Argosy Property Limited Statement on Reporting Against the NZX Code

This statement supplements the Annual Report dated 31 March 2018, and discloses the extent to which Argosy has followed the Recommendations of the NZX Corporate Governance Code during the year.

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Recommendation 1.1: The board should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere [and comply with the other more specific requirements of this recommendation].

Explanation: Argosy's directors and employees must comply with Argosy's Code of Conduct and Ethics and Conflicts of Interest Policy, which complies with the specific requirements of Recommendation 1.1 and is available on Argosy's web site (www.argosy.co.nz).

Recommendation 1.2: An issuer should have a financial product dealing policy which applies to employees and directors.

Argosy's Insider Trading Policy and Restricted Persons Trading Policy requires Directors and Employees to comply with applicable laws when they trade in Argosy shares. The Policy also contains trading blackout periods, which restrict trading leading up to publication of the interim and final results, and specific requirements which apply whenever directors, employees and their associates trade in Argosy shares. The Policy is available on Argosy's web site (www.argosy.co.nz).

PRINCIPLE 2 – BOARD COMPOSITION & PERFORMANCE

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Recommendation 2.1: The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.

Argosy's Board Charter sets out the roles and responsibilities of the Board and Management. The Charter is available on Argosy's website (www.argosy.co.nz).

Recommendation 2.2: Every issuer should have a procedure for the nomination and appointment of directors to the board.

Argosy did not comply with Recommendation 2.2 during the year ended 31 March 2018, as it did not have a written policy on nominations. The Board does not consider that a written policy is necessary in Argosy's circumstances as the Board has access to professional advice, and all Directors are involved in nomination decisions. This alternative governance practice has been approved by Argosy's Board.

Recommendation 2.3: An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment

Argosy will enter into a written agreement with each newly appointed Director, to confirm the terms and conditions of their appointments. (There were no newly appointed directors in the year to 31 March 2018.)

Recommendation 2.4: Every issuer should disclose information about each director in its annual report or on its website, including a profile of experience, length of service, independence and ownership interests.

Argosy publishes information about its Directors in its Annual Report and on its website.

Recommendation 2.5: An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.

Argosy's diversity policy is available on its website. The Board's assessment of Argosy's objectives, and its progress in achieving them, are disclosed in the Annual Report.

Recommendation 2.6: Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.

Argosy encourages its Directors to join organisations such as the Institute of Directors which provide training and support to directors. Argosy supplements Directors ' own initiatives with training specific to its business, for example site visits and presentations on topical issues at Board meetings.

Recommendation 2.7: The board should have a procedure to regularly assess director, board and committee performance.

In accordance with the Board Charter, the Board critically evaluates its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role. Individual Directors are evaluated by a process whereby the Board determines questions to be asked of each Director about him or herself and about each other including the Chair, each Director answers the questions in writing, and the responses are collected and collated by the chair who then discusses the results with each Director. The Chair's own position is discussed with the Chair of the Audit and Risk Committee and/or the rest of the board. The performance of Board committees is considered in the evaluation of director and board performance. These evaluations will be carried out within three months of the year end.

Recommendation 2.8: The Chair and the CEO should be different people.

Argosy's Chair and CEO are different people, and this is a requirement of the Board Charter. (Argosy does not have any executive directors.)

Argosy Property Limited Statement on Reporting Against the NZX Code CONTINUED

PRINCIPLE 3 – BOARD COMMITTEES

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

Recommendation 3.1: An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should not also be the chair of the board.

Argosy's Audit and Risk Committee Constitution requires that the Audit and Risk Committee must have a minimum of three members, that all members must be non-executive directors and the majority must be independent directors. The Board Charter requires that the Chair of the Board shall not be the Chair of the Audit Committee. The Audit and Risk Committee Constitution and the Board Charter are available on Argosy's website (www.argosy.co.nz).

Recommendation 3.2: Employees should only attend audit committee meetings at the invitation of the audit committee.

The Audit Risk Committee Constitution provides that Management may attend Committee meetings by invitation.

Recommendation 3.3: An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.

Argosy's Remuneration Committee Constitution requires that all members must be independent Directors, and that Management may attend by invitation.

Recommendation 3.4: An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.

Argosy did not have a nomination committee during the year ended 31 March 2018. A nomination committee is considered unnecessary as recommendations for director appointments are considered by the whole Board, in accordance with the Board Charter. This alternative governance practice has been approved by Argosy's Board.

Recommendation 3.5: An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

Argosy has a standing Audit and Risk Committee, and a standing Remuneration Committee. The membership and attendance for each Committee is disclosed in Argosy's Annual Report. The Board does not consider that any other standing Board Committees are necessary in Argosy's circumstances.

Recommendation 3.6: The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. It should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.

Argosy's Board has established appropriate takeover protocols.

Argosy Property Limited Statement on Reporting Against the NZX Code CONTINUED

PRINCIPLE 4 – REPORTING & DISCLOSURE

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Recommendation 4.1: An issuer's board should have a written continuous disclosure policy.

Argosy's Continuous Disclosure Policy is available on its website (www.argosy.co.nz).

Recommendation 4.2: An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.

Argosy publishes its key governance documents on its web site (www.argosy.co.nz).

Recommendation 4.3: Financial reporting should be balanced, clear and objective. An issuer should provide non financial disclosure at least annually, including considering material exposure to environmental, economic and social sustainability risks and other key risks. It should explain how it plans to manage those risks and how operational or non-financial targets are measured.

Argosy provides audited financial statements in its Annual Report. The Annual Report also includes non-financial information in relation to key risks, how key risks are managed and how non-financial targets are measured.

PRINCIPLE 5 – REMUNERATION

"The remuneration of directors and executives should be transparent, fair and reasonable."

Recommendation 5.1: An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report.

Argosy provides transparent recommendations for changes to director remuneration in notices of meeting, and actual director remuneration is clearly disclosed in the Annual Report.

Recommendation 5.2: An issuer should have a remuneration policy for remuneration of directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.

Argosy's remuneration policy for Directors and Officers for the year ended 31 March 2018 is set out in its Annual Report.

Recommendation 5.3: An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments.

The CEO's remuneration arrangements are disclosed in Argosy's Annual Report.

PRINCIPLE 6 – RISK MANAGEMENT

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

Recommendation 6.1: An issuer should have a risk management framework for its business and the issuer's board should receive and review regular reports. A framework should also be put in place to manage any existing risks and to report the material risks facing the business and how these are being managed.

Argosy's Risk Management Framework and risk management practices are outlined in the Risk Management Policy available on its web site (www.argosy.co.nz).

Recommendation 6.2: An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management.

Argosy includes disclosures about management of health and safety risks in its Annual Report.

PRINCIPLE 7 – AUDITORS

"The board should ensure the quality and independence of the external audit process."

Recommendation 7.1: The board should establish a framework for the issuer's relationship with its external auditors. This should include procedures: (a) for sustaining communication with the issuer's external auditors; (b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired; (c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer; and (d) to provide for the monitoring and approval by the issuer's audit committee of any service provided by the external auditors to the issuer other than in their statutory audit role.

The framework for Argosy's relationship with its external auditors is set out in Argosy's Audit and Risk Committee Constitution and External Auditors Independence Policy, which are available on its web site (www.argosy.co.nz). These include procedures described in (a) to (d) of Recommendation 7.1.

Recommendation 7.2: The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.

Argosy's external auditor attends the Annual Meeting each year.

Recommendation 7.3: Internal audit functions should be disclosed.

Argosy does not have any internal audit functions to disclose for the year ended 31 March 2018. The effecitvness of risk management and internal processes is evaluated in accordance with Argosy's risk management policy, which is available on its web site (www.argosy.co.nz).

Argosy Property Limited Statement on Reporting Against the NZX Code CONTINUED

PRINCIPLE 8 – SHAREHOLDER RIGHTS & RELATIONS

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Recommendation 8.1: An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.

Interested stakeholders can access financial, operational and key corporate governance information on Argosy's web site (www.argosy.co.nz), which includes the documents covered by Recommendation 4.2 (included in the Annual Report or in separate documents on the web site) and the links and other information described in Recommendation 8.1.

Recommendation 8.2: An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.

Argosy's Investors can communicate with Argosy electronically through Computershare, or by contacting Argosy at: service@argosy.co.nz. Argosy's investor communications are managed through Computershare, which provides the option to receive communications from Argosy electronically. Argosy has an investor relations programme outlining how it plans to engage with investors and encourage their input.

Recommendation 8.3: Shareholders should have the right to vote on major decisions which may change the nature of the company in which they are invested in.

Listing Rule 9.1.1 requires an Ordinary Resolution of shareholders to approve a transaction that would change the essential nature of Argosy's business, or a transaction exceeding 50% of its Average Market Capitalisation. Argosy's Constitution requires it to comply with the Listing Rules. Argosy's Constitution is available on its web site (www.argosy.co.nz).

Recommendation 8.4: Each person who invests money in a company should have one vote per share of the company they own equally with other shareholders.

The only class of shares in Argosy is ordinary shares. Argosy's Constitution provides that each fully paid ordinary share has attached to it the right, on a poll, to one vote on each resolution at a meeting of Shareholders.

Recommendation 8.5: The board should ensure that the annual shareholders notice of meeting is posted on the issuer's website as soon as possible and at least 28 days prior to the meeting.

For its most recent annual meeting, Argosy issued its notice of meeting on 26 June 2017 which was at least 28 days prior to the Annual Meeting held on 25 July 2017.