building a better future
annual report 2021

Argosy

better spaces
better people
better values
better lives
better future
better.

The next 10 years —

Every business operates in a constantly evolving context. Argosy is no exception. We respond to the world's expectations on an ongoing basis.

But every so often, some deeper self-questioning is needed: to consider our role and values. To reset strategic thinking for the long term.

2020 was such a year for Argosy. With a mindset of constant improvement, we set about looking for ways to be better right across the business: for our tenants, for our employees, for our investors, and for the society and environment in which we live.

We have some big and holistic goals for 2031 and have embarked on a comprehensive journey to achieve these. Creating a green, resilient and diversified portfolio of commercial property remains a real focus – and we'll do this with even clearer goals and meaning – but it is how we go about the broader value creation for all our stakeholders that now has a stronger plan in place.

In this report we lay out our new connected pathways for **building a better future.**

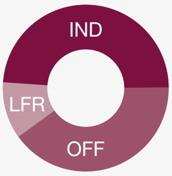
better.

Portfolio transformation
Current status

Green assets

21%

Sector mix



Industrial **49%**
Office **40%**
Large format retail **11%**

Industrial Auckland

43%

Portfolio value

$2.01B

Capital structure
Current status

Debt funding

60%

Green bond funding

40%

Weighted average debt term

4.2years

Environmental
Current status

Sustainability reporting

FY21 first time

Green Star

5.0 Star Built Rating awarded for 107 Carlton Gore Road

Property Council NZ Awards

Awarded Excellence under Resene Green Building Award Category for 82 Wyndham St

NABERSNZ

5.5 Star Base Build renewal for 82 Wyndham St

82 Wyndham St 1st NZ Building awarded **Toitū carbonzero certification**

Social impact
Current status

Sponsorships and partners

$69,000 in community support

Community

22 beds and bed packs for Variety families and children most in need

Staff volunteer days

64% take up across the business

better.

Portfolio transformation
Future goals

Green assets
(% of portfolio)

+50%

Portfolio value
By 2031

+$3B

Green developments

+$1.5B

Golden triangle
(% investment)

5%

Capital structure
Future goals

Green bond funding

>50%

Weighted average
facility term

>4.0years

Environmental
Future goals

Carbon net zero commitment

Carbon reduction plan

Committed to **-30%** by 2031

Landfill diversion

Target >75% for major projects

NABERSNZ

All office rated by 2023

Social impact
Future goals

Sponsorships and partners

$100k budget for FY22 community support

Community

100+ beds and bed packs by 2025

Staff volunteer days

Target **>90%** take up

Tenant relations

>85% satisfaction

best.

BUILDING A BETTER FUTURE

On behalf of the Board of Directors, it is my pleasure to present Argosy's 2021 Annual Report.

FY21 has certainly proved to be a challenging one and we're very pleased with the way the management team has navigated Argosy through difficult times. While the FY22 year could still bring further headwinds, Argosy's resilient financial and portfolio position sees it well placed to manage any near term economic volatility.

Argosy has always sought to do the right thing by tenants and the environment. Our vision of building a better future aims to reflect this at a more aspirational level. We have some big long term goals for the company over the next ten years primarily focused around the environment, including being carbon neutral and targeting 50% of the portfolio being green assets. Our strategy of creating a green, resilient and diversified business, requires us to remain focused on delivering for all stakeholders.

I am looking forward to my first annual shareholders meeting as Chairman in June, where we will update shareholders.

The Board remains focused on growing the sustainability of dividends to shareholders. Based on current projections for the portfolio and subject to market conditions, the Board expects that the dividend for FY22 will be 6.55 cents per share, an increase of 1.6% on the prior year.

STRATEGY

Argosy's vision is to build a better future, and in the presentation released today we have clearly articulated our long term strategic plan.

Having repositioned the business significantly over the last few years, the Board is now focused on how Argosy can do things better across its entire business by utilising a more focused environmental, social and governance lens in its approach.

The Board has set some large strategic goals to 2031 and the management team are now embarking on a comprehensive plan to achieve them.

> "The increased guidance to 6.55 cents per share in FY22 reflects our view that shareholders should share in the continuing strength of the business."
>
> **Jeff Morrison**
> CHAIRMAN

FY21 full year dividend

6.45cps

1.6% increase on the prior period

Q4 dividend to be paid

1.6125cps

23 June payment date

GOVERNANCE

The Annual Shareholders Meeting (ASM) will be held on 29 June at 2pm at the Royal New Zealand Yacht Squadron in Auckland and is again planned to be a hybrid meeting. The Board has decided on the same approach due to the potential for further Covid-19 interruptions. The hybrid functionality of the ASM allows investors to attend virtually and participate in all elements of the meeting including being able to ask questions and complete all voting.

In accordance with the Company's constitution and the NZX Listing Rules, Stuart McLauchlan and myself will retire and will be eligible for re-election.

The Board established an Environmental, Social and Governance (ESG) Committee to oversee Argosy's ESG Framework. The committee ensures sustainability factors remain front of mind to both preserve and create value for all stakeholders. Members of the ESG Committee are Mike Pohio (Chairman) and Rachel Winder.

DIVIDENDS

A fourth quarter dividend of 1.6125 cents per share has been declared for the March quarter with nil imputation credits attached. The fourth quarter dividend will be paid to shareholders on 23 June 2021 and the record date will be 9 June 2021. The Dividend Reinvestment Plan (DRP) will be available for shareholders to participate in with a discount of 2.0% applying.

Argosy's current dividend policy requires annual dividends to be less than net distributable income (NDI).

In 2017, Argosy's Board advised of its intention to move (in the medium term) to an amended dividend policy, based on AFFO earnings. Commensurate with this commitment, commencing 1 April 2022, Argosy's policy will be to pay dividends between 85-100% of AFFO.

In formulating the dividend policy, the Board was focused on Argosy's ability to grow sustainable dividends to shareholders.

The management team have done a fantastic job through FY21 to minimise Covid-19's impact on the business. However, as we've seen through the early part of calendar 2021, lockdowns are still a potential headwind for the New Zealand economy in the near term.

Thankfully, Argosy's portfolio remains resilient and defensive, underpinned by a quality portfolio of diversified properties.

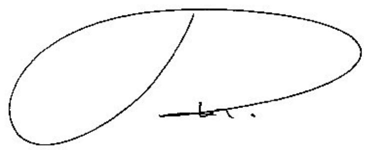
OUTLOOK

Through FY21, Argosy focused on managing its way through Covid-19 and has come through stronger as a result. FY22 however, will have its own challenges.

Near term, the domestic economic recovery still looks patchy across various sectors. New Zealand's vaccine rollout remains slow and whilst trans-Tasman borders have opened, they still have a high degree of Covid-19 risk attached. The potential for interest rates to rise is also a risk.

Despite this, Argosy's portfolio and capital position is strong, providing a high degree of resilience. The company is well placed to deliver on its ambitious objectives over both the medium and long term.

With a particular focus on big initiatives including carbon neutrality and greening 50% of the portfolio, Argosy will ensure that its green, resilient and diversified business is also one which minimises its impact on the environment. This approach is fundamental to its ability to benefit all stakeholders but also delivering on its purpose to provide sustainable returns to shareholders.



JEFF MORRISON

Chairman

RESLIENCE PAYING DIVIDENDS

The FY21 year was one filled with many challenges. Technically, we had four lockdowns in this financial year. Despite the economic headwinds this presented, the business and portfolio continued to demonstrate its resilience through the delivery of very solid operating results.

Net distributable income was up 13.7% and our portfolio metrics were sound. We achieved strong leasing outcomes and very good rent reviews.

We progressed our capital management programme which included our $125 million green bond issue in October 2020, our third issue overall and we now have $325 million issued in total. The issue of green bonds fits with our strategy of greening the portfolio further over the next 10 years. The balance sheet is in a solid position with capacity to act on opportunities as they arise. The strategic acquisition of the 10.6 hectare Mt Richmond Road industrial site is exciting and supports our vision of building a better future. The acquisition fits squarely with our green development strategy and affords us flexibility to support the growth of existing tenants' needs and potential new tenants.

Mt Richmond will be a fully green industrial estate, creating long term capital growth and earnings sustainability and supporting delivery of several of our key strategic goals by 2031.

Looking ahead, we believe we're in a strong and resilient position heading into FY22. We are focused on completing our existing green development projects and working towards commencing new ones. Our corporate goals around transformation and sustainability are at the forefront of our thinking, and will drive our actions.

Most of all, we remain focused on the delivery of sustainable distributions to shareholders in line with our company purpose.

Full year revaluation uplift of

$157.7m

Increases NTA by 17.7% to $1.53

Increase of

13.7%

In net distributable income

HIGHLIGHTS

Key highlights for the period include:

- Net distributable income up 13.7%;
- Net distributable income per share up 13.1%;
- Maintaining sound portfolio metrics with high occupancy (99%) and WALT (5.5 years);
- Solid portfolio leasing and rent review outcomes, including 3.3% annualised rental growth on rents reviewed;
- Additional leasing up of 7WQ in Wellington, now 89% leased;
- An unrealised revaluation gain of $157.7 million, an increase of 8.5%;
- An increase in NTA per share to $1.53 from $1.30 at 31 March 2020, a 17.7% increase;
- Delivery on key strategic focus areas including; minimising Covid-19's impact on the business, executing on capital management initiatives, acquisition of strategic opportunities and the continued focus on sustainability and green developments;
- The unconditional sale of Albany Lifestyle Centre for $87.5 million;
- A 1.6% increase in full year dividend to 6.45 cents per share, fully covered by Adjusted Funds from Operations (AFFO), reflecting continued sound delivery of strategy.

FINANCIAL RESULTS

Statement of Comprehensive Income

For the 12 months to 31 March, Argosy reported net property income of $108 million for the period, up 8.1% compared with the prior comparable period.

Robust like-for-like rental growth, additional income from 7WQ, acquisitions & recently completed developments were partially offset by disposals and rental abatements for Covid-19.

Rental abatements of $3.8 million were provided to tenants over the 12 month period and $0.3 million in deferrals. Argosy may need to provide further support to tenants should New Zealand return to Level 3 lockdowns during FY22.

Net interest expense of $28.6 million is up on the prior comparable period primarily due to lower capitalised interest, as developments have completed.

Valuations for the year to 31 March were performed by Bayleys, CBRE, Colliers International New Zealand Limited and Jones Lang Lasalle. The total unrealised revaluation gain for the year to 31 March was $157.7 million. The portfolio is 1.5% under-rented excluding market rent on vacant space.

Current tax expense was lower with extra income and lower capitalised interest more than offset by depreciation on buildings, the non-assessable deposit for Albany Lifestyle Centre and extra depreciation for 7WQ.

Distributable Income

Net distributable income increased by 13.7% to $67.7 million (including $4.5 million received in respect of the forfeited deposit on the Albany Lifestyle Centre) compared to $59.6 million in the prior comparable period. Net distributable income per share increased 13.1% to 8.14 cents per share from 7.20 cents per share.

Valuations

The work performed by independent valuers resulted in an annual revaluation uplift of $157.7 million, or a 8.5% increase on book values prior to the revaluation.

By location, Auckland was the largest contributor to the total year end revaluation gain with $150.2 million or 95% of the total portfolio gain. By sector, Industrial was a strong driver of the overall gain at $129.9 million, up 15.2%. Large Format Retail increased by $29.3 million or 15.9% and the Office portfolio declined marginally by -$1.5 million, or -0.2%. The office portfolio results were driven primarily due to Wellington office developments. 7WQ was impacted by façade costs and our green development at 8-14 Willis Street/360 Lambton Quay was impacted by increased development costs, increased non-recoverable opex and a provision for development risk applied by the valuer.

The average portfolio cap rate firming over the last 12 months has been 58 basis points.

Following the revaluation, Argosy's portfolio shows a contract yield on values of 5.63% and a yield on fully let market rentals of 5.78%.

OUTLOOK

As the business heads into the first half of FY22, the focus will be on the operational fundamentals of addressing key expiries, leasing up remaining vacancies and executing on the current green development pipeline. Argosy will assess which Value Add projects to commence next, transitioning them to green assets to drive earnings and capital growth. To deliver on the long term strategy, critical decisions will be considered not only in the context of whether the decisions deliver on current year objectives, but whether they also support the delivery of Argosy's vision of building a better future.

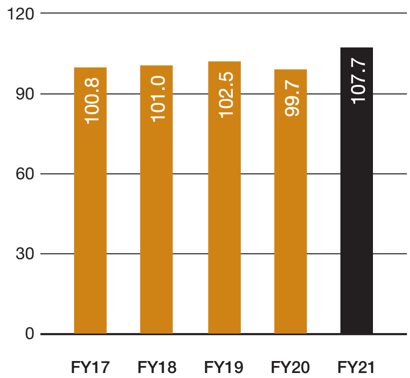
I look forward to updating all our stakeholders at our Annual Meeting in June.

PETER MENCE

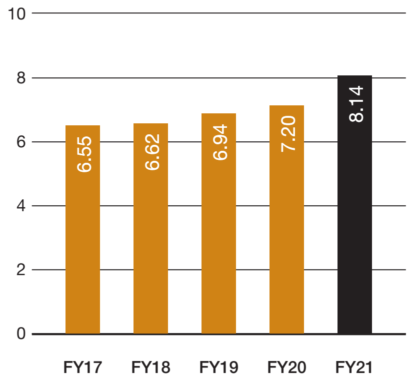
Chief Executive Officer

Financial Summary

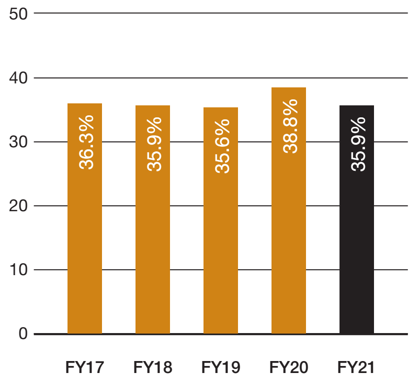
Net Property Income
$M



Net Distributable Income
CENTS PER SHARE



Debt-to-total-assets Ratio
PERCENTAGE



FINANCIAL SUMMARY

	Unit of measure	FY2017	FY2018	FY2019	FY2020	FY2021
Net property income	$m	100.8	101.0	102.5	99.7	107.7
Profit before financial income/(expenses) and other gains/(losses) and tax	$m	91.4	91.1	91.5	88.2	95.6
Revaluation gains on investment property	$m	42.3	47.3	70.5	59.9	157.7
Profit for the year (before taxation)	$m	120.4	109.3	143.3	123.9	248.4
Profit for the year (after taxation)	$m	103.6	98.2	133.7	119.1	241.7
Earnings per share	cents	12.69	11.90	16.16	14.40	29.04
Gross distributable income per share	cents	8.03	7.95	8.14	7.91	8.61
Net distributable income per share	cents	6.55	6.62	6.94	7.20	8.14
Total assets	$m	1,458.6	1,544.8	1,675.1	1,929.6	2,156.8
Debt-to-total-assets ratio	%	36.3	35.9	35.6	38.8	35.9
Net assets backing per share	cents	106	112	122	130	153
Cash dividend per share	cents	6.10	6.20	6.28	6.35	6.45
Shares on issue at year end	m	822.9	827.0	827.0	827.2	839.5
Total equity	$m	875.2	926.9	1,009.0	1,075.8	1,280.6

PROPERTY METRICS

	Unit of measure	FY2017	FY2018	FY2019	FY2020	FY2021
Number of tenants	no.	185	176	171	177	157
Number of properties[1]	no.	64	61	60	59	55
Average property value	$m	22.51	24.8	27.8	31.6	36.6
Net lettable area	sqm	606,324	587,766	587,125	584,932	632,872
Total book value	$m	1,442.2	1,513.1	1,667.0	1,866.9	2,010.8
Weighted average lease term	years	5.59	6.08	6.14	6.09	5.51
Occupancy factor by rental	%	98.6	98.8	97.7	98.8	99.0
Occupancy factor by area	%	97.4	99.4	97.8	98.3	99.3

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

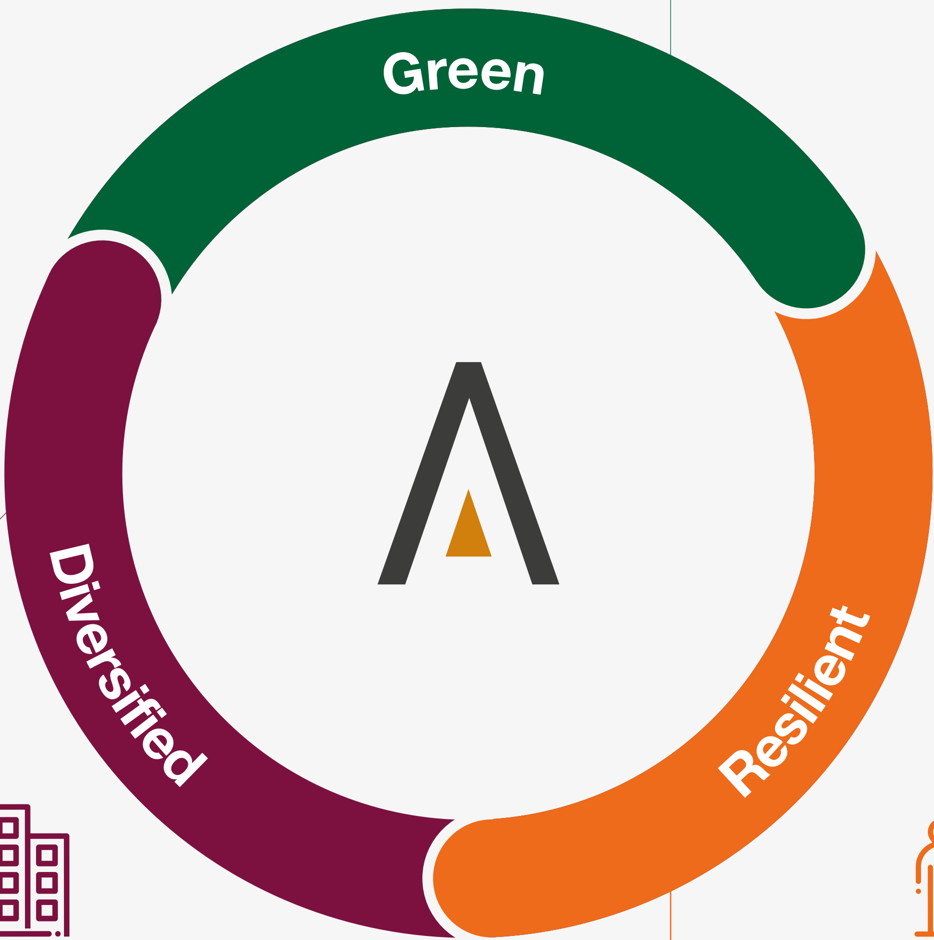
Top: 107 Carlton Gore Road, Auckland. Bottom: Highgate Parkway, Silverdale.

Proactive delivery of sustainable growth.

A business culture that is **environmentally focused**

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

A commitment to **green funding**



Owning the right assets with the right attributes in the right New Zealand locations.

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

Targeting strategic growth opportunities with green potential and a focus on the Auckland Industrial and Wellington Government Office markets

Maintaining a portfolio of high quality, well located core asset with growth potential

A business that is adaptable and responsive to change.

Maintaining strong and valued relationships across all stakeholders

A commitment to management excellence delivering earnings and dividend growth

Ensuring safe working environments for Argosy and its partners

Green

ESG committee established

6 Green Star development in Wellington progressing

21%
of portfolio is green assets

40%
of all debt is green finance

+80%
of Value Add properties are green opportunities

Resilient

Net distributable income up
13.7%

Occupancy
99%

NTA increase
17.7%
to $1.53

+90%
of tenant survey respondents would recommend Argosy as a property partner

Dividend increase
+1.6%
to 6.45cps

Diversified

Top 10 tenants
42%
of income

By value,
Auckland 72%
and
Industrial 49%

$76M
strategic industrial acquisition

+$337M
of properties with value add potential

Our Portfolio

"Our vision is focused on building a better future. We are positioning the portfolio for the next decade and this means ensuring it is green, resilient and diversified to deliver better outcomes for all its stakeholders."

Peter Mence, CEO

PORTFOLIO METRICS, RENT REVIEWS AND LEASING

As at 31 March, Argosy's WALT was 5.5 years and portfolio occupancy was 99%.

As at 31 March, Argosy's WALT was 5.5 years and portfolio occupancy was 99%.

For the 12 months to 31 March, Argosy completed 111 rent reviews achieving annualised rental growth of 3.3%. These reviews were achieved on rents totalling $77.9 million. On rents subject to review by sector, Argosy achieved annualised rental growth of 3.1% for Industrial rent reviews, 4.3% for Office rent reviews and 2.2% for Large Format Retail rent reviews.

"Through quite a tough economic and operating environment, we are pleased to have concluded the financial year with such strong portfolio metrics. The business has continued to demonstrate its quality and resilience in trying conditions. Our diversified portfolio by tenant and type has delivered defensive and sustainable cashflows" said Peter Mence.

In the 12 months to 31 March, 54% of rents reviewed were subject to fixed reviews, 34% were market reviews and 12% were CPI based. Market reviews accounted for 51% of the total annualised rental uplift and Auckland and Wellington contributed 65% and 32% of the total annualised rental uplift respectively.

Argosy completed 38 leasing transactions across 97,391m² of NLA over the 12 months to 31 March. Lease transactions were mixed between extensions (10), renewals (17) and new leases (11).

Key leasing transaction successes over the financial year include:

- Teachers Council of Aotearoa New Zealand, L11 at 7WQ, 1,221m² on a new 9 year lease;
- Iron Mountain, 68 Jamaica Drive, 9,609 m² on a 7 year renewal;
- Parliamentary Services, 147 Lambton Quay, 8,139m² on a new 3 year lease;
- NIWA, 39 Market Place, 2,788m² on a 6 year renewal;
- NZ Van Lines, 19 Barnes Street, 6,857m² extension for a further 3 years;
- Waitemata DHB, 308 Great South Road, 574m² for 6 years;
- Citibank, 23 Customs Street, 545m² on a 5 year renewal; and
- CNZ (Auckland) at 23 Customs Street, 657m² on a 3 year renewal.

Peter Mence, Argosy CEO said "Overall, the leasing outlook remains challenging and some subsectors and locations are still performing better than others. While we believe we have adapted to the new Covid-19 environment, we will continue to monitor things closely."

ACQUISITIONS AND VALUE ADD DEVELOPMENTS

A highlight during the year was the strategic acquisition of two contiguous industrial properties in Mt Richmond, Auckland, in October 2020 for $76 million.

Peter Mence said, "Despite the challenges created by Covid-19 during the year, we remained very focused on executing on strategic acquisitions. We always take a long term view around opportunities that meet our investment criteria because real estate is a long term game.

Securing these strategic sites within a prime industrial precinct with historically very low supply levels makes sense. It allows us to be ready and responsive to changing demand patterns, not just now, but in the years ahead.

The acquisition provides Argosy with an attractive initial holding yield and positive cashflow. The sites are close to the Auckland CBD with strong arterial network connections. The redevelopment potential of the large sites provides Argosy with the opportunity to create long term value and drive earnings and capital growth."

8-14 Willis Street and 360 Lambton Quay, Wellington

Argosy's green development at 8-14 Willis Street/360 Lambton Quay continues to progress with an expected completion date in February 2022. As noted at the interim result, the addition of an 11th floor to the initial plans will cost $6.8 million and deliver incremental income of $0.7 million.

Delays caused by Covid-19, the extra level and design variations as well as the repurposing of 360 Lambton Quay to office has resulted in additional costs to the project. The total expected cost of the development is now $140.1 million and includes the value of land. The expected end value is in excess of $150 million. The expected lease for 360 Lambton Quay did not eventuate and this space will now feature a combination of retail and office space. The net rental for the combined building is expected to be $7.4 million. The IRR on the combined development is now expected to be 7.2%, with an initial yield on cost of 5.3%. The development margin is 7.6%.

Divestment of non Core Assets

For the 12 months to 31 March, Argosy divested the following properties for $73.5 million on a weighted average premium to book value of 6.3%;

- 180-202 Hutt Road, Kaiwharawhara, Wellington, for $23.5 million, 11% above book value;
- 80 Springs Road, Auckland for $16.5 million, 2.3% above book value;
- 960 Great South Road, Auckland for $8.5 million, 16% above book value; and
- Corner of Wakefield and Taranaki Streets, Wellington for $25.0 million, 1% above book value.

Argosy also divested the Albany Lifestyle Centre for $87.5 million to a local investor. This sale settled on 30 April 2021.

"The size and nature of Argosy's diversified portfolio means that some properties do not continue to meet our investment criteria. We were very pleased to have progressed with our capital management initiatives despite a challenging operating and economic environment. With our increased focus on sustainability and greening the portfolio we continue to review the long term strategic ownership of all our properties and their ability to deliver long term capital and earnings growth for shareholders" said Peter Mence.

As noted previously, separate to the sale of Albany Lifestyle Centre, the deposit of $4.5 million paid by the original purchaser, CPG Management Limited ('Cook Group') who nominated APF Nominee Limited as custodian for Augusta Property Fund, was forfeited during the period and has been treated as distributable income by Argosy. Any receipt of payment for damages from Cook Group will also be treated as distributable income.

7 Waterloo Quay, Wellington (7WQ) – Leasing, Façade Works and Insurance Claim Update

The building is now 89% leased with a WALT of 8.8 years underpinned by:

- Ground floor & Level 1; NZ Post 5.3 years, 4,430m²
- Levels 2 & 10; Department of Internal Affairs (DIA), 9 years 4,133m²
- Levels 3, 4 and 5: Kāinga Ora (formerly Housing New Zealand), 9 years 7,001m²
- Levels 6, 7 and 8: Ministry of Housing and Urban Development (MHUD), 9 years 3,675m²
- Level 11, the Teachers Council have signed an unconditional 9-year lease for 1,221m².

Argosy is in advanced discussions with the Crown for the remaining 2,436m² of space on Levels 9 and 12.

The additional work on the exterior façade of the building, expected to cost $15.5 million, is progressing and is expected to be completed in FY22.

Argosy settled its insurance claim with its insurers NZI and QBE in respect of earthquake damage at 7WQ relating to the Kaikoura earthquake, receiving $23.5 million plus GST as full and final settlement. Overall, Argosy made $65.8 million in claims and received a payout of $47.5 million, or approximately 80% after adjusting for the deductible of $4.9 million.

Debt-to-total-assets at 31-March

35.9%

Middle of target 30-40% band

Pro forma gearing falls to

33.2%

Following settlement of Albany Lifestyle Centre

CAPITAL MANAGEMENT

At 31 March, Argosy's debt to total assets ratio, excluding capitalised borrowing costs, was 35.9% compared to 38.8% at 31 March 2020. The ratio reflects the net impact of development activity and acquisitions during the period, offset by divestments and revaluation gains. The ratio also excludes the lease liability and right of use asset at 39 Market Place of $41.7 million, recorded in the period under NZ IFRS 16. Post balance date, the debt to total assets ratio decreased to approximately 33.2%, following the settlement of the Albany Lifestyle Centre on 30 April 2021.

At 31 March 2021, Argosy's total bank debt facility was $490.0 million ($585.0 million at 31 March 2020). The company's weighted average debt tenor, including bonds, was 4.2 years (3.6 years at 31 March 2020) and its weighted average interest rate was 3.69%, down from 3.95% at 31 March 2020. The earliest Tranche expiry is April 2023.

In October 2020, Argosy issued $125.0 million in green bonds and cancelled $125.0 million of banking facilities.

Argosy's target gearing band remains at 30-40%, well below its bank covenant of 50%. The Board regularly reviews the various capital management options at its disposal and believes the capital management initiatives undertaken during the year provide sufficient capacity to accommodate near term funding requirements. Furthermore, the Board remains comfortable that the target gearing band continues to provide sufficient flexibility based on current market conditions and internal forecasts.

Argosy regularly reviews its investment portfolio against its investment policy framework criteria. Where properties no longer meet the criteria, they may be reclassified as non Core. At 31 March, Argosy classifies approximately $11 million or 0.5% of its portfolio as non Core.

82 Wyndham Street, Auckland.

INVESTMENT POLICY FRAMEWORK

Argosy has a Clearly Defined Investment Framework

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

Core

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

Value Add

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

Investment Policy

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

In some cases, a portfolio of assets may be considered for acquisition. The strategy for a potential portfolio acquisition must be consistent with the overall Argosy Portfolio Investment Strategy (i.e. the majority by value of the properties either are Core or offer potential to move to Core in the medium-term).

In certain circumstances, exceptions to the Investment Policy may be considered where an acquisition is made to meet the requirements of a valued tenant.

The Investment Policy target bands remain unchanged. By portfolio value, the Industrial target is 45-55%, Large Format Retail is 10-20% and the Office target is 30-40%.

Geographical weightings are unchanged with the Auckland target 65-75% and Wellington target 20-30%. The allocation of 5% to the Golden Triangle area between Auckland, Tauranga and Hamilton is also unchanged. This weighting sits within the Regional North Island and South Island band of 10%. As at 31 March 2021, Argosy was operating within the parameters of its Investment Policy.

Argosy's diversified portfolio of quality properties has an average value of $36.6 million. This allows the Company to react quickly to changing economic or property market conditions. Liquid properties, which are properties that could potentially be under contract within a short period currently represent approximately 23% of the portfolio or $462 million.

Capital Management

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

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

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

Risk Management

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

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

Argosy generally operates within a medium/low overall risk range. Argosy has a low risk appetite for risks associated with managing developments and Value Add projects and compliance matters.

Portfolio Mix by Sector

●	49%	Industrial
●	40%	Office
●	11%	Large Format Retail

"

Our investment policy underpins our strategy of creating a green, resilient and diversified portfolio."

Peter Mence
CHIEF EXECUTIVE OFFICER

Annualised rent growth

3.3%

On 111 rent reviews on $77.9 million of existing rental income

Industrial sector contributed

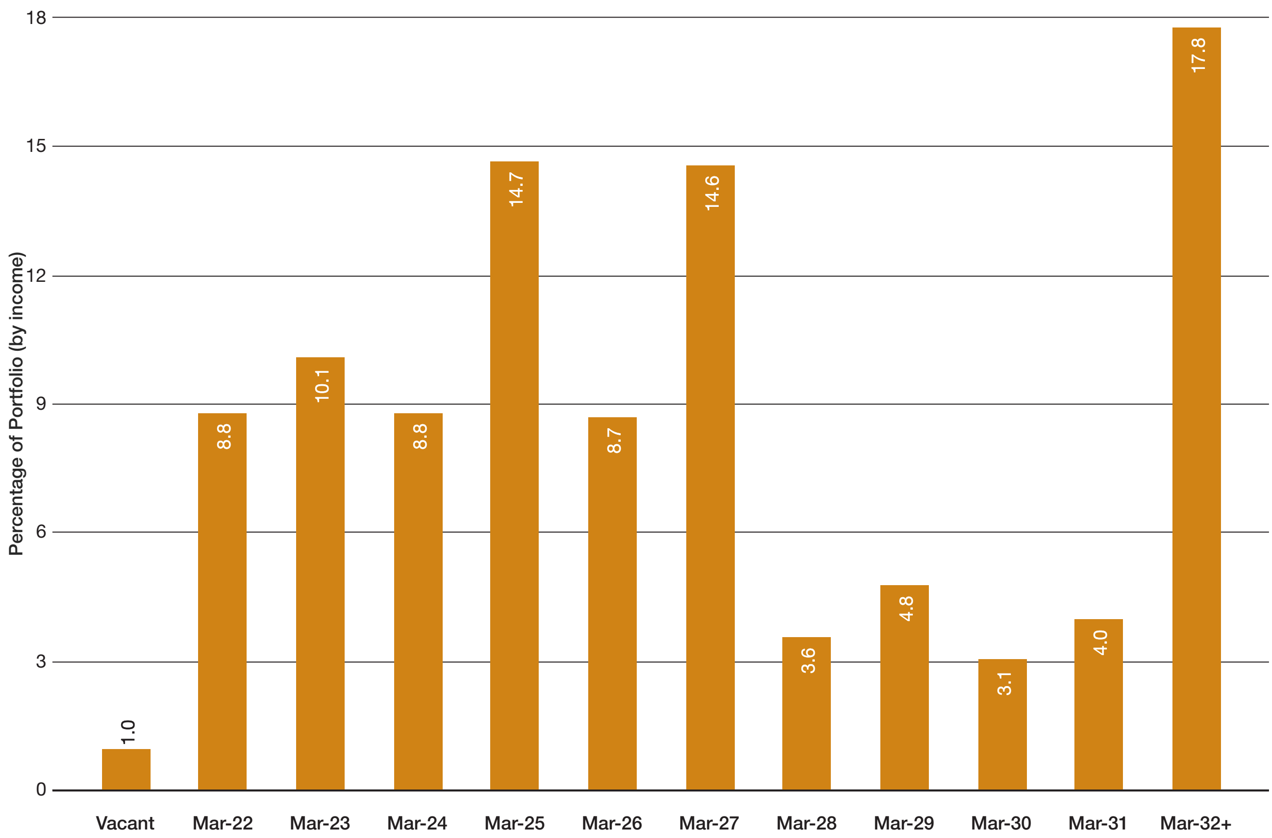
50%

Of rental income increase

	Unit of measure	Industrial	Office	Large Format Retail	TOTAL[1]
Number of buildings	no.	35	16	4	55
Market value of assets	$m	985	813	213	2,011
Net lettable area	m^2	464,776	117,892	50,204	632,872
Occupancy factor by rent[2]	%	99.5%	98.3%	100.0%	99.0%
Weighted average lease term	years	6.5	4.8	3.8	5.5
Average value	$m	28.1	50.8	53.3	36.6
Passing yield[3]	%	5.23%	6.27%	5.76%	5.63%

1. All statistics exclude Albany Lifestyle Centre.
2. Excludes 7WQ levels 9 & 12 due to unavailable for lease
3. Excludes 7WQ, 8-14 Willis Street and 360 Lambton Quay

Lease Expiry Profile
BY RENT



Additional annualised rent

$2.61m

On rents reviewed during FY21

Industrial rent growth increase

3.1%

Annualised growth on 37 rent reviews

Rent Reviews in FY21
BY SECTOR

	No. of Reviews	Annualised Rent Increase	Increase over Contract ($)
Industrial	37	3.1%	2,365,314
Office	42	4.3%	2,312,601
Large Format Retail	32	2.2%	288,592
TOTAL	111	3.3%	4,966,507

New Leases completed in FY21
BY SECTOR

	Floor Area (sqm)	Average Lease Term (years)	No. of Leases
Industrial	72,926	3.3	11
Office	18,710	4.1	19
Large Format Retail	5,755	4.3	8
TOTAL	97,391	3.8	38

New Leases completed in FY21
BY TYPE

	Floor Area (sqm)	Average Lease Term (years)	No. of Leases
New lease	30,561	4.5	11
Right of renewal	26,610	4.9	17
Extension	40,220	1.3	10
TOTAL	97,391	3.8	38

Total Portfolio Value
BY SECTOR

49%	Industrial
40%	Office
11%	Large Format Retail

Total Portfolio Value
BY REGION

72%	Auckland
26%	Wellington
2%	Regional

Portfolio Mix
BY TYPE

83%	Core
17%	Value Add
0%	Non Core

Number of buildings

55

Net lettable area (sqm)

632,872

Passing Yield

5.63%

Market Value of buildings ($)

2,011M

Occupancy By Rent

99%

Portfolio WALT

5.5 years

AUCKLAND

19 Nesdale Avenue, Wiri

VALUATION	$ 73,000,000
WALT	13.6
NET LETTABLE AREA (SQM)	20,677
VACANT SPACE (SQM)	–
PASSING YIELD	4.37%

240 Puhinui Road, Manukau

VALUATION	$ 47,500,000
WALT	13.6
NET LETTABLE AREA (SQM)	17,715
VACANT SPACE (SQM)	–
PASSING YIELD	4.13%

244 Puhinui Road, Manukau

VALUATION	$ 16,650,000
WALT	13.6
NET LETTABLE AREA (SQM)	5,504
VACANT SPACE (SQM)	–
PASSING YIELD	4.01%

Highgate Parkway, Silverdale

VALUATION	$ 36,450,000
WALT	6.9
NET LETTABLE AREA (SQM)	10,581
VACANT SPACE (SQM)	–
PASSING YIELD	4.80%

32 Bell Avenue, Mt Wellington

VALUATION	$ 13,950,000
WALT	2.1
NET LETTABLE AREA (SQM)	8,139
VACANT SPACE (SQM)	–
PASSING YIELD	5.94%

12-16 Bell Avenue, Mt Wellington

VALUATION	$ 28,600,000
WALT	1.1
NET LETTABLE AREA (SQM)	14,809
VACANT SPACE (SQM)	–
PASSING YIELD	5.32%

18-20 Bell Avenue, Mt Wellington

VALUATION	$ 17,300,000
WALT	1.2
NET LETTABLE AREA (SQM)	8,941
VACANT SPACE (SQM)	–
PASSING YIELD	5.37%

2 Allens Road, East Tamaki

VALUATION	$ 6,210,000
WALT	3.5
NET LETTABLE AREA (SQM)	2,920
VACANT SPACE (SQM)	–
PASSING YIELD	5.31%

12 Allens Road, East Tamaki

VALUATION	$ 5,400,000
WALT	0.6
NET LETTABLE AREA (SQM)	2,325
VACANT SPACE (SQM)	–
PASSING YIELD	5.32%

106 Springs Road, East Tamaki

VALUATION	$ 7,990,000
WALT	3.5
NET LETTABLE AREA (SQM)	3,846
VACANT SPACE (SQM)	–
PASSING YIELD	5.31%

5 Allens Road, East Tamaki

VALUATION	$ 5,600,000
WALT	0.7
NET LETTABLE AREA (SQM)	2,663
VACANT SPACE (SQM)	–
PASSING YIELD	4.98%

1 Rothwell Avenue, Albany

VALUATION	$ 36,700,000
WALT	9.3
NET LETTABLE AREA (SQM)	12,683
VACANT SPACE (SQM)	–
PASSING YIELD	4.62%

4 Henderson Place, Onehunga

VALUATION	$ 32,600,000
WALT	10.3
NET LETTABLE AREA (SQM)	10,841
VACANT SPACE (SQM)	–
PASSING YIELD	4.98%

211 Albany Highway, Albany

VALUATION	$ 27,900,000
WALT	1.8
NET LETTABLE AREA (SQM)	14,589
VACANT SPACE (SQM)	–
PASSING YIELD	5.54%

9 Ride Way, Albany

VALUATION	$ 30,100,000
WALT	11.5
NET LETTABLE AREA (SQM)	9,178
VACANT SPACE (SQM)	–
PASSING YIELD	5.02%

90-104 Springs Road, East Tamaki

VALUATION	$ 7,400,000
WALT	5.9
NET LETTABLE AREA (SQM)	3,885
VACANT SPACE (SQM)	–
PASSING YIELD	5.16%

8 Forge Way, Panmure

VALUATION	$ 37,400,000
WALT	9.7
NET LETTABLE AREA (SQM)	4,231
VACANT SPACE (SQM)	–
PASSING YIELD	4.21%

10 Transport Place, East Tamaki

VALUATION	$ 33,000,000
WALT	3.2
NET LETTABLE AREA (SQM)	10,641
VACANT SPACE (SQM)	–
PASSING YIELD	6.10%

1-3 Unity Drive, Albany

VALUATION	$ 14,900,000
WALT	10.2
NET LETTABLE AREA (SQM)	6,116
VACANT SPACE (SQM)	–
PASSING YIELD	5.53%

Industrial

5 Unity Drive, Albany

VALUATION	$ 7,750,000
WALT	10.2
NET LETTABLE AREA (SQM)	3,196
VACANT SPACE (SQM)	–
PASSING YIELD	5.46%

Cnr William Pickering Drive & Rothwell Avenue, Albany

VALUATION	$ 19,400,000
WALT	2.2
NET LETTABLE AREA (SQM)	7,074
VACANT SPACE (SQM)	–
PASSING YIELD	4.95%

17 Mayo Road, Wiri

VALUATION	$ 34,100,000
WALT	5.8
NET LETTABLE AREA (SQM)	13,351
VACANT SPACE (SQM)	–
PASSING YIELD	4.67%

320 Ti Rakau Drive, East Tamaki

VALUATION	$ 81,700,000
WALT	6.9
NET LETTABLE AREA (SQM)	28,353
VACANT SPACE (SQM)	324
PASSING YIELD	5.08%

80-120 Favona Road, Mangere

VALUATION	$ 107,500,000
WALT	3.4
NET LETTABLE AREA (SQM)	59,386
VACANT SPACE (SQM)	–
PASSING YIELD	7.01%

224 Neilson Street, Onehunga

VALUATION	$ 32,750,000
WALT	0.6
NET LETTABLE AREA (SQM)	7,002
VACANT SPACE (SQM)	–
PASSING YIELD	4.09%

8-14 Mt Richmond Drive, Mt Wellington

VALUATION	$ 78,000,000
WALT	4.3
NET LETTABLE AREA (SQM)	94,528
VACANT SPACE (SQM)	–
PASSING YIELD	4.97%

15 Unity Drive, Albany

VALUATION	$ 5,800,000
WALT	3.1
NET LETTABLE AREA (SQM)	7,002
VACANT SPACE (SQM)	–
PASSING YIELD	4.32%

133 Roscommon Road, Wiri

VALUATION	$ 11,500,000
WALT	12.5
NET LETTABLE AREA (SQM)	15,862
VACANT SPACE (SQM)	–
PASSING YIELD	3.93%

WELLINGTON

54-56 Jamaica Drive, Wellington

VALUATION	$ 12,900,000
WALT	14.51
NET LETTABLE AREA (SQM)	1,825
VACANT SPACE (SQM)	–
PASSING YIELD	5.09%

147 Gracefield Road, Seaview

VALUATION	$ 21,550,000
WALT	7.01
NET LETTABLE AREA (SQM)	8,018
VACANT SPACE (SQM)	–
PASSING YIELD	4.82%

19 Barnes Street, Seaview

VALUATION	$ 17,500,000
WALT	10.42
NET LETTABLE AREA (SQM)	6,857
VACANT SPACE (SQM)	–
PASSING YIELD	6.17%

39 Randwick Road, Seaview

VALUATION	$ 22,750,000
WALT	2.78
NET LETTABLE AREA (SQM)	16,249
VACANT SPACE (SQM)	2,393
PASSING YIELD	6.82%

68 Jamaica Drive, Grenada North

VALUATION	$ 23,850,000
WALT	7.34
NET LETTABLE AREA (SQM)	9,609
VACANT SPACE (SQM)	–
PASSING YIELD	5.41%

OTHER

8 Foundry Drive, Woolston, Christchurch

VALUATION	$ 18,525,000
WALT	8.83
NET LETTABLE AREA (SQM)	7,668
VACANT SPACE (SQM)	–
PASSING YIELD	6.30%

1478 Omahu Road, Hastings

VALUATION	$ 10,725,000
WALT	8.34
NET LETTABLE AREA (SQM)	8,514
VACANT SPACE (SQM)	–
PASSING YIELD	7.27%

AUCKLAND

99-107 Khyber Pass Road, Grafton

VALUATION	$ 18,500,000
WALT	3.16
NET LETTABLE AREA (SQM)	2,509
VACANT SPACE (SQM)	–
PASSING YIELD	5.19%

8 Nugent Street, Grafton

VALUATION	$ 55,500,000
WALT	3.27
NET LETTABLE AREA (SQM)	8,125
VACANT SPACE (SQM)	325
PASSING YIELD	5.78%

39 Market Place, Viaduct Harbour

VALUATION	$ 42,500,000
WALT	3.74
NET LETTABLE AREA (SQM)	10,365
VACANT SPACE (SQM)	675
PASSING YIELD	8.00%

302 Great South Road, Greenlane

VALUATION	$ 11,300,000
WALT	3.14
NET LETTABLE AREA (SQM)	1,890
VACANT SPACE (SQM)	–
PASSING YIELD	5.91%

308 Great South Road, Greenlane

VALUATION	$ 8,300,000
WALT	5.73
NET LETTABLE AREA (SQM)	1,568
VACANT SPACE (SQM)	576
PASSING YIELD	4.44%

25 Nugent Street, Grafton

VALUATION	$ 15,750,000
WALT	1.68
NET LETTABLE AREA (SQM)	3,028
VACANT SPACE (SQM)	–
PASSING YIELD	5.51%

82 Wyndham Street

VALUATION	$ 50,000,000
WALT	4.74
NET LETTABLE AREA (SQM)	6,012
VACANT SPACE (SQM)	–
PASSING YIELD	5.53%

101 Carlton Gore Road, Newmarket

VALUATION	$ 29,500,000
WALT	2.59
NET LETTABLE AREA (SQM)	4,821
VACANT SPACE (SQM)	–
PASSING YIELD	6.12%

105 Carlton Gore Road, Newmarket

VALUATION	$ 29,000,000
WALT	0.50
NET LETTABLE AREA (SQM)	5,312
VACANT SPACE (SQM)	–
PASSING YIELD	7.73%

107 Carlton Gore Road, Newmarket

VALUATION	$ 46,800,000
WALT	10.93
NET LETTABLE AREA (SQM)	6,093
VACANT SPACE (SQM)	–
PASSING YIELD	5.56%

Citibank Centre, 23 Customs Street East

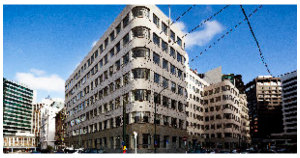
VALUATION	$ 80,700,000
WALT	3.18
NET LETTABLE AREA (SQM)	9,629
VACANT SPACE (SQM)	149
PASSING YIELD	5.76%

WELLINGTON

7-27 Waterloo Quay

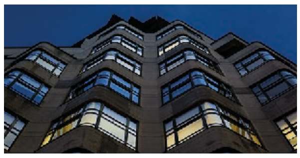
VALUATION	$ 115,300,000
WALT	8.76
NET LETTABLE AREA (SQM)	23,075
VACANT SPACE (SQM)	–
PASSING YIELD	-

15-21 Stout Street



VALUATION	$ 145,300,000
WALT	5.31
NET LETTABLE AREA (SQM)	20,709
VACANT SPACE (SQM)	–
PASSING YIELD	5.64%

143 Lambton Quay



VALUATION	$ 16,000,000
WALT	4.25
NET LETTABLE AREA (SQM)	6,216
VACANT SPACE (SQM)	–
PASSING YIELD	13.40%

147 Lambton Quay

VALUATION	$ 41,600,000
WALT	1.87
NET LETTABLE AREA (SQM)	8,539
VACANT SPACE (SQM)	134
PASSING YIELD	7.57%

8-14 Willis Street/ 360 Lambton Quay

VALUATION	$ 106,600,000
WALT	–
NET LETTABLE AREA (SQM)	–
VACANT SPACE (SQM)	–
PASSING YIELD	-

AUCKLAND

Albany Mega Centre and 11 Coliseum Drive, Albany

VALUATION	$ 160,000,000
WALT	3.57
NET LETTABLE AREA (SQM)	33,792
VACANT SPACE (SQM)	–
PASSING YIELD	5.75%

50 & 54-62 Cavendish Drive, Manukau

VALUATION	$ 31,200,000
WALT	4.21
NET LETTABLE AREA (SQM)	9,939
VACANT SPACE (SQM)	–
PASSING YIELD	5.74%

252 Dairy Flat Highway, Albany

VALUATION	$ 10,300,000
WALT	8.84
NET LETTABLE AREA (SQM)	2,262
VACANT SPACE (SQM)	–
PASSING YIELD	4.94%

OTHER

Cnr Taniwha & Paora Hapi Streets, Taupo

VALUATION	$ 11,700,000
WALT	1.50
NET LETTABLE AREA (SQM)	4,212
VACANT SPACE (SQM)	–
PASSING YIELD	6.68%

Our Environment

"Proactive actions to ensure sustainable growth."

ARGOSY'S SUSTAINABILITY FRAMEWORK

Overarching purpose

To reduce our impact on the environment, create vibrant spaces for tenants, engage more with stakeholders and provide transparent and effective governance.

Four pillars of Argosy's sustainability framework

1. **Reduction** => Managing and reducing the impact of Argosy's operations on the environment, primarily carbon emissions.
2. **Creation** => Creating well designed, vibrant and sustainable spaces for tenants and their staff to work, prosper and flourish.
3. **Engagement** => Delivering positive outcomes in communities we operate in, through greater stakeholder engagement and influence.
4. **Sustainability** => Improving the sustainability and resilience of our business by focusing on a wider range of outcomes over and above financial returns.

"We're very happy to deliver a green product where we've had really good collaboration with the tenant."

—

SAATYESH BHANA
HEAD OF SUSTAINABILITY, ARGOSY PROPERTY LIMITED

MATERIAL ESG FACTORS

The impact of Argosy's business on the natural environment and the communities it affects is an increasingly important consideration for investors. Argosy recognises that a critical part of its responsibility to all stakeholders is to identify and assess material ESG factors, just as it manages other risks facing the business.

ENVIRONMENTAL: How does Argosy perform as a steward of the environment?

Material ESG Factors	Targets
NABERSNZ Ratings	All office by 2023.
Waste Management	Target >75% landfill diversion on all major projects.
Environmental Policy	Sustainability reporting from 2021.
Argosy's Green Culture	Transitioning to 100% EV fleet.
Argosy's Carbon Emissions	Collect and report on Scopes 1, 2 and 3. Reduce emissions by 30% by 2031.

SOCIAL: How does Argosy manage relationships with all stakeholders?

Material ESG Factors	Targets
Employee Relations	Increased financial commitment to training and development.
Employee Diversity	Continue to monitor and disclose.
Tenant Relations	Target >85% satisfaction levels by 2024.
Health & Safety	Zero Harm.
Community Engagement	Significant increase in financial community engagement commitments. Focus on "changing lives, saving lives".

GOVERNANCE: Effective leadership and transparent communication coupled with sound ethics and robust decision making.

Material ESG Factors	Targets
Argosy is committed to the highest standards of business behaviour and accountability.	Target zero policy breaches. Maintain best practice from a business, ethical and cultural standpoint.

SUSTAINABILITY POLICY

Argosy's approach

Argosy owns a diversified portfolio of industrial, office and large format retail investment property. We recognise that sustainability is essential to the continuing success of our business and is of growing importance to our stakeholders. Our stakeholders include tenants, investors, employees, suppliers and the communities in which we operate.

Performance

- including a sustainability focus in our governance structure and policies;
- maintaining a Sustainability Framework with measurable objectives;
- assessing performance against the objectives; and
- reporting on the sustainability of the business.

A copy of Argosy's sustainability policy can be found on its website www.argosy.co.nz.

Top: 8 Nugent Street, Auckland. Bottom: Red Beach Surf Lifesaving Club.

REDUCING CARBON EMISSIONS, ENERGY AND WASTE

Argosy's approach

The impact of Argosy's business on the natural environment is an increasingly important consideration for investors, tenants and other stakeholders. Argosy recognises that an important part of its responsibility to stakeholders and central to ensuring a sustainable business, is to focus on the reduction of this impact over the long term.

Key building performance measures include carbon emissions, energy used and waste produced. Argosy is focused on reducing the impact these have on the natural environment and utilises third party verification wherever possible to validate building performance. Third party validation includes New Zealand Green Building Council Green Star Built Ratings (around overall building quality, environmental benefits, recycling and waste diversion) and NABERSNZ ratings (energy). Most recently, Argosy has engaged Toitū Envirocare to help it identify, measure, monitor and report on its carbon emissions with a view to reducing these over time. In the short term, Argosy will initially offset its carbon emissions with carbon credits.

Performance

- Quarterly meetings covering monitoring, reporting and performance

Argosy's emissions in 2020	tCO_2e
Scope 1	
Other fuels	17.83
Other gases	30.77
Passenger vehicles - default age	0.16
Stationary Energy	4.42
Transport Fuels	25.45
Scope 2	
Electricity	223.75
Scope 3	
Electricity	16.95
Passenger vehicles - default age	1.98
Retired indicators	0.05
Transport - other	27.96
Waste	0.08
Total	349.38

Green Buildings

The company strives to improve the environmental performance of its properties and the portfolio which is approximately 21% green. The World Green Building Council set the framework for sustainability tools and the New Zealand Green Building Council (NZGBC) customise the tools to reflect the New Zealand environment. A Green Star "Built" rating is a tool that verifies what is built rather than what is designed. We believe that tool is more honest and reflects the finished product.

In accordance with Argosy's Green Bond Framework, green assets are those existing and/or planned office, industrial and large format retail buildings, including upgrades that are either targeting or have been certified as obtaining either a minimum 4 Star NZGBC Green Star Built rating or a minimum 4-Star NABERSNZ Energy Base Building Rating or Energy Whole Building Rating.

With a focus on ensuring the long term sustainability of its business, coupled with a corporate goal of greening 50% of the portfolio by 2031, Argosy will continue to transform the portfolio into one which is better for the environment but also delivers better outcomes for tenants and their staff, over and above financial returns to shareholders.

NABERSNZ

NABERSNZ is a rating tool developed by National Australian Built Environment Rating System and this is licensed to EECA and administrated by NZGBC. This is an energy efficiency rating that standardises buildings to allow comparisons to be made. The ability to understand how much energy is being used provides the benchmark against which energy reductions can be measured.

TOITŪ Certification

- Argosy engaged Toitū Envirocare to calculate its carbon footprint and provide emissions management guidance by implementation of an environmental management and reduction plan for scopes 1, 2, and 3 emissions.
- Certification ensures that Argosy is meeting international best practice in terms of measuring, reporting and monitoring its carbon emissions.
- Central to this process is the management and reduction plans to reduce and offset emissions in the business. For Argosy's first 'Carbon Zero' year (2020), it reported approximately 350 tonnes of carbon emissions. To ensure carbon neutrality for this period Argosy will initially be purchasing New Zealand carbon credits to offset these emissions. However, on a go forward basis Argosy is focused on reducing its emissions by 30% by 2031 and any unavoidable emissions reported annually it will supplement through purchasing carbon credits.
- Toitū carbonzero certified 2020.

TOITŪ CARBON ZERO ISO 14064-1 ORGANISATION

TOITŪ CARBON REDUCE ISO 14064-1 ORGANISATION

Objective	Actions	Completion date
Fleet vehicles	Upgrade fossil fuel powered fleet vehicles to electric as leases come up for renewal	Ongoing
Energy metering	Install energy metering on all common area buildings, in order to measure and manage aggregated usage	Dec-21
Waste management	Introduce measured and reportable waste management to all common area buildings in the portfolio	Dec-21
Performance tool	Introduce NZGBC Green Star performance tool to Argosy's own corporate office tenancy	Dec-21
Flights	Reduce domestic air travel by introducing rules for flight bookings and thresholds for video conferencing	Dec-21
Refrigerant	Phase out R22 units on all buildings and replace with lower GHG refrigerants	Ongoing

PERFORMANCE

Green Buildings

- Minimum 4 Green Star Ratings on new builds and major refurbishments
- Currently average a 5 Green Star Rating across five rated buildings
- Strategic goal of 50% of the portfolio being green by 2031

NABERSNZ

- Argosy is targeting NABERSNZ ratings on all of its office buildings by 2023 so that energy performance can be tracked and improved on.
- In order to achieve this, Argosy is currently installing energy sub-metering to allow for efficient data collection, monitoring, measuring and reporting.

TOITŪ

- Reduce environmental impact by achieving 30% less carbon emissions by 2031.
- Move towards carbon net zero by implementing an emissions reduction plan combined with the purchase of carbon credits.

OUR GREEN CULTURE – BETTER PEOPLE

Overarching purpose

Argosy recognises that its activities can have an impact on the natural environment and is committed to managing and reducing the consequences of these activities wherever possible.

Argosy's approach

Argosy have established a green committee which meets quarterly to discuss ways to reduce the environmental impact of its office operations by changing day-to-day practices.

Performance

The green committee targets changes which can positively impact its carbon footprint including:

- Supporting the move towards our vehicle fleet becoming electric;
- Introducing technology-based replacements for printed documents within the office;
- Moving towards reduction in air travel for business, by encouraging video meetings and increased awareness of the emissions impact of flying; and
- Waste reduction by separation of recycling, measurement and reduction of construction waste and diversion from landfill wherever possible.

Our People & Community

Engaging, investing and contributing to the communities we live in.

CHANGING LIVES, SAVING LIVES

Engaging, investing and contributing to the communities we live in.

Argosy's approach

- A resilient business is one which maintains strong and valued relationships and remains committed to actively engaging with all its stakeholders.
- As one of New Zealand's largest commercial landlords, Argosy is in a unique position to make a real difference.
- Argosy has reset its long term social aspirations to making a much bigger and more positive impact in the communities it operates in.

Performance

Through 2020 Argosy was pleased to have delivered on its financial commitment to its community partners. This includes five surf life saving clubs across New Zealand, Pillars, The Spirt of Adventure Trust and Variety – the childrens charity. As part of Argosy's new 10-year vision of *Building a better future*, Argosy is planning on materially lifting its social investment with its focus based around the philosophy of 'changing lives, saving lives'.

Argosy maintains a range of commercial and non-commercial partnerships. Annual memberships include: The New Zealand Shareholders Association, MSCI Real Estate, The New Zealand Green Building Council, The Property Council of New Zealand, and Toitū Carbonzero.

Surf Life Saving

Argosy continues to support its five surf life saving partners across New Zealand. These include: Red Beach Surf Life Saving Club (SLSC), Hot Water Beach SLSC (Coromandel), Taylors Mistake SLSC (Christchurch), Lyall Bay SLSC (Wellington) and St Clair SLSC (Dunedin).

These five clubs and their members are part of a family of 74 Surf Life Saving Clubs across New Zealand, and over 4,500 volunteer surf lifeguards who patrol at over 80 locations every summer. The lifeguards volunteer thousands of hours to patrol beaches, saving lives and keeping people safe.

Given their commitment to keeping communities safe every year, Argosy's partnerships with local clubs is incredibly important and it will continue to support them at every opportunity.

"

NZ's fatal drowning rate has increased by 18% over the last 5 years and our drowning rate is 48% higher than Australia's (per capita). We need to do better."

Rajal Middleton, Head of Marketing
SURF LIFE SAVING NEW ZEALAND

4,500

Volunteer lifeguards patrolling New Zealand beaches each year

Variety – The Childrens Charity

Variety aspires to ensure all children have the opportunity to reach their full potential and give disadvantaged kids the childhood they deserve. In 2020, Argosy commenced a partnership with Variety –to support its *Kids in Beds* programme. In winter, Argosy's initial support resulted in 22 beds and bedding packs provided to children who had been bed sharing or sleeping on the floor. Argosy staff added a further $2,500 towards the cause which was a fantastic effort and greatly appreciated by Variety and the families this supported.

We think this is a very direct way to have a positive influence, changing lives in our community and for our most vulnerable children.

> I am so very grateful for your help. My kids now all have their own beds and absolutely love their bunks and cosy blankets. I haven't been able to afford new beds for my children ever, so I am very grateful and thankful to you for providing this for my family! ”

Mary
VARIETY SPONSORED FAMILY

Staff volunteer days

Argosy continues to encourage its staff to undertake community volunteer and give their time to organisations of their choice. Volunteer work is an important way to engage with communities and support the delivery of outcomes over and above financial returns. Many of Argosy's staff undertook volunteer work in their community. Organisations which benefitted from the volunteer work included Pillars, The ManKind Project, Auckland City Mission and the Motutapu Restoration Trust. The company will be aiming to continue its staff commitment in the FY22 year.

64%

Of staff undertook volunteer work in their community

Top and middle: Argosy staff volunteering at Motutapu Island. Bottom: Argosy staff volunteering at the Auckland City Mission.

EMPLOYEE WELLBEING - BETTER PEOPLE

Support the health & wellbeing of its people

Argosy's approach

Broadly, health & wellbeing relates to all aspects of working life, from the quality and safety of the physical working environment, to how staff feel about their job, their actual work space (including resources and set up), their environment and corporate culture. The better the employee wellbeing the better an organisations ability to achieve results and deliver on the corporate goals and strategy.

Argosy remains committed to providing a healthy and safe workplace for all its employees and have a workplace Health and Safety Committee (HSC) in place. The HSC drives the health and wellbeing framework on behalf of Argosy employees and includes (amongst other things) driving initiatives such as the provision of subsidised gym memberships (physical health) and access to independent employee assistance programs (mental health). In addition, permanent employees are provided with health, life and disability insurance cover as part of their employment.

Through 2020 and the Covid-19 lockdowns, the HSC was focused on ensuring all staff had the necessary support they needed. Even through 2021, with some people still working from home for 1-2 days per week under Argosy's flexible working arrangements, the HSC continues to ensure employees have access to everything they need to be as effective and efficient at home as they would be at the office.

Performance

- Engage with employees via the HSC and annual staff surveys;
- Professional development plans for staff;
- Support for professional courses; and
- Monitor and report on effectiveness of flexible working arrangements for all staff.

Developing Our Talent

Argosy continues to invest resources into upskilling its people to ensure it has the necessary skills and experience to perform expertly and professionally. As the business changes and adapts to an ever changing competitive environment, so too must the resources to meet those changes. Each employee has a personal development plan as part of their Employee Performance Plan (EPP). The EPP is developed with the employee's line manager and reviewed as part of the annual review process. Through FY21, Argosy employees have continued to upskill across a range of areas including St Johns Level 2 First Aid and mental health courses, sustainability, health & safety and human resources.

With significant growth aspirations, Argosy has also restructured its internal resources to create a development team. The team has a Head of Development with four people reporting to that person.

DIVERSITY

Argosy's approach

Argosy is committed to creating and maintaining a diverse, inclusive and supportive workplace for all its staff. A key focus for the company continues to be around the diversity of its people and this is underpinned by its Diversity Policy (available on its website) which sets out its position and includes measurable objectives to achieve its goals.

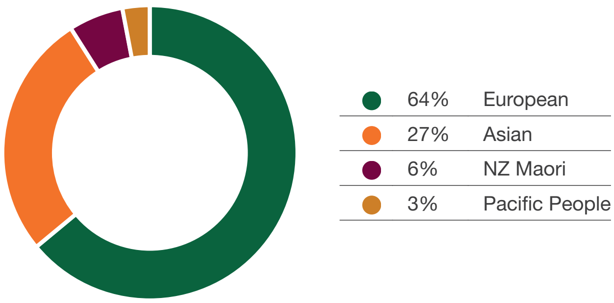
Key principles within the Diversity Policy include: treating people with respect, valuing the contribution of others and maintaining a zero tolerance policy for discrimination. Argosy continues to retain talented people to support the delivery of our strategy and recruit new ones as required.

Argosy does have staff who do identify as being part of the LGBT community.

Performance

We disclose gender, ethnic and age diversity across the business.

Ethnic Diversity



90%

Of respondent tenants believe Argosy is very professional in its dealings

over 90%

Of respondent tenants would recommend Argosy as a property partner

TENANT RELATIONS

Argosy continues to proactively manage its tenant relationships. It aims to create modern, high quality and safe environments that our tenants and their staff can work, prosper and flourish. Our tenants success is our success.

Argosy's approach

Argosy aims to manage tenant relationships to benefit both parties.

It is committed to ensuring properties are professionally managed, the building environments are safe and provide comfortable occupation.

Strong and valued partnerships are founded on integrity and doing the right thing. The last 12 months of Covid-19 and our tenant survey results has demonstrated that Argosy's integrity has never been valued so highly.

Performance

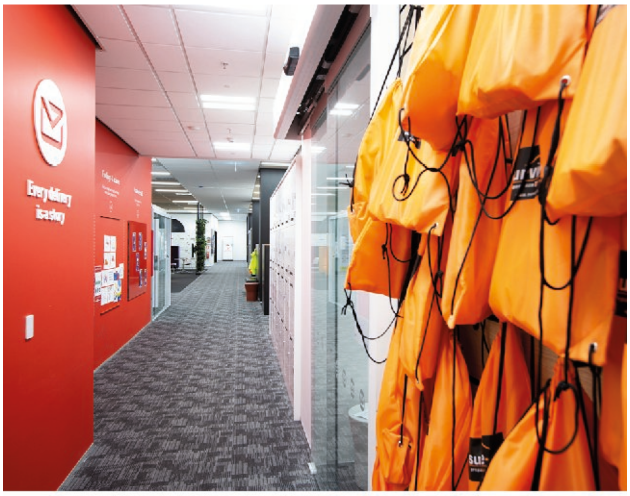
Argosy completes annual tenant surveys and looks to target minimum satisfaction levels across various measures including but not limited to; professionalism in its dealings, property management services rating, how well Argosy meets their needs and whether tenants would recommend Argosy as a property partner.

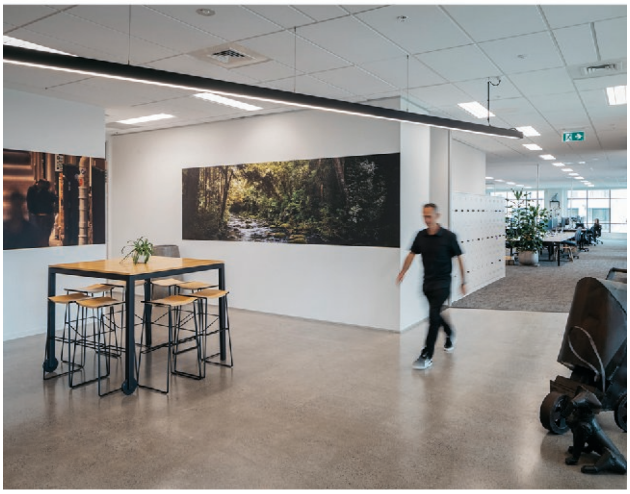
"

Over 85% of respondents considered Argosy very helpful in addressing immediate Covid-19 issues and over 75% rated its communications as excellent/ very good."

—

Steve Freundlich
HEAD OF INVESTOR RELATIONS, ARGOSY PROPERTY LIMITED





Top: 7WQ, Wellington. Bottom: 82 Wyndham Street, Auckland.

100%

Of Precursor Serious Injury or Fatality (PSIF) incidents were investigated

89%

Improvement close out rate

HEALTH & SAFETY

Zero Harm

Argosy's approach

The focus around health & safety remains paramount to Argosy and the provision of a healthy and safe workplace for its employees, tenants and contractors is unchanged.

Argosy continues to maintain accurate recording and reporting of workplace incidents, supporting innovation and fresh ideas to improve health and safety systems, support for worker participation through health and safety representatives and supporting the safe and early return to work of injured employees.

Led by our Head of Health & Safety, Argosy's health and safety staff regularly participate in industry workshops such as SiteSafe and Contractor Induction Groups.

Underpinning this commitment is our continued innovation and adoption of technology to improve our systems – particularly around recording and reporting of workplace incidents.

Argosy's SiteConnect contractor management system ensures all work carried out on a building is completed to the highest standards and in the safest way possible. It allows real time notifications of risks, emergency procedures and building information to be passed on to a contractor visiting a building through smart phone technology.

Contractors undergo a pre-qualification and induction before any work can start. Argosy has 284 contractors and 1,922 contractor staff loaded onto the SiteConnect system, which represents 97.5% of all contractors, a solid increase on 92% in the prior year.

Covid-19

With the concerns around Covid-19 Argosy has added a new section into the safety audit that specifically looks at personal safety on site in line with Ministry of Business, Innovation and Employment guidelines.

Before a contractor can move up alert levels, they are required to supply a Return to Work policy which is vetted and approved, this ensures that a contractor is meeting all obligations from the authority, Argosy and the tenant.

Argosy schedule regular supervisor/site manager meetings with its major contractors where it takes the opportunity to discuss with those who manage people, its expectations regarding health and safety on site. Argosy has found this is reducing the incidence of tenant complaints during work because of a greater alignment of expectations.

Performance

7 Health and Safety Strategic Goals

Argosy wants to create a positive safety culture. Therefore, it is critical that it manages health and safety risks, provides adequate training and resources and ensure that managers and individuals are accountable for their actions or inaction. Argosy's seven key strategic goals to provide a safer work environment are;

1. To proactively identify risks and implement actions to eliminate, isolate or minimise the risk of harm;
2. To consult and actively engage with employees and contractors to ensure they have the training, skills, knowledge and resources to maintain a healthy and safe workplace;
3. To improve its health and safety management systems including new pre-qualification format for sub-contractors with the view to increase the skill levels on site;
4. To actively encourage its contractors and tenants to demonstrate the same commitment to achieving excellence in health and safety performance as Argosy does;
5. To support the health and wellbeing of staff and encourage the safe and early return to work of injured or ill employees;
6. To comply with relevant legislation and regulations; and
7. To accurately report incidents and investigate root causes, in a timely manner.

Progress

The health and safety initiatives that were operating during the year include:

- New pre-qualification format for sub-contractors with the view to increase the skill levels on site;
- Pre-start project meetings continue to include high risk work based on a risk matrix;
- Regularly monitoring risk mitigation controls;
- New processes in place to deal with contractor health and safety rule breaches;
- Providing ongoing training and appropriate equipment to staff;
- Audit of every contractor at least once a year or as appropriate depending on a contractors incident history;
- Conducting monthly contractors meetings to discuss key health and safety issues. Argosy continues to hold meetings with tenants to ensure a co-operative approach is taken regarding health and safety at their buildings.

Top: 39 Randwick Road, Lower Hutt. Bottom: 107 Carlton Gore Road, Auckland.

Our Leadership & Governance

"We don't compromise our ethics and principles."
Peter Mence, CEO

ETHICS & VALUES

Argosy's approach

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

Our values

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

GOVERNANCE

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

Argosy's approach

The Company is committed to fostering open and transparent communications with investors, ensuring it delivers to the highest standards and complies with the NZX listing rules. Argosy aims to meet all continuous disclosure obligations to ensure that all investors are fully informed of all information necessary to assess the Company's performance.

Argosy aims to uphold the highest ethical standards, acting in good faith and in the best interests of the shareholders at all times. The ethical and behavioural standards we expect of Directors, officers and employees are set out in our Code of Conduct and Ethics.

Argosy's website contains 14 key governance policies which support the delivery of the highest standards of corporate behaviour. Policies include but are not limited to;

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

Payment date

23 Jun

Q4 dividend payment of 1.6125cps

Performance

Maintain best practice by ensuring a regular policy review framework.

Formal establishment of new committees or sub committees as required.

Annual Meeting

The Annual Shareholders Meeting (ASM) will be held on 29 June at 2pm at the Royal New Zealand Yacht Squadron in Auckland and is again planned to be a hybrid meeting. The Board has decided on the same approach due to the potential for further Covid-19 interruptions. The hybrid functionality of the ASM allows investors to attend virtually and participate in all elements of the meeting including being able to ask questions and complete all voting.

Jeff Morrison, Chairman, and Stuart McLauchlan will both retire in accordance with the Company's constitution and the NZX Listing Rules and will be eligible for re-election.

All shareholders are encouraged to attend the meeting where you will have the opportunity to listen to and meet the Board of Directors in person.

Retail Roadshow

After missing out in 2020, Argosy will be commencing its 2021 Retail Roadshow in July. Dates to be confirmed for the event where Senior Management will visit 12 locations across the country. Led by CEO Peter Mence and CFO Dave Fraser, they will present the financial results to 31 March 2021 and provide an update on Argosy's vision of building a better future as well as strategy and portfolio activities. Argosy aims to have some of its Directors to also be in attendance on the roadshow, making themselves available to mingle with shareholders and answer questions.

Argosy encourages shareholders to take the opportunity to attend and catch up with members of the management team and Board. Further information about the roadshow will be provided in due course.

Annual Retail Roadshow

July-21

Dates to be confirmed for the 3 week 12 city event.

Key Dates

(indicative only and are subject to change)

23 June 2021
Final quarter FY21 dividend payment

29 June 2021
Annual Shareholders Meeting

July 2021
Annual Retail Roadshow

September 2021
FY22 1st Quarter dividend payment

November 2021
FY22 Interim results release

December 2021
FY22 2nd Quarter dividend payment

BOARD OF DIRECTORS

▲ Jeff Morrison Chairman

▲ Chris Gudgeon Director

▲ Stuart McLauchlan Director

Jeff Morrison
CHAIRMAN

Director since July 2013

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

Chris Gudgeon
DIRECTOR

Director since November 2018

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

Stuart McLauchlan
DIRECTOR

Director since August 2018

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

▲ Mike Pohio Director

▲ Rachel Winder Director

▲ Martin Stearne Director

Mike Pohio
DIRECTOR

Director since February 2019

Mr Pohio has 25 years of senior executive experience across a range of industries including property, investment, port/logistics and dairy. He is the Chief Executive of Ngāi Tahu Holdings Corporation (NTHC). In addition to being a director on the boards of NTHC subsidiaries and related party companies, he is a director on the board of Te Atiawa Iwi Holdings. He is also Chairman of Rotoiti 15 Investments LP. Mr Pohio holds an MBA from IMD, Lausanne, an FCA from Chartered Accountants Australia and New Zealand and is a Chartered Member of the New Zealand Institute of Directors.

Martin Stearne
DIRECTOR

Director since March 2020

Mr Stearne has over 20 years commercial and capital markets experience, primarily gained during his time at Jarden and its predecessors from 1995 until 2015. He currently holds appointments to the NZX Listing Subcommittee, the Takeovers Panel and the Investment Committee of the Impact Enterprise Fund. He is a member of INFINZ and IceAngels. Mr Stearne holds a B.Sc (Hons) in maths and a B.Com in finance from the University of Otago. He is also a member of the New Zealand Institute of Directors.

Rachel Winder
DIRECTOR

Director since August 2019

Mrs Winder has been involved in the property sector for over 20 years across a variety of roles including strategy, portfolio management, financial management and development. Her experience spans across industries from construction to telecommunications and financial services. Rachel is currently Head of Property for Westpac New Zealand and holds an MBA from the University of Otago and a Bachelor of Property from Auckland University. She is also a member of the New Zealand Institute of Directors.

MANAGEMENT TEAM

Peter Mence
Chief Executive Officer

Dave Fraser
Chief Financial Officer

Anna Hamill
Financial Controller

David Snelling
General Counsel

Steve Freundlich
Head of Investor Relations

Saatyesh Bhana
Head of Sustainability

Marilyn Storey
Head of Development

▲ Warren Cate
Asset Manager

▲ Micky Sutinovski
Asset Manager

▲ Haley Jones
Manager Property Services

▲ Shamus O'Halloran
Asset Manager

▲ Rob Smith
Asset Manager

▲ Wade Allen
Leasing Manager

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

CONSOLIDATED FINANCIAL STATEMENTS

Contents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	Group 2021 $000s	Group 2020 $000s
Non-current assets			
Investment properties	5	2,052,485	1,824,106
Derivative financial instruments	6	6,161	11,573
Other non-current assets	7	262	352
Total non-current assets		2,058,908	1,836,031
Current assets			
Cash and cash equivalents		1,762	1,861
Trade and other receivables	8	1,935	1,910
Other current assets	9	3,998	3,894
Taxation receivable		2,721	1,307
		10,416	8,972
Non-current asset classified as held for sale	5,10	87,455	84,634
Total current assets		97,871	93,606
Total assets	4	2,156,779	1,929,637
Shareholders' funds			
Share capital	11	809,230	792,826
Share based payments reserve	12	659	418
Retained earnings	13	470,746	282,560
Total shareholders' funds		1,280,635	1,075,804
Non-current liabilities			
Interest bearing liabilities	14	754,521	729,173
Derivative financial instruments	6	48,559	49,878
Non-current lease liabilities	25	41,569	41,690
Deferred tax	20	11,803	8,978
Total non-current liabilities		856,452	829,719
Current liabilities			
Trade and other payables	15	13,996	15,334
Current lease liabilities	25	116	105
Derivative financial instruments	6	90	–
Other current liabilities	16	3,490	4,150
Deposit received for non-current asset classified as held for sale	10	2,000	4,525
Total current liabilities		19,692	24,114
Total liabilities		876,144	853,833
Total shareholders' funds and liabilities		2,156,779	1,929,637

For and on behalf of the Board

Jeff Morrison
Director

Stuart McLauchlan
Director

Date: 18 May 2021

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Group 2021 $000s	Group 2020 $000s
Gross property income from rentals		111,522	100,779
Insurance proceeds - rental loss		2,059	2,500
Gross property income from expense recoveries		19,888	20,139
Property expenses		(25,762)	(23,748)
Net property income	4	107,707	99,670
Administration expenses	17	12,082	11,427
Profit before financial income/(expenses), other gains/(losses) and tax		95,625	88,243
Financial income/(expenses)			
Interest expense	18	(28,560)	(22,899)
Gain/(loss) on derivative financial instruments held for trading		(4,183)	2,062
Interest income		52	75
		(32,691)	(20,762)
Other gains/(losses)			
Revaluation gains on investment property	5	157,658	59,942
Impairment loss on held for sale		–	(3,000)
Realised gains/(losses) on disposal of investment property	5	1,954	(64)
Forfeited deposit on sale of investment property		4,525	–
Insurance proceeds - reinstatement		19,909	–
Insurance proceeds - earthquake expenses		2,114	–
Earthquake expenses		(712)	(509)
		185,448	56,369
Profit before income tax attributable to shareholders		248,382	123,850
Taxation expense	19	6,732	4,730
Profit and total comprehensive income after tax		241,650	119,120
All amounts are from continuing operations.			
Earnings per share			
Basic and diluted earnings per share (cents)	22	29.04	14.40

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Group 2021 $000s	Group 2020 $000s
Shareholders' funds at the beginning of the year		1,075,804	1,008,975
Profit and total comprehensive income for the year		241,650	119,120
Contributions by shareholders			
Issue of shares from Dividend Reinvestment Plan	11	16,452	–
Issue costs of shares	11	(48)	–
Dividends to shareholders	13	(53,464)	(52,526)
Equity settled share based payments	12	241	235
Shareholders' funds at the end of the year		1,280,635	1,075,804

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

		Group 2021 $000s	Group 2020 $000s
Cash flows from operating activities			
Cash was provided from:			
Property income		135,579	123,832
Insurance proceeds received		23,500	3,083
Interest received		52	75
Cash was applied to:			
Property expenses		(24,917)	(24,774)
Earthquake expenses		(744)	(520)
Interest paid		(24,554)	(19,719)
Interest paid for ground lease		(2,090)	(2,095)
Employee benefits		(8,740)	(7,233)
Taxation paid		(5,126)	(8,766)
Other expenses		(4,582)	(4,137)
Net cash from/(used in) operating activities	21	88,378	59,746
Cash flows from investing activities			
Cash was provided from:			
Sale of properties, deposits and deferrals		74,191	15,315
Cash was applied to:			
Capital additions on investment properties		(68,825)	(100,759)
Capitalised interest on investment properties		(3,798)	(9,207)
Purchase of properties, deposits and deferrals		(76,164)	(46,928)
Net cash from/(used in) investing activities		(74,596)	(141,579)
Cash flows from financing activities			
Cash was provided from:			
Debt drawdown	14	138,182	225,899
Proceeds from fixed rate green bonds	14	125,000	100,000
Cash was applied to:			
Repayment of debt	14	(237,531)	(188,888)
Dividends paid to shareholders net of reinvestments		(37,209)	(53,137)
Issue cost of shares		(35)	–
Repayment of lease liabilities		(110)	(105)
Bond costs		(1,673)	(1,620)
Facility refinancing fee		(505)	(645)
Net cash from/(used in) financing activities		(13,881)	81,504
Net increase/(decrease) in cash and cash equivalents		(99)	(329)
Cash and cash equivalents at the beginning of the year		1,861	2,190
Cash and cash equivalents at the end of the year		1,762	1,861

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

1. REPORTING ENTITY

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

The Company's principal activity is investment in properties which include Industrial, Office and Large Format Retail properties throughout New Zealand.

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

2. BASIS OF PREPARATION

Statement of compliance

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

These financial statements were approved by the Board of Directors on 18 May 2021.

Basis of measurement

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

Use of estimates and judgements

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

Functional and presentation currency

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

Basis of consolidation

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

Statement of cash flows

The statement of cash flows is prepared on a GST exclusive basis, which is consistent with the statement of comprehensive income.

The following terms are used in the statement of cash flows:

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Insurance income recognition

The company recognises income from insurance proceeds when it is virtually certain that the claims made in an accounting period have been accepted by insurers.

A settlement was reached with insurers in the year to 31 March 2021 in respect of the earthquake damage at 7 Wateroo Quay as a result of the 2016 Kaikoura earthquake.

Total insurance proceeds of $47.5m have been received, of which $24.1m have been recognised in the current year. These insurance proceeds have been allocated across rental losses, expenses incurred as a result of the earthquake and reinstatement of material damage.

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

It is not expected that the adoption of these standards and amendments will have a material impact on the financial statements of the Group.

4. SEGMENT INFORMATION

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

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

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

	Industrial		Office		Large Format Retail		Total	
	2021 $000s	2020 $000s	2021 $000s	2020 $000s	2021 $000s	2020 $000s	2021 $000s	2020 $000s
Segment profit								
Net property income[1]	47,228	44,685	44,597	37,336	15,882	17,649	107,707	99,670
Realised gains/(losses) on disposal of investment properties	1,954	(64)	–	–	–	–	1,954	(64)
Insurance proceeds - reinstatement	–	–	19,909	–	–	–	19,909	–
Insurance proceeds - earthquake expenses	–	–	2,114	–	–	–	2,114	–
Forfeited deposit on sale of investment property	–	–	–	–	4,525	–	4,525	–
Earthquake expenses	–	–	(712)	(509)	–	–	(712)	(509)
	49,182	44,621	65,908	36,827	20,407	17,649	135,497	99,097
Interest on ground lease	–	–	(2,090)	(2,095)	–	–	(2,090)	(2,095)
Revaluation gains on investment properties	129,920	53,393	(1,524)	19,534	29,262	(12,985)	157,658	59,942
Impairment loss on held for sale	–	–	–	–	–	(3,000)	–	(3,000)
Total segment profit[2]	179,102	98,014	62,294	54,266	49,669	1,664	291,065	153,944
Unallocated:								
Administration expenses							(12,082)	(11,427)
Net interest expense							(26,418)	(20,729)
Gain/(loss) on derivative financial instruments held for trading							(4,183)	2,062
Profit before income tax							248,382	123,850
Taxation expense							(6,732)	(4,730)
Profit for the year							241,650	119,120

1. Net property income consists of revenue generated from external tenants less property operating expenditure plus insurance proceeds - rental loss.
2. There were no inter-segment sales during the year (31 March 2020: Nil).

4. SEGMENT INFORMATION (CONTINUED)

	Industrial		Office		Large Format Retail		Total	
	2021 $000s	2020 $000s	2021 $000s	2020 $000s	2021 $000s	2020 $000s	2021 $000s	2020 $000s
Segment assets								
Current assets	1,766	1,586	2,033	2,324	1,049	1,449	4,848	5,359
Investment properties	984,950	842,779	854,335	795,977	213,200	185,350	2,052,485	1,824,106
Non-current assets classified as held for sale	–	–	–	–	87,455	84,634	87,455	84,634
Total segment assets	986,716	844,365	856,368	798,301	301,704	271,433	2,144,788	1,914,099
Unallocated assets							11,991	15,538
Total assets							2,156,779	1,929,637

	Industrial		Office		Large Format Retail		Total	
	2021 $000s	2020 $000s	2021 $000s	2020 $000s	2021 $000s	2020 $000s	2021 $000s	2020 $000s
Segment liabilities								
Current liabilities	2,430	2,749	8,077	9,804	2,710	5,256	13,217	17,809
Non-current liabilities	–	–	41,569	41,690	–	–	41,569	41,690
Total segment liabilities	2,430	2,749	49,646	51,494	2,710	5,256	54,786	59,499
Unallocated liabilities							821,358	794,334
Total liabilities							876,144	853,833

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, other non-current assets and other minor current assets that cannot be allocated to particular segments. All liabilities are allocated to reportable segments other than borrowings, derivatives, tax liabilities and other minor current liabilities that cannot be allocated to particular segments.

5. INVESTMENT PROPERTIES

Accounting policy – Investment properties

Investment property is property held either to earn rental income, for capital appreciation or for both.

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

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

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

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

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

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

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

	Industrial 2021 $000s	Office 2021 $000s	Large Format Retail 2021 $000s	Group 2021 $000s
Movement in investment properties				
Balance at 1 April	842,779	795,977	185,350	1,824,106
Acquisition of properties	76,167	–	–	76,167
Capitalised costs	6,641	55,769	1,495	63,905
Transfer to properties held for sale	–	–	(87,455)	(87,455)
Transfer from properties held for sale	–	–	84,634	84,634
Disposals	(70,303)	–	–	(70,303)
Change in fair value	129,920	(1,524)	29,262	157,658
Change in capitalised leasing costs	(129)	(347)	(61)	(537)
Principal repayment of lease liability	–	(110)	–	(110)
Change in lease incentives	(125)	4,570	(25)	4,420
Investment properties at 31 March	984,950	854,335	213,200	2,052,485
Less lease liability (39 Market Place)	–	(41,685)	–	(41,685)
Investment properties at 31 March excluding NZ IFRS 16 lease adjustments	984,950	812,650	213,200	2,010,800
Held for sale at 31 March	–	–	87,455	87,455
Total Investment properties at 31 March including held for sale excluding NZ IFRS 16 lease adjustments	984,950	812,650	300,655	2,098,255

5. INVESTMENT PROPERTIES (CONTINUED)

	Industrial 2020 $000s	Office 2020 $000s	Large Format Retail 2020 $000s	Group 2020 $000s
Movement in investment properties				
Balance at 1 April	737,670	626,610	302,750	1,667,030
Acquisition of properties	48,131	–	–	48,131
Capitalised costs	15,995	87,023	1,699	104,717
Transfer to properties held for sale	–	–	(87,634)	(87,634)
Disposals	(12,100)	–	–	(12,100)
Transfer between segments	–	18,300	(18,300)	–
Change in fair value	53,393	19,534	(12,985)	59,942
Change in capitalised leasing costs	(50)	2,362	(48)	2,264
Principal repayment of lease liability	–	41,795	–	41,795
Change in lease incentives	(260)	353	(132)	(39)
Investment properties at 31 March	842,779	795,977	185,350	1,824,106
Less lease liability (39 Market Place)	–	(41,795)	–	(41,795)
Investment properties at 31 March with NZ IFRS 16 lease adjustments	842,779	754,182	185,350	1,782,311
Held for sale at 31 March	–	–	84,634	84,634
Total Investment properties at 31 March including held for sale excluding NZ IFRS 16 lease adjustments	842,779	754,182	269,984	1,866,945

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

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

	Group 2021 $000s	Group 2020 $000s
Acquisition of properties		
8-14 Mt Richmond Drive and 2 Doraval Place, Mt Wellington, Auckland	76,167	–
54-56 Jamaica Drive, Wellington	–	3,581
244 Puhinui Road, Manukau City, Auckland	–	12,469
224 Neilson Street, Onehunga, Auckland	–	32,081
	76,167	48,131
Disposal of properties		
Cnr Wakefield, Taranaki & Cable Streets, Wellington	24,748	–
960 Great South Road, Penrose, Auckland	7,341	–
80 Springs Road, East Tamaki, Auckland	16,234	–
180-202 Hutt Road, Kaiwharawhara, Wellington	21,980	–
223 Kioreroa Road, Whangarei	–	12,100
	70,303	12,100
Sale proceeds of properties disposed of	73,500	12,300
Net gain/(loss) on disposal	3,197	200
Selling costs	(1,243)	(264)
Total gain/(loss) on disposal	1,954	(64)

5. INVESTMENT PROPERTIES (CONTINUED)

All investment properties were independently valued as at 31 March 2021 in accordance with the Group's accounting policy. The valuations were prepared by independent registered valuers Bayleys Valuation Limited, CBRE Limited, Colliers International New Zealand Limited and Jones Lang LaSalle. The total value per valuer was as follows:

	Group 2021 $000s	Group 2020 $000s
Bayleys Valuation Limited	108,750	103,300
CBRE Limited	869,350	729,056
Colliers International New Zealand Limited	848,375	644,605
Jones Lang LaSalle	184,325	305,350
	2,010,800	1,782,311

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

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

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

Investment property metrics for the year ended 31 March 2021 are as follows:

		Industrial	Office	Large Format Retail	Total
Contract yield[1]	- Average	5.23%	6.27%	5.76%	5.63%
	- Maximum	7.27%	13.40%	6.68%	13.40%
	- Minimum	3.93%	4.44%	4.94%	3.93%
Market yield[1]	- Average	5.42%	6.43%	5.65%	5.78%
	- Maximum	7.30%	15.90%	5.81%	15.90%
	- Minimum	4.11%	4.94%	4.99%	4.11%
Occupancy (rent)		99.52%	98.32%	100.00%	99.03%
Occupancy (net lettable area)		99.42%	98.42%	100.00%	99.28%
Weighted average lease term (years)		6.53	4.81	3.75	5.51
No. of buildings[2]		35	16	4	55
Fair value total (000s)		$984,950	$812,650	$213,200	$2,010,800
Held for sale (000s)		–	–	$87,455	$87,455
Total (000s)		$984,950	$812,650	$300,655	$2,098,255

1. 7 Waterloo Quay and 8-14 Willis Street/360 Lambton Quay have been excluded from these yield metrics as the rents of these properties included in the valuation reports were based on the completion of the planned remedial and redevelopment work required to be undertaken. The property held for sale has also been excluded from these yield metrics.
2. Certain titles have been consolidated and treated as one. The total number of buildings excludes the property held for sale.

5. INVESTMENT PROPERTIES (CONTINUED)

Investment property metrics for the year ended 31 March 2020 are as follows:

		Industrial	Office	Large Format Retail	Total
Contract yield[1]	- Average	5.69%	6.60%	6.54%	6.11%
	- Maximum	8.42%	9.03%	7.00%	9.03%
	- Minimum	0.00%	5.53%	5.40%	0.00%
Market yield[1]	- Average	6.17%	6.83%	6.23%	6.41%
	- Maximum	8.49%	9.01%	6.31%	9.01%
	- Minimum	4.76%	5.41%	5.45%	4.76%
Occupancy (rent)		97.77%	99.41%	100.00%	98.81%
Occupancy (net lettable area)		97.53%	99.61%	100.00%	98.27%
Weighted average lease term (years)		7.19	5.18	5.29	6.09
No. of buildings[2]		38	16	5	59
Fair value total (000s)		$842,779	$754,182	$185,350	$1,782,311
Held for sale (000s)		–	–	$84,634	$84,634
Total (000s)		$842,779	$754,182	$269,984	$1,866,945

1. 7 Waterloo Quay, 8-14 Willis Street/360 Lambton Quay, 180-202 Hutt Road and 54-56 Jamaica Drive have been excluded from these yield metrics as the rents of these properties included in the valuation reports were based on the completion of the planned remedial and redevelopment work required to be undertaken. The property held for sale has also been excluded from these yield metrics.
2. Certain titles have been consolidated and treated as one. The total number of buildings includes the property held for sale.

6. FINANCIAL INSTRUMENTS

Accounting policy - Non-derivative financial instruments

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

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

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

Accounting policy - Derivative financial instruments

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

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

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

6. FINANCIAL INSTRUMENTS (CONTINUED)

The Group has the following financial instruments:

Group 2021	Derivatives at fair value through profit/loss $000s	Financial assets measured at amortised cost $000s	Financial liabilities measured at amortised cost $000s	Total $000s
Financial assets				
Cash and cash equivalents	–	1,762	–	1,762
Derivative financial instruments (current and term)	6,161	–	–	6,161
Trade and other receivables	–	1,935	–	1,935
	6,161	3,697	–	9,858
Financial liabilities				
Interest bearing liabilities	–	–	(754,521)	(754,521)
Trade and other payables	–	–	(13,996)	(13,996)
Derivative financial instruments (current and term)	(48,649)	–	–	(48,649)
Lease liabilities (current and term)	–	–	(41,685)	(41,685)
Other current liabilities	–	–	(3,490)	(3,490)
	(48,649)	–	(813,692)	(862,341)

Group 2020	Derivatives at fair value through profit/loss $000s	Financial assets measured at amortised cost $000s	Financial liabilities measured at amortised cost $000s	Total $000s
Financial assets				
Cash and cash equivalents	–	1,861	–	1,861
Derivative financial instruments (current and term)	11,573	–	–	11,573
Trade and other receivables	–	1,910	–	1,910
	11,573	3,771	–	15,344
Financial liabilities				
Interest bearing liabilities	–	–	(729,173)	(729,173)
Trade and other payables	–	–	(15,334)	(15,334)
Derivative financial instruments	(49,878)	–	–	(49,878)
Lease liabilities (current and term)	–	–	(41,795)	(41,795)
Other current liabilities	–	–	(4,150)	(4,150)
	(49,878)	–	(790,452)	(840,330)

6. FINANCIAL INSTRUMENTS (CONTINUED)

Risk management

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

Credit risk

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

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

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

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

Interest rate risk

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

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

The Group's policy is to maintain a range of approximately 40-100% of its borrowings in fixed interest rate instruments unless otherwise instructed by the Board of Directors. At year end, 50.7% of borrowings, after the effect of associated swaps, were at fixed rates (2020: 49.8%).

Liquidity risk

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

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Group 2021	Carrying Amount $000s	Less than 1 year $000s	1-2 years $000s	2-3 years $000s	3-4 years $000s	4-5 years $000s	5+ years $000s
Financial liabilities							
Interest bearing liabilities[1]	(754,521)	(17,185)	(17,185)	(219,861)	(160,615)	(189,887)	(231,046)
Trade and other payables	(13,996)	(13,996)	–	–	–	–	–
Derivative financial instruments	(48,649)	(8,140)	(7,125)	(6,316)	(4,653)	2,762	2,604
Lease liabilities	(41,685)	(2,200)	(2,200)	(2,200)	(2,200)	(2,200)	(122,658)
Other current liabilities	(3,490)	(3,490)	–	–	–	–	–
	(862,341)	(45,011)	(26,510)	(228,377)	(167,468)	(189,325)	(351,100)

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

Group 2020	Carrying Amount $000s	Less than 1 year $000s	1-2 years $000s	2-3 years $000s	3-4 years $000s	4-5 years $000s	5+ years $000s
Financial liabilities							
Interest bearing liabilities[1]	(729,173)	(19,166)	(301,178)	(61,700)	(135,153)	(80,997)	(208,592)
Trade and other payables	(15,334)	(15,334)	–	–	–	–	–
Derivative financial instruments	(49,878)	(12,923)	(12,525)	(11,514)	(10,695)	(8,890)	(342)
Lease liabilities	(41,795)	(2,200)	(2,200)	(2,200)	(2,200)	(2,200)	(124,858)
Other current liabilities	(4,150)	(4,150)	–	–	–	–	–
	(840,330)	(53,773)	(315,903)	(75,414)	(148,048)	(92,087)	(333,792)

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

To manage the Group's exposure to interest rate risk on variable rate instruments, the Group has implemented a hedging strategy that uses interest rate swaps that have a range of maturities. At 31 March 2021, the Group had active interest rate derivatives (both payer and receiver swaps) with a notional contract amount of $710 million (2020: $565 million). The active derivatives mature over the next 7 years (2020: 7 years). Payer swaps have fixed interest rates ranging from 0.93% to 4.90% (2020: 0.93% to 4.90%). A swap with a notional amount of $20 million has been entered into but is not yet effective at 31 March 2021 (2020: Nil).

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

The net liability for derivative financial instruments as at 31 March 2021 is $42.5 million (2020: $38.3 million). The mark-to-market increase in the liability for derivative financial instruments is a result of the movement in the interest rate curve during the financial year.

6. FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity analysis

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

	2021 Group Impact on Profit & Loss $000s	2020 Group Impact on Profit & Loss $000s
Increase of 100 basis points	(6,471)	1,615
Decrease of 100 basis points	6,877	(1,734)

7. OTHER NON-CURRENT ASSETS

Accounting policy - Property, plant and equipment

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

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

An impairment loss is recognised immediately in profit or loss.

	Group 2021 $000s	Group 2020 $000s
Property, plant and equipment and software	262	352
Total other non-current assets	262	352

There was no impairment loss in the current year (2020: Nil).

8. TRADE AND OTHER RECEIVABLES

Accounting policy - Trade and other receivables

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

	Group 2021 $000s	Group 2020 $000s
Trade receivables	1,931	1,848
Loss allowance	(131)	–
	1,800	1,848
Amount receivable from insurance proceeds	135	62
Total trade and other receivables	1,935	1,910

The average credit period on receivables is 3.0 days (2020: 3.1 days). The Group is entitled to charge interest on trade receivables as determined in each individual lease agreement. Interest is charged on receivables over 90 days on a case by case basis. The Group has provided for 50% of all receivables over 90 days unless there is information suggesting that particular amounts are recoverable. This amount increases to 100% of any receivable that is determined as not being recoverable. Trade receivables less than 90 days are provided for based on estimated non-recoverable amounts, determined by reference to relevant factors, conditions, and information at reporting date including past default experience.

Aged past due but not impaired trade receivables

	Group 2021 $000s	Group 2020 $000s
0-30 days past due	48	160
31-60 days past due	21	89
Beyond 60 days past due	5	–
	74	249

Included in the Group's trade receivable balance are debtors with a carrying amount of $74,388 (2020: $249,473) which are past due at the reporting date, for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Movement in the loss allowance

	Group 2021 $000s	Group 2020 $000s
Balance at the beginning of the year	–	23
(Decrease)/increase in allowance recognised in profit or loss	131	(23)
Balance at the end of the year	131	–

9. OTHER CURRENT ASSETS

	Group 2021 $000s	Group 2020 $000s
Accrued income	–	29
Prepayments	3,129	2,404
Other	869	1,461
Total other current assets	3,998	3,894

10. PROPERTY HELD FOR SALE

Accounting policy - Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale (principally investment property) are measured at the lower of their previous carrying amount and fair value.

Albany Lifestyle Centre, Albany ($87.5 million) was subject to an unconditional sale and purchase agreement at balance date (31 March 2020: Albany Lifestyle Centre, Albany ($84.6 million)).

The Albany Lifestyle Centre was subject to an unconditional sales and purchase agreement at 31 March 2020, however the purchaser was unable to settle on this agreement. As a result, the Company retained the $4.5 million non-refundable deposit which has been recognised as income for the year to 31 March 2021. The Albany Lifestyle Centre has subsequently been sold to another purchaser.

11. SHARE CAPITAL

	Group 2021 $000s	Group 2020 $000s
Balance at the beginning of the period	792,826	792,620
Issue of shares from Dividend Reinvestment Plan	16,452	–
Issue costs of shares	(48)	–
Issue of shares from equity settled share based payments	–	206
Total share capital	809,230	792,826

The number of shares on issue at 31 March 2021 was 839,527,547 (2020: 827,186,969).

All shares are fully paid and rank equally with one vote attached and carry the right to dividends. All ordinary shares have equal voting rights.

Reconciliation of number of shares (in 000s of shares)	Group 2021	Group 2020
Balance at the beginning of the period	827,187	827,030
Issue of shares from Dividend Reinvestment Plan	12,341	–
Issue of shares from share based payments	–	157
Total number of shares on issue	839,528	827,187

11 SHARE CAPITAL (CONTINUED)

Capital risk management

The Group's capital includes shares, reserves and retained earnings with total shareholders' funds equal to $1,280.6 million (2020: $1,075.8 million).

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

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

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

12. SHARE BASED PAYMENTS RESERVE

Accounting policy - Share based payments

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

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

The total expense recognised in the year to 31 March 2021 in relation to equity settled share based payments was $240,996 (2020: $235,470). No rights were exercised during the year.

Grant date	Vesting date	Granted during the year[1]	Weighted average issue price	Balance at the beginning of the period[1]	Vested during the period[1]	Forfeited during the period[1]	Balance at the end of the period[1]
2021							
1 April 2020	1 April 2023	444,849	$0.90	994,309	–	(321,284)[2]	1,117,874
2020							
1 April 2019	1 April 2022	300,336	$1.25	962,643	(156,579)	(112,091)[3]	994,309
2019							
1 April 2018	1 April 2021	372,689	$1.01	869,157	–	(279,203)[4]	962,643
2018							
1 April 2017	1 April 2020	321,284	$0.99	547,873	–	–	869,157

1. This is the number of PSRs.
2. The rights forfeited relate to those issued on 1 April 2017.
3. The rights forfeited relate to those issued on 1 April 2016.
4. The rights forfeited relate to those issued on 1 April 2015.

13. RETAINED EARNINGS

	Group 2021 $000s	Group 2020 $000s
Balance at the beginning of the year	282,560	215,966
Profit for the year	241,650	119,120
Dividends to shareholders	(53,464)	(52,526)
Total retained earnings	470,746	282,560

The annual dividend paid to shareholders was 6.4250 cents per share, paid in two quarterly distributions of 1.5875 cents per share, one quarterly distribution of 1.6375 cents per share and one quarterly distribution of 1.6125 cents per share. (2020: annual dividend paid was 6.35 cents per share).

After 31 March 2021, the final dividend was declared. The dividend has not been provided for. Refer to Note 27.

14. INTEREST BEARING LIABILITIES

Accounting policy - Interest bearing liabilities

All interest bearing liabilities are initially measured at fair value net of transaction costs. Subsequent to initial recognition, they are measured at amortised cost with any difference being recognised in profit or loss over the expected life of the instrument using the effective interest method.

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

	Group 2021 $000s	Group 2020 $000s
Syndicated bank loans	433,851	533,200
Fixed rate green bonds	325,000	200,000
Borrowing costs	(4,330)	(4,027)
Total interest bearing liabilities	754,521	729,173
Weighted average interest rate on interest bearing liabilities (inclusive of bonds, interest rate swaps, margins and line fees)	3.69%	3.95%

	Group 2021 $000s	Group 2020 $000s
Total interest bearing liabilities at the beginning of the year	729,173	593,536
Fixed rate green bonds issued	125,000	100,000
Drawdowns from syndicated bank loan	138,182	225,899
Repayments to syndicated bank loan	(237,531)	(188,888)
Additional refinancing fee on interest bearing liabilities	(2,182)	(2,176)
Refinancing fee on interest bearing liabilities amortised during the year	1,879	802
Total interest bearing liabilities at the end of the year	754,521	729,173

14 INTEREST BEARING LIABILITIES (CONTINUED)

Syndicated bank loans

	Group 2021 $000s	Group 2020 $000s
ANZ Bank New Zealand Limited	81,311	131,420
Bank of New Zealand	105,000	142,500
The Hongkong and Shanghai Banking Corporation Limited	65,000	80,000
Commonwealth Bank of Australia	40,000	50,000
Westpac New Zealand Limited	142,540	129,280
Total syndicated bank loans	433,851	533,200

As at 31 March 2021, 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 and Westpac New Zealand Limited for $490.0 million (31 March 2020: $585.0 million) secured by way of mortgage over the investment properties of the Group. The facility includes a Tranche A limit of $80.0 million, a Tranche B2 limit of $125.0 million, a Tranche B3 limit of $125.0 million, a Tranche C limit of $80.0 million and a Tranche I limit of $80.0 million.

Tranche A matures on 1 April 2023, Tranche B2 on 1 October 2023, Tranche B3 on 1 October 2024, Tranche C on 1 April 2024 and Tranche I on 19 May 2025.

Tranche B2 nd B3 limits and maturity dates remain unchanged from 31 March 2020. The Tranche A limit was increased from $75.0 million to $80.0 million, with the maturity date extended from 31 October 2021 to 1 April 2023. Tranche C limit was increased from $25.0 million to $80.0 million, with the maturity date extended from 31 October 2021 to 1 April 2024. Tranches B1, F, G and H were cancelled. Tranche I was introduced with a limit of $75.0 million and subsequently increased to $80.0 million. The maturity date was extended from 19 May 2024 to 19 May 2025.

Fixed rate green bonds

NZX code	Value of Issue $000s	Issue Date	Maturity Date	Interest Rate	Fair Value 2021 $000s
ARG010	100,000	27 March 2019	27 March 2026	4.00%	107,140
ARG020	100,000	29 October 2019	29 October 2026	2.90%	102,132
ARG030	125,000	27 October 2020	27 October 2027	2.20%	121,337

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.

15. TRADE AND OTHER PAYABLES

Accounting policy - Trade and other payables

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

	Group 2021 $000s	Group 2020 $000s
GST payable	608	91
Other creditors and accruals	13,388	15,243
Total trade and other payables	13,996	15,334

16. OTHER CURRENT LIABILITIES

Accounting policy - Employee benefits

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

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

	Group 2021 $000s	Group 2020 $000s
Employee entitlements	1,094	481
Other liabilities	2,396	3,669
Total other current liabilities	3,490	4,150

17. ADMINISTRATION EXPENSES

	Group 2021 $000s	Group 2020 $000s
Auditor's remuneration:		
Audit of the annual financial statements	158	157
Review of the interim financial statements	30	28
Annual meeting fees	6	6
Employee benefits	7,987	7,454
Other expenses	3,774	3,803
Doubtful debts expense/(recovery)	131	(23)
Bad debts	(4)	2
Total administration expenses	12,082	11,427

18. INTEREST EXPENSE

Accounting policy - Interest expense

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

	Group 2021 $000s	Group 2020 $000s
Interest expense	(30,268)	(30,011)
Interest on ground lease (39 Market Place)	(2,090)	(2,095)
Less amount capitalised to investment properties	3,798	9,207
Total interest expense	(28,560)	(22,899)

Capitalised interest relates to the developments at 8-14 Willis Street/360 Lambton Quay, Wellington and 54-56 Jamaica Drive, Wellington (2020: Capitalised interest relates to the developments at 180-202 Hutt Road, Kaiwharawhara, 7 Waterloo Quay, Wellington, 99-107 Khyber Pass Road, Grafton, 8-14 Willis Street/360 Lambton Quay, Wellington, 107 Carlton Gore Road, Auckland and 54-56 Jamaica Drive, Wellington).

19. TAXATION

Accounting policy - Taxation

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

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

	Group 2021 $000s	Group 2020 $000s
The taxation charge is made up as follows:		
Current tax expense	5,691	6,921
Deferred tax expense	2,825	(1,136)
Adjustment recognised in the current year in relation to the current tax of prior years	(1,784)	(1,055)
Total taxation expense recognised in profit/(loss)	6,732	4,730
Reconciliation of accounting profit to tax expense		
Profit before tax	248,382	123,850
Current tax expense at 28%	69,547	34,678
Adjusted for:		
Capitalised interest	(1,063)	(2,578)
Fair value movement in derivative financial instruments	1,171	(577)
Fair value movement in investment properties	(44,144)	(16,784)
Impairment loss on held for sale	–	840
Depreciation	(11,248)	(8,116)
Depreciation recovered on disposal of investment properties	(3)	4
Tax on accounting gain on disposal of investment properties	(547)	18
Forfeited deposit on sale of investment property	(1,267)	–
Insurance proceeds - reinstatement	(5,575)	–
Other	(1,180)	(564)
Current taxation expense	5,691	6,921
Movements in deferred tax assets and liabilities attributable to:		
Investment properties	3,432	(2,127)
Fair value movement in derivative financial instruments	(1,171)	577
Other	564	414
Deferred tax expense/(credit)	2,825	(1,136)
Prior year adjustment	(1,784)	(1,055)
Total tax expense recognised in profit or loss	6,732	4,730

As part of the measures to provide relief for businesses during the Covid-19 pandemic, the Government reintroduced depreciation deductions for commercial and industrial buildings effective from 1 April 2020.

There were no imputation credits at 31 March 2021 (2020: Nil).

20. DEFERRED TAX

Accounting policy - Deferred tax

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

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

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

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

	Interest rate swaps $000s	Investment property $000s	Other $000s	Total $000s
At 1 April 2020	(10,726)	15,620	4,084	8,978
Charge/(credit) to deferred taxation expense for the year	(1,171)	3,432	564	2,825
At 31 March 2021	(11,897)	19,052	4,648	11,803
At 1 April 2019	(11,303)	17,747	3,670	10,114
Charge/(credit) to deferred taxation expense for the year	577	(2,127)	414	(1,136)
At 31 March 2020	(10,726)	15,620	4,084	8,978

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

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

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

21. RECONCILIATION OF PROFIT AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES

	Group 2021 $000s	Group 2020 $000s
Profit after tax	241,650	119,120
Movements in working capital items relating to investing and financing activities	919	6,225
Non cash items		
Movement in deferred tax liability	2,825	(1,136)
Movement in interest rate swaps	4,183	(2,062)
Fair value change in investment properties	(157,658)	(59,942)
Impairment loss on held for sale	–	3,000
Movements in working capital items		
Trade and other receivables	(25)	(436)
Taxation receivable	(1,414)	(3,511)
Trade and other payables	(1,338)	(78)
Other current assets	(104)	(2,989)
Other current liabilities	(660)	1,555
Net cash from operating activities	88,378	59,746

22. EARNINGS PER SHARE

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

	Group 2021	Group 2020
Profit attributable to shareholders of the Company ($000s)	241,650	119,120
Weighted average number of shares on issue (000s)	832,263	827,158
Basic and diluted earnings per share (cents)	29.04	14.40
Weighted average number of ordinary shares		
Issued shares at beginning of period (000s)	827,187	827,030
Issued shares at end of period (000s)	839,528	827,187
Weighted average number of ordinary shares (000s)	832,263	827,158

On 18 May 2021, a final dividend of 1.6125 cents per share was approved by the Company. Continuation of Dividend Reinvestment Plan programme will increase the number of shares on issue.

23. DISTRIBUTABLE INCOME AND ADJUSTED FUNDS FROM OPERATIONS

	Group 2021 $000s	Group 2020 $000s
Profit before income tax	248,382	123,850
Adjustments:		
Revaluation gains on investment property	(157,658)	(59,942)
Impairment loss on held for sale	–	3,000
Realised (gains)/losses on disposal of investment properties	(1,954)	64
Gain/(loss) on derivative financial instruments held for trading	4,183	(2,062)
Earthquake expenses	712	509
Insurance proceeds - reinstatement	(19,909)	–
Insurance proceeds - earthquake expenses	(2,114)	–
Gross distributable income	71,642	65,419
Tax impact of depreciation recovered on disposal of investment properties	(3)	4
Current tax expense	(3,907)	(5,866)
Net distributable income	67,732	59,557
Weighted average number of ordinary shares (000s)	832,263	827,158
Gross distributable income per share (cents)	8.61	7.91
Net distributable income per share (cents)	8.14	7.20

Net distributable income	67,732	59,557
Amortisation of tenant incentives and leasing costs	5,130	3,486
Funds from operations (FFO)	72,862	63,043
Capitalisation of tenant incentives and leasing costs	(8,178)	(5,498)
Maintenance capital expenditure	(3,927)	(5,964)
7 Waterloo Quay façade repairs	(962)	(27)
Maintenance capital expenditure recovered through sale	651	275
Adjusted funds from operations (AFFO)	60,446	51,829
FFO per share (cents)	8.75	7.62
AFFO per share (cents)	7.26	6.27
Dividends paid/payable in relation to period	6.45	6.35
Dividend payout ratio (to FFO)	74%	83%
Dividend payout ratio (to AFFO)	89%	101%

The Company's dividend policy is based on net distributable income. Net distributable income is determined under the Company's bank facility agreement. For the year commencing 1 April 2022 and subsequent years, the Company's dividend policy will be 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.

24. INVESTMENT IN SUBSIDIARIES

The Company has control over the following subsidiaries:

Name of subsidiary	Principal activity	Place of incorporation and operation	Holding 2021	Holding 2020
Argosy Property No.1 Limited	Property investment	NZ	100%	100%
Argosy Property Management Limited	Management company	NZ	100%	100%

The subsidiaries have the same reporting date as the Company. During the year, the Argosy No. 1 Trust was wound up. Argosy Property No. 3 Limited and Argosy Property Unit Holdings Limited have been amalgamated into Argosy Property No. 1 Limited.

25. LEASES

Accounting policy - Leases

The Group as a lessee

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

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

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

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

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

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

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

The Group as a lessor

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

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

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

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

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

25. LEASES (CONTINUED)

Lease liabilities

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

	Group 2021 $000s	Group 2020 $000s
Opening balance	41,795	41,900
Lease liability interest expense	2,090	2,095
Ground rent paid	(2,200)	(2,200)
Total lease liabilities	41,685	41,795

Non-cancellable operating lease receivable

Operating leases relate to the investment properties owned by the Group with the leases expiring between 2021 and 2035. The lessee does not have an option to purchase the property at the expiry of the lease.

	Group 2021 $000s	Group 2020 $000s
Within one year	110,797	102,366
One year or later and not later than five years	324,526	317,648
Later than five years	188,375	234,761
Total operating lease receivable	623,698	654,775

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

26. COMMITMENTS

Building upgrades and developments

Estimated capital commitments contracted for building projects not yet completed at 31 March 2021 and not provided for were $46.9 million (2020: $56.3 million).

There were no other commitments as at 31 March 2021 (2020: Nil).

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

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

27. SUBSEQUENT EVENTS

On 7 April 2021, an unconditional sale and purchase contract was entered to sell 1478 Omahu Road, Hastings for $10.4 million. Settlement is expected to take place in September 2021.

On 30 April 2021, the sale of Albany Lifestyle Centre settled for $87.5 million.

On 18 May 2021, a final dividend of 1.6125 cents per share was approved by the Board. The record date for the final dividend is 9 June 2021 and a payment is scheduled to shareholders on 23 June 2021. No imputation credits are attached to the dividend.

28. RELATED PARTY TRANSACTIONS

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

	Group 2021 $000s	Group 2020 $000s
Key management and directors compensation		
Salaries and other short term employee benefits	1,682	1,624
Directors' fees	758	724
Total	2,440	2,348

Deloitte.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Argosy Property Limited

Opinion

We have audited the consolidated financial statements of Argosy Property Limited and its subsidiaries (the 'Group') on pages 42 to 69, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements on pages 42 to 69 present fairly, in all material respects, the financial position of the Group as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

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

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

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

Other than in our capacity as auditor and vote scrutineering at the Annual General 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.

Audit materiality

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

We determined materiality for the Group financial statements as a whole to be $3.2 million.

Key audit matters

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

Key Audit Matters	How our audit addressed the key audit matter and results
Investment Property Valuations As disclosed in note 5 of the consolidated financial statements, investment properties were valued at $2,011 million as at 31 March 2021. The investment properties are classified into three segments being, Industrial, Office, and Large Format Retail. The methods used for assessing fair values include the Capitalisation of Contract Income, Capitalisation of Market Income and Discounted Cash Flow methodologies. Fair values are calculated using actual and forecast inputs and assumptions including: market rentals, capital expenditure requirements, yields, occupancy, and weighted average lease terms. Adjustments are made to observable market data of	We read the valuation reports for all properties that were subject to revaluation at year end. We checked for any limitations of scope in the valuation reports that would impact the reliability of the valuations. When considered appropriate, discussions were held with the valuers to confirm the valuation approach used. This discussion related to the general market, as well as specific properties identified by us. We assessed the valuers' experience and professional accreditations. This included having each valuer confirm to us their independence, qualifications and that the scope of the work undertaken was in line with professional valuation standards and accounting standards. In addition we considered the Group's process for reviewing and

similar properties to reflect the specific nature and location of the individual properties. The Group's policy is to engage independent registered valuers to perform valuations for each of the properties on at least an annual basis. The valuation of investment properties is a key audit matter due to the subjective judgements and assumptions in the valuation models.	challenging the valuation reports to ensure they accurately reflect the individual characteristics of each property. The key inputs to the valuations were tested across a sample of properties. The sample was selected on a risk based approach and also included those where the fair value had moved significantly from the previous year. This included understanding the key drivers of those movements and challenging the reasonableness of those key drivers. For the sample selected, key changes in rentals, occupancy, lease costs and lease terms were agreed to underlying lease agreements, and market comparatives where applicable. Yields across the three segments were compared to property industry publications and other observable market data where available. Our internal valuation specialists were used in assessing the appropriateness of the valuation methodology.

Other information

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

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

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

Directors' responsibilities for the consolidated financial statements

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

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on Use

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

Deloitte Limited

Andrew Boivin
Partner
for Deloitte Limited
Auckland, New Zealand
18 May 2021

THE COMPANY

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

CORPORATE GOVERNANCE PHILOSOPHY

Ultimate responsibility for corporate governance of the Company resides with the Board of Directors. The Board sees strong corporate governance and stewardship as fundamental to the strong performance of the Company and, accordingly, the Board's commitment is to the highest standards of business behaviour and accountability.

Outlined below are the main corporate governance practices in place throughout the year. In the Board's opinion, as at 31 March 2021, the Company complied with the recommendations set by the NZX Corporate Governance Code (10 December 2020), except as set out in the Company's Statement on Reporting Against the NZX Code, which is available on the Company website (www.argosy.co.nz).

ETHICAL STANDARDS

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

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

COMPOSITION OF THE BOARD

Argosy is committed to having a Board whose members have the capacity to act independently and have the composite skills to optimise the financial performance of the Company and returns to shareholders. The constitution provides for there to be not fewer than three Directors. All the members of the Board are independent non-executive Directors.

ATTENDANCE OF DIRECTORS

Board Meetings Attended

Director	Attendance
Jeff Morrison (Chair)	**9 of 9**
Stuart McLauchlan	**9 of 9**
Chris Gudgeon	**9 of 9**
Mike Pohio	**9 of 9**
Rachel Winder	**9 of 9**
Martin Stearne	**9 of 9**
Mike Smith 3 of 3 (Retired)	**3 of 3**
Peter Brook 3 of 3 (Retired)	**3 of 3**

Jeff Morrison, Stuart McLauchlan, Chris Gudgeon, Mike Pohio, Rachel Winder and Martin Stearne were Directors as at 31 March 2021. Mike Smith and Peter Brook retired with effect from the Annual Meeting held on 28 July 2020. Brief resumés of our current Directors are included in the section headed "Our Leadership & Governance" on pages 36-37. The Board does not impose a restriction on the tenure of any Director as it considers that such a restriction may lead to the loss of experience and expertise from the Board.

INDEPENDENT DIRECTORS

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

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

BOARD AND DIRECTOR PERFORMANCE

The Board will, regularly, critically evaluate its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.

INSIDER TRADING AND RESTRICTED PERSONS TRADING

Argosy's Directors, Officers and employees, their families and related parties must comply with the Insider Trading and Restricted Persons Trading policy. Amongst other requirements, the policy identifies three 'black-out periods' where trading in the Company's shares is prohibited (with limited exceptions, such as a special circumstances trading application). The black-out periods are from the close of trading on 28 February (or 29 February in a leap year) until the day following the full year announcement date; from the close of trading on 31 August until the day following the half year announcement date each year; and 30 days prior to release of a prospectus for a general public offer of Argosy securities.

The black-out periods do not affect ongoing fixed participation in the Dividend Reinvestment Plan (DRP) which is generally available throughout the year.

Trading by Directors, Officers, certain employees, and their associates, requires pre trade approval (with limited exceptions, such as shares acquired under the DRP). Officers and employees must obtain approval from any two Directors or a Director and the Chief Financial Officer and Directors must obtain pre-trade approval from the Chairman (or in the case of the Chairman, the Chairman of the Audit and Risk Committee). The holdings of Directors of shares in Argosy are disclosed in the section headed 'Directors' Shareholdings and Debtholdings' on page 77 of this report. Argosy's Insider Trading and Restricted Persons Trading Policy is available on its website (www.argosy.co.nz).

DIRECTORS AND OFFICERS' INDEMNIFICATION AND INSURANCE

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

BOARD COMMITTEES

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

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee which considers the remuneration of the Directors and senior executives and administers the Company's bonus and incentive schemes. Stuart McLauchlan and Martin Stearne joined the Committee, and Michael Smith and Peter Brook retired from the Committee, with effect from the close of the Company's Annual Meeting held on 28 July 2020. As at 31 March 2021 Jeff Morrison (Chairman), Stuart McLauchlan and Martin Stearne were members of the Committee.

ATTENDANCE AT REMUNERATION COMMITTEE

Remuneration Committee Meetings Attended

Director	Attendance
Jeff Morrison (Chair)	3 of 3
Stuart McLauchlan	2 of 2
Martin Stearne	2 of 2
Peter Brook (Retired)	1 of 1
Mike Smith (Retired)	1 of 1

NOMINATIONS COMMITTEE

The Board does not maintain a Nominations Committee. As all Directors participate in nomination decisions a Nominations Committee is considered unnecessary.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) COMMITTEE

The Board established an ESG Committee during the year, which is responsible for identifying and considering ESG matters in relation to the Company and its operations including climate change risks. The Committee members are Mike Pohio (Chairman) and Rachel Winder.

ATTENDANCE AT ESG COMMITTEE MEETINGS

ESG Committee Meetings Attended

Director	Attendance
Mike Pohio (Chair)	1 of 1
Rachel Winder	1 of 1

AUDIT AND RISK COMMITTEE

The Board has established an Audit and Risk Committee, which is responsible for overseeing the financial, accounting and risk management responsibilities of the Company. The minimum number of members on the Audit and Risk Committee is three. All members must be Directors, the majority must be Independent Directors and at least one member must have an accounting or financial background.

Jeff Morrison, Chris Gudgeon and Martin Stearne joined the Committee, and Michael Smith and Peter Brook retired from the Committee, with effect from the close of the Company's Annual Meeting held on 28 July 2020. As at 31 March 2021 Stuart McLauchlan (Chairman), Jeff Morrison, Chris Gudgeon and Martin Stearne were members of the Committee.

The Audit and Risk Committee assists the Board in fulfilling its corporate governance and disclosure responsibilities with particular reference to financial matters, external audit and risk management, and is specifically responsible for:

- ensuring that processes are in place and monitoring those processes so that the Board is properly and regularly informed and updated on corporate financial matters;
- the appointment and removal of the external auditor;
- meeting regularly to monitor and review external audit practices;
- having direct communication with and unrestricted access to the external auditors;
- reviewing the financial reports and advising the Board whether they comply with applicable laws and regulations;
- ensuring the external auditor or lead audit partner is changed at least every five years;
- reviewing the performance and independence of the external auditor;
- monitoring compliance with the Financial Markets Conduct Act 2013, the Financial Reporting Act 2013, the Companies Act 1993 and the NZX Listing Rules;
- overseeing the Company's Risk Management Policy and Framework and monitoring compliance; and
- overseeing the Company's management of physical and transitional climate change risks.

ATTENDANCE AT AUDIT AND RISK COMMITTEE

Audit and Risk Committee Meetings Attended

Director	Attendance
Stuart McLauchlan (Chair)	6 of 6
Jeff Morrison	4 of 4
Chris Gudgeon	4 of 4
Martin Stearne	4 of 4
Michael Smith (Retired)	2 of 2
Peter Brook (Retired)	2 of 2

DIRECTORS' REMUNERATION

Directors' Fees

The current total Directors' fee pool approved by ordinary resolution at the Company's 2019 Annual Meeting is $778,500 per annum. The approved fee pool was increased under Listing Rule 2.11.3 by the amount necessary to temporarily pay additional directors appointed since the 2019 Annual Meeting during the Board refresh process until the retirement of two directors at the 2020 Annual Meeting.

Directors' Remuneration

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

Director	Remuneration
Jeff Morrison (Chair)	$155,727
Stuart McLauchlan	$114,049
Martin Stearne	$102,189
Mike Pohio	$98,436
Chris Gudgeon	$98,099
Rachel Winder	$94,049
Michael Smith (Retired)	$60,257
Peter Brook (Retired)	$35,405

The Company considers it desirable to attract and retain high performing Directors whose skills and experience are well suited to the Company's requirements. To this end, it is important that the Directors are remunerated appropriately. The Directors' fees are presently set as follows:

- each Director (other than the Chairman) is paid $90,000 per annum;
- the Chairman is paid $160,000 per annum; and
- additional amounts are paid to committee members.

The Audit and Risk Committee Chairman receives $20,000 per annum and its members each receive $12,000 per annum. The ESG Committee Chairman receives $12,500 and its members each receive $6,000 per annum. The Remuneration Committee Chairman receives $12,500 per annum and its members each receive $6,000 per annum. The Remuneration Committee reviews Director remuneration annually and makes recommendations to the Board. The Board takes advice from independent remuneration specialists when considering any proposal to increase the Directors' fees.

Additional payments may be made from the approved pool of $778,500 to Directors who assume additional responsibilities (including in relation to one-off project work) from time to time beyond the scope of their usual responsibilities. In the year to 31 March 2021 additional payments of $20,584 were made to members of the Company's new ESG Committee and the additional member of the Audit & Risk Committee (2020: Nil).

No current or former Director received any other benefits from Argosy during the year to 31 March 2021 (2020: Nil).

GENDER BALANCE

As at 31 March 2021 the gender balance statistics for the Company's Directors, Officers and all employees were as follows:

Gender Diversity

	Directors	Officers	All employees
Female	1 (2020: 1)	3 (2020: 2)	14 (2020: 13)
Male	5 (2020: 7)	10 (2020: 10)	19 (2020: 20)
Total	6 (2020: 8)	13 (2020: 12)	33 (2020: 33)

As at 31 March 2021, the age statistics for the Company's Directors, Officers and all employees were as follows:

	Directors	Officers	All employees
Under 30	Nil (2020: Nil)	Nil (2020: Nil)	4 (2020: 4)
30-50 yrs	2 (2020: 2)	7 (2020: 5)	15 (2020: 15)
Over 50	4 (2020: 6)	6 (2020: 7)	14 (2020: 14)

Argosy has adopted a Diversity Policy which is available on its website (www.argosy.co.nz). The Board considers that Argosy is achieving its diversity objectives. You can see further information on diversity on page 30 of the Annual Report.

REMUNERATION REPORT

Under the guidance of the Remuneration Committee, the Board has established a remuneration framework which is designed to attract, retain and reward individual employees to deliver premium performance aligned to business objectives, strategy, shareholder interests and investment performance.

Employees Remuneration

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

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

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

Fixed Remuneration

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

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

Short Term Incentive Scheme (STI)

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

- The STI is based on Company and individual performance measures with stretch performance goals.
- The Company performance measure is based on specific annual Company targets, which are linked to the Company's strategy and approved by the Board.
- Individual goals and performance measures are agreed between each manager and their direct reports, to encourage outstanding performance.
- Measures and stretch performance goals are reviewed each financial year.
- The value of the STI and its weighting between Company and individual performance measures each vary depending on the requirements of each employee's role.
- The STI for each of the Chief Executive Officer and Chief Financial Officer is based solely on Company performance.

Long Term Incentive Scheme (LTI)

The Company has established an LTI scheme for senior executives. The scheme remunerates senior executives for sustained performance over a three year period. Under the LTI scheme, the Company may issue performance share rights (PSRs) to eligible employees each year (currently the Chief Executive Officer and Chief Financial Officer). Each PSR entitles its holder to one share in Argosy on its vesting date, subject to meeting LTI performance measures. Each PSR has a vesting date three years after commencement of the financial year in which it is issued. The LTI performance measure is a comparison of the Company's Total Shareholder Return (TSR) against the TSR of a comparator group of listed entities determined by the Board.

- Comparator entities are chosen from the S&P/NZX All Real Estate Gross Index.
- TSRs of the entities in the comparison group over the performance period (which is three years) will be ranked from highest to lowest.
- If Argosy's TSR over the performance period exceeds the TSR of the company ranked at the 50th percentile in the comparison group, 50% of the PSRs will vest.
- If Argosy's TSR over the performance period exceeds the TSR of the company ranked at the 75th percentile in the comparison group, 100% of the PSRs will vest.
- There is a straight line progression and apportionment between these two points. No shares will vest if the TSR over the performance period is negative.

No PSRs vested in the year ending 31 March 2021 and no shares in the Company were issued to senior executives.

REMUNERATION

Chief Executive's Remuneration

The Chief Executive's remuneration for the year ended 31 March 2021 is outlined below:

Chief Executive's Remuneration	
Fixed remuneration and other benefits	$710,440
Short Term Incentive	$260,000
Long Term Incentive	-
Total	**$970,440**

The Chief Executive's remuneration does not include the value of PSRs issued under the Company's LTI scheme which have been granted but have not yet vested. No PSRs vested during the year to 31 March 2021.

Employee Remuneration

All employees of the Group are employed by Argosy Property Management Limited. The number of employees or former employees of the Group, not being Directors of Argosy Property Limited or the Chief Executive who received remuneration and any other benefits in their capacity as employees of $100,000 per annum or more, are set out in the following table:

Amount of remuneration	Number of employees
$100,001 - $110,000	3
$120,001 - $130,000	2
$130,001 - $140,000	1
$140,001 - $150,000	2
$150,001 - $160,000	3
$160,001 - $170,000	3
$170,001 - $180,000	2
$180,001 - $190,000	1
$210,001 - $220,000	1
$230,001 - $240,000	2
$250,001 - $260,000	2
$280,001 - $290,000	2
$300,001 - $310,000	1
$340,001 - $350,000	1
$360,001 - $370,000	1
$710,001 - $720,000	1

Employee remuneration does not include PSRs issued under the Company's LTI scheme that have been granted but which have not vested. No PSRs vested in the year to 31 March 2021.

107 Carlton Gore Road, Auckland - end of trip facilities.

INTERESTS REGISTERS

Directors' Shareholdings and Debtholdings

Equity and debt securities in which each Director and associated person of each Director held a relevant interest as at 31 March 2021 are listed below:

Director	Holder	Trustees	Interest	Number of Shares
Chris Gudgeon	Trustees of the Twinrock Trust	CW Gudgeon, JC Gudgeon and PB Guise	Non beneficial	18,100
Mike Pohio	Trustees of the Pohio Family Trust	Michael Eric Pohio, Karen Elizabeth Pohio and Ruby Trustees Limited	Non beneficial	50,000
Rachel Winder	Rachel Winder		Beneficial	14,000
Martin Stearne	FNZ Custodians Limited for the trustees of the MW and LJ Stearne Family Trust	Martin William Stearne and Tobias Edward Groser	Non beneficial	150,000
Stuart McLauchlan	JBWere (NZ) Nominees Limited		Beneficial	20,488
Jeff Morrison	Investment Custodial Services for the trustees of the Suzanne Fisher Trust	Jeff Morrison and Barry Fisher	Non beneficial	437,792
Jeff Morrison	Investment Custodial Services for trustees of the LJ Fisher Trust	Jeff Morrison and Andrew Spencer	Non beneficial	93,000
Jeff Morrison	Trustees of the JM Thompson Trust	Jeff Morrison and Robyn Shearer	Non beneficial	473,670
Jeff Morrison	Trustees of the Dalbeth Family Trust No.2	Audrey Dalbeth, Anthony Hudson, Bronwyn Patterson, William Dalbeth and Jeff Morrison	Non beneficial	97,170
Jeff Morrison	Trustees of the Dalbeth Family Trust No.3	William Dalbeth and Jeff Morrison	Non beneficial	207,600
Jeff Morrison	Trustees of the Dalbeth Family Trust No.4	William Dalbeth and Jeff Morrison	Non beneficial	312,400
Jeff Morrison	FNZ Custodians Limited for Stephen Fisher, Virginia Fisher and Jeffrey Morrison as trustees of the Stephen and Virginia Fisher Trust	Stephen Fisher, Virginia Fisher and Jeff Morrison	Non beneficial	66,000
Jeff Morrison	Trustees of the Margaret Claire Dotchin-Knight Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	5,000
Jeff Morrison	Trustees of the Joanne Elizabeth Dotchin Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	5,000
Jeff Morrison	Trustees of the Jonathan Napier & Dulcie Elizabeth Dotchin Trust	Jeff Morrison, John Sieprath, Jon Dotchin and Dulcie Dotchin	Non beneficial	5,000
Jeff Morrison	Investment Custodial Services Limited for Jeffrey Robert Morrison and Noeline Morrison as trustees of the J&N Morrison Family Trust	Jeffrey Robert Morrison and Noeline Morrison	Beneficial	40,322
Jeff Morrison	Investment Custodial Services Limited for the Spirit of Adventure Trust Board		Non beneficial	69,250

Director	Holder	Trustees	Interest	Number of ARG010 Bonds
Jeff Morrison	JM Thompson Charitable Trust	Jeffrey Morrison and Robyn Shearer	Non beneficial	300,000
Jeff Morrison	WT Dalbeth Family Trust No.3	William Dalbeth and Jeffrey Robert Morrison	Non beneficial	200,000
Jeff Morrison	Dalbeth Family Trust No.2	Audrey Dalbeth, Anthony Hudson, Bronwyn Patterson, William Dalbeth and Jeffrey Morrison	Non beneficial	200,000
Jeff Morrison	WT Dalbeth Family Trust No.4	William Dalbeth and Jeffrey Morrison	Non beneficial	300,000

Director	Holder	Trustees	Interest	Number of ARG020 Bonds
Jeff Morrison	FNZ Custodians Limited for Stephen Fisher, Virginia Fisher and Jeffrey Morrison as trustees of the Stephen and Virginia Fisher Trust	Stephen Fisher, Virginia Fisher and Jeffrey Morrison	Non beneficial	125,000

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

SENIORS MANAGERS' SHAREHOLDINGS

Equity securities in which each Senior Manager and associated person of each Senior Manager held a relevant interest as at 31 March 2021 are listed below:

Officer	Holder	Trustees	Interest	No. of shares	PSRs vested
Peter Mence	Peter Mence		PSR[1]	718,092	N/A
	Peter Mence		Beneficial	102,977	
	Trustees of the Papageno Trust	Peter Mence, Stella McDonald	Non beneficial	416,077	
	Sharesies Nominee Limited as nominee for Peter Donald Mence	Sharesies Nominee Limited	Beneficial	40,739	
Dave Fraser	Dave Fraser		PSR	399,782	
	Dave Fraser		Beneficial	131,561	

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

DIRECTORS AND SENIOR MANAGERS' SHARE AND BOND DEALINGS

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

- Peter Brook (retired) acquired a beneficial interest in 2,685 shares in the Company on 24 June 2020 for consideration of $3,097 under the Company's Dividend Reinvestment Plan.
- Peter Brook (retired) acquired a beneficial interest in 2,426 shares in the Company on 30 September 2020 for consideration of $3,193 under the Company's Dividend Reinvestment Plan.
- Peter Brook (retired) acquired a beneficial interest in 2,197 shares in the Company on 23 December 2020 for consideration of $3,278 under the Company's Dividend Reinvestment Plan.
- Dave Fraser acquired a beneficial interest in 50,000 shares in the Company on 21 May 2020 for consideration of $57,651 through an on-market acquisition.
- Dave Fraser acquired a beneficial interest in 1,477 shares in the Company on 24 June 2020 for consideration of $1,704 under the Company's Dividend Reinvestment Plan.
- Dave Fraser disposed of a beneficial interest in 119,915 performance share rights in the Company on 30 June 2020 for nil consideration which expired under the Company's Long Term Incentive Scheme.
- Dave Fraser acquired a beneficial interest in 157,493 performance share rights in the Company on 2 July 2020 for nil consideration which were granted under the Company's Long Term Incentive Scheme.
- Dave Fraser acquired a beneficial interest in 1,335 shares in the Company on 30 September 2020 for consideration of $1,727 under the Company's Dividend Reinvestment Plan.
- Dave Fraser acquired a beneficial interest in 20,000 shares in the Company on 27 November 2020 for consideration of $29,853 through an on-market acquisition.
- Dave Fraser acquired a beneficial interest in 1,428 shares in the Company on 23 December 2020 for consideration of $2,131 under the Company's Dividend Reinvestment Plan.
- Dave Fraser acquired a beneficial interest in 1,490 shares in the Company on 30 March 2021 for consideration of $2,121 under the Company's Dividend Reinvestment Plan.
- Stuart McLauchlan acquired a beneficial interest in 20,000 shares in the Company on 1 July 2020 for consideration of $23,400 through an on-market acquisition.
- Stuart McLauchlan acquired a beneficial interest in 219 shares in the Company on 23 December 2020 for consideration of $328 under the Company's Dividend Reinvestment Plan.
- Stuart McLauchlan acquired a beneficial interest in 229 shares in the Company on 30 March 2021 for consideration of $326 under the Company's Dividend Reinvestment Plan.
- Peter Mence acquired a beneficial interest in 58,739 shares in the Company on 3 June 2020 for consideration of $69,899 through an on-market acquisition.
- Peter Mence acquired a beneficial interest in 1,366 shares in the Company on 24 June 2020 for consideration of $1,576 under the Company's Dividend Reinvestment Plan.

- Peter Mence disposed of a beneficial interest in 201,369 performance share rights in the Company on 30 June 2020 for nil consideration which expired under the Company's Long Term Incentive Plan.
- Peter Mence acquired a beneficial interest in 287,356 performance share rights in the Company on 2 July 2020 for nil consideration which were granted under the Company's Long Term Incentive Plan.
- Peter Mence disposed of a beneficial interest in 18,000 shares in the Company on 25 August 2020 for consideration of $24,643 through an on-market disposal.
- Peter Mence acquired a beneficial interest in 1,235 shares in the Company on 30 September 2020 for consideration of $1,597 under the Company's Dividend Reinvestment Plan.
- Peter Mence acquired a beneficial interest in 1,118 shares in the Company on 23 December 2020 for consideration of $1,668 under the Company's Dividend Reinvestment Plan.
- Peter Mence acquired a beneficial interest in 1,166 shares in the Company on 30 March 2021 for consideration of $1,661 under the Company's Dividend Reinvestment Plan.
- Jeff Morrison acquired a non-beneficial interest in 6,352 shares in the Company on 24 June 2020 for consideration of $7,328 under the Company's Dividend Reinvestment Plan.
- Jeff Morrison acquired a non-beneficial interest in 40,322 shares in the Company on 16 July 2020 for consideration of $50,475 through an on-market acquisition.
- Jeff Morrison acquired a non-beneficial interest in 5,741 shares in the Company on 30 September 2020 for consideration of $7,428 under the Company's Dividend Reinvestment Plan.
- Jeff Morrison acquired a non-beneficial interest in 330,000 ARG030 green bonds issued by the Company (as trustee of four relevant trusts) on 27 October 2020 for consideration of $330,000 through the Company's ARG030 green bond offer.

82 Wyndham Street, Auckland

DIRECTORS' INTERESTS

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

Director	Position	Company/Organisation
Stuart McLauchlan	Director	GS McLauchlan & Co Limited
	Director	Scenic Hotels Group Limited
	Director	Dunedin Casinos Limited
	Chairman	Analog Digital Instruments Limited
	Chairman	Scott Technology Limited
	Chairman (R)	UDC Finance Limited
	Director	Ebos Group Limited
	Member	Marsh Limited Advisory Board
Mike Pohio	CEO & Director of related entities	Ngai Tahu Holdings
	Director	Te Atiawa (Taranaki) Holdings Limited
	Director	Te Atiawa Iwi Holdings Management Limited
	Chairman	Rotoiti 15 Investment Limited Partnership
Jeff Morrison (Chair)	Trustee	Spirit of Adventure Trust
	Director	Argosy Property No. 1 Limited
	Director	Argosy Property Management Limited
Chris Gudgeon	Director	Crown Infrastructure Partners Limited
	Director	Ngati Whatua Orakei Whai Rawa Ltd
	Director	Whai Rawa GP Ltd
	Director	Whai Rawa Kainga Development Ltd
	Director	Ngati Whatua Orakei Housing Trustee Ltd
	Member	Kiwirail Holdings Ltd Property Committee
	Member	Niwa Future Property Programme Committee
Rachel Winder	Head of Property	Westpac New Zealand Limited
Martin Stearne	Shareholder (R)	Jarden Group Limited
	Director and Shareholder (100%)	Encore Advisory Limited
	Director	Impact Ventures CI Limited
	Member	Impact Enterprise Fund Investment Committee
	Member	Takeovers Panel
	Member	NZX Listing Sub-committee
Peter Mence	Director	Argosy Property No. 1 Limited

INFORMATION USED BY DIRECTORS

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

INDEMNITIES AND INSURANCE

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

EXTERNAL AUDIT FIRM GUIDELINES

In addition to the formal constitution under which the Audit and Risk Committee operates, the Audit and Risk Committee also has an External Auditor Independence Policy containing procedures to ensure the independence of the Company's external auditor.

The Audit and Risk Committee is responsible for recommending the appointment of the external auditor and maintaining procedures for the rotation of the external audit lead partner. Under the Auditor Independence Policy, the external audit lead partner must be rotated every five years.

The Policy covers provision of non-audit services with the general principle being that the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. It is, however, appropriate for the external auditor to provide services of due diligence on proposed transactions and accounting policy advice.

Deloitte is the Company's current external auditor.

NZX RULINGS AND WAIVERS

The Company did not apply to NZX for, nor rely on, any rulings or waivers during the year to 31 March 2021.

DONATIONS

The Company paid $69,387 across the following sponsorship payments during the year to 31 March 2021:

- $7,500 Hotwater Beach Surf Life Saving Club Inc.;
- $7,500 Taylors Mistake Surf Life Saving Club Inc.;
- $15,000 Red Beach Surf Life Saving;
- $7,500 St Clair Surf Life Saving;
- $7,500 Lyall Bay Surf Life Saving Club Inc.;
- $6,887 Spirit of Adventure Trust;
- $5,000 Pillars New Zealand;
- $5,000 The University of Auckland; and
- $7,500 Variety - the Childrens Charity Incorporated.

No other member of the Group made donations in the year to 31 March 2021.

ARGOSY SUBSIDIARIES – DIRECTORS

As at 31 March 2021:

- Jeff Morrison, Peter Mence and David Fraser were the directors of Argosy Property No. 1 Limited;
- Jeff Morrison, Peter Mence and David Fraser were the directors of Argosy Property Management Limited.

Mike Smith and Peter Brook retired as directors of Argosy's subsidiaries with effect from Argosy's Annual Meeting held on 28 July 2020.

No director of any Argosy subsidiary received additional remuneration or benefits in respect of their directorships. Other than the entries set out under the heading "Directors' Interests", there were no entries made in the Interests Registers of Argosy's subsidiaries during the accounting period.

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

20 LARGEST REGISTERED FINANCIAL PRODUCT HOLDERS AS AT 31 MARCH 2021

Rank	Holder Name	Total	Percentage
1	FNZ Custodians Limited	72,952,759	8.68
2	Accident Compensation Corporation - NZCSD <ACCI40>	61,816,049	7.36
3	Citibank Nominees (New Zealand) Limited - NZCSD <CNOM90>	45,253,346	5.39
4	HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	43,961,068	5.23
5	HSBC Nominees (New Zealand) Limited A/C State Street - NZCSD <HKBN45>	35,629,238	4.24
6	Forsyth Barr Custodians Limited <1-Custody>	31,669,148	3.77
7	BNP Paribas Nominess (NZ) Limited - NZCSD <COGN40>	29,641,918	3.53
8	New Zealand Depository Nominee Limited <A/C 1 Cash Account>	24,830,523	2.95
9	JP Morgan Chase Bank NA NZ Branch-Segregated Clients Acct - NZCSD <CHAM24>	24,226,062	2.88
10	Investment Custodial Services Limited <A/C C>	20,989,381	2.50
11	BNP Paribas Nominees (NZ) Limited - NZCSD <BPSS40>	16,443,208	1.95
12	National Nominees Limited - NZCSD <NNLZ90>	12,467,666	1.48
13	Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	8,842,876	1.05
14	JBWERE (NZ) Nominees Limited <NZ Resident A/C>	8,334,471	0.99
15	PT (Booster Investments Nominess Limited)	7,898,465	0.94
16	Christine Anne Mansell & Douglas Tony Brown <Harvan A/C>	7,272,000	0.86
17	ANZ Wholesale Property Securities - NZCSD <PNLR90>	7,159,277	0.85
18	University Of Otago Foundation Trust	6,956,288	0.82
19	Custodial Services Limited <A/C 3>	6,784,229	0.80
20	Jarden Custodians Limited <A/C 7>	6,416,792	0.76

SUBSTANTIAL PRODUCT HOLDERS AS AT 31 MARCH 2021

	Date notice filed	No of shares	% of total issued shares
Accident Compensation Corporation	3 November 2020	60,727,976	7.28

The total number of shares on issue in the Company as at 31 March 2021 was 839,527,547. The only class of shares on issue as at 31 March 2021 was ordinary shares. The number and percentage of shares shown are as advised in the substantial security holder notice to the Company disclosed by 31 March 2021 and may not be that substantial holder's current relevant interest.

DISTRIBUTION OF SHAREHOLDERS AS AT 31 MARCH 2021

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
1 to 999	258	3.12	107,898	0.01
1,000 to 1,999	264	3.18	343,571	0.04
2,000 to 4,999	886	10.68	3,059,807	0.36
5,000 to 9,999	1,553	18.72	11,226,454	1.34
10,000 to 49,999	4,084	49.24	91,492,063	10.90
50,000 to 99,999	710	8.56	47,098,047	5.61
100,000 to 499,999	461	5.56	82,067,408	9.78
500,000 to 999,999	33	0.40	22,246,897	2.65
1,000,000+	45	0.54	581,885,402	69.31
Total	8,294	100.00	839,527,547	100.00

20 LARGEST REGISTERED HOLDERS OF ARG010 BONDS AS AT 31 MARCH 2021

Rank	Holder Name	Total	Percentage
1	Forsyth Barr Custodians Limited <1-Custody>	21,048,000	21.04
2	FNZ Custodians Limited	17,182,000	17.18
3	Generate Kiwisaver Public Trust Nominees Limited <NZCSD> <NZPT44>	10,081,000	10.08
4	National Nominees Limited - NZCSD <NNLZ90>	10,000,000	10.00
5	HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	6,000,000	6.00
6	Custodial Services Limited <A/C 4>	3,484,000	3.48
7	Investment Custodial Services Limited <A/C C>	3,351,000	3.35
8	Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	2,312,000	2.31
9	Custodial Services Limited <A/C 2>	1,734,000	1.73
10	Custodial Services Limited <A/C 3>	1,672,000	1.67
11	NZPT Custodians (Grosvenor) Limited - NZCSD <NZPG40>	1,500,000	1.50
12	Hobson Wealth Custodians Limited <Resident Cash Account>	1,473,000	1.47
13	Forsyth Barr Custodians Limited <Account 1 E>	1,442,000	1.44
14	FNZ Custodians Limited <Dta Non Resident A/C>	1,350,000	1.35
15	Custodial Services Limited <A/C 18>	900,000	0.90
16	Bank Of New Zealand - Treasury Support <BNZW40>	708,000	0.70
17	Custodial Services Limited <A/C 16>	517,000	0.51
18	ANZ Custodial Services New Zealand Limited - NZCSD<PBNK90>	504,000	0.50
19	Andrew Patrick Cunningham & Elizabeth Anne Cunningham	500,000	0.50
20	Custodial Services Limited <A/C 1>	500,000	0.50

DISTRIBUTION OF ARG010 BONDHOLDERS AS AT 31 MARCH 2021

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
5,000 to 9,999	48	11.27	263,000	0.26
10,000 to 49,999	278	65.26	5,430,000	5.43
50,000 to 99,999	59	13.85	3,221,000	3.22
100,000 to 499,999	26	6.10	4,075,000	4.08
500,000 to 999,999	5	1.17	2,917,000	2.92
1,000,000+	10	2.35	84,094,000	84.09
Total	426	100.00	100,000,000	100.00

20 LARGEST REGISTERED HOLDERS OF ARG020 BONDS AS AT 31 MARCH 2021

Rank	Holder Name	Total	Percentage
1	Forsyth Barr Custodians Limited <1-Custody>	21,622,000	21.62
2	FNZ Custodians Limited	12,782,000	12.78
3	Hobson Wealth Custodians Limited <Resident Cash Account>	10,694,000	10.69
4	National Nominees Limited - NZCSD <NNLZ90>	7,850,000	7.85
5	Generate Kiwisaver Public Trust Nominees Limited <NZCSD> <NZPT44>	6,100,000	6.10
6	HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	6,000,000	6.00
7	Mint Nominees Limited - NZCSD <NZP440>	4,050,000	4.05
8	Custodial Services Limited <A/C 4>	3,944,000	3.94
9	Investment Custodial Services Limited <A/C C>	3,002,000	3.00
10	Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	2,570,000	2.57
11	Custodial Services Limited <A/C 2>	1,943,000	1.94
12	Forsyth Barr Custodians Limited <Account 1 E>	1,907,000	1.90
13	Custodial Services Limited <A/C 3>	1,866,000	1.86
14	NZPT Custodians (Grosvenor) Limited - NZCSD <NZPG40>	1,700,000	1.70
15	Commonwealth Bank Of Australia - NZCSD <CBAANZ>	1,531,000	1.53
16	Custodial Services Limited <A/C 18>	1,237,000	1.23
17	Hobson Wealth Custodian Limited <Non Resident Cash Account>	809,000	0.80
18	FNZ Custodians Limited <DTA Non Resident A/C>	680,000	0.68
19	Custodial Services Limited <A/C 1>	672,000	0.67
20	Custodial Services Limited <A/C 16>	544,000	0.54

DISTRIBUTION OF ARG020 BONDHOLDERS AS AT 31 MARCH 2021

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
5,000 to 9,999	15	10.07	80,000	0.08
10,000 to 49,999	69	46.31	1,429,000	1.43
50,000 to 99,999	30	20.13	1,784,000	1.78
100,000 to 499,999	18	12.08	2,539,000	2.54
500,000 to 999,999	7	4.70	4,239,000	4.24
1,000,000+	10	6.71	89,929,000	89.93
Total	149	100.00	100,000,000	100.00

20 LARGEST REGISTERED HOLDERS OF ARG030 BONDS AS AT 31 MARCH 2021

Rank	Holder Name	Total	Percentage
1	Forsyth Barr Custodians Limited <1-Custody>	24,270,000	19.41
2	National Nominees Limited - NZCSD <NNLZ90>	15,000,000	12.00
3	FNZ Custodians Limited	12,238,000	9.79
4	Hobson Wealth Custodians Limited <Resident Cash Account>	11,282,000	9.02
5	HSBC Nominess (New Zealand) Limited - NZCSD <HKBN90>	6,750,000	5.40
6	Citibank Nominees (New Zealand) Limited - NZCSD <CNOM90>	6,600,000	5.28
7	Custodial Services Limited <A/C 4>	6,021,000	4.81
8	Queen Street Nominees ACF Pie Funds - NZCSD	4,500,000	3.60
9	JBWERE (NZ) Nominees Limited <NZ Resident A/C>	4,396,000	3.51
10	Custodial Services Limited <A/C 3>	3,887,000	3.10
11	Investment Custodial Services Limited <A/C C>	3,882,000	3.10
12	Custodial Services Limited <A/C 2>	3,704,000	2.96
13	PIN Twenty Limited <Kintyre A/C>	2,930,000	2.34
14	Custodial Services Limited <A/C 18>	1,815,000	1.45
15	FNZ Custodians Limited <DTA Non Resident A/C>	1,379,000	1.10
16	Forsyth Barr Custodians Limited <Account 1 E>	1,076,000	0.86
17	Custodial Services Limited <A/C 1>	1,072,000	0.85
18	Falstaff Investments Limited	1,000,000	0.80
19	Jill Marie Couch	835,000	0.66
20	Jiezhen Jiang	500,000	0.40

DISTRIBUTION OF ARG030 BONDHOLDERS AS AT 31 MARCH 2021

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
5,000 to 9,999	21	7.90	114,000	0.09
10,000 to 49,999	159	59.77	3,235,000	2.59
50,000 to 99,999	37	13.91	2,099,000	1.68
100,000 to 499,999	32	12.03	5,720,000	4.58
500,000 to 999,999	2	0.75	1,335,000	1.06
1,000,000+	15	5.64	112,497,000	90.00
Total	266	100.00	125,000,000	100.00

HOLDINGS OF DIRECTORS OF THE COMPANY AS AT 31 MARCH 2021

Director	No of shares (non beneficial)	No of shares (beneficial)	No of bonds (non beneficial)
Stuart McLauchlan		20,488	
Chris Gudgeon	18,100		
Martin Stearne	150,000		
Mike Pohio	50,000		
Rachel Winder		14,000	
Jeff Morrison	1,771,882	40,322	1,455,000

DIRECTORS' STATEMENT

The Board is responsible for preparing the Annual Report. This report is dated 18 May 2021 and is signed on behalf of the Board of Argosy Property Limited by Jeff Morrison, Chairman and Stuart McLauchlan, Director

Jeff Morrison
Chairman

Stuart McLauchlan
Director

DIRECTORS

Argosy Property Limited

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

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Auckland 1142
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Deloitte

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Russell McVeagh

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Telephone: (09) 367 8000
Facsimile: (09) 367 8163

BANKERS TO THE COMPANY

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Auckland 1141

Bank of New Zealand Limited

Deloitte Centre
80 Queen Street
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Auckland 1142

The Hongkong and Shanghai Banking Corporation Limited

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

Commonwealth Bank of Australia

ASB North Wharf
12 Jellicoe Street
Auckland 1010

Westpac New Zealand Limited

Westpac New Zealand Ltd
PO Box 934
Shortland Street
Auckland 1140

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Argosy

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