Argosy

INTERIM REPORT 30 SEPTEMBER 2016

STRONGER PORTFOLIO

PROPERTIES

64

TENANTS

188

"Argosy has a well diversified portfolio of quality buildings with strong portfolio metrics. A high occupancy rate and a good weighted average lease term provides secure income streams for our shareholders."

HIGHLIGHTS

GROSS DISTRIBUTABLE INCOME

$36.1m

Gross distribution income of $36.1 million.

NET DISTRIBUTABLE INCOME

$31.1m

Net distributable income of $31.1 million.

ANNUAL DIVIDEND GUIDANCE

6.10 cents per share

Expected dividend of 6.10 cents per share to 31 March 2017.

OCCUPANCY

97.9%

Occupancy (by rental) 97.9%.

WALT

5.26yrs

Weighted average lease term of 5.26 years.

PORTFOLIO

$1.40b

Total portfolio value of $1.40 billion.

- Positive property revaluation of $35.8 million.
- Net Tangible Assets per share increased to $1.04.
- Tenant-led developments on track.

Cover image: 147 Lambton Quay WELLINGTON

SIGNIFICANT PROGRESS

"The first half of the 2017 financial year has been another strong period for Argosy with further excellent results being achieved for our shareholders."

On behalf of the Argosy Board of Directors, I am pleased to be able to report Argosy's interim results to 30 September 2016. The first half of the 2017 financial year has been another strong period for Argosy with excellent results being achieved for our shareholders. We continue to adhere to our strategy and believe we now have a quality portfolio of properties. We continue to work closely with a number of our valued tenants on tenant-led developments with the intent of adding value to the tenant and to the portfolio.

In the six months to 30 September 2016, Argosy delivered a 20.2% increase to gross distributable income[1] from the prior interim period to $36.1 million, or 4.44 cents per share. As announced in April, gross distributable income has been positively affected by a payment received in respect of the surrender of the lease by NZ Post for the top three floors of the building at 7 Waterloo Quay in Wellington.

Net distributable income has increased to 3.82 cents per share from 3.10 cents per share in the first half of the 2016 financial year, a 23.2% increase.

[1] Profit before tax and distributable income are alternative performance measures used to assist investors in assessing the Company's underlying operating performance and to determine income available for distribution to shareholders. Note 14 of the financial statements released today provides a full reconciliation between profit before tax and distributable income.

4.44¢

GROSS DISTRIBUTABLE INCOME PER SHARE

3.82¢

NET DISTRIBUTABLE INCOME PER SHARE

DIVIDENDS

A cash dividend of 1.525 cents per share, consistent with the first quarter, has been declared for the September quarter. Imputation credits of 0.4291 cents per share are attached to the dividend and the dividend reinvestment plan ("DRP") will continue with a discount of 1% applied to the price at which the shares will be issued under the DRP. The record date is 7 December 2016 and the payment date will be 21 December 2016.

The Board is pleased to confirm that a dividend of 6.10 cents per share, with all the benefits of the PIE Regime, is expected for the year to 31 March 2017. While projections beyond that date are heavily dependent on market conditions and the economic environment, based on current conditions, it is expected that the dividend will again modestly increase in the 2018 financial year.

CAPITAL MANAGEMENT

Argosy's debt, excluding capitalised borrowing costs, was 35.5% of total assets (31 March 2016: 36.7%). Argosy's capital management policy is to maintain a debt-to-total-assets ratio between 35% to 40% in the medium term.

GOVERNANCE

At the Annual Meeting in August 2016, both Peter Brook and I were re-elected as independent Directors.

OUTLOOK

I would like to once again thank the Argosy team for their continued commitment and performance in achieving great results for our shareholders. The quality of the portfolio allows us to move into the second half of the current financial year and beyond in a strong position.

P.M. Smith

P MICHAEL SMITH
Chairman

FOCUSSED PERFORMANCE

"We take a considered approach to acquisition, divestment, development, leasing and capital management decisions, reflecting our position in the market as a dividend yield stock."

It is very pleasing to be able to produce a strong operating result for the first half of the 2017 financial year. We are making the most of a very buoyant economy and property market and are very pleased to report that the metrics of the portfolio remain strong, with occupancy at 97.9% and a weighted average lease term that continues to remain above five years.

We have continued to work closely with our tenants and are continuing to follow our strategy of executing developments that are tenant driven.

Net property income for the six months to 30 September 2016 has increased to $53.7 million (2015: $48.6 million), a 10.5% increase on the previous corresponding period, due to increases in income from acquisitions and the one-off surrender payment from NZ Post at 7 Waterloo Quay, offset in part by the loss of income from disposals of non Core assets. It is expected that net property income from the property at 7 Waterloo Quay from the first half of this financial year will be $5.4 million higher than the second half.

$53.7m

NET PROPERTY INCOME

35.5%

DEBT-TO-TOTAL-ASSETS RATIO

Profit before finance costs, property revaluations and tax increased to $49.1 million (2015: $44.2 million), an 11.1% increase.

Interest expense for the period was $13.0 million, a reduction of $1.2 million compared to the previous period due to lower interest rates.

Profit before tax, after allowing for the non-cash impact of interest rate swaps and property revaluations increased to $62.2 million, compared to $50.3 million for the previous period.

BANK FACILITY

The weighted average expiry of Argosy's $550 million syndicated bank facility is 3.0 years at 30 September 2016, with 91.6% of the facility having been drawn down.

Argosy continues to maintain strong relationships with its banking partners and remains well within all bank covenants.

VALUATIONS

An independent interim revaluation of the portfolio was undertaken as at 30 September 2016 due to continued evidence of improved market conditions in the property market since 31 March 2016. The revaluation resulted in an uplift of $35.8 million, a 2.6% increase on book values immediately prior to the interim revaluation. As a result of the revaluation, Argosy's NTA per share has lifted to $1.04.

The Company's portfolio following the revaluation shows a passing yield on values of 7.25% and a yield on fully let market rentals of 7.30%.

PORTFOLIO ACTIVITY

Leasing

Argosy has continued to address lease expiries and has achieved a number of successful outcomes in the six months since year end. Key successes include the new ten year lease to The Warehouse Limited at 17 Mayo Road in Wiri, Auckland and the lease to Fronde Limited across level 8 at the Citibank Centre.

The occupancy rate (by rental income) has reduced since year end to 97.9% at 30 September 2016 (31 March 2016: 99.4%), mainly due to the expiry of the lease to Fonterra at 1 Pandora Road in Napier. Outstanding lease expiries for the period ending 31 March 2017 have reduced and enquiry levels from potential tenants are encouraging.

The weighted average lease term at 30 September 2016 remains stable at 5.26 years. This compares to 5.24 years at 31 March 2016.

Disposals

During the first half of the financial year Argosy continued to divest non Core Assets, in line with strategy. Upcoming disposals include 28–30 Catherine Street in Auckland for $6.0 million which is due to settle in June 2017 and 44 Neil Lane in Palmerston North for $3.3 million which is due to settle in December 2016. Since period end, Argosy also divested 19 Richard Pearse Drive in Auckland for $7.6 million and this is due to settle in March 2017.

Approximately $55.0 million of property has been designated as neither Core nor Value Add and will be divested as market conditions allow.

$35.8m

POSITIVE PROPERTY REVALUATION

Update of Tenant-Led Developments

A key strategy is to work with the tenants in the portfolio to identify and realise development projects that enhance the value and quality of the portfolio while also allowing tenants to meet their changing space requirements. A number of these initiatives are currently in progress, including:

- New Zealand Post House, Wellington: prior to resolving any issues with building services and tenant fit-out as a result of the recent earthquakes, the project remained on time and on budget;
- Foundry Drive: the $7.5 million redevelopment of this earthquake damaged property in Christchurch remains on budget and is expected to be complete by the end of 2016;
- Snickel Lane, Citibank Centre, Auckland: leasing progress remains strong on this $7.5 million laneway development, with completion expected to be around Easter 2017;
- Placemakers, Kaiwharawhara: Argosy recently announced a $9.4 million redevelopment of the property at 180 Hutt Road and a new nine year lease with Fletcher Distribution Limited;
- Mighty Ape, Silverdale: Argosy has acquired 22,575 sqm of land at Highgate Business Park and will develop a 10,500 sqm office and warehouse for our existing tenant, Mighty Ape.

There are also a number of other exciting opportunities currently which we continue to progress.

OUTLOOK

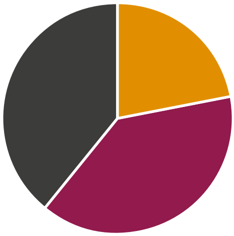
We continue to operate in a low interest rate and low inflation environment, although the possibility of rising interest rates has caused nervousness around the world's stock markets. The economy, and thus the property market, in New Zealand however remains solid with good economic growth expected to continue.

The first half of the financial year has seen Argosy take further steps towards advancing the quality of the portfolio. We remain focused as ever on addressing near term lease expiries within the portfolio, ensuring that the tenant retention rate remains high and safeguarding the strong fundamentals of the portfolio.

PETER MENCE
Chief Executive Officer

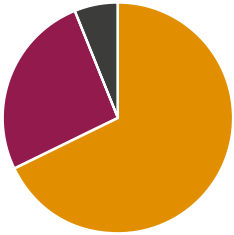
8 Nugent Street AUCKLAND

TOTAL PORTFOLIO VALUE
BY SECTOR
AS AT 30 SEPTEMBER 2016



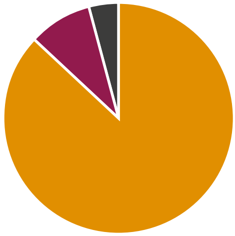
●	22%	Retail
●	39%	Office
●	39%	Industrial

TOTAL PORTFOLIO VALUE
BY REGION
AS AT 30 SEPTEMBER 2016



●	68%	Auckland
●	26%	Wellington
●	6%	North Island Regional & South Island

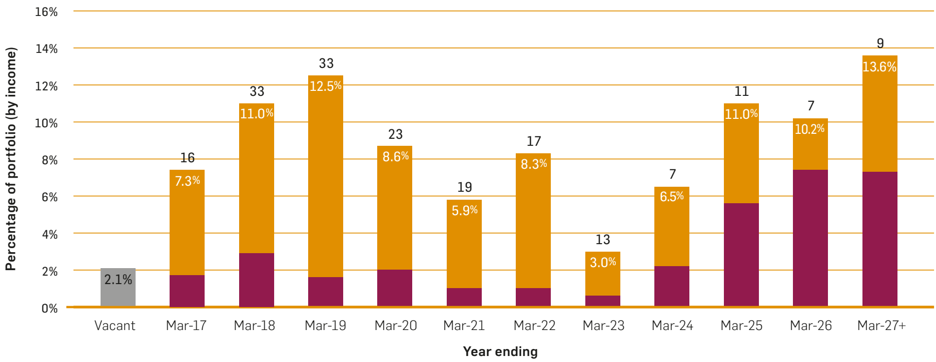
PORTFOLIO MIX
AS AT 30 SEPTEMBER 2016



●	87%	Core properties
●	9%	Value Add properties
●	4%	Properties and land to divest

The above charts all exclude properties held for sale.

LEASE EXPIRY PROFILE BY RENT
AS AT 30 SEPTEMBER 2016



- Total expiry
- Largest single expiry
- Vacant

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

147 Lambton Quay

VALUATION	$34,300
WALT	2.00
NET LETTABLE AREA (SQM)	8,919
VACANT SPACE (SQM)	514
PASSING YIELD	7.79%

Argosy's TSB Building, formally at 46 Waring Taylor Street in Wellington, recently got a new address on Lambton Quay.

A refurbishment project was recently completed which included an upgrade to a modern retail frontage and enlarged tenancy for TSB Bank, as well as improved signage. This coincides with a new nine year lease to TSB who retain the naming rights to the property. The second stage of the project entailed relocating the street access from Waring Taylor Street to 147 Lambton Quay.

The low interest rate cycle in New Zealand is replicated around the globe with low, and in some countries negative, bond rates continuing to place upward pressure on asset pricing of income generating assets. This, in turn, has resulted in firming yields on property assets.

An independent interim revaluation of the portfolio was undertaken as at 30 September 2016 due to continued evidence of improved market conditions in the property market since 31 March 2016. This resulted in a gain of $35.8 million, taking the portfolio value to $1.40 billion.

Industrial

INDUSTRIAL PORTFOLIO STATISTICS

NUMBER OF BUILDINGS
38

MARKET VALUE OF ASSETS ($M)
$540.7

OCCUPANCY FACTOR (BY RENT)
97.7%

WALT (YEARS)
6.04

PASSING YIELD
7.08%

PROPERTY ADDRESS	VALUATION $000S	WEIGHTED AVERAGE LEASE TERM (YEARS)	NET LETTABLE AREA (SQM)	VACANT SPACE (SQM)	PASSING YIELD
Auckland					
67 Dalgety Drive, Manukau	$4,750	0.50	3,698	–	7.68%
90 – 104 Springs Road, East Tamaki	$3,940	0.15	3,875	–	8.78%
8 Forge Way, Panmure	$17,100	2.03	4,230	–	7.68%
10 Transport Place, East Tamaki	$26,850	7.84	10,641	–	6.62%
1 Rothwell Avenue, Albany	$22,000	4.76	12,936	–	6.56%
4 Henderson Place, Onehunga	$21,050	14.79	10,841	–	6.65%
1 – 3 Unity Drive, Albany	$9,450	5.00	6,204	–	7.27%
5 Unity Drive, Albany	$5,400	2.50	3,046	–	6.76%
80 Springs Road, East Tamaki	$8,700	0.52	9,675	–	9.62%
211 Albany Highway, Albany	$16,000	1.34	14,589	–	8.08%
80 – 120 Favona Road, Mangere	$86,000	7.92	59,448	–	7.08%
19 Nesdale Avenue, Wiri	$47,200	12.30	20,677	–	6.29%
15 Unity Drive, Albany	$4,160	3.57	7,002	–	5.69%
12 – 16 Bell Avenue, Mt Wellington	$19,300	3.50	14,809	–	7.17%
18 – 20 Bell Avenue, Mt Wellington	$12,200	4.67	8,998	–	6.78%
32 Bell Avenue, Mt Wellington	$9,850	3.58	8,790	–	7.26%
9 Ride Way, Albany	$15,750	0.98	9,178	–	8.63%
2 Allens Road, East Tamaki	$3,770	2.00	2,920	–	7.86%
12 Allens Road, East Tamaki	$3,125	1.85	2,372	–	7.86%
106 Springs Road, East Tamaki	$4,850	2.00	3,846	–	7.87%
5 Allens Road, East Tamaki	$3,680	2.17	2,663	–	6.71%
960 Great South Road, Penrose	$5,650	1.50	3,677	–	7.03%
17 Mayo Road, Wiri	$23,800	10.59	13,351	–	6.31%
Cnr William Pickering Drive & Rothwell Avenue, Albany	$11,300	4.04	7,074	–	7.09%
19 Richard Pearse Drive & 26 Ascot Avenue, Mangere	$7,600	0.77	3,704	291	5.53%
246 Puhinui Road, Manukau	$2,850	–	–	–	–
Wellington					
Cnr Wakefield, Taranaki & Cable Streets	$15,345	6.98	3,307	–	5.90%
14 Tunnel Grove, Seaview	$2,800	4.06	2,324	–	7.86%
147 Gracefield Road, Seaview	$10,250	0.25	8,018	–	9.95%
19 Barnes Street, Seaview	$11,820	8.42	6,857	–	7.68%
39 Randwick Road, Seaview	$17,950	2.84	16,246	–	8.66%
68 Jamaica Drive, Grenada North	$17,000	4.84	9,404	–	7.21%
56 Jamaica Drive, Grenada North	$1,100	–	–	–	–
Other					
31 El Prado Drive, Palmerston North	$27,200	7.42	24,656	–	8.80%
1 Pandora Road, Napier	$8,000	–	18,269	16,269	1.38%
8 Foundry Drive, Woolston, Christchurch	$10,550	12.42	4,160	–	4.55%
1478 Omahu Road, Hastings	$9,400	6.84	8,514	–	6.91%
223 Kioreroa Road, Whangarei	$12,950	5.44	9,797	–	8.67%
TOTAL	**$540,690**	**6.04**	**359,796**	**16,560**	**7.08%**

Office

OFFICE PORTFOLIO STATISTICS

NUMBER OF BUILDINGS
17

MARKET VALUE OF ASSETS ($M)
$550.6

OCCUPANCY FACTOR (BY RENT)
97.6%

WALT (YEARS)
4.87

PASSING YIELD
7.36%

PROPERTY ADDRESS	VALUATION $000S	WEIGHTED AVERAGE LEASE TERM (YEARS)	NET LETTABLE AREA (SQM)	VACANT SPACE (SQM)	PASSING YIELD
Auckland					
99-107 Khyber Pass Road, Grafton	$7,000	1.42	2,442	–	8.97%
101 Carlton Gore Road, Newmarket	$26,200	1.58	4,714	–	6.59%
8 Nugent Street, Grafton	$43,400	3.91	8,125	–	7.02%
39 Market Place, Viaduct Harbour	$33,700	5.55	10,233	–	10.82%
105 Carlton Gore Road, Newmarket	$29,100	1.69	5,312	–	7.23%
302 Great South Road, Greenlane	$7,650	3.27	1,890	–	7.60%
308 Great South Road, Greenlane	$5,700	4.17	1,570	1,151	2.26%
626 Great South Road, Ellerslie	$9,000	3.02	2,647	–	8.14%
25 Nugent Street, Grafton	$9,850	2.14	3,028	–	7.17%
107 Carlton Gore Road, Newmarket	$27,800	2.64	6,061	–	7.11%
Citibank Centre, 23 Customs Street East	$50,500	3.01	9,539	325	7.17%
IBM Centre, 82 Wyndham Street	$28,000	2.09	6,154	–	8.47%
Wellington					
143 Lambton Quay	$28,400	2.75	6,216	–	7.55%
147 Lambton Quay	$34,300	2.00	8,919	514	7.79%
8 – 14 Willis Street	$14,450	1.06	5,056	–	8.80%
New Zealand Post House, 7 – 27 Waterloo Quay	$98,300	8.14	24,977	1,244	7.06%
15 – 21 Stout Street	$97,250	9.92	19,629	–	6.42%
TOTAL	$550,600	4.87	126,512	3,234	7.36%

Retail

RETAIL PORTFOLIO STATISTICS

NUMBER OF BUILDINGS

9

MARKET VALUE OF ASSETS ($M)

$313.6

OCCUPANCY FACTOR (BY RENT)

99.0%

WALT (YEARS)

4.67

PASSING YIELD

7.35%

PROPERTY ADDRESS	VALUATION $000S	WEIGHTED AVERAGE LEASE TERM (YEARS)	NET LETTABLE AREA (SQM)	VACANT SPACE (SQM)	PASSING YIELD
Auckland					
Albany Mega Centre, Albany	$97,000	5.37	25,155	–	7.29%
320 Ti Rakau Drive, East Tamaki	$40,300	1.87	28,206	642	7.66%
Albany Lifestyle Centre, Albany	$83,400	5.72	25,029	–	7.00%
7 Wagener Place, St Lukes	$27,500	2.65	7,056	–	7.70%
50 & 54 – 62 Cavendish Drive, Manukau	$25,700	8.46	9,939	–	6.61%
252 Dairy Flat Highway, Albany	$6,650	3.50	2,107	–	5.99%
Wellington					
180 – 202 Hutt Road, Kaiwharawhara	$7,700	1.87	6,019	–	9.56%
Stewart Dawsons Corner	$15,280	2.47	1,752	404	9.15%
Other					
Cnr Taniwha & Paora Hapi Streets, Taupo	$10,100	6.00	4,187	–	7.01%
TOTAL	$313,630	4.67	109,450	1,046	7.35%

Deloitte.

TO THE SHAREHOLDERS OF ARGOSY PROPERTY LIMITED

We have reviewed the condensed consolidated interim financial statements of Argosy Property Limited and its subsidiaries ('the Group') which comprise the statement of financial position as at 30 September 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information on pages 16 to 32.

This report is made solely to the company's shareholders, as a body. Our review has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in a review 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 engagement, for this report, or for the opinions we have formed.

BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

OUR RESPONSIBILITIES

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410'). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. As the auditor of Argosy Property Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the condensed consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Other than in our capacity as auditor, we have no relationship with or interests in Argosy Property Limited or its subsidiaries.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2016 and its financial performance and cash flows for the period ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting and IAS 34 Interim Financial Reporting*.

Deloitte Limited

Chartered Accountants
Auckland, New Zealand
22 November 2016

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2016 (UNAUDITED)

	Note	Group (unaudited) 30 September 2016 $000s	Group (audited) 31 March 2016 $000s
Non-current assets			
Investment properties	4	1,404,920	1,367,551
Other non-current assets		2,477	1,656
Total non-current assets		1,407,397	1,369,207
Current assets			
Cash and cash equivalents		886	1,130
Trade and other receivables		1,477	4,281
Other current assets		1,814	273
		4,177	5,684
Non-current assets classified as held for sale	5	8,766	–
Total current assets		12,943	5,684
Total assets	3	1,420,340	1,374,891
Shareholders' funds			
Share capital	7	783,292	777,514
Share based payments reserve	8	97	65
Retained earnings		63,830	32,825
Total shareholders' funds		847,219	810,404
Non-current liabilities			
Borrowings	9	502,615	502,323
Derivative financial instruments	6	49,584	39,858
Deferred tax	11	7,959	8,952
Total non-current liabilities		560,158	551,133
Current liabilities			
Trade and other payables		7,236	10,430
Derivative financial instruments	6	–	51
Other current liabilities		3,424	2,591
Taxation payable		2,303	282
Total current liabilities		12,963	13,354
Total liabilities		573,121	564,487
Total shareholders' funds and liabilities		1,420,340	1,374,891

For and on behalf of the Board

P Michael Smith
Director

Mark Cross
Director

22 November 2016

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016 (UNAUDITED)

	Note	Group (unaudited) Six months to 30 September 2016 $000s	Group (unaudited) Six months to 30 September 2015 $000s
Gross property income from rentals		56,782	51,458
Gross property income from expense recoveries		8,118	8,513
Property expenses		(11,174)	(11,361)
Net property income	3	53,726	48,610
Administration expenses		4,623	4,403
Profit before financial income/(expenses), other gains/(losses) and tax		49,103	44,207
Financial income/(expense)			
Interest expense	15	(13,011)	(14,203)
Gain/(loss) on derivative financial instruments held for trading		(9,676)	(6,959)
Transfer from hedge reserve		–	(814)
Interest income		32	51
		(22,655)	(21,925)
Other gains/(losses)			
Revaluation gains on investment property		35,767	27,577
Realised gains/(losses) on disposal of investment property		(31)	851
Unrealised loss on non-current assets classified as held for sale		–	(366)
		35,736	28,062
Profit before income tax attributable to shareholders		62,184	50,344
Taxation expense	10	6,029	4,253
Profit for the period attributable to shareholders		56,155	46,091
Other comprehensive income			
Movement in cash flow hedge reserve		–	814
Income tax expense relating to other comprehensive income	10	–	(228)
Total other comprehensive income after tax		–	586
Total comprehensive income after tax		56,155	46,677

All amounts are from continuing operations.

	Note		
Earnings per share			
Basic and diluted earnings per share (cents)	13	6.90	5.74

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016 (UNAUDITED)

	Note	Shares on issue $000s	Hedging reserve $000s	Share based payments reserve $000s	Retained earnings $000s	Total $000s
For the six months ended 30 September 2016 (unaudited)						
Shareholders' funds at the beginning of the period		777,514	–	65	32,825	810,404
Profit for the period		–	–	–	56,155	56,155
Total comprehensive income for the period		–	–	–	56,155	56,155
Contributions by shareholders						
Issue of shares from Dividend Reinvestment Plan	7	5,788	–	–	–	5,788
Issue costs of shares	7	(10)	–	–	–	(10)
Dividends to shareholders		–	–	–	(25,150)	(25,150)
Equity settled share based payments	8	–	–	32	–	32
Shareholders' funds at the end of the period		783,292	–	97	63,830	847,219
For the six months ended 30 September 2015 (unaudited)						
Shareholders' funds at the beginning of the period		766,431	(586)	–	2,881	768,726
Profit for the period		–	–	–	46,091	46,091
Movement in cash flow hedge reserve		–	586	–	–	586
Total comprehensive income after tax		–	586	–	46,091	46,677
Contributions by shareholders						
Issue of shares from Dividend Reinvestment Plan		4,953	–	–	–	4,953
Issue costs of shares		(18)	–	–	–	(18)
Dividends to shareholders		–	–	–	(24,375)	(24,375)
Equity settled share based payments	8	–	–	32	–	32
Shareholders' funds at the end of the period		771,366	–	32	24,597	795,995

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016 (UNAUDITED)

	Note	Group (unaudited) Six months to 30 September 2016 $000s	Group (unaudited) Six months to 30 September 2015 $000s
Cash flows from operating activities			
Cash was provided from:			
Property income		67,366	61,741
Interest received		32	51
Cash was applied to:			
Property expenses		(12,623)	(13,090)
Interest paid		(12,877)	(14,228)
Employee benefits		(3,175)	(2,909)
Taxation paid		(5,001)	(5,283)
Other expenses		(1,981)	(2,187)
Net cash from/(used in) operating activities	12	31,741	24,095
Cash flows from investing activities			
Cash was provided from:			
Sale of properties, deposits and deferrals		1,145	4,943
Purchase price adjustment for New Zealand Post House		6,000	–
Cash was applied to:			
Capital additions on investment properties		(19,257)	(16,574)
Capitalised interest on investment properties		(140)	–
Purchase of properties, deposits and deferrals		(412)	(45,142)
Net cash from/(used in) investing activities		(12,664)	(56,773)
Cash flows from financing activities			
Cash was provided from:			
Debt drawdown		30,365	75,056
Cash was applied to:			
Repayment of debt		(30,300)	(23,667)
Dividends paid to shareholders net of reinvestments		(19,364)	(19,423)
Issue costs of shares		(22)	(15)
Facility refinancing fee		–	(300)
Net cash from/(used in) financing activities		(19,321)	31,651
Net increase/(decrease) in cash and cash equivalents		(244)	(1,027)
Cash and cash equivalents at the beginning of the period		1,130	1,494
Cash and cash equivalents at the end of the period		886	467

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 retail properties throughout New Zealand.

These financial statements include those of APL and its subsidiaries (the Group).

These condensed consolidated interim 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).

These condensed consolidated interim financial statements were approved by the Board of Directors on 22 November 2016.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements (interim financial statements) have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These interim financial statements comply with NZ IAS 34 and IAS 34 Interim Financial Reporting as applicable to the company as a profit-oriented entity. These interim financial statements do not include all of the information required for full annual financial statements.

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

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 amounts of assets and liabilities, income and expenses. The area involving a higher degree of judgement or complexity, and where assumptions and estimates are significant to the financial statements is Note 4 – valuation of investment property.

Change in accounting policies

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(CONTINUED)

3. SEGMENT INFORMATION – OPERATING SEGMENTS

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 the segments and to assess their performance.

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

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

	Industrial Six months to 30 September		Office Six months to 30 September		Retail Six months to 30 September		Total (unaudited) Six months to 30 September	
	2016 $000s	2015 $000s	2016 $000s	2015 $000s	2016 $000s	2015 $000s	2016 $000s	2015 $000s
Segment profit								
Net property income	17,884	17,896	24,775	19,117	11,067	11,597	53,726	48,610
Realised gains/(losses) on disposal of investment properties	(31)	827	–	(5)	–	29	(31)	851
	17,853	18,723	24,775	19,112	11,067	11,626	53,695	49,461
Revaluation gains on investment properties	29,922	14,346	(538)	8,539	6,383	4,692	35,767	27,577
Unrealised loss on non-current assets classified as held for sale	–	–	–	(8)	–	(358)	–	(366)
Total segment profit	47,775	33,069	24,237	27,643	17,450	15,960	89,462	76,672
Unallocated:								
Administration expenses							(4,623)	(4,403)
Interest income/(expenses)							(12,979)	(14,152)
Gain/(loss) on derivative financial instruments held for trading and transfer from hedge reserve							(9,676)	(7,773)
Profit before income tax							62,184	50,344
Taxation expense							(6,029)	(4,253)
Profit for the period							56,155	46,091

Net property income consists of revenue generated from external tenants less property operating expenditure.

There were no inter-segment sales during the period (30 September 2015: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(CONTINUED)

	Industrial $000s	Office $000s	Retail $000s	Total $000s
Segment assets as at 30 September 2016 (unaudited)				
Current assets	916	1,092	946	2,954
Investment properties	540,690	550,600	313,630	1,404,920
Non-current assets classified as held for sale	3,166	–	5,600	8,766
Total segment assets	544,772	551,692	320,176	1,416,640
Unallocated assets				3,700
Total assets				1,420,340
Segment assets as at 31 March 2016 (audited)				
Current assets	2,571	598	472	3,641
Investment properties	507,113	548,610	311,828	1,367,551
Total segment assets	509,684	549,208	312,300	1,371,192
Unallocated assets				3,699
Total assets				1,374,891

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, derivatives, tax assets, other non-current assets and other minor assets that cannot be allocated to particular segments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

4. INVESTMENT PROPERTIES

	Industrial Six months to 30 September 2016 $000s	Office Six months to 30 September 2016 $000s	Retail Six months to 30 September 2016 $000s	Group (unaudited) Six months to 30 September 2016 $000s
Movement in investment properties				
Balance at the beginning of the period	507,113	548,610	311,828	1,367,551
Purchase price adjustment for New Zealand Post House	–	(6,000)	–	(6,000)
Capitalised costs	6,701	9,223	449	16,373
Transfer to properties held for sale	(3,166)	–	(5,600)	(8,766)
Change in fair value	29,922	(538)	6,383	35,767
Change in capitalised leasing costs	61	(45)	88	104
Change in lease incentive	59	(650)	482	(109)
Investment properties at 30 September	540,690	550,600	313,630	1,404,920

	Industrial 12 months to 31 March 2016 $000s	Office 12 months to 31 March 2016 $000s	Retail 12 months to 31 March 2016 $000s	Group (audited) 12 months to 31 March 2016 $000s
Movement in investment properties				
Balance at the beginning of the period	510,420	483,560	312,415	1,306,395
Acquisition of properties	5,990	42,020	–	48,010
Capitalised costs	6,592	22,098	842	29,532
Disposals	(38,535)	(6,407)	(11,625)	(56,567)
Change in fair value	23,387	8,204	10,627	42,218
Change in capitalised leasing costs	105	(254)	(271)	(420)
Change in lease incentive	(846)	(611)	(160)	(1,617)
Investment properties at 31 March	507,113	548,610	311,828	1,367,551

Investment properties are classified as level 3 (inputs are unobservable inputs 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 and a small part of 19 Barnes Street, Wellington.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

4. INVESTMENT PROPERTIES (CONTINUED)

Valuation of investment properties

The Group's policy is for investment property to be measured at fair value for which the Group completes property valuations at least annually by independent registered valuers. Following recent market property sale transactions and improved leasing activity, the Board and Management determined that a desktop review of the property portfolio should be undertaken by Colliers International New Zealand Limited (Colliers) as at 30 September 2016 to determine the current valuation of each property in the portfolio. The Colliers review indicated an overall uplift in the valuation of the portfolio of $35.8 million (2015: $27.6 million) which has been recognised as a revaluation gain on investment property as at 30 September 2016. Colliers reviewed key information (tenancy schedules, operating expenditure and capital expenditure) associated with each property, however full property inspections were not undertaken as part of the desktop review.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(CONTINUED)

Investment property metrics for the period ended 30 September 2016 are as follows:

		Industrial	Office	Retail	Total
Contract yield	– Average	7.08%	7.36%	7.35%	7.25%
	– Maximum	9.95%	10.82%	9.56%	10.82%
	– Minimum	0.00%	2.26%	5.99%	0.00%
Market yield	– Average	7.26%	7.55%	6.92%	7.30%
	– Maximum	12.20%	9.66%	9.41%	12.20%
	– Minimum	0.00%	6.66%	5.73%	0.00%
Occupancy (rent)		97.73%	97.56%	99.01%	97.93%
Occupancy (net lettable area)		95.40%	97.44%	99.04%	96.50%
Weighted average lease term		6.04	4.87	4.67	5.26
No. of buildings[1]		38	17	9	64
Fair value total ($000s)		540,690	550,600	313,630	1,404,920

Investment property metrics for the year ended 31 March 2016 are as follows:

		Industrial	Office	Retail	Total
Contract yield	– Average	7.70%	7.56%	7.36%	7.57%
	– Maximum	13.10%	10.95%	9.48%	13.10%
	– Minimum	0.00%	2.27%	6.32%	0.00%
Market yield	– Average	7.69%	7.62%	7.09%	7.53%
	– Maximum	12.09%	9.49%	9.32%	12.09%
	– Minimum	0.00%	6.84%	6.00%	0.00%
Occupancy (rent)		99.88%	99.09%	99.20%	99.39%
Occupancy (net lettable area)		99.92%	98.85%	99.29%	99.58%
Weighted average lease term		5.99	4.82	4.78	5.24
No. of buildings[1]		39	17	10	66
Fair value total ($000s)		$507,113	$548,610	$311,828	$1,367,551

[1] Certain titles have been consolidated and treated as one. The table excludes properties held for sale.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(CONTINUED)

5. PROPERTY HELD FOR SALE

28–30 Catherine Street, Auckland ($5,600,000) and 44 Neil Lane, Palmerston North ($3,166,000) were subject to unconditional sale and purchase agreements at 30 September 2016 (31 March 2016: Nil).

6. DERIVATIVE FINANCIAL INSTRUMENTS

	Group (unaudited) 30 September 2016 $000s	Group (audited) 31 March 2016 $000s
Nominal value of interest rate swaps	345,000	335,000
Average fixed interest rate	4.56%	4.52%
Floating rates based on NZD BBR (including margin)	2.98%	3.33%

Interest rate swaps are measured at 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 period end 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 period end date use observable inputs.

The net liability for derivative financial instruments as at 30 September 2016 is $49.6 million (31 March 2016: $39.9 million). The mark-to-market increase in the liability for derivative financial instruments is a result of movements in the interest rate curve during the interim period.

7. SHARE CAPITAL

	Group (unaudited) 30 September 2016 $000s	Group (audited) 31 March 2016 $000s
Balance at the beginning of the period	777,514	766,431
Issue of shares from Dividend Reinvestment Plan	5,788	11,121
Issue costs of shares	(10)	(38)
Balance at the end of the period	783,292	777,514

The number of shares on issue at 30 September 2016 was 817,783,550 (31 March 2016: 812,615,602).

All shares are ordinary shares.

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

Reconciliation of number of shares (in thousands of shares)	Group (unaudited) 30 September 2016	Group (audited) 31 March 2016
Balance at the beginning of the period	812,616	802,629
Issue of shares from Dividend Reinvestment Plan	5,168	9,987
Total number of shares on issue	817,784	812,616

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

8. SHARE BASED PAYMENTS RESERVE

Performance share rights (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 period to 30 September 2016 in relation to equity settled share based payments was $32,400 (30 September 2015: $32,400). No rights were exercised or forfeited during the period.

9. BORROWINGS

	Group (unaudited) 30 September 2016 $000s	Group (audited) 31 March 2016 $000s
ANZ Bank New Zealand Limited	251,991	251,959
Bank of New Zealand	151,195	151,175
The Hongkong and Shanghai Banking Corporation Limited	100,797	100,784
Borrowing costs	(1,368)	(1,595)
Total borrowings	502,615	502,323
Shown as:		
Term	502,615	502,323

The Group has a syndicated revolving credit facility with ANZ Bank New Zealand Limited, Bank of New Zealand and The Hongkong and Shanghai Banking Corporation Limited of $550,000,000 (31 March 2016: $550,000,000) secured by way of mortgage over the investment properties of the Group. The facility includes a Tranche A limit of $275,000,000, and a Tranche B limit of $275,000,000. Tranche A expires on 30 September 2018 and Tranche B on 30 September 2020.

The weighted average interest rate on borrowings (including margin, line fee and interest rate swaps) as at 30 September 2016 was 5.04% (31 March 2016: 5.12%).

Borrowing costs are the costs incurred in establishing the bank facility. These costs are amortised over the life of the facility.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(CONTINUED)

10. TAXATION

	Group (unaudited) Six months to 30 September 2016 $000s	Group (unaudited) Six months to 30 September 2015 $000s
The taxation charge is made up as follows:		
Current tax expense	6,874	6,635
Deferred tax expense	(993)	(1,681)
Adjustment recognised in the current year in relation to the current tax of prior years	148	(701)
Total taxation expense/(credit) recognised in profit/(loss)	6,029	4,253
Reconciliation of accounting profit to tax expense		
Profit before tax	62,184	50,344
Current tax expense at 28%	17,411	14,096
Adjusted for:		
Capitalised interest	(39)	–
Fair value movement in derivative financial instruments	2,709	2,176
Fair value movement in investment properties	(10,014)	(7,618)
Depreciation	(2,997)	(1,804)
Depreciation recovered on disposal of investment properties	3	5
Other	(199)	(220)
Current taxation expense	6,874	6,635
Movements in deferred tax assets and liabilities attributable to:		
Investment properties	1,841	878
Fair value movement in derivative financial instruments	(2,709)	(2,176)
Other	(125)	(383)
Deferred tax expense/(credit)	(993)	(1,681)
Prior year adjustment	148	(701)
Total tax expense recognised in profit or loss	6,029	4,253
Deferred tax recognised in other comprehensive income		
Deferred tax arising from revaluations of derivative financial instruments treated as cashflow hedges	–	228
Total tax recognised in other comprehensive income	–	228

Imputation credits at 30 September 2016 were ($2.4 million) (30 September 2015: ($2.2 million)).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

11. DEFERRED TAX
The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon during the current and prior reporting periods:

	Interest rate swaps $000s	Investment property $000s	Other $000s	Total $000s
At 1 April 2016	(11,175)	16,982	3,145	8,952
Charge/(credit) to taxation expense for the period	(2,709)	1,841	(125)	(993)
At 30 September 2016 (unaudited)	(13,884)	18,823	3,020	7,959
At 1 April 2015	(5,981)	16,825	3,689	14,533
Credit to other comprehensive income for the year	228	–	–	228
Charge/(credit) to taxation expense for the year	(5,422)	157	(544)	(5,809)
At 31 March 2016 (audited)	(11,175)	16,982	3,145	8,952

12. RECONCILIATION OF SURPLUS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES

	Group (unaudited) Six months to 30 September 2016 $000s	Group (unaudited) Six months to 30 September 2015 $000s
Profit/(loss) after tax	56,155	46,091
Movements in working capital items relating to investing and financing activities	1,748	(800)
Non cash items:		
Movement in deferred tax liability	(993)	(1,453)
Fair value change in investment properties	(35,767)	(27,577)
Unrealised loss on non-current assets classified as held for sale	–	366
Movement in interest rate swaps	9,676	6,959
Movement in cash flow hedge reserve	–	586
Movements in working capital items:		
Trade and other receivables	2,804	1,359
Taxation payable	2,020	635
Trade and other payables	(3,194)	(1,078)
Other current assets	(1,541)	–
Other current liabilities	833	(993)
Net cash flows from operating activities	31,741	24,095

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(CONTINUED)

13. 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 period.

	Group (unaudited) Six months to 30 September 2016	Group (unaudited) Six months to 30 September 2015
Profit attributable to shareholders of the Company ($000s)	56,155	46,091
Weighted average number of shares on issue (000s)	813,838	803,499
Basic and diluted earnings per share (cents)	6.90	5.74
Weighted average number of ordinary shares		
Issued shares at beginning of period (000s)	812,616	802,629
Issued shares at end of period (000s)	817,784	807,221
Weighted average number of ordinary shares (000s)	813,838	803,499

On 22 November 2016 an interim gross dividend of 1.525 cents per share was approved by the Group. Continuation of the Dividend Reinvestment Plan will increase the number of shares on issue.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(CONTINUED)

14. DISTRIBUTABLE INCOME

	Group (unaudited) Six months to 30 September 2016 $000s	Group (unaudited) Six months to 30 September 2015 $000s
Profit before income tax	62,184	50,344
Adjustments:		
Revaluation gains on investment property	(35,767)	(27,577)
Unrealised loss on non-current assets classified as held for sale	–	366
Realised losses/(gains) on disposal of investment properties	31	(851)
Derivative fair value loss/(gain)	9,676	7,773
Gross distributable income	36,124	30,055
Tax impact of depreciation recovered on disposal of investment properties and taxable gains on disposal of revenue account properties	–	99
Tax paid	(5,001)	(5,283)
Net distributable income	31,123	24,871
Weighted average number of ordinary shares	813,838	803,499
Gross distributable income after taxation per share (cents per share)	4.44	3.74
Net distributable income after taxation per share (cents per share)	3.82	3.10

The Company's dividend policy is based on net distributable income. Net distributable income is determined under the Company's bank facility agreement. Tax paid is taxation paid to the Inland Revenue Department during the financial year.

15. INTEREST EXPENSE

	Group (unaudited) Six months to 30 September 2016 $000s	Group (unaudited) Six months to 30 September 2015 $000s
Interest expense	(13,151)	(14,203)
Less amount capitalised to investment properties	140	–
Total interest expense	(13,011)	(14,203)

Capitalised interest for the period to 30 September 2016 relates to the Polarcold development at 8 Foundry Drive, Christchurch (30 September 2015: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(CONTINUED)

16. COMMITMENTS

Ground rent

Ground leases exist over 39 Market Place, Viaduct Harbour, Auckland and a small part of 19 Barnes Street, Wellington. The amount paid in respect of the Auckland ground lease during the period was $0.5 million (30 September 2015: $0.5 million). The annual ground lease commitment is $1.0 million (30 September 2015: $1.0 million) and is recoverable from tenants in proportion to their area of occupancy. The Auckland ground lease is renewable in perpetuity with the next renewal date in 2019.

Building upgrades and developments

Estimated capital commitments contracted for building projects not yet completed at 30 September 2016 but not provided for were $37.9 million (31 March 2016: $46.8 million). Of this total, $13.9 million relates to the Mighty Ape development at Parkway Drive, Highgate and $8.6 million relates to the building upgrade at New Zealand Post House, Waterloo Quay, Wellington.

Acquisitions

In order to undertake the Mighty Ape development, a sale and purchase agreement has been entered into to acquire land at Parkway Drive, Highgate for $8.1 million. This is due to settle in December 2016.

A sale and purchase agreement has been entered into to acquire an industrial property at 240 Puhinui Road, Wiri, for $22.6 million. This is due to settle in December 2016.

17. CONTINGENCIES

There were no contingencies as at 30 September 2016 (30 September 2015: Nil).

18. SUBSEQUENT EVENTS

On 22 November 2016, a gross dividend of 1.525 cents per share was approved by the Company. The record date for the dividend is 7 December 2016 and a payment is scheduled to shareholders on 21 December 2016. Imputation credits of 0.4291 cents per share will be attached to the dividend.

An unconditional sale and purchase agreement was entered into for the sale of 19 Richard Pearse Drive and 26 Ascot Avenue, Mangere for $7.6 million. Settlement is expected to take place in March 2017.

19. 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 not disclosed in this note.

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Peter Clynton Brook, Auckland
Andrew Mark Cross, Auckland
Andrew Hardwick Evans, Auckland
Christopher Brent Hunter, Auckland
Jeffrey Robert Morrison, Auckland

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For the purposes of clause 30 of Schedule 4 of the Financial Markets Conduct Act 2013 ("FMCA"), the company wishes to advise its shareholders that, on and from 1 December 2016, the requirements of the FMCA will apply to the company, to the extent they did not already apply prior to that date.

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