Remuneration Policy

Argosy

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INTRODUCTION

The Board seeks to attract and retain high performing Directors and employees whose skills and experience are well suited to the Company's requirements. The purpose of this Policy is to ensure that Directors and employees are remunerated in ways that reward staff for high performance and ensure that the Company remains competitive in attracting and retaining Directors and employees with the required skills and experience.

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SCOPE

This policy applies to Directors and permanent fulltime employees of the Company.

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GOVERNANCE

This policy is overseen by the Remuneration and Nominations Committee.

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DIRECTOR REMUNERATION

Directors' remuneration is paid in the form of Directors' fees. Fees are set at a level sufficient to attract and retain skilled and experienced directors who meet the needs of the Company.

Director remuneration is reviewed by the Remuneration and Nominations Committee annually. The Company refers to benchmark information and seeks advice from external independent consultants when proposing changes to Directors' fees and any proposal to increase Directors' fees is subject to the approval of an ordinary resolution of shareholders at the Company's Annual Meeting.

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EMPLOYEE REMUNERATION

Argosy has an overarching philosophy of paying staff for their performance and employees' total remuneration packages are designed to deliver remuneration around the median quartile. For high performing executives and business critical employees the upper quartile may be more appropriate.

Total remuneration is comprised of fixed salary and variable or 'at risk' components.

The fixed remuneration component is designed to reward employees for their skills and experience and the accountability of their role. The variable component is comprised of a short-term incentive scheme for each permanent employee and a long-term incentive scheme for eligible senior executives. Each component of remuneration is outlined below.

Fixed Remuneration

Fixed remuneration is the primary basis for remunerating the Company's employees. Each employee's fixed remuneration is determined based on their responsibilities, capability, performance and market benchmarks. Fixed remuneration for permanent employees is comprised of their base salary and benefits. Benefits may include:

- KiwiSaver employer superannuation contributions;
- life and disability insurance;
- health insurance; and
- private use of a company vehicle.

Short Term Incentive Scheme (STI)

The STI is a discretionary variable pay scheme for permanent employees, designed to reward participants for high performance and the Company's success over the financial year.

- The STI awarded to each permanent employee (other than the Chief Executive Officer and Chief Financial Officer) is based on the achievement of Company financial targets, operating targets and individual goals during the prior year (which are reviewed each year).
- Company financial targets are linked to net property income and adjusted funds from operations (AFFO) and include a stretch target.
- Operating targets are linked to achievement of key operational metrics.
- Individual goals are agreed between each manager and their direct reports, to encourage outstanding performance.
- The STI for each of the Chief Executive Officer and Chief Financial Officer is based on Company performance and specific targets agreed with the Remuneration and Nominations Committee.

Long Term Incentive Scheme (LTI)

The Company has established an LTI scheme to remunerate senior executives for sustained performance over a three-year period. Under the LTI scheme, the Company may issue performance share rights (PSRs) to eligible employees each year (during the year to 31 March 2024 these were the Chief Executive Officer and Chief Financial Officer). Each PSR entitles its holder to one share in Argosy on its vesting date, subject to meeting LTI performance thresholds. Each PSR has a vesting date three years after commencement of the financial year in which it is issued.

LTI performance thresholds are based on a comparison of the Company's Total Shareholder Return (TSR) against the TSR of a comparator group of listed entities determined by the Board.

- Comparator entities are chosen from the S&P/NZX All Real Estate Gross Index.
- TSRs of the entities in the comparison group over the performance period (which is three years) are ranked from highest to lowest.
- If Argosy's TSR over the performance period exceeds the TSR of the company ranked at the 50th percentile in the comparison group, 50% of the PSRs will vest.
- If Argosy's TSR over the performance period exceeds the TSR of the company ranked at the 75th percentile in the comparison group, 100% of the PSRs will vest.
- There is a straight-line progression and apportionment between these two points.
- No shares will vest if the TSR over the performance period is negative. Benchmark information and independent consultants

Benchmark information and independent consultants

Independent external consultants will be engaged to assist in reviewing remuneration benchmarks and outcomes.

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POLICY REVIEW

This policy is to be reviewed biennially with any changes approved by the Board. The date of the next review is March 2026.