

Argosy

Indicative Terms Sheet

for an issue of up to \$75,000,000 senior secured fixed rate green bonds (plus up to \$25,000,000 oversubscriptions) due 27 March 2026

27 FEBRUARY 2019

This indicative terms sheet should be read together with the product disclosure statement (“PDS”) dated 20 February 2019 for the offer of senior secured fixed rate green bonds by Argosy Property Limited, which is available at www.argosy.co.nz/greenbondoffer or can be obtained from the Joint Lead Managers or your usual financial adviser. Investors must obtain a copy of the PDS before they apply for Green Bonds.

ARRANGER &
JOINT LEAD MANAGER



JOINT LEAD MANAGERS



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Issuer	Argosy Property Limited (“ Argosy ”)
Instrument	Senior secured fixed rate green bonds (“ Green Bonds ”)
Guarantors	The obligations of Argosy to pay interest on the Green Bonds and for the repayment of the Green Bonds on the Maturity Date are guaranteed by certain subsidiaries of Argosy, being Argosy Property Management Limited, Argosy Property No. 1 Limited and Argosy Property No. 3 Limited (together, the “ Guaranteeing Subsidiaries ”). The Green Bonds are not guaranteed by any other member of the Argosy Group or by any other person.
Security	<p>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.</p> <p><i>Refer to the PDS for more detail on Security.</i></p>
Use of proceeds	<p>The proceeds of the offer are intended to be used to refinance existing bank debt that supports “Green Assets”. Green Assets are office, industrial or retail buildings, including upgrades, owned or undertaken by members of the Argosy Group that meet certain criteria established by Argosy in Argosy’s “Green Bond Framework” and therefore promote the transition to a sustainable future. The funds from the Green Bonds may be internally allocated to other Green Assets in accordance with the Green Bond Framework.</p> <p>Argosy has developed and adopted the Green Bond Framework to ensure that, as at the date of the PDS, the Green Bonds comply with the Green Bond Principles.</p> <p><i>Refer to the PDS for more detail on Green Assets, the Green Bond Framework and the Green Bond Principles.</i></p>
No Event of Default in relation to Green Bond Framework or Green Bond Principles	<p>If:</p> <ul style="list-style-type: none"> • Argosy fails to comply with the Green Bond Framework; • Argosy or any Green Asset fails to comply with any environmental laws and standards; • the Green Bonds cease to satisfy the Green Bond Principles, as described at Section 5.2 of the PDS; or • Argosy fails to notify Holders that the Green Bonds cease to comply with the Green Bond Framework or the Green Bond Principles, <p>then:</p> <ul style="list-style-type: none"> • no Event of Default will occur in relation to the Green Bonds; and • neither the Holders nor Argosy have any right for the Green Bonds to be repaid early. <p>This means there is no obligation on Argosy to comply with the Green Bond Framework or the Green Bond Principles on an ongoing basis.</p>
Financial Covenant	<p>Under the Trust Deed, Argosy will ensure that the total principal amount of all indebtedness that is secured by the Secured Assets is no more than 50% of the Mortgaged Property Value.</p> <p>If Argosy breaches the loan to value ratio under the Trust Deed, it must remedy the breach within 6 months of the time that the non-compliance is required to be reported to the Supervisor. If Argosy does not meet this covenant after that 6 month period, Argosy must notify the Supervisor and all Holders of the breach, together with its plan to remedy the breach. If Argosy is still in breach of this covenant after an additional 6 month period, an Event of Default occurs.</p> <p><i>Refer to the PDS and Trust Deed for more detail on the loan to value ratio.</i></p>
Distribution stopper	<p>Under the Trust Deed, Argosy will not make any distributions if an Event of Default has occurred and is continuing, or would occur as a result of making that distribution.</p> <p><i>Refer to the PDS and Trust Deed for more detail on the Events of Default.</i></p>
Offer Amount	Up to \$75,000,000 (with the ability to accept oversubscriptions of up to \$25,000,000 at the discretion of Argosy)

Structure of the Offer	<p>The Offer consists of:</p> <ul style="list-style-type: none"> the Priority Offer of up to NZ\$10 million, which is only open to New Zealand Retail Shareholders; and the 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. <p>If any amount of the Priority Offer is not taken up by the relevant Closing Date, Argosy may reallocate up to a corresponding amount to the General Offer at its absolute discretion.</p> <p>“New Zealand Retail Shareholders” are members of the public resident in New Zealand who hold ordinary shares in Argosy (as at the time of applying for Green Bonds and on the Closing Date for the Priority Offer) and excludes institutional shareholders unless determined by Argosy in its discretion.</p>
No Public Pool	All Green Bonds offered under the General Offer, including oversubscriptions, will be reserved for subscription by clients of the Joint Lead Managers and other persons invited to participate in the Bookbuild.
Issue Price	\$1.00 per Green Bond, being the Face Value of each Green Bond
Interest Rate	<p>To be determined by Argosy in consultation with the Arranger following the Bookbuild held on the Rate Set Date (6 March 2019). 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.</p> <p>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 4.00 percent per annum.</p>
Indicative Margin range	<p>The indicative Margin range is 1.75 to 1.90 percent per annum for the Green Bonds.</p> <p>The actual Margin for the Green Bonds (which may be above or below the indicative Margin range) is the rate (expressed as a percentage rate per annum) determined by Argosy (in consultation with the Arranger) through the Bookbuild held on the Rate Set Date.</p>
Base Rate	The rate per annum (expressed on a percentage yield basis rounded, if necessary, to the nearest 2 decimal places with 5 being rounded up) which is determined by Argosy (in consultation with the Arranger) as the mid market swap rate for a period equal to the Issue Date to the Maturity Date in accordance with market convention by reference to Reuters page ICAPKIWISWAP1 or Bloomberg page ICNI or the successor page of either of those pages on the Rate Set Date.
Interest Payments and Interest Payment Dates	<p>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 (or if that day is not a Business Day, the next Business Day) of each year up to and including the Maturity Date.</p> <p>The first Interest Payment Date will be 27 June 2019.</p>
Early Bird Interest	<p>Argosy will pay interest on application money at the Interest Rate (less any applicable withholding taxes) for the period from (and including) the date on which the application money is banked to (but excluding) the Issue Date. Argosy will pay the early bird interest within 5 Business Days of the Issue Date unless the application money is returned for any reason.</p> <p>If your application is refused or accepted in part only or the Offer is withdrawn, no early bird interest will be paid on the application money returned to you.</p>
Record Date	<p>Payments of interest on the Green Bonds will be made to the persons who are the Holders as at 5pm (New Zealand time) on the 10th day before the relevant Interest Payment Date (or such other date as required by NZX).</p> <p>Payments of any other amount will be made to the persons who are the Holders as at 5pm (New Zealand time) on the date as is determined by Argosy and notified to NZX (or such other date as required by NZX).</p> <p>If such date would fall on a day which is not a Business Day, then payments will be made to persons who are Holders as at the immediately preceding Business Day.</p>
ISIN	NZARGDT001C6
Quotation	<p>Argosy intends to quote the Green Bonds on the NZX Debt Market.</p> <p>NZX takes no responsibility for the content of this Term Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.</p> <p>NZX ticker code ARG010 has been reserved for the Green Bonds.</p>

Denominations	Minimum denomination of \$5,000 with multiples of \$1,000 thereafter.
Arranger	ANZ Bank New Zealand Limited (“ANZ”)
Joint Lead Managers	ANZ, Bank of New Zealand, First NZ Capital Securities Limited, Forsyth Barr Limited
Supervisor	The New Zealand Guardian Trust Company Limited
Security Trustee	NZGT Security Trustee Limited
Registrar & Paying Agent	Computershare Investor Services Limited
Brokerage	0.50% plus, in relation to the General Offer only, 0.25% on firm allocations to be paid by Argosy
Governing Law	New Zealand
Selling Restrictions	<p>The Green Bonds are being offered only in New Zealand. Argosy has not taken and will not take any action which would permit a public offering of the 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 in 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.</p> <p>Any information memorandum, disclosure statement, circular, advertisement or other offering material in respect of the Green Bonds may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).</p> <p>By subscribing for Green Bonds, each investor agrees to indemnify Argosy, the Supervisor, the Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of an investor breaching these selling restrictions.</p>
Documentation	<p>The terms and conditions of the Green Bonds are set out in the Master Trust Deed dated 30 January 2019, as amended and supplemented by the Supplemental Trust Deed dated 20 February 2019 between Argosy and the Supervisor, as amended from time to time. Holders are bound by, and are deemed to have notice of, the Trust Deed (being the Master Trust Deed as amended and supplemented by the Supplemental Trust Deed).</p> <p>The terms of the guarantee and the security interests are set out in the Security Trust Deed, the General Security Deed and the Mortgages.</p> <p>If you require further information in relation to the Trust Deed, the Security Trust Deed, the General Security Deed or the terms of the Mortgages, you may obtain copies of those documents from the Disclose register at www.disclose-register.companiesoffice.govt.nz.</p>

Important Dates

Rate Set Date	Wednesday 6 March 2019
Opening Date	Thursday 7 March 2019
Closing Date for Priority Offer	5.00pm, Wednesday 20 March 2019
Closing Date for General Offer	5.00pm, Friday 22 March 2019
Issue Date	Wednesday 27 March 2019
Expected Quotation on NZX Debt Market	Thursday 28 March 2019
Maturity Date	Friday 27 March 2026

The Opening Date and the Closing Dates are indicative only and are subject to change. Argosy has the right in its absolute discretion to open or close the Offer early, to accept late applications, and to extend the Closing Dates. If Argosy changes any of the Opening Date and/or the Closing Dates, the changes will be announced via NZX as soon as reasonably practicable. If the Closing Dates are extended, the Issue Date, the expected date of initial quotation and trading of the Green Bonds on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may be extended accordingly. Any such changes will not affect the validity of any applications received.

Capitalised terms used but not defined in this Terms Sheet have the meanings given to them in the PDS.