Argosy

Annual Report 2020

LOOKING THROUGH

Our Strategy at Work	2
Argosy's Investment Framework	4
Financial Summary	6
Chairman's Review	8
Chief Executive Officer's Review	10
Create. Manage. Own.	
Create.	12
Manage.	18
Own.	30
Our Portfolio	34
Consolidated Financial Statements	41
Corporate Governance	73
Investor Statistics	82
Directory	85

Building Managing Stronger

2020 2020 2020
2020 2021 2022

Argosy's solid results were the result of BUILDING on the successful execution of its strategy. It has delivered on all its key focus areas positioning it well for the years ahead.

We will be focused on MANAGING the effects of Covid-19. We have strong relationships with all our stakeholders and will work closely with them to get through the near-term challenges.

Argosy will be even STRONGER and more resilient in FY22. Several of our Green Star developments will be completed and more value-add opportunities should be underway to support Argosy's momentum towards creating further incremental value and sustainable dividends for shareholders.

An environmentally focused & sustainable business

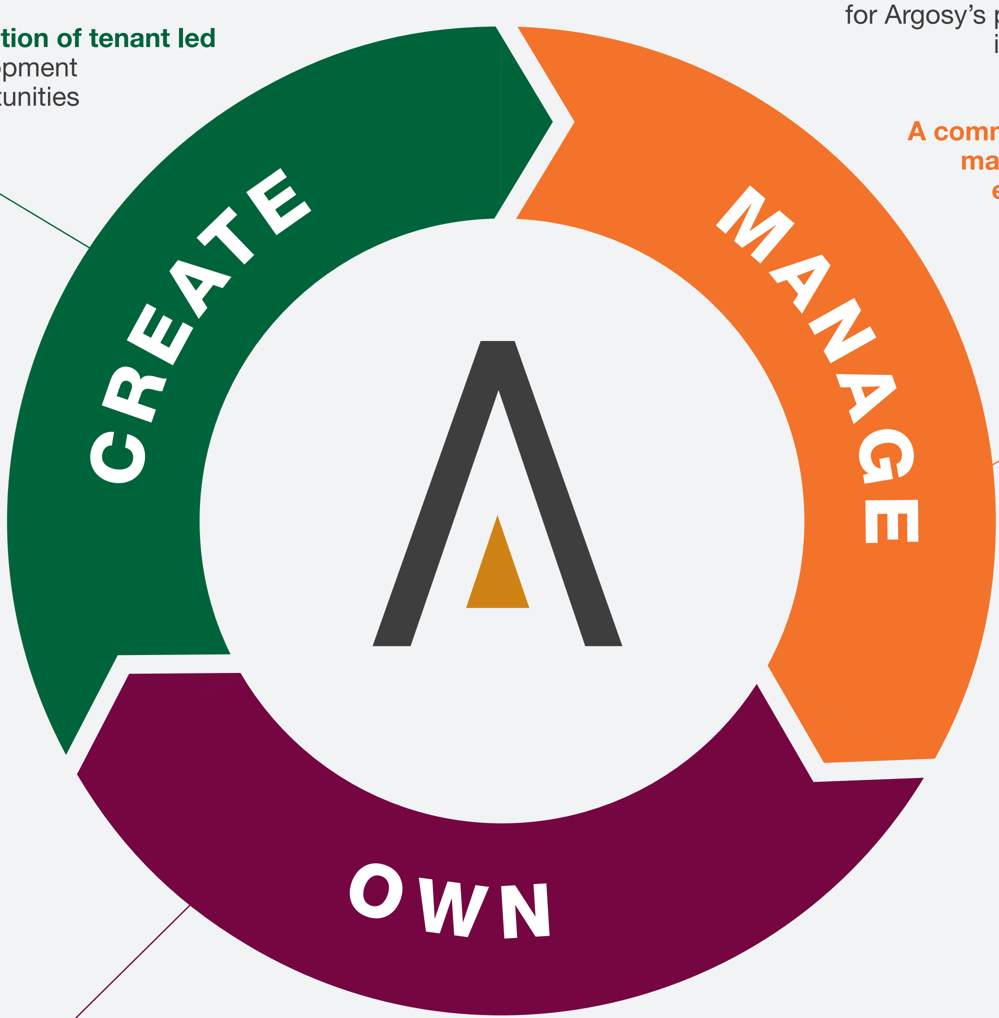
Transition value add properties to drive earnings and capital growth

Execution of tenant led development opportunities

Strong and valued relationships across all key stakeholders

Safe working environments for Argosy's people and its partners

A commitment to management excellence



A diversified portfolio of high quality, well located assets with growth potential

Real estate with a primary focus on Auckland & Wellington markets

Target off-market opportunities or contiguous properties with potential

create

$100m
second successful Green Bond issuance to support Argosy's focus on sustainability and high quality green buildings

+$200m
pool of Value Add development opportunities to drive earnings and capital growth

Transitioned
$64m
of Value Add properties to Green Developments

manage

Our family of
177
tenants
across our portfolio

Tenant surveys
+92%
of Argosy tenants surveyed would recommend us as a partner

Portfolio
98.8%
occupancy

Health & safety
93%
pre-qualification of all approved contractors that visit our properties

own

$1.87b
diversified portfolio of high quality assets

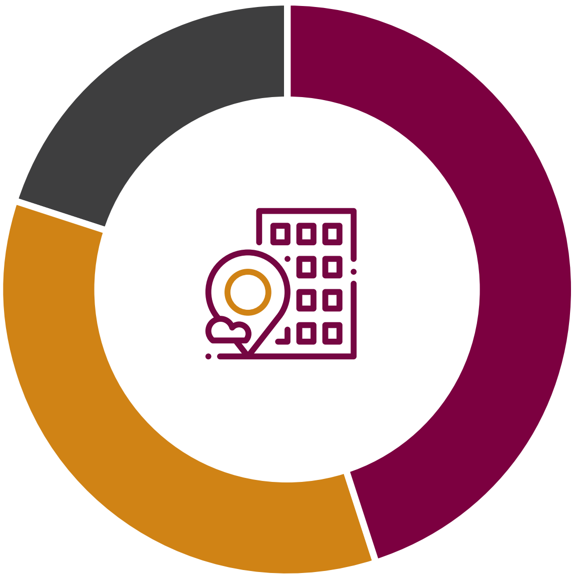
71%
exposure
to Auckland and 45% exposure to industrial assets

26%
exposure
by rental income to government organisations

$32m
strategic industrial acquisition in FY20 to be redeveloped, creating value for shareholders

Argosy strives to deliver sustainable returns to shareholders.

Where will we buy?



Industrial	45-55%
Office	30-40%
Large Format Retail	10-20%

Concentrate on Auckland (65%-75%) and Wellington (20%-30%).

Regional North Island (including the Golden Triangle between Auckland, Tauranga and Hamilton) or South Island (<10%)

Focus on good quality Office, Industrial and Large Format Retail

No international properties
No Leasehold

Target "off-market" acquisitions and avoid competitive processes

Target Value Add properties where we can leverage internal expertise within overall Core/Value Add targets

Target contiguous properties with potential

Value parameters

$10m+

Greater than $10 million unless strategically imperative ($6 million for Industrial)

10%

No acquisition more than 10% of overall portfolio value

Due diligence

Apply Argosy's due diligence checklist

>70%

Structural integrity ≥ 70% of New Building Standard (unless this represents a Value Add opportunity)

Development

Developments only for tenants who provide strategic value to Argosy

Joint ventures will be undertaken only where the counterparty is of sufficient financial standing to carry their share of risk

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 Investment Strategy (i.e. the majority by value of the properties either are 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.

The Board has recently approved small adjustments to the Investment Policy target bands. By portfolio value, the Industrial target has increased by 5% to 45-55% from 40-50%. The Large Format Retail target has reduced by 5% to 10-20% from 15-25%. The Office target of 30-40% is unchanged.

Geographical weightings are unchanged although the Board has recently acknowledged the growing importance of the Golden Triangle area between Auckland, Tauranga and Hamilton. A 5% weighting will sit within the Regional North Island and South Island band of 10%.

As at 31 March 2020, Argosy was operating within the parameters of its Investment Policy.

Argosy's diversified portfolio of quality properties has an average value of $31.6 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 approximately 26% of the portfolio or $468 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

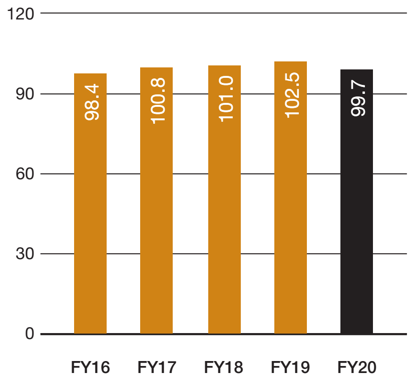
Argosy strives to deliver reliable and attractive returns to shareholders. It takes a considered approach to development, acquisition, divestment, leasing and capital management decisions, reflecting its proposition to shareholders as a yield-based investment.

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 operations; 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.

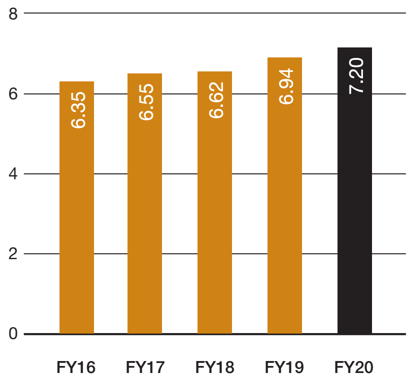
Argosy generally operates within a medium/low overall risk range. Argosy has a low risk appetite for risks associated with managing developments and Value Add projects and compliance matters.

Financial Summary

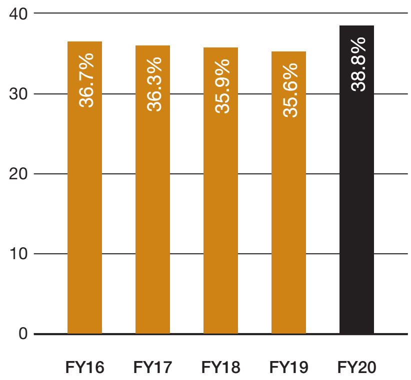
Net Property Income
$M



Net Distributable Income
CENTS PER SHARE



Debt-to-total-assets Ratio
PERCENTAGE



FINANCIAL SUMMARY

	Unit of measure	FY2016	FY2017	FY2018	FY2019	FY2020
Net property income	$m	98.4	100.8	101.0	102.5	99.7
Profit before financial income/(expenses) and other gains/(losses) and tax	$m	89.4	91.4	91.1	91.5	88.2
Revaluation gains on investment property	$m	42.2	42.3	47.3	70.5	59.9
Profit for the year (before taxation)	$m	83.6	120.4	109.3	143.3	123.8
Profit for the year (after taxation)	$m	78.9	103.6	98.2	133.7	119.0
Earnings per share	cents	9.79	12.69	11.90	16.16	14.40
Gross distributable income per share	cents	7.60	8.03	7.95	8.14	7.91
Net distributable income per share	cents	6.35	6.55	6.62	6.94	7.20
Total assets	$m	1,374.9	1,458.6	1,544.8	1,675.1	1,929.6
Debt-to-total-assets ratio	%	36.7	36.3	35.9	35.6	38.8
Net assets backing per share	cents	100	106	112	122	130
Cash dividend per share	cents	6.03	6.10	6.20	6.28	6.35
Shares on issue at year end	m	812.6	822.9	827.0	827.0	827.2
Total equity	$m	810.4	875.2	926.9	1,009.0	1,075.8

PROPERTY METRICS

	Unit of measure	FY2016	FY2017	FY2018	FY2019	FY2020
Number of tenants	#	193	185	176	171	177
Number of properties[1]	no.	66	64	61	60	59
Average property value	$m	20.72	22.53	24.81	27.80	31.64
Net lettable area	sqm	601,045	606,324	587,766	587,125	584,932
Total book value	$m	1,367.6	1,442.2	1,513.1	1,667.0	1,866.9
Weighted average lease term	years	5.24	5.59	6.08	6.14	6.09
Occupancy factor by rental	%	99.4	98.6	98.8	97.7	98.8
Occupancy factor by area	%	99.6	97.4	99.4	97.8	98.3

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

Top: 99-107 Khyber Pass, Auckland. Bottom: 15 Stout Street, Wellington.

On behalf of the Board of Directors, it is my pleasure to present Argosy's 2020 Annual Report.

The end of the financial year coincided with the world facing an unprecedented event with the emergence of Covid-19. The virus's impact has been severe on global economies and financial markets. Argosy's management team has done an excellent job and have continued to manage the business well through the crisis which continues today. Argosy's diversified portfolio by asset and tenant type sees it positioned to withstand the current market volatility. The full quantum of the virus's impact may not be known for some time yet. However, we will continue to work hard to monitor, manage and mitigate its impact on the business.

STRATEGY

Argosy's Create, Manage, Own strategic framework will continue to guide our overall long-term goals, together with Argosy's Investment Framework . The Board's message to stakeholders is to look through the near term challenges we are facing. There is significant opportunity, with our Value Add properties and development pipeline, to position Argosy well for the future. In the meantime, we continue to work with all our stakeholders to ensure we come through Covid-19 in good shape.

GOVERNANCE

The Annual Meeting of Shareholders this year will be held at 2pm on 28 July as a hybrid meeting. We have taken this approach due to the Covid-19 situation and our desire to ensure the health and safety of all stakeholders.

The Board refresh process signalled 18 months ago is now complete and sees Argosy commence FY21 with a solid governance foundation to take the company forward. Rachel Winder and Martin Stearne, who were appointed during the year, will retire in accordance with the Company's constitution and the NZX Listing Rules and will be eligible for re-election. As previously announced, Peter Brook and myself will retire at the 2020 Annual Meeting and will not stand for re-election.

"We met all of our focus points in 2020, but recognise that in 2021 the big focus will be carefully managing our way through the consequences of the Covid-19 pandemic."

—

Mike Smith
CHAIRMAN

FY20 full year dividend

6.35cps

1.2% increase on the prior period

Q4 dividend to be paid

1.5875

24 June payment date

DIVIDENDS

A fourth quarter dividend of 1.5875 cents per share has been declared for the June quarter with nil imputation credits attached. The fourth quarter dividend will be paid to shareholders on 24 June 2020 and the record date will be 10 June 2020. Argosy has re-opened its Dividend Reinvestment Plan and it will be available for shareholders to participate in for the fourth quarter dividend.

The Board recognises that we start the 2021 financial year in challenging times. However, Argosy's business is resilient and supported by a sound capital and portfolio position. Accordingly, based on current projections for the portfolio, the Board is pleased to confirm our expectations of a full year dividend of 6.35 cents per share for the 2021 financial year. This guidance reflects the Boards view that shareholders should continue to share in the continuing strength of the business. However, we are also cognisant that we must maintain our momentum towards an Adjusted Funds from Operations (AFFO[1]) based dividend policy over the medium term.

OUTLOOK

Argosy ended FY20 with strong momentum. However, economic conditions since 31 March have changed drastically. Covid-19 has delivered new and significant challenges to the domestic and global economies. We expect to see further weakness and volatility over the next 12-18 months as the world and New Zealand find their way through this pandemic. Higher unemployment levels and low consumer and business confidence will all take time to turn around. Pleasingly, banks are open for business with no issues to Argosy accessing capital to secure opportunities if required. Whilst a lower interest rate environment and the reintroduction of depreciation on buildings is a positive for Argosy, economic conditions will be negatively affected, creating headwinds that will require careful navigation.

Notwithstanding these issues, the Board's focus and message to shareholders is about looking through the short-term challenges, to the medium and longer term. Argosy remains well positioned. It has a sound and diversified capital position. Its diverse portfolio of quality investment properties has a broad tenant composition providing added resilience and stability to its cashflows.

Looking ahead through the next 12-18 months, the focus on addressing residual expiries within the portfolio and ensuring that the tenant retention rate remains high, is unchanged. Argosy will continue to focus on sustainability and green developments and on transitioning Value Add properties into higher quality ones, to drive earnings and capital growth. This emphasis will continue Argosy's momentum towards creating further incremental value and sustainable dividends for shareholders.

To all our investors, both shareholders and bondholders, thank you all for your continued support over the year and I look forward to updating you further at the Annual Meeting.

P MICHAEL SMITH

Chairman

1 AFFO (Adjusted Funds From Operations) is considered by some investors to represent a measure of dividend sustainability. The annual results presentation released today provides a reconciliation between net distributable income and AFFO.

We are pleased to have delivered on our key focus areas in 2020, including strong leasing progress at 7WQ to high quality Crown tenants and further debt diversification with a second successful $100 million green bond issue.

Ultimately however, we finished the year with a focus on Covid-19. The last few months have been incredibly tough for all our stakeholders including our staff, tenants and shareholders. We have been working extremely hard to ensure everyone we deal with remains as safe as possible. Whilst there is a lot of volatility and uncertainty in the market, we are confident in the resilience of our business and the quality of our diversified portfolio. We acknowledge that the effect of Covid-19 will be negative for the economy generally. However, we have strong relationships with tenants and will continue to work closely with them as we look through the near-term challenges. Since 31 March 2020, Argosy has provided some assistance to tenants to counter the impact of lockdowns associated with Covid-19. This assistance has primarily been via deferrals or rent abatements. Including the Albany Lifestyle Centre, Argosy has provided for approximately $2.8 million in rent abatements for April and May since year end, for tenants most in need.

We remain focused on ensuring the sustainability of dividends to shareholders and we will update the market as the ongoing impact from Covid-19 unfolds through the year.

HIGHLIGHTS

- Net distributable income[2] up 3.8%;
- Net distributable income per share up 3.7%;
- Portfolio metrics in excellent shape with high occupancy (98.8%) and WALT (6.1yrs) maintained;
- Full year unrealised revaluation gain of $60 million, an increase of 3.5% on book value;
- Strong portfolio leasing outcomes, particularly in Wellington, with 7WQ now 82% leased to the Crown;
- Further debt diversification via a second successful $100 million, 7 year green bond issuance;
- A lift in net tangible assets (NTA) to $1.30 from $1.22 at 31 March 2019;
- FY21 dividend guidance of 6.35 cents per share, reflecting continued sound delivery of strategy.

2 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 23 of the financial statements provides a full reconciliation between profit before tax and distributable income.

Full year revaluation uplift of

$60m

helps increase NTA to $1.30

Increase of

3.8%

in net distributable income

FINANCIAL RESULTS

Statement of Comprehensive Income

For the 12 months to 31 March, Argosy reported net property income of $99.7 million for the period, 2.7% lower than the prior year. This was due to the impact of divestments, notably 31 El Prado Drive in Palmerston North, buildings withdrawn for development including 8-14 Willis Street and 107 Carlton Gore Road and the $2.9 million termination fee paid by New Zealand Post in the prior year.

Argosy has reclassified $2.1 million of property expenses to interest expense in accordance with NZ IFRS 16, which has been adopted for the first time. The adjustment relates to the ground lease at 39 Market Place, Auckland.

Administration expenses were up slightly on the previous year primarily due to small increases across a range of areas including staffing costs, ground lease charges and NZ IFRS 16 depreciation.

Interest expense of $22.9 million is down on the previous year due to interest rate savings and higher capitalised interest on developments.

The valuations for the period to 31 March were performed by Colliers International, Jones Lang Lasalle, CBRE and Bayleys Real Estate. The total unrealised revaluation gain for the 12 months to 31 March 2020 was $60 million, corresponding to a 3.5% increase above book value. The portfolio is 3.4% under-rented excluding market rent on vacant space.

Annual Valuations

The independent work performed by valuers resulted in an annual revaluation uplift of $60 million. In the current year end valuations, independent valuers have made adjustments to rental and vacancy assumptions, particularly for properties which they consider to be the most affected by Covid-19[3].

By location, Auckland was the largest contributor to the revaluation gain with $49.7 million or 83% of the total portfolio gain. By sector, Industrial again provided the greatest contribution at $53.4 million, up 6.8%. The Office portfolio increased $19.5 million, or 2.7% and Large Format Retail declined by $13.0 million or -6.5%.

As a result of the revaluation gain, Argosy's NTA has increased to $1.30, a 6.5% increase from $1.22 at 31 March 2019. Following the revaluation, Argosy's portfolio shows a contract yield on values of 6.11% and a yield on fully let market rentals of 6.41%.

Distributable Income

Net distributable income increased by 3.8% to $59.6 million compared to the previous year of $57.4 million. Net distributable income per share increased 3.7% to 7.20 cents per share from 6.94 cents per share in the previous year.

OUTLOOK

After a strong finish to FY20, we start FY21 with a focus on Covid-19 and trying to manage the effects of this pandemic on the business. We have strong relationships with all our stakeholders and will work closely with them to look through the near-term challenges.

As always, I would like to thank the Board for its continued sound governance and stewardship of the Company. To our management team, thank you all for your ongoing dedication and hard work to deliver solid results for Argosy and our investors for the 2020 financial year. I am so pleased to work with a team who epitomise our values on a daily basis.

I look forward to updating all shareholders and bondholders further at the Annual Meeting in July.

PETER MENCE

Chief Executive Officer

Stout Street, Wellington

3 Please refer to Note 5 of the financial statements for more valuation commentary.

Create.

"Proactive actions to ensure sustainable growth."

1. Environmentally focused and sustainable business.

We are taking a green or sustainable approach to everything we do in our existing business and also when identifying new opportunities.

2. Execution of tenant led development opportunities.

This is about managing risk by ensuring projects are pre-committed (wherever possible) and well managed to ensure they contribute to Argosy's performance early.

3. Execution of acquisition opportunities.

This is about ensuring we have the right relationships to secure opportunities. This also requires us to have the right people, with the right competence and experience in the business.

ENVIRONMENTAL

Sustainability

Argosy continued to refine its Environmental, Social and Governance Framework (ESG Framework) through 2020. The ESG Framework recognises the importance sustainable business practices have on the environment and the long-term value it can create for shareholders.

Argosy issued its second successful $100 million green bond in 2020 under its Green Bond Framework (GB Framework). The GB Framework promotes the transition to a sustainable future and aligns with the Green Bond Principles.

Argosy's green buildings provide both business and environmental benefits including increased marketability, lower operating costs, higher occupancy, higher valuations and improved occupier productivity and well-being. The collective impact and influence of these policies and frameworks is to support the delivery of strategy and the greening of the portfolio over time.

Vaue Add Developments

107 Carlton Gore Road, Auckland – Kāinga Ora (formerly Housing New Zealand)

This green project completed in December 2019. The works included new lighting, air conditioning systems, seismic restraints, end of trip facilities (showers, changing facilities and bike parks) and lift replacement. Kāinga Ora has taken a new 12 year lease which commenced 1 March 2020 for the entire 6,061m^2 of net lettable area. The building is now A Grade and Argosy is targeting a minimum 4 Green Star Office Built rating with a seismic rating of 100% of NBS.

"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

8-14 Willis Street and 360 Lambton Quay, Wellington

This project is one of Argosy's current green developments and the largest in the company's history. Argosy is targeting a 6 Green Star Built rating and 5 Star NABERSNZ energy efficiency rating. Willis Street and 360 Lambton Quay is expected to have an independent valuation of $138 million on completion. Due to Covid-19 and delays arising from Alert Level lockdowns, the development is now forecast to complete in August 2021.

54-56 Jamaica Drive, Wellington

Argosy is progressing well with its $5.6 million development for Big Chill at 54-56 Jamaica Drive. The development supports Big Chill's growing business with practical completion now likely in August 2020.

Big Chill facility at 56 Jamaica Drive

Other

The Crown via its various departments is the cornerstone partner in most of Argosy's projects, providing a high degree of cashflow certainty. While it is too early to assess what the financial impact may be on the delayed projects at this time, we will update investors in due course as the Covid-19 restrictions ease.

Argosy's developments are consistent with its Create strategy. The green developments in particular deliver modern, functional and appealing workspace environments to tenant employees. Argosy will benefit from new, high quality tenants and modern buildings along with the long term sustainable cashflow they bring.

"

> It is a real focus for Argosy to continue pursuing these green focused opportunities to improve overall portfolio quality and create incremental value for shareholders."

—

Peter Mence
CEO

107 Carlton Gore Road, Auckland

The building was vacated by ANZ Banking Group after 15 years. This provided an opportunity to refurbish and upgrade the building to target a minimum 4 Green Star Built rating and 4 Star Base build NABERSNZ energy efficiency rating. These attributes attracted Kāinga Ora (formerly Housing New Zealand) to exit three different buildings and amalgamate to 107 Carlton Gore Road, providing a new Auckland hub. Through a mixture of innovation and additional specification of services, Argosy is now targeting a 5 Green Star Built rating and 4.5 Star NABERSNZ energy efficiency rating. This 6 level building provides four levels of office space with two basement levels. The building provides for 1,000m^2 floor plates with a central core, creating excellent natural light and views over Newmarket. The upper basement has new end of trip facilities that provide bike parks, lockers and showers.

Argosy has taken learnings from other projects and included the following features:

- CO^2 sensors to control the fresh air rates. As the building occupants increase, so does the fresh air quantities;
- Two new air cooled chillers matching the building load to provide greater energy efficiency;
- A new Building Management System that provides optimisation control to maximise energy efficiency;
- New LED lighting with daylight and occupancy control;
- New end of trip facilities that provide showers, lockers and changing facilities;
- Highly efficient water fixtures and fittings, ready for rain water harvesting;
- Metering of all electricity to enable NABERSNZ assessments;
- Acoustic materials to ensure a quiet working environment; and
- Power provisions for EV rapid chargers should the tenant require them.

Our aspirational goals

Argosy's ESG Framework sets out the following aspirational environmental goals;

1. We will strive to obtain NABERSNZ Energy Ratings on all of our office buildings by 2022

We currently have NABERSNZ Base Build ratings on 308 Great South Rd (4.5 Stars), 302 Great South Rd (5 Stars), 15 Stout Street (5 Stars) & 82 Wyndham Street (5.5 Stars). We also have a 4 Star NABERSNZ Whole Build rating on 143 Lambton Quay. We are targeting NABERSNZ Base Build ratings once we have 12 months of data on 99-107 Khyber Pass, 8 Nugent Street, 107 Carlton Gore Rd and 23 Customs Street.

2. We will collect energy consumption data (electricity and water) on all buildings

We have reviewed various environmental reporting software platforms in terms of reporting, reliability, accuracy, price and value. We have purchased a new data collection software system called Quasar and all new projects have metering linked to the system and we are transferring existing projects over.

3. We will develop a Waste Management Plan which will be incorporated into all major projects

This has been successfully used in completed projects and continues to be considered on all future major projects. On the project at 107 Carlton Gore Rd we achieved 70% diversion from landfill. We have a management plan in place for the 8-14 Willis Street and 360 Lambton Quay development.

8-14 Willis Street (including 360 Lambton Quay project)

8-14 Willis Street is located in the centre of the Wellington CBD, adjacent to 360 Lambton Quay (formerly Stewart Dawson Corner). The area is predominantly characterised by office and high street speciality retail.

Argosy has significantly progressed its $86 million development. The development will create both a substantially new 11 level, 12,800m^2 building and 3,100m^2 of additional prime retail/office space on the 360 Lambton Quay part of the site. Argosy is targeting a 6 Green Star Built rating and 5 Star NABERSNZ energy efficiency rating.

Argosy has entered into a new 15 year lease with the Crown (Statistics New Zealand) to occupy 12,300m^2 of space other than 500m^2 of the planned ground floor retail. Like many Crown departments, Statistics are focused on sustainability and agile working environments. Willis Street will incorporate innovative and sustainable features including; rainwater harvesting, chilled beams to deliver heating & cooling, a new HVAC system to comply with Green Star requirements and modern end of trip services. The building will have a NBS rating of 130%.

Argosy is finalising the potential mix of retail tenants for the location and is in discussion with a range of potential tenants for the space. Construction for the overall project is expected to take 24 months and be completed by August 2021.

On completion, the property is forecast to have an independent valuation of $138 million.

Argosy continues to have a strong social responsibility and commitment to actively engage with the communities in which we operate. Shareholders retain high expectations for Argosy to deliver a wider range of outcomes over and above financial returns to them.

SOCIAL & COMMUNITY

Our Community

Argosy continues to have a strong social responsibility focus and commitment to actively engage with the communities in which we operate. Argosy continues to provide year on year support to surf life saving clubs, youth development organisations (Spirit of Adventure Trust) and children with one or more parent in prison (Pillars).

Surf Life Saving

Our five surf life saving partners are: 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 clubs remain fantastic organisations to partner with given the huge value they contribute in keeping communities safe in the water each year.

For the year to 31 March 2020 Argosy donated a total of $37,500 to these organisations.

Argosy continues to value these important partnerships and looks forward to working with these clubs again in 2021 to support their amazing work.

Hot Water Beach Surf Life Saving Club IRB with Argosy logo.

Spirit of Adventure Trust

This programme has been building generations of young Kiwis with confidence, resilience and self-esteem since 1972 and over 1,000 Kiwi teenagers get the opportunity to participate in this potentially life changing voyage every year.

Argosy proudly supports the Spirit of Adventure Trust, based in Auckland and contributed a total of $6,100 in FY20 for this initiative. The sponsorship contributed towards the cost of two teenagers, aged 16-18, to participate in the 10-day development voyage on the Spirit of New Zealand.

The Trust identifies worthy recipients who would benefit from the experience but who do not have the means to be able to fund it.

Research studies have been completed on the outcomes of students aboard the ship showing they display increased self-esteem and initiative to take opportunities that life presents to them. Argosy remains very happy to be supporting this programme that delivers such positive outcomes for young people.

Spirit of Adventure Trust and Argosy have partnered with INZONE Education Foundation (INZONE). INZONE is a New Zealand registered charitable trust that aims to inspire and support Māori and Pasifika youth to take their place in the cultural, economic and civic leadership of Aotearoa New Zealand. It does this by providing kāinga (hostels) which are "InZone" for high performing schools, Auckland Grammar and Epsom Girls' Grammar.

In FY20 one student from both Auckland Grammar and Epsom Girls' Grammar attended a 10-day development voyage and we are awaiting the students feedback to their respective schools on their experience.

INZONE
EDUCATION FOUNDATION

Further information about the Spirit of Adventure Trust can be found at www.spiritofadventure.org.nz.

Snickel Lane - Urban Art Award

Elam School of Fine Arts student Georgia Arnold was the 2019 recipient of the Snickel Lane Urban Art Award, which provides the opportunity for a student to create and display a public work of art, while developing essential industry skills.

The $10,000 award was established by Argosy in 2016. It is awarded to Creative Arts and Industries students at the University of Auckland, who are in their final year, or undertaking postgraduate studies.

In 2019, Georgia was finishing her final year of a Bachelor of Fine Arts with honours at Elam. Georgia said "The award is a perfect opportunity for me to experience working at a larger scale, pushing processes of drawing, painting and casting that I have explored this year. It is also a great chance to make a site-specific work, a work that I am lucky enough to have on show for a whole year, hopefully enhancing the Lane and the experience of the public alike."

Georgia is also able to use the award funds to purchase materials to make and install this work. Any funds leftover can be used for future works, assist with travel to exhibitions, buy art books or equipment.

"The recognition of being awarded this scholarship built my confidence in my artistic practise, which I will continue to pursue after graduating Elam. Thank you again for your generosity and support."

Due to Covid-19 and New Zealand's Alert Level lockdown, Georgia was unable to create her artwork in time for Argosy's annual report but we look forward to seeing it very soon.

Pillars
Ka Pou Whakahou

Pillars

Pillars New Zealand is one of Argosy's newest community partners. Established 30 years ago, Pillars is a charity dedicated to supporting children of prisoners. In 2020, Argosy supported Pillars with $5,000 which they used to help mentor coordinators in Auckland. The Argosy team looks forward to a long and prosperous partnership with Pillars and the fantastic work they do for children and young people.

StarJam

Star Jam

Argosy has a community partnership with The Spirit of Adventure Trust (the Trust). In September 2019 Argosy, in conjunction with the Trust, organised a Pirates and Pizza day for Star Jam, an organisation that Argosy staff are involved with. Star Jam helps to inspire young people with disabilities (the 'Jammers') to express themselves through music, dance, singing and performance. The Pirates and Pizza day saw the Trust provide the Spirit of Adventure boat for the morning to take Jammers and their families on a morning voyage around the harbour. Back on shore, the Jammers were treated to pizzas and refreshments.

Thanks to Stefan Barton and the Spirt of Adventure Trust team for supporting this cross-collaboration opportunity.

Star Jammers Pirates and Pizza Day

Other sponsorships

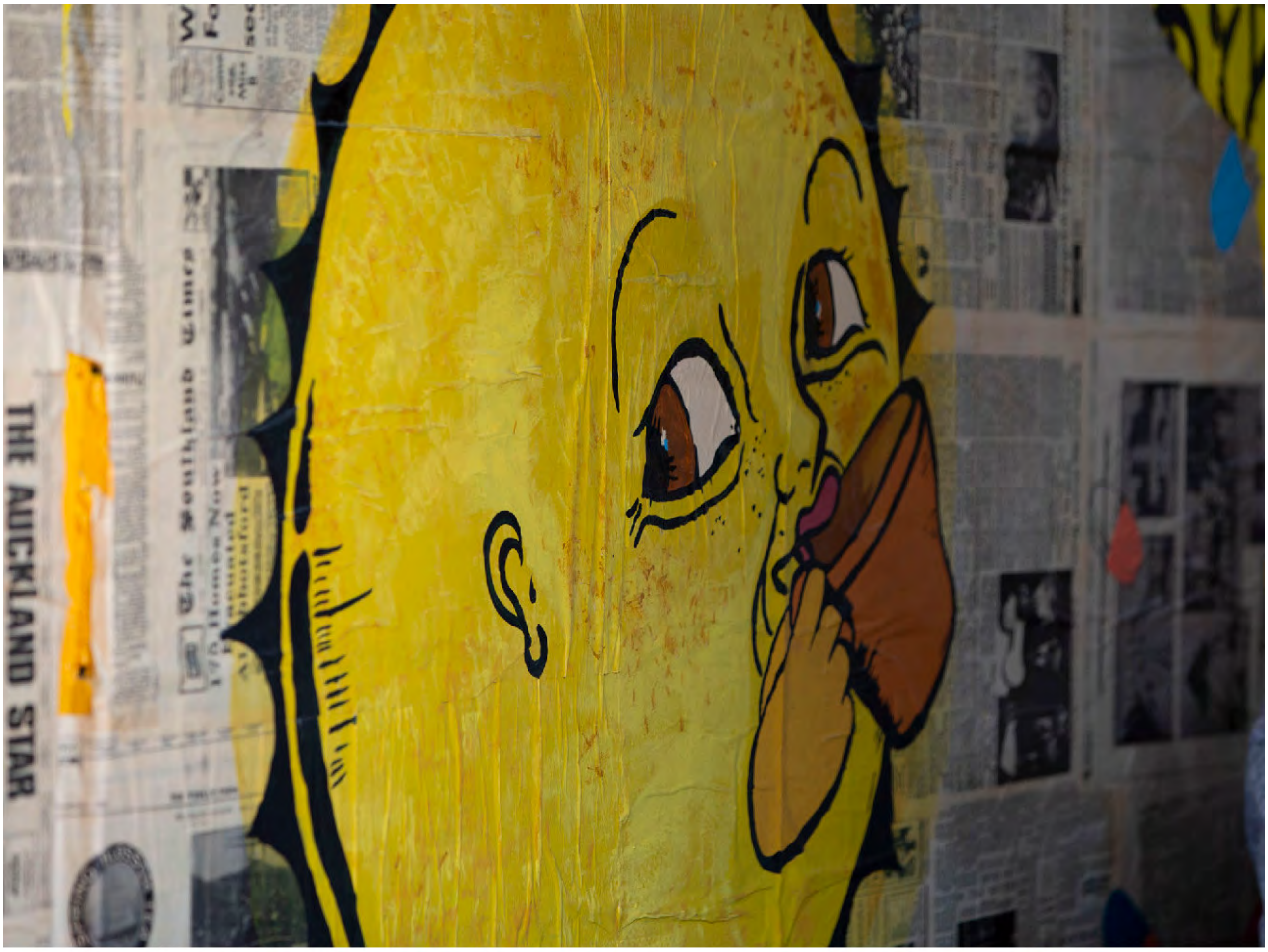
Outside its main community partnerships, Argosy made several other contributions to worthy organisations totalling $8,290 including:

- Wheel Blacks;
- Auckland University;
- Prostate Cancer Foundation; and
- Child Cancer.

Staff Volunteer Days

Argosy encourages its staff to do volunteer work for a charity of their choice. During the period Argosy staff undertook fundraising to support a variety of well deserving organisations during the year including Pillars, SPCA and The Mankind Project. In July 2019, Argosy staff also spent a day planting trees at Atiu Creek Regional Park, Tapora Peninsula Kaipara. The planting helps Conservation Volunteers New Zealand and Auckland Council in its goal of planting 30,000 native trees there over winter. These trees will help filter contaminants before they reach our waterways and provide food and habitat for native species, contributing towards the health of the Kaipara Harbour.

Atiu Creek Regional Park, Tapora Peninsula Kaipara



Snickel Lane

Manage.

"Manage all elements of our business to deliver the right outcomes for all our key stakeholders."

1. Strong and valued relationships across all key stakeholders.

We want to be regarded as a good corporate to work with/for by everyone we interact with.

2. Safe working environments for Argosy's people and its partners.

Zero-harm philosophy. Keeping everyone safe inside the business and outside it.

3. A commitment to management excellence and innovation.

Constantly looking for improvements across the business, from technology to people and processes. Always trying to think ahead of the game and be positioned for the next opportunity.

CAPITAL MANAGEMENT

At 31 March 2020, Argosy's debt-to-total-assets ratio, excluding capitalised borrowing costs, was 38.8% versus 35.6% at 31 March 2019. The ratio reflects the net impact of acquisitions and development activity during the period, offset by revaluation gains. The ratio also excludes the lease liability and right of use asset at 39 Market Place of $41.8 million, recorded in the period for the first time under NZ IFRS 16. As noted earlier, the planned settlement of the Albany Lifestyle Centre (ALC) did not occur in FY20. Had the unconditional sale been completed, Argosy's debt-to-total-assets ratio would have been 36.0% at year end.

During the year Argosy added three new tranches to its existing syndicated bank facilities.

- A new $50 million Tranche (Tranche F), expiry 8 October 2021.
- A new $35 million Tranche (Tranche G), expiry 1 November 2021.
- A new $50 million Tranche (Tranche H), expiry 30 April 2022.

During FY20 Argosy also refinanced three Tranches of its existing syndicated bank facilities. Additionally, it extended its syndicate to include Commonwealth Bank of Australia and Westpac New Zealand Limited. Tranches B, D and E have been replaced with three new Tranches as follows:

- B1 - $100 million for 2 years;
- B2 - $125 million for 4 years; and
- B3 - $125 million for 5 years.

In October 2019, Argosy successfully completed a second $100 million, 7 year Green Bond offer. As a result, Argosy cancelled $100 million of bank facilities that were due to expire in October 2021.

As at 31 March, the company's total bank debt facility was $585 million ($550 million at 31 March 2019). At 31 March Argosy's weighted average debt tenor, including bonds, was 3.6 years (2.7 years at 31 March 2019).

Argosy's target gearing band is unchanged at 30-40% and continues to provide flexibility depending on financial and property market conditions. Argosy remains well within all bank covenants and currently sits within the target debt-to-total-assets band. As at 31 March, Argosy had approximately $140.6 million or 7.5% (across four assets) of its portfolio classified as non Core. Argosy is targeting the divestment of these assets, including the ALC, in FY21. Successful divestment of these properties at book value would reduce pro forma gearing by approximately 5%.

At 31 March 2020, Argosy's weighted average interest rate was 3.95% versus 4.75% at 31 March 2019.

Subsequent to year end, Argosy added a new banking facility, Tranche I, for $75 million. This new Tranche expires in May 2024.

7 WATERLOO QUAY (7WQ), UPDATE.

Reinstatement / Seismic Works and Leasing

The reinstatement and seismic works to the building are largely complete. Final works under the reinstatement project are required for toilets, floor coverings and in-ceiling services on Level 12. The seismic works are also complete except for the reinstatement of the Level 12 spandrels and the completion of works to the interchange. Certification of 80% of NBS has been achieved. These two projects are expected to be completed in the first half of the 2021 financial year. During the year, Argosy achieved the following leasing transactions for space in the building:

Ground Floor and Level 1, New Zealand Post:
New Zealand Post remain on the Ground Floor and has relocated from the four tower floors it previously occupied down to Level 1 (4,430m^2 leased to New Zealand Post).

Level 2 and 10, Department of Internal Affairs (DIA):
The DIA now occupies Levels 2 and 10 on an initial 9-year lease for 4,133m^2. The lease commenced 1 February 2020.

Level 3, 4 and 5, Kāinga Ora (formerly Housing New Zealand):
Kāinga Ora entered into an initial 9-year, 3 month lease for 7,001m^2. The lease commenced in March 2020.

Level 6, 7 and 8, Ministry of Housing and Urban Development (HUD):
HUD entered into an initial 9-year 3 month lease over 3,675m^2. The lease commenced in March 2020.

These new leases mean that the building is now 82% leased. There is good interest from potential tenants for the remaining 3,650m^2 of space on Levels 9, 11 and 12.

7WQ Insurance Claim

The building sustained substantial damage in the 7.5 magnitude Kaikoura earthquake in November 2016. Soon after the earthquake independent engineers confirmed that the building remained structurally sound, but it suffered damage to internal fit out and services. As with many significant insurance claims for earthquake damage, there has been debate with insurers over the extent of damage, the scope of repair works, the repair methodology and the extent of insurance cover. To support its claim, Argosy commissioned comprehensive damage assessment reports, corresponding reinstatement scopes and a comprehensive reinstatement cost estimate.

Argosy continues to work with insurers towards resolution of its claim.

Argosy has submitted 14 interim claims in respect of material damage and business interruption to 31 March 2020.

- Claims for material damage (reinstatement works and claims assessment costs) undertaken have been submitted based on costs actually incurred. The total claimed from inception of the claim to 31 March 2020 is $47.4 million. These costs relate primarily to urgent reinstatement works required to make damaged levels of the building available for reoccupation and were not able to be agreed with insurers in advance. Further claims will be made in respect of additional reinstatement works as costs are incurred.
- Claims have been submitted to 31 March 2020 for business interruption costs (loss of rents, additional costs and claims preparation) totalling $15.1 million. The main component of this is loss of rents ($14.3 million) and no further claims in respect of loss of rents are expected.
- From inception of its claim to 31 March 2020, Argosy has recognised payments from insurers of $23.4 million (after a $4.9 million deductible) in relation to its interim claims. Of these, $10.9 million has been allocated to reinstatement of earthquake damage, $1.8 million to expense recoveries and $10.7 million to loss of rents.

TENANTS

We proactively manage our tenant partnerships. We aspire to provide modern, high quality and safe properties that our tenants enjoy and are expertly managed by our experienced team.

Our Tenant Philosophy

The foundation of this philosophy is unchanged, tenant's success is our success. This is all the more important right now and has been highlighted in the current Covid-19 pandemic. We continue to pride ourselves on providing modern, comfortable environments which help support our tenant's strategic growth aspirations. But with Covid-19, right now its less about buildings and more about people and relationships.

> "Strong and valued partnerships are founded on integrity. With the emergence of Covid-19, our integrity has never been more important than right now."
>
> Peter Mence
> CHIEF EXECUTIVE OFFICER

Strategic Partnerships

A key part of our strategy is to work with our key tenants to add value to the portfolio. In FY20 we:

- Completed the redevelopment at 180-202 Hutt Road in Kaiwharawhara, Wellington for Fletcher Distribution Limited. The project is targeting a 4 Green Star rating;
- Completed the greening of 107 Carlton Gore Road, Auckland, for Kāinga Ora on an initial 12 year lease. The project is targeting a minimum 4 Green Star Built rating;
- 8-14 Willis Street/360 Lambton Quay. This project is one of Argosy's current green developments and the largest in the company's history. Argosy is targeting a 6 Green Star Built rating and 5 Star NABERSNZ energy efficiency rating. 8-14 Willis Street/360 Lambton Quay is expected to have an independent valuation of $138 million on completion. Due to Covid-19 and delays arising from the Alert Level lockdowns, the development is now forecast to complete in August 2021.

Argosy continues to work closely with all its tenants to improve the quality of the portfolio which will ultimately deliver more modern and efficient buildings for tenants to grow their businesses.

Targeting

6 Star

Green Star Built Rating on 8-14 Willis Street

Tenant Communications

As we did last year, we surveyed our tenants in 2020 allowing us to address any concerns they may have.

> Over 92% of survey respondents would recommend Argosy as a property partner"
>
> Argosy Tenant Survey 2020

Our online tenant survey results showed we are doing a lot of things very well and made improvements against the prior year – particularly around the quality and strength of our relationships.

Given the current Covid-19 environment, having those strong relationships is absolutely critical in working together to get through these challenging times. We need to focus on looking through the short term, ensuring our tenants have a business that is ready to go once we get down to lower Alert Levels.

With an experienced and enthusiastic property team on hand, we pride ourselves on our tenant communication. Every property has both a dedicated asset and property manager providing our tenants with a dual line of communication. We aim to address tenant issues swiftly in order to ensure their working environment remains safe and fit for purpose to conduct their daily business.

Right now, with the current economic headwinds we all face, these relationships could not be more crucial. Our asset and property management team have been in constant contact with their tenant contacts to support them where we can.

All issues relating to health and safety are resolved by working closely with our tenants. We actively encourage our tenants to strive to achieve excellence in their own health and safety performance as we do at Argosy.

Tenant Diversity

Every tenant is important and the diversity of our portfolio continues to be one of its strengths.

Our current family has over 177 members across a diverse range of industries. By income, the top 10 tenants account for 41.0% of income while the top 30 account for over 62.0%. The diversity of our tenant and income streams provides a high degree of certainty and stability of our earnings and cashflows. We have low exposure to any one sector or any large tenant and our diverse portfolio of properties are highly sought after through various economic cycles.

Argosy's largest tenant in the portfolio is currently the Ministry of Business, Innovation and Employment accounting for 11.2% of gross property rental income.

Top 10 Tenants	Percentage of income
Ministry of Business, Innovation and Employment	11.2%
General Distributors Limited	5.6%
Kāinga Ora	5.4%
Cardinal Logistics Limited	4.8%
The Warehouse Limited	4.7%
New Zealand Post Limited	2.0%
Tonkin & Taylor Limited	1.9%
Mitre 10 (New Zealand) Limited	1.9%
Te Puni Kokiri	1.9%
PBT Transport Limited	1.7%

STAFF

Argosy is committed to creating and maintaining an inclusive and supportive workplace for all its staff.

Diverse & Vibrant Culture

The diversity of our people remains a key focus. Our Diversity Policy (which is available on our website) sets out our position and includes measurable objectives to achieve our diversity goals.

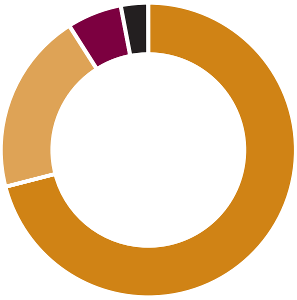
We have continued our Environmental, Social and Governance reporting obligations. We provide updated ethnic diversity information on our business to illustrate the diverse cultures we embrace and whom we benefit from in our business.

Argosy's zero tolerance policy for discrimination recognises that a talented and diverse workforce, where each employee brings their own unique capabilities, experiences and characteristics to their role, is a key competitive advantage.

We continue to recruit and retain talented people to support the delivery of our strategy.

Our Values include treating all people with respect. We want to create a supportive and understanding environment where everyone can realise their potential within the company, regardless of their different backgrounds or beliefs. We remain committed to employing the best people to do the best job possible for Argosy and its shareholders. Throughout the Covid-19 pandemic our people have worked hard and diligently.

Ethnic Diversity



●	71%	European
●	20%	Asian
●	6%	Maori
●	3%	Pacific people

Staff Wellbeing

Argosy remains committed to providing a healthy and safe workplace for all our employees and have a long established workplace Health and Safety Committee. The purpose of the Committee is to support the health and wellbeing of Argosy staff and encourage the safe and early return to work of ill or injured employees.

The Committee is also responsible for establishing initiatives that support this purpose such as the provision of subsidised gym memberships (physical health) and access to independent employee assistance programs. As well as this, permanent employees are provided with health, life and disability insurance cover as part of their employment.

Currently, the Committee is focused on ensuring all staff have the support they need during the Covid-19 pandemic. With some staff continuing to work from home – our Committee is making sure everyone has access to everything they need to still be effective in their respective roles.

Developing Our Talent

We invest resources into upskilling our people to ensure we have the necessary skills and experience to perform our roles expertly and professionally. Each employee has a personal development plan as part of their Employee Performance Plan. The plan is developed with the employee's line manager and reviewed as part of the annual review process.

Over the last 12 months, Argosy staff have continued to upskill across a range of areas including sustainability, health & safety, human resources and governance.

Our Values

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
Doing the right thing and doing things right

Culture
Creating a fun environment that encourages inclusiveness and teamwork

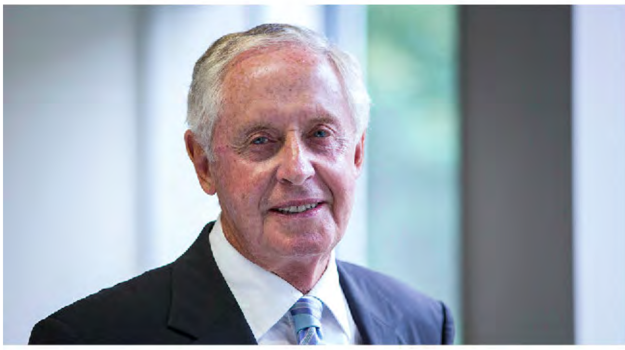
Respect
Treating all stakeholders with courtesy and understanding

Accountability
Taking ownership and responsibility

Communication
Promoting honest, timely and appropriate communication with all stakeholders

▲ Michael Smith Chairman

▲ Chris Gudgeon Director



▲ Peter Brook Director

▲ Stuart McLauchlan Director

Michael Smith
CHAIRMAN

Director since December 2002[4]

Mr Smith was employed by Lion Nathan Limited for 29 years, holding a number of senior executive positions including being a director of the parent company for 16 years. Mr Smith is a current director of several private equity companies. His previous directorships/trusteeships include The Lion Foundation, Auckland International Airport Limited and Fisher & Paykel Healthcare Corporation Limited. Mr Smith holds a Master of Commerce degree from The University of Auckland and is a Graduate of the Programme for Management Development, at Harvard Business School. He is also a member of the Institute of Directors in New Zealand.

Peter Brook
DIRECTOR

Director since December 2002[4]

Mr Brook has 21 years experience in the investment banking industry, retiring in 2000 to pursue his own business and consultancy activities. He is presently Chairman of Burger Fuel Group Limited, Trust Investments Management Limited and Generate Investment Management Limited. Mr Brook is also a trustee of the Melanesian Mission Trust Board, a member of the Institute of Finance Professionals New Zealand Inc. and a director of several private companies. Mr Brook holds a Bachelor of Commerce degree from The University of Auckland and is a member of Chartered Accountants Australia and 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 Limited. He is currently a director of Crown Infrastructure Partners 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, UDC Finance, 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.

4 On 1 March 2012, Argosy Property Trust converted from a unit trust into a company, Argosy Property Limited, through a corporatisation process. On incorporatisation, the Board of Argosy Property Limited comprised the same directors as the Board of Argosy Property Management Limited, the manager of Argosy Property Trust. Prior to 1 March 2012, Michael Smith and Peter Brook were directors of the manager of the former Trust and began their tenures in December 2002.

▲ Jeff Morrison Director

▲ Martin Stearne Director

▲ Mike Pohio Director

▲ Rachel Winder Director

Jeff Morrison
DIRECTOR

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.

Mike Pohio
DIRECTOR

Director since February 2019

Mr Pohio has 25 years of senior executive experience across a range of industries including property, investment, port/logistics and dairy. He is the Chief Executive of Ngāi Tahu Holdings Corporation (NTHC). In addition to being a director on the boards of NTHC subsidiaries and related party companies, he is a director on the board of Te Atiawa Iwi Holdings. He is also Chairman of Rotoiti 15 Investments LP. 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.

Rachel Winder
DIRECTOR

Director since August 2019

Mrs Winder has been involved in the property sector for over 20 years across a variety of roles including strategy, portfolio management, financial management and development. Her experience spans across industries from construction to telecommunications and financial services. Rachel is currently Head of Property for Westpac New Zealand and holds an MBA from the University of Otago and a Bachelor of Property from Auckland University. She is also a member of the New Zealand Institute of Directors.

MANAGEMENT TEAM

▲ Peter Mence
Chief Executive Officer

▲ Dave Fraser
Chief Financial Officer

▲ Anna Hamill
Financial Controller

▲ David Snelling
General Counsel

▲ Steve Freundlich
Head of Investor Relations

▲ Saatyesh Bhana
Head of Sustainability

▲ Rob Smith
Asset Manager

▲ Warren Cate
Asset Manager

▲ Micky Sutinovski
Asset Manager

▲ Marilyn Storey
Asset Manager

▲ Wade Allen
Leasing Manager

▲ Tony Frost
Asset Manager

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

SHAREHOLDERS

We are committed to fostering open and transparent communications with investors, ensuring we deliver to the highest standards and comply with the NZX listing rules. We meet all continuous disclosure obligations to ensure that all investors are fully informed of all information necessary to assess the Company's performance.

Each year we strive to improve our relationship with all investors. We pride ourselves on our ability to release timely, accurate and appropriate information to everyone. Our senior management and Board of Directors make themselves available to investors through one-on-one meetings, property tours, investor roadshows, conference calls and result webcasts.

Our Communication Strategy

Our communication strategy includes;

- Periodic and continuous disclosure to NZX in accordance with the NZX listing rules and Argosy's Continuous Disclosure Policy;
- Information and briefings provided to investors, analysts and media;
- Annual and interim reports, distributed to shareholders and bondholders and made available on the Company's website;
- Annual and interim use of proceeds reports in relation to green bonds in accordance with the product disclosure statement;
- Bi-annual Investor Updates;
- The Annual Shareholders' Meeting and any other meetings called to obtain approval for Company actions as appropriate;
- Notices and explanatory memoranda for annual and special meetings;
- Annual Retail investor roadshows;
- The Company's website containing investor related information, including portfolio information, market releases, annual and interim reports, investor presentations and webcasts, share price information, dividend details, notices of shareholder meetings and Argosy's governance policies and charters; and
- Market announcements sent to persons in the investor relations contacts list and published on our website at www.argosy.co.nz.

Governance

We are committed to operating to the highest standards of corporate behaviour and accountability. Our corporate governance practices comply with the NZX Corporate Governance Code (1 January 2019), as set out in the Statement on Reporting Against the NZX Code available on the Company website (www.argosy.co.nz).

We aim to uphold 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. This Code includes policies about conflicts of interest, fair dealing, compliance with applicable laws and regulations, maintaining confidentiality of information, dealing with company assets and use of company information.

Our focus is on having a Board whose members can act independently and have the combined skills to improve our financial performance and returns to shareholders. The Constitution provides for no fewer than three directors. All Board members are non-executive directors. The Board does not impose a restriction on the tenure of any director as such a restriction may lead to the loss of experience and expertise.

The purpose of independent directors is to reassure shareholders that the Board is undertaking its role properly and is diligent in holding management accountable for its performance. By "independent director" we mean 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 their unfettered and independent judgement.

As required under Listing Rule 3.3.2, the Board has determined that Peter Brook, Michael Smith, Mike Pohio, Chris Gudgeon, Stuart McLauchlan, Jeff Morrison, Rachel Winder and Martin Stearne are considered to be independent directors under the NZX Listing Rules.

Further information on the Board of Directors can be found on pages 22-23 of this report. Our corporate governance policies have been made public and can be viewed on our website.

Annual Meeting

The Annual Meeting of Shareholders this year will be held at 2pm on 28 July as a hybrid meeting. We have taken this approach due to the Covid-19 situation and our desire to ensure the health and safety of all stakeholders.

The Board refresh process signalled 18 months ago is now complete and sees Argosy commence FY21 with a solid governance foundation to take the company forward.

Rachel Winder and Martin Stearne, who were appointed during the year, will retire in accordance with the Company's constitution and the NZX Listing Rules and will be eligible for re-election. As previously announced, Michael Smith and Peter Brook will retire at the 2020 Annual Meeting and will not stand for re-election.

We encourage you to attend the meeting where you will have the opportunity to listen to and meet the Board of Directors in person.

Our Website

Argosy's website at www.argosy.co.nz. provides all relevant public information to Investors. The website:

- Reflects any information released to the NZX as soon as practicable after the event;
- Is a repository for relevant documents, including annual reports, interim reports, newsletters, information releases, Company policies, Committee charters, corporate governance related material and similar documents; and
- Provides information including registry forms and full texts of notices of meetings and explanatory notes.

Payment date

24 Jun

Final quarter dividend payment

Annual Retail Roadshow

Oct-20

Dates to be confirmed for the 3 week, 13 city event

Website information is reviewed regularly to ensure it is current, and where required, archived. Investors who have provided Argosy with an email address will be sent annual and interim reports and other investor communications electronically, unless they opt to receive hard copies of these reports. We continue to encourage the receipt of information online to receive information faster and minimise the impact on the environment and reduce costs for the company.

DIVIDEND PAYMENTS

A fourth quarter dividend of 1.5875 cents per share has been declared for the June quarter with nil imputation credits attached. The fourth quarter dividend will be paid to shareholders on 24 June 2020 and the record date will be 10 June 2020. Argosy has re-opened its Dividend Reinvestment Plan (DRP) and it will be available for shareholders to participate in for the fourth quarter dividend.

Despite the impacts of Covid-19, Argosy remains focused on delivering sustainable dividends to shareholders. The effect of Covid-19 will be negative for the economy generally and Argosy will not be immune. Management is working hard to minimise the impact on Argosy's business. Through the strong execution and delivery of strategy, Argosy's business is highly resilient, underpinned by a quality portfolio of diversified property.

Accordingly, based on current projections for the portfolio, the Board is guiding to a full year 2021 cash dividend of 6.35 cents per share. This guidance reflects that despite the current challenges, the Board's view is that shareholders should continue to share in the positive operating results of the company. Importantly, the FY21 dividend allows Argosy to maintain its momentum towards an AFFO[5] based dividend policy in the medium term.

RETAIL ROADSHOW

Argosy normally holds its annual retail investor roadshow each year following the release of the annual results.

However, due to Covid-19, the 2020 roadshow has been rescheduled for October, with dates to be confirmed. Senior management will still visit 13 locations across the country to present the financial results to 31 March 2020 and provide an update on Argosy's strategy and portfolio activities.

As usual, several of Argosy's Directors will also be in attendance on the roadshow, making themselves available to mingle with shareholders and answer questions. We encourage you 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 are subject to change)

24 June 2020
Final quarter FY20 dividend payment

28 July 2020
Annual Shareholders Meeting

September 2020
FY21 1st Quarter Dividend Payment

October 2020
Annual Retail Roadshow

November 2020
FY21 Interim results release

December 2020
FY21 2nd Quarter Dividend Payment

5 AFFO (Adjusted Funds From Operations) is considered by some investors to represent a measure of dividend sustainability. The full year results presentation released today provides a reconciliation between net distributable income and AFFO.

HEALTH & SAFETY

The focus around health & safety remains paramount and the provision of a healthy and safe workplace for our employees, tenants and contractors is unchanged.

We continue to have accurate recording and reporting of workplace incidents, supporting innovation and fresh ideas to improve health and safety systems and supporting the safe and early return to work of injured employees.

Underpinning this commitment is our continued innovation and adoption of technology to improve our systems – particularly around recording and reporting of workplace incidents.

The introduction in 2017 of Sitesoft, a contractor management system, continues to be a big driver of our improved systems and processes. Sitesoft ensures all work carried out on a building is completed to the highest standards and in the safest way possible. It allows real time notifications of risks, emergency procedures and building information to be passed on to a contractor visiting a building through smart phone technology. Contractors undergo a pre-qualification and induction before work can start. We have 211 contractors and 1,291 contractor's staff loaded onto this system, which represents 93% of all contractors, a small increase on 92% in the prior year.

With the concerns around Covid-19, we have added a new section into the safety audit that specifically addresses personal safety on site, in line with MBIE guidelines. We have scheduled regular supervisor/site manager meetings with our major contractors where we take the opportunity to discuss matters regarding health and safety on site.

Health and Safety Strategic Goals

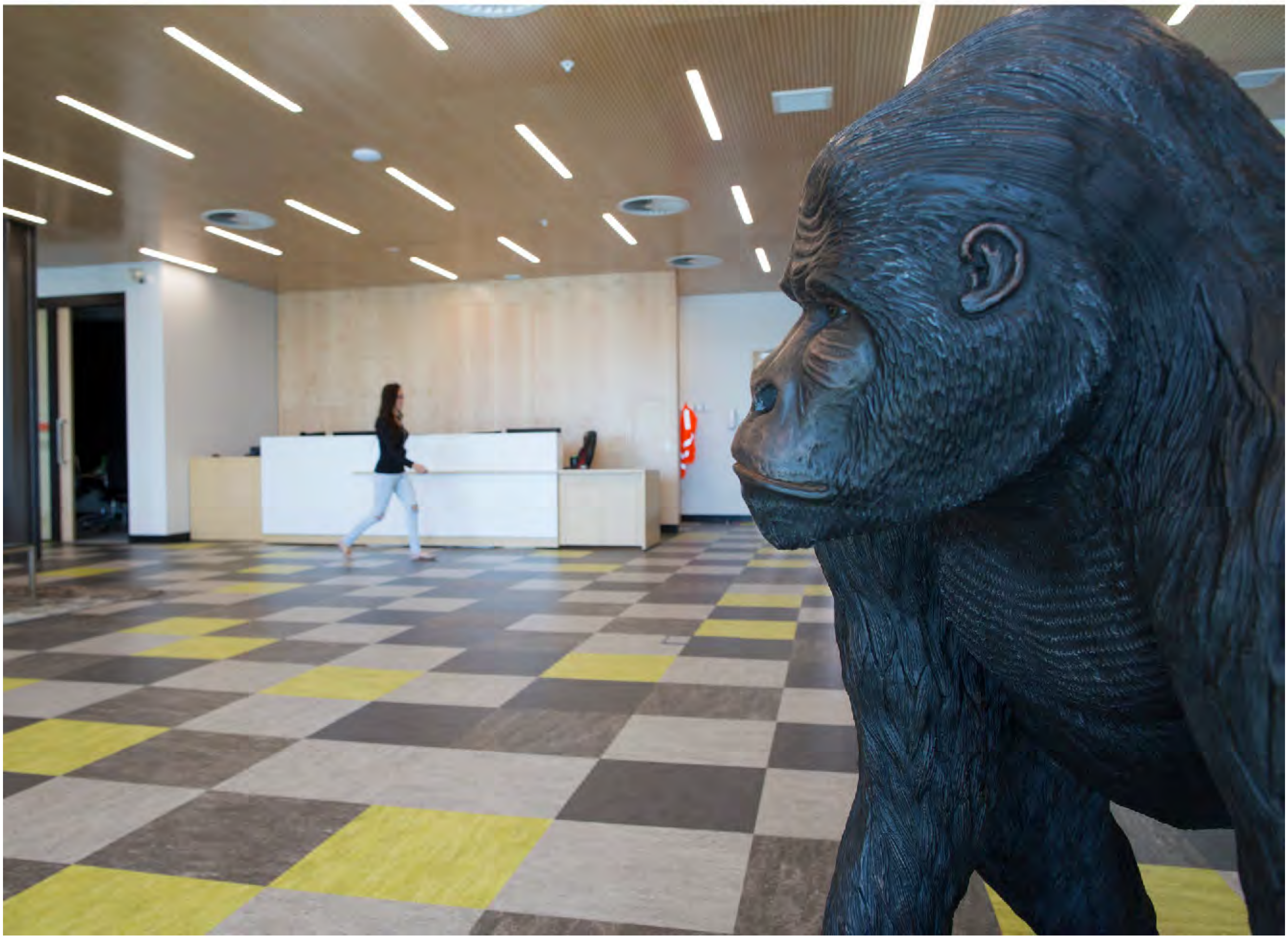
We want to create a positive safety culture. Therefore, it's critical that we manage health and safety risks, provide adequate training and resources and ensure that managers and individuals are accountable for their actions or inaction. Our seven key strategic goals to provide a safer work environment are;

1. We will proactively identify risks and implement actions to eliminate, isolate or minimise the risk of harm;
2. We will consult and actively engage with employees and contractors to ensure they have the training, skills, knowledge and resources to maintain a healthy and safe workplace;
3. We will improve our health and safety management systems including a new pre-qualification format for sub-contractors to increase skill levels on site;
4. We will actively encourage our contractors and tenants to demonstrate the same commitment to achieving excellence in health and safety performance as we do;
5. We will support the health and wellbeing of staff and encourage the safe and early return to work of injured or ill employees;
6. We will comply with relevant legislation and regulations; and
7. We will accurately report our incidents and investigate root causes, in a timely manner.

Progress

The following health and safety initiatives were operating during the year;

- Extending the pre-start project meetings to include any high risk work based on our risk matrix;
- Regularly monitoring risk mitigation controls;
- Providing ongoing training and appropriate equipment to staff;
- Reducing the number of contractors by introducing a 'pre-qualification' process;
- Maintaining a robust health and safety system including auditing every contractor at least once a year; and
- Conducting monthly contractor meetings to discuss key health and safety points.



Highgate Parkway, Silverdale - Mighty Ape

Own.

"Argosy has a very clear Investment Framework. Simply put, its about owning the right assets in the right locations, divesting what we don't need and using that capital elsewhere in the business, including green developments."
Peter Mence, CEO

1. A diversified portfolio of high quality, well located assets with growth potential.

Owning the right assets, with the right attributes in the right locations.

2. Real estate with a primary focus on Auckland & Wellington markets.

Remain focused in these two major metro areas unless there is a strong strategic rationale to consider other locations.

3. Target off-market opportunities.

This includes contiguous properties with potential.

PORTFOLIO POSITIONING

Leasing and Rent Reviews

Argosy's leasing and rent review activity across the first half of FY20 strengthened further over the back half of the year underpinned by robust property market fundamentals in Auckland and Wellington.

Argosy completed 36 leases across 107,617m^2 of NLA over the year. Leases were mixed between extensions (4), renewals (17) and new leases (15). Significant leasing transaction successes over the financial year include;

- 7 Waterloo Quay, Wellington, Department of Internal Affairs 9 years, 4,133m^2
- 7 Waterloo Quay, Wellington, Ministry of Housing & Urban Development 9.25 years, 3,675m^2
- 7 Waterloo Quay, Wellington, Kāinga Ora 9.25 years, 7,001m^2
- Wiri sites, Cardinal Logistics 15 years, 43,916m^2
- 54-56 Jamaica Drive, Wellington, Big Chill 15 years, 1,885m^2
- Albany Mega Centre, North Beach 10 years, 1,085m^2
- 32 Bell Ave, Auckland, Mainfreight 3 years, 8,139m^2
- 99 Khyber Pass, Auckland, Interoperability Health 6 years, 646m^2
- 99 Khyber Pass, Auckland, The Mind Lab Limited 4 years, 875m^2
- Cnr Wakefield St, Wellington, BP Oil NZ 14 years, 2,026m^2
- 23 Customs Street, Auckland, Stirling Anderson Limited 4 years, 229m^2

Following the successful leasing activity in FY20, Argosy's WALT at 31 March 20 was again maintained above six years at 6.1 years (6.1 years at 31 March 2019). Vacancies at 23 Customs Street and 99 Khyber Pass existing at the half year have now been leased. Subsequent to year end the industrial property at 80 Springs Road, Auckland was also leased.

Argosy's quality portfolio coupled with relatively low vacancy levels has allowed it to deliver strong operational results. With a long WALT and a diversified portfolio, the business maintains a high degree of resilience and cashflow certainty.

Occupancy at year end

98.8%

Improving earnings and cashflow

As a result of this leasing activity, Argosy increased its occupancy rate to 98.8% from 97.7% at 31 March 2019.

For the year to 31 March 2020 Argosy completed 100 rent reviews achieving annualised rental growth of 2.7%. These reviews were achieved on rents totalling $43.5 million. On rents subject to review by sector, Argosy achieved annualised rental growth of 2.9% on industrial rent reviews, 2.5% for office rent reviews and 2.6% for large format retail rent reviews.

For the 12 months to 31 March, 63% of rents reviewed were subject to fixed reviews, 12% were market reviews and 25% were CPI based. Fixed reviews accounted for 71% of the total annualised rental uplift and Auckland accounted for 91% of the total annualised rental uplift.

Acquisitions

During the 12 months to 31 March, Argosy acquired the following properties;

- 54 Jamaica Drive, Grenada, Wellington for $3.5 million, which is currently leased to Big Chill. As announced previously, this property is adjacent to existing Argosy owned development land at 56 Jamaica Drive. With Big Chill's existing facilities at capacity, Argosy has commenced a development on the vacant land for Big Chill to support their long term growth.
- 244 Puhinui Road, Mangere, for $12.4 million. The site is contiguous to existing Argosy sites and is leased to Cardinal Logistics. The purchase of this site had been signalled in the prior year as part of a sale and leaseback agreement with Cardinal Logistics; and
- 224 Neilson Street, Onehunga for $32 million. The site comprises 34,965m² of land and 8,000m² of buildings and is currently occupied by Steelpipe Limited. The current lease expires in December 2022 with a break clause on 30 September 2020.

All of Argosy's acquisitions are considered for their long-term strategic benefits and whether it can add significant value for shareholders.

224 Neilson Street acquisition

$32m

Strategic acquisition that will deliver long term value

224 Neilson Street, Onehunga

Divestments of non Core Assets

The low interest rate environment underpinned strong property market fundamentals through the financial year to 31 March. Prior to Covid-19, both the Auckland and Wellington markets were relatively buoyant.

The second half of the financial year saw the sale of 223 Kioreroa Road, Whangarei for $12.3 million, a 1.7% gain above its book value.

> “We continued to see a strong vendors market during the year, allowing us to sell assets at premiums to book value, and reinvest the proceeds elsewhere in the portfolio.”
>
> —
>
> Peter Mence, CEO

Albany Lifestyle Centre

As previously disclosed on 27 March, Cook Property Group Limited, who nominated APF Nominee Limited as custodian for Augusta Property Fund, failed to settle the sale of the Albany Lifestyle Centre (ALC).

On 20 April 2020, Argosy cancelled the contract for the sale and purchase of the ALC and the deposit of $4.525 million was forfeited to Argosy and will be recognised as distributable income in FY21. ALC remains for sale and Argosy has fielded good interest for the property.

Annualised rent growth

2.7%

On 100 rent reviews on $43.4 million of existing rental income

Industrial sector contributed

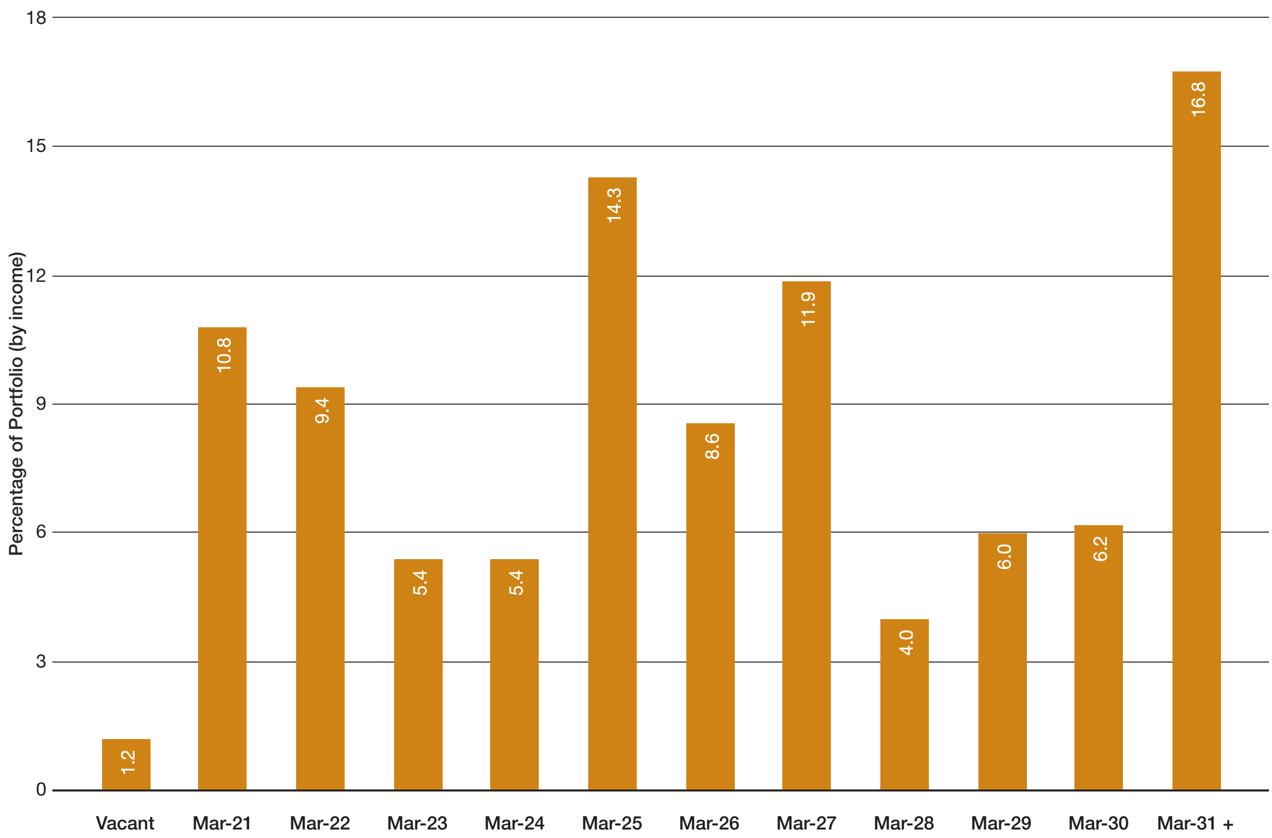
47%

Of rental income increase

	Unit of measure	Industrial	Office	Large Format Retail	TOTAL[1]
Number of buildings	no.	38	16	5	59
Market value of assets	$m	843	754	270	1,867
Net lettable area	m^2	391,918	117,862	75,152	584,932
Occupancy factor by rent[2]	%	97.8%	99.4%	100.0%	98.8%
Weighted average lease term	years	7.2	5.2	5.3	6.1
Average value	$m	22.2	47.1	54.0	31.6
Passing yield[3]	%	5.69%	6.60%	6.54%	6.11%

1. All statistics include Albany Lifestyle Centre unless otherwise stated
2. Excluding 7 Waterloo Quay floors unavailable for lease
3. Excluding redevelopments and Albany Lifestyle Centre

Lease Expiry Profile
BY RENT



Additional annual rent

$1.44m

On rents reviewed during FY20

Industrial rent growth increase

2.9%

Annualised growth on 28 rent reviews

Rent Reviews
BY SECTOR

	No. of Reviews	Annualised Rent Increase	Increase over Contract ($)
Industrial	28	2.9%	679,611
Office	43	2.5%	356,874
Large Format Retail	29	2.6%	406,632
TOTAL	100	2.7%	1,443,117

New Leases completed in FY20
BY SECTOR

	Floor Area (sqm)	Average Lease Term (years)	No. of Leases
Industrial	27,094	7.1	19
Office	77,019	5.4	12
Large Format Retail	3,504	5.9	5
TOTAL	107,617	6.3	36

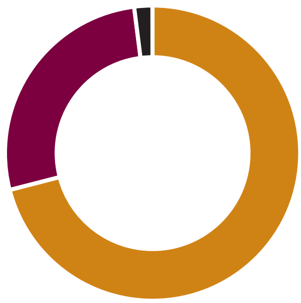
New Leases completed in FY20
BY TYPE

	Floor Area (sqm)	Average Lease Term (years)	No. of Leases
New lease	28,863	8.8	15
Right of renewal	34,688	5.1	17
Extension	44,066	2.8	4
TOTAL	107,617	6.3	36

Total Portfolio Value
BY SECTOR

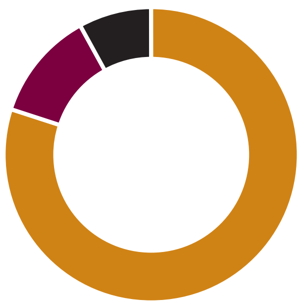
45%	Industrial
40%	Office
15%	Large Format Retail

Total Portfolio Value
BY REGION



71%	Auckland
27%	Wellington
2%	Regional

Portfolio Mix
BY TYPE



80%	Core
12%	Value Add
8%	Non Core

Number of buildings

59

Net lettable area (sqm)

584,932

Passing Yield

6.11%

Market Value of buildings ($M)

1,867.0

Occupancy By Rent

98.8%

Portfolio WALT (years)

6.1

AUCKLAND

90 - 104 Springs Road, East Tamaki

VALUATION	$ 6,500,000
WALT	6.9
NET LETTABLE AREA (SQM)	3,885
VACANT SPACE (SQM)	–
PASSING YIELD	5.71%

8 Forge Way, Panmure

VALUATION	$ 30,400,000
WALT	10.7
NET LETTABLE AREA (SQM)	4,231
VACANT SPACE (SQM)	–
PASSING YIELD	5.06%

10 Transport Place, East Tamaki

VALUATION	$ 29,600,000
WALT	4.1
NET LETTABLE AREA (SQM)	10,641
VACANT SPACE (SQM)	–
PASSING YIELD	6.64%

1 Rothwell Avenue, Albany

VALUATION	$ 30,300,000
WALT	10.3
NET LETTABLE AREA (SQM)	12,683
VACANT SPACE (SQM)	–
PASSING YIELD	5.45%

4 Henderson Place, Onehunga

VALUATION	$ 29,850,000
WALT	11.3
NET LETTABLE AREA (SQM)	10,841
VACANT SPACE (SQM)	–
PASSING YIELD	5.28%

1-3 Unity Drive, Albany

VALUATION	$ 12,700,000
WALT	1.5
NET LETTABLE AREA (SQM)	6,204
VACANT SPACE (SQM)	–
PASSING YIELD	6.09%

5 Unity Drive, Albany

VALUATION	$ 7,350,000
WALT	1.0
NET LETTABLE AREA (SQM)	3,046
VACANT SPACE (SQM)	–
PASSING YIELD	5.54%

80 Springs Road, East Tamaki

VALUATION	$ 16,100,000
WALT	0.0
NET LETTABLE AREA (SQM)	9,675
VACANT SPACE (SQM)	9,675
PASSING YIELD	0.00%

211 Albany Highway, Albany

VALUATION	$ 26,100,000
WALT	2.8
NET LETTABLE AREA (SQM)	14,589
VACANT SPACE (SQM)	–
PASSING YIELD	5.75%

12-16 Bell Avenue, Mt Wellington

VALUATION	$ 25,900,000
WALT	1.0
NET LETTABLE AREA (SQM)	14,809
VACANT SPACE (SQM)	–
PASSING YIELD	5.81%

18-20 Bell Avenue, Mt Wellington

VALUATION	$ 16,100,000
WALT	1.2
NET LETTABLE AREA (SQM)	8,941
VACANT SPACE (SQM)	–
PASSING YIELD	5.77%

32 Bell Avenue, Mt Wellington

VALUATION	$ 12,750,000
WALT	3.1
NET LETTABLE AREA (SQM)	8,139
VACANT SPACE (SQM)	–
PASSING YIELD	6.05%

9 Ride Way, Albany

VALUATION	$ 26,200,000
WALT	12.5
NET LETTABLE AREA (SQM)	9,178
VACANT SPACE (SQM)	–
PASSING YIELD	5.63%

80-120 Favona Road, Mangere

VALUATION	$ 96,000,000
WALT	4.4
NET LETTABLE AREA (SQM)	59,386
VACANT SPACE (SQM)	–
PASSING YIELD	6.71%

19 Nesdale Avenue, Wiri

VALUATION	$ 59,100,000
WALT	14.6
NET LETTABLE AREA (SQM)	20,677
VACANT SPACE (SQM)	–
PASSING YIELD	5.02%

2 Allens Road, East Tamaki

VALUATION	$ 5,319,000
WALT	4.5
NET LETTABLE AREA (SQM)	2,920
VACANT SPACE (SQM)	–
PASSING YIELD	6.02%

12 Allens Road, East Tamaki

VALUATION	$ 4,635,000
WALT	1.6
NET LETTABLE AREA (SQM)	2,325
VACANT SPACE (SQM)	–
PASSING YIELD	6.02%

106 Springs Road, East Tamaki

VALUATION	$ 6,846,000
WALT	4.5
NET LETTABLE AREA (SQM)	3,846
VACANT SPACE (SQM)	–
PASSING YIELD	6.02%

5 Allens Road, East Tamaki

VALUATION	$ 5,350,000
WALT	1.7
NET LETTABLE AREA (SQM)	2,663
VACANT SPACE (SQM)	–
PASSING YIELD	5.21%

Industrial

960 Great South Road, Penrose

VALUATION	$ 7,300,000
WALT	0.1
NET LETTABLE AREA (SQM)	3,676
VACANT SPACE (SQM)	–
PASSING YIELD	5.77%

17 Mayo Road, Wiri

VALUATION	$ 29,600,000
WALT	6.8
NET LETTABLE AREA (SQM)	13,351
VACANT SPACE (SQM)	–
PASSING YIELD	5.31%

Cnr William Pickering Drive & Rothwell Avenue, Albany

VALUATION	$ 16,400,000
WALT	3.2
NET LETTABLE AREA (SQM)	7,074
VACANT SPACE (SQM)	–
PASSING YIELD	5.39%

320 Ti Rakau Drive, East Tamaki

VALUATION	$ 66,500,000
WALT	7.8
NET LETTABLE AREA (SQM)	28,353
VACANT SPACE (SQM)	–
PASSING YIELD	6.20%

15 Unity Drive, Albany

VALUATION	$ 5,200,000
WALT	4.1
NET LETTABLE AREA (SQM)	7,002
VACANT SPACE (SQM)	–
PASSING YIELD	4.98%

240 Puhinui Road, Manukau

VALUATION	$ 38,850,000
WALT	14.6
NET LETTABLE AREA (SQM)	17,735
VACANT SPACE (SQM)	–
PASSING YIELD	4.72%

244 Puhinui Road, Manukau

VALUATION	$ 14,000,000
WALT	14.6
NET LETTABLE AREA (SQM)	5,504
VACANT SPACE (SQM)	–
PASSING YIELD	4.77%

Highgate Parkway, Silverdale

VALUATION	$ 30,500,000
WALT	7.9
NET LETTABLE AREA (SQM)	10,581
VACANT SPACE (SQM)	–
PASSING YIELD	5.57%

133 Roscommon Road, Wiri

VALUATION	$ 9,500,000
WALT	13.5
NET LETTABLE AREA (SQM)	15,862
VACANT SPACE (SQM)	–
PASSING YIELD	4.64%

224 Neilson Street, Onehunga

VALUATION	$ 32,000,000
WALT	0.5
NET LETTABLE AREA (SQM)	7,002
VACANT SPACE (SQM)	–
PASSING YIELD	4.06%

WELLINGTON

Cnr Wakefield, Taranaki & Cable Streets

VALUATION	$ 24,750,000
WALT	13.09
NET LETTABLE AREA (SQM)	3,307
VACANT SPACE (SQM)	–
PASSING YIELD	4.80%

147 Gracefield Road, Seaview

VALUATION	$ 15,950,000
WALT	8.01
NET LETTABLE AREA (SQM)	8,018
VACANT SPACE (SQM)	–
PASSING YIELD	6.38%

19 Barnes Street, Seaview

VALUATION	$ 14,050,000
WALT	8.42
NET LETTABLE AREA (SQM)	6,857
VACANT SPACE (SQM)	–
PASSING YIELD	7.33%

39 Randwick Road, Seaview

VALUATION	$ 19,700,000
WALT	3.14
NET LETTABLE AREA (SQM)	16,249
VACANT SPACE (SQM)	–
PASSING YIELD	8.42%

68 Jamaica Drive, Grenada North

VALUATION	$ 17,250,000
WALT	1.33
NET LETTABLE AREA (SQM)	9,609
VACANT SPACE (SQM)	–
PASSING YIELD	7.10%

54-56 Jamaica Drive, Wellington

VALUATION	$ 7,228,000
WALT	15.18
NET LETTABLE AREA (SQM)	860
VACANT SPACE (SQM)	–
PASSING YIELD	6.40%

180-202 Hutt Road, Kaiwharawhara

VALUATION	$ 21,026,000
WALT	9.17
NET LETTABLE AREA (SQM)	6,019
VACANT SPACE (SQM)	–
PASSING YIELD	4.22%

OTHER

8 Foundry Drive, Woolston, Christchurch

VALUATION	$ 15,675,000
WALT	9.83
NET LETTABLE AREA (SQM)	7,668
VACANT SPACE (SQM)	–
PASSING YIELD	7.22%

1478 Omahu Road, Hastings

VALUATION	$ 10,200,000
WALT	7.34
NET LETTABLE AREA (SQM)	8,514
VACANT SPACE (SQM)	–
PASSING YIELD	7.38%

AUCKLAND

99-107 Khyber Pass Road, Grafton

VALUATION	$ 15,800,000
WALT	4.42
NET LETTABLE AREA (SQM)	2,509
VACANT SPACE (SQM)	–
PASSING YIELD	6.07%

101 Carlton Gore Road, Newmarket

VALUATION	$ 28,100,000
WALT	3.59
NET LETTABLE AREA (SQM)	4,821
VACANT SPACE (SQM)	–
PASSING YIELD	6.43%

8 Nugent Street, Grafton

VALUATION	$ 48,100,000
WALT	4.04
NET LETTABLE AREA (SQM)	8,125
VACANT SPACE (SQM)	325
PASSING YIELD	6.52%

39 Market Place, Viaduct Harbour

VALUATION	$ 43,750,000
WALT	2.36
NET LETTABLE AREA (SQM)	10,365
VACANT SPACE (SQM)	–
PASSING YIELD	8.60%

105 Carlton Gore Road, Newmarket

VALUATION	$ 32,800,000
WALT	1.30
NET LETTABLE AREA (SQM)	5,312
VACANT SPACE (SQM)	–
PASSING YIELD	6.83%

302 Great South Road, Greenlane

VALUATION	$ 10,800,000
WALT	3.78
NET LETTABLE AREA (SQM)	1,890
VACANT SPACE (SQM)	–
PASSING YIELD	6.02%

308 Great South Road, Greenlane

VALUATION	$ 7,800,000
WALT	0.46
NET LETTABLE AREA (SQM)	1,568
VACANT SPACE (SQM)	–
PASSING YIELD	6.58%

25 Nugent Street, Grafton

VALUATION	$ 12,600,000
WALT	2.65
NET LETTABLE AREA (SQM)	3,028
VACANT SPACE (SQM)	–
PASSING YIELD	6.62%

107 Carlton Gore Road, Newmarket

VALUATION	$ 42,900,000
WALT	11.92
NET LETTABLE AREA (SQM)	6,061
VACANT SPACE (SQM)	–
PASSING YIELD	5.95%

Citibank Centre, 23 Customs Street East

VALUATION	$ 76,400,000
WALT	3.65
NET LETTABLE AREA (SQM)	9,633
VACANT SPACE (SQM)	–
PASSING YIELD	6.35%

82 Wyndham Street

VALUATION	$ 48,100,000
WALT	5.74
NET LETTABLE AREA (SQM)	6,012
VACANT SPACE (SQM)	–
PASSING YIELD	5.53%

WELLINGTON

143 Lambton Quay

VALUATION	$ 23,750,000
WALT	5.25
NET LETTABLE AREA (SQM)	6,216
VACANT SPACE (SQM)	–
PASSING YIELD	9.03%

147 Lambton Quay

VALUATION	$ 36,500,000
WALT	0.78
NET LETTABLE AREA (SQM)	8,539
VACANT SPACE (SQM)	134
PASSING YIELD	8.26%

15-21 Stout Street

VALUATION	$ 119,200,000
WALT	6.31
NET LETTABLE AREA (SQM)	20,709
VACANT SPACE (SQM)	–
PASSING YIELD	5.82%

8-14 Willis Street and 360 Lambton Quay

VALUATION	$ 89,780,000
WALT	–
NET LETTABLE AREA (SQM)	–
VACANT SPACE (SQM)	–
PASSING YIELD	0.00%

7 Waterloo Quay

VALUATION	$ 117,802,000
WALT	9.16
NET LETTABLE AREA (SQM)	23,075
VACANT SPACE (SQM)	–
PASSING YIELD	5.53%

AUCKLAND

Albany Mega Centre and 11 Coliseum Drive, Albany

VALUATION	$ 136,500,000
WALT	4.31
NET LETTABLE AREA (SQM)	33,792
VACANT SPACE (SQM)	–
PASSING YIELD	6.65%

50 & 54-62 Cavendish Drive, Manukau

VALUATION	$ 28,750,000
WALT	5.19
NET LETTABLE AREA (SQM)	9,939
VACANT SPACE (SQM)	–
PASSING YIELD	6.23%

252 Dairy Flat Highway, Albany

VALUATION	$ 9,150,000
WALT	9.84
NET LETTABLE AREA (SQM)	2,255
VACANT SPACE (SQM)	–
PASSING YIELD	5.40%

Albany Lifestyle Centre

VALUATION	$ 84,634,000
WALT	6.77
NET LETTABLE AREA (SQM)	24,955
VACANT SPACE (SQM)	–
PASSING YIELD	7.19%

OTHER

Cnr Taniwha & Paora Hapi Streets, Taupo

VALUATION	$ 10,950,000
WALT	2.50
NET LETTABLE AREA (SQM)	4,212
VACANT SPACE (SQM)	–
PASSING YIELD	7.00%

4 Henderson Place - Compac

CONSOLIDATED FINANCIAL STATEMENTS

Contents

Consolidated Statement of Financial Position	42
Consolidated Statement of Comprehensive Income	43
Consolidated Statement of Changes in Equity	44
Consolidated Statement of Cash Flows	45
Notes to the Consolidated Financial Statements	46
Independent Auditor's Report	71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	Group 2020 $000s	Group 2019 $000s
Non-current assets			
Investment properties	5	1,824,106	1,667,030
Derivative financial instruments	6	11,573	1,857
Other non-current assets	7	352	1,605
Total non-current assets		1,836,031	1,670,492
Current assets			
Cash and cash equivalents		1,861	2,190
Trade and other receivables	8	1,910	1,474
Other current assets	9	3,894	905
Taxation Receivable		1,307	–
		8,972	4,569
Non-current asset classified as held for sale	5,10	84,634	–
Total current assets		93,606	4,569
Total assets	4	1,929,637	1,675,061
Shareholders' funds			
Share capital	11	792,826	792,620
Share based payments reserve	12	418	389
Retained earnings	13	282,560	215,966
Total shareholders' funds		1,075,804	1,008,975
Non-current liabilities			
Interest bearing liabilities	14	729,173	593,536
Derivative financial instruments	6	49,878	42,225
Non-current lease liabilities	25	41,690	–
Deferred tax	20	8,978	10,114
Total non-current liabilities		829,719	645,875
Current liabilities			
Trade and other payables	15	15,334	15,412
Current lease liabilities	25	105	–
Other current liabilities	16	4,150	2,595
Deposit received for non-current asset classified as held for sale		4,525	–
Taxation payable		–	2,204
Total current liabilities		24,114	20,211
Total liabilities		853,833	666,086
Total shareholders' funds and liabilities		1,929,637	1,675,061

For and on behalf of the Board

P Michael Smith
Director

Stuart McLauchlan
Director

Date: 19 May 2020

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 2020

	Note	Group 2020 $000s	Group 2019 $000s
Gross property income from rentals		100,779	106,815
Insurance proceeds - rental loss		2,500	2,652
Gross property income from expense recoveries		20,139	19,043
Property expenses		(23,748)	(26,042)
Net property income	4	99,670	102,468
Administration expenses	17	11,427	10,938
Profit before financial income/(expenses), other gains/(losses) and tax		88,243	91,530
Financial income/(expenses)			
Interest expense	18	(22,899)	(24,256)
Gain/(loss) on derivative financial instruments held for trading		2,062	(7,366)
Interest income		75	39
		(20,762)	(31,583)
Other gains/(losses)			
Revaluation gains on investment property	5	59,942	70,461
Impairment (loss) on held for sale		(3,000)	–
Realised (losses)/gains on disposal of investment property	5	(64)	6,073
Insurance proceeds - reinstatement		–	8,473
Earthquake expenses		(509)	(1,701)
		56,369	83,306
Profit before income tax attributable to shareholders		123,850	143,253
Taxation expense	19	4,730	9,587
Profit and total comprehensive income after tax		119,120	133,666

All amounts are from continuing operations.

	Note	Group 2020	Group 2019
Earnings per share			
Basic and diluted earnings per share (cents)	22	14.40	16.16

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 2020

	Note	Group 2020 $000s	Group 2019 $000s
Shareholders' funds at the beginning of the year		1,008,975	926,893
Profit and total comprehensive income for the year		119,120	133,666
Contributions by shareholders			
Dividends to shareholders	13	(52,526)	(51,584)
Equity settled share based payments	12	235	–
Shareholders' funds at the end of the year		1,075,804	1,008,975

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 2020

	Note	Group 2020 $000s	Group 2019 $000s
Cash flows from operating activities			
Cash was provided from:			
Property income		123,832	127,700
Insurance proceeds received		3,083	8,775
Interest received		75	39
Cash was applied to:			
Property expenses		(24,774)	(23,761)
Earthquake expenses		(520)	(1,741)
Interest paid		(19,719)	(23,862)
Interest paid for ground lease		(2,095)	–
Employee benefits		(7,233)	(6,796)
Taxation paid		(8,766)	(9,948)
Other expenses		(4,137)	(3,459)
Net cash from/(used in) operating activities	21	59,746	66,947
Cash flows from investing activities			
Cash was provided from:			
Sale of properties, deposits and deferrals		15,315	77,258
Cash was applied to:			
Capital additions on investment properties		(100,759)	(89,826)
Capitalised interest on investment properties		(9,207)	(4,936)
Purchase of properties, deposits and deferrals		(46,928)	(36,511)
Net cash from/(used in) investing activities		(141,579)	(54,015)
Cash flows from financing activities			
Cash was provided from:			
Debt drawdown	14	225,899	121,749
Proceeds from fixed rate green bonds	14	100,000	100,000
Cash was applied to:			
Repayment of debt	14	(188,888)	(179,768)
Dividends paid to shareholders net of reinvestments		(53,137)	(52,352)
Repayment of lease liabilities		(105)	–
Bond costs		(1,620)	(1,530)
Facility refinancing fee		(645)	(115)
Net cash from/(used in) financing activities		81,504	(12,016)
Net increase/(decrease) in cash and cash equivalents		(329)	916
Cash and cash equivalents at the beginning of the period		2,190	1,274
Cash and cash equivalents at the end of the period		1,861	2,190

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 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 19 May 2020.

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 judgement or 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.

Change in accounting policies

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

The Group has adopted NZ IFRS 16 Leases for the consolidated financial statements for the year ended 31 March 2020. NZ IFRS 16 Leases eliminates the distinction between operating and finance leases for lessees and results in lessees bringing most leases onto their balance sheet, with the exception of certain short-term leases and leases of low-value assets.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between liability 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 right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term. The finance cost is recognised as interest paid in the statement of cash flows, (formerly recognised as property expenses under NZ IAS 17 Leases). The repayment of the principal portion of the lease liability is recognised as a financing activity in the statement of cash flows.

In applying NZ IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

• The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short term leases, and

• Leases for which the underlying asset is of low value.

The only material lease that has been recorded on the Statement of Financial Position is the ground lease that exists over 39 Market Place, Viaduct Harbour, Auckland. As the lessee, the Group has recognised a 'right-of-use' asset and corresponding lease liability (representing the obligation to make lease payments) in the Statement of Financial Position. The Group has chosen the modified retrospective transition method, which allows the Group to measure the lease liability at the date of initial application as the present value of the remaining lease payments. The incremental borrowing rate used to calculate the lease liability was 5%. The fair value of the right-of-use asset was determined using a discount rate of 6% which is reflective of the quality of the property. A total lease liability of $41.9 million was recognised as at 1 April 2019, with the corresponding amount being recognised as a right-of-use asset. It does not require a restatement of prior period financial statements or an adjustment to opening equity.

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 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 Large Format Retail, based on what 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		Office		Large Format Retail		Total	
	2020 $000s	2019 $000s	2020 $000s	2019 $000s	2020 $000s	2019 $000s	2020 $000s	2019 $000s
Segment profit								
Net property income[1]	44,685	44,970	37,336	40,392	17,649	17,106	99,670	102,468
Realised gains/(losses) on disposal of investment properties	(64)	2,644	–	523	–	2,906	(64)	6,073
Insurance proceeds - reinstatement	–	–	–	8,473	–	–	–	8,473
Earthquake expenses	–	–	(509)	(1,701)	–	–	(509)	(1,701)
	44,621	47,614	36,827	47,687	17,649	20,012	99,097	115,313
Revaluation gains on investment properties	53,393	47,094	19,534	(1,861)	(12,985)	25,228	59,942	70,461
Impairment (loss) on held for sale	–	–	–	–	(3,000)	–	(3,000)	–
Total segment profit[2]	98,014	94,708	56,361	45,826	1,664	45,240	156,039	185,774
Unallocated:								
Administration expenses							(11,427)	(10,938)
Net interest expense							(22,824)	(24,217)
Gain/(loss) on derivative financial instruments held for trading							2,062	(7,366)
Profit before income tax							123,850	143,253
Taxation expense							(4,730)	(9,587)
Profit for the year							119,120	133,666

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 2019: Nil).

4. SEGMENT INFORMATION (CONTINUED)

	Industrial		Office		Large Format Retail		Total	
	2020 $000s	2019 $000s	2020 $000s	2019 $000s	2020 $000s	2019 $000s	2020 $000s	2019 $000s
Segment assets								
Current assets	1,586	495	2,324	1,333	1,449	151	5,359	1,979
Investment properties	842,779	737,670	795,977	626,610	185,350	302,750	1,824,106	1,667,030
Non-current assets classified as held for sale	–	–	–	–	84,634	–	84,634	–
Total segment assets	844,365	738,165	798,301	627,943	271,433	302,901	1,914,099	1,669,009
Unallocated assets							15,538	6,052
Total assets							1,929,637	1,675,061

	Industrial		Office		Large Format Retail		Total	
	2020 $000s	2019 $000s	2020 $000s	2019 $000s	2020 $000s	2019 $000s	2020 $000s	2019 $000s
Segment liabilities								
Current liabilities	2,749	2,755	9,804	8,038	5,256	1,021	17,809	11,814
Non-current liabilities	–	–	41,690	–	–	–	41,690	–
Total segment liabilities	2,749	2,755	51,494	8,038	5,256	1,021	59,499	11,814
Unallocated liabilities							794,334	654,272
Total liabilities							853,833	666,086

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.

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.

Impact of COVID-19

As at 31 March 2020, New Zealand was at COVID-19 Alert Level 4 including a State of National Emergency, which lasted until 28 April 2020. Alert Level 4 placed severe restrictions on the business community, with property transactions being curtailed, and tenants' ability to occupy their properties being limited to those with essential services. While to a lesser extent than Alert Level 4, some restrictions remain in place subsequent to 28 April 2020, and there will continue to be an effect on the real estate market.

At the reporting date, there was reduced liquidity in the property market due to the practical difficulties in advancing settlements under the restrictions. This created a time delay in establishing transactional evidence which reflect market prices. Further it was possible for future cash flows of individual properties to be affected, with the extent of the impact likely to vary depending upon the sector. These factors together have impacted the process of measuring the value of investment property at the reporting date and also the valuations of some properties.

The industrial sector is likely to be the least impacted sector, which is a result of generally long lease terms and a lower number of tenants per property. There is also a high demand for industrial land. The office sector is likely to be impacted more due to the higher supply of office property, as well as the greater number of tenants in any given property. The most impacted sector is likely to be the retail sector. This sector often sees a large amount of leases per property, and there is likely to be a negative impact on tenants due to the economic downturn as a result of COVID-19.

Valuers have carried out the valuations by applying assumptions regarding the reasonably possible impacts of COVID-19 based on information available as at 31 March 2020. The major inputs and assumptions that were used in the valuations that required judgement included 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. Given the circumstances, the property valuations as at 31 March 2020 have been prepared on the basis of 'material valuation uncertainty', and therefore the valuers have advised that less certainty should be attached to the property values than would normally be the case.

All valuations have been reviewed by Argosy's asset management team who, notwithstanding the uncertainty due to COVID-19, have determined the valuations to be appropriate as at 31 March 2020.

5. INVESTMENT PROPERTIES (CONTINUED)

	Industrial 2020 $000s	Office 2020 $000s	Large Format Retail 2020 $000s	Group 2020 $000s
Movement in investment properties				
Balance at 1 April	737,670	626,610	302,750	1,667,030
Acquisition of properties	48,131	–	–	48,131
Capitalised costs	15,995	87,023	1,699	104,717
Transfer to properties held for sale	–	–	(87,634)	(87,634)
Disposals	(12,100)	–	–	(12,100)
Transfer between segments	–	18,300	(18,300)	–
Change in fair value	53,393	19,534	(12,985)	59,942
Change in capitalised leasing costs	(50)	2,362	(48)	2,264
Change in lease incentives	(260)	353	(132)	(39)
Investment properties balance at 31 March excluding NZ IFRS 16 lease adjustments	842,779	754,182	185,350	1,782,311
NZ IFRS 16 lease adjustments:				
Right-of-use asset (land at 39 Market Place)	–	41,795	–	41,795
Investment properties balance at 31 March with NZ IFRS 16 lease adjustments	842,779	795,977	185,350	1,824,106
Investment properties balance at 31 March excluding NZ IFRS 16 lease adjustments	842,779	754,182	185,350	1,782,311
Held for sale	–	–	84,634	84,634
Total Investment properties balance at 31 March including held for sale excluding NZ IFRS 16 Lease adjustments	842,779	754,182	269,984	1,866,945

	Industrial 2019 $000s	Office 2019 $000s	Large Format Retail 2019 $000s	Group 2019 $000s
Movement in investment properties				
Balance at 1 April	637,569	577,251	298,300	1,513,120
Acquisition of properties	8,615	–	26,693	35,308
Capitalised costs	17,361	60,634	13,035	91,030
Disposals	(35,606)	(9,829)	–	(45,435)
Transfer between segments	61,500	–	(61,500)	–
Change in fair value	47,094	(1,861)	25,228	70,461
Change in capitalised leasing costs	102	1,243	182	1,527
Change in lease incentives	1,035	(828)	812	1,019
Investment properties balance at 31 March	737,670	626,610	302,750	1,667,030

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 .

5. INVESTMENT PROPERTIES (CONTINUED)

	Group 2020 $000s	Group 2019 $000s
Acquisition of properties		
54-56 Jamaica Drive, Wellington	3,581	–
244 Puhinui Road, Manukau City, Auckland	12,469	–
224 Neilson Street, Onehunga, Auckland	32,081	–
11 Coliseum Drive, Albany, Auckland	–	26,693
133 Roscommon Road, Wiri, Auckland	–	8,615
	48,131	35,308
Disposal of properties		
223 Kioreroa Road, Whangarei	12,100	–
7 Wagener Place, St Lukes, Auckland	–	27,400
626 Great South Road, Ellerslie, Auckland	–	9,829
31 El Prado Drive, Palmerston North	–	32,268
246 Puhinui Road, Manukau, Auckland	–	3,338
	12,100	72,835
Sale proceeds of properties disposed of	12,300	80,259
Net gain/(loss) on disposal	200	7,424
Selling costs	(264)	(1,351)
Total gain/(loss) on disposal	(64)	6,073

All investment properties were independently valued as at 31 March 2020 in accordance with the Group's accounting 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 2020 $000s	Group 2019 $000s
Bayleys Valuation Limited	103,300	–
CBRE Limited	729,056	460,250
Colliers International New Zealand Limited	644,605	994,920
Jones Lang LaSalle	305,350	211,860
	1,782,311	1,667,030

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.

5. INVESTMENT PROPERTIES (CONTINUED)

Investment property metrics for the year ended 31 March 2020 are as follows:

		Industrial	Office	Large Format Retail	Total
Contract yield[1]	- Average	5.69%	6.60%	6.54%	6.11%
	- Maximum	8.42%	9.03%	7.00%	9.03%
	- Minimum	0.00%	5.53%	5.40%	0.00%
Market yield[1]	- Average	6.17%	6.83%	6.23%	6.41%
	- Maximum	8.49%	9.01%	6.31%	9.01%
	- Minimum	4.76%	5.41%	5.45%	4.76%
Occupancy (rent)		97.77%	99.41%	100.00%	98.81%
Occupancy (net lettable area)		97.53%	99.61%	100.00%	98.27%
Weighted average lease term (years)		7.19	5.18	5.29	6.09
No. of buildings[2]		38	16	5	59
Fair value total (000s)		$842,779	$754,182	$185,350	$1,782,311
Held for sale		–	–	$84,634	$84,634
Total (000s)		$842,779	$754,182	$269,984	$1,866,945

1. 7 Waterloo Quay, 8-14 Willis Street, 180-202 Hutt Road, Kaiwharawhara, 54-56 Jamaica Drive have been excluded from these 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.
2. Certain titles have been consolidated and treated as one. The total number of buildings includes the property held for sale.

Investment property metrics for the year ended 31 March 2019 are as follows:

		Industrial	Office	Large Format Retail	Total
Contract yield[1]	- Average	6.15%	6.88%	6.22%	6.41%
	- Maximum	9.82%	10.02%	7.15%	10.02%
	- Minimum	0.00%	2.04%	4.83%	0.00%
Market yield[1]	- Average	6.46%	7.14%	6.27%	6.65%
	- Maximum	8.42%	10.45%	6.68%	10.45%
	- Minimum	0.00%	5.99%	5.25%	0.00%
Occupancy (rent)		97.75%	96.75%	100.00%	97.71%
Occupancy (net lettable area)		97.51%	97.14%	100.00%	97.75%
Weighted average lease term (years)		7.22	4.94	5.96	6.14
No. of buildings[2]		37	16	7	60
Fair value total (000s)		$737,670	$626,610	$302,750	$1,667,030

1. 7 Waterloo Quay, Stewart Dawsons Corner and 8-14 Willis Street have been excluded from these 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.
2. Certain titles have been consolidated and treated as one.

6. FINANCIAL INSTRUMENTS

Accounting policy - Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, borrowings 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 2020	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	–	1,861	–	1,861
Derivative financial instruments	11,573	–	–	11,573
Trade and other receivables	–	1,910	–	1,910
	11,573	3,771	–	15,344
Financial liabilities				
Interest bearing liabilities	–	–	(729,173)	(729,173)
Trade and other payables	–	–	(15,334)	(15,334)
Derivative financial instruments	(49,878)	–	–	(49,878)
Lease liabilities (current and term)	–	–	(41,795)	(41,795)
Other current liabilities	–	–	(4,150)	(4,150)
	(49,878)	–	(790,452)	(840,330)

Group 2019	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	–	2,190	–	2,190
Derevative financial instruments (current and term)	1,857	–		1,857
Trade and other receivables	–	1,474	–	1,474
	1,857	3,664	–	5,521
Financial liabilities				
Interest bearing liabilities	–	–	(593,536)	(593,536)
Trade and other payables	–	–	(15,412)	(15,412)
Derivative financial instruments (current and term)	(42,225)	–	–	(42,225)
Other current liabilities	–	–	(2,595)	(2,595)
	(42,225)	–	(611,543)	(653,768)

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, 50% of borrowings, after the effect of associated swaps, were at fixed rates (2019: 53%).

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 2020	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]	(729,173)	(19,166)	(301,178)	(61,700)	(135,153)	(80,997)	(208,592)
Trade and other payables	(15,334)	(15,334)	–	–	–	–	–
Derivative financial instruments	(49,878)	(12,923)	(12,525)	(11,514)	(10,695)	(8,890)	(342)
Lease liabilities	(41,795)	(2,200)	(2,200)	(2,200)	(2,200)	(2,200)	(123,200)
Other current liabilities	(4,150)	(4,150)	–	–	–	–	–
	(840,330)	(53,773)	(315,903)	(75,414)	(148,048)	(92,087)	(332,134)

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

Group 2019	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]	(593,536)	(20,655)	(365,627)	(153,140)	(4,000)	(4,000)	(108,000)
Trade and other payables	(15,412)	(15,412)	–	–	–	–	–
Derivative financial instruments	(42,225)	(8,738)	(9,008)	(8,852)	(8,150)	(7,531)	(6,192)
Other current liabilities	(2,595)	(2,595)	–	–	–	–	–
	(653,768)	(47,400)	(374,635)	(161,992)	(12,150)	(11,531)	(114,192)

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 2020, the Group had active interest rate derivatives (both payer and receiver swaps) with a notional contract amount of $565 million (2019: $415 million). The active derivatives mature over the next 7 years (2019: 7 years). Payer swaps have fixed interest rates ranging from 0.93% to 4.90% (2019: 1.76% to 4.90%). There are no contracts entered into but not yet effective at 31 March 2020 (2019: Nil).

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 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 2020 is $38.3 million (2019: $40.4 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.

	2020 Group	2019 Group
	Impact on Profit & Loss $000s	Impact on Profit & Loss $000s
Increase of 100 basis points	1,615	6,361
Decrease of 100 basis points	(1,734)	(6,816)

7. OTHER NON-CURRENT ASSETS

Accounting policy - Property, plant and equipment

All property, plant and equipment is stated at historical cost less 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 an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (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 loss is recognised immediately in profit or loss.

	Group 2020 $000s	Group 2019 $000s
Property, plant and equipment and software	352	397
Deposits associated with future acquisitions	–	1,208
Total other non-current assets	352	1,605

There was no impairment loss in the current year (2019: 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 2020 $000s	Group 2019 $000s
Trade receivables	1,848	1,362
Loss allowance	–	(23)
	1,848	1,339
GST receivable	–	74
Amount receivable from insurance proceeds	62	61
Total trade and other receivables	1,910	1,474

The average credit period on receivables is 3.1 days (2019: 2.5 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 2020 $000s	Group 2019 $000s
0-30 days past due	160	59
31-60 days past due	89	29
Beyond 60 days past due	–	12
	249	100

Included in the Group's trade receivable balance are debtors with a carrying amount of $249,473 (2019: $100,382) 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 2020 $000s	Group 2019 $000s
Balance at the beginning of the year	23	99
(Decrease)/increase in allowance recognised in profit or loss	(23)	(76)
Balance at the end of the year	–	23

9. OTHER CURRENT ASSETS

	Group 2020 $000s	Group 2019 $000s
Accrued Income	29	7
Prepayments	2,404	703
Other	1,461	195
Total other current assets	3,894	905

10. PROPERTY HELD FOR SALE

Accounting policy - Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale transaction agreement is unconditioned.

Non-current assets classified as held for sale (principally investment property) are measured at fair value as described in Note 5.

Albany Lifestyle Centre, Albany ($84.6 million) was subject to an unconditional sale and purchase agreement at balance date (31 March 2019: Nil). On 20 April 2020, the contract for the Sale and Purchase was cancelled.

11. SHARE CAPITAL

	Group 2020 $000s	Group 2019 $000s
Balance at the beginning of the period	792,620	792,620
Issue of shares from equity settled share based payments	206	–
Total share capital	792,826	792,620

The number of shares on issue at 31 March 2020 was 827,186,969 (2019: 827,030,390).

All shares are fully paid and rank equally with one vote attached and carry the right to dividends. All ordinary shares have equal voting rights.

Reconciliation of number of shares (in 000s of shares)	Group 2020 000s	Group 2019 000s
Balance at the beginning of the period	827,030	827,030
Issue of shares from equity settlement share based payments	157	–
Total number of shares on issue	827,187	827,030

Capital risk management

The Group's capital includes shares, reserves and retained earnings with total shareholders' funds equal to $1,075.8 million (2019: $1,009.0 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 2020 in relation to equity settled share based payments was $235,470 (2019: Nil). A total of 156,579 PSRs vested during the year and each PSR was converted to one ordinary share at an issue price of $1.32.

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	Forfeited during the period[1]	Balance at the end of the period[1]
2020							
1 April 2019	1 April 2022	300,336	$1.25	962,643	(156,579)	(112,091)[2]	994,309
2019							
1 April 2018	1 April 2021	372,689	$1.01	869,157	–	(279,203)[3]	962,643
2018							
1 April 2017	1 April 2020	321,284	$0.99	547,873	–	–	869,157
2017							
1 April 2016	1 April 2019	268,670	$1.17	279,203	–	–	547,873
2016							
1 April 2015	1 April 2018	279,203	$1.13	–	–	–	279,203

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

13. RETAINED EARNINGS

	Group 2020 $000s	Group 2019 $000s
Balance at the beginning of the year	215,966	133,884
Profit for the year	119,120	133,666
Dividends to shareholders	(52,526)	(51,584)
Total retained earnings	282,560	215,966

The annual dividend paid to shareholders was 6.35 cents per share, paid in one quarterly distribution of 1.5875 cents per share, two quarterly distributions of 1.5688 cents per share and one quarterly distribution of 1.6250 cents per share. (2019: annual dividend paid was 6.2375 cents per share).

After 31 March 2020, 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 2020 $000s	Group 2019 $000s
Syndicated bank loans	533,200	496,189
Fixed rate green bonds	200,000	100,000
Borrowing costs	(4,027)	(2,653)
Total interest bearing liabilities	729,173	593,536
Weighted average interest rate on interest bearing liabilities (inclusive of bonds, interest rate swaps, margins and line fees)	3.95%	4.75%

	Group 2020 $000s	Group 2019 $000s
Total interest bearing liabilities at the beginning of the year	593,536	552,800
Fixed rate green bonds issued	100,000	100,000
Drawdowns from syndicated bank loan	225,899	121,749
Repayments to syndicated bank loan	(188,888)	(179,768)
Additional refinancing fee on interest bearing liabilities	(2,176)	(1,755)
Refinancing fee on interest bearing liabilities amortised during the year	802	510
Total interest bearing liabilities at the end of the year	729,173	593,536

Syndicated bank loans

	Group 2020 $000s	Group 2019 $000s
ANZ Bank New Zealand Limited	131,420	217,966
Bank of New Zealand	142,500	152,779
The Hongkong and Shanghai Banking Corporation Limited	80,000	125,444
Commonwealth Bank of Australia	50,000	–
Westpac New Zealand Limited	129,280	–
Total syndicated bank loans	533,200	496,189

As at 31 March 2020, 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 $585.0 million (31 March 2019: $550.0 million) secured by way of mortgage over the investment properties of the Group. The facility includes a Tranche A limit of $75.0 million, a Tranche B1 limit of $100.0 million, a Tranche B2 limit of $125.0 million, a Tranche B3 limit of $125.0 million, a Tranche C limit of $25.0 million, a Tranche F limit of $50.0 million, a Tranche G limit of $35.0 million, and a Tranch H limit of $50.0 million.

Tranche A matures on 31 October 2021, Tranche B1 on 1 October 2021, Tranche B2 on 1 October 2023, Tranche B3 on 1 October 2024, Tranche C on 31 October 2021, Tranche F on 8 October 2021, Tranche G on 1 November 2021, and Tranche H on 30 April 2022.

Tranche C limits and maturity dates remain unchanged from 31 March 2019. The Tranche A limit was reduced from $175.0 million to $75.0 millon, with the maturity date the same. Tranches B, D and E were cancelled and Tranches B1, B2, B3, F, G and H were introduced during the year.

On 19 May 2020, a new facility agreement was entered into with Argosy's banking syndicate, which provides an additional tranche, Tranche I, with a limit of $75.0 million maturing in May 2024. All other tranche limits and maturity dates remain unchanged.

14. INTEREST BEARING LIABILITIES (CONTINUED)

Fixed rate green bonds

NZX code	Value of Issue $000s	Issue Date	Maturity Date	Interest Rate	Fair Value 2020 $000s
ARG010	100,000	27 March 2019	27 March 2026	4.00%	99.54
ARG020	100,000	29 October 2019	29 October 2026	2.90%	92.80

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 bonds is payable in equal instalments on a quarterly basis in April, July October and January.

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 2020 $000s	Group 2019 $000s
GST payable	91	–
Other creditors and accruals	15,243	15,412
Total trade and other payables	15,334	15,412

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 2020 $000s	Group 2019 $000s
Employee entitlements	481	456
Other liabilities	3,669	2,139
Total other current liabilities	4,150	2,595

17. ADMINISTRATION EXPENSES

	Group 2020 $000s	Group 2019 $000s
Auditor's remuneration:		
Audit of the annual financial statements	157	153
Review of the interim financial statements	28	28
Annual meeting fees	6	7
Employee benefits	7,454	6,941
Other expenses	3,803	3,888
Doubtful debts expense/(recovery)	(23)	(76)
Bad debts	2	(3)
Total administration expenses	11,427	10,938

18. INTEREST EXPENSE

Accounting policy - Interest expense

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

	Group 2020 $000s	Group 2019 $000s
Interest expense	(30,011)	(29,192)
Interest on ground lease (39 Market Place)	(2,095)	–
Less amount capitalised to investment properties	9,207	4,936
Total interest expense	(22,899)	(24,256)

Capitalised interest relates to the developments at 180-202 Hutt Road, Kaiwharawhara, 7 Waterloo Quay, Wellington, 99-107 Khyber Pass Road, Grafton, 8-14 Willis Street/360 Lambton Quay, Wellington, 107 Carlton Gore Road, Auckland, and 54-56 Jamaica Drive, Wellington (2019: Capitalised interest relates to the developments at 180-202 Hutt Road, Kaiwharawhara, 7 Waterloo Quay, Wellington, 99-107 Khyber Pass Road, Grafton and Stewart Dawsons Corner, 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 2020 $000s	Group 2019 $000s
The taxation charge is made up as follows:		
Current tax expense	6,921	12,441
Deferred tax expense	(1,136)	(2,069)
Adjustment recognised in the current year in relation to the current tax of prior years	(1,055)	(785)
Total taxation expense recognised in profit/(loss)	4,730	9,587
Reconciliation of accounting profit to tax expense		
Profit before tax	123,850	143,253
Current tax expense at 28%	34,678	40,111
Adjusted for :		
Capitalised interest	(2,578)	(1,382)
Fair value movement in derivative financial instruments	(577)	2,062
Fair value movement in investment properties	(16,784)	(19,729)
Impairment loss on held for sale	840	–
Depreciation	(8,116)	(6,127)
Depreciation recovered on disposal of investment properties	4	824
Tax on accounting gain on disposal of investment properties	18	(1,700)
Other	(564)	(1,618)
Current taxation expense	6,921	12,441
Movements in deferred tax assets and liabilities attributable to:		
Investment properties	(2,127)	(494)
Fair value movement in derivative financial instruments	577	(2,062)
Other	414	487
Deferred tax expense/(credit)	(1,136)	(2,069)
Prior year adjustment	(1,055)	(785)
Total tax expense recognised in profit or loss	4,730	9,587

There were no imputation credits at 31 March 2020 (2019: 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 2019	(11,303)	17,747	3,670	10,114
Charge/(credit) to deferred taxation expense for the year	577	(2,127)	414	(1,136)
At 31 March 2020	(10,726)	15,620	4,084	8,978
At 1 April 2018	(9,241)	18,241	3,183	12,183
Charge/(credit) to deferred taxation expense for the year	(2,062)	(494)	487	(2,069)
At 31 March 2019	(11,303)	17,747	3,670	10,114

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 2020 $000s	Group 2019 $000s
Profit after tax	119,120	133,666
Movements in working capital items relating to investing and financing activities	6,225	(3,553)
Non cash items		
Movement in deferred tax liability	(1,136)	(2,069)
Movement in interest rate swaps	(2,062)	7,366
Fair value change in investment properties	(59,942)	(70,461)
Impairment loss on held for sale	3,000	–
Movements in working capital items		
Trade and other receivables	(436)	207
Taxation payable	(3,511)	940
Trade and other payables	(78)	3,172
Other current assets	(2,989)	(20)
Other current liabilities	1,555	(2,301)
Net cash from operating activities	59,746	66,947

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 2020	Group 2019
Profit attributable to shareholders of the Company ($000s)	119,120	133,666
Weighted average number of shares on issue (000s)	827,158	827,030
Basic and diluted earnings per share (cents)	14.40	16.16
Weighted average number of ordinary shares		
Issued shares at beginning of period (000s)	827,030	827,030
Issued shares at end of period (000s)	827,187	827,030
Weighted average number of ordinary shares (000s)	827,158	827,030

On 19 May 2020, a final dividend of 1.5875 cents per share was approved by the Company. The Dividend Reinvestment Plan (DRP) will recommence for the final dividend. The recommencement of the DRP programme will increase the number of shares on issue.

23. DISTRIBUTABLE INCOME

	Group 2020 $000s	Group 2019 $000s
Profit before income tax	123,850	143,253
Adjustments:		
Revaluation gains on investment property	(59,942)	(70,461)
Impairment loss on held for sale	3,000	–
Realised (gains)/losses on disposal of investment properties	64	(6,073)
Gain/(loss) on derivative financial instruments held for trading	(2,062)	7,366
Earthquake expenses	509	1,701
Insurance proceeds - reinstatement	–	(8,473)
Gross distributable income	65,419	67,313
Tax impact of depreciation recovered on disposal of investment properties and taxable gains on disposal of revenue account properties	4	1,701
Current tax expense	(5,866)	(11,656)
Net distributable income	59,557	57,358
Weighted average number of ordinary shares (000s)	827,158	827,030
Gross distributable income per share (cents)	7.91	8.14
Net distributable income per share (cents)	7.20	6.94

The Company's dividend policy is based on net distributable income. Net distributable income is determined under the Company's bank facility agreement.

24. INVESTMENT IN SUBSIDIARIES

The Company has control over the following subsidiaries:

Name of subsidiary	Principal activity	Place of incorporation and operation	Holding 2020	Holding 2019
Argosy Property No.1 Limited	Property investment	NZ	100%	100%
Argosy No.1 Trust	Non-trading	NZ	100%	100%
Argosy Property Management Limited	Management company	NZ	100%	100%
Argosy Property No.3 Limited	Property investment	NZ	100%	100%
Argosy Property Unit Holdings Limited	Non-trading	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 of the amount of the initial lease liability, any payments made before the commencement of the lease, and 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 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.

Non-cancellable operating lease receivable

Operating leases relate to the investment properties owned by the Group with the leases expiring between 2019 and 2033. The lessee does not have an option to purchase the property at the expiry of the lease.

	Group 2020 $000s	Group 2019 $000s
Within one year	102,366	102,514
One year or later and not later than five years	317,648	311,281
Later than five years	234,761	235,123
	654,775	648,918

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

26. COMMITMENT

Building upgrades and developments

Estimated capital commitments contracted for building projects not yet completed at 31 March 2020 and not provided for were $56.3 million (2019: $60.0 million).

There were no other commitments as at 31 March 2020 (2019: 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 20 April 2020, Argosy cancelled the contract for the sale and purchase of the Albany Lifestyle Centre to Cook Property Group Limited. The deposit paid by the purchaser of $4.525m was forfeited to Argosy.

On 19 May 2020, a final dividend of 1.5875 cents per share was approved by the Company. The record date for the final dividend is 10 June 2020 and a payment is scheduled to shareholders on 24 June 2020. No imputation credits are attached to the dividend.

On 19 May 2020, a new facility agreement was entered into with Argosy's banking syndicate, which provides an additional tranche, Tranche I, with a limit of $75.0 million maturing in May 2024. All other tranche limits and maturity dates remain unchanged.

Since 31 March 2020, Argosy has been working with tenants that need some limited assistance to counter the impact of Alert Level 4 lockdowns associated with COVID-19. Tenants are receiving assistance primarily via deferrals or rent abatements. Including the Albany Lifestyle Centre, Argosy has provided for approximately $2.8 million in rent abatements for April and May since year end, for tenants most in need.

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 2020 $000s	Group 2019 $000s
Key management and directors compensation		
Salaries and other short term employee benefits	1,624	1,558
Directors' fees	724	677
Total	2,348	2,235

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') on pages 42 to 70, which comprise the consolidated statement of financial position as at 31 March 2020, 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 42 to 70 present fairly, in all material respects, the financial position of the Group as at 31 March 2020, and its 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 Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, 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 Meeting, we have no relationship with, or interests in, Argosy Property Limited or any of its subsidiaries. These services have not impaired our independence as auditor of the Group.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the consolidated 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.

Based on our professional judgement, we determined the quantitative materiality for our audit of the Group's consolidated 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 Matters	How our audit addressed the key audit matter and results
Investment Property Valuations and the impact of COVID-19 As disclosed in note 5 of the consolidated financial statements, investment properties were valued at $1,824 million as at 31 March 2020. 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 forecast inputs and assumptions including: market rentals, capital expenditure requirements, yields, occupancy, and weighted average lease terms. The Group's policy is to engage independent registered valuers to perform valuations for each of the properties on at least an annual basis. With New Zealand in Alert Level 4 at 31 March 2020 severe restrictions were in place for the business community, and certain restrictions remain in place at the time of signing the financial	We read the valuation reports for all properties that were subject to revaluation at year end. This included ensuring the valuation reports considered the impact of COVID-19. 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. We specifically discussed the impact of COVID-19 with valuers. This discussion 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 valuer confirm to us their independence, qualifications and that the scope of the work undertaken was in line with professional valuation standards and accounting standards. In addition we considered the Group's process for reviewing and challenging the valuation reports to ensure they accurately reflect the individual characteristics of each property. The key inputs to the valuations were tested across a sample of properties. The sample was selected on a risk based approach and also included those where the fair value had moved

statements. These restrictions affected the real estate market with reduced liquidity and consequently reduced transactional evidence of market prices.

Accordingly, in carrying out the valuations, assumptions (including possible rental losses) were applied regarding the reasonably possible impacts of COVID-19 based on information available as at 31 March 2020. Given these factors, less certainty should be attached to the property values than would normally be the case, the valuers noted that the valuations as at 31 March 2020 are reported on the basis of material valuation uncertainty.

The valuation of investment properties is a key audit matter due to the subjective judgements and assumptions in the valuation models, including those that relate to the impacts of COVID-19.

significantly from the previous year. This included understanding the key drivers of those movements and challenging the reasonableness of those key drivers.

For the sample selected, key changes in rentals, occupancy, lease costs and lease terms were agreed to underlying lease agreements, and market comparatives where applicable. Yields across the three segments were compared to property industry publications and other observable market data where available.

We challenged management's COVID-19 rental loss analysis and ensured that the possible rental losses identified were factored into the valuation process.

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 other information. The other information comprises the information included 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.

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 determines 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

Auckland, New Zealand
19 May 2020

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, which, in the Board's opinion, comply with the NZX Corporate Governance Code (1 January 2019), as set out in the Statement on Reporting Against the NZX Code available on the Company website (www.argosy.co.nz).

ETHICAL STANDARDS

The Board has adopted a Code of Conduct and Ethics, which 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 nonexecutive Directors.

ATTENDANCE OF DIRECTORS

Board Meetings attended

Director	Attendance
Michael Smith (Chair)	**7 of 7**
Peter Brook	**6 of 7**
Jeff Morrison	**7 of 7**
Stuart McLauchlan	**7 of 7**
Chris Gudgeon	**7 of 7**
Mike Pohio	**7 of 7**
Rachel Winder	**4 of 4**
Martin Stearne	**1 of 1**

Michael Smith, Peter Brook, Jeff Morrison, Stuart McLauchlan, Chris Gudgeon, Mike Pohio, Rachel Winder and Martin Stearne were Directors as at 31 March 2020. Rachel Winder was appointed to the Board with effect from 8 August 2019 and Martin Stearne was appointed with effect from 31 March 2020. Brief resumés of our Directors are included in the section headed "Manage" on pages 22-23.

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.

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 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. In particular, the Board does not consider that the independence of any Director has been affected by the length of time they have been a director.

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. Individual Directors are evaluated by a process whereby the Board determines questions to be asked of each Director about him or herself and about each other including the Chair, each Director answers the questions in writing, and the responses are collected and collated by the Chair who then discusses the results with each Director. The Chair's own position is discussed with the Chair of the Audit and Risk Committee and/or the rest of the Board.

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 prospectus for a general public offer of Argosy securities.

Ongoing fixed participation in the Dividend Reinvestment Plan (DRP) 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 of shares in Argosy are disclosed in the section headed 'Directors' shareholdings' on page 77 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. The members of the Remuneration Committee are Michael Smith (Chairman), Peter Brook and Jeff Morrison.

ATTENDANCE AT REMUNERATION COMMITTEE

Remuneration Committee Meetings Attended

Director	Attendance
Michael Smith (Chair)	2 of 2
Peter Brook	2 of 2
Jeff Morrison	2 of 2

NOMINATIONS COMMITTEE

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

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.

The members of the Audit and Risk Committee are Stuart McLauchlan (Chairman), Peter Brook and Michael Smith.

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, and is specifically responsible for:

- ensuring that processes are in place and monitoring those processes so that the Board is properly and regularly informed and updated on corporate financial matters;
- the appointment and removal of the external auditor;
- meeting regularly to monitor and review external audit practices;
- having direct communication with and unrestricted access to the external auditors;
- reviewing the financial reports and advising the Board whether they comply with applicable laws and regulations;
- ensuring the external auditor or lead audit partner is changed at least every five years;
- reviewing the performance and independence of the external auditor;
- monitoring compliance with the Financial Markets Conduct Act 2013, the Financial Reporting Act 2013, the Companies Act 1993 and the NZX Listing Rules; and
- overseeing the Company's Risk Management Policy and Framework and monitoring compliance.

ATTENDANCE AT AUDIT AND RISK COMMITTEE

Audit and Risk Committee Meetings Attended

Director	Attendance
Stuart McLauchlan (Chair)	4 of 4
Michael Smith	4 of 4
Peter Brook	4 of 4

DIRECTORS' REMUNERATION

Directors' Fees

The current total Directors' fee pool approved by ordinary resolution at the Company's 2019 Annual Meeting is $778,500 per annum. The approved fee pool has been increased under Listing Rule 2.11.3 by the amount necessary to enable the payment of the two directors appointed since the 2019 Annual Meeting.

Directors' Remuneration

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

Director	Remuneration
Michael Smith (Chair)	$182,745
Peter Brook	$105,895
Jeff Morrison	$86,395
Stuart McLauchlan	$99,495
Chris Gudgeon	$81,162
Mike Pohio	$88,245
Rachel Winder	$58,418
Martin Stearne	-

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 $90,000 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 Remuneration Committee Chairman receives $12,500 per annum and its members each receive $5,000 per annum. The Remuneration Committee reviews Director remuneration annually and makes recommendations to the Board. Argosy's policy is that Directors' remuneration should generally be in the upper quartile based on market benchmarks. 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 $778,500 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. No payments were made in the year to 31 March 2020 (2019: Nil).

No current or former Director received any other benefits from Argosy during the year to 31 March 2020.

GENDER BALANCE

As at 31 March 2020 the gender balance statistics for the Company's Directors, Officers and all employees were as follows:

	Directors	Officers	All employees
Female	1 (2019: 0)	2 (2019: 3)	13 (2019: 16)
Male	7 (2019: 6)	10 (2019: 10)	20 (2019: 19)
Total	8 (2019: 6)	12 (2019: 13)	33 (2019: 35)

Argosy adopted a Diversity Policy with effect from 1 April 2017, which is available on its website (www.argosy.co.nz). The Board considers that Argosy is achieving its diversity objectives. You can see further information on diversity on page 20 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.

Employees 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 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 established an LTI scheme for senior executives with effect from 1 April 2015. 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.

156,579 PSRs vested in the year ending 31 March 2020 and a corresponding number of shares in the Company were issued to senior executives. These PSRs vested in June 2019 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 2020 is outlined below:

Chief Executive's Remuneration	
Fixed remuneration and other benefits	$710,061
Short Term Incentive	$240,000
Long Term Incentive	$131,021
Total	**$1,081,082**

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. During the year 99,258 PSR's vested during the period which have been shown in the table above.

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 table below:

Amount of remuneration	Number of employees
$100,001 - $110,000	1
$110,001 - $120,000	3
$120,001 - $130,000	3
$130,001 - $140,000	2
$140,001 - $150,000	2
$150,001 - $160,000	3
$160,001 - $170,000	2
$190,001 - $200,000	1
$200,001 - $210,000	1
$260,001 - $270,000	2
$270,001 - $280,000	2
$310,001 - $320,000	1
$320,001 - $330,000	1
$340,001 - $350,000	1
$760,001 - $770,000	1

Employee remuneration does not include PSRs issued under the Company's LTI scheme that have been granted but which have not vested. 57,321 PSRs vested in the year to 31 March 2020 and these are included in the value of remuneration and other benefits in the table above.

INTERESTS REGISTERS

Directors' Shareholdings

Equity and debt securities in which each Director and associated person of each Director held a relevant interest as at 31 March 2020 are listed below:

Director	Holder	Trustees	Interest	Number of Shares
Michael Smith	FNZ Custodians Limited for trustees of the Mallowdale Trust	Michael Smith and Dale D'Rose	Non beneficial	592,579
Peter Brook	FNZ Custodians Limited for trustees of the Bayview Trust	Peter Brook, Mary Brook, Samuel Goldwater and Nicholas Goldwater	Non beneficial	360,288
Peter Brook	Peter Brook		Beneficial	195,071
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 Martin William Stearne and Tobias Edward Groser as trustees of the MW and LJ Stearne Family Trust	Martin William Stearne and Tobias Edward Groser	Non beneficial	150,000
Jeff Morrison	Investment Custodial Services for the trustees of the Suzanne Fisher Trust	Jeff Morrison and Barry Fisher	Non beneficial	437,792
Jeff Morrison	Investment Custodial Services for trustees of the LJ Fisher Trust	Jeff Morrison and Andrew Spencer	Non beneficial	93,000
Jeff Morrison	Trustees of the JM Thompson Trust	Jeff Morrison and Robyn Shearer	Non beneficial	461,577
Jeff Morrison	Trustees of the Dalbeth Family Trust No.2	Audrey Dalbeth, Anthony Hudson, Bronwyn Patterson, William Dalbeth and Jeff Morrison	Non beneficial	97,170
Jeff Morrison	Trustees of the Dalbeth Family Trust No.3	William Dalbeth and Jeff Morrison	Non beneficial	207,600
Jeff Morrison	Trustees of the Dalbeth Family Trust No.4	William Dalbeth and Jeff Morrison	Non beneficial	312,400
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 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

SENIORS MANAGERS' SHAREHOLDINGS

Equity securities in which each Senior Manager and associated person of each Senior Manager held a relevant interest as at 31 March 2020 are listed below:

Officer	Holder	Trustees	Interest	No. of shares	PSRs vested
Peter Mence	Peter Mence		PSR[1]	632,105	N/A
	Peter Mence		Beneficial	99,258	
	Trustees of the Papageno Trust	Peter Mence, Stella McDonald	Non beneficial	416,077	
Dave Fraser	Dave Fraser		PSR	362,204	
	Dave Fraser		Beneficial	57,321	

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

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:

- Chris Gudgeon acquired a non-beneficial (trust) interest in 18,100 shares in the Company on 18 December 2019 for consideration of $24,616 through an on-market acquisition .
- Dave Fraser disposed of a beneficial interest in 41,035 performance share rights in the Company on 7 June 2019 for nil consideration which expired under the Company's Long Term Incentive Scheme.
- Dave Fraser disposed of a beneficial interest in 57,321 performance share rights in the Company on 7 June 2019 for nil consideration which vested under the Company's Long Term Incentive Scheme.
- Dave Fraser acquired a beneficial interest in 57,321 shares in the Company on 7 June 2019 for nil consideration which were issued upon vesting of performance share rights under the Company's Long Term Incentive Scheme.
- Dave Fraser acquired a beneficial interest in 108,121 performance share rights in the Company on 25 June 2019 for nil consideration which were granted under the Company's Long Term Incentive Scheme.
- Jeff Morrison disposed of a non-beneficial (trust) interest in 41,000 shares in the Company on 5 September 2019 for consideration of $60,575 through an on-market disposal.
- Peter Mence disposed of a beneficial interest in 71,056 performance share rights in the Company on 7 June 2019 for nil consideration which expired under the Company's Long Term Incentive Scheme.
- Peter Mence disposed of a beneficial interest in 99,258 performance share rights in the Company on 7 June 2019 for nil consideration which vested under the Company's Long Term Incentive Scheme.
- Peter Mence acquired a beneficial interest in 99,258 shares in the Company on 7 June 2019 for nil consideration which were issued upon vesting of performance share rights under the Company's Long Term Incentive Scheme.
- Peter Mence acquired a beneficial interest in 192,215 performance share rights in the Company on 25 June 2019 for nil consideration which were granted under the Company's Long Term Incentive Scheme.
- Jeff Morrison acquired a non-beneficial (trust) interest in 15,000 shares in the Company on 6 November 2019 ($5,000 shares each for three relevant interests) for consideration of $21,450 ($7,150 each for the three relevant interests) through an on-market acquisition.
- Mike Pohio acquired a non-beneficial (trust) interest in 50,000 shares in the Company on 27 February 2020 for consideration of $70,000 through an on-market acquisition
- Martin Stearne made an initial disclosure of an interest in 150,000 shares on 19 March 2020.
- Rachel Winder acquired a beneficial interest in 14,000 shares in the Company on 27 February 2020 for consideration of $19,600 through an on-market acquisition
- Jeff Morrison acquired a non-beneficial (trust) interest in 125,000 ARG020 green bonds issued by the Company on 29 October 2019 for consideration of $125,000 through the Company's ARG020 green bond offer.

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
Michael Smith	Director	Greymouth Petroleum Limited
	Director	Maui Capital Indigo Fund
	Director	Maui Capital Aqua Fund
	Indirect interest	Partners Life Limited
Peter Brook	Trustee	Melanesia Mission Trust Board
	Chairman	Trust Investments Management Limited
	Chairman	Burger Fuel Group Limited
	Chairman	Generate Investment Management Limited
Stuart McLauchlan	Director	GS McLauchlan & Co Limited
	Director	Scenic Hotels Group Limited
	Director	Dunedin Casinos Limited
	Chairman	Ad Instruments Pty Limited
	Director	Ngai Tahu Tourism Limited (R)
	Chairman	Scott Technology Limited
	Chairman	UDC Finance Limited
	Director	Ebos Group Limited
	Member	Marsh Limited Advisory Board
Mike Pohio	Director	National Institute of Water and Atmospheric Research Limited (R)
	Director	OSPRI New Zealand Limited (R)
	Director	Panuku Development Auckland Limited (R)
	Chief Executive Officer	Ngai Tahu Holdings
	Director	Te Atiawa (Taranaki) Holdings Limited
	Director	Te Atiawa Iwi Holdings Management Limited
	Chairman	Rotoiti 15 Investment Limited Partnership
Jeff Morrison	Trustee	Spirit of Adventure Trust
Chris Gudgeon	Sub-committee	KiwiRail Holdings Limited
	Director	Crown Infrastructure Partners Limited
Rachel Winder	Employee	Westpac New Zealand Limited
Martin Stearne	Shareholder	Jarden Group Limited
	Director and Shareholder	Encore Advisory Limited
Peter Mence	Director	Argosy Property No. 3 Limited
	Director	Argosy Property No. 1 Limited
	Director	Argosy Property Unit Holdings Limited
	Director	Argosy Property Management Limited
Dave Fraser	Director	Argosy Property No. 3 Limited
	Director	Argosy Property No. 1 Limited
	Director	Argosy Property Unit Holdings 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 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 other rulings or waivers during the year to 31 March 2020.

DONATIONS

The Company made the following sponsorship payments during the year to 31 March 2020:

- $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;
- $6,100 Spirit of Adventure Trust;
- $5,000 Pillars New Zealand;
- $5,000 The University of Auckland;
- $3,290 across Child Cancer, Prostate Cancer, Star Jam and Wheel Blacks.

No other member of the Group made donations in the year to 31 March 2020

ARGOSY SUBSIDIARIES – DIRECTORS

As at 31 March 2020:

- Michael Smith, Peter Brook, Jeff Morrison, Peter Mence and David Fraser were the directors of Argosy Property No. 1 Limited.
- Michael Smith, Peter Brook, Jeff Morrison, Peter Mence and David Fraser were the directors of Argosy Property No. 3 Limited.
- Michael Smith, Peter Brook, Jeff Morrison, Peter Mence and David Fraser were the directors of Argosy Property Management Limited.
- Michael Smith, Peter Brook, Jeff Morrison, Peter Mence and David Fraser were the directors of Argosy Property Unit Holdings Limited.

No director of any Argosy subsidiary received additional remuneration or benefits in respect of their directorships. 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 2020

Rank	Holder Name	Total	Percentage
1	FNZ Custodians Limited	63,218,190	7.64
2	Accident Compensation Corporation - NZCSD <ACCI40>	53,717,162	6.49
3	Citibank Nominees (New Zealand) Limited - NZCSD <CNOM90>	48,317,529	5.84
4	HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	48,237,728	5.83
5	HSBC Nominees (New Zealand) Limited A/C State Street -NZCSD <HKBN45>	33,178,732	4.01
6	BNP Paribas Nominees (NZ) Limited - NZCSD <COGN40>	31,356,469	3.79
7	JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct - NZCSD <CHAM24>	25,609,451	3.09
8	National Nominees Limited - NZCSD <NNLZ90>	23,939,901	2.89
9	Forsyth Barr Custodians Limited <1-Custody>	21,886,607	2.64
10	Investment Custodial Services Limited <A/C C>	21,531,703	2.60
11	New Zealand Depository Nominee Limited <A/C 1 Cash Account>	20,914,163	2.52
12	BNP Paribas Nominees (NZ) Limited - NZCSD <BPSS40>	14,938,439	1.80
13	ANZ Wholesale Trans-Tasman Property Securities Fund - NZCSD <PNTT90>	13,184,399	1.59
14	JBWere (NZ) Nominees Limited <NZ Resident A/C>	8,657,213	1.04
15	Custodial Services Limited <A/C 3>	8,364,524	1.01
16	Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	7,448,108	0.90
17	ANZ Wholesale Property Securities - NZCSD <PNLR90>	7,282,169	0.88
18	Christine Anne Mansell & Douglas Tony Brown <Harvan A/C>	7,180,000	0.86
19	University Of Otago Foundation Trust	6,630,023	0.80
20	Custodial Services Limited <A/C 4>	6,382,680	0.77

SUBSTANTIAL PRODUCT HOLDERS AS AT 31 MARCH 2020

	Date notice filed	No of shares	% of total issued shares
Accident Compensation Corporation	10 March 2020	51,759,746	6.257
The Vanguard Group Inc.	26 June 2019	41,862,353	5.061

The total number of shares on issue in the Company as at 31 March 2020 was 827,186,969. The only class of shares on issue as at 31 March 2020 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 2020 and may not be that substantial holder's current relevant interest.

DISTRIBUTION OF SHAREHOLDERS AS AT 31 MARCH 2020

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
1 to 999	215	2.57	96,552	0.01
1,000 to 1,999	240	2.88	313,910	0.04
2,000 to 4,999	858	10.30	2,974,310	0.35
5,000 to 9,999	1,586	19.03	11,554,384	1.40
10,000 to 49,999	4,171	50.05	93,606,250	11.32
50,000 to 99,999	726	8.71	47,884,311	5.79
100,000 to 499,999	464	5.57	82,475,784	9.97
500,000 to 999,999	30	0.36	19,935,568	2.41
1,000,000 +	44	0.53	568,345,900	68.71
Total	8,334	100.00	827,186,969	100.00

20 LARGEST REGISTERED HOLDERS OF ARG010 BONDS AS AT 31 MARCH 2020

Rank	Holder Name	Total	Percentage
1	Forsyth Barr Custodians Limited <1-Custody>	21,070,000	21.07
2	FNZ Custodians Limited	14,694,000	14.69
3	National Nominees Limited - NZCSD <NNLZ90>	12,603,000	12.60
4	Generate Kiwisaver Public Trust Nominees Limited <NZCSD> <NZPT44>	10,081,000	10.08
5	HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	6,000,000	6.00
6	Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	5,491,000	5.49
7	Investment Custodial Services Limited <A/C C>	4,803,000	4.80
8	Custodial Services Limited <A/C 4>	2,999,000	2.99
9	Custodial Services Limited <A/C 3>	1,842,000	1.84
10	Custodial Services Limited <A/C 2>	1,643,000	1.64
11	Forsyth Barr Custodians Limited <Account 1 E>	1,491,000	1.49
12	FNZ Custodians Limited <Dta Non Resident A/C>	1,275,000	1.27
13	Custodial Services Limited <A/C 18>	790,000	0.79
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	Custodial Services Limited <A/C 1>	500,000	0.50
17	Custodial Services Limited <A/C 16>	482,000	0.48
18	Frimley Foundation	350,000	0.35
19	H B Williams Turanga Trust <H B Williams Turanga A/C>	350,000	0.35
20	Forsyth Barr Custodians Limited <A/C 1 Nrlail>	300,000	0.30

DISTRIBUTION OF ARG010 BONDHOLDERS AS AT 31 MARCH 2020

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
5,000 to 9,999	46	10.88	253,000	0.25
10,000 to 49,999	277	65.48	5,394,000	5.39
50,000 to 99,999	60	14.18	3,288,000	3.29
100,000 to 499,999	28	6.62	4,589,000	4.59
500,000 to 999,999	3	0.71	1,790,000	1.79
1,000,000 +	9	2.13	84,686,000	84.69
Total	423	100.00	100,000,000	100.00

20 LARGEST REGISTERED HOLDERS OF ARG020 BONDS AS AT 31 MARCH 2020

Rank	Holder Name	Total	Percentage
1	Forsyth Barr Custodians Limited <1-Custody>	19,534,000	19.53
2	National Nominees Limited - Nzcsd <NNLZ90>	14,038,000	14.03
3	Investment Custodial Services Limited <A/C C>	9,244,000	9.24
4	FNZ Custodians Limited	8,318,000	8.31
5	BNP Paribas Nominees (NZ) Limited - NZCSD <BPSS40>	5,065,000	5.06
6	Citibank Nominees (New Zealand) Limited - NZCSD <CNOM90>	4,340,000	4.34
7	Commonwealth Bank Of Australia - NZCSD <CBAANZ>	3,793,000	3.79
8	Mint Nominees Limited - NZCSD <NZP440>	3,300,000	3.30
9	Custodial Services Limited <A/C 4>	2,882,000	2.88
10	NZPT Custodians (Grosvenor) Limited - NZCSD <NZPG40>	2,800,000	2.80
11	Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	2,670,000	2.67
12	ANZ Bank New Zealand Limited - NZCSD <NBNZ40>	2,220,000	2.22
13	HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	2,065,000	2.06
14	Forsyth Barr Custodians Limited <Account 1 E>	1,641,000	1.64
15	Custodial Services Limited <A/C 3>	1,486,000	1.48
16	Custodial Services Limited <A/C 2>	1,431,000	1.43
17	Custodial Services Limited <A/C 18>	825,000	0.82
18	Custodial Services Limited <A/C 16>	744,000	0.74
19	Custodial Services Limited <A/C 1>	622,000	0.62
20	Investment Custodial Services Limited <990027046>	500,000	0.50

DISTRIBUTION OF ARG020 BONDHOLDERS AS AT 31 MARCH 2020

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
5,000 to 9,999	14	7.24	75,000	0.08
10,000 to 49,999	88	45.60	2,051,000	2.05
50,000 to 99,999	44	22.80	2,677,000	2.68
100,000 to 499,999	31	16.06	5,497,000	5.50
500,000 to 999,999	8	4.15	4,691,000	4.68
1,000,000 +	8	4.15	85,009,000	85.01
Total	193	100.00	100,000,000	100.00

HOLDINGS OF DIRECTORS OF THE COMPANY AS AT 31 MARCH 2020

Director	No of shares (non beneficial)	No of shares (beneficial)	No of bonds (non beneficial)
Michael Smith	592,579		
Peter Brook	360,288	195,071	
Chris Gudgeon	18,100		
Martin Stearne	150,000		
Mike Pohio	50,000		
Rachel Winder		14,000	
Jeff Morrison	1,759,789		1,125,000

DIRECTORS' STATEMENT

The Board is responsible for preparing the Annual Report. This report is dated 19 May 2020 and is signed on behalf of the Board of Argosy Property Limited by Michael Smith, Chairman and Stuart McLauchlan, Director

P Michael Smith
Director

Stuart McLauchlan
Director

DIRECTORS

Argosy Property Limited

Michael Smith, Auckland (Chair)
Peter Brook, Auckland
Chris Gudgeon, Auckland
Stuart McLauchlan, Dunedin
Jeff Morrison, Auckland
Mike Pohio, Tauranga
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
Auckland 1140

Argosy

39 Market Place
PO Box 90214, Victoria Street West, Auckland 1142
P / 09 304 3400
F / 09 302 0996
www.argosy.co.nz