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Snickel Lane - good company



Snickel Lane is Argosy's Auckland CBD laneway development on Customs Street. The completed project cost \$7.5m.

The new lane is currently home to a café, a florist, four restaurants - Japanese, Spanish, European and a Polynesian poke bar - and a mural by a graduating Elam artist which will be updated each year. With a new sawtooth roof letting in lots of light and reclaimed finishes like old timber shopfronts, butchers tiles and Canadian barnyard timbers, Argosy went to great lengths to create a space that fits with the grit of the neighbourhood. The tenants have been carefully selected too, with a focus on small, one-off operations and the right mix of personalities.

Snickel Lane is essentially the ground floor of its 14-Level office tower at 23 Customs Street. Argosy Asset Manager Warren Cate says "The tower tenants are just loving it. Can you ever have enough food, coffee and wine options nearby?"

Nilesh Patel, Director of Retail at Colliers International, says that rentals in the neighbourhood are now commanding rates similar to the wider High Street District. "We've seen this area grow in appeal since it was upgraded. There's a lot more activity, it's nicer and safer. The laneways make it easier to access from Queen Street. It's definitely a successful part of the downtown area."



Warren Cate Asset Manager

Development cost

\$7.5m

Net lettable area (m2)

995

Average laneway tenancy WALT

7.3yrs

No. of laneway tenancies

9

Snapshot

People

Shamus O'Halloran **Property Manager**

Shamus has been a property manager at Argosy since 2012 and currently spends his time working across both the Auckland and Wellington portfolios.

Outside of work Shamus has been involved with Surf Life Boating since 2003 and currently rows for the Red Beach Surf Life Saving Club (SLSC) which has a rich history in surfboating.

In January the Red Beach men's team won national honours and was selected as the NZ crew to race against an Australian team at the Trans-Tasman event held in Elouera Beach (Cronulla NSW) in February.

The team went through a 6-week conditioning programme set by High Performance NZ in the lead up to the event. Unfortunately, the Australians came out on top in the best of 3 series with the close racing throughout the series coming down to catching a good wave right at the finish line.



Team NZ Elouera Beach, Cronulla NSW, Australia

Business update

Since our 30 September 2017 interim result the team has been very focused heading into the FY18 year end.

Rent reviews and leasing

For the 11-month period to 28 February we completed 82 rent reviews achieving annualised rental growth of approximately 3%. These reviews were achieved on rental income totalling \$43.2m. Importantly, we concluded rent reviews with some of our bigger tenants including MBIE (8% of Argosy's total rent roll), General Distributors Limited (5.7%) and Bunnings (1%).

On the leasing front, we completed 43 leases including extensions (5), renewals (16) and new leases (22). By income, we now have only 0.5% of income expiring in FY18.

Level 2 of 82 Wyndham Street has been leased to Foster Moore International Limited, taking the 1635sqm space on an initial 12-year lease. This is a very pleasing outcome and we are excited about having Foster Moore in our portfolio. The lease brings the building occupancy to 99%.

Divesting non-core assets

Argosy recently announced that it has entered into an unconditional sale of 7 and 7A Wagener Place, St Lukes in Auckland for \$31.0m. The sale price reflects a 13% premium to its 28 February 2018 book value of \$27.4m and Argosy expects settlement to occur in July 2018.

The sale presents an opportunity to reduce our retail exposure in an area where there will be increasing competition. It allows us to keep delivering on our strategy and we will reinvest the proceeds into other brownfield development opportunities across the portfolio. Argosy has also sold its small Tunnel grove property in Wellington, for \$2.825m.

Peter Mence **Chief Executive Officer**

Development update

Current key projects status update as at 28 February are:

Foundry Drive - Practical completion pending. The twelve year lease will then commence with Polarcold Stores Limited.

Snickel Lane - The lane itself is fully open from Fort Lane through to Commerce Street.

82 Wyndham Street - Awaiting confirmation of the 5 Green Star Built Rating and 4 Star NABERSNZ energy efficiency rating.

Mighty Ape - Practical completion was issued in January 2018.

Placemakers - No change to this 3,700sqm development. The remaining 1,100sqm of the site is to be redeveloped by Argosy into retail when we have strong interest from prospective tenants.

I look forward to updating investors further at our annual results to be announced in May.

Development	Location	Total Cost	Spend to date	Forecast Completion
Foundry Drive	Christchurch	\$7.5m	\$7.3m	Substantially complete
Snickel Lane	Auckland	\$7.5m	\$6.7m	Complete
82 Wyndham St	Auckland	\$9.0m	\$8.5m	Substantially complete
Mighty Ape	Auckland	\$24.7m	\$24.2m	Complete
Placemakers	Wellington	\$10.3m	\$0.5m	Mid 2018
Total		\$59.0m	\$47.2m	



Spirit of Adventure - making a positive difference

Argosy sponsors teenagers aged 16-18 to participate in the 10-day development voyage on the Spirit of New Zealand, through the Auckland based Spirit of Adventure Trust. The Trust offers some fantastic life changing experiences for young people who wouldn't otherwise have an opportunity to participate in

these programmes. 18-year old Bonnie was the most recent Argosy sponsorship recipient and said "The Spirit of Adventure programme has taught me to keep going and don't give up." Its great to see the programme delivering and we look forward to maintaining our partnership with the Trust.

2018 Retail Roadshow

Argosy will again be hosting a retail roadshow from the end of May through to mid-June 2018 shortly after the 2018 annual results have been released. Chief Executive Officer Peter Mence, Chief Financial Officer Dave Fraser and Head of Investor Relations Stephen Freundlich will be touring across 13 cities across New Zealand to present the 2018 annual financial results and provide an update on Argosy's strategy. Most importantly, they will be available to answer

your questions. We would encourage you to make the most of this opportunity to attend and speak with the senior management team.

The 2018 Retail Roadshow venues and dates are listed here. An invitation to the event containing further information will be sent shortly. Investors will be asked to go to our website and select which location and date they wish to attend. This will enable us to better track and cater for all attendees.

Community Engagement

Through FY18 Argosy has continued to engage on its social responsibility commitment to actively support local communities. Below we provide an update of some of the outcomes achieved by the local community organisations that Argosy supports:

Red Beach SLSC

Red Beach is one of four surf lifesaving clubs who benefit from Argosy's partnership and community support.

Over the 2017/18 summer season at Red Beach and Pakiri thus far the club has delivered some pretty impressive results including; 1,709 voluntary personnel hours, 10 rescues, 19 patient assists, 5 major First Aid events and 29 minor First Aid events.

Argosy's sponsorship also helps subsidise essential lifesaving equipment for the club. This frees up other funds raised to help support, amongst other things, participation life guard competitions. This participation allows the lifeguards to apply their skills at the highest level which is important when it comes to the biggest test of all, making real life rescues.

Argosy remains very happy with its support of Red Beach SLSC and will continue to take pride in the great community benefit they provide.

Location	Date
Wellington	Monday, 28 May
Masterton	Tuesday, 29 May
Palmerston North	Tuesday, 29 May
New Plymouth	Wednesday, 30 May
Tauranga	Thursday, 31 May
Hamilton	Thursday, 31 May
Dunedin	Tuesday, 5 June
Invercargill	Wednesday, 6 June
Christchurch	Thursday, 7 June
Nelson	Friday, 8 June
Auckland	Tuesday, 12 June
Napier	Thursday, 14 June
Whangarei	Monday, 18 June

Properties

62

Tenants

182

WALT

5.5yrs

Weighted average lease term

Portfolio

\$1.48b

Total portfolio value

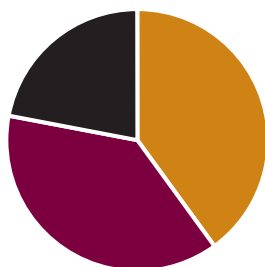
Occupancy

98.8%

Occupancy (by rent)

Total portfolio update

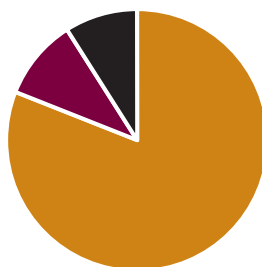
BY SECTOR



- 40% Industrial
- 38% Office
- 22% Retail

Portfolio mix

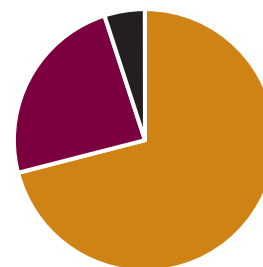
BY ASSET TYPE



- 81% Core
- 10% Value Add properties
- 9% Properties and land to divest

Total portfolio value

BY REGION



- 71% Auckland
- 24% Wellington
- 5% Nth Island regional & Sth Island

Dividend

The **THIRD QUARTER DIVIDEND** for the 2018 financial year of 1.550 cents per share, with imputation credits of 0.315 cents per share attached, will be paid on 28 March 2018.

Important dates

FY18 Q3 DIVIDEND PAYMENT
28 March 2018

ANNUAL RESULTS ANNOUNCEMENT
23 May 2018

FY18 Q4 DIVIDEND PAYMENT
June 2018

ANNUAL MEETING

August 2018

FY19 Q1 DIVIDEND PAYMENT
September 2018

Contact

t/ 0800 653 653 t/ +64 9 304 3400
f/ +64 9 302 0996

39 Market Place, Auckland 1010,
PO Box 90214, Victoria Street West,
Auckland 1142, New Zealand

www.argosy.co.nz

Registrar

To find out about more about your investment, please contact Computershare:
t/ +64 9 488 8777 f/ +64 9 488 8787
enquiry@computershare.co.nz
www.computershare.com/InvestorCentre