

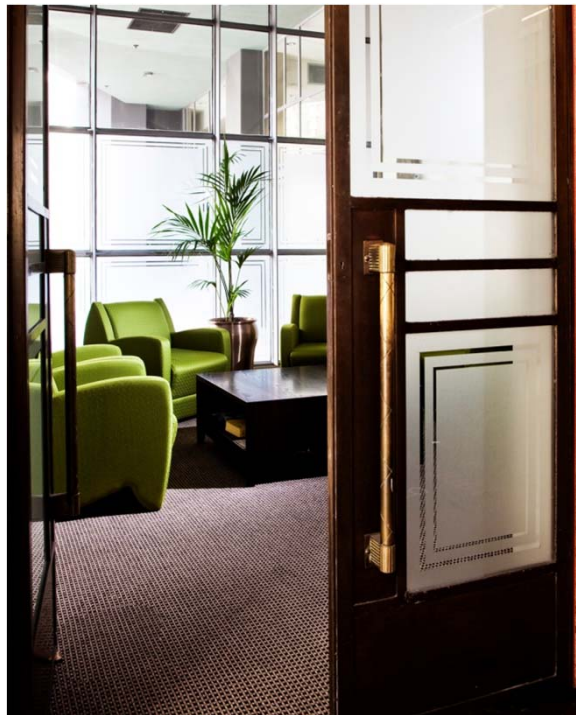
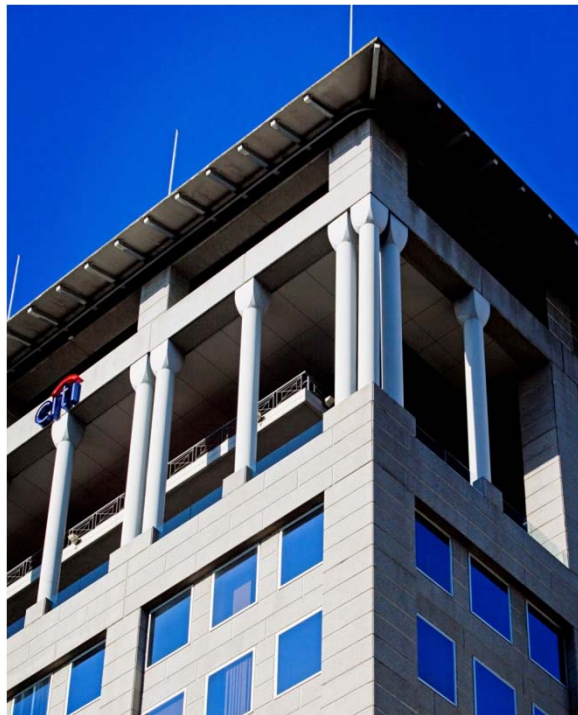


► Property Trust

WWW.ARGOSYPROPERTYTRUST.CO.NZ

ARGOSY PROPERTY TRUST

FULL YEAR RESULTS PRESENTATION 31 MAY 2011



HIGHLIGHTS

- ▶ Successful rebranding to Argosy Property Trust, a new brand and identity that is independent from that of the owner of the Manager
 - ▶ Distribution of 7.0 cents per unit for the 12 months to 31 March 2011
 - ▶ Total portfolio value of \$961 million
 - ▶ Portfolio occupancy at 31 March 2011 at 97%
 - ▶ Weighted average lease term at year end 4.9 years
 - ▶ Average property value \$12.8 million
 - ▶ Net property income \$72.3 million
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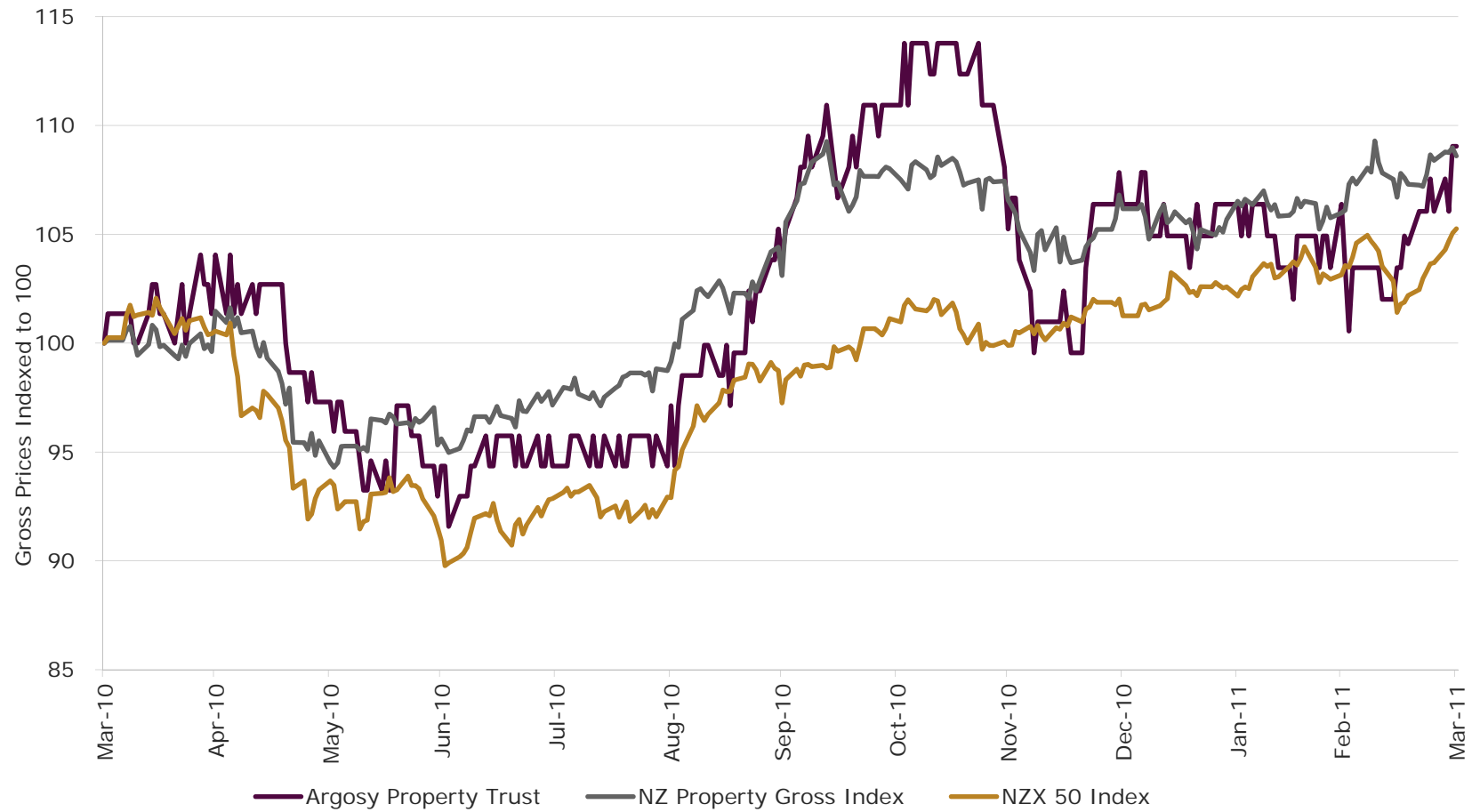
TRUST BASICS

SUMMARY STATISTICS

As at 31 March 2011

Book value of properties	\$948,687,000
Number of properties	74
Average value of properties	\$12,820,000
Vacancy by rental	3.25%
Vacancy by area	3.30%
Weighted average lease term	4.92 years
Number of tenants	294

UNIT PRICE PERFORMANCE



FINANCIAL OVERVIEW

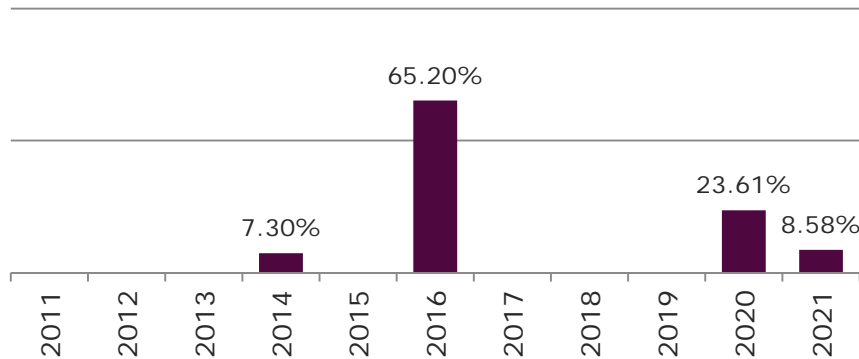
FINANCIAL PERFORMANCE

	FY11	FY10	Change
Net rental income	\$ 72.3m	\$ 77.9m	(7.2%)
Interest expense	\$ 29.8m	\$ 26.9m	10.8%
Loss on derivatives	\$ 7.6m	\$ 15.5m	
Revaluation gains/(losses) on investment property	\$ 2.1m	\$ (82.8m)	
Operating surplus (pre disposals, revaluations & tax)	\$ 63.2m	\$ 67.7m	(6.6%)
Profit/(loss) before income tax	\$ 28.7m	\$ (56.3m)	\$ 85.0m
Taxation expense	\$ (2.0m)	\$ (2.8m)	\$ 0.8m
Profit/(loss) for the period	\$ 26.7m	\$ (59.1m)	\$ 85.8m
Post tax earnings per units (cents)	4.85	(11.05)	
Total comprehensive (loss)/profit for the period	\$ 27.3m	\$ (45.6m)	\$ 72.9m
Total comprehensive (loss)/profit for the period – Minority Interest	\$ 0.4m	\$ (0.1m)	\$ 0.5m

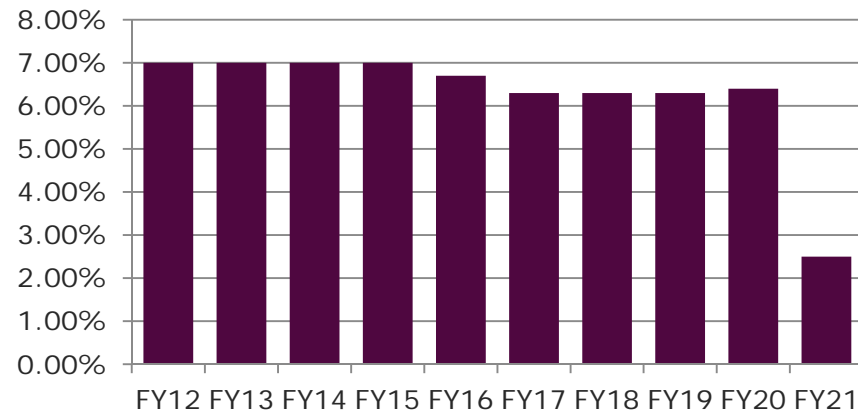
INTEREST RATE MANAGEMENT

- ▶ The Trust current interest rate hedge is 56% of its debt.
- ▶ The interest rate paid (including margins and fees) in FY11 was 7.49% (compared with 6.28% in FY10).
- ▶ The duration of the hedge portfolio is 5.84 years

Hedge expiry by year



Average swap rate



DISTRIBUTABLE INCOME

	FY11	FY10
Profit/(loss) before finance income tax	\$ 28.7m	\$ (56.3m)
Adjust for:		
Revaluation (gains)/losses on investment property	\$ (2.1m)	\$ 82.8m
Investment disposal gains	\$ (0.6m)	\$ (0.5m)
Derivatives fair value adjustment	\$ 7.6m	\$ 15.5m
Amortisation of management contract	\$ 1.3m	\$ 1.3m
Gross distributable income	\$ 34.9m	\$ 42.7m
Imputation credits	\$ (1.0m)	\$ (2.1m)
Net distributable income	\$ 33.9m	\$ 40.6m
Number of units on issue	549.2m	539.3m
Gross distributable income per unit (cents)	6.35c	7.92c
Net distributable income per unit (cents)	6.17c	7.53c

FINANCIAL POSITION

	FY11	FY10	Change
Securities on issue	549.2m	539.3m	1.8%
Unitholders' funds (includes minority interest)	\$ 511.7m	\$ 526.6m	(2.7%)
Net asset backing per unit (cents)	93.3c	97.6c	
Investment properties	\$ 948.7m	\$ 925.9m	
Property held for sale	\$ 11.9m	\$ 6.7m	
Total assets	\$ 975.2m	\$ 950.0m	2.6%
Bank debt	\$ 412.4m	\$ 381.1m	8.2%
Debt-to-total-assets ratio	42.3%	40.1%	

COVENANTS

	FY11	FY10
Trust Deed – borrowings not to exceed 50% of GAV		
Total money borrowed	\$ 412.4m	\$ 381.1m
Gross asset value of Trust	\$ 975.2m	\$ 950.0m
Not to exceed 50%	42.3%	40.1%
Bank loan facility	Syndicate	
Loan to valuation ratio – based on:		
Fair market value of properties (incl. held for sale)	\$ 960.6m	\$ 932.6m
Total borrowings	\$ 412.4m	\$ 381.1m
Not to exceed 45%	42.9%	40.9%
(Subsequently amended to not to exceed 50%)		

COVENANTS continued

	FY11	FY10
Interest cover ratio – based on:		
Net interest expense (FY11 – 9 mths)	\$ 22.1m	\$ 26.2m
Operating surplus	\$ 47.5m	\$ 69.2m
Equal or exceed 2.0 (2010: 2.25) times	2.15 x	2.64 x

On 17 May 2010, Argosy Property Trust entered into a new \$400m bank loan facility agreement. The facility is syndicated to ANZ National Bank Limited, Bank of New Zealand and the Hong Kong and Shanghai Banking Corporation Limited and is to run to 30 June 2013.

On 23 December 2010 the facility was extended to \$450m facility limit with all bank borrowings now under the syndicated bank loan facility agreement

PORTFOLIO OVERVIEW

COMMERCIAL/OFFICE

- Reduction in proposed new supply in Auckland
 - Net absorption is positive but remains weak
 - Activity is typically “shifting the deck chairs”
 - Fringe demand remains relatively soft
 - Tenants remain conservative
 - Beginning to see increase in demand for increased areas
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RETAIL

- ▶ Enquiry levels improved
 - ▶ Tenant rental expectations soft
 - ▶ Tenant quality focus
 - ▶ Waitakere MegaCentre now fully let
 - ▶ Albany MegaCentre demand exceeds supply
 - ▶ Investor demand has improved
 - ▶ Turnover levels remain challenging
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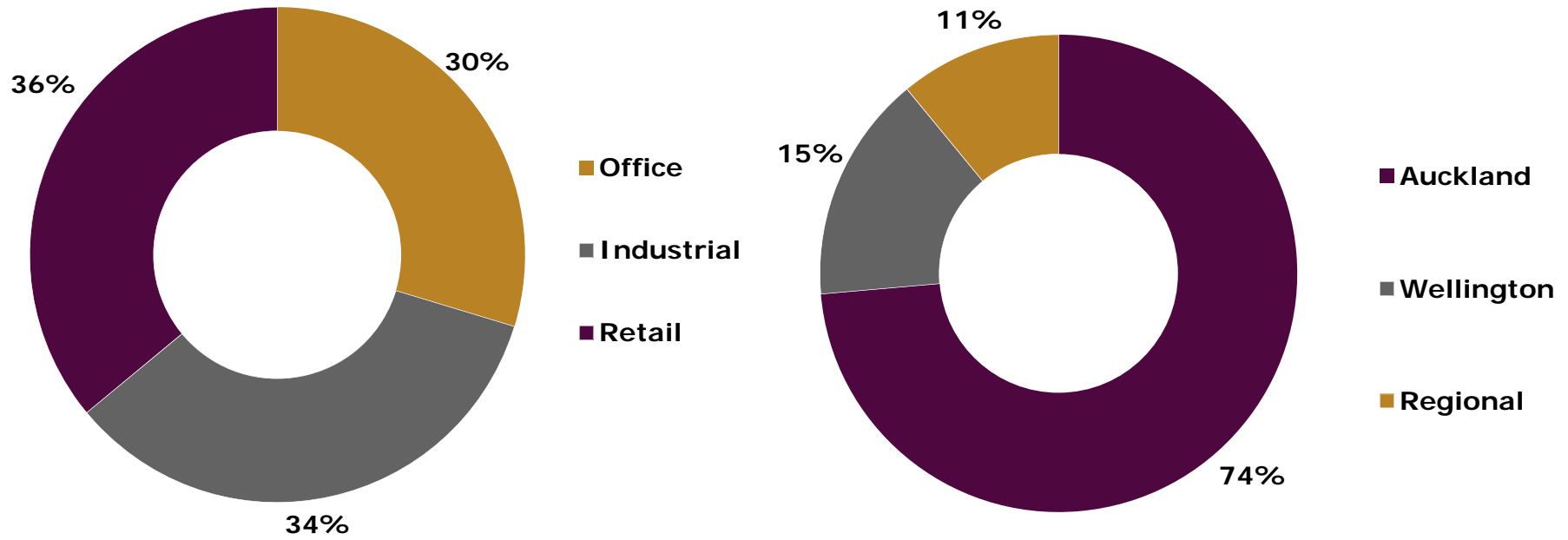
INDUSTRIAL

- ▶ Solid net absorption in Auckland market
 - ▶ Owner occupier activity increasing
 - ▶ Investor demand for well leased property is strong
 - ▶ Manufacturing enquiry remains light
 - ▶ New supply proposals in the market
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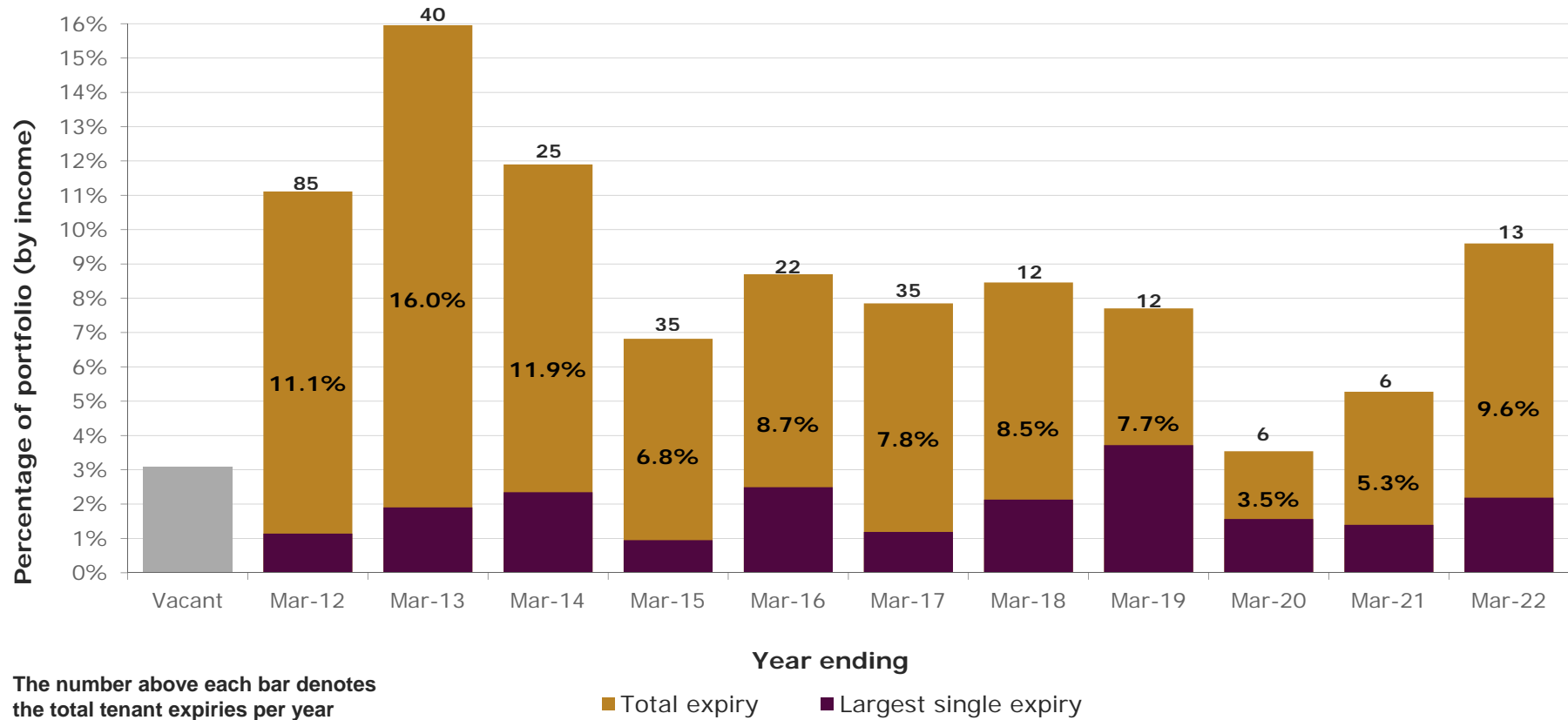
ISSUES FOR FOCUS

- ▶ Occupancy remains a key focus as values are fundamentally affected by weighted average lease term and projected incentive levels
 - ▶ Rental reviews – ensuring that the Trust is well positioned to gain rental increases when these become available.
 - ▶ Stock selection - increased focus on new phase of tenant requirements and trends
 - ▶ Growth potential - investigation and securing of growth potential with existing assets
 - ▶ Asset allocation – sector weighting to preserve diversification but allow tactical weighting to growth areas
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DIVERSIFICATION



LEASE MATURITY



MANAWATU BUSINESS PARK

- ▶ Asset remains sound
 - ▶ Joint venture partner has been removed in swap of debt and obligations for equity
 - ▶ \$25.9m under contract for sale (\$7.4m settles 2012 with the remainder progressively over three years)
 - ▶ Subdivision to be complete February 2012
 - ▶ Amalgamated into portfolio
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PORTFOLIO POSITIONING FOR THE FUTURE

- ▶ 59 new leases
 - ▶ 25 lease renewals or extensions
 - ▶ 92 rent reviews completed
 - ▶ Sales of vacant property
 - ▶ Sale of higher risk property
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VALUATIONS

- ▶ Increase in property valuations of \$2.1 million
 - ▶ Portfolio valuation \$961 million
 - ▶ Industrial sector shown some growth off-setting declines in other sectors
 - ▶ Modest growth shown in properties with longer lease terms
 - ▶ Passing yield after revaluations 8.28%
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VALUATIONS continued

	Book value 31/3/11 pre revaluation (\$)	Valuation 31/3/11 (\$)	Difference (\$)	Revaluation %
Industrial	344,815,137	353,136,765	8,321,628	2.41%
Commercial	265,760,429	262,640,000	-3,120,429	-1.17%
Retail	347,905,525	344,830,000	-3,075,525	-0.88%
Total *	958,481,091	960,606,765	2,125,674	0.22%

*Total inclusive of Investment Properties and Held for Sale

	Yield on contract (%)	Yield on market (%)
Industrial	7.83	7.56
Commercial	9.23	9.36
Retail	8.00	7.90
Total	8.28	8.18

Argosy

Property Trust

THANK YOU

DISCLAIMER

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

May 2011
