

Investor Update

September 2024



PCNZ 2024 Supreme Award Winner



8-14 Willis Street, Wellington.

In June, Argosy won the Supreme Award at the 2024 Property Council New Zealand awards for 8-14 Willis Street in Wellington.

The building was awarded both "Excellence" and "Best in Category" awards in two categories including Sustainability and Heritage & Adaptive Reuse.

With over a decade of sustainability experience with previous Green Star projects, Argosy applied this to develop Wellington's first

Built 6 Star Green Star building featuring dynamic dampers to absorb earthquakes and decarbonisation strategies which are expected to lower overall carbon emissions by 38% over a 60-year lifespan.

The result of the project was 12,000m² of premium quality space which has enabled the tenant to achieve a people-centered workspace reflective of cultural narratives and values including manaakitanga (hospitality)

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We took an inventive approach to applying technology and this contributed to our Green Star rating. Utilising the experience of our design build team, taking those calculated risks and seeing ‘it work’ makes you smile.”

Saatyesh Bhana
HEAD OF SUSTAINABILITY

and kaitiakitanga (guardianship). In addition, the building retains its original heritage façade.

The judging panel were particularly impressed not only by the complexity of the build but also the thoughtfulness of the construction. Andrew Evans, chief judge, Property Industry Awards said, “This is a particularly tight site which makes construction, waste sorting on premise and rubble removal tricky, further impacted by the need to maintain the original structure on the frontage.



8-14 Willis Street, Wellington.

"The Argosy team approached challenges, along with the rest of the project, in an innovative manner, capitalising on all their learnings over the last 10 years of sustainable building."

Patrick Arnold, a Green Star assessor is a big fan of building reuse and says "8-14 Willis Street spells out the huge potential to regenerate tired buildings from the past."

"Even without considering its environmental accreditation, walking around the building today it's been opened up across the floors, at the façade and atriums. It's just an incredibly nice building to be in."

His project highlights include thermally broken window joinery (unusual for a commercial office building), an innovative rooftop solar hot water system using heat pump technology (reducing greenhouse gas emissions) and diversion of more than 90 percent of construction waste,

"the environmental benefits of which can't be understated."

The project scored 10 out of 10 for innovation.

McKee Fehl Construction services project manager, Hendrik Prins says "8 Willis Street has been a complex design and build contract which has utilised state of the art methodologies to deliver a stunning product."

"This project presents an example of ways where old, existing buildings in the Wellington region can be reused and strengthened to create a world-class space."

People Update



NEW STARTERS - ALISHA CHAND

Alisha Chand joined Argosy as Legal Counsel (Sustainability) in April 2024. With the regulatory nature around ESG reporting and compliance continuing to become more complex, Argosy boosted its resourcing in this area. Alisha attended Auckland Girls' Grammar School and graduated from the University of Auckland with a Bachelor of Laws and Bachelor of Commerce (conjoint). Prior to joining, Alisha worked as a solicitor at a large Auckland law firm. Outside of work, she enjoys travelling, playing netball, and spending time with her golden retriever, Oscar. As well as planning for her wedding in 2025!

Retail Roadshow



The 2024 Retail Roadshow was successfully concluded in July. Chief Executive Officer Peter Mence completed the 13-city tour around New Zealand on 12 July and said, "It was rewarding to see so many investors during the roadshow. I was particularly pleased to see many investors I now know well, along with a few new ones too." The Roadshow remains a key engagement tool for management to meet directly with shareholders where over 700 Argosy shareholders attended across all cities and continue to exhibit a deep understanding of the business and the listed property space generally.

CEO Comment

Peter Mence
CHIEF EXECUTIVE OFFICER



Since I last wrote to you, I am extremely proud to advise you that Argosy won the Supreme Award at the 2024 Property Council New Zealand awards held in June for its 8-14 Willis Street, office building in Wellington. This was an incredible achievement for our company, staff and all our partners who worked on the project.

The award really reflects all the cumulative learning over the last 10 years across all the green projects we've completed, so this win really is a solid validation of our green strategy.

As we near the mid-point of the FY25 year, there is cause for a little more optimism. Operationally, the portfolio remains in good shape and our capital position is sound. Our arrears are very low and any changes in tenants have occurred at higher rentals.

In addition, we expect to see the economy show some positive signs over the coming months with the RBNZ Governor announcing the first cut to the OCR of 25 basis points and the market pricing further cuts in the near term.

A lower OCR will have a positive impact on property values and the real estate research suggests that some firming of property values is already beginning to become evident.

We expect homeowners to welcome lower mortgage rates and business confidence should gain a well needed boost.

We continue to complete our green developments and master plan for our industrial Value Add opportunities. The leasing market remains quite challenging, but with the first OCR cut now made since 2020, enquiry levels have measurably increased and we expect that leasing activity will improve over the second half of the financial year.

RENT REVIEWS AND LEASING

For the four months to 31 July, we completed 32 rent reviews achieving annualised rental growth of 2.4%. These reviews were achieved on rental income totalling \$21.1m. On rents subject to review by sector, we achieved annualised rental growth of 2.2% on office reviews, 2.6% on industrial reviews and 2.9% for large format retail. Auckland accounted for 48% of all reviews and achieved a 2.7% annualised increase and Wellington accounted for 52% of all reviews and achieved a 2.1% annualised increase.

During the four months to 31 July, we completed 23 leasing transactions covering roughly 17,795m² or around 3.0% of the total portfolio. Leasing transactions completed included 12 new leases, 5 extensions and 6 renewals.

Over the first four months of FY25 the team has achieved some great leasing outcomes including;

- New Zealand Educational Institute, 101 Carlton Gore Road, 984m² on a new 7yr lease
- Booths Logistics, 32 Bell Avenue, 8,790m² on a new 3yr lease
- Trusts Investments Management Ltd, 105 Carlton Gore Road, 529m² on a new 8yr lease
- Chorus New Zealand, 620m² on a 3yr renewal
- Cotton on, Albany Mega Centre, 1,718m² on a 10yr renewal
- Machirus Warehousing & Logistics, 39 Randwick Road, 1,745m² on a new 5 year lease.

BANK REFINANCING

In July Argosy announced it had extended its syndicated bank facilities with ANZ Bank of New Zealand Limited, Bank of New Zealand Limited, Commonwealth Bank of Australia, Westpac New Zealand Limited and Industrial and Commercial Bank of China Limited. The new Tranches and expiries are now as follows: Tranche A: \$210 million, expiry 1 October 2027. Tranche B: \$215 million, expiry 1 October 2028. Tranche D: \$100 million, expiry 1 October 2029.

DEVELOPMENTS

The development at 224 Neilson Street is well progressed with the office component external works now almost complete. The project is being developed in two phases and is ultimately expected to total around 17,200m² of warehouse NLA. The first phase is a 5,000m² warehouse targeting completion by February 2025 with phase two, a 12,200m² warehouse is expected to be delivered by the end of 2025.

Both high stud, column free warehouses are targeting 6 Green Star Design and As Built ratings. It is strategically located 8km from the Auckland CBD, with excellent access to both motorway networks. Our investment comes at a time when parts of the Auckland region are facing the lowest levels of industrial building construction for over a decade.

CAPITAL MANAGEMENT

We continue to manage our balance sheet sensibly and our debt to total assets ratio as at 31 July was 36.9%.

OUTLOOK

The first OCR rate cut has now occurred with growing expectations of more cuts to come over the balance of 2024. The cashflow benefit from this over the next 6-12 months should start to boost business and consumer confidence to varying degrees. Looking ahead, calendar 2025 is likely to still be challenging but with green shoots emerging.

I look forward to updating you more at our 2025 interim result webcast on 20th November.

ESG Update



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Thank you for the opportunity to take a tour of the building, it was really valuable and informative.”

Nico
STUDENT

Keystone Trust Scholarship

Argosy is a Keystone Trust property scholarship sponsor. Argosy recently invited a group of Trust students to walk through its building at 8-14 Willis Street in Wellington. This building earned 6 Star Green Star Built accreditation and as you read earlier in this update, it received the 2024 Property Council New Zealand Supreme Award. The students were guided through the property by a variety of specialists, including the architects and engineers who worked on the building's refurbishment.

Keystone Trust GM Amanda Stanes said, “What an incredible site visit – so well prepared and so informative. Thank you Argosy for organising it for us. Thank you also to everyone who shared their stories and passion on the day. The scope and scale of the build, the focus on the team, collaboration and joint success inspired our students.”



Keystone Trust Scholarship students tour of 8-14 Willis Street, Wellington (July 2024).

Graeme Dingle Foundation - shaping the future with Project K mentoring

The Graeme Dingle foundation offers a range of programmes for people 5-24 years old.

Project K impacts on a young person at an instrumental time in their lives. Designed for Year 10's, it focuses on building self-confidence, life skills and a healthy lifestyle through an array of outdoor activities, challenges, interaction with other young people and a positive relationship with a mentor.

Two Argosy staff, Craig Dodds and Stephen Freundlich are in the process of becoming Project K mentors.

Craig Dodds said, "I'm incredibly excited to be involved in Graeme Dingle Project K because I wanted to be involved in making a difference in a young persons life. My previous work through Mankind, saw me helping men with issues and allowed me to develop skills which I think would be useful for young kids going through their own tough times. I will now be associated with an organisation with a long and successful history of helping young kids to flourish and thrive. I've been given some fantastic opportunities to help others and I understand the value of support, encouragement and confidence to those who need it most."

ABOUT PROJECT K PROGRAMME

The mentor phase of Project K is perhaps the most important part of the programme. Mentors pair up with a student to support and encourage them in achieving their goals. This stage provides a young person with a friendly shoulder to lean on by building trusting and authentic partnerships with their students to help them set and reach their goals.

Mental Health - Mike King

In August, Argosy hosted around 100 contractors and suppliers to a mental health breakfast with Mike King, one of New Zealand's most well-known comedians and mental health advocates.

Mike is the founder of Gumboot Friday, a free mental health counselling service for any young person in New Zealand aged 25 and under. His talk provided some great ideas and perspectives about how we deal with mental health, particularly if you have children.

Argosy's head of Health & Safety Craig Dodds said, "We wanted to offer this event because mental health needs more awareness and what we would like to have people take away is, bringing an acceptability and realisation that it is okay to be not okay, that not matter who



Mike King speaking with Argosy contractors.

you are, colour, culture, wealth... everyone has mental health, some have better mental health than others, and lastly talk talk, talk, that's the only way mental health and the consequences can be beaten."

Some great takeaways from Mike's talk include: 1/ the pathway to better mental health is through staying connected and having open and honest conversations 2/ allow yourself to be vulnerable in front of others 3/ we all have two voices in our head, the inner critic and the voice of reason, the ratio should be around 30/70. Currently in New Zealand schools that

ratio is more like 90/10 for kids suffering with mental health issues – a massive imbalance. 4/ 80% of kids who have mental health issues never reach out because they are worried about what others will think, say or do.

Portfolio Update

PROPERTIES

50

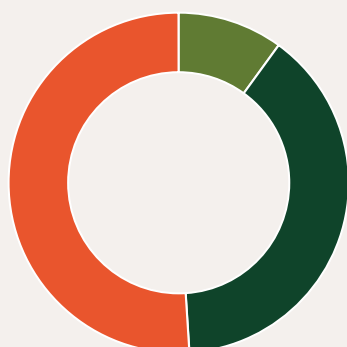
TENANTS

160

PORTFOLIO

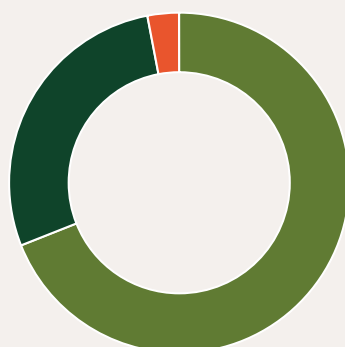
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TOTAL PORTFOLIO UPDATE by sector



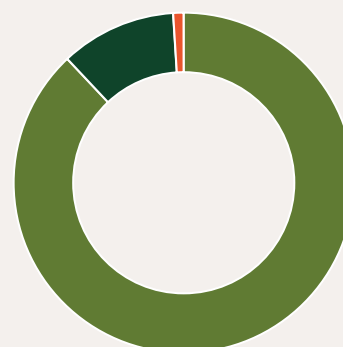
- 10% Retail
- 39% Office
- 51% Industrial

TOTAL PORTFOLIO UPDATE by region



- 69% Auckland
- 28% Wellington
- 3% Regional

TOTAL PORTFOLIO UPDATE by asset type



- 88% Core
- 11% Value Add properties
- 1% Held for sale

Dividend

The **1st Quarter Dividend** for the 2025 financial year of 1.6625 cents per share with imputation credits of 0.313958 cents per share attached. The record date for the dividend was 11 September 2024 and the payment date is 25 September 2024. Overseas investors will receive an additional supplementary dividend of 0.142468 cents per share to offset non-resident withholding tax.

Important dates

QUARTER 1 (FY25) DIVIDEND PAYMENT
25 September 2024

FY25 INTERIM
RESULTS ANNOUNCEMENT
20 November 2024

QUARTER 2 (FY25) DIVIDEND PAYMENT
December 2024

QUARTER 3 (FY25) DIVIDEND PAYMENT
March 2025

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