



Property Trust

**8 June 2011**

**NZX Announcement**

**ARGOSY PROPERTY MANAGEMENT LIMITED – REQUEST TO CONVENE A MEETING**

Argosy Property Management Limited, the manager of the Argosy Property Trust, has received a request signed by Accident Compensation Corporation, The Guardians of New Zealand Superannuation, and Westpac Banking Corporation and BT Private Selection (which together hold 9.57% of the units in the Trust) to convene a meeting of unit holders to consider resolutions relating to the Manager. A copy of that request is attached.

Under the trust deed, if there is an annual meeting of unit holders to be held within 90 Business Days of a request by unit holders for a meeting, the Manager may elect to have the matter dealt with at that annual meeting. The present intention of the directors of the Manager is to have the requested resolutions dealt with at the annual meeting of unit holders scheduled to be held on or about 8 August 2011.

For more information, please contact:

**Michael Smith**  
**Chairman**  
**Phone: 027 299 1239**

**ENDS**

8 June 2011

Argosy Property Management Limited  
Level 7, Vero Centre  
48 Shortland Street  
Auckland

**Attention: Peter Mence**

Dear Peter

**Argosy Property Trust**

We hereby request that Argosy Property Management Limited as manager of the Argosy Property Trust ("**Trust**") convene a meeting of the unit holders of the Trust ("**Unit Holders**") pursuant to clause 28.2(b) of the trust deed dated 30 October 2002 (and subsequently amended on 30 September 2004, 17 October 2006, 17 December 2008, 27 May 2009, and 27 September 2010) relating to the Trust (the "**Trust Deed**"). We request that such meeting be convened in accordance with the notice requirements of the Trust Deed as soon as possible.

We confirm that the signatories of this letter represent **9.57** per cent of the Units (as that term is defined in the Trust Deed) as follows:

1. Accident Compensation Corporation: **6.12** per cent;
2. The Guardians of New Zealand Superannuation: **1.01** per cent; and
3. Westpac Banking Corporation and BT Private Selection (a unit trust managed by BT Funds Management (NZ) Ltd): **2.44** percent.

The purpose of the meeting is to consider and, if thought appropriate, to pass the following Ordinary Resolution (as that term is defined in the Trust Deed):

**ORDINARY RESOLUTION**

THAT:

- (a) the unit holders ("**Unit Holders**") of the Argosy Property Trust ("**Trust**") record their view that it is in the interests of the Unit Holders that Argosy Property Management Limited cease to hold office as manager of the Trust; and
- (b) the Unit Holders formally request that The New Zealand Guardian Trust Company Limited, as trustee of the Trust, consider as a matter of urgency whether it is appropriate to exercise its discretion (pursuant to clause 24.1(b) of the trust deed relating to the Trust) to certify that it is in the interests of the Unit Holders that Argosy Property Management Limited cease to hold office as manager of the Trust; and

- (c) the Unit Holders request that the Trustee, when appointing any new temporary manager of the Trust in place of the Manager, consider requiring the new manager, as a condition of its appointment, to:
  - (i) prepare a proposal for the management of the Trust to be undertaken internally, for consideration by the Unit Holders; and
  - (ii) agree to assist and support the transition of the provision of management services to such person (including the Trust) that is approved by the Unit Holders.

The explanation of the reasons for the above resolution for provision to Unit Holders with the notice of meeting is as follows:

#### EXPLANATION OF REASONS FOR ORDINARY RESOLUTION

On 19 April 2011, Argosy Property Trust ("**Argosy**") announced a proposal to internalise the management of Argosy. Further details of the proposal were released on 16 May 2011. Key elements of the proposal include:

- (a) a payment of \$32.5 million to the current manager of Argosy, Argosy Property Management Limited ("**Manager**"); and
- (b) the Manager agreeing to retire its position as manager of Argosy and support the appointment of a new manager.

A subsequent letter from the independent directors of the Manager argues that the key benefits of the proposal include placing control of Argosy in the hands of unit holders of Argosy ("**Unit Holders**") and delivering on-going cost savings to Unit Holders.

The proposal states that OnePath (the owner of the Manager and a subsidiary of the ANZ Banking Group) has accepted that it is likely to be in the best interests of the Unit Holders to internalise the management of Argosy.

**Accident Compensation Corporation, the Guardians of New Zealand Superannuation, and BT Funds Management (collectively "we") strongly oppose the proposal that Argosy pay OnePath/ANZ \$32.5 million to cancel the current management arrangements, as we consider this to be far too high a price. We agree with OnePath's view that internal management would be preferable to a continuation of the current management arrangements, but seek to achieve this same outcome without an inappropriate \$32.5 million payment to OnePath.**

We are proposing a resolution which seeks to:

- (a) record the Unit Holders' view that it is in the interests of the Unit Holders that the Manager cease to hold office as Manager of Argosy;
- (b) formally request that The New Zealand Guardian Trust Company Limited (the "**Trustee**"), as trustee of Argosy, consider as a matter of urgency whether it is

appropriate to exercise its discretion contained in clause 24.1(b) of Argosy's trust deed ("**Trust Deed**") to certify the same; and

- (c) request that the Trustee, when appointing any new temporary manager, consider requiring that they prepare a proposal for the internalisation of Argosy's management, and agree to assist and support the transition of the provision of management services to such person (including Argosy) that is approved by the Unit Holders.

If the resolution is passed, the Trustee will not be bound to exercise such discretion, although it will be appropriate for the Trustee to take account of the views of Unit Holders. If the Trustee does exercise such discretion, the Manager will cease to hold office as manager of the Trust. Where the Manager ceases to hold office in this manner, the Trust Deed does not require Argosy to pay any termination fees to the Manager.

OnePath is essentially asking Unit Holders to pay it \$32.5 million in order to ensure that in the future Argosy will be managed in the best interests of Unit Holders. Unit Holders should not have to pay \$32.5 million to achieve this outcome, because it is already a fundamental right of Unit Holders to have Argosy managed in their best interests. This is supported by the Unit Trusts Act, which requires that the manager cease office if the Trustee certifies that it is in the interest of unit holders for the manager to do so.

The proposal that Argosy pay \$32.5 million to terminate the current management arrangements represents an implicit admission that it is in the best interest of Unit Holders for the Manager to cease to hold office. For this reason, we are asking other Unit Holders to endorse our view that it would be the interest of Unit Holders that the Manager cease to hold office, before any consideration is given to paying \$32.5 million to OnePath. Unit holders need not pay \$32.5 million for a right that is already theirs.

There is some risk of disruption involved with the Manager ceasing to hold office as a result of the Trustee's certification. This risk should not be overstated. The removal of the Manager means that it will no longer make high level decisions on buying or selling properties and treasury management for the Trust. Given the disappointing performance of Argosy since listing, we believe that there would be no significant harm to Unit Holders if the Manager ceasing to hold office results in a "rest period" during which the bare minimum of such decisions are made.

It is important to appreciate that the provision of property management services to Argosy (such as collecting rent, leasing vacant space, organising maintenance & repairs) is provided for under a property management agreement that does not expire until 2013. This means that the day to day management of Argosy's properties will continue even if Argosy Property Management ceases to act as manager of Argosy.

If the Manager is removed, the Trustee will likely appoint a temporary manager. Paragraph (c) of our resolution requests that the Trustee consider requiring that the temporary manager prepare a proposal for the management of Argosy to be undertaken internally. Our expectation is that this would include forming and staffing a management company whose directors are appointed by Unit Holders and whose shares are beneficially owned by Unit Holders.

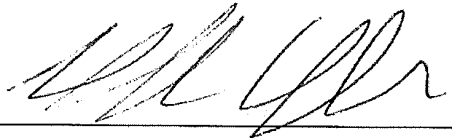
In summary, Unit Holders deserve better. Unit holders already have a fundamental right to have Argosy managed in their best interests, and Argosy should not therefore have to pay \$32.5 million to the ANZ Banking Group in order to crystallise this right. We consider that the proposal that \$32.5 million of Argosy's funds be paid to the Manager indicates that Argosy is not currently being managed in the best interest of Unit Holders, and it is therefore important that the Manager cease to hold office as manager of Argosy.

By voting in favour of our resolution, Unit Holders can communicate to the Trustee their view that it is in their interest as a Unit Holder that the Manager cease to hold office and that they do not support the payment of \$32.5 million of Argosy's funds to the ANZ Banking Group.

We look forward to you providing notice of the meeting of the Unit Holders with the above resolution and explanation to all Unit Holders as soon as possible.

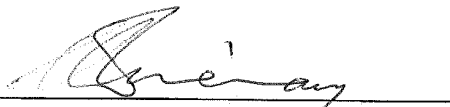
Yours sincerely,

**ACCIDENT COMPENSATION CORPORATION**  
by:



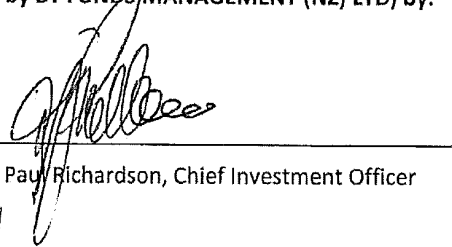
Nicholas Bagnall, Investment Manager

**THE GUARDIANS OF NEW ZEALAND**  
SUPERANNUATION by:



Matt Whineray, General Manager  
Investments

**WESTPAC BANKING CORPORATION and BT**  
**PRIVATE SELECTION (a Unit Trust Managed**  
**by BT FUNDS MANAGEMENT (NZ) LTD) by:**



Paul Richardson, Chief Investment Officer