

Argosy

Indicative Terms Sheet

for an issue of up to \$125,000,000 senior secured fixed rate
green bonds (plus up to \$25,000,000 oversubscriptions)
due 27 October 2027

12 OCTOBER 2020



ARRANGER &
JOINT LEAD MANAGER

JOINT LEAD MANAGERS



This indicative terms sheet (“**Terms Sheet**”) sets out the key terms of the offer (“**Offer**”) by Argosy Property Limited (“**Argosy**”) of up to NZ\$125,000,000 (with the ability to accept oversubscriptions of up to an additional NZ\$25,000,000 at Argosy’s discretion) of seven year senior secured fixed rate green bonds maturing on 27 October 2027 (“**Green Bonds**”). The Green Bonds are to be issued pursuant to a master trust deed dated 30 January 2019 as amended and supplemented by a supplemental trust deed dated 9 October 2020 entered into between Argosy and The New Zealand Guardian Trust Company Limited (“**Supervisor**”) (together with the master trust deed, the “**Trust Deed**”). Unless defined in this Terms Sheet or the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning as given to them in the Trust Deed.

Important Notice

The offer of Green Bonds by Argosy is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (“**FMCA**”).

The Offer contained in this Terms Sheet is an offer of Green Bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as:

- Argosy’s \$100 million senior secured fixed rate green bonds maturing on 27 March 2026, which have a fixed interest rate of 4.00% per annum and are currently quoted on the NZX Debt Market under the ticker code ARG010; and
- Argosy’s \$100 million senior secured fixed rate green bonds maturing on 29 October 2026, which have a fixed interest rate of 2.90% per annum and are currently quoted on the NZX Debt Market under the ticker code ARG020;

(together, the “**Existing Green Bonds**”).

Accordingly, the Green Bonds are the same class as the Existing Green Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Argosy is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (“**NZX**”) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/ARG.

The Existing Green Bonds are the only debt securities of Argosy that are currently quoted and in the same class as the Green Bonds.

Investors should look to the market price of the Existing Green Bonds to find out how the market assesses the returns and risk premium for those bonds.

Issuer	Argosy Property Limited
Instrument	Senior secured fixed rate green bonds
Offer Amount	Up to NZ\$125,000,000 (with the ability to accept oversubscriptions of up to an additional NZ\$25,000,000 at Argosy’s discretion)
Use of proceeds	<p>The proceeds of the offer are intended to be used to refinance existing bank debt that supports “Green Assets”. Green Assets are office, industrial or retail buildings, including upgrades, owned or undertaken by Argosy or its subsidiaries that meet the criteria established in Argosy’s “Green Bond Framework” dated 7 February 2019 (as amended from time to time).</p> <p>The funds from the Green Bonds may be internally allocated to other Green Assets in accordance with the Green Bond Framework.</p> <p>The Supervisor has no obligations in relation to the application of the proceeds of the Green Bonds.</p> <p>Ernst & Young Limited (“EY”) has provided an independent third party review of the Green Bond Framework against the Green Bond Principles published by the International Capital Markets Association. Following that review, EY has issued a limited assurance report to Argosy in relation to the proposed use of funds raised through the issuance of the Green Bonds, including its Green Bond Framework.</p> <p>A copy of the Green Bond Framework and the report from EY is available at www.argosy.co.nz/investor-centre/greenbondframework/</p>
Opening Date	Monday 12 October 2020
Rate Set Date	Friday 16 October 2020
Closing Date	12pm, Friday 16 October 2020
Issue Date	Tuesday 27 October 2020
Expected Quotation on NZX Debt Market	Wednesday 28 October 2020

Maturity Date	Wednesday 27 October 2027
Interest Rate	<p>To be determined by Argosy in consultation with the Arranger following the bookbuild held on the Rate Set Date (16 October 2020). The Interest Rate will be announced via NZX on or about the Rate Set Date. The Interest Rate will not change over the term of the Green Bonds.</p> <p>The Interest Rate will be equal to the sum of the Base Rate and the Margin but in any case will be no less than 2.20 percent per annum.</p>
Indicative Margin range	The indicative Margin range is 1.95 to 2.15 percent per annum for the Green Bonds.
Margin	The Margin for the Green Bonds (which may be above or below the indicative Margin range) is the rate (expressed as a percentage rate per annum) determined by Argosy (in consultation with the Arranger) through the bookbuild held on the Rate Set Date.
Base Rate	The rate per annum (expressed on a percentage yield basis rounded, if necessary, to the nearest 2 decimal places with 5 being rounded up) which is determined by Argosy (in consultation with the Arranger) as the mid market swap rate for a period from the Issue Date to the Maturity Date, in accordance with market convention, by reference to Bloomberg page ICNZ4 (or any successor page) on the Rate Set Date expressed on a quarterly basis.
Interest Payments and Interest Payment Dates	<p>Interest will be calculated on an annual basis and is payable in equal amounts in arrear on each quarterly interest payment date, being 27 January, 27 April, 27 July and 27 October (or if that day is not a Business Day, the next Business Day) of each year up to (and including) the Maturity Date.</p> <p>The first Interest Payment Date will be 27 January 2021.</p>
Record Date	<p>Payments of interest on the Green Bonds will be made to the persons who are the Holders as at 5pm (New Zealand time) on the 10th calendar day before the relevant Interest Payment Date (or such other date as required by NZX).</p> <p>Payments of any other amount will be made to the persons who are the Holders as at 5pm (New Zealand time) on the date as is determined by Argosy and notified to NZX (or such other date as required by NZX).</p> <p>If such date would fall on a day which is not a Business Day, then payments will be made to persons who are Holders as at the immediately preceding Business Day.</p>
Issue Price	NZ\$1.00 per Green Bond, being the Face Value of each Green Bond.
Minimum application amount	Minimum of NZ\$5,000 and in multiples of NZ\$1,000 thereafter.
Applying for the Green Bonds	<p>All Green Bonds offered under the Offer, including oversubscriptions, will be reserved for clients of the Joint Lead Managers, NZX Participants and other persons invited to participate in the bookbuild. There is no public pool for the Green Bonds.</p> <p>Accordingly, retail investors should contact any Joint Lead Manager or their financial adviser for details on how they may acquire Green Bonds.</p> <p>In respect of oversubscriptions or generally, any allotment of Green Bonds will be at Argosy's discretion, in consultation with the Joint Lead Managers. Argosy reserves the right to refuse all or any part of an application without giving any reason.</p>
Minimum transfer amount	You may only transfer your Green Bonds in multiples of NZ\$1,000 in aggregate principal amount and after any transfer you and the transferee must each hold Green Bonds with an aggregate principal amount of at least NZ\$5,000 (or no Green Bonds).
Trading the Green Bonds	Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Green Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant, as well as the costs and timeframes for putting such arrangements in place.

No Event of Default in relation to Green Bond Framework or Green Bond Principles	<p>If:</p> <ul style="list-style-type: none"> • Argosy fails to comply with the Green Bond Framework; • Argosy or any Green Asset fails to comply with any environmental laws and standards; • the Green Bonds cease to satisfy the Green Bond Principles; or • Argosy fails to notify Holders that the Green Bonds cease to comply with the Green Bond Framework or the Green Bond Principles, <p>then:</p> <ul style="list-style-type: none"> • no Event of Default will occur in relation to the Green Bonds; and • neither the Holders nor Argosy have any right for the Green Bonds to be repaid early. <p>This means there is no obligation on Argosy to comply with the Green Bond Framework or the Green Bond Principles on an ongoing basis.</p>
Guarantors	<p>The obligations of Argosy to pay interest on the Green Bonds and for the repayment of the Green Bonds on the Maturity Date are guaranteed by certain subsidiaries of Argosy, being Argosy Property Management Limited and Argosy Property No.1 Limited (together, the “Guaranteeing Subsidiaries”). The Green Bonds are not guaranteed by any other member of the Argosy Group (being Argosy and all of its subsidiaries) or by any other person.</p>
Security	<p>The Green Bonds are secured by a general security interest granted by Argosy and the Guaranteeing Subsidiaries under the General Security Deed over all of their property (except any property held by it as trustee), together with first ranking Mortgages granted over all of the land (including the buildings and other fixtures on that land) owned by them.</p> <p>The guarantee and security interests are granted in favour of the Security Trustee for the benefit of all of the secured parties under the Security Trust Deed (including Holders, holders of the Existing Green Bonds, bank facility lenders and hedge providers and any future secured parties) on an equal ranking basis and can only be enforced in accordance with the Security Trust Deed. The Supervisor represents the Holders in relation to the Security Trust Deed (that is, individual Holders do not participate in the administration of the Security Trust Deed).</p>
Security documents	<p>The documents that create or govern the security are:</p> <ul style="list-style-type: none"> • the “Security Trust Deed” dated 17 May 2010 as amended most recently by a deed dated 18 October 2018; • the “General Security Deed” as amended, restated and consolidated on or about 1 September 2014 and as amended and restated most recently by a deed dated 28 February 2018; and • the “Mortgages” granted by Argosy Property No.1 Limited, being first ranking registered mortgages over all of the land (including the buildings and other fixtures on that land) owned by the Guaranteeing Subsidiaries.
Financial Covenant	<p>Under the Trust Deed, Argosy will ensure that the total principal amount of all indebtedness that is secured pursuant to the Security Trust Deed is no more than 50% of the Secured Property Value.</p> <p>If Argosy breaches the loan to value ratio under the Trust Deed, it must remedy the breach within 6 months of the time that the non-compliance is required to be reported to the Supervisor. If Argosy does not meet this covenant after that 6 month period, Argosy must notify the Supervisor and all Holders of the breach, together with its plan to remedy the breach. If Argosy is still in breach of this covenant after an additional 6 month period, an Event of Default occurs.</p>
Distribution stopper	<p>Under the Trust Deed, Argosy will not make any distributions if an Event of Default has occurred and is continuing, or would occur as a result of making that distribution.</p>
Further Debt	<p>Argosy is able to issue further bonds and incur other financial indebtedness without the consent of Holders on such terms and conditions as Argosy may from time to time determine provided that Argosy continues to comply with the financial covenant in the Trust Deed.</p>
ISIN	NZARGDT003C2

Quotation	<p>Argosy will take any necessary steps to ensure the Green Bonds are, immediately after issue, quoted. Application has been made to NZX for permission to quote the Green Bonds on the NZX Debt Market, and all requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with.</p> <p>NZX takes no responsibility for the content of this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.</p> <p>NZX ticker code ARG030 has been reserved for the Green Bonds.</p>
Arranger	ANZ Bank New Zealand Limited (“ANZ”)
Joint Lead Managers	ANZ, Forsyth Barr Limited, Hobson Wealth Partners Limited, Jarden Securities Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
Supervisor	The New Zealand Guardian Trust Company Limited
Security Trustee	NZGT Security Trustee Limited
Registrar & Paying Agent	Computershare Investor Services Limited
Green Bond Co-ordinator	ANZ
Brokerage	0.50% of the aggregate principal amount of Green Bonds issued, plus 0.25% on firm allocations to be paid by Argosy.
Governing Law	New Zealand
Selling Restrictions	<p>The Green Bonds are being offered only in New Zealand. Argosy has not taken and will not take any action which would permit a public offering of the Green Bonds, or possession or distribution of any offering material in respect of the Green Bonds, in any country or jurisdiction where action for that purpose is required (other than in New Zealand). The Green Bonds may only be offered for sale, sold or delivered in a jurisdiction other than New Zealand in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.</p> <p>Any information memorandum, disclosure statement, circular, advertisement or other offering material in respect of the Green Bonds may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).</p> <p>By subscribing for Green Bonds, each investor agrees to indemnify Argosy, the Supervisor, the Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of an investor breaching these selling restrictions.</p>
Tax consequences for overseas Holders	<p>Except where a Holder elects otherwise and Argosy agrees, or it is not possible under any law, Argosy intends to apply the AIL regime in order to reduce the rate of non-resident withholding tax to zero percent.</p> <p>If the AIL regime changes, Argosy reserves the right not to pay AIL.</p>
Documentation	<p>The terms and conditions of the Green Bonds are set out in the Trust Deed. Holders are bound by, and are deemed to have notice of, the Trust Deed.</p> <p>The terms of the guarantee and the security interests are set out in the Security Trust Deed, the General Security Deed and the Mortgages.</p> <p>If you require further information in relation to the Trust Deed, the Security Trust Deed, the General Security Deed or the terms of the Mortgages, you may obtain copies of those documents by contacting Argosy during usual business hours at its registered office set out below.</p>

The dates and times set out in this Terms Sheet are indicative only and are subject to change. Argosy has the right in its absolute discretion to close the Offer early, to accept late applications, and to extend the Closing Date. If Argosy changes the Closing Date, the changes will be announced via NZX as soon as reasonably practicable. If the Closing Date is extended, the Issue Date, the expected date of quotation and trading of the Green Bonds on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may be extended accordingly.

Contact details

Issuer

Argosy Property Limited

39 Market Place
Auckland 1010
PO Box 90214
Victoria St West
Auckland 1142

Registrar

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 92119
Auckland 1142

Supervisor

The New Zealand Guardian Trust Company Limited

Level 8
191 Queen Street
Auckland 1010

Legal adviser to Argosy

Russell McVeagh

Vero Centre
48 Shortland Street
Auckland 1010

Arranger, Joint Lead Manager and Green Bond Coordinator

ANZ Bank New Zealand Limited

Level 25, ANZ Centre
23-29 Albert Street
Auckland 1010

Joint Lead Managers

Forsyth Barr Limited

Level 23, Lumley Centre
88 Shortland Street
Auckland 1010

Hobson Wealth Partners Limited

Level 4, Australis Nathan Buildings
37 Galway Street
Britomart
Auckland 1010

Jarden Securities Limited

Level 14, ANZ Centre
171 Featherston Street
Wellington 6011

Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)

Westpac on Takutai Square
16 Takutai Square
Auckland 1010