

Argosy

Interim Financial Statements

30 September 2022





CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022 (UNAUDITED)

	Note	Group (unaudited) 30 September 2022 \$000s	Group (audited) 31 March 2022 \$000s
Non-current assets			
Investment properties	4	2,283,551	2,247,715
Derivative financial instruments	6	18,192	12,157
Other non-current assets		202	246
Total non-current assets		2,301,945	2,260,118
Current assets			
Cash and cash equivalents		1,559	1,663
Trade and other receivables		2,979	4,306
Other current assets		1,096	3,459
		5,634	9,428
Investment property classified as held for sale	5	–	22,000
Total current assets		5,634	31,428
Total assets	3	2,307,579	2,291,546
Shareholders' funds			
Share capital	7	820,069	819,857
Share based payments reserve		276	385
Retained earnings		634,638	651,880
Total shareholders' funds		1,454,983	1,472,122
Non-current liabilities			
Interest bearing liabilities	8	732,974	696,475
Derivative financial instruments	6	43,738	41,515
Non-current lease liabilities		40,011	40,074
Deferred tax		15,493	12,687
Total non-current liabilities		832,216	790,751
Current liabilities			
Trade and other payables		15,219	21,999
Taxation payable		714	331
Current lease liabilities		121	116
Derivative financial instruments	6	31	747
Other current liabilities		4,295	3,280
Deposit received for investment property classified as held for sale	5	–	2,200
Total current liabilities		20,380	28,673
Total liabilities		852,596	819,424
Total shareholders' funds and liabilities		2,307,579	2,291,546

For and on behalf of the Board



Jeff Morrison
Director



Stuart McLauchlan
Director

Date: 21 November 2022

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Note	Group (unaudited) Six months to 30 September 2022 \$'000s	Group (unaudited) Six months to 30 September 2021 \$'000s
Gross property income from rentals		60,434	56,395
Gross property income from expense recoveries		9,469	9,884
Property expenses		(14,949)	(13,213)
Net property income	3	54,954	53,066
Administration expenses		5,188	5,846
Profit before financial income/(expenses), other gains/(losses) and tax		49,766	47,220
Financial income/(expenses)			
Interest expense	9	(16,324)	(13,104)
Gain/(loss) on derivative financial instruments held for trading		4,529	6,991
Interest income		35	8
		(11,760)	(6,105)
Other gains/(losses)			
Revaluation gains/(losses) on investment property	4	(23,498)	91,674
Realised losses on disposal of investment property		(359)	(1,885)
Settlement for failed sale of investment property		3,000	–
		(20,857)	89,789
Profit before income tax attributable to shareholders		17,149	130,904
Taxation expense	10	6,450	3,863
Profit and total comprehensive income after tax		10,699	127,041
All amounts are from continuing operations.			
Earnings per share			
Basic and diluted earnings per share (cents)		1.26	15.10

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

CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Shares on issue \$000s	Share based payments reserve \$000s	Retained earnings \$000s	Total \$000s
For the six months ended				
30 September 2022 (unaudited)				
Shareholders' funds at the beginning of the period	819,857	385	651,880	1,472,122
Total comprehensive income for the period	–	–	10,699	10,699
Contributions by shareholders				
Dividends to shareholders	–	–	(27,941)	(27,941)
Equity settled share based payments	212	(109)	–	103
Shareholders' funds at the end of the period	820,069	276	634,638	1,454,983
For the six months ended				
30 September 2021 (unaudited)				
Shareholders' funds at the beginning of the period	809,230	659	470,746	1,280,635
Total comprehensive income for the period	–	–	127,041	127,041
Contributions by shareholders				
Issue of shares from Dividend Reinvestment Plan	7,472	–	–	7,472
Issue costs of shares	(24)	–	–	(24)
Dividends to shareholders	–	–	(27,339)	(27,339)
Equity settled share based payments	480	(377)	–	103
Shareholders' funds at the end of the period	817,158	282	570,448	1,387,888

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Group (unaudited) Six months to 30 September 2022 \$000s	Group (unaudited) Six months to 30 September 2021 \$000s
Cash flows from operating activities		
<i>Cash was provided from:</i>		
Property income	70,746	68,104
Interest received	35	8
Taxation received	–	770
Settlement for failed sale of investment property	3,000	–
<i>Cash was applied to:</i>		
Property expenses	(11,883)	(10,103)
Interest paid	(13,843)	(11,666)
Interest paid for ground lease	(1,005)	(1,007)
Employee benefits	(4,172)	(2,600)
Taxation paid	(2,715)	–
Other expenses	(2,592)	(3,071)
Net cash from/(used in) operating activities	37,571	40,435
Cash flows from investing activities		
<i>Cash was provided from:</i>		
Sale of properties, deposits and deferrals	19,950	94,893
<i>Cash was applied to:</i>		
Capital additions on investment properties	(30,035)	(30,750)
Capitalised interest on investment properties	(2,220)	(2,136)
Purchase of properties, deposits and deferrals	(33,168)	(13)
Net cash from/(used in) investing activities	(45,473)	61,994
Cash flows from financing activities		
<i>Cash was provided from:</i>		
Debt drawdown	64,016	19,548
<i>Cash was applied to:</i>		
Repayment of debt	(27,577)	(101,351)
Dividends paid to shareholders net of reinvestments	(28,185)	(19,955)
Issue cost of shares	(10)	(25)
Repayment of lease liabilities	(58)	(58)
Bond costs	(31)	(18)
Facility refinancing fee	(357)	(164)
Net cash from/(used in) financing activities	7,798	(102,023)
Net increase/(decrease) in cash and cash equivalents	(104)	406
Cash and cash equivalents at the beginning of the period	1,663	1,762
Cash and cash equivalents at the end of the period	1,559	2,168

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 condensed consolidated interim financial statements (interim 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) and include those of APL and its subsidiaries (the Group).

These interim financial statements were approved by the Board of Directors on 21 November 2022.

2. BASIS OF PREPARATION

Statement of compliance

These interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and comply with NZ IAS 34 and IAS 34 Interim Financial Reporting as applicable to the Company as a profit-oriented entity. These interim financial statements do not include all of the information required for full annual financial statements.

The interim 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 judgement

The preparation of financial statements in conformity with NZ GAAP requires the use of certain critical accounting estimates that affect the application of policies and reported amounts 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 4 - valuation of investment property.

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 or revised NZ IFRS standards and amendments that have been issued but are not yet effective.

3. 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 (unaudited)	
	Six months to 30 September		Six months to 30 September		Six months to 30 September		Six months to 30 September	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Segment profit								
Net property income¹	25,929	24,800	22,076	22,238	6,949	6,028	54,954	53,066
Realised gains/(losses) on disposal of investment properties	(4)	(645)	(321)	(1,240)	(34)	–	(359)	(1,885)
Settlement for failed sale of investment property	–	–	–	–	3,000	–	3,000	–
	25,925	24,155	21,755	20,998	9,915	6,028	57,595	51,181
Revaluation gains/(losses) on investment properties	(22,040)	83,911	(9,073)	6,273	7,615	1,490	(23,498)	91,674
Total segment profit²	3,885	108,066	12,682	27,271	17,530	7,518	34,097	142,855
Unallocated:								
Administration expenses							(5,188)	(5,846)
Net interest expense							(16,289)	(13,096)
Gain/(loss) on derivative financial instruments held for trading							4,529	6,991
Profit before income tax							17,149	130,904
Taxation expense							(6,450)	(3,863)
Profit for the period							10,699	127,041

1. Net property income consists of revenue generated from external tenants less property operating expenditure.

2. There were no inter-segment sales during the period (30 September 2021: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. SEGMENT INFORMATION (CONTINUED)

	Industrial \$000s	Office \$000s	Large Format Retail \$000s	Total \$000s
Segment assets as at 30 September 2022 (unaudited)				
Current assets	390	1,884	855	3,129
Investment properties	1,146,408	906,202	230,941	2,283,551
Total segment assets	1,146,798	908,086	231,796	2,286,680
Unallocated assets				20,899
Total assets				2,307,579
Segment assets as at 31 March 2022 (audited)				
Current assets	1,572	4,241	1,506	7,319
Investment properties	1,126,975	897,540	223,200	2,247,715
Non-current assets classified as held for sale	–	22,000	–	22,000
Total segment assets	1,128,547	923,781	224,706	2,277,034
Unallocated assets				14,512
Total assets				2,291,546

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.

4. INVESTMENT PROPERTIES

	Industrial Six months to 30 September 2022 \$000s	Office Six months to 30 September 2022 \$000s	Large Format Retail Six months to 30 September 2022 \$000s	Group (unaudited) Six months to 30 September 2022 \$000s
Movement in investment properties				
Balance at 1 April 2022	1,126,975	897,540	223,200	2,247,715
Acquisition of property	33,210	–	–	33,210
Capitalised costs	8,738	18,308	195	27,241
Change in fair value	(22,040)	(9,073)	7,615	(23,498)
Change in capitalised leasing costs	(113)	(246)	(20)	(379)
Principal repayment of lease liability	–	(58)	–	(58)
Change in lease incentives	(362)	(269)	(49)	(680)
Investment properties at 30 September	1,146,408	906,202	230,941	2,283,551
Less lease liability (39 Market Place)	–	(40,132)	–	(40,132)
Investment properties at 30 September excluding NZ IFRS 16 lease adjustments	1,146,408	866,070	230,941	2,243,419

4. INVESTMENT PROPERTIES (CONTINUED)

	Industrial 12 months to 31 March 2022 \$000s	Office 12 months to 31 March 2022 \$000s	Large Format Retail 12 months to 31 March 2022 \$000s	Group (audited) 12 months to 31 March 2022 \$000s
Movement in investment properties				
Balance at 1 April 2021	984,950	854,335	213,200	2,052,485
Capitalised costs	8,786	58,096	357	67,239
Transfer to properties held for sale	–	(22,000)	–	(22,000)
Disposals	(10,743)	–	–	(10,743)
Change in fair value	144,748	9,082	9,832	163,662
Change in capitalised leasing costs	(24)	(559)	(19)	(602)
Fair value changes on lease liability	–	(1,385)	–	(1,385)
Principal repayment of lease liability	–	(110)	–	(110)
Change in lease incentives	(742)	81	(170)	(831)
Investment properties at 31 March	1,126,975	897,540	223,200	2,247,715
Less lease liability (39 Market Place)	–	(40,190)	–	(40,190)
Investment properties at 31 March excluding NZ IFRS 16 lease adjustments	1,126,975	857,350	223,200	2,207,525
Held for sale at 31 March	–	22,000	–	22,000
Total investment properties at 31 March including held for sale excluding NZ IFRS 16 lease adjustments	1,126,975	879,350	223,200	2,229,525

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.

Valuation of investment properties

In accordance with the valuation policy of the Group, property valuations are carried out at least annually by independent registered valuers. Independent valuations were not completed for investment properties as at 30 September 2022. The Board and Management have reviewed the portfolio using available market data, considered other key property information and discussed the results with independent valuation experts. The Board and Management have subsequently determined that a revaluation loss of \$23.5 million is appropriate at 30 September 2022.

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

5. PROPERTY HELD FOR SALE

No investment property was subject to an unconditional sale and purchase agreement at 30 September 2022 (31 March 2022: 25 Nugent Street, Grafton, Auckland (\$22.0 million)).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

6. DERIVATIVE FINANCIAL INSTRUMENTS

	Group (unaudited) 30 September 2022 \$000s	Group (audited) 31 March 2022 \$000s
Nominal value of interest rate swaps - fixed rate payer	375,000	400,000
Nominal value of interest rate swaps - fixed rate receiver	325,000	325,000
Average fixed interest rate - fixed rate payer	3.59%	3.71%

Interest rate swaps are measured at 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 period end 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 period end date use observable inputs.

The net liability for derivative financial instruments as at 30 September 2022 is \$25.6 million (31 March 2022: \$30.1 million). The mark-to-market decrease in the liability for derivative financial instruments is a result of movements in the interest rate curve during the interim period.

7. SHARE CAPITAL

	Group (unaudited) 30 September 2022 \$000s	Group (audited) 31 March 2022 \$000s
Balance at the beginning of the period	819,857	809,230
Issue of shares from Dividend Reinvestment Plan	–	10,189
Issue costs of shares	–	(42)
Issue of shares from equity settled share based payments	212	480
Total share capital	820,069	819,857

The number of shares on issue at 30 September 2022 was 846,723,895 (31 March 2022: 846,550,602).

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 (unaudited) 30 September 2022	Group (audited) 31 March 2022
Balance at the beginning of the period	846,551	839,528
Issue of shares from Dividend Reinvestment Plan	–	6,704
Issue of shares from share based payments	173	319
Total number of shares on issue	846,724	846,551

8. INTEREST BEARING LIABILITIES

	Group (unaudited) 30 September 2022 \$000s	Group (audited) 31 March 2022 \$000s
Syndicated bank loans	411,567	375,128
Fixed rate green bonds	325,000	325,000
Borrowing costs	(3,593)	(3,653)
Total interest bearing liabilities	732,974	696,475
Weighted average interest rate on interest bearing liabilities (inclusive of bonds, interest rate swaps, margins and line fees)	5.00%	4.14%

Syndicated bank loans

	Group (unaudited) 30 September 2022 \$000s	Group (audited) 31 March 2022 \$000s
ANZ Bank New Zealand Limited	108,283	80,064
Bank of New Zealand	4,142	80,040
The Hongkong and Shanghai Banking Corporation Limited	70,000	70,000
Commonwealth Bank of Australia	50,000	70,000
Westpac New Zealand Limited	119,142	75,024
Industrial and Commercial Bank of China	60,000	–
Total syndicated bank loans	411,567	375,128

As at 30 September 2022, the Group had a syndicated revolving facility with ANZ Bank New Zealand Limited, Bank of New Zealand, The Hongkong and Shanghai Banking Corporation Limited, Commonwealth Bank of Australia, Westpac New Zealand Limited and Industrial and Commercial Bank of China for \$475.0 million (31 March 2022: \$455.0 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 \$125.0 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 D on 1 October 2026 and Tranche I on 19 May 2026.

The limits for Tranches B and I remain unchanged from 31 March 2022. The Tranche A limit increased from \$80.0 million to \$160.0 million and the Tranche D limit increased from \$90.0 million to \$110.0 million. Tranche C was cancelled. The Tranche A maturity date increased by two years, while the maturity dates for Tranches B, D and I all increased one year from 31 March 2022.

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%	94,516
ARG020	100,000	29 October 2019	29 October 2026	2.90%	89,396
ARG030	125,000	27 October 2020	27 October 2027	2.20%	104,544

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

9. INTEREST EXPENSE

	Group (unaudited) Six months to 30 September 2022 \$000s	Group (unaudited) Six months to 30 September 2021 \$000s
Interest expense	(17,539)	(14,198)
Interest on ground lease (39 Market Place)	(1,005)	(1,042)
Less amount capitalised to investment properties	2,220	2,136
Total interest expense	(16,324)	(13,104)

Capitalised interest relates to the developments at 8-14 Willis Street/360 Lambton Quay, Wellington and 105 Carlton Gore Road, Newmarket, Auckland (30 September 2021: capitalised interest relates to the development at 8-14 Willis Street/360 Lambton Quay, Wellington).

10. TAXATION

	Group (unaudited) Six months to 30 September 2022 \$000s	Group (unaudited) Six months to 30 September 2021 \$000s
<i>The taxation charge is made up as follows:</i>		
Current tax expense	3,635	3,185
Deferred tax expense	2,806	1,501
Adjustment recognised in the current year in relation to the current tax of prior years	9	(823)
Total taxation expense recognised in profit	6,450	3,863
Reconciliation of accounting profit to tax expense		
Profit before tax	17,149	130,904
Current tax expense at 28%	4,802	36,653
Adjusted for:		
Capitalised interest	(622)	(598)
Fair value movement in investment properties	6,579	(25,669)
Fair value movement in derivative financial instruments	(1,268)	(1,957)
Depreciation	(4,546)	(4,049)
Deductible repairs and maintenance expenditure capitalised for accounting purposes	(639)	(2,778)
Depreciation recovered/(loss) on disposal of investment properties	29	1,223
Tax on accounting loss on disposal of investment properties	101	528
Settlement for failed sale of investment property	(828)	-
Other	27	(168)
Current taxation expense	3,635	3,185
Movements in deferred tax assets and liabilities attributable to:		
Investment properties	1,632	(345)
Fair value movement in derivative financial instruments	1,268	1,957
Other	(94)	(111)
Deferred tax expense	2,806	1,501
Prior year adjustment	9	(823)
Total tax expense recognised in profit or loss	6,450	3,863

11. DISTRIBUTABLE INCOME AND ADJUSTED FUNDS FROM OPERATIONS

	Group (unaudited) Six months to 30 September 2022 \$000s	Group (unaudited) Six months to 30 September 2021 \$000s
Profit before income tax	17,149	130,904
Adjustments:		
Revaluation (gains)/losses on investment property	23,498	(91,674)
Realised losses on disposal of investment properties	359	1,885
(Gains)/losses on derivative financial instruments held for trading	(4,529)	(6,991)
Gross distributable income	36,477	34,124
Tax impact of depreciation recovered on disposal of investment properties	29	1,223
Current tax expense	(3,644)	(2,362)
Net distributable income	32,862	32,985
Weighted average number of ordinary shares (000s)	846,671	841,261
Gross distributable income cents per share	4.31	4.06
Net distributable income cents per share	3.88	3.92
Net distributable income	32,862	32,985
Amortisation of tenant incentives and leasing costs	1,412	3,781
Funds from operations (FFO)	34,274	36,766
Capitalisation of tenant incentives and leasing costs	(353)	(939)
Maintenance capital expenditure	(1,980)	(3,531)
7 Waterloo Quay façade repairs	–	(7,175)
Maintenance capital expenditure recovered through sale	107	376
Adjusted funds from operations (AFFO)	32,048	25,497
FFO cents per share	4.05	4.37
AFFO cents per share	3.79	3.03
Dividends paid/payable in relation to period	3.33	3.28
Dividend payout ratio to FFO	82%	75%
Dividend payout ratio to AFFO	88%	108%

From 1 April 2022, the Company's dividend policy is based on adjusted funds from operations (AFFO). AFFO is based on 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.

12. COMMITMENTS

Building upgrades and developments

Estimated capital commitments contracted for building projects not yet completed at 30 September 2022 and not provided for were \$33.8 million (31 March 2022: \$37.7 million).

There were no other commitments as at 30 September 2022 (31 March 2022: 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.

13. CONTINGENCIES

There were no contingencies as at 30 September 2022 (31 March 2022: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. SUBSEQUENT EVENTS

On 21 November 2022 a dividend of 1.6625 cents per share was approved by the Board. The record date for the dividend is 7 December 2022 and a payment is scheduled to shareholders on 21 December 2022. Imputation credits of 0.1594 cents per share are attached to the dividend.

15. 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.

There were no significant changes in relationships or transactions with related parties during the period ended 30 September 2022.

Independent Auditor's Review Report

To The Shareholders of Argosy Property Limited

Conclusion

We have reviewed the condensed consolidated interim financial statements ('interim financial statements') of Argosy Property Limited ('the Company') and its subsidiaries ('the Group') which comprise the condensed consolidated interim statement of financial position as at 30 September 2022, and the condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information on pages 4 to 16.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2022 and its financial performance and cash flows for the period ended on that date in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Interim Financial Statements section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and for the attendance and scrutineering at the Annual Meeting, we have no relationship with or interests in Argosy Property Limited or its subsidiaries. These services have not impaired our independence as auditor of the Group.

Directors' responsibilities for the interim financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the interim financial statements.

Restriction on use

This report is made solely to the Group's shareholders, as a body. Our review has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in a review 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 Group's shareholders as a body, for our engagement, for this report, or for the conclusions we have formed.

Deloitte Limited

Peter Gulliver, Partner
For Deloitte Limited
Auckland, New Zealand
21 November 2022

This review report relates to the unaudited interim financial statements of Argosy Property Limited for the six months ended 30 September 2022 included on Argosy Property Limited's website. The entity's Board of Directors are responsible for the maintenance and integrity of the entity's website. We have not been engaged to report on the integrity of the entity's website. We accept no responsibility for any changes that may have occurred to the unaudited interim financial statements since they were initially presented on the website. The review report refers only to the unaudited interim financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these unaudited interim financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should request a hard copy of the unaudited interim financial statements and related review report dated 21 November 2022 to confirm the information included in the unaudited interim financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Argosy

39 Market Place
PO Box 90214, Victoria Street West, Auckland 1142
P / 09 304 3400
www.argosy.co.nz