



Green Bond Offer

Argosy Property Limited
20 February 2019

▶ www.argosy.co.nz



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This presentation should be read together with the product disclosure statement ("PDS") dated 20 February 2019 for the Offer, which is available at www.argosy.co.nz/greenbondoffer and information relating to Argosy and the Green Bonds on the Disclose register. The Disclose register can be accessed at www.disclose-register.companiesoffice.govt.nz. Argosy has its ordinary shares quoted on the NZX and, accordingly, is subject to continuous disclosure obligations under the NZX Listing Rules. Copies of announcements and other documents disclosed via NZX (such as financial statements) can be obtained free of charge from www.nzx.com/companies/ARG. Further information about Green Assets, the Green Bond Framework and Green Bond Principles are set out in the PDS.

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Argosy intends to quote the Green Bonds on the NZX Debt Market. 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 PDS.

Unless otherwise stated, all amounts are based on Argosy's half-year financial statements prepared as at 30 September 2018. All figures are rounded.

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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 exactly reflect the absolute figures.

Key Offer Terms

Argosy



Key Offer Terms



Summary	Detail
Issuer	Argosy Property Limited ("Argosy")
Description	Senior secured fixed rate green bonds ("Green Bonds")
Offer amount	Up to NZ\$75 million plus up to 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 owned by members of the Argosy Group. 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 March 2026
Structure of the Offer	The Offer consists of: 1) A Priority Offer of up to NZ\$10 million which is only open to New Zealand Retail Shareholders of Argosy; and 2) A General Offer of up to NZ\$65 million (plus up to NZ\$25 million of oversubscriptions at Argosy's discretion), which is open to all investors resident in New Zealand. There will be no public pool for the Green Bonds offered under the General Offer.
Interest Rate	A fixed rate of interest will be payable on the Green Bonds until the Maturity Date. Argosy will announce a minimum interest rate via NZX on or about 27 February 2019. The Interest Rate will be determined on the Rate Set Date (6 March 2019) and announced via NZX on or about the Rate Set Date. The Interest Rate will not change over the term of the Green Bonds.
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 March, 27 June, 27 September and 27 December in each year during the term of the Green Bonds, commencing on 27 June 2019 and including the Maturity Date.
Brokerage	0.50% plus, in relation to the General Offer only, 0.25% on firm allocations to be paid by Argosy.
Early Bird Interest	Payable at the Interest Rate on successful applications, paid within 5 business days after the Issue Date.
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 ARG010 has been reserved for the Green Bonds.

Argosy Overview



Argosy Overview



- ▶ Argosy is one of New Zealand's largest diversified property companies listed on the NZX.
- ▶ Owns a \$1.62 billion¹ real estate portfolio diversified across industrial, office and retail sectors.
- ▶ Portfolio focused in key Auckland (71% by value)¹ and Wellington (24% by value)¹ markets.
- ▶ Quality tenants across a broad industry base.
- ▶ Strong portfolio metrics with consistently high occupancy levels and portfolio WALT.
- ▶ Internally managed.
- ▶ A focus on green developments.
- ▶ Strong corporate governance with a Board who have delivered a 10 year compound annual total return of 14.1%² per annum.

1. Data as at 30 September 2018.

2. As at 31 December 2018, source Bloomberg data.

Shareholder return focus	<ul style="list-style-type: none"> ▶ Transition Value Add properties to Core to drive earnings and capital growth with an environmental focus. ▶ Streamlined tenant led development process and execution.
Diversified approach	<ul style="list-style-type: none"> ▶ Continue to manage and own a diverse range of properties across sectors, locations and sizes.
Ongoing commitment to corporate governance best practice	<ul style="list-style-type: none"> ▶ Experienced Board¹ with a proven track record.
Investment Strategy underpinned by Core and Value Add properties	<ul style="list-style-type: none"> ▶ Core properties² between 75-90% of the portfolio by value. ▶ Value Add properties improve portfolio quality, increase future earnings and provide capital growth. ▶ Investment Policy sector bands well established. Industrial 40-50%, Office 30-40%, Retail 15-25%.

1. Refer appendices for profiles.

2. Core properties are well located and well constructed assets intended to be long term investments (held for more than 10 years).

Portfolio Summary

Argosy



\$1.62B Portfolio Overview

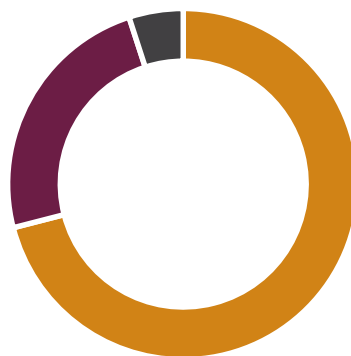


**TOTAL PORTFOLIO VALUE
BY SECTOR**



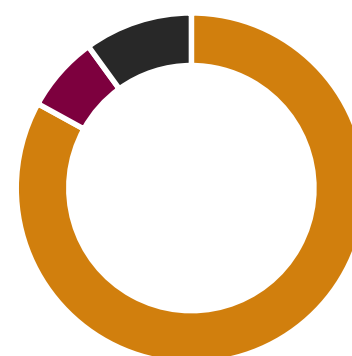
■ Industrial	41%
■ Office	37%
■ Retail	22%

**TOTAL PORTFOLIO VALUE
BY REGION**



■ Auckland	71%
■ Wellington	24%
■ Regional North Island & South Island	5%

**PORTFOLIO MIX
BY VALUE**

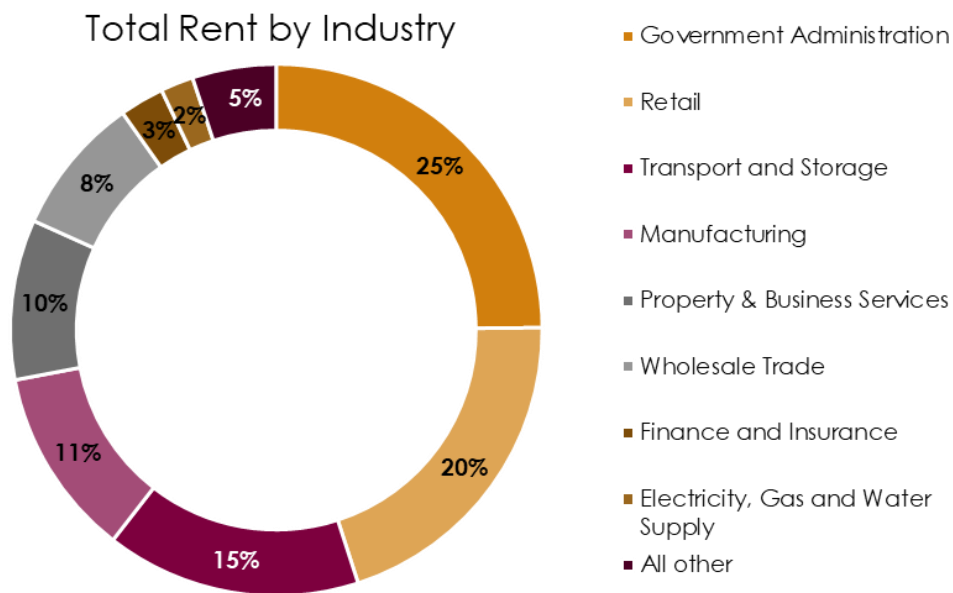


■ Core properties	83%
■ Value Add properties	7%
■ Properties and land to divest	10%

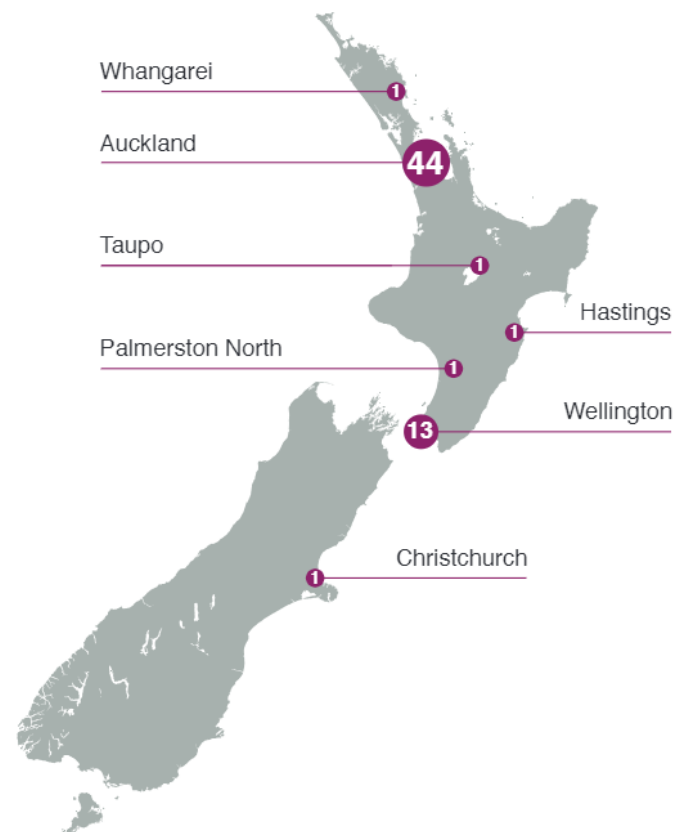
Data as at 30 September 2018 (excludes property held for sale at 30 September 2018).

Auckland & Wellington Focus

- ▶ A diversified portfolio of high quality assets (62) and tenants (172).
- ▶ Value add opportunities with existing and potential new tenants.



Argosy's property portfolio by location



Note: Rental and property data as at 30 September 2018 (excludes property held for sale at 30 September 2018). Since 30 September 2018, Argosy has unconditionally sold regional assets in Palmerston North for \$35.5 million (settled in December 2018) and Hastings for \$10.2 million (will settle in March 2019).

- ▶ 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 long-term 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 accelerating the development and adoption of market based green building practices.

Green Projects Completed



**15-21 Stout Street,
Wellington**



**82 Wyndham Street,
Auckland**



Highgate Parkway, Auckland



► Completion:	2014	2017/18	2018
► NLA / WALT:	21,000sqm / 7.8yrs	6,000sqm / 7.1yrs	10,600sqm / 9.4yrs
► Green Star rating:	5 Star Built	5 Star Built	Targeting 4 Star Built
► NABERSNZ rating:	5 Star	Targeting 5 Stars	n/a
► Current value¹:	\$107.0m	\$42.3m	\$28.2m

1. As at 31 March 2018 full year valuation.

Financial Results

Argosy



FY19 Half-Year Financial Highlights



FINANCIAL POSITION

\$1.62B

Investment Portfolio

36.8%

Debt-to-total assets ratio

\$1.17

NTA per share +4.5%

FINANCIAL PERFORMANCE

\$50.8m

Net property income
+4.7%

\$71.2m

Profit before tax

3.47c

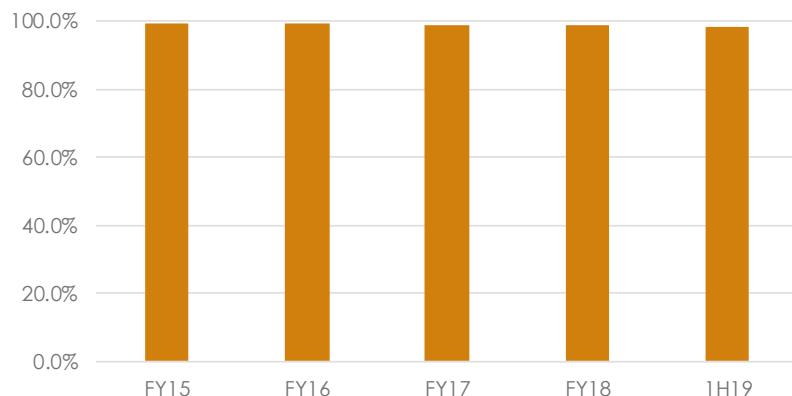
Net Distributable
Income per share +8.8%



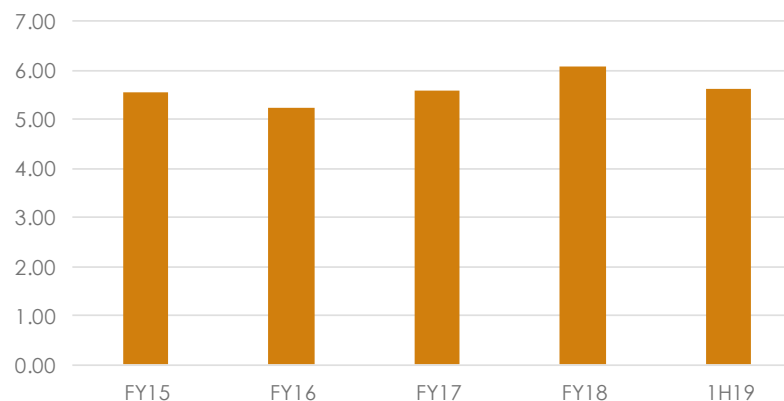
Business Snapshot

- Our focus is delivering improved portfolio quality and is reflected in our strong portfolio metrics.

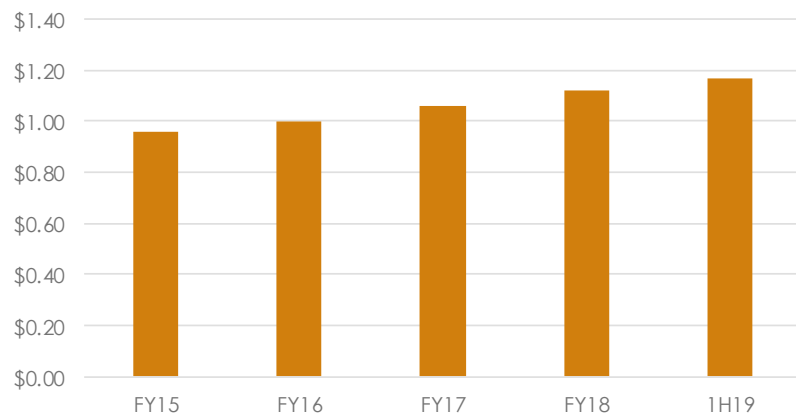
Occupancy



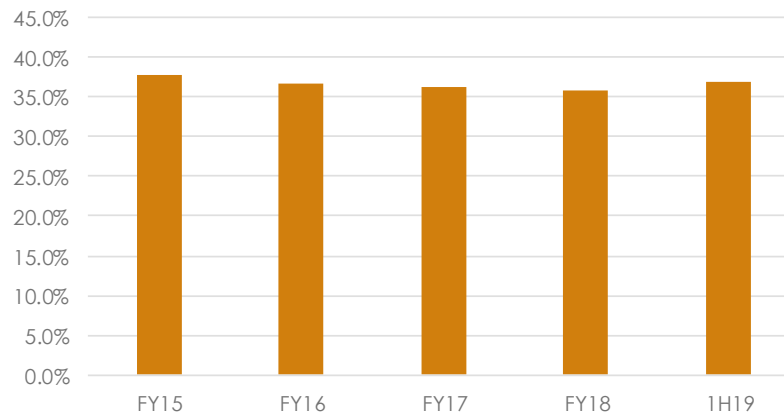
WALT (years)



Net Tangible Assets



Debt-to-total-assets



Funding & Interest Rate Management



	1H19	FY18
Weighted average duration of bank facility	2.6 years	3.1 years
Weighted average interest rate ¹	4.86%	4.98%
Interest Cover Ratio	3.3x	3.3x
% of fixed rate borrowings	57%	62%
Average fixed interest rate ²	4.56%	4.56%

- ▶ Argosy maintains strong relationships with its banking partners ANZ Bank New Zealand Limited, Bank of New Zealand and The Hongkong and Shanghai Banking Corporation Limited, and remains well within its banking covenants.
- ▶ Argosy restructured its syndicated bank facility in October 2018, by adding a further tranche of \$25 million, expiring October 2020.

3.3x

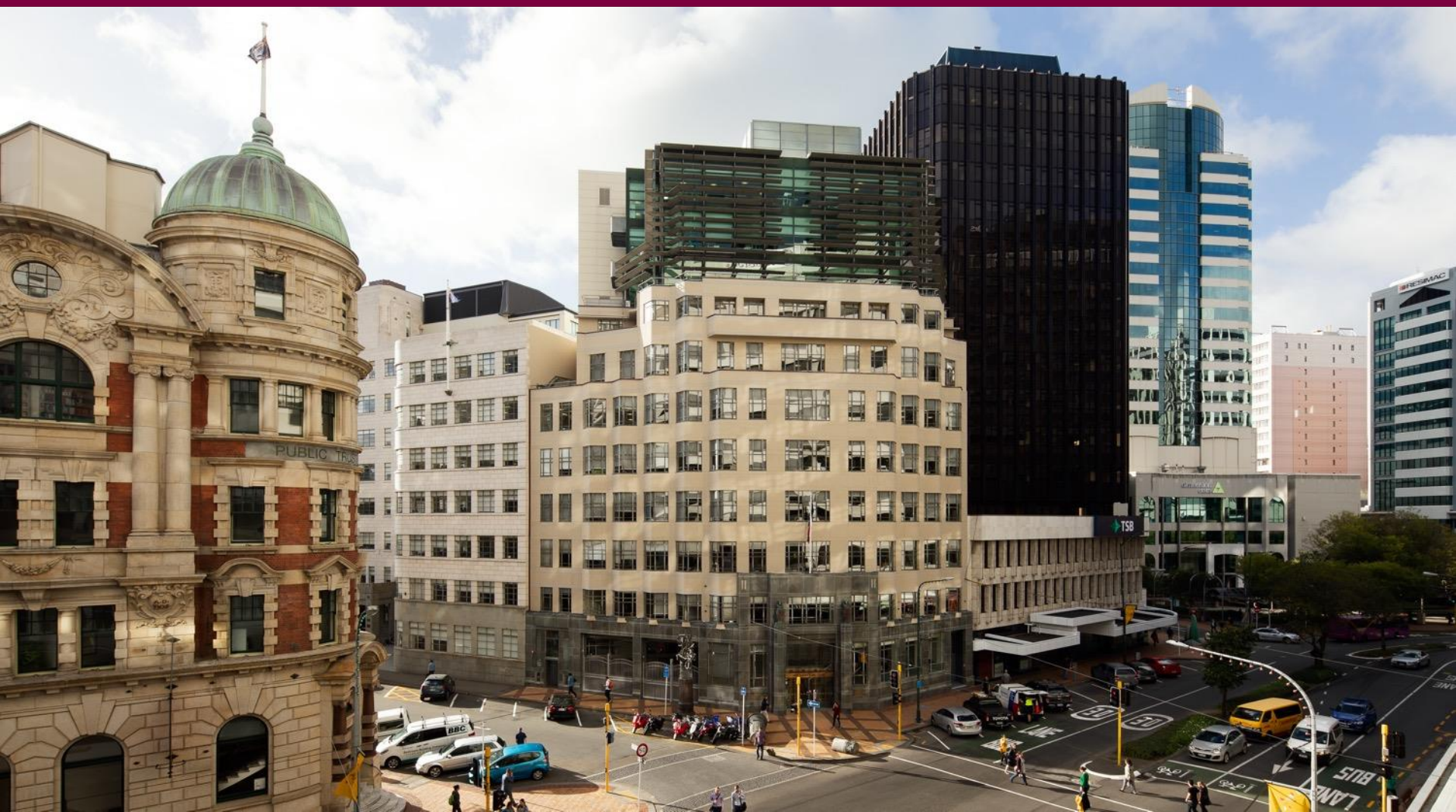
Interest Cover Ratio

¹ Including margin and line fees

² Excluding margin and line fees

Green Bond Offer

Argosy



- ▶ The Guaranteeing Subsidiaries, being Argosy Property Management Limited, Argosy Property No.1 Limited and Argosy Property No.3 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 Default

Key covenants under the Trust Deed include:

- ▶ Borrowed Money Indebtedness¹ is no more than 50% of the Mortgaged Property Value;
- ▶ 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 borrowed money indebtedness which is secured pursuant to the Security Trust Deed.

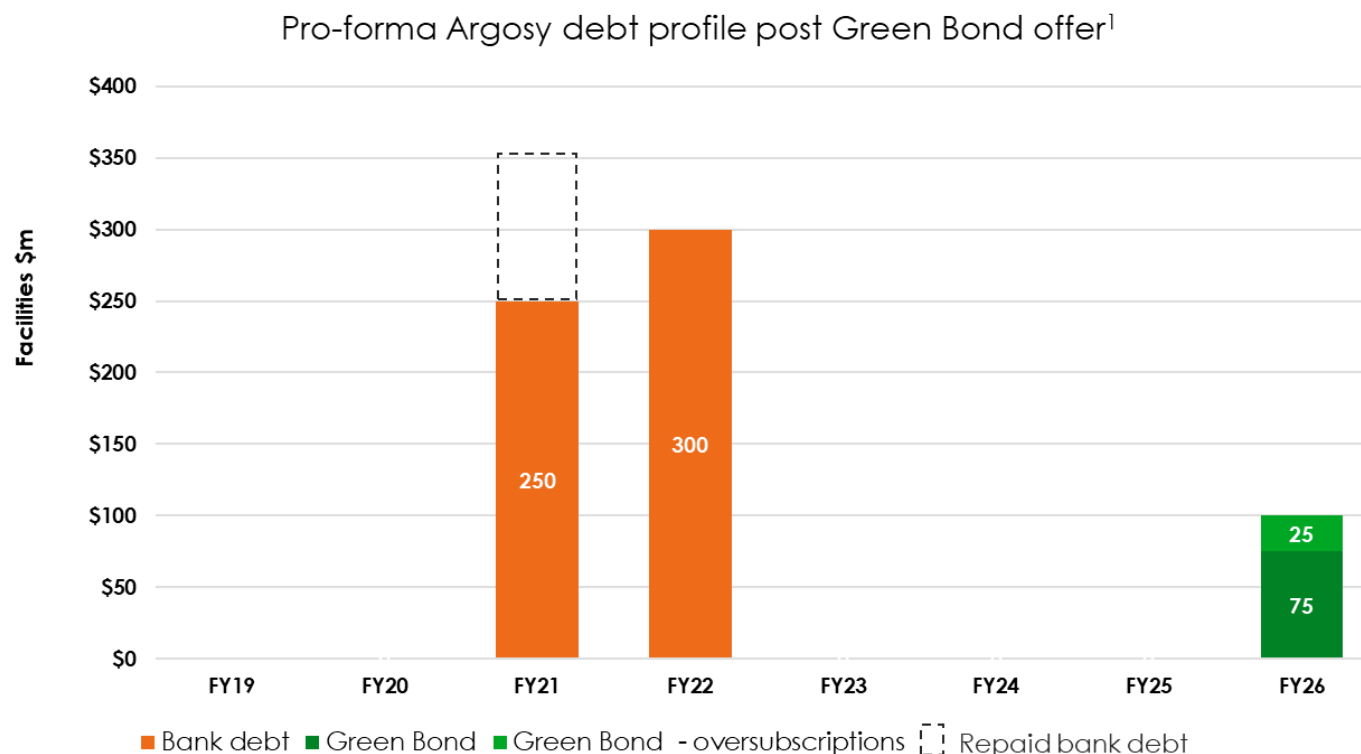
Loan to Value Ratio

- ▶ As at 30 September 2018:
 - ▶ The amount of Argosy's Borrowed Money Indebtedness¹ was \$605 million.
 - ▶ The Mortgaged Property Value² is \$1,598 million.

Loan to Value Ratio	
Borrowed Money Indebtedness ¹	\$605m
Mortgaged Property Value ²	\$1,598m
Loan to Value Ratio (%)	37.9%

1. Borrowed Money Indebtedness means the aggregate principal amount of all outstanding borrowed money indebtedness which is secured pursuant to the Security Trust Deed. It therefore excludes secured interest rate swap liabilities of \$34.5 million and accrued interest and bank fees of \$2 million.
2. Mortgaged Property Value equals the fair market value of mortgaged properties as at 31 March 2018 (the date of the most recent full valuation obtained by Argosy) plus costs and expenses subsequently capitalised to those properties to 30 September 2018 in accordance with GAAP (Generally Accepted Accounting Principles). The revaluation gain recorded at 30 September 2018 is therefore excluded from this number.

Adjusted Debt Profile & Tenor



- ▶ Delivers funding diversification with 15% of total debt from non-bank sources.
- ▶ Extends weighted average funding tenor from 2.1 years to 2.9 years from expected issue date of 27 March 2019, assuming \$100 million of Tranche B is repaid.

1. Assumes \$100 million (including \$25 million in oversubscriptions) of Green Bonds are issued and \$100 million of existing Tranche B bank debt is repaid. This graph is for illustrative purposes only and does not represent Argosy's current debt profile.

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 reasonable assurance report to Argosy, advising that Argosy's pre-issuance process in relation to the Green Bonds (as described in the Green Bond Framework) meets the requirements of the Green Bond Principles in all material respects.
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 here <http://www.argosy.co.nz/investor-centre/greenbondframework/>.

- The assets included in the initial Use of Proceeds Report are set out below, along with their NABERSNZ Rating, Green Star Rating and latest valuation as at 31 March 2018.

Value of Existing Green Assets

Address	Use	Current NABERSNZ Rating	Green Star Rating	Asset Value (NZD m)
143 Lambton Quay	Office	4 Stars Energy Whole Building	5 Star Office Built	\$27.8
15-21 Stout Street	Office	5 Stars Energy Whole Building	5 Star Office Built	\$107.0
82 Wyndham St	Office	Targeting 5 Stars (in progress)	5 Star Office Built	\$42.3
Total Existing Green Asset Value				\$177.1

Value of Planned Green Assets

Address	Use	Current NABERSNZ Rating	Targeted Green Star Rating	Asset Value (NZD m)
Highgate Parkway	Industrial	n/a	4 Star Industrial Built (in progress)	\$28.2
Total Planned Green Asset Value				\$28.2

**Total Green Asset Value
(Existing + Planned)** **\$205.3**

Key Dates



Key Offer Dates

Key Event	Date
PDS lodged	20 February 2019
Announcement of minimum Interest Rate and indicative Margin range	27 February 2019
Firm bids due	6 March 2019 (12pm)
Rate Set Date	6 March 2019
Opening Date	7 March 2019
Closing Date: Priority Offer	20 March 2019
General Offer	22 March 2019
Issue Date	27 March 2019
Expected date of initial quotation and trading of the Green Bonds on the NZX Debt Market	28 March 2019
First Interest Payment Date	27 June 2019
Interest Payment Dates	27 March, 27 June, 27 September and 27 December in each year during the term of the Green Bonds
Maturity Date	27 March 2026

Appendices



Board of Directors



Mike Smith - Chairman

- ▶ Extensive management and corporate governance experience in New Zealand.
- ▶ Previous directorships include Lion Nathan, Fonterra, Auckland International Airport and Fisher & Paykel Healthcare.
- ▶ Current directorships include:
 - ▶ Greymouth Petroleum Limited
 - ▶ Maui Capital Aqua Fund Limited
 - ▶ Maui Capital Indigo Fund Limited



Peter Brook - Director

- ▶ Extensive management and governance experience in New Zealand.
- ▶ Trustee of Melanesian Mission Trust Board.
- ▶ Current directorships include:
 - ▶ Burger Fuel Worldwide Limited, *Chairman*
 - ▶ Trust Investments Management Limited, *Chairman*
 - ▶ Generate Investment Management Limited, *Chairman*



Jeff Morrison - Director

- ▶ 40 years as a property lawyer, 29 of these as a partner at Russell McVeagh.
- ▶ Trustee of the Spirit of Adventure Trust and other charitable trusts.
- ▶ Holds a number of private company directorships.

Board of Directors



Stuart McLauchlan - Director

- ▶ More than 25 years experience across corporate New Zealand.
- ▶ Chairman of the NZ Sports Hall of Fame, Scott Technology Limited, University of Otago Foundation Studies Limited and Past President of NZ Institute of Directors.
- ▶ Current directorships include:
 - ▶ Scenic Hotel Group Limited;
 - ▶ Dunedin Casinos Limited;
 - ▶ Ngai Tahu Tourism Limited; and
 - ▶ UDC Finance Limited.



Chris Gudgeon - Director

- ▶ Involved in property, investment and development for more than 25 years in New Zealand.
- ▶ Most recently Chief Executive Officer of Kiwi Property Group and past President of Property Council of New Zealand.



Mike Pohio - Director

- ▶ 25 years of experience across corporate New Zealand.
- ▶ Previously CEO of Tainui Group Holdings (TGH) and currently Chairman of BNZ Partners, Waikato Region. He holds an MBA from IMD (Lausanne, Switzerland).
- ▶ Current directorships include: Panuku Development Auckland Limited, Kiwirail Holdings Limited, Niwa, Te Atiawa Iwi Holdings Management Limited, The Rees Management Limited and OSPRI New Zealand Limited

Management



Peter Mence - CEO

- ▶ An engineer by background, Peter has 35 years of experience in the property industry working with Progressive Enterprises, Challenge Properties, Richard Ellis and Green and McCahill.
- ▶ Peter has been with Argosy since 1994 and was appointed Chief Executive in 2009.
- ▶ He is a Fellow of the Property Institute and is a past lecturer in Advanced Property Management at The University of Auckland and has just retired as President of the Property Council of New Zealand.



Dave Fraser – CFO

- ▶ Has over 28 years in senior financial and general management roles both in New Zealand and overseas, including a period in Japan as a senior vice president with the Jupiter Group.
- ▶ Joining in 2011 he was responsible for Argosy's internalisation and corporatisation transformation. He now oversees the financial and corporate activities of Argosy.
- ▶ Dave is a qualified Chartered Accountant, and holds a Bachelor of Commerce and MBA from The University of Auckland.