

9 August 2011

NZX Announcement

The Independent Directors recommend Argosy unitholders approve internalisation of management rights

The form of Notice of Meeting for the Argosy Property Trust Annual Meeting has been released by the Manager (Argosy Property Management Limited). In it, the Independent Directors are recommending unitholders approve internalisation by terminating the management arrangements with the Manager, which is wholly owned by OnePath (NZ) Limited.

"The termination price negotiated with OnePath of \$20 million lies at the lower end of Grant Samuel's valuation range of \$19.7 million to \$23.7 million, which has been based on the estimated price a third party purchaser would pay to secure the management rights today. We recommend that unitholders accept this price to internalise the rights to manage the Trust and do so without the disruption and costs associated with any alternative proposals," the Independent Directors Peter Brook and Trevor Scott said.

The proposed internalisation of the Manager of Argosy Property Trust is in the best interests of unitholders in the opinion of the Independent Appraiser, Grant Samuel & Associates Limited.

Grant Samuel's Independent Appraisal Report, also released today, notes that Grant Samuel "is of the view that the terms and conditions of the Proposed Internalisation are fair to Argosy Unit Holders not associated with the Manager and that the Proposed Internalisation is in the best interests of Unit Holders".

Grant Samuel has also examined alternative proposals put forward by DNZ and some institutional unitholders.

"The report supports our view that the best value option for unitholders is to achieve internalisation as proposed by the Independent Directors. Unitholders will then be in the strongest position to consider the future direction of the trust, including any proposals that will create further value," the Independent Directors said.

The Independent Directors also noted that, as announced on 27 July 2011, internalisation as proposed would provide a forecast dividend of 6 cents per unit for the current financial year, rather than 5.5 cents per unit as forecast if internalisation did not proceed.

The Notice of Meeting, including the Independent Appraisal Report, the Trustee's Letter, explanatory memoranda on all resolutions, and an addendum to the Notice of Meeting (which deals with two further resolutions submitted by unitholders on 5 August 2011), has been loaded on to the Argosy website, www.argosy.co.nz, and will be despatched to unitholders in the near future.

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