

Argosy

Product Disclosure Statement

for an offer of senior secured fixed rate 7 year green bonds
by Argosy Property Limited (Argosy)

Date: 20 February 2019

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.disclose-register.companiesoffice.govt.nz. Argosy Property Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

ARRANGER &
JOINT LEAD MANAGER



JOINT LEAD MANAGERS



FNZC



15 Stout Street
WELLINGTON



01. Key Information Summary

What is this?

This is an offer of senior secured fixed rate green bonds (**Green Bonds**). The Green Bonds are debt securities issued by Argosy Property Limited (**Argosy**). You give Argosy money, and in return Argosy promises to pay you interest and repay the money at the end of the term. If Argosy runs into financial trouble, you might lose some or all of the money you invested.

About the Argosy Group

Argosy is listed on the NZX and is the parent company of a group of property companies (the **Argosy Group**) that own a diversified portfolio of industrial, office and retail properties predominantly in Auckland and Wellington, with a modest tenant-driven exposure to other parts of New Zealand.

If Argosy fails to comply with the Green Bond Framework or related matters or if the Green Bonds cease to satisfy the Green Bond Principles, as described at Section 5.2 of this PDS (Compliance with the Green Bond Principles):

- no Event of Default or any other breach will occur in relation to the Green Bonds; and
- neither you nor Argosy have any right for the Green Bonds to be repaid early.

This means there is no obligation on Argosy to comply with the Green Bond Framework or the Green Bond Principles on an ongoing basis.

Purpose of this Offer

The proceeds of the Offer are intended to be used to refinance existing bank debt that supports “**Green Assets**”. Green Assets are office, industrial or retail buildings, including upgrades, owned or undertaken by members of the Argosy Group that meet certain criteria established by Argosy in Argosy’s “**Green Bond Framework**” and therefore promote the transition to a sustainable future. The funds from the Green Bonds may be internally allocated to other Green Assets in accordance with the Green Bond Framework. Under the Green Bond Framework, any proceeds that are not internally allocated to Green Assets will be temporarily invested in assets such as cash or cash equivalents.

Key terms of the Offer

Description of the debt securities	Senior secured fixed rate green bonds.
Term	7 years maturing on the Maturity Date (27 March 2026)
Interest Rate	<p>A fixed rate of interest will be payable on the Green Bonds until the Maturity Date. The Interest Rate will be determined on the Rate Set Date (6 March 2019) and announced via NZX on or about the Rate Set Date.</p> <p>The Interest Rate will be equal to the sum of the Base Rate and the Margin but in any case will be no less than the minimum Interest Rate announced via NZX on or about 27 February 2019.</p> <p>The Issuer also expects to announce an indicative Margin range through NZX on or about 27 February 2019. The actual Margin for the Green Bonds (which may be above or below the announced indicative Margin range) is the rate (expressed as a percentage rate per annum) determined by Argosy on the Rate Set Date.</p>
Structure of the Offer	<p>The Offer consists of:</p> <ul style="list-style-type: none"> • the Priority Offer of up to NZ\$10 million, which is only open to New Zealand Retail Shareholders; and • the General Offer of up to NZ\$65 million (plus up to NZ\$25 million of oversubscriptions at Argosy’s discretion), which is open to all investors resident in New Zealand. <p>If any amount of the Priority Offer is not taken up by the relevant Closing Date, Argosy may reallocate up to a corresponding amount to the General Offer at its absolute discretion.</p> <p>“New Zealand Retail Shareholders” are members of the public resident in New Zealand who hold ordinary shares in Argosy (as at the time of applying for Green Bonds and on the Closing Date for the Priority Offer) and excludes institutional shareholders unless determined by Argosy in its discretion.</p>
Opening Date	7 March 2019
Closing Dates	<p>Priority Offer: 20 March 2019</p> <p>General Offer: 22 March 2019</p>
Interest Payment Dates	Interest is scheduled to be paid in arrear on each quarterly Interest Payment Date, being 27 March, 27 June, 27 September and 27 December in each year during the term of the Green Bonds, commencing on 27 June 2019 and including the Maturity Date.
Further Payments, Fees or Charges	<p>Taxes may be deducted from interest payments on the Green Bonds. See Sections 7 (Tax) and 8 (Tax consequences for Overseas Holders) of this PDS.</p> <p>You are not required to pay brokerage or any charges to Argosy in relation to applications under the Offer. However, you may have to pay brokerage:</p> <ul style="list-style-type: none"> • if your application is made under the Priority Offer, to the financial intermediary (if you use one) who submits your application; or • if your application is made under the General Offer, to the Bookbuild participant from whom you receive an allocation of Green Bonds. <p>The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. More information on this can be found in Section 3.2 of this PDS (Description of the Offer).</p>

Who is responsible for repaying you?

Argosy as the issuer of the Green Bonds is responsible for paying interest on the Green Bonds and for the repayment of the Green Bonds on the Maturity Date.

The obligations of Argosy to pay interest on the Green Bonds and for the repayment of the Green Bonds on the Maturity Date are guaranteed by certain subsidiaries of Argosy, being Argosy Property Management Limited, Argosy Property No.1 Limited and Argosy Property No.3 Limited (together, the “**Guaranteeing Subsidiaries**”).

The Green Bonds are not guaranteed by any other member of the Argosy Group or by any other person.

How you can get your money out early

No early repayment

Argosy does not have any right to repay your Green Bonds before the Maturity Date. Similarly, you have no right to request that your Green Bonds be repaid early unless an Event of Default has occurred (see Section 5.3 of this PDS (Events of Default)).

Sale of Green Bonds

Argosy intends to quote these Green Bonds on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market before the end of their term if there are interested buyers. If you sell your Green Bonds, the price you get will vary depending on factors such as the financial condition of the Argosy Group and movements in the market interest rates. You may receive less than the full amount that you paid for them.

How Green Bonds rank for repayment

In a liquidation of Argosy, your claim for payment of the Face Value of your Green Bonds and accrued interest will rank:

- behind holders of prior-ranking security interests and holders of claims on Argosy that are preferred by law;
- equally with claims of other Holders and holders of other secured claims on Argosy that rank equally with the Green Bonds; and
- ahead of claims of holders of lower ranking secured claims, holders of unsecured claims on Argosy and shareholders.

Section 5.4 of this PDS (Ranking and security) contains more information about the ranking of the Green Bonds.

What assets are these Green Bonds secured against?

The Green Bonds are secured by a general security interest granted by Argosy and the Guaranteeing Subsidiaries over all of their property (except any property held by it as trustee), together with first ranking Mortgages granted over all of the land (including the buildings and other fixtures on that land) owned by them.

More information about the security interests granted by Argosy and the Guaranteeing Subsidiaries is set out in Section 5.4 of this PDS (Ranking and security).

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that Argosy does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of the PDS (risks of investing) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Green Bonds should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair. Argosy considers that the most significant risk factors are:

- the risk of adverse changes in the New Zealand property market, in particular in Auckland and/or Wellington which may have a negative impact on market rentals from, or the market value of, the Argosy Group’s property assets; and
- the risk of a natural disaster affecting the New Zealand property market, in particular in Auckland or Wellington impacting a large percentage of the Argosy Group’s property assets. If that occurred, there is a risk that insurance proceeds would not cover all of the costs resulting from the event.

If one or more of these risks eventuate, it may adversely affect the financial position and performance of Argosy which may in turn result in Argosy not making payments on the Green Bonds when due.

This summary does not cover all of the risks of investing in the Green Bonds. You should also read Sections 5 (Key features of Green Bonds) and 6 (Risks of investing) of this PDS.

No credit rating

Argosy’s creditworthiness has not been assessed by an approved rating agency. This means that Argosy has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

Where you can find other market information about Argosy

This is a short-form offer document that Argosy is permitted to use because the Green Bonds rank in priority to Argosy’s existing quoted financial products. Those existing quoted financial products are ordinary shares in Argosy, which are traded on the NZX Main Board (that is, the main board financial product market operated by NZX). As a listed issuer on the NZX, Argosy is subject to continuous disclosure obligations that require it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Argosy’s page on the NZX website includes information made available under those continuous disclosure obligations and can be found at www.nzx.com/companies/ARG.

Table of contents

1	Key Information Summary	01
2	Key dates and Offer process	06
3	Terms of the Offer	07
4	Purpose of the Offer	11
5	Key features of Green Bonds	12
6	Risks of investing	18
7	Tax	21
8	Tax consequences for Overseas Holders	21
9	Selling restrictions	21
10	Who is involved?	22
11	How to complain	23
12	Where you can find more information	23
13	How to apply	24
14	Contact information	24
15	Glossary	25
	Application Form – General Offer	

82 Wyndham Street
AUCKLAND



Letter from the chairman of Argosy's board

Dear Investor

On behalf of the Board of Directors, I am pleased to invite you to participate in this offer of senior secured fixed rate green bonds (“**Green Bonds**”) to be issued by Argosy Property Limited.

Argosy is seeking to raise \$75 million under the offer with the ability to accept an additional \$25 million of oversubscriptions. We want to ensure that our New Zealand Retail Shareholders have the opportunity to invest in the Green Bonds. Accordingly, we have reserved \$10 million of Green Bonds that are only available to those investors under a Priority Offer. The General Offer of the remaining Green Bonds is open to all investors resident in New Zealand. If any amount of the Priority Offer is not taken up by the relevant Closing Date, Argosy may reallocate up to a corresponding amount to the General Offer at its absolute discretion.

The proceeds of the Green Bonds are intended to be used to refinance existing bank debt that supports “Green Assets” owned by the Argosy Group. Green Assets must satisfy certain criteria and therefore promote the transition to a sustainable future. We are committed to managing and reducing our impact on the environment, and believe that investment in Green Assets plays a key role in achieving this goal.

We have developed a Green Bond Framework to ensure that the Green Bonds comply with the Green Bond Principles published by the International Capital Markets Association. Ernst & Young Limited has undertaken an independent third party review of our Green Bond Framework, and has provided its reasonable assurance that our Green Bond Framework meets the requirements of the Green Bond Principles in all material respects.

Our New Zealand Retail Shareholders are welcome to apply for Green Bonds directly under the Priority Offer. All investors resident in New Zealand can participate in the General Offer by contacting their financial adviser.

There are a number of risks associated with the Green Bonds that may affect your returns and repayment of your investment in the Green Bonds. An overview of the key risks is set out in this PDS. You should read this carefully before deciding whether to invest in the Green Bonds.

I also encourage you to seek financial, investment or other professional advice from a qualified professional adviser as you take time to consider this offer.

On behalf of the Board, I look forward to your involvement in this offer and your support of Argosy.

For more information on the Green Bonds, please visit our website www.argosy.co.nz/greenbondoffer.

Yours faithfully,



P Michael Smith
Chairman, Argosy Property Limited

02. Key dates and Offer process

Announcement of minimum Interest Rate and indicative Margin range	27 February 2019
Rate Set Date	6 March 2019
Opening Date	7 March 2019
Closing Dates	Priority Offer 20 March 2019
	General Offer 22 March 2019
Issue Date	27 March 2019
Expected date of initial quotation and trading of the Green Bonds on the NZX Debt Market	28 March 2019
First Interest Payment Date	27 June 2019
Interest Payment Dates	27 March, 27 June, 27 September and 27 December in each year during the term of the Green Bonds
Maturity Date	27 March 2026

The Opening Date and the Closing Dates are indicative only and are subject to change. Argosy has the right in its absolute discretion to open or close the Offer early, to accept late applications, and to extend the Closing Dates. If Argosy changes any of the Opening Date and/or the Closing Dates, the changes will be announced via NZX as soon as reasonably practicable. If the Closing Dates are extended, the Issue Date, the expected date of initial quotation and trading of the Green Bonds on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may be extended accordingly. Any such changes will not affect the validity of any applications received.

Argosy reserves the right to cancel the Offer and the issue of the Green Bonds. If this occurs all application monies received will be refunded (without interest) as soon as practicable, and in any event within 5 Business Days of Argosy announcing that the Offer has been cancelled.

The Offer consists of a Priority Offer and a General Offer.

The Priority Offer will only be open to New Zealand Retail Shareholders.

The General Offer will be open to institutional investors and members of the public who are resident in New Zealand. All of the Green Bonds offered under the General Offer (including any oversubscriptions) have been reserved for subscription by clients of the Joint Lead Managers and other persons invited to participate in the Bookbuild. There will be no public pool for the Green Bonds offered under the General Offer.

If you wish to apply for Green Bonds under the General Offer, you should contact your usual authorised financial adviser.

The Registrar must have received your completed application, together with payment in full, no later than 5pm (New Zealand time) on the applicable Closing Date - see Section 13 of this PDS (How to apply).

03. Terms of the Offer

3.1 Description of the Green Bonds

Green Bonds

Issuer	Argosy Property Limited
Description	Senior secured fixed rate green bonds
The Green Bonds satisfy the Green Bond Principles	Argosy has developed and adopted the Green Bond Framework to ensure that, as at the date of this PDS, the Green Bonds comply with the Green Bond Principles. See Section 5.2 of this PDS (Compliance with the Green Bond Principles).
Term	7 years maturing on the Maturity Date (27 March 2026)
Face Value	NZ\$1.00 per Green Bond
Interest Rate	<p>A fixed rate of interest will be payable on the Green Bonds until the Maturity Date.</p> <p>The Interest Rate will be determined by Argosy (in consultation with the Arranger) following the Bookbuild held on the Rate Set Date (6 March 2019). The Interest Rate will be announced via NZX on or about the Rate Set Date. The Interest Rate will not change over the term of the Green Bonds.</p> <p>The Interest Rate will be equal to the sum of the Base Rate and the Margin but in any case will be no less than the minimum Interest Rate announced via NZX on or about 27 February 2019.</p> <p>The Issuer also expects to announce an indicative Margin range through NZX on or about 27 February 2019. The actual Margin for the Green Bonds (which may be above or below the announced indicative Margin range) is the rate (expressed as a percentage rate per annum) determined by Argosy (in consultation with the Arranger) through the Bookbuild held on the Rate Set Date.</p>
Interest payments	Interest will be calculated on an annual basis and is payable in equal amounts in arrear on each quarterly Interest Payment Date, being 27 March, 27 June, 27 September and 27 December in each year during the term of the Green Bonds, commencing on 27 June 2019 and including the Maturity Date. The interest payment dates are subject to adjustment in accordance with the Business Day convention below.
Business Day convention	If a payment date is not a Business Day, Argosy will make payment on the next Business Day, but no adjustment will be made to the amount of interest payable as a result of the delay.
Entitlement to payments	<p>Payments of interest on the Green Bonds will be made to the persons who are the Holders as at 5pm (New Zealand time) on the 10th day before the relevant Interest Payment Date (or such other date as required by NZX).</p> <p>Payments of any other amount will be made to the persons who are the Holders as at 5pm (New Zealand time) on the date as is determined by Argosy and notified to NZX (or such other date as required by NZX).</p> <p>If such date would fall on a day which is not a Business Day, then payments will be made to the persons who are the Holders as at the immediately preceding Business Day.</p>
Taxes	Taxes may be deducted from interest payments on the Green Bonds. See Sections 7 (Tax) and 8 (Tax consequences for Overseas Holders) of this PDS.
Ranking	<p>In a liquidation of Argosy, your claim for payment of the Face Value of your Green Bonds and accrued interest will rank:</p> <ul style="list-style-type: none"> • behind holders of prior-ranking security interests and holders of claims on Argosy that are preferred by law; • equally with claims of other Holders and holders of other secured claims on Argosy that rank equally with the Green Bonds; and • ahead of claims of holders of lower ranking secured claims, holders of unsecured claims on Argosy and shareholders. <p>Section 5.4 of this PDS (Ranking and security) contains more information about the ranking of the Green Bonds.</p>

Guarantee and security	<p>Argosy's obligations under the Green Bonds are guaranteed by the Guaranteeing Subsidiaries.</p> <p>Each of Argosy and the Guaranteeing Subsidiaries has granted security interests over all of its property (except any property held by it as trustee), including first ranking Mortgages over all of the land (including the buildings and other fixtures on that land) owned by them, to secure these obligations.</p> <p>The Secured Assets include the Mortgaged Property Assets and rights under contracts relating to the Mortgaged Property Assets (for example, rights to lease payments) and insurance proceeds. See Section 5.4 of this PDS (Ranking and security).</p> <p>The guarantee and security interests are granted in favour of the Security Trustee for the benefit of all of the Secured Parties (including Holders) and can only be enforced in accordance with the Security Trust Deed. See Section 5.4 of this PDS (Ranking and security).</p>
Financial covenants	<p>Argosy agrees:</p> <ul style="list-style-type: none"> • to ensure that the total principal amount of all indebtedness that is secured by the Secured Assets is no more than 50% of the Mortgaged Property Value. See Section 5.4 of this PDS (Ranking and security) under the heading "Restrictions on creating further secured liabilities" for more information on what happens if Argosy does not comply with this obligation; • that it will not make any distributions (for example, dividends payable to shareholders) if an Event of Default has occurred and is continuing or would occur as a result of making that distribution; and • that it will not grant, or permit to exist, any security interests over Mortgaged Property Assets or any accounts receivable (for example, lease payments) or insurance proceeds derived from the Mortgaged Property Assets other than the security interests granted under, or permitted by, the General Security Deed, the Mortgages and the Security Trust Deed. <p>See Sections 5.4 (Ranking and security) and 5.5 (Distribution stopper) of this PDS.</p>
No early repayment	<p>Neither you nor Argosy has any right to cause the Green Bonds to be repaid before the Maturity Date unless an Event of Default occurs.</p>
Events of Default	<p>If an Event of Default occurs and is continuing, the Supervisor may in its discretion, and must if directed to do so by a Special Resolution, declare the Green Bonds to be immediately due and payable. See Section 5.3 of this PDS (Events of Default).</p>
Transfers	<p>You may only transfer your Green Bonds in multiples of NZ\$1,000 in aggregate Face Value and after any transfer you and the transferee must each hold Green Bonds with an aggregate Face Value of at least NZ\$5,000 (or no Green Bonds).</p>
Supervisor	<p>The Supervisor is appointed by Argosy under the Trust Deed to act on behalf of Holders in relation to matters connected with the Trust Deed or the terms of the Green Bonds.</p> <p>The Supervisor is The New Zealand Guardian Trust Company Limited or such other supervisor appointed in accordance with the Trust Deed.</p>
Security Trustee	<p>The Security Trustee holds the security interests for the benefit of the Secured Parties, including the Holders.</p> <p>The Security Trustee is NZGT Security Trustee Limited or such other security trustee appointed in accordance with the Security Trust Deed.</p> <p>See Section 5.4 of this PDS (Ranking and security) for more information about the role of the Security Trustee.</p>

3.2 Description of the Offer

The Offer

Offer amount	Up to NZ\$75 million plus up to NZ\$25 million of oversubscriptions (at Argosy's discretion), as described below under "Structure of the Offer" and "Offer process".
Use of proceeds	The proceeds of the Offer are intended to be used to refinance existing bank debt that supports Green Assets owned by members of the Argosy Group.
Offer Opening, Closing Dates and Issue Date	See Section 2 of this PDS (Key dates and Offer process).
Structure of the Offer	<p>The Offer consists of:</p> <ul style="list-style-type: none"> • the Priority Offer of up to NZ\$10 million, which is only open to New Zealand Retail Shareholders; and • the General Offer of up to NZ\$65 million (plus up to NZ\$25 million of oversubscriptions at Argosy's discretion), which is open to all investors resident in New Zealand.
Offer process	<p>All Green Bonds offered under the Priority Offer will be reserved for New Zealand Retail Shareholders. If any amount of the Priority Offer is not taken up by the relevant Closing Date, Argosy may reallocate up to a corresponding amount to the General Offer at its absolute discretion.</p> <p>There is no public pool for the Green Bonds offered under the General Offer. All Green Bonds offered under the General Offer, including oversubscriptions, will be reserved for subscription by clients of the Joint Lead Managers and other persons invited to join the Bookbuild.</p>
Allocation of Green Bonds	<p>Argosy may scale applications under the Priority Offer at its discretion.</p> <p>If a Bookbuild participant receives an allocation of Green Bonds in the Bookbuild, the allocation of those Green Bonds to that participant's clients is determined by the participant, and not Argosy.</p>
How to apply	<p>Application instructions are set out in Section 13 of this PDS (How to apply).</p> <p>Argosy reserves the right to refuse all or any part of any application for Green Bonds under the Offer without giving a reason.</p>
Early bird interest	<p>Argosy will pay you interest on your application money at the Interest Rate (less any applicable withholding taxes) for the period from (and including) the date on which your application money is banked to (but excluding) the Issue Date. Argosy will pay the early bird interest within 5 Business Days of the Issue Date, unless your application money is returned for any reason.</p> <p>If your application is refused or accepted in part only or the Offer is withdrawn, no early bird interest will be paid on the application money returned to you.</p>
Issue Price	Each Green Bond is issued at par (NZ\$1.00 per Green Bond).
Minimum application amount	NZ\$5,000 and in multiples of NZ\$1,000 thereafter.
Refunds	If Argosy does not accept an application (whether because of late receipt or otherwise) or accepts an application under the Offer in part only, all or the relevant balance of the application monies received in respect of that application will be repaid to the applicant (without interest) as soon as practicable and, in any event, within 5 Business Days of the Issue Date.
No underwriting	The Offer is not underwritten.
Brokerage	<p>You are not required to pay brokerage or any charges to Argosy in relation to applications under the Offer. However, you may have to pay brokerage:</p> <ul style="list-style-type: none"> • if your application is made under the Priority Offer, to the financial intermediary (if you use one) who submits your application; or • if your application is made under the General Offer, to the Bookbuild participant from whom you receive an allocation of Green Bonds.
Quotation	<p>Argosy intends to quote the Green Bonds on the NZX Debt Market. NZX ticker code ARG010 has been reserved for the Green Bonds.</p> <p>NZX takes no responsibility for the content of this PDS. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the FMC Act.</p>
Further bonds	Argosy is able to issue further bonds and incur other financial indebtedness without the consent of Holders on such terms and conditions as Argosy may from time to time determine provided that Argosy continues to comply with the financial covenants in the Trust Deed.

Selling restrictions	The Offer is subject to the selling restrictions contained in Section 9 of this PDS (Selling restrictions). By subscribing for Green Bonds, each investor agrees to indemnify Argosy, the Supervisor, the Registrar, the Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of the investor breaching the selling restrictions contained in Section 9 of this PDS (Selling restrictions).
Governing law	The Green Bonds, the Trust Deed, the Security Trust Deed, the General Security Deed, the Mortgages, this PDS and the contract which is formed when Argosy accepts your application are governed by New Zealand law.

3.3 Trading your Green Bonds on the NZX Debt Market

Argosy intends to quote the Green Bonds on the NZX Debt Market. To be eligible to trade your Green Bonds on the NZX Debt Market, you must have an account with a Primary Market Participant, a common shareholder number or CSN and an authorisation code. If you do not have an account with a Primary Market Participant, you should be aware that opening an account can take a number of days depending on the Primary Market Participant's new client procedures.

If you do not have a CSN, you will be automatically assigned one. If you do not have an authorisation code, it is expected that you will be sent one by the Registrar. If you have an account with a Primary Market Participant and have not received an authorisation code by the date you want to trade your Green Bonds, your Primary Market Participant can arrange to obtain your authorisation code from the Registrar. Your Primary Market Participant will be charged a fee for requesting your authorisation code from the Registrar and may pass this cost on to you.

You may only transfer your Green Bonds in multiples of NZ\$1,000 in aggregate Face Value and after any transfer you and the transferee must each hold Green Bonds with an aggregate Face Value of at least NZ\$5,000 (or no Green Bonds).

You will likely have to pay brokerage on any transfer of Green Bonds you make through a Primary Market Participant.

3.4 Trust Deed

The terms and conditions of the Green Bonds are set out in the Master Trust Deed, as amended and supplemented by the Supplemental Trust Deed. Holders are bound by, and are deemed to have notice of, the Trust Deed (being the Master Trust Deed as amended and supplemented by the Supplemental Trust Deed).

The terms of the guarantee and the security interests are set out in the Security Trust Deed, the General Security Deed and the Mortgages.

If you require further information in relation to the Trust Deed, the Security Trust Deed, the General Security Deed or the terms of the Mortgages, you may obtain copies of those documents from the Disclose register at www.disclose-register.companiesoffice.govt.nz

04. Purpose of the Offer

Argosy acknowledges that its activities can have an impact on the natural environment. Argosy is committed to managing and reducing the consequences of those activities, including by investing in Green Assets. The proceeds of the Offer are intended to be used to refinance existing bank debt that supports Green Assets. This will not change irrespective of the total amount that is raised. The funds from the Green Bonds may be internally allocated to other Green Assets in accordance with the Green Bond Framework. Under the Green Bond Framework, any proceeds that are not internally allocated to Green Assets will be temporarily invested in assets such as cash or cash equivalents. Argosy has developed and adopted the Green Bond Framework to ensure that, as at the date of this PDS, its processes for identifying Green Assets and managing the use of the proceeds of the Green Bonds are consistent with the Green Bond Principles. See Section 5.2 of this PDS (Compliance with the Green Bond Principles).

The Offer is not underwritten.



05. Key features of Green Bonds

5.1 General

A number of the key features of the Green Bonds are described in Section 3 of this PDS (Terms of the Offer). Other key features of the Green Bonds and further detail about some of the key features described in Section 3 of this PDS (Terms of the Offer) are described below. Copies of the Trust Deed, the Security Trust Deed, the General Security Deed and the terms of the Mortgages are included on the Disclose register.

5.2 Compliance with the Green Bond Principles

To confirm the integrity of the Green Bonds as a “green” instrument, Argosy has ensured that, as at the date of this PDS, the Green Bonds comply with the “**Green Bond Principles**”. The Green Bond Principles are voluntary process guidelines for issuing green bonds published by the International Capital Markets Association or ICMA. They may be amended by ICMA. As at the date of this PDS, the Green Bond Principles establish four core components for an instrument to be considered to be a green bond:

- Use of proceeds: The proceeds of the green bond must be used to finance or refinance assets or other projects that have clear environmental benefits.
- Process for project evaluation and selection: The issuer should provide clear information to investors about the issuer’s environmental sustainability objectives; the process for evaluating eligible projects; and the eligibility criteria.
- Management of proceeds: The issuer should have internal processes to track and attest to the use of the proceeds of the green bond.
- Reporting: The issuer should make, and keep, readily available up to date information on the use of the proceeds of the green bond.

The Green Bond Principles also recommend the use of an auditor or other third party to verify the issuer’s process for project evaluation and selection and the management of proceeds.

Argosy has developed and adopted the Green Bond Framework to address these principles. Ernst & Young Limited (**EY**) has provided an independent third party review of the Green Bond Framework against the Green Bond Principles. Following that review, EY has issued a reasonable assurance report to Argosy, advising that Argosy’s pre-issuance process in relation to the Green Bonds (as described in the Green Bond Framework) meets the requirements of the Green Bond Principles in all material respects.

EY has consented to statements regarding its role in relation to the Green Bonds and the confirmations given in the reasonable assurance report issued by EY being included in this PDS and the Disclose register.

Set out below is a summary of the way in which the Green Bond Framework addresses the Green Bond Principles as at the date of this PDS. Argosy may amend the Green Bond Framework from time to time. Any amendments to the Green Bond Framework would apply to these Green Bonds. There is, however, no obligation on Argosy to comply with the Green Bond Framework or the Green Bond Principles on an ongoing basis.

See “Reporting” below as to where you can access a copy of the Green Bond Framework.

Use of proceeds

As described in Section 4 of this PDS (Purpose of the Offer), the proceeds of the Green Bonds are intended to be used to refinance existing bank debt that supports Green Assets. Those funds may be internally allocated to other Green Assets in accordance with the Green Bond Framework. Under the Green Bond Framework, any proceeds that are not internally allocated to Green Assets will be temporarily invested in assets such as cash or cash equivalents.

Evaluation and selection of Green Assets

The Green Bond Framework assesses the environmental sustainability of the Argosy Group’s properties by reference to independent ratings issued under two standards administered by the New Zealand Green Building Council. The standards are the New Zealand Green Building Council’s Green Star ratings and NABERSNZ ratings (a New Zealand adaptation of the National Australian Building Environmental Rating System).

Green Star ratings may be issued in relation to a new building or a major refurbishment of an existing building and may be issued on a “design” basis or a “built” basis.

The NABERSNZ criteria look solely at energy performance, and are used once buildings are occupied and operating for a year or more.

Both ratings standards have a maximum of 6 stars.

To be eligible to be a Green Asset under the Green Bond Framework, the project or building must be certified as obtaining:

- a Green Star “Built” rating of at least 4-Stars; or
- a NABERSNZ “Energy Base Building Rating” or “Energy Whole Building Rating” of at least 4-Stars,

or be targeting one of those ratings.

Management of proceeds

The Green Bond Framework provides that Argosy will use its existing internal information systems to record the receipt and internal allocation of the proceeds of the Green Bonds to Green Assets. Any proceeds that are not internally allocated to Green Assets will be temporarily invested in assets such as cash or cash equivalents.

Reporting

The Green Bond Framework provides for Argosy to:

- publish semi-annual use of proceeds reports at the same times that it reports on its half and full year financial results; and
- report on any changes to the Green Bond Framework as soon as practicable after those changes are made.

The Green Bond Framework also provides for these reports, the Green Bond Framework and any updated Green Bond Framework to be available on Argosy's website, www.argosy.co.nz/investor-centre/greenbondframework.

The Green Bond Framework and initial use of proceeds report, as at the date of this PDS, is also available on the Disclose register.

In addition, the Green Bond Framework provides that an annual assurance process will be undertaken by an independent third party assurance provider to confirm that the Green Assets continue to meet the Green Bond Principles and the requirements as set out in the Green Bond Framework. As at the date of this PDS, the independent third party assurance provider is EY.

If:

- Argosy fails to comply with the Green Bond Framework;
- Argosy or any Green Asset fails to comply with any environmental laws and standards;
- the Green Bonds cease to satisfy the Green Bond Principles; or
- Argosy fails to notify Holders that the Green Bonds cease to comply with the Green Bond Framework or the Green Bond Principles,

then:

- no Event of Default will occur in relation to the Green Bonds; and
- neither you nor Argosy have any right for the Green Bonds to be repaid early.

This means there is no obligation on Argosy to comply with the Green Bond Framework or the Green Bond Principles on an ongoing basis.

5.3 Events of Default

Your Green Bonds may only become repayable before the Maturity Date if an "Event of Default" occurs.

The Events of Default are set out in the Trust Deed and, in summary, include events such as:

- Argosy does not pay amounts on the Green Bonds when due;
- Argosy does not comply with any of its other material obligations under the Trust Deed;
- Argosy makes a material misrepresentation under the Trust Deed;
- an insolvency event occurs in relation to Argosy or a Guaranteeing Subsidiary;
- indebtedness of Argosy or a Guaranteeing Subsidiary of more than NZ\$2 million (in total) is not paid when due or becomes repayable early because of a default;

- a Guaranteeing Subsidiary does not comply with its material obligations under the guarantee granted under the General Security Deed; or
- Argosy fails to remedy a breach of the loan to value ratio within the grace periods set out in the Trust Deed. The grace periods are described under the heading "Restrictions on creating further secured liabilities" in Section 5.4 of this PDS (Ranking and security).

This summary does not cover all of the Events of Default or provide full details of the Events of Default. For example, in some cases, the Events of Default are subject to thresholds or allow grace periods for the event to be remedied. See Condition 7.1 of the Trust Deed for full details of the Events of Default.

If an Event of Default occurs, the Supervisor will give written notice to Argosy, declaring that the Face Value of the Green Bonds, together with accrued but unpaid interest is immediately due and payable if:

- the Supervisor exercises its discretion to do this; or
- the Supervisor is directed to do this by a Special Resolution.

If this occurs, Argosy will need to repay you the Face Value of your Green Bonds, together with accrued but unpaid interest to the date of repayment.

As described in more detail below in Section 5.4 of this PDS (Ranking and security), Argosy's obligations under the Green Bonds are:

- guaranteed by the Guaranteeing Subsidiaries; and
- secured against the property of Argosy and the Guaranteeing Subsidiaries.

However, the guarantee and security interests are shared with the other Secured Parties as described in that section and can only be enforced in accordance with the Security Trust Deed.

5.4 Ranking and security

Ranking

The Green Bonds constitute secured obligations of Argosy. In a liquidation of Argosy, your claim for payment of the Face Value of your Green Bonds and accrued interest will rank:

- behind holders of prior-ranking security interests and holders of claims on Argosy that are preferred by law;
- equally with claims of other Holders and holders of other secured claims on Argosy that rank equally with the Green Bonds; and
- ahead of claims of holders of lower ranking secured claims, holders of unsecured claims on Argosy and shareholders.

Argosy's obligations under the Green Bonds are supported by the guarantees and security interests granted by the Guaranteeing Subsidiaries. As those Guaranteeing Subsidiaries hold materially all of the assets of the Argosy Group, it is important to understand where the Green Bonds would rank in a liquidation of the Argosy Group as well. The following diagram shows how the liabilities of the Argosy Group, including the Green Bonds, rank in the liquidation of the Argosy Group. The diagram does not describe every type of liability or security that the Argosy Group may have over the term of the Green Bonds.

	Ranking on a liquidation of the Argosy Group	Type of obligation	Amount of existing liabilities and equity of the Argosy Group ¹
Higher ranking	Liabilities that rank in priority to the Green Bonds ²	Prior ranking secured obligations and creditors preferred by law (for example, certain amounts payable to the Inland Revenue)	NZ\$0.5 million
	Liabilities that rank equally with the Green Bonds (including the Green Bonds) ³	Secured obligations (for example: The Green Bonds Amounts outstanding under a loan facility provided by certain financial institutions Certain derivative transactions, such as interest rate swaps)	NZ\$641.5 million
Lower ranking	Liabilities that rank below the Green Bonds	Unsecured obligations (for example, general creditors)	NZ\$21.9 million
	Equity ⁴	Ordinary shares and retained earnings	NZ\$967.9 million

Basis of preparation of table

- The amounts in this table are based on Argosy's half-year financial statements prepared as at 30 September 2018 but adjusted to assume NZ\$100 million (including NZ\$25 million of oversubscriptions) of Green Bonds are issued under the Offer and that the proceeds of the Green Bonds are applied to refinance existing bank debt that supports Green Assets. The final size of the Offer will not materially impact the amounts in this table because the proceeds of the Green Bonds are intended to be applied to refinance existing bank debt that supports Green Assets. Amounts are subject to rounding adjustments.
- Liabilities that rank in priority to the Green Bonds on a liquidation include certain amounts payable to the Inland Revenue and employees. There are typically other liabilities which arise when a company is in liquidation which are not possible to foresee and cannot therefore be quantified.
- The Green Bonds rank equally with the existing bank debt that is intended to be refinanced with the proceeds of the Offer. The amounts in this table assume that the proceeds of the Green Bonds are applied to refinance existing bank debt that supports Green Assets. Accordingly:
 - the amount of the liabilities that rank equally with the Green Bonds as set out in the table above, which assumes NZ\$100 million (including NZ\$25 million of oversubscriptions) of Green Bonds are issued, is the same as
 - the amount of the liabilities that would rank equally with the Green Bonds as stated in Argosy's half-year financial statements prepared as at 30 September 2018.
- The amount of equity stated in the table above includes an amount in relation to Argosy's existing financial products that are quoted on NZX, being Argosy's ordinary shares.

Security granted by Argosy

Argosy has granted security interests over all of its property (except any property held by it as trustee) in favour of NZGT Security Trustee Limited as Security Trustee.

As the parent company of the Argosy Group, Argosy's only significant property is the shares that it holds in the Guaranteeing Subsidiaries and intercompany loans made to members of the Argosy Group. That is, all of the Argosy Group's property assets are owned by Guaranteeing Subsidiaries. However, as discussed below under the heading "Guarantees", the Guaranteeing Subsidiaries have also granted security interests, including Mortgages over the Mortgaged Property Assets, to the Security Trustee.

The Security Trustee holds those security interests on trust for the Secured Parties. As at the date of this PDS, the Secured Parties are:

- the Holders;
- the Supervisor (in respect of its fees and costs);
- certain financial institutions who provide lending facilities and derivatives to Argosy;
- the facility agent under Argosy's bank lending documents;
- the Security Trustee (in respect of its fees and costs); and
- any predecessor Security Trustee (in relation to its continuing rights of indemnity).

However, other persons may become Secured Parties in the future.

The amount of Argosy's liabilities that are secured in favour of the Security Trustee is NZ\$641.5 million. When the value of Argosy's Secured Assets and the Guaranteing Subsidiaries' Secured Assets is taken into account, the total value of the property secured in relation to those liabilities is NZ\$1,641.2 million. These amounts are based on Argosy's half-year financial statements prepared as at 30 September 2018 but adjusted to assume NZ\$100 million (including NZ\$25 million of oversubscriptions) of Green Bonds are issued under the Offer. The issue of the Green Bonds does not impact on the amount of Argosy's secured liabilities as the proceeds of the Green Bonds are intended to be applied to refinance existing bank debt that supports Green Assets.

The documents that create or govern the security interests granted by Argosy are:

- the Security Trust Deed; and
- the General Security Deed, which creates a security interest over all of Argosy's property (except any property held by it as trustee).

As at the date of this PDS, Argosy has not granted a general security interest over its property in favour of any other creditor. However as described below under the heading "Restrictions on creating further secured liabilities", Argosy is permitted to grant security interests to other creditors in certain limited circumstances.

The Security Trustee may release the security interests held over Secured Assets in certain circumstances without the consent of Holders. However, it can only release security if it will not cause a breach of the terms of the Green Bonds or the terms of any other secured indebtedness (for example, the loan to value ratio described below under the heading "Restrictions on creating further secured liabilities").

Guarantees

The Guaranteing Subsidiaries, being Argosy Property Management Limited, Argosy Property No.1 Limited and Argosy Property No.3 Limited, have granted an unconditional and unlimited guarantee of Argosy's obligations under the Green Bonds.

Each Guaranteing Subsidiary has granted security interests over all of its property (except any property held by it as trustee) in favour of the Security Trustee to secure all of its obligations under the guarantee. The Secured Assets of the Guaranteing Subsidiaries includes the Mortgaged Property Assets and rights under contracts relating to the Mortgaged Property Assets (for example, rights to lease payments) and insurance proceeds.

As at the date of this PDS, all of the Green Assets of the Argosy Group are held by Argosy Property No.1 Limited.

The documents that create or govern the security granted by each Guaranteing Subsidiary are:

- the Security Trust Deed;
- the General Security Deed, which creates a security interest over all of the Guaranteing Subsidiary's property (except any property held by it as trustee). As at the date of this PDS, only Argosy Property No.1 Limited holds property on trust, being retention moneys in relation to construction contracts; and

- the Mortgages granted by Argosy Property No.1 Limited, being first ranking registered mortgages over all of the land (including the buildings and other fixtures on that land) owned by the Guaranteing Subsidiaries.

Having regard to the Secured Assets of the Guaranteing Subsidiaries together (including the Mortgaged Property Assets), the Secured Assets are sufficient and are reasonably likely to be sufficient to:

- pay all amounts that may become owing under the guarantee; and
- pay all other secured liabilities that rank equally with or in priority to each Guaranteing Subsidiary's obligations under the guarantee.

All of the Guaranteing Subsidiaries are part of the Argosy Group.

Security Trust Deed

The Security Trustee holds the security interests for the benefit of all of the Secured Parties and the security interests can only be enforced in accordance with the Security Trust Deed. The Supervisor represents the Holders in relation to the Security Trust Deed (that is, individual Holders do not participate in the administration of the Security Trust Deed).

In summary:

- if an event of default occurs under any of the secured liabilities (for example, an Event of Default (see Section 5.3 of this PDS (Events of Default))), the affected Secured Party must notify the Security Trustee, who then notifies the other Secured Parties (or their representatives). A 15 business day consultation process is undertaken with a view to the Secured Parties agreeing whether to enforce the security interests and, if so, what steps to take.
- If the Secured Parties are not in agreement following such consultation process, each specified group of Secured Parties has rights to direct the Security Trustee to enforce the security interests in certain circumstances. For example, the facility agent under Argosy's bank lending documents can direct the Security Trustee to enforce the security interests if any "Event of Default" as defined in the bank lending document occurs. In addition, the Supervisor can direct the Security Trustee to enforce the security interests if:
 - Argosy has failed to pay amounts due on the Green Bonds and does not remedy that default within the relevant grace period;
 - Argosy is required to repay more than NZ\$2 million (in total) of other indebtedness before its ordinary due date because of a default;
 - the loan to value ratio (described below under the heading "Restrictions on creating further secured liabilities") has been breached and has not been remedied within the relevant grace periods; or
 - any other Event of Default under the Green Bonds occurs that Argosy has notified the Security Trustee that it, the Supervisor and the facility agent under Argosy's bank lending documents have designated as a major bond default event. No additional major bond default events have been designated in relation to the Green Bonds.

However, if the Security Trustee receives conflicting instructions from other Secured Parties, it can only act on the instructions of a majority by value of the Secured Parties.

If the security interests are enforced, the proceeds of the Secured Assets are distributed:

- first, to the Security Trustee and its predecessors in and towards payment of all fees, costs and other amounts payable to the Security Trustee or its predecessors under the Security Trust Deed;
- second, in and towards the costs and expenses of any receiver appointed in respect of the Secured Assets;
- third, to the Secured Parties on a pro rata basis; and
- fourth, if any surplus remains, to Argosy and/or the Guaranteeing Subsidiaries.

In general, the Security Trustee may only agree to amend the Security Trust Deed, the General Security Deed and the Mortgages or grant a waiver or consent under those documents if directed to do so by a majority of the Secured Parties. The majority is determined by calculating:

- the total principal amount of secured indebtedness outstanding to each Secured Party involved in making the relevant decision,

as a proportion of;

- the total principal amount of secured indebtedness outstanding under the Security Trust Deed at the relevant date,

although, in some cases, the calculation of the total principal amount of secured indebtedness includes the maximum principal amount of secured indebtedness that the relevant Secured Party is committed to make available, even if it is not outstanding at that time. Secured Parties holding at least 50.1% of the secured indebtedness can form the necessary majority.

As at the date of this PDS, Argosy's bank lending facility is for a principal amount of NZ\$650 million, meaning that Argosy's bank lenders can form the required majority. However, if a proposed amendment, waiver or consent would have a material adverse effect on the holders of bonds issued by Argosy (including Holders) compared to the effect it has on other Secured Parties, the majority must include the Supervisor (as representative of the holders of bonds issued by Argosy).

The Security Trust Deed contains a number of other important terms. These terms include:

- the role of the Security Trustee;
- the powers and duties of the Security Trustee;
- the rule that Holders may only enforce their rights under the Security Trust Deed through the Supervisor;
- the rule that the Supervisor may only enforce the guarantee and security interests through the Security Trustee;
- the process for replacement of the Security Trustee; and
- the right of the Security Trustee to be indemnified.

Restrictions on creating further secured liabilities

The Argosy Group can, at any time after the Issue Date, create further liabilities that rank equally with or in priority to the Green Bonds. These liabilities could, for example, be other secured bonds. However, there are covenants in the Trust Deed and in Argosy's bank lending documents that have the effect of restricting the Argosy Group's ability to create further secured liabilities that rank equally with or in priority to the Green Bonds.

Where those covenants are set out in Argosy's bank lending documents, those covenants are not terms of the Green Bonds so you do not have the benefit of these. They may also be amended or waived by the bank lenders (or expire if the bank lending facilities terminate before the Maturity Date).

Loan to value ratios

Both the Trust Deed and Argosy's bank lending documents contain a loan to value ratio. These ratios limit the ability of the Argosy Group to borrow money that is secured over the Secured Assets by broadly requiring Argosy to ensure that, at all times, the total principal amount of all indebtedness that is secured by the Secured Assets is not more than 50% of the Mortgaged Property Value. As at 30 September 2018, Argosy's loan to value ratio was 37.9%.

If Argosy breaches the loan to value ratio in its bank lending documents, it may be required to provide additional security interests or reduce the secured indebtedness. If Argosy fails to take the required actions within the specified time, an event of default will occur under Argosy's bank lending documents.

If Argosy breaches the loan to value ratio under the Trust Deed, it must remedy the breach within 6 months of the time that the non-compliance is required to be reported to the Supervisor. If Argosy does not meet this covenant after that 6 month period, Argosy must notify the Supervisor and all Holders of the breach, together with its plan to remedy the breach. If Argosy is still in breach of this covenant after an additional 6 month period, an Event of Default occurs.

Promise to not grant security interests

Under both the Trust Deed and Argosy's bank lending documents, Argosy agrees not to grant, or permit to exist, any other security interests over its property or the property of the Guaranteeing Subsidiaries. Under the Trust Deed, this promise only relates to Mortgaged Property Assets and any accounts receivable derived from, or insurance proceeds related to, the Mortgaged Property Assets. Under Argosy's bank lending documents, this promise relates to all property owned by Argosy or a Guaranteeing Subsidiary. However, there are a number of exceptions under Argosy's bank lending documents which allow Argosy and the Guaranteeing Subsidiaries to grant other security interests in certain circumstances. For example:

- if the bank lenders agree;
- certain security interests that arise by operation of law;
- netting, set-off and margin arrangements entered into in the ordinary course of banking and hedging arrangements; and
- other security interests provided that the total amount secured by any of these permitted security interests does not exceed 5% of the total tangible assets of the Argosy Group.

Other restrictions in Argosy's bank lending documents

Argosy's bank lending documents contain other covenants that limit the ability of Argosy and the Guaranteeing Subsidiaries to create further secured liabilities. Those covenants are:

- a general restriction on incurring indebtedness for borrowed money other than:
 - capital markets or bank lending facilities provided that there is no breach of the financial covenants that have been agreed with the existing bank lenders; or
 - indebtedness that is secured by a permitted security interest;

- a restriction on incurring secured indebtedness on more favourable terms than the existing bank lending facility without the existing bank lenders' consent;
- a general restriction on granting guarantees other than a guarantee relating to any permitted indebtedness or a guarantee incurred in the ordinary course of business that does not relate to indebtedness for borrowed money; and
- an "interest cover ratio" under which Argosy agrees to ensure that (when calculated at the end of each quarter during its financial year) EBIT of Argosy Group is at least two times the interest and financing costs of the Argosy Group, in each case, for the 12 month period ending on that date. For this purpose, "EBIT" is net profit before interest and financing costs and taxes (and subject to certain adjustments, for example to exclude certain gains or losses on the sale or revaluation of land).

5.5 Distribution stopper

Under the Trust Deed, Argosy agrees that it will not make any distributions (for example, dividends payable to shareholders) if an Event of Default has occurred and is continuing, or would occur as a result of making that distribution.

5.6 Amendments to the Trust Deed

Argosy and the Supervisor are able to amend the Trust Deed without the approval of Holders if Argosy and the Supervisor are satisfied that the amendment does not have a material adverse effect on the Holders. The Trust Deed may also be amended if the amendment is approved by a Special Resolution. Amendments made in accordance with the Trust Deed are binding on you even if you did not agree to them.

5.7 Other relevant information about the Trust Deed

The Trust Deed also contains a number of standard provisions, including terms relating to:

- the role of the Supervisor and the powers and duties of the Supervisor;
- the process for replacement of the Supervisor; and
- the right of the Supervisor to be indemnified.



06. Risks of investing

6.1 Introduction

This Section 6 describes potential risks associated with an investment in the Green Bonds, being:

- general risks associated with an investment in the Green Bonds; and
- significant specific risks relating to Argosy's creditworthiness.

The selection of risks relating to Argosy's creditworthiness has been based on an assessment of a combination of the probability of a risk occurring and the impact of the risk if it did occur. This assessment is based on the knowledge of the directors of Argosy as at the date of this PDS. There is no guarantee or assurance that the significance of risks will not change or that other risks will not arise over time.

Where practicable, the Argosy Group seeks to implement risk mitigation strategies to manage the exposure to certain of the risks outlined below, although there can be no assurance that such arrangements will fully protect the Argosy Group from such risks.

Investors should carefully consider these risk factors (together with the other information in this PDS) before deciding to invest in the Green Bonds.

This summary does not cover all of the risks of investing in the Green Bonds.

The statement of risks in this Section 6 does not take account of the personal circumstances, financial position or investment requirements of any particular investor. It is important, therefore, that before making any investment decision, investors give consideration to the suitability of an investment in the Green Bonds in light of their individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

6.2 General risks

An investment in the Green Bonds is subject to the following general risks:

Risk of insolvency of Argosy

The risk that Argosy becomes insolvent and is unable to meet its obligations under the Green Bonds. In those circumstances, you may not be paid interest on, or repaid the Face Value of, your Green Bonds when due or at all.

Market risks associated with the Green Bonds

If you wish to sell your Green Bonds before the Maturity Date, there is the risk that you are unable to find a buyer or that the amount you receive is less than the amount you paid for the Green Bonds.

The market price of the Green Bonds may fluctuate up or down and the Green Bonds may trade below their Face Value

The market price of the Green Bonds on the NZX Debt Market may fluctuate due to various factors. The Green Bonds may trade at a market price below their Face Value. This means that you may lose some of the money you invested if you wish to sell

your Green Bonds at a time when the market price of the Green Bonds is lower than the Face Value.

The liquidity of the Green Bonds may be low

The market for the Green Bonds may not be liquid and may be less liquid than that of other comparable securities issued by other issuers.

If liquidity is low, there is a risk that if you wish to sell your Green Bonds prior to the Maturity Date, you may not be able to do so when you want to at an acceptable price, or at all.

The Interest Rate may become less attractive compared to returns on other investments

The Interest Rate on the Green Bonds will be fixed for the term of the Green Bonds. The Interest Rate may become less attractive compared to returns on other investments during the term of the Green Bonds.

6.3 Specific risks relating to Argosy's creditworthiness

The Argosy Group is exposed to a number of risks that may affect the business of the Argosy Group and therefore the financial performance and creditworthiness of Argosy.

The circumstances that Argosy is aware of that exist or that are likely to arise that significantly increase the risk that payments may not be made on the Green Bonds when due are described below. The assessment of these circumstances is based on the business of the Argosy Group as conducted as at the date of this PDS. If the nature or scope of this business changes, other circumstances or events could give rise to this risk.

Changes affecting the valuation and income of the Argosy Group's property assets

Argosy is subject to the prevailing property market conditions in New Zealand, and in particular Auckland and Wellington, where 95% of the Argosy Group's property assets (by valuation) are located (based on Argosy's half-year financial statements prepared as at 30 September 2018). The Argosy Group's revenues (and therefore, Argosy's revenues) are highly dependent on rental income from the Argosy Group's property assets, which are the Argosy Group's primary source of income. Accordingly, adverse changes in property market conditions could have a negative impact on market rental returns from, or the market value of, the Argosy Group's property assets.

A reduction or interruption in rental income from the Argosy Group's property assets caused by such adverse changes could materially negatively impact on the Argosy Group's financial performance.

In addition, as an individual property's value is significantly influenced by the net rental return from that property, a reduction or interruption in rental income could also negatively impact on the Argosy Group's net worth. If such changes are sustained and significant, they could put Argosy at risk of breaching financial covenants under the Trust Deed or its bank lending documents and may result in the Argosy Group needing to sell properties in unfavourable market conditions.

Adverse changes in the property market could arise from a number of factors, including in relation to Argosy:

- changes in economic or credit conditions which affect occupancy demands, particularly in Auckland or Wellington, having regard to the concentration of the Argosy Group's properties in those centres;
- changes in business conditions leading to the bankruptcy, liquidation or closure of one or more of Argosy's major tenants. As at 30 September 2018, Argosy's top 10 major tenants (other than government administration tenants) made up approximately 27.0% of Argosy's rental income. Argosy's government administration tenants constitute approximately 24.9% of Argosy's rental income as at 30 September 2018;
- the seismic resilience rating of the properties, and tenants' perceptions of their adequacy (thereby affecting the attractiveness and likely rental payable in connection with those properties). In particular, recent changes in the way compliance with building standards is assessed may result in material capital expenditure to strengthen buildings. For example, following recent assessment, it is expected that approximately \$20 million will be required to strengthen the building at 7 Waterloo Quay to maximise leasing potential; and
- new health and safety regulations (such as in relation to asbestos and hazardous substances) may result in material capital expenditure in order to ensure Argosy's buildings comply with new requirements. For example, Argosy has additional obligations in relation to asbestos under the Health and Safety at Work (Asbestos) Regulations 2016 as the transitional provisions under these regulations ended on 4 April 2018.

Insurance and natural disaster risks

A natural disaster affecting the New Zealand property market, in particular Auckland or Wellington may affect a large percentage of the Argosy Group's property assets. For example, the Argosy Group's property assets (by valuation) are concentrated in Auckland (approximately 71% as at 30 September 2018) and Wellington (approximately 24% as at 30 September 2018). Wellington in particular has been affected by recent earthquakes. The Kaikoura earthquake in November 2016 damaged the property at 7 Waterloo Quay, Wellington, and has contributed to Argosy reducing the value of that property from NZ\$101.25 million as at 31 March 2016 to NZ\$87.7 million as at 30 September 2018. If another natural disaster occurred that was centred in Auckland or Wellington, a significant portion of Argosy's property assets could be impacted.

In the context of a natural disaster, Argosy arranges comprehensive material damage, business interruption and public and statutory liability insurance covering its property assets and uses policy specifications and insured limits customarily carried for similar asset portfolios in New Zealand. However, some types of losses (such as earthquake and volcanic eruption) are subject to higher deductibles. The insurance programme is renewed annually and the scope of insurance will be dependent on a number of factors such as the continued availability of cover, the nature of the risks to be covered, extent of the proposed coverage and the costs involved.

There is a risk that insurance proceeds may not cover all of the costs resulting from an insurable event, that insurance claims may be disputed after an insurable event, or that such an event makes subsequent insurance cover difficult or costly to obtain.

For example, Argosy is currently submitting material damage and business interruption claims under its insurance policy in respect of 7 Waterloo Quay, Wellington, which suffered damage as a result of the Kaikoura earthquake in November 2016.

Argosy commissioned a comprehensive damage survey of 7 Waterloo Quay, and detailed damage assessment reports were provided to insurers in May 2018. Argosy envisaged that the damage reports may be updated, based on Argosy's advisors' experience that additional earthquake damage may become apparent. More recently, detailed reinstatement scope reports were completed by Argosy's expert consultants and these have been provided to Argosy's insurers. As at the date of this PDS, Argosy is engaged in an exercise to quantify the cost to repair the damage. Argosy expects that this process will be completed in 2019 to enable a material damage claim to be submitted to insurers. Argosy also has business interruption insurance, which is expected to cover loss of rents and certain additional expenses until mid-November 2018, being a period of two years from the date of the earthquake.

There is no guarantee that all material damage and business interruption claims will be recovered from insurers. A reduction or interruption in rental income from the Argosy Group's properties caused by any of these factors could materially negatively impact on the Argosy Group's financial performance.

In addition, a reduction in the market value of Argosy's property assets (whether from reduced rental returns or other market factors) could negatively impact Argosy's net worth. If such changes are sustained and significant, they could put Argosy at risk of breaching financial covenants under the Trust Deed or its bank lending documents and may result in the Argosy Group needing to sell properties in unfavourable market conditions.

Development of properties

Development of properties is an important component of Argosy's business. As at the date of this PDS, Argosy is undertaking the development or refurbishment of a number of properties, for example 180 Hutt Rd, Wellington and Stewart Dawsons Corner, Wellington. As at 30 September 2018, the properties on which Argosy was considering undertaking development or refurbishment in the future comprised 74% of the Argosy Group's property assets (by valuation). However, the percentage of the Argosy Group's property assets in respect of which Argosy is considering development or refurbishment can and does change from time to time.

Risks in relation to development, refurbishment and capital works programmes include industrial disputes, inclement weather, labour and materials supply shortages, design risks, health and safety issues, escalating construction costs, construction difficulty, delays or default by a construction contractor, the inability to contract with construction contractors on the terms anticipated, including as to cost and timeframe and the existence of latent liabilities, such as asbestos or other hazardous materials. Regulatory risks associated with planning approvals and changes in planning legislation could also affect Argosy's ability to complete a development in a timely manner. If Argosy is unable to complete a development in a timely manner, then additional costs or claims may arise as a result of a development.

There is also the risk that tenants will not be obtained for the development space, or that a tenant may default or make claims in relation to disruption. In addition, risks associated with land development, infrastructure and below ground services may exist which cannot be fully quantified until site works

commence. If Argosy is unable to obtain or maintain a tenant for the development space, then a reduction or interruption in rental income may arise.

If such costs or claims, or reduction or interruption in rental income, are significant, these could materially negatively impact on the Argosy Group's financial performance. In addition, a reduction or interruption in rental income could also negatively impact on the Argosy Group's net worth. If such reduction or interruption are sustained and significant, they could put Argosy at risk of breaching financial covenants under the Trust Deed or its bank lending documents and may result in the Argosy Group needing to sell properties in unfavourable market conditions.

Before undertaking any refurbishment, expansion or development proposal, Argosy evaluates identified risks associated with that particular project, and then plans and implements mitigation measures designed to manage those risks within acceptable levels.

Funding risk

Argosy has a high degree of dependency on external funding sources. Such funding often requires compliance with financial covenants, breach of which may have a significant impact on Argosy's ability to maintain sufficient funding. If any of the risks described in this section occur and are sustained and significant, Argosy could be put at risk of breaching such covenants. Argosy may in turn be forced to sell properties to reduce its debt, and its financial condition may be significantly negatively affected.

One of these financial covenants is the loan to value ratio. Argosy seeks to maintain a moderate level of debt with

headroom under its loan to value ratio. As at 30 September 2018, Argosy's loan to value ratio was 37.9%. As described under the heading "Loan to value ratios" in Section 5.4 of this PDS (Ranking and security), Argosy is required to ensure that Argosy's loan to value ratio is not more than 50%.

Argosy is required to refinance existing debt facilities from time to time. As at the date of this PDS, Argosy's bank lending facility (subject to any extension granted by the relevant financial institutions) is due for repayment partly in 2020 and partly in 2021, which is prior to the Maturity Date. This exposes Argosy to the risk that funding may not be available (or available on commercially acceptable terms) to refinance existing debt as and when required.

The availability of sufficient external funding depends on a number of factors which may be out of Argosy's control, including international economic conditions, regulations that affect the availability and cost of funding for property investment companies, and lenders' perception of Argosy's creditworthiness. Argosy is seeking to further manage this risk by diversifying its sources of funding (including through the Offer). However such diversification cannot eliminate this risk.

If Argosy is unable to refinance existing debt as and when required, it may be forced to sell properties to repay that debt, and its financial condition may be significantly negatively affected.

Argosy's financial statements can be obtained free of charge from www.nzx.com/companies/ARG, and provide further information about Argosy's external funding sources.



Highgate Parkway, Silverdale
AUCKLAND

07. Tax

The returns on the Green Bonds will be affected by taxes. The information in this Section 7 is based on the law in force at the date of this PDS. Future changes to tax laws or other laws may affect the tax consequences of an investment in Green Bonds.

If you are a New Zealand tax resident or otherwise receive payments of interest on the Green Bonds that are subject to the New Zealand resident withholding tax (**RWT**) rules, RWT will be deducted from payments of interest to you at the relevant rate unless a valid exemption certificate has been

provided to the Registrar (or valid confirmation of another exemption from RWT) on or before the record date for the relevant payment date.

There may be other tax consequences for Holders from acquiring or disposing of the Green Bonds, including under the financial arrangements rules in the Income Tax Act 2007.

If you have any questions regarding the tax consequences of investing in the Green Bonds you should seek advice from a tax adviser.

08. Tax consequences for Overseas Holders

If you receive payments of interest on the Green Bonds that are subject to the non-resident withholding tax (**NRWT**) rules, an amount equal to any NRWT or approved issuer levy (**AIL**) payable (as applicable) will be deducted from payments of interest to you. Future changes to tax laws or other laws may affect the tax consequences of an investment in Green Bonds.

Except where you elect otherwise and Argosy agrees, or it is not possible under any law, Argosy intends to apply the AIL regime in order to reduce the rate of NRWT to zero percent. In certain cases, AIL cannot be paid to reduce the rate of NRWT to zero percent, for example, where a Holder holds the Green Bonds jointly with a New Zealand tax resident.

In addition to intending to reduce the rate of NRWT to zero percent, Argosy intends to reduce the rate of AIL to zero percent if possible. If the AIL regime changes, Argosy reserves the right not to pay AIL.

Overseas Holders may be subject to tax in their own jurisdiction.

If you have any questions regarding the tax consequences of investing in the Green Bonds you should seek advice from a tax adviser.

9. Selling restrictions

This PDS only constitutes an offer of Green Bonds to the public in New Zealand. Argosy has not taken and will not take any action which would permit a public offering of Green Bonds, or possession or distribution of any offering material in respect of the Green Bonds, in any country or jurisdiction where action for that purpose is required (other than New Zealand). The Green Bonds may only be offered for sale, sold or delivered in a jurisdiction other than New Zealand in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.

Any information memorandum, disclosure statement, circular, advertisement or other offering material in respect of the Green Bonds may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

10. Who is involved?

10.1 Who is involved?

	Name	Role
Issuer	Argosy Property Limited	Issuer of the Green Bonds
Supervisor	The New Zealand Guardian Trust Company Limited	Holds certain covenants on trust for the benefit of the Holders, including the right to enforce Argosy's obligations under the Green Bonds
Security Trustee	NZGT Security Trustee Limited	Holds the security interests for the benefit of the Secured Parties, including the Holders
Arranger	ANZ Bank New Zealand Limited	Provides assistance to Argosy with arranging the Offer and has responsibilities to NZX in relation to the quotation of the Green Bonds
Joint Lead Managers	ANZ Bank New Zealand Limited, Bank of New Zealand, First NZ Capital Securities Limited and Forsyth Barr Limited	Assist with the marketing and distribution of the Offer
Registrar	Computershare Investor Services Limited	Maintains the Register
Solicitors to the Issuer	Russell McVeagh	Provide legal advice to the Argosy Group in respect of the Offer
Solicitors to the Supervisor	Kensington Swan	Provide legal advice to The New Zealand Guardian Trust Company Limited in respect of the Offer
Auditor of the Issuer	Deloitte Limited	Provides guidance to the directors of Argosy on materiality thresholds and performs procedures as requested by the directors of Argosy to check the accuracy of financial information
Green Bond audit assurance	Ernst & Young Limited	Provides an independent reasonable assurance report to the directors of Argosy to verify the compliance of the Green Bonds with the Green Bond Principles
Green Bond Co-ordinator	Australia and New Zealand Banking Group Limited	Provide assistance to Argosy with structuring the "green" aspects of the offer, including the Green Bond Framework and facilitating the audit assurance of the Green Bonds

10.2 No reliance

This PDS does not constitute a recommendation by the Supervisor, the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to subscribe for, or purchase, any Green Bonds.

The role of the Arranger in relation to the Offer is solely to provide assistance to Argosy with arranging the Offer, organising the Bookbuild and assisting with the quotation of the Green Bonds on the NZX Debt Market. The Joint Lead Managers will assist with the marketing and distribution of the Green Bonds, but are not otherwise involved in the Offer.

You must make your own independent investigation and assessment of the financial condition and affairs of the Argosy Group before deciding whether or not to apply for Green Bonds.

11. How to complain

Complaints about the Green Bonds

If you have any problems or concerns about the Green Bonds, contact Argosy Investor Relations, outlining your problems or concerns and Argosy will endeavour to resolve the issues. You can contact Argosy Investor Relations at:

Head of Investor Relations
Argosy Property Limited
39 Market Place
Auckland 1010

PO Box 90214
Victoria St West
Auckland 1142
Phone: +64 9 304 3400

You may also direct any complaints about the Green Bonds to the Supervisor at the contact details below:

The New Zealand Guardian Trust Company Limited
Level 14
191 Queen Street
Auckland 1010
Phone: +64 9 909 5100
Attention: Relationship manager

The Supervisor is a member of an external, independent dispute resolution scheme operated by Financial Services Complaints Limited (**FSCL**) and approved by the Ministry of Consumer Affairs. If the Supervisor has not been able to resolve your issue, you can refer the matter to FSCL by submitting a complaint form on FSCL's website (www.fscl.org.nz), emailing complaints@fscl.org.nz, calling FSCL on 0800 347 257, or writing to FSCL at PO Box 5967, Wellington 6145. The scheme will not charge a fee to any complainant to investigate or resolve a complaint.

12. Where you can find more information

Disclose register

Further information relating to Argosy and the Green Bonds is available free of charge on the online Disclose register maintained by the Companies Office. The Disclose register can be accessed at www.disclose-register.companiesoffice.govt.nz. A copy of the information on the Disclose register is also available on request to the Registrar of Financial Service Providers at registrar@fspr.govt.nz. The information contained on the Disclose register includes copies of the Trust Deed, Security Trust Deed, General Security Deed, terms of the Mortgages, Argosy's Green Bond Framework and EY's independent reasonable assurance report as well as other information.

Information about Argosy

Argosy has its ordinary shares quoted on the NZX and, accordingly, is subject to continuous disclosure obligations under the NZX Listing Rules. Copies of announcements and other documents disclosed via NZX can be obtained free of charge from www.nzx.com/companies/ARG.

The Green Bond Framework provides for Argosy to:

- publish semi-annual use of proceeds reports at the same times that it reports on its half and full year financial results; and
- report on any changes to the Green Bond Framework as soon as practicable after those changes are made.

The Green Bond Framework also provides for these reports, the Green Bond Framework and any updated Green Bond Framework to be available free of charge on Argosy's website, www.argosy.co.nz/investor-centre/greenbondframework.

13. How to apply

You can apply for Green Bonds from the Opening Date to the applicable Closing Date. You must apply:

- in the case of the Priority Offer, using the application form separately provided to you by Argosy or available on request from the Registrar. You may also complete the application form online as detailed below; or
- in the case of the General Offer, using the application form at the back of this PDS.

Priority Offer

If you are a New Zealand Retail Shareholder you may apply for Green Bonds in the Priority Offer. Argosy may, in its absolute discretion, determine whether any application is eligible under the Priority Offer.

If you are a New Zealand Retail Shareholder and wish to apply for Green Bonds in the Priority Offer, you must:

- apply online at www.argosybondoffer.co.nz before 5pm (New Zealand time) on the Closing Date for the Priority Offer; or
- return a completed “Application Form – Priority Offer” (with payment) to the office of the Registrar before 5pm (New Zealand time) on the Closing Date for the Priority Offer; or
- return a completed “Application Form – Priority Offer” (with payment) to the office of any financial intermediary in time to enable it to be forwarded to the Registrar before 5pm (New Zealand time) on the Closing Date for the Priority Offer.

General Offer

There is no public pool for the Green Bonds offered under the General Offer. This means that, if you are not a New Zealand Retail Shareholder, you can only apply for Green Bonds through a financial intermediary who has obtained an allocation of Green Bonds.

If you wish to invest in Green Bonds under the General Offer, you should contact your financial adviser to arrange for your application to be submitted. Your financial adviser must ensure that your completed “Application Form – General Offer” (with payment) is received by the Registrar no later than 5pm (New Zealand time) on the Closing Date for the General Offer.

Other information about applying for Green Bonds

There are separate application forms for the Priority Offer and the General Offer. If you are applying under the Priority Offer, you may also apply online at www.argosybondoffer.co.nz. Additional instructions on how to apply for Green Bonds are set out with the relevant application form.

The information in the application form you submit is provided to enable Argosy, the Supervisor and the Registrar to consider and process your application, and to administer your investment, and to help and enable Argosy, the Supervisor or the Registrar to comply with (or determine what it needs to do to comply with) any applicable laws, rules or regulations in New Zealand or any other country or the requirements of any governmental, judicial or regulatory entity or authority in any jurisdiction. By signing, or in the case of online applications, submitting the application form you authorise Argosy, the Supervisor and the Registrar to disclose information in situations where Argosy, the Supervisor or the Registrar consider it is required or permitted to do so by any applicable laws, rules or regulations or by any governmental, judicial or regulatory entity or authority in New Zealand or any other jurisdiction. If you are an individual under the Privacy Act 1993, you have the right to access and correct any of your personal information.

14. Contact information

Contact details of the issuer of the Green Bonds:

Argosy Property Limited

39 Market Place
Auckland 1010
PO Box 90214
Victoria St West
Auckland 1142
Phone: +64 9 304 3400

Contact details of the Registrar:

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 92119
Auckland 1142
Phone: +64 9 488 8777

15. Glossary

Argosy	Argosy Property Limited
Argosy Group	Argosy and all of its subsidiaries
Arranger	ANZ Bank New Zealand Limited
Base Rate	the rate per annum (expressed on a percentage yield basis rounded, if necessary, to the nearest 2 decimal places with 5 being rounded up) which is determined by Argosy (in consultation with the Arranger) as the mid market swap rate for a period equal to the period from the Issue Date to the Maturity Date in accordance with market convention by reference to Reuters page ICAPKIWISWAP1 or Bloomberg page ICNI or the successor page of either of those pages on the Rate Set Date.
Bookbuild	the process conducted prior to the opening of the Offer whereby certain investors and brokers lodge bids for Green Bonds and, on the basis of those bids, Argosy (in consultation with the Arranger) determines the Margin and the total amount of Green Bonds to be issued.
Business Day	<ul style="list-style-type: none"> for the purposes of giving notices, a day which is a business day within the meaning of the NZX Listing Rules; and for all other purposes, a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general banking business in Auckland and Wellington.
Closing Dates	the Closing Date for the Priority Offer, which is 20 March 2019 and the Closing Date for the General Offer, which is 22 March 2019.
Conditions	the terms and conditions of the Green Bonds set out in Schedule 1 of the Trust Deed.
Disclose register	the online offer register maintained by the Companies Office and the Registrar of Financial Service Providers known as "Disclose", which can be accessed at www.disclose-register.companiesoffice.govt.nz .
Event of Default	each event set out in Condition 7.1 of the Green Bonds, some of which are summarised in Section 5.3 of this PDS (Events of Default).
EY	Ernst & Young Limited
Face Value	NZ\$1.00 per Green Bond
FMC Act	Financial Markets Conduct Act 2013
FMC Regulations	Financial Markets Conduct Regulations 2014
General Offer	the offer of Green Bonds made by Argosy pursuant to this PDS to investors (both institutional investors and members of the public) resident in New Zealand.
General Security Deed	<p>the general security deeds:</p> <ul style="list-style-type: none"> (a) dated 3 December 2003 from Argosy Property No.1 Limited; (b) dated 23 December 2010 from Argosy Property No.3 Limited; (c) dated 30 August 2011 from Argosy Property Management Limited (previously named Argosy Property No. 5 Limited); and (d) dated 29 February 2012 from Argosy Property Limited, <p>each as amended, restated and consolidated into one composite general security deed on or about 1 September 2014 and as subsequently amended and restated most recently by a deed dated 28 February 2018.</p>
Green Assets	office, industrial or retail buildings, including upgrades, owned or undertaken by members of the Argosy Group, that have been identified by Argosy as meeting the criteria for "Green Assets" as set out in the Green Bond Framework and therefore promote the transition to a sustainable future.
Green Bond Framework	the document developed and adopted by Argosy and entitled "Argosy Property Limited Green Bond Framework version 1.0" dated 7 February 2019 as amended from time to time. The Green Bond Framework may be amended by Argosy from time to time.

Green Bond Principles	the Green Bond Principles dated June 2018 as published by the International Capital Markets Association as amended from time to time.
Green Bonds	the green bonds constituted and issued pursuant to the Trust Deed and offered pursuant to this PDS. As detailed at Section 5.2 of this PDS (Compliance with the Green Bond Principles), the Green Bonds would be considered "green bonds" for the purposes of the Green Bond Principles.
Guaranteeing Subsidiaries	Argosy Property Management Limited, Argosy Property No.1 Limited and Argosy Property No.3 Limited.
Holder	a person whose name is entered in the Register as a holder of a Green Bond.
Interest Payment Dates	27 March, 27 June, 27 September and 27 December in each year during the term of the Green Bonds, commencing on 27 June 2019 and including the Maturity Date subject to adjustment in accordance with the Business Day convention described in Section 3.1 of this PDS (Description of the Green Bonds).
Interest Rate	the fixed rate of interest per annum payable on the Face Value of the Green Bonds as announced by Argosy via NZX on or about the Rate Set Date. The Interest Rate will be equal to the sum of the Base Rate and the Margin but in any case will be no less than the minimum Interest Rate announced via NZX on or about 27 February 2019.
Issue Date	27 March 2019
Issue Price	NZ\$1.00 per Green Bond, being the Face Value of each Green Bond.
Joint Lead Managers	ANZ Bank New Zealand Limited, Bank of New Zealand, First NZ Capital Securities Limited and Forsyth Barr Limited
Margin	the rate (expressed as a percentage rate per annum) determined by Argosy (in consultation with the Arranger) through the Bookbuild held on the Rate Set Date.
Master Trust Deed	the trust deed dated 30 January 2019 between Argosy and the Supervisor, as amended from time to time.
Maturity Date	27 March 2026
Mortgaged Property Assets	land (including the buildings and other fixtures on that land) owned by Argosy or a Guaranteeing Subsidiary that is subject to a Mortgage.
Mortgaged Property Value	on any date, the total of the fair market value of the Mortgaged Property Assets (determined by reference to the most recent valuations) plus costs and expenses that have been capitalised in respect of the Mortgaged Property Assets after the date of each valuation.
Mortgages	the first ranking registered mortgages granted by Argosy or a Guaranteeing Subsidiary over all of the land (including the buildings and other fixtures on that land) owned by that person. As at the date of this PDS, all of the Argosy Group's land is owned by Argosy Property No.1 Limited, so only that Guaranteeing Subsidiary has granted Mortgages.
NZ\$	New Zealand dollars
New Zealand Retail Shareholders	members of the public resident in New Zealand who hold ordinary shares in Argosy (as at the time of applying for Green Bonds and on the Closing Date for the Priority Offer), excluding institutional holders of ordinary shares in Argosy unless determined by Argosy in its discretion.
NZX	NZX Limited
NZX Debt Market	the debt security financial product market operated by NZX.
NZX Listing Rules	the listing rules of NZX, as amended, varied or waived from time to time.
Offer	the offer of Green Bonds made by Argosy pursuant to this PDS, consisting of the Priority Offer and the General Offer.
Opening Date	7 March 2019
PDS	this product disclosure statement for the Offer dated 20 February 2019.

Primary Market Participant	has the meaning given in the NZX Participant Rules, as amended, varied or waived from time to time.
Priority Offer	the offer of Green Bonds made by Argosy pursuant to this PDS to New Zealand Retail Shareholders.
Rate Set Date	6 March 2019
Register	the register in respect of the Green Bonds maintained by the Registrar.
Registrar	Computershare Investor Services Limited
Secured Assets	the property of Argosy and the Guaranteeing Subsidiaries that is subject to a security interest or mortgage granted pursuant to the General Security Deed or a Mortgage.
Secured Parties	at any time, the persons who are "Beneficiaries" under the Security Trust Deed. As at the date of this PDS, the Secured Parties are Holders, the Supervisor, certain financial institutions which provide lending facilities and derivatives to Argosy, the facility agent under Argosy's bank lending documents, the Security Trustee and any predecessor Security Trustee.
Security Trust Deed	the security trust deed dated 17 May 2010 between Argosy, the Guaranteeing Subsidiaries as the "Existing Guarantors", the Supervisor and certain financial institutions as the "Existing Lenders" and the Security Trustee as amended most recently by a deed dated 18 October 2018.
Security Trustee	NZGT Security Trustee Limited or such other security trustee appointed in accordance with the Security Trust Deed.
Selling restrictions	specific restrictions that apply to the Offer, as set out in Section 9 of this PDS (Selling restrictions).
Special Resolution	a resolution approved by holders of bonds issued by Argosy under the Master Trust Deed having a face value of no less than 75% of the total face value of the bonds held by those persons who are entitled to vote and who vote on the question.
subsidiary	has the meaning given in section 6 of the FMC Act.
Supervisor	The New Zealand Guardian Trust Company Limited or such other supervisor appointed in accordance with the Trust Deed.
Supplemental Trust Deed	the deed dated 20 February 2019 between Argosy and the Supervisor relating to the Green Bonds.
Trust Deed	the Master Trust Deed as modified and supplemented by the Supplemental Trust Deed.

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Argosy Application Form – General Offer

Broker Stamp

This application form is issued with the Product Disclosure Statement (PDS) dated 20 February 2019 for the offer by Argosy Property Limited (Argosy) of senior secured fixed rate green bonds (Green Bonds). This application form should be used if you are applying under the General Offer. This application form represents an offer to purchase the Green Bonds described in the PDS. Capitalised terms used in this application form have the same meaning given to those terms in the PDS. You should read and understand the PDS before completing your application. An application will constitute an irrevocable offer by the applicant to subscribe for and acquire the dollar amount of Green Bonds specified on this application form (or such lesser amount which Argosy may determine) on the terms and conditions set out in the PDS, the Trust Deed and this application form. An application cannot be withdrawn or revoked by the applicant once it has been submitted.

Please contact your financial adviser to arrange for your application to be submitted. Your financial adviser must ensure that your completed "Application Form – General Offer" (with payment) is received by the Registrar no later than 5pm (New Zealand time) on the Closing Date for the General Offer, being 22 March 2019.

A. APPLICANT DETAILS AND INFORMATION

Note: Applications by a minor, trust, fund, estate, business, firm or partnership, club or other unincorporated body cannot be accepted unless they are made in the individual name(s) of the person(s) who is (are) the legal guardian(s), trustee(s), proprietor(s), partner(s) or office bearer(s) (as appropriate).

Title:	<input type="text"/>	First name(s):	<input type="text"/>	Surname:	<input type="text"/>
Title:	<input type="text"/>	First name(s):	<input type="text"/>	Surname:	<input type="text"/>
Title:	<input type="text"/>	First name(s):	<input type="text"/>	Surname:	<input type="text"/>
Company/Trust/Account Designation (if applicable):	<input type="text"/>				
Postal address: Street address or PO Box:	<input type="text"/>	Suburb/Town:	<input type="text"/>		
City:	<input type="text"/>	Postcode:	<input type="text"/>	Country:	<input type="text"/>
Telephone: Mobile:	<input type="text"/>	Daytime:	<input type="text"/>		

B. COMMON SHAREHOLDER NUMBER (CSN)

If you have a CSN or Holder Number please enter it here:

The CSN must match the name on this application form. If it does not, you will be allocated a new CSN. If you do not have a CSN, leave the boxes blank and you will be allocated a CSN and Authorisation Code (FIN) if your application is accepted.

C. APPLICATION PAYMENT

Enter the dollar amount of Green Bonds you wish to apply for:

The minimum amount you can apply for is NZ\$5,000 and in multiples of NZ\$1,000 thereafter. Payment must be made before the date specified in the PDS in New Zealand dollars for immediate value via one-time direct debit, cheque or NZClear.

Choose ONE of the payment options below by ticking the box next to your selected option.

OPTION 1: One-time direct debit By ticking Option 1 and signing this application form, you agree that the Registrar is authorised to withdraw from this account the full dollar amount of Green Bonds applied for (or any lesser amount determined by Argosy).
The direct debit will be processed on the date the Application Form is received by the Registrar or any day after that date. Please confirm with your bank that payments can be withdrawn from this account and ensure that there are sufficient funds in the bank account. **Should your direct debit fail, your application will be rejected.**

One-time direct debit from
the following bank account. Bank Branch No. Account No. Suffix

Account Holder Name: Name of bank:

OPTION 2: Cheque **Attached cheque** for the full dollar amount of Green Bonds applied for, made payable to "Argosy Bond Offer" and crossed "Not Transferable".
Your cheque will be banked on the Business Day it is received. If your cheque is post-dated or dishonoured, your application may be rejected.
Where an application is for Green Bonds having a Face Value of NZ\$500,000 or more, payment must be made by bank cheque or any other method of payment acceptable to Argosy.

OPTION 3: NZClear **Settle through the NZClear System (delivery vs payment only).**
NZClear Mnemonic: Trade with CISL90
Only institutional investors may settle through the NZClear System via delivery vs payment and this must be agreed with the Registrar in advance. Interest and maturity payments will be made to the same NZClear code unless otherwise stated in Section D of this application form.

D. INTEREST AND PRINCIPAL PAYMENTS

Choose **ONE** of the **INTEREST PAYMENT options** below by ticking the box next to your selected option.

Option 1: Pay interest directly into the **bank account provided in Section C above.**

Or you can choose an alternate bank account for interest:

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bank	Branch No.	Account No.						Suffix											

Account Holder Name: Name of bank:

Option 2: Pay interest directly into a **Cash Management Account.**

Name of NZX Firm where Cash Management Account is held:

Cash Management Client Account number

E. IRD NUMBER AND TAX DEDUCTION RATE

For joint applications, please provide the IRD number for each joint applicant and the name of the applicant. For an application by trustees of a trust, please provide only the IRD number of the trust.

Name of Applicant:

<input type="text"/>
<input type="text"/>
<input type="text"/>

IRD Number:

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

If you are applying on behalf of a minor (under the age of 18) or a dependent, use their IRD number. If the applicant is a trust, company, partnership or other entity, use that entity's IRD number.

Tax residency

Are you resident in New Zealand for tax purposes? Yes No

If the answer is No, please specify your country of tax residence:

If you are resident in New Zealand for tax purposes or are otherwise subject to resident withholding tax (**RWT**), RWT will be deducted from any interest paid to you (unless you tick the Exempt box and provide a valid RWT exemption certificate or other valid confirmation of an exemption from RWT). Please elect a RWT rate by ticking one of the boxes below:

10.5% 17.5% 28% (Companies Only) 30% 33% **Exempt** – Tick this box if you hold a RWT exemption certificate (or are otherwise exempt from RWT) and attach a copy of the certificate (or other confirmation that you are exempt from RWT)

The RWT rate you should choose is dependent on your income level. To make sure the correct rate is applied and to find out about your obligations after the end of the tax year, go to www.ird.govt.nz/rwt or call 0800 870 700. The RWT rate for a company is 28%, if it is not acting as a trustee for the purposes of purchasing the Green Bonds and has provided an IRD number.

Please tick this box if your application is a joint application by a resident in New Zealand for tax purposes and a person subject to non-resident withholding tax (**NRWT**). You will be subject to NRWT if you are not resident in New Zealand for tax purposes unless either:

- you will hold the Green Bonds for the purposes of a business you carry on in New Zealand through a fixed establishment in New Zealand; or
- you are a registered bank engaged in business in New Zealand through a fixed establishment and not associated with Argosy.

F. ELECTRONIC COMMUNICATIONS

Please enter your email address if you wish to receive, where applicable, all your communications (including transaction statements, payment advices, meeting documents and any other Argosy related information) by email.

I wish to receive all Holder communications via email: Email:

G. SIGNATURE

Confirmations

By signing this application form:

1. You agree to apply for the Green Bonds subject to the terms and conditions set out in the PDS, this application form and the Trust Deed.
2. You have read and understood the PDS.
3. You declare that all the details and statements made by you in this application form are complete and accurate and you are authorised to disclose this information.
4. You warrant that you received this offer in New Zealand and you are eligible to participate in the offer. You agree to indemnify Argosy, the Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred by any of them as a result of you breaching that warranty or the selling restrictions described in the PDS.

Signature(s):

Date:

- Each applicant must sign this application form (including all joint applicants) and provide the confirmations above. If the applicant is a company or other entity, it should be signed by a duly authorised person in accordance with any applicable constitution or governing document.
- If the application form is signed by an attorney, a certified copy of the relevant Power of Attorney must be lodged with the application form and the attorney must complete the certificate of non-revocation of power of attorney below. If the application form is signed by an agent, the agent must complete the certificate of agent below.
- If you elect to pay by one-time direct debit, you should ensure that the signatories are consistent with your bank authorities.

H. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY / AGENT

Please tick the box below:

- If you are acting on behalf of the applicant for whom you have power of attorney; or
- If you are acting as agent on behalf of the applicant.

I, _____ (full name)
of _____ (place and country of residence)
_____ (occupation),

certify:

That by deed / agency agreement dated _____ (date of instrument creating the power of attorney / agency)
_____ (full name of person/body corporate which appointed you)
of _____
(place and country of residence of person/body corporate which appointed you)*

Appointed me _____ (his/her/its) attorney / agent;

- That I have executed the application for Green Bonds printed on this application form under that appointment and pursuant to the powers thereby conferred on me; and
- That I have not received any notice or information of the revocation of my appointment as attorney / agent.

Signed at: _____ (location where signed)

Date: _____

Signature of attorney / agent: _____

** If a donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.*

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