

NOTICE OF MEETING

DNZ PROPERTY FUND LIMITED
SPECIAL SHAREHOLDERS' MEETING

12 MAY 2010



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Important Notices

NOTICE OF MEETING

This Notice of Meeting has been prepared for the purpose of a Special Shareholders' Meeting of DNZ Property Fund Limited. This Notice of Meeting is prepared as at and dated 22 April 2010.

This Notice of Meeting is an important document and requires your immediate attention. It should be read in its entirety before making a decision on how to vote on the Resolutions at the Special Shareholders' 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 Notice of Meeting or are in doubt as to how to deal with this Notice of Meeting, you should consult your broker or financial or other professional adviser as soon as possible.

DEFINITIONS

Capitalised terms used in this Notice of Meeting have defined meanings which appear in the "Glossary" or within the relevant section of this Notice of Meeting in which the term is used.

TIMES

All references in this Notice of Meeting to dates and times are to New Zealand dates and times.

Notice of Meeting

NOTICE

Notice is given that a Special Meeting of Shareholders of DNZ will be held at the Great Northern Room, Ellerslie Racecourse, 80-100 Ascot Avenue, Greenlane, Auckland on Wednesday the 12th of May 2010 commencing at 10 am.

A number of terms used in this Notice of Meeting are defined in the Glossary on page 10.

BUSINESS

A special meeting of Shareholders was requisitioned on 10 December 2009, by notice delivered on behalf of Client Asset Holdings Limited and various clients of MMG Advisory Partners Limited (together **MMG Advisory**). The requisition notice set out certain resolutions to be considered for the purposes of a special meeting of the Company. These are resolutions 1, 2, 3 and 6. The Board has also received resolutions from representatives of the Money Managers Action Group to be put to the meeting. These are resolutions 4 and 5. The purpose of the meeting is to consider these resolutions (the **Resolutions**) as set out below. The Board has not proposed any of the Resolutions but has called this meeting pursuant to its obligations under the Companies Act.

The Resolutions to appoint Directors (Resolutions 4 to 6 inclusive) will be binding on the Board and Company if passed. The other Resolutions (Resolutions 1 to 3 inclusive) will not be binding on the Board or the Company if passed.

The Board makes no recommendations in respect of Resolutions 1 to 6.

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

RESOLUTIONS

Resolution 1 – No Confidence

To be passed as an ordinary resolution of all shareholders

That the Group A Shareholders have no confidence in the existing Board of Directors of the Company or the manager of the Company, DNZ Management Limited.

(At the time this Resolution was proposed by MMG Advisory, the Board of the Company comprised Tim Storey, Simon Botherway, Paul Duffy, John Harvey, Alastair Hasell and Mark Hopkinson. Since then, three of the Board have resigned and one new Director (Michael Stiasny) has been appointed to the Board.)

Resolution 2 – Capital Raising Process

To be passed as an ordinary resolution of all shareholders

That, recognising that the Group A Shareholders are the owners of the Company, that the current capital raising process be terminated and that a capital raising proposal be put to the Group A Shareholders for their consideration and approval or rejection.

(This Resolution refers to the capital raising process which was terminated by the Board in December 2009.)

Resolution 3 - Disclosure of Full Independent Reports

To be passed as an ordinary resolution of all shareholders

That the full independent reports obtained from PricewaterhouseCoopers and Northington Partners Limited in respect of the current capital raising process be provided to the Group A Shareholders for their consideration.

(This Resolution refers to the independent reports obtained as part of the capital raising process which was terminated by the Board in December 2009.)

Resolutions 4 to 6 – Appointment of Directors

Resolution 4 - To be passed as an ordinary resolution of holders of Group A shares

That Peter Bruce is appointed as a director of the Company pursuant to clause 13.3(a) of the Constitution.

Resolution 5 - To be passed as an ordinary resolution of holders of Group A shares

That Peter Fletcher is appointed as a director of the Company pursuant to clause 13.3(a) of the Constitution.

Resolution 6 - To be passed as an ordinary resolution of holders of Group A shares

That David van Schaardenburg is appointed as a director of the Company pursuant to clause 13.3(a) of the Constitution.

(MMG Advisory also nominated Derek Bruce Young as a candidate for appointment as a Director. Since its notice requisitioning this Special Shareholders' Meeting, MMG Advisory has advised DNZ that Mr Young is no longer seeking election to the Board and has withdrawn his nomination.)

PROCEDURAL NOTES

Procedural Note for Resolutions 1 to 3: Each of Resolutions 1 to 3 inclusive will only be passed if the resolution is approved by (i) a majority of votes cast by the holders of Group A shares entitled to vote and voting and (ii) a majority of votes cast by the holders of Group B shares entitled to vote and voting.

Procedural Notes for Resolutions 4 to 6

- (a) Clause 13.3(a) of the Constitution provides that the holders of Group A shares are entitled to appoint by ordinary resolution up to two of the Directors of the Company.
- (b) There are two vacancies for the election of Group A Directors and three nominees to fill those vacancies. They are:
 - (i) Peter Bruce who has been nominated by representatives of Money Managers Action Group;
 - (ii) Peter Fletcher who has been nominated by representatives of Money Managers Action Group; and
 - (iii) David van Schaardenburg who has been nominated by MMG Advisory.
- (c) As there are three nominees to fill only two vacancies for Group A Directors, election will be by way of a ballot conducted as a poll.
- (d) Accordingly, votes of Group A shares may be cast:
 - (i) in favour of one or two of the three nominees. Votes of Group A shares cast on resolutions 4 to 6 in favour of more than two nominees will be invalid; or
 - (ii) may be cast against any or all of the nominees.
- (e) To be elected, a nominee needs to receive more "for" votes than "against" votes validly cast by the holders of Group A shares entitled to vote and voting.
- (f) If three of the nominees receive more "for" votes than "against" votes then:

- (i) the two nominees who receive the highest and second highest number of “for” votes from the Group A Shareholders entitled to vote and voting, will be appointed to the Board;
 - (ii) if after counting the number of “for” votes in accordance with paragraph (i), there is a tie between two or more nominees, the nominee(s) to be elected from those that are tied will be the nominee(s) who receive the least number of “against” votes;
 - (iii) if after counting the number of “for” votes and “against” votes in accordance with paragraphs (i) and (ii), there is still a tie, the nominee(s) to be elected from those that are tied will be determined by lot.
- (g) If no nominee or only one nominee receives more “for” votes than “against” votes, the relevant vacancy or vacancies (being one or two vacancies, as the case may be) will not be filled at the meeting.

By order of the Board of DNZ



Tim Storey
Chairman
22 April 2010

Explanation of Resolutions

UPDATE

Since deferral of the 2009 capital raising, the Board has been reconsidering the capital management strategy to advance the best interests of the Company and its Shareholders. As described in the summary of the PwC independent report sent to Shareholders with this Notice of Meeting, the main options available to DNZ, and considered for assessment by the Directors ahead of the Special Meeting, include:

1. Status Quo Strategy - Staying as we are and selling some of our assets to manage our debt
2. Liquidation Strategy - Selling the entire property portfolio, terminating the existing management agreement and distributing the net proceeds to our Shareholders after meeting all debts and costs of the Company
3. NZSX Listing Only Strategy - Continuation of the existing management agreement and listing on the NZSX, including reaching agreement with the Manager regarding cancellation of the Group B shares

NZSX Listing and Capital Raising Strategies:

4. Placement Strategy - A restructuring involving internalisation of the Manager funded through a share issue to the Manager, a private share placement and/or a capital raising from Shareholders, and listing on the NZSX
5. Entitlement Offer Strategy – A restructuring involving internalisation of the Manager, a larger capital raising conducted through a pro rata entitlements offer to all Shareholders and institutional bookbuild and listing on the NZSX to reduce debt levels

Below is a table setting out an analysis of the various alternatives considered by the Board.

Review of Alternatives	NZSX Listing & Capital Raise		NZSX Listing Only	Liquidation
	Entitlement Offer	Placement		
Dividend Level/Sustainability	✓	✓	✗	✗
Share Trading Volume (Liquidity)	✓	✓	✓	✗
Reducing the Share Price Discount to NTA	✓	✓	✗	✓
Debt Levels	✓	✗	✗	✓
Improved Corporate Governance	✓	✓	✓	✗

The Directors are of the view that, given all the information currently available to them, a NZSX Listing and Capital Raising Strategy is the best option for the long term if Shareholders want the opportunity to unlock the value in their Shares, want to create stronger governance, a structure where all Shareholders are equal and create the opportunity for a sustainable long-term dividend policy. The independent report from PwC highlights that either of the Capital Raising Strategies offer DNZ and its existing Shareholders a superior way forward relative to any of the other scenarios.

We encourage Shareholders to review the summary of the PwC report sent with this Notice of Meeting. We continue to evaluate the options and will await the appointment of two new Group A Directors and feedback from our Shareholders before continuing to develop the preferred path forward.

RESOLUTION 1 – NO CONFIDENCE

MMG Advisory has sought a vote of no confidence in the Board and in the Manager of the Company. At the time this Resolution was proposed by MMG Advisory, the Board of the Company comprised Tim Storey, Simon Botherway, Paul Duffy, John Harvey, Alastair Hasell and Mark Hopkinson. Since then, three of the Board have resigned and one new Director (Michael Stiasny) has been appointed to the Board.

Board statement in response to the resolution

The Board believes that it continues to, and has at all times, acted in the best interests of the Company and its Shareholders. The debate about the merits of the capital raising and listing announced in November 2009 resulted in confusion and concern amongst some of the Shareholders. As a result, the Board felt it had a duty to take the time to clarify the issues for Shareholders. This resulted in the Board making the decision to defer the process, enter into discussions with shareholder representatives and engage with our Shareholders in the Shareholder Briefings.

RESOLUTION 2 – CAPITAL RAISING PROCESS

MMG Advisory has sought a vote relating to the withdrawal of the capital raising process undertaken by the Company in November 2009 and the putting to Shareholders of another capital raising proposal.

Board statement in response to the resolution

The first part of the resolution sought is no longer relevant as the Company has already withdrawn its public offer of shares that formed part of the 2009 proposal. The key reason for the delay in calling the Special Meeting (with the agreement of MMG Advisory) has been to hold discussions with MMG Advisory and other interested parties to try to agree a strategy to advance the best interests of the Company and its Shareholders which was then to be put forward to Shareholders for their consideration at this meeting. As we stated in our letter of 14 April 2010, unfortunately we have yet to reach an agreed position with the various interest groups.

As this resolution relates to the management of the Company, it will not, even if passed, be binding on the Company pursuant to section 109(3) of the Companies Act.

RESOLUTION 3 - DISCLOSURE OF FULL INDEPENDENT REPORTS

MMG Advisory has sought a vote that the full Independent Reports obtained by PwC and Northington Partners in respect of the capital raising process undertaken by the Company in November 2009 be provided to the Group A Shareholders for their consideration.

Board statement in response to the resolution

The information contained in each of the independent reports produced by PwC and Northington Partners was not able to be disclosed as part of the previous proposal because the Company was subject to restrictions on disclosure during an offer of new shares. In particular, certain forward-looking information in those reports did not conform to the strict securities law requirements for presentation of such material.

The Company commissioned a new independent report from PwC regarding various options for the Company and a new valuation report from Deloitte Corporate Finance.

A summary of the PwC independent report has been sent to Shareholders with this Notice of Meeting. For those Shareholders who wish to look into the much greater detail contained in the PwC full independent report and a summary of the Deloitte report, you can call 0800 436 977 or email investor@dnzproperty.com to have a hard copy of these reports sent to you. The Board currently intends to make the full Deloitte report publicly available to shareholders in connection with any arrangements to terminate the current management agreement, but will need to agree this as part of its negotiations with the Manager.

The Independent Directors believe that the new PwC independent report provides Shareholders with the most recent information available in relation to the options for the Company and will assist Shareholders to assess the options available to the Company.

As this resolution relates to the management of the Company, a vote proposing that the full Independent Reports prepared in connection with the now terminated November capital raising be disclosed to the Group A Shareholders will not, even if passed, be binding on the Company pursuant to section 109(3) of the Companies Act.

RESOLUTIONS 4 TO 6 – APPOINTMENT OF DIRECTORS

Biographies of each of the three nominees seeking election to the Board are set out below.

Peter Bruce

Peter has been a pioneering tourism owner and operator for over 30 years in New Zealand and Internationally, encompassing guided whitewater rafting trips, bicycling tours and walking journeys, providing travel agency services and the management of remote five star luxury lodges. For the past five years he has been the sole director of a private property investment and management company.

Peter is a lifelong investor and now is semi retired. Peter is a DNZ 'group A' shareholder and is extremely dismayed in the performance and management of DNZ. Peter has absolutely no confidence in MMG Advisory Partners (Money Managers) and as such is an active member of the Money Managers Action Group - www.moneymanagersactiongroup.org.nz. Peter puts himself forward as someone with commitment to change the status quo and has a clear vision of what needs to be done to move DNZ forward. Peter has relevant life and business experience, the time and motivation to achieve a way forward for DNZ and will at all times be a voice for the class A shareholders and their interests .

Peter Fletcher

Peter Fletcher has worked on land development projects in the UK, West Indies and New Zealand, but the majority of his career has been spent in the Tertiary Education sector where he became Head of the Civil and Mechanical Engineering Department at Wellington Polytechnic and subsequently the Academic Group Manager for the Institutes of Technology & Engineering and Information Sciences & Technology at the Wellington Campus of Massey University. A position he held until retiring in 2004.

His involvement with DNZ to date has been as a 'group A' shareholder. He sought nomination for one of the vacant positions on the DNZ board when it became clear that MMG Advisory Partners (Money Managers) nominees would otherwise be elected unopposed.

Peter Fletcher strongly believes that shareholders deserve to have a choice when selecting who represents them. He also feels that the shareholders interests would be best served by someone who has an intimate knowledge of their situation and whose interests are closely aligned with theirs.

David van Schaardenburg

Principal, NZ Funds Management Limited

"I have worked in financial analysis and portfolio management roles for 25 years including 3 years in London.

From 1994 I directed Fundsource Limited, New Zealand's leading investment research group and from 1997 was Chief Investment Officer at NZ Funds overseeing the management of \$1 billion across a variety of asset classes.

I became a non executive Director of MMG in June 2008 and was appointed chair of their Investment Panel at that time.

My tertiary academic qualifications are Bachelor of Commerce, accountancy major, from the University of Auckland in 1983. I hold a Chartered Accountant [CA] designation from the NZ Institute of Chartered Accountants.

DNZ

As chair of the MMG Investment Panel I have been assessing and interacting with DNZ since June 2008. The Panel has held a consistent view since that time that:

1. DNZ needed to reduce debt and risk going into a weak property cycle.
2. The optimal way to achieve that was via property sales.
3. That DNZ should list on the NZX to give shareholders liquidity.

I have been involved in negotiating with DNZ on behalf of MMG clients for the last 6 months and therefore have an in-depth understanding of the key challenges for DNZ and how best to resolve these.

Through my position at MMG and NZ Funds I have been able to marshal our considerable legal and financial resources and our wider business network to support the pursuit of the most value enhancing outcomes for DNZ shareholders. I remain committed to that endeavour.”

REQUISITION NOTICE

In addition to the resolutions set out in this Notice of Meeting, the requisition notice from MMG Advisory contained three further resolutions, each relating to the removal of Directors. Due to the resignation of those Directors since the requisition notice was delivered to the Company, the Board has determined that it is not necessary to put the resolutions to Shareholders. Set out below are each of the resolutions and the reasons for not including them in the Notice of Meeting (using the paragraph lettering from the requisition notice).

Resolution (d)

Edward John Harvey is removed from office as a Director of the company in accordance with clauses 13.3(a) and 13.4 of the Constitution.

At the time this Resolution was proposed by MMG Advisory, Mr Harvey was a Group A Director. Since then, on 9 April 2010 Mr Harvey resigned as a Group A Director and was appointed as a Group B Director in accordance with clause 13.3(b) of the Constitution.

Mr Harvey has been a valuable member of the Board since his appointment to the Board of DNZ. He is an experienced independent director with a proven track record as a partner at PwC. Since including this Resolution in its notice requisitioning this Special Shareholders' Meeting, MMG Advisory has given its support to John Harvey continuing as a Director.

As a Group B Director, Mr Harvey may only be removed from the Board with the agreement of the Group B Shareholder. Mr Harvey has the support of the full Board and the Group B Shareholder.

Resolution (e)

Mark Christian Hopkinson is removed from office as a director of the company pursuant to clauses 13.3(a) and 13.4 of the Constitution.

Mark resigned from office as a Director of DNZ on 10 February 2010.

Resolution (f)

Simon John Botherway is removed from office as a director of the company pursuant to clause 13.4 of the Constitution.

Simon resigned from office as a Director of DNZ on 10 February 2010.

Resolution (g)

Derek Bruce Young is appointed as a director of the Company pursuant to clause 13.3(a) of the Constitution.

Since including this resolution in its notice requisitioning this Special Shareholders' Meeting, MMG Advisory has advised DNZ that Mr Young is no longer seeking election to the Board and has withdrawn his nomination.

REQUIREMENTS FOR RESOLUTIONS

Ordinary resolutions (Resolution 1 to 3 inclusive) require Shareholder approval by way of a simple majority of the votes of Group A Shareholders entitled to vote and voting on the resolution, and a simple majority of the votes of Group B Shareholders entitled to vote and voting on the resolution.

Only the holders of Group A shares may vote on Resolutions 4 to 6 inclusive.

VOTING EXCLUSIONS

No Shareholder shall be entitled to vote at the Special Shareholders' Meeting in respect of any of the Resolutions in respect of Shares on which any call or other moneys are due and unpaid.

ATTENDANCE AND VOTING RIGHTS

Subject to the voting exclusions described above, every Shareholder or that Shareholder's proxy, attorney or representative, is entitled to attend the Special Shareholders' Meeting and vote. On a show of hands, each Shareholder has one vote, and on a poll, each Shareholder has one vote per Share. Shareholders for the purposes of voting at the Special Shareholders' Meeting will be determined from the Company's register at the close of business on the prior day.

VOTING AND PROXIES

A Shareholder entitled to vote at the Special Shareholders' Meeting but who cannot attend may:

- vote by postal vote using the postal vote form and reply paid envelope enclosed; or
- appoint a Proxy to attend the Special Shareholders' Meeting and vote on his or her behalf.

A Proxy Form is available from the Company on request. A Proxy need not be a Shareholder. The Chairman of the meeting is willing to act as proxy for any Shareholder who may wish to appoint him for that purpose. A body corporate Shareholder may appoint a representative to attend the Special Shareholders' Meeting on its behalf in the same manner as that in which it could appoint a proxy.

TIMING

Ian Hasell (the Company Secretary) is authorised by the Board to receive and count postal votes at the Special Shareholders' Meeting. Postal votes must be received by Ian Hasell c/- Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Auckland (Private Bag 92119, Victoria Street West, Auckland 1142) by 10 am on 10 May 2010. The Company is entitled to disregard any postal votes received after this deadline.

For the appointment of a proxy to be effective, you must ensure that your proxy form is produced to the Company before the start of the Special Shareholders' Meeting on 12 May 2010. You can produce it:

- by mail;
- by facsimile; or
- by hand delivery.

ADDITIONAL INFORMATION

If you have any questions, please contact DNZ Investor Services on 0800 436 977, Monday to Friday between 9 am and 5 pm.

Glossary

Board	the board of directors of DNZ
Companies Act	the Companies Act 1993
Company	DNZ Property Fund Limited
Constitution	the constitution of DNZ
Director	a director from time to time of DNZ
Directors	the directors of DNZ
DNZ	DNZ Property Fund Limited
DNZ Management	DNZ Management Limited
Group A Shareholders	the holders of Group A shares
Group A shares	fully paid group A ordinary shares in DNZ
Group B Shareholders	the holders of Group B shares
Group B shares	fully paid group B ordinary shares in DNZ
Manager	DNZ Management
Northington Partners	Northington Partners Limited
Notice of Meeting	this notice of meeting
PwC	PricewaterhouseCoopers
Shareholders	holders of Shares
Shares	together, the Group A shares and the Group B shares
Special Shareholders' Meeting	the special meeting of Shareholders to be held on 12 May 2010

Directory

DNZ Property Fund Limited

Level 4, 80 Greys Avenue

Auckland 1010

PO Box 6320 Wellesley Street

Auckland 1141

New Zealand

Telephone +64 9 912 2690 or 0800 436 977

Facsimile +64 9 912 2693