



Annual Shareholders Meeting

Argosy Property Limited | 9 August 2016



The Board

Argosy

- ▶ Chris Hunter
- ▶ Peter Brook
- ▶ Michael Smith,
Chairman
- ▶ Andrew Evans
- ▶ Mark Cross
- ▶ Jeff Morrison



Executive Team

Argosy



► Peter Mence
Chief Executive Officer



► Dave Fraser
Chief Financial Officer

- ▶ Introduction
- ▶ Chairman's Address
- ▶ Chief Executive Officer's Review
- ▶ Questions from Shareholders
- ▶ Resolutions
- ▶ General business
- ▶ Close of Meeting and refreshments

CHAIRMAN'S ADDRESS

Purpose – to be the preferred property investment choice, delivering sustainable and attractive returns to shareholders through the execution of a clearly defined investment strategy, the development of long-term tenant relationships and skilled asset management.

Argosy is and will remain invested in a portfolio that is diversified by sector, grade, location and tenant mix.

We have a clearly defined investment strategy and acquisition policy.

66

Properties

193

Tenants

> 600,000

sqm net lettable
area

Our Values



Argosy's values guide our internal conduct as well as our relationships with external parties.

In striving for outstanding performance, we do not compromise our ethics or principles.



Highlights

Argosy

Sale of vacant land
in Palmerston
North

Acquisition of 8
Nugent St

Health & Safety:
New Policy &
Strategic Goals

99.4%

Occupancy

5.24 years

WALT

\$1.37b

Portfolio

\$98.4m

Net Property
Income

7.60c

Gross Distributable
Income per share

6.25c

Net Distributable
Income per share

17.6%

5 year TSR p.a.

6.025c

FY16 Dividend

96.4%

FY16 Pay-out Ratio

1.525c

FY17 1st Quarter
Dividend

28 Sep 2016

1st Quarter Dividend
Payment Date

6.10c

FY17 Dividend
Guidance¹

¹ based on current projections for the portfolio

Strong corporate governance and stewardship are fundamental to the strong performance of Argosy. Your board are committed to the highest standards of business behaviour and accountability.

- ▶ Participation in the Future Directors Programme
- ▶ Our policies are publicly available on our website - www.argosy.co.nz



HEALTH & SAFETY
ASPIRATIONAL VISION

**ZERO
HARM**

7 STRATEGIC GOALS

- ▶ Proactive hazard identification
- ▶ Engagement with employees and contractors
- ▶ Maintenance and improvement of health & safety system
- ▶ Encouragement of contractors & tenants to demonstrate same health & safety commitment
- ▶ Support for the health & wellbeing of Argosy staff
- ▶ Compliance with relevant legislation & regulations
- ▶ Accurate reporting of incidents & investigation of root causes





- ▶ Argosy strives to deliver reliable and sustainable returns to shareholders
- ▶ We take a considered approach to development, acquisition, divestment, leasing and capital management decisions
- ▶ Argosy operates within a medium/low overall risk range
- ▶ Argosy adopts a medium risk appetite for risks associated with leasing metrics and the repositioning of the portfolio, in line with our overall strategy
- ▶ Argosy has a low risk appetite for risks associated with managing developments and Value Add projects

The Board's policy is for debt to total assets to be between 35% to 40% in the medium term.

Argosy's capital structure should be one that enables the Company to maximise earnings through the property cycle within the following parameters:

- ▶ properties acquired when they meet approved Investment Policy criteria, or sold when they are non Core;
- ▶ the Company is not forced to issue equity at a method or price that is dilutive to shareholders;
- ▶ measured dividend growth is maintained.

36.7%

Debt to Total
Assets Ratio



- ▶ We are confident that with a diversified portfolio of good quality and well located properties, a clear investment strategy and the continued application of a patient, careful and disciplined approach to property investment and management, the Company remains in a strong position to enable us to make the most of economic conditions.

CEO'S REVIEW

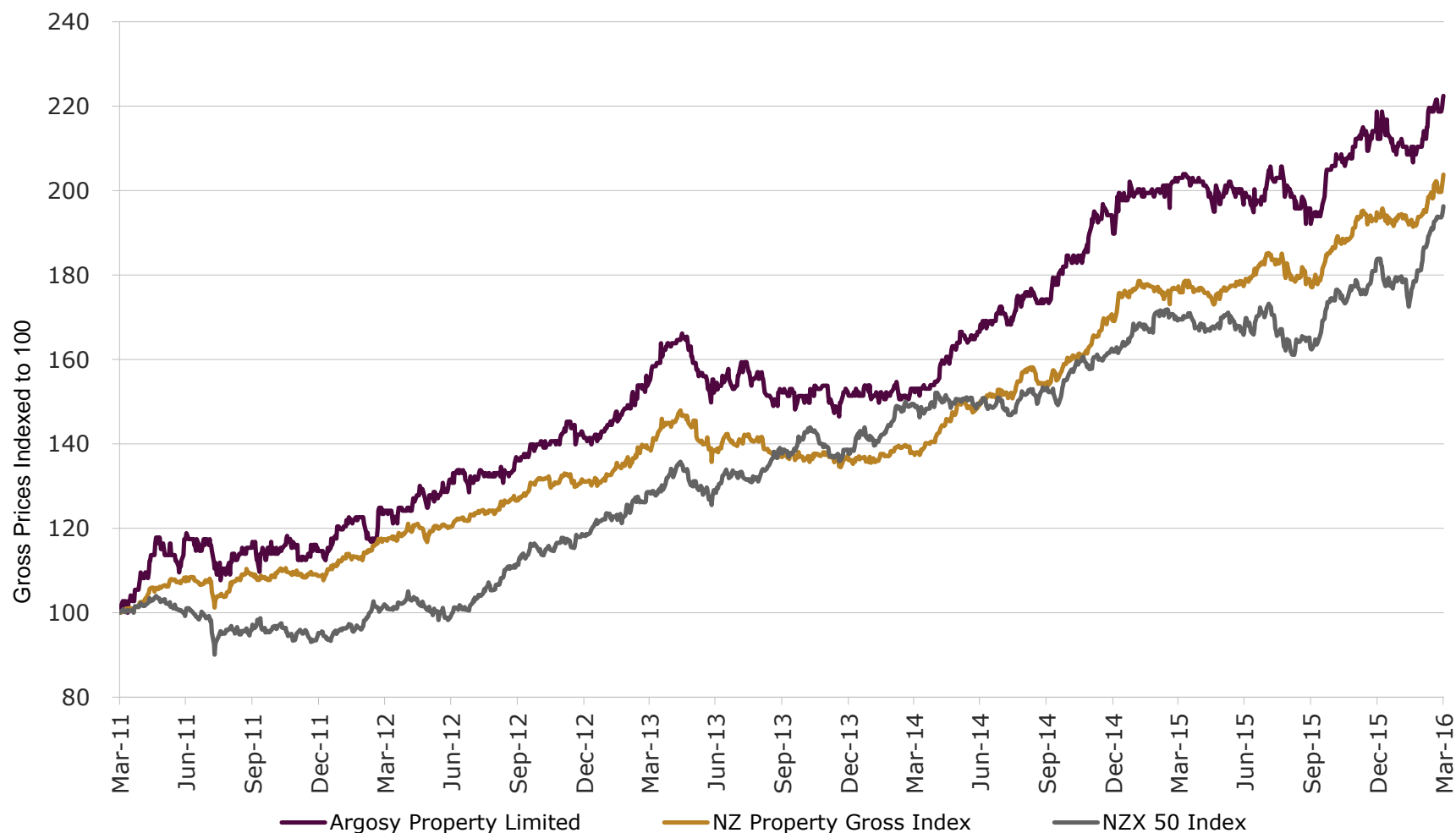
Highlights



CONSISTENT GROWTH

Total Shareholder return – 5 Years

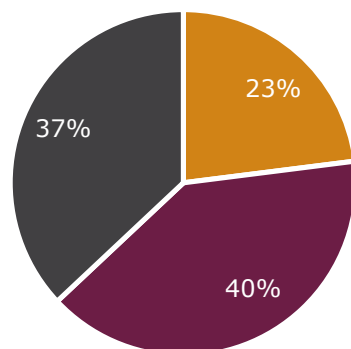
Argosy



Portfolio Mix as at 31 March 2016



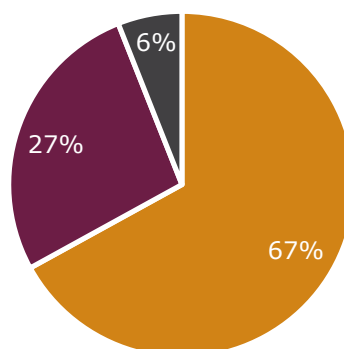
**TOTAL PORTFOLIO VALUE
BY SECTOR**



Target

■ Retail	15 – 25%
■ Office	35 – 45%
■ Industrial	35 – 45%

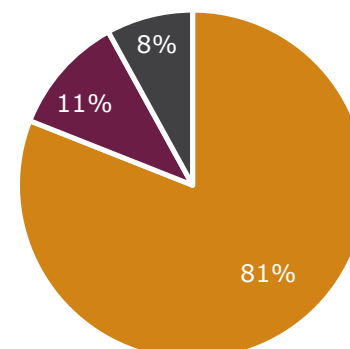
**TOTAL PORTFOLIO VALUE
BY REGION**



Target

■ Auckland	65 – 75%
■ Wellington	20 – 30%
■ North Island regional & South Island	≤ 10%

PORTFOLIO MIX



Target

■ Core	75 – 85%
■ Value Add properties	
■ Properties and land to divest	

► Asset allocation goals achieved

- ▶ Investment market continues to be led by an excess of demand over supply for investment stock.
- ▶ Continued focus by property syndications and offshore interest, however domestic purchasers remain active.
- ▶ Net absorption continues across the Auckland market and there is an increase in speculative development as a result.
- ▶ The expected final result of the Auckland unitary plan will change the nature of development work in this city with an increased focus on transport corridors and nodal development.
- ▶ Property values have risen significantly and some recent activity does not appear to adequately value the investment risks.

Investment & Leasing Environment cont. Argosy

- ▶ Commercial offices in both Auckland and Wellington are expected to see an oversupply of space as new developments and reduced work space allowance have an impact respectively.
- ▶ Retail is continuing to show impact of internet sales, and significant new supply to the Auckland market.
- ▶ The industrial sector remains on balance with new supply matching demand. The increase in values, driven by firming capitalisation rates has allowed land price growth and constrained rental growth over the last five years.
- ▶ We observe a firm market with solid growth fundamentals and do not see any catalyst for significant change in the short term.

Our People

Argosy



Warren Cate
Anna Hamill
Scott Lunny
Peter Mence
Dave Fraser
David Snelling

ASSET MANAGER
FINANCIAL CONTROLLER
INVESTOR RELATIONS MANAGER
CHIEF EXECUTIVE OFFICER
CHIEF FINANCIAL OFFICER
GENERAL COUNSEL



Saatyesh Bhana
Marilyn Storey
Wade Allen
Rob Smith
Joanna Sharpe
Tony Frost

ASSET MANAGER
ASSET MANAGER
LEASING MANAGER
ASSET MANAGER
ASSET MANAGER
ASSET MANAGER

Portfolio Overview



Industrial

NUMBER OF BUILDINGS

39

BOOK VALUE OF ASSETS (\$M)

\$507.11

VACANCY FACTOR (BY RENT)

0.1%

WALT (YEARS)

5.99

PASSING YIELD

7.70%

Office

NUMBER OF BUILDINGS

17

BOOK VALUE OF ASSETS (\$M)

\$548.61

VACANCY FACTOR (BY RENT)

0.9%

WALT (YEARS)

4.82

PASSING YIELD

7.56%

Retail

NUMBER OF BUILDINGS

10

BOOK VALUE OF ASSETS (\$M)

\$311.83

VACANCY FACTOR (BY RENT)

0.8%

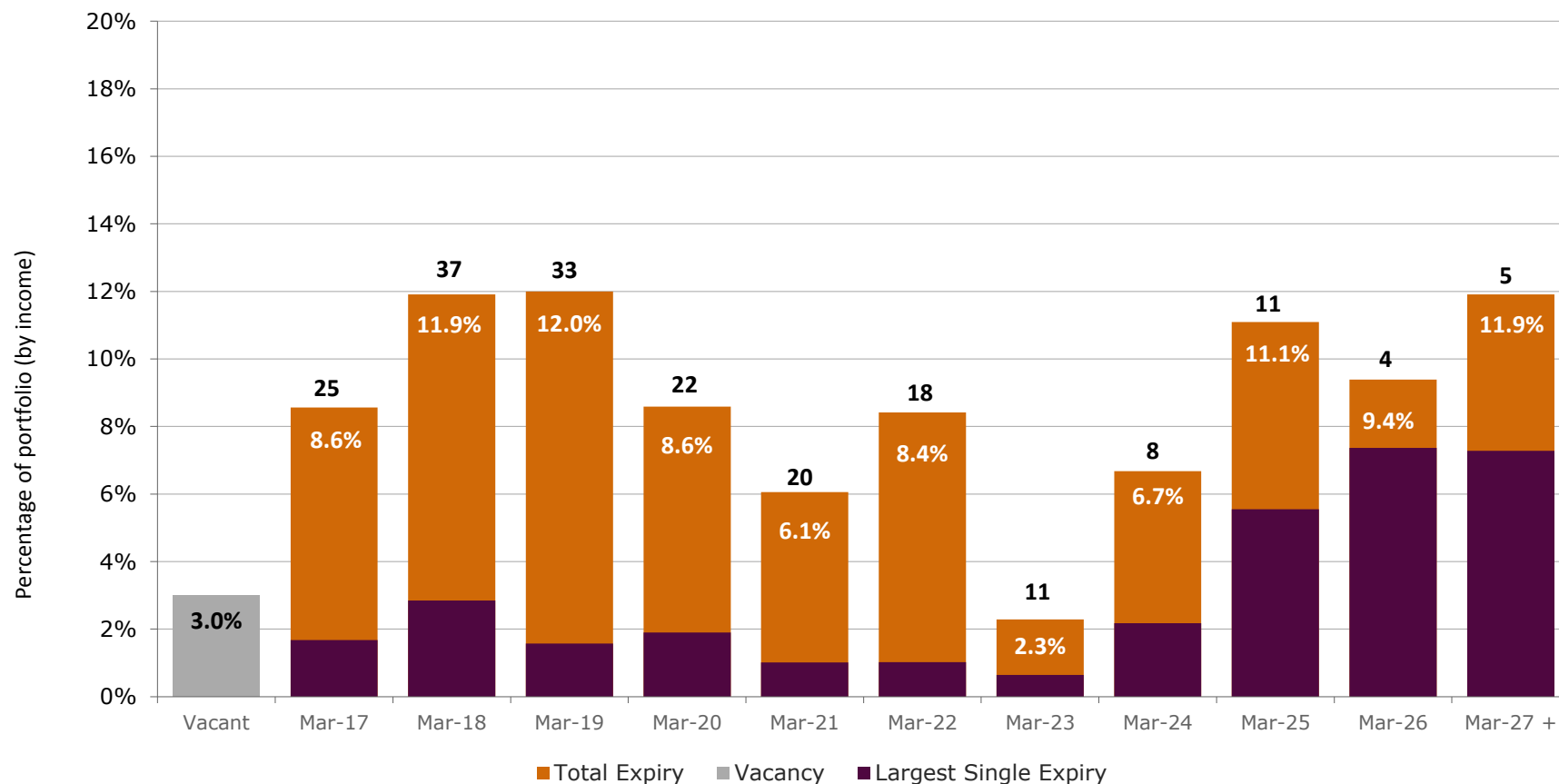
WALT (YEARS)

4.78

PASSING YIELD

7.36%

Lease Maturity as at 30 June 2016



The number above each bar denotes the total tenant expiries per year
(excluding monthly carparks and tenants with multiple leases within one property)

Financial Overview



Financial Overview



Financial Performance

	FY16	FY15
Net property income	\$98.4m	\$90.8m
Revaluation gains	\$42.2m	\$38.6m
Profit before tax	\$83.6m	\$68.6m

Distributable Income

	FY16	FY15
Profit before income tax	\$83.6m	\$68.6m
Adjustments	\$(22.3m)	\$(12.3m)
Gross distributable income	\$61.3m	\$56.3m
Tax adjustments	\$0.4m	\$3.3m
Tax paid	\$(11.3m)	\$(11.7m)
Net distributable income	\$50.4m	\$48.0m
Weighted average number of ordinary shares	806.2m	796.4m
Gross distributable income per share (cents)	7.60	7.07
Net distributable income per share (cents)	6.25	6.02

Concluding comments



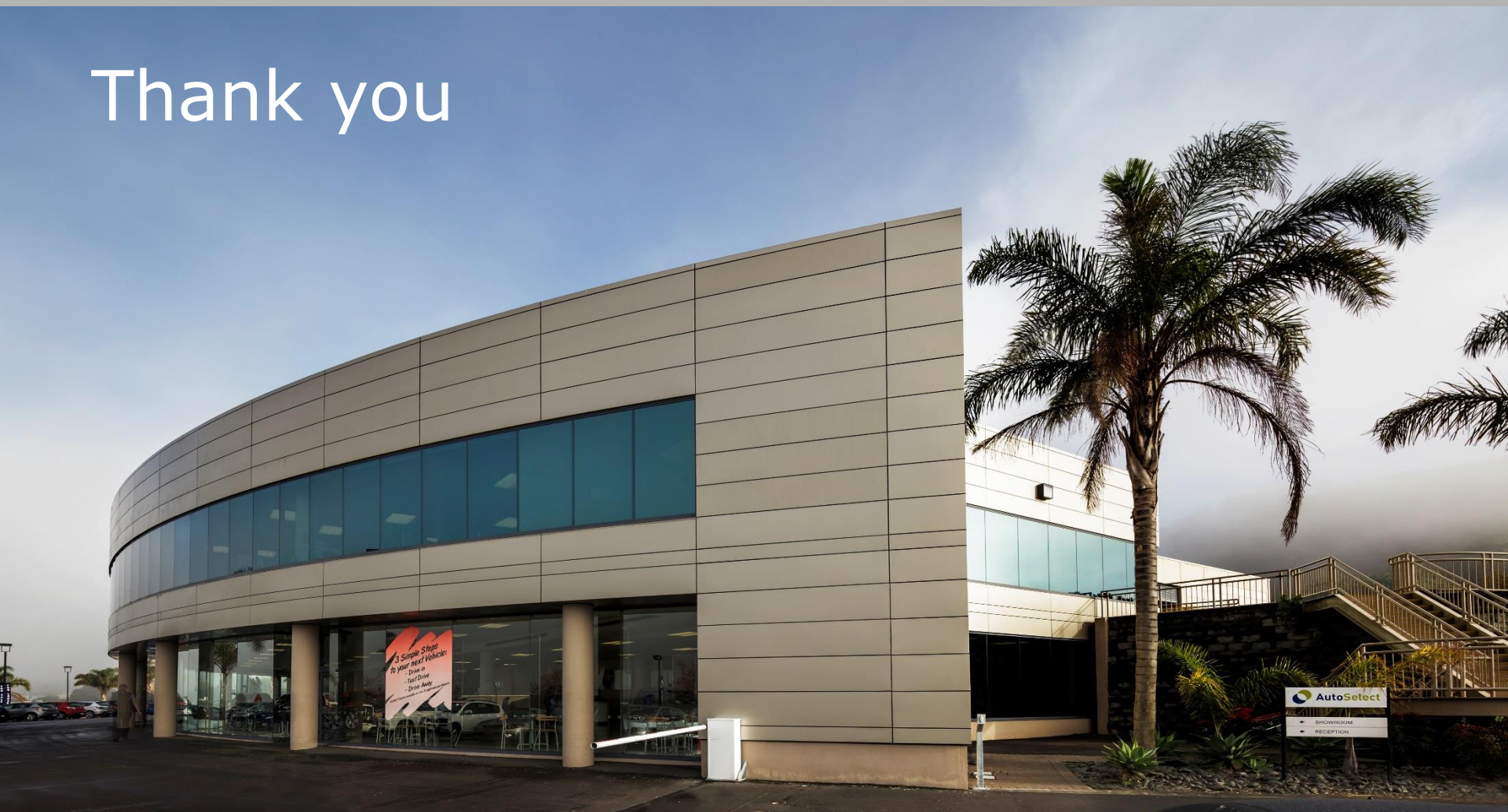
Concluding comments



- ▶ Argosy has a diversified portfolio of good quality and well located properties.
- ▶ Our focus remains on adhering to the strategy, maintaining the portfolio's high level of occupancy, reducing near term lease expiries and improving tenant retention rates.
- ▶ We will also continue to look for opportunities to develop the portfolio in line with our strategy.



Thank you



QUESTIONS FROM SHAREHOLDERS

RESOLUTIONS

Resolution 1

Argosy

- ▶ That Michael Smith be re-elected as a Director



Resolution 2

- ▶ That Peter Brook be re-elected as a Director



Resolution 3

Argosy

- ▶ That the Board be authorised to fix the auditor's fees and expenses

GENERAL BUSINESS

CLOSE OF MEETING AND REFRESHMENTS

Disclaimer



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

August 2016