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Key stats as at 31 August 2020



# Investor Update



## Green is great!

Property Council  
New Zealand



Argosy has submitted its property 82 Wyndham Street for consideration in the 2020 Property Council New Zealand Awards to be held Friday 25<sup>th</sup> September. This building has already been awarded two Green Star Certifications from the New Zealand Green Building Council. They are a 5 Star Green Star Office Built rating and a 4 Star Green Star Interiors rating awarded to the major tenant, Panuku Developments.

### Nominations in The Resene Green Building and RCP Commercial Property categories

The building is being considered under the Resene Green Building Award category against four other nominees and the RCP Commercial Property Award category against six other nominees.



“It’s great to be able to work closely with our tenant partners to deliver them a modern, energy efficient building to work in that is an exemplar for functionality and sustainability.”

—  
Saatyesh Bhana, Head of Sustainability

The project turned a previously low grade building with short term leases into an attractive A grade building with longer leases to high quality tenants. The property had a valuation of \$29.0m prior to the project commencement. The revaluation upon completion of the project has increased the property valuation to \$42.3m.

### Only one in New Zealand

Currently, 82 Wyndham is the only building in New Zealand to have three NabersNZ ratings:

- 5.5 Stars NabersNZ Energy Base Build rating
- 5 Stars NabersNZ Energy Whole Build rating; and
- 5 Stars NabersNZ Tenancy (Panuku) rating.

Green Office Built Rating

# 5.0 Stars

NabersNZ Base Build rating

# 5.5 Stars

NabersNZ Whole Build rating

# 5.0 Stars

NabersNZ Tenancy (Panuku) rating

# 5.0 Stars

## Snapshot

## People



In August, several Argosy staff completed a St Johns First Aid refresher course including Level 2 certification. Haley Jones (Manager Property Services), Saatyesh Bhana (Head of Sustainability) and Stephen Freundlich (Head of Investor Relations) all attended the 1 ½ day course. The course covered a range of medical emergencies including fractures, burns, soft tissue injuries, seizures, asthma, anaphylaxis chest pains, strokes and even possible spinal injuries. Environmental conditions were also reviewed around hypothermia and heat exhaustion / stroke. One key focus across both days was CPR. This is something that almost anyone can do and was a great thing to get a refresher on. Haley Jones said 'the best takeaway was the '30 to 2 no matter who' mantra in terms of compressions to breaths, regardless of adult, child or infant.' Saatyesh Bhana liked the refresher training on CPR and use of the AED (automatic external defibrillator). "It was good taking the training and simulating emergency scenarios. Everyone had to take turns being the first responder to an accident scene and doing two continuous minutes of CPR. It's a lot harder than you think!"



## Business update

With the emergence of Covid-19, the calendar 2020 year has certainly been a challenging for all New Zealanders. The virus continues to impact on the global and domestic economy and the looming election will prove very interesting for whichever political parties end up forming a Government. Despite the hurdles presented by the virus, we have continued to work closely with our tenants.

## Rent reviews and leasing

There was plenty of activity across the business since 31 March year end and the team have remained actively engaged on delivering on strategy and our FY21 focus areas. We are pleased to report our progress across a range of key operational areas.

For the 5-month period to 31 August we completed 42 rent reviews achieving annualised rental growth of 3.93%. These reviews were achieved on rental income totalling \$30.3m. On rents subject to review by sector, we achieved annualised rental growth of 3.0% on industrial rent reviews, 5.6% for office rent reviews and 2.3% for retail rent reviews. Auckland accounted for 60% of all reviews and achieved a 2.9% annualised increase and Wellington a 5.5% increase.

During the first four months of FY21 we completed 20 leasing transactions including 10 renewals, 4 new leases and 6 extensions. We continue to focus on our remaining expiries where, by income, Argosy has only 4.3% of income expiring in FY21 across 15 leases. We've achieved some excellent leasing outcomes over the first five months including;

- Parliamentary Services, 147 Lambton Quay, 8,139m<sup>2</sup>, new 3 year lease;
- Citibank, 23 Customs Street, 545m<sup>2</sup>, 5 year renewal;
- CNZ (Auckland) at 23 Customs Street, 657m<sup>2</sup>, 3 year renewal;
- Machine Part Welding, 960 Great South Road 865m<sup>2</sup>, 6 year renewal;
- Fergs Beds at Albany Lifestyle Centre; 608m<sup>2</sup> of space renewed for a further 2 years from 2024.

Peter Mence Chief Executive Officer



## Divestments and acquisitions

Since 31 March year end Argosy announced investment property divestments totalling just under \$75 million on a weighted average premium to book value of 6.3%.

Chief Executive Officer, Peter Mence said "With a portfolio of Argosy's size, some properties eventually no longer meet our investment criteria. Several properties fell into this category and were divested above book value. The premiums received demonstrate that the vendor market remains robust. With a challenging operating environment ahead we remain very focused on progressing Argosy's capital management plan."

Argosy continues to review the long term strategic ownership of all its properties.

## Development update

**8-14 Willis Street, Wellington, Statistics New Zealand.** Following the return to Alert Level 1, Argosy recommenced work on its development at the property. Productivity is back at pre Covid-19 levels although there remains some supply chain challenges for imported materials. As noted previously, there have been delays caused by Covid-19 which Argosy is working on with Statistics New Zealand and will update the market at its interim results to be announced in November. Project completion is still expected in late 2021.

**54-56 Jamaica Drive, Wellington, Big Chill.** This project for Big Chill completed in September and new rents have commenced.

**7 Waterloo Quay.** Reinstatement of all office floors is now complete. Residual makegood works around the interchange are nearing completion.

I look forward to updating you all further at our interim results to be announced on 26 November.

## Environmental and Social Update

Through the early part of FY21 Argosy has continued to engage and grow its social responsibility commitments in local communities. Below we provide an update of an exciting new partnership for Argosy.



### Variety - the children's charity

Variety has been providing basic essentials and life-changing opportunities to Kiwi kids for 30 years.

Through its Beds for Kids programme, the charity has been supporting children and families who are living in financial hardship, providing them with essential items - bedding and winter blankets and has given more than 1,000 new beds and warm bedding to Kiwi kids who need them most.

In August, Argosy entered into a partnership valued at \$7,500 with Variety to support its Beds for Kids programme. On top of this, Argosy staff topped up the corporate sponsorship to achieve an overall sponsorship package of around \$9,500.



Argosy looks forward to working closely with Variety to support their fantastic work in communities and for families in need.



It's fantastic to have Argosy onboard to support our programme and families most in need. The funds will make a real difference to people's lives."

Jess Raymond, Events & Corporate Affairs Manager

## Property Council New Zealand

### Environmental - Property Council New Zealand (PCNZ) Awards

As noted in this Update, Argosy has submitted 82 Wyndham Street for consideration in the 2020 Property Council New Zealand Awards. The building is being considered under the Resene Green Building Award category against four other nominees and the RCP Commercial Property Award category against six other nominees.

Peter Mence, Chief Executive Officer said 'The rating continues to endorse the quality of our properties and our focus on greening the portfolio. Next year we hope to have both 107 Carlton Gore Road and Highgate Parkway, Silverdale, available for award submissions.

### 2020 Retail Roadshow - Covid affected

The emergence of Covid-19 saw Argosy initially look to reschedule its Retail Roadshow to October. However, after review and with FY21 interim results to be announced in November, the 2020 Retail Roadshow has now been cancelled.



The benefit of catching up with investors across the country provides Management and Directors the opportunity to present to investors and the local broker community in the regions face to face. However, the current Covid-19 environment requires a significantly greater focus on health & safety and the need to manage this effectively.

Following a case of community transmission in Auckland in early August it was disappointing to return to Alert Level 3. We are hoping that our Retail Roadshow can happen in 2021 as per normal and shareholders will be advised in due course next year.

### Annual Shareholders Meeting (ASM) - first hybrid

On 28 July, Argosy held its first ever hybrid ASM at the Royal New Zealand Yacht Squadron, in Westhaven, Auckland. While New Zealand was in Alert Level 1, the hybrid functionality of the ASM allowed investors to attend 'virtually' and participate in all elements of the AGM including being able to ask questions and complete all voting.

As usual, Argosy's Chairman Mike Smith and Chief Executive Officer Peter Mence, both gave addresses on Argosy's performance during the 2020 financial year.

The ASM saw Rachel Winder and Martin Stearne both elected as directors by shareholders. The ASM was however most notable as being the last for Chairman Mike Smith and Peter Brook, after 18 years of loyal and valued service to Argosy.

A director since 2013, Jeff Morrison was appointed as Argosy's new Chairman which took effect following the ASM closing.

Properties

55

Tenants

170

WALT

5.8yrs

Weighted average lease term

Portfolio

\$1.83b

Total portfolio value

Occupancy

99.4%

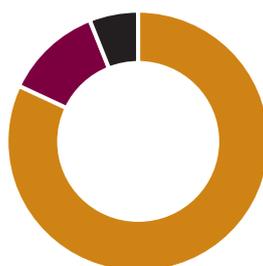
Occupancy (by rent)

Total portfolio update  
By sector



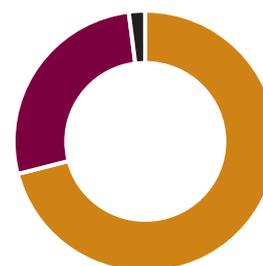
- 43% Industrial
- 43% Office
- 14% Retail

Portfolio mix  
by asset type



- 82% Core
- 12% Value Add properties
- 6% Properties and land to divest

Total portfolio value  
by region



- 71% Auckland
- 27% Wellington
- 2% Nth Island regional & Sth Island

**Dividend**

The **1ST QUARTER DIVIDEND** for the 2021 financial year of 1.5875 cents per share, with imputation credits of 0.151267 cents per share attached, will be paid on 30 September 2020. Jeff Morrison, Chairman of Argosy Property Limited said “The Company remains focused on delivering sustainable dividends to shareholders. Based on current projections for the portfolio and stable market conditions, including Covid-19 impacts, the Board can reaffirm its full year 2021 cash dividend guidance of 6.35 cents per share, consistent with the previous year.

The stable, year on year dividend is consistent with our view that shareholders continue to share in the positive outlook for Argosy. It also allows us to maintain positive momentum towards an AFFO based dividend policy in the medium term.”

**Important dates**

- FY21 Q1 DIVIDEND PAYMENT**  
30 SEP 2020
- FY21 INTERIM RESULTS ANNOUNCEMENT**  
26 NOV 2020
- FY21 Q2 DIVIDEND PAYMENT**  
DEC 2020
- FY21 Q3 DIVIDEND PAYMENT**  
MAR 2021