Annual Report
2024

Argosy

Building a *better* future

Contents

For us, the goal has always been much more than just achieving financial returns.

We believe in doing what’s right, building a better future for our tenants, our investors, and the communities we are part of.

A better future for *our* investors.

Our diverse portfolio of properties widens growth opportunities including developing green buildings, to drive earnings and capital growth that deliver the *steady dividends* our investors rely on.

We pride ourselves on the *valued relationships we have with our investors*, maintaining their trust by operating with the highest standards of transparency and never compromising on our principles.

A better future for *our* tenants.

Our buildings are productive spaces that enable our diverse family of 150+ *tenants to grow and succeed*, building a brighter future for themselves and their people.

We *work in partnership* with tenants to understand their aspirations and to deliver the facilities they need to prosper today and for tomorrow. The breadth of our portfolio allows us to keep offering new and extended spaces as their needs evolve.


MIGHTYape

A better future for *our* communities.

We are committed to driving better long-term outcomes for the communities we are part of. A better future sees these *communities thriving*.

And that's why we foster long-term partnerships with the Graeme Dingle Foundation, Keystone Trust, Pillars, The Spirit of Adventure Trust, Surf Lifesaving, Variety and others. These are all organisations who, like us, work hard to create a better future for more people.



A better future *for* Aotearoa New Zealand.

We are reducing our environmental impact by leading the market in retrofitting existing properties into green buildings. These innovative and energy-efficient spaces allow tenants to also advance their own sustainability aspirations.

With 35% of our portfolio being green buildings, we are well on our way to having at least 50% of our portfolio Green rated by 2031.



2024 highlights

$116.5m	Net Property Income ↑ 3.3%
6.65cps	FY25 dividend guidance
$111.7m	Revaluation loss for the year, ↓ 5.4% on book value
96.7%	Occupancy
5.2yr	Weighted average lease term (WALT)
$1.45	Net Tangible Assets (per share)

Gearing

36.5%

Industrial weighting

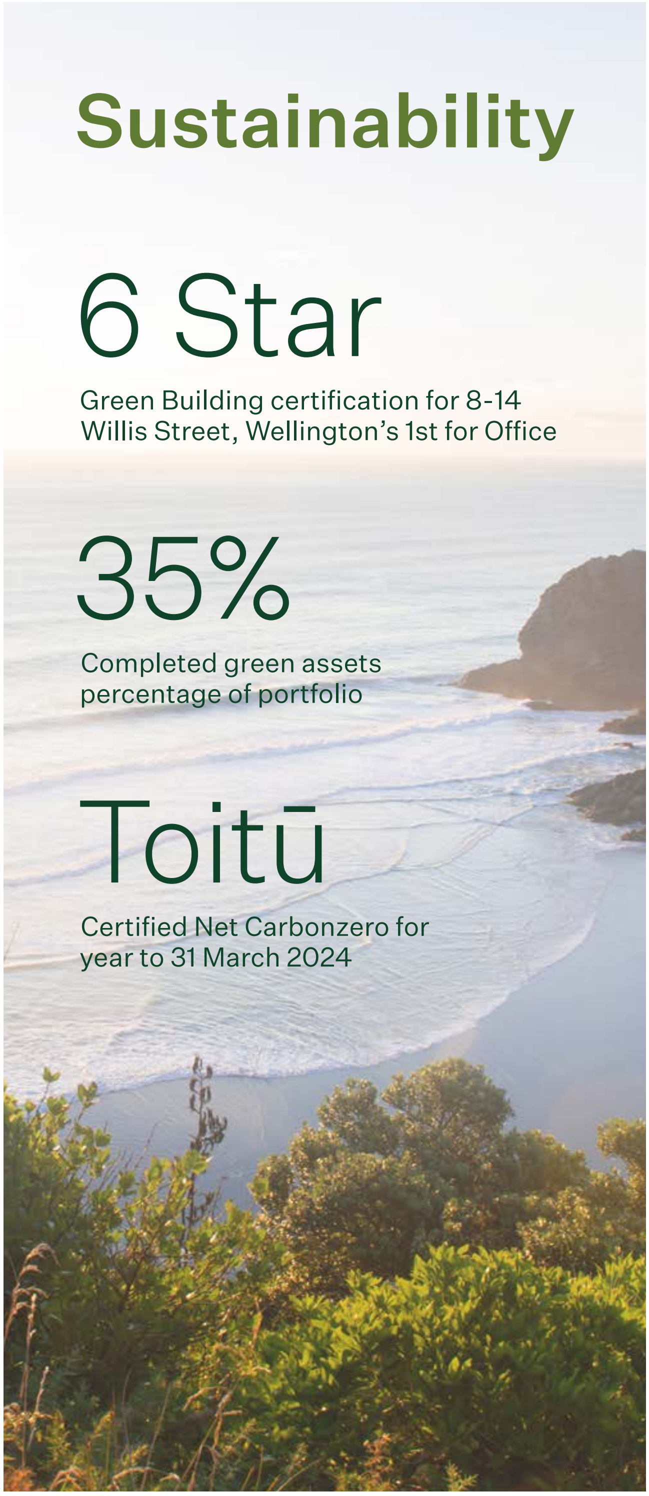
51%

Auckland weighting

69%

Government sector rental income

34%



Sustainability

6 Star

Green Building certification for 8-14 Willis Street, Wellington's 1st for Office

35%

Completed green assets percentage of portfolio

Toitū

Certified Net Carbonzero for year to 31 March 2024

Social

$137,278

of community sponsorship in 2024

Building a *better* future

Proactive delivery of sustainable growth

A business culture that is environmentally focused

Executing green Value Add portfolio opportunities to drive earnings and capital growth

A commitment to funding for green assets

A diversified portfolio by sector and region

A diversified asset allocation across sectors to reduce volatility and widen growth opportunities

Targeting strategic growth opportunities with green potential and a focus on the Auckland Industrial market

Maintaining a portfolio of high quality, well located Core assets with growth potential

A business that is adaptable and responsive to change

Maintaining strong and valued relationships across all stakeholders

A commitment to management excellence delivering earnings and dividend growth

Ensuring safe working environments for Argosy and its partners



Building a Better Future

Jeff Morrison
CHAIRMAN

"The Board is satisfied with the way the business, management team and staff have performed despite continued weak operating conditions."

FY24 FULL YEAR DIVIDEND

6.65 cps

Consistent with the prior year

FY25 DIVIDEND GUIDANCE

6.65 cps

Consistent with the FY24 dividend

On behalf of the Board of Directors, it is my pleasure to present Argosy's 2024 Annual Report.

Inflation remains outside the Reserve Bank's target band, and consequently interest rates remain at a higher level. These high rates have clearly had a negative influence on property values. As a Board, we are pleased by the progress Argosy continues to make towards our sustainability goals evidenced by the green buildings completed, certifications achieved, and future new developments.

We also maintained or improved NABERSNZ ratings across rated assets and retained our MSCI ESG Green Rating at AA. We are increasing our focus on the potential impacts of climate change on the business. Argosy's diversified portfolio remains resilient and the 34% weighting by income to the Government sector provides a measure of earnings defensiveness. Our portfolio metrics remain sound, although we acknowledge the coming year will certainly be more challenging.

The Board is comfortable with the company's capital position and balance sheet strength over the medium term, having made several strategic asset divestments through the year, all at or in excess of book values. The business has sufficient funding capacity to accommodate short term development requirements and strategic acquisition opportunities should they arise.

Argosy continues to deliver an investment strategy focused on a diversified high quality portfolio underpinned by our sustainability strategy. Key policy targets are an increased weighting in Auckland Industrial and a reduced weighting in Wellington Office. Our commitment to building a better future, particularly for our tenants and the environment, is unchanged.

The Board considers the business to be in a sound position. Based on current projections for the portfolio and subject to delivery against strategic objectives and market conditions, which we acknowledge remain uncertain, the dividend guidance for FY25 is 6.65 cents per share, consistent with this financial year.

Governance & Succession Planning

Argosy's Annual Shareholders Meeting (ASM) will be held as a hybrid meeting on 18 June at 2pm at the Royal New Zealand Yacht Squadron in Auckland. Argosy continues to utilise the hybrid functionality of the ASM. It allows shareholders to attend virtually and participate in all elements of the meeting including questions and answers and completing all voting. Stuart McLauchlan and myself will both retire in accordance with the Company's constitution and the NZX Listing Rules and will be eligible for re-election.

The Board is very focused on the current and future success of the business. A key part of this is ensuring there is appropriate succession planning in place at both the Board and Executive levels. The Remuneration Committee has transitioned to a Remuneration and Nominations Committee and is developing a longer term succession plan for Directors and Senior Management that will position the business well to continue to deliver solid and reliable results for shareholders.

Dividends

A fourth quarter dividend of 1.6625 cents per share has been declared for the March quarter with imputation credits of 0.1633 cents per share attached. This brings the full year dividend to 6.65 cents per share in line with previous guidance. The fourth quarter dividend will be paid to shareholders on 26 June 2024 and the record date will be 12 June 2024. The Dividend Reinvestment Plan remains suspended by the Board until further notice.

The Board is mindful of maintaining a balance between delivering on near term objectives and the delivery of longer term goals. Dividend guidance for FY25 is 6.65 cents per share, consistent with the FY24 year. The Company is facing an environment of continuing restrictive interest rates and softening market conditions, and some increasing property costs in Wellington. The removal of tax depreciation on buildings from FY25 also imposes a significant additional tax impost on Argosy. Based on current projections for the portfolio, including the sale of 39 Market Place, we are targeting the dividend to stay within the top end of our dividend policy range of 85-100% of Adjusted Funds from Operations over a three year rolling period.

Outlook

As we look to the year ahead, the economic environment for FY25 looks demanding for business and consumers. We recognise the team has challenges ahead of them. We expect them to remain focused on delivering on the key operational metrics that drive earnings and dividend sustainability. These include a focus on leasing up current vacancies, addressing near term lease expiries and making good progress with our new green industrial project at Neilson Street.

Our strategic goal around greening the portfolio remains a key focus, to support resilient and sustainable dividend growth to shareholders over the long term.

Jeff Morrison
Chairman

A sustainable focus

Peter Mence (right)
CHIEF EXECUTIVE OFFICER

Dave Fraser (left)
CHIEF FINANCIAL OFFICER

“The financial year has definitely been influenced by a weaker economic and operating environment.”

NET PROPERTY INCOME

$116.5m

Up 3.3% for the period

The business is in good shape with a solid capital position. Whilst we experienced positive leasing and rent review results over the period, the extended time to close leasing opportunities persisted and we expect this to continue for the FY25 financial year.

KEY METRICS FOR THE PERIOD INCLUDE:

- Net property income for the period of $116.5 million, up 3.3% on the prior comparable period;
- $111.7 million revaluation loss for the 12 months to 31 March ($50.8 million recognised in the first half), down 5.4% on book value, contributing to a full year net loss after tax of $55.3 million;
- Net distributable income of $55.8 million vs. $64.2 million for the prior comparable period;
- Sound portfolio metrics, with occupancy at 96.7% and WALT of 5.2 years;
- NTA per share of $1.45, from $1.58 at 31 March 2023;
- Portfolio gearing steady at 36.5%, near the middle of the target band of 30-40%;
- Divested four non Core assets for $93.1 million, achieving above book value;
- Successful portfolio leasing and rent review outcomes, including 3.5% annualised rental growth on rents reviewed and 85% tenant retention rate;
- Execution of strategy, including obtaining 6 Green Star Built and 5.5 NABERSNZ certification on 8-14 Willis Street, commencement of 224 Neilson Street targeting 6 Green Stars and continuing the company's portfolio transformation and progress to a 50% green portfolio by 2031; and
- FY25 dividend guidance of 6.65 cents per share, in line with the prior year.

Although our portfolio occupancy at 96.7% is solid, the next 12 months is expected to be challenging in a weaker economic environment as we seek to address near term expiries and vacancy.

We're pleased with the way our Health & Safety framework is working, and we'll continue to work collaboratively with our key stakeholders towards our goal of zero harm. We are seeing increased market interest and demand for green buildings, particularly in relation to our current industrial development project at Neilson Street.

We have adjusted our Investment Policy target bands, with a 5% increase to our Auckland Industrial weighting and a commensurate reduction to Wellington Office. The continued favourable characteristics of the Industrial sector, coupled with growing demand for green buildings will see the portfolio well placed to benefit from these drivers over the long term.

Financial Results

STATEMENT OF COMPREHENSIVE INCOME

For the 12 months to 31 March, Argosy reported net property income of $116.5 million for the period, up $3.7 million or 3.3% compared with the prior comparable period.

Net property income was bolstered by solid like-for-like rental growth, driven by contributions from rent reviews and income from completed developments.

Net interest expense of $43.7 million was up $7.4 million on the prior comparable period, primarily due to higher floating rates, higher average debt and lower capitalised interest.

Annual valuations for the year to 31 March 2024 were performed by CBRE Limited and Colliers International New Zealand Limited. The total unrealised revaluation loss for the year to 31 March was $111.7 million or 5.4% on book value. In general, portfolio capitalisation rate softening of 37 basis points to 6.21% was the key driver of revaluation decrease. Of the annual decline, $50.8 million was recognised in the interim result at 30 September 2023.

By sector, Industrial decreased $51.2 million or 4.8%. The Office portfolio declined by $49.9 million or 6.1% and Large Format Retail declined by $10.6 million or 5.1%. The portfolio is 8.6% under-rented, excluding market rent on developments.

As a result of the FY24 revaluations, Argosy's NTA declined to $1.45 per share from $1.58 at 31 March 2023. Following the revaluation, Argosy's portfolio shows a contract yield on values of 6.05% and a yield on fully let market rentals of 6.73%.

The revaluation loss contributed to the net loss after tax of $55.3 million, compared to a net loss of $80.8 million in FY23.

DISTRIBUTABLE INCOME

Net distributable income for the year was $55.8 million compared to $64.2 million in the prior comparable period (which included a $3.0 million settlement for the failed sale of the Albany Lifestyle Centre).

Portfolio Metrics, Rent Reviews and Leasing

Peter Mence said "The full year has definitely been influenced by a tougher economic environment. However, the team has delivered solid results across our core operating metrics."

As at 31 March, Argosy's WALT was 5.2 years and portfolio occupancy was 96.7%.

For the period to 31 March 2024, Argosy completed 115 rent reviews, achieving annualised rental growth of 3.5%. These reviews were achieved on rents totalling $93.1 million.

On rents subject to review by sector, Argosy achieved annualised rental growth of 3.4% for Industrial rent reviews, 3.5% for Office rent reviews and 4.0% for Large Format Retail rent reviews.

For the period to 31 March 2024, 65% of rents reviewed were subject to fixed reviews, 28% were market reviews and 7% were CPI based.

Argosy completed 44 leasing transactions across 151,660m2 of NLA over the period to 31 March. Lease transactions were made up of 20 new leases, 21 renewals and 3 extensions.

DEBT-TO-TOTAL ASSETS AT 31 MARCH

36.5%

Middle of target 30-40% band

WEIGHTED AVERAGE DEBT TENOR

2.3yrs

Includes bonds

Key leasing transaction successes over the financial year include:

- The Mind Lab Limited, 99-107 Khyber Pass, 875m^2 renewed for 4 years;
- Electrix Limited, 15 Unity Drive and Rothwell Avenue, 14,000m^2 renewed for 4 years;
- Instant Offices NZ Limited, 105 Carlton Gore Road for 1,102m^2 on a new 8 year lease;
- The Warehouse, Albany Mega Centre, 908m^2 renewed for 3 years;
- The Warehouse, Taupo, 4,212m^2 renewed for 5 years;
- NIWA, 82 Wyndham Street, 2,650m^2 on a new 12 year lease;
- Colgate Palmolive, 105 Carlton Gore Road for 561m^2 on a new 6 year lease;
- Stantec New Zealand, 105 Carlton Gore Road for 1,647m^2 on a new 8 year lease;
- Harbour Cancer Centre, 105 Carlton Gore Road for 772m^2 on a new 12 year lease; and
- Mainfreight Limited, 32 Bell Avenue, 8,138m^2 on a 13 month extension.

Peter Mence said "We have retained important tenants, with a retention rate above 85%, as well as attracting very good new tenants to the portfolio.

The softer leasing environment identified at our interim results has persisted over the second half of the financial year. This weakness was offset to a degree by the ongoing strong bottom-up fundamentals for the Auckland Industrial sub-sector. This sector continues to show low forecast vacancy and positive rental growth, coupled with a large reduction in forecast new supply. The Industrial sector is forecast to deliver solid returns over the next three years and we will increase our focus on this sector.

Our portfolio is 51% weighted to Industrial and our pipeline of green Value Add development Industrial sites, such as 224 Neilson Street which is now under construction, continues to improve portfolio quality and resilience over the longer term."

Investment Policy Bands

During the year, the Board and Management made a strategic decision to adjust Argosy's Investment Policy target bands to increase the portfolio weighting towards the Industrial sector and reduce the weighting to Wellington Office. Accordingly, by portfolio value, the Industrial target is now 60-70% (was 55-65%), Office is now 20-30% (was 25-35%). There is no change to our Large Format Retail band of 5-15%.

Peter Mence said "As you would expect, we consistently monitor changes in the external environment. We have continued to undertake regular assessment of Value Add opportunities within the portfolio, supported by external research & analysis of forecast sector returns.

Auckland Industrial is forecast to be one of the best performing sectors over the medium to longer term. The benefit of having a diversified portfolio is that it allows us to adjust our weightings and allocations based on longer term trends.

The combination of delivering on our Value Add opportunities and strategic acquisitions and divestments along the way, means that we expect to be close to or within our new target bands over the next five years."

Value Add Developments

NEILSON STREET, ONEHUNGA

This project is the first of Argosy's Value Add green industrial estates and is now under development. On a 3.5 hectare site and with an expected value on completion of over $110 million, this will be Argosy's largest industrial build to date, when completed in late 2025. This new investment comes at a time when parts of the Auckland region are facing the lowest levels of industrial building construction for over a decade. It is strategically located 8km from the Auckland CBD, with excellent access to both motorway networks. The project is being developed in two phases and is ultimately expected to total around 17,200m^2 of warehouse NLA. The first phase is a 5,000m^2 warehouse targeting completion by March 2025 with phase two, a 12,200m^2 warehouse 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. The design team have incorporated a wide range of green initiatives to help achieve the 6 Star rating, including low carbon concrete, rainwater harvesting, solar electricity generation and intelligent lighting and air conditioning. Furthermore, with approximately 1,750 solar panels generating over 1.2GWh of energy annually, on completion the facility will have one of the largest rooftop photovoltaic installations in the country.

"The development is underway and the level of tenant leasing enquiry is encouraging with strong market demand for modern, well located and sustainable buildings. Sustainability driven projects like 224 Neilson Street, coupled with strong market fundamentals for Industrial property over the long term, positions us very well for the future." said Peter Mence.

MT RICHMOND

Master Planning continues at this 10.6 hectare Value Add green development site in the central industrial precinct of Mt Wellington, only 15km from the Auckland CBD. The Mt Richmond development remains an important part of our long term strategy given our positive view of the Industrial sector over the long term. With the 224 Neilson Street development now underway, potential commencement of the Mt Richmond development has been deferred and the current leases extended.

DIVESTMENT OF NON CORE ASSETS

The non Core asset at 10 Transport Place, East Tamaki, was sold during the second half of the year for $38 million, at a pleasing 7.3% premium to 31 March 2023 book value. Other non Core properties at 302 & 308 Great South Road were sold for $19.9 million. 8 Forge Way, Auckland, was also sold for $35.2 million and is expected to settle 25 March 2025. All proceeds will initially be used to reduce bank debt.

CAPITAL MANAGEMENT

As at 31 March, Argosy's debt to total assets ratio, excluding capitalised borrowing costs, was 36.5% compared to 35.1% at 31 March 2023. The ratio reflects the net impact of revaluation losses, divestments and development activity during the period. Argosy's year end gearing sits towards the middle of its target gearing band of 30-40%, and well below its bank covenant of 50%.

During the period Argosy increased and extended its syndicated bank facilities with ANZ Bank of New Zealand Limited, Bank of New Zealand Limited, The Hongkong and Shanghai Banking Corporation, Commonwealth Bank of Australia, Westpac New Zealand Limited and Industrial and Commercial Bank of China Limited. The total amount of the bank facilities are $525 million.

Argosy's weighted average debt tenor, including bonds, was 2.3 years (3.2 years at 31 March 2023) with the nearest tranche of bank debt expiring in April 2025. The weighted average interest rate was 5.59% (5.39% at 31 March 2023).

OUTLOOK

Despite a muted outlook for the next 12 months, we remain confident in and committed to, the delivery of our long term strategy, including the payment of sustainable dividends to shareholders and building a better future for all our stakeholders.

Peter Mence
Chief Executive Officer

Dave Fraser
Chief Financial Officer

1-3 Unity Drive, Auckland.

Investment Framework

Argosy has a Clearly Defined Investment Strategy

Argosy is, and will remain, invested in a portfolio that is diversified by sector, location and tenant mix. The Investment Strategy is unchanged and Argosy's portfolio will continue to consist primarily of Core and Value Add properties.

Core

Core properties are well constructed, well located assets which are intended to be long-term investments of more than 10 years. The Core properties target is between 75% to 90% of the portfolio by value. Core properties are well located with strong long-term generic demand, a leasing profile that provides for rental growth of at least CPI and good structural integrity with minimal maintenance capital expenditure required.

Value Add

Value Add properties are assets which, through skilled asset management, can increase future earnings and provide capital growth. Value Add properties will already be well located with the potential for strong long-term tenant demand. These properties are available for near to medium-term repositioning or development with the view to moving into the Core category.

Investment Policy

The Investment Policy clearly defines what properties Argosy will seek to own by setting the boundaries within which it will operate and invest. It delivers a clear acquisition checklist and every potential acquisition (and portfolio asset) can be measured against that checklist.

In some cases, a portfolio of assets may be considered for acquisition. The strategy for a potential portfolio acquisition must be consistent with the overall Argosy Portfolio Investment Strategy (i.e. the majority by value of the properties are either Core or offer potential to move to Core in the medium-term). In certain circumstances, exceptions to the Investment Policy may be considered where an acquisition is made to meet the requirements of a valued tenant.

Investment Policy target bands also reflect development opportunities over the medium-term and the effect on overall portfolio composition. The Industrial target is 60-70%, Office is 20-30% and the Large Format Retail target is 5-15%. Argosy's diversified portfolio of quality properties has an average value of $39.5 million. Liquid properties, which are properties that could potentially be under contract within a short period, currently represent 18% of the portfolio or $362 million.

Capital Management

The optimal capital structure for Argosy is one that enables it to maximise its earnings yield through the property cycle within the following parameters:

- properties can be acquired when they meet the approved Investment Policy criteria, or sold when they are non Core;
- there are no forced sales of properties or a requirement to issue equity at a price that is dilutive to shareholders;
- measured dividend growth is maintained.

Argosy's debt-to-total assets ratio target band remains at 30-40%. This band allows Argosy flexibility to react to changing financial and property market conditions. Any movement beyond pre-set parameters requires an action plan and timeframe to move debt levels to within the prescribed range.

Risk Management

Argosy strives to deliver reliable and attractive returns to shareholders. It takes a considered approach to development, acquisition, divestment, leasing and capital management decisions, reflecting its proposition to shareholders as a yield-based investment.

Argosy has a robust risk assessment process. Risk assessment reviews are carried out by a representative cross-section of Argosy's management team at least twice a year in accordance with Argosy's Risk Management Framework. A risk assessment review has three phases: identification of material risks arising from Argosy's operation; assessment of the probability and consequences of the risk; and development of controls to achieve a level of residual risk that is within Argosy's risk appetite.

Argosy generally operates within a medium, low to very low overall risk range. Argosy has a low risk appetite for risks associated with managing developments, Value Add projects and compliance matters. Please also refer pages 73-74 of this report.

PORTFOLIO MIX BY SECTOR

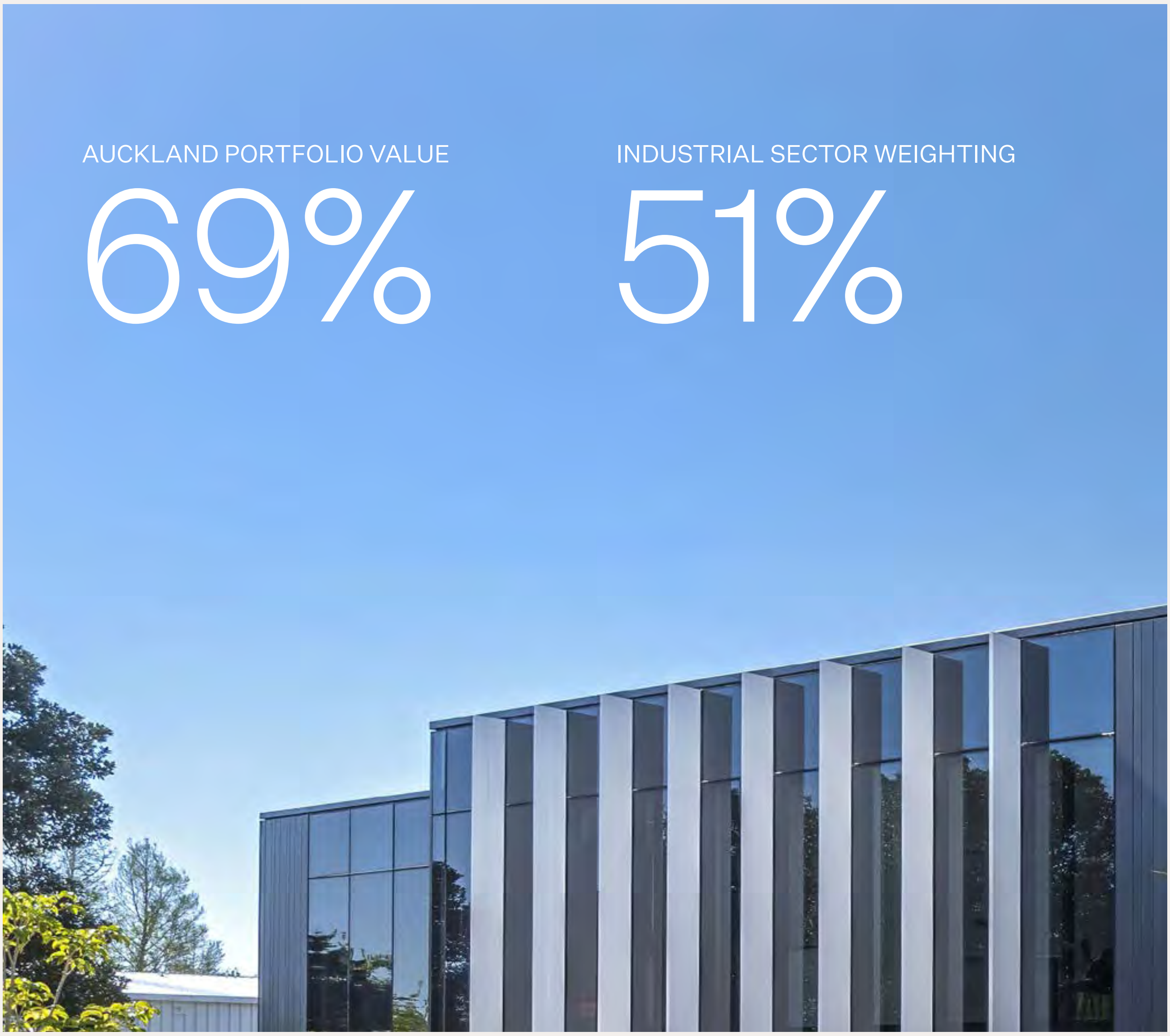
51%	Industrial
39%	Office
10%	Large Format Retail

"Our Investment Policy is a key pillar of our strategy of creating a green, resilient and diversified portfolio."

Peter Mence
CEO

Top 99 Kyber Pass Road Auckland | **Below** 12-20 Bell Avenue Auckland

Numbers at a glance

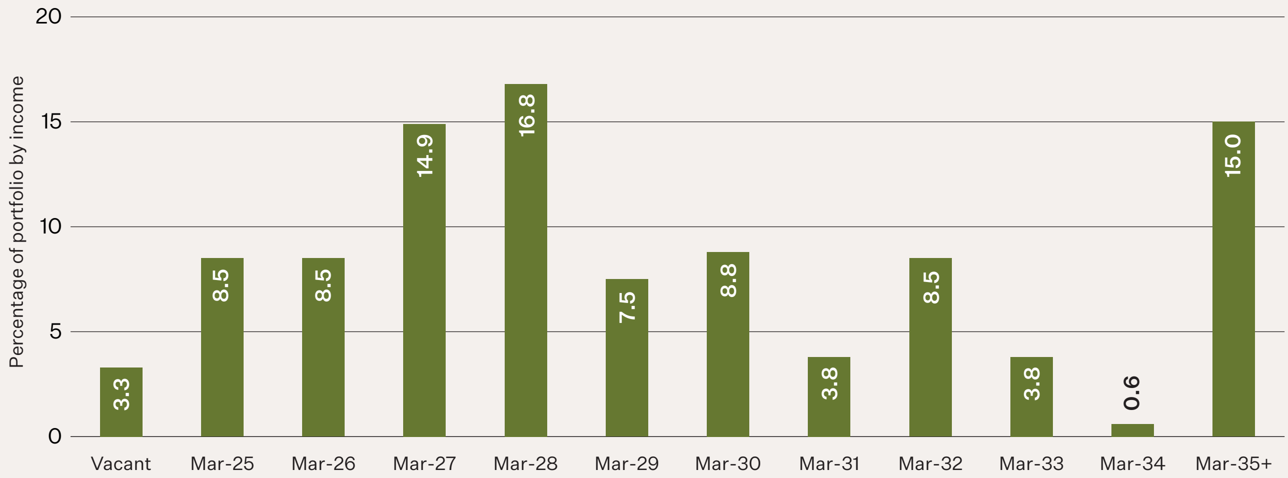


1-3 Unity Drive Auckland

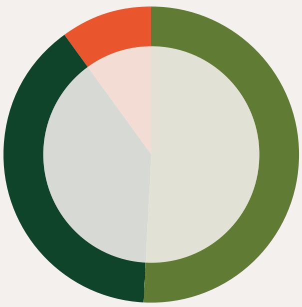
	Unit of measure	Industrial	Office	Large Format Retail	Total
Number of buildings	no.	33	13	4	50
Market value of assets	$m	1,015	763	195	1,974
Net lettable area	m^2	446,637	127,973	50,204	624,814
Occupancy factor by rent	%	99.1	94.0	100.0	96.7
Weighted average lease term	years	5.9	5.1	2.5	5.2
Average value	$m	30.8	58.7	48.9	39.5
Passing yield[1]	%	5.54	6.51	6.86	6.05

1. Passing yield excludes 224 Neilson Street.

LEASE EXPIRY PROFILE
by rent

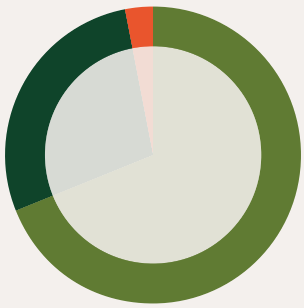


TOTAL PORTFOLIO VALUE
by sector



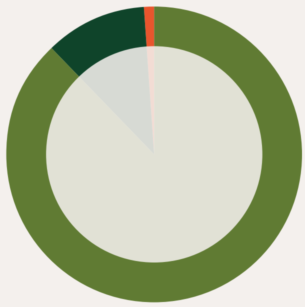
51%	Industrial
39%	Office
10%	Large Format Retail

TOTAL PORTFOLIO VALUE
by region



69%	Auckland
28%	Wellington
3%	North Island regional or South Island

PORTFOLIO MIX
by type



88%	Core properties
11%	Value-add properties
1%	Properties & land to divest

ANNUALISED RENT GROWTH

3.5%

Across 115 rent reviews on $93m of rental income

CORE PROPERTIES

88%

of total portfolio

RENT REVIEWS IN FY24 by sector

	No. of Reviews	Annualised Rent Increase	Increase over Contract ($)
Industrial	40	3.4%	2,096,753
Office	53	3.5%	3,175,404
Large Format Retail	22	4.0%	271,022
Total	**115**	**3.5%**	**5,543,179**

NEW LEASES COMPLETED IN FY24 by sector

	Floor Area (sqm)	Average Lease Term (years)	No. of Leases
Office	21,269	6.5	26
Industrial	122,014	3.4	11
Large Format Retail	8,376	5.1	7
Total	**151,660**	**5.1**	**44**

Our Leadership & Governance

Ethics & Values

ARGOSY'S APPROACH

Our values guide our internal conduct as well as our relationships with external parties. In striving for outstanding performance, we do not compromise our ethics or principles. We place great importance on honesty, integrity, quality and trust.

Our values

- Ethics – Inspiring trust in our actions by doing the right thing.
- Culture – Creating a fun environment that encourages inclusiveness and teamwork.
- Respect – Treating all stakeholders with courtesy and understanding.
- Accountability – Taking ownership and responsibility.
- Communication – Promoting effective communication to all stakeholders.

Governance

Argosy will maintain the highest standards of corporate behaviour and accountability.

Argosy's approach

The Company is committed to fostering open and transparent communications with investors, ensuring it delivers to the highest standards and complies with the NZX listing rules.

Argosy is proactive in meeting all its continuous disclosure obligations to ensure that all investors are fully informed of all material information necessary to assess the Company's performance.

Argosy upholds the highest ethical standards, acting in good faith and in the best interests of shareholders at all times. The ethical and behavioural standards we expect of Directors, officers and employees are set out in our Code of Conduct and Ethics. Argosy's website contains key governance policies which support the delivery of the highest standards of corporate behaviour. Policies include but are not limited to:

- Code of conduct and ethics;
- Conflicts of interests;
- Reporting against the NZX code;
- Diversity;
- Sustainability;
- Insider trading; and
- Shareholder communications.

Performance

Argosy regularly reviews the performance, skills and structure of its Board and Committees to ensure independent and effective governance.

ANNUAL MEETING

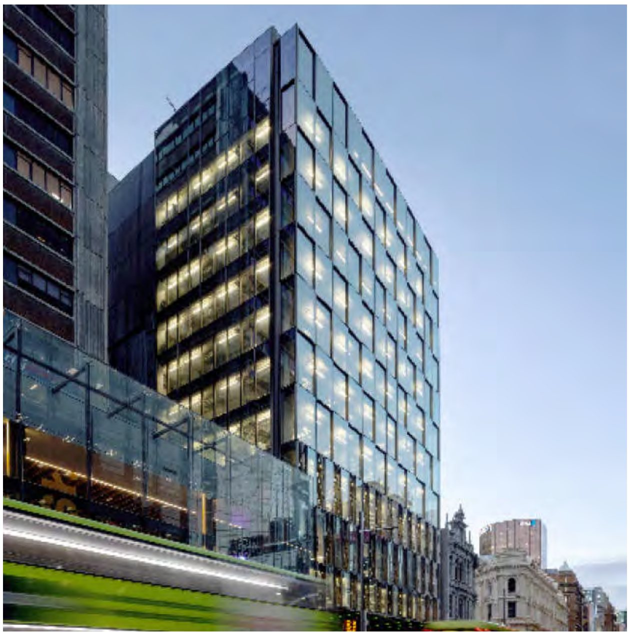
18 June

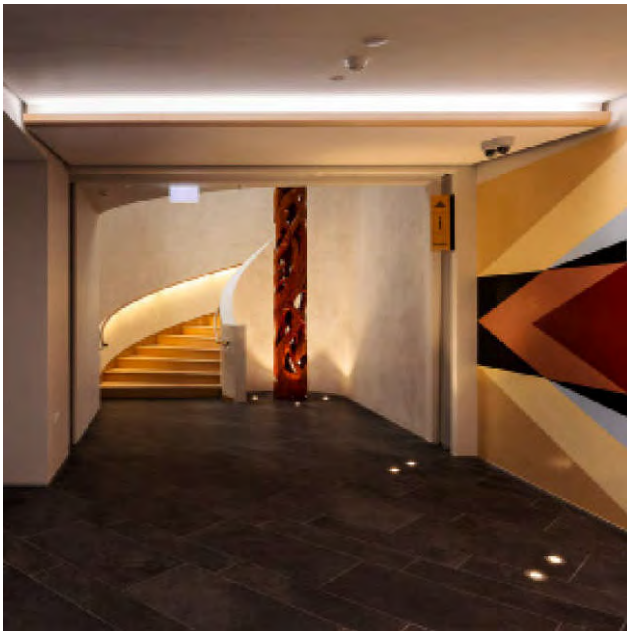
Hybrid meeting to be held in Auckland

ANNUAL RETAIL ROADSHOW STARTS

19 June

13 city Retail Roadshow commences





Annual Meeting

Argosy's Annual Shareholders Meeting (ASM) will be held as a hybrid meeting on 18 June at 2pm at the Royal New Zealand Yacht Squadron in Auckland. Argosy continues to utilise the hybrid functionality of the ASM. It allows shareholders to attend virtually and participate in all elements of the meeting including questions and answers and completing all voting.

Jeff Morrison and Stuart McLauchlan will retire in accordance with the Company's constitution and the NZX Listing Rules and will be eligible for re-election. As usual, all shareholders are encouraged to attend the meeting where you will have the opportunity to listen to and meet the Board of Directors in person.

Retail Roadshow

The 2024 Retail Roadshow schedule has been finalised. Chief Executive Officer Peter Mence, is planning a 13-city visit of New Zealand from June to July. The Retail Roadshow remains an important engagement tool for Management to meet directly with shareholders and update them on the company's performance, sustainability goals and 10-year strategic plan.

Argosy shareholders have always demonstrated a thorough understanding of the firm and the listed property market in general.

Key Dates

(indicative only and subject to change)

18 JUNE 2024

Annual Shareholders Meeting.

26 JUNE 2024

Final quarter FY24 dividend payment.

19 JUNE 2024

Annual Retail Roadshow commences and ends Friday 12 July.

SEPTEMBER 2024

1st Quarter FY25 dividend payment.

NOVEMBER 2024

FY25 Interim results release.

DECEMBER 2024

2nd Quarter FY25 dividend payment.

Meet our Board of Directors

Jeff Morrison
Chair

Director since July 2013

Mr Morrison has 40 years of experience as a property lawyer, 29 of them as a commercial property partner at Russell McVeagh, and now practises on his own account. Mr Morrison is a trustee of the Spirit of Adventure and other charitable trusts and holds a number of private company directorships. Mr Morrison is a qualified lawyer with a Bachelor of Laws degree from The University of Auckland. He is also a member of the Institute of Directors in New Zealand.

Chris Gudgeon
Director

Director since November 2018

Mr Gudgeon has been involved in property investment, development and construction in New Zealand for more than 25 years. He was previously Chief Executive of Kiwi Property Group and Capital Properties NZ Ltd. He is currently a director of Crown Infrastructure Partners and Ngāti Whātua Ōrākei Whai Rawa Limited. Mr Gudgeon holds an MBA from the Wharton School, University of Pennsylvania and a Bachelor of Engineering degree from The University of Canterbury. He is a Fellow of the Royal Institute of Chartered Surveyors and is a past President of Property Council New Zealand.

Stuart McLauchlan
Director

Director since August 2018

Director since August 2018, Mr McLauchlan is a Senior Partner of GS McLauchlan & Co Business Advisors and Accountants, a prominent businessman and company director. He is a Director of Scenic Hotels Group Limited, Dunedin Casinos Limited, EBOS Group Limited and several other companies. Mr McLauchlan is also Chairman of the NZ Sports Hall of Fame, AD Instruments Pty Limited, Scott Technology Limited and Skyline Aviation Limited. He is also a past President of the New Zealand Institute of Directors. Mr McLauchlan is a qualified accountant with a Bachelor of Commerce degree from the University of Otago, an FCA from Chartered Accountants Australia and New Zealand and is a Chartered Fellow of the New Zealand Institute of Directors.

Mike Pohio
Director

Director since February 2019

Director since February 2019, Mr Pohio has 30 years of senior executive and governance experience across a range of industries including property, investment, port/logistics and dairy. He is the Chairman of Rotoiti 15 Investments LP and Mana Ahuriri Holdings LP. He is also a director on the board of Kiwi Group Capital and Whakapoungakau 24 LP. Mr Pohio holds an MBA from IMD, Lausanne, an FCA from Chartered Accountants Australia and New Zealand and is a Chartered Fellow of the New Zealand Institute of Directors.

Martin Stearne
Director

Director since March 2020

Mr Stearne has over 25 years of commercial and capital markets experience. He worked at First NZ Capital (now Jarden) and its predecessor firms from 1995 until 2015. He is now a senior advisor to Montarne Capital Partners. He holds appointments to the NZX's NZRegCo Advisory Panel, the Takeovers Panel and the Investment Committee of the Impact Enterprise Fund. He is a member of INFINZ and IceAngels. Mr Stearne holds a B.Sc (Hons) in maths and a B.Com in finance from the University of Otago. He is also a member of the New Zealand Institute of Directors.

Rachel Winder
Director

Director since August 2019

Director since August 2019, Mrs Winder has been involved in the property sector for over 20 years across a variety of senior roles including strategy, portfolio management, financial management, development and leadership. Her experience spans small, medium and large enterprise across construction, telecommunications and financial services. Currently consulting across both the private and public sector, Mrs Winder holds an MBA from the University of Otago and a Bachelor of Property from Auckland University. She is also a member of Property Council New Zealand and the New Zealand Institute of Directors.

Meet our Senior Management Team

Peter Mence
Chief Executive Officer

Peter is the Chief Executive of Argosy Property Limited. An engineer by background, Peter has 40 years of experience in the property industry working with Progressive Enterprises, Challenge Properties, Richard Ellis and Green and McCahill.

Peter joined Armstrong Jones (NZ) in 1994 and was appointed General Manager of Argosy (then known as ING Property Trust) in 2007. Instrumental in the rebranding and internalisation of the company's management, Peter was appointed Chief Executive of the business in 2009.

Peter is a past lecturer in Advanced Property Management at The University of Auckland and is a past President of the Property Council New Zealand. He is a current Trustee of Saint Andrews Village, and the New Zealand Sailing Trust.

In 2013 Peter was honoured with the Stuart McIntosh award in recognition of his contribution to the University of Auckland.

In 2021, Peter was honoured as the Property Council New Zealand Members' Laureate, a lifetime membership awarded once a year to the industry's most respected leaders.

In 2023, Peter received the Supreme Award from the Property Institute.

Dave Fraser
Chief Financial Officer

Dave joined the team in 2011 and was originally responsible for the planning and execution of the management internalisation and Argosy's corporatisation. He now oversees the financial and corporate activities of the Company.

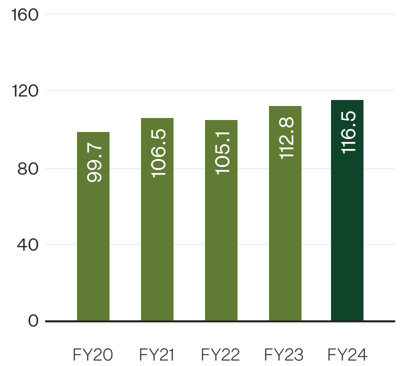
Dave has spent over 30 years in senior financial and general management roles both in New Zealand and overseas, including six years in Japan as a senior vice president with the Jupiter Group.

He has broad experience in strategic and operational planning, business development, debt restructures, equity raisings and merger and acquisitions. In addition to being a qualified Chartered Accountant, Dave has Bachelor of Commerce and Master of Business Administration degrees from The University of Auckland.

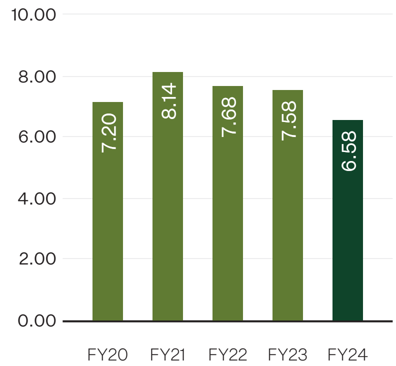
To read bios of all our people please visit our website:
argosy.co.nz/about-us/our-people

Financial Summmary

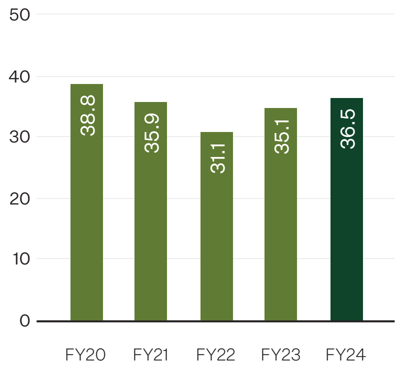
NET PROPERTY INCOME
$m



NET DISTRIBUTABLE INCOME
cents per share



DEBT-TO-TOTAL-ASSETS
percentage



FINANCIAL SUMMARY

	Unit of measure	FY2020	FY2021	FY2022	FY2023	FY2024
Net property income	$m	99.7	106.5	105.1	112.8	116.5
Profit before financial income/(expenses) and other gains/(losses) and tax	$m	88.2	95.6	93.3	102.0	104.9
Revaluation gains on investment property	$m	59.9	157.7	163.7	(146.6)	(111.7)
Profit for the year (before taxation)	$m	123.9	248.4	241.2	(70.9)	(50.8)
Profit for the year (after taxation)	$m	119.1	241.7	236.2	(80.8)	(55.3)
Earnings per share	cents	14.40	29.04	28.01	(9.55)	(6.53)
Gross distributable income per share	cents	7.91	8.61	8.03	8.11	7.23
Net distributable income per share	cents	7.20	8.14	7.68	7.58	6.58
Total assets	$m	1,929.6	2,156.8	2,291.5	2,212.6	2,069.0
Debt-to-total-assets	%	38.8	35.9	31.1	35.1	36.5
Net assets backing per share	cents	130	153	174	158	145
Cash dividend per share	cents	6.35	6.45	6.55	6.65	6.65
Shares on issue at year end	m	827.2	839.5	846.6	846.7	847.2
Total equity	$m	1,075.8	1,280.6	1,472.1	1,335.7	1,224.4

PROPERTY METRICS

	Unit of measure	FY2020	FY2021	FY2022	FY2023	FY2024
Number of tenants	no.	177	157	157	158	155
Number of properties[1]	no.	59	55	53	54	50
Average property value	$m	31.6	36.6	41.7	39.7	39.5
Net lettable area	sqm	584,932	632,872	629,449	643,693	624,814
Total book value	$m	1,866.9	2,010.8	2,207.5	2,144.8	1,973.8
Weighted average lease term	years	6.09	5.51	5.67	5.39	5.17
Occupancy factor by rental	%	98.8	99.0	98.7	99.3	96.7
Occupancy factor by area	%	98.3	99.3	99.4	99.5	97.9

1. Certain titles have been consolidated and treated as one. The total number of buildings excludes properties held for sale.

Consolidated Financial Statements

211 Albany Highway Auckland

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	Group 2024 $000s	Group 2023 $000s
Non-current assets			
Investment properties	5	2,013,753	2,184,899
Derivative financial instruments	6	4,784	14,818
Other non-current assets	7	283	183
Total non-current assets		2,018,820	2,199,900
Current assets			
Cash and cash equivalents	6	1,829	2,057
Trade and other receivables	6,8	2,070	5,166
Derivative financial instruments	6	5,072	122
Other current assets	9	5,996	5,190
Taxation receivable		–	202
		14,967	12,737
Investment property classified as held for sale	5, 10	35,200	–
Total current assets		50,167	12,737
Total assets	4	2,068,987	2,212,637
Shareholders' funds			
Share capital	11	820,557	820,069
Share based payments reserve	12	475	673
Retained earnings	13	403,342	514,953
Total shareholders' funds		1,224,374	1,335,695
Non-current liabilities			
Interest bearing liabilities	14	738,057	759,991
Derivative financial instruments	6	30,532	36,252
Non-current lease liabilities	25	39,826	39,953
Deferred tax	20	16,192	18,059
Total non-current liabilities		824,607	854,255
Current liabilities			
Trade and other payables	15	14,447	18,796
Taxation payable		1,377	–
Current lease liabilities	25	127	121
Other current liabilities	16	4,055	3,770
Total current liabilities		20,006	22,687
Total liabilities		844,613	876,942
Total shareholders' funds and liabilities		2,068,987	2,212,637

For and on behalf of the Board

Jeff Morrison
Director

Stuart McLauchlan
Director

Date: 21 May 2024

The notes to the accounts form part of and are to be read in conjunction with these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Note	Group 2024 $000s	Group 2023 $000s
Gross property income from rentals		131,015	124,323
Gross property income from expense recoveries		22,136	20,212
Property expenses		(36,690)	(31,760)
Net property income	4	116,461	112,775
Administration expenses	17	11,571	10,792
Profit before financial income/(expenses), other gains/(losses) and tax		104,890	101,983
Financial income/(expenses)			
Interest expense	18	(43,966)	(36,414)
Gain/(loss) on derivative financial instruments held for trading		637	7,295
Interest income		315	126
		(43,014)	(28,993)
Other gains/(losses)			
Revaluation gains/(losses) on investment property	5	(111,691)	(146,557)
Realised gains/(losses) on disposal of investment property	5	(988)	(369)
Settlement for failed sale of investment property		–	3,000
		(112,679)	(143,926)
Profit/(loss) before income tax attributable to shareholders		(50,803)	(70,936)
Taxation expense	19	4,472	9,897
Profit/(loss) and total comprehensive income/(loss) after tax		(55,275)	(80,833)
All amounts are from continuing operations.			
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share (cents)	22	(6.53)	(9.55)

The notes to the accounts form part of and are to be read in conjunction with these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Note	Group 2024 $000s	Group 2023 $000s
Shareholders' funds at the beginning of the year		1,335,695	1,472,122
Profit/(loss) and total comprehensive income/(loss) for the year		(55,275)	(80,833)
Contributions by shareholders			
Dividends to shareholders	13	(56,336)	(56,094)
Equity settled share based payments	12	290	500
Shareholders' funds at the end of the year		1,224,374	1,335,695

The notes to the accounts form part of and are to be read in conjunction with these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

		Group 2024 $000s	Group 2023 $000s
Cash flows from operating activities			
Property income		155,527	145,804
Interest received		315	126
Settlement for failed sale of investment property		–	3,000
Cash was applied to:			
Property expenses		(36,809)	(32,907)
Interest paid		(41,104)	(31,853)
Interest paid for ground lease		(2,004)	(2,009)
Employee benefits		(6,485)	(6,245)
Taxation paid		(4,427)	(4,581)
Other expenses		(4,828)	(4,308)
Net cash from/(used in) operating activities	21	60,185	67,027
Cash flows from investing activities			
Cash was provided from:			
Sale of properties, deposits and deferrals		57,167	19,919
Cash was applied to:			
Capital additions on investment properties		(35,843)	(54,267)
Capitalised interest on investment properties		(1,985)	(3,509)
Purchase of properties, deposits and deferrals		(12)	(33,177)
Net cash from/(used in) investing activities		19,327	(71,034)
Cash flows from financing activities			
Cash was provided from:			
Debt drawdown	14	49,384	101,616
Cash was applied to:			
Repayment of debt	14	(71,949)	(38,577)
Dividends paid to shareholders net of reinvestments		(56,670)	(56,573)
Issue cost of shares		–	(10)
Repayment of lease liabilities		(121)	(116)
Bond costs		(70)	(63)
Facility refinancing fee		(314)	(378)
Swap contract termination payment		–	(1,498)
Net cash from/(used in) financing activities		(79,740)	4,401
Net increase/(decrease) in cash and cash equivalents		(228)	394
Cash and cash equivalents at the beginning of the period		2,057	1,663
Cash and cash equivalents at the end of the period		1,829	2,057

The notes to the accounts form part of and are to be read in conjunction with these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Argosy Property Limited (APL or the Company) is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. APL is incorporated under the Companies Act 1993 and domiciled in New Zealand.

The Company's principal activity is investment in properties which include Industrial, Office and Large Format Retail properties, predominantly in Auckland and Wellington.

These financial statements are the consolidation of APL and its subsidiaries (the Group).

2. Basis of preparation

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The accounting policies applied in these financial statements comply with New Zealand equivalents to IFRS Accounting Standards (NZ IFRS) and other applicable Financial Reporting Standards issued and effective at the time of preparing these statements as applicable to the Company as a profit-oriented entity. These Group financial statements also comply with IFRS Accounting Standards.

These financial statements were approved by the Board of Directors on 21 May 2024.

BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except for derivative financial instruments and investment properties which are measured at fair value.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates that affect the application of policies and reported amount of assets and liabilities, income and expenses. The area involving a higher degree of complexity and where assumptions and estimates are significant to the financial statements is note 5 - valuation of investment property.

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in New Zealand dollars which is the Company's functional currency and have been rounded to the nearest thousand dollars ($000).

BASIS OF CONSOLIDATION

The Group's financial statements incorporate the financial statements of APL and its controlled subsidiaries as set out in note 24. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The results of the subsidiaries are included in the consolidated statement of comprehensive income from the date of acquisition which is the date the Company became entitled to income from the subsidiaries acquired. All significant intercompany transactions are eliminated on consolidation.

STATEMENT OF CASH FLOWS

The statement of cash flows is prepared on a GST exclusive basis, which is consistent with the statement of comprehensive income. The following terms are used in the statement of cash flows:

Operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity. Termination payments for swap contracts, establishment fees, extension fees and arranger fees are considered financing activities as they effect a change in the company's borrowing arrangements.

Cash and cash equivalents comprise cash balances and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Material accounting policies

CHANGE IN ACCOUNTING POLICIES

Accounting policies and methods of computation have been applied consistently to all periods and by all Group entities.

NEW ACCOUNTING STANDARDS ADOPTED

At the date of authorisation of these financial statements, the Group has not applied any new and revised NZ IFRS standards and amendments that have been issued but are not yet effective.

In April 2024, the International Accounting Standards Board introduced IFRS 18 Presentation and Disclosure in Financial Statements (effective for reporting periods beginning on or after 1 January 2027). This standard replaces IAS 1 Presentation of Financial Statements. An equivalent NZ IFRS has not yet been issued. The Group has not yet assessed the impact of IFRS 18.

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 (FSCD) has introduced a climate-related disclosure framework in New Zealand. It mandates climate-related disclosures for climate reporting entities. APL is classified as a climate reporting entity under this framework. On 31 December 2022, the External Reporting Board released climate standards and guidance documents. The Group is required to make climate-related disclosures at the end of the accounting period starting from 1 April 2023.

CAPTIVE INSURER

On 31 July 2023, Argosy Cover Limited (ACL), a wholly owned subsidiary of APL was incorporated in the Cook Islands. ACL acts as a captive insurer for the Group.

4. Segment information

The principal business activity of the Group is to invest in, and actively manage, properties in New Zealand. NZ IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the Chief Executive Officer, in order to allocate resources to segments and assess their performance.

The information reported to the Group's Chief Executive Officer includes investment property information aggregated into three business sectors, Industrial, Office and Large Format Retail, based on what the occupants actual or intended use is. Segment profit represents profit earned by each segment including allocation of identifiable revaluation gains/(losses) on investment properties and gains/(losses) on disposal of investment properties.

The following is an analysis of the Group's results by reportable segments.

	Industrial		Office		Large Format Retail		Total	
	2024 $000s	2023 $000s	2024 $000s	2023 $000s	2024 $000s	2023 $000s	2024 $000s	2023 $000s
Segment profit/(loss)								
Net property income[1]	54,853	52,749	48,797	47,046	12,811	12,980	116,461	112,775
Realised gains/(losses) on disposal of investment properties	(818)	(1)	(297)	(333)	127	(35)	(988)	(369)
Settlement for failed sale of investment property	–	–	–	–	–	3,000	–	3,000
	54,035	52,748	48,500	46,713	12,938	15,945	115,473	115,406
Interest on ground lease	–	–	(2,004)	(2,009)	–	–	(2,004)	(2,009)
Revaluation gains/(losses) on investment properties	(51,235)	(49,108)	(49,899)	(78,998)	(10,557)	(18,451)	(111,691)	(146,557)
Total segment profit/(loss)[2]	2,800	3,640	(3,403)	(34,294)	2,381	(2,506)	1,778	(33,160)
Unallocated:								
Administration expenses							(11,571)	(10,792)
Net interest expense							(41,647)	(34,279)
Gain/(loss) on derivative financial instruments held for trading							637	7,295
Profit/(loss) before income tax							(50,803)	(70,936)
Taxation expense							(4,472)	(9,897)
Profit/(loss) for the year							(55,275)	(80,833)

1. Net property income consists of revenue generated from external tenants less property operating expenditure.
2. There were no inter-segment sales during the year (31 March 2023: Nil).

4. Segment information (continued)

	Industrial		Office		Large Format Retail		Total	
	2024 $000s	2023 $000s	2024 $000s	2023 $000s	2024 $000s	2023 $000s	2024 $000s	2023 $000s
Segment assets								
Current assets	3,113	2,584	3,456	6,115	416	869	6,985	9,568
Investment properties	1,014,900	1,127,775	803,403	851,174	195,450	205,950	2,013,753	2,184,899
Non-current assets classified as held for sale	35,200	–	–	–	–	–	35,200	–
Total segment assets	1,053,213	1,130,359	806,859	857,289	195,866	206,819	2,055,938	2,194,467
Unallocated assets							13,049	18,170
Total assets							2,068,987	2,212,637

	Industrial		Office		Large Format Retail		Total	
	2024 $000s	2023 $000s	2024 $000s	2023 $000s	2024 $000s	2023 $000s	2024 $000s	2023 $000s
Segment liabilities								
Current liabilities	4,079	3,994	4,659	8,848	732	1,738	9,470	14,580
Non-current liabilities	–	–	39,826	39,953	–	–	39,826	39,953
Total segment liabilities	4,079	3,994	44,485	48,801	732	1,738	49,296	54,533
Unallocated liabilities							795,317	822,409
Total liabilities							844,613	876,942

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than cash and cash equivalents, derivatives, other non-current assets and other minor current assets that cannot be allocated to particular segments. All liabilities are allocated to reportable segments other than borrowings, derivatives, tax liabilities and other minor current liabilities that cannot be allocated to particular segments.

5. Investment properties

ACCOUNTING POLICY – INVESTMENT PROPERTIES

Investment property is property held to earn rental income.

Investment property is initially measured at cost and subsequently measured at fair value with any change therein recognised in profit or loss.

Initial direct costs incurred in negotiating and arranging operating leases and lease incentives granted are added to the carrying amount of the leased asset.

In accordance with the valuation policy of the Group, complete property valuations are carried out at least annually by independent registered valuers. The valuation policy stipulates that the same valuer may not value a building for more than two consecutive years. The fair values are based on market values being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared using a combination of the Capitalisation of Contract Income, Capitalisation of Market Income and Discounted Cash Flow methodologies. Discounted Cash Flow methodology is based on the estimated rental cash flows expected to be received from the property adjusted by a discount rate that appropriately reflects the risks inherent in the expected cash flows.

Following the adoption of NZ IFRS 16 on 1 April 2019, a right-of-use asset and investment were recognised on the ground lease that exists over 39 Market Place, Viaduct Harbour, Auckland.

Investment properties are derecognised when they have been disposed of and any gains or losses incurred on disposal are recognised in profit or loss in the year of derecognition.

Borrowing costs directly attributable to property under development are capitalised as part of the cost of those assets.

5. Investment properties (continued)

	Industrial 2024 $000s	Office 2024 $000s	Large Format Retail 2024 $000s	Group 2024 $000s
Movement in investment properties				
Balance at 1 April	1,127,775	851,174	205,950	2,184,899
Capitalised costs	12,163	23,051	204	35,418
Transfer to property held for sale	(35,200)	–	–	(35,200)
Disposals	(37,850)	(19,857)	–	(57,707)
Change in fair value	(51,235)	(49,899)	(10,557)	(111,691)
Change in capitalised leasing costs	(206)	(106)	(40)	(352)
Change in lease incentives	(547)	(960)	(107)	(1,614)
Investment properties at 31 March	1,014,900	803,403	195,450	2,013,753
Less lease liability (39 Market Place)	–	(39,953)	–	(39,953)
Investment properties at 31 March excluding NZ IFRS 16 lease adjustments	1,014,900	763,450	195,450	1,973,800

	Industrial 2023 $000s	Office 2023 $000s	Large Format Retail 2023 $000s	Group 2023 $000s
Movement in investment properties				
Balance at 1 April	1,126,975	897,540	223,200	2,247,715
Acquisition of property	33,220	–	–	33,220
Capitalised costs	17,528	33,388	1,326	52,242
Change in fair value	(49,108)	(78,998)	(18,451)	(146,557)
Change in capitalised leasing costs	(168)	(125)	(31)	(324)
Change in lease incentives	(672)	(631)	(94)	(1,397)
Investment properties at 31 March	1,127,775	851,174	205,950	2,184,899
Less lease liability (39 Market Place)	–	(40,074)	–	(40,074)
Investment properties at 31 March excluding NZ IFRS 16 lease adjustments	1,127,775	811,100	205,950	2,144,825

Investment properties are classified as Level 3 (inputs are unobservable for the asset or liability) under the fair value hierarchy on the basis that adjustments must be made to observable data of similar properties to determine the fair value of an individual property.

The Group holds the freehold to all investment properties other than 39 Market Place, Viaduct Harbour, Auckland.

	Group 2024 $000s	Group 2023 $000s
Acquisition of properties		
100 Maui Street, Pukete, Hamilton	–	33,220
	–	33,220
Disposal of properties		
10 Transport Place, East Tamaki, Auckland	37,850	–
302 Great South Road, Greenlane, Auckland	10,978	–
308 Great South Road, Greenlane, Auckland	8,879	–
25 Nugent Street, Grafton, Auckland	–	22,024
	57,707	22,024
Sale proceeds of properties disposed of	57,900	22,000
Net gain/(loss) on disposal	193	(24)
Selling costs	(1,181)	(345)
Total gain/(loss) on disposal	(988)	(369)

5. Investment properties (continued)

All investment properties were independently valued as at 31 March 2024 in accordance with the Group's valuation policy. The valuations were prepared by independent registered valuers Colliers International New Zealand Limited and CBRE Limited. The total value per valuer was as follows:

	Group 2024 $000s	Group 2023 $000s
Colliers International New Zealand Limited	708,750	1,180,225
CBRE Limited	1,265,050	964,600
	1,973,800	2,144,825

Investment properties are stated at fair value by independent valuers supported by market evidence of property sale transactions and leasing activity. These valuations are reviewed by the Asset Management team within Argosy. The major inputs and assumptions that are used in the valuation that require judgement include forecasts of the current and expected future market rentals and growth, maintenance and capital expenditure requirements, an assessment of yields, discount rates, occupancy, leasing costs and weighted average lease terms.

In deriving a market value under each approach, all assumptions are based, where possible, on market based evidence and transactions for properties with similar locations, conditions and quality of construction and fitout.

Generally as occupancy and weighted average lease terms increase, yields firm, resulting in increased fair values for investment properties. A movement in any of these assumptions could result in a significant change in fair value.

Investment property metrics for the year ended 31 March 2024 are as follows:

		Industrial	Office	Large Format Retail	Total
Contract yield[1]	- Average	5.54%	6.51%	6.86%	6.05%
Market yield[1]	- Average	6.43%	7.13%	6.66%	6.73%
Occupancy (rent)		99.1%	94.0%	100.0%	96.7%
Occupancy (net lettable area)		99.1%	92.8%	100.0%	97.9%
Weighted average lease term (years)		5.9	5.1	2.5	5.2
No. of buildings[2]		33	13	4	50
Fair value total ($000s)		1,014,900	763,450	195,450	1,973,800

1. 224 Neilson Street has been excluded from the yield metrics as it has been valued on the basis of completion of the development currently underway.
2. Certain titles have been consolidated and treated as one.

Investment property metrics for the year ended 31 March 2023 are as follows:

		Industrial	Office	Large Format Retail	Total
Contract yield[1]	- Average	5.07%	6.10%	6.51%	5.60%
Market yield[1]	- Average	5.68%	6.96%	6.29%	6.21%
Occupancy (rent)		100.0%	98.5%	100.0%	99.3%
Occupancy (net lettable area)		100.0%	97.7%	100.0%	99.5%
Weighted average lease term (years)		6.1	5.2	2.9	5.4
No. of buildings[2]		35	15	4	54
Fair value total ($000s)		1,127,775	811,100	205,950	2,144,825

1. 105 Carlton Gore Road, 224 Neilson Street and 39 Market Place have been excluded from the yield metrics. 105 Carlton Gore Road has been valued on the basis of the completion of the redevelopment currently underway, the 224 Neilson Street valuation is based on land only and the 39 Market Place valuation is based on discounted cash flow methodology.
2. Certain titles have been consolidated and treated as one.

6. Financial instruments

ACCOUNTING POLICY - NON-DERIVATIVE FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, borrowings (comprising of interest bearing liabilities and lease liabilities) and trade and other payables.

Non-derivative financial instruments are initially measured at fair value plus directly attributable costs. Subsequently these instruments are measured at amortised cost using the effective interest method. The carrying values of these financial instruments are a reasonable approximation of their fair values.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income over the relevant period (including all fees and points paid or received between the parties to the contract that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount of the financial instrument.

ACCOUNTING POLICY - DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swaps are entered into to manage interest rate exposure. For interest rate swaps, the net differential paid or received is recognised as a component of interest expense in the profit or loss.

Interest rate swaps are initially recognised at zero at the date a derivative contract is entered into and are remeasured to their fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss immediately.

Interest rate swaps are presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other interest rate swaps are presented as current assets or current liabilities.

The Group has the following financial instruments:

Group 2024	Derivatives at fair value through profit/ (loss) $000s	Financial assets measured at amortised cost $000s	Financial liabilities measured at amortised cost $000s	Total $000s
Financial assets				
Cash and cash equivalents	–	1,829	–	1,829
Derivative financial instruments (current and term)	9,856	–	–	9,856
Trade and other receivables	–	2,070	–	2,070
	9,856	3,899	–	13,755
Financial liabilities				
Interest bearing liabilities	–	–	(738,057)	(738,057)
Trade and other payables	–	–	(14,447)	(14,447)
Derivative financial instruments (current and term)	(30,532)	–	–	(30,532)
Lease liabilities (current and term)	–	–	(39,953)	(39,953)
Other current liabilities	–	–	(4,055)	(4,055)
	(30,532)	–	(796,512)	(827,044)

6. Financial instruments (continued)

Group 2023	Derivatives at fair value through profit/ (loss) $000s	Financial assets measured at amortised cost $000s	Financial liabilities measured at amortised cost $000s	Total $000s
Financial assets				
Cash and cash equivalents	–	2,057	–	2,057
Derivative financial instruments (current and term)	14,940	–	–	14,940
Trade and other receivables	–	5,166	–	5,166
	14,940	7,223	–	22,163
Financial liabilities				
Interest bearing liabilities	–	–	(759,991)	(759,991)
Trade and other payables	–	–	(18,796)	(18,796)
Derivative financial instruments (current and term)	(36,252)	–	–	(36,252)
Lease liabilities (current and term)	–	–	(40,074)	(40,074)
Other current liabilities	–	–	(3,770)	(3,770)
	(36,252)	–	(822,631)	(858,883)

RISK MANAGEMENT

The use of financial instruments exposes the Group to credit, interest rate and liquidity risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Credit risk

Credit risk relates to the risk that the counterparty to a financial instrument may default on its obligations to the Group, resulting in financial loss.

The Group's main exposure to credit risk arises from trade receivables and transactions with financial institutions, and is summarised in the preceding table. There are no significant concentrations of credit risk in specific receivables due to receivables mainly comprising a large number of tenants in the Group's property portfolio and the Group policy to limit the amount of credit exposure to any financial institution.

The Group manages its exposure to credit risk from trade receivables through its credit policy which includes performing credit evaluations on customers requiring credit. The Group does not hold any collateral in respect of balances past due. Details of impairment losses relating to trade receivables together with the ageing of receivables is provided in note 8.

The risk from financial institutions is managed by placing cash and deposits with high credit quality financial institutions only. Cash deposits are placed with ANZ Bank New Zealand Limited.

6. Financial instruments (continued)

Interest rate risk

Interest rate risk arises from long term borrowings (refer note 14). Variable rate borrowings expose the Group to cash flow interest rate risk while fixed rate borrowings expose the Group to fair value interest rate risk.

The Group manages its exposure to interest rate risk through derivatives in the form of both floating-to-fixed and fixed-to-floating interest rate swaps. These derivatives provide an economic hedge against variability in cash flows as a result of changes in variable interest rates on borrowings.

The Group's policy is to maintain a range of approximately 40-100% of its borrowings in fixed interest rate instruments unless otherwise instructed by the Board of Directors. At year end, 70.9% of borrowings, after the effect of associated swaps, were at fixed rates (2023: 71.4%).

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly arises from the Group's obligations in respect of long term borrowings, derivatives and trade and other payables. The Group aims to maintain flexibility in funding by keeping committed credit lines available (refer note 14).

The expected undiscounted cash flows of the Group's financial liabilities by remaining contractual maturity at the balance sheet date is as follows:

Group 2024	Carrying Amount $000s	Less than 1 year $000s	1-2 years $000s	2-3 years $000s	3-4 years $000s	4-5 years $000s	5+ years $000s
Financial liabilities							
Interest bearing liabilities[1]	(738,057)	(38,997)	(345,926)	(195,988)	(245,596)	–	–
Trade and other payables	(14,447)	(14,447)	–	–	–	–	–
Derivative financial instruments	(30,532)	(6,964)	(6,040)	(4,491)	(2,177)	(514)	–
Lease liabilities	(39,953)	(2,125)	(2,125)	(2,125)	(2,125)	(2,125)	(112,014)
Other current liabilities	(4,055)	(4,055)	–	–	–	–	–
	(827,044)	(66,588)	(354,091)	(202,604)	(249,898)	(2,639)	(112,014)

1. The undiscounted cashflows on interest bearing liabilities includes interest, margin and line fees.

Group 2023	Carrying Amount $000s	Less than 1 year $000s	1-2 years $000s	2-3 years $000s	3-4 years $000s	4-5 years $000s	5+ years $000s
Financial liabilities							
Interest bearing liabilities[1]	(759,991)	(37,944)	(197,944)	(248,682)	(261,659)	(126,604)	–
Trade and other payables	(18,796)	(18,796)	–	–	–	–	–
Derivative financial instruments	(36,252)	(6,942)	(6,100)	(5,366)	(3,941)	(1,701)	(93)
Lease liabilities	(40,074)	(2,125)	(2,125)	(2,125)	(2,125)	(2,125)	(114,139)
Other current liabilities	(3,770)	(3,770)	–	–	–	–	–
	(858,883)	(69,577)	(206,169)	(256,173)	(267,725)	(130,430)	(114,232)

1. The undiscounted cashflows on interest bearing liabilities includes interest, margin and line fees.

To manage the Group's exposure to interest rate risk on variable rate instruments, the Group has implemented a hedging strategy that uses interest rate swaps that have a range of maturities. At 31 March 2024, the Group had active interest rate derivatives (both payer and receiver swaps) with a notional contract amount of $750 million (2023: $770 million). The active derivatives mature over the next 4 years (2023: 5 years). Payer swaps have fixed interest rates ranging from 1.37% to 4.90% (2023: 1.37% to 4.90%). Swaps with a notional amount of $255 million have been entered into but are not yet effective at 31 March 2024 (2023: $150 million).

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on applicable yield curves derived from observable market interest rates. Accepted market best practice valuation methodology using mid-market interest rates at the balance date is used, provided from sources perceived to be reliable and accurate. Interest rate swaps have been classified into Level 2 of the fair value hierarchy on the basis that the valuation techniques used to determine the values at balance date use observable inputs.

The net liability for derivative financial instruments as at 31 March 2024 is $20.7 million (2023: $21.3 million). The mark-to-market decrease in the liability for derivative financial instruments is a result of the movement in the interest rate curve during the financial year.

6. Financial instruments (continued)

Sensitivity analysis

The sensitivity analysis below details the potential future impact of reasonably possible changes in the observable inputs over the next financial period. It has been determined based on the exposure to interest rates for both derivative and non-derivative financial instruments at the reporting date.

	Group 2024 Impact on Profit & Loss $000s	Group 2023 Impact on Profit & Loss $000s
Increase of 100 basis points	359	132
Decrease of 100 basis points	(498)	(158)

7. Other non-current assets

ACCOUNTING POLICY - PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where it is not possible to estimate the recoverable mount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment is recognised immediately in profit or loss.

	Group 2024 $000s	Group 2023 $000s
Property, plant and equipment and software	283	183
Total other non-current assets	283	183

There was no impairment in the current year (2023: Nil).

8. Trade and other receivables

ACCOUNTING POLICY - TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established to reflect an estimate of amounts that the Group will not be able to collect in accordance with the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

	Group 2024 $000s	Group 2023 $000s
Trade receivables	1,717	1,725
Loss allowance	(14)	(50)
	1,703	1,675
Amount receivable from insurance proceeds	31	212
Other receivables	336	3,279
Total trade and other receivables	2,070	5,166

The average credit period on receivables is 3.1 days (2023: 3.2 days). The Group is entitled to charge interest on trade receivables as determined in each individual lease agreement. Interest is charged on receivables over 90 days on a case by case basis. The Group has provided for 50% of all receivables over 90 days unless there is information suggesting that particular amounts are recoverable. This amount increases to 100% of any receivable that is determined as not being recoverable. Trade receivables less than 90 days are provided for based on estimated non-recoverable amounts, determined by reference to relevant factors, conditions, and information at reporting date including past default experience.

Aged past due but not impaired trade receivables

	Group 2024 $000s	Group 2023 $000s
0-30 days past due	64	54
31-60 days past due	11	50
Beyond 60 days past due	5	14
	80	118

Included in the Group's trade receivable balance are debtors with a carrying amount of $79,629 (2023: $118,036), which are past due at the reporting date, for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Movement in the loss allowance

	Group 2024 $000s	Group 2023 $000s
Balance at the beginning of the year	50	86
(Decrease)/increase in allowance recognised in profit or loss	(36)	(36)
Balance at the end of the year	14	50

9. Other current assets

	Group 2024 $000s	Group 2023 $000s
Prepayments	5,348	4,809
Other	648	381
Total other current assets	5,996	5,190

10. Property held for sale

8 Forge Way, Panmure, Auckland ($35.2 million) was subject to an unconditional sale and purchase agreement at balance date (31 March 2023: Nil)

11. Share capital

	Group 2024 $000s	Group 2023 $000s
Balance at the beginning of the period	820,069	819,857
Issue of shares from equity settled share based payments	488	212
Total share capital	820,557	820,069

The number of shares on issue at 31 March 2024 was 847,168,744 (2023: 846,723,895).

All shares are fully paid and rank equally with one vote attached and carry the right to dividends.

Reconciliation of number of shares (in 000s of shares)	Group 2024	Group 2023
Balance at the beginning of the period	846,724	846,551
Issue of shares from share based payments	445	173
Total number of shares on issue	847,169	846,724

Capital risk management

The Group's capital includes shares, reserves and retained earnings with total shareholders' funds equal to $1,224.4 million (2023: $1,335.7 million).

The Group maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain the Group's future on-going activities and development of the business. The impact of the level of capital on equity holder returns is also recognised along with the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Board's intention is to maintain the debt-to-total-assets ratio between 30-40% in the medium term. The Group's banking covenants require that the aggregate principal amount of the loan outstanding does not exceed 50% of the fair value of property at all times. All banking covenants have been met during the year.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of debt and equity. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in the Group's overall strategy during the year.

12. Share based payments reserve

ACCOUNTING POLICY - SHARE BASED PAYMENTS

The fair value of performance share rights (PSRs) are recognised as an expense in the statement of financial performance over the vesting period of the rights with a corresponding entry to the share based payments reserve.

PSRs were offered to senior executives, commencing 1 April 2015. Under the scheme, PSRs are issued to participants which give them the right to receive ordinary shares in the Company after a three year period, subject to certain vesting and other conditions being met. The vesting of the PSRs is subject to the Company achieving a positive total shareholder return (measured against the Company's share price on the date of the issue of the PSRs, and including dividends) over a three year measurement period. The total number which actually vest will be dependent on the relative ranking of the Company's total shareholder returns against a comparator group of listed entities determined by the Board from the S&P/NZX All Real Estate Gross Index.

The total expense recognised in the year to 31 March 2024 in relation to equity settled share based payments was $290,405 (2023: $500,000). A total of 444,849 (2023: 173,293) PSRs vested during the year and each PSR was converted to one ordinary share at an issue price of $1.10.

Grant date	Vesting date	Granted during the year[1]	Weighted average issue price	Balance at the beginning of the period[1]	Vested during the period[1]	Forfeited during the period[1]	Balance at the end of the period[1]
2024							
1 April 2023	1 April 2026	495,473	$1.10	1,026,314	(444,849)	–[2]	1,076,938
2023							
1 April 2022	1 April 2025	299,844	$1.38	1,026,806	(173,293)	(127,043)[3]	1,026,314
2022							
1 April 2021	1 April 2024	281,621	$1.44	1,117,874	(318,573)	(54,116)[4]	1,026,806
2021							
1 April 2020	1 April 2023	444,849	$0.90	994,309	–	(321,284)[5]	1,117,874

1. This is the number of PSRs.
2. The rights forfeited relate to those issued on 1 April 2020.
3. The rights forfeited relate to those issued on 1 April 2019.
4. The rights forfeited relate to those issued on 1 April 2018.
5. The rights forfeited relate to those issued on 1 April 2017.

13. Retained earnings

	Group 2024 $000s	Group 2023 $000s
Balance at the beginning of the year	514,953	651,880
Profit/(loss) for the year	(55,275)	(80,833)
Dividends to shareholders	(56,336)	(56,094)
Total retained earnings	403,342	514,953

The annual dividend paid to shareholders was 6.6500 cents per share, paid in four quarterly payments of 1.6625 cents per share (2023: annual dividend paid was 6.6250 cents per share).

After 31 March 2024, the final dividend was declared. The dividend has not been provided for. Refer to note 27.

14. Interest bearing liabilities

ACCOUNTING POLICY - INTEREST BEARING LIABILITIES

All interest bearing liabilities are initially measured at fair value net of transaction costs. Subsequent to initial recognition, using the effective interest method.

Borrowing costs are the costs incurred in establishing the bank facility and fixed rate bonds. These costs are amortised over the life of the instrument at the effective interest rate.

	Group 2024 $000s	Group 2023 $000s
Syndicated bank loans	415,601	438,167
Fixed rate green bonds	325,000	325,000
Borrowing costs	(2,544)	(3,176)
Total interest bearing liabilities	738,057	759,991
Weighted average interest rate on interest bearing liabilities (inclusive of bonds, interest rate swaps, margins and line fees)	5.59%	5.39%

	Group 2024 $000s	Group 2023 $000s
Total interest bearing liabilities at the beginning of the year	759,991	696,475
Drawdowns from syndicated bank loans	49,384	101,616
Repayments to syndicated bank loans	(71,949)	(38,577)
Additional refinancing fee on interest bearing liabilities	(383)	(441)
Refinancing fee on interest bearing liabilities amortised during the year	1,014	918
Total interest bearing liabilities at the end of the year	738,057	759,991

Syndicated bank loans

	Group 2024 $000s	Group 2023 $000s
ANZ Bank New Zealand Limited	65,982	121,583
Bank of New Zealand	–	10,792
Commonwealth Bank of Australia	34,400	50,000
Industrial and Commercial Bank of China	90,000	60,000
The Hongkong and Shanghai Banking Corporation Limited	54,400	70,000
Westpac New Zealand Limited	170,819	125,792
Total syndicated bank loans	415,601	438,167

14. Interest bearing liabilities (continued)

As at 31 March 2024, the Group had a syndicated revolving facility with ANZ Bank New Zealand Limited, Bank of New Zealand, Commonwealth Bank of Australia, Industrial and Commercial Bank of China, The Hongkong and Shanghai Banking Corporation Limited and Westpac New Zealand Limited for $525.0 million (31 March 2023: $475.0 million) secured by way of mortgage over the investment properties of the Group. The facility includes a Tranche A limit of $160.0 million, a Tranche B limit of $60.0 million, a Tranche C limit of $115.0 million, a Tranche D limit of $110.0 million and a Tranche I limit of $80.0 million.

Tranche A matures on 1 April 2025, Tranche B on 1 October 2025, Tranche C on 1 October 2027, Tranche D on 1 October 2026 and Tranche I on 19 May 2026.

The limits for Tranches A, D and I remain unchanged from 31 March 2023. The Tranche B limit decreased from $125.0 million to $60.0 million and Tranche C was introduced. The maturity dates for Tranche A, B, D and I remain unchanged from 31 March 2023.

Fixed rate green bonds

NZX code	Value of Issue $000s	Issue Date	Maturity Date	Interest Rate	Fair Value $000s
ARG010	100,000	27 March 2019	27 March 2026	4.00%	95,135
ARG020	100,000	29 October 2019	29 October 2026	2.90%	91,536
ARG030	125,000	27 October 2020	27 October 2027	2.20%	107,518

The fair value of the fixed rate green bonds is based on the listed market price at balance date and is therefore classified as Level 1 in the fair value hierarchy. Interest on ARG010 bonds is payable in equal instalments on a quarterly basis in March, June, September and December. Interest on ARG020 and ARG030 bonds is payable in equal instalments on a quarterly basis in April, July, October and January.

The green bonds are secured by way of mortgage over the investment properties of the Group.

15. Trade and other payables

ACCOUNTING POLICY - TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

	Group 2024 $000s	Group 2023 $000s
GST payable	1,354	1,070
Other creditors and accruals	13,093	17,726
Total trade and other payables	14,447	18,796

16. Other current liabilities

ACCOUNTING POLICY - EMPLOYEE BENEFITS

A provision is recognised for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future outflows to be made by the Group in respect of services provided by employees up to the reporting date.

	Group 2024 $000s	Group 2023 $000s
Employee entitlements	557	744
Other liabilities	3,498	3,026
Total other current liabilities	4,055	3,770

17. Administration expenses

	Group 2024 $000s	Group 2023 $000s
Auditor's remuneration:		
Audit of the annual financial statements	210	165
Review of the interim financial statements	50	46
Annual meeting fees	6	6
Employee benefits	6,800	6,527
Other expenses	4,528	4,062
Doubtful debts expense/(recovery)	(36)	(36)
Bad debts	13	22
Total administration expenses	11,571	10,792

18. Interest expense

ACCOUNTING POLICY - INTEREST EXPENSE

Interest expense on borrowings is recognised using the effective interest method.

	Group 2024 $000s	Group 2023 $000s
Interest expense	(43,947)	(37,914)
Interest on ground lease (39 Market Place)	(2,004)	(2,009)
Less amount capitalised to investment properties	1,985	3,509
Total interest expense	(43,966)	(36,414)

Capitalised interest relates to the developments at 101 Carlton Gore Road, Newmarket, Auckland, 105 Carlton Gore Road, Newmarket, Auckland and 224 Neilson Street, Onehunga, Auckland (2023: Capitalised interest relates to the developments at 8-14 Willis Street/360 Lambton Quay, Wellington and 105 Carlton Gore Road, Newmarket, Auckland).

19. Taxation

ACCOUNTING POLICY - TAXATION

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

	Group 2024 $000s	Group 2023 $000s
The taxation charge is made up as follows:		
Current tax expense	6,444	3,777
Deferred tax expense	(1,867)	5,372
Adjustment recognised in the current year in relation to the current tax of prior years	(105)	748
Total taxation expense recognised in profit or loss	4,472	9,897
Reconciliation of accounting profit/(loss) tax expense		
Profit/(loss) before tax	(50,803)	(70,936)
Current tax expense/(credit) at 28%	(14,225)	(19,862)
Adjusted for:		
Capitalised interest	(556)	(983)
Fair value movement in investment properties	31,274	41,036
Fair value movement in derivative financial instruments	(178)	(2,042)
Restructure of financial instruments	257	(1,561)
Deductible repairs and maintenance expenditure capitalised for accounting purposes	(1,368)	(2,039)
Depreciation	(9,358)	(9,597)
Depreciation recovered/(loss) on disposal of investment properties	876	33
Tax on accounting gain/(loss) on disposal of investment properties	277	103
Settlement for failed sale of investment property	–	(828)
Other	(555)	(483)
Current taxation expense	6,444	3,777
Movements in deferred tax assets and liabilities attributable to:		
Investment properties	(2,303)	1,384
Fair value movement in derivative financial instruments	(79)	3,603
Other	515	385
Deferred tax expense	(1,867)	5,372
Prior year adjustment	(105)	748
Total tax expense recognised in profit or loss	4,472	9,897

The Government reintroduced depreciation deductions for commercial and industrial buildings effective from 1 April 2020. The depreciation deductions for commercial and industrial buildings will be removed from 1 April 2024.

There were no imputation credits at 31 March 2024 (2023: Nil).

20. Deferred tax

ACCOUNTING POLICY - DEFERRED TAX

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Under NZ IAS 12, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it and includes a presumption that an investment property is recovered entirely through sale unless it will be consumed over its useful life.

The following are the major deferred tax liabilities and (assets) recognised by the Group, and the movements thereon during the current and prior reporting years:

	Interest rate swaps $000s	Investment property $000s	Other $000s	Total $000s
At 1 April 2023	(4,827)	17,406	5,480	18,059
Charge/(credit) to deferred taxation expense for the year	(79)	(2,303)	515	(1,867)
At 31 March 2024	(4,906)	15,103	5,995	16,192
At 1 April 2022	(8,430)	16,022	5,095	12,687
Charge/(credit) to deferred taxation expense for the year	3,603	1,384	385	5,372
At 31 March 2023	(4,827)	17,406	5,480	18,059

Deferred tax is provided in respect of depreciation expected to be recovered on the sale of property at fair value. Depreciation is claimed at Inland Revenue Department approved rates.

Investment properties are valued each year by independent valuers (as outlined in note 5). These values include an allocation of the valuation between the land and building components. The calculation of deferred tax on depreciation recovered and changes in fair value relies on the split provided by the valuers.

It is assumed that all fixtures and fittings will be sold at their tax book value.

21. Reconciliation of profit/(loss) after taxation with cash flows from operating activities

	Group 2024 $000s	Group 2023 $000s
Profit/(loss) after tax	(55,275)	(80,833)
Movements in working capital items relating to investing and financing activities	6,468	9,063
Non cash items		
Movement in deferred tax liability	(1,867)	5,372
Movement in interest rate swaps	(637)	(7,295)
Fair value change in investment properties	111,691	146,557
Movements in working capital items		
Trade and other receivables	3,096	(860)
Taxation receivable	1,579	(533)
Trade and other payables	(4,349)	(3,203)
Other current assets	(806)	(1,731)
Other current liabilities	285	490
Net cash from operating activities	60,185	67,027

22. Earnings/(loss) per share

Basic and diluted earnings/(loss) per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares on issue during the year.

	Group 2024	Group 2023
Profit/(loss) attributable to shareholders of the Company ($000s)	(55,275)	(80,833)
Weighted average number of shares on issue (000s)	847,110	846,697
Basic and diluted earnings/(loss) per share (cents)	(6.53)	(9.55)
Weighted average number of ordinary shares		
Issued shares at beginning of period (000s)	846,724	846,551
Issued shares at end of period (000s)	847,169	846,724
Weighted average number of ordinary shares (000s)	847,110	846,697

On 21 May 2024, a final dividend of 1.6625 cents per share was approved by the Board. The Dividend Reinvestment Plan programme has been suspended by the Board until further notice.

23. Distributable income and adjusted funds from operations

	Group 2024 $000s	Group 2023 $000s
Profit/(loss) before income tax	(50,803)	(70,936)
Adjustments:		
Revaluation (gains)/losses on investment property	111,691	146,557
Realised (gains)/losses on disposal of investment properties	988	369
(Gain)/loss on derivative financial instruments held for trading	(637)	(7,295)
Gross distributable income	61,239	68,695
Tax impact of depreciation recovered on disposal of investment properties	876	33
Current tax expense	(6,339)	(4,525)
Net distributable income	55,776	64,203
Weighted average number of ordinary shares (000s)	847,110	846,697
Gross distributable income cents per share	7.23	8.11
Net distributable income cents per share	6.58	7.58
Net distributable income	55,776	64,203
Amortisation of tenant incentives and leasing costs	3,548	2,742
Share based payment expense	290	–
Funds from operations (FFO)	59,614	66,945
Capitalisation of tenant incentives and leasing costs	(1,304)	(1,023)
Maintenance capital expenditure	(2,135)	(6,446)
Swap contract termination payment	–	(1,498)
Maintenance capital expenditure recovered through sale	2,251	107
Adjusted funds from operations (AFFO)	58,426	58,085
FFO cents per share	7.04	7.91
AFFO cents per share	6.90	6.86
Dividends paid/payable in relation to period	6.65	6.65
Dividend payout ratio to FFO	94%	84%
Dividend payout ratio to AFFO	96%	97%

The Company's dividend policy is based on AFFO from the Property Council of Australia Voluntary Best Guidelines for disclosing FFO and AFFO as interpreted by the Company and amended to include maintenance capital expenditure recovered through sales.

FFO and AFFO are non-GAAP measures and may not be directly comparable with other entities.

24. Investment in subsidiaries

The Company has control over the following subsidiaries:

Name of subsidiary	Principal activity	Place of incorporation	Place of operation	Holding 2024	Holding 2023
Argosy Property No.1 Limited	Property investment	NZ	NZ	100%	100%
Argosy Property Management Limited	Management company	NZ	NZ	100%	100%
Argosy Cover Limited	Captive insurer	Cook Islands	NZ	100%	0%

The subsidiaries have the same reporting date as the Company.

25. Leases

ACCOUNTING POLICY - LEASES

The Group as a lessee

Argosy do not recognise right of use assets or lease liabilities for short term leases or low value leases. Lease payments for these leases are recognised as an expense on a straight line basis over the lease term.

Where Argosy identifies a lease, the following treatment is applied:

Right of use assets are measured at cost comprising the amount of the initial lease liability, any payments made before the commencement of the lease, direct costs and any restoration costs. Right of use assets are disclosed within the same line item as that within which the corresponding underlying assets would be presented if they were owned. Some right of use assets meet the definition of investment properties. Refer note 5 for policies and disclosure on investment properties.

Lease liabilities are measured at the net present value of the lease payments. These payments include fixed lease payments, amount expected to be payable under residual value guarantees, variable lease payments that are based on an index or rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

These lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Subsequent to initial measurement, each lease payment is allocated between the principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The maturity analysis of lease liabilities is presented in note 6.

The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group has entered into commercial property leases on its investment properties. The Group has determined that it retains all significant risks and rewards of ownership of these properties and has thus classified these leases as operating leases.

Rental income from operating leases is recognised in the period to which it relates. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortised to property expenses on a straight-line basis over the lease term.

In the event that lease incentives are paid to enter into the operating leases, such incentives are recognised as an asset. The aggregate cost of incentives is recognised as a reduction of rental revenue on a straight-line basis.

When a contract includes both lease and non-lease components, consideration is allocated to each component under the contract.

25. Leases (continued)

Lease liabilities

Lease liabilities relate to the ground lease at 39 Market Place, Viaduct Harbour, Auckland.

	Group 2024 $000s	Group 2023 $000s
Opening balance	40,074	40,190
Lease liability interest expense	2,004	2,009
Ground rent paid	(2,125)	(2,125)
Total lease liabilities	39,953	40,074

Non-cancellable operating lease receivable

Operating leases relate to the investment properties owned by the Group with the leases expiring between 2024 and 2038. The lessee does not have an option to purchase the property at the expiry of the lease.

	Group 2024 $000s	Group 2023 $000s
Within one year	123,717	120,282
One year or later and not later than five years	351,049	358,313
Later than five years	202,356	216,912
Total operating lease receivable	677,122	695,507

There were no contingent rents recognised as income during the year.

26. Commitments

Building upgrades and developments

Estimated capital commitments contracted for building projects not yet completed at 31 March 2024 and not provided for were $24.0 million (2023: $20.1 million).

There were no other commitments as at 31 March 2024 (2023: Nil).

The Company has the following guarantee, which is not expected to be called upon:

As a condition of listing on the New Zealand Stock Exchange (NZX), NZX requires all issuers to provide a bank bond to NZX under NZX Main Board/Debt Market Listing Rule 2.6.2. The bank bond required from APL for listing on the NZX Main Board is $75,000.

27. Subsequent events

On 21 May 2024, a final dividend of 1.6625 cents per share was approved by the Board. The record date for the final dividend is 12 June 2024 and a payment is scheduled to shareholders on 26 June 2024. Imputation credits of 0.1633 cents per share are attached to the dividend.

28. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

	Group 2024 $000s	Group 2023 $000s
Key management and directors compensation		
Salaries and other short term employee benefits	2,010	1,843
Share based payments	488	212
Directors' fees	728	728
Total	3,226	2,783

Deloitte.

Independent Auditor's Report

To the Shareholders Argosy Property Limited

Opinion

We have audited the consolidated financial statements of Argosy Property Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements, on pages 34 to 58, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External Reporting Board and IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and vote scrutineering at the annual shareholders' meeting, we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be $3.06 million.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Investment property valuations	
As disclosed in note 5 of the consolidated financial statements, investment properties were valued at $2,014 million as at 31 March 2024. The investment properties are classified into three segments being, Industrial, Office, and Large Format Retail. The methods used for assessing fair values include the capitalisation of contract income, capitalisation of market income and discounted cash flow methodologies. Fair values are calculated using actual and forecasted inputs and assumptions including market rentals and growth, maintenance and capital expenditure requirements, an assessment of yields, discount rates, occupancy, leasing costs and weighted average lease terms. Adjustments are made to observable market data of similar properties to reflect the specific nature and location of the individual properties. The Group's policy is to engage independent registered valuers to perform valuations for each of the properties on at least an annual basis. The valuation of investment properties is a key audit matter due to the subjective judgements and assumptions in the valuation process.	We read the valuation reports for all properties that were subject to revaluation at year end. We checked for any limitations of scope in the valuation reports that would impact the reliability of the valuations. When considered appropriate, discussions were held with the valuers to confirm the valuation approach used. These discussions related to the general market, as well as specific properties identified by us. We assessed the valuers' experience and professional accreditations. This included having each of the valuers confirm their independence, qualifications and that the scope of work undertaken was in line with professional valuation standards and financial reporting standards. In addition, we considered the Group's process for reviewing and challenging the valuation reports to ensure that they accurately reflected the individual characteristics of each property. The major inputs to the valuation process were tested across a sample of properties, with a focus on the capitalisation of market rent methodology. For the sample selected, key changes in rental

Key audit matter	How our audit addressed the key audit matter
	assumptions, capitalisation rates and other adjustments and terms were agreed to underlying supporting information. For a sample of properties, ownership was confirmed through property title searches. Our internal valuation specialists assisted in assessing the appropriateness of the valuation methodology.

Other information

The Board of Directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Board of Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Peter Gulliver, Partner
for Deloitte Limited
Auckland, New Zealand
21 May 2024

The Company

Argosy is a limited liability company incorporated under the Companies Act 1993. Argosy shares are listed on the NZX Main Board (NZX code: ARG). Argosy's constitution is available on its website (www.argosy.co.nz) and the New Zealand Companies Office website (www.companiesoffice.govt.nz).

Corporate Governance Philosophy

Ultimate responsibility for corporate governance of the Company resides with the Board of Directors. The Board sees strong corporate governance and stewardship as fundamental to the strong performance of the Company and, accordingly, the Board's commitment is to the highest standards of business behaviour and accountability. Outlined below are the main corporate governance practices in place throughout the year. In the Board's opinion, as at 31 March 2024, the Company complied with the recommendations set by the NZX Corporate Governance Code (1 April 2023), except as set out in the Company's Statement on Reporting Against the NZX Code, which is available on the Company's website (www.argosy.co.nz).

Ethical Standards

Argosy's Code of Conduct and Ethics sets out the ethical and behavioural standards expected of Argosy's Directors, Officers and employees. The purpose of the Code of Conduct and Ethics is to uphold the highest ethical standards and ensure Argosy's Directors, Officers and employees are acting in good faith and in the best interests of shareholders at all times. The Code of Conduct and Ethics outlines the Company's policies in respect of conflicts of interest, fair dealing, compliance with applicable laws and regulations, maintaining confidentiality of information, dealing with company assets and use of company information.

Procedures for dealing with breaches of these policies are contained in the Code of Conduct and Ethics, which forms part of each employee's conditions of employment. Argosy's Code of Conduct and Ethics is available on its website (www.argosy.co.nz).

Climate-Related Financial Disclosures

The group climate statements for Argosy and its subsidiaries are available on the Company's website (www.argosy.co.nz)

Composition of the Board

Argosy is committed to having a Board whose members have the capacity to act independently and have the composite skills to optimise the financial performance of the Company and returns to shareholders. The Constitution provides for there to be not fewer than three Directors. All the members of the Board are independent non-executive Directors. The Board does not impose a restriction on the tenure of any Director as it considers that such a restriction may lead to the loss of experience and expertise from the Board.

Attendance of Directors

BOARD MEETINGS ATTENDED

Director	Attendance
Jeff Morrison (Chair)	**8 of 8**
Stuart McLauchlan	**8 of 8**
Chris Gudgeon	**7 of 8**
Mike Pohio	**8 of 8**
Rachel Winder	**8 of 8**
Martin Stearne	**7 of 8**

Jeff Morrison, Stuart McLauchlan, Chris Gudgeon, Mike Pohio, Rachel Winder and Martin Stearne were Directors as at 31 March 2024. Brief resumés of Argosy's current Directors are included in the section headed "Our Leadership & Governance" on pages 28-29.

Independent Directors

The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding management accountable for its performance.

In determining whether a Director is independent, the Board considers whether the Director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his or her unfettered and independent judgement. In accordance with Rule 2.6.1 of the NZX Listing Rules, the Board has determined that all of the Directors were, in its view, independent directors as at the balance date as none of them had a disqualifying relationship with the Company. In making this determination the Board has determined that none of the factors referred to in table 2.4 of the NZX Corporate Governance Code apply to Argosy's Directors.

Board Skills

The skills matrix (on the right) presents the Board's assessment of its skills and experience against criteria identified as necessary in the context of Argosy's business and the wider commercial environment in which it operates. It helps guide the assessment of the skills and diversity that the Board has or is looking for, provides an opportunity to identify gaps in skills that the Board seeks of current Directors and is part of the Board's planning for development, renewal and succession. The matrix will be reviewed regularly, to ensure the Board's collective skills and experience are aligned with the needs of Argosy's business and developments in the commercial environment. Beyond the variety of technical skills and experience listed below, the Board seeks to work as a team with different personalities and viewpoints, who will respectfully challenge Management and each other to support the long-term success of the Company.

Skills / Experience		Total
Property Industry	●●●●	4/6
Commercial	●●●●●	5/6
Financial	●●●●●	5/6
Legal	●●●	3/6
Capital Markets	●●●●	4/6
ESG	●●●●	4/6
Strategy	●●●●●●	6/6
Risk Management	●●●	3/6

Criteria for the skills assessment are outlined in the following table:

Property Industry Experience	Experience in property including but not limited to investment and divestment, leasing, development and management.
Commercial Experience	Broad range of commercial/entrepreneurial/business experience.
Financial	Qualifications and experience in accounting and/or finance and the ability to: • analyse key financial statements • critically assess financial feasibility and performance • contribute to strategic financial planning • oversee budgets and the efficient use of resources • oversee funding arrangements
Legal	General experience with legal principles around property, capital raising and funds management. Experience in corporate and commercial law, including major contracts.
Capital Markets	Knowledge of capital markets and experience with raising funds via the capital markets. Knowledge and awareness of the objectives and preferences of institutional and retail investors.
ESG	Experience in best practice corporate governance structures, policies and processes.
Strategy	Business strategy skills, including oversight, development and execution, business sustainability, and capital allocation and planning.
Risk Management	Ability to identify, mitigate and manage key risks to the organisation in a wide range of areas including legal, regulatory and operational (including health and safety).

Board and Director Performance

The Board will, regularly, critically evaluate its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role. The Board also regularly reviews and evaluates the performance of each standing Committee to ensure it is operating consistently with its constitution and delegations.

Insider Trading and Restricted Persons Trading

Argosy's Directors, Officers and employees, their families and related parties must comply with the Insider Trading and Restricted Persons Trading policy. Amongst other requirements, the policy identifies three 'black-out periods' where trading in the Company's shares is prohibited (with limited exceptions, such as a 'special circumstances' trading application). The black-out periods are from the close of trading on 28 February (or 29 February in a leap year) until the day following the full year announcement date each year; from the close of trading on 31 August until the day following the half year announcement date each year; and 30 days prior to release of a product disclosure statement for a general public offer of Argosy securities. The black-out periods do not affect ongoing fixed participation in the Dividend Reinvestment Plan (DRP).

Trading by Directors, Officers, certain employees and their associates, requires pre trade approval (with limited exceptions, such as shares acquired under the DRP). Officers and employees must obtain approval from any two Directors or a Director and the Chief Financial Officer and Directors must obtain pre-trade approval from the Chairman (or in the case of the Chairman, the Chairman of the Audit and Risk Committee). The holdings of Directors of securities in Argosy are disclosed in the section headed 'Directors' Shareholdings and Bondholdings' on pages 68-69 of this report. Argosy's Insider Trading and Restricted Persons Trading Policy is available on its website (www.argosy.co.nz).

Directors and Officers' Indemnification and Insurance

In accordance with section 162 of the Companies Act 1993 and the Constitution of the Company, Argosy has indemnified and insured its Directors and employees, including Directors and employees of subsidiaries, in respect of liability incurred for any act or omission in their capacity as a Director or employee (including defence costs). The insurer reimburses the company where it has indemnified the Directors or employees.

Board Committees

Board Committees assist with the execution of the Board's responsibilities to shareholders. Each Committee operates under a Constitution approved by the Board, setting out its role, responsibilities, authority, relationship with the Board, reporting requirements, composition, structure and membership. Argosy's Board Committee constitutions are available on its website (www.argosy.co.nz).

Remuneration and Nominations Committee

During the year the responsibilities of the existing Remuneration Committee were expanded to include nominations and the Committee was renamed the Remuneration and Nominations Committee. The Committee is responsible for considering the remuneration of Directors and senior executives, administering the Company's bonus and incentive schemes, succession planning, reviewing Board composition and skills and making recommendations in respect of Director appointments. As at 31 March 2024 Jeff Morrison (Chairman), Stuart McLauchlan and Martin Stearne were members of the Committee.

The Committee's charter, which sets out its responsibilities in more detail, is available on Argosy's website (www.argosy.co.nz).

Attendance at Remuneration and Nominations Committee

REMUNERATION COMMITTEE MEETINGS ATTENDED

Director	Attendance
Jeff Morrison (Chair)	**2 of 2**
Stuart McLauchlan	**2 of 2**
Martin Stearne	**2 of 2**

Environmental, Social & Governance (ESG) Committee

The ESG Committee is a standing Committee of the Board responsible for identifying and considering ESG matters in relation to the Company and its operations, including climate change risks. As at 31 March 2024 Mike Pohio (Chairman) and Rachel Winder were members of the Committee.

The Committee's charter, which sets out its responsibilities in more detail, is available on Argosy's website (www.argosy.co.nz).

Attendance at ESG Committee Meetings

ESG COMMITTEE MEETINGS ATTENDED

Director	Attendance
Mike Pohio (Chair)	**5 of 5**
Rachel Winder	**5 of 5**

Audit and Risk Committee

The Audit and Risk Committee is a standing Committee of the Board, responsible for overseeing the financial, accounting and risk management responsibilities of the Company. The minimum number of members on the Audit and Risk Committee is three. All members must be Directors, the majority must be Independent Directors and at least one member must have an accounting or financial background. As at 31 March 2024 Stuart McLauchlan (Chairman), Jeff Morrison, Chris Gudgeon and Martin Stearne were members of the Committee.

The Audit and Risk Committee assists the Board in fulfilling its corporate governance and disclosure responsibilities with particular reference to financial matters, external audit and risk management. The Committee's charter, which sets out its responsibilities in more detail, is available on Argosy's website (www.argosy.co.nz).

Attendance at Audit and Risk Committee

AUDIT AND RISK COMMITTEE MEETINGS ATTENDED

Director	Attendance
Stuart McLauchlan (Chair)	**4 of 4**
Jeff Morrison	**4 of 4**
Chris Gudgeon	**4 of 4**
Martin Stearne	**3 of 4**

Directors' Remuneration

Director remuneration policy

The Remuneration and Nominations Committee reviews Director remuneration annually and makes recommendations to the Board. The Board takes advice from independent remuneration specialists when considering any proposal to increase the Directors' fees.

DIRECTORS' FEES

The Company considers it desirable to attract and retain high performing Directors whose skills and experience are well suited to the Company's requirements. To this end, it is important that the Directors are remunerated appropriately. The current total Directors' fee pool approved by ordinary resolution at the Company's 2021 Annual Meeting is $828,000 per annum.

Director remuneration arrangements and outcomes

The Directors' fees are presently set as follows:

Office	Remuneration	No. of people holding office
Chair	$160,000	1
Non-Executive Director	$92,500	5
Chair of Audit and Risk Committee	$20,000	1
Audit and Risk Committee Member	$12,000	3
Chair of Remuneration and Nominations Committee	$12,500	1
Remuneration and Nominations Committee Member	$6,000	2
Chair of ESG Committee	$15,000	1
ESG Committee Member	$10,000	1

The approved fee pool includes an unallocated amount of $100,000 that provides flexibility to remunerate Directors who assume additional responsibilities (including one-off project work) from time to time beyond the scope of their usual responsibilities. No such remuneration was provided in the year to 31 March 2024 (2023: Nil).

DIRECTORS' REMUNERATION

Remuneration paid to Directors by the Company during the year is as follows:

Director	Fee	Fee for Audit & Risk Committee	Fee for Remuneration & Nomination Committee	Fee for ESG Committee	Remuneration
Jeff Morrison (Chair)	$160,000	$12,000	$12,500	-	$184,500
Stuart McLauchlan	$92,500	$20,000	$6,000	-	$118,500
Martin Stearne	$92,500	$12,000	$6,000	-	$110,500
Mike Pohio	$92,500	-	-	$15,000	$107,500
Chris Gudgeon	$92,500	$12,000	-	-	$104,500
Rachel Winder	$92,500	-	-	$10,000	$102,500
Total	**$622,500**	**$56,000**	**$24,500**	**$25,000**	**$728,000**

No current or former Director received any other benefits from Argosy during the year to 31 March 2024 (2023: Nil).

Director shareholdings are disclosed on pages 68-69.

Gender Balance

As at 31 March 2024, the gender balance statistics for the Company's Directors, Officers and all employees were as follows:

GENDER DIVERSITY

	Directors	Officers	All employees
Female	1 (2023: 1)	3 (2023: 3)	15 (2023: 15)
Male	5 (2023: 5)	10 (2023: 10)	21 (2023: 21)
Total	6 (2023: 6)	13 (2023: 13)	36 (2023: 36)

As at 31 March 2024, the age statistics for the Company's Directors, Officers and all employees were as follows.

	Directors	Officers	All employees
Under 30	Nil (2023: Nil)	Nil (2023: Nil)	3 (2023: 4)
30-50 yrs	2 (2023: 2)	5 (2023: 7)	16 (2023: 17)
Over 50	4 (2023: 4)	8 (2023: 6)	17 (2023: 15)

Argosy's Diversity Policy is available on its website (www.argosy.co.nz). The Board considers that the diversity objectives and targets in the Policy are appropriate and that Argosy is making good progress toward meeting them. You can find further information on diversity on page 12 of the 2024 Sustainability Report.

Remuneration Report

Chairman's introduction:

The Remuneration and Nominations Committee has established remuneration policies and practices to attract and retain a high performing management team to carry on the Company's property investment business in the interests of shareholders. All permanent staff are paid a mixture of fixed and variable remuneration. The variable component is designed to link pay of employees to both individual performance and the success of the Company.

During the year to 31 March 2023 the Company's remuneration policies were reviewed by an external consultant. As a result, changes were made to remuneration for the current year to 31 March 2024. The Chief Executive Officer's (CEO) STI was increased from 50% of base salary to 70% of base salary, with the additional 20% being awarded based on achievement of material stretch objectives set by the Board.

The Company's STI scheme for employees other than the CEO and Chief Financial Officer (CFO) was also adjusted during the year to 31 March 2024, to increase the proportion of variable remuneration linked to individual performance from 25% to 30% of base salary. The remaining 70% of each employees' variable remuneration is linked to performance measures based on net property income, adjusted funds from operations (AFFO) and key operational metrics.

The Remuneration and Nominations Committee has reviewed the Company's remuneration policies and practices as outlined below and discussed them with Management. We consider that they create the foundation for a high performing Management team whose interests are aligned with the interests of the Company's shareholders.

Jeff Morrison, Chairman

REMUNERATION GOVERNANCE

The Board's Remuneration and Nominations Committee overseas the Company's remuneration policy and framework. These are designed to attract, retain and reward individual employees who deliver high performance aligned to business objectives, strategy, shareholder interests and investment performance.

Each member of the Remuneration and Nominations Committee is independent and Management only attend Committee meetings by invitation. Further information concerning the composition of the Remuneration and Nominations Committee (and other Board Committees) is set out on page 63.

The Remuneration and Nominations Committee operates under a written Constitution and in accordance with the Company's Remuneration Policy, both of which are available on the Company's website (www.argosy.co.nz). The main features of the Company's Remuneration Policy are summarised below.

EMPLOYEE REMUNERATION

An employee's remuneration is comprised of the following components:

- fixed remuneration;
- variable or 'at risk' components.

The fixed remuneration component (including salary, KiwiSaver contributions, health and disability benefits and vehicles) is designed to reward employees for their skills and experience and the accountability of their role. The variable component is comprised of a short-term incentive scheme for all permanent employees and a long-term incentive (LTI) scheme for eligible senior executives. Each component of remuneration is outlined below.

FIXED REMUNERATION

Fixed remuneration is the primary basis for remunerating the Company's employees. Each employee's fixed remuneration is determined based on their responsibilities, capability, performance and market benchmarks. Fixed remuneration for permanent employees is comprised of their base salary and benefits. Benefits may include:

- KiwiSaver employer superannuation contributions;
- life and disability insurance;
- health insurance; and
- private use of a company vehicle.

SHORT TERM INCENTIVE SCHEME (STI)

The STI is a discretionary variable pay scheme for permanent employees, designed to reward participants for high performance and the Company's success over the financial year.

- The STI for all employees other than the CEO and CFO is based on Company and individual performance measures with stretch performance goals.
- The Company performance measure is based on specific annual Company targets, which are linked to the Company's strategy and approved by the Board.
- Individual goals and performance measures are agreed between each manager and their direct reports, to encourage outstanding performance.

- Measures and stretch performance goals are reviewed each financial year.
- The STI for each of the CEO and CFO is based solely on Company performance.

LONG TERM INCENTIVE SCHEME (LTI)

The Company has established an LTI scheme to remunerate senior executives for sustained performance over a three-year period. Under the LTI scheme (which is subject to Board discretion), the Company may issue performance share rights (PSRs) to eligible employees each year (during the year to 31 March 2024 these were the CEO and CFO). Each PSR entitles its holder to one share in Argosy on its vesting date, subject to meeting LTI performance thresholds. Each PSR has a vesting date three years after commencement of the financial year in which it is issued.

The LTI performance measure is a comparison of the Company's Total Shareholder Return (TSR) against the TSR of a comparator group of listed entities determined by the Board.

- Comparator entities are chosen from the S&P/NZX All Real Estate Gross Index.
- TSRs of the entities in the comparison group over the performance period (which is three years) will be ranked from highest to lowest.
- If Argosy's TSR over the performance period exceeds the TSR of the company ranked at the 50th percentile in the comparison group, 50% of the PSRs will vest.
- If Argosy's TSR over the performance period exceeds the TSR of the company ranked at the 75th percentile in the comparison group, 100% of the PSRs will vest.
- There is a straight line progression and apportionment between these two points.

444,849 PSRs (100% of PSRs granted in respect of the period commencing on 1 April 2020) vested during the year, reflecting that the Company's TSR exceeded the 75th percentile of the comparison group over the applicable three-year period. A corresponding number of shares in the Company were issued. 495,473 PSRs were granted to eligible employees during the year.

External independent advice and references to employee remuneration benchmarks

Each year the Company receives external remuneration benchmark information in the course of reviewing employee remuneration. No external independent advice was received by the Company in relation to the year ended 31 March 2024. However, the Company has received external independent advice in setting salary levels for the year ending 31 March 2025.

CHIEF EXECUTIVE'S REMUNERATION

The Chief Executive's remuneration for the year ended 31 March 2024 is outlined below:

Base salary	$677,000
Other benefits	$73,600
Short term incentive (STI)	$415,000
Long term incentive (LTI)	$315,500
Total	**$1,481,100**

Base salary and other benefits reflect the CEO's fixed remuneration during the year. The base salary increased by $27,000 on the prior year. The CEO's maximum STI for the year is equal to 70% of base salary ($473,900). The proportion of this amount awarded reflects the Remuneration and Nominations Committee's assessment of the CEO's performance during the year measured against agreed performance hurdles in the following areas:

- *Financial Performance*: Targets based on net property income and AFFO
- *Health and Safety:* Targets based on zero serious harm injuries
- *Operations:* Targets based on leasing and portfolio positioning
- *Sustainability:* Targets based on near term actions in the Company's Sustainability Framework
- *Strategic Initiatives:* Targets based on the completion of a strategic asset review.

The STI weightings attributed to each area are shown in the table below:

Performance hurdle	STI weighting	Outcome
Financial performance	27%	27%
Health and Safety	14%	14%
Operations	20%	8%
Sustainability	11%	11%
Strategic Initiatives	28%	28%

The LTI included in the CEO's remuneration relates to PSRs, which have a three-year vesting period beginning on 1 April 2020 and ending on 31 March 2023, that vested during the year to 31 March 2024. Vesting of PSRs is dependent on the Company's relative TSR over the vesting period, as described on page 66. 287,356 PSRs (100% of the PSRs granted in respect of the period commencing 1 April 2020) vested on 16 May 2023 and a corresponding number of shares were issued on 19 May 2023. The shares were valued at $1.0981 per share based on the volume weighted average price for Argosy shares over the five days trading prior to the share issue.

In addition to the total remuneration disclosed above, the CEO was granted 353,133 PSRs during the year to 31 March 2024 (which have a three-year vesting period commencing 1 April 2023). The grant of PSRs was calculated based on 60% of base salary and using the volume weighted average price of the shares sold through the NZX over the period of 10 trading days ending on 31 March 2023. The LTI is included in the CEO's remuneration in the year that the shares vest.

	Granted	Commencement date	PSR period	Vesting date
2020 PSRs	287,356	1 April 2020	Three years	16 May 2023
2021 PSRs	1 80,005	1 April 2021	Three years	Expected FY25
2022 PSRs	1 88,926	1 April 2022	Three years	Expected FY26
2023 PSRs	353,1 33	1 April 2023	Three years	Expected FY27

The CEO's shareholdings in the Company are disclosed on page 70.

ESG disclosures

As at 31 March 2024, the CEO's base salary of $677,000 was 4.4 times (2023: 4.8 times) that of the base salary of the median employee at $153,000 per annum. The CEO's total remuneration, including STI Earned and LTI Vested, of $1,481,100 was 7.4 times (2023: 6.4 times) the total remuneration of the median employee at $201,500.

The Company does not report gender pay gap information as it has less than 50 employees. Mind the Gap considers that it is not appropriate for issuers with less than 50 employees to make a gender pay gap disclosure.

EMPLOYEE REMUNERATION

All employees of the Group are employed by Argosy Property Management Limited, a wholly owned subsidiary of the Company. The number of employees or former employees who received remuneration and any other benefits in their capacity as employees of $100,000 per annum or more, are set out in the following table:

Amount of remuneration	Number of employees
$100,001 - $110,000	2
$110,001 - $120,000	1
$130,001 - $140,000	3
$140,001 - $150,000	1
$150,001 - $160,000	1
$160,001 - $170,000	1
$170,001 - $180,000	3
$180,001 - $190,000	1
$200,001 - $210,000	2
$210,001 - $220,000	2
$240,001 - $250,000	2
$250,001 - $260,000	1
$280,001 - $290,000	1
$290,001 - $300,000	1
$300,001 - $310,000	3
$310,001 - $320,000	1
$320,001 - $330,000	1
$360,001 - $370,000	1
$380,001 - $390,000	1
$450,001 - $460,000	1
$1,010,001-$1,020,000	1
$1,480,001-$1,490,000	1

The CEO salary included in the table above includes the STI earned in this financial year, and described further on page 66, which will be paid in the financial year ending 31 March 2025.

444,849 PSRs vested in the year to 31 March 2024 and these are included in the value of remuneration and other benefits in the table above. Employee remuneration does not include PSRs issued under the Company's LTI scheme that have been granted but which have not vested.

Interests Registers

DIRECTORS' SHAREHOLDINGS AND BONDHOLDINGS

Equity and debt securities in which each Director and associated person of each Director held a relevant interest as at 31 March 2024 are listed below:

Director	Holder	Trustees	Interest	Number of Shares
Chris Gudgeon	Trustees of the Twinrock Trust	CW Gudgeon, JC Gudgeon and PB Guise	Non beneficial	18,100
Mike Pohio	Trustees of the Pohio Family Trust	Michael Eric Pohio, Karen Elizabeth Pohio and Ruby Trustees Limited	Non beneficial	50,000
Rachel Winder	Rachel Winder		Beneficial	14,000
Martin Stearne	FNZ Custodians Limited for the trustees of the MW and LJ Stearne Family Trust	Martin William Stearne and Tobias Edward Groser	Non beneficial	200,000
Stuart McLauchlan	JBWere (NZ) Nominees Limited		Beneficial	51,398
Jeff Morrison	Investment Custodial Services for the trustees of the Suzanne Fisher Trust	Jeff Morrison and Barry Fisher	Non beneficial	335,114
Jeff Morrison	Investment Custodial Services for trustees of the LJ Fisher Trust	Jeff Morrison and Andrew Spencer	Non beneficial	30,768
Jeff Morrison	Trustees of the JM Thompson Trust	Jeff Morrison and Robyn Shearer	Non beneficial	329,160
Jeff Morrison	Trustees of the Dalbeth Family Trust No.3	William Dalbeth and Jeff Morrison	Non beneficial	218,070
Jeff Morrison	Trustees of the Dalbeth Family Trust No.4	William Dalbeth and Jeff Morrison	Non beneficial	334,300
Jeff Morrison	FNZ Custodians Limited for Stephen Fisher, Virginia Fisher and Jeffrey Morrison as trustees of the Stephen and Virginia Fisher Trust	Stephen Fisher, Virginia Fisher and Jeff Morrison	Non beneficial	66,000
Jeff Morrison	Trustees of the Margaret Claire Dotchin-Knight Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	5,000
Jeff Morrison	Trustees of the Joanne Elizabeth Dotchin Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	5,000
Jeff Morrison	Investment Custodial Services Limited for Jeffrey Robert Morrison and Noeline Morrison as trustees of the J&N Morrison Family Trust	Jeff Morrison and Noeline Morrison	Beneficial	172,322
Jeff Morrison	Investment Custodial Services Limited for the Spirit of Adventure Trust Board		Non beneficial	69,250

Director	Holder	Trustees	Interest	Number of ARG010 Bonds
Jeff Morrison	JM Thompson Charitable Trust	Robyn Maree Shearer and Jeff Morrison	Non beneficial	300,000
Jeff Morrison	WT Dalbeth Family Trust No.3	William Thomas Dalbeth & Jeff Morrison	Non beneficial	200,000
Jeff Morrison	Dalbeth Family Trust No.2	William Thomas Dalbeth & Jeff Morrison	Non beneficial	200,000
Jeff Morrison	LJ Fisher Trust	Andrew Spencer and Jeff Morrison	Non beneficial	45,000
Jeff Morrison	Susanne Fisher Trust	Stephen Barry Fisher and Jeff Morrison	Non beneficial	200,000
Jeff Morrison	WT Dalbeth Family Trust No.4	William Thomas Dalbeth & Jeff Morrison	Non beneficial	300,000

Director	Holder	Trustees	Interest	Number of ARG020 Bonds
Jeff Morrison	Stephen and Virginia Fisher Trust	Stephen Fisher, Virginia Fisher and Jeff Morrison	Non beneficial	125,000
Jeff Morrison	Susanne Fisher Trust	Stephen Barry Fisher and Jeff Morrison	Non beneficial	100,000

Director	Holder	Trustees	Interest	Number of ARG030 Bonds
Jeff Morrison	FNZ Custodians Limited for Stephen Barry Fisher, Virginia Jane Fisher and Jeff Morrison as trustees of the Stephen and Virginia Fisher Trust	Stephen Barry Fisher, Virginia Jane Fisher and Jeff Morrison	Non beneficial	150,000
Jeff Morrison	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin as trustees of the Margaret Claire Dotchin-Knight Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	60,000
Jeff Morrison	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin as trustees of the Joanne Elizabeth Dotchin Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	60,000
Jeff Morrison	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin as trustees of the Jonathan Napier & Dulcie Elizabeth Dotchin Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	60,000

Senior Managers' Shareholdings

Equity securities in which each Senior Manager and associated persons of each Senior Manager held a relevant interest as at 31 March 2024 are listed below:

Officer	Holder	Trustees	Interest	No. of shares
Peter Mence	Peter Mence		2021 PSR[1]	180,005
			2022 PSR[1]	188,926
			2023 PSR[1]	353,133
	Peter Mence		Beneficial	719,917
	Trustees of the Papageno Trust	Peter Mence, Stella McDonald	Non beneficial	416,077
	Sharesies Nominee Limited as nominee for Peter Donald Mence	Sharesies Nominee Limited	Beneficial	93,728
Dave Fraser	Dave Fraser		2021 PSR[1]	101,616
			2022 PSR[1]	110,918
			2023 PSR[1]	142,340
	Dave Fraser		Beneficial	603,616

1. Performance Share Rights issued under the Company's Long Term Incentive Scheme.

Directors and Senior Managers' Share and Bond dealings

The Directors and Senior Managers entered into the following dealings which relate to the acquisition of shares and bonds in the Company during the year:

- Dave Fraser acquired a beneficial interest in 25,000 shares in the Company on 30 May 2023 for consideration of $28,005 through an on-market acquisition.
- Dave Fraser acquired a beneficial interest in 157,493 shares in the Company on 19 May 2023 for consideration of $1 which were issued upon vesting of performance share rights under the Company’s Long Term Incentive Scheme.
- Dave Fraser disposed of a beneficial interest in 157,493 performance share rights in the Company on 19 May 2023 for nil consideration which expired under the Company’s Long Term Incentive Scheme.
- Dave Fraser acquired a beneficial interest in 142,340 performance share rights in the Company on 19 May 2023 for nil consideration which were granted under the Company’s Long Term Incentive Scheme.
- Peter Mence acquired a beneficial interest in 287,356 shares in the Company on 19 May 2023 for consideration of $1 which were issued upon vesting of performance share rights under the Company’s Long Term Incentive Scheme.
- Peter Mence disposed of a beneficial interest in 287,356 performance share rights in the Company on 19 May 2023 for nil consideration which expired under the Company’s Long Term Incentive Scheme.
- Peter Mence acquired a beneficial interest in 353,133 performance share rights in the Company on 19 May 2023 for nil consideration which were granted under the Company’s Long Term Incentive Scheme.
- Jeff Morrison disposed of a non-beneficial (professional trustee) interest in 38,526 shares in the Company on 4 December 2023 for consideration of $42,156 through an on-market disposal.
- Jeff Morrison disposed of a non-beneficial (professional trustee) interest in 28,181 shares in the Company on 14 November 2023 for consideration of $30,693 through an on-market disposal.
- Jeff Morrison acquired a non-beneficial (professional trustee) interest in 100,000 ARG020 Green Bonds on 1 September 2023 for consideration of $88,615 through an on-market acquisition.
- Jeff Morrison disposed of a non-beneficial (professional trustee) interest in 5,000 shares in the Company on 3 August 2023 for consideration of $5,932 through an on-market disposal.
- Martin Stearne acquired a non-beneficial (trust) interest in 30,745 shares in the Company on 19 December 2023 for consideration of $34,286 through an on-market acquisition.
- Martin Stearne acquired a non-beneficial (trust) interest in 19,255 shares in the Company on 18 December 2023 for consideration of $21,155 through an on-market acquisition.

Directors' Interests

The Directors have declared interests in the entities listed below. Where (R) is included next to the interest, the Director has ceased to have that interest during the year.

Director	Position	Company/Organisation
Stuart McLauchlan	Chairman	Analog Digital Instruments Limited
	Chairman	Scott Technology Limited
	Director	GS McLauchlan & Co Limited
	Director	Scenic Hotel Group Limited
	Director	Dunedin Casinos Limited
	Director	Ebos Group Limited
	Member	Marsh Limited Advisory Board
Mike Pohio	Chairman	Rotoiti 15 Investment Limited Partnership
	Chairman	Mana Ahuriri Holdings Limited Partnership
	Director	Whakapoungakau 24 Limited
	Director	Te Atiawa (Taranaki) Holdings Limited
	Director	Kiwi Group Capital Limited
	Chairman	Ngai Tahu Holdings (R)
	Director	Te Atiawa Iwi Holdings Management Limited (R)
Jeff Morrison (Chair)	Trustee	Spirit of Adventure Trust
Chris Gudgeon	Director	Crown Infrastructure Partners Limited
	Director	Ngati Whatua Orakei Whai Rawa Ltd
	Director	Whai Rawa GP Ltd
	Director	Whai Rawa Kainga Development Ltd
	Director	Ngati Whatua Orakei Housing Trustee Ltd
	Member	Kiwirail Holdings Ltd Property Committee
	Member	Niwa Future Property Programme Committee
	Adviser	Dialog Property (NZ) Limited
Rachel Winder	Director	Auckland Thoroughbred Racing Inc
	Director	Current Trading Company Limited
Martin Stearne	Director and Shareholder (100%)	Encore Advisory Limited
	Director	Impact Ventures CI Limited
	Member	Takeovers Panel
	Member	Impact Enterprise Fund Investment Committee
	Adviser	Montarne Capital Partners
	Member	NZX's NZ RegCo Advisory Panel
Peter Mence	Director	Argosy Property No. 1 Limited
	Director	Argosy Cover Limited
	Director	Argosy Property Management Limited
Dave Fraser	Director	Argosy Property No. 1 Limited
	Director	Argosy Cover Limited
	Director	Argosy Property Management Limited

Information used by Directors

No Director requested to use information received in his or her capacity as a Director that would not otherwise be available to the Director.

Indemnities and insurance

The Company effected insurance for Directors and employees for liability (including defence costs) arising in respect of acts or omissions while acting in the capacity of a director or employee, and a policy for defence costs.

External audit firm guidelines

In addition to the formal constitution under which the Audit and Risk Committee operates, the Audit and Risk Committee also has an External Auditor Independence Policy containing procedures to ensure the independence of the Company's external auditor. Argosy's External Auditor Independence Policy is available on its website (www.argosy.co.nz).

The Audit and Risk Committee is responsible for recommending the appointment of the external auditor and maintaining procedures for the rotation of the external audit lead partner.

Under the External Auditor Independence Policy, the external audit lead partner must be rotated every 5 years.

The Policy covers provision of non-audit services with the general principle being that the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work.

Deloitte is the Company's current external auditor.

NZX rulings and waivers

The Company did not apply to NZX for, nor rely on, any rulings or waivers during the year to 31 March 2024.

Donations

The Company paid $137,278 across the following sponsorship payments during the year to 31 March 2024:

- $7,500 Hotwater Beach Surf Life Saving Club Inc.;
- $7,500 Taylors Mistake Surf Life Saving Club Inc.;
- $15,000 Red Beach Surf Life Saving;
- $7,500 St Clair Surf Life Saving;
- $7,500 Lyall Bay Surf Life Saving Club Inc.;
- $10,000 Keystone Trust;
- $50,000 Graeme Dingle Foundation;
- $6,087 Spirit of Adventure Trust;
- $5,000 The University of Auckland (Argosy Scholarship);
- $10,000 Variety - the Childrens Charity Incorporated;
- $3,500 Next Generation Sport; and
- $7,691 all other sponsorships.

No other member of the Group made donations in the year to 31 March 2024.

Argosy subsidiaries – Directors

As at 31 March 2024:

- Jeff Morrison, Peter Mence and Dave Fraser were the Directors of Argosy Property No. 1 Limited;
- Jeff Morrison, Peter Mence and Dave Fraser were the Directors of Argosy Property Management Limited; and
- Peter Mence, Dave Fraser and Antony WIll were the Directors of Argosy Cover Limited.

No director of any Argosy subsidiary received additional remuneration or benefits in respect of their directorships other than Antony Will who is an independent director of Argosy Cover Limited. Other than the entries set out under the heading “Directors' Interests”, there were no entries made in the Interests Registers of Argosy’s subsidiaries during the accounting period.

The directors of Argosy’s subsidiaries who are not also directors of the Company have no interests recorded in the interest registers of those companies.

Risk management

Argosy strives to deliver reliable and attractive returns to shareholders. It takes a considered approach to development, acquisition, divestment, leasing and capital management decisions, reflecting its proposition to shareholders as a yield-based investment.

Argosy has a robust risk assessment process. Risk assessment reviews are carried out by a representative cross-section of Argosy's management team at least twice a year in accordance with Argosy's Risk Management Framework. A risk assessment review has three phases: identification of material risks arising from Argosy's operation; assessment of the probability and consequences of the risk and development of controls to achieve a level of residual risk that is within Argosy's risk appetite.

Argosy generally operates within a medium (M), low (L) to very low (VL) overall risk range. Argosy has a low risk appetite for risks associated with managing developments, Value Add projects and compliance matters. Argosy's key risks are set out in the table below:

Business risk	Mitigation	Residual Risk Rating
Asset Management: Unanticipated loss of value due to regulatory changes, inherent defects or poorly selected acquisitions.	Argosy regularly monitors the quality of its portfolio. This includes monitoring of seismic performance, cladding and environmental hazards. Argosy carries out detailed due diligence prior to acquiring any property.	M
Property Development: Delay, cost increases or supplier default materially impacting forecast profitability of development activities.	Argosy closely monitors project budgets, prepares standardised reporting for developments, conducts project end review meetings for efficiency improvement, maintains a dedicated development team and fosters strong relationships with key contractors to mitigate risk.	L
Economic downturn: Downturn in economy leading to tenant distress and reduced leasing demand.	Argosy carries out comprehensive due diligence on new tenants and has a diverse base of tenants which provides resilience in an economic downturn. Tenant arrears are reviewed fortnightly and non-payment is prioritised and addressed with tenants promptly. Our portfolio diversification across sectors and geographies and exposure to Government tenants, reduces the risk of distressed tenants. Argosy's weighted average lease term of 5.2 years also limits exposure to reduced demand during downturns in the business cycle.	M
Insurance: Failure to adequately insure resulting in uninsured losses.	Argosy engages reputable insurance brokers and carries out regular insurance valuations to ensure properties are adequately insured. Argosy seeks to reduce risk by both maintaining strong relationships with local insuers and by accessing offshore insurers in London. Argosy recently established an insurance captive to improve access to overseas reinsurance markets thereby reducing risks in relation to securing adequate insurance cover at reasonable cost, particularly in relation to Wellington earthquake risk.	VL
Health and safety: Non-compliance with health and safety legislation by Argosy or its contractors leading to preventable health and safety incidents resulting in serious injury or death.	Argosy has a health and safety framework and an annual health and safety strategic plan to manage health and safety risk. Health and safety is overseen at a management level by the Health and Safety Committee, and health and safety is a standing agenda item with routine reporting at Board meetings. Health and safety systems are independently reviewed on a three-yearly cycle. Argosy collaborates with contractors and tenants to promote high standards of health and safety at Argosy sites.	VL
Disruption to business continuity: Interruption to business as usual operations at Argosy's corporate premises due to natural disaster or other events impacting Argosy's staff, property or systems.	Argosy maintains a business continuity plan under which each employee can work from home and Argosy's business as usual operations can be carried out away from its corporate offices. Information technology systems are cloud-based and backed up locally and overseas ensuring the security and accessibility of business records.	VL

Business risk	Mitigation	Residual Risk Rating
Cyber crime: Financial loss, loss of business records, or unauthorised disclosure of sensitive information due to criminal activity involving the use of a computer, network or networked device.	Argosy staff undertake regular cyber security training to prevent unauthorised access to Argosy's computer network and systems. Argosy systems incorporate security features such as disk encryption, strong passwords, multi-factor authentication, anti-spam technologies, monitoring tools to pre-emptively detect incidents and analysis tools to identify incidents as they happen or after they occur. There are also strong controls to prevent fraud-induced payments. Argosy's information technology systems are cloud-based, with multiple backups locally and overseas by reputable providers to ensure the security and accessibility of business records. Were Argosy's business records to become inaccessible due to a cyber event, many key records could be reconstructed from hard copy documentation and third party information (such as lease documentation and bank records) and monthly automatic lease payments would continue to be received from tenants.	L
Interest rates and liquidity: Unexpected interest rates rises or rapid and unexpected appreciation of funding margins leading to increased costs or limited capacity or rationed lending restricts access to debt funding.	Argosy follows a hedging policy under which it operates within hedging bands recommended by independent treasury advisors. Bank funding is confirmed until at least April 2025 with an average duration of 2.3 years and there is added diversification and tenor from Argosy's Green Bonds.	M
Breach of bank covenants: Reduction in property values or increase in interest costs causes Argosy to breach bank covenants.	Argosy operates under a capital management framework which ensures regular monitoring of bank covenants. Argosy maintains significant headroom in its facilities and fosters strong relationships with its banking syndicate. Regular monitoring includes forecasts of key ratios (and associated sensitivity analysis) and takes into account the impact of material transactions.	L

Investor Statistics

20 LARGEST REGISTERED FINANCIAL PRODUCT HOLDERS AS AT 31 MARCH 2024

Rank	Holder Name	Total	Percentage
1	Accident Compensation Corporation	82,411,362	9.72
2	FNZ Custodians Limited	77,009,447	9.09
3	HSBC Nominees (New Zealand) Limited	58,570,906	6.91
4	BNP Paribas Nominees (NZ) Limited	49,070,534	5.79
5	Citibank Nominees (New Zealand) Limited	33,099,081	3.90
6	New Zealand Depository Nominee Limited	30,912,635	3.64
7	HSBC Nominees (New Zealand) Limited A/C State Street	30,519,841	3.60
8	Investment Custodial Services Limited	29,375,943	3.46
9	JP Morgan Chase Bank NA NZ Branch-Segregated Clients Acct	28,204,058	3.32
10	Forsyth Barr Custodians Limited	25,125,244	2.96
11	Tea Custodians Limited Client Property Trust Account	22,562,647	2.66
12	Custodial Services Limited	15,294,758	1.80
13	Adminis Custodial Nominees Limited	10,588,800	1.24
14	JBWere (NZ) Nominees Limited	10,354,421	1.22
15	PT (Booster Investments) Nominees Limited	8,918,965	1.05
16	Simplicity Nominees Limited	8,381,644	0.98
17	Christine Anne Mansell & Harvan Trustees Limited	7,317,000	0.86
18	Jarden Custodians Limited	6,701,731	0.79
19	Peter John Whiting & Janet Graham Whiting & Peter Austin Gowing	5,803,840	0.68
20	Southern Capital Limited	5,357,800	0.63

SUBSTANTIAL PRODUCT HOLDERS AS AT 31 MARCH 2024

	Date notice filed	No of shares	% of total issued shares
Accident Compensation Corporation	30 October 2023	78,916,213	9.315
Jarden Securities	25 January 2024	44,956,116	5.308
Salt Funds Management	2 March 2023	44,429,493	5.247

The total number of shares on issue in the Company as at 31 March 2024 was 847,168,744. The only class of shares on issue as at 31 March 2024 was ordinary shares. The number and percentage of shares shown are as advised in the substantial security holder notice to the Company disclosed by 31 March 2024 and may not be that substantial holder's current relevant interest.

DISTRIBUTION OF SHAREHOLDERS AS AT 31 MARCH 2024

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
1 to 4,999	1,282	17.71	3,150,545	0.37
5,000 to 9,999	1,345	18.59	9,734,357	1.15
10,000 to 49,999	3,454	47.73	76,616,778	9.04
50,000 to 99,999	656	9.06	43,831,402	5.17
100,000 to 499,999	429	5.93	76,771,493	9.06
500,000 to 999,999	31	0.43	21,376,725	2.52
1,000,000+	40	0.55	615,687,444	72.69
Total	7,237	100.00	847,168,744	100.00

Investor Statistics

20 LARGEST REGISTERED HOLDERS OF ARG010 BONDS AS AT 31 MARCH 2024

Rank	Holder Name	Total	Percentage
1	FNZ Custodians Limited	19,951,000	19.95
2	Forsyth Barr Custodians Limited	18,716,000	18.71
3	Custodial Services Limited	15,912,000	15.91
4	HSBC Nominees (New Zealand) Limited	12,200,000	12.20
5	Investment Custodial Services Limited	4,479,000	4.47
6	NZPT Custodians (Grosvenor) Limited	4,400,000	4.40
7	FNZ Custodians Limited	3,124,000	3.12
8	Hobson Wealth Custodian Limited	1,871,000	1.87
9	Forsyth Barr Custodians Limited	1,318,000	1.31
10	Forsyth Barr Custodians Limited	835,000	0.83
11	Commonwealth Bank Of Australia	733,000	0.73
12	Generate Kiwisaver Public Trust Nominees Limited	546,000	0.54
13	Andrew Patrick Cunningham & Elizabeth Anne Cunningham	500,000	0.50
14	Hugh Mccracken Ensor	500,000	0.50
15	JBWere (NZ) Nominees Limited	460,000	0.46
16	Tea Custodians Limited Client Property Trust Account	422,000	0.42
17	Craig Paul Werner & Lea Lynn Werner	380,000	0.38
18	Frimley Foundation	350,000	0.35
19	JN & HB Williams Foundation	350,000	0.35
20	FNZ Custodians Limited	277,000	0.27

DISTRIBUTION OF ARG010 BONDHOLDERS AS AT 31 MARCH 2024

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
5,000 to 9,999	56	12.67	311,000	0.30
10,000 to 49,999	287	64.93	5,650,000	5.65
50,000 to 99,999	61	13.80	3,425,000	3.43
100,000 to 499,999	27	6.11	4,810,000	4.81
500,000 to 999,999	3	0.68	1,835,000	1.84
1,000,000+	8	1.81	83,969,000	83.97
Total	442	100.00	100,000,000	100.00

20 LARGEST REGISTERED HOLDERS OF ARG020 BONDS AS AT 31 MARCH 2024

Rank	Holder Name	Total	Percentage
1	Forsyth Barr Custodians Limited	16,416,000	16.41
2	FNZ Custodians Limited	14,653,000	14.65
3	Custodial Services Limited	13,909,000	13.90
4	HSBC Nominees (New Zealand) Limited	13,250,000	13.25
5	Tea Custodians Limited Client Property Trust Account	7,164,000	7.16
6	Hobson Wealth Custodian Limited	7,051,000	7.05
7	NZPT Custodians (Grosvenor) Limited	4,895,000	4.89
8	Generate Kiwisaver Public Trust Nominees Limited	4,192,000	4.19
9	Investment Custodial Services Limited	3,582,000	3.58
10	Forsyth Barr Custodians Limited	1,851,000	1.85
11	ANZ Custodial Services New Zealand Limited	1,584,000	1.58
12	FNZ Custodians Limited	735,000	0.73
13	Henry & William Williams Memorial Trust Incorporated	534,000	0.53
14	Citibank Nominees (New Zealand) Limited	510,000	0.51
15	JBWere (NZ) Nominees Limited	500,000	0.50
16	Craig Paul Werner & Lea Lynn Werner	464,000	0.46
17	Hobson Wealth Custodian Limited	460,000	0.46
18	Forsyth Barr Custodians Limited	405,000	0.40
19	Commonwealth Bank Of Australia	353,000	0.35
20	JBWere (NZ) Nominees Limited	300,000	0.30

DISTRIBUTION OF ARG020 BONDHOLDERS AS AT 31 MARCH 2024

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
5,000 to 9,999	17	10.18	98,000	0.09
10,000 to 49,999	86	51.50	1,738,000	1.74
50,000 to 99,999	28	16.77	1,695,000	1.70
100,000 to 499,999	26	15.57	4,687,000	4.69
500,000 to 999,999	3	1.80	1,769,000	1.77
1,000,000+	7	4.18	90,013,000	90.01
Total	167	100	100,000,000	100.00

Investor Statistics

20 LARGEST REGISTERED HOLDERS OF ARG030 BONDS AS AT 31 MARCH 2024

Rank	Holder Name	Total	Percentage
1	Custodial Services Limited	20,453,000	16.36
2	Forsyth Barr Custodians Limited	20,357,000	16.28
3	FNZ Custodians Limited	17,665,000	14.13
4	HSBC Nominees (New Zealand) Limited	10,326,000	8.26
5	Hobson Wealth Custodian Limited	9,207,000	7.36
6	Tea Custodians Limited Client Property Trust Account	6,672,000	5.33
7	Investment Custodial Services Limited	6,193,000	4.95
8	Generate Kiwisaver Public Trust Nominees Limited	5,525,000	4.42
9	Pin Twenty Limited	3,000,000	2.40
10	JBWere (NZ) Nominees Limited	2,681,000	2.14
11	NZPT Custodians (Grosvenor) Limited	2,000,000	1.60
12	BNP Paribas Nominees (NZ) Limited	1,900,000	1.52
13	Public Trust Class 10 Nominees Limited	1,599,000	1.27
14	Commonwealth Bank Of Australia	1,410,000	1.12
15	FNZ Custodians Limited	1,143,000	0.91
16	Forsyth Barr Custodians Limited	857,000	0.68
17	Sandore Limited	800,000	0.64
18	ANZ Custodial Services New Zealand Limited	576,000	0.46
19	Custodial Services Limited	542,000	0.43
20	Public Trust Rif Nominees Limited	505,000	0.40

DISTRIBUTION OF ARG030 BONDHOLDERS AS AT 31 MARCH 2024

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
5,000 to 9,999	26	9.70	140,000	0.12
10,000 to 49,999	171	63.81	3,456,000	2.76
50,000 to 99,999	27	10.07	1,568,000	1.25
100,000 to 499,999	31	11.57	5,680,000	4.54
500,000 to 999,999	4	1.49	2,699,000	2.16
1,000,000+	9	3.36	111,457,000	89.17
Total	268	100.00	125,000,000	100.00

HOLDINGS OF DIRECTORS OF THE COMPANY AS AT 31 MARCH 2024

Director	No. of shares (non beneficial)	No. of shares (beneficial)	No. of bonds (non beneficial)
Stuart McLauchlan		51,398	
Chris Gudgeon	18,100		
Martin Stearne	200,000		
Mike Pohio	50,000		
Rachel Winder		14,000	
Jeff Morrison	1,392,662	172,322	1,800,000

Directors' Statement

The Board is responsible for preparing the Annual Report. This report is dated 21 May 2024 and is signed on behalf of the Board of Argosy Property Limited by Jeff Morrison, Chairman and Stuart McLauchlan, Director.

Jeff Morrison
Chairman

Stuart McLauchlan
Director

Directory

Directors

ARGOSY PROPERTY LIMITED

Chris Gudgeon, Auckland
Stuart McLauchlan, Dunedin
Jeff Morrison, Auckland
Mike Pohio, Christchurch
Rachel Winder, Auckland
Martin Stearne, Auckland

MANAGEMENT

Peter Mence, Chief Executive Officer
Dave Fraser, Chief Financial Officer

Registered Office

39 Market Place
Auckland 1010
PO Box 90214
Victoria Street West
Auckland 1142
Telephone: (09) 304 3400
Facsimile: (09) 302 0996

Registrar

COMPUTERSHARE INVESTOR SERVICES LIMITED

159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1142
Telephone: (09) 488 8777
Facsimile: (09) 488 8787

Auditor

DELOITTE

Deloitte Centre
80 Queen Street
Private Bag 115-003
Auckland 1010
Telephone: (09) 303 0700
Facsimile: (09) 303 0701

Legal Advisors

HARMOS HORTON LUSK LIMITED

Vero Centre
48 Shortland Street
PO Box 28
Auckland 1010
Telephone: (09) 921 4300
Facsimile: (09) 921 4319

RUSSELL MCVEAGH

Vero Centre
48 Shortland Street
PO Box 8
Auckland 1140
Telephone: (09) 367 8000
Facsimile: (09) 367 8163

Bankers to the Company

ANZ BANK NEW ZEALAND LIMITED

ANZ House
23–29 Albert Street
PO Box 6243
Auckland 1141

BANK OF NEW ZEALAND LIMITED

Deloitte Centre
80 Queen Street
Private Bag 99208
Auckland 1142

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

HSBC House
1 Queen Street
PO Box 5947
Wellesley Street
Auckland 1141

COMMONWEALTH BANK OF AUSTRALIA

ASB North Wharf
12 Jellicoe Street
Auckland 1010

WESTPAC NEW ZEALAND LIMITED

Westpac New Zealand Ltd
PO Box 934
Shortland Street
Auckland 1140

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (NEW ZEALAND) LIMITED

PO Box 106656
Commerce Street
Auckland 1143

Bond supervisor

THE NEW ZEALAND GUARDIAN TRUST COMPANY LIMITED

PO Box 274
Shortland Street
Auckland 1140

Argosy

39 Market Place
PO Box 90214
Victoria Street West
Auckland 1142
P / 09 304 3400

argosy.co.nz