

The Argosy logo, featuring a stylized 'A' with a small triangle inside, followed by the word 'Argosy' in a sans-serif font.

Argosy

Green Bond Offer

14 OCTOBER 2019

Argosy Property Limited



Disclaimer

This presentation has been prepared by Argosy Property Limited ("Argosy") in relation to the offer ("Offer") of senior secured fixed rate green bonds described in this presentation ("Green Bonds"). The offer of Green Bonds by Argosy is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("FMCA"). The Offer is an offer of Green Bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Argosy's \$100 million senior secured fixed rate green bonds maturing on 27 March 2026, which have a fixed interest rate of 4.00% per annum and are currently quoted on the NZX Debt Market under the ticker code ARG010 (the "Existing Green Bonds"). Accordingly, the Green Bonds are the same class as the Existing Green Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Argosy is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited ("NZX") for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/ARG. The Existing Green Bonds are the only debt securities of Argosy that are currently quoted and in the same class as the Green Bonds. Investors should look to the market price of the Existing Green Bonds to find out how the market assesses the returns and risk premium for those bonds.

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The offer constitutes an offer of Green Bonds to the public in New Zealand. Argosy has not taken and will not take any action which would permit a public offering of Green Bonds, or possession or distribution of any offering material in respect of the Green Bonds, in any country or jurisdiction where action for that purpose is required (other than New Zealand). The Green Bonds may only be offered for sale, sold or delivered in a jurisdiction other than New Zealand in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.

This presentation, any disclosure statement, circular, advertisement or other offering material in respect of the Green Bonds may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

Argosy will take any necessary steps to ensure the Green Bonds are, immediately after issue, quoted. Application has been made to NZX for permission to quote the Green Bonds on the NZX Debt Market, and all requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. NZX takes no responsibility for the content of this presentation. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.

Where relevant, some capitalised terms used but not defined in this presentation have the meanings given to them in the Terms Sheet (including by incorporation). Unless otherwise stated, all amounts are based on Argosy's full year financial statements prepared as at 31 March 2019. All figures are rounded.

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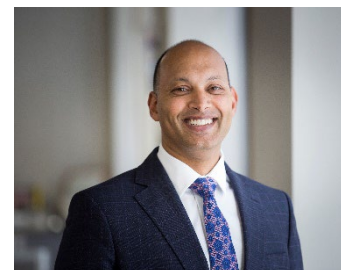
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PRESENTED BY



Dave Fraser
CFO



Saatyesh Bhana
Sustainability Asset Manager

Note: Due to rounding, numbers presented in this presentation may not add up exactly to the totals provided and percentages may not reflect exactly absolute figures.

Offer Highlights



Offer Highlights

Issuer	Argosy Property Limited ("Argosy")
Instrument	Senior secured fixed rate green bonds ("Green Bonds")
Issue Amount	Up to NZ\$75 million plus up to an additional NZ\$25 million of oversubscriptions (at Argosy's discretion)
Tenor & Maturity Date	7 years, maturing 29 October 2026
Arranger & Green Bond Co-ordinator	ANZ Bank New Zealand Limited
Joint Lead Managers	ANZ Bank New Zealand Limited, Forsyth Barr Limited, Jarden Securities Limited and Hobson Wealth Partners Limited
Interest Rate	A fixed rate of interest will be payable on the Green Bonds until the Maturity Date. The Interest Rate will not change over the term of the Green Bonds
Interest Payments	Quarterly in arrear
Minimum Application Amount	The minimum application amount is NZ\$5,000 and in multiples of NZ\$1,000 thereafter

Argosy Overview



Create. Manage. Own.

Proactive delivery of sustainable growth.



An environmentally focused & sustainable business

Transition value add properties to drive earnings and capital growth

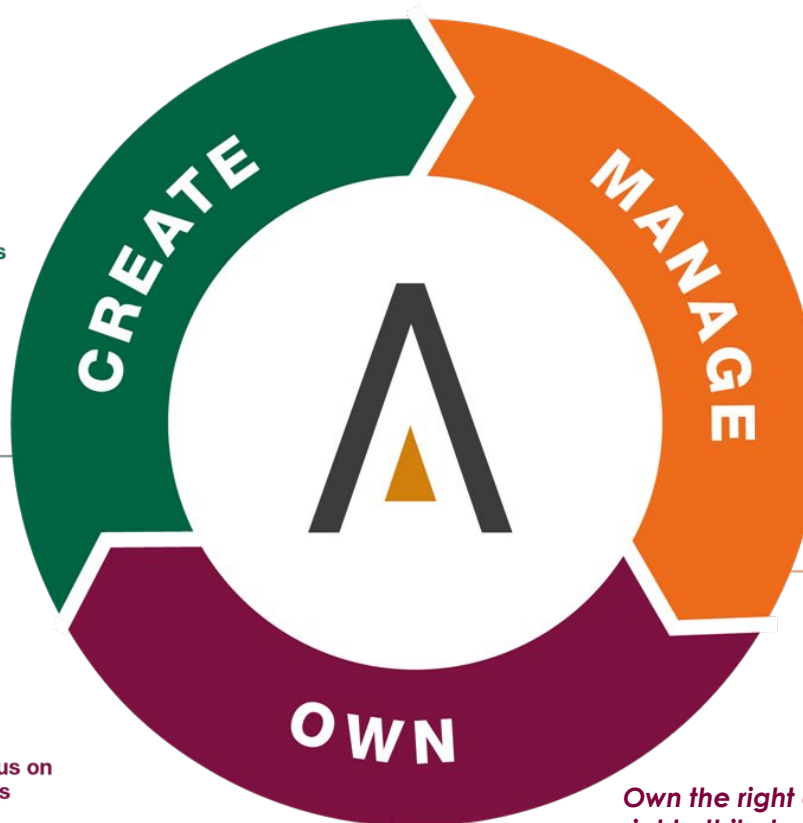
Streamlined tenant led development process and execution



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



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



Strong and valued relationships across all key stakeholders

Safe working environments for Argosy's people and its partners

A commitment to management excellence

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



Portfolio summary

\$1.67B

Auckland and Wellington Focus

43%

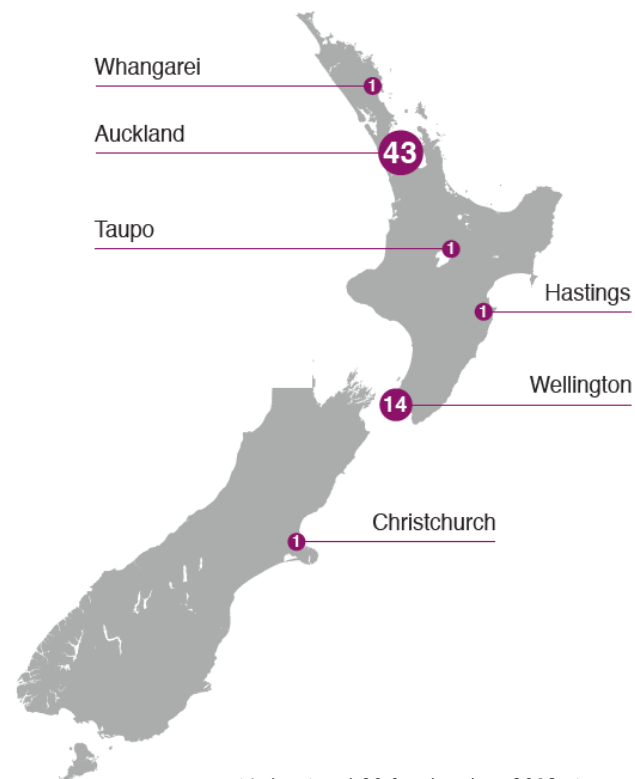
Of rent from industrial tenants

24%

Of rent from Government tenants

Note: Tenant data as at 31 March 2019.

Argosy's property portfolio by location

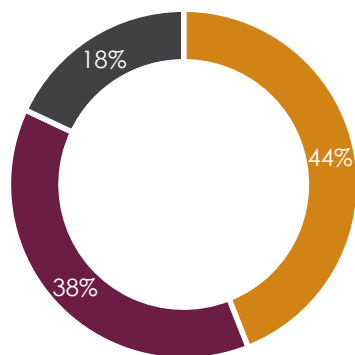


Note: As at 30 September 2019, Argosy has unconditionally sold the Albany Lifestyle Centre for \$89.0 million with settlement to occur in March 2020.

Portfolio at a Glance

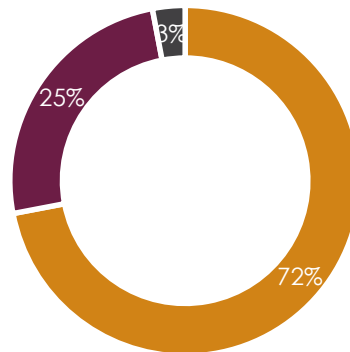
\$1.67 BILLION¹ @ 31 MARCH 2019

**TOTAL PORTFOLIO VALUE
BY SECTOR**



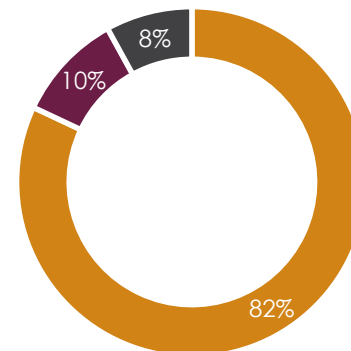
■ Industrial	Bands 40-50%
■ Office	30-40%
■ Retail	15-25%

**TOTAL PORTFOLIO VALUE
BY REGION**



■ Auckland	Bands 65-75%
■ Wellington	20-30%
■ Regional North Island & South Island	<10%

**TOTAL PORTFOLIO VALUE
BY ASSET MIX**



■ Core	Bands 75-90%
■ Value Add	-
■ Non Core	-

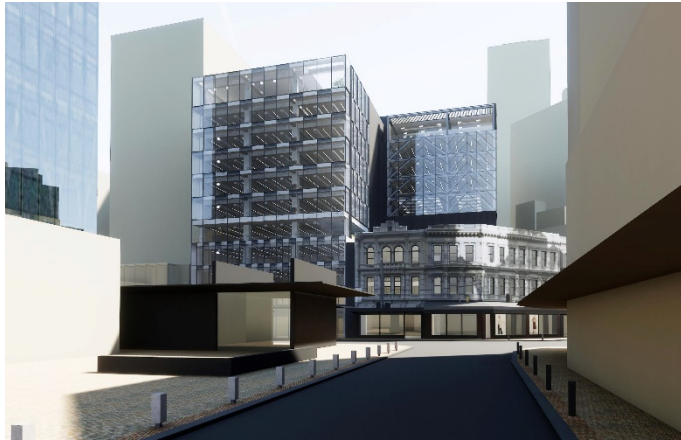
1. Independent market valuation.

Environmental Strategy

- ▶ The impact of Argosy's property investment business on the natural environment is an increasingly important consideration for investors, tenants and other stakeholders.
- ▶ Our environmental strategy reflects our ambition to create vibrant sustainable workplaces for our tenants. We believe that green buildings have the potential to provide a number of key business benefits including:
 - ▶ increased marketability;
 - ▶ higher rental rates;
 - ▶ lower operating costs;
 - ▶ higher occupancy;
 - ▶ improved worker productivity and occupant health and well-being;
 - ▶ lower regulatory risk.
- ▶ We believe that an integrated design approach, where experts and tenants are involved from the pre-design stage through to occupancy can greatly assist in the reduction of green development costs.
- ▶ We are a member of the New Zealand Green Building Council which is dedicated to promoting the benefits of sustainable buildings.

Green Projects Underway Include

8-14 Willis Street, Wellington



- ▶ **Target completion:** April 2021
- ▶ **NLA / WALT:** 12,300sqm/15 years
- ▶ **Tenant:** Dept. of Statistics NZ
- ▶ **Green Star rating:** Targeting 6 Star Built
- ▶ **NABERSNZ rating:** Targeting 5 Star
- ▶ **Value¹:** \$94.0m

107 Carlton Gore Road, Newmarket



- ▶ **Target completion:** December 2019
- ▶ **NLA / WALT:** 6,100sqm/12 years
- ▶ **Tenant:** Housing Corporation of NZ
- ▶ **Green Star rating:** Targeting minimum 4 Star Built
- ▶ **NABERSNZ rating:** Targeting 4 Star
- ▶ **Value¹:** \$44.6m

1. Expected value on completion based on 'as if complete' valuations performed by independent valuers.

Green Projects Completed Include

**15-21 Stout Street,
Wellington**



**82 Wyndham Street,
Auckland**



**Highgate Parkway,
Auckland**



► Completion:	2014	2018	2018
► NLA / WALT:	21,000sqm/7.3yrs	6,000sqm/6.7yrs	10,600sqm/8.9yrs
► Green Star rating:	5 Star Built	5 Star Built	5 Star Built
► NABERSNZ rating:	Targeting 5.5 Stars ²	Targeting 5 Stars	n/a ³
► Value¹:	\$111.0m	\$44.7m	\$29.5m

1. Independent market valuation as at 31 March 2019. 2. 5 Star rating expired September 2019 and currently under resubmission targeting 5.5 Stars. 3. NABERSNZ ratings are not available for industrial buildings.



Financials

FY19 Full Year Highlights

35.1%

Total shareholder return
for 12 months

5.0%

Net distributable income
increase

70.5m

\$ annualised revaluation gain,
4.3% above book value

100m

\$ successful Green Bond issue

6.94¢

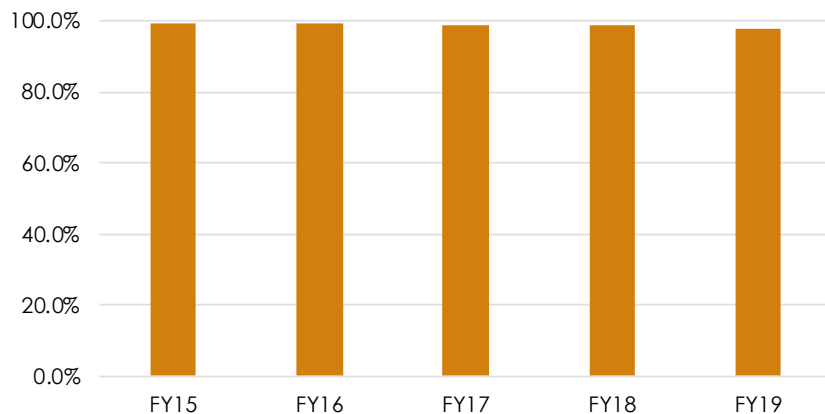
Net distributable income

6.275¢

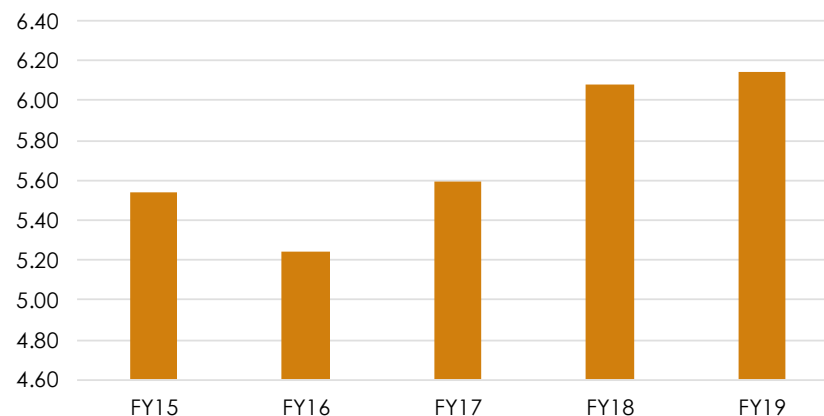
Full year dividend

5 Year Operating Snapshot

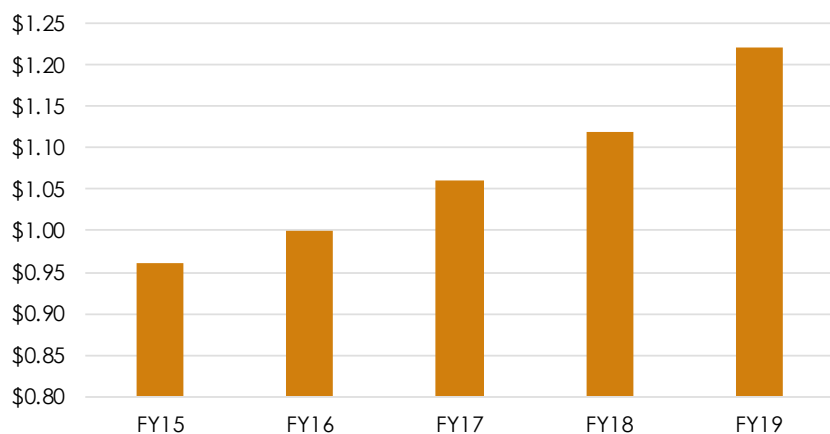
Occupancy



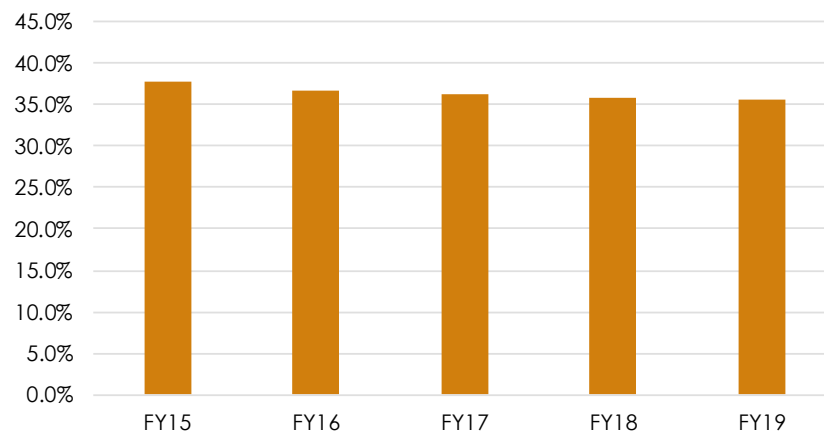
WALT (years)



Net Tangible Assets



Debt-to-total-assets



Data as at 31 March year end.

Funding & Interest Rate Management

- ▶ In March 2019 Argosy issued \$100m of 7 year senior secured fixed rate green bonds. The coupon was set at 4.00% per annum ("Existing Green Bonds").
- ▶ In September 2019, Argosy extended its bank facilities and expanded its syndicate.
- ▶ Argosy's incumbent banking partners of ANZ Bank New Zealand Limited, Bank of New Zealand and The Hongkong and Shanghai Banking Corporation Limited was expanded to include Commonwealth Bank of Australia and Westpac New Zealand Limited.
- ▶ As at 30 September 2019, Argosy's weighted average debt term including Existing Green Bonds, was 3.6 years.

	FY19	FY18
Weighted average interest rate ¹	4.75%	4.98%
Interest Cover Ratio	3.2x	3.3x
% of fixed rate borrowings	53%	62%

3.6 yrs

Weighted average debt term²

Note: Table data as at 31 March 2019. 1. Including margin and line fees. 2. As at 30 September 2019.

Green Bond Offer



Security

- ▶ The Guaranteeing Subsidiaries, being Argosy Property Management Limited, Argosy Property No.1 Limited and Argosy Property No.3 Limited, have granted an unconditional and unlimited guarantee of Argosy's obligations under the Green Bonds.
- ▶ The Green Bonds are secured by a general security interest granted by Argosy and the Guaranteeing Subsidiaries over all of their property (except any property held by it as trustee), together with first ranking Mortgages granted over all of the land (including the buildings and other fixtures on that land) owned by them.
- ▶ The guarantee and security interests are granted in favour of the Security Trustee for the benefit of all of the secured parties (including Holders) and can only be enforced in accordance with the Security Trust Deed.

Covenants and Default

Key covenants under the Trust Deed include:

- ▶ Borrowed Money Indebtedness¹ is no more than 50% of the Secured Property Value;
- ▶ No distributions to be paid if an Event of Default has occurred and is continuing, or would occur as a result of making that distribution.

Events of Default are set out in the Trust Deed and, in summary, include events such as:

- ▶ Non-payment of interest or principal by Argosy when due;
- ▶ Non-compliance with other material obligations under the Trust Deed;
- ▶ Material misrepresentation;
- ▶ An insolvency event;
- ▶ Un-remedied loan to value ratio breach within the grace periods set out in the Trust Deed.

If Argosy fails to comply with the Green Bond Framework or related matters or if the Green Bonds cease to satisfy the Green Bond Principles, no Event of Default or any other breach will occur in relation to the Green Bonds.

1. Borrowed Money Indebtedness means the aggregate principal amount of all outstanding indebtedness which is secured pursuant to the Security Trust Deed.

Loan to Value Ratio

- ▶ As at 31 March 2019:
 - ▶ The amount of Argosy's Borrowed Money Indebtedness¹ was \$596.2 million.
 - ▶ The Secured Property Value² was \$1,667.0 million.

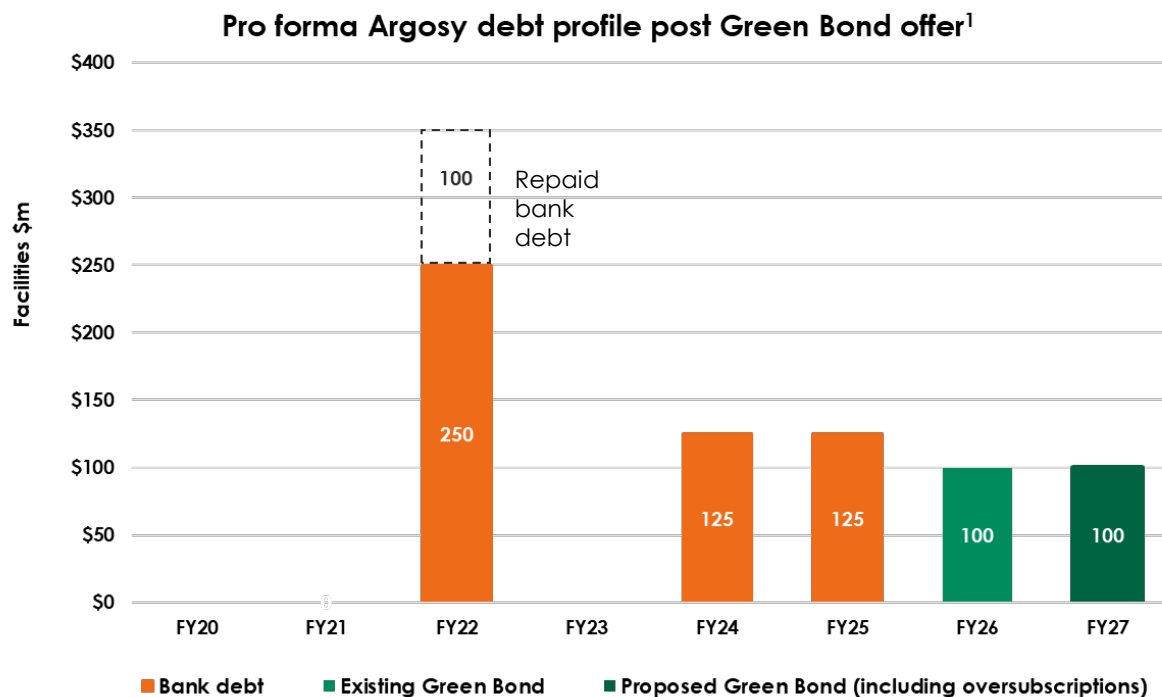
Loan to Value Ratio

Secured Money Indebtedness ¹	\$596.2m
Secured Property Value ²	\$1,667.0m
Loan to Value Ratio (%)	35.8%

1. Borrowed Money Indebtedness means the aggregate principal amount of all outstanding indebtedness which is secured pursuant to the Security Trust Deed.
2. Secured Property Value equals the fair market value, as determined by reference to independent market valuation as at 31 March 2019.

Adjusted Debt Profile & Tenor

- Increases funding diversification from 14% to 29% of total debt from non-bank sources after issuance.
- Extends weighted average funding tenor from 3.6 years to 4.3 years from expected issue date of 29 October 2019, and assumes \$100 million (including an additional \$25 million in oversubscriptions) of Green Bonds are issued and \$100 million of existing bank debt is repaid.



- This graph is for illustrative purposes only and does not represent Argosy's current debt profile.
- Estimated debt term following the Green Bond issue.

4.3yrs

Weighted average debt term²

Green Bond Framework

Use of proceeds	<ul style="list-style-type: none"> ▶ The proceeds of the Offer are intended to be used to refinance existing bank debt that supports Green Assets
External review	<ul style="list-style-type: none"> ▶ EY has issued a limited assurance report to Argosy in relation to the proposed use of funds raised through the issuance of the Green Bonds, including its Green Bond Framework
Monitoring & compliance	<ul style="list-style-type: none"> ▶ The Green Bond Framework provides that an annual assurance process will be undertaken by an independent third party assurance provider
Reporting	<ul style="list-style-type: none"> ▶ The Green Bond Framework provides for Argosy to publish semi-annual use of proceeds reports and report on any changes to the Green Bond Framework
Evaluation of Green Assets	<ul style="list-style-type: none"> ▶ To be eligible to be a Green Asset under the Green Bond Framework, the project or building must be certified as obtaining or targeting: <ul style="list-style-type: none"> ▶ A Green Star "Built" rating of at least 4 Stars; or ▶ A NABERSNZ "Energy Base Building Rating" or "Energy Whole Building Rating" of at least 4 Stars.

You can find the Green Bond Framework located on Argosy's website at <http://www.argosy.co.nz/investor-centre/greenbondframework/>.

Green Assets

Value of Existing Green Assets

Address	Use	Current NABERSNZ Rating	Green Star Rating	Asset Value ¹ (NZDm)
143 Lambton Quay	Office	4 Stars Energy Whole Building	5 Star Office Built	\$29.3
15-21 Stout Street	Office	Targeting 5.5 Stars Energy Whole Building ³	5 Star Office Built	\$111.0
82 Wyndham Street	Office	Targeting 5 Stars (in progress)	5 Star Office Built	\$44.7
Highgate, Parkway	Industrial	n/a ⁴	5 Star Industrial Built	\$29.5
Total Existing Green Asset Value				\$214.5

Value of Planned Green Assets

Address	Use	Current NABERSNZ Rating	Green Star Rating	Asset Value ² (NZDm)
8-14 Willis Street	Office	Targeting 5 Stars	Targeting 6 Star	\$94.0
107 Carlton Gore Road	Office	Targeting 4 Stars	Targeting minimum 4 Star	\$44.6
Total Planned Green Asset Value				\$138.6
Total Green Asset Value (Existing + Planned)				\$353.1

5 Star

Green Star rating average across existing green assets

1. Independent market valuation as at 31 March 2019.
2. Expected value on completion based on 'as if complete' valuations performed by independent valuers.
3. 5 Star rating expired September 2019 and currently under resubmission targeting 5.5 Stars.
4. NABERSNZ ratings are not available for industrial buildings.



Key Terms & Dates

MINISTRY OF BUSINESS
INNOVATION & EMPLOYMENT
HĀKINA WHAKATUTUKI

10:26 AM

Key Offer Terms

Summary	Detail
Issuer	Argosy Property Limited
Instrument	Senior secured fixed rate green bonds
Offer amount	Up to NZ\$75 million plus up to an additional NZ\$25 million of oversubscriptions (at Argosy's discretion)
Use of proceeds	The proceeds of the Offer are intended to be used to refinance existing bank debt that supports Green Assets. For more detail on Green Assets, see Argosy's Green Bond Framework as published at http://www.argosy.co.nz/investor-centre/greenbondframework/
Tenor & Maturity Date	7 years, maturing on 29 October 2026
Interest Rate	A fixed rate of interest will be payable on the Green Bonds until the Maturity Date. The Interest Rate will be determined on the Rate Set Date (18 October 2019) and announced via NZX on or about the Rate Set Date. The Interest Rate will not change over the term of the Green Bonds. The Interest Rate will be equal to the sum of the Base Rate and the Margin but in any case will be no less than the minimum interest rate announced via NZX on 14 October 2019
Indicative Margin range and minimum Interest Rate	To be announced via NZX on Monday 14 October
Interest Payments	Interest will be calculated on an annual basis and is payable in equal amounts in arrear on each quarterly interest payment date, being 29 January, 29 April, 29 July and 29 October in each year during the term of the Green Bond, commencing on 29 January 2020 and including the Maturity Date
Financial Covenant	The total principal amount of all indebtedness that is secured pursuant to the Security Trust Deed is no more than 50% of the Secured Property Value
Brokerage	0.50% of the aggregate principal amount of Green Bonds issued, plus 0.25% on firm allocations to be paid by Argosy
Issue Price / Minimum Application Amount	Each Green Bond is issued at par (NZ\$1.00 per Green Bond). The minimum application amount is NZ\$5,000 and in multiples of NZ\$1,000 thereafter
Quotation	Argosy intends to quote the Green Bonds on the NZX Debt Market. NZX ticker code ARG020 has been reserved for the Green Bonds

Key Offer Dates

Key Event	Date
Offer opens and announcement of minimum Interest Rate and indicative Margin range.	Monday, 14 October 2019
Firm bids due and Offer closes	Friday, 18 October 2019 (12pm)
Issue Date	Tuesday, 29 October 2019
Expected date of initial quotation and trading on the NZX Debt Market	Wednesday, 30 October 2019
First Interest Payment Date	Wednesday, 29 January 2020
Interest Payment Dates	29 January, 29 April, 29 July and 29 October in each year during the term of the Green Bonds
Maturity Date	Thursday, 29 October 2026

Appendices



Board of Directors



Mike Smith - Chairman

- ▶ Extensive management and corporate governance experience in New Zealand.
- ▶ Previous directorships include Lion Nathan, Fonterra, Auckland International Airport and Fisher & Paykel Healthcare.
- ▶ Current directorships include:
 - ▶ Greymouth Petroleum Limited
 - ▶ Maui Capital Aqua Fund Limited
 - ▶ Maui Capital Indigo Fund Limited.



Peter Brook - Director

- ▶ Extensive management and governance experience in New Zealand.
- ▶ Trustee of Melanesian Mission Trust Board.
- ▶ Current directorships include:
 - ▶ Burger Fuel Group Limited, *Chairman*
 - ▶ Trust Investments Management Limited, *Chairman*
 - ▶ Generate Investment Management Limited, *Chairman.*

Board of Directors



Chris Gudgeon - Director

- ▶ Involved in property, investment and development for more than 25 years in New Zealand.
- ▶ Most recently Chief Executive Officer of Kiwi Property Group and past President of Property Council of New Zealand.



Jeff Morrison - Director

- ▶ 41 years as a property lawyer, 29 of these as a partner at Russell McVeagh.
- ▶ Trustee of the Spirit of Adventure Trust and other charitable trusts.
- ▶ Holds a number of private company directorships.



Stuart McLauchlan - Director

- ▶ More than 25 years experience across corporate New Zealand.
- ▶ Chairman of the NZ Sports Hall of Fame, Scott Technology Limited, University of Otago Foundation Studies Limited and Past President of NZ Institute of Directors. He is also Acting Chair of UDC Finance Limited.
- ▶ Current directorships include:
 - ▶ Scenic Hotel Group Limited
 - ▶ Dunedin Casinos Limited
 - ▶ Ngai Tahu Tourism Limited
 - ▶ Ebos Group Limited.

Board of Directors



Mike Pohio - Director

- ▶ 25 years of experience across corporate New Zealand.
- ▶ Previously CEO of Tainui Group Holdings (TGH) and currently Chairman of BNZ Partners, Waikato Region.
- ▶ Current directorships include:
 - ▶ Ngai Tahu Holdings Corporation Limited
 - ▶ NIWA
 - ▶ Panuku Development Auckland Limited.



Rachel Winder - Director

- ▶ Rachel has over 20 years of property sector experience across a variety of roles including strategy, portfolio management and responsibility for multi-million dollar developments across the public and private sector.
- ▶ Rachel is currently Head of Property Services for Westpac New Zealand.

Management



Peter Mence - CEO

- ▶ An engineer by background, Peter has 36 years of experience in the property industry working with Progressive Enterprises, Challenge Properties, Richard Ellis and Green and McCahill.
- ▶ Peter has been with Argosy since 1994 and was appointed Chief Executive in 2009.
- ▶ He is a Fellow of the Property Institute, a past lecturer at The University of Auckland and past President of the Property Council of New Zealand.



Dave Fraser – CFO

- ▶ Has over 29 years in senior financial and general management roles both in New Zealand and overseas, including a period in Japan as a senior vice president with the Jupiter Group.
- ▶ Joining in 2011 he now oversees the financial and corporate activities of Argosy.
- ▶ Dave is a qualified Chartered Accountant, and holds a Bachelor of Commerce and MBA from The University of Auckland.