

Argosy

PROFILE ◀



Welcome

39 Market Place
AUCKLAND



COVER: 19 Nesdale Avenue AUCKLAND



We believe in doing the right thing and doing things right. Treating our shareholders, tenants, employees and suppliers well lays the foundation for a strong company.

Argosy is one of New Zealand's leading listed property companies. Argosy owns a diversified portfolio of industrial, office and retail properties predominantly in Auckland and Wellington, with modest tenant-driven exposure to provincial New Zealand markets, a total value of more than \$1.3 billion and over 600,000 square metres of lettable space.

Argosy is a top 50 entity by market capitalisation listed on the NZX under the ticker code ARG, and currently has more than 9,000 shareholders.



15-21 Stout Street
WELLINGTON



1

TENANTS

Argosy actively manages its tenancy relationships to benefit both parties. Argosy is committed to ensuring our properties are professionally managed and that the building environment is safe and provides comfortable occupation.

2

INVESTORS

Argosy's vision is to be the preferred property investment choice for investors in the New Zealand listed market, delivering attractive returns to our Shareholders through the execution of a clearly defined investment strategy, the development of long term tenant relationships and skilled asset and capital management.

3

PEOPLE

Our people are an integral part of our business. The Argosy team is made up of an experienced Board of Directors of six and a staff of well-qualified and experienced professionals with experience in property investment and management, finance, legal and administration.

4

ENVIRONMENT & COMMUNITY

Argosy strives to deliver financial, environmental and social value to all of our stakeholders, including shareholders, tenants, our people and the environment.

We understand that the way in which we engage with, and our impact on, our stakeholders is critical to the continued sustainable success of our business.

We believe that with improved Environmental, Social and Governance policies and practices, shareholders can make better informed investment decisions.

5

HEALTH & SAFETY

Argosy is committed to health and safety in the workplace and the aspirational vision of zero harm. Argosy strives to create a positive safety culture. It is important that we manage health and safety risks, provide adequate training and resources and ensure that managers and individuals are accountable for their actions or inaction.

PROPERTIES

66

TENANTS

193

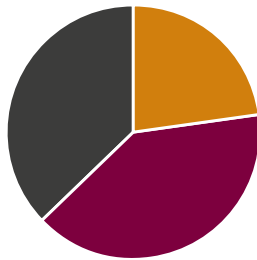
OCCUPANCY

Argosy has a diversified portfolio with strong portfolio metrics. The portfolio currently has a very high occupancy rate and a very good weighted average lease term, providing secure income streams.

99.4%

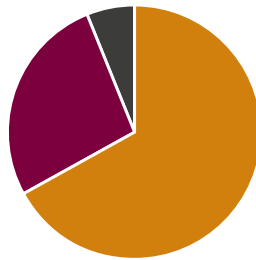


TOTAL PORTFOLIO VALUE BY SECTOR



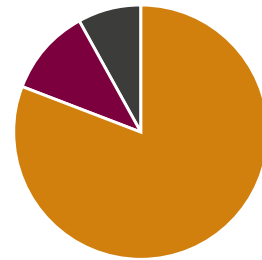
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|-------|------------|
| ● 23% | Retail |
| ● 40% | Office |
| ● 37% | Industrial |

TOTAL PORTFOLIO VALUE BY REGION



| | |
|-------|---|
| ● 67% | Auckland |
| ● 27% | Wellington |
| ● 6% | North Island regional and South Island |

PORTFOLIO MIX



| | |
|-------|-------------------------------|
| ● 81% | Core properties |
| ● 11% | Value Add properties |
| ● 8% | Properties and land to divest |

PORTFOLIO STATISTICS

| | TOTAL PROPERTIES | Industrial | Office | Retail |
|--|---------------------|------------|----------|----------|
| Number of buildings | 66 | 39 | 17 | 10 |
| Market value of assets (\$m) | \$1,367.55 | \$507.11 | \$548.61 | \$311.83 |
| Net lettable area (sqm) | 601,045 | 362,561 | 126,607 | 111,877 |
| Vacancy factor by rent | 0.6% | 0.1% | 0.9% | 0.8% |
| Weighted average lease term (WALT) (years) | 5.24 | 5.99 | 4.82 | 4.78 |
| Average value (\$m) | \$20.72 | \$13.00 | \$32.27 | \$31.18 |
| Passing yield | 7.57% | 7.70% | 7.56% | 7.36% |

Diversity

We have a clearly defined investment strategy and acquisition policy which guide our commercial decision making. We take a considered approach to development, acquisition, divestment, leasing and capital management decisions, reflecting our position in the market as a dividend yield stock. Argosy is, and will remain, invested in a portfolio that is diversified by sector, grade, location and tenant mix.



PETER MENCE
CHIEF EXECUTIVE OFFICER

WHERE WILL WE BUY?

INDUSTRIAL

35%-45%

OFFICE

35%-45%

RETAIL

15%-25%



Target “off-market” acquisitions and avoid competitive processes



Target Value Add properties where we can leverage internal expertise within overall Core/Value Add targets



Target contiguous properties with potential



Focus on good quality Office, Industrial and Large Format Retail



Concentrate on Auckland (65%-75%) and Wellington (20%-30%). Regional North Island or South Island tenant-driven only (<10%)



No leasehold



No international properties

VALUE PARAMETERS

Greater than \$10 million unless strategically imperative (\$6 million for Industrial) ✓

No more than 10% of overall portfolio value ✓

DUE DILIGENCE

Apply Argosy’s due diligence checklist ✓

Structural integrity \geq 70% (unless this represents a Value Add opportunity) ✓

DEVELOPMENT

Developments only for tenants who provide strategic value to Argosy ✓

Joint ventures will be undertaken only where the counterparty is of sufficient financial standing to carry their share of risk ✓

OTHER

No third party management of external portfolios ✓

OUR
PROPERTIES

INDUSTRIAL

OFFICE

RETAIL

39

17

10

4 Henderson Place
AUCKLAND





The industrial portfolio consists of 39 buildings throughout New Zealand and includes large distribution centres, logistics warehouses, as well as numerous other large corporate and owner-operated businesses.

19 Nesdale Road WIRI
AUCKLAND



| | |
|-------------------------|--------------|
| VALUATION | \$42,500,000 |
| WALT | 12.82 |
| NET LETTABLE AREA (SQM) | 20,677 |
| PASSING YIELD | 6.72% |

The property is a modern, purpose-built warehouse storage facility located approximately 3 kilometres west of Manukau CBD and has good access to the South Western motorway, allowing direct connection to Auckland International Airport.

80-120 Favona Road MANGERE
AUCKLAND



| | |
|-------------------------|--------------|
| VALUATION | \$79,650,000 |
| WALT | 8.42 |
| NET LETTABLE AREA (SQM) | 59,448 |
| PASSING YIELD | 7.65% |

The property comprises a large integrated distribution centre and head office complex on a large level industrial lot in the Auckland suburb of Mangere and is fully occupied by Progressive Enterprises Limited.

10 Transport Place EAST TAMAKI
AUCKLAND



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|-------------------------|--------------|
| VALUATION | \$26,150,000 |
| WALT | 8.33 |
| NET LETTABLE AREA (SQM) | 10,641 |
| PASSING YIELD | 6.78% |

The property comprises an extensive distribution facility, including a recently constructed cold store warehouse with two freezers, and single level offices to the front. A large canopy connects the two buildings.

4 Henderson Place ONEHUNGA
AUCKLAND



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| VALUATION | \$18,830,000 |
| WALT | 14.46 |
| NET LETTABLE AREA (SQM) | 10,453 |
| PASSING YIELD | 7.38% |

This recently refurbished property comprises a warehouse and office building situated to the northern side of Henderson Place, a no exit cul-de-sac extending from Church Street, Onehunga. The premises provide high stud warehousing with attached offices.

68 Jamaica Drive LOWER HUTT
WELLINGTON



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|-------------------------|--------------|
| VALUATION | \$17,000,000 |
| WALT | 5.33 |
| NET LETTABLE AREA (SQM) | 9,404 |
| PASSING YIELD | 7.21% |

The property is a purpose built high stud warehouse located in the industrial precinct of Grenada North with a net lettable area of 9,404 sqm which is fully occupied by Recall New Zealand Limited.

31 El Prado Drive
PALMERSTON NORTH



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|-------------------------|--------------|
| VALUATION | \$26,300,000 |
| WALT | 7.92 |
| NET LETTABLE AREA (SQM) | 24,656 |
| PASSING YIELD | 9.10% |

This property was purpose built as the Ezibuy international distribution centre, comprising a large standalone industrial building with high stud industrial accommodation, office and amenity areas, together with substantial sealed yard components.

The Office portfolio is located in Auckland and Wellington and houses government departments as well as well-known New Zealand and international businesses.

8 Nugent Street
GRAFTON AUCKLAND



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| VALUATION | \$43,000,000 |
| WALT | 4.19 |
| NET LETTABLE AREA (SQM) | 8,125 |
| PASSING YIELD | 7.06% |

The property was built in 2009 and is a five level, four Green Star designed building providing A grade office accommodation together with ground level showroom space.

39 Market Place
AUCKLAND



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| VALUATION | \$33,700,000 |
| WALT | 5.80 |
| NET LETTABLE AREA (SQM) | 10,233 |
| PASSING YIELD | 10.95% |

The property comprises the former Auckland City Council municipal markets which underwent extensive refurbishment in 2001 and now provides character office and retail accommodation with basement carparking.

Citibank Centre
AUCKLAND



| | |
|-------------------------|--------------|
| VALUATION | \$48,100,000 |
| WALT | 2.00 |
| NET LETTABLE AREA (SQM) | 9,539 |
| PASSING YIELD | 7.26% |

A freestanding fifteen level office tower incorporating ground floor retail together with basement and open carparking. Situated within Auckland's CBD in a prime location benefitting from a shift of activity toward the waterfront and Britomart.

143 Lambton Quay
WELLINGTON



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|-------------------------|--------------|
| VALUATION | \$27,900,000 |
| WALT | 3.25 |
| NET LETTABLE AREA (SQM) | 6,216 |
| PASSING YIELD | 7.47% |

An 11-storey circa 1940's office building which has been subject to a number of historic refurbishments and has recently undergone significant works including new carpets, ceilings, upgraded air-conditioning and lifts. The building has been awarded a 5 Star Green Rating.

15-21 Stout Street
WELLINGTON



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|-------------------------|--------------|
| VALUATION | \$95,400,000 |
| WALT | 10.42 |
| NET LETTABLE AREA (SQM) | 19,629 |
| PASSING YIELD | 6.54% |

The building is an eight level office block with onsite carparking, located in the heart of Wellington's CBD, close to the Government precinct and situated slightly north of the retail "golden mile" on Lambton Quay.

NZ Post House
WELLINGTON



| | |
|-------------------------|---------------|
| VALUATION | \$101,250,000 |
| WALT | 6.00 |
| NET LETTABLE AREA (SQM) | 24,977 |
| PASSING YIELD | 7.71% |

This landmark Wellington property on Waterloo Quay has outstanding harbour views and is adjacent to the Central Railway Station, Wellington CBD and Parliament. The building is currently undergoing a substantial refurbishment.

The Retail portfolio is predominantly Auckland and Wellington based and consists mainly of large format retail stores tenanted by recognised brands.

Albany Mega Centre ALBANY
AUCKLAND



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|-------------------------|--------------|
| VALUATION | \$97,500,000 |
| WALT | 5.40 |
| NET LETTABLE AREA (SQM) | 25,155 |
| PASSING YIELD | 6.87% |

The property enjoys good exposure to State Highway 17 and benefits significantly from surrounding retail outlets. The premises consist of a modern 'u' shaped bulk retail complex providing individual tenancies with sizes between 350sqm and 3,300sqm.

Albany Lifestyle Centre ALBANY
AUCKLAND



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| VALUATION | \$78,700,000 |
| WALT | 5.73 |
| NET LETTABLE AREA (SQM) | 25,029 |
| PASSING YIELD | 7.25% |

The property is a split level 'Bulky Goods' shopping centre which originally commenced trading in 2009. Accordingly, the improvements are in excellent condition. The location is in an area of high population growth.

7 Wagener Place ST LUKES
AUCKLAND



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| VALUATION | \$26,800,000 |
| WALT | 3.16 |
| NET LETTABLE AREA (SQM) | 7,056 |
| PASSING YIELD | 7.79% |

The property is a single level 'Bulky Goods' shopping centre, which originally commenced trading during 2006. The site enjoys proximity to Westfield St Lukes, and there are few options for large format retailers in the area, resulting in strong competition from retailers for space when it becomes available.

Cavendish Drive
AUCKLAND



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| VALUATION | \$24,300,000 |
| WALT | 8.90 |
| NET LETTABLE AREA (SQM) | 9,939 |
| PASSING YIELD | 6.84% |

This standalone bulk retail property was purpose built for The Warehouse in 1996 with excellent exposure to Cavendish Drive. Situated within the Manukau retail precinct and surrounded by Manukau Supa Centre and Westfield Manukau.

Stewart Dawsons Corner
WELLINGTON



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|-------------------------|--------------|
| VALUATION | \$15,160,000 |
| WALT | 2.96 |
| NET LETTABLE AREA (SQM) | 1,752 |
| PASSING YIELD | 9.30% |

A three level late 19th century office and retail building located on the high profile corner of Willis Street and Lambton Quay within the prominent core CBD of Wellington.

Taniwha Street
TAUPO



| | |
|-------------------------|-------------|
| VALUATION | \$9,550,000 |
| WALT | 6.54 |
| NET LETTABLE AREA (SQM) | 4,187 |
| PASSING YIELD | 7.41% |

A standalone bulk retail property located within a well established bulk retail area just north of the CBD of Taupo. The property boasts three street frontages with a lease in place to The Warehouse Limited.

WHY BE A TENANT
IN ONE OF OUR BUILDINGS?

Your success is our success

Within our extensive portfolio of well-managed office, industrial and retail properties, you will find the right space to help your business prosper.

Argosy's philosophy is that your success is our success. It makes sense for us to build mutually rewarding long-term relationships with our tenants and that's what we work hard to do.

We appreciate that our buildings provide an environment for companies to grow and succeed. They are spaces for people to work, develop and belong. Expect us to work with you to make sure our building provides the facilities you need today and as you develop your business into the future.

We do everything we can to make it easy for you to work with us. We will assign a dedicated person to be your primary point of contact – someone who will get to know your business and your specific needs. We will provide communication that is clear, timely and relevant. And you'll find us very responsive. We will deal with any issues quickly and appropriately to make sure they don't become big problems for you, or for us.





Our purpose is to deliver sustainable and attractive returns to our shareholders. Argosy provides access to properties that can otherwise be difficult to invest in and, through our listing on the NZX, investors may have access to a level of liquidity that cannot be obtained via alternative property investments.



WE:

- ▶ can provide exposure and access to commercial property returns without large upfront capital requirements
- ▶ enable diversification across a wider range of properties across different geographic locations
- ▶ provide exposure to assets of a quality and scale that individual investors may not normally buy on their own.

DIVIDENDS

Argosy’s current dividend policy is to pay a quarterly dividend that is less than net distributable income. Argosy is a Listed Portfolio Entity (PIE) for tax purposes.

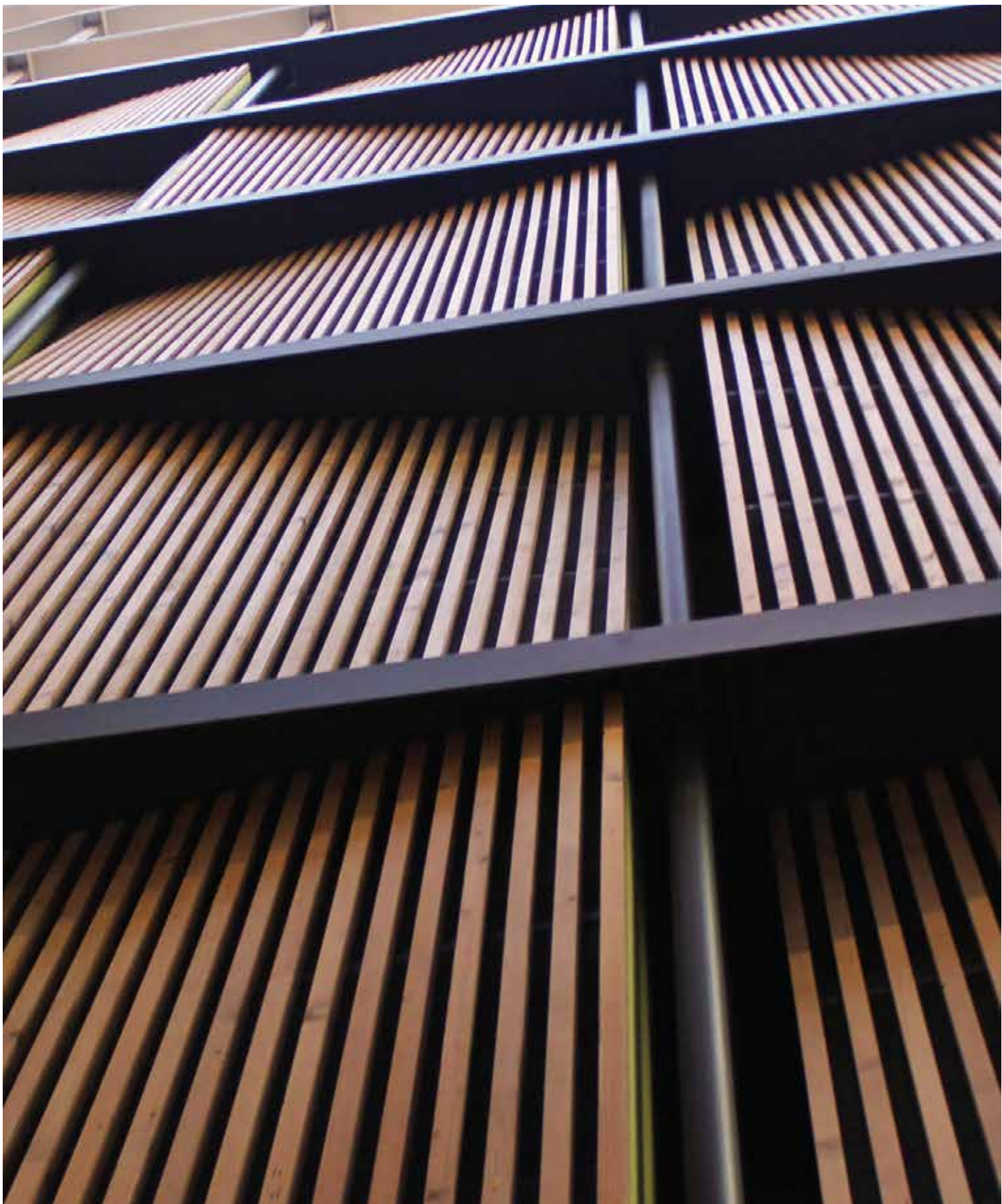
DELIVERING RETURNS

For the year ended 31 March 2016, Argosy delivered a total shareholder return of 9.6%. Argosy has outperformed the S&P/NZX 50 index over the two and five year periods.

| FOR THE PERIOD ENDING 31 MARCH 2016 | 1 YEAR | 2 YEARS (P.A.) | 3 YEARS (P.A.) | 5 YEARS (P.A.) |
|-------------------------------------|--------|----------------|----------------|----------------|
| Argosy | 9.6% | 20.6% | 13.1% | 17.6% |
| S&P/NZX 50 | 15.7% | 14.6% | 15.1% | 14.4% |

SOURCE: FIRST NZ CAPITAL

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