

12.10.2023

# Market Release

## FY24 Interim Valuation Update to 30 September

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Argosy Property Limited ('Argosy') today announced that for the 6 months to 30 September 2023, it expects to record an interim portfolio revaluation loss of \$49.5 million, a 2.3% decrease on book values immediately prior to the revaluation. The values remain subject to audit.

Overall cap rates softened by 19 basis points to an average of 6.03% and this was a primary driver in revaluation decreases. By sector, Industrial decreased \$14.6 million or 1.3%, Office declined by \$25.3 million or 3.1%, and Large Format Retail declined by \$9.6 million or 4.7%. The portfolio is 12.8% under-rented, excluding market rent on developments. More detail is provided in the appendix to this release. Based on the provisional revaluation announced today, Argosy's adjusted NTA would be approximately \$1.52 per share compared to \$1.58 as at 31 March 2023, and gearing remains in the middle of the target range at approximately 36%.

The impact of the softer cap rates has been partially offset by increases in market rents. Value added by increased lease terms has in some instances mitigated value declines. The market has continued to show a clear premium attached to green buildings.

The independent desktop valuations as at 30 September were completed on all properties. Peter Mence, CEO of Argosy said, "Argosy's focus on green property assets continues to demonstrate clear benefits in tenant demand and now in relative value, particularly in a softer asset market."

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	30 Sep 23 Book Value (\$m)	30 Sep 23 Valuation (\$m)	△ \$m	△ %	Sep 23 Cap rate %	Mar 23 Cap rate %
Auckland	1,520.3	1,493.2	(27.0)	(1.8%)	5.93%	5.66%
Wellington	580.6	560.0	(20.6)	(3.5%)	6.23%	6.25%
North Island Regional & South Island	59.9	58.0	(1.9)	(3.1%)	6.50%	6.25%
<b>Total</b>	<b>2,160.7</b>	<b>2,111.2</b>	<b>(49.5)</b>	<b>(2.3%)</b>	<b>6.03%</b>	<b>5.84%</b>

	30 Sep 23 Book Value (\$m)	30 Sep 23 Valuation (\$m)	△ \$m	△ %	Sep 23 Cap rate %	Mar 23 Cap rate %
Industrial	1,132.6	1,118.0	(14.6)	(1.3%)	5.65%	5.48%
Office	822.2	797.0	(25.3)	(3.1%)	6.42%	6.23%
Large Format Retail	205.9	196.3	(9.6)	(4.7%)	6.59%	6.25%
<b>Total</b>	<b>2,160.7</b>	<b>2,111.2</b>	<b>(49.5)</b>	<b>(2.3%)</b>	<b>6.03%</b>	<b>5.84%</b>

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