



Property Trust

19 August 2011

NZX Announcement

Response to DNZ Property Fund Limited letter to unitholders

The Independent Directors of Argosy Property Management Limited, Trevor Scott and Peter Brook, wish to correct some of the statements made by DNZ Property Fund Limited in its letter to Argosy Property Trust unitholders dated 17 August 2011.

Grant Samuel report

DNZ state that the independent report prepared by Grant Samuel & Associates Limited *"has been compiled by Grant Samuel without them even talking to DNZ."*

Grant Samuel has advised the Independent Directors that in the course of preparing its report, Grant Samuel twice contacted DNZ, inviting DNZ to provide any further information in writing in relation to its proposal for analysis by Grant Samuel. DNZ declined to provide any information to Grant Samuel. This is not consistent with DNZ's assertions in its letter to unitholders that it made *"significant efforts"* to pursue its undeveloped merger proposal.

As Grant Samuel noted in its report, the option to make a formal takeover offer for units in the Trust has been, and remains, available to DNZ.

DNZ resolutions

DNZ state *"both the Trustee and the directors of the Manager have stated they will ignore the results of a number of unitholder resolutions if passed, clearly ignoring your wishes"*.

The meeting materials provided to unitholders explain the Trustee and the Manager's views on the resolutions put forward by DNZ and some institutional unitholders, and the reasons for those views.

If passed, it is likely that a number of the resolutions put forward by DNZ and some institutional unitholders will be of no effect for a number of reasons:

- The Trustee has advised that there are not sufficient grounds to make it appropriate, or in the interests of unitholders, for the Trustee to remove the Manager on the basis suggested by Accident Compensation Corporation and other institutional unitholders.
- Some of the resolutions are ineffective under and inconsistent with the Trust Deed and/or the scheme of the Unit Trusts Act 1960.
- Some of the resolutions request the Manager to do things it has already effectively done.

DNZ, together with other institutional unitholders, has submitted a total of eight resolutions for consideration at the annual meeting of unitholders. Some of these resolutions are duplicative in nature. In addition, when submitting resolutions 13 and 14, DNZ indicated that it was anticipated that the six resolutions previously submitted may be withdrawn. None of the resolutions submitted by DNZ and other institutional

unitholders have to date been withdrawn. This means that unitholders will be put to the inconvenience of being asked to consider all eight resolutions at the meeting, despite the fact that a number of them will be of no effect if passed.

Internalisation

DNZ state that an issue facing unitholders in considering the internalisation proposal is *"the lost opportunity to properly consider the benefits of alternative options"*.

The Independent Directors have considered, and Grant Samuel has assessed, the alternative options before them based on the information available.

The Independent Directors have consistently stated their view that completion of internalisation does not prevent the future consideration of any other proposals that will create further value for Argosy unitholders, including a corporatisation of the Trust.

The Manager remains disappointed with the ongoing attempts by DNZ (including recent unsuccessful High Court litigation) to disrupt the proper process for consideration of the proposals before unitholders. DNZ is agitating with unitholders, the Trustee and certain regulators. This only results in significant unwarranted cost to the Trust and unitholders (to date in excess of \$300,000), in pursuit of DNZ's own commercial objectives.

Unitholders are encouraged to read the meeting materials thoroughly.

As previously announced, the anticipated full year distribution for the year ending 31 March 2012 is 6 cents per unit. This assumes internalisation is achieved and the resultant savings of approximately 0.5 cents per unit are realised.

The Independent Directors reiterate their recommendation to unitholders to approve internalisation by **voting in favour of Resolutions 1 to 3 either at the annual meeting on 30 August or by proxy.**

ENDS

If you have any questions, please call the Argosy Property Trust unitholder help line, toll free on 0800 484 464.