

# Investor Update

March 2024



## New green industrial development kicks off



224 Neilson Street, Onehunga, Auckland.

### WHAT are we building?

The \$100 million-plus industrial estate will create a new standard for industrial buildings. The 3.5ha site is located on the north side of Neilson Street in Auckland's central industrial corridor. It is strategically located 8km from the city centre with excellent access to both motorway networks SH1 (3km) and SH20 (1.5km). The first building to be developed (of two) will be approximately 5,000m<sup>2</sup>, and has a targeted completion date of January 2025.

The estate is targeting a 6 Green Star Design including high stud office/warehouse options across the two buildings planned for the site.

### WHY are we building it?

Demand continues to drive additional supply. However, limited land supply in Auckland continues to place pressure on land values, with prime sites holding their value. Rent continues to show growth in well located assets.

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We are excited about the level of demand we're receiving in the market for this type of development. We believe industrial green developments will continue to be in high demand.”

Marilyn Storey  
HEAD OF DEVELOPMENT

Vacancy is forecast to increase slightly, but overall still remains very low, with limited speculative supply.

### WHO are we building for?

We are building for tenants seeking excellent transportation connectivity, including proximity to major highways and airports. Tenants with a focus on the environment will want buildings certified with Green Star and NabersNZ efficiency ratings. It's these features that will be attractive to and valued by, the market.

## Our sustainability practices



Targeting 6 Star Green Star Design & As-Built rating



Solar panels



Low carbon design materials & manufacturing processes



Rainwater harvesting and tanks - low consumption water fittings throughout



EV chargers installed, ability to add truck chargers



Energy Management System



New energy efficient heat recovery air conditioning system



Designed for climate change up to 1.5°



Intelligent LED lighting with daylight and occupancy sensors

## New Green industrial development kicks off cont.

### WHAT ARE SOME OF THE GREEN FEATURES OF THE DEVELOPMENT?

Energy-efficient features, such as LED lighting, high-performance windows, and insulation, can significantly reduce energy consumption and therefore carbon emissions.

224 Neilson Street will utilise renewable energy sources like solar panels and rain-water harvesting to further reduce its impact on the environment, making it more environmentally friendly and sustainable.

Another key aspect of the development is indoor air quality. Green buildings often feature advanced ventilation systems and low-emission materials, which help maintain clean and healthy indoor environments.

Improved air quality can lead to better occupier health and productivity, making it a significant benefit for tenants and their staff. Neilson Street will be offering all of these features.

## People Update

### TOUCH RUGBY - WHAT A GAME!

Over the New Year break Head of Investor Relations and Corporate Communications, Stephen Freundlich, had his fourth year playing both the Baabaa's Tournament in Papamoa and the Annual Whakatane Touch Tournament which has been running for over 30 years. Playing for the Galaxy Club masters team, Stephen's team took out the Baabaa's tournament for the 4th year running on Friday 6th January playing 5 games on the day. The following day the team played six games, with 30-40min breaks between games. Making the final, the Galaxy team lost 7-4 to AZ1 who were too good on the day.

## ARGOSY PHILANTHROPY RECOGNISED



In November Argosy was recognised by Waipapa Taumata Rau University of Auckland at the Chancellors Dinner. The dinner was held to recognise the sustained financial support and generosity of individuals and organisations over the years.

The Chancellors Circle inducted 24 individuals and organisations into the Sir Douglas Robb Society which recognises donors who have given over \$100k to the University of Auckland.

Over the years, these contributions have supported students in need and strengthened the University's capabilities to teach and conduct research at a world-class level. Four Argosy staff attended the event on behalf of the company to accept the acknowledgement.



Argosy staff: Mickey Sutinovski, Sophie Stone, Jeremy Koh and Warren Cate.



Galaxy Over 40's Team



# CEO Comment

Peter Mence  
CHIEF EXECUTIVE OFFICER



We near the end of the financial year in a good capital and portfolio position.

However, while we think the year will be challenging, we are prepared and we know what to do and how to do it.

The inflation side of the equation is still mixed with the rate of decline still a point of contention for commentators and the Governor of the RBNZ. That said, the Governor's decision to hold the OCR at 5.5% implies expectations of further interest rate rises have moderated, although the pain for homeowners rolling off low rates continues to bite.

The wider economy is still weak with the ANZ NZ Weekly wrap noting early indicators showing a sluggish environment. Arguably, everyone from businesses, tenants, employers and homeowners are all starting to feel the pinch.

While its looking tough in the short term, Argosy is well prepared and well placed. Our balance sheet is sound and we have divested some of our low growth office assets to redeploy that capital into industrial value add opportunities.

The portfolio is in good shape but we acknowledge we have some leasing challenges in the year ahead.

## RENT REVIEWS AND LEASING

For the 11 months of the FY24 year to 28 February we completed 64 rent reviews achieving annualised rental growth of 3.6%. These reviews were achieved on rental income totalling \$52.8m.

On rents subject to review by sector, we achieved annualised rental growth of 3.9% on office reviews, 3.2% on industrial reviews and 3.5% for large format retail.

Auckland accounted for 61% of all reviews by rent and achieved a 3.0% annualised increase and Wellington a 4.6% increase.

During the 11 months we completed 28 leasing transactions covering 142,696m<sup>2</sup> or around 9% of the total portfolio.

Leasing transactions completed included 19 new leases, 3 extensions and 6 renewals.

The team has worked very hard over the 11 months and achieved some exceptional leasing outcomes including:

- The Mind Lab Limited, 99-107 Khyber Pass, 875m<sup>2</sup> renewed for 4 years;
- Carr & Haslam, Mt Richmond, 33,945m<sup>2</sup> renewed for 4 years;
- Carr & Haslam, Mt Richmond, 31,877m<sup>2</sup> renewed for 4 years;
- Electrix Limited, 15 Unity Drive and Rothwell Avenue, 14,000m<sup>2</sup> renewed for 4 years;
- The Warehouse, Albany Mega Centre, 908m<sup>2</sup> renewed for 3 years;
- The Warehouse, Taupo, 4,212m<sup>2</sup> renewed for 5 years;
- NIWA, 82 Wyndham Street, 2,650m<sup>2</sup> on a new 12 year lease;
- and Steel & Tube Holdings Limited, 39 Randwick Road, 2,097m<sup>2</sup> renewed for 3 years.

## CAPITAL MANAGEMENT

We continue to manage our balance sheet sensibly and our debt to total assets ratio as at February 28 was 35.3%, in the middle of the target 30-40% range.

## LOOKING AHEAD

The financial year ahead is going to present a challenge. From building work put in place to manufacturing volumes and sticky inflation, many indicators point towards a very tough year ahead for business and consumers alike.

While we do have a sound capital position and solid portfolio metrics, we will face a tougher leasing environment given the macro-economic backdrop.

I do look forward to updating you fully at our 2024 full year annual result webcast which will be released on 22 May 2024.

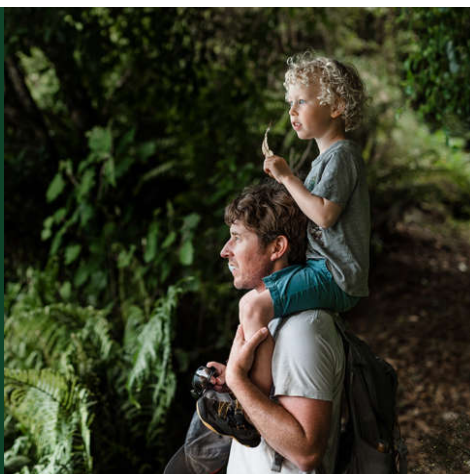


## Roadshow

As usual, planning for the 2024 Retail Roadshow is well underway. Chief Executive Officer Peter Mence is planning to start the 13-city tour around New Zealand on Wednesday 19 June, the day after the Annual Shareholders Meeting on 18 June.

The Retail Roadshow will end on 12 July in Whangarei and remains a key engagement tool for management to meet directly with shareholders and update them on the business performance, sustainability objectives and 10-year strategic plan.

# ESG Update



## Keystone Trust Scholarship

During the year Argosy became a Keystone Trust Scholarship partner. On 14 February Argosy's Head of Investor Relations & Corporate Communications Stephen Freundlich and Head of Sustainability Saatyesh Bhana proudly presented Monette MacDonald with her 2024 Keystone Argosy Property Limited Scholarship at the Keystone New Zealand Property Education Trust Awards evening held at the Maritime Museum.

Monette is in her 3rd year of study towards her Bachelor of Architecture at the University of Auckland.

This is Argosy's first year as a scholarship partner where it supports students studies financially as well as providing industry introductions, making connections and practical work experience where possible.

The Keystone Trust was established to support young people in their pursuit of tertiary education in the property sector and offers financial support, mentoring and opportunities to network with people across the industry.

Congratulations and all the best Monette!

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Amongst other things, Monette was chosen for her outstanding dedication to her study whilst living away from home and working all at the same time.”

Stephen Freundlich  
ARGOSY PROPERTY



Stephen Freundlich (Head of Corporate Communications & Investor Relations), Monette MacDonald (Scholarship recipient), Saatyesh Bhana (Head of Sustainability)

## Graeme Dingle Foundation

Argosy established its partnership with the the Graeme Dingle Foundation (GDF) last year. The GDF was established in 1995 to provide positive child and youth development by empowering children to overcome obstacles. Their programmes are currently delivered to over 27,000 young people in 10 regions across New Zealand every year.

On 22nd March the Foundation is running a volunteer day @ Te Hōnonga a Iwi Restoration, in Albany. Ten Argosy staff will be utilising their volunteer staff day to help on the day. This is a fantastic opportunity for Argosy staff to join the GDF in living the values they teach in their programmes. These values include maintaining respect for our local environment, integrity to do the right thing, and supporting the resilience of the natural environment through positive relationships with our community.

We look forward to reporting back on how the day unfolds later in the year.



## Variety - the Children's Charity

Variety is a valued community partner of Argosy's and remains an amazing organisation that helps support those families most in need. Argosy is a regular supporter of Variety's 'kids in beds' winter appeal and last winters \$10,000 support went towards blankets, bedding packs and beds. As usual, it was very pleasing to see Argosy staff again support the cause topping up the company sponsorship by a further \$765 making a total sponsorship package of \$10,765. In recent times, its been as important as ever to support those most in need.

'KIDS IN BEDS' WINTER APPEAL 2023

# \$10,765

Total sponsorship package of \$10,765





## Spirit of Adventure Trust

Argosy continues to value its longstanding partnership with the Trust. Last year two students again took part in a 10 day voyage, number 877. Of their experience, one of the students noted that “I learned so many wonderful skills and became friends with some amazing people. This was a wonderful opportunity that wouldn’t have happened without your funding.”

For further information on the 10 day youth development programme visit [www.spiritofadventure.org.nz](http://www.spiritofadventure.org.nz).

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She had an amazing time and I’m so pleased that with the financial support from Argosy, we were able to make this happen for her.”

Nicole Garland  
HEAD OF FUNDRAISING, SOAT



## Catalytic Foundation

In December 2023, Argosy were proud to again support last years Christmas Shoebox Campaign, a project organised by the Catalytic Foundation to distribute Christmas gift boxes to children in need all over New Zealand. Argosy supported the campaign in the order of \$2,000. As usual, the Christmas gift boxes were delivered to families in hardship through local community charities around the country, ensuring that it goes to those who need it most.

CHRISTMAS SHOEBOX CAMPAIGN

# \$2,000

Total sponsorship of \$2,000

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Thank you so much for your support again this year. This means so much to families who thought their children were going without this year.”

Teresa Moore  
CEO, CATALYTIC FOUNDATION



PROPERTIES

51

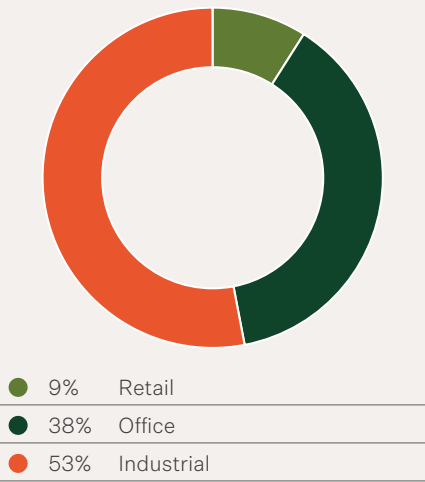
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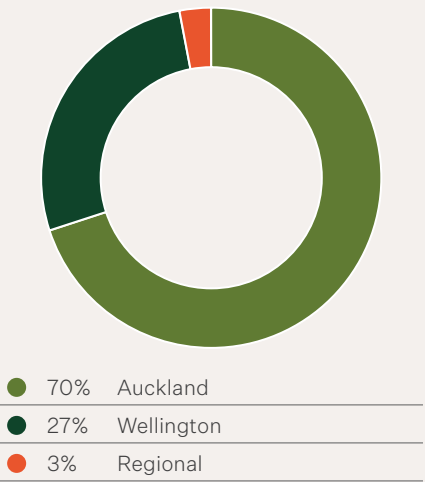
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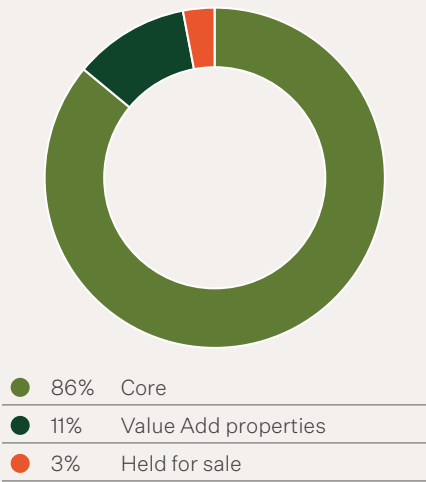
TOTAL PORTFOLIO UPDATE  
by sector



TOTAL PORTFOLIO UPDATE  
by region



TOTAL PORTFOLIO UPDATE  
by asset type



Dividend

The third quarter dividend for the 2024 financial year of 1.6625 cents per share, with imputation credits of 0.185738 cents per share attached. The record date for the dividend was 13 March 2024 and the payment date is 27 March 2024. Overseas investors will receive an additional supplementary dividend of 0.084284 cents per share to offset non-resident withholding tax.

Important dates

- QUARTER 3 (FY24) DIVIDEND PAYMENT  
27 March 2024
- FY24 ANNUAL RESULTS ANNOUNCEMENT  
22 May 2024
- FY24 ANNUAL SHAREHOLDERS MEETING  
18 June 2024
- QUARTER 4 (FY24) DIVIDEND PAYMENT  
June 2024
- QUARTER 1 (FY25) DIVIDEND PAYMENT  
September 2024

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