

NOTICE OF ANNUAL MEETING

Notice is given that the Annual Meeting of Shareholders of DNZ Property Fund Limited (**DNZ** or the **Company**) is to be held as follows:

Date of meeting:

Tuesday 13 August 2013

Time:

Commencing at 10.00 am

Venue:

The Remuera Room
Eilerslie Racecourse
80-100 Ascot Avenue
Greenlane, Auckland

Last day for receipt of proxy forms:

10.00 am (New Zealand time) on Sunday 11 August 2013.

BUSINESS

At the Annual Meeting there will be presentations detailing the performance of the Company for the year ended 31 March 2013. Shareholders will have an opportunity to question the Board on the Company's performance and to consider any other business that may be properly brought before the meeting. Shareholders will be asked to vote on four resolutions at the Annual Meeting as set out in the agenda.

AGENDA

- A. Chairman's address**
- B. Chief Executive's review**
- C. Financial statements**

To receive and consider the annual report and audited financial statements for the year ended 31 March 2013.

- D. Ordinary Resolutions**

To consider and, if thought fit, pass the following ordinary resolutions:

Resolution 1 – Re-appointment of auditor

That the re-appointment of PricewaterhouseCoopers as auditor of the Company be recorded and the directors be authorised to fix the auditor's fees and expenses.

Resolution 2 – Appointment of director

That Timothy Ian MacKenzie Storey be re-elected as a director of the Company pursuant to clause 20.3 of the Constitution.

Resolution 3 – Appointment of director

That Edward John Harvey be re-elected as a director of the Company pursuant to clause 20.3 of the Constitution.

Resolution 4 – Directors' remuneration

That, with effect from the start of the financial year commencing on 1 April 2013, the Company adopt a fee pool (being a monetary sum per annum payable to all directors taken together) pursuant to Listing Rule 3.5.1(a) of \$375,000.

Please ensure that you read and consider the resolutions together with the Explanatory Notes.

- E. General business**

Shareholders may submit written questions to be considered at the Annual Meeting. See the Explanatory Notes on the next page for further information.

PLEASE TURN OVER >

This Notice of Meeting is an important document and requires your immediate attention. It should be read in its entirety. It has been prepared to advise you of the forthcoming Meeting and assist you in understanding the Resolutions to be put to Shareholders for consideration at the Meeting. The Directors encourage you to read this Notice of Meeting and exercise your right to vote.

If you do not understand any part of this document or are in doubt as to how to deal with it, you should consult your broker or other professional adviser as soon as possible.

Please call DNZ on **0800 436 977** (within New Zealand) or +64 9 912 2690 (outside New Zealand) if you have any queries about the Resolutions or this Notice of Meeting.

EXPLANATORY NOTES

Resolution 1 – Re-appointment of auditor

PricewaterhouseCoopers is automatically re-appointed as auditor of the Company under section 200 of the Companies Act 1993. Section 197(a) of the Companies Act 1993 provides that the fees and expenses of the auditor are to be fixed in such a manner as the Company determines at the Annual Meeting. The Board proposes that, consistent with commercial practice, the auditor's fees should be fixed by the directors. This resolution provides authority for the directors to fix the fees and expenses of the auditor.

Resolutions 2 and 3 – Appointment of directors

In accordance with NZSX Listing Rule 3.3.11, one third of directors (or the number nearest to one third) must retire at each annual meeting, but shall be eligible for re-election at that meeting. The directors required to retire at the Annual Meeting are those directors who have been longest in office since their last election or deemed election. Tim Storey and John Harvey will retire in accordance with these provisions and each offers himself for re-election. The Board has determined that both Tim Storey and John Harvey will be independent directors for the purposes of the NZSX Listing Rules if re-elected.

No nominations for persons for appointment to the Board were received by the Company by 21 June 2013, being the closing date for such nominations as advised to the market pursuant to NZSX Listing Rule 3.3.5, and subsequently no other person is eligible to be elected as a director at the Meeting.



Tim Storey

Tim has spent more than 30 years as a commercial lawyer and company director, with fifteen years involvement in managed property funds in Australia and New Zealand. Tim is a director of Reading Entertainment Inc (US listed) together with a number of private companies. Tim was appointed as Chairman of

DNZ Property Fund Limited in October 2009.



John Harvey

John has over 35 years professional experience as a chartered accountant. He was a partner in PricewaterhouseCoopers for 23 years. As a partner he held a number of management and governance responsibilities for PricewaterhouseCoopers in New Zealand. John retired from PricewaterhouseCoopers

in June 2009 to pursue a career as a director. John holds a Bachelor of Commerce degree from the University of Canterbury. He is a member of the Institute of Directors in New Zealand (Inc) and is currently a director of Port Otago Limited, Kathmandu Holdings Limited, Heartland Bank Limited, Ballance Agri-Nutrients Limited and New Zealand Opera Limited.

The Board recommends you vote in favour of the re-election of Tim Storey and John Harvey.

Resolution 4 – Directors' remuneration

Increase in directors' remuneration

In accordance with NZSX Listing Rule 3.5.1, no remuneration may be paid to a director in his or her capacity as director of an issuer or any subsidiary (other than a listed subsidiary) unless such remuneration has been authorised by an ordinary resolution of shareholders. Listing Rule 3.5.1 further provides that an ordinary resolution authorising remuneration to be paid to a director may be expressed as either:

- (a) a monetary sum per annum payable to all directors of the issuer taken together; or
- (b) a monetary sum per annum payable to any person who from time to time holds office as a director of the issuer.

The Company currently has approval to pay \$65,000 per annum to non-executive directors and \$100,000 per annum to the Chair. No directors' fees are currently paid to the executive director in his capacity as such. The Company is proposing to increase this by \$10,000 (to \$75,000) and by \$30,000 (to \$130,000) per annum respectively and allow a small sum for committee payments if appropriate (as described below).

The current directors' fees have been in place since the listing of DNZ in 2010. It is important for DNZ to attract and retain high performing people whose skills and attributes are well matched to the Company's requirements and for DNZ to remunerate them appropriately. To this end, the Board has adopted a policy of reviewing director remuneration every two years.

In April 2013, DNZ engaged dsd Consulting Limited, an independent remuneration consultant, to provide a comparative market analysis of director remuneration from a group of comparable companies, including four listed property sector peers. The analysis was undertaken having regard to revenue and market capitalisation, complexity of operations, responsibilities of directors and the expected demands on the time of directors.

In its report, dsd Consulting Limited recommended that the Board consider increasing the current non-executive directors' fees to approximately \$75,000 and the Chair's fees to approximately \$130,000.

Having reviewed the advice of the independent remuneration consultant, the Remuneration & Nomination Committee recommended to the Board that, subject to shareholder approval:

- it adopt a directors' fee pool of \$375,000; and
- the directors' fees be increased to \$75,000 per annum for each non-executive director and \$130,000 per annum for the Chair for the financial years ending 31 March 2014 and 31 March 2015.

The increase in directors' fees for the 2014 and 2015 financial years is consistent with the recommendation of the independent remuneration consultant and has been accepted by the Board.

The Board is seeking authorisation from the Shareholders to adopt a fee pool of \$375,000 from which individual directors are remunerated. The current maximum aggregate amount able to be paid to directors is \$295,000. The proposal under Resolution 4 would increase this amount by \$80,000.

The Board proposes that the portion of the remuneration pool not paid to directors as directors' fees as set out above (maximum of \$20,000 per annum in total) will be available for special remuneration and committee payments to compensate directors for increases in workload from time to time (if appropriate and approved by the Board). However, in the normal course of business, the Board intends to pay only the above nominated amounts to the Chairman and each of the non-executive directors. As discussed above, the Board proposes to review director remuneration and seek the advice of an independent remuneration consultant every two years.

Voting Exclusions

DNZ will disregard any votes cast on Resolution 4 by:

1. any director of DNZ intended to receive fees; and
2. any Associated Person (as defined in the NZSX Listing Rules) of any such director.

However, DNZ will not disregard a vote if it is cast by such a person as proxy or representative for a person who is not disqualified from voting on Resolution 4, in accordance with express instructions to vote for or against a particular resolution on the proxy form.

PROCEDURAL NOTES

Attendance, voting rights and proxies: All Shareholders entitled to attend and vote at the Annual Meeting may appoint a proxy to attend and vote in their stead. The proxy need not be a Shareholder of the Company. A proxy form is enclosed with this Notice of Meeting, with the details of the process for appointing a proxy. A body corporate Shareholder may appoint a representative to attend the Annual Meeting on its behalf in the same manner as that in which it could appoint a proxy.

If you wish to appoint a proxy, the enclosed proxy form must be completed and lodged at the office of the Company's Registrar:

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road,
Private Bag 92119,
Victoria Street West, Auckland 1142,

or completed online at www.investorvote.co.nz, in each case no later than 48 hours before the time set for the Annual Meeting, being no later than 10.00 am (New Zealand time) on Sunday 11 August 2013.

Eligible Shareholders: For the purposes of the 2013 Annual Meeting, shares will be taken to be held by the persons who are registered as Shareholders at 5.00 pm on Friday 9 August 2013. Registered Shareholders at that time will be the only persons entitled to vote at the Annual Meeting and only the shares registered in those Shareholders' names may be voted at the Annual Meeting.

Ordinary resolutions: Each of the resolutions will be passed if approved by ordinary resolution. An ordinary resolution means a resolution passed by a simple majority of the votes of those Shareholders of the Company entitled to vote and voting on the resolution.

Joint holders: Where two or more persons are registered as the holder of a share, the vote of the person named first in the share register and voting on the matter will be accepted to the exclusion of the votes of the other joint holders.

Registration: Shareholders attending the Annual Meeting are requested to allow sufficient time for registration formalities at entry to permit the meeting to commence promptly at 10.00 am.

Proxies: The Chairman, Tim Storey, and each other director, is willing to act as proxy for any Shareholder who wishes to appoint him for that purpose. To do this, enter "Chairman" or the name of your proxy in the space allocated in the Proxy Form or to appoint a proxy online follow the steps set out at www.investorvote.co.nz. Subject to the restrictions described below, if you appoint the Chairman or any other director as your proxy, and tick the "Discretion" box or do not tick any box, the Chairman or director, as applicable, intends to vote in favour of the relevant resolution.

Each of the directors intended to receive fees under resolution 4 and their Associated Persons under the NZSX Listing Rules are prohibited from voting in favour of Resolution 4 (Director Remuneration), except in relation to proxies which contain express instructions setting out how to exercise the appointing Shareholder's vote. If you appoint any of these directors as your proxy, and tick the box marked "Discretion" or do not tick any box in relation to Resolution 4, they will not be able to vote in favour of that resolution and intend to abstain in respect of that resolution. In addition, Tim Storey intends to abstain from voting any undirected proxies given to him in respect of his re-election as a director (Resolution 2) and John Harvey intends to abstain from voting any undirected proxies given to him in respect of his re-election as a director (Resolution 3).

By order of the Board of DNZ Property Fund Limited



Tim Storey
Chairman
24 June 2013