Zero premium collar	-0.30% / + 1.5%	Euribor 3 months	2017-2024
Collar 41	28,190	9,474	Zero premium collar	0% / + 1.5%	Euribor 3 months	2018-2025
Swap 42	2,505	1,413	Fixed- for variable-rate	0.630%	Euribor 3 months	2018-2026
Swap 43	43,000	32,014	Fixed- for variable-rate	1.010%	Euribor 3 months	2018-2030
Swap 44	10,900	8,212	Fixed- for variable-rate	0.530%	Euribor 3 months	2019-2029
Collar 43	109,058	88,273	Zero premium collar	-0.40%/+1.5%	Euribor 3 months	2020-2029
Collar 44	20,700	16,198	Zero premium collar	-0.64%/+2.5%	Euribor 3 months	2020-2028
Collar 45	3,080	2,541	Zero premium collar	-0.5%/+1.75%	Euribor 3 months	2020-2025
Collar 46	8,000	6,134	Zero premium collar	-0.54%/1.2%	Euribor 3 months	2020-2028
Collar 47	18,900	14,314	Zero premium collar	-0.54%/1.2%	Euribor 3 months	2020-2028
Collar 49	6,160	4,726	Cap with smooth premium 0.1675%	1%	Euribor 3 months	2020-2028
Collar 50	67,200	58,330	Zero premium collar	-0.745%/+1.5%	Euribor 3 months	2021-2026
Collar 51	7,200	6,250	Zero premium collar	-0.525%/1.5%	Euribor 3 months	2021-2026
Collar 52	83,760	72,631	Cap spread	1.5%/3.5%	Euribor 3 months	2021-2026
Collar 53	8,080	7,639	Cap spread	2%/4%	Euribor 3 months	2023-2029
Collar 54	90,000	85,275	Fixed- for variable-rate	1.870%	Euribor 3 months	2023-2029
Collar 55	300,000	300,000	Zero premium collar	+3%/+3.56%	Euribor 3 months	2023-2028

List of hedging and trading instruments already taken out in the first half of 2024:

(in thousands of euros)	Amount originally hedged	Amount as at 30.06.2024	Type	Fixed rate/Collar	Variable rate	Period covered
None						

13. Other non-current financial assets

(in thousands of euros)	Amount as at 31.12.2023	Increase	Decrease	Reclassification maturing within 1 year	Amount as at 30.06.2024
Deposits and guarantees paid	653	88			741
Advances paid on fixed assets	1,177	196	-405		969
Total	**1,830**	**284**	**-405**	**0**	**1,710**

14. Trade receivables

(in thousands of euros)	Amount as at 30.06.2024	Amount as at 31.12.2023
Trade and other receivables	63,402	38,604
Doubtful receivables		
Total gross trade receivables	**63,402**	**38,604**
Impairment	0	0
Total net trade receivables	**63,402**	**38,604**

Receivables mainly correspond to invoices for rents for Q3 2024, which are issued before June 30, 2024.

15. Other current assets

(in thousands of euros)	Amount as at 30.06.2024	Amount as at 31.12.2023
Tax and social security receivables	9,089	11,211
Other operating receivables	6,562	14,483
Deferral of IFRS 16 rent free periods	801	801
Other prepaid expenses	2,657	1,048
Other current operating assets	**19,110**	**27,543**
Accrued interest on finance lease transactions		
Other current financial assets	**0**	**0**
Total other current assets	**19,110**	**27,543**

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 30.06.2024	Amount as at 31.12.2023	Variation
Risk-free, highly liquid investment securities	45,001	1	45,000
Cash in hand	18,249	51,962	-33,713
Cash	**63,250**	**51,963**	**11,287**

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 01.01.2024	-74	74	0
Share of income 30.06.2024	50		50
Share of dividend distribution			0
Reclassification of provision on equity accounted investments		-50	-50
Balance at 30.06.2024	**-24**	**24**	**0**

The Group’s share in the net fair value of the entity’s identifiable assets and liabilities amounted €0 as at June 30, 2024.

18. Assets held for sale

(in thousands of euros)	Amount as at 31.12.2023	Increase	Decrease	Amount as at 30.06.2024
Investment properties	17,464		-17,464	0
Assets held for sale	**17,464**	**0**	**-17,464**	**0**

19. Consolidated shareholders' equity

19.1. Composition of share capital

(in thousands of euros)	Number of shares issued	Par value (in €)	Total capital after the transaction	Share premium after the transaction
Position as at January 1, 2024	23,079,697	2	46,159	229,418
Free shares	12,681	2	25	-27
Dividend in shares	283,267	2	567	19,571
Dividend				-57,216
Capital increase on April 26, 2024	2,027,028	2	4,054	143,165
Amount of capital as at June 30, 2024	**25,402,673**	**2**	**50,805**	**334,911**

19.2. Dividend paid

(in thousands of euros)	30.06.2024	31.12.2023
Net dividend per share (in euros)	3.15	3.00
Overall dividend paid	72,719	68,907
Impact of the option to pay the dividend in shares	-20,194	-7,356
Dividend paid	**52,524**	**61,551**

19.3. Treasury shares

(in thousands of euros)	Closing amount	Opening amount	Change	Income from disposal	Cash impact
Acquisition cost	1,452	877	575	-40	-615
Impairment	-11	0	-11		
Net value	1,441	877	564		
Number of treasury shares	19,588	10,880	8,708		

19.4. Free shares

(In Euros)	Plan 2022/2023/2024	Plan 2022/2023/2024(1)
Attribution date	15/01/2024	16/01/2023
Number of benefeciaries	28	24
Acquisition date	14/01/2025	15/01/2024
Number of free shares	14,878	12,681
Stock price at the acquisition date (in €)	84.7	80.7
Dividend / share expected Y+1 (in €)	3.15	3.00
Fair value of shares (in €)	81.55	77.7
Expenses accounted during (in €)	666,152	-148,549

(1) The expense booked for the period does not take into account the employer's contribution paid in an amount of €215 thousand that is under the line "personnel expenses".

20. Financial liabilities

20.1. Change in financial liabilities and guarantees given

(in thousands of euros)	Amount as at 31.12.2023	Change in consolidation	Increase	Decrease	Other changes (1)	Line item to line item transfers	Amount as at 30.06.2024
Borrowings	1,222,838		18,673			-42,556	1,198,955
Credit lines	10					-10	0
Bond issues	500,000						500,000
Finance lease	55,312					-5,957	49,355
Issue costs	-11,153		-637			1,591	-10,198
Non-current IFRS 16 lease liabilities	74,478				3,708	-932	77,255
Non-current financial liabilities	**1,841,484**	**0**	**18,036**	**0**	**3,708**	**-47,864**	**1,815,367**
Borrowings	76,924			-46,753		50,592	80,763
Credit lines	70,000		64,490	-134,500		10	0
Bond issues	0						0
Finance lease	13,249			-6,710		5,957	12,496
Issue costs	-3,402			1,592		-1,591	-3,400
Accrued interest on loans	8,733				2,353		11,086
Bank loans	233				29		262
Current IFRS 16 lease liabilities	1,648			-825		932	1,755
Current financial liabilities	**167,388**	**0**	**64,490**	**-187,196**	**2,382**	**55,900**	**102,962**
Borrowings on assets held for sale	8,036					-8,036	0
Total gross financial liabilities	**2,016,909**	**0**	**82,526**	**-187,196**	**6,090**	**0**	**1,918,329**

(1) Includes the impact of the annual indexation of IFRS 16 rents, the sale of leasehold agreement and the reclassification of the cost of issuing new loans.

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 2024: €1,279,719 K
  - as at 31 December 2023: €1,307,442 K

No guarantees made by ARGAN during the years ended June 30, 2024 and December 31, 2023.

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

(in thousands of euros)	30.06.2024	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)	695,006	46,296	342,892	305,818
Fixed rate borrowings	1,084,712	34,467	819,249	230,996
Variable rate credit lines (a)	0	0	0	0
Variable rate capital lease obligations (a)	61,851	12,496	20,523	28,832
Fixed rate capital lease obligations	0	0	0	0
Unadjusted contractual cash flows	***1,841,569***	***93,259***	***1,182,664***	***565,646***
Issuance costs	-13,598	-3,400	-7,984	-2,214
Accrued interest on loans	11,086	11,086		
Bank loans	262	262		
IFRS 16 lease liabilities	79,010	1,755	7,446	69,809
Adjusted contractual cash flows	***76,760***	***9,703***	***-538***	***67,595***
Capital financial liabilities	**1,918,329**	**102,962**	**1,182,126**	**633,241**

(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 +€0.3m on the financial costs for the period.

20.3. Due dates for finance lease payments

(in thousands of euros)	Finance lease commitment as at 30.06.2024	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	68,147	15,142	24,063	3,171	25,770
Total future lease payments	**68,147**	**15,142**	**24,063**	**3,171**	**25,770**

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.

20.4. Net financial debt

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

(in thousands of euros)	Amount as at 30.06.2024	Amount as at 31.12.2023	Change
Gross financial liabilities	1,839,319	1,940,783	-101,464
Cash and cash equivalents	-63,250	-51,963	-11,287
Net financial debt before IFRS 16	**1,776,069**	**1,888,820**	**-112,751**
IFRS 16 lease liabilities	79,010	76,127	2,883
Net financial debt	**1,855,079**	**1,964,947**	**-109,868**

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

(in thousands of euros)	Amount as at 31.12.2023	Cash flow	Change in Consolidation	Fair values	Reclassification IFRS 5	Amount as at 30.06.2024
Cash and cash equivalents	**51,963**	**11,287**				**63,250**
Non-current financial liabilities	1,767,007	-28,895				1,738,112
Current financial liabilities	165,738	-72,567			8,036	101,207
Borrowing on assets held for sale	8,036				-8,036	0
Gross debt before IFRS 16	**1,940,782**	**-101,462**	**0**	**0**	**0**	**1,839,319**
Net financial debt before IFRS 16	**1,888,820**	**-112,749**	**0**	**0**	**0**	**1,776,069**
IFRS 16 lease liabilities	76,127	2,883				79,010
Borrowings on assets held for sale	0					0
Gross debt	**2,016,909**	**-98,579**	**0**	**0**	**0**	**1,918,329**
Net financial debt	**1,964,947**	**-109,866**	**0**	**0**	**0**	**1,855,079**

21. Liabilities linked to assets held for sale

(in thousands of euros)	Amount as at 30.06.2024	Amount as at 31.12.2023	Variation
Borrowings		8,036	-8,036
Leased loans			
Net financial debt		**8,036**	**-8,036**

22. Security deposits

(in thousands of euros)	Amount as at 30.06.2024	Amount as at 31.12.2023	Change
Tenant security deposits	13,222	12,141	1,081

23. Provisions

(in thousands of euros)	Amount as at 31.12.2023	Increase	Decrease	Changes in scope	Amount as at 30.06.2024
Provisions for current equity-accounted investments	74		-50		24
Provisions for non-current contingencies					0
Provisions for current contingencies					0
Provisions for liabilities and charges	**74**	**0**	**-50**	**0**	**24**
Of which provisions used			-50		
Of which unused provisions					

As the net position of SCCV NANTOUR was negative as at 30 June 2024, the equity-accounted securities were reclassified as provisions.

24. Tax liability

The tax liability amounted to €0 thousand as at June 30, 2024, unchanged from December 31, 2023.

25. Other current liabilities

(in thousands of euros)	Amount as at 30.06.2024	Amount as at 31.12.2023
Trade and other payables	12,263	18,035
Tax liabilities	31,299	8,775
Social security liabilities	833	1,243
Other current liabilities	3,195	2,946
Prepaid income	56,050	60,928
Total other current liabilities	**103,641**	**91,928**

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 30.06.2024	Amount as at 30.06.2023
Rental income	98,058	90,933
Rental expenses and rebilled rates	29,851	28,258
Other income from buildings	1,791	1,645
Total income from buildings	**129,700**	**120,836**
Rental expenses and rates	30,125	29,018
Other expenses on buildings	151	122
Total expenses on buildings	**30,277**	**29,140**
Net income from buildings	**99,423**	**91,696**

27. Cost of net financial debt

(in thousands of euros)	Amount as at 30.06.2024	Amount as at 30.06.2023
Income from money market investment securities < 3 months		
Income from cash and cash equivalents	439	1,381
Income from interest rate hedges		
Income from cash	**439**	**1,381**
Interest on loans and overdrafts	-23,261	-20,191
Interest on IFRS 16 lease liabilities	-936	-930
Derivatives	-54	-187
Borrowing costs	-1,592	-1,887
Early repayment penalties due to banks borrowings		
Cost of gross financial debt	**-25,843**	**-23,195**
Cost of net financial debt	**-25,404**	**-21,814**
Change in accrued interests	2,354	5,617
Spread early repayment swaps		53
Change in cash flow from financial income and expenses	**-23,050**	**-16,145**

28. Other financial income and expenses

(in thousands of euros)	Amount as at 30.06.2024	Amount as at 30.06.2023
Fair value financial income on trading instruments	6,760	
Fair value financial expenses on trading instruments		-231
Interest on current accounts of associates		
Other financial income and expenses	**6,760**	**-231**

29. Reconciliation of tax expense

(in thousands of euros)	Amount as at 30.06.2024	Amount as at 30.06.2023
Profit before tax	91,016	-269,532
Theoretical tax expense (income) at the prevailing rate in France	**-22,754**	**67,383**
Impact of the non-taxable sector	22,754	-67,383
Exceptional contribution of 3% on distribution		
Corporate tax on previous financial years		
Unused tax losses		
Actual tax expense	**0**	**0**

The amount of carry-forward losses available to the group as of June 30, 2024, is €27,413K. All of these carry-forward losses are not utilized.

30. Earnings per share

Calculation of earnings per share	Amount as at 30.06.2024	Amount as at 30.06.2023
Net income, Group share (in thousands of €)	90,887	-266,970
Weighted average number of capital shares	23,933,581	23,014,913
Treasury shares (weighted)	-14,277	-14,958
Number of shares retained	23,919,304	22,999,955
Earnings per share[(1)] (in euros)	**3.80**	**-11.61**
Vested free shares	14,878	12,681
Number of shares taken into account	23,934,182	23,012,636
Diluted earnings per share[(1)] (in euros)	**3.80**	**-11.60**

[(1)] *Earnings per share and diluted earnings per share were incorrect as of June 30, 2023. Therefore, the data as of June 30, 2023, has been restated.*

31. Details of the cash flow statement

Cash net of bank overdrafts is as follows:

(in thousands of euros)	Amount as at 30.06.2024	Amount as at 30.06.2023
Cash and cash equivalents	63,249	206,607
Bank loans, commercial paper and accrued interest	-262	-152
Cash in the cash flow statement	**62,987**	**206,455**

32. Impact of business combinations on cash flows

None.

33. Off-balance sheet commitments

(in thousands of euros)	Amount as at 30.06.2024	Amount as at 31.12.2023
Commitments received:		
Unused credit lines received	306,000	201,990
Undisbursed signed loans	7,711	26,384
Security deposits received from client-tenants	83,986	83,389
Total assets commitments	**397,697**	**311,763**
Commitments given:		
Guarantees and warranties provided	543	543
Commitments for investment property acquisitions		
Committed work for headquarters		
Total liabilities commitments	**543**	**543**
Mutual commitments:		
Commitments relating to investment properties under construction	40,938	61,609
Total assets and liabilities commitments	**40,938**	**61,609**

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		741				969		1,710	1,710
Cash in hand	63,249				1			63,250	63,250
Current and non-current financial instruments							18,786	18,786	18,786
Other assets						79,855		79,855	79,855
TOTAL FINANCIAL ASSETS	**63,249**	**741**	**0**	**0**	**1**	**80,824**	**18,786**	**163,601**	**163,601**
Non-current IFRS 16 financial liabilities and lease liabilities		1,315,367			500,000			1,815,367	1,815,367
Current and non-current financial instruments							4,818	4,818	4,818
Current IFRS 16 financial liabilities and lease liabilities						102,962		102,962	102,962
Financial liabilities on assets held for sale								0	0
Other liabilities						47,591		47,591	47,591
Security deposit						13,222		13,222	13,222
TOTAL FINANCIAL LIABILITIES	**0**	**1,315,367**	**0**	**0**	**500,000**	**163,775**	**4,818**	**1,983,960**	**1,983,960**

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 30.06.2024**	**Amount as at 30.06.2023**
Salaries	536	514
Attendance fees	83	56
Overall remuneration	**620**	**570**

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 June 30, 2023	25	3	28
Average headcount as at June 30, 2024	28	3	31

37. Statutory auditors' fees

The fees recorded for the period ending June 30, 2024, are as follows:

(In thousands of euros)	**Mazars**		**Exponens**		**Total**	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Audit, statutory auditor, certification, review of individual and consolidated financial statements						
ARGAN	49	49	29	29	78	78
CARGAN-LOG	9	9	0	0	9	9
Sub-total	**58**	**58**	**29**	**29**	**87**	**87**
Services other than certifying the financial statements						
ARGAN					0	0
CARGAN-LOG			0	0	0	0
Sub-total	**0**	**0**	**0**	**0**	**0**	**0**
Grand total	**58**	**58**	**29**	**29**	**87**	**87**

38. Post-closing events

None.

Tour Exaltis
61, rue Henri Regnault
92075 Paris La Défense Cedex

Exponens Conseil & Expertise
20, rue Brunel
75017 Paris

Argan

Statutory auditors' report on the half-yearly financial information

Period from January 1 to June 30, 2024

Argan
Société anonyme
RCS Nanterre 393 430 608

Statutory auditors' report on the half-yearly financial information

Period from January 1 to June 30, 2024

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, 2024;
- 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, 2024 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

Forvis Mazars	Exponens Conseil & Expertise
Paris La Défense, July 24, 2024	Paris, July 24, 2024
Saïd Benhayoune	Yvan Corbic

Public limited company with an Executive Board and Supervisory Board
with share capital of €50.805.346
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 2024

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 and the leading player of its sector in France.

The Company's property portfolio of built assets (excluding current developments) with a total surface area of **3,615,000 sqm**, is valued at **€3.76bn** excluding transfer taxes (**€3.98bn** including transfer taxes) as at June 30, 2024.

Its property base consists of 100 buildings, mainly **category A logistics centres** (**87 hubs** and **13 fulfilment centres** as at June 30, 2024), with a weighted average age of **11.5 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: 30%
- Hauts de France Region: 14%
- Auvergne / Rhône-Alpes Region: 11%
- Grand Est Region: 11%
- Centre / Val de Loire Region: 10%
- Bourgogne / Franche Comté Region: 8%
- Occitanie Region: 6%
- Pays de la Loire Region: 4%
- Rest of France Region: 6%

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. The company is part of Euronext SBF 120, CAC All-Share, EPRA Europe and IEIF SIIC France indices.

Its market capitalisation at June 30, 2024, was **€1.849bn** based on a price of €72.8/share.
ARGAN currently has four subsidiaries, AVILOG SCI, CARGAN-LOG SCI and NEPTUNE SCI (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 the year, ARGAN pursued its inaugurations at a sustained pace. In PRIME locations, the new platforms finalized in the first half of 2024 are located in:

- Eslettes (76), delivered in February, close to Rouen, for DSV Road, with an Aut0nom®-labelled distribution centre of 4,600 sq.m. As part of a nine-year fixed-term lease, this second partnership with DSV comes with a Net Carbon Zero footprint for the ‘in-use’ phase;
- Castries (34), delivered in May, very close to Montpellier, for CARREFOUR as well, for a multi-temperature urban logistics site of 4,300 sq.m, rented as part of a fixed-term 6-year lease;
- St-Jean-sur-Veyle (01), delivered in June, near Mâcon, for U PROXIMITE (a new client), for a tri-temperature warehouse of 31,300 sq.m, which is Aut0nom®-labelled and will be close to the one rented to BACK EUROP France since 2023, with a fixed-term lease of 12 years;
- Bolbec (76), delivered in June, at the periphery of le Havre, for DACHSER (a new client), for an Aut0nom®-labelled warehouse of 15,200 sq.m, alongside a site previously delivered to DIDACTIC in 2022; and in
- Mondeville (14), delivered in July, on the beltway of Caen, for CARREFOUR, as part of an Aut0nom® building of 82,000 sq.mon a former industrial brownfield of Stellantis, with a nine-year fixed-term lease.

ARGAN will then deliver, for the end of the fourth quarter, three new logistics warehouses, which will also be located in demanded locations, in:

- Augny (57) for 4MURS (new client), in the neighbourhood of Metz and close to the warehouse rented to AMAZON, for a 9,500 sq.m Aut0nom® warehouse with a 12-year lease, including a 9-year fixed-term;
- Chartres (28), as part of an activity area that is the economic heart of the metropolitan district, for an Aut0nom® warehouse of 18,000 sq.m that will be operated under a fixed-term ten-year lease in future state of completion; and in
- Bruguières (31), close to Toulouse, as ARGAN is finalizing the works to rehabilitate and extend the fulfilment hub (for a total surface that will represent 13,400 sq.m) rented to GEODIS. This project includes a new signed lease for a fixed-term period of 12 years.

In total, ARGAN has thus commitments for close to €180 million in developments representing 170,000 sq.m in 2024, generating an average yield approaching 7%. The high profitability of projects to be delivered in 2024 reflects ARGAN’s ability to pursue its profitable growth momentum, driven by a portfolio of Aut0nom® -labelled warehouses on strategic locations, as part of an approach of pre-let projects and long-term partnerships with reliable and blue-chip client.

Finally, Argan proceeded to a capital increase in April with a cancellation of the preferential subscription right through an accelerated book building process (ABB) in an amount of €150 million at a unit price of €74 per share, which led to creating 2,027,028 new shares.

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

- **1st semester 2024: €98.1 million in net rental income**
- 1st semester 2023: €90.9 million in net rental income

This represents an increase of **+8%** in the 1st half of 2024 compared with the 1st half of 2023.

The occupancy rate for the portfolio was 100% as at June 30, 2024.

As announced, as part of an assets sales program of €180 million for the 2024-2026 period, ARGAN plans to achieve around €78 million of the total amount in 2024, with:
- €18 million already finalized with the disposal – in the second quarter – of a logistics platform in Caen (14) of 18,000 sq.m; and
- The remaining amount of about €60 million planned over the second half of 2024.

As at June 30, 2024, gross financial debt relating to assets delivered amounted to **€1,342 million,** to which it should be added bond issues of **€500 million,** i.e., **a total gross debt of €1,842 million.**

Including residual cash**,** net **EPRA LTV** (net financial debt/value of the portfolio excluding transfer taxes) **decreased to 46%** as at June 30, 2024. The computation of the net LTV does not include impacts coming from the implementation of IFRS16 norm.

Please note that **net EPRA LTV** was close to 50% as at the December 31, 2023. The 4-point decrease in the ratio over the following 6 months period was more particularly explained **by the capital increase** achieved on **April 23, 2024**, on the authorization of the Executive Board granted to Ronan Le Lan, as Chairman of the latter Board, on April 18, 2024, following the authorisation granted to the Supervisory Board of the Company (with a prior meeting on April 18, 2024 as well) and by the General Assembly of Shareholders of the Company on March 23, 2023, as part of the 23rd resolution.

This transaction resulted in the **issuance of 2,027,028** new ordinary shares at a **unit price of €74**, which is at least equal to the minimum price set by the General Assembly. The total **gross proceeds from the capital increase amounted to €150,000,072**, consisting of a nominal capital increase of €4,054,056 and a total issue premium of €145,946,016

Argan undertook this capital increase with a **triple target**:
- **Accelerate deleveraging,** with an expected Loan-to-Value (LTV) ratio of around 44% by the end of 2024 (compared to 48% before the capital increase) and 49.7% as of December 31, 2023, and a net debt/EBITDA ratio of approximately 9.5x by the end of 2024, compared to 11x at the end of 2023;
- **Strengthen the growth profile of rental income,** targeting a compound annual growth rate (CAGR) of +7% (compared to +5% previously);
- **Increase the liquidity of Argan's stock on the stock market**, with the free float portion rising from 44% to 48% following the transaction.

Moreover, as at June 30, 2024, the allocation of ARGAN's gross financial debt as a percentage of capital was as follows:

- **27%** of fixed rate bonds, i.e. €500 million at the fixed average rate of 1.01%;
- **31%** of fixed rate amortising loans, i.e. €568 million at an average rate of 1.55%;
- **39%** of hedged variable rate amortising loans, i.e. €725 million at an average rate of 3.52%;
- **3%** of variable rate amortising loans, i.e. €49 million at an average rate of 3-month Euribor + 1.07%.

Taking into account a 3-month Euribor of +3.90% on average over the first half of 2024, the ARGAN Group's average rate for total debt was **2.30%** as at June 30, 2024 to be compared with 2.10% as at June 30, 2023, with an average 3-month Euribor of +3.00%.

The amount of financing items that are individually hedged and the hedging instruments entered into as at June 30, 2024 are as follows:

- €2.8 million: Collar -0.30% / + 1.5% until 10/07/24
- €9.5 million: Collar 0% / + 1.5% until 01/01/25
- €2.5 million: Collar -0.5% / + 1.75% until 10/07/25
- €1.4 million: Fixed rate swap at 0.63% until 10/04/26
- €72.6 million: Cap 1.5% / + 3.0% until 10/07/26
- €58.3 million: Collar -0.745% / + 1.5% until 12/10/26
- €6.3 million: Collar -0.525% / + 1.5% until 12/10/26
- €6.1 million: Collar -0.54% / +1.2% until 10/04/28
- €4.7 million: Cap at 1.0% until 10/04/28
- €16.2 million: Collar -0.64% / +2.5% until 10/07/28
- €14.3 million: Collar -0.54% / +1.2% until 10/07/28
- €88.3 million: Collar -0.40% / +1.5% until 23/01/29
- €8.2 million: Fixed rate swap at 0.53% until 10/07/29

- €7.6 million: Cap at 2.0% / + 4.0% until 10/07/29
- €85.3 million: Fixed rate swap at 1.87% until 10/10/29
- €8.4 million: Fixed rate swap at 0.561% until 10/01/30
- €32.0 million: Fixed rate swap at 1.010% until 08/06/30

The Company has also entered into the following macro hedges:

- €300.0 million: Collar +3.00% / +3.56% until 10/10/28

3/ FORESEEABLE DEVELOPMENT OF THE SITUATION

For 2024, **ARGAN is anticipating an increase of +7% in its rental income to €197 million.** This **target for the rental income was confirmed** as part of the **release of the first-half year 2024**.

4/ SIGNIFICANT EVENTS POST-CLOSING JUNE 30, 2024

No event is to be reported.

5/ KEY RISKS ANALYSIS

Risks at the corporate level can be of different types:

Risks related to the Company's level of debt:

- **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 assets is based on a number of parameters and assumptions, which may vary over the years. This valuation may not be equivalent to its realizable value in the event of a sale, particularly if there are changes in the valuation parameters between the dates of sale and valuation.

  As at June 30, 2024, the financings for specific assets with a covenant to respect on the overall LTV ratio of the company (obligation to comply with a net LTV ratio of less than 70%, mainly), accounted for 54% of all financing taken out, plus bonds, which must respect an LTV ratio of less than 65%, which accounted for 27% of all financing taken out.

  An increase in interest rates characterized 2022 and 2023, leading to a crisis and a decompression of capitalization rates during this period. This trend resulted in an unfavorable change in the valuation of real estate assets, negatively affecting the valuation of the Company's portfolio. This adverse trend could persist if interest rates continue to rise. As of the publication date of this half-year report for June 30, 2024, rates appear to have reached a plateau, reducing the uncertainty regarding prolonged negative impacts of the crisis, particularly concerning asset impairments. Furthermore, the likelihood of a default seems limited given the covenants outlined beforehand.
  For information, an increase of 0.5% in the Company's capitalization rate (5.30% excluding transfer taxes as assessed by the appraisers as at June 30, 2024) would result in a fall of 8.6% in the value of the Company's assets, i.e. an increase in LTV from 46% to 50%.

  In its expert report dated June 30, 2024, the independent expert states: "We draw your attention to the current geopolitical tensions, the low economic growth in many countries, and the prospect of sustained high interest rates, which have increased risks related to the credit market, declining asset values, and greater volatility in real estate markets in the short to medium term […]".

  The portfolio valuation is conducted by an independent expert on a semi-annual basis, so the asset valuation will be reviewed at the time of the annual closing.

- **Interest rate and financing risks:** With the Company using debt to finance its developments, any change in interest rates results in a change in the financial cost burden in respect of these loans. This is all the more true in the current environment of interest rates remaining at a high level. However, the Company has entered into various interest rate hedges to reduce its exposure to variable rates as at June 30, 2024 to approximately only 3% of its total debt.

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

On a backdrop of interest rates having rapidly increased since 2022, ARGAN's financial strategy aims at strongly limiting the use of loans so as to reduce debt. Designed in 2023 and confirmed in the first half of 2024, this strategy results in a strong reduction of debt ratios, and in particular of the LTV ratios with three items:

- An ongoing reduction in the gross debt stock linked to the natural amortization of mortgage loans (for about €100 million / year);
- The proceeds from the targeted sales of warehouses over the 2024-2026 period for a volume of about €180 million, including €78 million in 2024 (of which, €18 million achieved through the sale of an 18,000 sq.m in Saint-André-sur-Orne in the second quarter of 2024);
- The successful capital increase in an amount of €150 million in April, 2024[1].

As at June 30, 2024, outstanding bank debts relating to existing assets amounted to €1,342 million. Adding €500 million in bonds, total debt amounted to €1,842 million.

As at June 30, 2024, the financings for specific assets with a covenant to respect on the overall LTV ratio of the company (obligation to comply with a net LTV ratio of less than 70%, mainly), accounted for 54% of all financing taken out, plus bonds, which must respect an LTV ratio of less than 65%, which accounted for 27% of all financing taken out.

The company's EPRA net LTV excluding duties stood at 46% as of June 30, 2024, well below the level of its covenants.

➢ **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 and the distribution of dividends under the SIIC (listed real estate investment company) regime.

To avoid any liquidity risk, the Company intends to have at any time available liquidity facilities in an amount of at least €250 million (€306 million as at June 30, 2024).

[1] For more information on the mentioned capital increase, please refer to the press release dated April 24, 2024.

Development risks:

- **Risks related to the competitive environment:** Economic cycles may lead to changes in the economic paradigm and the appearance of new competitors or, conversely, to a high concentration of certain players who would be in a situation of intense competition, which may call into question the conditions for carrying out Argan's activity (reduction in development volumes and rental yields).
  To this end, Argan has adapted its strategy by strengthening its sales team. The Group is also channelling a growing share of its business volumes towards mid-caps with a strong regional footprint and is strengthening its presence in small and medium-sized warehouses and fulfilment centres. Argan is also setting ambitious targets for brownfield redevelopment as part of its ESG policy, opening up new prospects.

- **Risks associated with access to land, stricter environmental regulations and increased administrative recourse:** Access to land for logistics activities is more restricted under the effect of pressure exerted by other economic activities, the refusal of certain communities or groups of people or the implementation of restrictive regulations (Net Zero Artificialisation).
  To this end, Argan's sales team constantly identifies land pieces that can accommodate new developments. This activity is all the more effective because Argan's long-term vision, thanks to its family identity and strong presence in France, facilitates contact with the communities in which it operates and in particular the local authorities.
  Development constraints in terms of land are combined with environmental hardening (measurement and reduction of the carbon footprint, implementation of the tertiary decree or development of photovoltaic power plants). Argan's approach in this area is to position these constraints as development levers by anticipating them in order to facilitate the activity of its tenant-clients. It is in this respect that our Group is developing all its projects under the Aut0nom® label, a Net Carbon Zero warehouse in use, gradually banning its gas boilers from its warehouses and increasing the skills of all its teams on these issues. This environmental pressure can, in extreme cases, lead to administrative recourse that could impact the deadlines for carrying out a project, or even result in its cancellation. To this end, Argan covers the expenses incurred in connection with the letter of intent and is stepping up its policy of dialogue with elected representatives in order to better anticipate difficulties.

- **Risks associated with failure of approval of a development project:** This risk could materialise in the event of a poor assessment of the feasibility of a project, the costs incurred or the completion deadlines. In addition to poor execution, this situation could lead to a long vacancy in the warehouse and a change in Argan's image.
  To this end, Argan has put in place a so-called "Go/No Go" procedure for each project based on a multi-criteria analysis enabling collective decision-making on the validation of a development project. The analysis grid is based in particular on the client's business sector, its financial solidity and the probability of releasing the asset in the event of a vacancy (in particular through an assessment of the geographical area).

- **Risks related to dependence on suppliers and quality control of the services provided by subcontractors:** Argan, as an economic player that is part of a value chain, naturally depends on suppliers (manufacturers, architects, engineering consultants, etc.). The risk of dependency is considered low due to the abundance of service providers in the Group's business sector. In addition, Argan has adopted a policy aimed at identifying and retaining the best suppliers and selecting a minimum of three suppliers for its important and critical needs.
  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.
  The project undertaken, the attractiveness of real estate portfolios, rental income and valuations may be affected by potential tenants' perception of the leased 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 June 30, 2024, 50% of the Company's real estate stock is covered by a 10-year guarantee (by area), corresponding to 52 buildings, and tenants are responsible for upkeep of the buildings, other than the maintenance that falls under Article 606 of the French Civil Code and remains the lessor's responsibility, which is covered by a 10-year guarantee.

Risks related to Argan's activity as a property investment company:

- **Risks of dependency on certain tenants and counterparty risks:** The Company's assets comprise 100 buildings, leased to a total of 66 different tenants. ARGAN's top 12 tenants were responsible for 70% of annualised rental income for 2024 across 57 sites. It mainly included: Carrefour (28%), FM Logistic (7%), Amazon (5%), Auchan (5%), Monoprix (5%) or Decathlon (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.
  Over the 1st half of 2024, the annual rental revenue from the largest site represents close to 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 economic slowdown could adversely affect the activities of our tenants and increase the Company's exposure to counterparty risk for the 2024 fiscal year. Since early 2022, inflation, sluggish economic conditions, rising interest rates, as well as geopolitical tensions and political uncertainties, could weaken certain tenants.
  More particularly, regarding the recent difficulties encountered by the Casino Group (Monoprix and Casino), these have so far had no impact on Argan's performance. As of June 30, 2024, there were no recorded unpaid rents. To date, the consolidated Casino Group, through its various brands, represented 6% of Argan's rental income. Given the situation, Argan has decided to provide a more specific view, activity by activity, in following sections.
  As of the publication date of this Half-Year Report, Argan's knowledge of this matter is based on information shared with the public by the media. Five percent of the annualized rental income for 2024 comes from two warehouses operated in the Paris region by the Monoprix brand (a Casino Group brand) on prime sites. As part of the publicly announced recovery strategy, Monoprix remains within the scope of the future Casino Group.
  The remaining 1% of rental income comes from a warehouse initially leased to Casino for its hyper- and supermarket activities near Saint-Etienne. This warehouse is expected to be transferred in the coming months to ID Logistics, operating for its client "Le groupement des Mousquetaires," the acquirer of a portfolio of hypermarkets. Regardless, long-term leases are in place on the assets leased to Casino.
  During the first six months of 2024, the Company was not impacted in the collection of its rents. It also has not been approached by clients following the indexation applicable since January 2024 (+4.6% on average).
  The economic situation impacts variations in the ILAT index (tertiary activities rent index), to which the Company's rents are indexed. As a reminder, the Company has implemented a capped indexation or pre-indexation system in 38% of its leases, which limits the effects of indexation according to INSEE indices.
  Furthermore, the Company is exposed to fluctuations in the real estate market, which could adversely affect the Company's investment and arbitration policies, as well as its activities, financial situation, results, and prospects. However, demand for logistics real estate remains strong, with a national vacancy rate of 4.3% at the end of June 2024, including 4% in the Paris region and 2.5% in the Lyon region.

- **Risks associated with the difficulty of disposing of an asset under the assets disposals programme:** For the purposes of its development and as part of its new financial strategy, the Company plans to carry out selective sales of property assets (the oldest assets). It cannot guarantee that such disposal opportunities will arise, nor that disposals will achieve the expected price. Such disposals involve a number of risks relating to conditions on the property market, the presence of a sufficient number of investors in this market, the impact on the Company's operating results, the involvement of executives and key personnel in such transactions and the discovery of problems inherent in such disposals.

- **Risks related to lease regulations and their renewal:** The Company cannot exclude the possibility that upon lease expiration, some tenants may choose not to renew their lease agreements, and that the

Company may not be able to re-lease the properties quickly and under the same conditions. However, given the staggered nature of the current lease expirations, the Company believes it can manage such eventualities.

It should be noted that as at June 30, 2024, the occupancy rate was 100%, with an average remaining fixed lease term of 5.5 years, as follows:

Remaining fixed term of leases	Percentages
More than 6 years	38%
3 to 6 years	34%
Less than 3 years	28%

- **Risks related to ICPE authorisations:** 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 (ICPE authorisation). 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 the ICPE regulations (Installations Classées pour la Protection de l'Environnement – Classified Facilities for Environmental Protection), it cannot guarantee that additional authorisations will be obtained if its tenants make a change to the way they operate its warehouses or that appeals will not be filed against prefectoral authorisations and building permits that have been issued. To date, the Company has not had to deal with any significant delay in updating a prefectoral authorisation for operations.

Risks related to the logistics real estate market:

- **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 nevertheless 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 associated with not taking ESG obligations into account:** The risks associated with poor application of ESG requirements concern Argan's image and reputation, with a potential impact on the share price and a possible deterioration in its relations with its stakeholders.
Argan strongly limits this risk by applying an ESG strategy overhauled in 2023 with an ambitious approach over the 2023- 2030 period, incorporating in particular a demanding carbon trajectory in line with the Paris agreements to maintain global warming at a threshold close to 1.5°C. With regard more specifically to the risks associated with the effects of climate change, readers are invited to refer to the note 6.28 of present consolidated half-year financial accounts included in the present report.

In 2023, this approach resulted in the improvement of the Sustainalytics rating, from medium to low risk (16.7 at end of June 2024) as well as an improvement in the Ethifinace rating (now a silver medal). Argan has also initiated the process to be rated by GRESB and Ecovadis since the beginning of 2024.
For more information on Argan's ESG policy, readers are invited to refer to our 2024 ESG report published in June 2024, which is available in full under the "ESG report" section of the "ESG commitments" tab of the argan.fr website.

Risks related to Argan's internal operation:

- **Risks associated with the departure of a key person, in particular a member of the Le Lan family:** ARGAN's development depends on the involvement of the Company's top executives and key employees,

particularly the Chairman of the Executive Board, Mr Ronan Le Lan, and the Chairman of the Supervisory Board, Mr Jean-Claude Le Lan. Should one of them leave or be otherwise unavailable, there is no guarantee that it would not have a significant negative impact on the ARGAN Group’s strategy and financial position as well as on the implementation of new projects necessary for its growth and development.
In order to address this possibility, ARGAN has created an organisational structure for the Company and expanded its management team.
In addition, Mr Jean-Claude Le Lan and his family are expected to remain the main shareholder of the Company, with significant influence in this respect. At June 30, 2024, the Le Lan family held 36.8% of the Company’s share capital and voting rights (including 27.5% held under the family holding structure named Kerlan SAS). As a result, Mr Jean-Claude Le Lan and his family will continue to have a significant influence on the Company in the future and could also, depending on the level of investment of the other shareholders, adopt by themselves all resolutions submitted for the approval of shareholders at the Ordinary General Meeting and potentially at the Extraordinary General Meeting. Mr Jean-Claude Le Lan and his family therefore have a significant influence on major decisions concerning, in particular, the appointment of members of the Executive Board and the Supervisory Board, the approval of the annual financial statements, the distribution of dividends, as well as changes to the Company’s capital and the Articles of Association.
In addition, the Supervisory Board has 3 independent members, representing 37.5% of the members, in accordance with the recommendations of the Middlenext Corporate Governance Code, which recommends that at least one third of the members of a Supervisory Board of a controlled company be independent members. Therefore, the Company considers that there is little risk of abusive control because of the presence of the independent members.

- **Risks related to the liquidity and the ARGAN share price**: The Company’s shares are admitted to trading on the Euronext Paris market; it is not possible to guarantee the existence of a liquid market for its shares, nor that such a market, if it develops, will persist. For information, it should be noted that the average daily volume of transactions on the Argan share since the beginning of 2023 approached 14,000 securities (source: Euronext), a sharp acceleration compared to 2022, in particular due to its integration into the FTSE EPRA indices in March and then the SBF 120 in September 2023. The lack of liquidity of Argan shares could have an impact on their marketability and price, provided that the presence of benchmarks limits the risk of a decline in liquidity. In addition, the price of ARGAN shares may vary significantly compared with its NAV.

6/ SCOPE OF CONSOLIDATION

The scope of consolidation as at June 30, 2024 is as follows:

Social Form	Companies	company SIREN registration n°	% interest and control at 30.06.2024	% interest and control at 31.12.2023
SA	ARGAN	393 430 608	100.00%	100.00%
SCI	NEPTUNE	903 397 784	99.90%	99.90%
SCCV	NANTOUR	822 451 340	49.90%	49.90%
SCI	AVILOG	841 242 274	99.90%	100.00%
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 Neptune, 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 January 1 to June 30, 2024 were approved by the Executive Board on July 18, 2024.

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

The new standards, amendments, interpretations adopted by European Union and application is mandatory from January 1, 2024, are:

- Amendments IAS 1 - Current/non-current classification of liabilities. Non-current liabilities with early repayment clauses.
- Amendments IFRS 16 - Lease liability under a sale and leaseback transaction.
- Amendments IAS 7 and IFRS 7 – Supplier financing agreement.

These new norms and amendments did not have an impact on the Group.

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 January 1, 2024.

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 01/01/24 to 30/06/24** (6 months)	**From 01/01/23 to 30/06/23** (6 months)
Rental income	98,058	90,933
Rebilled rental expenses and rental taxes	29,851	28,258
Rental expenses and rates	-30,125	-29,018
Other income from buildings	1,791	1,645
Other expenses from buildings	-151	-122
Net income from buildings	**99,423**	**91,696**
Current operating income	92,622	85,298
Operating income after value adjustments	109,659	-247,487
Cost of net financial debt	-25,404	-21,814
Of which interest on loans and overdrafts	-23,261	-20,191
EBIT	84,256	-269,301
Net income	**91,066**	**-269,519**
Net income Group share	**90,887**	**-266,970**
Group share net income / share[1]	**€3.80**	**-€11.61**
Average weighted number of shares at June 30	23,919,304	22,999,955

- ARGAN generated rental income of €98.1 million in the first half of 2024, an 8% increase compared to the first half of 2023. The difference between rental charges and their re-invoicing corresponds to the contractual application of lease clauses and the result of rental vacancy. Other income and other property expenses mainly relate to the application of IFRS 16.

- EBITDA (current operating income) was €92.6 million as at 30 June 2024, up 9% compared with the first semester of 2023.

- The operating income after value adjustments was €109.7 million, including the positive contribution of the fair value of investment properties for €17.0 million on a backdrop of stabilizing capitalisation rates.

- Net income was €91.1 million, after deduction of -€25.4 million from the cost of net financial debt (which includes income from cash and cash equivalents for €0.4 million, interest on loans and overdrafts for -€23.3 million, interest related to IFRS 16 rental debts for -€0.9 million, derivative instruments for -€0.1 million and loan issue costs for -€1.6 million) and taking into account €6.8 million of other financial income and expenses.

- Group share earnings per share[1] was €3.80 to be compared to -€11.61 for the first half of 2023. This result is calculated on the basis of a weighted number of shares of 23,919,304.

[1] The earnings per share and the diluted earnings per share were inaccurate as at June 30, 2023. Consequently, the profit and loss statement as at June 30, was restated.

Statement of income and expenses recognised:

(in thousands of €)	**From 01/01/24 to 30/06/24** (6 months)	**From 01/01/23 to 30/06/23** (6 months)
Earnings for the period	91,066	-269,519
Total gains and losses recognised directly in equity	1,739	-342
Earnings for the period and gains and losses recognised directly in equity	**92,804**	**-269,861**
- Including group share	92,626	-267,312

- Gains and losses recognised directly in equity amount to a gain of €1,739k (versus a loss of -€342k in the first half of 2023). This corresponds to the change in fair value of hedging instruments (on the effective portion).

Calculation of recurring net income:

(in thousands of €)	**From 01/01/24 to 30/06/24** (6 months)	**From 01/01/23 to 30/06/23** (6 months)
Rental income	98,058	90,933
Current expenses	-6,557	-7,110
Income from cash	439	1,381
Interest on loans	-23,261	-20,191
Issuance costs	- 1,592	- 1,887
Recurring net income	**67,087**	**63,126**
Recurring net income, Group share	**67,000**	**62,800**
Recurring net income/Rental income	**68%**	**69%**
Diluted recurring net income, Group share/share	**€2.80**	**€2.73**
Weighted number of shares	23,919,304	22,999,955

- **The group share recurring net income stood at €67.0 million, up 7% from the previous year and representing 68% of the rental income (against 69% in the first half of 2023).**

Simplified consolidated balance sheet:

(in thousands of €)	As at 30/06/24	As at 31/12/23
Non-current assets	4,023,250	3,935,563
Current assets	145,907	118,110
Assets held for sale	0	17,464
Total Assets	**4,169,157**	**4,071,136**
Shareholders' equity	2,075,059	1,887,799
Minority interests	34,802	34,624
Non-current liabilities	1,833,407	1,864,476
Current liabilities	225,888	276,201
Liabilities classified as held for sale	0	8,036
Total Liabilities	**4,169,157**	**4,071,136**

Actif du bilan :

- Non-current assets amounted to €4,023.3 million, mainly comprising €3,761.9 million in investment properties at their value excluding transfer taxes, €101.3 million in assets under construction, €11.2 million in tangible fixed assets, €72.8 million in rights of use under IFRS 16, €1.7 million in other non-current assets, €18.6 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 5.30% excluding transfer taxes (i.e. 5.00% including transfer taxes) as at 30 June 2024, up from 31 December 2023 (5.10% excluding transfer taxes).
- Current assets amounted to €145.9 million, comprising cash of €63.3 million, trade receivables of €63.4 million, and other current assets of €19.1 million as well as Other financial assets for €0.1 million.
- No asset is currently held for sale as at June 30, 2024.

Balance sheet liabilities:

- Shareholders' equity, share of the parent company, was €2,075.1 million as at June 30, 2024, up €187.3 million compared with December 31, 2023. This increase over the period is the result of:
  - The net effect of the funds received from a capital increase in the first half of the year in an amount of €147.2 million,
  - Consolidated income for the period of €90.9 million,
  - A cash dividend distribution of -€52.5 million,
  - The change in fair value of hedging instruments for €1.7 million,
  - Valuation impact & the selling of treasury shares for -€0.6 million,
  - The allocation of free shares for €0.5 million.
- Non-current liabilities amounted to €1,833.4 million, consisting of €1,738.1 million in long-term debt, €77.3 million of debt coming from the implementation of IFRS 16, €4.8 million relating to financial derivative instruments and €13.2 million in security deposits.
- Current liabilities amounted to €225.9 million, consisting of €101.2 million in short-term debt, €1.8 million in liabilities related to the application of IFRS 16, €19.3 million in debts on fixed assets, and €103.6 million in other current liabilities.
- No liability is held for sale as at June 30, 2024.

Simplified Cash Flow Statement:

(in thousands of €)	**From 01/01/24 to 30/06/24** (6 months)	**From 01/01/23 to 30/06/23** (6 months)
Consolidated net income	**91,066**	**-269,519**
Cash from operations before cost of debt and tax (A)	**93,268**	**85,479**
Current taxes (B)	33	-22
Change in operating WCR (C)	-3,611	27,344
Net cash flow from operations (D) = (A+B+C)	**89,690**	**112,801**
Net investing cash flow (E)	**-44,831**	**-57,228**
Net financing cash flow (F)	**-33,602**	**-18,207**
Net cash flow (D + E + F)	**11,257**	**37,367**
Opening cash position	51,730	169,088
Cash position on the balance sheet date	62,987	206,455

Cash from operations before cost of debt and tax:

- Cash from operations before cost of debt and tax stood at €93.3 million, mainly including the consolidated net income of the period for €91.1 million, net of:
  - Unrealised gains and losses related to changes in fair value of investment property and derivative instruments for -€23.8 million;
  - Cost of net financial debt for €25.4 million;
  - Calculated expenses and net depreciation expense and provisions for €0.6 million;
  - Income from disposals of assets and grants received as well as the share of income related to associates for -€0.1 million.

Net cash flow from operations:

- Standing at €89.7 million as at June 30, 2024, the net cash flow from operations over the period came from Cash from operations before cost of debt and tax for €93.3 million, mainly restated from change in the operating working capital requirement for -€3.6 million.

Net investing cash flow:

- Net investing cash flow stood at -€44.8 million and came from:
  - Acquisition of fixed assets investment properties for -€64.6 million;
  - Change in fixed asset liabilities for €2.4 million;
  - The disposals of a fixed asset for €17.5 million;
  - Of the combined impact coming from acquisition of tangible and financial capital assets as well as other investing cash flow items for -€0.2 million.

Net financing cash flow:

- Net financing cash flow stood at -€33.6 million and came from:
  - Proceeds linked to the capital increase for €147.2 million;
  - The net impact for -€104.7 million linked to repayment (-€187,2 million) and receipts of borrowing (€82.5 million);
  - The dividend in cash for -€52.5 million;
  - The net cash flow from financial income and expenses for -€23.1 million;
  - The impact of purchase and resale of treasury shares for -€0.6 million.

<u>Calculation of the Net Asset Value (NAV) EPRA as at June 30, 2024:</u>

In accordance with the updated EPRA recommendations, ARGAN computes Net Asset Value (NAV) on the basis of the consolidated shareholders' equity.
NAV EPRA Net Reinstatement Value (NRV) amounted to €89.7 per share as at June 30, 2024 (-1% over 6 months).
NAV EPRA Net Tangible Asset (NTA) amounted to €78.9 per share as at June 30, 2024 (almost stable over 6 months).
NAV EPRA Net Disposal Value (NDV) amounted to €82.8 per share as at June 30, 2024 (-1% over 6 months)

NAV EPRA (in millions of €)	As at June 30, 2024			As at December 31, 2023		
	NRV	NTA	NDV	NRV	NTA	NDV
Consolidated shareholders' equity	2,075.1	2,075.1	2,075.1	1,887.8	1,887.8	1,887.8
+ Fair value of financial instruments	-14.0	-14.0	-	-5.5	-5.5	-
- Goodwill in the balance sheet	-	-55.6	-55.6	-	-55.6	-55.6
+ Fair value of fixed-rate debt	-	-	85.1	-	-	98.2
+ Transfer taxes	217.3	-	-	208.4	-	-
NAV EPRA	**2,278.4**	**2,005.4**	**2,104.5**	**2,090.7**	**1,826.6**	**1,930.4**

Number of shares	25,402,673			23,079,697		
NAV EPRA in €/share	**89.7**	**78.9**	**82.8**	**90.6**	**79.1**	**83.6**

The NAV EPRA NTA (net tangible asset) per share thus stood at €78.9 as at 30 June, 2024, compared with €79.1 as at December 31, 2023, i.e., almost stable over 6 months.

The limited decrease of €0.2 per share for the NAV EPRA NTA from December 31, 2023 came from following items:

- Net income (excluding change in fair value): +€2.7
- The change in the value of the portfolio: +€0.7
- The impact of new shares created following the capital increase completed in H1 2024: -€0.5
- Payment of the dividend in cash: -€2.1
- The dilutive impact of new shares issued under the share dividend option: -€1.0

DECLARATION BY THE PERSON RESPONSIBLE **FOR THE HALF-YEAR FINANCIAL REPORT**

I certify, 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 42 to 57 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, July 24, 2024

Ronan Le Lan

Chairman of the Executive Board