Interim Financial Statements
30 September 2024

Argosy

1. Matthew Plummer (BECA) explaining the local and internationally award-winning structural design innovation that enabled the reuse of the structure of 8-14 Willis Street (saving 1,904 tonnes of CO_2).

1.

2.

2. Stephen Poulopoulos (Architecture +) describing the innerworkings of designing and integrating the façades of 8-14 Willis Street and Stewart Dawson's Corner, that respected the heritage and local community context.

3. Contemplating the old and new in Stewart Dawson's Corner's new office entrance lobby that is enhanced with a signage artefact that was uncovered during the works.

3.

Consolidated Financial Statements

Condensed Consolidated Interim Statement of Financial Position	04
Condensed Consolidated Interim Statement of Comprehensive Income	05
Condensed Consolidated Interim Statement of Changes in Equity	06
Condensed Consolidated Interim Statement of Cash Flows	07
Notes to the Condensed Consolidated Interim Financial Statements	08
Independent Auditor's Review Report	17

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024 (UNAUDITED)

	Note	Group (unaudited) 30 September 2024 $000s	Restated Group (audited) 31 March 2024 $000s
Non-current assets			
Investment properties	5	2,046,165	2,013,753
Derivative financial instruments	7	941	4,784
Other non-current assets		285	283
Total non-current assets		2,047,391	2,018,820
Current assets			
Cash and cash equivalents		1,463	1,829
Trade and other receivables		1,429	2,070
Derivative financial instruments	7	2,638	5,072
Other current assets		1,473	5,996
		7,003	14,967
Investment property classified as held for sale	6	35,200	35,200
Total current assets		42,203	50,167
Total assets	4	2,089,594	2,068,987
Shareholders' funds			
Share capital	8	820,557	820,557
Share based payments reserve		532	475
Retained earnings	3	412,697	407,896
Total shareholders' funds		1,233,786	1,228,928
Non-current liabilities			
Interest bearing liabilities	9	759,476	738,057
Derivative financial instruments	7	25,723	30,532
Non-current lease liabilities		39,756	39,826
Deferred tax	3	13,397	11,638
Total non-current liabilities		838,352	820,053
Current liabilities			
Trade and other payables		12,125	14,447
Taxation payable		2,537	1,377
Current lease liabilities		134	127
Other current liabilities		2,660	4,055
Total current liabilities		17,456	20,006
Total liabilities		855,808	840,059
Total shareholders' funds and liabilities		2,089,594	2,068,987

For and on behalf of the Board

Jeff Morrison
Director

Stuart McLauchlan
Director

Date: 19 November 2024

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 2024 (UNAUDITED)

	Note	Group (unaudited) Six months to 30 September 2024 $000s	Restated Group (unaudited) Six months to 30 September 2023 $000s
Gross property income from rentals		66,620	65,826
Gross property income from expense recoveries		11,527	10,451
Property expenses		(19,780)	(17,843)
Net property income	4	58,367	58,434
Administration expenses		5,577	5,500
Profit before financial income/(expenses), other gains/(losses) and tax		52,790	52,934
Financial income/(expenses)			
Interest expense	10	(21,305)	(21,351)
Gain/(loss) on derivative financial instruments held for trading		(1,468)	2,231
Interest income		158	129
		(22,615)	(18,991)
Other gains/(losses)			
Revaluation gains/(losses) on investment property	5	8,686	(50,816)
Realised gains/(losses) on disposal of investment property		(2)	106
		8,684	(50,710)
Profit/(loss) before income tax attributable to shareholders		38,859	(16,767)
Taxation expense	11, 3	5,889	2,580
Profit/(loss) and total comprehensive income/(loss) after tax		32,970	(19,347)
All amounts are from continuing operations.			
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share (cents)	3	3.89	(2.28)

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 CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024 (UNAUDITED)

	Note	Shares on issue $000s	Share based payments reserve $000s	Retained earnings $000s	Total $000s
For the six months ended 30 September 2024 (unaudited)					
Restated shareholders' funds at the beginning of the period	3	820,557	475	407,896	1,228,928
Total comprehensive income/(loss) for the period		–	–	32,970	32,970
Contributions by shareholders					
Dividends to shareholders		–	–	(28,169)	(28,169)
Equity settled share based payments		–	57	–	57
Shareholders' funds at the end of the period		820,557	532	412,697	1,233,786
For the six months ended 30 September 2023 (unaudited)					
Restated shareholders' funds at the beginning of the period	3	820,069	673	518,725	1,339,467
Restated total comprehensive income/(loss) for the period		–	–	(19,347)	(19,347)
Contributions by shareholders					
Dividends to shareholders		–	–	(28,167)	(28,167)
Equity settled share based payments		488	(436)	–	52
Restated shareholders' funds at the end of the period	3	820,557	237	471,211	1,292,005

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 2024 (UNAUDITED)

	Group (unaudited) Six months to 30 September 2024 $000s	Group (unaudited) Six months to 30 September 2023 $000s
Cash flows from operating activities		
Cash was provided from:		
Property income	77,400	78,821
Interest received	158	129
Cash was applied to:		
Property expenses	(15,089)	(14,057)
Interest paid	(19,868)	(19,943)
Interest paid for ground lease	(999)	(1,002)
Employee benefits	(4,390)	(3,897)
Taxation paid	(2,692)	(1,725)
Other expenses	(2,416)	(2,427)
Net cash from/(used in) operating activities	32,104	35,899
Cash flows from investing activities		
Cash was provided from:		
Sale of properties, deposits and deferrals	(101)	608
Cash was applied to:		
Capital additions on investment properties	(23,730)	(19,250)
Capitalised interest on investment properties	(991)	(1,384)
Purchase of properties, deposits and deferrals	(27)	(21)
Net cash from/(used in) investing activities	(24,849)	(20,047)
Cash flows from financing activities		
Cash was provided from:		
Debt drawdown	31,269	27,196
Cash was applied to:		
Repayment of debt	(9,600)	(14,500)
Dividends paid to shareholders net of reinvestments	(28,448)	(28,292)
Repayment of lease liabilities	(64)	(61)
Bond costs	(35)	(22)
Facility refinancing fee	(743)	(215)
Net cash from/(used in) financing activities	(7,621)	(15,894)
Net increase/(decrease) in cash and cash equivalents	(366)	(42)
Cash and cash equivalents at the beginning of the period	1,829	2,057
Cash and cash equivalents at the end of the period	1,463	2,015

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 19 November 2024.

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 5 - valuation of investment property.

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.

RESTATEMENT

Historically, Argosy has recognised a deferred tax liability for certain costs capitalised to investment property that were under development. Whilst a temporary difference does arise in relation to these costs the deferred tax consequences were calculated on the basis that the economic benefits embodied in these costs would be consumed over time. Paragraph 51(C) of NZ IAS 12 includes a rebuttable presumption that the carrying amount of investment property, measured using the fair value model in NZ IAS 40, will be recovered through sale. Accordingly, unless the presumption is rebutted, the measurement of the deferred tax liability or deferred tax asset should reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale. The Group has not rebutted this presumption, and because there are no tax consequences on disposal of the property related to these costs, no deferred tax liability is recognised.

The effect of this matter has been recognised retrospectively in the comparative figures with a reduction in the deferred tax liability of $4.6 million, a decrease in tax expense of $0.5 million and an increase in retained earnings of $4.6 million. As a result, comparative earnings per share and diluted earnings per share increased by 0.06 cents for the period ending 30 September 2023. There is no effect on the statement of cash flow, investment property assets or the non-GAAP AFFO / distributable income disclosures.

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.

NZ IFRS 18 Presentation and Disclosure in Financial Statements (NZ IFRS 18) will replace NZ IAS 1 Presentation of Financial Statements. NZ IFRS 18 has been issued and will be effective from the period commencing 1 April 2027. The Group has not yet assessed the impact of NZ IFRS 18.

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 Six months to 30 September		Office Six months to 30 September		Large Format Retail Six months to 30 September		Restated Total (unaudited) Six months to 30 September	
	2024 $000s	2023 $000s	2024 $000s	2023 $000s	2024 $000s	2023 $000s	2024 $000s	2023 $000s
Segment profit								
Net property income[1]	26,744	27,588	25,251	24,527	6,372	6,319	58,367	58,434
Realised gains/(losses) on disposal of investment properties	(1)	(21)	(1)	–	–	127	(2)	106
	26,743	27,567	25,250	24,527	6,372	6,446	58,365	58,540
Interest on ground lease	–	–	(999)	(1,002)	–	–	(999)	(1,002)
Revaluation gains/(losses) on investment properties	2,662	(14,966)	2,208	(26,296)	3,816	(9,554)	8,686	(50,816)
Total segment profit/(loss)[2]	29,405	12,601	26,459	(2,771)	10,188	(3,108)	66,052	6,722
Unallocated:								
Administration expenses							(5,577)	(5,500)
Net interest expense							(20,148)	(20,220)
Gain/(loss) on derivative financial instruments held for trading							(1,468)	2,231
Profit before income tax							38,859	(16,767)
Taxation expense							(5,889)	(2,580)
Profit for the period							32,970	(19,347)

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 2023: Nil).

	Industrial $000s	Office $000s	Large Format Retail $000s	Total $000s
Segment assets as at 30 September 2024 (unaudited)				
Current assets	1,058	881	56	1,995
Investment properties	1,036,325	810,340	199,500	2,046,165
Non-current assets classified as held for sale	35,200	–	–	35,200
Total segment assets	1,072,583	811,221	199,556	2,083,360
Unallocated assets				6,234
Total assets				2,089,594
Segment assets as at 31 March 2024 (audited)				
Current assets	3,113	3,456	416	6,985
Investment properties	1,014,900	803,403	195,450	2,013,753
Non-current assets classified as held for sale	35,200	–	–	35,200
Total segment assets	1,053,213	806,859	195,866	2,055,938
Unallocated assets				13,049
Total assets				2,068,987

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.

5. Investment properties

	Industrial Six months to 30 September 2024 $000s	Office Six months to 30 September 2024 $000s	Large Format Retail Six months to 30 September 2024 $000s	Group (unaudited) Six months to 30 September 2024 $000s
Movement in investment properties				
Balance at 1 April 2024	1,014,900	803,403	195,450	2,013,753
Capitalised costs	18,802	4,904	259	23,965
Change in fair value	2,662	2,208	3,816	8,686
Change in capitalised leasing costs	239	(194)	(5)	40
Change in lease incentives	(278)	19	(20)	(279)
Investment properties at 30 September 2024	1,036,325	810,340	199,500	2,046,165
Less lease liability (39 Market Place)	–	(39,890)	–	(39,890)
Investment properties at 30 September 2024 excluding NZ IFRS 16 lease adjustments	1,036,325	770,450	199,500	2,006,275

	Industrial 12 months to 31 March 2024 $000s	Office 12 months to 31 March 2024 $000s	Large Format Retail 12 months to 31 March 2024 $000s	Group (audited) 12 months to 31 March 2024 $000s
Movement in investment properties				
Balance at 1 April 2023	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 2024	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 2024 excluding NZ IFRS 16 lease adjustments	1,014,900	763,450	195,450	1,973,800

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. Given the current challenging investment market and the high interest rate environment, the Board and Management engaged Colliers International New Zealand Limited (Colliers) to review key valuation metrics in order to undertake a review of the property portfolio as at 30 September 2024.

Colliers did not re-inspect the properties and did not undertake a full market valuation as at 30 September 2024. They undertook relevant investigations, including considering any tenant changes, assessing market rentals and reviewing capitalisation rates in order to determine the value of Argosy's properties.

Whilst the valuations were provided for Argosy internal purposes, they have been reviewed and assessed by Management and subsequently adopted by the Board. Overall, there was a revaluation gain of $8.7 million (2023: $50.8 million loss) which has been recognised as a revaluation gain on investment property as at 30 September 2024.

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. Investment properties (continued)

Investment property metrics for the period ended 30 September 2024 are as follows:

		Industrial	Office	Large Format Retail	Total
Contract yield[1]	- Average	5.59%	6.21%	6.80%	5.96%
Market yield[1]	- Average	6.48%	7.37%	6.64%	6.84%
Occupancy (rent)		99.5%	91.9%	100.0%	95.8%
Occupancy (net lettable area)		99.5%	87.9%	100.0%	97.1%
Weighted average lease term (years)		5.6	4.8	3.5	5.0
No. of buildings[2]		33	13	4	50
Fair value total ($000s)		1,036,325	770,450	199,500	2,006,275

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 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.

6. Property held for sale

8 Forge Way, Panmure, Auckland ($35.2 million) was subject to an unconditional sale and purchase agreement at the period end date (31 March 2024: 8 Forge Way, Panmure, Auckland ($35.2 million)).

7. Derivative financial instruments

	Group (unaudited) 30 September 2024 $000s	Group (audited) 31 March 2024 $000s
Nominal value of interest rate swaps - fixed rate payer	475,000	475,000
Nominal value of interest rate swaps - fixed rate receiver	275,000	275,000
Average fixed interest rate - fixed rate payer	3.43%	3.43%

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 2024 is $22.1 million (31 March 2024: $20.7 million). The mark-to-market increase in the liability for derivative financial instruments is a result of movements in the interest rate curve during the interim period.

8. Share capital

	Group (unaudited) 30 September 2024 $000s	Group (audited) 31 March 2024 $000s
Balance at the beginning of the period	820,557	820,069
Issue of shares from equity settled share based payments	–	488
Total share capital	820,557	820,557

The number of shares on issue at 30 September 2024 was 847,168,744 (31 March 2024: 847,168,744).

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 2024	Group (audited) 31 March 2024
Balance at the beginning of the period	847,169	846,724
Issue of shares from share based payments	–	445
Total number of shares on issue	847,169	847,169

9. Interest bearing liabilities

	Group (unaudited) 30 September 2024 $000s	Group (audited) 31 March 2024 $000s
Syndicated bank loans	437,271	415,601
Fixed rate green bonds	325,000	325,000
Borrowing costs	(2,795)	(2,544)
Total interest bearing liabilities	759,476	738,057
Weighted average interest rate on interest bearing liabilities (inclusive of bonds, interest rate swaps, margins and line fees)	5.48%	5.59%

Syndicated bank loans

	Group (unaudited) 30 September 2024 $000s	Group (audited) 31 March 2024 $000s
ANZ Bank New Zealand Limited	62,655	65,982
Bank of New Zealand	59,953	–
Commonwealth Bank of Australia	75,000	34,400
Industrial and Commercial Bank of China	89,930	90,000
The Hongkong and Shanghai Banking Corporation Limited	–	54,400
Westpac New Zealand Limited	149,733	170,819
Total syndicated bank loans	437,271	415,601

As at 30 September 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 and Westpac New Zealand Limited for $525.0 million (31 March 2024 $525.0 million) secured by way of mortgage over the investment properties of the Group.

	Group (unaudited) 30 September 2024		Group (audited) 31 March 2024	
	Limit	**Maturity Date**	**Limit**	**Maturity Date**
Tranche A	210,000	1 October 2027	160,000	1 April 2025
Tranche B	215,000	1 October 2028	60,000	1 October 2025
Tranche C	-	-	115,000	1 October 2027
Tranche D	100,000	1 October 2029	110,000	1 October 2026
Tranche I	-	-	80,000	19 May 2026
	525,000		525,000	

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%	98,194
ARG020	100,000	29 October 2019	29 October 2026	2.90%	95,516
ARG030	125,000	27 October 2020	27 October 2027	2.20%	113,065

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.

10. Interest expense

	Group (unaudited) Six months to 30 September 2024 $000s	Group (unaudited) Six months to 30 September 2023 $000s
Interest expense	(21,297)	(21,733)
Interest on ground lease (39 Market Place)	(999)	(1,002)
Less amount capitalised to investment properties	991	1,384
Total interest expense	(21,305)	(21,351)

Capitalised interest relates to the developments at 101 Carlton Gore Road, Newmarket, Auckland and 224 Neilson Street, Onehunga, Auckland (30 September 2023: Capitalised interest relates to the development at 105 Carlton Gore Road, Newmarket, Auckland).

11. Taxation

	Group (unaudited) Six months to 30 September 2024 $000s	Restated Group (unaudited) Six months to 30 September 2023 $000s
The taxation charge is made up as follows:		
Current tax expense	4,369	2,276
Deferred tax expense	1,758	409
Adjustment recognised in the current year in relation to the current tax of prior years	(238)	(105)
Total taxation expense recognised in profit	5,889	2,580
Reconciliation of accounting profit/(loss) to tax expense		
Profit/(loss) before tax	38,859	(16,767)
Current tax expense/(credit) at 28%	10,881	(4,695)
Adjusted for:		
Capitalised interest	(277)	(387)
Fair value movement in investment properties	(2,432)	14,229
Fair value movement in derivative financial instruments	411	(625)
Depreciation	(3,145)	(4,862)
Deductible repairs and maintenance expenditure capitalised for accounting purposes	(444)	(879)
Depreciation recovered/(loss) on disposal of investment properties	–	–
Tax on accounting gain on disposal of investment properties	–	(30)
Other	(625)	(475)
Current taxation expense	4,369	2,276
Movements in deferred tax assets and liabilities attributable to:		
Investment properties	1,759	(190)
Fair value movement in derivative financial instruments	(411)	625
Other	410	(26)
Deferred tax expense	1,758	409
Prior year adjustment	(238)	(105)
Total tax expense recognised in profit or loss	5,889	2,580

12. Distributable income and adjusted funds from operations

	Group (unaudited) Six months to 30 September 2024 $000s	Group (unaudited) Six months to 30 September 2023 $000s
Profit/(loss) before income tax	38,859	(16,767)
Adjustments:		
Revaluation (gains)/losses on investment property	(8,686)	50,816
Realised (gains)/losses on disposal of investment property	2	(106)
(Gains)/losses on derivative financial instruments held for trading	1,468	(2,231)
Gross distributable income	31,643	31,712
Tax impact of depreciation recovered on disposal of investment property	–	–
Current tax expense	(4,131)	(2,171)
Net distributable income	27,512	29,541
Weighted average number of ordinary shares (000s)	847,169	847,052
Gross distributable income cents per share	3.74	3.74
Net distributable income cents per share	3.25	3.49
Net distributable income	27,512	29,541
Amortisation of tenant incentives and leasing costs	1,074	1,343
Share based payment expense	57	53
Funds from operations (FFO)	28,643	30,937
Capitalisation of tenant incentives and leasing costs	(835)	(617)
Maintenance capital expenditure	(983)	(865)
Maintenance capital expenditure recovered through sale	–	–
Adjusted funds from operations (AFFO)	26,825	29,455
FFO cents per share	3.38	3.65
AFFO cents per share	3.17	3.48
Dividends paid/payable in relation to period	3.33	3.33
Dividend payout ratio to FFO	98%	91%
Dividend payout ratio to AFFO	105%	96%

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

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

13. Commitments

Building upgrades and developments

Estimated capital commitments contracted for building projects not yet completed at 30 September 2024 and not provided for were $38.7 million (31 March 2024: $24.0 million).

There were no other commitments as at 30 September 2024 (31 March 2024: Nil).

The Company has the following guarantees, which are 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.

A bank guarantee of $30,000 was provided by Argosy Property No.1 Limited to Auckland Council to allow building consents and LIM reports to be obtained on account.

14. Contingencies

There were no contingencies as at 30 September 2024 (31 March 2024: Nil).

15. Subsequent events

On 8 November 2024, an unconditional sale and purchase contract was finalised to acquire 291 East Tamaki Road, East Tamaki (and adjacent property titles) for $56.0 million. Settlement is expected to take place in August 2025.

On 19 November 2024 a dividend of 1.6625 cents per share was approved by the Board. The record date for the dividend is 4 December 2024 and a payment is scheduled to shareholders on 18 December 2024. Imputation credits of 0.2463 cents per share are attached to the dividend.

16. 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 other significant changes in relationships or transactions with related parties during the period ended 30 September 2024.

Deloitte.

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 and its subsidiaries ('the Group') on pages 4 to 16 which comprise the condensed consolidated interim statement of financial position as at 30 September 2024, 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 notes to the condensed consolidated interim financial statements, including material accounting policy information.

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 2024 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 scrutineering at the Annual Shareholders' Meeting, we have no relationship with or interests in Argosy Property Limited or any of 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 Company 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.

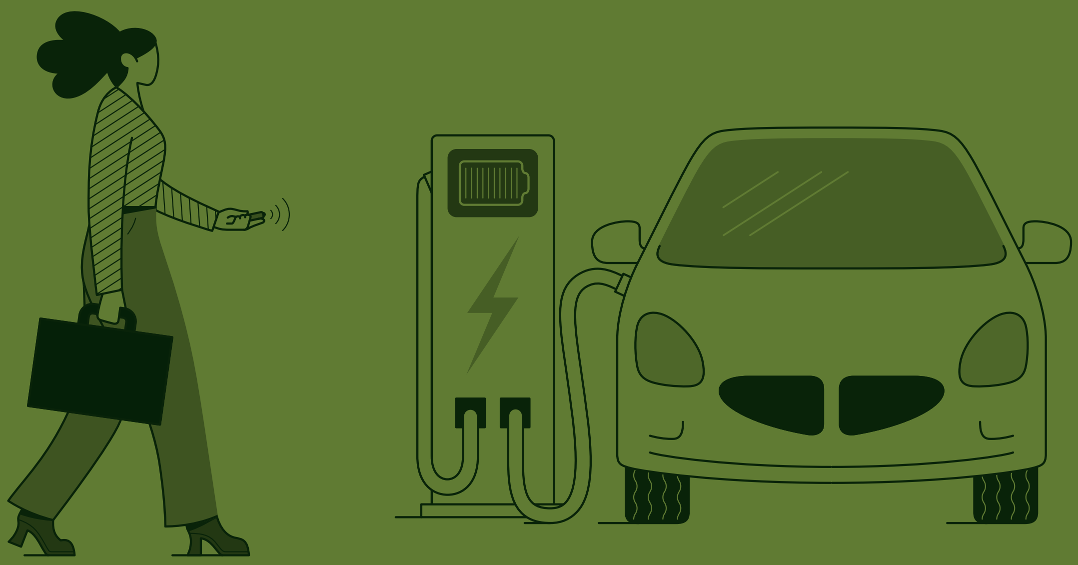
Restriction on use
This report is made solely to the company's shareholders, as a body. Our review has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company'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
19 November 2024

Argosy

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



argosy.co.nz