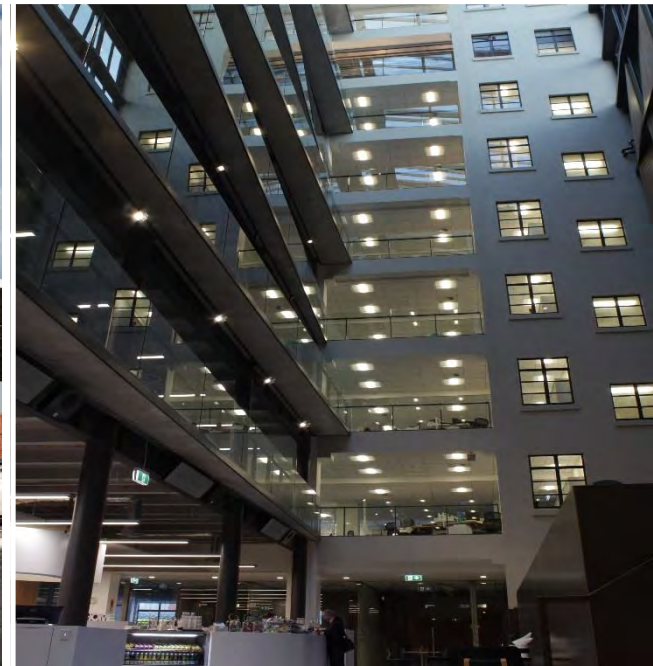


Annual Results Presentation

Argosy Property Limited | 28 May 2015



EXECUTING

STRATEGY

Argosy

Highlights



Highlights of FY15

Argosy

- ▶ Gross distributable income increased to 7.07 cents per share (increase of 6.5%)
- ▶ Net distributable income of 6.02 cents per share
- ▶ Net property income increased to \$90.9 million (increase of 10.5%)
- ▶ Occupancy (by rental) increased to 99.2%
- ▶ Weighted average lease term at 5.54 years
- ▶ Acquisition of 5 quality industrial buildings in Wellington
- ▶ Divestment of non-core properties, including the Waitakere Mega Centre in Auckland
- ▶ Revaluation gain of \$38.6 million, up 3.0% on book values

NET PROPERTY INCOME ▲

\$90.9_m

OCCUPANCY ▲

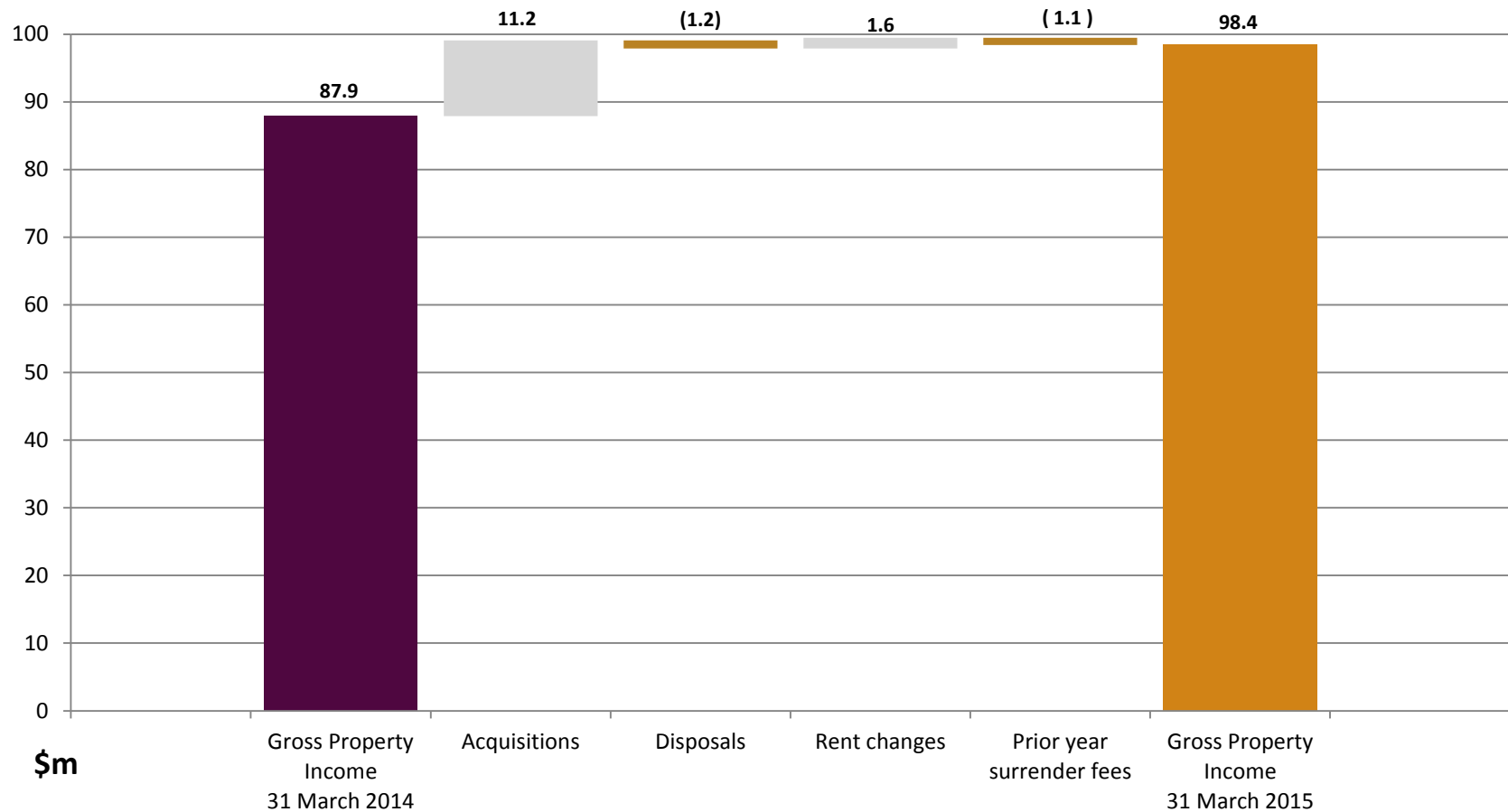
99.2%

REVALUATION GAIN ▲

\$38.6_m

Financial Overview

Income Reconciliation



Financial Performance

Argosy

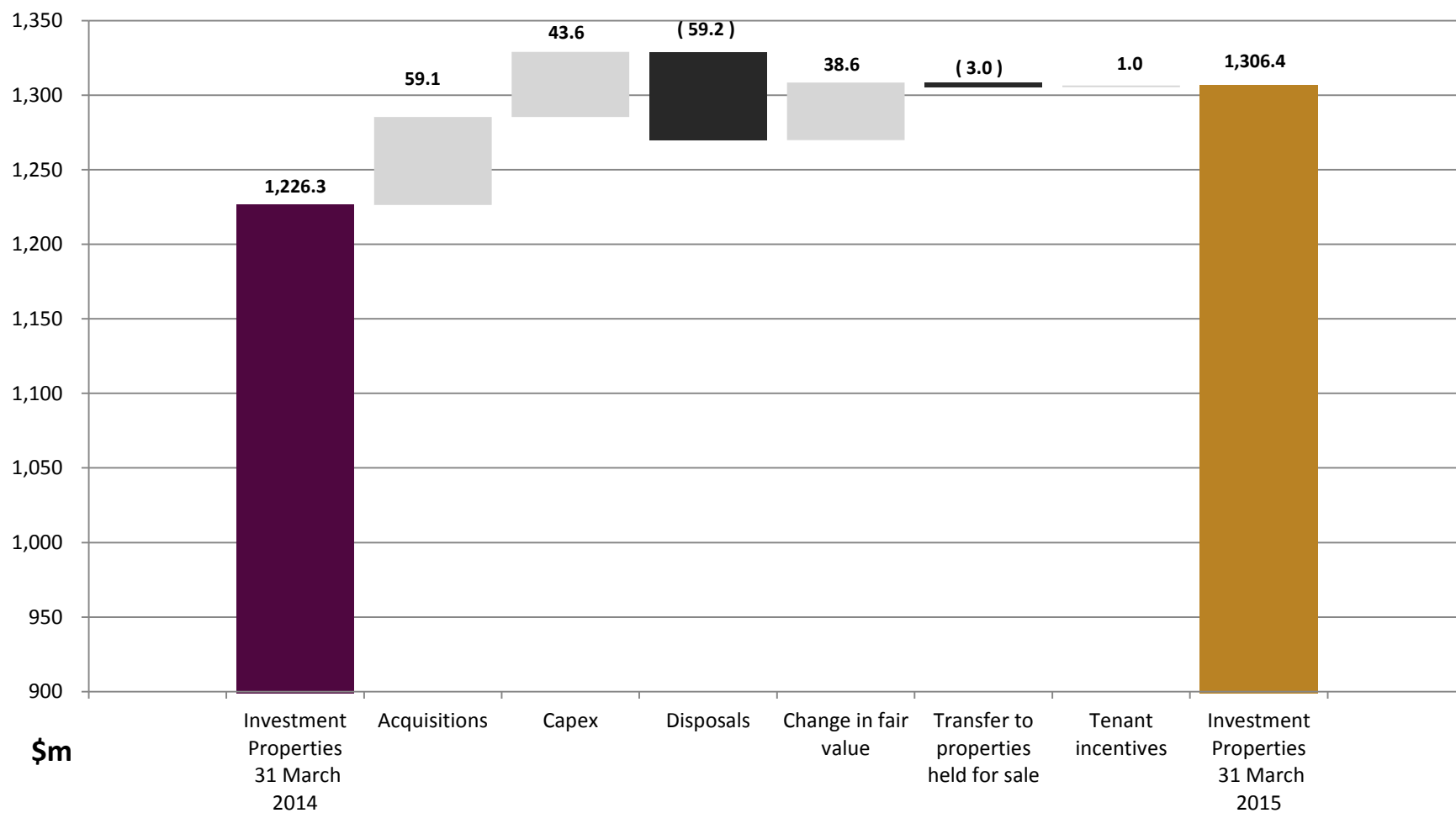
	FY15	FY14
Net property income	\$90.8m	\$82.2m
Administration expenses	\$(7.8m)	\$(7.4m)
Profit before financial income/(expenses) and other gains	\$83.0m	\$74.8m
Interest expense	\$(26.8m)	\$(25.4m)
Gain/(loss) on derivatives	\$(24.8m)	\$17.1m
Finance income	\$0.1m	\$0.1m
Other gains/(losses)		
Revaluation gains	\$38.6m	\$33.5m
Realised losses on disposal	\$(1.5m)	\$(1.3m)
Profit before tax	\$68.6m	\$98.8m
Taxation expense	\$(4.2m)	\$(13.2m)
Profit after tax	\$64.4m	\$85.6m
Basic and diluted earnings per share (cents)	8.08	11.45

Distributable Income

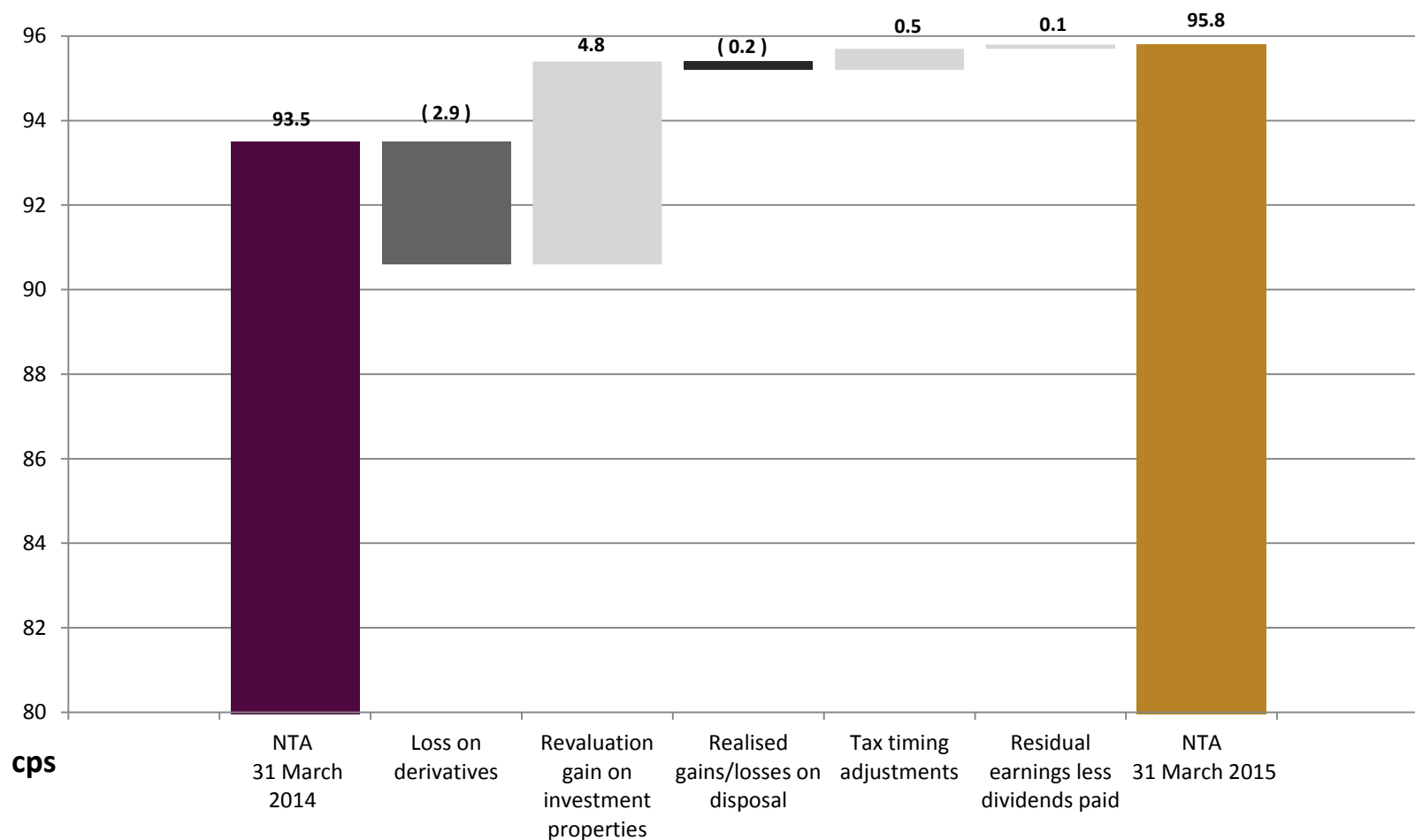
Argosy

	FY15	FY14
Profit before income tax	\$68.6m	\$98.8m
Adjusted for:		
Revaluation gains	\$(38.6m)	\$(33.5m)
Investment disposal losses	\$1.5m	\$1.4m
Derivative fair value adjustment	\$24.8m	\$(17.1m)
Gross distributable income	\$56.3m	\$49.6m
Depreciation recovered	\$3.3m	\$0.4m
Tax paid	\$(11.6m)	\$0.0m
Net distributable income	\$48.0m	\$50.0m
Weighted average number of ordinary shares	796.4m	747.0m
Gross distributable income per share (cents)	7.07	6.64
Net distributable income per share (cents)	6.02	6.69

Investment Properties



Movement in NTA per share



	FY15	FY14
Investment properties	\$1,306.4m	\$1,226.3m
Other assets	\$6.8m	\$6.1m
Total assets	\$1,313.2m	\$1,232.4m
Bank debt (excl. capitalised borrowing costs)	\$497.0m	\$449.5m
Debt-to-total-assets ratio	37.8%	36.5%

Loan to valuation ratio (LVR) – based on:

	FY15	FY14
Total borrowings	\$497.0m	\$449.5m
Fair market value of properties ¹	\$1,309.4m	\$1,226.9m
Not to exceed 50%	38.0%	36.6%

Interest cover ratio – based on EBIT/Interest and Financing Costs:

	FY15	FY14
Must exceed 2:00x	2.83x	2.62x

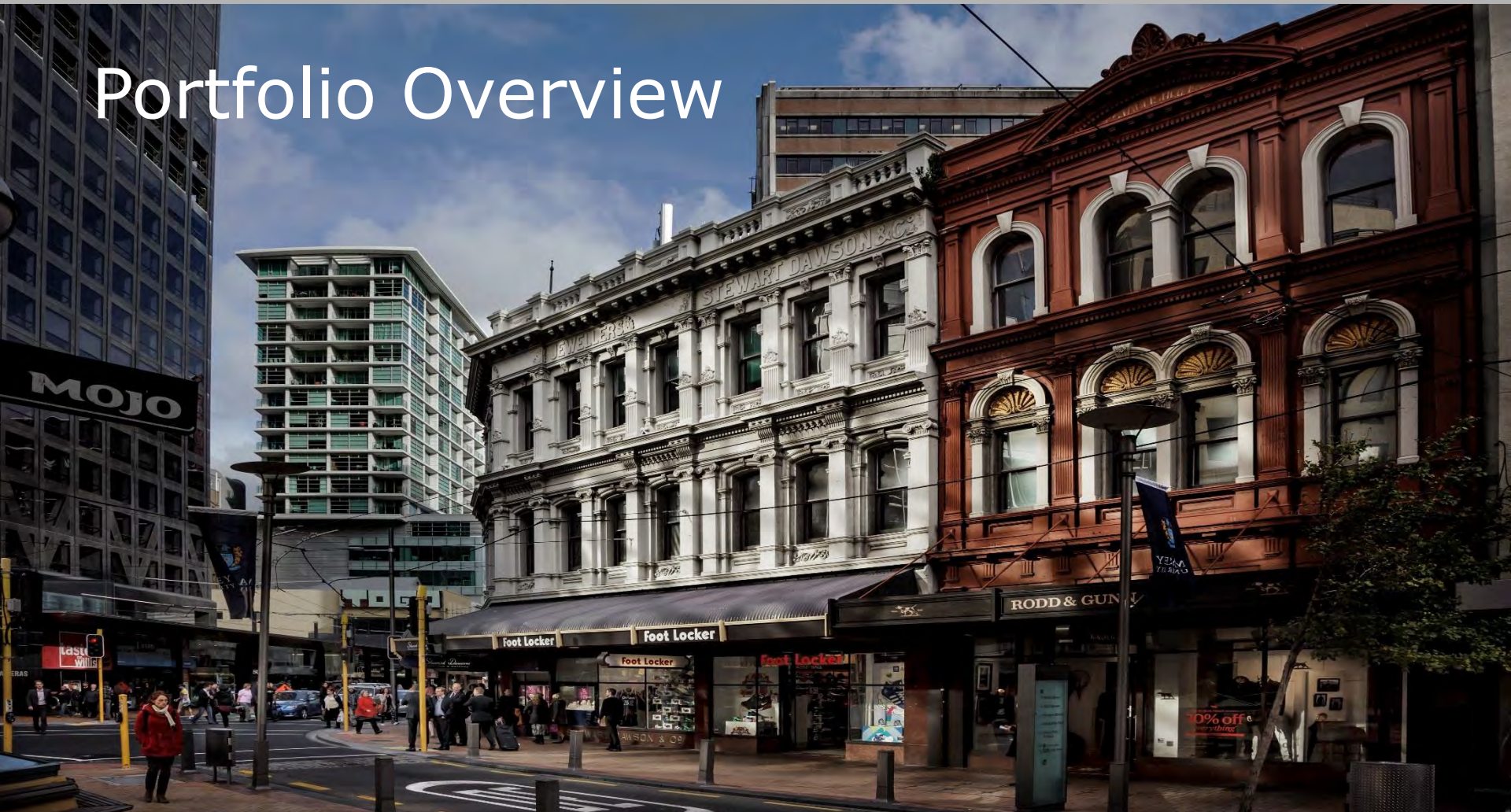
Hedging

	FY15	FY14
Percentage of drawn debt hedged	66%	69%
Weighted average duration (years) ²	8.03	7.11
Weighted average fixed interest rate (excl. margin & line fees)	4.54%	4.67%
Weighted average interest rate	5.60%	6.06%

¹ Includes properties held for sale ² Includes forward starts

- ▶ FY15 cash dividend of 6 cents per share, in line with guidance, fully covered by net distributable income; a better result than had been forecast earlier in the year.
- ▶ Based on current projections, the FY16 dividend will be maintained at 6 cents per share, fully paid from net distributable income.
- ▶ Again, based on current projections, it is expected that the dividend will increase from FY17.

Portfolio Overview



Industrial

Argosy

NUMBER OF BUILDINGS

40

MARKET VALUE OF ASSETS (\$M)

\$510.42

VACANCY FACTOR (BY RENT)

0.3%

WALT (YEARS)

5.72

PASSING YIELD

7.59%



Office

Argosy

NUMBER OF BUILDINGS

17

MARKET VALUE OF ASSETS (\$M)

\$483.56

VACANCY FACTOR (BY RENT)

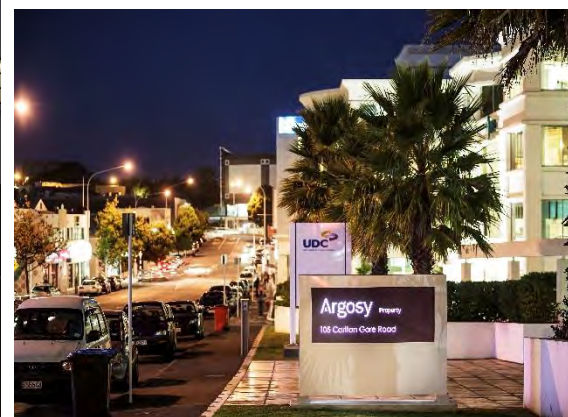
1.2%

WALT (YEARS)

5.60

PASSING YIELD

7.63%



Retail

Argosy

NUMBER OF BUILDINGS

11

MARKET VALUE OF ASSETS (\$M)

\$312.42

VACANCY FACTOR (BY RENT)

1.1%

WALT (YEARS)

5.15

PASSING YIELD

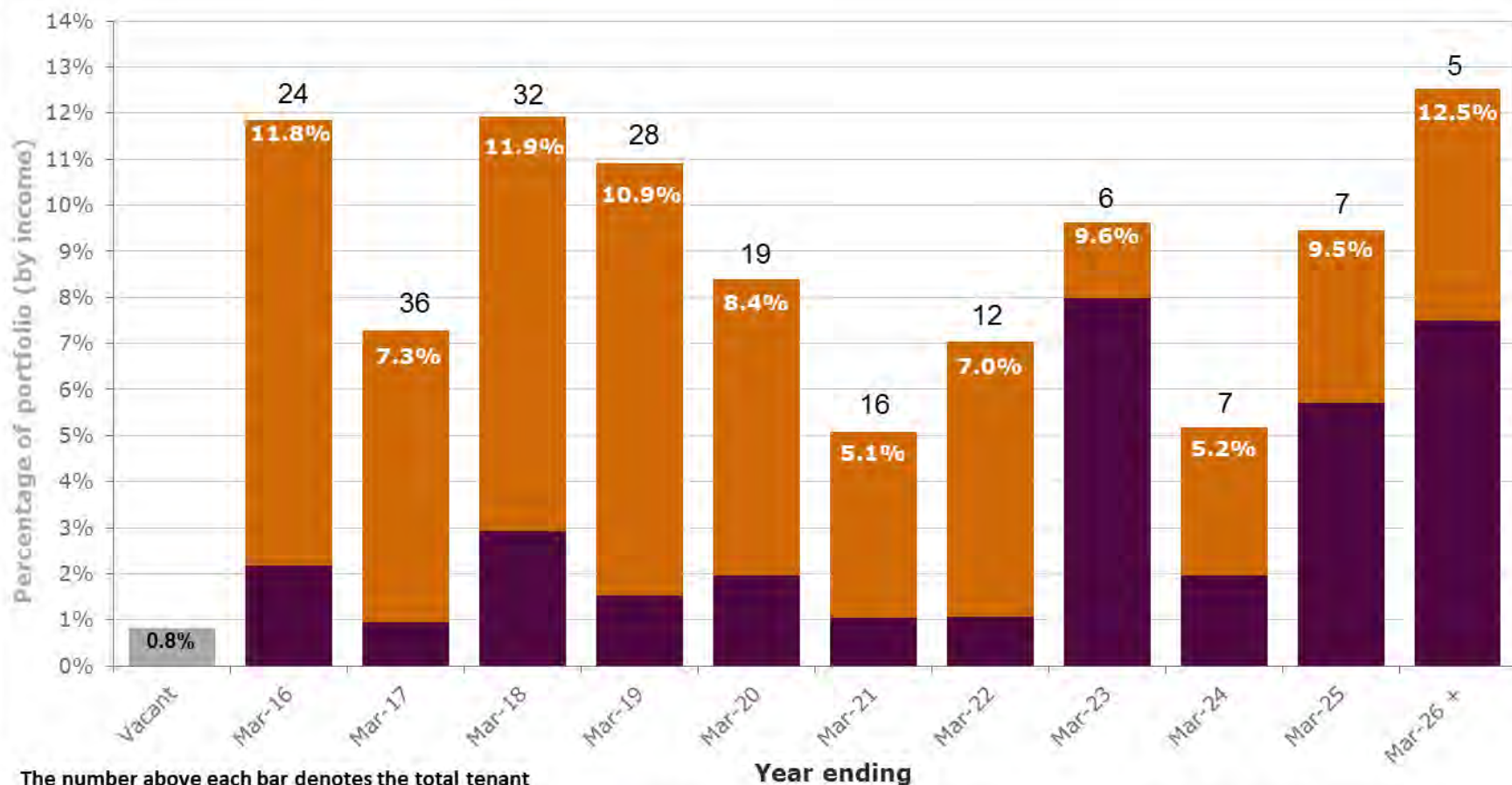
7.49%



- ▶ The New Zealand economy remains robust, with forecasts of good economic growth to continue.
- ▶ The outlook for the property market is similarly positive with good levels of enquiry for quality space.
- ▶ Vacancy rates remain low and rental growth is set to continue.
- ▶ Forecasts for employment and business growth creating strong demand in the industrial sector.
- ▶ Development activity is starting to increase as the outlook for business improves and available space is limited.
- ▶ The Wellington office market is showing signs of momentum. Consolidation of Government departments, earthquake strengthening and higher quality expectations are big drivers of the leasing market in Wellington.
- ▶ Retail spending is solid, with good quality bulk retail centres being sought after. Online shopping continues to be embraced by shoppers.

- ▶ Incentive levels have reduced, especially in the office market.
- ▶ Occupancy, tenant retention and lease expiries remain the key focus areas for the asset management team.
- ▶ Occupancy (by rental) has been improved to 99.2%, from 98.7% at March 2014.
- ▶ Outstanding lease expiries for the period to 31 March 2016 are 11.8%.
(Outstanding lease expiries to 31 March 2016 have since reduced to approximately 10.3% as at 15 May 2015).
- ▶ During the period, 41 lease transactions were completed, including 19 new leases and 22 lease renewals and extensions.
- ▶ The weighted average lease term was at 5.54 years at 31 March 2015 compared to 5.68 years at 31 March 2014.

Lease Maturity



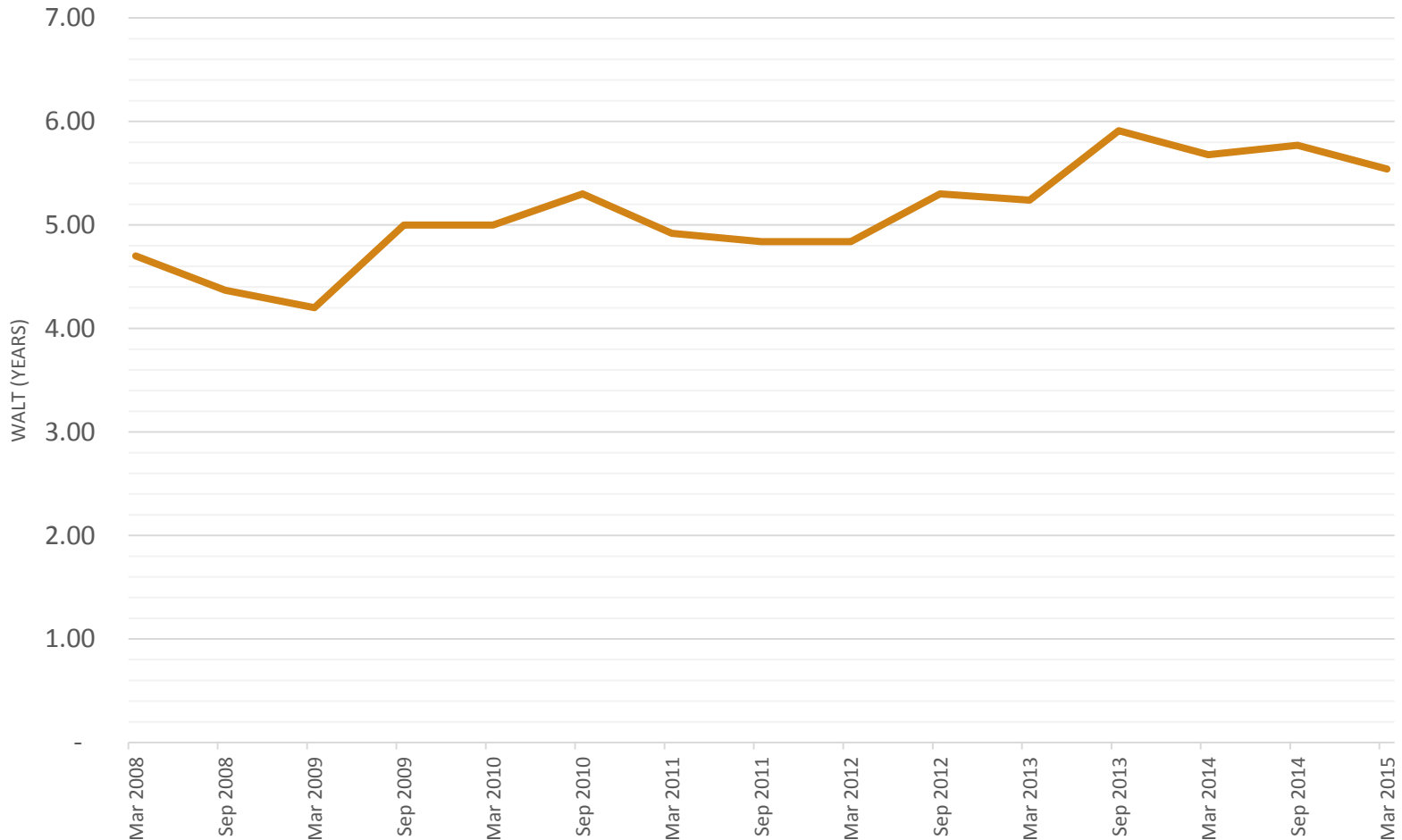
The number above each bar denotes the total tenant expiries per year (excluding monthly carparks and tenants with multiple leases within one property)

■ Total expiry
 ■ Vacant
 ■ Largest single expiry

Weighted Average Lease Term

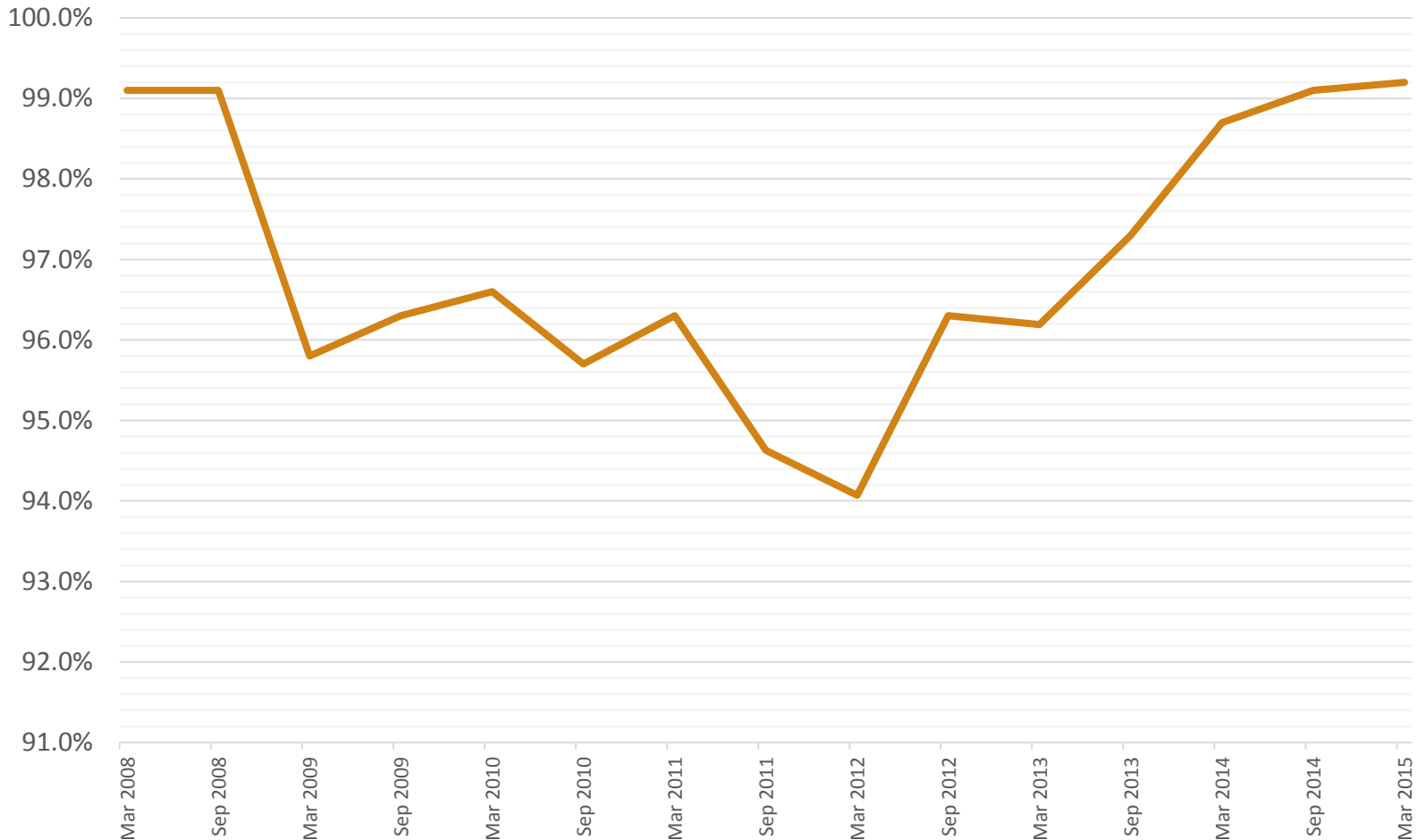


WALT remains in a strong position at 5.54 years



Occupancy (by rental)

Occupancy at 99.2%, highest since 2008



Industrial Portfolio in Wellington

In February 2015, Argosy acquired an industrial portfolio in Wellington for \$59 million. The portfolio comprises 5 properties located in the Seaview and Grenada North areas of Lower Hutt.

Property type	Industrial
Net lettable area	42,588 sqm
Acquisition date	February 2015
WALT at acquisition	5.19 years
Initial passing yield	8.18%
Purchase price	\$59 million
Major tenants	Recall, Linfox, NZ Van Lines

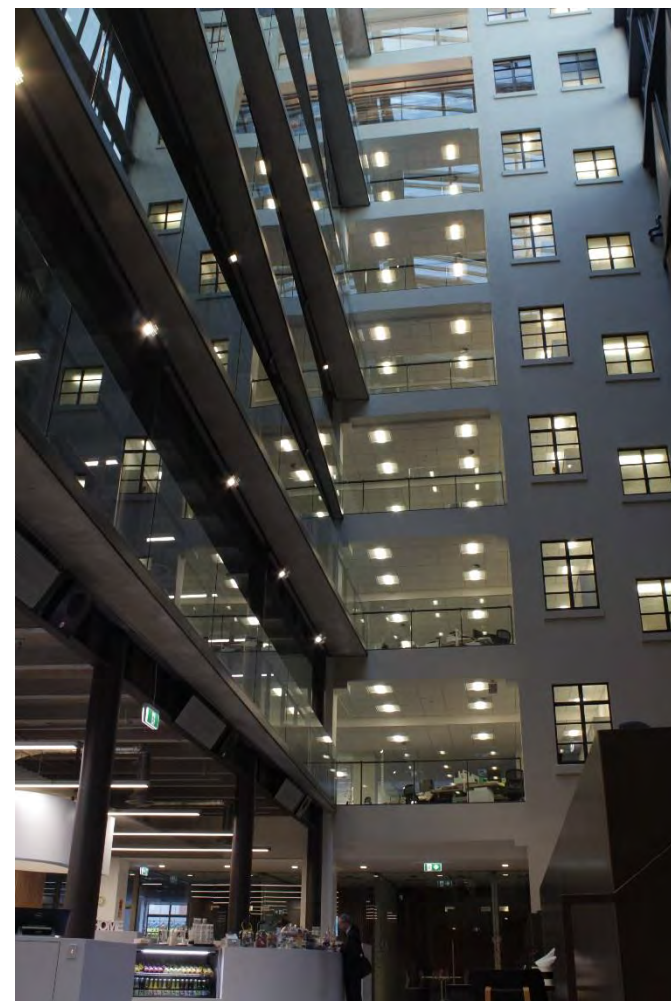


Developments

The redevelopment at 15 Stout Street, Wellington was successfully completed on time with MBIE occupying in July 2014.

The development of NZ Post House, Wellington is continuing and is expected to be complete by late FY17.

Property	Status	Approx. Spend Remaining	Expected Completion
15-21 Stout St, Wellington	Complete	\$0.5m	Complete
NZ Post House, Wellington	In Progress	\$ 17.3m	Late FY17
Foundry Drive, Christchurch	Planning	\$7.5m	Late FY16



There has been a lot of activity in the portfolio since year end, including:

- ▶ The settlement of the sale of 1 Allens Road, East Tamaki for \$3.3 million, 10.7% above book value.
- ▶ The settlement of the disposal of 5,733 sqm of vacant land at the Manawatu Business Park for \$563,000.
- ▶ The disposal of (subject to title only) 5,000 sqm of vacant land at the Manawatu Business Park for \$552,000.
- ▶ The disposal of the Porirua Mega Centre for \$11.5 million, with settlement to take place in October 2015.
- ▶ The strategic acquisition of bare land at 15 Unity Drive, Albany for \$3.1 million, with a four year holding return of 6.75% p.a.

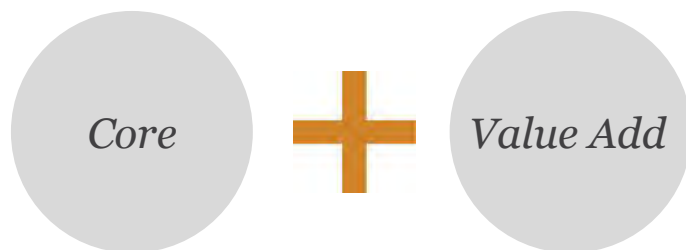
Strategy



We have a clearly defined investment strategy and acquisition policy which guides our commercial decision making

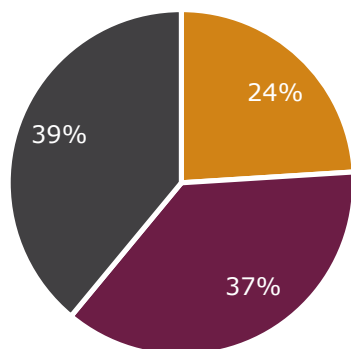
Argosy is and will remain invested in a portfolio that is diversified by sector, grade, location and tenant mix. The portfolio will be in the Auckland and Wellington markets with modest tenant-driven exposure to provincial markets.

Argosy's portfolio consists of "Core" and "Value Add" properties. Core properties are well constructed, well located assets which are intended to be long-term investments (>10years). Core properties will make up 75-85% of the portfolio by value.



Portfolio Mix as at 31 March 2015

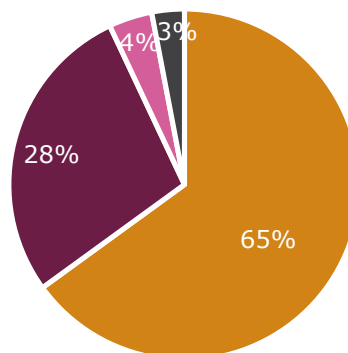
**TOTAL PORTFOLIO VALUE
BY SECTOR**



Target

■ Retail	15 – 25%
■ Office	35 – 45%
■ Industrial	35 – 45%

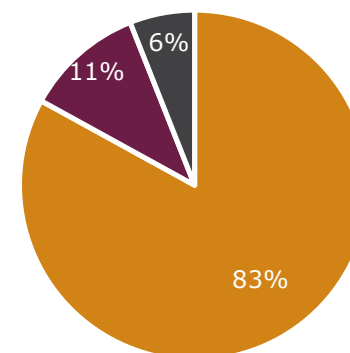
**TOTAL PORTFOLIO VALUE
BY REGION**



Target

■ Auckland	65 – 75%
■ Wellington	20 – 30%
■ Palmerston North	
■ Other regional	

PORTFOLIO MIX



Target

■ Core	75 – 85%
■ Value Add properties	
■ Properties and land to divest	

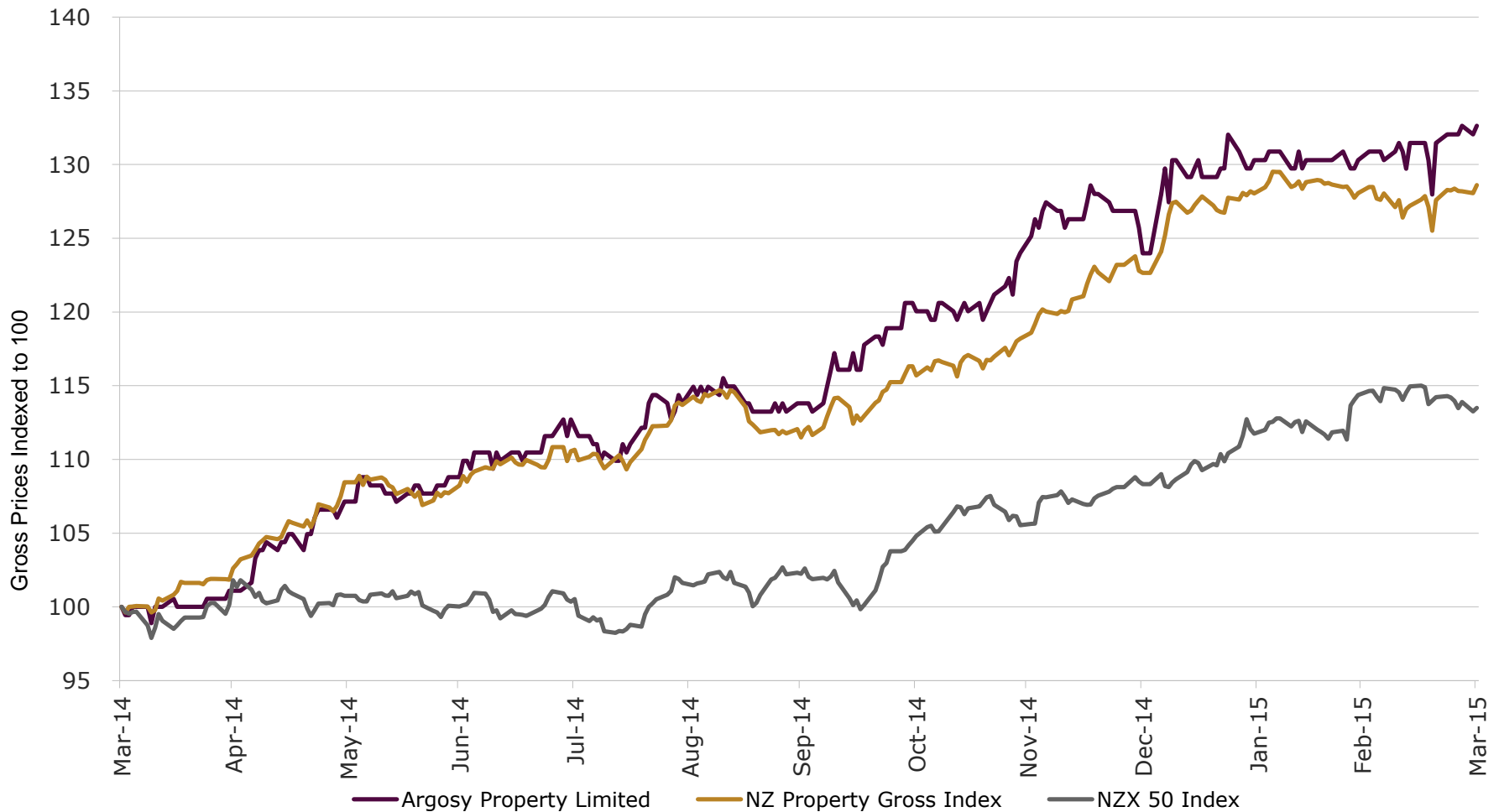
- ▶ The Board's policy is for debt to total assets to be between 35% and 40% in the medium term.
- ▶ Divestment of vacant land and non-Core assets will continue to be a key strategy for the company. The sale of vacant land at Manawatu Business Park remains a focus.
- ▶ Argosy has a risk management framework for identifying, managing and reporting to the Board on key risks.
- ▶ The framework covers all material occupational, operational and financial risks.

Argosy

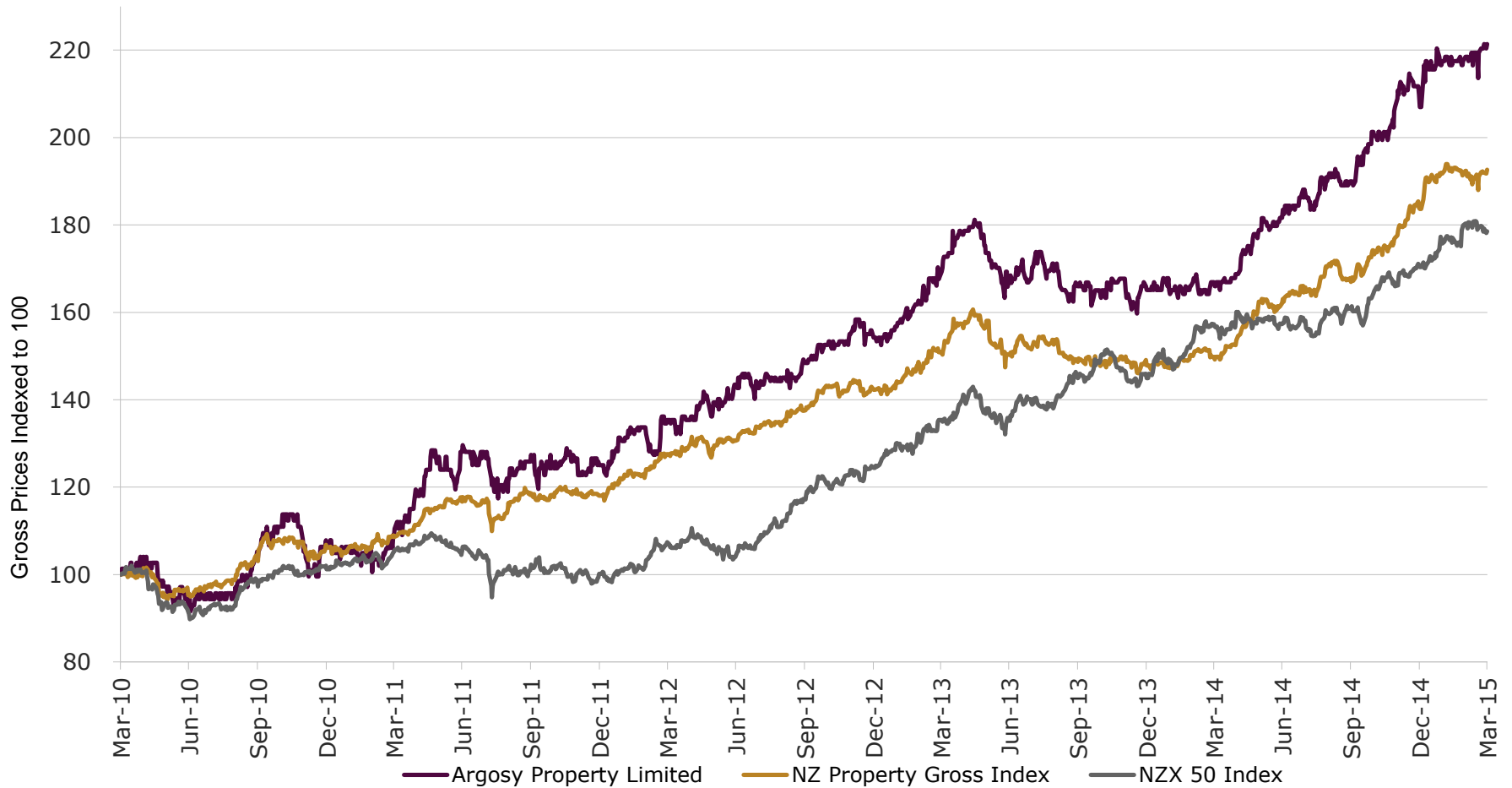
Share Price Performance



Total Shareholder Return – 1 Year



Total Shareholder return – 5 Years



Concluding Comments



Concluding Comments

- ▶ The New Zealand economy is still reasonably robust, with forecasts of good economic growth to continue. The outlook for the New Zealand property market is similarly positive.
- ▶ Our focus remains on the leasing fundamentals of maintaining the portfolio's high level of occupancy, improving the lease expiry profile and tenant retention rate.
- ▶ We will also continue to look for opportunities to develop the portfolio in line with our strategy.

Appendix



Valuations



By location

	31 Mar 14 Valuation	2015 Movement	Book value	31 Mar 15 Valuation	Δ \$	Δ %	Market Yield		Δ bps
							31 Mar 14	31 Mar 15	
Auckland	\$858.5m	\$(47.9m)	\$810.6m	\$841.4m	\$30.8m	3.8%	7.96%	7.58%	(38)
Wellington	\$265.9m	\$91.2m	\$357.1m	\$365.8m	\$8.7m	2.5%	8.15%	7.71%	(44)
Palmerston North	\$58.7m	\$(2.1m)	\$56.6m	\$55.3m	\$(1.3m)	(2.3%)	5.28%	5.21%	(7)
Other regional	\$43.2m	\$0.3m	\$43.5m	\$43.9m	\$0.4m	0.8%	9.62%	8.72%	(90)
Total	\$1,226.3m	\$41.5m	\$1,267.8m	\$1,306.4m	\$38.6m	3.0%	7.93%	7.55%	(38)

By sector

	31 Mar 14 Valuation	2015 Movement	Book value	31 Mar 15 Valuation	Δ \$	Δ %	Market Yield		Δ bps
							31 Mar 14	31 Mar 15	
Industrial	\$441.8m	\$61.4m	\$503.2m	\$510.4m	\$7.2m	1.4%	7.73%	7.60%	(13)
Office	\$437.3m	\$26.3m	\$463.6m	\$483.6m	\$20.0m	4.3%	8.30%	7.59%	(71)
Retail	\$347.2m	\$(46.2m)	\$301.0m	\$312.4m	\$11.4m	3.8%	7.73%	7.43%	(30)
Total	\$1,226.3m	\$41.5m	\$1,267.8m	\$1,306.4m	\$38.6m	3.0%	7.93%	7.55%	(38)

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

May 2015

Argosy

Thank You

