



17 May 2011

NZX Announcement and Media release

**ARGOSY PROPERTY MANAGEMENT LIMITED – LETTER FROM DNZ
PROPERTY FUND LIMITED**

The Independent Directors of Argosy Property Management Limited (Trevor Scott and Peter Brook) have received a further communication from DNZ Property Fund Limited broadly outlining how a merger between Argosy Property Trust and DNZ could be achieved. We note that at this point the letter is indicative and non-binding, but envisages DNZ as the acquiring entity.

The Independent Directors are focused on achieving the best value enhancing options for Argosy unitholders. First NZ Capital and Harmos Horton Lusk continue to assist in the process of evaluating the internalisation proposal, the DNZ approach and any other proposals. The Independent Directors have communicated with DNZ in these terms.

The Independent Directors wish to carefully evaluate the potential of any merger and, in particular, how the properties owned by DNZ could be integrated into a combined portfolio, tax, gearing, distribution and other relevant matters.

The central focus, however, remains on the strategic initiative to internalise the management contract in the most effective and timely manner. The Independent Directors consider that internalising the management contract is likely to create the greatest value and strongest position for Argosy unitholders from which to consider all proposals, including that outlined by DNZ.

The Independent Directors have reason to believe that OnePath, the owner of Argosy Property Management, did receive competing, and potentially higher value indications of interest for the management contract but chose to work with the Independent Directors on a proposal that is likely to achieve the most favourable outcome for unitholders. To that end the Independent Directors obtained advice from Harmos Horton Lusk and First NZ Capital on the terms of the management contract and the optimum strategy for acquiring it.

As previously notified, Grant Samuel & Associates has been appointed to prepare an independent report on the merits of the internalisation proposal for the benefit of the Independent Directors, unitholders and the Trustee. This will be sent to unitholders along with further details and a notice of meeting in due course.

For further information contact:

Geoff Senescall 021 481 234
Senescall Akers Limited

ENDS