
MARKET RELEASE

NZ POST HOUSE EARTHQUAKE DAMAGE UPDATE

New Zealand Post House, at 7-27 Waterloo Quay, Wellington sustained damage to building services in the 7.5 magnitude Kaikoura earthquake on 14 November 2016. Independent engineers have confirmed that the building remains structurally sound, but significant replacement of fit out and services is required. The ground floor, and four other levels, have been re-occupied by NZ Post.

It is expected that the damage to the building services and fit-out to levels 1-4 and 7 will be repaired during the next financial year. Argosy has obtained an indicative estimate that the reinstatement cost will be approximately \$50 million, based on a preliminary scope of works. Argosy has lodged a claim for the reinstatement cost and associated loss of rents under its material damage and business interruption insurance policy (less a \$4.8 million deductible). The claim is presently being assessed by Argosy's insurers. Argosy is working closely with its insurers, and NZ Post, to ensure that repairs are completed expeditiously and to minimise disruption to NZ Post.

Under New Zealand accounting standards, Argosy cannot include expected insurance proceeds in its financial results until the amount of the insurance proceeds are quantified and agreed, based on communications from insurers. It is anticipated that Argosy's claim may not be quantified before the financial statements are signed and therefore the expected insurance proceeds may not be included in Argosy's year-end financial results.

If the expected insurance proceeds are not included in Argosy's year-end financial results, the loss of rents for the current year would have a net after tax impact of approximately \$1.85m, or 0.23 cents per share in the period to 31 March 2017. This will have no impact on the March 2017 full year dividend, which as previously announced is expected to be 6.1cps and be fully paid from net distributable income for the year.

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