

# Investor Update

March 2025



## Sustainable innovation: new industrial developments target top Green Star ratings



Development at 224 Neilson Street, Onehunga.

”

Argosy's strategic acquisitions and developments in Penrose and Mt Wellington exemplify our commitment to sustainability and value addition. These projects are a testament to our dedication to creating high-value properties that meet the evolving demands of the market while minimising environmental impact.”

Marilyn Storey  
HEAD OF DEVELOPMENT

In recent years Argosy Property has made two significant strategic acquisitions to strengthen our portfolio in key industrial areas. In January 2020, we acquired 224 Neilson Street, followed by the purchase of Mt Richmond in March 2021.

These properties, located in the thriving industrial hubs of Penrose and Mt Wellington respectively, span a total of 14 hectares. This move underscores our dedication to enriching our portfolio with high-value, sustainable

assets. These acquisitions showcase our Value-Add strategy, which focuses on developing prime properties in response to market demand.

### Sustainable innovation (continued)

The developments at 224 Neilson Street and Mt Richmond will feature seven buildings, each targeting 6 Green Star Design and As Built ratings, showcasing a strong commitment to sustainability.

The buildings will incorporate a variety of sustainable and innovative features to minimise environmental impact and enhance resilience:

- Low carbon concrete, with up to 20% cement substitutes, significantly reduces carbon emissions.
- Stormwater management is addressed through advanced overland flowpaths designed to handle high rainfall events, ensuring effective water management.
- The buildings boast a high freeboard of 300mm, double the building code requirement, providing additional flood protection.
- Rainwater harvesting systems are installed, with tanks supplying water for building wash and non-potable bathroom needs, reducing reliance on mains water.
- Water efficiency is further enhanced with low consumption fittings, including bathroom fixtures and tapware.
- Solar energy is harnessed through PV solar arrays, providing 1.8mW of power at Mt Richmond and 1.0mW of power at 224 Neilson Street.
- Lower GHG refrigerants are used in hybrid systems with heat recovery to attenuate greenhouse gas emissions.
- High-performance facades are designed to reduce solar gain, enhancing energy efficiency.
- Advanced electrical systems include smart LED lighting to deliver increased comfort and minimise energy consumption, sub-metering systems to track performance and site infrastructure designed to accommodate EV charging requirements.



Mt Richmond site, Mt Wellington.

- Designs include low VOC products, such as paints and linings, to improve indoor air quality.
- Carbon offsetting is implemented, with the embodied carbon of each building offset using certified carbon credits, covering all emissions up to the end of the construction phase.
- Sustainable materials, such as timber from certified sources, further reduce the environmental footprint.
- Energy monitoring is facilitated by sub-metering systems that constantly track performance.
- Development plans are informed by climate risk and adaptation plans, with buildings designed to withstand 3.1 degrees of climate change, ensuring long-term resilience

224 Neilson Street spans 3.5 hectares and features a 6,500 sqm warehouse/office, which has recently been leased to Bascik Transport for a 12-year term. This building has achieved a 6 Star Green Star Design and As Built rating. The second building comprising

15,300sqm, will be completed in September 2025 and market enquiry is strong.

The Mt Richmond site will be developed in two stages to ensure a structured and efficient build process. The first stage, which has already commenced, covers approximately 4.6 hectares. We have secured Viatrix Limited for 6,633 sqm of space on a 10-year lease, with a target completion date of April 2026. Platforms for two additional warehouses will be available for lease as yard or development. The second stage will encompass the remaining 6 hectares, featuring two buildings totalling 31,000 sqm.

These developments will help Argosy move towards our industrial target band of 60-70%. Currently, our portfolio's industrial weighting stands at 52%, and with the completion of 224 Neilson Street, it will increase to 54%. Stage 2 of the Mt Richmond site planned for completion in 2027/28, will further boost this to 58%, including budgeted disposals.

We look forward to sharing more updates with you on these innovative developments.



Artist impression of Mt Richmond, Mt Wellington.

# CEO Comment

Peter Mence  
CHIEF EXECUTIVE OFFICER



## Are we there yet?

While it is clear that the domestic New Zealand economy is still struggling, the recent cuts in the Official Cash Rate have enabled some initial positive changes in the property market. The reduction in funding costs is having a positive influence on capital values with the beginnings of asset value growth evident in recent transactions and valuations. The property market is often slow to show meaningful evidence and there remains a shortage of transactional evidence to illustrate the change, however there is at least stability in asset values with the suggestion of more positive effects in the very near future.

Argosy's 30 September 2024 interim value assessments were conducted internally based on research from CBRE data and these were peer reviewed by Colliers International for use in the interim accounts. While the resulting increase in value was modest, the change in direction was clearly significant.

On the occupancy front, we had expected that lease enquiry would improve in the first part of the new year, but it has certainly exceeded our expectations. Enquiry of course does not equal new leases, but naturally we will not achieve new leases without enquiry. And new leases are being achieved! Most notably the new sustainable industrial building at Neilson Street was leased to Basick Transport and we have made great progress with leasing both the 105 and 101 Carlton Gore Rd properties. We have only 500sqm still to commit in each building and both are under negotiation.

So in summary, we know that the economy is challenged and we are obviously aware that many are struggling to make the proverbial ends meet, but the property market is showing all the right signs for a brighter year ahead in both value and in occupancy. It is of course the latter that generates net property income to pay dividends.

Turning to dividends, we are aware that there will be many Argosy shareholders who are relying on their distributions to make the earlier mentioned ends meet! We are equally aware that any reduction in that dividend would be especially unwelcome in the current environment. The Board have been tolerant of moving outside policy guidelines where they are able to see a return to policy guidelines in the short term. In order to avoid dividend cuts, we have been marginally outside policy bands during the current year.

At the same time, we are aware that the share price is well below the net tangible asset (NTA) backing at the present. NTA is total assets (principally our investment properties) minus liabilities (principally bank debt and green bonds), divided by shares on issue. The share price has traded below NTA for some time now, along with the rest of the Sector and it has been 46 months since the Sector last traded at a premium. The record is 64 months following the global financial crisis. The discount to NTA results in a dividend yield to investors of 9.8% (at a marginal tax rate of 33% and a share price of \$1.01).

## POSITIVES AND PRESSURE POINTS

As the level of restriction on the domestic economy reduces, we should see some signs of things getting better shortly.

The construction industry has been beaten up pretty well over the last two months and the bad news for the sector just keeps on coming, albeit the sector is showing particular strain because it is coming from a high base. Activity levels were at a peak before the current recession started to bite. In this environment we are continuing to hear of contracts being cancelled and put on hold. The only positive here is that construction costs have reduced particularly in sub and finishing trades.

For Argosy, and our development programme at Neilson Street, Mt Richmond and later at East Tamaki, the lower construction costs are a good positive and certainly help the feasibility of these developments.

Enquiry levels for new leases in the commercial office sector and in the industrial sector are strong and that is a very positive factor.

As the economy begins to show life, well located bulk retail centres are expected to show good rental growth and we certainly have a very positive expectation from the Albany Mega Centre which represents the majority of Argosy's Large Format Retail exposure.

## WHAT ABOUT SUSTAINABLE BUILDINGS?

With the change in the US Presidency, there has been a push from that part of the world to reduce the focus on sustainability. The thing is – that won't stop global climate change. When the largest emitter per capita in the world says, "You know what? We don't care", there is a clear requirement to increase the focus on what climate change is doing to us – and will continue to do to us at an alarmingly increasing rate.

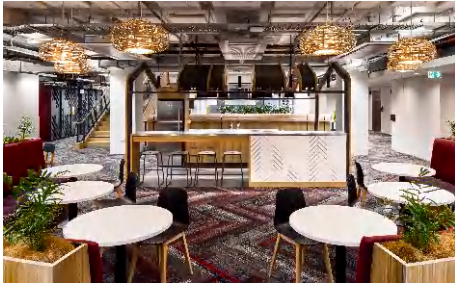
At Argosy we continue to see strong demand for sustainable buildings, and we can only see this increasing as the impacts of climate change become harder to ignore. The speed of future change is now likely to increase, and this means that climate change adaptation plans are of increasing relevance.

## OUTLOOK

It has certainly been a challenging time and there have been some tough decisions that have needed to be made.

We have continued our move to increase the weighting to industrial property in the greater Auckland area, and to increase the quality of the portfolio. This has led to the reintroduction of the dividend reinvestment plan which is popular with retail shareholders.

On the positive side we have lost very few tenants to the economic downturn thus far and we have generally managed to replace any tenants with higher value rental levels almost straight away. Arrears have been well managed and are at very low levels. While there have been challenges, we have not seen a need to reduce the dividend to shareholders and the business is looking sound for the year ahead.



8-14 Willis Street, Wellington.

## 8 Willis Street / Stewart Dawsons Corner Receives Highly Commended Award from World Green Building Council

Argosy's 8 Willis / Stewart Dawsons Corner has been honoured with a Highly Commended award at the World Green Building Council's Asia Pacific Leadership in Green Buildings Awards (AP Leadership Awards), held in Bengaluru, India on 13 November 2024.

Argosy's redevelopment project was one of only three to be recognised in this category at these prestigious awards.

The AP Leadership Awards offers an unparalleled opportunity to showcase pioneering people, organisations and projects behind the sustainable, resilient and equitable building movement from 17 countries across the Asia Pacific network.

Having already swept up numerous accolades here in New Zealand, including the 2024 Property Council Property Industry Awards' Supreme Award and international structural engineering awards, this latest commendation places the central Wellington office among an elite selection of buildings worldwide that showcase low-carbon sustainable design and performance.

## Recognising Excellence: Saatyesh Bhana Receives Sustainability Award at 2024 Auckland Property People Awards

Argosy's Head of Sustainability, Saatyesh Bhana, was honoured with the C3 Construction Excellence in Sustainability Award at the 2024 Auckland Property People Awards. The judges praised Saatyesh's passion and leadership, highlighting his nearly two-decade-long driving force behind Argosy's sustainability transformation. As Head of Sustainability, he has spearheaded green retrofit projects, including 15 Stout Street and 8 Willis Street, which have set new benchmarks for energy efficiency, environmental innovation, and contributed to critical sustainability strategy workstreams for the organisation, including Green Bonds and Sustainability Reporting.

The judges also noted Saatyesh's influence within the property and building industry and his pivotal role in guiding Argosy's commitment to minimising its carbon footprint, stating that his work continues to inspire and make a significant impact on the future of sustainable building. Competition in Saatyesh's category was very strong, with the University of Auckland "B201 Redevelopment" project team and Goodman Property's "Tawharau Lane" project. Congratulations Saatyesh for well-deserved recognition by your peers!

## Argosy appoints new Director



Alex Cutler, new Argosy Director.

We are pleased to introduce Alex Cutler as a new Director of Argosy after joining the Argosy Board in October 2024. Alex is a career long sustainability expert and well-known in the New Zealand property industry for her understanding of sustainability strategy, as reflected in her most recent roles as CEO and Chief Sustainability Officer of RDT Pacific and prior to that, as CEO of the New Zealand Green Building Council. Alex also has global experience working with multinational organisations to assist their understanding of the strategic importance of sustainability. Argosy's strategy is increasingly focused on achieving sustainability goals and to have someone with Alex's experience and qualification on the Board reinforces the importance of this field to the business and to the future of the Company.



Saatyesh Bhana at the Auckland Property People Awards.

# ESG Update



## Keystone Trust

We are thrilled to announce that we are now in our second year as a Keystone Trust Scholarship partner. It was with great pleasure that we presented the 2025 Keystone Argosy Property Limited Scholarship to Pius Mihigo, a student at AUT, studying a Bachelor of Construction in Quantity Surveying. Pius was awarded his scholarship at the Keystone New Zealand Property Education Trust Annual Awards for his passion, commitment and potential within the property and construction industry. The evening was a wonderful celebration, bringing together students, industry leaders, and sponsors to celebrate the promising future of the property and construction industry.

Keystone New Zealand Property Education Trust is instrumental in breaking down barriers students face by offering financial aid, mentorship, and industry connections.

This support assists students to obtain a tertiary education and set themselves up for a successful property or construction career.

## Spirit of Adventure Trust

In 2024, Argosy proudly sponsored a student for a 10-day Youth Development Voyage with the Spirit of Adventure Trust. This organisation is dedicated to youth development through sail training, offering young New Zealanders unique opportunities to build confidence, leadership skills, and a sense of responsibility while enjoying the adventure of sailing. The voyage not only provides hands-on sailing experience but also fosters teamwork and personal growth. Participants are challenged to step out of their comfort zones, develop resilience, and form lasting friendships. By supporting this initiative, Argosy is investing in the future leaders of New Zealand, helping them gain valuable life skills and a deeper appreciation for the maritime heritage of the country.

## Surf Lifesaving NZ

Argosy is proud to support the Hot Water Beach, Taylor's Mistake, St Clair, Lyall Bay, and Red Beach Surf Lifesaving Clubs. These clubs play a crucial role in ensuring the safety of beachgoers and fostering a sense of community along New Zealand's beautiful coastlines. Each year, Argosy's contributions help these clubs ensure that both locals and visitors can enjoy the beaches safely. This partnership reflects our commitment to environmental, social, and governance principles.

Our support helps these clubs make a positive impact on the communities they serve. Argosy is dedicated to fostering strong community relationships and contributing to the overall safety and enjoyment of New Zealand's coastal areas.



Red Beach Surf Lifesaving, Auckland.

## Variety - The Children's Charity

We were proud to support Variety New Zealand's Beds for Kids programme via the Warm Hearts Appeal 2024, a vital initiative aimed at providing warm beds and bedding to children in need across New Zealand. This programme was designed in response to the increasing rate of respiratory-related hospitalisations amongst New Zealand's children and young people. Last year, the Warm Hearts Winter Appeal raised over \$470,000, benefiting thousands of children by supplying them with new beds and bedding packs. Argosy's support for this cause underscores our commitment to building stronger, healthier communities.



Nathan Herbert from Argosy (left) with Pius Mihigo, recipient of the 2025 Keystone Argosy Property Limited Scholarship.

PROPERTIES

50

TENANTS

159

PORTFOLIO

\$2.0b

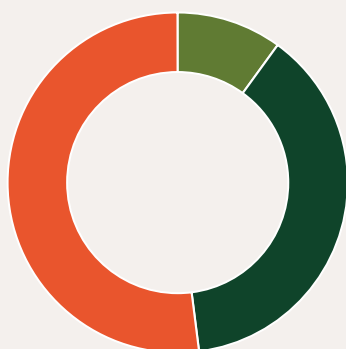
WALT

5.0yrs

OCCUPANCY

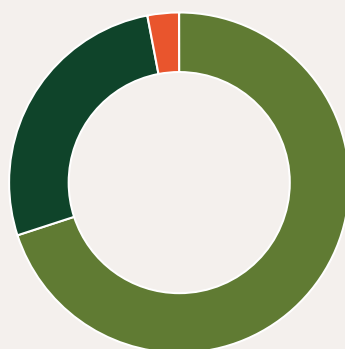
96.2%

TOTAL PORTFOLIO UPDATE by sector



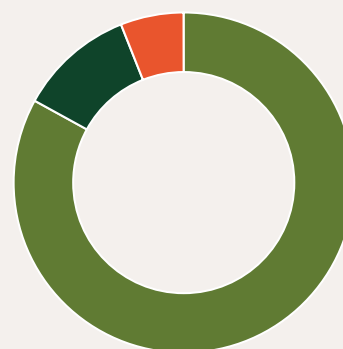
- 10% Retail
- 38% Office
- 52% Industrial

TOTAL PORTFOLIO UPDATE by region



- 70% Auckland
- 27% Wellington
- 3% Regional

TOTAL PORTFOLIO UPDATE by asset type



- 83% Core
- 11% Value Add properties
- 6% Held for sale

Dividend

The **3rd Quarter Dividend** for the 2025 financial year of 1.6625 cents per share with imputation credits of 0.206074 cents per share attached was announced on 26 February 2025. The record date for the dividend was 12 March 2025 and the payment date is 26 March 2025. Overseas investors will receive an additional supplementary dividend of 0.093513 cents per share to offset non-resident withholding tax.

Important dates

FY25 Q3 DIVIDEND PAYMENT  
26 March 2025

FY25 ANNUAL ANNOUNCEMENT  
21 May 2025

FY25 Q4 DIVIDEND PAYMENT  
June 2025

FY26 Q1 DIVIDEND PAYMENT  
September 2025

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