

DNZ Delivers a Solid Interim Result

Share Price Trading at a Premium to NTA

13% Lift in Operating Profit Before Tax

Improved Portfolio KPI's

Cash Dividend of 2.25 Cents Declared for the Quarter

DNZ is pleased to announce a positive performance for the six month period ended 30 September 2012.

DNZ Chairman Tim Storey said "The DNZ Management team has produced another strong operational performance resulting in a solid interim financial result for DNZ shareholders."

"The strengthening of the share price to above NTA is a key highlight for the period and is a reflection that the listing of the Company on the NZX and internalisation of the manager has delivered the benefits to shareholders that were outlined at that time."

Financial Highlights: For the period ended 30 September 2012 (30 September 2011 figures in brackets)

- Share price trading at a premium to NTA
- Operating profit before tax of \$15.4m (\$13.6m) up 13% on prior period
- Net profit after tax of \$12.1m (\$8.2m) up 48% on prior period
- Distributable profit before tax of \$15.2m (\$13.0m)
- Distributable profit after tax of \$12.7m or 5.15 cents per share (\$13.0m or 5.27 cents per share)
- Net rental income of \$26.9m (\$25.9m)
- Loan to value ratio (LVR) 40.8% (40.6% as at 31 March 2012)
- Dividend Reinvestment Plan (DRP) implemented for FY13 Q1 dividend raising \$1.3m additional equity at NTA

Portfolio Highlights: For the period ended 30 September 2012 (31 March 2012 figures in brackets)

- Occupancy increased to 99.0% (98.7%)
- Weighted average lease term (WALT) extended to 5.7 years (5.4 years)
- 105 lease transactions over 179,702m²
- No major FY13 lease expiries remain - FY14 lease expiries at 5.4%
- Purchase of Albany office building for \$12.9m and adjacent land for \$5.7m (unconditional)
- Re-weighting of the portfolio through asset sales
- Seismic review of portfolio completed
- Asset values remain stable
- Portfolio quality continual improvement

Financial Performance

DNZ has delivered an outstanding operating performance for the six months to 30 September 2012, driven by strong management performance.

Net rental income was \$26.9m, \$1.0m ahead of 30 September 2011. Distributable profit after tax was \$12.7m or 5.15 cents per share (\$13.0m or 5.27 cents per share for September 2011).

The adjusted¹ net tangible asset value per share (NTA) remained stable during the period at \$1.55 at 30 September 2012 (\$1.55 as at 31 March 2012).

Capital Management

DNZ has maintained a strong balance sheet position over the six month period through a series of prudent capital management initiatives including:

- \$1.3m equity raised under the DRP for the FY13 Q1 dividend – 23.9% participation
- The use of free cash flows to fund on-going capital works programme
- \$80m of forward starting swaps entered into during the period with an additional \$20m of swaps entered into post balance date

DNZ's LVR calculated under its banking facility was 40.8% (40.6% as at 31 March 2012) with 85% of drawn debt effectively subject to a fixed rate of interest through DNZ's hedging policy. This LVR sits comfortably in DNZ's target of a low 40% range, and well below DNZ's banking covenant limit of 50%.

Portfolio Valuation

Fourteen assets within DNZ's portfolio were re-valued as at 30 September 2012, with values remaining stable after taking into account capital works undertaken during the six month period.

Lease Transactions

DNZ management completed 105 lease transactions during the six month period to 30 September 2012 that included:

- 54 rent reviews over 131,345m² for a total annual rental of \$19.5m
- 20 lease renewals over 17,352m² for a total annual rental of \$4.4m
- 31 new lettings completed over 31,005m² for a total annual rental of \$3.6m

The key components of rental income growth in the portfolio were lease renewals and rental reviews. DNZ has a target of 25-35% of the portfolio's rental reviews being fixed or having a stepped increase at a review date, or being linked to an increase in inflation based on movements in the Consumer Price Index.

Paul Duffy, Chief Executive of DNZ, said "DNZ management has achieved excellent results, particularly in DNZ's Wellington office portfolio, with new long term leases to quality tenants. The remaining expiries due in the current financial year represent 1.65% of contract rental, with FY14 expiries reduced to just 5.41%, this makes the performance by DNZ management during the six months to 30 September 2012 extremely satisfying."

Seismic Review

Engineering reviews of all DNZ properties have been completed with ratings/status of the individual properties communicated to all tenants. Four of the five sites that have been classified as earthquake "prone" are held by DNZ for potential redevelopment. Discussions are underway with tenants at these sites to formulate a strategy going forward.

The earthquake "prone" assets represent \$25m or 3.75% of the portfolio value.

Acquisitions - Corinthian Drive, Albany, Auckland

During the period DNZ purchased 51 Corinthian Drive, Albany, Auckland for \$12.9m. This is a 3,297m² three level office building (plus basement car parking) that is fully occupied and is 76% leased to Westpac under a new 9 year lease.

Paul Duffy said “This is an excellent investment that has a new nine year lease to a quality anchor tenant, Westpac, in one of Auckland’s major growth areas. DNZ has also unconditionally purchased a 1.4 hectare block of bare land for \$5.7m that sits between the office building and 33 Corinthian Drive, which is owned by DNZ and occupied by ASB. This land provides a number of development opportunities.”

“These Albany purchases combined with the sale of a number of assets outside of Auckland is part of DNZ’s strategy of re-weighting the portfolio towards the Auckland region.”

Dividends - 9.0 cent cash dividend guidance for FY13 financial year

The Board of DNZ has today approved a second quarter cash dividend of 2.25 cents per share. This dividend will carry imputation credits of 0.694 cents per share.

The record date for this dividend is 30 November 2012, with payment to shareholders to be made on 13 December 2012.

The dividend re-investment plan will remain in place for the FY13 second quarter dividend. A discount for the price of shares issued under the DRP has been set at 1% on the 5 day weighted average trading price of the shares, commencing on 1 December 2012 being the day after the record date.

Eligible Shareholders are reminded that any DRP participation or variation forms need to be received by DNZ’s registrar, Computershare Investor Services Limited, by 5:00 pm on the record date of 30 November 2012.

In February the Board increased the policy of distributing 75-85% of distributable profit² to 95-100% with effect from the first quarter dividend payment for the 2013 financial year. This reflects DNZ’s long term policy of paying dividends which are broadly in line with its distributable profit and operating cashflows.

Summary

Mr Storey concluded by saying “The primary focus of the management team continues to be maintaining occupancy levels and rental income streams. We will continue to engage with, manage and retain tenants through a proactive management focus that delivers strong and sustainable returns to shareholders.”

“DNZ’s high occupancy rates and long-term contracted rental income streams provides a solid base to continue the Company’s strong performance. The quality of the property portfolio and tenant covenant is continually being enhanced by the management team, and we will also continue to look for new opportunities to add value and to maximise returns to DNZ shareholders.”

Notes

1 Excludes intangibles and the after tax fair value of interest rate derivatives.

2 Distributable profit is a measure adopted by DNZ and is defined as net profit/(loss) before tax adjusted for non-recurring and/or non-cash items and current taxation. For a reconciliation of distributable profit after tax against net profit before tax see page 8 of the attached FY13 Interim Results Presentation.

END

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DNZ Property Fund Overview

DNZ Property Fund Limited owns one of New Zealand's largest diversified investment property portfolios with commercial office, retail and industrial properties located in the main urban areas throughout New Zealand. As at 30 September 2012, DNZ Property Fund owned 51 properties with 259 tenants, a weighted average lease term (WALT) of 5.7 years and an occupancy rate of 99.0% over a net lettable area of 377,350m².

DNZ Property Fund Limited is a Portfolio Investment Entity in which investors hold shares and is managed by its own internal management team. DNZ Property Fund Limited also manages the \$105m property portfolio of Diversified NZ Property Fund Limited for Australian institutional investors.

DNZ's top 10 tenants as at 30 September 2012: Bunnings, Fletcher Building, Progressive Enterprises (Countdown), Foodstuffs (PAK'nSAVE & New World), NZ Government, ASB, Westpac, Meridian Energy, Mitre 10 and Lion. These 10 tenants represent 51% of the Company's total contract rental.

Attachments provided to NZX:

1. NZX Appendix 1 DNZ FY13 Interim Financial Statements
2. NZX Appendix 7
3. DNZ FY13 Interim Results Presentation