

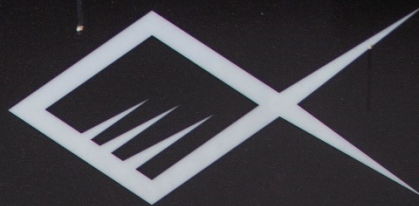
Argosy

2019 Annual Meeting

*Create.
Manage.
Own.*

Argosy Property Limited
8th August 2019

www.argosy.co.nz



The Board



Mike Smith - Chairman



Peter Brook - Director



Jeff Morrison - Director



Stuart McLauchlan - Director



Chris Gudgeon - Director



Mike Pohio - Director

Executive Team



Peter Mence – Chief Executive Officer



Dave Fraser – Chief Financial Officer

Agenda



Chairman's Review

Chief Executive Officer's Review

Questions

Resolutions

General Business

Close of Meeting

Note: Due to rounding, numbers presented in this presentation may not add up exactly to the totals provided and percentages may not exactly reflect absolute figures.

Chairman's Review

Argosy



23 Customs Street, Snickel Lane

FY19 Full Year Highlights



35.1%

Total shareholder return for 12 months

5.0%

Net Distributable Income increase

\$70.5m

Annual revaluation gain, 4.3% above book value

\$100m

Successful Green Bond Issue

6.1 yr

Weighted average lease term (WALT)

6.275c

Full year dividend

7WQ

Solid progress



Dividends

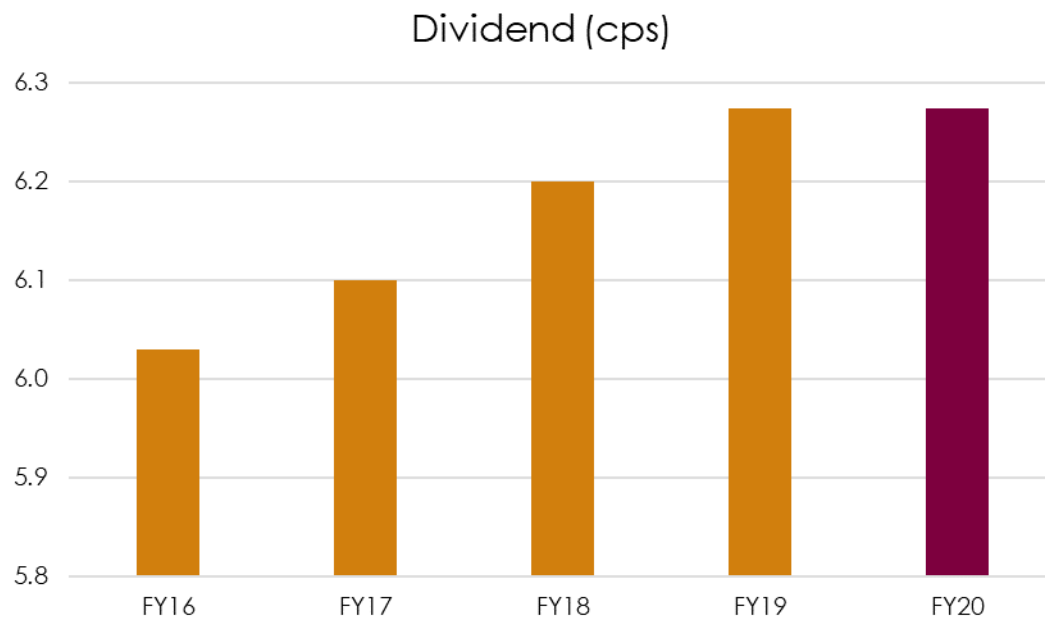
- ▶ The Board has signalled FY20 dividend guidance of 6.275 cents per share.
- ▶ The FY20 dividend reflects the Board's wish for shareholders to share in the continued strong results whilst allowing Argosy to maintain its momentum towards an AFFO based dividend policy.
- ▶ A Q1 cash dividend of 1.56875 cents per share has been declared, with imputation credits of 0.29766 cents per share attached.

25 Sept

Q1 payment date

6.275c

FY20 dividend guidance



- ▶ Your Board is committed to the highest standards of business behaviour and accountability;
- ▶ We are guided by our Code of Conduct and Ethics; and
- ▶ We have a well developed risk management policy & framework which manages Argosy's risks within the overall risk appetite set by the Board.

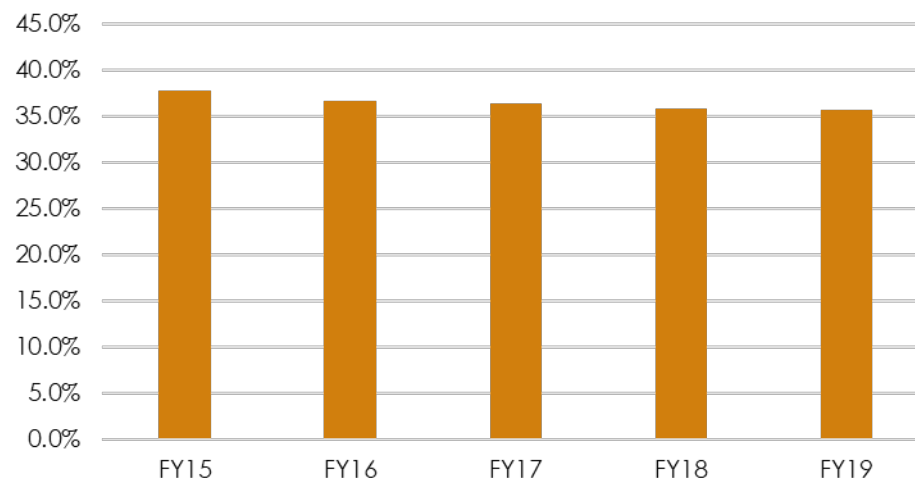
Capital Management

- ▶ Argosy operates within its Capital Management Framework
- ▶ The Board's policy is for debt to total assets to be between 30% to 40%
- ▶ As at 31 March 2019 Argosy's debt to total assets ratio was 35.6%
- ▶ We aim to maximise earnings through the property cycle within the following parameters:
 - ▶ Properties are acquired when they meet approved Investment Policy criteria, or sold when they are non Core;
 - ▶ Argosy is not forced to issue equity at a price that is dilutive to shareholders; and
 - ▶ Measured dividend growth is maintained.

35.6%

Debt-to-total assets ratio

Debt-to-total-assets



Chief Executive Officer's Review



Create. Manage. Own.



Proactive delivery of sustainable growth.



An environmentally focused & sustainable business

Transition value add properties to drive earnings and capital growth

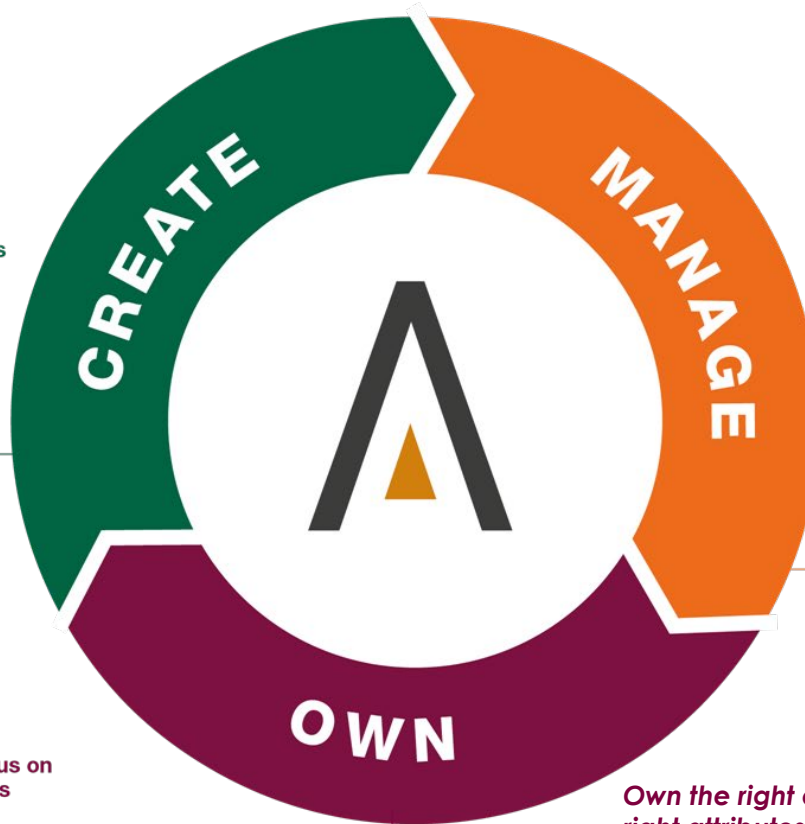
Streamlined tenant led development process and execution



A diversified portfolio of high quality, well located assets with growth potential

Real estate with a primary focus on Auckland & Wellington markets

Target off market opportunities or contiguous properties with potential



Manage all elements of the business to deliver the right outcomes for all our stakeholders.



Strong and valued relationships across all key stakeholders

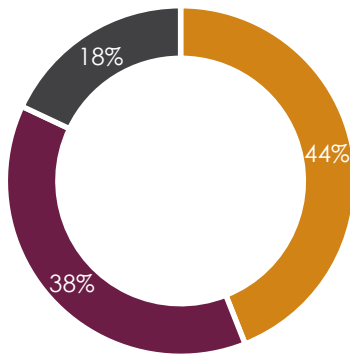
Safe working environments for Argosy's people and its partners

A commitment to management excellence

Own the right assets, with the right attributes in the right locations.

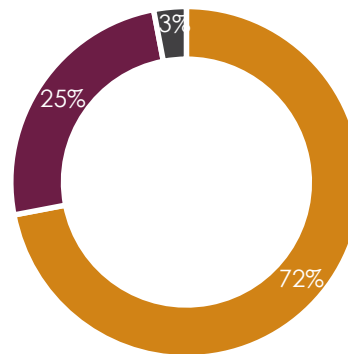
Portfolio at a Glance

**TOTAL PORTFOLIO VALUE
BY SECTOR**



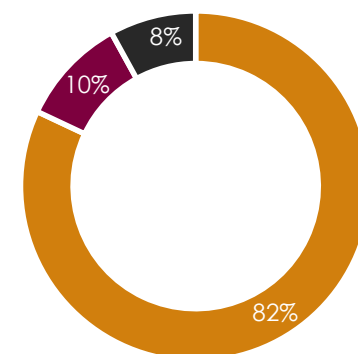
- Industrial
- Office
- Retail

**TOTAL PORTFOLIO VALUE
BY REGION**



- Auckland
- Wellington
- Regional North Island & South Island

**PORTFOLIO MIX
BY VALUE**



- Core properties
- Value Add properties
- Non Core

- ▶ Divestment of non Core assets continued through FY19.
- ▶ Subsequent to year end Argosy sold Albany Lifestyle Centre for \$89.0m, a 2% premium to its book value. Settlement is expected to occur on or around 27 March 2020.

Distributable Income



| | FY19 \$m | FY18 \$m | |
|--|--------------|--------------|---|
| Profit before income tax | 143.3 | 109.3 | |
| Adjusted for: | | | |
| Revaluations gains | (70.5) | (47.3) | |
| Realised losses/(gains) on disposal | (6.1) | (0.3) | |
| Derivative fair value loss/(gain) | 7.4 | 4.1 | |
| Earthquake expense net of recoveries | (6.8) | (0.2) | |
| Gross distributable income | 67.3 | 65.6 | |
| Depreciation recovered | 1.7 | 0.6 | |
| Current tax expense | (11.7) | (11.6) | |
| Net distributable income | 57.4 | 54.6 | --▶ Net distributable income up by 5.0% |
| Weighted average number of ordinary shares (m) | 827.0 | 825.1 | |
| Gross distributable income per share (cents) | 8.14 | 7.95 | |
| Net distributable income per share (cents) | 6.94 | 6.62 | --▶ Net distributable income per share up by 4.8% |

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Value Add

- ▶ The following properties have been designated as Value Add and make up ~10% of the total portfolio:

| Property | Location | Sector | Valuation \$m |
|---|------------|-------------------|---------------|
| 90 - 104 Springs Road, East Tamaki | AKL | Industrial | 5.7 |
| 80 Springs Road, East Tamaki | AKL | Industrial | 13.2 |
| 211 Albany Highway, Albany | AKL | Industrial | 26.2 |
| 960 Great South Road, Penrose | AKL | Industrial | 6.9 |
| 133 Roscommon Road, Wiri | AKL | Industrial | 8.7 |
| 180-202 Hutt Road, Kaiwharawhara | WTN | Industrial | 12.9 |
| 99-107 Khyber Pass Road, Grafton | AKL | Office | 11.6 |
| 107 Carlton Gore Road, Newmarket | AKL | Office | 29.0 |
| 8-14 Willis Street | WTN | Office | 22.8 |
| Stewart Dawsons Corner | WTN | Retail | 18.3 |
| 252 Dairy Flat, Albany | AKL | Retail | 7.9 |
| 56 Jamaica Drive, Grenada North | WTN | Land | 1.1 |
| TOTAL (excl. land) | | | 164.3 |
| 15 Unity Drive, Albany | AKL | Land | 4.5 |
| TOTAL | | | 168.8 |



8-14 Willis Street (yellow) and Stewart Dawsons Corner (red).

Green Assets

► Assets with Green Star Ratings and their NABERSNZ Ratings shown below.

Value of Existing Green Assets

| Address | Use | Current NABERSNZ Rating | Green Star Rating | Asset Value (NZDm) ¹ |
|---|--------|---------------------------------|---------------------|---------------------------------|
| 143 Lambton Quay | Office | 4 Stars Energy Whole Building | 5 Star Office Built | \$29.3 |
| 15-21 Stout Street | Office | 5 Stars Energy Whole Building | 5 Star Office Built | \$111.0 |
| 82 Wyndham St | Office | Targeting 5 Stars (in progress) | 5 Star Office Built | \$44.7 |
| Total Existing Green Asset Value | | | | \$185.0 |

Value of Green Assets Awaiting Certification

| Address | Use | Current NABERSNZ Rating | Targeted Green Star Rating | Asset Value (NZD m) |
|------------------|------------|-------------------------|---------------------------------------|---------------------|
| Highgate Parkway | Industrial | n/a | 4 Star Industrial Built (in progress) | \$29.5 |
| Sub-total | | | | \$29.5 |

**Total Green Asset Value
(Existing + Awaiting Certification) \$214.5**

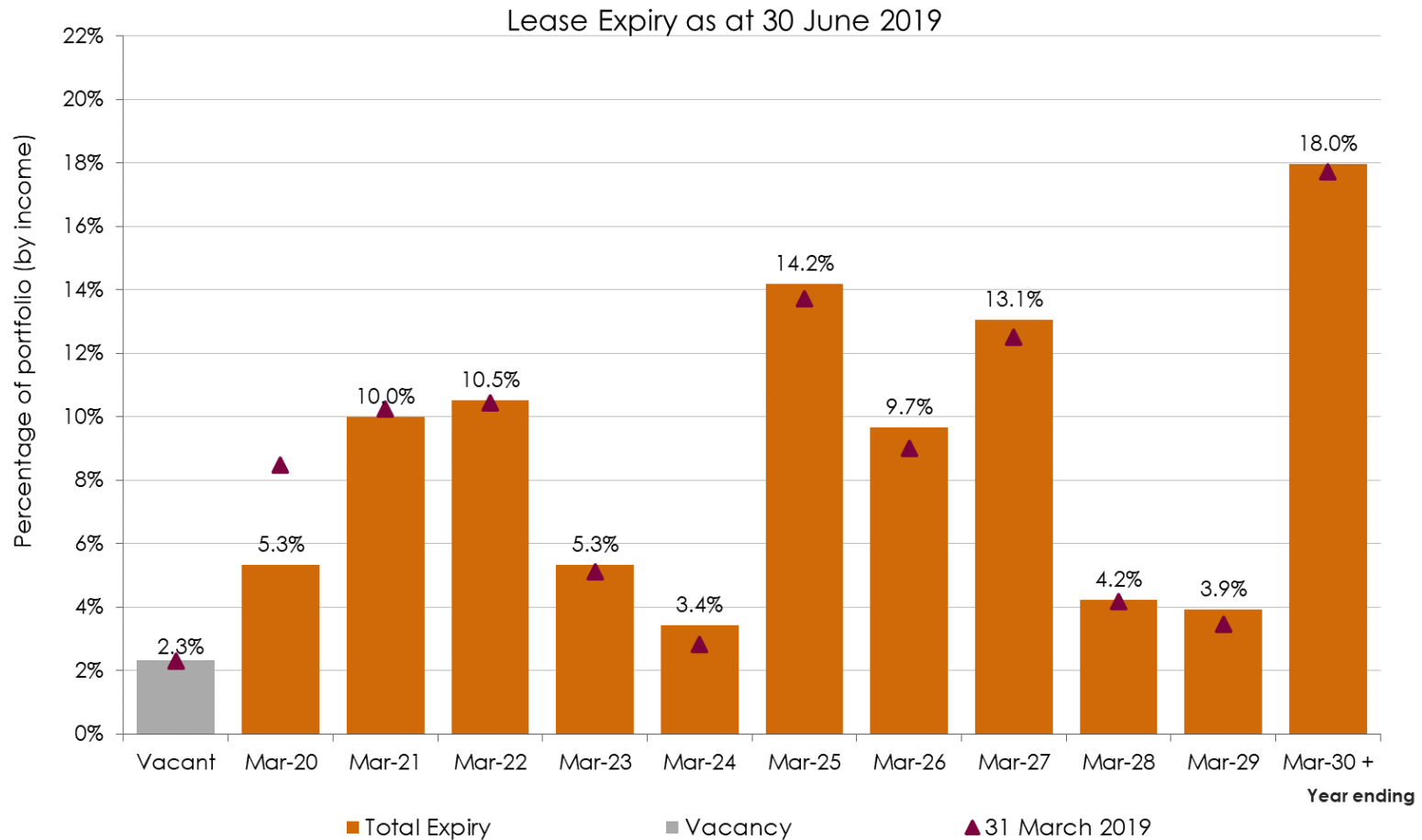
\$157.4m

Expected end value of other green projects underway

1. 31 March 2019 full year valuation.

Lease Maturity

- ▶ Normalised lease maturity profile relatively stable over the medium term.
- ▶ Strong Crown interest in 7 Waterloo Quay space.



Create

Proactive delivery of sustainable growth.



- ▶ Continue transitioning Value Add properties to drive earnings and capital growth.
- ▶ Ensure projects are completed on time and on budget.
- ▶ Keep investigating strategic acquisitions (off market or contiguous).

Manage

Manage all elements of our business to deliver the right outcomes for all our stakeholders.



- ▶ Maintain high tenant retention rates and address key expiries / vacancies.
- ▶ Leasing up of 7 Waterloo Quay.
- ▶ Ensure diversity of debt funding and increase tenor.
- ▶ Maintain transition towards AFFO based dividend policy.

Own

Own the right assets, with the right attributes in the right locations.



- ▶ Continue to invest in a diverse range of properties across sectors, locations and sizes.
- ▶ Maximise current attractive vendor market conditions.
- ▶ Investment activity focused on existing portfolio.

Questions

Argosy



Albany Mega Centre

Resolutions



Resolution 1

- ▶ That Mike Smith be re-elected as a Director.

Resolution 2

- ▶ That Peter Brook be re-elected as a Director.

Resolution 3

- ▶ That Stuart McLauchlan be elected as a Director.

Resolution 4

- ▶ That Chris Gudgeon be elected as a Director.

Resolution 5

- ▶ That Mike Pohio be elected as a Director.

Resolution 6

- ▶ That for the purposes of NZX Listing Rule 2.11.1, the maximum aggregate amount of remuneration payable by the Company to Directors (in their capacity as Directors) be increased by \$32,000 per annum, from \$746,500 per annum to \$778,500 per annum, with effect on and from 8 August 2019.

Resolution 7

- ▶ As a special resolution:

That the existing constitution of the Company is revoked, and the constitution tabled at the meeting, and referred to in the explanatory memorandum under the heading “Change to Constitution”, is adopted as the constitution of the Company.

Resolution 8

- ▶ That the Board be authorised to fix the Auditor's Fees and Expenses.



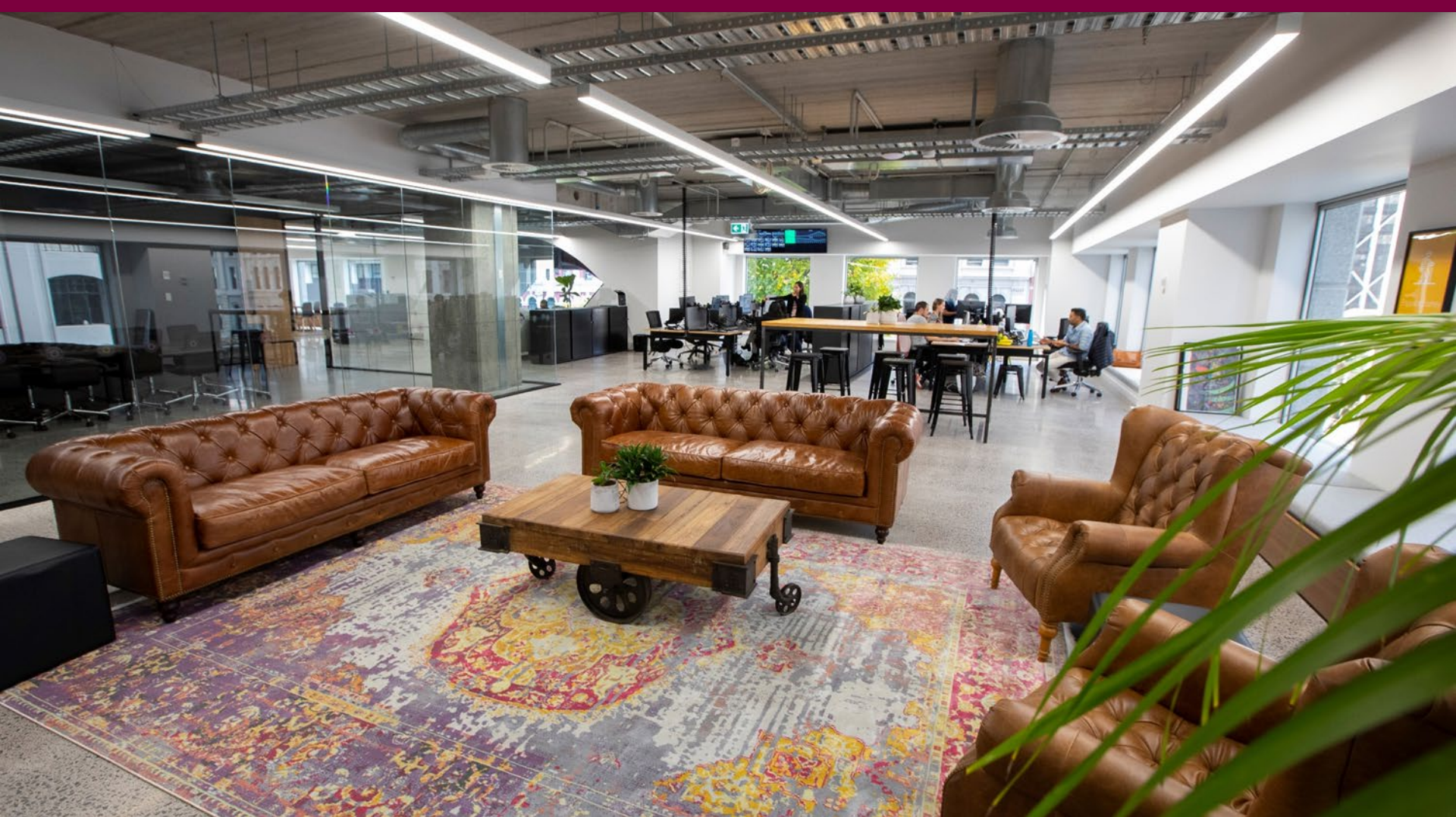
Close of Meeting

Argosy



Thankyou

Argosy



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All values are expressed in New Zealand currency unless otherwise stated.

8 August 2019