

20.6.2023

## CHAIRMAN'S REVIEW (PART 1)

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### **ANNUAL MEETING [SLIDE 1]**

Good afternoon everyone. My name is Jeff Morrison and I am the Chairman of Argosy Property Limited. On behalf of my fellow directors and members of the management team, it is my pleasure to welcome you all to the 2023 annual meeting of shareholders of Argosy. It is my privilege to be able to chair this meeting at the Royal New Zealand Yacht Squadron.

Before we get things underway there are the usual housekeeping matters. In the unlikely event of an emergency, please evacuate the building using the blue doors at the eastern exit behind you and assemble in the carpark. The bathrooms are located behind me next to the main reception area.

As per previous years, today's annual meeting is a hybrid annual meeting.

Shareholders who are not attending in person can attend virtually and still ask questions and vote, through the Computershare online virtual meeting platform. Shareholders can also follow proceedings via the live webcast.

Today's meeting will focus on our recent annual results to 31 March 2023, our long term strategy for growth and progress around our sustainability goals.

Before we get to that, there are a few procedural differences we need to run through for our hybrid meeting to run smoothly.

#### **HYBRID AGM - INSTRUCTIONS FOR WEBCAST PARTICIPANTS [SLIDE 2]**

For shareholders participating through the live webcast, **polling on the three resolutions has now opened**. Votes can be cast by selecting the polling icon on the instruction screen and following the prompts. Votes can be amended up until the time the poll closes, which is at the conclusion of the meeting.

Now the meeting has started, questions can also be submitted through the webcast portal. We have allocated time to address these at the relevant time in the meeting, but they can be submitted at any stage.

If you experience any technical issues casting your vote or submitting questions, please refer to the instructions provided in the Virtual Annual Meeting Guide that accompanied the Notice of Meeting or you can call Computershare on 0800-650-034.

#### **THE BOARD [SLIDE 3]**

With those new procedural matters explained, let's get things underway.

I'd like to record that the Notice of the Meeting was duly given on 19 May 2023 and as there are at least 5 shareholders here today, there is a quorum present.

Accordingly, I declare the 2023 Annual Meeting of Argosy Property Limited - open.

## Your Board of Directors

There is detailed information about the Board in the 2023 Annual Report, however I will briefly introduce them to you.

To my right is Stuart McLauchlan. Stuart was appointed to the Board in August 2018 and is a prominent businessman and company director. He is Chairman of the NZ Sports Hall of Fame and Scott Technology Limited and a director of EBOS Group Limited and several other companies.

Next, we have Chris Gudgeon who joined the Board in November 2018. He has been involved in property investment, development and construction in New Zealand for more than 25 years and is currently a director of Crown Infrastructure Partners and Ngāti Whātua Ōrākei Whai Rawa Limited. He was previously Chief Executive of Kiwi Property Group and Capital Properties NZ Ltd.

Next to Chris, we have Mike Pohio. Mike was appointed in February 2019 and has over 25 years of corporate experience across a range of industries including property, investment, ports/logistics and dairy. Mike holds a number of directorships and is currently the Chairman of Ngāi Tahu Holdings Corporation.

Next, to Mike we have Martin Stearne. Martin has over 20 years commercial and capital markets experience, and currently holds appointments to the NZX Listing Subcommittee, the Takeovers Panel and the Investment Committee of the Impact Enterprise Fund. He is a member of INFINZ and ICEAngels. **Martin's position as director is up for re-election and we'll hear from him later in the meeting.**

You may notice that Rachel Winder is not here today and she sends her apologies. **Rachel's position as director is also up for re-election and we'll hear from her later in the meeting via video.**

Finally, I have been a director since July 2013 and have over 40 years of experience as a property lawyer, 29 of them as a commercial property partner at Russell McVeagh. As well as my role as Chairman of Argosy, I also chair the Remuneration Committee and sit on the Company's Audit and Risk Committee.

#### **THE EXECUTIVE TEAM [SLIDE 4]**

Seated next to the Board of directors is the Chief Executive, Peter Mence and the Chief Financial Officer, Dave Fraser. We also have several other members of the management team here today.

I'd just like to take a moment to congratulate Pete who won the Property Institute of New Zealand Supreme Award two weeks ago. The Award is presented to an individual who has demonstrated the qualities of leadership and vision and who has positively impacted on the property sector, economy and community.

This award, couple with his 2103 Stuart McIntosh award in recognition of his contribution to the University of Auckland and his 2021 Property Council New Zealand Members' Laureate award – means that Pete has been recognised at the very highest level by of his peers for his service and valuable contribution to the industry. So Pete, on behalf of the Board, the Argosy team and shareholders, congratulations on your fantastic achievement.

As you know Argosy is reporting its results through some quite a challenging economic environment and I would like extend our collective appreciation to the management team for a job well done.

I would also like to welcome our auditors, Deloitte, our solicitors, Harmos Horton Lusk, our Registrar, Computershare and our tax advisors, KPMG, to the meeting.

## **AGENDA [SLIDE 5]**

The agenda for this afternoon's meeting will be as follows:

- As Chairman, I will deliver a brief review of Argosy's 2023 results and strategy;
- This will be followed by a more detailed review of Argosy's performance by our Chief Executive, Peter Mence;
- Following Peter's review, we will take questions from Shareholders;
- We will then move to the formal resolutions of the Meeting;
- And finally, we will then attend to any general business.

After the meeting has been formally closed, please stay for refreshments where the Directors and Executives of Argosy will be available to discuss any queries you may have.

## PROXIES

Proxies have been received in respect of 355,253,148 shares and these have been audited by Deloitte. There are 847,168,744 shares on issue.

## **CHAIRMAN'S INTRODUCTION [SLIDE 6]**

I am pleased to now present to you a summary of the Company's performance for the year ended 31 March 2023. You will have received the 2023 Annual Report and financial statements, either by post or electronically, depending on your preference.

## **FY23 ACHIEVEMENTS [SLIDE 7]**

The Argosy Board is pleased with the way management and staff have delivered another solid result and continued to execute on the company's asset allocation strategy - increasing its Industrial weighting and reducing its weighting to Office. In FY23 we continued to progress our sustainability and development strategies. We achieved Toitu net carbon zero certification for 2022 and continued to progress our emissions reduction plan.

On developments, we completed Willis Street in Wellington, our Bell Ave industrial project and 105 Carlton Gore Road office project – both of these being Auckland

based redevelopments. You might recall that for Willis Street and Carlton Gore Road redevelopments we're targeting 6 Green Star Built ratings for both of these which will certify that the buildings have been built to *World Leading* standards.

At an operational level, the business continues to demonstrate its resilience as we resolved key expiries and addressed outstanding vacancy in the portfolio. And you saw the results of this through our higher year end occupancy compared to last year. We also managed the balance sheet well with gearing sitting at middle of our target 30-40% band.

Peter will speak to the property and financial achievements in more detail in his presentation shortly.

Shareholders will also be pleased we delivered a dividend in line with guidance of 6.65 cents per share for 2023, an increase of 1.5% on the prior year.

We are progressing planning and delivery around our bigger long term strategic growth drivers with our two large Auckland industrial estate opportunities and our rejuvenation of older office properties into modern, attractive green buildings to support our carbon reduction plan of 30% over the next 10 years.

While there are still a few headwinds as we start the 2024 financial year, such as inflation and high interest rates - I believe the company's sound financial and portfolio position sees the business well placed to manage any near term economic volatility.

## **VISION – BUILDING A BETTER FUTURE [SLIDE 8]**

Many of you will be quite familiar with this slide now. Our vision of building a better future continues to be underpinned by the three core pillars of being a green, resilient business owning a quality portfolio diversified by sector, tenant and location.

Greening the portfolio remains a focus as we target 50% of our portfolio being green assets by 2031. Our strategy of focusing on sustainable spaces is being rewarded through increasing tenant enquiry for sustainable buildings.

This market demand underscores international trends we see, and our own view that Argosy's resilient revenue streams continue to be enhanced by growing the number of green buildings in the portfolio. Anecdotal evidence around rental premium differentials between green and non green buildings is growing and expected to increase over time. This all underpins the sustainability and stability of earnings and dividends over the long term.

The portfolio is, and always will be diversified by sector, tenant and location. This approach has - and will continue to reduce volatility in returns and widen growth opportunities over the longer term.

In summary, our future is in the business of being green. We want to support many of our tenants who are on this journey themselves as they look to do right by their people and reduce their own impact on the environment. Accordingly, we are



focused on remaining the market leader in retro fitting existing buildings to create modern, attractive working environments for our tenants and their staff. We'll continue to target strategic growth opportunities with green potential – which currently include the Auckland industrial and Wellington office sectors over the medium term.

Our strategy of creating a green, resilient and diversified business is about ensuring we can create value in the business to deliver measurable and sustainable dividend growth to shareholders.

## **SHARE PRICE SLIDE [SLIDE 9]**

You might have noticed the softer share price performance over recent times and be wondering when it might start to recover.

The main driver of share price movements are interest rates as shown on this slide – which shows Argosy's share price as the light brown line and the 10 year government bond as the blue line – over the last 17 years.

The share price axis on the left goes from low to high and the bond yield axis is on the right hand side and it goes from high to low

What you can see is a reasonably well acknowledged relationship between yield investments – like Argosy – and interest rates.

Essentially, as interest rates rise and fall over time, yield investments like Argosy move inversely – or in the opposite direction - as investors look for alternative investments when interest rates are high and, generally speaking, look to investment in yield investments when interest rates are low.

So - when will Argosy's share price start to recover? Unfortunately - as you might appreciate I cant predict when that will be - but as the chart clearly shows - the biggest driver will be interest rates, the extent to which they come down, and the extent to which property valuations and earnings recover

#### **FULL-YEAR DIVIDEND AND FIRST QUARTER ANNOUNCEMENT [SLIDE 10]**

The Board was pleased to announce a FY23 full-year cash dividend of 6.65 cents per share, an increase of 1.5% on the prior year. Looking ahead, it is clear that the New Zealand economy will face challenges during the remainder of FY24 as inflation and interest rates remain high. With this in mind, the Board has decided to maintain the dividend at the current level, so dividend guidance for FY24 is for a pay-out of 6.65 cents per share.

I'll now hand over to Peter who will take you through a review of the business.

**-END-**

20.6.2023

## CHAIRMAN'S ADDRESS (PART 2)

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### QUESTIONS [SLIDE 25]

Thank you Peter.

I will now open the meeting for questions about the Company's performance generally. Other issues can be addressed as General Business later in the meeting.

I would like to remind you that only Shareholders, proxy holders or Shareholder company representatives have a right to speak.

In addressing the Chair with questions would you please clearly state your name and advise whether you are a Shareholder, a proxy holder or a Shareholder company representative.

If you have a question, there are people here with cordless microphones in the aisles, please use these so we can all hear your question.

### **Do I have any questions from the floor or virtual audience?**

### QUESTIONS

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As there are no further questions at this time, we will now consider the formal resolutions for the Meeting.

## **RESOLUTIONS [SLIDE 26]**

The resolutions for consideration today may only be voted on by Shareholders, either in person or virtually or by proxy, and proxy holders and Shareholder company representatives present.

As noted earlier I have been provided with a record of the valid proxies received. Proxies have been received in respect of 355,253,148 shares and these have been audited by Deloitte. There are 847,168,744 shares on issue.

## **RESOLUTION 1 [SLIDE 27]**

Resolution 1 proposes that Martin Stearne be elected as a Director.

Pursuant to Clause 24.6 of the Company's constitution and NZX Main Board Listing Rule 3.3.11, Martin retires by rotation. The Board confirms that Martin is an independent director and Martin has confirmed that he is available for election.

The Board supports Martin's election and believes Argosy benefits from his extensive capital markets expertise and experience he brings to the Company.

***I will now ask Martin to say a few words*** (Martin approaches lecturn to speak – once finished - Jeff returns to lecturn)

## **Are there any questions on this resolution?**

I now put to vote the resolution that Martin Stearne is elected as a director of the Company.

Voting on this resolution will be by poll. For those shareholders and proxy holders physically in attendance here, please tick the relevant box on your voting form.

For those shareholders and proxy holders attending virtually, please simply select your voting choice from the options shown on your screen.

**Note: Pause for people to complete voting papers.**

Thank you, we will now move to the next resolution.

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## **RESOLUTION 2 [SLIDE 28]**

Resolution 2 proposes that Rachel Winder be elected as a Director.

Pursuant to Clause 24.6 of the Company's constitution and NZX Main Board Listing Rule 3.3.11, Rachel retires by rotation. The Board confirms that Rachel is an independent director and Rachel has confirmed that she is available for election.

The Board supports Rachel's election and believes Argosy benefits from her extensive property expertise and experience she brings to the Company.

***As Rachel is absent, but we will now play a short video from her.***

**[pause while video is played]**

**Are there any questions on this resolution?**

I now put to vote the resolution that Rachel Winder is elected as a director of the Company.

Voting on this resolution will be by poll. For those shareholders and proxy holders physically in attendance here, please tick the relevant box on your voting form.

For those shareholders and proxy holders attending virtually, please simply select your voting choice from the options shown on your screen.

**Note: Pause for people to complete voting papers.**

Thank you, we will now move to the next resolution.

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### **RESOLUTION 3 [SLIDE 29]**

Resolution 3 seeks to authorise the Board to fix the auditor's fees and expenses.

Is there any discussion on this resolution?

Voting on this resolution will be by poll. For those shareholders and proxy holders physically in attendance here, please tick the relevant box on your voting form. For those shareholders and proxy holders attending virtually, please simply select your voting choice from the options shown on your screen.

**As this is the final resolution, the online voting system will close in approximately 30 seconds. Please ensure that you have cast a vote on all resolutions.**

Note: Pause for people to complete voting papers.

That completes voting on all resolutions, **online voting will now be closed** and I will now ask for the voting papers to be collected in the boxes being circulated.

**Note: Pause for voting papers to be collected.**

Due to the number of votes to be counted, the votes collected at this meeting and online will be added to the proxies already received and the results will be compiled by the registrar and scrutinised by the auditor. The results, once available, will be published on the Argosy website and provided to the NZX.

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### **GENERAL BUSINESS [SLIDE 30]**

I now move on to the general business of the meeting and open the floor for questions or comments.

Again, I ask that in addressing the Chair with questions would you please clearly state your name and advise whether you are a Shareholder, a proxy holder or a Shareholder company representative.

For those shareholders online, if you wish to ask a question, select the question icon button on your computer, tablet or mobile phone, and then type and submit your question.

The question will then be sent to the Board to answer.

As I noted at the beginning of this meeting, we will try to get to as many of the questions as possible, but not all questions may be able to be answered during the meeting.

In this case, questions will be followed up via email after the meeting.

I would like to remind you that only Shareholders, proxy holders or Shareholder company representatives have a right to speak or ask questions.

Note: General business discussion - if any.

**CHAIRMAN'S CLOSING / THANK YOU [SLIDE 31]**

That completes the formal business of the meeting.

Thank you everyone for your attendance and participation this afternoon.

**I formally declare this meeting closed.**

Please join us for some refreshments.

-END-