

20.04.2023

Market Release

31 March Year End Valuation Update

Argosy Property Limited ('Argosy') today announced that for the 12 months to 31 March 2023, it has recorded a full year portfolio revaluation loss of \$146.4 million, a 6.4% decrease on book value. Of this decrease, \$23.5 million was recognised in the 30 September 2022 interim result.

Overall cap rates softened by 68 basis points to an average of 5.84% and this was a primary driver in revaluation decreases. By sector, Industrial decreased \$49.1 million or 4.2%. The Office portfolio declined by \$78.9 million or 8.9%, and Large Format Retail declined by \$18.5 million or 8.2%. The portfolio is 10.8% under-rented, excluding market rent on developments. More detail is provided in the appendix to this release. Based on the provisional revaluation announced today, Argosy's adjusted NTA would be approximately \$1.57 per share compared to \$1.74 as at 31 March 2022.

Unlike other cyclical softening periods, the market is benefiting from increased rentals as the capitalisation rates ease. The impact of the softer cap rates was partially offset in many instances by increases in market rents. In some instances, value added by increased lease terms has mitigated value declines. The market is showing a clear premium attached to green buildings.

The valuations as at 31 March 2023 remain subject to audit by Deloitte and will be confirmed in the financial results to be announced to the market on 17 May 2023. Peter Mence, CEO of Argosy said, "Argosy's focus on green property assets is showing clear benefits in tenant demand and now in relative value, in a softer asset market."

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	31 Mar 23 Book Value ¹ (\$m)	31 Mar 23 Valuation (\$m)	△ \$m	△ %	Mar 23 Cap rate %	Mar 22 Cap rate %
Auckland	1,617.5	1,507.6	(109.9)	(6.8%)	5.66%	4.99%
Wellington	607.8	577.4	(30.5)	(5.0%)	6.25%	5.57%
North Island Regional & South Island	65.9	59.9	(6.1)	(9.2%)	6.25%	5.75%
Total	2,291.3	2,144.8	(146.4)	(6.4%)	5.84%	5.16%

	31 Mar 23 Book Value ¹ (\$m)	31 Mar 23 Valuation (\$m)	△ \$m	△ %	Mar 23 Cap rate %	Mar 22 Cap rate %
Industrial	1,176.9	1,127.8	(49.1)	(4.2%)	5.48%	4.75%
Office	890.0	811.1	(78.9)	(8.9%)	6.23%	5.61%
Large Format Retail	224.4	206.0	(18.5)	(8.2%)	6.25%	5.49%
Total	2,291.3	2,144.8	(146.4)	(6.4%)	5.84%	5.16%

¹ Book Value excludes September 2022 revaluation gain/loss

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