
MARKET RELEASE

Argosy Restructures Interest Rate Hedging Portfolio

Argosy Property Limited is pleased to advise that it has restructured its interest rate hedging portfolio. The average duration has been lengthened to 7.0 years from 5.5 years, the weighted average interest rate of the interest rate swaps portfolio has reduced from 6.03% to 4.67% (excluding swaps expiring in December this year at 2.89% and 2.94%) and the overall amount of fixed rate hedging has increased from \$283 million to \$310 million, representing 72.5% of current borrowings.

This restructuring will result in extended fixed rate cover at a lower average interest rate. Argosy has taken this opportunity to bring down the average fixed rate interest cover at a point where long term rates remain in the lower quartile and with the Reserve Bank of New Zealand poised to embark on a series of official cash rate rises. The weighted average fixed interest rate is now within the range of the Reserve Bank of New Zealand's neutral 90 day rate of 4.50% ± 0.50%.

Argosy will make tax deductible swap close out payments of \$11.1 million in March 2014 and \$11.3 million in June 2014 to achieve this restructure. The company has the balance sheet capacity to make these payments and will remain within its medium term debt-to-total assets ratio policy of 35-40%, after both payments have been made.

Savings in interest costs on the previous interest rate hedges will be considerable. Argosy will achieve annual interest cost savings of at least \$3.7 million per annum through to March 2019, with further savings thereafter.

The restructure will have no impact on reported earnings for the 2014 financial year. The expected annual dividend for the March 2014 and March 2015 years, as advised in the September Interim Report, remains unchanged at 6 cents per share.

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Press enquiries

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Argosy Property Limited

Argosy Property Limited is one of the largest diversified property funds listed on the New Zealand Stock Exchange. It has a \$1,180 million portfolio of 66 properties across the retail, commercial and industrial sectors. Argosy is, and will remain, invested in a portfolio that is diversified by primary sector, grade, location and tenant mix. The portfolio is located in the primary Auckland and Wellington markets with modest tenant-driven exposure to provincial markets.