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Update and positive leasing environment

P. 2 CEO Comment
Peter Mence gives a brief update

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Argosy continues supporting good causes

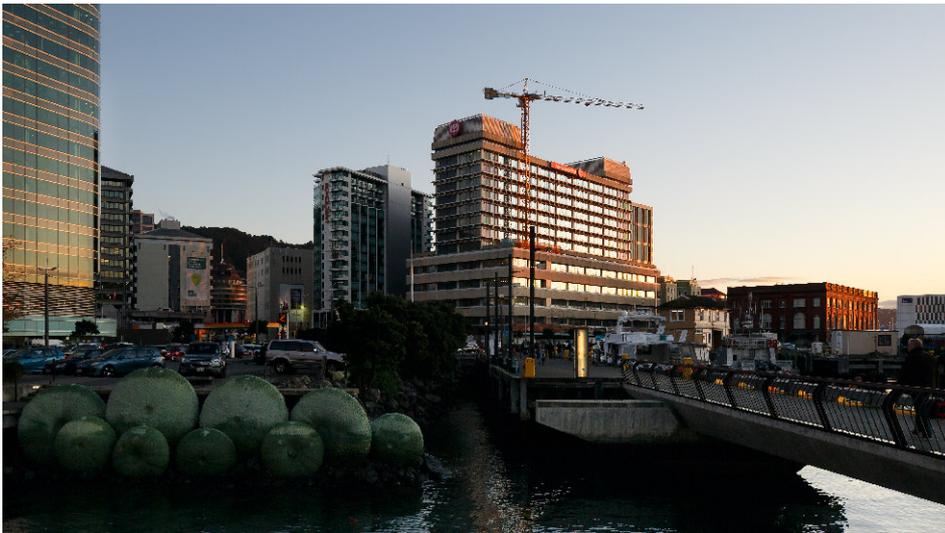
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Key stats as at 28 February 2019

Argosy

Investor Update



7 Waterloo Quay - a new lease of life



Argosy's 14 level property at 7 Waterloo Quay in Wellington sustained damage in the 7.5 magnitude Kaikoura earthquake on 14 November 2016. Independent engineers confirmed that the building is structurally sound, but it suffered damage to fit out and services. Reinstatement of the damaged floors has progressed well and Argosy has proceeded to make damaged levels in the building available for occupation by tenants by 2019 calendar end.

Wellington supply is tight. Leasing environment positive.

The current leasing market for seismic compliant buildings is strong given limited supply following the 2016 earthquake.

Quality CBD office space is so scarce in Wellington rents are escalating and tenants are negotiating renewals up to three years ahead of expiry, according to real estate services firm CBRE. The Kaikoura earthquake has reduced Wellington's office market by an estimated 100,000sqm with buildings requiring extensive upgrades and earthquake strengthening. Senior analyst Richard Carr said the capital had only about 600sqm of prime office space available for lease, an extremely tight vacancy rate of 0.2 per cent, which included half a floor at 20 Customhouse Quay. Most new supply is still several years away due.

Total net lettable area (sqm) including ground level

25,000

Net lettable area (sqm) of each podium floor

3,000

Total floors

12

Podium floors

4

Snapshot

People



Stephen Freundlich **Head of Investor Relations**
(Back row, three in from left)

Stephen Freundlich recently competed at the New Zealand Touch Nationals for the Auckland Mens over 45's touch team, beating Bay of Plenty (BOP) in the final. Having beaten BOP 8-4 the day earlier, the Auckland team played poorly and were down 5-2 at one stage. Fighting back to 6-5 and still trailing after the hooter sounded, Auckland managed to score and take the game to a drop-off (where teams reduce by 1 player every 2mins until there are only 3-a-side). Down to 4-a-side, the Auckland 45's managed to score and snatch victory from the jaws of defeat! "It was an ugly win, but we'll take it". Stephen has also been selected for the New Zealand Men's 45's for the Touch World Cup being held in Kuala Lumpur from 28-April to 4th May. Good luck and win Gold in KLI!

New staff

The Argosy team has had a few more changes since September. Neil Heron (Leases / Accounts Receivable Administrator), Radeesha Sumansakara (Accounts Assistant) and Sarah Garner (Accounts Payable Administrator) have all joined the Argosy team. Neil joins Argosy from Archibald & Shorter and has a Bachelor of Commerce double majoring in Accounting and Commercial Law at Auckland University. Radeesha is originally from Sri Lanka and has been in New Zealand for 5 1/2 years. She has a BSc in accounting and finance from the University of London. Sarah is originally from the UK and has been in New Zealand with her husband and two young girls for 7 years. She previously worked for Samsung for 6.5 years before starting at Argosy. Welcome aboard team!

Business update

We have had a strong start to the 2019 calendar year with a lot of activity across the business. We have been working hard to maintain momentum and deliver across key areas – particularly vacancy. I'm pleased to be able to report we have achieved some very positive results during the second half of the financial year.

Rent reviews and leasing

For the 11 months to 28 February we completed 90 rent reviews achieving annualised rental growth of approximately 2.8%. These reviews were achieved on rents totalling \$35.3m. On rents subject to review by sector, we achieved annualised rental growth of approximately 3.0% on industrial rent reviews, 2.5% for office rent reviews and 2.5% for retail rent reviews.

Auckland accounted for 84% of all rent reviews and delivered a 2.8% annualised increase and Wellington a 1.8% increase. Importantly, we concluded rent reviews with some of our bigger tenants including Tonkin & Taylor, Hall's Logistics, The Warehouse Limited, Visy PET (NZ) Limited and Polarcold Stores Limited.

In addition, we completed 38 leases, mixed between extensions (8), renewals (11) and new leases (19). At the start of FY19, by income we had 9.9% of income expiring in FY19 across 29 leases.

We continue to work hard on remaining expiries. As at 28 February, we only had 3.0% remaining across 11 leases. Of particular note, Winstone Wallboards Limited signed a 9 year lease over an 8,000sqm industrial property at 147 Gracefield Road, Wellington.

Argosy has achieved some excellent leasing outcomes over the second half of the financial year including;

- Winstone Wallboard Limited, 9 years at 147 Gracefield Road;
- The Baby Factory, 3 years at Albany Mega Centre;
- Sealegs International, 2 years at Unity Drive, Albany;
- Look Sharp, 6 years at Albany Mega Centre.

Peter Mence **Chief Executive Officer**



Divestments and acquisitions

In the second half of the financial year we settled the sale of 626 Great South Road, Greenlane on 30 November 2018. The property was sold at a price of \$10.6 million, 8% over the book value of \$9.8 million. The property at 31 El Prado Drive was settled in December 2018 for \$35.5 million, which represents a 25% premium over book value immediately preceding the September valuation.

Argosy has also acquired 54 Jamaica Drive adjacent to Argosy's vacant development land at 56 Jamaica Drive and 68 Jamaica Drive (Iron Mountain). The acquisition for \$3.5 million and is leased to Big Chill Distribution which has 4.5 years remaining. With Big Chill's other facilities at capacity, Argosy is progressing plans for a small development on the vacant land to support Big Chill's growing business. The acquisition coupled with the development opportunity delivers marriage or upside value to all three sites.

Development update

180-202 Hutt Road, Placemakers. The Stage 1 1,300sqm of showroom and office will be complete in mid April. The Stage 2 works comprising the drive through warehouse and hardstand area will be complete in December. Once complete and subject to market demand, work will commence for additional bulk retail space on the vacant site of approximately 2,000sqm.

I look forward to updating investors further at our full year results to be announced in May.

Development	Location	Total Cost	Spend to date	Forecast Completion
Placemakers	Wellington	\$10.6m	\$4.7m	Mid 2019
Total		\$17.9m	\$7.7m	

Environmental and Social Update

Through FY19 Argosy has continued to engage on its social responsibility commitment and to actively support local communities. Below we provide an update of some of the outcomes achieved by the local community organisations that Argosy supports:



Pillars
Ka Pou Whakahou

Pillars New Zealand Partnership

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 December 2018, Argosy supported Pillars by sponsoring a Christmas Party for mentors and mentees. Held at Camp Adair, over 40 mentors and mentees attended this awesome day. Mentees got to choose between a high ropes course and a mud adventure course, where they could finish up with a huge mud slide! The younger kids went in the morning and the older ones in the afternoon. Everyone had a huge Christmas lunch together followed by Santa handing out presents to every child. Well done Pillars and keep up the amazing work!



Environmental update - Green Bond offer

Argosy recently announced its Green Bond offer for \$100m of senior secured fixed rate 7 year green bonds to New Zealand retail and institutional investors. The proceeds of the Green Bonds are intended to be used to refinance existing bank debt that supports Green Assets. Green Assets are office, industrial or retail buildings, including upgrades, that meet certain criteria established by Argosy in its Green Bond Framework. The bonds are expected to be issued on 27 March and be trading on the NZX Debt Market on 28 March.

Surf Life Saving

Red Beach SLSC. Red Beach and Pakiri have experienced better conditions over the prior summer. The 2017/18 season saw strong easterlies with a lot of surf and rough conditions which resulted in a lot more searches. The 2018/19 summer had more numbers at both beaches but overall volunteer hours were lower due to favourable sea and weather conditions.

Hot Water Beach SLSC on the Coromandel is another community partner of Argosy's. Over the 2018/19 summer period, Cathedral Cove and Hahei statistics were as follows: 1472 Lifeguard hours, 740 preventative actions, 75 minor 1st Aids, 5 Major 1st Aids, 13 people assisted to safety, 3 missing person searches and 2 rescues! Cathedral Cove access is limited to a 45min walk over tracks or by boat or helicopter. Service to this beach and others was helped by the purchase of a new outboard engine for the rescue boats from Argosy's support. Great stuff team!



2019 Retail Roadshow

Shortly after the 2019 annual results have been released Argosy will again be hosting a three-week retail roadshow through June. Chief Executive Officer (CEO) Peter Mence and Chief Financial Officer (CFO) Dave Fraser and Head of Investor Relations (HoIR) Stephen Freundlich will be touring across 13 cities across New Zealand to review the 2019 annual financial results and provide an update on Argosy's strategy. As usual, they will be available to answer your questions. We would encourage you to make the most of this opportunity to attend and speak with the senior management team. In addition, some of our directors will again be attending the roadshows so please take the opportunity to speak with them and ask questions.

The 2019 Retail Roadshow venues and dates are listed below. An invitation to the event which will contain further information will be sent shortly. Investors will be asked to go to our website and select which location and date they wish to attend.

Location	Date
Wellington	Monday, 28 May
Masterton	Tuesday, 29 May
Palmerston North	Tuesday, 29 May
New Plymouth	Wednesday, 30 May
Tauranga	Thursday, 31 May
Hamilton	Thursday, 31 May
Dunedin	Tuesday, 5 June
Invercargill	Wednesday, 6 June
Christchurch	Thursday, 7 June
Nelson	Friday, 8 June
Auckland	Tuesday, 12 June
Napier	Thursday, 14 June
Whangarei	Monday, 18 June

Properties

60

Tenants

178

WALT

5.8yrs

Weighted average lease term

Portfolio

\$1.62b

Total portfolio value

Occupancy

98.7%

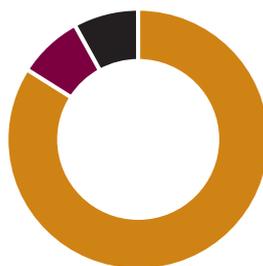
Occupancy (by rent)

Total portfolio update By sector



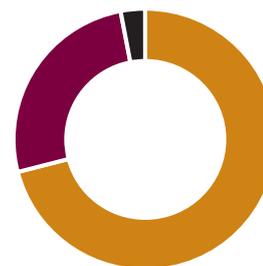
- 44% Industrial
- 38% Office
- 18% Retail

Portfolio mix by asset type



- 84% Core
- 8% Value Add properties
- 8% Properties and land to divest

Total portfolio value by region



- 71% Auckland
- 26% Wellington
- 3% Nth Island regional & Sth Island

Dividend

The **THIRD QUARTER DIVIDEND** for the 2019 financial year of 1.5625 cents per share, with imputation credits of 0.4402 cents per share attached, will be paid on 27 March 2019.

Important dates

FY19 Q3 DIVIDEND PAYMENT

27 March 2019

FY19 ANNUAL RESULTS ANNOUNCEMENT

22 May 2019

FY19 Q4 DIVIDEND PAYMENT

June 2019

ANNUAL MEETING

July 2019

FY20 Q1 DIVIDEND PAYMENT

September 2019

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