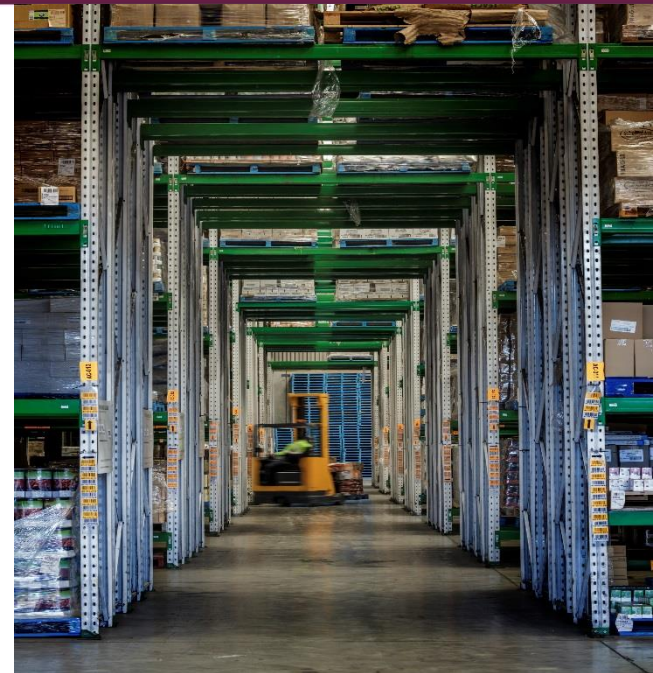




Investor Presentation

Argosy Property Limited | February/March 2015



CONTINUED

MOMENTUM

Highlights

Highlights of the year so far



- ▶ 1H15 Portfolio revaluation gain of \$24.9 million (increase of 2.0%)
- ▶ 1H15 Net property income increased to \$43.8 million (increase of 8.7%)
- ▶ 1H15 Gross distributable income increased to \$29.1 million (increase of 22.7%)
- ▶ 1H15 Net distributable earnings 2.95 cents per share
- ▶ Weighted average lease term strong at 5.51 years¹
- ▶ Occupancy (by rental) increased to 98.8%¹
- ▶ Official opening of 15-21 Stout Street, Wellington
- ▶ Divestment of non-Core properties – including 8 Pacific Rise, Mt Wellington and Waitakere Mega Centre, Henderson
- ▶ Extension of Company debt facilities
- ▶ Acquisition of industrial portfolio in Wellington

¹ as at 31 December 2014

Summary Statistics

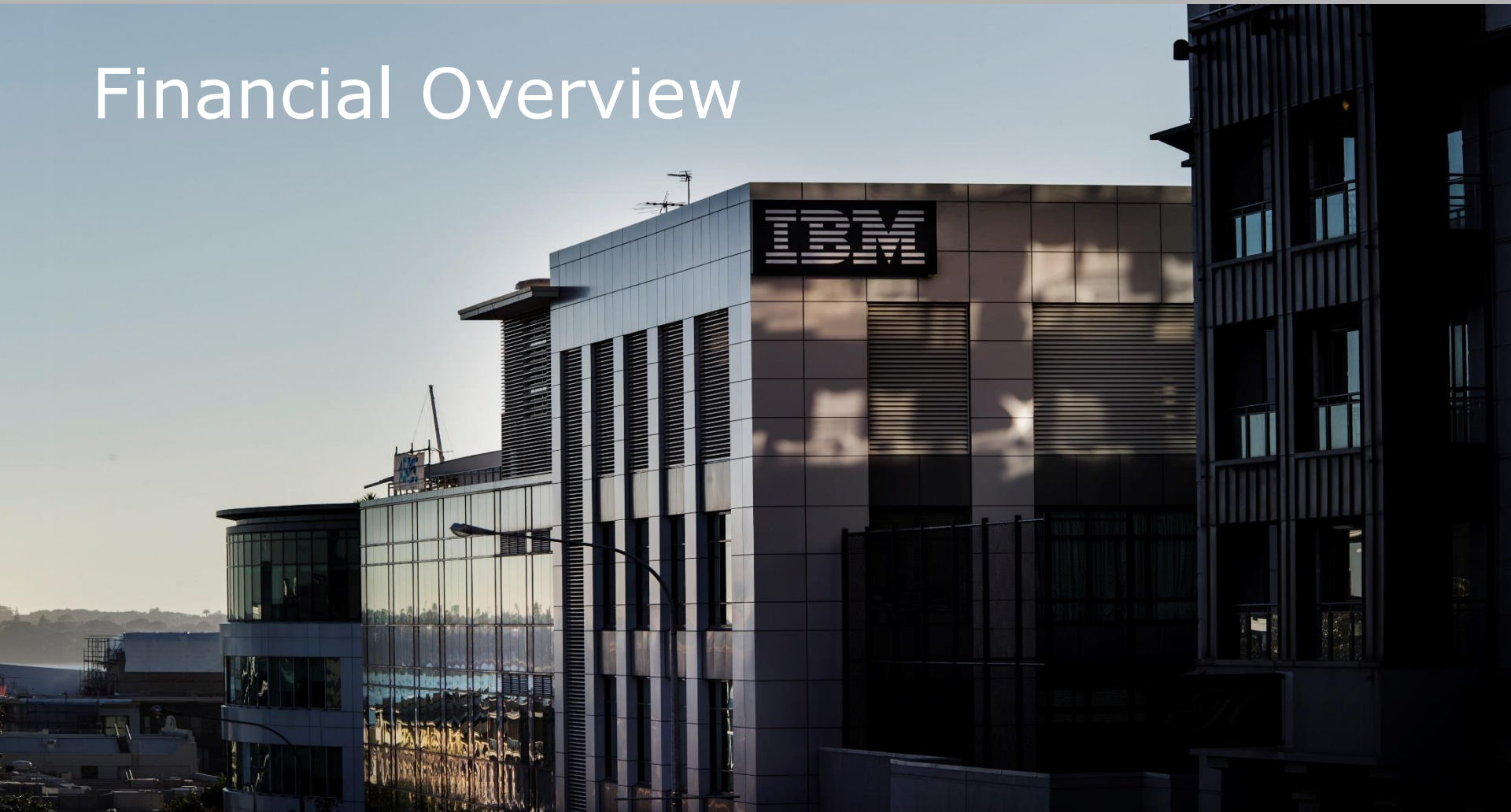
as at 31 December 2014

Argosy

Book value of properties	\$1,229.4m
Number of properties	63
Average value of properties	\$19.5m
Occupancy by rental	98.8%
Weighted average lease term	5.51 years
Number of tenants	190

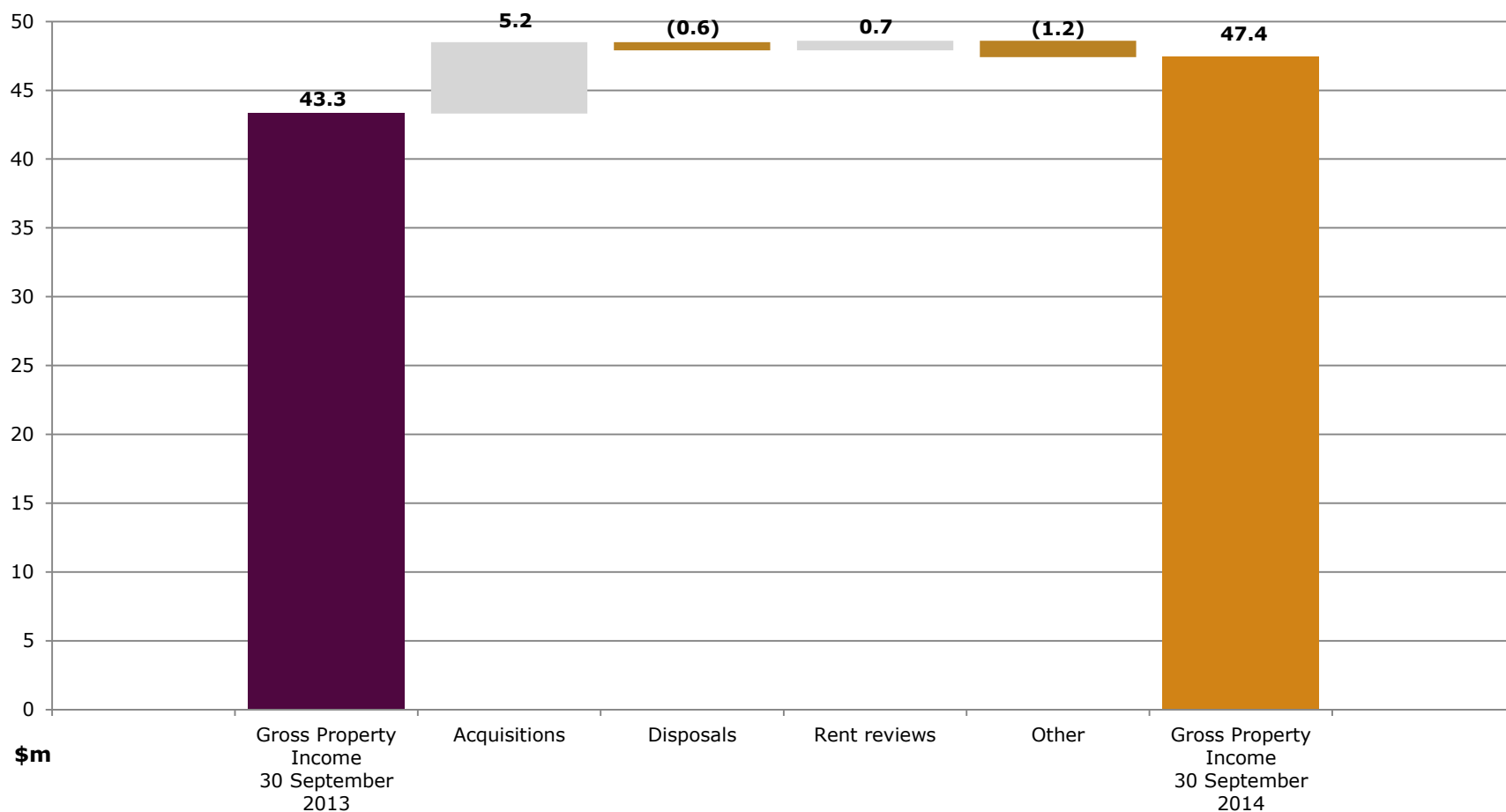


Financial Overview



Income Reconciliation

Argosy



Financial Performance



	HY15	HY14
Net property income	\$43.8m	\$40.3m
Administration expenses	\$(3.8m)	\$(3.8m)
Profit before financial income/(expenses) and other gains/(losses)	\$40.0m	\$36.5m
Interest expense	\$(12.6m)	\$(12.9m)
Gain/(loss) on derivatives	\$(9.1m)	\$16.0m
Finance income	\$0.1m	\$0.1m
Revaluation gains	\$24.9m	\$(0.0m)
Realised losses on disposal	\$(0.5m)	\$(0.1m)
Profit before tax	\$42.8m	\$39.7m
Taxation expense	\$(5.2m)	\$(9.6m)
Profit after tax	\$37.6m	\$30.1m
Basic and diluted earnings per share (cents)	4.74	4.25

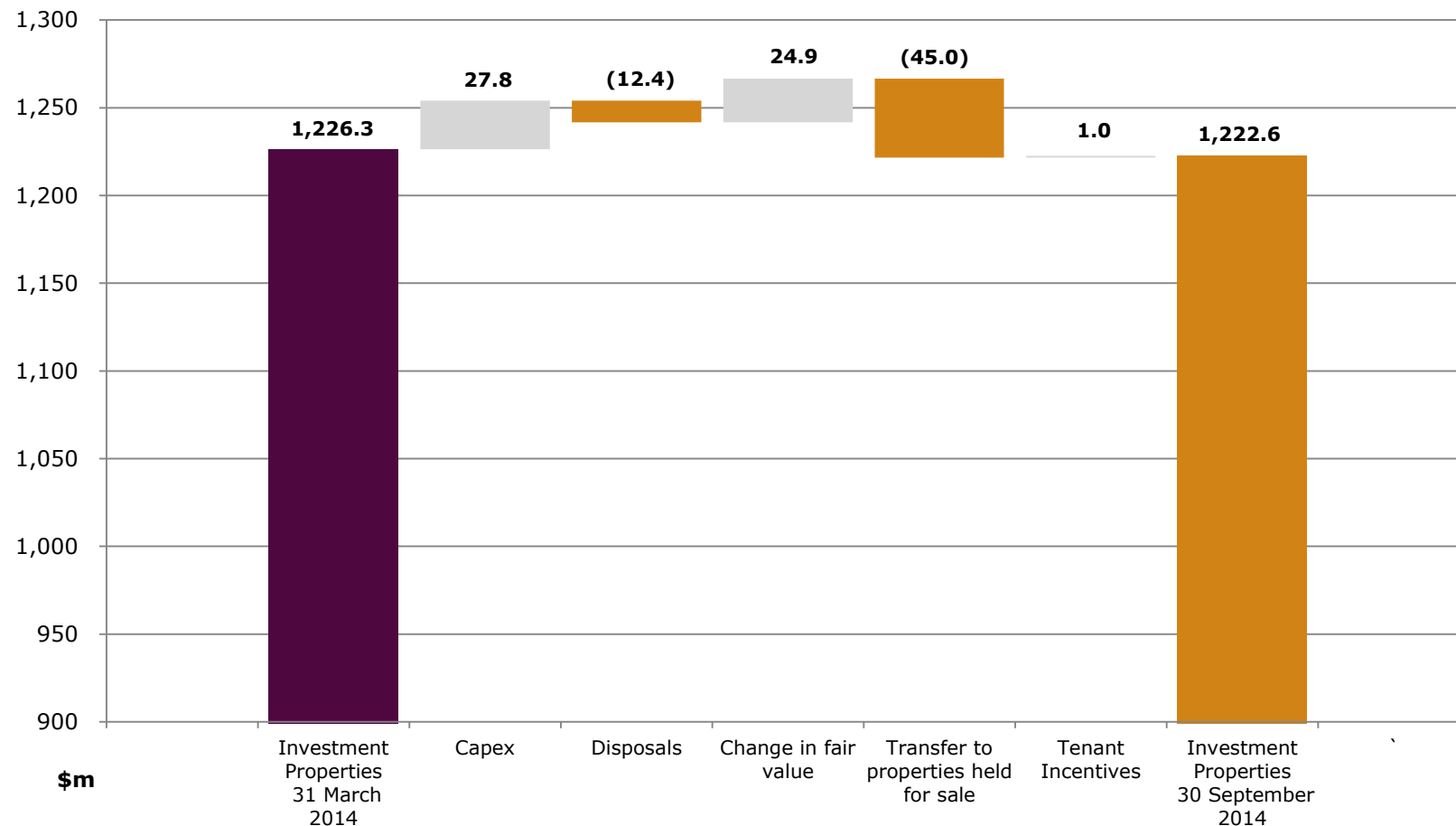
Distributable Income



	HY15	HY14
Profit before income tax	\$42.8m	\$39.7m
Adjusted for:		
Investment disposal losses	\$0.5m	\$0.1m
Derivative fair value adjustment	\$9.1m	\$(16.1m)
Revaluation gains	\$(24.9m)	-
Depreciation recovered	\$1.6m	-
Gross distributable income	\$29.1m	\$23.7m
Tax paid	\$(5.7m)	-
Net distributable income	\$23.4m	\$23.7m
Weighted average number of ordinary shares	793.1m	708.6m
Gross distributable income per share (cents)	3.68	3.35
Net distributable income per share (cents)	2.95	3.35

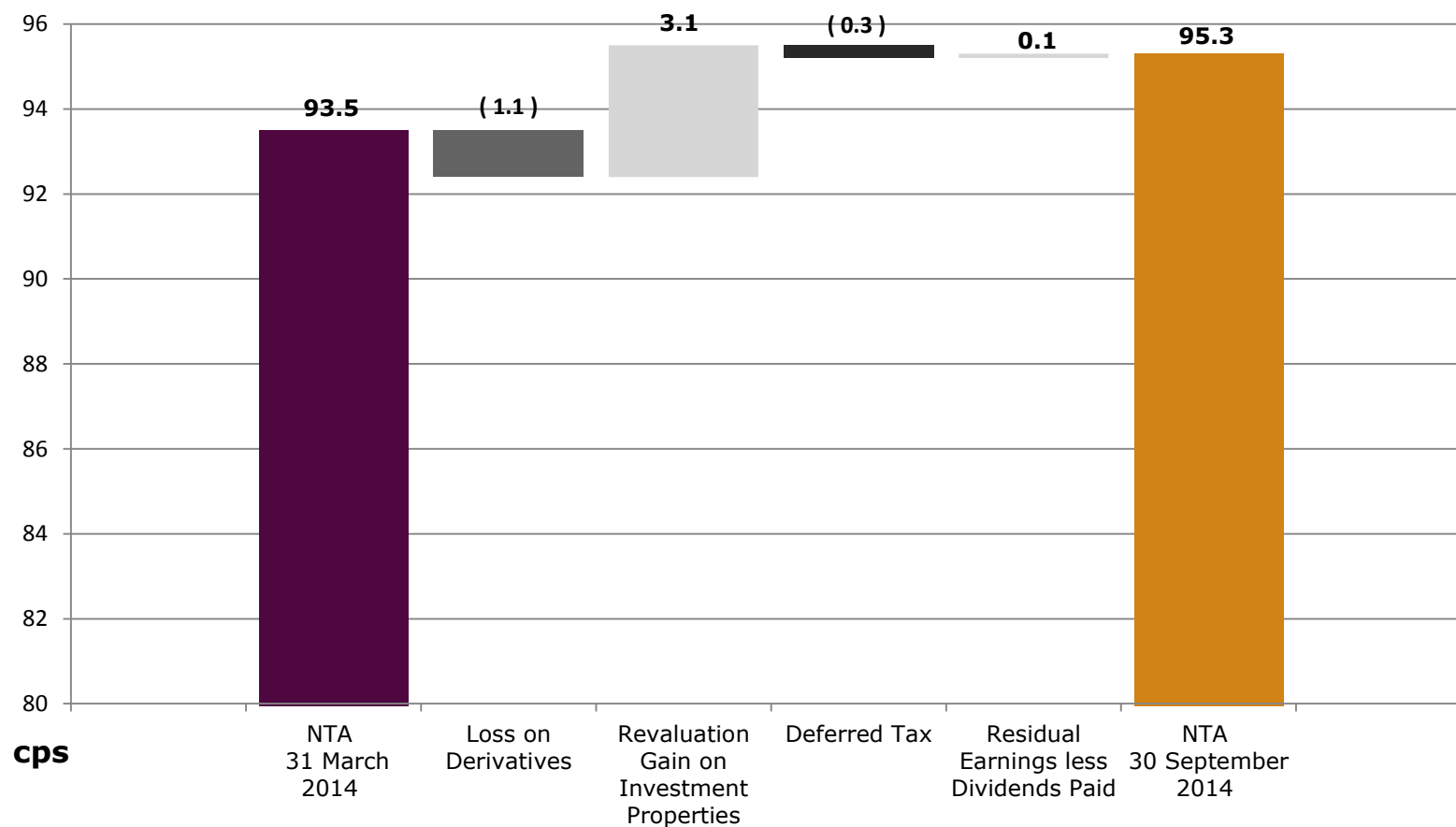
Investment Properties

Argosy



Movement in NTA per share

Argosy



Financial Position



	HY15	FY14	HY14
Shares on issue	798.1m	790.9m	783.9m
Shareholders' funds	\$760.7m	\$739.5m	\$700.2m
Net tangible asset backing per share (cents)	95.3	93.5	89.3c

	HY15	FY14	HY14
Investment properties	\$1,222.6m	\$1,226.3m	\$1,130.9m
Other assets	\$51.7m	\$6.1m	\$13.0m
Total assets	\$1,274.3m	\$1,232.4m	\$1,143.9m
Bank debt (excl. capitalised borrowing costs)	\$474.6m	\$449.5m	\$391.3m
Debt to total assets ratio	37.2%	36.5%	34.2%

Loan to valuation ratio (LVR) – based on:	HY15	FY14	HY14
Total borrowings	\$474.7m	\$449.5m	\$391.3m
Fair market value of properties ¹	\$1,235.3m†	\$1,226.9m	\$1,119.5m†
Not to exceed 50%	38.4%	36.6%	35.0%
Interest cover ratio – based on EBIT/Interest and Financing Costs:	HY15	FY14	HY14
Must exceed 2:00x	2.57x	2.62x	2.57x
Hedging	HY15	FY14	HY14
Percentage of drawn debt hedged	67%	69%	72%
Weighted average duration (years)	6.70	7.11	5.85
Weighted average interest rate	5.72%	6.06%	6.58%

¹ Includes properties held for sale

† Based on 31 March valuations, adjusted for properties acquired and divested, plus actual costs on property not ready for occupation (up to the original budget limit).

Portfolio Overview



Leasing Environment



- ▶ The New Zealand economy is still reasonably robust, with signs of good growth and a low inflation environment expected for 2015.
- ▶ Current forecasts signal the possibility of deflation in the next quarter with 2015 annual inflation expected to be at or around 1%. This points to the possibility of no further interest rate rises this year.
- ▶ The first half of 2014 saw strong rental growth in the Auckland market, especially in the office & industrial sectors. This growth moderated in the second half of the year.
- ▶ Expectations of strengthening rental growth in 2015 is underpinned by strong leasing activity and low vacancy rates, along with increasing construction costs from an active development market.
- ▶ There remains a large volume of capital seeking investment opportunities in Auckland in an environment of limited supply and low interest rates.
- ▶ Rental growth in Wellington has been constrained as the growth in net effective rents in high demand areas is being offset by stagnating or falling rents for similar stock in less desirable areas. Where net effective rents have increased during 2014, it has been more to do with falling insurance costs than an increase in achievable market rents.
- ▶ There are expectations of positive investor interest in Wellington property due to low interest rates and higher yields in comparison to Auckland.

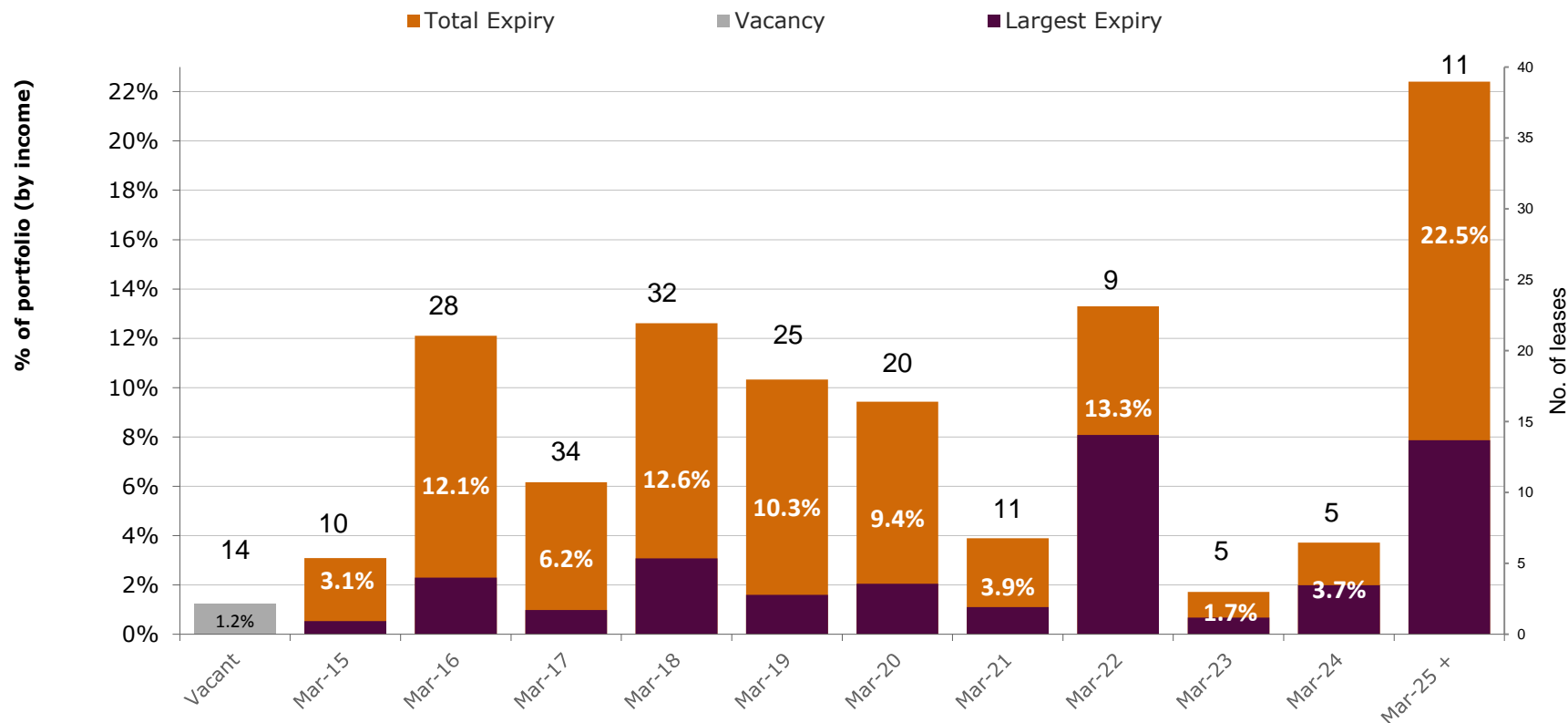
- ▶ Occupancy, tenant retention and lease expiries remain key focus areas for the asset management team.
- ▶ Occupancy (by rental) is stable at 98.8%¹, slightly increased from 98.7% at March 2014.
- ▶ Outstanding lease expiries for the period to 31 March 2015 have reduced to 3.1%¹ from 9.4% at 31 March 2014.
- ▶ During the period, 21 lease transactions were completed, including 8 new leases and 13 lease renewals and extensions.
- ▶ The weighted average lease term 5.51 years¹ which remains stable from 5.68 years at 31 March 2014.

¹ as at 31 December 2014

Lease Maturity



LEASE EXPIRY PROFILE at 31 DECEMBER 2014

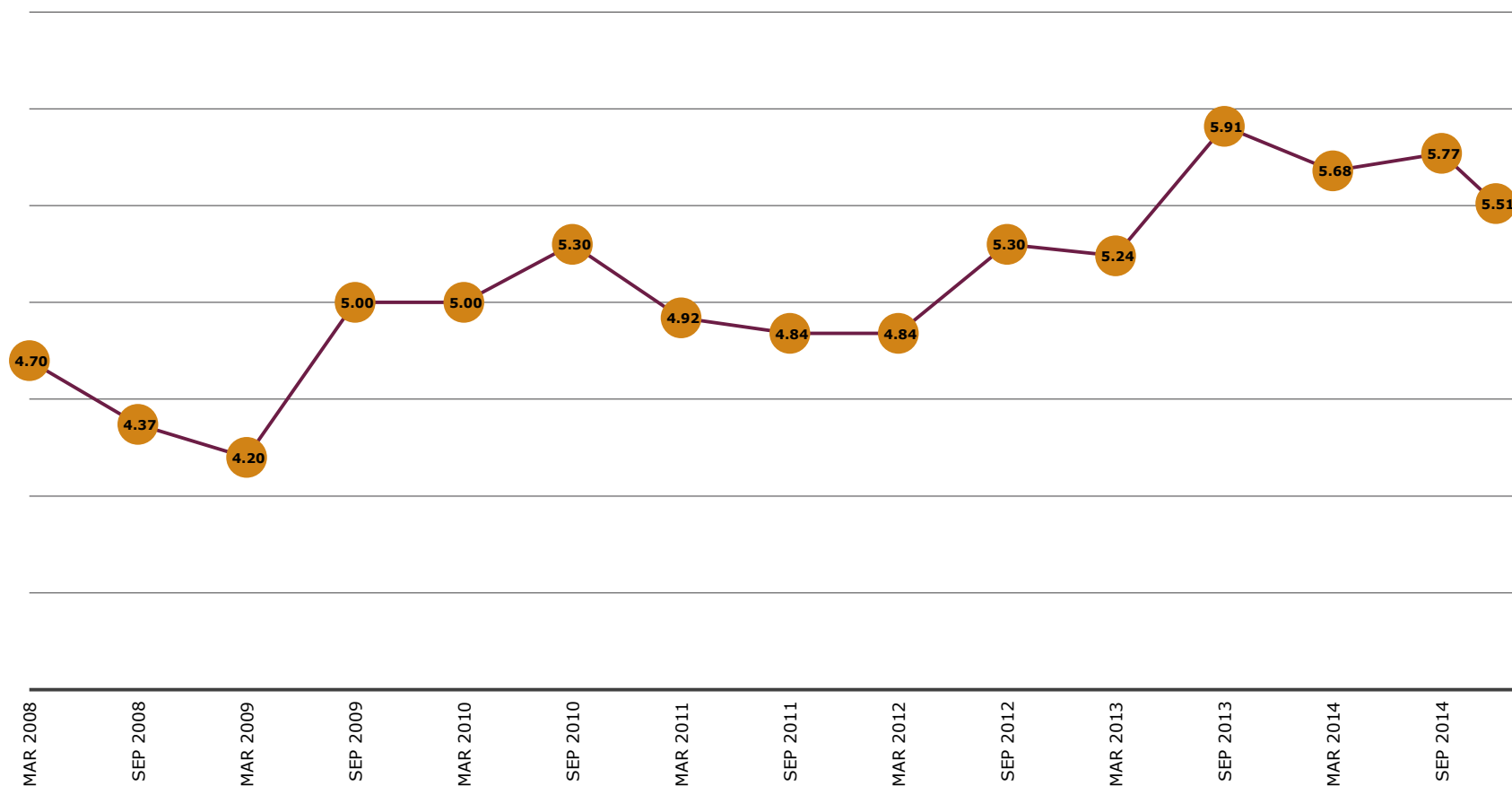


The number above each bar denotes the total tenant expiries per year (excluding monthly carparks and tenants with multiple leases within one property)

Weighted Average Lease Term



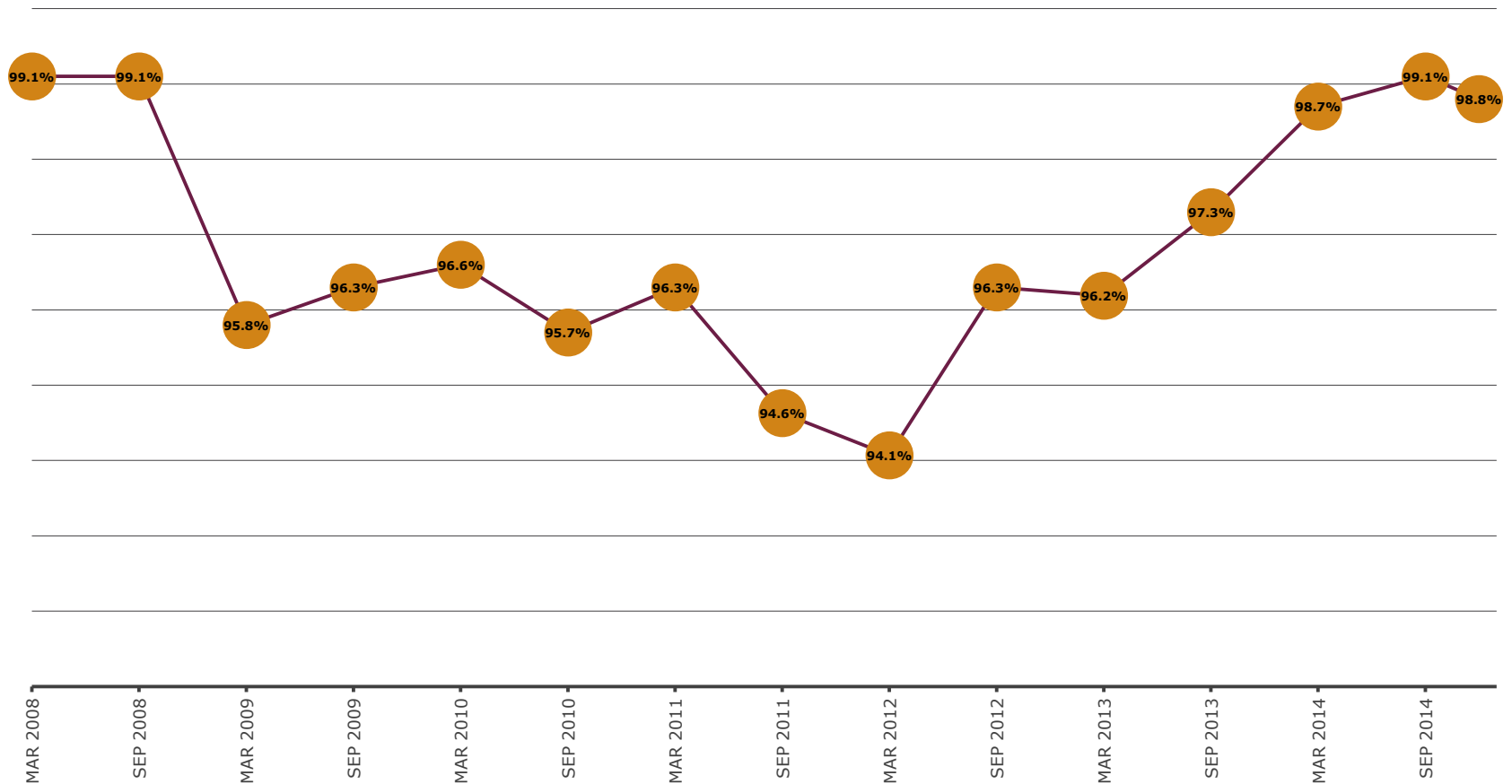
WALT remains in a strong position



Occupancy (by rental)



Occupancy remains at historically high levels



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. The acquisition was funded using Argosy's existing debt facility.

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 (m)	Expected Completion
15-21 Stout St, Wellington	Complete	-	Complete
NZ Post House, Wellington	In Progress	\$ 22.0	Late FY17

- ▶ Increase in property valuations of \$24.9 million, up 2.0% on book values immediately prior to the revaluation.
- ▶ This is the first time since September 2009 that an independent valuation has been performed at the half year. The desk top valuation was performed due to evidence of a firming in capitalisation rates over the first six months of this financial year.
- ▶ The portfolio was valued at \$1.223 billion.
- ▶ Post revaluation, the portfolio has a Passing Yield of 7.79% and a Fully Let Market Yield of 7.68%.

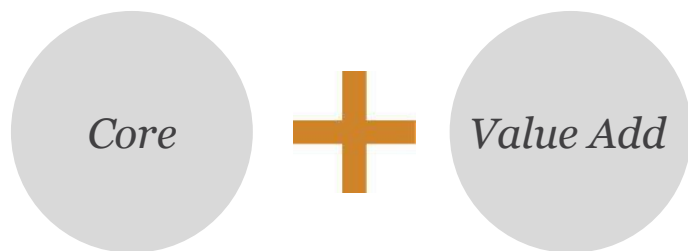
Strategy



We have a clear investment strategy marked by a diversified portfolio of desirable properties that attract high-quality, long-term tenants.

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

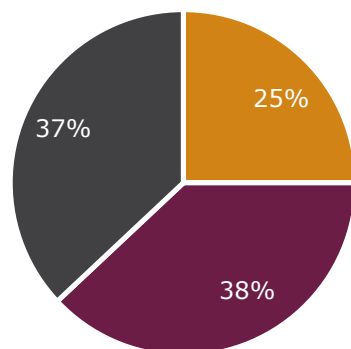
Argosy's portfolio consists of "Core" and "Value Add" properties. Core properties are well constructed, well located assets which are intended to be long-term investments (>10years). Core properties will make up 75-85% of the portfolio by value.



Portfolio Mix as at 31 December 2014



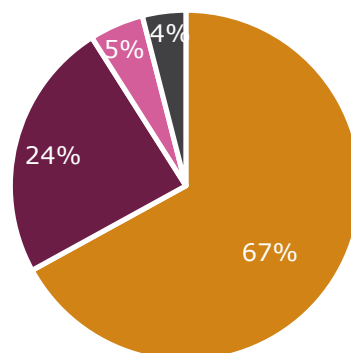
TOTAL PORTFOLIO VALUE BY SECTOR



Target

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

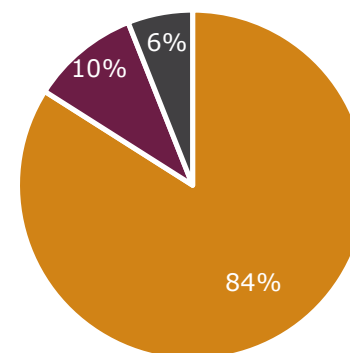
TOTAL PORTFOLIO VALUE BY REGION



Target

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

PORTFOLIO MIX



Target

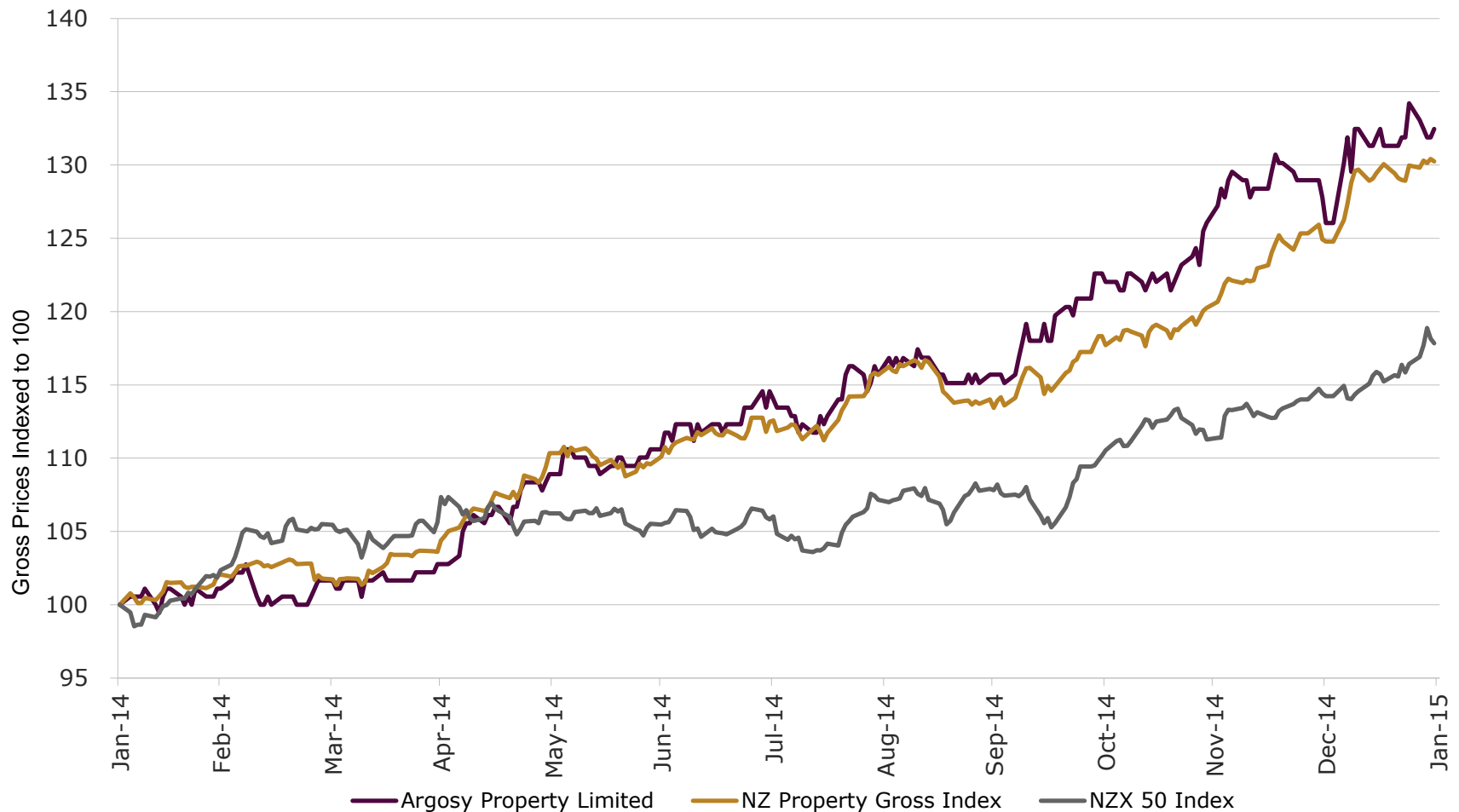
■ Core	75 – 85%
■ Value Add properties	
■ Properties and land to divest	

Total Shareholder Return



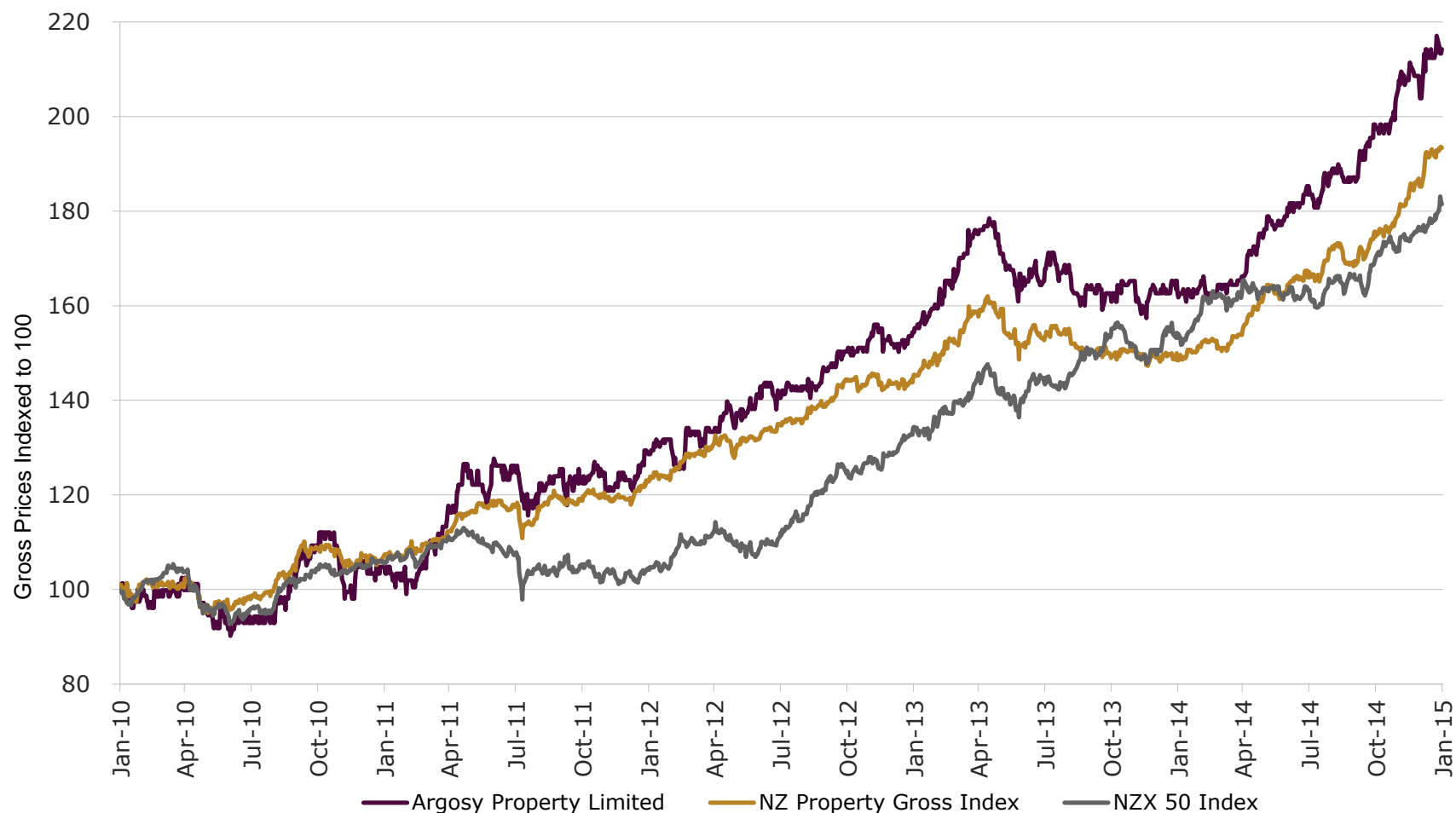
Total Shareholder Return – 1 Year

Argosy



Total Shareholder return – 5 Years

Argosy



Concluding comments



Concluding comments



- ▶ Argosy's operational metrics have continued to improve during FY15, with the portfolio's occupancy levels at historically high levels and a weighted average lease term that is very solid.
- ▶ Repositioning within the portfolio has seen the disposal of non-Core assets and the acquisition of five industrial assets in Wellington, all in line with our strategy.
- ▶ Our focus remains on adhering to the strategy, maintaining the portfolio's high level of occupancy, reducing near term lease expiries and improving tenant retention rates.

Thank you



Appendix



Office as at 30 September 2014

Argosy

NUMBER OF BUILDINGS

17

BOOK VALUE OF ASSETS (\$M)

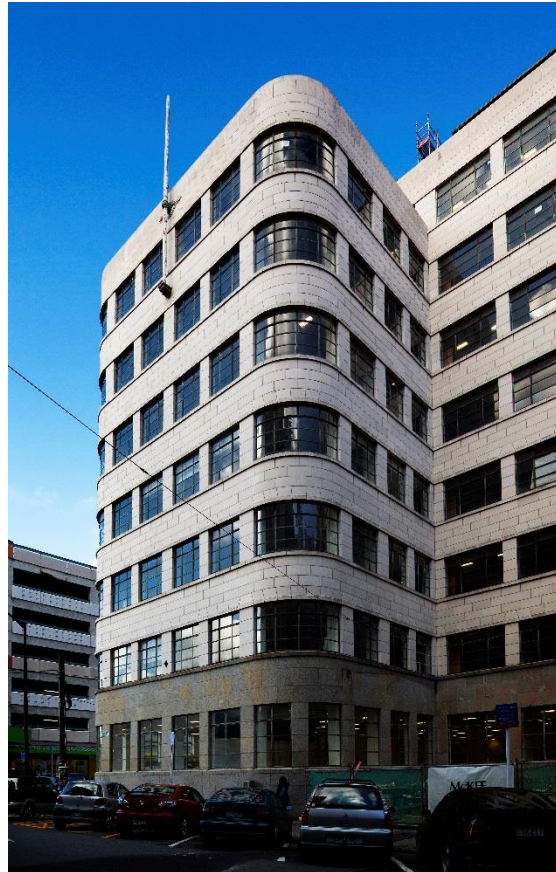
\$469.14

VACANCY FACTOR (BY RENT)

1.3%

WALT (YEARS)

5.75



Industrial as at 30 September 2014

Argosy

NUMBER OF BUILDINGS

35

BOOK VALUE OF ASSETS (\$M)

\$450.51

VACANCY FACTOR (BY RENT)

0.6%

WALT (YEARS)

6.07



Retail as at 30 September 2014

Argosy

NUMBER OF BUILDINGS

11

BOOK VALUE OF ASSETS (\$M)

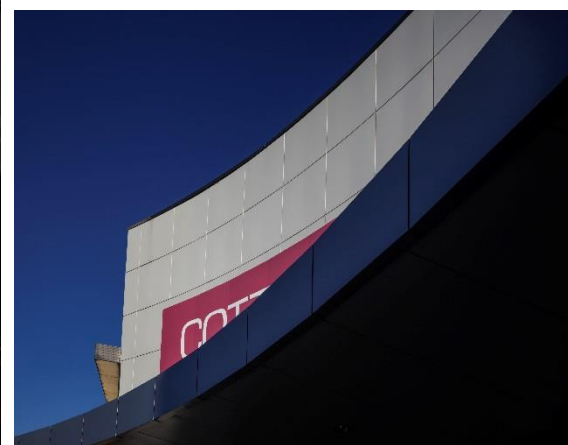
\$302.92

VACANCY FACTOR (BY RENT)

0.8%

WALT (YEARS)

5.37



Disclaimer



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

February 2015