
2019 ANNUAL MEETING

CHAIRMAN'S SPEECH (PART 1)

Good afternoon Ladies and Gentlemen. My name is Mike Smith and I am the Chairman of Argosy Property Limited. On behalf of my fellow directors and members of the management team, it is my pleasure to welcome you all to the 2019 annual meeting of shareholders of Argosy. It is my privilege to be able to chair this meeting again.

Just a couple of housekeeping matters before we get things underway. In the unlikely event of an emergency, please evacuate the building using the fire exits and assemble on the corner of Albert Street & Swanson Street. Bathrooms are located on the left down the hallway as you exit the Ballroom.

I'd like to record that the Notice of the Meeting was duly given on 11 July 2019 and as there are at least 5 shareholders here today, there is a quorum present. Accordingly, I declare the 2019 annual meeting of Argosy Property Limited open.

Your Board considers a high standard of corporate governance is essential for sustaining the long-term performance of a company such as Argosy. Our role as directors is to ensure the company is heading in the right direction and creating value for our shareholders while also having regard to the interests of other stakeholders. We are focused on ensuring that the board has the right composition of skills and experience to be able to deliver these performance goals for all stakeholders, and I will cover shortly what we will be doing in this area.

Before I introduce the current Board to you, I would briefly like to acknowledge the services of those directors who departed during the 2019 financial year. Chris Hunter, Mark Cross and Andy Evans were all experienced members of the Argosy Board. Their collective insight over many years was highly valued and I would like to extend the Board's appreciation for their input and contribution towards Argosy's success and we wish them well for the future.

While there is detailed information about the Board in the 2019 Annual Report, I would briefly like to introduce them to you. To my right is Peter Brook.

Peter joined the Argosy Board in 2002. Peter is presently the Chairman of BurgerFuel Worldwide Limited, Trust Investments Management Limited and Generate Investment Management Limited. Peter is a member of both the Remuneration and Audit and Risk Committees.

Next to Peter is **Jeff Morrison** a director since July 2013 and with 40 years of experience as a property lawyer, 29 of them as a commercial property partner at Russell McVeagh. Jeff is a member of Argosy's Remuneration Committee.

Next, we have **Stuart McLauchlan**. Stuart is one of Argosy's new directors having been appointed in August 2018. He is a prominent businessman and company director and his directorships include being Chairman of Scott Technology Limited and a director of EBOS Group Limited.

Next, we have **Chris Gudgeon** who joined the Board in November 2018. He has been involved in property investment, development and construction in New Zealand for more than 25 years. Most recently he was Chief Executive of Kiwi Property Group.

Next, we have **Mike Pohio**. Mike was appointed in February 2019 and has over 25 years of corporate experience across a range of industries including property, investment, ports/logistics and dairy. Mike holds a number of directorships and is currently Chairman of BNZ Partners, Waikato Region.

You will hear directly from all Directors seeking election later in today's proceedings.

Finally, I was appointed to the Argosy Board in 2002 and have held the role of Chairman since 2005. For a large part of my career I was employed by Lion Nathan where I held a number of senior executive positions with the Lion Nathan Group and was a director of the parent company for 16 years. I am also a director of several non-public companies. As well as my role as Chairman, I continue to chair the Remuneration Committee and sit on the Company's Audit and Risk Committee.

Seated next to the Board of directors is the Chief Executive, Peter Mence and the Chief Financial Officer, Dave Fraser. We also have several other members of the management team here today.

I would also like to welcome our auditors, Deloitte, our solicitors, Harnos Horton Lusk, our Registrar, Computershare and our tax advisors, KPMG, to the meeting.

The agenda for this afternoon's meeting will be as follows:

- As Chairman, I will deliver a brief summary of Argosy's performance;
- This will be followed by a more detailed review of the Company's performance by our Chief Executive, Peter Mence.
- Following these presentations, we will take questions from Shareholders.
- We will then move to the formal resolutions of the Meeting.
- And finally, we will then attend to any general business.

After the meeting has been formally closed, please join us for refreshments where the Directors and Executives of Argosy will be available to discuss any queries you may have.

PROXIES

Proxies have been received in respect of 318,085,766 shares and these have been audited by Deloitte. There are 827,186,969 shares on issue.

CHAIRMANS REVIEW

I am pleased to now present to you a summary of the Company's performance for the year ended 31 March 2019. You will have received the 2019 Annual Report and financial statements, either by post or electronically, depending on your preference.

FY19 FULL YEAR HIGHLIGHTS

The 2019 financial year has been an excellent one and the Board is very pleased to have delivered a solid full year result with a number of highlights across the business.

Argosy delivered a total shareholder return of over 35%, outperforming the property sector by 11% which was a fantastic result. The Company also delivered a net distributable income increase of 5%.

Rental income, earnings and distributable profit all improved on the back of strong leasing and rent review outcomes during the year. Our portfolio metrics have been maintained or improved and the quality of our buildings is high – as seen in the strong revaluation gain of \$70.5 million for the year.

The management team worked hard over the year to resolve key lease expiries and vacancies resulting in a consistently high occupancy rate and a weighted average lease term over six years for the second consecutive year.

Management has continued to reposition the portfolio extremely well through the combination of strategic acquisitions, strategic developments and the ongoing divestment of non Core assets above their book value. Operationally, the team has achieved some great leasing outcomes through the year and Peter will cover these elements and our financial performance in more detail in his presentation.

We have continued our focus of greening the portfolio to deliver high quality buildings and have complemented this with the inaugural green bond for the property sector. Our successful \$100 million 7 year green bond offer was very well received by Argosy investors and I would like to take this opportunity to say thank you to our investors for their support.

We continue to make solid progress at 7 Waterloo Quay and remain in advanced negotiations with Crown tenants. We expect to be able to announce unconditional lease commitments soon.

FULL-YEAR DIVIDEND AND FIRST QUARTER ANNOUNCEMENT

The Board was pleased to announce a 2019 full-year cash dividend of 6.275 cents per share, an increase on the prior year. The increase in the full-year cash dividend above guidance reflects our ongoing belief that investors should share in the continued strength of the business. However, we are also mindful that we must maintain our momentum towards an Adjusted Funds from Operations (or AFFO) based dividend policy over the medium term. The Board expects, based on current projections, that the cash dividend will be at least maintained over this transition period. Therefore, the dividend for the 2020 financial year is therefore expected to be maintained at 6.275 cents per share.

Today I can also confirm that the directors have approved today a first quarter dividend for the 2020 financial year of 1.56875 cents per share with imputation credits attached of 0.29766 cents per share. This will be paid on 25 September 2019 with a record date of 11 September 2019.

GOVERNANCE

Sound corporate governance and stewardship remain fundamental elements to Argosy's strong performance. We as a Board are committed to the highest standards of business behaviour, accountability and corporate governance best practice. We remain guided by our Code of Conduct and Ethics which is publicly available on our website, along with Argosy's other policies and charters.

After the conclusion of this meeting, the Directors will meet to appoint a new Non-Executive Director, Rachel Winder. Rachel is currently Head of Property Services for Westpac New Zealand.

Rachel was previously Head of Property for Vodafone New Zealand and National Manager – Property & Procurement for TelstraClear. The necessary formal external checks on Rachel could not be completed in time for the notice of meeting. As a result of the timing of Rachel's appointment, she will come up for re-election at the 2020 Annual General Meeting.

We signalled to shareholders last year that a Board renewal process was underway. Together with new directors seeking re-election today, Rachel's appointment reflects this renewal process and the Board welcomes her experience and the unique perspective she will bring to Argosy.

RISK MANAGEMENT

At Argosy, the Board continues to take a cautious approach to risk, whether it be financial, operational, regulatory or health & safety. We have a low tolerance for risk where it may result in adverse consequences for Argosy, its shareholders or other stakeholders. As a business Argosy does encounter many types of risk on a daily basis however, we will always focus on managing or mitigating risk to the fullest practical extent possible.

CAPITAL MANAGEMENT

The board regularly reviews the company's capital management strategy. The Board's policy is for debt to total assets to be between 30% to 40%. Argosy continues to divest non Core assets and take advantage of strong investor demand still present in New Zealand.

Sale proceeds will be used to continue our tenant-led green development program and/or reduce gearing. Our gearing currently sits in the middle of the target band and remains well within all bank covenants. The board regularly considers capital management tools at its disposal and may initiate options as and when necessary to maximise value for shareholders.

Now, I will hand over to Peter, who will comment on our performance for the year.

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