

19.11.2025

Market Release

FY26 Interim Result – Green, Diversified, Resilient

Argosy will present the FY26 interim result via a teleconference and webcast at 10am today. Please visit <https://s1.c-conf.com/diamondpass/10050483-su87w3.html> dial 0800 453 055 and quote the conference ID#10050483. It is recommended that you dial in or log in a few minutes before the start time. A copy of the webcast will be available on Argosy's website later in the day.

Argosy Property Limited ('Argosy' or the 'Company') has reported its results for the six months to 30 September 2025.

KEY RESULTS FOR THE PERIOD:

- Net property income for the period of \$61.2 million, which is up by 4.9% on the prior comparable period.
- \$31.3 million interim revaluation gain for the six months to 30 September, up 1.5% on book value, compared to a gain of \$8.7 million in the prior comparable period.
- Net profit after tax of \$61.1 million, compared to a net profit after tax of \$33.0 million in the prior comparable period.
- Net distributable income of \$30.7 million, up 11.7% on the prior comparable period.
- Occupancy steady at 96% and a Weighted Average Lease Term (WALT) of 5.4 years, up from 5.1 years at 31 March.
- NTA per share of \$1.56, up from \$1.53 at 31 March.
- Portfolio gearing at 35.9%, comfortably within the target band of 30-40%.
- Very strong rent review outcomes (4.1% annualised rental growth on rents reviewed).
- Progress on green developments, continuing our portfolio transformation and progress to a 50% green portfolio by 2031 (37.6% at 30 September, including 224 Neilson Street).
- Election of Alex Cutler as a Director at the recent Annual Meeting.
- FY26 full year dividend guidance of 6.65 cents per share reaffirmed.

CHAIRMAN'S REVIEW

The company has delivered strong results in the interim period and the Board remains confident in its strategic direction.

Jeff Morrison said “Encouragingly, the domestic property sector has shown signs of renewed momentum in recent weeks. While this uplift has yet to materially impact asset values or occupancy rates, the increase in qualified enquiry levels marks a positive shift from the beginning of FY26 and reflects growing market engagement.”

Importantly, in light of the welcome recent increase in enquiry levels, current vacancy levels present an opportunity heading into the next calendar year, enabling Argosy to lift income levels, reposition space and attract tenants aligned with long-term portfolio objectives. This dynamic is expected to support leasing activity and contribute positively to occupancy outcomes over the coming months.

The Board is very comfortable with the company's capital position and balance sheet strength. The business has sufficient funding capacity to accommodate medium term development requirements and strategic acquisition opportunities, should they arise.

The Government has recently announced positive reforms to the earthquake-prone building system, which introduce a more risk-based, proportionate approach. Key changes include excluding low-risk areas such as Auckland from the requirements, and allowing Councils to extend remediation deadlines by up to 15 years. Many buildings in low-risk areas will be removed from the register, and remediation deadlines are now more flexible, reducing unnecessary compliance costs.

Jeff Morrison said, “Our CEO, Peter Mence, has represented the Sector as a member of the Advisory Group, and the Board acknowledges Peter for his continuing work in this area.”

Argosy continues to advance towards its 2031 target of 50% green assets. As at 30 September, 37.6% of the portfolio was existing or nearly completed green assets, driven by initiatives such as 224 Neilson Street, which is set to feature one of New Zealand's largest rooftop photovoltaic installations. The company's strategy centres on transforming existing brownfield sites into modern, sustainable environments that enhance tenant wellbeing and long-term value. With Auckland Industrial as a key growth focus, Argosy will actively invest into green developments, principally Mt Richmond and 291 East Tamaki Road.

The company announced Peter Mence's intention to step down as CEO in May 2027, allowing for a well-planned leadership transition, with the Board expecting to begin the search for a successor during 2026.

The Board also reaffirmed its commitment to robust succession planning at governance level. Martin Stearne will succeed Jeff Morrison as Board Chair following the 2027 Annual Meeting, and is now Chair of the Remuneration and Nominations Committee.

Directors Chris Gudgeon and Mike Pohio retired during the year, having made valuable contributions during their tenure, and Alex Cutler was formally elected as a Director. Alex, who was appointed to the Board in October 2024, is well known in the property industry and is a career long sustainability expert.

The Board previously announced an expected FY26 full-year cash dividend of 6.65 cents per share, in line with the prior year. There is no change to that guidance.

Jeff Morrison said “It’s pleasing that the business has successfully navigated another recession, while maintaining dividends to shareholders.”

MANAGEMENT REVIEW

Challenging economic conditions and a cautious property market persisted into the first half of FY26, contributing to longer leasing decision timelines and a reduced number of suitable tenants in the market. Despite these headwinds, Argosy’s portfolio occupancy remains solid at 96% as at 30 September 2025, and recently enquiry levels have significantly increased.

Recent decreases in the Official Cash Rate have provided welcome relief, easing funding pressures and supporting renewed confidence in the commercial property sector. These monetary policy adjustments are expected to gradually improve market sentiment and transactional activity in the months ahead.

Peter Mence said “The reforms to New Zealand’s earthquake-prone building legislation are a positive step for the sector. The move to a more risk-based, proportionate approach provides greater certainty for owners and tenants, reduces unnecessary compliance costs, and allows for focus on remediation efforts where they are most needed. These changes have already improved market confidence and we expect further benefits as the new framework is implemented.”

Financial Results

Statement of Comprehensive Income

For the six months to 30 September, Argosy reported net property income of \$61.2 million for the period, up 4.9% on the prior comparable period. Rent review outcomes have contributed strongly and the company continues to benefit from the establishment of its insurance captive subsidiary in 2023. In addition, net surrender fee income (after amortisation) from an Industrial tenant of \$1.1m was received in the period.

CFO, Dave Fraser said “Global insurance market conditions have continued to improve. Reinsurance capital reached a record high in 2025, allowing insurers to secure coverage at flat or reduced rates. This has helped stabilise or reduce premiums across more challenging occupancies and higher risk areas, including Wellington, purely driven by historically higher rates and increased competition across the market for high quality, well managed assets.”

Interest expense of \$18.8 million was down on the prior comparable period (\$21.3 million). The combination of lower rates and higher capitalised interest more than offset higher average debt levels in the interim period.

An independent desktop valuation assessment of the portfolio showed a 1.5% lift in value as at 30 September, equating to \$31.3 million, and this has been adopted by the Company. Overall cap rates firmed by 2 basis points to an average of 6.33%. By sector, Industrial increased by \$12.0 million or 1.0%, Office increased by \$16.7 million or 2.1%, and Large Format Retail increased by \$2.6 million or 1.2%. The portfolio is 7.3% under-rented, excluding market rent on developments.

Following the adoption of the change in value, Argosy's portfolio shows a contract yield on values of 5.93% and a yield on fully let market rentals of 6.68%.

Argosy's NTA per share has increased to \$1.56 from \$1.53 as at 31 March 2025.

On 22 May 2025, the Government announced its Investment Boost tax program designed to support productivity and economic growth by providing a benefit to businesses that make new investments. Businesses can deduct 20% of the cost of new assets in the year that they purchase (or develop) the asset. A business can claim both Investment Boost and a standard depreciation deduction in the year they purchase the asset.

Dave Fraser said "The impact of this new policy has been minor for Argosy in the interim period. However, practical completion of Warehouse A at 224 Neilson Street was achieved in October 2025. As such, an estimated Investment Boost deduction of \$5.7 million will be available for this development in the second half of this financial year, with a tax effect of \$1.6 million."

Net profit after tax was \$61.1 million (including a \$31.3 million revaluation gain), compared to a net profit after tax of \$33.0 million (including an \$8.7 million revaluation gain) in the prior comparable period.

Distributable Income/AFFO

Net distributable income (NDI) for the six months was \$30.7 million compared to \$27.5 million in the prior comparable period, an increase of 11.7%. Net distributable income was 3.58 cents per share to 30 September 2025, compared to 3.25 cents per share in the prior comparable period.

After adjustments for incentives/leasing costs and maintenance capex, AFFO was 3.45 cents per share, compared to 3.17 cents per share in the prior comparable period.

The dividend payout to AFFO ratio was 97%, compared to 105% in the prior comparable period.

Portfolio Activity - Portfolio Metrics, Rent Reviews and Leasing

Peter Mence said "Market conditions in the first half of the financial year remained challenging, with ongoing economic uncertainty and a softer leasing environment. Despite this, Argosy's focus on high-quality, sustainable assets has helped us maintain solid occupancy and attract new tenants."

As at 30 September, Argosy's WALT was 5.4 years and portfolio occupancy was 96%.

For the period to 30 September, Argosy completed 49 rent reviews, achieving annualised rental growth of 4.1%. These reviews were achieved on rents totalling \$37.3 million.

On rents subject to review by sector, Argosy achieved annualised rental growth of 5.3% for Industrial rent reviews, 2.5% for Office rent reviews and 3.9% for Large Format Retail rent reviews.

For the interim period, 70% of rents reviewed were subject to fixed reviews, 29% were market reviews and 1% were CPI based.

Argosy completed 18 leasing transactions across 37,382m² of NLA over the period to 30 September. Lease transactions were made up of new leases (8), renewals (6) and extensions (4).

During the interim period Argosy retained two key Wellington Office tenants:

- New Zealand Post Limited exercised their right of renewal for the Ground Floor and Level 1 of 7WQ (4,332m²). The renewal is for six years with a final expiry date of 31 December 2031. Rent reviews are CPI based with market reviews on 1 January 2026 and 1 January 2029.
- The Ministry of Business, Innovation and Employment (MBIE) have extended their lease at 15 Stout St (20,709m²) for a further 9 years from 23 July 2026. Reviews are fixed at 2.75% pa with market reviews at 23 July 2026 and 23 July 2032. As part of the new lease Argosy and MBIE will progress a decarbonisation project (including conversion of gas boilers to heat pumps, solar panels, LED light conversion and EV chargers), and façade works (including installing additional parapet flashings for enhanced protection and extending downpipes in various locations for rainfall disbursement). The capital cost of the project is \$13 million and the Stout St valuation uplift on completion is \$14 million, after deducting the \$13 million capital cost.

Peter Mence said “We are very pleased to have retained such valuable tenants on long leases. The two leases address the biggest expiry for both the current financial year and FY27, and lifts the weighted average lease term to 5.4 years at 30 September. Following a quieter period for leasing activity earlier this year, we have recently noted a welcome increase in enquiry in both Wellington and Auckland. Notably, we are currently in active negotiations with prospective tenants for our buildings at 147 Lambton Quay and 39 Market Place.”

Further key leasing highlights over the six month period include:

- Turners Group, 8-14 Mt Richmond, 7,677m² of yard, on a new 1 year lease.
- Intrepid Travel, 39 Market Place, 462m² on a new 6 year lease.
- Cottee Parker, 39 Market Place, 488m² on a new 6 year lease.
- Sangro Chambers, Citigroup Centre, 23 Customs Street East, 447m² on a 10 year extension.
- De’Longhi, 99-107 Khyber Pass Road, 368m² on a 3 year renewal.
- Visy Global Logistics, 4 Henderson Place, 7,186m² of warehouse and yard on a new 11.5 month lease.

Notable leases secured post 30 September include:

- The Joint Accreditation System of Australia and New Zealand, 147 Lambton Quay, 501m² on a new 5 year lease.
- Lee Warehouse Group, Albany Mega Centre, 509m² on a new 6 year lease.
- Arthur J Gallagher, 320 Ti Rakau Drive, 514m² on a 3 year renewal.

Non Core Assets

Seven properties have been identified as non Core, with a combined current book value of \$148 million, and these properties are expected to be divested over the medium term, as conditions allow.

Developments

We have seen continued strong fundamentals in the Industrial sector. Industrial assets remain supported by low forecast vacancy and positive rental growth and are expected to deliver solid returns

over the next three years. As at 30 September 2025, Argosy's portfolio was 54% weighted to Industrial. With the completion of our pipeline of green Value Add industrial developments, this weighting is set to increase toward our medium-term target of 60–70%.

Neilson Street

In October, Warehouse A (11,500m² clear span with a 13m knee and 600m² of office) reached practical completion on budget. Warehouse B (4,900m², clear span with a 11m knee and 500m² of office) is fully leased to Basick Transport and has achieved a 6 Green Star Design & As Built rating. Warehouse A is also in the final stages of obtaining a 6 Green Star Design & As Built rating.

Both warehouses feature sustainable design elements, including low carbon concrete, rainwater harvesting, intelligent lighting and air conditioning, and a rooftop solar array of approximately 1,880 panels generating over 1.2GWh annually, one of the largest in New Zealand. Demand for quality, sustainable industrial space remains high, positioning 224 Neilson Street to deliver strong long-term value for investors.

Peter Mence said "With Neilson Street now complete, we're seeing strong interest from businesses looking for modern, sustainable industrial space in a prime location, and negotiations with two potential tenants are ongoing for Warehouse A. Delivering high-quality, green-certified facilities like these puts Argosy in a great position to meet tenant demand and drive value for our investors."

Mt Richmond

Mt Richmond is a 10.6-hectare Value Add green development in the central industrial precinct of Mt Wellington, about 15km from Auckland's CBD. The site continues to underpin Argosy's long-term strategy, supporting portfolio growth and demonstrating confidence in the ongoing strength of Auckland's industrial market.

Stage 1 construction at Mt Richmond is advancing on schedule, with completion targeted for May 2026. This phase will deliver a 5,833m² of warehouse and office facility for Viatrix Limited, a global pharmaceutical distributor and also includes two platforms (which have now been leased to existing tenants). Designed to achieve a 6 Green Star Design & As Built rating, the warehouse and office facility will set a high standard for sustainability and reflects Argosy's ongoing commitment to environmental development.

Acquisitions

There were no acquisitions in the interim period to 30 September 2025. However, in October 2025 Argosy settled the acquisition of 291 East Tamaki Road and adjacent titles. This is a strategic purchase that was unconditionally agreed in November 2024.

291 East Tamaki Road is a 4.6 hectare level site, located just 2km from SH1, and a prime industrial asset within a well-established precinct. The acquisition aligns with Argosy's strategy of delivering high-quality, resilient, sustainable and future-ready industrial re-developments.

The initial purchase price and attendant capital works is \$60 million, and the fully-let holding return is 5%.

Peter Mence said “This location presents a rare opportunity to reshape a legacy industrial site into a sustainably certified, modern, high-performing asset. We look forward to sharing future updates as we transform this site into vibrant and future-ready workspaces.”

Banking Facilities

In July, Argosy successfully extended its syndicated bank facilities with ANZ Bank New Zealand Limited, Bank of New Zealand, Commonwealth Bank of Australia, Westpac New Zealand Limited and Industrial and Commercial Bank of China Limited. The new Tranches and expiries (which include a new 7 Year Tranche) are:

Tranche A: \$200 million, expiry 1 October 2028.

Tranche B: \$225 million, expiry 1 October 2029.

Tranche D: \$100 million, expiry 1 October 2030.

Tranche C: \$100 million, expiry 1 July 2032.

Argosy’s weighted average debt tenor, including bonds, was 3.3 years at 30 September (2.7 years at 31 March 2025). The weighted average interest rate was 4.8% (5.1% at 31 March 2025).

Green Bond (ARG 010)

The company’s first green bond matures in March 2026. Argosy will refinance this bond later this financial year.

DIVIDEND

A second quarter dividend of 1.6625 cents per share has been declared for the September quarter with imputation credits of 0.263343 cents per share attached. This will bring the interim dividend for the six months to 30 September to 3.325 cents per share. Overseas investors will receive an additional supplementary dividend of 0.119500 cents per share to offset non-resident withholding tax.

The record date for the dividend is 3 December 2025 and the payment date is 17 December 2025.

The Dividend Reinvestment Plan (‘DRP’) remains open and will be available for shareholders to participate in for the second quarter dividend. There will be a 2% discount applied to the price at which shares will be issued under the DRP for this dividend.

Please see the second quarter dividend announcement today for more details.

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