Interim Financial Statements
30 September 2023

Argosy

Contents

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023 (UNAUDITED)

	Note	Group (unaudited) 30 September 2023 $000s	Group (audited) 31 March 2023 $000s
Non-current assets			
Investment properties	4	2,151,239	2,184,899
Derivative financial instruments	5	19,649	14,818
Other non-current assets		193	183
Total non-current assets		2,171,081	2,199,900
Current assets			
Cash and cash equivalents		2,015	2,057
Trade and other receivables		856	5,166
Derivative financial instruments	5	85	122
Other current assets		1,519	5,190
Taxation receivable		–	202
Total current assets		4,475	12,737
Total assets	3	2,175,556	2,212,637
Shareholders' funds			
Share capital	6	820,557	820,069
Share based payments reserve		237	673
Retained earnings		466,983	514,953
Total shareholders' funds		1,287,777	1,335,695
Non-current liabilities			
Interest bearing liabilities	7	772,887	759,991
Derivative financial instruments	5	38,815	36,252
Non-current lease liabilities		39,887	39,953
Deferred tax		18,923	18,059
Total non-current liabilities		870,512	854,255
Current liabilities			
Trade and other payables		12,795	18,796
Taxation payable		121	–
Current lease liabilities		127	121
Other current liabilities		4,224	3,770
Total current liabilities		17,267	22,687
Total liabilities		887,779	876,942
Total shareholders' funds and liabilities		2,175,556	2,212,637

For and on behalf of the Board

Jeff Morrison
Director

Stuart McLauchlan
Director

Date: 28 November 2023

The notes to the accounts form part of and are to be read in conjunction with these consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Note	Group (unaudited) Six months to 30 September 2023 $000s	Group (unaudited) Six months to 30 September 2022 $000s
Gross property income from rentals		65,826	60,434
Gross property income from expense recoveries		10,451	9,469
Property expenses		(17,843)	(14,949)
Net property income	3	58,434	54,954
Administration expenses		5,500	5,188
Profit before financial income/(expenses), other gains/(losses) and tax		52,934	49,766
Financial income/(expenses)			
Interest expense	8	(21,351)	(16,324)
Gain/(loss) on derivative financial instruments held for trading		2,231	4,529
Interest income		129	35
		(18,991)	(11,760)
Other gains/(losses)			
Revaluation gains/(losses) on investment property	4	(50,816)	(23,498)
Realised gains/(losses) on disposal of investment property		106	(359)
Settlement for failed sale of investment property		–	3,000
		(50,710)	(20,857)
Profit/(loss) before income tax attributable to shareholders		(16,767)	17,149
Taxation expense	9	3,036	6,450
Profit/(loss) and total comprehensive income/(loss) after tax		(19,803)	10,699
All amounts are from continuing operations.			
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share (cents)		(2.34)	1.26

The notes to the accounts form part of and are to be read in conjunction with these consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Shares on issue $000s	Share based payments reserve $000s	Retained earnings $000s	Total $000s
For the six months ended 30 September 2023 (unaudited)				
Shareholders' funds at the beginning of the period	820,069	673	514,953	1,335,695
Total comprehensive income/(loss) for the period	–	–	(19,803)	(19,803)
Contributions by shareholders				
Dividends to shareholders	–	–	(28,167)	(28,167)
Equity settled share based payments	488	(436)	–	52
Shareholders' funds at the end of the period	820,557	237	466,983	1,287,777
For the six months ended 30 September 2022 (unaudited)				
Shareholders' funds at the beginning of the period	819,857	385	651,880	1,472,122
Total comprehensive income for the period	–	–	10,699	10,699
Contributions by shareholders				
Dividends to shareholders	–	–	(27,941)	(27,941)
Equity settled share based payments	212	(109)	–	103
Shareholders' funds at the end of the period	820,069	276	634,638	1,454,983

The notes to the accounts form part of and are to be read in conjunction with these consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Group (unaudited) Six months to 30 September 2023 $000s	Group (unaudited) Six months to 30 September 2022 $000s
Cash flows from operating activities		
Cash was provided from:		
Property income	78,821	70,746
Interest received	129	35
Settlement for failed sale of investment property	–	3,000
Cash was applied to:		
Property expenses	(14,057)	(11,883)
Interest paid	(19,943)	(13,843)
Interest paid for ground lease	(1,002)	(1,005)
Employee benefits	(3,897)	(4,172)
Taxation paid	(1,725)	(2,715)
Other expenses	(2,427)	(2,592)
Net cash from/(used in) operating activities	35,899	37,571
Cash flows from investing activities		
Cash was provided from:		
Sale of properties, deposits and deferrals	608	19,950
Cash was applied to:		
Capital additions on investment properties	(19,250)	(30,035)
Capitalised interest on investment properties	(1,384)	(2,220)
Purchase of properties, deposits and deferrals	(21)	(33,168)
Net cash from/(used in) investing activities	(20,047)	(45,473)
Cash flows from financing activities		
Cash was provided from:		
Debt drawdown	27,196	64,016
Cash was applied to:		
Repayment of debt	(14,500)	(27,577)
Dividends paid to shareholders net of reinvestments	(28,292)	(28,185)
Issue cost of shares	–	(10)
Repayment of lease liabilities	(61)	(58)
Bond costs	(22)	(31)
Facility refinancing fee	(215)	(357)
Net cash from/(used in) financing activities	(15,894)	7,798
Net increase/(decrease) in cash and cash equivalents	(42)	(104)
Cash and cash equivalents at the beginning of the period	2,057	1,663
Cash and cash equivalents at the end of the period	2,015	1,559

The notes to the accounts form part of and are to be read in conjunction with these consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

Argosy Property Limited (APL or the Company) is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. APL is incorporated under the Companies Act 1993 and domiciled in New Zealand.

The Company's principal activity is investment in properties which include Industrial, Office and Large Format Retail properties, predominantly in Auckland and Wellington.

These condensed consolidated interim financial statements (interim financial statements) are presented in New Zealand dollars which is the Company's functional currency and have been rounded to the nearest thousand dollars ($000) and include those of APL and its subsidiaries (the Group).

These interim financial statements were approved by the Board of Directors on 28 November 2023.

2. Basis of preparation

Statement of compliance

These interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and comply with NZ IAS 34 and IAS 34 Interim Financial Reporting as applicable to the Company as a profit-oriented entity. These interim financial statements do not include all of the information required for full annual financial statements.

The interim financial statements have been prepared on the historical cost basis except for derivative financial instruments and investment properties which are measured at fair value.

Use of estimates and judgement

The preparation of financial statements in conformity with NZ GAAP requires the use of certain critical accounting estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The area involving a higher degree of complexity, and where assumptions and estimates are significant to the financial statements is note 4 - valuation of investment property.

Change in accounting policies

Accounting policies and methods of computation have been applied consistently to all periods and by all Group entities.

New accounting standards adopted

At the date of authorisation of these financial statements, the Group has not applied any new or revised NZ IFRS standards and amendments that have been issued but are not yet effective.

3. Segment information

The principal business activity of the Group is to invest in, and actively manage, properties in New Zealand. NZ IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the Chief Executive Officer, in order to allocate resources to segments and assess their performance.

The information reported to the Group's Chief Executive Officer includes investment property information aggregated into three business sectors, Industrial, Office and Large Format Retail, based on what the occupants actual or intended use is. Segment profit represents profit earned by each segment including allocation of identifiable revaluation gains/(losses) on investment properties and gains/(losses) on disposal of investment properties.

The following is an analysis of the Group's results by reportable segments.

	Industrial Six months to 30 September		Office Six months to 30 September		Large Format Retail Six months to 30 September		Total (unaudited) Six months to 30 September	
	2023 $000s	2022 $000s	2023 $000s	2022 $000s	2023 $000s	2022 $000s	2023 $000s	2022 $000s
Segment profit/(loss)								
Net property income[1]	27,588	25,929	24,527	22,076	6,319	6,949	58,434	54,954
Realised gains/(losses) on disposal of investment properties	(21)	(4)	–	(321)	127	(34)	106	(359)
Settlement for failed sale of investment property	–	–	–	–	–	3,000	–	3,000
	27,567	25,925	24,527	21,755	6,446	9,915	58,540	57,595
Revaluation gains/(losses) on investment properties	(14,966)	(22,040)	(26,296)	(9,073)	(9,554)	7,615	(50,816)	(23,498)
Total segment profit/(loss)[2]	12,601	3,885	(1,769)	12,682	(3,108)	17,530	7,724	34,097
Unallocated:								
Administration expenses							(5,500)	(5,188)
Net interest expense							(21,222)	(16,289)
Gain/(loss) on derivative financial instruments held for trading							2,231	4,529
Profit/(loss) before income tax							(16,767)	17,149
Taxation expense							(3,036)	(6,450)
Profit/(loss) for the period							(19,803)	10,699

1. Net property income consists of revenue generated from external tenants less property operating expenditure.
2. There were no inter-segment sales during the period (30 September 2022: Nil).

	Industrial $000s	Office $000s	Large Format Retail $000s	Total $000s
Segment assets as at 30 September 2023 (unaudited)				
Current assets	556	844	65	1,465
Investment properties	1,117,975	836,964	196,300	2,151,239
Total segment assets	1,118,531	837,808	196,365	2,152,704
Unallocated assets				22,852
Total assets				2,175,556
Segment assets as at 31 March 2023 (audited)				
Current assets	2,584	6,115	869	9,568
Investment properties	1,127,775	851,174	205,950	2,184,899
Total segment assets	1,130,359	857,289	206,819	2,194,467
Unallocated assets				18,170
Total assets				2,212,637

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than cash and cash equivalents, derivatives, other non-current assets and other minor current assets that cannot be allocated to particular segments.

4. Investment properties

	Industrial Six months to 30 September 2023 $000s	Office Six months to 30 September 2023 $000s	Large Format Retail Six months to 30 September 2023 $000s	Group (unaudited) Six months to 30 September 2023 $000s
Movement in investment properties				
Balance at 1 April 2023	1,127,775	851,174	205,950	2,184,899
Capitalised costs	5,525	12,382	(25)	17,882
Change in fair value	(14,966)	(26,296)	(9,554)	(50,816)
Change in capitalised leasing costs	(101)	(11)	(19)	(131)
Change in lease incentives	(258)	(285)	(52)	(595)
Investment properties at 30 September	1,117,975	836,964	196,300	2,151,239
Less lease liability (39 Market Place)	–	(40,014)	–	(40,014)
Investment properties at 30 September excluding NZ IFRS 16 lease adjustments	1,117,975	796,950	196,300	2,111,225

	Industrial 12 months to 31 March 2023 $000s	Office 12 months to 31 March 2023 $000s	Large Format Retail 12 months to 31 March 2023 $000s	Group (audited) 12 months to 31 March 2023 $000s
Movement in investment properties				
Balance at 1 April 2022	1,126,975	897,540	223,200	2,247,715
Acquisition of property	33,220	–	–	33,220
Capitalised costs	17,528	33,388	1,326	52,242
Change in fair value	(49,108)	(78,998)	(18,451)	(146,557)
Change in capitalised leasing costs	(168)	(125)	(31)	(324)
Change in lease incentives	(672)	(631)	(94)	(1,397)
Investment properties at 31 March	1,127,775	851,174	205,950	2,184,899
Less lease liability (39 Market Place)	–	(40,074)	–	(40,074)
Investment properties at 31 March excluding NZ IFRS 16 lease adjustments	1,127,775	811,100	205,950	2,144,825

Investment properties are classified as level 3 (inputs are unobservable for the asset or liability) under the fair value hierarchy on the basis that adjustments must be made to observable data of similar properties to determine the fair value of an individual property.

The Group holds the freehold to all investment properties other than 39 Market Place, Viaduct Harbour, Auckland.

Valuation of investment properties

In accordance with the valuation policy of the Group, property valuations are carried out at least annually by independent registered valuers. Given the current challenging investment market and the high interest rate environment, the Board and Management engaged Colliers International New Zealand Limited (Colliers) to review key valuation metrics in order to undertake a high-level desktop review of the property portfolio as at 30 September 2023.

Colliers did not re-inspect the properties and did not undertake a full market valuation as at 30 September 2023. They undertook relevant investigations, including considering any tenant changes, assessing market rentals and reviewing capitalisation rates in order to determine the desktop value of Argosy's properties.

Whilst the valuations were provided for Argosy internal purposes, they have been reviewed and assessed by Management and subsequently adopted by the Board. Overall, there was a revaluation loss of $50.8 million (2022: $23.5 million) which has been recognised as a revaluation loss on investment property as at 30 September 2023.

Following the adoption of NZ IFRS 16 on 1 April 2019, the right-of-use asset and investment were recognised on the ground lease that exists over 39 Market Place, Viaduct Harbour, Auckland.

4. Investment properties (continued)

Investment property metrics for the period ended 30 September 2023 are as follows:

		Industrial	Office	Large Format Retail	Total
Contract yield[1]	- Average	5.23%	6.86%	6.65%	5.97%
Market yield[1]	- Average	6.03%	7.41%	6.72%	6.61%
Occupancy (rent)		100.0%	97.3%	97.1%	98.4%
Occupancy (net lettable area)		100.0%	96.7%	97.3%	99.1%
Weighted average lease term (years)		5.76	5.04	2.61	5.11
No. of buildings[2]		35	15	4	54
Fair value total ($000s)		1,117,975	796,950	196,300	2,111,225

1. 105 Carlton Gore Road and 224 Neilson Street have been excluded from the yield metrics. 105 Carlton Gore Road has been valued on the basis of the completion of the redevelopment currently underway and the 224 Neilson Street valuation is based on land only.
2. Certain titles have been consolidated and treated as one.

Investment property metrics for the year ended 31 March 2023 are as follows:

		Industrial	Office	Large Format Retail	Total
Contract yield[1]	- Average	5.07%	6.10%	6.51%	5.60%
Market yield[1]	- Average	5.68%	6.96%	6.29%	6.21%
Occupancy (rent)		100.0%	98.5%	100.0%	99.3%
Occupancy (net lettable area)		100.0%	97.7%	100.0%	99.5%
Weighted average lease term (years)		6.1	5.2	2.9	5.4
No. of buildings[2]		35	15	4	54
Fair value total ($000s)		1,127,775	811,100	205,950	2,144,825

1. 105 Carlton Gore Road, 224 Neilson Street and 39 Market Place have been excluded from the yield metrics. 105 Carlton Gore Road has been valued on the basis of the completion of the redevelopment currently underway, the 224 Neilson Street valuation is based on land only and the 39 Market Place valuation is based on discounted cash flow methodology.
2. Certain titles have been consolidated and treated as one.

5. Derivative financial instruments

	Group (unaudited) 30 September 2023 $000s	Group (audited) 31 March 2023 $000s
Nominal value of interest rate swaps - fixed rate payer	495,000	495,000
Nominal value of interest rate swaps - fixed rate receiver	275,000	275,000
Average fixed interest rate - fixed rate payer	3.48%	3.48%

Interest rate swaps are measured at present value of future cash flows estimated and discounted based on applicable yield curves derived from observable market interest rates. Accepted market best practice valuation methodology using mid-market interest rates at the period end date is used, provided from sources perceived to be reliable and accurate. Interest rate swaps have been classified into Level 2 of the fair value hierarchy on the basis that the valuation techniques used to determine the values at period end date use observable inputs.

The net liability for derivative financial instruments as at 30 September 2023 is $19.1 million (31 March 2023: $21.3 million). The mark-to-market decrease in the liability for derivative financial instruments is a result of movements in the interest rate curve during the interim period.

6. Share capital

	Group (unaudited) 30 September 2023 $000s	Group (audited) 31 March 2023 $000s
Balance at the beginning of the period	820,069	819,857
Issue of shares from equity settled share based payments	488	212
Total share capital	820,557	820,069

The number of shares on issue at 30 September 2023 was 847,168,744 (31 March 2023: 846,723,895).

All shares are fully paid and rank equally with one vote attached and carry the right to dividends.

Reconciliation of number of shares (in 000s of shares)	Group (unaudited) 30 September 2023	Group (audited) 31 March 2023
Balance at the beginning of the period	846,724	846,551
Issue of shares from share based payments	445	173
Total number of shares on issue	847,169	846,724

7. Interest bearing liabilities

	Group (unaudited) 30 September 2023 $000s	Group (audited) 31 March 2023 $000s
Syndicated bank loans	450,864	438,167
Fixed rate green bonds	325,000	325,000
Borrowing costs	(2,977)	(3,176)
Total interest bearing liabilities	772,887	759,991
Weighted average interest rate on interest bearing liabilities (inclusive of bonds, interest rate swaps, margins and line fees)	5.61%	5.39%

Syndicated bank loans

	Group (unaudited) 30 September 2023 $000s	Group (audited) 31 March 2023 $000s
Westpac New Zealand Limited	193,666	125,792
Industrial and Commercial Bank of China	90,000	60,000
ANZ Bank New Zealand Limited	76,932	121,583
The Hongkong and Shanghai Banking Corporation Limited	54,400	70,000
Commonwealth Bank of Australia	34,400	50,000
Bank of New Zealand	1,466	10,792
Total syndicated bank loans	450,864	438,167

As at 30 September 2023, the Group had a syndicated revolving facility with Westpac New Zealand Limited, Industrial and Commercial Bank of China, ANZ Bank New Zealand Limited, The Hongkong and Shanghai Banking Corporation Limited, Commonwealth Bank of Australia and Bank of New Zealand for $525.0 million (31 March 2023: $475.0 million) secured by way of mortgage over the investment properties of the Group. The facility includes a Tranche A limit of $160.0 million, a Tranche B limit of $60.0 million, a Tranche C limit of $115.0 million, a Tranche D limit of $110.0 million and a Tranche I limit of $80.0 million.

Tranche A matures on 1 April 2025, Tranche B on 1 October 2025, Tranche C on 1 October 2027, Tranche D on 1 October 2026 and Tranche I on 19 May 2026.

The limits for Tranches A, D and I remain unchanged from 31 March 2023. The Tranche B limit decreased from $125.0 million to $60.0 million, and Tranche C was introduced. The maturity dates for Tranche A, B, D and I remain unchanged from 31 March 2023.

Fixed rate green bonds

NZX code	Value of Issue $000s	Issue Date	Maturity Date	Interest Rate	Fair Value $000s
ARG010	100,000	27 March 2019	27 March 2026	4.00%	93,010
ARG020	100,000	29 October 2019	29 October 2026	2.90%	87,436
ARG030	125,000	27 October 2020	27 October 2027	2.20%	101,027

The fair value of the fixed rate green bonds is based on the listed market price at balance date and is therefore classified as Level 1 in the fair value hierarchy. Interest on ARG010 bonds is payable in equal instalments on a quarterly basis in March, June, September and December. Interest on ARG020 and ARG030 bonds is payable in equal instalments on a quarterly basis in April, July, October and January.

The green bonds are secured by way of mortgage over the investment properties of the Group.

8. Interest expense

	Group (unaudited) Six months to 30 September 2023 $000s	Group (unaudited) Six months to 30 September 2022 $000s
Interest expense	(21,733)	(17,539)
Interest on ground lease (39 Market Place)	(1,002)	(1,005)
Less amount capitalised to investment properties	1,384	2,220
Total interest expense	(21,351)	(16,324)

Capitalised interest relates to the development at 105 Carlton Gore Road, Newmarket, Auckland (30 September 2022: Capitalised interest relates to the developments at 8-14 Willis Street/360 Lambton Quay, Wellington and 105 Carlton Gore Road, Newmarket, Auckland).

9. Taxation

	Group (unaudited) Six months to 30 September 2023 $000s	Group (unaudited) Six months to 30 September 2022 $000s
The taxation charge is made up as follows:		
Current tax expense	2,276	3,635
Deferred tax expense	865	2,806
Adjustment recognised in the current year in relation to the current tax of prior years	(105)	9
Total taxation expense recognised in profit or loss	3,036	6,450
Reconciliation of accounting profit/(loss) to tax expense		
Profit/(loss) before tax	(16,767)	17,149
Current tax expense/(credit) at 28%	(4,695)	4,802
Adjusted for:		
Capitalised interest	(387)	(622)
Fair value movement in investment properties	14,229	6,579
Fair value movement in derivative financial instruments	(625)	(1,268)
Depreciation	(4,862)	(4,546)
Deductible repairs and maintenance expenditure capitalised for accounting purposes	(879)	(639)
Depreciation recovered/(loss) on disposal of investment properties	–	29
Tax on accounting gain/(loss) on disposal of investment properties	(30)	101
Settlement for failed sale of investment property	–	(828)
Other	(475)	27
Current taxation expense	2,276	3,635
Movements in deferred tax assets and liabilities attributable to:		
Investment properties	(190)	1,632
Fair value movement in derivative financial instruments	625	1,268
Other	430	(94)
Deferred tax expense	865	2,806
Prior year adjustment	(105)	9
Total taxation expense recognised in profit or loss	3,036	6,450

10. Distributable income and adjusted funds from operations

	Group (unaudited) Six months to 30 September 2023 $000s	Group (unaudited) Six months to 30 September 2022 $000s
Profit/(loss) before income tax	(16,767)	17,149
Adjustments:		
Revaluation (gains)/losses on investment property	50,816	23,498
Realised (gains)/losses on disposal of investment properties	(106)	359
(Gains)/losses on derivative financial instruments held for trading	(2,231)	(4,529)
Gross distributable income	31,712	36,477
Tax impact of depreciation recovered on disposal of investment properties	–	29
Current tax expense	(2,171)	(3,644)
Net distributable income	29,541	32,862
Weighted average number of ordinary shares (000s)	847,052	846,671
Gross distributable income cents per share	3.74	4.31
Net distributable income cents per share	3.49	3.88
Net distributable income	29,541	32,862
Amortisation of tenant incentives and leasing costs	1,343	1,412
Share based payment expense	53	–
Funds from operations (FFO)	30,937	34,274
Capitalisation of tenant incentives and leasing costs	(617)	(353)
Maintenance capital expenditure	(865)	(1,980)
Maintenance capital expenditure recovered through sale	–	107
Adjusted funds from operations (AFFO)	29,455	32,048
FFO cents per share	3.65	4.05
AFFO cents per share	3.48	3.79
Dividends paid/payable in relation to period	3.33	3.33
Dividend payout ratio to FFO	91%	82%
Dividend payout ratio to AFFO	96%	88%

The Company's dividend policy is based on AFFO. AFFO is based on the Property Council of Australia Voluntary Best Guidelines for disclosing FFO and AFFO as interpreted by the Company and amended to include maintenance capital expenditure recovered through sales.

FFO and AFFO are non-GAAP measures and may not be directly comparable with other entities.

11. Commitments

Building upgrades and developments

Estimated capital commitments contracted for building projects not yet completed at 30 September 2023 and not provided for were $6.3 million (31 March 2023: $20.1 million).

There were no other commitments as at 30 September 2023 (31 March 2023: Nil).

The Company has the following guarantee, which is not expected to be called upon:

As a condition of listing on the New Zealand Stock Exchange (NZX), NZX requires all issuers to provide a bank bond to NZX under NZX Main Board/Debt Market Listing Rule 2.6.2. The bank bond required from APL for listing on the NZX Main Board is $75,000.

12. Contingencies

There were no contingencies as at 30 September 2023 (31 March 2023: Nil).

13. Subsequent events

On 14 November 2023, an unconditional sale and purchase contract was finalised to sell 10 Transport Place, East Tamaki for $38.0 million. Settlement is expected to take place in January 2024.

On 28 November 2023 a dividend of 1.6625 cents per share was approved by the Board. The record date for the dividend is 6 December 2023 and a payment is scheduled to shareholders on 20 December 2023. Imputation credits of 0.1734 cents per share are attached to the dividend.

14. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

On 31 July 2023, Argosy Cover Limited, a wholly owned subsidiary of Argosy Property Limited was incorporated in the Cook Islands. Argosy Cover Limited will act as a captive insurer for the Argosy Group.

There were no other significant changes in relationships or transactions with related parties during the period ended 30 September 2023.

Deloitte.

Independent Auditor's Review Report

To the Shareholders of Argosy Property Limited

Conclusion

We have reviewed the condensed consolidated interim financial statements ('interim financial statements') of Argosy Property Limited and its subsidiaries ('the Group') which comprise the condensed consolidated interim statement of financial position as at 30 September 2023, and the condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information on pages 4 to 16.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2023 and its financial performance and cash flows for the period ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and for the attendance and scrutineering at the Annual Meeting, we have no relationship with or interests in Argosy Property Limited or its subsidiaries. These services have not impaired our independence as auditor of the Group.

Directors' responsibilities for the interim financial statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on

Auditing (New Zealand) and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly we do not express an audit opinion on the interim financial statements.

Restriction on use

This report is made solely to the company's shareholders, as a body. Our review has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our engagement, for this report, or for the conclusions we have formed.

Deloitte Limited

Peter Gulliver, Partner
For Deloitte Limited
Auckland, New Zealand
28 November 2023

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