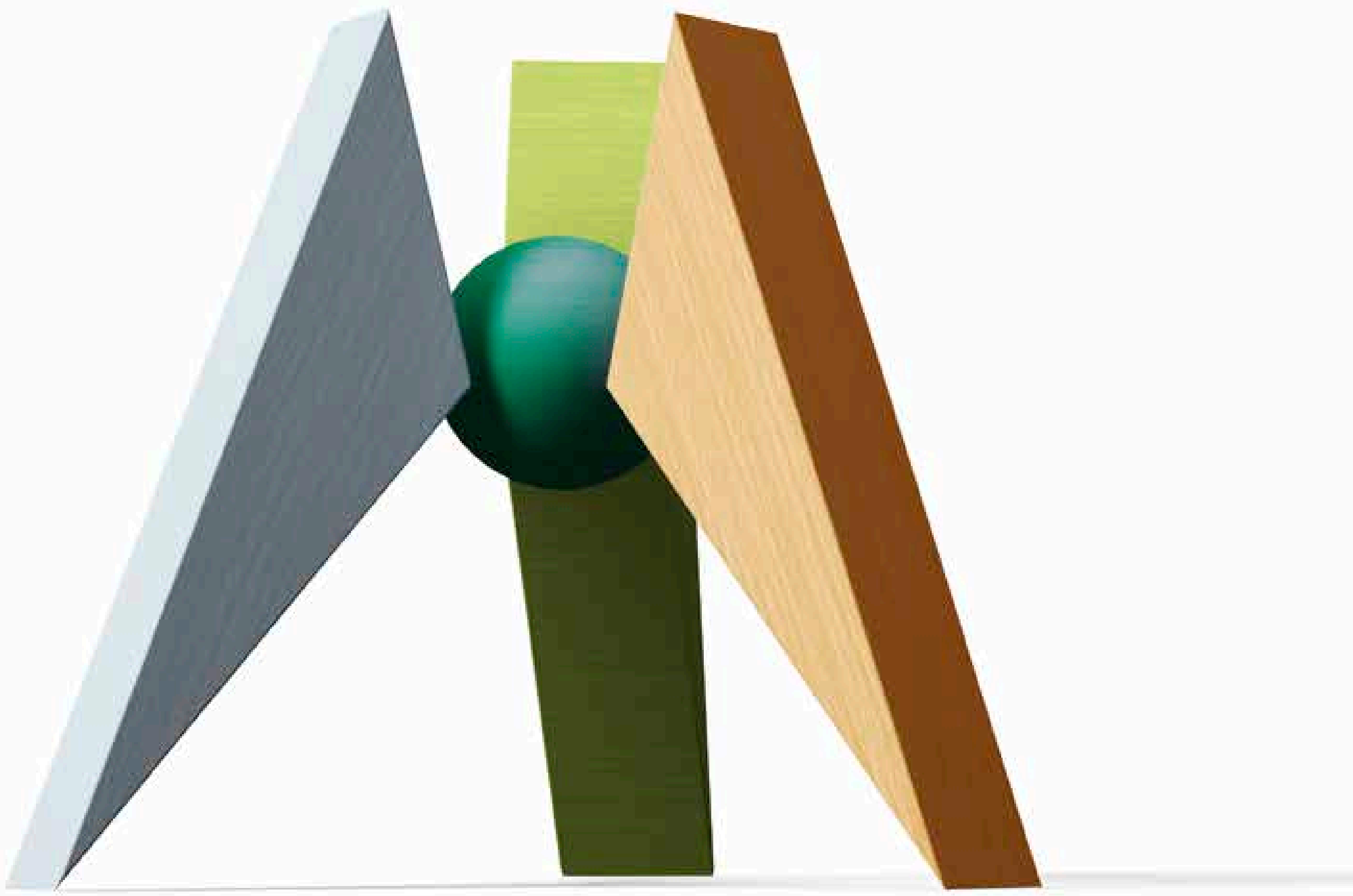
Building a better future

Annual Report 2022



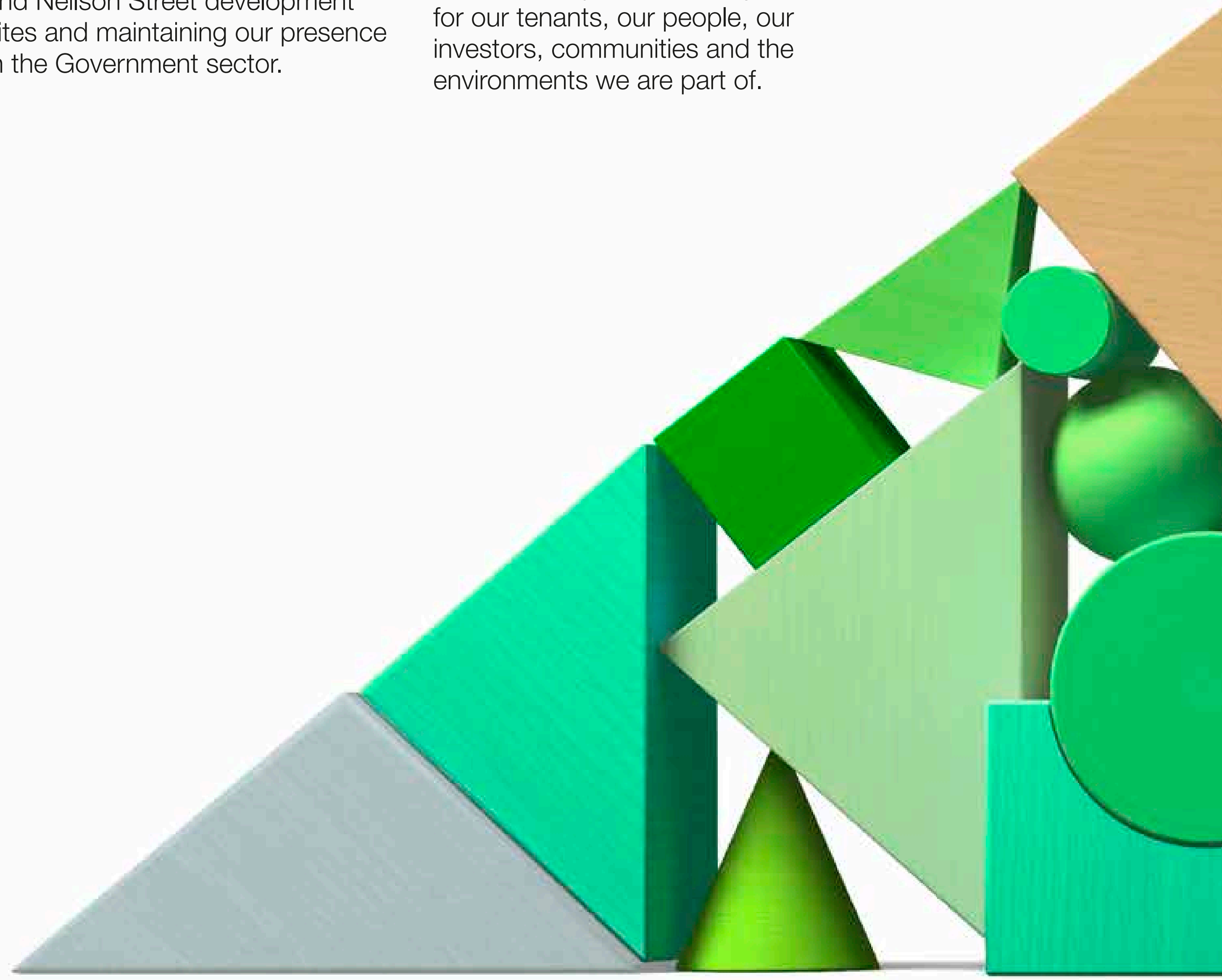
We are focused on three things. Our ability to deliver vibrant commercial spaces that reflect the strength of our relationships and the future needs of our tenants. Our determination to achieve the lowest impact possible on the environment. And our commitment to do everything we can to deliver sustainable earnings for our stakeholders.

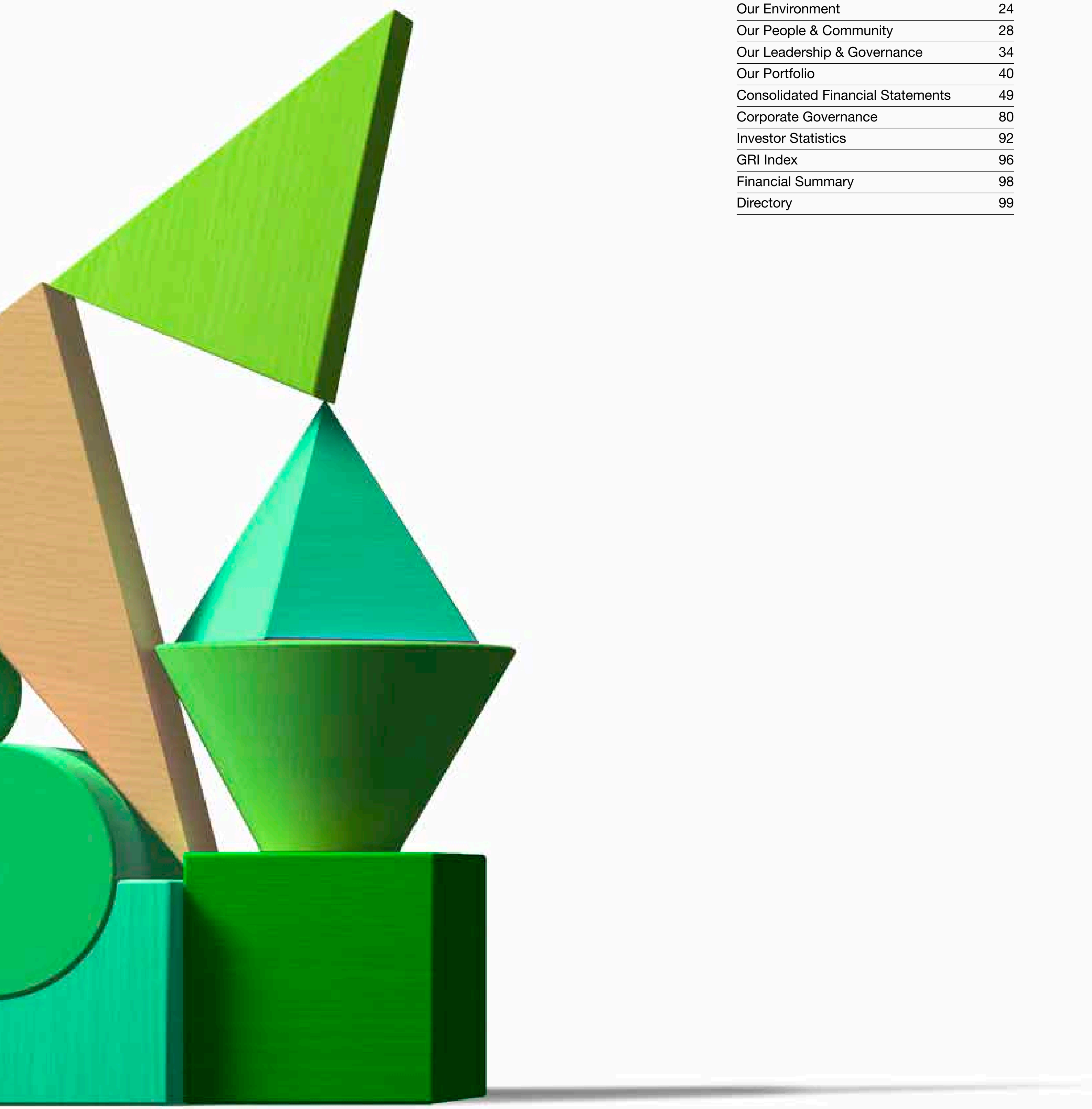
Auckland continues to dominate our plans. We're increasing our presence in the industrial sector, progressing master planning at our Mt Richmond and Neilson Street development sites and maintaining our presence in the Government sector.

At the same time, we continue to lead the market in repurposing existing buildings to make them greener and better for tenants and their people.

We have progressed in many areas – from developments on our Value Add properties to leasing residual vacancies and addressing key expiries – ensuring we leave no stone unturned in doing right by our investors.

Building a better future is never about one thing. For us, it's absolutely about doing everything we can to improve on today for our tenants, our people, our investors, communities and the environments we are part of.





2022 at a glance

Net profit after tax	$236.2m
Occupancy	98.7%
Weighted average lease term (WALT)	5.7yrs
Revaluation gain ↑ **8% on book values**	$163.7m
Net Tangible Assets ↑ **14%**	$1.74

Gearing

31.1%

Industrial weighting

51%

Auckland weighting

72%

Government sector rental income

34%

Sustainability

5.5 Star

NABERSNZ energy ratings achieved on three buildings

Toitū

Net Carbonzero Certification (for 2021)

26.1%

Green assets, % of portfolio

6 Star

Green Built certification target for 8-14 Willis Street

>90%

Landfill diversion tracking for 8-14 Willis Street

19 Nesdale Avenue, Auckland.


Welcome To
Nesdale Distribution Centre
cardinal
10
cardinal
LOGISTICS
cardinal

Building a Better Future

Jeff Morrison
CHAIRMAN

“The Board is very pleased with the way the team has managed the business through yet another Covid-19 impacted year. This has laid a strong foundation for 2023 and beyond. The FY23 dividend guidance of 6.65 cents per share reflects our philosophy of delivering sustainable dividend growth to shareholders.”

FY22 full year dividend

6.55cps

A 1.6% increase on the prior period

FY23 dividend guidance

6.65cps

On behalf of the Board of Directors, it is my pleasure to present Argosy's 2022 Annual Report.

The business continues to demonstrate the resilience offered by a portfolio diversified by sector, tenant and location.

Over the last 24 months the company's exposure to the Auckland Industrial sector has been a positive influence, underpinning the Company's ability to deliver dividend and revaluation growth through difficult economic conditions.

The Company's focus is on driving our sustainability strategy by providing environmentally sensitive, high quality, vibrant spaces for its tenants and their staff. We'll continue building and maintaining strong relationships with those tenants and other stakeholders to drive sustainable returns for shareholders. The recent completion of large office and mixed use refurbishment projects in Wellington is a good example of this.

Argosy is able to effectively redevelop existing buildings into green buildings to help the reduction of its carbon footprint. Argosy has a significant pipeline of green opportunities ahead of it, particularly in Auckland's Industrial market.

Investment Policy Bands

The Board made a strategic decision to adjust Argosy's Investment Policy target bands to increase the portfolios weighting towards the strongly performing Industrial sector. Accordingly, by portfolio value, the Industrial target is now 55-65% (was 45-55%), Office is now 25-35% (was 30-40%) and the Large Format Retail target is now 5-15% (was 10-20%).

Strategy

Argosy is progressing well with its strategic plan. A key driver is the redevelopment of existing properties into modern, high quality and sustainable buildings. We are steadily expanding and improving the portfolio with spaces designed to meet tenants evolving requirements. Over the long term, this will underpin the sustainability and growth in earnings to shareholders.

Governance

Argosy's Annual Shareholders Meeting (ASM) will be held as a hybrid meeting on 21 June at 2pm at the Royal New Zealand Yacht Squadron in Auckland. The hybrid functionality of the ASM allows shareholders to attend virtually and participate in all elements of the meeting including questions and answers and completing all voting.

Mike Pohio and Chris Gudgeon will retire in accordance with the Company's constitution and the NZX Listing Rules and will be eligible for re-election.

Dividends

A fourth quarter dividend of 1.6375 cents per share has been declared for the March quarter with 0.1276 cents per share imputation credits attached. This brings the full year dividend to 6.55 cents per share in line with guidance. The dividend will be paid to shareholders on 22 June 2022 and the record date will be 8 June 2022. The Dividend Reinvestment Plan has been suspended by the Board until further notice.

Based on current projections for the portfolio and subject to market and interest rate conditions, the FY23 dividend is expected to be 6.65 cents per share.

Outlook

Argosy's future will be driven by maintaining our leading market position of redeveloping existing buildings into green and driving growth into the attractive Auckland Industrial sector, especially over the medium term. We'll continue to develop strong relationships with the Government sector. Our FY23 key deliverables will be focused on completing existing developments, commencing our new green projects, leasing new developments and residual portfolio vacancies and addressing key expiries. Our big strategic goals coupled with our current year objectives, support the delivery of resilient and sustainable dividend growth over the long term.

JEFF MORRISON
Chairman

Diversification pays dividends

Peter Mence
CHIEF EXECUTIVE OFFICER

Dave Fraser
CHIEF FINANCIAL OFFICER

"After another challenging year affected by lockdowns and red traffic light settings, it's pleasing to have delivered what we consider to be a very solid full year result to shareholders."

We delivered on our operational focus areas around vacancies, key expiries and developments. We also divested our non Core asset at 25 Nugent Street at a healthy premium to book value. Our core portfolio metrics have remained sound despite the operational environment being so difficult for everyone.

8-14 Willis Street is now substantially complete and has been handed over to Statistics New Zealand for fitout. The handover sees Argosy complete the largest green development project in its history. We are targeting a 6 Green Star rating for this high quality Core asset. The Wellington office market continues to exhibit strong fundamentals and our ongoing exposure to Government rental streams provides resilience during uncertain times.

Master planning at Argosy's two key Auckland industrial estates at Mt Richmond Road and Neilson Street is well progressed and we are fielding strong market enquiry for these sites, which will be redeveloped into green industrial estates. We're excited about the potential these sustainably focused properties bring to the portfolio and the cross section of new industrial tenants showing interest. Strong industrial fundamentals means this sector is forecast to be the best performer over the next five years.

We are focusing on our organic Value Add development pipeline due to scarcity of land driving very high bare land pricing. Given the pipeline of work ahead, we've resourced our development team accordingly.

Highlights

Key highlights for the period include:

- Net profit after tax of $236.2 million;
- $163.7 million annual revaluation gain, an increase of 8% on book value;
- Increase in NTA per share to $1.74 from $1.53 at 31 March 2021, a 13.7% increase;
- Net property income for the period of $105.1 million;
- High occupancy (~98.7%) and WALT (5.7 years);
- Strong portfolio leasing and rent review outcomes, including 3% annualised rental growth on rents reviewed;
- 7WQ in Wellington is now 100% leased;
- Our continued focus on sustainability and progressive green developments with 8-14 Willis Street now substantially complete and 105 Carlton Gore Road, and 12-20 Bell Ave underway;
- A full year dividend of 6.55 cents per share, a 1.6% increase over FY21; and
- FY23 dividend guidance of 6.65 cents per share, a 1.5% increase on the prior year.

Financial Results

Statement of Comprehensive Income

For the 12 months to 31 March, Argosy reported net property income of $105.1 million for the period, marginally down compared with the prior comparable period.

Net property income was bolstered by steady rental growth, a full year contribution from Mt Richmond and lower Covid-19 rent rebates over the period, offset by disposals, particularly the Albany Lifestyle Centre.

For the year to 31 March, Argosy provided $1.6 million in rental abatements to tenants and no deferrals.

Net interest expense of $25.6 million was down by $2.9 million on the prior comparable period, primarily due to higher capitalised interest on developments and lower debt levels.

Annual valuations for the year to 31 March were performed by CBRE Limited, Colliers International New Zealand Limited, Bayleys Valuation Limited and Jones Lang Lasalle. The total unrealised revaluation gain for the year to 31 March was $163.7 million or an 8% increase above book value. Of the annual gain 56% was recognised in the interim desktop valuation assessments at 30 September 2021. The portfolio is 3.3% under-rented, excluding market rent on vacant space.

Distributable Income

Net distributable income for the year was $64.7 million compared to $67.7 million in the prior comparable period. The prior comparable period included a forfeited deposit of $4.5 million from the original sale of the Albany Lifestyle Centre, which was not settled.

Valuations

By location, Auckland was the largest contributor to the total year end valuation result with an unrealised revaluation increase of $142.1 million or 87% of the total portfolio uplift. By sector, and at 51% of Argosy's portfolio by value Industrial was the key driver of the overall gain at $144.7 million, up 14.7% on book value. The Office portfolio increased $9.1 million, and Large Format Retail increased by $9.8 million.

As a result of the FY22 revaluation gain, Argosy's NTA increased to $1.74, or 13.7% from $1.53 at 31 March 2021. Following the revaluation, Argosy's portfolio shows a contract yield on values of 5.23% and a yield on fully let market rentals of 5.43%.

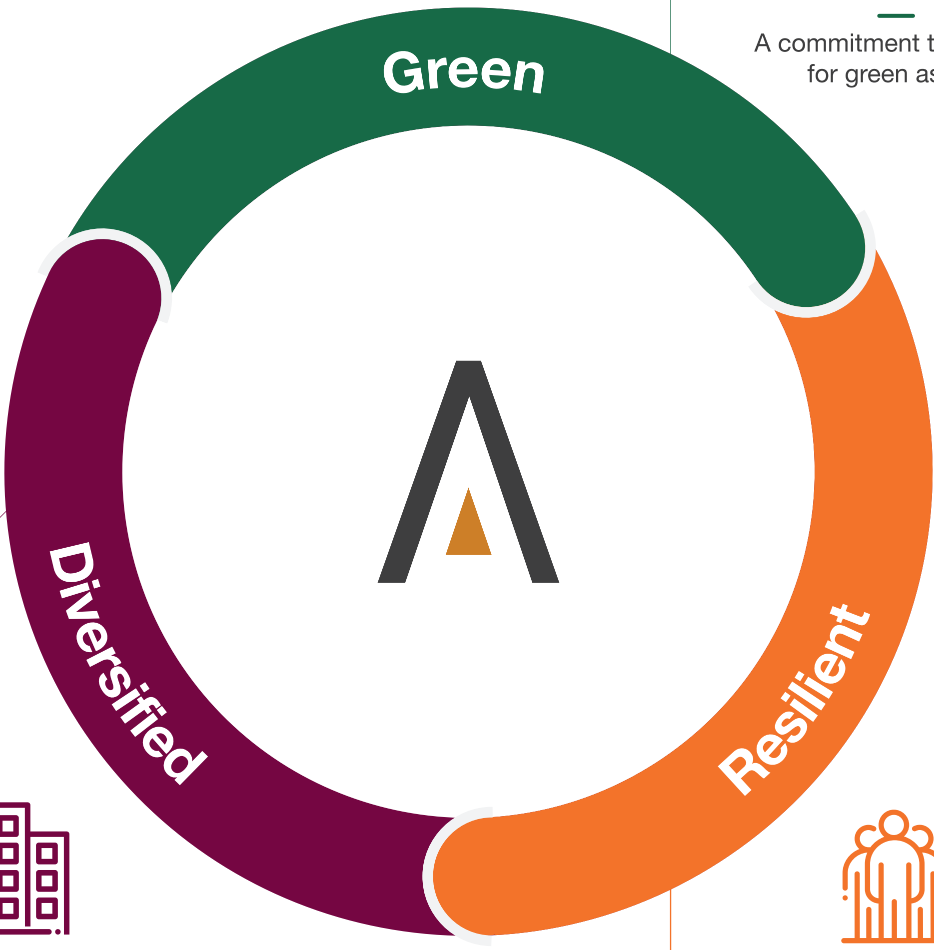
Outlook

With the economy facing a range of headwinds, the next 12 months will be challenging for the domestic economy, but the business is well positioned for it. We will continue to work hard on the things we can control. On the operational side, this is leasing up vacancies and renewing expiring leases. On the strategic side, we'll keep working closely with our tenants and supporting their growth aspirations, completing our existing green projects and master planning and developing our Value Add opportunities. All of these support the delivery of our strategic plan and sustainable distributions to shareholders.

We look forward to updating all our stakeholders at our Annual Meeting in June.

PETER MENCE
Chief Executive Officer

DAVE FRASER
Chief Financial Officer



Proactive delivery of sustainable growth.

A business culture that is environmentally focused

Executing green Value Add portfolio opportunities to drive earnings and capital growth

A commitment to funding for green assets

Owning the right assets with the right attributes in the right New Zealand locations.

A diversified asset allocation across sectors to reduce volatility and widen growth opportunities

Targeting strategic growth opportunities with green potential and a focus on the Auckland Industrial and Wellington Government Office markets

Maintaining a portfolio of high quality, well located Core assets with growth potential

A business that is adaptable and responsive to change.

Maintaining strong and valued relationships across all stakeholders

A commitment to management excellence delivering earnings and dividend growth

Ensuring safe working environments for Argosy and its partners

Bottom: 82 Wyndham Street, Auckland

Portfolio Overview

Portfolio Metrics, Rent Reviews and Leasing

As at 31 March, Argosy's WALT was 5.7 years and portfolio occupancy was 98.7%.

For the year to 31 March, Argosy completed 99 rent reviews achieving annualised rental growth of 3.0%. These reviews were achieved on rents totalling $60.1 million. On rents subject to review by sector, Argosy achieved annualised rental growth of 2.8% for Industrial rent reviews, 3.2% for Office rent reviews and 3.2% for Large Format Retail rent reviews.

Peter Mence said "The second half of the year was challenging as we operated under red traffic light settings. However, we were very pleased to have delivered solid results around key operating metrics of occupancy, rental growth and leasing."

For the year to 31 March, 76% of rents reviewed were subject to fixed reviews, 8% were market reviews and 16% were CPI based. Fixed reviews accounted for 72% of the total annualised rental uplift and Auckland and Wellington contributed 76% and 19% of the total annualised rental uplift respectively.

Argosy completed 31 leasing transactions across 74,376m^2 of NLA over the year to 31 March. Lease transactions were made up of new leases (23), extensions (3), renewals (5).

Key leasing transaction successes over the financial year include:

- Thermo Fisher Scientific NZ Limited, 5 Allens Road, East Tamaki, 6yr renewal
- Commercial Fisheries Services Limited, L12 at 7WQ, new 9yr lease
- Mobil Oil NZ Limited, 8 Nugent Street, 3yr extension
- Macpac Limited, Albany Mega Centre, new 6yr lease
- Ministry of Housing and Urban Development, 7WQ, new 7.4yr lease
- The Baby Factory, Albany Mega Centre, new 6yr lease
- PBT Transport, 18-20 Bell Ave, new 10yr lease
- PBT Transport, 12-16 Bell Ave, new 10yr lease
- Tax Management New Zealand Limited, 23 Customs Street, new 5yr lease

"It is very pleasing to have 7WQ now 100% leased, with 94% of space occupied by government tenants. Coupled with the substantially completed façade works, the building is now well positioned to deliver resilient, long term income given its weighting to highly defensive Government rental streams.

The Auckland Industrial sector continues to be very attractive with strong bottom-up fundamentals, including low vacancy and strong rental growth. It's a resilient sector and has the best forecast returns over the next five years. With half of Argosy's portfolio weighted to Industrial, the pipeline of green Value Add development industrial sites will enhance our portfolio quality and resilience over the longer term" said Peter Mence.

Acquisitions and Value Add Developments

After balance date, Argosy acquired 100 Maui Street (Maui Street), located in Pukete, Hamilton for $33.1 million. Maui Street has excellent connectivity to motorway arterials and State Highway One.

The purchase price was the mid-point of a Colliers International initial valuation range and gives an IRR of 6.7% and an initial yield of 4.5%.

The acquisition environment remains strong despite rising interest rates. As highlighted above, Argosy remains open to strategic acquisitions that meet its investment criteria, preferably industrial sites within a prime industrial precinct with the capacity to support tenant growth aspirations.

Divestment of non Core Assets

Argosy sold the Albany Lifestyle Centre in April 2021 and Omahu Road, Hastings in September 2021. In the second half of FY22, the Company announced it had unconditionally sold 25 Nugent Street in Auckland, for $22.0 million. The sale to a local investor, reflected a 28% premium above book value and settlement is expected to occur in September 2022. These sales reflect the back end of Argosy's capital management initiatives over the last 24 months, where assets no longer meet Argosy's investment criteria.

Investment Policy Bands

The Board made a strategic decision to adjust Argosy's Investment Policy target bands to increase the portfolios weighting towards the strongly performing Industrial sector. Accordingly, by portfolio value, the Industrial target is now 55-65% (was 45-55%), Office is now 25-35% (was 30-40%) and the Large Format Retail target is now 5-15% (was 10-20%).

Peter Mence said "We have done a lot of work assessing the organic Value Add opportunities within the portfolio coupled with analysis of forecast sector returns. Auckland Industrial is forecast to be the best performing sector over the medium term and by delivering on our current pipeline of Value Add opportunities, we expect to be within our new target bands over the medium term. We're excited about what the future holds for Argosy and the development team are going to be extremely busy delivering a pipeline of well-designed, vibrant and sustainable spaces for tenants and their staff to work and flourish."

100 Maui Street, Pukete - Hamilton

Post balance date. Argosy unconditionally acquired 100 Maui Street, located in Pukete, Hamilton. The property has excellent connectivity to motorway arterials and State Highway One.

Key acquisition metrics for this were:

- Tenant: Prolife Foods Limited
- Total: NLA 14,755m^2
- Lease: Triple net
- Term: 15 years (with rights of renewal)
- Initial yield: 4.53%
- Initial rent: $1.5 million per annum
- Reviews: 2.25% fixed annual, with market review in Year 7 and at renewal
- Site: 3.25 hectares with 8,100m^2 of future development land

Peter Mence said "We are pleased to have made an acquisition in the Waikato Region. By location, the property is consistent with our strategy and enhances our exposure to the attractive Industrial sector. Prolife Foods are a well-established local food manufacturer. They are a high quality partner and an essential service, which aligns with our strategy of being a diversified business with resilient earnings and cashflows. There is also 8,100m^2 of vacant land for development in the future which provides additional attraction to this acquisition. We're pleased to welcome Prolife Foods into the Argosy family. The acquisition sees Argosy with a portfolio weighting to the Golden Triangle of 1.5% versus our 5% target and increases our overall Industrial exposure to approximately 52%."

8-14 Willis Street and 360 Lambton Quay, Wellington

The development at 8-14 Willis Street is now substantially complete with the building to be formally handed over to Statistics New Zealand. The tenant has access to nine floors and soft fit out is being undertaken by the tenant as well as audio visual installation works. The building is targeting a 6 Green Star Built rating.

Leasing on the office space at 360 Lambton Quay continues and there is strong interest for the space. Management is progressing documentation of a lease on the property.

The retail area in both buildings is now fully leased.

7 Waterloo Quay (7WQ), Wellington - leasing and facade works

The building is now 100% leased and the façade works have largely been completed.

12-16 & 18-20 Bell Avenue, Mt Wellington, Peter Baker Transport (PBT)

This $8.8 million redevelopment targeting 4 Green Star continues to progress well.

Argosy Chief Executive Officer Peter Mence said "This type of project really embodies our vision of building a better future for our tenants, their staff, the environment and of course our stakeholders. Argosy has built a market leading position over the last decade in redeveloping existing buildings into green assets, and we have more of these industrial opportunities in the pipeline. Extending PBT's lease at the location for ten years was fundamental to the project and exemplifies the benefits of having valuable relationships with our tenants to support their long-term strategic growth aspirations. "

The development is expected to be completed by September 2022.

105 Carlton Gore Road, Newmarket

Argosy has commenced another project with this $35 million green redevelopment with an expected completion date in May 2023. The building is now targeting 6 Green Star certification (previously 5 Star) and is forecast to be valued at $65 million on completion, generating an IRR of 7.2% and a yield on cost of 5.3%. Leasing enquiry for the redeveloped building is strong, and it is expected that it will be leased prior to completion.

"The green redevelopment at 105 Carlton Gore Road will certainly offer something different, bringing a fresh and vibrant look to the area" said Peter Mence.

12-16 & 18-20 Bell Avenue, Mt Wellington - Peter Baker Transport

Peter Baker Transport (PBT) has occupied 12-16 and 18-20 Bell Avenue in Mt Wellington, Auckland since August 1999.

In November 2021, Argosy announced that it had entered into an agreement with PBT for it to undertake an $8.8 million refurbishment and redevelopment of the sites to reposition them. The development would be targeting a 4 Green Star Built rating and as part of the agreement, PBT has entered into a new 10-year lease. On completion, the project is forecast to have a yield on total development cost of 5.2%, a valuation of $69.0 million and IRR of 8.3%.

Argosy Chief Executive Officer Peter Mence said "We are very pleased to extend our existing relationship with PBT for a further 10 years. PBT has been a long term partner of ours for twenty years and we're excited to have them support this new green project and remain part of our portfolio for the foreseeable future.

The development is very much on strategy and demonstrates tenants are increasingly collaborative around environmental and sustainability issues and keen to support our commitment to reduce our carbon emissions. The recent expansion of our development team reflects our commitment to deliver on the growing development pipeline across the business."

The landlord base build works across the two properties includes full upgrades and an end of trip facility. The external works include new asphalt circulation on the site and a concrete hardstand to the front-loading zone of 12-16 Bell Ave. The development is projected to be completed by September 2022.

Debt-to-total-assets at 31-March

31.1%

Bottom of target 30-40% band

Weighted average debt tenor

3.5yrs

Includes bonds

Capital Management

As at 31 March, Argosy's debt to total assets ratio, excluding capitalised borrowing costs, was 31.1% compared to 35.9% at 31 March 2021.

The ratio continues to reflect the net impact of divestments and revaluation gains, offset by development activity during the period[1].

Argosy's year end gearing sits towards the bottom end of its target gearing band of 30-40%, and well below its bank covenant of 50%.

The Board considers there is sufficient capacity to accommodate known, medium term funding requirements.

As noted in the first half of the year, Argosy extended $215 million of its existing syndicated bank facilities with ANZ Bank of New Zealand Limited, Bank of New Zealand Limited, Hongkong and Shanghai Banking Corporation, Commonwealth Bank of Australia and Westpac New Zealand Limited. The total amount of the bank facilities has reduced by $35 million and is now $455 million, down from $490 million previously.

Argosy's weighted average debt tenor, including bonds, was 3.5 years (4.2 years at 31 March 2021) and its weighted average interest rate was 4.14%, compared to 3.69% at 31 March 2021.

Highgate Parkway, Silverdale, Auckland.

1 The ratio excludes the right of use asset at 39 Market Place of $40.2 million, recorded in the period under NZ IFRS 16.

Investment Policy Framework

Argosy has a Clearly Defined Investment Framework

Argosy is, and will remain, invested in a portfolio that is diversified by sector, location and tenant mix. The Investment Strategy is unchanged and Argosy's portfolio will continue to consist primarily of Core and Value Add properties.

Core

Core properties are well constructed, well located assets which are intended to be long-term investments of more than 10 years. The Core properties target is between 75% to 90% of the portfolio by value. Core properties are well located with strong long-term generic demand, a leasing profile that provides for rental growth of at least CPI and good structural integrity with minimal maintenance capital expenditure required.

Value Add

Value Add properties are assets which, through skilled asset management, can increase future earnings and provide capital growth. Value Add properties will already be well located with the potential for strong long-term tenant demand. These properties are available for near to medium-term repositioning or development with the view to moving into the Core category.

Investment Policy

The Investment Policy clearly defines what properties Argosy will seek to own by setting the boundaries within which it will operate and invest. It delivers a clear acquisition checklist and every potential acquisition (and portfolio asset) can be measured against that checklist.

In some cases, a portfolio of assets may be considered for acquisition. The strategy for a potential portfolio acquisition must be consistent with the overall Argosy Portfolio Investment Strategy (i.e. the majority by value of the properties are either Core or offer potential to move to Core in the medium-term).

In certain circumstances, exceptions to the Investment Policy may be considered where an acquisition is made to meet the requirements of a valued tenant.

Investment Policy target bands have been adjusted to reflect development opportunities over the medium-term and the effect on overall portfolio composition. The Industrial target is now 55-65% (was 45-55%), Office is now 25-35% (was 30-40%) and the Large Format Retail target is now 5-15% (was 10-20%).

Argosy's diversified portfolio of quality properties has an average value of $41.7 million. This allows the Company to react quickly to changing economic or property market conditions. Liquid properties, which are properties that could potentially be under contract within a short period, currently represent 24% of the portfolio or $519.0 million.

Capital Management

The optimal capital structure for Argosy is one that enables it to maximise its earnings yield through the property cycle within the following parameters:

- properties can be acquired when they meet the approved Investment Policy criteria, or sold when they are non Core;
- there are no forced sales of properties or a requirement to issue equity at a price that is dilutive to shareholders;
- measured dividend growth is maintained.

Argosy's debt-to-total assets ratio target band remains at 30-40%. This band allows Argosy flexibility to react to changing financial and property market conditions. Any movement beyond pre-set parameters requires an action plan and timeframe to move debt levels to within the prescribed range.

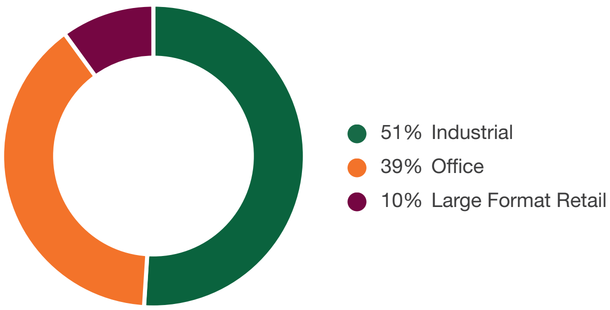
Risk Management

Argosy strives to deliver reliable and attractive returns to shareholders. It takes a considered approach to development, acquisition, divestment, leasing and capital management decisions, reflecting its proposition to shareholders as a yield-based investment.

Argosy has a robust risk assessment process. Risk assessment reviews are carried out by a representative cross-section of Argosy's management team at least twice a year in accordance with Argosy's Risk Management Framework. A risk assessment review has three phases: identification of material risks arising from Argosy's operation; assessment of the probability and consequences of the risk; and development of controls to achieve a level of residual risk that is within Argosy's risk appetite.

Argosy generally operates within a medium/low overall risk range. Argosy has a low risk appetite for risks associated with managing developments, Value Add projects and compliance matters.

Portfolio Mix by Sector



> "Our Investment Policy underpins our strategy of creating a green, resilient and diversified portfolio."

Peter Mence
CEO

Top: 39 Market Place, Auckland.

Annualised rent growth

3.0%

On 99 rent reviews on $60.1 million of rental income

Industrial sector contributed

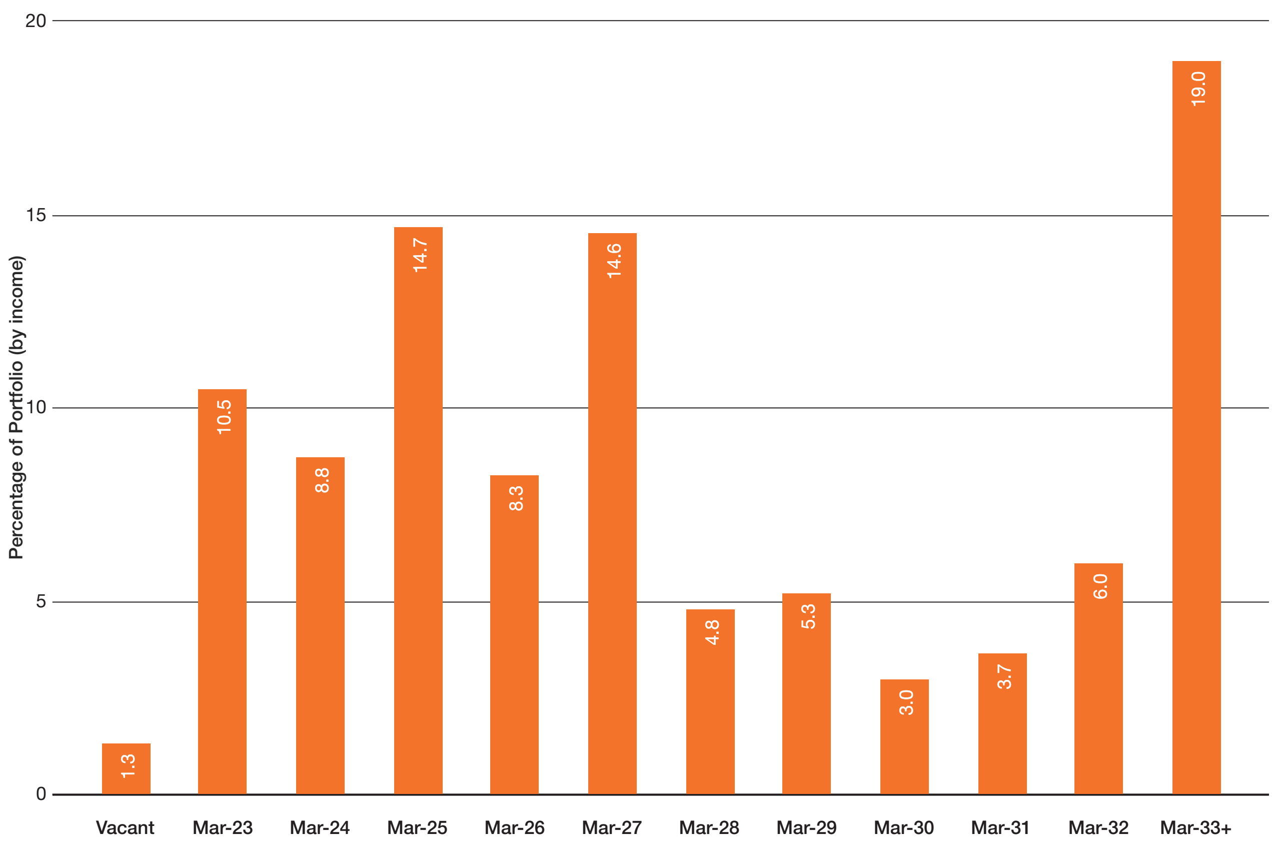
52%

Of rental review increase

	Unit of measure	Industrial	Office	Large Format Retail	TOTAL[1]
Number of buildings	no.	34	15	4	53
Market value of assets	$m	1,127	857	223	2,208
Net lettable area	m^2	450,714	128,531	50,204	629,449
Occupancy factor by rent	%	100.0%	97.4%	98.9%	98.7%
Weighted average lease term	years	6.0	6.0	3.1	5.7
Average value	$m	33.1	57.2	55.8	41.7
Passing yield[2]	%	4.67%	6.04%	5.61%	5.23%

1. All statistics exclude 25 Nugent Street.
2. Excludes 8-14 Willis Street/360 Lambton Quay and 105 Carlton Gore Road

Lease Expiry Profile
BY RENT



Additional rent

$1.91m

On rents reviewed during FY22

Industrial rent growth increase

2.8%

Annualised growth on 32 rent reviews

Total Portfolio Value
BY SECTOR

- 51% Industrial
- 39% Office
- 10% Large Format Retail

Total Portfolio Value
BY REGION

- 72% Auckland
- 27% Wellington
- 1% Regional

Portfolio Mix
BY TYPE

- 78% Core
- 22% Value Add
- 0% Non Core

Rent Reviews in FY22
BY SECTOR

	No. of Reviews	Annualised Rent Increase	Increase over Contract ($)
Industrial	32	2.8%	922,503
Office	49	3.2%	761,310
Large Format Retail	18	3.2%	230,782
TOTAL	99	3.0%	1,914,595

New Leases completed in FY22
BY SECTOR

	Floor Area (sqm)	Average Lease Term (years)	No. of Leases
Industrial	22,209	11.2	18
Office	50,500	5.5	10
Large Format Retail	1,667	6.5	3
TOTAL	74,376	9.2	31

New Leases completed in FY22
BY TYPE

	Floor Area (sqm)	Average Lease Term (years)	No. of Leases
New lease	67,044	9.8	23
Right of renewal	5,796	5.8	5
Extension	1,536	1.8	3
TOTAL	74,376	9.2	31

Sustainability

Argosy's Sustainability Framework

Argosy owns a diversified portfolio of Industrial, Office and Large Format Retail investment property. We recognise that sustainability is essential to the continuing success of our business and is of growing importance to our stakeholders. Our stakeholders include investors, lenders, tenants, suppliers and industry groups. The impact of Argosy's business on the natural environment and the communities it affects is an increasingly important consideration for investors and other stakeholders. Argosy recognises that a critical part of its responsibility to all stakeholders is to reduce its impact on the environment.

Overarching purpose

To reduce our impact on the environment, create vibrant spaces for tenants, engage more with stakeholders and provide transparent and effective governance.

Four Pillars of Argosy's Sustainability Framework

1. **Reduction** => Managing and reducing the impact of Argosy's operations on the environment, primarily carbon emissions.
2. **Creation** => Creating well designed, vibrant and sustainable spaces for tenants and their staff to work, prosper and flourish.
3. **Engagement** => Delivering positive outcomes in communities we operate in, through greater stakeholder engagement and influence.
4. **Sustainability** => Improving the sustainability and resilience of our business by focusing on a wider range of outcomes over and above financial returns.

> "We're very happy to deliver a green product where we've had really good collaboration with the tenant."

SAATYESH BHANA
HEAD OF SUSTAINABILITY, ARGOSY PROPERTY LIMITED

Sustainability Targets

To help measure its progress Argosy has established sustainability targets in relation to environmental, social and governance factors:

ENVIRONMENTAL: How does Argosy perform as a steward of the environment?

ESG Factors	Targets
NABERSNZ Ratings	All office by 2023.
Waste Management	Target >75% landfill diversion on all major projects.
Environmental Policy	Sustainability reporting from 2022.
Argosy's Green Culture	Transitioning to 100% EV fleet.
Argosy's Carbon Emissions	Collect and report on Scopes 1, 2 and 3. Reduce emissions by 30% by 2031.

SOCIAL: How does Argosy manage relationships with all stakeholders?

ESG Factors	Targets
Employee Relations	Increased financial commitment to training and development.
Employee Diversity	Continue to monitor and disclose.
Tenant Relations	Target >85% satisfaction levels by 2024.
Health & Safety	Zero Harm.
Community Engagement	Significant increase in financial community engagement commitments. Focus on "changing lives, saving lives".

GOVERNANCE: Effective leadership and transparent communication coupled with sound ethics and robust decision making.

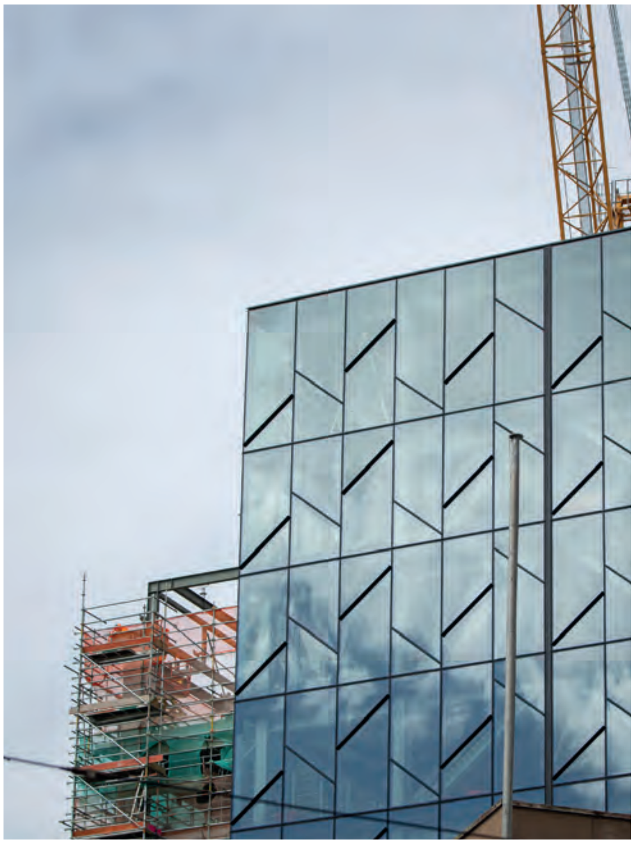
ESG Factor	Targets
Argosy is committed to the highest standards of business behaviour and accountability.	Target zero policy breaches. Maintain best practice from a business, ethical and cultural standpoint.

Sustainability Policy

Argosy's sustainability policy sets out commitments which it meets through:

- including a sustainability focus in our governance structure and policies;
- maintaining a Sustainability Framework with measurable objectives;
- assessing performance against the objectives; and
- reporting on the sustainability of the business.

A copy of Argosy's sustainability policy can be found on its website www.argosy.co.nz.



8-14 Willis Street, Wellington.

Materiality Assessment

For the year to 31 March 2022 Argosy implemented sustainability reporting on material topics in accordance with GRI reporting principles (core option). To identify material topics, Argosy engaged EY to carry out a materiality assessment under GRI guidelines. EY reviewed Argosy's peers, media commentary, industry perspectives, as well as Argosy's internal documentation.

Stakeholders were identified by Argosy's Management team and include investors, lenders, tenants, suppliers and industry groups. The material topics and their priority were determined based on interviews with stakeholders and a workshop with members of Argosy's Management team.

The materiality assessment carried out by EY identified seven material ESG topics as shown in the matrix below.

The material topics are defined and broken down into sub-topics in the table below:

Pillar	Topic	Sub-topic	Definition
Environment	Green Buildings	• Embodied carbon • Resource efficiency – Energy – Water – Waste	Sustainable and efficient use of resources in the build process. Minimising the negative impact of our buildings and embracing new opportunities to positively impact the environment.
	Climate change	• Decarbonisation • Climate adaptation	Actively transitioning to a net zero carbon economy and adapting to the physical impacts of climate change to maintain a resilient portfolio.
Social	Tenant experience, engagement and wellbeing	• Tenant experience • Support tenants sustainability practices • Tenant health, safety & wellbeing	Creating flexible, healthy, high quality and sustainable spaces for our tenants. Actively engaging with our tenants to understand and meet their changing needs.
	Engaged, healthy, diverse and capable workforce	• Employee health, safety & wellbeing • Employee engagement and growth • Diversity and inclusion	Cultivating a strong, healthy workplace culture that attracts, engages and develops high performing teams that embrace diversity of thought.
	Community engagement	• Community impact • Community partnerships	Engaging and supporting our local communities in which we operate.
Governance	ESG governance	• ESG governance • Communication and transparency • Investor engagement • Compliance and regulation	Building strong, responsible ESG leadership and governance frameworks to enable delivery on sustainability ambitions. Disclosing ESG progress and initiatives to stakeholders.
	ESG leadership	• Provide leadership in the sustainability space within the property industry • Support our suppliers and contractors to implement sustainable practices	Encouraging sustainable change throughout our value chain and industry.

Argosy's GRI index is set out on page 96.

Our Environment

Reducing Carbon Emissions, Energy and Waste

Argosy's approach

The impact of Argosy's business on the natural environment is an increasingly important consideration for investors, tenants and other stakeholders.

Argosy recognises that an important part of its responsibility to stakeholders and central to ensuring a sustainable business, is to focus on reducing carbon emissions, energy usage and waste over the medium to long term.

Key building performance measures include carbon emissions, energy used and waste produced. Argosy is focused on reducing the impact these have on the natural environment and utilises third party verification wherever possible to validate building performance. Third party verification includes New Zealand Green Building Council Green Star Built Ratings (around overall building quality, environmental benefits, recycling and waste diversion) and NABERSNZ ratings (energy). In 2021, Argosy engaged Toitū Envirocare to help it identify, measure, monitor and report on its carbon emissions with a view to reducing these over time. In the short term, Argosy will offset its carbon emissions with carbon credits.

Green Buildings

The company strives to improve the environmental performance of its properties and the portfolio of which approximately 26.1% are green buildings by value. The World Green Building Council set the framework for sustainability tools and the New Zealand Green Building Council (NZGBC) customised the tools to reflect the New Zealand environment. A Green Star "Built" rating is a tool that verifies what is built rather than what is designed. We believe that tool is more appropriate as it reflects the finished product.

In accordance with Argosy's Green Bond Framework, green assets are those existing and/or planned Office, Industrial and Large Format Retail buildings, including upgrades that are either targeting or have been certified as obtaining either a minimum 4 Star NZGBC Green Star Built rating or a minimum 4-Star NABERSNZ Energy Base Building Rating or Energy Whole Building Rating.

With a focus on ensuring the long term sustainability of its business, coupled with a corporate goal of greening 50% of the portfolio by 2031, Argosy will continue to transform the portfolio into one which is better for the environment but also delivers better outcomes for tenants and their staff, over and above financial returns to shareholders.

NABERSNZ

NABERSNZ is a rating tool based on the National Australian Built Environment Rating System and this is licensed to EECA and administrated by NZGBC. This is an energy efficiency rating that standardises buildings to allow comparisons to be made. The ability to understand how much energy is being used provides the benchmark against which energy reductions can be measured.

Toitū Certification

- Argosy has again engaged Toitū Envirocare to calculate its carbon footprint and provide emissions management guidance by implementation of an environmental management and reduction plan for scopes 1, 2, and 3 emissions.
- Certification ensures that Argosy is meeting international best practice in terms of measuring, reporting and monitoring its carbon emissions.
- Central to this process is the emissions management and reduction plan to reduce and offset emissions in the business. Argosy is focused on reducing its emissions by 30% by 2031 and any emissions reported annually will be offset by purchasing carbon credits.
- Total emissions for 2021 were 353.4 tonnes CO_2-e which have been offset using New Zealand and International carbon credits.
- Reported emissions include a 63-tonne increase in refrigerant Scope 1 from maintenance top ups, and an 85-tonne reduction in Scope 2, by using a carbon zero electricity supplier.
- Toitū has certified Argosy as Net Carbonzero 2021.

Performance

- Quarterly meetings covering monitoring, reporting and performance

Argosy's emissions in 2021	tCO_2e
Scope 1	
Other fuels	45.9
Passenger vehicles - default age	0.1
Refrigerants	94.4
Stationary Energy	7.2
Transport Fuels	19.5
Scope 2	
Electricity	139.2
Scope 3	
Electricity	16.2
Passenger vehicles - default age	1.7
Retired indicators	0.8
Transport - other	28.3
Waste	0.1
Total	**353.4**

Green Buildings

- Minimum 4 Green Star Built Rating on new builds and major refurbishments
- Currently average a 5 Green Star Rating Built across five rated buildings (5 Green Star = New Zealand Excellence)

NABERSNZ

- Argosy is targeting NABERSNZ ratings on all of its office buildings by 2023 so that energy performance can be tracked and improved on.
- In order to achieve this, Argosy is currently installing energy sub-metering to allow for efficient data collection, monitoring, measuring and reporting.
- Currently average 5 Stars across five rated buildings (5 Stars = Market Leading Performance)

Toitū

- Reduce environmental impact by achieving 30% less carbon emissions by 2031.
- Move towards carbon net zero by implementing an emissions reduction plan combined with the purchase of carbon credits.

Our Green Culture

Overarching purpose

Argosy recognises that its activities can have an impact on the natural environment and is committed to managing and reducing the consequences of these activities wherever possible.

Argosy's approach

Argosy have established a Green Committee which meets quarterly to discuss ways to reduce the environmental impact of its office operations by changing day-to-day practices.

Performance

The Green Committee targets changes which can positively impact its carbon footprint including:

- Supporting the move towards our vehicle fleet becoming electric;
- Introducing technology-based replacements for printed documents within the office;
- Moving towards reduction in air travel for business, by encouraging video meetings and increased awareness of the emissions impact of flying;
- Waste reduction by separation of recycling, measurement and reduction of construction waste and diversion from landfill wherever possible;
- Submitting a Tenancy NABERSNZ rating targeting 4 Stars; and
- For waste contracts which Argosy manage, upon renewal the new contracts will report on landfill and recycling separation.

Objective	Actions	Completion date
Fleet vehicles	Upgrade fossil fuel powered fleet vehicles to electric as leases come up for renewal	Ongoing
Energy metering	Install energy metering on all common area buildings, in order to measure and manage aggregated usage	Dec-22
Waste management	Introduce measured and reportable waste management to all common area buildings in the portfolio	Dec-22
Performance tool	Introduce NZGBC Green Star performance tool to Argosy's own corporate office tenancy	Dec-22
Flights	Reduce domestic air travel by introducing rules for flight bookings and thresholds for video conferencing	Ongoing
Refrigerant	Phase out R22 units on all buildings and replace with lower GHG refrigerants	Ongoing

23 Customs Street, Auckland.

Our People & Community

Changing Lives, Saving Lives

Engaging, investing and contributing to the communities we live in.

Argosy's approach

- A resilient business is one which maintains strong and valued relationships and remains committed to actively engaging with all its stakeholders.
- As one of New Zealand's largest commercial landlords, Argosy is in a unique position to make a real difference.
- Argosy has reset its long term social aspirations to making a much bigger and more positive impact in the communities it operates in.

Performance

Through 2022 Argosy delivered on its financial commitment to its community partners. This includes five surf life saving clubs across New Zealand, Pillars, The Spirit of Adventure Trust and Variety – the childrens charity. As part of Argosy's new 10-year vision of *Building a better future*, Argosy is planning on materially lifting its social investment with its focus based around the philosophy of 'changing lives, saving lives'. To this end, we continue to formalise our framework and with support from EY, we expect to update stakeholders on our social investment programme at our interim result in November 2022.

Argosy continues to maintain a broad range of commercial and non-commercial partnerships. Annual memberships include: The New Zealand Shareholders Association, MSCI Real Estate, The New Zealand Green Building Council, The Property Council of New Zealand, and Toitū Net Carbonzero.

Surf Life Saving

Argosy continues to support its five surf life saving partners across New Zealand. These include: Red Beach Surf Life Saving Club (SLSC), Hot Water Beach SLSC (Coromandel), Taylors Mistake SLSC (Christchurch), Lyall Bay SLSC (Wellington) and St Clair SLSC (Dunedin).

These five clubs and their members are part of a family of 74 Surf Life Saving Clubs across New Zealand, and over 4,600 volunteer surf lifeguards who patrol at over 80 locations every summer. Lifeguards volunteered 241,000 hours to patrol beaches, saving lives and keeping people safe over the last season. We continue to be amazed at the commitment to keeping communities safe every year, which is why Argosy's partnerships with local clubs is incredibly important and it will continue to support them at every opportunity.

> "Supporting New Zealand's surf lifesaving community continues to be one of Argosy's most successful social investments."

Stephen Freundlich, Head of Corporate Communications
ARGOSY PROPERTY LIMITED

4,621

Volunteer lifeguards patrolling beaches

Variety – The Childrens Charity

Variety aspires to ensure all children have the opportunity to reach their full potential and give disadvantaged kids the childhood they deserve. Through the 2021 winter Argosy worked closely with Variety to again support their 'kids in beds' winter appeal. Argosy considers Variety an amazing organisation. The impact from Covid-19 over the last two years has made their support of those families and children most in need even more important. Now in its third partnership year, Argosy again supported the winter appeal with $7,500 towards blankets, bedding packs and beds. Argosy staff continue to dip into their own pockets and topped up the company sponsorship by $2,050, making a total sponsorship package of $9,550. This allowed Variety to provide 28 beds and bedding packs for children over winter.

> "My daughter was sleeping on the floor without warm enough clothes or bedding. Now she has a lovely bed and bedding which has improved her health and wellbeing."

Mary
VARIETY SPONSORED FAMILY

Pillars

Pillars has been a community partner since 2019. Established 30 years ago, Pillars is a charity dedicated to supporting children of prisoners. In 2022, it was pleasing to hear that the Argosy support of $7,500 was shared among 50 families in South Auckland and Hamilton, through a combination of emergency food support, personal protective equipment (PPE) supplies, basic medicines, school supplies and then later for Christmas presents. Throughout lockdown, Pillars had many families needing food support - but many food banks were inundated and could not always provide for everyone.

> "Argosy's donation was relied upon to put food onto the tables of families who were going hungry. We also used it to fund the purchase of supplies including masks, sanitiser and gloves."

Corrina Thompson
SENIOR MENTORING COORDINATOR

Argosy's staff are always impressed at the work that this organisation does to help their communities.

Next Generation Sport

In January 2022, Argosy supported The World School Sevens which was hosted at Pakuranga Rugby Club. Eighteen sides competed over two days which included boys and girls teams. The event was broadcast live on Sky Sport and was also live-streamed internationally through Rugby Pass. This year was a record crowd, with over 6,000 people attending across the two days. Other key statistics from the event were:

- 324 participants
- 47 games
- 7 nations
- 5 international and 2 domestic broadcasters

> "The tournament was a resounding success given the Covid-19 affected year we had experienced. We thank Argosy for their support and hope to have you on board again next year! "

Phil Gaze
NEXT GENERATION SPORT

Staff volunteer days

Argosy continues to encourage its staff to undertake community volunteer work and give their time to organisations of their choice. Volunteer work is an important way to engage with our communities and support the delivery of outcomes over and above financial returns. Sadly, Covid-19 affected Argosy's staff volunteer work in the community during the year. A handful of staff did manage to get involved in their communities however, including helping out at the New Zealand Food Network (NZFN). NZFN acts as a National Food Rescue Facilitator that collects quality surplus and donated bulk food from producers, growers and wholesalers around the country. NZFN then delivers this food to community organisations including iwi and charities across New Zealand, so that they may feed the communities they serve.

Organisations which normally benefit from the great volunteer work of staff include Pillars, The ManKind Project and Auckland City Mission. Argosy staff will be aiming to resume their commitment and support in the FY23 year.

Employee Wellbeing - Better People

Support the health & wellbeing of its people

Argosy's approach

Broadly, health & wellbeing relates to all aspects of working life, from the quality and safety of the physical working environment, to how staff feel about their job, their actual work space (including resources and set up), their environment and corporate culture.

The better the employee wellbeing, the better an organisations ability to achieve results and deliver on corporate goals and strategy. We continued to see evidence of this through the course of FY22.

Argosy remains committed to providing a healthy and safe workplace for all its employees and has its workplace Health and Safety Committee (HSC) in place. The HSC drives initiatives such as the provision of subsidised gym memberships (physical health) and access to independent employee assistance programs (mental health).

In addition, permanent employees are provided with health, life and disability insurance cover as part of their employment.

The FY22 year saw additional lockdowns and red-light settings impacting on staff. During this time the HSC continued to ensure all staff had access to everything they needed to be as effective and efficient at home as they are at work. As we head into FY23, Argosy retains flexible working arrangements for staff as required.

Performance

- Engage with employees via the HSC and annual staff surveys;
- Professional development plans for staff;
- Support for professional courses; and
- Monitor and report on effectiveness of flexible working arrangements for all staff.

Developing Our Talent

Argosy continues to invest resources into upskilling its people to ensure it has the necessary skills and experience to perform expertly and professionally. As the business changes and adapts to an ever changing competitive environment, so to must the resources to meet those changes. Each employee has a personal development plan as part of their Employee Performance Plan (EPP). The EPP is developed with the employee's line manager and reviewed as part of the annual review process.

Despite the challenges brought on by Covid-19 in FY22, Argosy staff continued to upskill across a range of areas including Refresher St John First Aid and sustainability courses. One employee continues to progress with their Masters of Business Administration (MBA) through the University of Otago and delivered some staff training from their course learnings. Argosy has also supported staff through professional accounting examinations.

With significant growth aspirations, Argosy also bolstered its development team with additional resources in recognition of the opportunities that lie ahead.

Diversity

Argosy's approach

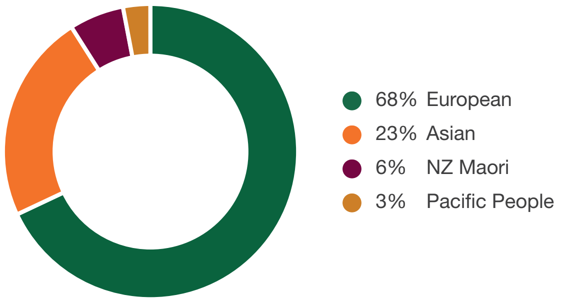
Argosy is committed to creating and maintaining a diverse, inclusive and supportive workplace for all its staff. A key focus for the company continues to be around the diversity of its people and this is underpinned by its Diversity Policy (available on its website) which sets out its position and includes measurable objectives to achieve its goals. Key principles within the Diversity Policy include: treating people with respect, valuing the contribution of others and maintaining a zero tolerance policy for discrimination. Argosy continues to retain talented people to support the delivery of our strategy and recruit new ones as required.

Argosy does have staff who do identify as being part of the LGBT community.

Performance

We disclose gender, ethnic and age diversity across the business.

Ethnic Diversity



82%

of respondents believe Argosy meets their needs extremely well/very well, slightly up from FY21

90%

of respondents believe we are very professional in our dealings, consistent with FY21

Tenant Relations

Argosy continues to proactively manage its tenant relationships. It aims to create modern, high quality and safe environments in which our tenants and their staff can work, prosper and flourish. Our tenants success is our success.

Argosy's approach

Argosy aims to manage tenant relationships to benefit both parties. It is committed to ensuring properties are professionally managed, the building environments are safe and provide comfortable occupation. Strong and valued partnerships are founded on integrity and doing the right thing. FY22 provided a second consecutive year where Argosy needed to demonstrate integrity and empathy with tenants most in need. As demonstrated by the most recent tenant survey, its pleasing to see that Argosy achieved very good results through challenging times.

Performance

Argosy completes annual tenant surveys and looks to target minimum satisfaction levels across various measures including but not limited to; professionalism in its dealings, property management services rating, how well Argosy meets their needs and whether tenants would recommend Argosy as a property partner.

"96% of respondents would continue to recommend Argosy as a property partner – up from 92% in FY21."

99-107 Khyber Pass Road, Auckland

Health & Safety

Zero Harm

Argosy's approach

Argosy's Health and Safety Policy sets out its commitment to an aspirational vision of zero harm. Argosy acknowledges responsibilities in relation to the health and safety of our own employees, to other workers employed by contractors involved in maintenance and construction work at our buildings, tenants who occupy our buildings and the public who visit our buildings.

Argosy's health and safety commitments include accurate recording and reporting of workplace incidents, supporting innovation and fresh ideas to improve health and safety systems, encouraging worker participation in health and safety and enabling the safe and early return to work of injured employees.

Implementation of Argosy's Health and Safety Framework is overseen by a Management Health and Safety Committee comprising a cross-section of employees and the Board's ESG Committee. The Management Health and Safety Committee provides regular reporting to the Board on health and safety incidents and risks.

Led by our Head of Health & Safety, Argosy's staff regularly participate in industry workshops such as SiteSafe and Contractor Induction Groups.

Before work can commence at any Argosy site, contractors are required to undergo pre-qualification and induction to Argosy's contractor management system. This system helps to monitor the work at our sites and ensure that all work is carried out to the highest standards and in accordance with best health and safety practices. It also provides real time notifications of risks and emergency procedures to contractors visiting our buildings through smart phone technology.

Argosy's Head of Health and Safety also meets with contractors at the start of significant projects and carries out safety audits to help ensure that works are carried out in accordance with the best health and safety practices. Health and safety procedures at work sites are discussed with contractors and unsatisfactory audit results are followed up.

Argosy's health and safety procedures are periodically reviewed by external health and safety experts. An assessment of Argosy's Health and Safety Framework and the operating effectiveness of controls was carried out in 2021. This assessment focused on key controls for Argosy's top three critical health and safety risks, which were found to be operating effectively. Argosy's top three critical health and safety risks have been identified as;

- management of sub-contractors;
- approval of contractors; and
- high-risk work (involving working at heights, fire system isolation, hot works, confined spaces, asbestos removal or EPS panels).

Covid-19

With the concerns around Covid-19 Argosy has added a new section into its safety audit that specifically looks at personal safety on site in line with Ministry of Business, Innovation and Employment guidelines.

Before a contractor can move up alert levels, they are required to supply a Return to Work policy which is vetted and approved. This ensures that a contractor is meeting all obligations from the authority, Argosy and the tenant.

Argosy schedules regular supervisor/site manager meetings with its major contractors where it takes the opportunity to discuss with those who manage people, its expectations regarding health and safety on site. Argosy has found this is reducing the incidence of tenant complaints during work because of a greater alignment of expectations.

Performance

7 Health and Safety Strategic Goals

Argosy is committed to excellence in health and safety performance and creating a positive health and safety culture by managing risks, providing adequate training and resources and ensuring that contractors and individual workers are accountable for their attitudes and behaviour in relation to health and safety. Argosy has seven health and safety strategic goals which are reflected in its health and safety policy and underpin our approach to managing health and safety:

1. Proactively identify risks and implement actions to eliminate, isolate or minimise the risk of harm.
2. Consult and actively engage with employees, tenants and contractors to ensure they have the training, skills, knowledge and resources to maintain a healthy and safe workplace.
3. Maintain and continually improve our health and safety systems.
4. Actively encourage our contractors and tenants to demonstrate the same commitment to achieving excellence in health and safety performance as Argosy does.
5. Support the health and wellbeing of Argosy staff and encourage the safe and early return to work of injured or ill employees.
6. Comply with all relevant legislation and regulations including the Health and Safety at Work Act 2015.
7. Ensure that all incidents are reported and that root causes are investigated where there is a serious health and safety risk.

Progress

The health and safety initiatives that were operating during the year include:

- New pre-qualification format for sub-contractors with the view to increase the skill levels on site;
- Pre-start project meetings continue to include high risk work based on a risk matrix;
- Regularly monitoring risk mitigation controls;
- New processes in place to deal with contractor health and safety rule breaches;
- Providing ongoing training and appropriate equipment to staff;
- Audit of every contractor at least once a year or as appropriate depending on a contractors incident history;
- Conducting monthly contractors meetings to discuss key health and safety issues. Argosy continues to hold meetings with tenants to ensure a co-operative approach is taken regarding health and safety.

There were no reported injuries or incidents involving Argosy staff during the year to 31 March 2022. Argosy monitors incidents and injuries of workers employed by its contractors but does not report on them.

Our Leadership & Governance

Ethics & Values

Argosy's approach

Our 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. We place great importance on honesty, integrity, quality and trust.

Our values

- **Ethics** – Inspiring trust in our actions by doing the right thing.
- **Culture** – Creating a fun environment that encourages inclusiveness and teamwork.
- **Respect** – Treating all stakeholders with courtesy and understanding.
- **Accountability** – Taking ownership and responsibility.
- **Communication** – Promoting effective communication to all stakeholders.

Governance

Argosy will maintain the highest standards of corporate behaviour and accountability.

Argosy's approach

The Company is committed to fostering open and transparent communications with investors, ensuring it delivers to the highest standards and complies with the NZX listing rules.

Argosy is proactive in meeting all its continuous disclosure obligations to ensure that all investors are fully informed of all material information necessary to assess the Company's performance.

Argosy upholds the highest ethical standards, acting in good faith and in the best interests of shareholders at all times. The ethical and behavioural standards we expect of Directors, officers and employees are set out in our Code of Conduct and Ethics. Argosy's website contains key governance policies which support the delivery of the highest standards of corporate behaviour. Policies include but are not limited to;

- Code of conduct and ethics;
- Conflicts of interests;
- Reporting against the NZX code;
- Diversity;
- Sustainability;
- Insider trading; and
- Shareholder communications.

Payment date

22 June

Q4 dividend payment of 1.6375cps

Annual Retail Roadshow starts

June

13 city Retail Roadshow commences

Performance

Argosy regularly reviews the performance, skills and structure of its Board and committees to ensure independent and effective governance.

Annual Meeting

Argosy's Annual Shareholders Meeting (ASM) will be held as a hybrid meeting on 21 June at 2pm at the Royal New Zealand Yacht Squadron in Auckland. The hybrid functionality of the ASM allows shareholders to attend virtually and participate in all elements of the meeting including questions and answers and completing all voting.

Mike Pohio and Chris Gudgeon will retire in accordance with the Company's constitution and the NZX Listing Rules and will be eligible for re-election. All shareholders are encouraged to attend the meeting where you will have the opportunity to listen to and meet the Board of Directors in person.

Retail Roadshow

The 2022 Retail Roadshow will commence from 22 June in Hamilton and conclude Friday 8 July in Whangarei.

Senior Management will present in 13 locations across the country. Led by CEO Peter Mence and CFO Dave Fraser, they will present the financial results to 31 March 2022 and provide an update on Argosy's vision of *Building a Better Future* and an update on strategy and portfolio activities. As always, Argosy aims to have some of its Directors in attendance on the roadshow, making themselves available to mingle with shareholders and answer questions.

Argosy encourages shareholders to take the opportunity to attend and catch up with members of the Management team and Board. Further information about the roadshow will be provided in due course.

Key Dates

(indicative only and subject to change)

21 June 2022

Annual Shareholders Meeting

22 June 2022

Final quarter FY22 dividend payment

June 2022

Annual Retail Roadshow commences. Concludes Friday 8 July.

September 2022

FY23 1st Quarter Dividend Payment

November 2022

FY23 Interim results release

December 2022

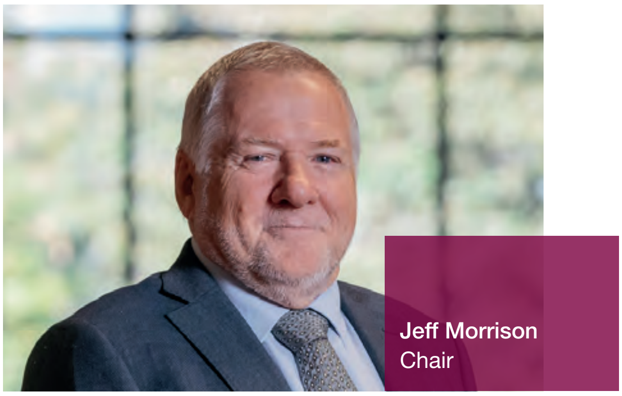
FY23 2nd Quarter Dividend Payment

Board of Directors

Jeff Morrison
Chair

Director since July 2013

Mr Morrison has 40 years of experience as a property lawyer, 29 of them as a commercial property partner at Russell McVeagh, and now practises on his own account. Mr Morrison is a trustee of the Spirit of Adventure and other charitable trusts and holds a number of private company directorships. Mr Morrison is a qualified lawyer with a Bachelor of Laws degree from The University of Auckland. He is also a member of the Institute of Directors in New Zealand.



Chris Gudgeon
Director

Director since November 2018

Mr Gudgeon has been involved in property investment, development and construction in New Zealand for more than 25 years. He was previously Chief Executive of Kiwi Property Group and Capital Properties NZ Ltd. He is currently a director of Crown Infrastructure Partners and Ngāti Whātua Ōrākei Whai Rawa Limited. Mr Gudgeon holds an MBA from the Wharton School, University of Pennsylvania and a Bachelor of Engineering degree from The University of Canterbury. He is a Fellow of the Royal Institute of Chartered Surveyors and is a past President of Property Council New Zealand.

Stuart McLauchlan
Director

Director since August 2018

Mr McLauchlan is a Senior Partner of GS McLauchlan & Co Business Advisors and Accountants, a prominent businessman and company director. He is a Director of Scenic Hotels Group Limited, Dunedin Casinos Limited, EBOS Group Limited and several other companies. Mr McLauchlan is also Chairman of the NZ Sports Hall of Fame, AD Instruments Pty Limited and Scott Technology Limited. He is also a past President of the New Zealand Institute of Directors. Mr McLauchlan is a qualified accountant with a Bachelor of Commerce degree from the University of Otago, an FCA from Chartered Accountants Australia and New Zealand and is a Chartered Fellow of the New Zealand Institute of Directors.

Mike Pohio
Director

Director since February 2019

Mr Pohio has 25 years of senior executive and governance experience across a range of industries including property, investment, port/logistics and dairy. He is the Chairman of Ngāi Tahu Holdings Corporation (NTHC), Mana Ahuriri Holdings Limited Partnership and Rotoiti 15 Investments LP. He is also a director on the Board of Te Atiawa Iwi Holdings. Mr Pohio holds an MBA from IMD, Lausanne, an FCA from Chartered Accountants Australia and New Zealand and is a Chartered Member of the New Zealand Institute of Directors.

Martin Stearne
Director

Director since March 2020

Mr Stearne has over 20 years commercial and capital markets experience, primarily gained during his time at Jarden and its predecessors from 1995 until 2015. He 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. Mr Stearne holds a B.Sc (Hons) in maths and a B.Com in finance from the University of Otago. He is also a member of the New Zealand Institute of Directors.

Rachel Winder
Director

Director since August 2019

Mrs Winder has been involved in the property sector for over 20 years across a variety of senior roles including strategy, portfolio management, financial management, development, and leadership. Her experience spans small, medium and large enterprise across construction, telecommunications and financial services. Mrs Winder has a particular interest in how property strategy can be an enabler for business performance. Currently consulting across a range of entities including the government sector, Rachel holds an MBA from the University of Otago and a Bachelor of Property from Auckland University. She is also a member of Property Council New Zealand and the New Zealand Institute of Directors.

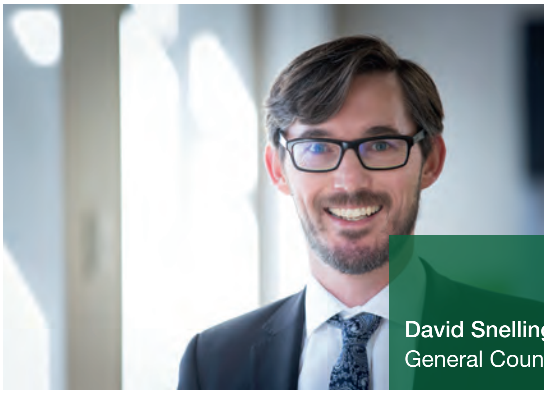
Management Team

To read bios of our people please visit our website: argosy.co.nz/about-us/our-people

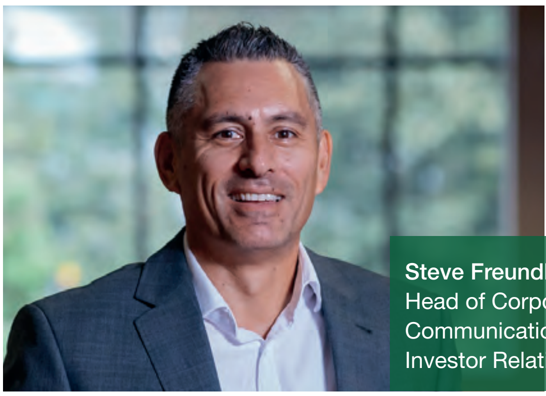
Peter Mence
Chief Executive Officer

Dave Fraser
Chief Financial Officer

Anna Hamill
Financial Controller



David Snelling
General Counsel



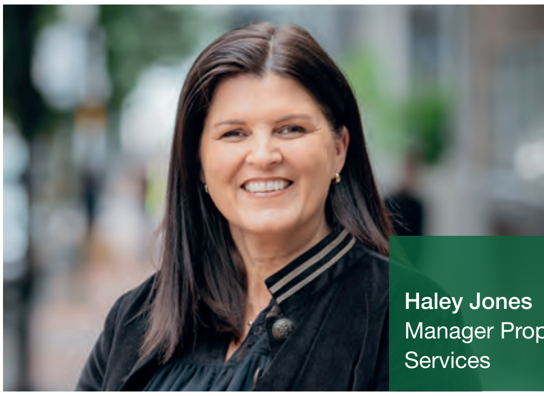
Steve Freundlich
Head of Corporate Communications & Investor Relations

Saatyesh Bhana
Head of Sustainability


Marilyn Storey
Head of Development


Warren Cate
Asset Manager

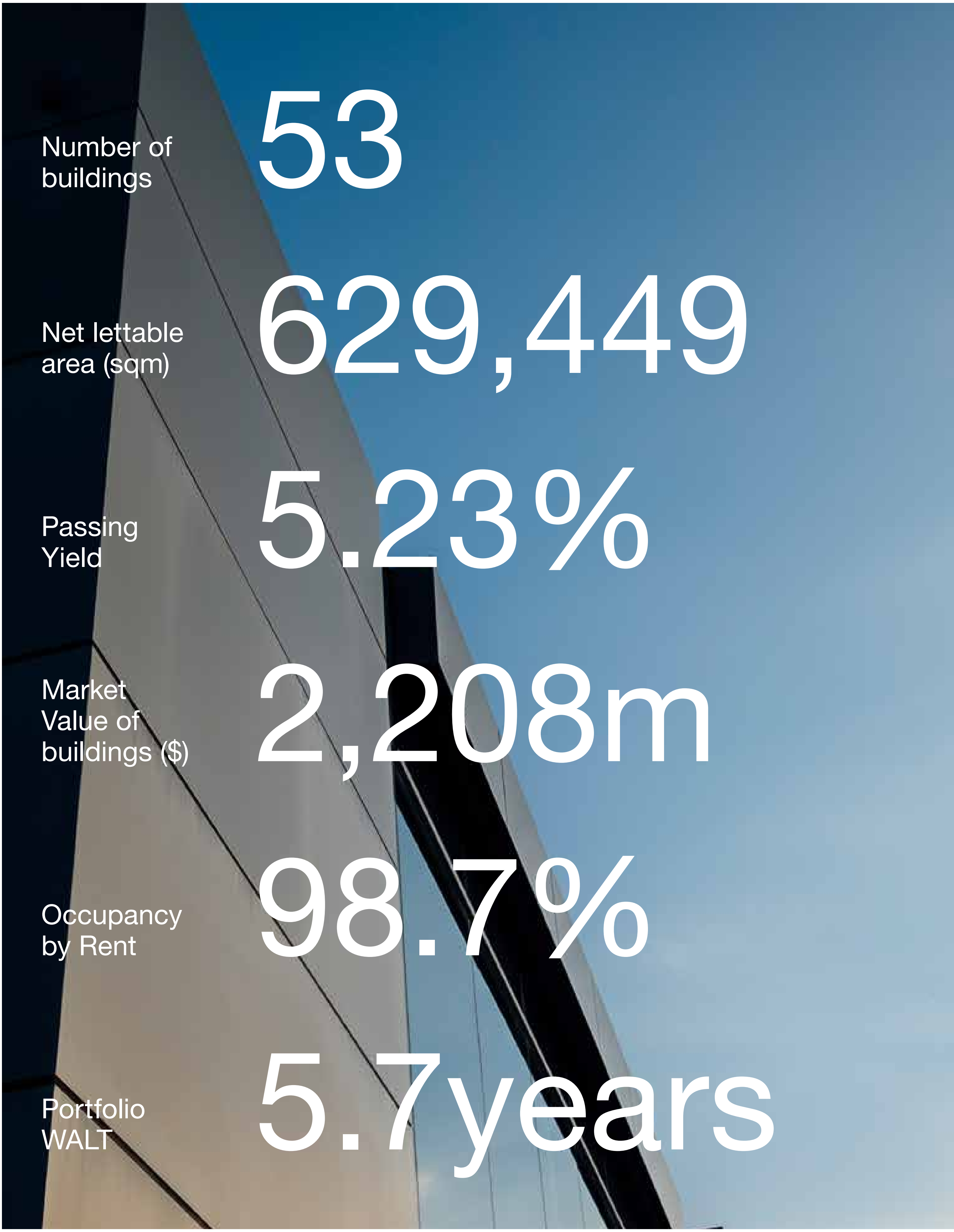

Micky Sutinovski
Asset Manager


Haley Jones
Manager Property Services


Shamus O'Halloran
Asset Manager


Rob Smith
Asset Manager


Wade Allen
Leasing Manager



9 Ride Way, Auckland.

Industrial

AUCKLAND

19 Nesdale Avenue, Wiri

VALUATION	$ 83,000
WALT	12.6
NET LETTABLE AREA (SQM)	20,677
VACANT SPACE (SQM)	–
PASSING YIELD	3.92%

240 Puhinui Road, Manukau

VALUATION	$ 53,100
WALT	12.6
NET LETTABLE AREA (SQM)	17,715
VACANT SPACE (SQM)	–
PASSING YIELD	3.77%

244 Puhinui Road, Manukau

VALUATION	$ 18,400
WALT	12.6
NET LETTABLE AREA (SQM)	5,504
VACANT SPACE (SQM)	–
PASSING YIELD	3.63%

Highgate Parkway, Silverdale

VALUATION	$ 41,200
WALT	5.9
NET LETTABLE AREA (SQM)	10,581
VACANT SPACE (SQM)	–
PASSING YIELD	4.34%

32 Bell Avenue, Mt Wellington

VALUATION	$ 16,250
WALT	1.1
NET LETTABLE AREA (SQM)	8,139
VACANT SPACE (SQM)	–
PASSING YIELD	5.23%

12-16 Bell Avenue, Mt Wellington

VALUATION	$ 38,900
WALT	10.8
NET LETTABLE AREA (SQM)	14,809
VACANT SPACE (SQM)	–
PASSING YIELD	4.46%

18-20 Bell Avenue, Mt Wellington

VALUATION	$ 22,000
WALT	10.8
NET LETTABLE AREA (SQM)	8,941
VACANT SPACE (SQM)	–
PASSING YIELD	4.73%

2 Allens Road, East Tamaki

VALUATION	$ 8,380
WALT	2.5
NET LETTABLE AREA (SQM)	2,920
VACANT SPACE (SQM)	–
PASSING YIELD	4.05%

12 Allens Road, East Tamaki

VALUATION	$ 7,280
WALT	2.5
NET LETTABLE AREA (SQM)	2,325
VACANT SPACE (SQM)	–
PASSING YIELD	4.60%

106 Springs Road, East Tamaki

VALUATION	$ 10,990
WALT	2.5
NET LETTABLE AREA (SQM)	3,846
VACANT SPACE (SQM)	–
PASSING YIELD	3.98%

5 Allens Road, East Tamaki

VALUATION	$ 6,425
WALT	6.3
NET LETTABLE AREA (SQM)	2,663
VACANT SPACE (SQM)	–
PASSING YIELD	5.29%

1 Rothwell Avenue, Albany

VALUATION	$ 41,600
WALT	8.3
NET LETTABLE AREA (SQM)	12,683
VACANT SPACE (SQM)	–
PASSING YIELD	4.19%

4 Henderson Place, Onehunga

VALUATION	$ 37,500
WALT	9.3
NET LETTABLE AREA (SQM)	10,841
VACANT SPACE (SQM)	–
PASSING YIELD	4.46%

211 Albany Highway, Albany

VALUATION	$ 38,950
WALT	0.8
NET LETTABLE AREA (SQM)	14,589
VACANT SPACE (SQM)	–
PASSING YIELD	4.09%

9 Ride Way, Albany

VALUATION	$ 36,350
WALT	10.5
NET LETTABLE AREA (SQM)	9,178
VACANT SPACE (SQM)	–
PASSING YIELD	4.26%

90-104 Springs Road, East Tamaki

VALUATION	$ 9,675
WALT	4.9
NET LETTABLE AREA (SQM)	3,885
VACANT SPACE (SQM)	–
PASSING YIELD	4.07%

8 Forge Way, Panmure

VALUATION	$ 41,900
WALT	8.7
NET LETTABLE AREA (SQM)	4,231
VACANT SPACE (SQM)	–
PASSING YIELD	3.85%

10 Transport Place, East Tamaki

VALUATION	$ 37,150
WALT	2.2
NET LETTABLE AREA (SQM)	10,641
VACANT SPACE (SQM)	–
PASSING YIELD	5.55%

1-3 Unity Drive, Albany

VALUATION	$ 18,850
WALT	9.2
NET LETTABLE AREA (SQM)	6,116
VACANT SPACE (SQM)	–
PASSING YIELD	4.37%

5 Unity Drive, Albany

VALUATION	$ 10,400
WALT	9.2
NET LETTABLE AREA (SQM)	3,196
VACANT SPACE (SQM)	–
PASSING YIELD	4.07%

Cnr William Pickering Drive & Rothwell Avenue, Albany

VALUATION	$ 23,900
WALT	2.1
NET LETTABLE AREA (SQM)	7,074
VACANT SPACE (SQM)	–
PASSING YIELD	4.00%

17 Mayo Road, Wiri

VALUATION	$ 38,400
WALT	4.8
NET LETTABLE AREA (SQM)	13,351
VACANT SPACE (SQM)	–
PASSING YIELD	4.40%

320 Ti Rakau Drive, East Tamaki

VALUATION	$ 90,600
WALT	5.9
NET LETTABLE AREA (SQM)	28,353
VACANT SPACE (SQM)	–
PASSING YIELD	4.79%

80-120 Favona Road, Mangere

VALUATION	$ 123,250
WALT	2.4
NET LETTABLE AREA (SQM)	59,386
VACANT SPACE (SQM)	–
PASSING YIELD	6.11%

224 Neilson Street, Onehunga

VALUATION	$ 36,900
WALT	0.4
NET LETTABLE AREA (SQM)	7,002
VACANT SPACE (SQM)	–
PASSING YIELD	3.74%

8-14 Mt Richmond Drive, Mt Wellington

VALUATION	$ 90,000
WALT	1.3
NET LETTABLE AREA (SQM)	88,980
VACANT SPACE (SQM)	–
PASSING YIELD	4.73%

15 Unity Drive, Albany

VALUATION	$ 8,875
WALT	2.1
NET LETTABLE AREA (SQM)	7,002
VACANT SPACE (SQM)	–
PASSING YIELD	2.91%

133 Roscommon Road, Wiri

VALUATION	$ 13,650
WALT	11.5
NET LETTABLE AREA (SQM)	15,862
VACANT SPACE (SQM)	–
PASSING YIELD	3.39%

WELLINGTON

54-56 Jamaica Drive, Wellington

VALUATION	$ 13,250
WALT	13.51
NET LETTABLE AREA (SQM)	1,825
VACANT SPACE (SQM)	–
PASSING YIELD	4.98%

147 Gracefield Road, Seaview

VALUATION	$ 22,500
WALT	6.01
NET LETTABLE AREA (SQM)	8,018
VACANT SPACE (SQM)	–
PASSING YIELD	4.71%

19 Barnes Street, Seaview

VALUATION	$ 19,000
WALT	9.42
NET LETTABLE AREA (SQM)	6,857
VACANT SPACE (SQM)	–
PASSING YIELD	5.73%

39 Randwick Road, Seaview

VALUATION	$ 23,500
WALT	2.42
NET LETTABLE AREA (SQM)	16,249
VACANT SPACE (SQM)	–
PASSING YIELD	7.46%

68 Jamaica Drive, Grenada North

VALUATION	$ 25,250
WALT	6.34
NET LETTABLE AREA (SQM)	9,609
VACANT SPACE (SQM)	–
PASSING YIELD	5.15%

OTHER

8 Foundry Drive, Woolston, Christchurch

VALUATION	$ 19,600
WALT	7.83
NET LETTABLE AREA (SQM)	7,668
VACANT SPACE (SQM)	–
PASSING YIELD	6.13%

Office

AUCKLAND

99-107 Khyber Pass Road, Grafton

VALUATION	$ 20,200
WALT	2.58
NET LETTABLE AREA (SQM)	2,509
VACANT SPACE (SQM)	–
PASSING YIELD	5.15%

8 Nugent Street, Grafton

VALUATION	$ 58,800
WALT	4.10
NET LETTABLE AREA (SQM)	8,125
VACANT SPACE (SQM)	–
PASSING YIELD	5.71%

39 Market Place, Viaduct Harbour

VALUATION	$ 21,500
WALT	3.31
NET LETTABLE AREA (SQM)	10,365
VACANT SPACE (SQM)	1,881
PASSING YIELD	14.17%

302 Great South Road, Greenlane

VALUATION	$ 12,250
WALT	3.22
NET LETTABLE AREA (SQM)	1,890
VACANT SPACE (SQM)	–
PASSING YIELD	5.53%

308 Great South Road, Greenlane

VALUATION	$ 10,500
WALT	4.01
NET LETTABLE AREA (SQM)	1,568
VACANT SPACE (SQM)	–
PASSING YIELD	5.50%

82 Wyndham Street

VALUATION	$ 53,500
WALT	3.84
NET LETTABLE AREA (SQM)	6,012
VACANT SPACE (SQM)	–
PASSING YIELD	5.24%

101 Carlton Gore Road, Newmarket

VALUATION	$ 29,500
WALT	1.59
NET LETTABLE AREA (SQM)	4,821
VACANT SPACE (SQM)	–
PASSING YIELD	6.49%

105 Carlton Gore Road, Newmarket

VALUATION	$ 27,000
WALT	–
NET LETTABLE AREA (SQM)	5,312
VACANT SPACE (SQM)	–
PASSING YIELD	n/a[1]

107 Carlton Gore Road, Newmarket

VALUATION	$ 48,000
WALT	9.93
NET LETTABLE AREA (SQM)	6,093
VACANT SPACE (SQM)	–
PASSING YIELD	5.53%

Citibank Centre, 23 Customs Street East

VALUATION	$ 83,000
WALT	3.06
NET LETTABLE AREA (SQM)	9,629
VACANT SPACE (SQM)	1,389
PASSING YIELD	5.00%

WELLINGTON

7-27 Waterloo Quay

VALUATION	$ 135,000
WALT	7.27
NET LETTABLE AREA (SQM)	23,107
VACANT SPACE (SQM)	–
PASSING YIELD	5.55%

15-21 Stout Street

VALUATION	$ 156,000
WALT	4.31
NET LETTABLE AREA (SQM)	20,709
VACANT SPACE (SQM)	–
PASSING YIELD	5.25%

143 Lambton Quay

VALUATION	$ 13,000
WALT	3.25
NET LETTABLE AREA (SQM)	6,216
VACANT SPACE (SQM)	–
PASSING YIELD	16.49%

147 Lambton Quay

VALUATION	$ 43,000
WALT	0.88
NET LETTABLE AREA (SQM)	8,539
VACANT SPACE (SQM)	134
PASSING YIELD	7.62%

8-14 Willis Street/360 Lambton Quay

VALUATION	$ 146,100
WALT	14.15
NET LETTABLE AREA (SQM)	13,636
VACANT SPACE (SQM)	–
PASSING YIELD	n/a[1]

1. Currently under development

Large Format Retail

AUCKLAND

Albany Mega Centre and 11 Coliseum Drive, Albany

VALUATION	$ 161,500
WALT	3.03
NET LETTABLE AREA (SQM)	33,792
VACANT SPACE (SQM)	509
PASSING YIELD	5.82%

50 & 54-62 Cavendish Drive, Manukau

VALUATION	$ 37,000
WALT	3.21
NET LETTABLE AREA (SQM)	9,939
VACANT SPACE (SQM)	–
PASSING YIELD	4.86%

252 Dairy Flat Highway, Albany

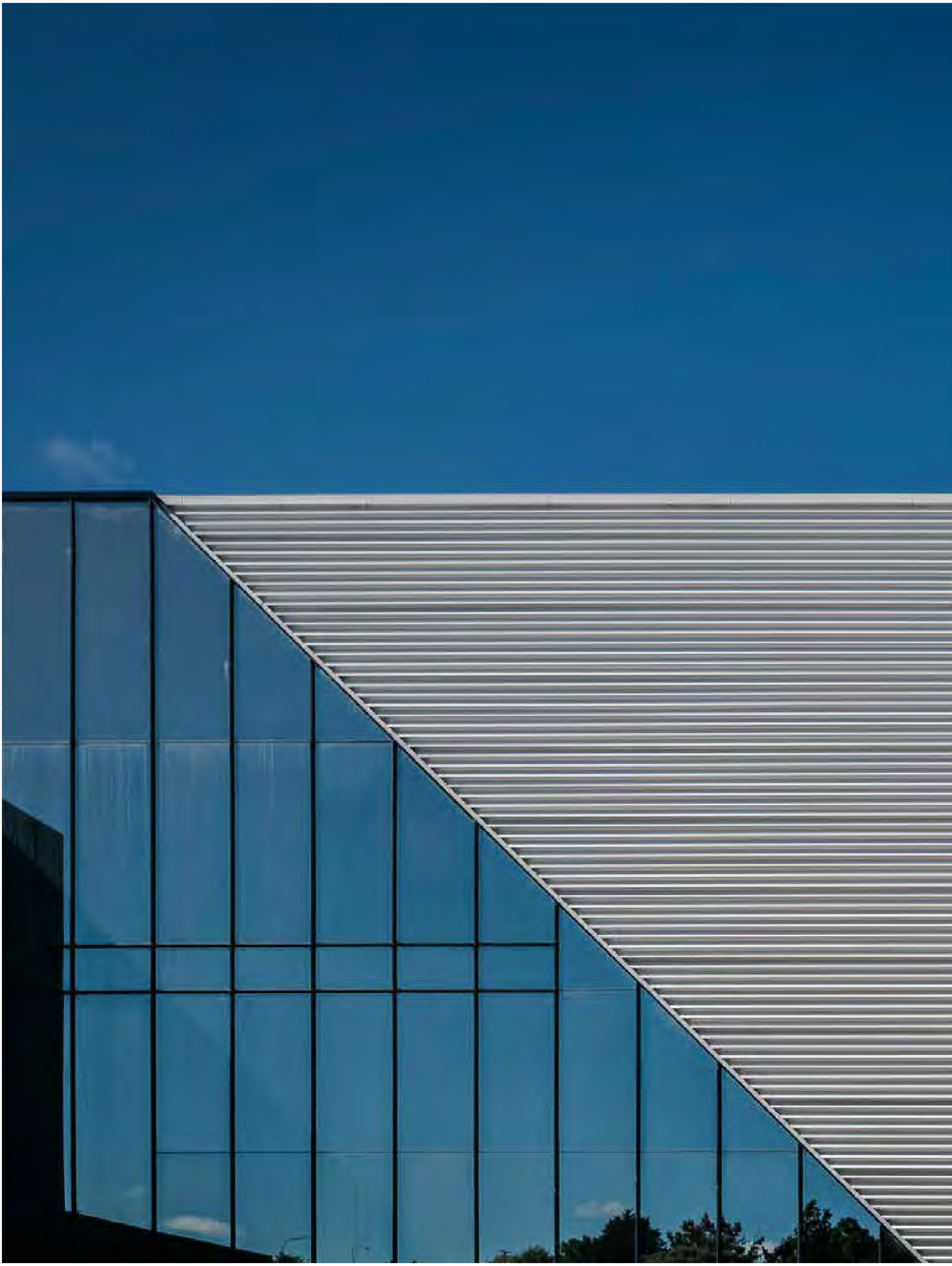
VALUATION	$ 11,800
WALT	7.84
NET LETTABLE AREA (SQM)	2,262
VACANT SPACE (SQM)	–
PASSING YIELD	4.45%

OTHER

Cnr Taniwha & Paora Hapi Streets, Taupo

VALUATION	$ 12,900
WALT	0.50
NET LETTABLE AREA (SQM)	4,212
VACANT SPACE (SQM)	–
PASSING YIELD	6.18%

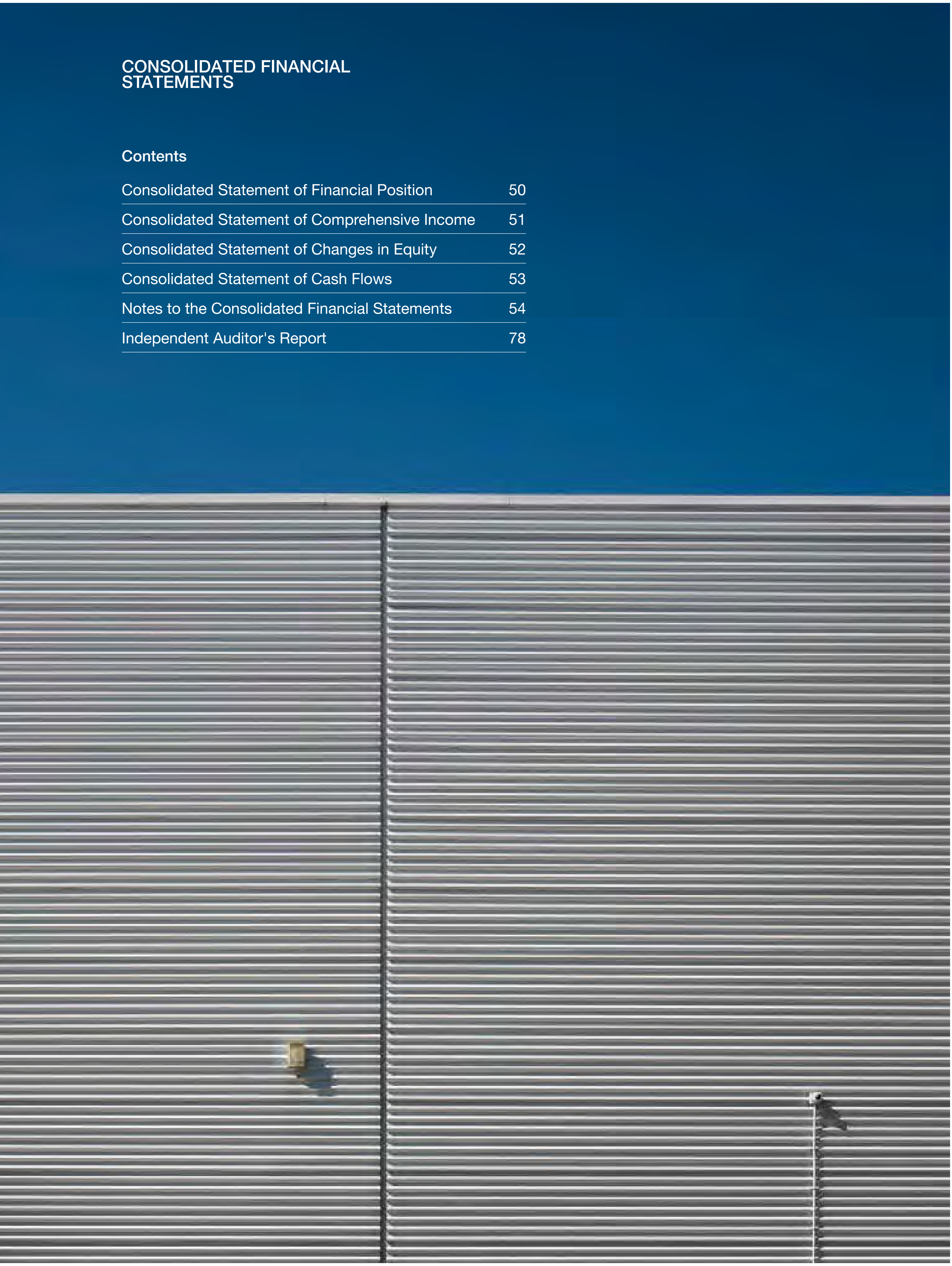
Top: Cnr William Pickering Drive & Rothwell Avenue, Albany, Auckland. Bottom: 107 Carlton Gore Road, Auckland.



211 Albany Highway, Auckland.

CONSOLIDATED FINANCIAL STATEMENTS

Contents



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	Group 2022 $000s	Group 2021 $000s
Non-current assets			
Investment properties	5	2,247,715	2,052,485
Derivative financial instruments	6	12,157	6,161
Other non-current assets	7	246	262
Total non-current assets		2,260,118	2,058,908
Current assets			
Cash and cash equivalents		1,663	1,762
Trade and other receivables	8	4,306	1,935
Other current assets	9	3,459	3,998
Taxation receivable		–	2,721
		9,428	10,416
Investment property classified as held for sale	5,10	22,000	87,455
Total current assets		31,428	97,871
Total assets	4	2,291,546	2,156,779
Shareholders' funds			
Share capital	11	819,857	809,230
Share based payments reserve	12	385	659
Retained earnings	13	651,880	470,746
Total shareholders' funds		1,472,122	1,280,635
Non-current liabilities			
Interest bearing liabilities	14	696,475	754,521
Derivative financial instruments	6	41,515	48,559
Non-current lease liabilities	25	40,074	41,569
Deferred tax	20	12,687	11,803
Total non-current liabilities		790,751	856,452
Current liabilities			
Trade and other payables	15	21,999	13,996
Taxation payable		331	–
Current lease liabilities	25	116	116
Derivative financial instruments	6	747	90
Other current liabilities	16	3,280	3,490
Deposit received for investment property classified as held for sale	10	2,200	2,000
Total current liabilities		28,673	19,692
Total liabilities		819,424	876,144
Total shareholders' funds and liabilities		2,291,546	2,156,779

For and on behalf of the Board

Jeff Morrison
Director

Stuart McLauchlan
Director

Date: 17 May 2022

The notes to the accounts form part of and are to be read in conjunction with these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Group 2022 $000s	Group 2021 $000s
Gross property income from rentals		112,462	111,522
Insurance proceeds - rental loss		–	2,059
Gross property income from expense recoveries		19,108	19,888
Property expenses		(26,425)	(26,977)
Net property income	4	105,145	106,492
Administration expenses	17	11,813	10,867
Profit before financial income/(expenses), other gains/(losses) and tax		93,332	95,625
Financial income/(expenses)			
Interest expense	18	(25,647)	(28,560)
Gain/(loss) on derivative financial instruments held for trading		12,383	(4,183)
Interest income		18	52
		(13,246)	(32,691)
Other gains/(losses)			
Revaluation gains on investment property	5	163,662	157,658
Realised gains/(losses) on disposal of investment property	5	(2,558)	1,954
Forfeited deposit on sale of investment property		–	4,525
Insurance proceeds - reinstatement		–	19,909
Insurance proceeds - earthquake expenses		–	2,114
Earthquake expenses		–	(712)
		161,104	185,448
Profit before income tax attributable to shareholders		241,190	248,382
Taxation expense	19	5,040	6,732
Profit and total comprehensive income after tax		236,150	241,650
All amounts are from continuing operations.			
Earnings per share			
Basic and diluted earnings per share (cents)	22	28.01	29.04

The notes to the accounts form part of and are to be read in conjunction with these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Group 2022 $000s	Group 2021 $000s
Shareholders' funds at the beginning of the year		1,280,635	1,075,804
Profit and total comprehensive income for the year		236,150	241,650
Contributions by shareholders			
Issue of shares from Dividend Reinvestment Plan	11	10,189	16,452
Issue costs of shares	11	(42)	(48)
Dividends to shareholders	13	(55,016)	(53,464)
Equity settled share based payments	12	206	241
Shareholders' funds at the end of the year		1,472,122	1,280,635

The notes to the accounts form part of and are to be read in conjunction with these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Group 2022 $000s	Group 2021 $000s
Cash flows from operating activities			
Cash was provided from:			
Property income		133,876	135,579
Insurance proceeds received		–	23,500
Interest received		18	52
Cash was applied to:			
Property expenses		(25,336)	(26,132)
Earthquake expenses		–	(744)
Interest paid		(22,571)	(24,554)
Interest paid for ground lease		(2,020)	(2,090)
Employee benefits		(5,658)	(7,525)
Taxation paid		(880)	(5,126)
Other expenses		(3,970)	(4,582)
Net cash from/(used in) operating activities	21	73,459	88,378
Cash flows from investing activities			
Cash was provided from:			
Sale of properties, deposits and deferrals		95,627	74,191
Cash was applied to:			
Capital additions on investment properties		(59,868)	(68,825)
Capitalised interest on investment properties		(5,134)	(3,798)
Purchase of properties, deposits and deferrals		(40)	(76,164)
Net cash from/(used in) investing activities		30,585	(74,596)
Cash flows from financing activities			
Cash was provided from:			
Debt drawdown	14	51,629	138,182
Proceeds from fixed rate green bonds	14	–	125,000
Cash was applied to:			
Repayment of debt	14	(110,351)	(237,531)
Dividends paid to shareholders net of reinvestments		(45,052)	(37,209)
Issue cost of shares		(44)	(35)
Repayment of lease liabilities		(110)	(110)
Bond costs		(51)	(1,673)
Facility refinancing fee		(164)	(505)
Net cash from/(used in) financing activities		(104,143)	(13,881)
Net increase/(decrease) in cash and cash equivalents		(99)	(99)
Cash and cash equivalents at the beginning of the period		1,762	1,861
Cash and cash equivalents at the end of the period		1,663	1,762

The notes to the accounts form part of and are to be read in conjunction with these consolidated financial statements.

1. REPORTING ENTITY

Argosy Property Limited (APL or the Company) is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. APL is incorporated under the Companies Act 1993 and domiciled in New Zealand.

The Company's principal activity is investment in properties which include Industrial, Office and Large Format Retail properties throughout New Zealand.

These financial statements are the consolidation of APL and its subsidiaries (the Group).

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The accounting policies applied in these financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards issued and effective at the time of preparing these statements as applicable to the Company as a profit-oriented entity. These Group financial statements also comply with International Financial Reporting Standards (IFRS).

These financial statements were approved by the Board of Directors on 17 May 2022.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for derivative financial instruments and investment properties which are measured at fair value.

Use of estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates that affect the application of policies and reported amount of assets and liabilities, income and expenses. The area involving a higher degree of complexity and where assumptions and estimates are significant to the financial statements is note 5 - valuation of investment property.

Functional and presentation currency

These financial statements are presented in New Zealand dollars which is the Company's functional currency and have been rounded to the nearest thousand dollars ($000).

Basis of consolidation

The Group's financial statements incorporate the financial statements of APL and its controlled subsidiaries as set out in note 24. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The results of the subsidiaries are included in the consolidated statement of comprehensive income from the date of acquisition which is the date the Company became entitled to income from the subsidiaries acquired. All significant intercompany transactions are eliminated on consolidation.

Statement of cash flows

The statement of cash flows is prepared on a GST exclusive basis, which is consistent with the statement of comprehensive income.

The following terms are used in the statement of cash flows:

Operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity. Termination payments for swap contracts, establishment fees, extension fees and arranger fees are considered financing activities as they effect a change in the company's borrowing arrangements.

Cash and cash equivalents comprise cash balances and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES

Insurance income recognition

The company recognises income from insurance proceeds when it is virtually certain that the claims made in an accounting period have been accepted by insurers.

A settlement was reached with insurers in the year to 31 March 2021 in respect of the earthquake damage at 7 Waterloo Quay as a result of the 2016 Kaikoura earthquake.

Total insurance proceeds of $47.5m have been received, of which $24.1m were recognised in the year to 31 March 2021. These insurance proceeds have been allocated across rental losses, expenses incurred as a result of the earthquake and reinstatement of material damage.

Change in accounting policies

Accounting policies and methods of computation have been applied consistently to all periods and by all Group entities.

Some comparative balances have been amended to reflect current year presentation.

New accounting standards adopted

At the date of authorisation of these financial statements, the Group has not applied any new and revised NZ IFRS standards and amendments that have been issued but are not yet effective.

It is not expected that the adoption of these standards and amendments will have a material impact on the financial statements of the Group.

4. SEGMENT INFORMATION

The principal business activity of the Group is to invest in, and actively manage, properties in New Zealand. NZ IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the Chief Executive Officer, in order to allocate resources to segments and assess their performance.

The information reported to the Group's Chief Executive Officer includes investment property information aggregated into three business sectors, Industrial, Office and Large Format Retail, based on what the occupants actual or intended use is. Segment profit represents profit earned by each segment including allocation of identifiable revaluation gains on investment properties and gains/(losses) on disposal of investment properties.

The following is an analysis of the Group's results by reportable segments.

	Industrial		Office		Large Format Retail		Total	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Segment profit								
Net property income[1]	50,200	46,645	43,583	44,091	11,362	15,756	105,145	106,492
Realised gains/(losses) on disposal of investment properties	(694)	1,954	–	–	(1,864)	–	(2,558)	1,954
Insurance proceeds - reinstatement	–	–	–	19,909	–	–	–	19,909
Insurance proceeds - earthquake expenses	–	–	–	2,114	–	–	–	2,114
Forfeited deposit on sale of investment property	–	–	–	–	–	4,525	–	4,525
Earthquake expenses	–	–	–	(712)	–	–	–	(712)
	49,506	48,599	43,583	65,402	9,498	20,281	102,587	134,282
Interest on ground lease	–	–	(2,015)	(2,090)	–	–	(2,015)	(2,090)
Revaluation gains on investment properties	144,748	129,920	9,082	(1,524)	9,832	29,262	163,662	157,658
Total segment profit[2]	194,254	178,519	50,650	61,788	19,330	49,543	264,234	289,850
Unallocated:								
Administration expenses							(11,813)	(10,867)
Net interest expense							(23,614)	(26,418)
Gain/(loss) on derivative financial instruments held for trading							12,383	(4,183)
Profit before income tax							241,190	248,382
Taxation expense							(5,040)	(6,732)
Profit for the year							236,150	241,650

1. Net property income consists of revenue generated from external tenants less property operating expenditure plus insurance proceeds - rental loss.
2. There were no inter-segment sales during the year (31 March 2021: Nil).

4. SEGMENT INFORMATION (CONTINUED)

	Industrial		Office		Large Format Retail		Total	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Segment assets								
Current assets	1,572	1,766	4,241	2,033	1,506	1,049	7,319	4,848
Investment properties	1,126,975	984,950	897,540	854,335	223,200	213,200	2,247,715	2,052,485
Non-current assets classified as held for sale	–	–	22,000	–	–	87,455	22,000	87,455
Total segment assets	1,128,547	986,716	923,781	856,368	224,706	301,704	2,277,034	2,144,788
Unallocated assets							14,512	11,991
Total assets							2,291,546	2,156,779

	Industrial		Office		Large Format Retail		Total	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Segment liabilities								
Current liabilities	2,745	2,430	16,166	8,077	2,093	2,710	21,004	13,217
Non-current liabilities	–	–	40,074	41,569	–	–	40,074	41,569
Total segment liabilities	2,745	2,430	56,240	49,646	2,093	2,710	61,078	54,786
Unallocated liabilities							758,346	821,358
Total liabilities							819,424	876,144

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than cash and cash equivalents, other non-current assets and other minor current assets that cannot be allocated to particular segments. All liabilities are allocated to reportable segments other than borrowings, derivatives, tax liabilities and other minor current liabilities that cannot be allocated to particular segments.

5. INVESTMENT PROPERTIES

Accounting policy – Investment properties

Investment property is property held either to earn rental income, for capital appreciation or for both.

Investment property is initially measured at cost and subsequently measured at fair value with any change therein recognised in profit or loss.

Initial direct costs incurred in negotiating and arranging operating leases and lease incentives granted are added to the carrying amount of the leased asset.

In accordance with the valuation policy of the Group, complete property valuations are carried out at least annually by independent registered valuers. The valuation policy stipulates that the same valuer may not value a building for more than two consecutive years. The fair values are based on market values being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared using a combination of the Capitalisation of Contract Income, Capitalisation of Market Income and Discounted Cash Flow methodologies. Discounted Cash Flow methodology is based on the estimated rental cash flows expected to be received from the property adjusted by a discount rate that appropriately reflects the risks inherent in the expected cash flows.

Following the adoption of NZ IFRS 16 on 1 April 2019, a right-of-use asset and investment were recognised on the ground lease that exists over 39 Market Place, Viaduct Harbour, Auckland.

Investment properties are derecognised when they have been disposed of and any gains or losses incurred on disposal are recognised in profit or loss in the year of derecognition.

Borrowing costs directly attributable to property under development are capitalised as part of the cost of those assets.

	Industrial 2022 $000s	Office 2022 $000s	Large Format Retail 2022 $000s	Group 2022 $000s
Movement in investment properties				
Balance at 1 April	984,950	854,335	213,200	2,052,485
Capitalised costs	8,786	58,096	357	67,239
Transfer to properties held for sale	–	(22,000)	–	(22,000)
Disposals	(10,743)	–	–	(10,743)
Change in fair value	144,748	9,082	9,832	163,662
Change in capitalised leasing costs	(24)	(559)	(19)	(602)
Fair value changes on lease liability	–	(1,385)	–	(1,385)
Principal repayment of lease liability	–	(110)	–	(110)
Change in lease incentives	(742)	81	(170)	(831)
Investment properties at 31 March	1,126,975	897,540	223,200	2,247,715
Less lease liability (39 Market Place)	–	(40,190)	–	(40,190)
Investment properties at 31 March excluding NZ IFRS 16 lease adjustments	1,126,975	857,350	223,200	2,207,525
Held for sale at 31 March	–	22,000	–	22,000
Total investment properties at 31 March including held for sale excluding NZ IFRS 16 lease adjustments	1,126,975	879,350	223,200	2,229,525

5. INVESTMENT PROPERTIES (CONTINUED)

	Industrial 2021 $000s	Office 2021 $000s	Large Format Retail 2021 $000s	Group 2021 $000s
Movement in investment properties				
Balance at 1 April	842,779	795,977	185,350	1,824,106
Acquisition of properties	76,167	–	–	76,167
Capitalised costs	6,641	55,769	1,495	63,905
Transfer to properties held for sale	–	–	(87,455)	(87,455)
Transfer from properties held for sale	–	–	84,634	84,634
Disposals	(70,303)	–	–	(70,303)
Change in fair value	129,920	(1,524)	29,262	157,658
Change in capitalised leasing costs	(129)	(347)	(61)	(537)
Principal repayment of lease liability	–	(110)	–	(110)
Change in lease incentives	(125)	4,570	(25)	4,420
Investment properties at 31 March	984,950	854,335	213,200	2,052,485
Less lease liability (39 Market Place)	–	(41,685)	–	(41,685)
Investment properties at 31 March excluding NZ IFRS 16 lease adjustments	984,950	812,650	213,200	2,010,800
Held for sale at 31 March	–	–	87,455	87,455
Total investment properties at 31 March including held for sale excluding NZ IFRS 16 lease adjustments	984,950	812,650	300,655	2,098,255

Investment properties are classified as level 3 (inputs are unobservable for the asset or liability) under the fair value hierarchy on the basis that adjustments must be made to observable data of similar properties to determine the fair value of an individual property.

The Group holds the freehold to all investment properties other than 39 Market Place, Viaduct Harbour, Auckland.

	Group 2022 $000s	Group 2021 $000s
Acquisition of properties		
8-14 Mt Richmond Drive and 2 Doraval Place, Mt Wellington, Auckland	–	76,167
	–	76,167
Disposal of properties		
Albany Lifestyle Centre, Albany, Auckland	87,455	–
1478 Omahu Road, Hastings	10,743	–
Cnr Wakefield, Taranaki & Cable Streets, Wellington	–	24,748
960 Great South Road, Penrose, Auckland	–	7,341
80 Springs Road, East Tamaki, Auckland	–	16,234
180-202 Hutt Road, Kaiwharawhara, Wellington	–	21,980
	98,198	70,303
Sale proceeds of properties disposed of	97,600	73,500
Net gain/(loss) on disposal	(598)	3,197
Selling costs	(1,960)	(1,243)
Total gain/(loss) on disposal	(2,558)	1,954

5. INVESTMENT PROPERTIES (CONTINUED)

All investment properties were independently valued as at 31 March 2022 in accordance with the Group's valuation policy. The valuations were prepared by independent registered valuers Bayleys Valuation Limited, CBRE Limited, Colliers International New Zealand Limited and Jones Lang LaSalle. The total value per valuer was as follows:

	Group 2022 $000s	Group 2021 $000s
Bayleys Valuation Limited	90,800	108,750
CBRE Limited	577,875	869,350
Colliers International New Zealand Limited	1,426,900	848,375
Jones Lang LaSalle	111,950	184,325
	2,207,525	2,010,800

Investment properties are stated at fair value by independent valuers supported by market evidence of property sale transactions and leasing activity. These valuations are reviewed by the Asset Management team within Argosy. The major inputs and assumptions that are used in the valuation that require judgement include forecasts of the current and expected future market rentals and growth, maintenance and capital expenditure requirements, an assessment of yields, discount rates, occupancy, leasing costs and weighted average lease terms.

In deriving a market value under each approach, all assumptions are based, where possible, on market based evidence and transactions for properties with similar locations, conditions and quality of construction and fitout.

Generally as occupancy and weighted average lease terms increase, yields firm, resulting in increased fair values for investment properties. A movement in any of these assumptions could result in a significant change in fair value.

Investment property metrics for the year ended 31 March 2022 are as follows:

		Industrial	Office	Large Format Retail	Total
Contract yield[1]	- Average	4.67%	6.04%	5.61%	5.23%
	- Maximum	7.46%	16.49%	6.18%	16.49%
	- Minimum	2.91%	5.00%	4.45%	2.91%
Market yield[1]	- Average	4.87%	6.29%	5.62%	5.43%
	- Maximum	7.11%	19.58%	5.79%	19.58%
	- Minimum	2.91%	4.84%	4.53%	2.91%
Occupancy (rent)		100.00%	97.43%	98.86%	98.66%
Occupancy (net lettable area)		100.00%	97.35%	98.99%	99.38%
Weighted average lease term (years)		5.96	6.01	3.10	5.67
No. of buildings[2]		34	15	4	53
Fair value total (000s)		$1,126,975	$857,350	$223,200	$2,207,525
Held for sale (000s)		–	$22,000	–	$22,000
Total (000s)		$1,126,975	$879,350	$223,200	$2,229,525

1. 8-14 Willis Street/360 Lambton Quay and 105 Carlton Gore Road have been excluded from the yield metrics as the rents of these properties included in the valuation reports were based on the completion of the planned redevelopment work. The property held for sale has also been excluded from these yield metrics. The fair value of 8-14 Willis Street/360 Lambton Quay was based on the completed redevelopment less the costs to complete.
2. Certain titles have been consolidated and treated as one. The total number of buildings excludes the property held for sale.

5. INVESTMENT PROPERTIES (CONTINUED)

Investment property metrics for the year ended 31 March 2021 are as follows:

		Industrial	Office	Large Format Retail	Total
Contract yield[1]	- Average	5.23%	6.27%	5.76%	5.63%
	- Maximum	7.27%	13.40%	6.68%	13.40%
	- Minimum	3.93%	4.44%	4.94%	3.93%
Market yield[1]	- Average	5.42%	6.43%	5.65%	5.78%
	- Maximum	7.30%	15.90%	5.81%	15.90%
	- Minimum	4.11%	4.94%	4.99%	4.11%
Occupancy (rent)		99.52%	98.32%	100.00%	99.03%
Occupancy (net lettable area)		99.42%	98.42%	100.00%	99.28%
Weighted average lease term (years)		6.53	4.81	3.75	5.51
No. of buildings[2]		35	16	4	55
Fair value total (000s)		$984,950	$812,650	$213,200	$2,010,800
Held for sale (000s)		–	–	$87,455	$87,455
Total (000s)		$984,950	$812,650	$300,655	$2,098,255

1. 7 Waterloo Quay and 8-14 Willis Street/360 Lambton Quay have been excluded from the yield metrics as the rents of these properties included in the valuation reports were based on the completion of the planned remedial and redevelopment work required to be undertaken. The property held for sale has also been excluded from these yield metrics. The fair value of 8-14 Willis Street/360 Lambton Quay was based on the completed redevelopment less the costs to complete and a risk margin.
2. Certain titles have been consolidated and treated as one. The total number of buildings excludes the property held for sale.

6. FINANCIAL INSTRUMENTS

Accounting policy - Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, borrowings (comprising of interest bearing liabilities and lease liabilities) and trade and other payables.

Non-derivative financial instruments are initially measured at fair value plus directly attributable costs. Subsequently these instruments are measured at amortised cost using the effective interest method. The carrying values of these financial instruments are a reasonable approximation of their fair values.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income over the relevant period (including all fees and points paid or received between the parties to the contract that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount of the financial instrument.

Accounting policy - Derivative financial instruments

Interest rate swaps are entered into to manage interest rate exposure. For interest rate swaps, the net differential paid or received is recognised as a component of interest expense in the profit or loss.

Interest rate swaps are initially recognised at zero at the date a derivative contract is entered into and are remeasured to their fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss immediately.

Interest rate swaps are presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other interest rate swaps are presented as current assets or current liabilities.

6. FINANCIAL INSTRUMENTS (CONTINUED)

The Group has the following financial instruments:

Group 2022	Derivatives at fair value through profit/(loss) $000s	Financial assets measured at amortised cost $000s	Financial liabilities measured at amortised cost $000s	Total $000s
Financial assets				
Cash and cash equivalents	–	1,663	–	1,663
Derivative financial instruments (current and term)	12,157	–	–	12,157
Trade and other receivables	–	4,306	–	4,306
	12,157	5,969	–	18,126
Financial liabilities				
Interest bearing liabilities	–	–	(696,475)	(696,475)
Trade and other payables	–	–	(21,999)	(21,999)
Derivative financial instruments (current and term)	(42,262)	–	–	(42,262)
Lease liabilities (current and term)	–	–	(40,190)	(40,190)
Other current liabilities	–	–	(3,280)	(3,280)
	(42,262)	–	(761,944)	(804,206)

Group 2021	Derivatives at fair value through profit/(loss) $000s	Financial assets measured at amortised cost $000s	Financial liabilities measured at amortised cost $000s	Total $000s
Financial assets				
Cash and cash equivalents	–	1,762	–	1,762
Derivative financial instruments (current and term)	6,161	–	–	6,161
Trade and other receivables	–	1,935	–	1,935
	6,161	3,697	–	9,858
Financial liabilities				
Interest bearing liabilities	–	–	(754,521)	(754,521)
Trade and other payables	–	–	(13,996)	(13,996)
Derivative financial instruments (current and term)	(48,649)	–	–	(48,649)
Lease liabilities (current and term)	–	–	(41,685)	(41,685)
Other current liabilities	–	–	(3,490)	(3,490)
	(48,649)	–	(813,692)	(862,341)

6. FINANCIAL INSTRUMENTS (CONTINUED)

Risk management

The use of financial instruments exposes the Group to credit, interest rate and liquidity risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Credit risk

Credit risk relates to the risk that the counterparty to a financial instrument may default on its obligations to the Group, resulting in financial loss.

The Group's main exposure to credit risk arises from trade receivables and transactions with financial institutions, and is summarised in the preceding table. There are no significant concentrations of credit risk in specific receivables due to receivables mainly comprising a large number of tenants in the Group's property portfolio and the Group policy to limit the amount of credit exposure to any financial institution.

The Group manages its exposure to credit risk from trade receivables through its credit policy which includes performing credit evaluations on customers requiring credit. The Group does not hold any collateral in respect of balances past due. Details of impairment losses relating to trade receivables together with the ageing of receivables is provided in note 8.

The risk from financial institutions is managed by placing cash and deposits with high credit quality financial institutions only. Cash deposits are placed with ANZ Bank New Zealand Limited.

Interest rate risk

Interest rate risk arises from long term borrowings (refer note 14). Variable rate borrowings expose the Group to cash flow interest rate risk while fixed rate borrowings expose the group to fair value interest rate risk.

The Group manages its exposure to interest rate risk through derivatives in the form of both floating-to-fixed and fixed-to-floating interest rate swaps. These derivatives provide an economic hedge against variability in cash flows as a result of changes in variable interest rates on borrowings.

The Group's policy is to maintain a range of approximately 40-100% of its borrowings in fixed interest rate instruments unless otherwise instructed by the Board of Directors. At year end, 57.1% of borrowings, after the effect of associated swaps, were at fixed rates (2021: 50.7%).

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly arises from the Group's obligations in respect of long term borrowings, derivatives and trade and other payables. The Group aims to maintain flexibility in funding by keeping committed credit lines available (refer note 14).

6. FINANCIAL INSTRUMENTS (CONTINUED)

The expected undiscounted cash flows of the Group's financial liabilities by remaining contractual maturity at the balance sheet date is as follows:

Group 2022	Carrying Amount $000s	Less than 1 year $000s	1-2 years $000s	2-3 years $000s	3-4 years $000s	4-5 years $000s	5+ years $000s
Financial liabilities							
Interest bearing liabilities[1]	(696,475)	(19,352)	(97,360)	(218,689)	(200,997)	(104,442)	(126,604)
Trade and other payables	(21,999)	(21,999)	–	–	–	–	–
Derivative financial instruments	(42,262)	(4,332)	(4,349)	(4,071)	(1,712)	(2,030)	(885)
Lease liabilities	(40,190)	(2,125)	(2,125)	(2,125)	(2,125)	(2,125)	(118,281)
Other current liabilities	(3,280)	(3,280)	–	–	–	–	–
	(804,206)	(51,088)	(103,834)	(224,885)	(204,834)	(108,597)	(245,770)

1. The undiscounted cashflows on interest bearing liabilities includes interest, margin and line fees.

Group 2021	Carrying Amount $000s	Less than 1 year $000s	1-2 years $000s	2-3 years $000s	3-4 years $000s	4-5 years $000s	5+ years $000s
Financial liabilities							
Interest bearing liabilities[1]	(754,521)	(17,185)	(17,185)	(219,861)	(160,615)	(189,887)	(231,046)
Trade and other payables	(13,996)	(13,996)	–	–	–	–	–
Derivative financial instruments	(48,649)	(8,140)	(7,125)	(6,316)	(4,653)	2,762	2,604
Lease liabilities	(41,685)	(2,200)	(2,200)	(2,200)	(2,200)	(2,200)	(122,658)
Other current liabilities	(3,490)	(3,490)	–	–	–	–	–
	(862,341)	(45,011)	(26,510)	(228,377)	(167,468)	(189,325)	(351,100)

1. The undiscounted cashflows on interest bearing liabilities includes interest, margin and line fees.

To manage the Group's exposure to interest rate risk on variable rate instruments, the Group has implemented a hedging strategy that uses interest rate swaps that have a range of maturities. At 31 March 2022, the Group had active interest rate derivatives (both payer and receiver swaps) with a notional contract amount of $725 million (2021: $710 million). The active derivatives mature over the next 6 years (2021: 7 years). Payer swaps have fixed interest rates ranging from 0.93% to 4.90% (2021: 0.93% to 4.90%). Swaps with a notional amount of $55 million have been entered into but are not yet effective at 31 March 2022 (2021: $20 million).

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on applicable yield curves derived from observable market interest rates. Accepted market best practice valuation methodology using mid-market interest rates at the balance date is used, provided from sources perceived to be reliable and accurate. Interest rate swaps have been classified into Level 2 of the fair value hierarchy on the basis that the valuation techniques used to determine the values at balance date use observable inputs.

The net liability for derivative financial instruments as at 31 March 2022 is $30.1 million (2021: $42.5 million). The mark-to-market decrease in the liability for derivative financial instruments is a result of the movement in the interest rate curve during the financial year.

6. FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity analysis

The sensitivity analysis below details the potential future impact of reasonably possible changes in the observable inputs over the next financial period. It has been determined based on the exposure to interest rates for both derivative and non-derivative financial instruments at the reporting date.

	Group 2022 Impact on Profit & Loss $000s	Group 2021 Impact on Profit & Loss $000s
Increase of 100 basis points	(3,144)	(6,471)
Decrease of 100 basis points	3,204	6,877

7. OTHER NON-CURRENT ASSETS

Accounting policy - Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment is recognised immediately in profit or loss.

	Group 2022 $000s	Group 2021 $000s
Property, plant and equipment and software	246	262
Total other non-current assets	246	262

There was no impairment in the current year (2021: Nil).

8. TRADE AND OTHER RECEIVABLES

Accounting policy - Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established to reflect an estimate of amounts that the Group will not be able to collect in accordance with the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

	Group 2022 $000s	Group 2021 $000s
Trade receivables	1,306	1,123
Loss allowance	(86)	(131)
	1,220	992
Amount receivable from insurance proceeds	92	135
Other receivables	2,994	808
Total trade and other receivables	4,306	1,935

The average credit period on receivables is 3.1 days (2021: 3.0 days). The Group is entitled to charge interest on trade receivables as determined in each individual lease agreement. Interest is charged on receivables over 90 days on a case by case basis. The Group has provided for 50% of all receivables over 90 days unless there is information suggesting that particular amounts are recoverable. This amount increases to 100% of any receivable that is determined as not being recoverable. Trade receivables less than 90 days are provided for based on estimated non-recoverable amounts, determined by reference to relevant factors, conditions, and information at reporting date including past default experience.

Aged past due but not impaired trade receivables

	Group 2022 $000s	Group 2021 $000s
0-30 days past due	374	48
31-60 days past due	79	21
Beyond 60 days past due	77	5
	530	74

Included in the Group's trade receivable balance are debtors with a carrying amount of $530,312 (2021: $74,388) which are past due at the reporting date, for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Movement in the loss allowance

	Group 2022 $000s	Group 2021 $000s
Balance at the beginning of the year	131	–
(Decrease)/increase in allowance recognised in profit or loss	(45)	131
Balance at the end of the year	86	131

9. OTHER CURRENT ASSETS

	Group 2022 $000s	Group 2021 $000s
Prepayments	3,041	3,129
Other	418	869
Total other current assets	3,459	3,998

10. PROPERTY HELD FOR SALE

25 Nugent Street, Grafton, Auckland ($22.0 million) was subject to an unconditional sale and purchase agreement at balance date (31 March 2021: Albany Lifestyle Centre, Albany ($87.5 million).

11. SHARE CAPITAL

	Group 2022 $000s	Group 2021 $000s
Balance at the beginning of the period	809,230	792,826
Issue of shares from Dividend Reinvestment Plan	10,189	16,452
Issue costs of shares	(42)	(48)
Issue of shares from equity settled share based payments	480	–
Total share capital	819,857	809,230

The number of shares on issue at 31 March 2022 was 846,550,602 (2021: 839,527,547).

All shares are fully paid and rank equally with one vote attached and carry the right to dividends.

Reconciliation of number of shares (in 000s of shares)	Group 2022	Group 2021
Balance at the beginning of the period	839,528	827,187
Issue of shares from Dividend Reinvestment Plan	6,704	12,341
Issue of shares from share based payments	319	–
Total number of shares on issue	846,551	839,528

11. SHARE CAPITAL (CONTINUED)

Capital risk management

The Group's capital includes shares, reserves and retained earnings with total shareholders' funds equal to $1,472.1 million (2021: $1,280.6 million).

The Group maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain the Group's future on-going activities and development of the business. The impact of the level of capital on equity holder returns is also recognised along with the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Board's intention is to maintain the debt-to-total-assets ratio between 30-40% in the medium term. The Group's banking covenants require that the aggregate principal amount of the loan outstanding does not exceed 50% of the fair value of property at all times. All banking covenants have been met during the year.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of debt and equity. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in the Group's overall strategy during the year.

12. SHARE BASED PAYMENTS RESERVE

Accounting policy - Share based payments

The fair value of performance share rights (PSRs) are recognised as an expense in the statement of financial performance over the vesting period of the rights with a corresponding entry to the share based payments reserve.

PSRs were offered to senior executives, commencing 1 April 2015. Under the scheme, PSRs are issued to participants which give them the right to receive ordinary shares in the Company after a three year period, subject to certain vesting and other conditions being met. The vesting of the PSRs is subject to the Company achieving a positive total shareholder return (measured against the Company's share price on the date of the issue of the PSRs, and including dividends) over a three year measurement period. The total number which actually vest will be dependent on the relative ranking of the Company's total shareholder returns against a comparator group of listed entities determined by the Board from the S&P/NZX All Real Estate Gross Index.

The total expense recognised in the year to 31 March 2022 in relation to equity settled share based payments was $206,400 (2021: $240,996). A total of 318,573 (2021: Nil) PSRs vested during the year and each PSR was converted to one ordinary share at an issue price of $1.51.

Grant date	Vesting date	Granted during the year[1]	Weighted average issue price	Balance at the beginning of the period[1]	Vested during the period[1]	Forfeited during the period[1]	Balance at the end of the period[1]
2022							
1 April 2021	1 April 2024	281,621	$1.44	1,117,874	(318,573)	(54,116)[2]	1,026,806
2021							
1 April 2020	1 April 2023	444,849	$0.90	994,309	–	(321,284)[3]	1,117,874
2020							
1 April 2019	1 April 2022	300,336	$1.25	962,643	(156,579)	(112,091)[4]	994,309
2019							
1 April 2018	1 April 2021	372,689	$1.01	869,157	–	(279,203)[5]	962,643

1. This is the number of PSRs.
2. The rights forfeited relate to those issued on 1 April 2018.
3. The rights forfeited relate to those issued on 1 April 2017.
4. The rights forfeited relate to those issued on 1 April 2016.
5. The rights forfeited relate to those issued on 1 April 2015.

13. RETAINED EARNINGS

	Group 2022 $000s	Group 2021 $000s
Balance at the beginning of the year	470,746	282,560
Profit for the year	236,150	241,650
Dividends to shareholders	(55,016)	(53,464)
Total retained earnings	651,880	470,746

The annual dividend paid to shareholders was 6.5250 cents per share, paid in three quarterly distributions of 1.6375 cents per share, and one quarterly distribution of 1.6125 cents per share (2021: annual dividend paid was 6.4250 cents per share).

After 31 March 2022, the final dividend was declared. The dividend has not been provided for. Refer to note 27.

14. INTEREST BEARING LIABILITIES

Accounting policy - Interest bearing liabilities

All interest bearing liabilities are initially measured at fair value net of transaction costs. Subsequent to initial recognition, they are measured at amortised cost with any difference being recognised in profit or loss over the expected life of the instrument using the effective interest method.

Borrowing costs are the costs incurred in establishing the bank facility and fixed rate bonds. These costs are amortised over the life of the instrument at the effective interest rate.

	Group 2022 $000s	Group 2021 $000s
Syndicated bank loans	375,128	433,851
Fixed rate green bonds	325,000	325,000
Borrowing costs	(3,653)	(4,330)
Total interest bearing liabilities	696,475	754,521
Weighted average interest rate on interest bearing liabilities (inclusive of bonds, interest rate swaps, margins and line fees)	4.14%	3.69%

	Group 2022 $000s	Group 2021 $000s
Total interest bearing liabilities at the beginning of the year	754,521	729,173
Fixed rate green bonds issued	–	125,000
Drawdowns from syndicated bank loans	51,629	138,182
Repayments to syndicated bank loans	(110,351)	(237,531)
Additional refinancing fee on interest bearing liabilities	(191)	(2,182)
Refinancing fee on interest bearing liabilities amortised during the year	867	1,879
Total interest bearing liabilities at the end of the year	696,475	754,521

14 INTEREST BEARING LIABILITIES (CONTINUED)

Syndicated bank loans

	Group 2022 $000s	Group 2021 $000s
ANZ Bank New Zealand Limited	80,064	81,311
Bank of New Zealand	80,040	105,000
The Hongkong and Shanghai Banking Corporation Limited	70,000	65,000
Commonwealth Bank of Australia	70,000	40,000
Westpac New Zealand Limited	75,024	142,540
Total syndicated bank loans	375,128	433,851

As at 31 March 2022, the Group had a syndicated revolving facility with ANZ Bank New Zealand Limited, Bank of New Zealand, The Hongkong and Shanghai Banking Corporation Limited, Commonwealth Bank of Australia and Westpac New Zealand Limited for $455.0 million (31 March 2021: $490.0 million) secured by way of mortgage over the investment properties of the Group. The facility includes a Tranche A limit of $80.0 million, a Tranche B limit of $125.0 million, a Tranche C limit of $80.0 million, a Tranche D limit of $90.0 million and a Tranche I limit of $80.0 million.

Tranche A matures on 1 April 2023, Tranche B on 1 October 2024, Tranche C on 1 April 2024, Tranche D on 1 October 2025 and Tranche I on 19 May 2025.

Tranche A, C and I limits and maturity dates remain unchanged from 31 March 2021. Tranches B and D were introduced and Tranches B2 and B3 cancelled during the year.

Fixed rate green bonds

NZX code	Value of Issue $000s	Issue Date	Maturity Date	Interest Rate	Fair Value $000s
ARG010	100,000	27 March 2019	27 March 2026	4.00%	98,542
ARG020	100,000	29 October 2019	29 October 2026	2.90%	93,481
ARG030	125,000	27 October 2020	27 October 2027	2.20%	110,164

The fair value of the fixed rate green bonds is based on the listed market price at balance date and is therefore classified as Level 1 in the fair value hierarchy. Interest on ARG010 bonds is payable in equal instalments on a quarterly basis in March, June, September and December. Interest on ARG020 and ARG030 bonds is payable in equal instalments on a quarterly basis in April, July, October and January.

The green bonds are secured by way of mortgage over the investment properties of the Group.

15. TRADE AND OTHER PAYABLES

Accounting policy - Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

	Group 2022 $000s	Group 2021 $000s
GST payable	785	608
Other creditors and accruals	21,214	13,388
Total trade and other payables	21,999	13,996

16. OTHER CURRENT LIABILITIES

Accounting policy - Employee benefits

A provision is recognised for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future outflows to be made by the Group in respect of services provided by employees up to the reporting date.

	Group 2022 $000s	Group 2021 $000s
Employee entitlements	733	1,094
Other liabilities	2,547	2,396
Total other current liabilities	3,280	3,490

17. ADMINISTRATION EXPENSES

	Group 2022 $000s	Group 2021 $000s
Auditor's remuneration:		
Audit of the annual financial statements	160	158
Review of the interim financial statements	43	30
Annual meeting fees	11	6
Employee benefits	7,347	6,772
Other expenses	4,265	3,774
Doubtful debts expense/(recovery)	(45)	131
Bad debts	32	(4)
Total administration expenses	11,813	10,867

18. INTEREST EXPENSE

Accounting policy - Interest expense

Interest expense on borrowings is recognised using the effective interest method.

	Group 2022 $000s	Group 2021 $000s
Interest expense	(28,766)	(30,268)
Interest on ground lease (39 Market Place)	(2,015)	(2,090)
Less amount capitalised to investment properties	5,134	3,798
Total interest expense	(25,647)	(28,560)

Capitalised interest relates to the developments at 8-14 Willis Street/360 Lambton Quay, Wellington and 105 Carlton Gore Road, Newmarket, Auckland (2021: Capitalised interest relates to the developments at at 8-14 Willis Street/360 Lambton Quay, Wellington and 54-56 Jamaica Drive, Wellington).

19. TAXATION

Accounting policy - Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

	Group 2022 $000s	Group 2021 $000s
The taxation charge is made up as follows:		
Current tax expense	4,980	5,691
Deferred tax expense	884	2,825
Adjustment recognised in the current year in relation to the current tax of prior years	(824)	(1,784)
Total taxation expense recognised in profit or loss	5,040	6,732
Reconciliation of accounting profit to tax expense		
Profit before tax	241,190	248,382
Current tax expense at 28%	67,533	69,547
Adjusted for:		
Capitalised interest	(1,438)	(1,063)
Fair value movement in derivative financial instruments	(3,467)	1,171
Fair value movement in investment properties	(45,825)	(44,144)
Depreciation	(13,129)	(11,248)
Depreciation recovered/(loss) on disposal of investment properties	1,202	(3)
Tax on accounting gain/(loss) on disposal of investment properties	716	(547)
Tax on forfeited deposit on sale of investment property	–	(1,267)
Insurance proceeds - reinstatement	–	(5,575)
Other	(612)	(1,180)
Current taxation expense	4,980	5,691
Movements in deferred tax assets and liabilities attributable to:		
Investment properties	(3,030)	3,432
Fair value movement in derivative financial instruments	3,467	(1,171)
Other	447	564
Deferred tax expense	884	2,825
Prior year adjustment	(824)	(1,784)
Total tax expense recognised in profit or loss	5,040	6,732

As part of the measures to provide relief for businesses during the Covid-19 pandemic, the Government reintroduced depreciation deductions for commercial and industrial buildings effective from 1 April 2020.

There were no imputation credits at 31 March 2022 (2021: Nil).

20. DEFERRED TAX

Accounting policy - Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Under NZ IAS 12, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it and includes a presumption that an investment property is recovered entirely through sale unless it will be consumed over its useful life.

The following are the major deferred tax liabilities and (assets) recognised by the Group, and the movements thereon during the current and prior reporting years:

	Interest rate swaps $000s	Investment property $000s	Other $000s	Total $000s
At 1 April 2021	(11,897)	19,052	4,648	11,803
Charge/(credit) to deferred taxation expense for the year	3,467	(3,030)	447	884
At 31 March 2022	(8,430)	16,022	5,095	12,687
At 1 April 2020	(10,726)	15,620	4,084	8,978
Charge/(credit) to deferred taxation expense for the year	(1,171)	3,432	564	2,825
At 31 March 2021	(11,897)	19,052	4,648	11,803

Deferred tax is provided in respect of depreciation expected to be recovered on the sale of property at fair value. Depreciation is claimed at Inland Revenue Department approved rates.

Investment properties are valued each year by independent valuers (as outlined in note 5). These values include an allocation of the valuation between the land and building components. The calculation of deferred tax on depreciation recovered and changes in fair value relies on the split provided by the valuers.

It is assumed that all fixtures and fittings will be sold at their tax book value.

21. RECONCILIATION OF PROFIT AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES

	Group 2022 $000s	Group 2021 $000s
Profit after tax	236,150	241,650
Movements in working capital items relating to investing and financing activities	3,457	919
Non cash items		
Movement in deferred tax liability	884	2,825
Movement in interest rate swaps	(12,383)	4,183
Fair value change in investment properties	(163,662)	(157,658)
Movements in working capital items		
Trade and other receivables	(2,371)	(25)
Taxation receivable	3,052	(1,414)
Trade and other payables	8,003	(1,338)
Other current assets	539	(104)
Other current liabilities	(210)	(660)
Net cash from operating activities	73,459	88,378

22. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares on issue during the year.

	Group 2022	Group 2021
Profit attributable to shareholders of the Company ($000s)	236,150	241,650
Weighted average number of shares on issue (000s)	843,207	832,263
Basic and diluted earnings per share (cents)	28.01	29.04
Weighted average number of ordinary shares		
Issued shares at beginning of period (000s)	839,528	827,187
Issued shares at end of period (000s)	846,551	839,528
Weighted average number of ordinary shares (000s)	843,207	832,263

On 17 May 2022, a final dividend of 1.6375 cents per share was approved by the Board. The Dividend Reinvestment Plan programme has been suspended by the Board until further notice.

23. DISTRIBUTABLE INCOME AND ADJUSTED FUNDS FROM OPERATIONS

	Group 2022 $000s	Group 2021 $000s
Profit before income tax	241,190	248,382
Adjustments:		
Revaluation gains on investment property	(163,662)	(157,658)
Realised (gains)/losses on disposal of investment properties	2,558	(1,954)
Gain/(loss) on derivative financial instruments held for trading	(12,383)	4,183
Earthquake expenses	–	712
Insurance proceeds - reinstatement	–	(19,909)
Insurance proceeds - earthquake expenses	–	(2,114)
Gross distributable income	67,703	71,642
Tax impact of depreciation recovered on disposal of investment properties	1,202	(3)
Current tax expense	(4,156)	(3,907)
Net distributable income	64,749	67,732
Weighted average number of ordinary shares (000s)	843,207	832,263
Gross distributable income cents per share	8.03	8.61
Net distributable income cents per share	7.68	8.14
Net distributable income	64,749	67,732
Amortisation of tenant incentives and leasing costs	4,649	5,130
Funds from operations (FFO)	69,398	72,862
Capitalisation of tenant incentives and leasing costs	(1,103)	(8,178)
Maintenance capital expenditure	(5,843)	(3,927)
7 Waterloo Quay façade repairs	(14,496)	(962)
Maintenance capital expenditure recovered through sale	376	651
Adjusted funds from operations (AFFO)	48,332	60,446
FFO cents per share	8.23	8.75
AFFO cents per share	5.73	7.26
Dividends paid/payable in relation to period	6.55	6.45
Dividend payout ratio to FFO	80%	74%
Dividend payout ratio to AFFO	114%	89%

The Company's dividend policy is based on net distributable income. Net distributable income is determined under the Company's bank facility agreement. For the year commencing 1 April 2022 and subsequent years, the Company's dividend policy will be based on adjusted funds from operations (AFFO). AFFO is based on the Property Council of Australia Voluntary Best Guidelines for disclosing FFO and AFFO as interpreted by the Company and amended to include maintenance capital expenditure recovered through sales.

FFO and AFFO are non-GAAP measures and may not be directly comparable with other entities.

24. INVESTMENT IN SUBSIDIARIES

The Company has control over the following subsidiaries:

Name of subsidiary	Principal activity	Place of incorporation and operation	Holding 2022	Holding 2021
Argosy Property No.1 Limited	Property investment	NZ	100%	100%
Argosy Property Management Limited	Management company	NZ	100%	100%

The subsidiaries have the same reporting date as the Company.

25. LEASES

Accounting policy - Leases

The Group as a lessee

Argosy do not recognise right of use assets or lease liabilities for short term leases or low value leases. Lease payments for these leases are recognised as an expense on a straight line basis over the lease term.

Where Argosy identifies a lease, the following treatment is applied:

Right of use assets are measured at cost comprising the amount of the initial lease liability, any payments made before the commencement of the lease, direct costs and any restoration costs. Right of use assets are disclosed within the same line item as that within which the corresponding underlying assets would be presented if they were owned. Some right of use assets meet the definition of investment properties. Refer note 5 for policies and disclosure on investment properties.

Lease liabilities are measured at the net present value of the lease payments. These payments include fixed lease payments, amount expected to be payable under residual value guarantees, variable lease payments that are based on an index or rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

These lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Subsequent to initial measurement, each lease payment is allocated between the principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The maturity analysis of lease liabilities is presented in note 6.

The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group has entered into commercial property leases on its investment properties. The Group has determined that it retains all significant risks and rewards of ownership of these properties and has thus classified these leases as operating leases.

Rental income from operating leases is recognised in the period to which it relates. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortised to property expenses on a straight-line basis over the lease term.

In the event that lease incentives are paid to enter into the operating leases, such incentives are recognised as an asset. The aggregate cost of incentives is recognised as a reduction of rental revenue on a straight-line basis.

When a contract includes both lease and non-lease components, consideration is allocated to each component under the contract.

25. LEASES (CONTINUED)

Lease liabilities

Lease liabilities relate to the ground lease at 39 Market Place, Viaduct Harbour, Auckland.

	Group 2022 $000s	Group 2021 $000s
Opening balance	41,685	41,795
Fair value adjustment	(1,385)	–
Lease liability interest expense	2,015	2,090
Ground rent paid	(2,125)	(2,200)
Total lease liabilities	40,190	41,685

Non-cancellable operating lease receivable

Operating leases relate to the investment properties owned by the Group with the leases expiring between 2022 and 2037. The lessee does not have an option to purchase the property at the expiry of the lease.

	Group 2022 $000s	Group 2021 $000s
Within one year	117,840	110,797
One year or later and not later than five years	329,495	324,526
Later than five years	236,205	188,375
Total operating lease receivable	683,540	623,698

There were no contingent rents recognised as income during the year.

26. COMMITMENTS

Building upgrades and developments

Estimated capital commitments contracted for building projects not yet completed at 31 March 2022 and not provided for were $37.7 million (2021: $46.9 million).

There were no other commitments as at 31 March 2022 (2021: Nil).

The Company has the following guarantee, which is not expected to be called upon:

As a condition of listing on the New Zealand Stock Exchange (NZX), NZX requires all issuers to provide a bank bond to NZX under NZX Main Board/Debt Market Listing Rule 2.6.2. The bank bond required from APL for listing on the NZX Main Board is $75,000.

27. SUBSEQUENT EVENTS

On 17 May 2022, a final dividend of 1.6375 cents per share was approved by the Board. The record date for the final dividend is 8 June 2022 and a payment is scheduled to shareholders on 22 June 2022. Imputation credits of 0.1276 cents per share are attached to the dividend.

On 14 April 2022, an unconditional sale and purchase contract was entered into to acquire 100 Maui Street, Pukete, Hamilton for $33.1 million. Settlement took place on 4 May 2022.

28. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

	Group 2022 $000s	Group 2021 $000s
Key management and directors compensation		
Salaries and other short term employee benefits	1,707	1,682
Share based payments	480	–
Directors' fees	723	758
Total	2,910	2,440

Deloitte.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Argosy Property Limited

Opinion

We have audited the consolidated financial statements of Argosy Property Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 50 to 77, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and vote scrutineering at the Annual Shareholders' Meeting, we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be $3.2 million.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Investment property valuations As disclosed in note 5 of the consolidated financial statements, investment properties were valued at $2,248 million as at 31 March 2022. The investment properties are classified into three segments being, Industrial, Office, and Large Format Retail. The methods used for assessing fair values include the capitalisation of contract income, capitalisation of market income and discounted cash flow methodologies. Fair values are calculated using actual and forecasted inputs and assumptions including market rentals and growth, maintenance and capital expenditure requirements, an assessment of yields, discount rates, occupancy, leasing costs and weighted average lease terms. Adjustments are made to observable market data of similar properties to reflect the specific nature and location of the individual properties. The Group's policy is to engage independent registered valuers to perform valuations for each of the properties on at	We read the valuation reports for all properties that were subject to revaluation at year end. We checked for any limitations of scope in the valuation reports that would impact the reliability of the valuations. When considered appropriate, discussions were held with the valuers to confirm the valuation approach used. These discussions related to the general market, as well as specific properties identified by us. We assessed the valuers' experience and professional accreditations. This included having each of the valuers confirm their independence, qualifications and that the scope of work undertaken was in line with professional valuation standards and financial reporting standards. In addition, we considered the Group's process for reviewing and challenging the valuation reports to ensure that they accurately reflected the individual characteristics of each property and the ongoing impacts that COVID-19 may have had on the property portfolio. The major inputs to the valuation process were tested across a sample of properties. For the sample selected, key changes in rental assumptions, occupancy, capitalisation rates and terms were

Key audit matter	How our audit addressed the key audit matter
least an annual basis. The valuation of investment properties is a key audit matter due to the subjective judgements and assumptions in the valuation process.	agreed to underlying lease agreements and to market comparatives where relevant. Yields across the three segments were compared to property industry publications and other observable market data where available. For a sample of properties, ownership was confirmed through property title searches. Our internal valuation specialists were used in assessing the appropriateness of the valuation methodology.

Other information

The Board of Directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Board of Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:
https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Peter Gulliver
Partner
for Deloitte Limited
Auckland, New Zealand
17 May 2022

THE COMPANY

Argosy is a limited liability company incorporated under the Companies Act 1993. Argosy shares are listed on the NZX Main Board (NZX code: ARG). Argosy's constitution is available on its website (www.argosy.co.nz) and the New Zealand Companies Office website (www.companiesoffice.govt.nz).

CORPORATE GOVERNANCE PHILOSOPHY

Ultimate responsibility for corporate governance of the Company resides with the Board of Directors. The Board sees strong corporate governance and stewardship as fundamental to the strong performance of the Company and, accordingly, the Board's commitment is to the highest standards of business behaviour and accountability.

Outlined below are the main corporate governance practices in place throughout the year. In the Board's opinion, as at 31 March 2022, the Company complied with the recommendations set by the NZX Corporate Governance Code (10 December 2020), except as set out in the Company's Statement on Reporting Against the NZX Code, which is available on the Company's website (www.argosy.co.nz).

ETHICAL STANDARDS

Argosy's Code of Conduct and Ethics sets out the ethical and behavioural standards expected of Argosy's Directors, Officers and employees. The purpose of the Code of Conduct and Ethics is to uphold the highest ethical standards, acting in good faith and in the best interests of shareholders at all times. The Code of Conduct and Ethics outlines the Company's policies in respect of conflicts of interest, fair dealing, compliance with applicable laws and regulations, maintaining confidentiality of information, dealing with company assets and use of company information.

Procedures for dealing with breaches of these policies are contained in the Code of Conduct and Ethics, which forms part of each employee's conditions of employment. Argosy's Code of Conduct and Ethics is available on its website (www.argosy.co.nz).

COMPOSITION OF THE BOARD

Argosy is committed to having a Board whose members have the capacity to act independently and have the composite skills to optimise the financial performance of the Company and returns to shareholders. The constitution provides for there to be not fewer than three Directors. All the members of the Board are independent non-executive Directors. The Board does not impose a restriction on the tenure of any Director as it considers that such a restriction may lead to the loss of experience and expertise from the Board.

ATTENDANCE OF DIRECTORS

Board Meetings Attended

Director	Attendance
Jeff Morrison (Chair)	8 of 8
Stuart McLauchlan	8 of 8
Chris Gudgeon	8 of 8
Mike Pohio	8 of 8
Rachel Winder	8 of 8
Martin Stearne	8 of 8

Jeff Morrison, Stuart McLauchlan, Chris Gudgeon, Mike Pohio, Rachel Winder and Martin Stearne were Directors as at 31 March 2022. Brief resumés of our current Directors are included in the section headed "Our Leadership & Governance" on pages 36-37.

INDEPENDENT DIRECTORS

The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding management accountable for its performance.

In determining whether a Director is independent, the Board considers whether the Director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his or her unfettered and independent judgement. In accordance with Rule 2.6.1 of the NZX Listing Rules, the Board has determined that all of the Directors were, in its view, independent directors as at the balance date as none of them had a disqualifying relationship with the Company. In making this determination the Company has considered the factors referred to in the commentary to Recommendation 2.4 of the NZX Corporate Governance Code.

BOARD SKILLS

The skills matrix (on the right) presents the Board's assessments of its skills and experience against criteria identified as necessary in the context of Argosy's business and the wider commercial environment in which it operates. It helps guide the assessment of the skills and diversity that the Board has or is looking for, provides an opportunity to identify gaps in skills that the Board seeks of current Directors and is part of the Board's planning for development, renewal and succession. The matrix will be reviewed regularly, to ensure the Board's collective skills and experience are aligned with the needs of Argosy's business and developments in the commercial environment. Beyond the variety of technical skills and experience listed below, the Board seeks to work as a team with different personalities and viewpoints, who will respectfully challenge Management and each other to support the long term success of the Company.

Skills		Total
Property Industry Experience	● ● ● ●	4/6
Commercial Experience	● ● ● ● ●	5/6
Financial	● ● ● ● ●	5/6
Legal	● ● ●	3/6
Capital Markets	● ● ● ●	4/6
ESG	● ● ● ●	4/6
Strategy	● ● ● ● ● ●	6/6
Risk Management	● ● ●	3/6

Criteria for the skills assessment are outlined in the following table:

Property Industry Experience	Experience in property including but not limited to investment and divestment, leasing, development and management.
Commercial Experience	Broad range of commercial/entrepreneurial/business experience.
Financial	Qualifications and experience in accounting and/or finance and the ability to: • analyse key financial statements • critically assess financial feasibility and performance • contribute to strategic financial planning • oversee budgets and the efficient use of resources • oversee funding arrangements
Legal	General experience with legal principles around property, capital raising and funds management. Experience in corporate and commercial law, including major contracts.
Capital Markets	Knowledge of capital markets and experience with raising funds via the capital markets. Knowledge and awareness of the objectives and preferences of institutional and retail investors.
ESG	Experience in best practice corporate governance structures, policies and processes.
Strategy	Business strategy skills, including oversight, development and execution, business sustainability, and capital allocation and planning.
Risk Management	Ability to identify, mitigate and manage key risks to the organisation in a wide range of areas including legal, regulatory and operational (including health and safety).

BOARD AND DIRECTOR PERFORMANCE

The Board will, regularly, critically evaluate its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.

INSIDER TRADING AND RESTRICTED PERSONS TRADING

Argosy's Directors, Officers and employees, their families and related parties must comply with the Insider Trading and Restricted Persons Trading policy. Amongst other requirements, the policy identifies three 'black-out periods' where trading in the Company's shares is prohibited (with limited exceptions, such as a 'special circumstances' trading application). The black-out periods are from the close of trading on 28 February (or 29 February in a leap year) until the day following the full year announcement date; from the close of trading on 31 August until the day following the half year announcement date each year; and 30 days prior to release of a product disclosure statement for a general public offer of Argosy securities.

The black-out periods do not affect ongoing fixed participation in the Dividend Reinvestment Plan (DRP) which is generally available throughout the year.

Trading by Directors, Officers, certain employees, and their associates, requires pre trade approval (with limited exceptions, such as shares acquired under the DRP). Officers and employees must obtain approval from any two Directors or a Director and the Chief Financial Officer and Directors must obtain pre-trade approval from the Chairman (or in the case of the Chairman, the Chairman of the Audit and Risk Committee). The holdings of Directors securities in Argosy are disclosed in the section headed 'Directors' Shareholdings and Bondholdings' on page 86 of this report. Argosy's Insider Trading and Restricted Persons Trading Policy is available on its website (www.argosy.co.nz).

DIRECTORS AND OFFICERS' INDEMNIFICATION AND INSURANCE

In accordance with section 162 of the Companies Act 1993 and the constitution of the Company, Argosy has indemnified and insured its Directors and employees, including Directors and employees of subsidiaries, in respect of liability incurred for any act or omission in their capacity as a Director or employee (including defence costs). The insurer reimburses the company where it has indemnified the Directors or employees.

BOARD COMMITTEES

Board committees assist with the execution of the Board's responsibilities to shareholders. Each committee operates under a constitution approved by the Board, setting out its role, responsibilities, authority, relationship with the Board, reporting requirements, composition, structure and membership. Argosy's Board committee constitutions are available on its website (www.argosy.co.nz).

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee which considers the remuneration of the Directors and senior executives and administers the Company's bonus and incentive schemes. As at 31 March 2022 Jeff Morrison (Chairman), Stuart McLauchlan and Martin Stearne were members of the Committee.

The Committee's charter, which sets out its responsibilities in more detail, is available on Argosy's website (www.argosy.co.nz).

ATTENDANCE AT REMUNERATION COMMITTEE

Remuneration Committee Meetings Attended

Director	Attendance
Jeff Morrison (Chair)	3 of 3
Stuart McLauchlan	3 of 3
Martin Stearne	3 of 3

NOMINATIONS COMMITTEE

The Board does not maintain a Nominations Committee. As all Directors participate in nomination decisions a Nominations Committee is considered unnecessary.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) COMMITTEE

In 2021, the Board established an ESG Committee responsible for identifying and considering ESG matters in relation to the Company and its operations including climate change risks. As at 31 March 2022 Mike Pohio (Chairman) and Rachel Winder were members of the Committee.

The Committee's charter, which sets out its responsibilities in more detail, is available on Argosy's website (www.argosy.co.nz).

ATTENDANCE AT ESG COMMITTEE MEETINGS

ESG Committee Meetings Attended

Director	Attendance
Mike Pohio (Chair)	4 of 4
Rachel Winder	4 of 4

AUDIT AND RISK COMMITTEE

The Board has established an Audit and Risk Committee, which is responsible for overseeing the financial, accounting and risk management responsibilities of the Company. The minimum number of members on the Audit and Risk Committee is three. All members must be Directors, the majority must be Independent Directors and at least one member must have an accounting or financial background. As at 31 March 2022 Stuart McLauchlan (Chairman), Jeff Morrison, Chris Gudgeon and Martin Stearne were members of the Committee.

The Audit and Risk Committee assists the Board in fulfilling its corporate governance and disclosure responsibilities with particular reference to financial matters, external audit and risk management. The Committee's charter, which sets out its responsibilities in more detail, is available on Argosy's website (www.argosy.co.nz).

ATTENDANCE AT AUDIT AND RISK COMMITTEE

Audit and Risk Committee Meetings Attended

Director	Attendance
Stuart McLauchlan (Chair)	4 of 4
Jeff Morrison	4 of 4
Chris Gudgeon	4 of 4
Martin Stearne	4 of 4

DIRECTORS' REMUNERATION

Directors' Fees

The current total Directors' fee pool approved by ordinary resolution at the Company's 2021 Annual Meeting is $828,000 per annum. The approved fee pool includes an unallocated amount of $100,000 that provides flexibility to remunerate Directors who assume additional responsibilities (including one-off project work) from time to time beyond the scope of their usual responsibilities.

Directors' Remuneration

Remuneration paid to Directors by the Company during the year is as follows:

Director	Remuneration
Jeff Morrison (Chair)	$184,500
Stuart McLauchlan	$117,889
Martin Stearne	$109,889
Mike Pohio	$105,736
Chris Gudgeon	$103,889
Rachel Winder	$101,452

The Company considers it desirable to attract and retain high performing Directors whose skills and experience are well suited to the Company's requirements. To this end, it is important that the Directors are remunerated appropriately. The Directors' fees are presently set as follows:

- each Director (other than the Chairman) is paid $92,500 per annum;
- the Chairman is paid $160,000 per annum; and
- additional amounts are paid to committee members.

The Audit and Risk Committee Chairman receives $20,000 per annum and its members each receive $12,000 per annum. The ESG Committee Chairman receives $15,000 and its members each receive $10,000 per annum. The Remuneration Committee Chairman receives $12,500 per annum and its members each receive $6,000 per annum. The Remuneration Committee reviews Director remuneration annually and makes recommendations to the Board. The Board takes advice from independent remuneration specialists when considering any proposal to increase the Directors' fees.

Additional payments may be made from the approved pool of $828,000 to Directors who assume additional responsibilities (including in relation to one-off project work) from time to time beyond the scope of their usual responsibilities. In the year to 31 March 2022, $7,583 in additional payments were made to members of the Company's new ESG Committee and the additional member of the Audit & Risk Committee (2021: $20,584).

No current or former Director received any other benefits from Argosy during the year to 31 March 2022 (2021: Nil).

GENDER BALANCE

As at 31 March 2022 the gender balance statistics for the Company's Directors, Officers and all employees were as follows:

Gender Diversity

	Directors	Officers	All employees
Female	1 (2021: 1)	3 (2021: 3)	13 (2021: 14)
Male	5 (2021: 5)	10 (2021: 10)	22 (2021: 19)
Total	6 (2021: 6)	13 (2021: 13)	35 (2021: 33)

As at 31 March 2022, the age statistics for the Company's Directors, Officers and all employees were as follows:

	Directors	Officers	All employees
Under 30	Nil (2021: Nil)	Nil (2021: Nil)	4 (2021: 4)
30-50 yrs	2 (2021: 2)	7 (2021: 7)	17 (2021: 15)
Over 50	4 (2021: 4)	6 (2021: 6)	14 (2021: 14)

Argosy has adopted a Diversity Policy which is available on its website (www.argosy.co.nz). This policy was updated during the year to include gender diversity targets for 2026. The Board considers that Argosy is making good progress with its diversity objectives. You can see further information on diversity on page 30 of the Annual Report.

REMUNERATION REPORT

Under the guidance of the Remuneration Committee, the Board has established a remuneration framework which is designed to attract, retain and reward individual employees to deliver premium performance aligned to business objectives, strategy, shareholder interests and investment performance.

Employee Remuneration

An employee's remuneration is comprised of the following components:

- fixed remuneration;
- variable or 'at risk' components.

The fixed remuneration component (including salary, KiwiSaver contributions, health and disability benefits and vehicles) 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 all permanent employees and a long-term incentive scheme for eligible senior executives.

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 for all employees other than the CEO and CFO is based on Company and individual performance measures with stretch performance goals.
- The Company performance measure is based on specific annual Company targets, which are linked to the Company's strategy and approved by the Board.
- Individual goals and performance measures are agreed between each manager and their direct reports, to encourage outstanding performance.
- Measures and stretch performance goals are reviewed each financial year.
- The value of the STI and its weighting between Company and individual performance measures each vary depending on the requirements of each employee's role.
- The STI for each of the Chief Executive Officer and Chief Financial Officer is based solely on Company performance.

Long Term Incentive Scheme (LTI)

The Company has established an LTI scheme for senior executives. The scheme remunerates 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 (currently 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 measures. Each PSR has a vesting date three years after commencement of the financial year in which it is issued.

The LTI performance measure is 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) will be 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.

318,573 PSRs vested in the year ending 31 March 2022 and a corresponding number of shares in the Company were issued to senior executives. These PSRs vested in May 2021 because the Company's TSR exceeded the 50th percentile in the comparison group over the applicable three-year period.

REMUNERATION

Chief Executive's Remuneration

The Chief Executive's remuneration for the year ended 31 March 2022 is outlined below:

Chief Executive's Remuneration	
Fixed remuneration and other benefits	$710,675
Short Term Incentive	$260,000
Long Term Incentive	$307,018
Total	**$1,277,693**

The Chief Executive's remuneration does not include the value of PSRs issued under the Company's LTI scheme which have been granted but have not yet vested. 203,887 PSRs issued to the Chief Executive vested during the year to 31 March 2022.

Employee Remuneration

All employees of the Group are employed by Argosy Property Management Limited. The number of employees or former employees of the Group, not being Directors of Argosy Property Limited or the Chief Executive who received remuneration and any other benefits in their capacity as employees of $100,000 per annum or more, are set out in the following table:

Amount of remuneration	Number of employees
$100,001 - $110,000	2
$110,001 - $120,000	1
$130,001 - $140,000	2
$140,001 - $150,000	3
$150,001 - $160,000	1
$160,001 - $170,000	1
$170,001 - $180,000	3
$180,001 - $190,000	1
$190,001 - $200,000	1
$210,001 - $220,000	1
$230,001 - $240,000	1
$240,001 - $250,000	1
$250,001 - $260,000	2
$270,001 - $280,000	1
$280,001 - $290,000	1
$300,001 - $310,000	1
$360,001 - $370,000	1
$380,001 - $390,000	1
$430,001 - $440,000	1
$900,001 - $910,000	1

Employee remuneration does not include PSRs issued under the Company's LTI scheme that have been granted but which have not vested. 318,573 PSRs issued to employees vested in the year to 31 March 2022 and these are included in the value of remuneration and other benefits in the table above.

INTERESTS REGISTERS

Directors' Shareholdings and Bondholdings

Equity and debt securities in which each Director and associated person of each Director held a relevant interest as at 31 March 2022 are listed below:

Director	Holder	Trustees	Interest	Number of Shares
Chris Gudgeon	Trustees of the Twinrock Trust	CW Gudgeon, JC Gudgeon and PB Guise	Non beneficial	18,100
Mike Pohio	Trustees of the Pohio Family Trust	Michael Eric Pohio, Karen Elizabeth Pohio and Ruby Trustees Limited	Non beneficial	50,000
Rachel Winder	Rachel Winder		Beneficial	14,000
Martin Stearne	FNZ Custodians Limited for the trustees of the MW and LJ Stearne Family Trust	Martin William Stearne and Tobias Edward Groser	Non beneficial	150,000
Stuart McLauchlan	JBWere (NZ) Nominees Limited		Beneficial	21,398
Jeff Morrison	Investment Custodial Services for the trustees of the Suzanne Fisher Trust	Jeff Morrison and Barry Fisher	Non beneficial	401,821
Jeff Morrison	Investment Custodial Services for trustees of the LJ Fisher Trust	Jeff Morrison and Andrew Spencer	Non beneficial	56,191
Jeff Morrison	Trustees of the JM Thompson Trust	Jeff Morrison and Robyn Shearer	Non beneficial	329,160
Jeff Morrison	Trustees of the Dalbeth Family Trust No.3	William Dalbeth and Jeff Morrison	Non beneficial	218,070
Jeff Morrison	Trustees of the Dalbeth Family Trust No.4	William Dalbeth and Jeff Morrison	Non beneficial	334,300
Jeff Morrison	FNZ Custodians Limited for Stephen Fisher, Virginia Fisher and Jeffrey Morrison as trustees of the Stephen and Virginia Fisher Trust	Stephen Fisher, Virginia Fisher and Jeff Morrison	Non beneficial	66,000
Jeff Morrison	Trustees of the Margaret Claire Dotchin-Knight Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	5,000
Jeff Morrison	Trustees of the Joanne Elizabeth Dotchin Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	5,000
Jeff Morrison	Trustees of the Jonathan Napier & Dulcie Elizabeth Dotchin Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	5,000
Jeff Morrison	Investment Custodial Services Limited for Jeffrey Robert Morrison and Noeline Morrison as trustees of the J&N Morrison Family Trust	Jeffrey Robert Morrison and Noeline Morrison	Beneficial	72,322
Jeff Morrison	Investment Custodial Services Limited for the Spirit of Adventure Trust Board		Non beneficial	69,250

Director	Holder	Trustees	Interest	Number of ARG010 Bonds
Jeff Morrison	JM Thompson Charitable Trust	Jeffrey Morrison and Robyn Shearer	Non beneficial	300,000
Jeff Morrison	WT Dalbeth Family Trust No.3	William Dalbeth and Jeffrey Robert Morrison	Non beneficial	200,000
Jeff Morrison	Dalbeth Family Trust No.2	Audrey Dalbeth, Anthony Hudson, Bronwyn Patterson, William Dalbeth and Jeffrey Morrison	Non beneficial	200,000
Jeff Morrison	WT Dalbeth Family Trust No.4	William Dalbeth and Jeffrey Morrison	Non beneficial	300,000

Director	Holder	Trustees	Interest	Number of ARG020 Bonds
Jeff Morrison	FNZ Custodians Limited for Stephen Fisher, Virginia Fisher and Jeffrey Morrison as trustees of the Stephen and Virginia Fisher Trust	Stephen Fisher, Virginia Fisher and Jeffrey Morrison	Non beneficial	125,000

Director	Holder	Trustees	Interest	Number of ARG030 Bonds
Jeff Morrison	FNZ Custodians Limited for Stephen Barry Fisher, Virginia Jane Fisher and Jeffrey Morrison as trustees of the Stephen and Virginia Fisher Trust	Stephen Barry Fisher, Virginia Jane Fisher and Jeffrey Morrison	Non beneficial	150,000
Jeff Morrison	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin as trustees of the Margaret Claire Dotchin-Knight Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	60,000
Jeff Morrison	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin as trustees of the Joanne Elizabeth Dotchin Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	60,000
Jeff Morrison	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin as trustees of the Jonathan Napier & Dulcie Elizabeth Dotchin Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	60,000

SENIOR MANAGERS' SHAREHOLDINGS

Equity securities in which each Senior Manager and associated person of each Senior Manager held a relevant interest as at 31 March 2022 are listed below:

Officer	Holder	Trustees	Interest	No. of shares
Peter Mence	Peter Mence		2019 PSR[1]	192,215
			2020 PSR	287,356
			2021 PSR	180,005
	Peter Mence		Beneficial	321,707
	Trustees of the Papageno Trust	Peter Mence, Stella McDonald	Non beneficial	416,077
	Sharesies Nominee Limited as nominee for Peter Donald Mence	Sharesies Nominee Limited	Beneficial	40,739
Dave Fraser	Dave Fraser		2019 PSR	108,121
			2020 PSR	157,493
			2021 PSR	101,616
	Dave Fraser		Beneficial	258,738

1. Performance Share Rights issued under the Company's Long Term Incentive Scheme.

107 Carlton Gore Road, Auckland.

DIRECTORS AND SENIOR MANAGERS' SHARE AND BOND DEALINGS

The Directors and Senior Managers entered into the following dealings which relate to the acquisition of shares and bonds in the Company during the year:

- Dave Fraser acquired a beneficial interest in 3,076 shares in the Company on 30 March 2022 for consideration of $4,186 under the Company’s dividend reinvestment plan.
- Dave Fraser acquired a beneficial interest in 2,728 shares in the Company on 22 December 2021 for consideration of $4,142 under the Company’s dividend reinvestment plan.
- Dave Fraser acquired a beneficial interest in 2,566 shares in the Company on 29 September 2021 for consideration of $4,100 under the Company’s dividend reinvestment plan.
- Dave Fraser acquired a beneficial interest in 2,631 shares in the Company on 23 June 2021 for consideration of $3,994 under the Company’s dividend reinvestment plan.
- Dave Fraser acquired a beneficial interest in 114,686 shares in the Company on 26 May 2021 for consideration of $1 which were issued upon vesting of performance share rights under the Company’s Long Term Incentive Scheme.
- Dave Fraser disposed of a beneficial interest in 134,168 performance share rights in the Company on 19 May 2021 for nil consideration which expired under the Company’s Long Term Incentive Scheme.
- Dave Fraser acquired a beneficial interest in 101,616 performance share rights in the Company on 19 May 2021 for nil consideration which were granted under the Company’s Long Term Incentive Scheme.
- Stuart McLauchlan acquired a beneficial interest in 254 shares in the Company on 30 March 2022 for consideration of $346 under the Company’s dividend reinvestment plan.
- Stuart McLauchlan acquired a beneficial interest in 226 shares in the Company on 22 December 2021 for consideration of $343 under the Company’s dividend reinvestment plan.
- Stuart McLauchlan acquired a beneficial interest in 212 shares in the Company on 29 September 2021 for consideration of $339 under the Company’s dividend reinvestment plan.
- Stuart McLauchlan acquired a beneficial interest in 218 shares in the Company on 23 June 2021 for consideration of $330 under the Company’s dividend reinvestment plan.
- Peter Mence acquired a beneficial interest in 3,824 shares in the Company on 30 March 2022 for consideration of $5,205 under the Company’s dividend reinvestment plan.
- Peter Mence acquired a beneficial interest in 3,392 shares in the Company on 22 December 2021 for consideration of $5,150 under the Company’s dividend reinvestment plan.
- Peter Mence acquired a beneficial interest in 3,190 shares in the Company on 29 September 2021 for consideration of $5,098 under the Company’s dividend reinvestment plan.
- Peter Mence acquired a beneficial interest in 3,271 shares in the Company on 23 June 2021 for consideration of $4,967 under the Company’s dividend reinvestment plan.
- Peter Mence acquired a beneficial interest in 203,887 shares in the Company on 26 May 2021 for consideration of $1 which were issued upon vesting of performance share rights under the Company’s Long Term Incentive Scheme.
- Peter Mence disposed of a beneficial interest in 238,521 performance share rights in the Company on 19 May 2021 for nil consideration which expired under the Company’s Long Term Incentive Scheme.
- Peter Mence acquired a beneficial interest in 180,005 performance share rights in the Company on 19 May 2021 for nil consideration which were granted under the Company’s Long Term Incentive Scheme.
- Jeff Morrison acquired a non-beneficial (professional trustee) interest in 32,000 shares in the Company on 1 December 2021 for consideration of $47,680 through an on-market acquisition.
- Jeff Morrison acquired a non-beneficial (professional trustee) interest in 14,656 shares in the Company on 29 November 2021 for consideration of $20,843 through an on-market acquisition.
- Jeff Morrison disposed of a non-beneficial (professional trustee) interest in 144,510 shares in the Company on 8 September 2021 for consideration of $242,642 through an on-market disposal.
- Jeff Morrison disposed of a non-beneficial (professional trustee) interest in 36,809 shares in the Company on 27 August 2021 for consideration of $59,260 through an on-market disposal.
- Jeff Morrison disposed of a non-beneficial (professional trustee) interest in 6,369 shares in the Company on 23 June 2021 for consideration of $9,780 through an on-market disposal.

DIRECTORS' INTERESTS

The Directors have declared interests in the entities listed below. Where (R) is included next to the interest, the Director has ceased to have that interest during the year.

Director	Position	Company/Organisation
Stuart McLauchlan	Chairman	Analog Digital Instruments Limited
	Chairman	Scott Technology Limited
	Director	GS McLauchlan & Co Limited
	Director	Scenic Hotels Group Limited
	Director	Dunedin Casinos Limited
	Director	Ebos Group Limited
	Member	Marsh Limited Advisory Board
Mike Pohio	Chairman	Ngai Tahu Holdings
	Chairman	Rotoiti 15 Investment Limited Partnership
	Chairman	Mana Ahuriri Holdings Limited Partnership
	Director	Te Atiawa (Taranaki) Holdings Limited
	Director	Te Atiawa Iwi Holdings Management Limited
Jeff Morrison (Chair)	Trustee	Spirit of Adventure Trust
Chris Gudgeon	Director	Crown Infrastructure Partners Limited
	Director	Ngati Whatua Orakei Whai Rawa Ltd
	Director	Whai Rawa GP Ltd
	Director	Whai Rawa Kainga Development Ltd
	Director	Ngati Whatua Orakei Housing Trustee Ltd
	Member	Kiwirail Holdings Ltd Property Committee
	Member	Niwa Future Property Programme Committee
Rachel Winder	Head of Property (R)	Westpac New Zealand Limited
	Director	Current Trading Company Limited
Martin Stearne	Director and Shareholder (100%)	Encore Advisory Limited
	Director	Impact Ventures CI Limited
	Member	Takeovers Panel
	Member	Impact Enterprise Fund Investment Committee
	Member	NZX Listing Sub-committee
Peter Mence	Director	Argosy Property No. 1 Limited
	Director	Argosy Property Management Limited
Dave Fraser	Director	Argosy Property No. 1 Limited
	Director	Argosy Property Management Limited

INFORMATION USED BY DIRECTORS

No Director requested to use information received in his or her capacity as a director that would not otherwise be available to the Director.

INDEMNITIES AND INSURANCE

The Company effected indemnities for Directors and employees for liability (including defence costs) arising in respect of acts or omissions while acting in the capacity of a director or employee.

The Company effected insurance for Directors and employees for liability (including defence costs) arising in respect of acts or omissions while acting in the capacity of a director or employee, and a policy for defence costs.

EXTERNAL AUDIT FIRM GUIDELINES

In addition to the formal constitution under which the Audit and Risk Committee operates, the Audit and Risk Committee also has an External Auditor Independence Policy containing procedures to ensure the independence of the Company's external auditor.

The Audit and Risk Committee is responsible for recommending the appointment of the external auditor and maintaining procedures for the rotation of the external audit lead partner.

Under the External Auditor Independence Policy, the external audit lead partner must be rotated every five years.

The Policy covers provision of non-audit services with the general principle being that the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. It is, however, appropriate for the external auditor to provide services of due diligence on proposed transactions and accounting policy advice.

Deloitte is the Company's current external auditor.

NZX RULINGS AND WAIVERS

The Company did not apply to NZX for, nor rely on, any rulings or waivers during the year to 31 March 2022.

DONATIONS

The Company paid $77,127 across the following sponsorship payments during the year to 31 March 2022;

- $7,500 Hotwater Beach Surf Life Saving Club Inc.;
- $7,500 Taylors Mistake Surf Life Saving Club Inc.;
- $15,000 Red Beach Surf Life Saving;
- $7,500 St Clair Surf Life Saving;
- $7,500 Lyall Bay Surf Life Saving Club Inc.;
- $6,087 Spirit of Adventure Trust;
- $7,500 Pillars New Zealand;
- $5,000 The University of Auckland;
- $7,500 Variety - the Childrens Charity Incorporated;
- $2,500 Next Generation Sport; and
- $3,540 all other sponsorships.

No other member of the Group made donations in the year to 31 March 2022.

ARGOSY SUBSIDIARIES – DIRECTORS

As at 31 March 2022:

- Jeff Morrison, Peter Mence and Dave Fraser were the directors of Argosy Property No. 1 Limited;
- Jeff Morrison, Peter Mence and Dave Fraser were the directors of Argosy Property Management Limited.

No director of any Argosy subsidiary received additional remuneration or benefits in respect of their directorships. Other than the entries set out under the heading "Directors' Interests", there were no entries made in the Interests Registers of Argosy's subsidiaries during the accounting period.

The directors of Argosy's subsidiaries who are not also directors of the Company have no interests recorded in the interest registers of those companies.

20 LARGEST REGISTERED FINANCIAL PRODUCT HOLDERS AS AT 31 MARCH 2022

Rank	Holder Name	Total	Percentage
1	FNZ Custodians Limited	73,631,374	8.69
2	Accident Compensation Corporation - NZCSD <ACCI40>	64,030,058	7.56
3	HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	59,579,253	7.03
4	HSBC Nominees (New Zealand) Limited A/C State Street - NZCSD <HKBN45>	45,502,187	5.37
5	Citibank Nominees (New Zealand) Limited - NZCSD <CNOM90>	44,364,506	5.24
6	JP Morgan Chase Bank NA NZ Branch-Segregated Clients Acct - NZCSD <CHAM24>	31,744,706	3.74
7	Forsyth Barr Custodians Limited <1-Custody>	30,701,781	3.62
8	New Zealand Depository Nominee Limited <A/C 1 Cash Account>	26,050,588	3.07
9	BNP Paribas Nominees (NZ) Limited - NZCSD <BPSS40>	24,758,435	2.92
10	Custodial Services Limited <A/C 4>	21,848,981	2.58
11	Investment Custodial Services Limited <A/C C>	21,499,899	2.53
12	Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	14,877,338	1.75
13	JBWERE (NZ) Nominees Limited <NZ Resident A/C>	9,986,366	1.17
14	BNP Paribas Nominess (NZ) Limited - NZCSD <COGN40>	9,497,246	1.12
15	Christine Anne Mansell & Douglas Tony Brown <Harvan A/C>	7,317,000	0.86
16	Simplicity Nominees Limited - NZCSD	6,871,346	0.81
17	Jarden Custodians Limited <A/C 7>	6,701,731	0.79
18	PT (Booster Investments) Nominees Limited	6,368,965	0.75
19	University Of Otago Foundation Trust	6,231,754	0.73
20	Peter John Whiting & Janet Graham Whiting & Peter Austin Gowing <Whiting Family A/C>	5,717,840	0.67

SUBSTANTIAL PRODUCT HOLDERS AS AT 31 MARCH 2022

	Date notice filed	No of shares	% of total issued shares
Accident Compensation Corporation	3 November 2020	60,727,976	7.28
Jarden Securities Limited, Jarden Scientific Limited and Harbour Asset Management Limited	12 August 2021	42,277,417	5.02

The total number of shares on issue in the Company as at 31 March 2022 was 846,550,602. The only class of shares on issue as at 31 March 2022 was ordinary shares. The number and percentage of shares shown are as advised in the substantial security holder notice to the Company disclosed by 31 March 2022 and may not be that substantial holder's current relevant interest.

DISTRIBUTION OF SHAREHOLDERS AS AT 31 MARCH 2022

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
1 to 999	270	3.33	109,559	0.01
1,000 to 1,999	275	3.39	358,144	0.04
2,000 to 4,999	871	10.73	3,001,357	0.35
5,000 to 9,999	1,512	18.63	10,901,204	1.29
10,000 to 49,999	3,956	48.73	88,151,349	10.41
50,000 to 99,999	721	8.88	47,724,067	5.64
100,000 to 499,999	442	5.44	79,577,117	9.40
500,000 to 999,999	32	0.39	21,814,328	2.58
1,000,000+	39	0.48	594,913,477	70.28
Total	8,118	100.00	846,550,602	100.00

20 LARGEST REGISTERED HOLDERS OF ARG010 BONDS AS AT 31 MARCH 2022

Rank	Holder Name	Total	Percentage
1	Forsyth Barr Custodians Limited <1-Custody>	19,983,000	19.98
2	FNZ Custodians Limited	18,460,000	18.46
3	Generate Kiwisaver Public Trust Nominees Limited <NZCSD> <NZPT44>	10,081,000	10.08
4	National Nominees Limited - Nzcsd <NNLZ90>	10,000,000	10.00
5	Custodial Services Limited <A/C 4>	9,857,000	9.85
6	HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	6,000,000	6.00
7	Investment Custodial Services Limited <A/C C>	2,867,000	2.86
8	Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	2,312,000	2.31
9	Hobson Wealth Custodian Limited <Resident Cash Account>	1,698,000	1.69
10	FNZ Custodians Limited <DTA Non Resident A/C>	1,647,000	1.64
11	Forsyth Barr Custodians Limited <Account 1 E>	1,562,000	1.56
12	NZPT Custodians (Grosvenor) Limited - NZCSD <NZPG40>	1,500,000	1.50
13	Forsyth Barr Custodians Limited <A/C 1 NRLAIL>	550,000	0.55
14	ANZ Custodial Services New Zealand Limited - NZCSD <PBNK90>	504,000	0.50
15	Andrew Patrick Cunningham & Elizabeth Anne Cunningham	500,000	0.50
16	Hugh McCracken Ensor	500,000	0.50
17	Frimley Foundation	350,000	0.35
18	JN & HB Williams Foundation	350,000	0.35
19	Carlton Cornwall Bowls Incorporated	250,000	0.25
20	The Malaghan Institute Of Medical Research Trust Board	250,000	0.25

DISTRIBUTION OF ARG010 BONDHOLDERS AS AT 31 MARCH 2022

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
5,000 to 9,999	47	11.71	256,000	0.26
10,000 to 49,999	263	65.59	5,180,000	5.18
50,000 to 99,999	57	14.21	3,102,000	3.10
100,000 to 499,999	23	5.74	3,230,000	3.23
500,000 to 999,999	3	0.75	1,550,000	1.55
1,000,000+	8	2.00	86,682,000	86.68
Total	401	100.00	100,000,000	100.00

20 LARGEST REGISTERED HOLDERS OF ARG020 BONDS AS AT 31 MARCH 2022

Rank	Holder Name	Total	Percentage
1	Forsyth Barr Custodians Limited <1-Custody>	21,836,000	21.83
2	FNZ Custodians Limited	14,684,000	14.68
3	Custodial Services Limited <A/C 4>	12,616,000	12.61
4	Hobson Wealth Custodian Limited <Resident Cash Account>	9,871,000	9.87
5	National Nominees Limited - NZCSD <NNLZ90>	7,850,000	7.85
6	Generate Kiwisaver Public Trust Nominees Limited <NZCSD> <NZPT44>	6,100,000	6.10
7	HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	6,000,000	6.00
8	Mint Nominees Limited - NZCSD <NZP440>	4,050,000	4.05
9	Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	2,600,000	2.60
10	Forsyth Barr Custodians Limited <Account 1 E>	1,869,000	1.86
11	NZPT Custodians (Grosvenor) Limited - NZCSD <NZPG40>	1,700,000	1.70
12	Investment Custodial Services Limited <A/C C>	1,672,000	1.67
13	Hobson Wealth Custodian Limited <Equities DTA Account>	884,000	0.88
14	FNZ Custodians Limited <DTA Non Resident A/C>	645,000	0.64
15	Henry & William Williams Memorial Trust Incorporated	534,000	0.53
16	JBWere (NZ) Nominees Limited <NZ Resident A/C>	500,000	0.50
17	Citibank Nominees (New Zealand) Limited - NZCSD <CNOM90>	500,000	0.50
18	Social Service Council Of The Diocese Of Christchurch	500,000	0.50
19	Forsyth Barr Custodians Limited <A/C 1 NRLAIL>	335,000	0.33
20	Custodial Services Limited <A/C 6>	280,000	0.28

DISTRIBUTION OF ARG020 BONDHOLDERS AS AT 31 MARCH 2022

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
5,000 to 9,999	15	11.46	85,000	0.09
10,000 to 49,999	64	48.85	1,262,000	1.26
50,000 to 99,999	25	19.08	1,468,000	1.47
100,000 to 499,999	15	11.45	2,380,000	2.38
500,000 to 999,999	5	3.82	3,063,000	3.06
1,000,000+	7	5.34	91,742,000	91.74
Total	131	100.00	100,000,000	100.00

20 LARGEST REGISTERED HOLDERS OF ARG030 BONDS AS AT 31 MARCH 2022

Rank	Holder Name	Total	Percentage
1	Forsyth Barr Custodians Limited <1-Custody>	23,182,000	18.54
2	Custodial Services Limited <A/C 4>	22,163,000	17.73
3	FNZ Custodians Limited	15,121,000	12.09
4	National Nominees Limited - NZCSD <NNLZ90>	15,000,000	12.00
5	Hobson Wealth Custodian Limited <Resident Cash Account>	10,206,000	8.16
6	HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	6,750,000	5.40
7	Queen Street Nominees ACF Pie Funds - NZCSD	4,000,000	3.20
8	Pin Twenty Limited <Kintyre A/C>	2,930,000	2.34
9	Citibank Nominees (New Zealand) Limited - NZCSD <CNOM90>	2,600,000	2.08
10	Generate Kiwisaver Public Trust Nominees Limited <NZCSD> <NZPT44>	2,525,000	2.02
11	JBWere (NZ) Nominees Limited <NZ Resident A/C>	2,272,000	1.81
12	Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	1,467,000	1.17
13	Investment Custodial Services Limited <A/C C>	1,362,000	1.08
14	FNZ Custodians Limited <DTA Non Resident A/C>	1,126,000	0.90
15	Falstaff Investments Limited	1,000,000	0.80
16	Forsyth Barr Custodians Limited <Account 1 E>	899,000	0.71
17	Hobson Wealth Custodian Limited <Equities DTA Account>	873,000	0.69
18	Bank Of New Zealand - Treasury Support <BNZW40>	520,000	0.41
19	Queen Street Nominees ACF Hobson Wealth - NZCSD	505,000	0.40
20	Hugh McCracken Ensor	500,000	0.40

DISTRIBUTION OF ARG030 BONDHOLDERS AS AT 31 MARCH 2022

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
5,000 to 9,999	22	8.53	123,000	0.10
10,000 to 49,999	166	64.34	3,428,000	2.74
50,000 to 99,999	35	13.57	2,031,000	1.62
100,000 to 499,999	21	8.14	3,435,000	2.75
500,000 to 999,999	4	1.55	2,772,000	2.22
1,000,000+	10	3.87	113,211,000	90.57
Total	258	100.00	125,000,000	100.00

HOLDINGS OF DIRECTORS OF THE COMPANY AS AT 31 MARCH 2022

Director	No. of shares (non beneficial)	No. of shares (beneficial)	No. of bonds (non beneficial)
Stuart McLauchlan		21,398	
Chris Gudgeon	18,100		
Martin Stearne	150,000		
Mike Pohio	50,000		
Rachel Winder		14,000	
Jeff Morrison	1,489,792	72,322	1,455,000

DIRECTORS' STATEMENT

The Board is responsible for preparing the Annual Report. This report is dated 17 May 2022 and is signed on behalf of the Board of Argosy Property Limited by Jeff Morrison, Chairman and Stuart McLauchlan, Director

Jeff Morrison
Chairman

Stuart McLauchlan
Director

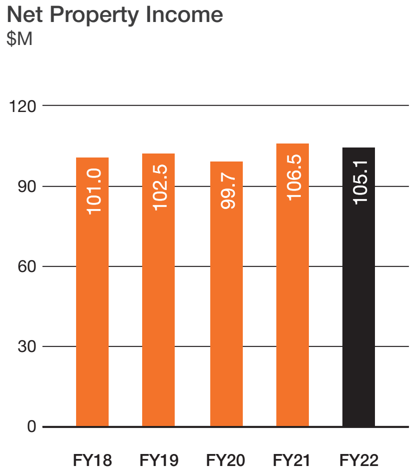
General Disclosures

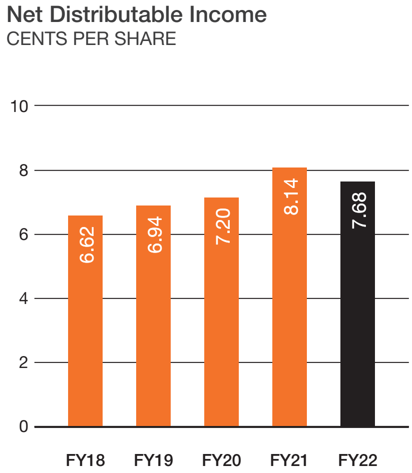
Disclosure title	GRI	Location or reference
Name of the organisation	102-1	Argosy Property Limited
Activities, brands, products and services	102-2	Page 12
Location of headquarters	102-3	Page 99
Location of operations	102-4	Page 99
Ownership and legal form	102-5	Page 80
Markets served	102-6	Page 19
Scale of the organisation	102-7	Pages 18-19
Information on employees and other workers	102-8	Pages 30 & 84
Supply chain	102-9	Pages 12-14 and 41-46
Significant changes to the organisation and its supply chain	102-10	There were no significant changes to Argosy's operations or supply chain during the year.
Precautionary Principle or approach	102-11	Although Argosy does not formally follow the precautionary principle, sustainability risks are addressed under our risk management framework.
External initiatives	102-12	Pages 22-25 and 28-29
Membership of associations	102-13	Page 28
Statement from senior decision-maker	102-14	Pages 8-9
Values, principles, standards, and norms of behavior	102-16	Page 34
Governance structure	102-18	Pages 82-83
List of stakeholder groups	102-40	Page 22
Collective bargaining agreements	102-41	None
Identifying and selecting stakeholders	102-42	Page 22
Approach to stakeholder engagement	102-43	Page 22
Key topics and concerns raised	102-44	Pages 22-23
Entities included in the consolidated financial statements	102-45	Page 76
Defining report content and topic Boundaries	102-46	Page 22
List of Material Topics	102-47	Page 23
Restatements of information	102-48	None
Changes in reporting	102-49	None
Reporting period	102-50	Year ending 31 March 2022
Date of most recent report	102-51	This is Argosy's first GRI sustainability report
Reporting cycle	102-52	Annual
Contact point for questions regarding the report	102-53	service@argosy.co.nz
Claims of reporting in accordance with the GRI Standards	102-54	This report has been prepared in accordance with the GRI Standards: Core option
GRI content index	102-55	Page 96
External assurance	102-56	None

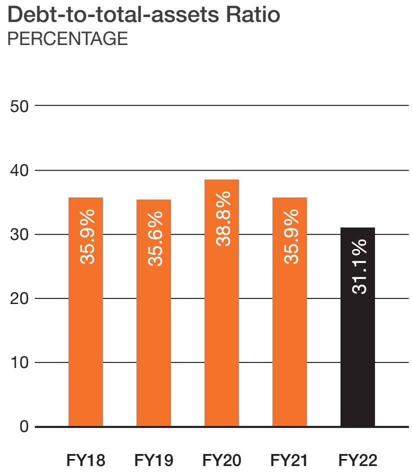
Topic specific disclosures

Disclosure title	GRI	Location or reference
Green Buildings		
Disclosure on management approach	103	Pages 20-26
Disclosure on energy intensity	302	https://argosy.co.nz/assets/Argosy-Property-Energy-and-Emissions-Disclosures-310322.pdf
Climate Change		
Disclosure on mangement approach	103	Pages 25-26 and Argosy's TCFD disclosures https://argosy.co.nz/assets/Climate-related-Financial-Disclosures-2022.pdf
Disclosure on emissions	305	https://argosy.co.nz/assets/Argosy-Property-Energy-and-Emissions-Disclosures-310322.pdf
Tenant experience, engagement and wellbeing		
Disclosure on management approach	103	Page 31
Engaged, healthy, diverse and capable workforce		
Disclosure on management approach	103	Pages 30 and 84
Community engagement		
Disclosure on management approach	103	Pages 28-29
ESG governance		
Disclosure on management approach	103	Pages 20-21
ESG leadership		
Disclosure on management approach	103	Pages 20-21

FINANCIAL SUMMARY







FINANCIAL SUMMARY

	Unit of measure	FY2018	FY2019	FY2020	FY2021	FY2022
Net property income	$m	101.0	102.5	99.7	106.5	105.1
Profit before financial income/(expenses) and other gains/(losses) and tax	$m	91.1	91.5	88.2	95.6	93.3
Revaluation gains on investment property	$m	47.3	70.5	59.9	157.7	163.7
Profit for the year (before taxation)	$m	109.3	143.3	123.9	248.4	241.2
Profit for the year (after taxation)	$m	98.2	133.7	119.1	241.7	236.2
Earnings per share	cents	11.90	16.16	14.40	29.04	28.01
Gross distributable income per share	cents	7.95	8.14	7.91	8.61	8.03
Net distributable income per share	cents	6.62	6.94	7.20	8.14	7.68
Total assets	$m	1,544.8	1,675.1	1,929.6	2,156.8	2,291.5
Debt-to-total-assets ratio	%	35.9	35.6	38.8	35.9	31.1
Net assets backing per share	cents	112	122	130	153	174
Cash dividend per share	cents	6.20	6.28	6.35	6.45	6.55
Shares on issue at year end	m	827.0	827.0	827.2	839.5	846.6
Total equity	$m	926.9	1,009.0	1,075.8	1,280.6	1,472.1

PROPERTY METRICS

	Unit of measure	FY2018	FY2019	FY2020	FY2021	FY2022
Number of tenants	no.	176	171	177	157	157
Number of properties[1]	no.	61	60	59	55	53
Average property value	$m	24.8	27.8	31.6	36.6	41.7
Net lettable area	sqm	587,766	587,125	584,932	632,872	629,449
Total book value	$m	1,513.1	1,667.0	1,866.9	2,010.8	2,207.5
Weighted average lease term	years	6.08	6.14	6.09	5.51	5.67
Occupancy factor by rental	%	98.8	97.7	98.8	99.0	98.7
Occupancy factor by area	%	99.4	97.8	98.3	99.3	99.4

1. Certain titles have been consolidated and treated as one. The total number of buildings excludes properties held for sale.

DIRECTORS

Argosy Property Limited

Chris Gudgeon, Auckland
Stuart McLauchlan, Dunedin
Jeff Morrison, Auckland
Mike Pohio, Hamilton
Rachel Winder, Auckland
Martin Stearne, Auckland

REGISTERED OFFICE

Argosy Property Limited

39 Market Place
Auckland 1010
PO Box 90214
Victoria Street West
Auckland 1142
Telephone: (09) 304 3400
Facsimile: (09) 302 0996

REGISTRAR

Computershare Investor Services Limited

159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1142
Telephone: (09) 488 8777
Facsimile: (09) 488 8787

AUDITOR

Deloitte

Deloitte Centre
80 Queen Street
Private Bag 115-003
Auckland 1010
Telephone: (09) 303 0700
Facsimile: (09) 303 0701

LEGAL ADVISORS

Harmos Horton Lusk Limited

Vero Centre
48 Shortland Street
PO Box 28
Auckland 1010
Telephone: (09) 921 4300
Facsimile: (09) 921 4319

Russell McVeagh

Vero Centre
48 Shortland Street
PO Box 8
Auckland 1140
Telephone: (09) 367 8000
Facsimile: (09) 367 8163

BANKERS TO THE COMPANY

ANZ Bank New Zealand Limited

ANZ House
23–29 Albert Street
PO Box 6243
Auckland 1141

Bank of New Zealand Limited

Deloitte Centre
80 Queen Street
Private Bag 99208
Auckland 1142

The Hongkong and Shanghai Banking Corporation Limited

HSBC House
1 Queen Street
PO Box 5947
Wellesley Street
Auckland 1141

Commonwealth Bank of Australia

ASB North Wharf
12 Jellicoe Street
Auckland 1010

Westpac New Zealand Limited

Westpac New Zealand Ltd
PO Box 934
Shortland Street
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Argosy

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