



Argosy

Green Bond Offer

12 OCTOBER 2020

Argosy Property Limited

Disclaimer

This presentation has been prepared by Argosy Property Limited ("Argosy") in relation to the offer ("Offer") of senior secured fixed rate green bonds described in this presentation ("Green Bonds"). The offer of Green Bonds by Argosy is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("FMCA"). The Offer is an offer of Green Bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Argosy's: (a) \$100 million senior secured fixed rate green bonds maturing on 27 March 2026, which have a fixed interest rate of 4.00% per annum and are currently quoted on the NZX Debt Market under the ticker code ARG010; and (b) Argosy's \$100 million senior secured fixed rate green bonds maturing on 29 October 2026, which have a fixed interest rate of 2.90% per annum and are currently quoted on the NZX Debt Market under the ticker code ARG020 (together, the "Existing Green Bonds"). Accordingly, the Green Bonds are the same class as the Existing Green Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014. Argosy is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited ("NZX") for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/ARG. The Existing Green Bonds are the only debt securities of Argosy that are currently quoted and in the same class as the Green Bonds. Investors should look to the market price of the Existing Green Bonds to find out how the market assesses the returns and risk premium for those bonds.

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The offer constitutes an offer of Green Bonds to the public in New Zealand. Argosy has not taken and will not take any action which would permit a public offering of Green Bonds, or possession or distribution of any offering material in respect of the Green Bonds, in any country or jurisdiction where action for that purpose is required (other than New Zealand). The Green Bonds may only be offered for sale, sold or delivered in a jurisdiction other than New Zealand in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.

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Argosy will take any necessary steps to ensure the Green Bonds are, immediately after issue, quoted. Application has been made to NZX for permission to quote the Green Bonds on the NZX Debt Market, and all requirements of NZX relating thereto that can be complied with on or before the distribution of the Terms Sheet have been duly complied with. NZX takes no responsibility for the content of this presentation. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.

Where relevant, some capitalised terms used but not defined in this presentation have the meanings given to them in the Terms Sheet (including by incorporation). Unless otherwise stated, all amounts are based on Argosy's preliminary results for the six months to 30 September 2020 which are subject to finalisation and review by Deloitte. All figures are rounded.

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PRESENTED BY



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Note: Due to rounding, numbers presented in this presentation may not add up exactly to the totals provided and percentages may not reflect exactly absolute figures.

Offer Highlights



Offer Highlights

Issuer	Argosy Property Limited ("Argosy")
Instrument	Senior secured fixed rate green bonds ("Green Bonds")
Offer Amount	Up to NZ\$125 million plus up to an additional NZ\$25 million of oversubscriptions (at Argosy's discretion)
Tenor & Maturity Date	7 years, maturing 27 October 2027
Arranger & Green Bond Co-ordinator	ANZ Bank New Zealand Limited
Joint Lead Managers	ANZ Bank New Zealand Limited, Hobson Wealth Partners Limited, Jarden Securities Limited, Forsyth Barr Limited and Westpac Banking Corporation ¹
Interest Rate	A fixed rate of interest will be payable on the Green Bonds until the Maturity Date. The Interest Rate will not change over the term of the Green Bonds
Interest Payments	Quarterly in arrear
Minimum Application Amount	The minimum application amount is NZ\$5,000 and in multiples of NZ\$1,000 thereafter

1. (ABN 33 007 457 141) acting through its New Zealand branch.

Portfolio Update



Auckland and Wellington Focus¹

42%

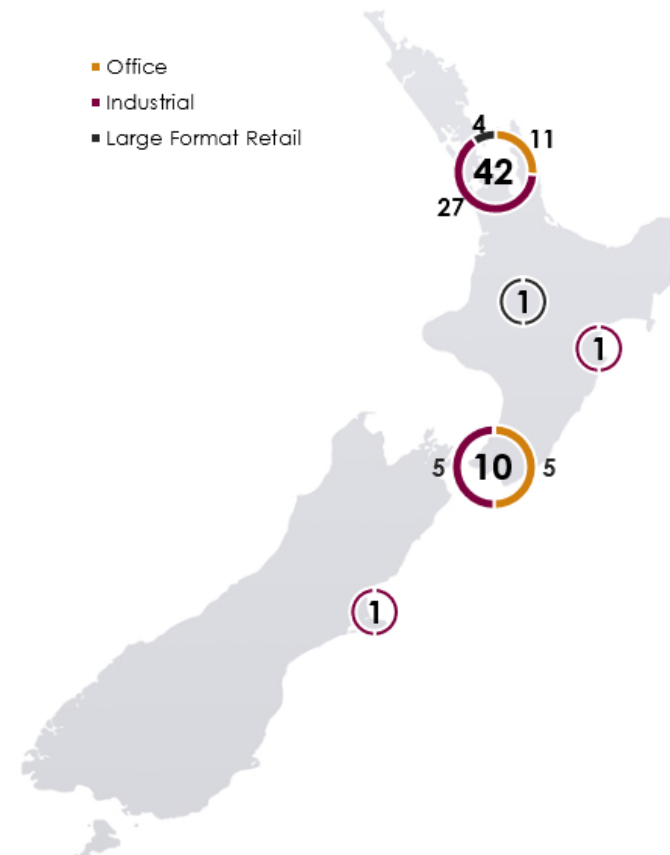
Portfolio weighting by value to industrial property²

27%

of rent from Government tenants

Number of properties by location³

- Office
- Industrial
- Large Format Retail



1. September 2020 desktop valuations are not included in portfolio weightings as they are incomplete and remain subject to finalisation and review by Deloitte. Data is preliminary as at 30 September 2020 and remains subject to finalisation and review by Deloitte.

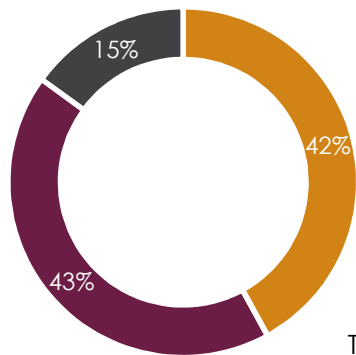
2. The industrial portfolio weighting excludes the acquisition of the Mt Richmond Properties.

3. Excludes held for sale properties at 80 Springs Road and 180-202 Hutt Road.

Portfolio Snapshot

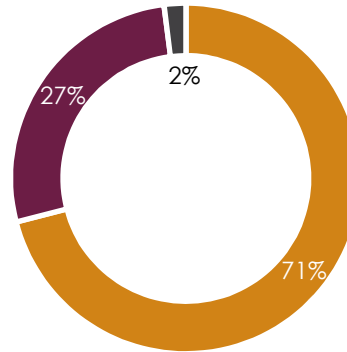
\$1.84 BILLION¹ BOOK VALUE @ 30 SEPTEMBER 2020

**TOTAL PORTFOLIO VALUE
BY SECTOR¹**



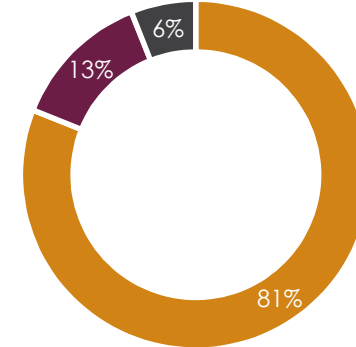
Industrial	Target Bands 45-55%
Office	30-40%
Large Format Retail	10-20%

**TOTAL PORTFOLIO VALUE
BY REGION¹**



Auckland	Target Bands 65-75%
Wellington	20-30%
Regional North Island ² & South Island	<10%

**TOTAL PORTFOLIO VALUE
BY ASSET MIX¹**



Core	Target Band 75-90%
Value Add	n/a
Non Core	n/a

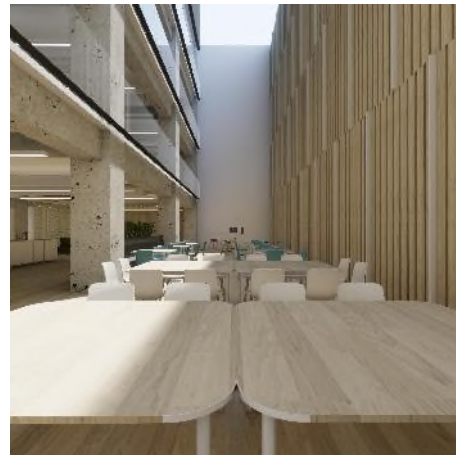
1. Book value and portfolio values are preliminary as at 30 September 2020 and remain subject to finalisation and review by Deloitte. Interim desktop valuations have not been completed yet for 30 September 2020 and there are no revaluation adjustments included in the book or portfolio values. Book value and portfolio values exclude assets that are held for sale (80 Springs Road and 180-202 Hutt Road).

2. Includes up to 5% allocation to the Golden Triangle area between Auckland, Tauranga and Hamilton.

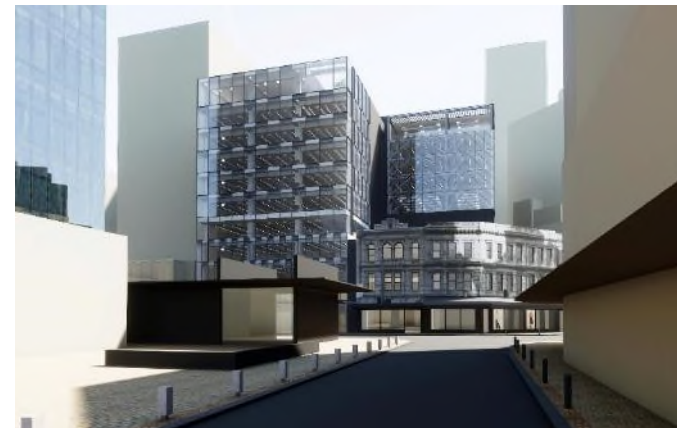
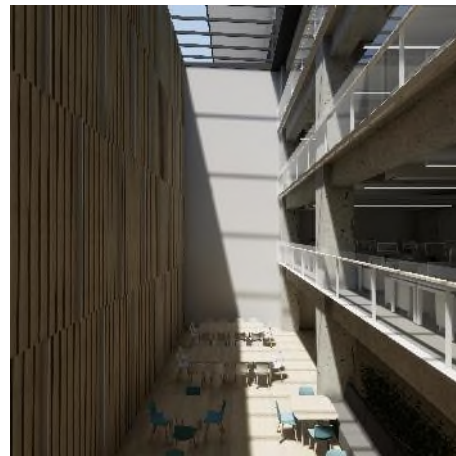
Environmental Strategy

- ▶ The impact of Argosy's property investment business on the natural environment is an increasingly important consideration for investors, tenants and other stakeholders.
- ▶ Our environmental strategy reflects our ambition to create vibrant sustainable workplaces for our tenants. We believe that green buildings have the potential to provide a number of key business benefits including:
 - ▶ increased marketability;
 - ▶ higher rental rates;
 - ▶ lower operating costs;
 - ▶ higher occupancy;
 - ▶ improved worker productivity and occupant health and well-being;
 - ▶ lower regulatory risk.
- ▶ We believe that an integrated design approach, where experts and tenants are involved from the pre-design stage through to occupancy, can greatly assist in the reduction of green development costs.
- ▶ We are a member of the New Zealand Green Building Council which is dedicated to promoting the benefits of sustainable buildings.

Green Project Under Development



8-14 Willis Street / 360 Lambton Quay	
Completion	Targeting Q1 2022
Green Star Rating	Targeting 6 Star Built
NABERSNZ	Targeting 5 Stars
Major tenant	Department of Statistics
WALT	15 years
Valuation¹	\$138.0 million



1. Expected value on completion based on 'as if complete' valuation performed by independent valuer as at 31 March 2020.

Recently Completed Green Projects



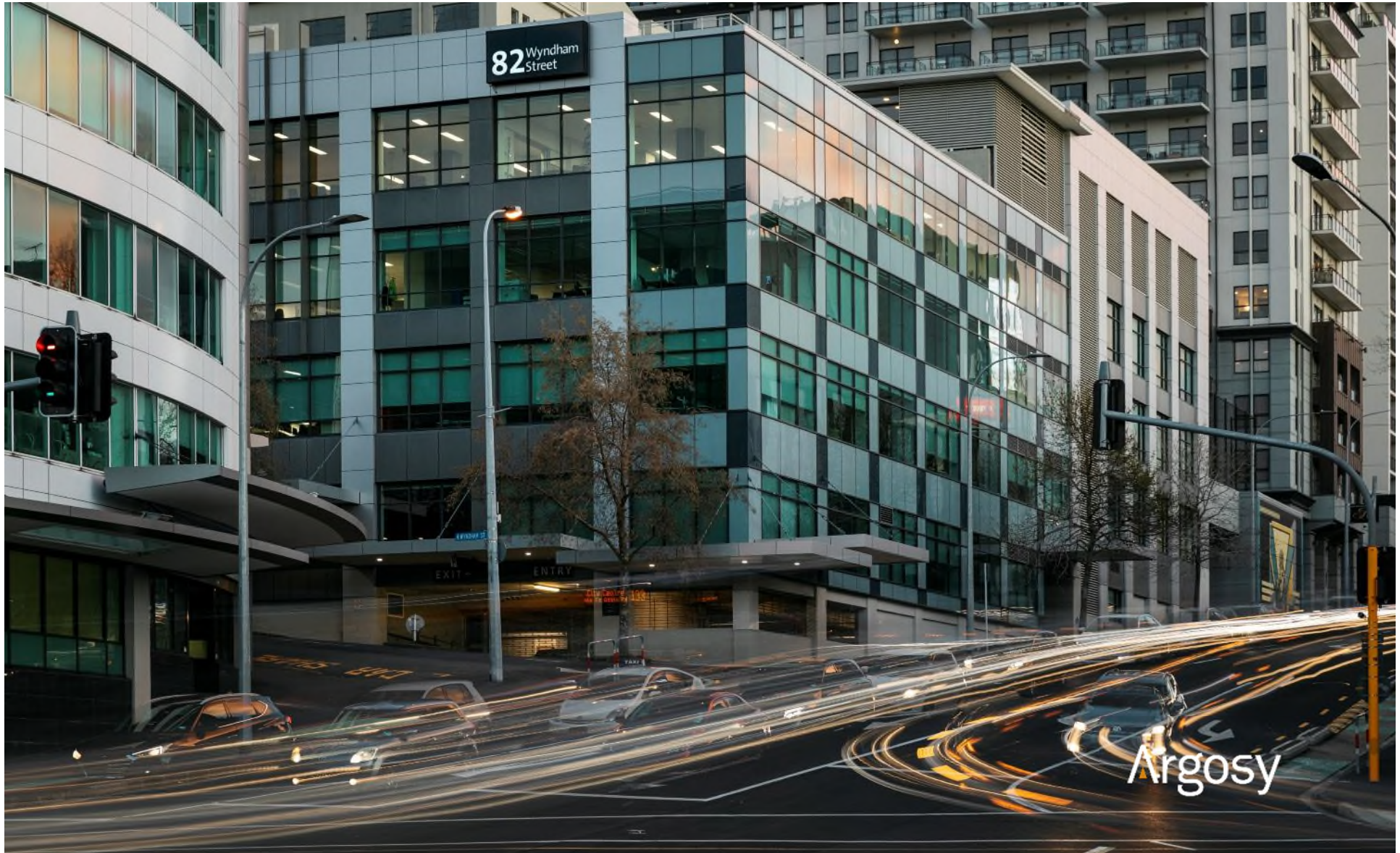
107 Carlton Gore Rd, Auckland	
Completed	2019
Green Star Rating	5 Star Built
NABERSNZ	Targeting 4 Stars
Major tenant	Kāinga Ora (Housing New Zealand)
WALT ¹	11.4 years
Valuation ²	\$42.9 million



82 Wyndham Street, Auckland	
Completed	2018
Green Star Rating	5 Star Built
NABERSNZ	5 Stars
Major tenant	Panuku
WALT ¹	5.2 years
Valuation ²	\$48.1 million

1. Number is preliminary as at 30 September 2020 and remains subject to finalisation and review by Deloitte.
2. Independent market valuation as at 31 March 2020.

Green Bond Offer



Security

- ▶ The Guaranteeing Subsidiaries, being Argosy Property Management Limited and Argosy Property No.1 Limited, have granted an unconditional and unlimited guarantee of Argosy's obligations under the Green Bonds.
- ▶ The Green Bonds are secured by a general security interest granted by Argosy and the Guaranteeing Subsidiaries over all of their property (except any property held by it as trustee), together with first ranking Mortgages granted over all of the land (including the buildings and other fixtures on that land) owned by them.
- ▶ The guarantee and security interests are granted in favour of the Security Trustee for the benefit of all of the secured parties (including Holders) and can only be enforced in accordance with the Security Trust Deed.

Covenants and Events of Default

Key covenants under the Trust Deed include:

- ▶ Borrowed Money Indebtedness¹ is no more than 50%² of the Secured Property Value³;
- ▶ No distributions to be paid if an Event of Default has occurred and is continuing or would occur as a result of making that distribution.

Events of Default are set out in the Trust Deed and, in summary, include events such as:

- ▶ Non-payment of interest or principal by Argosy when due;
- ▶ Non-compliance with other material obligations under the Trust Deed;
- ▶ Material misrepresentation;
- ▶ An insolvency event;
- ▶ Un-remedied loan to value ratio breach within the grace periods set out in the Trust Deed.

If Argosy fails to comply with the Green Bond Framework or related matters or if the Green Bonds cease to satisfy the Green Bond Principles, no Event of Default or any other breach will occur in relation to the Green Bonds.

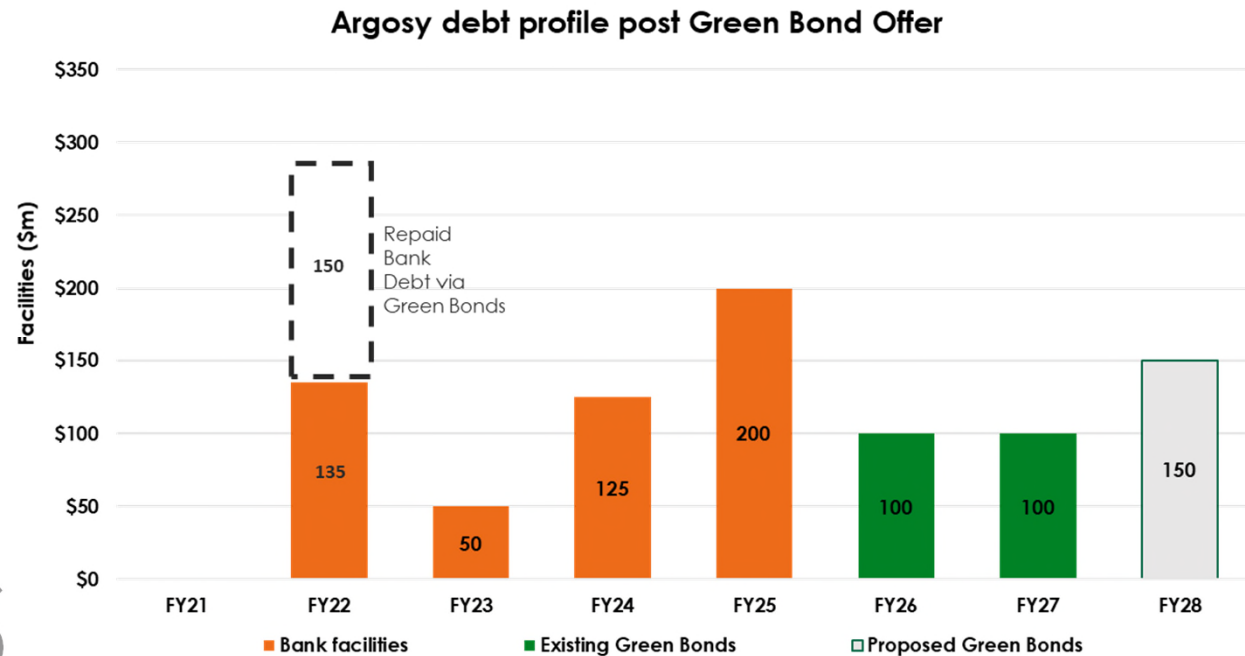
1. Borrowed Money Indebtedness means the aggregate principal amount of all outstanding indebtedness which is secured pursuant to the Security Trust Deed.
2. Loan to Value ratio as at 31 March 2020 was 39.3%.
3. Secured Property Value equals the aggregate of the fair market value, as determined by reference to independent market valuation as at 31 March 2020, and all costs and expenses that have been subsequently capitalised in respect of those properties in accordance with GAAP.

Adjusted Debt Profile & Tenor

- Increases funding diversification from 23% to 41% of total debt from non-bank sources after bond issuance announced today¹.
- Argosy's weighted average funding tenor is extended from 3.1 years to 4.2 years from expected issue date of 27 October 2020¹.

4.2yrs

Weighted average debt term²



1. Assumes \$150m (including \$25m in oversubscriptions) of Green Bonds are issued and \$150m of existing bank facilities are repaid.
 2. Estimated debt term following the Green Bond issue.

Green Bond Framework

Use of proceeds	<ul style="list-style-type: none"> ▶ The proceeds of the Offer are intended to be used to refinance existing bank debt that supports Green Assets
External review	<ul style="list-style-type: none"> ▶ EY has issued a limited assurance report to Argosy in relation to the proposed use of funds raised through the issuance of the Green Bonds, including its Green Bond Framework
Monitoring & compliance	<ul style="list-style-type: none"> ▶ The Green Bond Framework provides that an annual assurance process will be undertaken by an independent third party assurance provider
Reporting	<ul style="list-style-type: none"> ▶ The Green Bond Framework provides for Argosy to publish semi-annual use of proceeds reports and report on any changes to the Green Bond Framework
Evaluation of Green Assets	<ul style="list-style-type: none"> ▶ To be eligible to be a Green Asset under the Green Bond Framework, the project or building must be certified as obtaining or targeting: <ul style="list-style-type: none"> ▶ A Green Star "Built" rating of at least 4 Stars; or ▶ A NABERSNZ "Energy Base Building Rating" or "Energy Whole Building Rating" of at least 4 Stars

You can find the Green Bond Framework located on Argosy's website at <http://www.argosy.co.nz/investor-centre/greenbondframework/>.

Green Assets

Existing Green Assets

Address	Use	Current NABERSNZ Rating	Green Star Rating	Total Project	Current
				Cost	Market Value ¹
				(NZDm)	(NZDm)
143 Lambton Quay	Office	4 Stars Energy Whole Building	5 Star Office Built	\$27.8	\$23.8
15-21 Stout Street	Office	5 Stars Energy Whole Build	5 Star Office Built	\$107.0	\$119.2
82 Wyndham Street	Office	5.5 Stars Energy Base Build	5 Star Office Built	\$42.3	\$48.1
Highgate, Parkway	Industrial	n/a ²	5 Star Industrial Built	\$28.2	\$30.5
107 Carlton Gore Road	Office	Targeting 4 Stars Base Build Rating	5 Star Office Built	\$40.5	\$42.9
302 Great South Rd	Office	5 Stars Energy Base Build	n/a	\$10.8	\$10.8
308 Great South Rd	Office	4.5 Stars Energy Base Build	n/a	\$7.8	\$7.8
TOTAL EXISTING GREEN ASSETS				\$264.4	\$283.1

Planned Green Assets

Address	Use	Current NABERSNZ Rating	Green Star Rating	Total Project	Current
				Cost	Market Value ³
				(NZDm)	(NZDm)
8-14 Willis Street	Office	Targeting 5 Stars	Targeting 6 Star Built	\$113.0	\$138.0
- 360 Lambton Quay		Targeting 5 Stars	Targeting 5 Star Built		
TOTAL EXISTING AND PLANNED GREEN ASSETS				\$377.4	\$421.1

5 Star

Green Star rating average across existing green assets

1. Independent market valuation as at 31 March 2020.
2. NABERSNZ ratings not available for industrial buildings.
3. Expected value on completion based on an 'as if complete' valuation as at 31 March 2020 performed by an independent valuer.

Key Terms & Dates



Key Offer Terms

Summary	Detail
Issuer	Argosy Property Limited.
Instrument	Senior secured fixed rate green bonds.
Offer amount	Up to NZ\$125 million plus up to an additional NZ\$25 million of oversubscriptions (at Argosy's discretion).
Use of proceeds	The proceeds of the Offer are intended to be used to refinance existing bank debt that supports Green Assets. For more detail on Green Assets, see Argosy's Green Bond Framework as published at http://www.argosy.co.nz/investor-centre/greenbondframework/ .
Tenor & Maturity Date	7 years, maturing on 27 October 2027.
Interest Rate	To be determined by Argosy in consultation with the Arranger following the bookbuild held on the Rate Set Date (16 October 2020). The Interest Rate will be announced via NZX on or about the Rate Set Date. The Interest Rate will not change over the term of the Green Bonds. The Interest Rate will be equal to the sum of the Base Rate and the Margin but in any case, will be no less than 2.20 percent per annum.
Indicative Margin range	1.95% to 2.15% per annum.
Interest Payments	Interest will be calculated on an annual basis and is payable in equal amounts in arrear on each quarterly interest payment date, being 27 January, 27 April, 27 July and 27 October (or if that day is not a Business Day, the next Business Day) of each year up to (and including) the Maturity Date. The first Interest Payment Date will be 27 January 2021.
Financial Covenant	Under the Trust Deed, Argosy will ensure that the total principal amount of all indebtedness that is secured pursuant to the Security Trust Deed is no more than 50% of the Secured Property Value.
Brokerage	0.50% of the aggregate principal amount of Green Bonds issued, plus 0.25% on firm allocations to be paid by Argosy.
Issue Price / Minimum Application Amount	Each Green Bond is issued at par (NZ\$1.00 per Green Bond). The minimum application amount is NZ\$5,000 and in multiples of NZ\$1,000 thereafter.
Quotation	Argosy intends to quote the Green Bonds on the NZX Debt Market. NZX ticker code ARG030 has been reserved for the Green Bonds.

Key Offer Dates

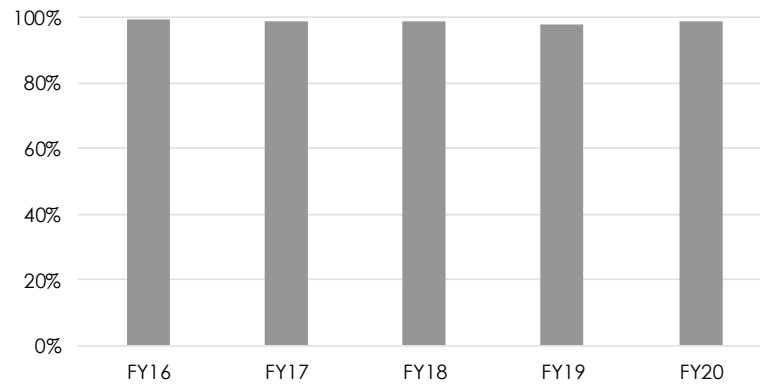
Key Event	Date
Offer opens	Monday 12 October 2020
Rate Set Date	Friday 16 October 2020
Closing Date	12pm, Friday 16 October 2020
Issue Date	Tuesday 27 October 2020
Expected date of initial quotation and trading on the NZX Debt Market	Wednesday 28 October 2020
First Interest Payment Date	Wednesday 27 January 2021
Interest Payment Dates	27 January, 27 April, 27 July and 27 October in each year during the term of the Green Bonds
Maturity Date	Wednesday 27 October 2027

Appendix

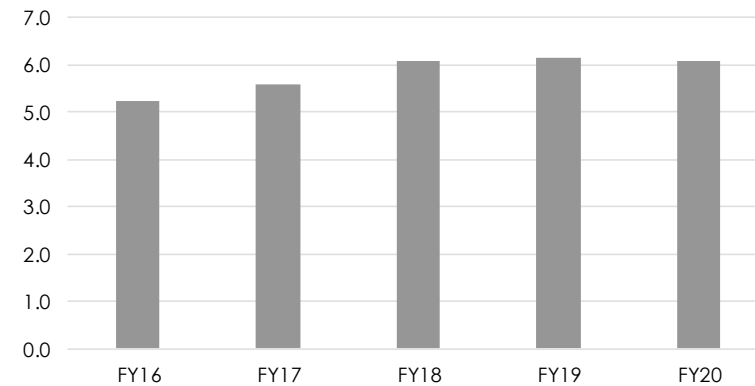


5 Year Operating Snapshot

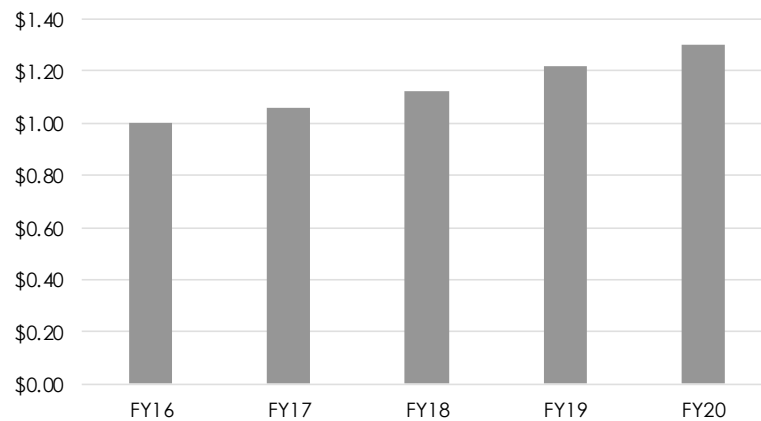
Occupancy



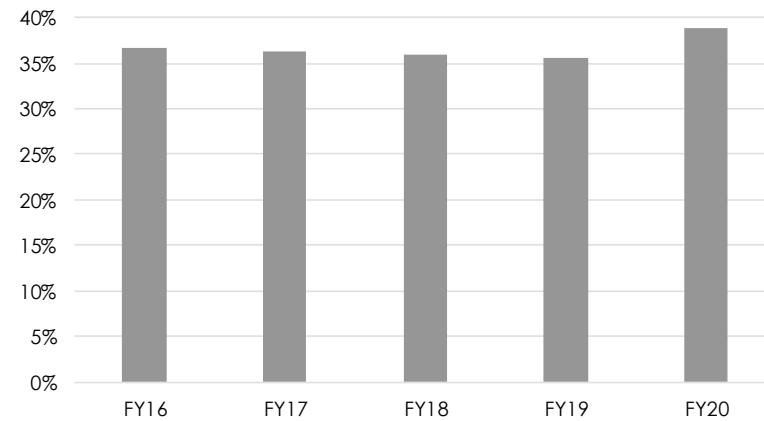
WALT (years)



Net Tangible Assets (per share)



Debt-to-total assets



Data as at 31 March year end.