

The Independent Directors
DNZ Property Fund Limited
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DNZ Property Fund Limited – Summary of Independent Report assessing the Merits of Alternative Strategies

Introduction

1. PricewaterhouseCoopers (PwC) has been engaged by the Independent Directors of DNZ Property Fund Limited (DNZ or the Company) to prepare an independent report (the Report) assessing the merits of five alternative strategies and the implications of these for existing shareholders in DNZ (the Shareholders).

Background

2. DNZ is operating in an environment where the value of its property portfolio has fallen and consequently the DNZ Board considers that current debt levels need to be reduced. In November 2009, DNZ launched a capital restructure initiative via an offer to the public (the November 2009 Proposal). The November 2009 Proposal was detailed in a combined Investment Statement and Prospectus, dated 18 November 2009, which included an independent report by PwC on the merits of the November 2009 Proposal.
3. Under the November 2009 Proposal, the capital raising incorporated a priority offer of shares to existing DNZ Shareholders and an offer of shares to new investors. DNZ also intended to terminate the management agreement for an independently negotiated consideration. The net proceeds of the capital raising, after payment for the management agreement termination, were to be applied to reducing debt levels.
4. Following its announcement, there was considerable debate regarding the merits of the November 2009 Proposal. As a result, the DNZ Board decided to withdraw the November 2009 Proposal in order to give further consideration to the matters being raised.
5. This summary letter is being sent to DNZ Shareholders and is intended to assist them in understanding the issues that DNZ faces and to provide PwC's independent assessment of the relative merits of five alternative strategies which the Independent Directors are considering. Our full Report (which this letter summarises) will be provided to Shareholders free of charge by the Company upon request. This summary letter should be read in conjunction with our full Report.

Purpose of Report

6. The Independent Directors of DNZ have requested that PwC prepare the Report assessing the merits of a range of alternative scenarios.
7. Specifically, PwC has been requested by the Independent Directors of DNZ to consider, by way of comparison, five alternative strategies (the Alternative Strategies) that may be pursued by the Company. The Alternative Strategies are:
 - Maintenance of the status quo whereby DNZ continues to be managed by an external manager and is not listed on the New Zealand Stock Exchange (NZSX) (Status Quo Strategy);
 - A liquidation of DNZ, including cancellation of the existing Management Agreement, a sale of all DNZ's property assets and a return of the net proceeds to Shareholders (Liquidation Strategy);
 - A listing of DNZ's Shares on the NZSX and maintenance of an external manager. This scenario would require a change to DNZ's Constitution to enable an NZSX Listing, including reaching agreement with the Manager regarding the cancellation of the existing B Shares (NZSX Listing Only Strategy);
 - A restructuring involving, inter alia, internalisation of the Manager funded in part via a share issue to the Manager, a further private share placement (the Placement) and accompanying Share Purchase Plan for existing Shareholders to raise approximately \$26m of new capital, refinancing of the Company's bank debt, and listing on the NZSX (Placement Strategy);
 - A larger scale restructuring involving, inter alia, internalisation of the Manager, a \$100m capital raising conducted via an institutional bookbuild process, refinancing of the Company's bank debt, and listing on the NZSX (Entitlement Offer Strategy).
8. The Placement Strategy and the Entitlement Offer Strategy are similar in many respects, the principal differences being the amount of capital raised and the method by which that capital is raised. Both strategies are collectively referred to as the "Capital Raising Strategies". A range of variations incorporating elements of both strategies could be considered (including varying the offer size), however for the purpose of the Report we have focussed on these two specific scenarios to illustrate the outcomes for shareholders.
9. DNZ is considering the sale of approximately \$80m of property over the first six to nine months of the 2010 calendar year (the Asset Sale Programme) including \$20m of property sales that were completed prior to 31 March 2010 and a further \$40m presently under negotiation. We have assumed that these sales proceed and the net proceeds of these asset sales will be applied to reducing DNZ's debt. The impact of the Asset Sale Programme is a common element of all the Alternative Strategies.
10. The analysis in the Report also assumes certain commercial arrangements would be agreed with the Manager and its owners regarding termination of the existing DNZ Management Agreement and acquisition of the management agreement for Diversified Property Fund Limited (the DPFL Management Agreement). It is important to note that as at the date of the Report no binding agreements have been concluded with the Manager and its owners regarding these terms. Consequently the commercial assumptions employed in the Report are subject to change, especially if such arrangements are eventually entered into at a later date.

11. In the absence of a decision by DNZ's Board on all of the specific parameters applicable to each of the Alternative Strategies, in order to facilitate our analysis and comparison of the Alternative Strategies we have made a number of assumptions regarding certain parameters following discussion with DNZ's independent directors, management and advisers. These assumptions primarily relate to the amount of capital to be raised, the issue price, precise capital raising structure, the debt funding costs, and the commercial basis upon which either the B Shares may be cancelled or the management arrangements internalised. In the event that the actual parameters of any proposed transaction differ materially from the assumptions we have used the impact of the adopted strategy on existing Shareholders could vary from that outlined in the Report and our conclusions may change accordingly.
12. Each Shareholder's circumstances and investment objectives will be different. It is therefore not possible to advise what the specific impact of the Alternative Strategies is for each individual Shareholder nor prescribe what action an individual Shareholder should take in response. Our advice is necessarily general in nature and is intended to assist each Shareholder to form their own opinion as to the implications for them and what action they should take given their respective circumstances.

Declarations, Qualifications, Disclaimer and Restrictions, etc.

13. This Letter should be read in conjunction with the statements and declarations set out in Appendix A regarding our independence, qualifications, restrictions on the use of this Letter, reliance on information, general disclaimer, limitation of liability and our indemnity.

Note

14. All monetary amounts in this Letter are expressed in New Zealand currency and are stated exclusive of Goods and Services Tax (GST), unless indicated to the contrary. Certain numbers included in the tables have been rounded and therefore do not add precisely. Generally references to "year" should be taken as referring to DNZ's financial years ending on 31 March. For example, references to the "2010 year" refer to the financial year ended 31 March 2010. Appendix B contains a Glossary of terms used in this Letter.

Issues Facing DNZ

15. DNZ is facing a number of challenges due to its relatively high level of gearing (which exceeded 48% as at 31 December 2009 as measured by its Loan to Value (LVR) ratio), the prospect of declining distributions, its existing governance and management arrangements, and the limited ability of Shareholders to trade their Shares.
16. The Global Financial Crisis and the recession in New Zealand have had a negative impact on property values, increased borrowing costs and decreased the availability of bank funding. Other New Zealand listed property vehicles (LPVs) have been similarly affected and many have undertaken capital raisings and/or property sales to reduce debt levels. DNZ's present structure and the nature of its existing Shareholder base severely inhibit its ability to raise new capital.
17. DNZ's debt level and the pending increase in the cost of these borrowings mean that the historical level of distributions to Shareholders is not sustainable and without a debt reduction there is a risk that distributions may need to be suspended or reduced.
18. DNZ has approximately 8,200 Shareholders. Since April 2009 DNZ Shares have been tradable via Unlisted but trading volumes have been very light and the Shares presently lack the liquidity normally expected of an NZSX-listed company, meaning that Shareholders' ability to trade their Shares is limited. The volume weighted average price (VWAP) since the trading halt on DNZ Shares was lifted following the deferral of the November 2009 Proposal is 66 cents and the last reported trade, on 21 April 2010, took place at 73 cents.

19. DNZ's existing governance structure, whereby under the Company's Constitution the Manager is able to veto any ordinary or special resolution via its control of the B Shares, means that DNZ is not eligible to be listed on the NZSX.
20. The existence of an external Manager, with an entrenched position via a long-term Management Agreement and the B Shares, poses a conflict of interest between the Manager's objectives and profit drivers, compared to those of DNZ. The Manager's returns are not linked to the total returns to Shareholders.

Consideration of Alternative Strategies

21. We set out below a summary of the merits of the Alternative Strategies that we were asked to evaluate by DNZ's Independent Directors.

Status Quo Strategy

22. The Status Quo is essentially the default strategy, and reflects the Company's position and the implications for Shareholders if no other Strategy is adopted. The Status Quo assumes that DNZ continues to be managed externally and that DNZ does not pursue an application to list on the NZSX. The net proceeds from the Asset Sale Programme are applied to reducing DNZ's bank debt.
23. Under the Status Quo, DNZ's LVR should fall to approximately 42.5% following completion of the Asset Sale Programme. This LVR is still high when compared to other New Zealand LPVs. Our analysis indicates full year pro forma earnings per share (EPS) of approximately 8.2 cents under the Status Quo.
24. Under the Status Quo the issue of liquidity for Shareholders and the concerns regarding DNZ's existing management and governance structures, all of which have a detrimental effect on the value of Shareholder's investment in the Company, would remain.
25. We would expect that DNZ's Shares are unlikely to trade at a level close to the valuation metrics of the other LPVs. Instead we believe that under the Status Quo, the best indication as to the likely market value for DNZ's Shares can be gauged by reference to the current pricing of the shares on Unlisted of approximately 70 cents per share.

Liquidation Strategy

26. A liquidation of DNZ would involve the sale of all of DNZ's property portfolio and the distribution of net proceeds to Shareholders in a value maximising manner, most probably over a three or four year period. Liquidation could occur either under the control of a statutory liquidator, for example if one was to be appointed through a shareholder-initiated resolution to place DNZ in liquidation; or alternatively an orderly liquidation could be conducted under the direct control and supervision of DNZ's Board. We believe the outcome under either approach should not be materially different.

27. The outcomes of the Liquidation Scenario are best summarised in present value (PV) terms by discounting the expected realisation cashflows to reflect the risks inherent in these expected cashflows. The Liquidation Scenario implies a PV per Share between \$1.04 and \$1.27, or between 35% and 46% below the adjusted Net Tangible Assets (NTA)¹ of \$1.94 based on the 31 December 2009 unaudited position, or between 26% and 40% below the estimated adjusted NTA following the cancellation of the Management Agreement and completion of the Asset Sale Programme and IFRS adjustments of \$1.72.
28. If Shareholders wish to sell their Shares during the liquidation period (which we consider could take three years or longer), the Shares could remain tradable on the Unlisted trading platform. However, we would expect the Shares to trade at a discount of at least 25% to 35% to their theoretical PV, i.e. between 73 cents and 89 cents assuming a mid point discount of 30% was applied. This discount reflects the lower liquidity on the Unlisted trading platform when compared with an NZSX listing, as well as the Shares' limited appeal given their finite life, lack of income and uncertainty over the timing and amount that will eventually be paid to Shareholders when the liquidation concludes.
29. A liquidation of DNZ would be virtually unprecedented in the local market, and is likely to crystallise a significant value loss due to the Company's changed circumstances, particularly as regards to its ability to renew leases, negotiate new rentals, and secure new tenants during the liquidation period. Moreover, liquidation would, by its very nature, eliminate any "portfolio value" attaching to the Company. This strategy carries more risk than either of the two Capital Raising Strategies as the outcome is inherently less certain.
30. In our view a liquidation of DNZ's portfolio represents a relatively inefficient means of accessing the Company's underlying value for the benefit of Shareholders, given the significant value loss that such a process would trigger, combined with the relatively high transaction costs and the inherent uncertainties, and it should therefore only be considered as a last resort. Ultimately, if DNZ's Shares continue to trade at a deep discount to their underlying NTA then there will be an increased prospect of DNZ becoming a takeover target, and this should provide a more efficient means of Shareholders being able to realise their investment at closer to NTA.
31. It is important to recognise that the other Alternative Strategies do not preclude either the prospect of a takeover or the possibility of liquidation, should the Board decide in future that such a course of action would deliver greater value to Shareholders. We would expect that these possibilities should also be reflected in DNZ's Share price, especially if the Shares are listed on the NZSX.

NZSX Listing Only Strategy

32. The NZSX Listing Only Strategy would involve a listing of DNZ's Shares on the NZSX and continuation of the existing external management arrangements.
33. In order to list on the NZSX, DNZ's Constitution would have to be changed and the rights attaching to the B Shares currently held by the Manager would need to be eliminated. The B Shares provide the Manager with veto power over any ordinary or special shareholder resolution and also ensure that the Board of DNZ has a majority of directors appointed by the Manager. This structure effectively provides a degree of security to the Manager and therefore enhances the value of its Management Agreement.

¹ Adjusted NTA is based on unaudited NTA of \$2.04 as at 31 December 2009 less a 10 cent per share IFRS adjustment to reflect deferred tax on depreciation recovered. We have made this adjustment to enable comparison with LPVs.

34. The payment required by the Manager to eliminate the rights attaching to the B Shares would be a matter for negotiation but in our opinion it is likely to represent a significant outlay, reflecting the substantially reduced value attaching to the Management Agreement absent the B Shares. This compensation payment would not generate any immediate cash benefit as the existing Management Agreement would remain in place. Funding the payment would adversely impact DNZ's ability to reduce its debt as the payment would utilise a significant proportion of the proceeds from the Asset Sales Programme.
35. A listing on the NZSX would provide DNZ Shareholders with increased liquidity for their Shares. However, funding a compensation payment to the Manager in order to eliminate the rights attaching to the B Shares whether via increased debt or property sales would reduce distributable income. Distributable income would also be adversely affected because the necessary changes to DNZ's Constitution would trigger a re-pricing of the Company's banking facility, leading to an increased funding margin.
36. We therefore believe that, even with the liquidity benefits of an NZSX listing, DNZ's increased gearing and the attendant uncertainty over its ability to maintain distributions mean that its share price on the NZSX may be little different from the current price on Unlisted. We would expect that the Shares would trade on the NZSX at a lower price relative to the price that they may trade at under either of the Capital Raising Strategies, because of the lower earnings and greater uncertainty over the Company's ability to maintain distributions.
37. As a variation of this scenario we also considered an NZSX listing of DNZ coupled with a full internalisation of the Manager. We concluded that this option is probably not feasible without also raising at least some additional capital or selling more property than is contemplated under the Asset Sale Programme that is underway. Whilst EPS may increase by more than half a cent under this option, DNZ's LVR would exceed 48%.

Capital Raising Strategies

38. We have been asked to evaluate the merits and implications of two alternative Capital Raising Strategies, being the Placement Strategy and the Entitlement Offer Strategy. These strategies share a number of common features and assumptions, but also illustrate different alternatives and variations around how DNZ might restructure its capital base and fund an internalisation of the Manager. We have therefore separately summarised our evaluation of each Capital Raising Strategy, followed by commentary on factors common to both Capital Raising Strategies.

Placement Strategy

39. The Placement Strategy allows DNZ to internalise its management and list on the NZSX, with the internalisation funded in part via an issue of shares to the Manager, a private share placement and a share purchase plan whereby existing Shareholders would be offered the opportunity to subscribe for additional shares (the Share Purchase Plan) at a small discount to the price that applies under the Placement (the Placement Price). We have been asked to assume the total capital raised via the private share placement and Share Purchase Plan is \$25.7m. For the purposes of our analysis we have assumed that the private placement will raise \$15m and the Share Purchase Plan will raise \$10.7m.
40. DNZ's Directors have indicated that the current estimate of the Placement Price is likely to be between 90 cents and 100 cents per share at the present time. For the purposes of our analysis we have assumed the Placement Price to be 95 cents, with the price payable under the Share Purchase Plan being 90 cents.

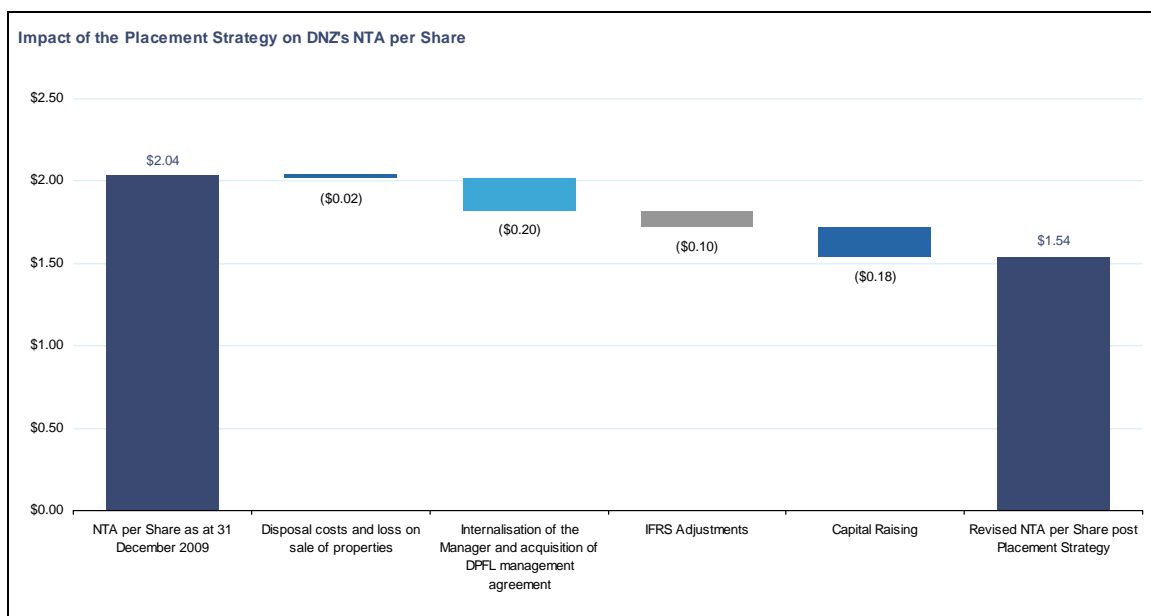
41. DNZ would expect to reach agreement with the Manager to internalise management of the Company by terminating the existing Management Agreement and purchasing the DPFL management agreement. The proposed consideration for the termination of the Management Agreement is \$35m (compared to \$39.5m in the November 2009 Proposal). DNZ would also acquire the management rights to the associated property fund, DPFL for \$3.6m. The total consideration of \$38.6m (compared to \$43m in the November 2009 Proposal) payable to the Manager would be satisfied 50% in cash and 50% in Shares issued to interests associated with the owners of the Manager, at an issue price equal to the Placement Price (95 cents).
42. DNZ would apply the aggregate net proceeds of the Asset Sale Programme (\$78m), the Placement and Share Purchase Plan net of issue costs (\$19.2m) less payment of the cash consideration to the Manager (\$19.3m) to reduce bank debt by approximately \$77.9m.
43. As part of the Placement Strategy the Company would implement a longer dated borrowing facility with the Company's banking syndicate.
44. DNZ would apply to have its Shares listed on the NZSX. It is a necessary prerequisite to the proposed NZSX listing that DNZ's Constitution and governance be changed in the manner provided for under the Placement Strategy.
45. As part of this strategy the Company would reduce its development activity and concentrate on holding investment properties.
46. Under the Share Purchase Plan existing Shareholders would be able to apply for new Shares at a small discount to the Placement Price with each Shareholder having a minimum pro rata entitlement based on their existing shareholding in the Company. To the extent that there are excess Shares not subscribed for in the pool available to existing Shareholders under the Share Purchase Plan, existing Shareholders may be able to apply for additional Shares.
47. It is expected that the \$15m private share placement would be made to one investor or a small group of investors. Based on a Placement Price of 95 cents, and a price under the Share Purchase Plan of 90 cents, following completion of the Placement, Share Purchase Plan and the issue of shares to the Manager, DNZ's issued capital and shareholding structure would appear as follows:

DNZ's Ownership Post Placement Strategy	(\$'000s)	Shares on Issue (000s)	(%)
Existing Shareholders		188,500	79.7
Shares issued under the Share Purchase Plan	10,700	11,889	5.0
Subtotal Existing Shareholders	10,700	200,389	84.7
Shares issued to Manager as part consideration	19,300	20,316	8.6
Shares issued to investor(s) via the Placement	15,000	15,789	6.7
Total	45,000	236,494	100.0

Impact on Ownership, Gearing and NTA

48. The identity and intentions of the new investor(s) taking up the private placement which results in that investor(s) owning 6.7% of DNZ, alongside the owners of the Manager who will hold 8.6%, are likely to be of some significance in terms of the ultimate outcome for existing Shareholders. The incoming investor(s) may seek Board representation and therefore could have some ability to influence the Company's direction. If the incoming Shareholder has skills and objectives that are complementary to those of the Company and its other Directors, then this could have a positive effect for all Shareholders.

49. This information will also be of considerable significance in terms of the likely prospect that other investors, including institutions, will consider acquiring Shares in the Company, once listed on the NZSX. If the Company ends up with two substantial Shareholders then this may have a bearing on any prospective takeover for the Company.
50. DNZ's NTA per share would decline from \$2.04 to an estimated \$1.54 following implementation of the Placement Strategy. The estimated cost of the internalisation of the Manager and the acquisition of the DFPL Management Contract, would collectively account for a 20 cents per share decline in NTA. The balance of the NTA per share decline would be attributable to the disposal costs and losses expected to be incurred on the asset sales (2 cents per share), IFRS adjustments (10 cents per share) and the dilution impact of the Capital Raising and associated costs (18 cents per share). The following graph illustrates the NTA per share movement:



Note: NTA per Share of \$2.04 as at 31 December 2009 represents the unaudited position and is adjusted to exclude intangibles.

51. The assumed Placement Price of 95 cents represents a 38.3% discount to DNZ's adjusted NTA per share of \$1.54 and is a 43.9% premium over the VWAP of 66 cents that DNZ's Shares have been trading at on the Unlisted Trading Facility since share trading resumed on 7 December 2009.
52. The net proceeds of the Placement, Share Purchase Plan and Asset Sale Programme would be expected to reduce DNZ's LVR from 48.4% as at 31 December 2009 to approximately 42.5%.

Earnings per Share Impact

53. The table below sets out our full year pro forma estimate of the financial performance of DNZ under the Placement Strategy:

Pro Forma ⁽¹⁾ Summary Projected Financial Performance	(\$'000)	Post Placement Strategy (\$'000)
Net Rental Income		52,695
Management Fee Income		1,588
Corporate Expenses	(5,565)	
Administration Expenses	(2,000)	
Total Operating Expenses		(7,565)
Earnings before interest, tax & revaluations		46,718
Interest Income	219	
Interest on Bank Borrowings	(22,964)	
Other Finance Expenses	(675)	
Net Financing Expenses		(23,420)
Earnings before tax & revaluations		23,298
Tax		(3,728)
Earnings before revaluations		19,570
<i>Shares on issue (000s) assuming 95 cent Placement Price and 90 cent price under the Share Purchase Plan</i>		236,494
<i>Earnings per Share (cents)</i>		8.3

Note (1): Pro forma Financial Performance is based on DNZ's forecast FY10 Financial Performance adjusted by PwC for the full year impact of the Placement Strategy

54. The combined effect of the internalisation of the Manager and savings on DNZ's funding costs as a result of the Placement Strategy could be expected to increase distributable earnings by approximately \$4.2m from \$15.4m to \$19.6m. A full year pro-forma estimate of DNZ's financial performance indicates EPS following implementation of the Placement Strategy of approximately 8.3 cents. The net benefit of internalisation of the Manager is estimated to be approximately \$1.5m or 0.8 cents per existing Share.
55. DNZ would have approximately 48 million additional Shares on issue, so that the expanded capital base would largely offset the increased distributable income, meaning there would be only a small increase in EPS (from 8.2 to 8.3 cents) as a consequence of the Placement Strategy.

Share Price Impact

56. We are unable to predict the actual price DNZ's Shares will trade at on the NZSX if this strategy is implemented. However we would expect that, all other things being equal, the Shares should trade above their current Unlisted price given the Company's current position and outlook following implementation of the Placement Strategy providing an immediate value gain for existing DNZ Shareholders. Assuming the market requires a dividend yield of between 8.5% and 9.5% following the Placement Strategy would imply a Share price of approximately 85 to 95 cents once the Shares are listed on the NZSX (assuming that 100% of earnings are distributed).

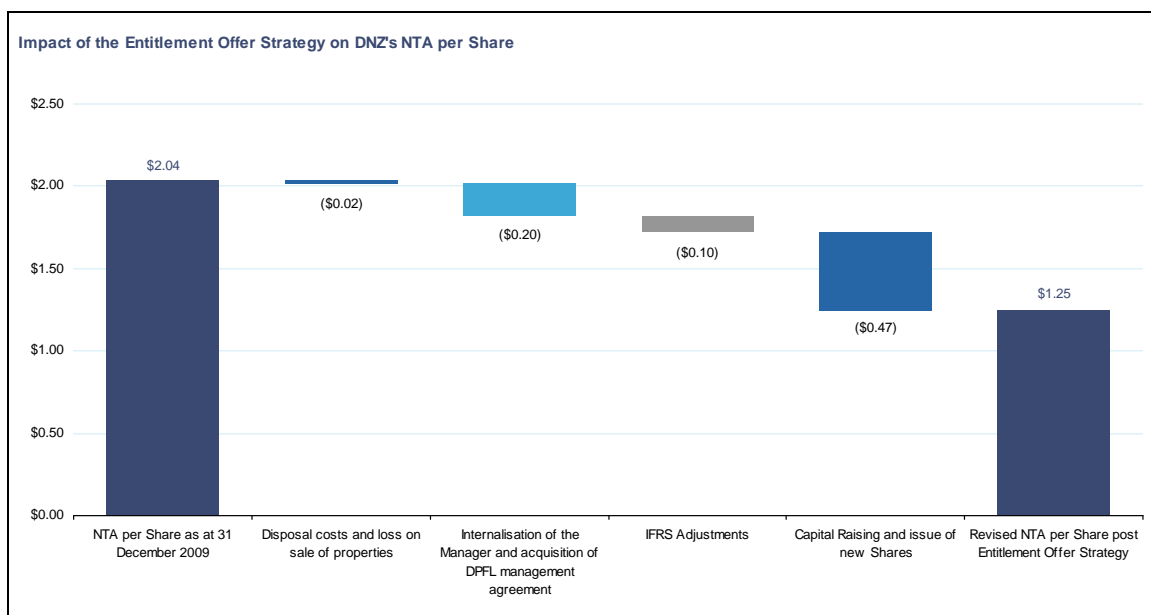
Entitlement Offer Strategy

57. A larger scale capital raising strategy (the Entitlement Offer Strategy) is also being considered to reduce DNZ's debt, position the Company to grow in future, and improve the liquidity of DNZ's shares. This strategy would involve a capital raising of approximately \$100m, internalisation of the Manager, refinancing of the Company's bank debt, and listing on the NZSX.
58. Under the Entitlement Offer Strategy, DNZ expects to be able to undertake an approximately \$100m Capital Raising by way of a pro-rata entitlement offer to all existing DNZ Shareholders (the Entitlement Offer). It is expected that the Entitlement Offer would be fully underwritten. DNZ's advisers have indicated that, given the Company's present circumstances and the state of the equity markets, if undertaken now the Entitlement Offer Price would likely fall with a range of 65 to 75 cents. For the purposes of our analysis we have assumed the midpoint of 70 cents for the Entitlement Offer Price.
59. Assuming an Entitlement Offer Price of 70 cents, an existing DNZ Shareholder would have the right to purchase 1 new Share in DNZ for every 1.3 Shares they currently hold. Any new Shares that are not taken up by existing Shareholders would be offered to new shareholders via a bookbuild process (the Bookbuild) and any excess cash, representing the difference between the share price achieved in the Bookbuild process (the Bookbuild Price) and the Entitlement Offer Price, would be returned to those Shareholders who do not, or are ineligible to, take up their Entitlement.
60. Internalisation of DNZ's management would be expected to occur on the same negotiated basis as under the Placement Strategy described above, for total cash consideration estimated to be \$38.6m, of which up to 50% may be required to be reinvested in DNZ via a sub-underwrite of the Bookbuild.
61. Under the Entitlement Offer Strategy, the aggregate net proceeds of the Asset Sale Programme (\$78m), the Capital Raising net of issue costs (\$91m) and payment of the cash consideration to the Manager (\$38.6m) would be applied to reducing bank debt by approximately \$130m.
62. In all other respects (i.e. implementation of a revised and longer dated Borrowing Facility, listing of the Company's Shares on the NZSX and reduction in development activity) the implications of the Entitlement Offer Strategy would be the same as under the Placement Strategy outlined above.

Impact on Gearing and NTA

63. Immediately following the Entitlement Offer Strategy and completion of the Asset Sale Programme, DNZ's bank borrowings should decrease by approximately \$130m, with gearing (LVR) dropping from 48.4% (as at 31 December 2009) to an estimated 34.3%. The NTA per share will drop from \$2.04 (unaudited) as at 31 December 2009 to an estimated \$1.25, assuming the Entitlement Offer Price is set at 70 cents, resulting in the issue of approximately 142.9 million new shares, increasing DNZ's issued capital to 331.4 million shares.
64. For individual Shareholders the dilutionary impact of the capital raising under the Entitlement Offer can be fully offset by purchasing new shares in the Entitlement Offer and partially offset for those Shareholders who do not purchase new shares by the value of the Entitlement Offer.

65. The following graph illustrates the NTA movement:



Note: NTA per Share of \$2.04 as at 31 December 2009 represents the unaudited position and is adjusted to exclude intangibles.

Earnings per Share Impact

66. The table below sets out our full year pro forma estimate of the financial performance of DNZ under the Entitlement Offer Strategy:

Pro Forma ⁽¹⁾ Summary Projected Financial Performance	(\$'000)	Post Entitlement Offer Strategy (\$'000)
Net Rental Income		52,695
Management Fee Income		1,588
Corporate Expenses	(5,565)	
Administration Expenses	(2,000)	
Total Operating Expenses		(7,565)
Earnings before interest, tax & revaluations		46,718
Interest Income	219	
Interest on Bank Borrowings	(16,939)	
Other Finance Expenses	(675)	
Net Financing Expenses		(17,395)
Earnings before tax & revaluations		29,323
Tax		(4,692)
Earnings before revaluations		24,632
Shares on issue (000s) assuming 70 cent Entitlement Offer Price		331,357
Earnings per Share (cents)		7.4

Note (1): Pro forma Financial Performance is based on DNZ's forecast FY10 Financial Performance adjusted by PwC for the full year impact of the Capital Raising, Internalisation of the Manager and Asset Sales Programme

67. A full year pro-forma estimate of DNZ's financial performance indicates estimated EPS following implementation of the Entitlement Offer Strategy of approximately 7.4 cents, based on the expanded capital base and incorporating the net benefit of internalisation of the Manager. Importantly, the changes to DNZ's capital structure, especially the implementation of a revised longer dated banking facility, and the associated stability that this would provide, should materially improve DNZ's ability to continue to distribute its earnings as dividends.

Share Price Impact

68. We are unable to predict the actual price DNZ's Shares will trade at on the NZSX if this strategy is implemented. However we would expect that, given the Company's current position and outlook, and all other things being equal, the Shares should trade above their current Unlisted price following implementation of the Entitlement Offer Strategy and most probably should exceed 80 cents giving an immediate value gain for existing DNZ Shareholders (based on the Company's current position and outlook).

Factors common to both the Placement Strategy and Entitlement Offer Strategy

Shareholder Liquidity

69. Once listed on the NZSX, it will be easier for Shareholders to trade their Shares when they wish, with a lower risk that a selling Shareholder is forced to accept a reduced price in order to immediately realise their investment.

Revised Constitution and Governance

70. The changes to DNZ's Constitution and its revised governance framework would afford all Shareholders equal rights proportionate to their holdings, consistent with all other listed companies. Shareholder interests would be a paramount consideration for the DNZ Board and there should be no impediment to the implementation of strategies intended to serve the best interests of the Company.

Internalisation of Management

71. Internalisation of DNZ's management functions should remove any potential for conflict of interest between the Manager and the Company, reduce management costs and eliminate future performance fees, and also removes an impediment to the Company being the subject of a takeover.
72. The consideration that is expected to be paid by DNZ to terminate the Management Agreement is below the bottom end of the value range independently assessed by Deloitte (\$47.4m to \$50.9m for the DNZ Management Agreement and \$4.6m to \$5.0m for the DPFL Management Agreement), is less than the present value (PV) of the future cost savings that the Company expects to derive, should be value accretive, and delivers a positive impact on the Company's EPS.
73. The internalisation of the Manager would also provide DNZ with a unique investment proposition for Shareholders compared to all other New Zealand LPVs. The cost of managing DNZ's property portfolio would not increase simply as a function of increases in property values and therefore Shareholders would benefit to a much greater extent in future from higher returns than would be the case if the Company continued with its existing external management arrangements

Takeover Prospect

74. If DNZ's Shares continue to trade at a deep discount to their underlying NTA and distributions do not improve notwithstanding implementation of either of the Capital Raising Strategies, then the prospect of a takeover may emerge, especially if the Company has an open share register (which is more likely to be the case under the Entitlement Offer Strategy). A takeover offer for all DNZ Shares, most likely by another property investment fund, would be a feasible proposition following the NZSX Listing. This prospect is likely to underpin the share price and may ultimately provide a more attractive alternative exit for Shareholders.
75. A takeover may be slightly more difficult to achieve if the Placement Strategy is implemented, given the fact that there may be two substantial Shareholders, being the new investor(s) and the owners of the Manager, each of which may hold in excess of 6% of the Company's expanded Share capital. On the other hand, if a potential acquirer could reach agreement with either or both of these parties, then this would provide a strong platform from which to mount a full takeover offer. These two shareholdings could both be acquired without triggering any approvals under the Takeovers Code.

Future Share Price Appreciation

76. Over the longer term, we believe that there would be good prospects of DNZ's share price increasing following the implementation of either the Placement Strategy or the Entitlement Offer Strategy given the significant discount that would still exist below its NTA. There are a number of factors that should assist a positive re-rating of the Shares over time, such as the reduced emphasis on development activity which is a feature of both Capital Raising Strategies and the potential for lower yielding development assets to be divested, lower funding costs resulting from a renegotiation of the Company's banking facilities, reduced operating costs, and other capital management strategies that the Board may initiate.
77. Our discussions with the Directors indicate that narrowing the gap between the DNZ's prevailing share price and NTA to at least a level commensurate with other LPVs will be a major focus for the Board and management going forward, although in our view this will also require an increase in distributable EPS.
78. It is possible that in the short-term following completion of either the Placement Strategy or Entitlement Offer Strategy and once listed on the NZSX, the Share price could come under pressure due to a number of existing DNZ Shareholders wishing to sell their Shares, possibly giving rise to a situation where there are more sellers than buyers in the short-term, which would have a depressing effect on the Share price. It may therefore take some time for normal share trading patterns to emerge, particularly as the market will need time to gain an appreciation for the Company's fundamentals, which in turn should help generate greater market interest in the Shares.

Comparison to November 2009 Proposal

79. Of the Alternative Strategies the Entitlement Offer Strategy is most similar to the November 2009 Proposal, however it also incorporates a number of significant changes from the November 2009 Proposal that address issues raised by Shareholders and other interested parties. The Entitlement Offer Strategy should deliver a slightly better outcome for DNZ Shareholders than the November 2009 Proposal because the size of the capital raising will be less and DNZ Shareholders who do not wish to take up their Shares under the Entitlement Offer will receive a cash payment equal to the discount between the Bookbuild Price and the Entitlement Offer Price without deduction of any other transaction costs. Shareholders who do take up their Shares under the Entitlement Offer would be able to subscribe for their Shares at a discount to the "market price" established via the Bookbuild process, although the extent of the difference remains uncertain, and will depend on the price achieved through the Bookbuild.

Summary of Comparison of Alternatives

80. The table below summarises the key metrics for the Status Quo, the NZSX Listing Only Strategy, the Placement Strategy, the Entitlement Offer Strategy and the November 2009 Proposal:

Key Metrics	Status Quo	NZSX Listing Only ⁽¹⁾	Placement Strategy	Entitlement Offer Strategy	November 2009 Proposal
Investment Properties after allowing for Asset Sale Programme (\$'000s)	638,425	638,425	638,425	638,425	728,482
Total Debt (\$'000s)	265,307	293,807	265,407	212,907	248,282
NTA per share (\$)	1.92 ⁽²⁾	1.78	1.54	1.25	1.28
LVR	42.5%	47.0%	42.5%	34.3%	34.6%
Issued Share Capital (000s)	188,500	188,500	236,494	331,357	373,256
Distributable income (\$'000s)	15,442	13,467	19,570	24,632	25,384
Earnings per share (cents)	8.2	7.1	8.3	7.4	6.8
NZSX Listing	No	Yes	Yes	Yes	Yes
Implied Share Price	c.70 cents	70 - 80 cents	85+ cents	80+ cents ⁽³⁾	N.A.

Note (1): NZSX Listing Only Scenario assumes for illustrative purposes a compensation payment of \$25m to the Manager for the elimination of the rights attaching to the B Shares and transaction costs of \$3.5m.

Note (2): Adjusted NTA is based on unaudited NTA of \$2.04 as at 31 December 2009 less a 10 cent per share IFRS adjustment to reflect deferred tax on depreciation recovered and a 2 cent adjustment for expected loss on sale. We have made this adjustment to enable comparison with LPVs.

Note (3): Under the Entitlement Offer Shareholders who choose not to participate would receive a cash payment of approximately 11 cents per existing Share. In contrast, Shareholders who participate in the Entitlement Offer will benefit from being able to purchase 1 Share for every 1.3 Shares they currently hold at a 15 cent discount to the assumed Bookbuild Price (the value of this benefit is effectively 11 cents per existing Share).

81. The Status Quo results in only marginally lower EPS than the Placement Strategy but has a higher EPS than the Entitlement Offer Strategy. However, it is apparent that both the Status Quo and Placement Strategies involve significantly higher gearing, with an LVR exceeding 42% in both scenarios, compared to approximately 34% under the Entitlement Offer Strategy. In other words, higher EPS under either the Status Quo or Placement is accompanied by greater risk due to the higher gearing, with the attendant prospect that the Company's earnings will be more susceptible to any increase in funding costs, and the higher gearing would restrict the Company's financial flexibility and growth prospects.
82. However under the Status Quo, in contrast to the other Alternative Strategies depicted in the table, DNZ would not be listed on the NZSX and as a result liquidity for Shareholders wishing to trade their Shares would be unchanged (assuming DNZ Shares remain tradable on the Unlisted trading platform).

83. In our opinion the combination of DNZ not being listed on the NZSX and continuing with its current governance and management arrangements would mean that the Company would have considerable difficulty generating any substantial new equity funding under the Status Quo. We do not believe that institutions would invest in the Company without the changes that form part of the Capital Raising Strategies, with institutions likely to have a preference to invest as a consequence of implementation of the Entitlement Offer Strategy, due to the nature of the Bookbuild process and the relatively open share register. If the Placement Strategy proceeded, then the identity of the prospective new investor(s) taking up the Placement would be of considerable significance, and is likely to influence the extent to which institutions would also be willing to invest.
84. Although DNZ's NTA per share would be higher under the Status Quo, we do not believe this is likely to translate into realisable value for DNZ Shareholders in the foreseeable future. Instead we consider the best indication of the value of DNZ Shares under the Status Quo is the current trading price on Unlisted of approximately 70 cents.
85. A Liquidation may generate a PV per share of between \$1.04 and \$1.27, although it is likely Shareholder distributions would be suspended until bank debt was repaid. In our opinion liquidation of the portfolio in its entirety would be likely to trigger a significant loss in value, due to the Company's changed circumstances, particularly as regards to its ability to negotiate new rentals, renew leases, and secure new tenants.
86. The Liquidation process could take three years (or longer) and in the interim period it is likely that any Shareholders wishing to sell their Shares on the Unlisted trading platform would be required to do so at a significant discount to the expected PV per share. We would expect DNZ's Shares to trade at a discount of at least 25% to 35% to the theoretical PV, i.e. between 73 cents and 89 cents assuming a mid point discount of 30% was applied.
87. We also note that the Placement and Entitlement Offer Strategies do not preclude the possibility of a liquidation, should the Board decide in future that this is in fact the best option for delivering value to Shareholders. We would expect that this possibility should also be reflected in DNZ's share price, especially if the Shares are listed on the NZSX. In fact, implementation of either of the Capital Raising Strategies would remove impediments which currently exist and which would frustrate either a liquidation process or takeover to the detriment of existing DNZ Shareholders.
88. Adoption of an NZX-compliant constitution and elimination of the rights attaching to the B Shares would enable DNZ to list on the NZSX, however this would require the consent of the Manager and is likely to require a substantial compensation payment to reflect the rights that the Manager would be giving up and the detrimental impact on the value of the Management Agreement.
89. The elimination of the rights attaching to the B Shares and a listing on the NZSX would provide Shareholders with increased liquidity for their Shares. However, funding a payment to the Manager for the elimination of the rights attaching to the B Shares, whether via additional debt or property sales, would reduce distributable income. Distributable income would also be adversely affected because the necessary changes to DNZ's Constitution would trigger a re-pricing of the Company's banking facility, leading to an increased funding margin.
90. Under the NZSX Listing Only Strategy we would expect that DNZ's Shares would trade on the NZSX at a lower price relative to the price that they may trade at under the Placement or Entitlement Offer Strategies, because of the lower earnings and greater uncertainty over the Company's ability to maintain distributions.

91. The Placement Strategy achieves the internalisation of the Manager and an NZSX listing which should result in improved liquidity for Shareholders. We note that whilst the Placement Strategy would generate higher EPS than the Entitlement Offer Strategy, the LVR would also be considerably higher at 42.5%, which exceeds the gearing of comparable LPVs, and exposes Shareholder returns to a greater degree of risk should there be any further decline in the value of DNZ's property portfolio or any increase in funding costs.
92. A direct comparison of projected EPS under the Placement Strategy and the Entitlement Offer Strategy is difficult because under the Entitlement Offer Strategy Shares would be offered to existing Shareholders at a discount and this would result in the dilution of EPS.
93. Given the higher gearing under the Placement Strategy relative to DNZ's peers, it is likely that Shareholders would require a higher dividend yield compared with the dividend yields that other New Zealand LPVs currently trade at. This may offset the impact of the higher EPS relative to the Entitlement Offer Strategy and therefore the Share price that DNZ would trade at on the NZSX under the Placement Strategy and the Entitlement Offer Strategy may not be significantly different.
94. Under the Placement Strategy existing Shareholders will experience dilution in NTA per share as the Share Purchase Plan only allows for existing Shareholders to subscribe for a maximum of \$10.7m of new Shares at a small discount to the Placement Price. However, for those Shareholders who are either unwilling or lack the financial resources to participate in the Entitlement Offer or Share Purchase Plan, the Placement Offer would result in less NTA per share dilution than will arise as a consequence of the Entitlement Offer Strategy.
95. The Entitlement Offer Strategy enables existing Shareholders to avoid dilution by taking up the Entitlement Offer and subscribing for new shares at a discount to the expected Bookbuild Price. Whilst the projected EPS under the Entitlement Offer Strategy (7.4 cents) is lower than the EPS under the Placement Strategy (8.3 cents) the figures are not directly comparable as EPS is partly diluted under the Entitlement Offer Strategy due to the new shares under the Entitlement Offer being issued at a discount with existing Shareholders receiving the benefit of the discount. If the shares were not issued at a discount the EPS under the Entitlement Offer Strategy would be similar to the EPS under the Placement Strategy.
96. The November 2009 Proposal offered DNZ Shareholders a relatively certain and immediate outcome in terms of the internalised management, modified Constitution, enhanced shareholder rights, reduced gearing, substantial capital injection, extended maturity of banking facility and stable future returns for all DNZ Shareholders. However, it did not allow all DNZ's Shareholders to avoid dilution of their pre-offer position as to do so Shareholders needed to subscribe for approximately one share for every existing share held and the Priority Offer pool was not large enough to accommodate this.

Conclusions

97. After considering the merits of the Alternative Strategies discussed above we believe that both Capital Raising Strategies offer DNZ and its existing Shareholders a superior way forward relative to any of the other scenarios, as once implemented, they both:
 - Provide greatly improved liquidity for all Shareholders via the NZSX listing and allow DNZ Shareholders to benefit from the potential upside of a narrowing of the Price:NTA discount as DNZ Shares move from Unlisted to being listed on the NZSX;
 - Improve DNZ's governance and remove the potential conflicts of interest between the Manager and Shareholders; and

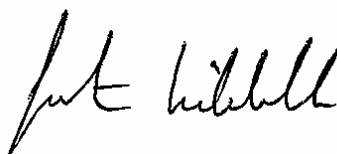
- Do not preclude at a later date, and indeed would facilitate, other possible outcomes such as a takeover, merger or even a future liquidation.
98. The two Capital Raising Strategies differ in the following important respects:
- The Placement Strategy may result in a substantial shareholder coming onto DNZ's register, owning approximately 6.7% of the Company's issued capital, alongside the owners of the Manager who would also hold approximately 8.6%. The identity and intentions of the new investor(s) are likely to be of significance to existing Shareholders, and may have a bearing on the willingness of institutions to consider investing in the Company.
 - The Placement Strategy does not by itself address DNZ's debt levels and the LVR of 42.5% following the Placement is high relative to other LPVs and much higher than the LVR of 34.3% under the Entitlement Offer Strategy.
 - The Placement Strategy offers a higher projected EPS of 8.3 cents, compared to the Entitlement Offer Strategy of 7.4 cents, however we believe that Shareholders will require a higher yield, so the market price of DNZ's Shares under the Placement Strategy may be similar to that likely to prevail under the Entitlement Offer Strategy.
 - The Entitlement Offer Strategy allows Shareholders who do not wish to take up Shares under the Entitlement Offer to receive a cash payment equal to the discount that the Entitlement Offer Price represents when compared to the price that Shares would be issued at under the Bookbuild, and this should mitigate the NTA value dilution from the Capital Raising that would otherwise occur for such Shareholders.
99. The consequence of the higher LVR under the Placement Strategy is a higher risk that the Company would either have to sell more properties or raise additional capital should there be any further deterioration in the property market and reduced property values. Hence, the Placement Strategy carries a greater prospect that there may be a requirement for a further capital raising, with the attendant risk for Shareholders of further dilution occurring. On the other hand, if the Company can successfully ride out the current property market downturn and Shareholders are prepared to wait until the property market recovers, the Placement Strategy would result in less NTA dilution than the Entitlement Offer Strategy for those Shareholders who do not have either the willingness or ability to participate in the Placement or Entitlement Offer.
100. From the Company's perspective, the Entitlement Offer Strategy provides greater certainty and reduces debt to a level similar to other LPVs. The lower debt levels would also afford it some flexibility as the property market recovers and enable DNZ to take advantage of opportunities as they arise.
101. The Entitlement Offer is also likely to result in institutions immediately joining DNZ's share register, and the entire process should result in broking analysts and other commentators paying more attention to the Company due to its significantly expanded capital and investor base, all of which should serve to generate greater market interest in DNZ, and hence improve the market for the Company's Shares which should have a positive effect on the Share price.

102. A pro forma projected EPS of 7.4 cents and NTA of \$1.25 per share post the Entitlement Offer Strategy implies a share price of approximately \$1.16 based on the long term weighted average sector Price:NTA discount. Based on the long term weighted average sector dividend yield a share price of 95 cents is implied. Although under the Placement Strategy DNZ would have a higher NTA (\$1.54) and higher projected EPS (8.3 cents) which together might imply a higher share price, the Company will also continue with considerably higher gearing, as evident by a LVR exceeding 42%, and we believe the higher leverage, the associated prospect that the Company may have to raise further capital, and the lack of institutional participation in the capital raising may mean that its share price performance is little different from that which can be expected as a consequence of implementing the Entitlement Offer Strategy notwithstanding the greater NTA dilution and lower EPS which would occur.
103. In any event we believe that although both Capital Raising Strategies should deliver an immediate value gain for Shareholders, DNZ would need to establish a track record of sustainable distributions and gain greater market confidence before its Shares are likely to be re-rated to levels consistent in all respects with other LPVs.
104. In our opinion the Entitlement Offer positions the Company better for the future given the:
- Lower LVR, in line with norms amongst the LPV sector, which provides greater stability in terms of the resulting capital structure;
 - Access to a broader potential investor pool and better access to capital markets due to the institutional participation in the Company's ownership.
105. Note that in the absence of a decision by DNZ's Board on all of the specific parameters applicable to each of the Alternative Strategies, in order to facilitate our analysis and comparison of the Alternative Strategies we have made a number of assumptions regarding certain parameters following discussion with DNZ's independent directors, management and advisers. These assumptions primarily relate to the amount of capital to be raised, the issue price, precise capital raising structure, the debt funding costs, and the commercial basis upon which either the B Shares may be cancelled or the management arrangements internalised. In the event that the actual parameters of any proposed transaction differ materially from the assumptions we have used the impact of the adopted strategy on existing Shareholders could vary from that outlined in the Report and our conclusions may change accordingly.

Yours faithfully
PricewaterhouseCoopers



David Bridgman
Partner



Justin Liddell
Partner

Appendix A – Statement of Independence, Disclaimer, Restrictions, Limitation of Liability, and Indemnity

Qualifications

This Summary Letter (Letter) and our full Report have been prepared by the Corporate Finance division of PricewaterhouseCoopers, which provides advice on mergers, acquisitions and divestments, valuations, independent expert's reports and appraisals, financial investigations and strategic corporate advice.

The Partners responsible for this Letter and our Report are David Bridgman M.Com, LLB, CA and Justin Liddell BCom, LLB, CA, both of whom have extensive experience in relation to corporate restructurings and the preparation of independent expert's reports for the benefit of investors.

Independence

PricewaterhouseCoopers considers itself independent of the DNZ and DNZ Management Limited in relation to the Alternative Strategies.

Our fee for preparation of this Letter and our Report is based on the time required for its completion, and it is not contingent on the success or implementation of any of the Alternative Strategies.

We are not, and do not intend to be, a director, officer, or employee of, DNZ. We have previously provided professional advice to DNZ and may do so again in the future.

In addition to this Letter and our Report we have provided the following advice and reports to DNZ during the last three years:

- Advice in Relation to the required accounting treatment of Convertible Notes to be issued by DNZ Property Fund Limited (September 2007);
- An Independent Report on the Proposed Amalgamation of four Dominion Property Group Limited companies (July 2008);
- Valuation Advice to DNZ Management Limited regarding the value of management rights (July 2008);
- An Investigating Accountant's Report included in the Offer Document (November 2009);
- Report to DNZ Board on Proposed Capital Raising and NZSX Listing dated 7 November 2009; and
- Independent Report for DNZ Investors on Proposed Capital Raising dated 18 November 2009.

Scope, Disclaimer and Restrictions

The purpose of this Letter and our Report is to advise the Independent Directors of the DNZ Board about the merits of the Alternative Strategies and their likely future impact on the Company and its shareholders.

This Letter and our Report have been prepared solely for this purpose and should not be used or relied upon for any other purpose.

The statements and opinions expressed in this Letter and our Report are based on information available as at the date of the Letter.

In preparing our Letter and Report, we have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of DNZ or any of its related entities.

Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied.

In forming our opinions, we have relied on forecasts and assumptions prepared by DNZ about future events which by their nature are not able to be independently verified. Inevitably, some assumptions may not materialise and unanticipated events and circumstances are likely to occur. Therefore, actual results in the future will vary from the forecasts upon which we have relied. These variations may be material.

The statements and opinions expressed in this Letter and our Report have been made in good faith and on the basis that all relevant information for the purposes of preparing our Letter has been provided by DNZ and / or its directors and advisors, and that all such information is true and accurate in all material aspects and not misleading by reason of omission or otherwise. Accordingly, neither PricewaterhouseCoopers nor its partners, employees or agents, accept any responsibility or liability for any such information being inaccurate, incomplete, unreliable or not soundly based or for any errors in the analysis, statements and opinions provided in our Letter or Report resulting directly or indirectly from any such circumstances or from any assumptions upon which our Letter and Report are based proving unjustified.

Our opinions have been arrived at based on economic, market and other conditions prevailing at the date of our Letter. Such conditions may change significantly over relatively short periods of time.

We reserve the right, but will be under no obligation, to review or amend this Letter or our Report, if any additional information, which was in existence on the date of our Letter, was not brought to our attention, or subsequently comes to light.

Limitation of Liability

PricewaterhouseCoopers will accept liability to pay damages for losses arising as a direct result of breach of contract or negligence on our part in respect of services provided in connection with, or arising out of, this engagement but, to the extent permitted by law, any liability of PricewaterhouseCoopers, its partners and staff (whether in contract, negligence or otherwise) shall in no circumstances exceed five times the fees paid in the aggregate in respect of all such services.

We accept no liability to any party other than the addressee, as our client.

Indemnity

DNZ has agreed to indemnify us against claims brought by any third party (which includes but is not limited to DNZ shareholders and prospective investors). The indemnity covers PricewaterhouseCoopers for any loss or liability suffered or incurred as a result of or in connection with the preparation of our Report or this Letter. The indemnity will not apply to the extent that it has been determined by a Court that there is negligence or misconduct on our part.

Appendix B - Glossary

Alternative Strategies	Five alternative strategies that may be pursued by DNZ, namely: Status Quo, Liquidation, NZSX Listing Only, Placement, Entitlement Offer
APT	AMP NZ Office Trust
Asset Sale Programme	Sell down of approximately \$80m (gross proceeds) of DNZ's property assets over the first six to nine months of the 2010 calendar year
Board	The board of directors of DNZ
Bookbuild	The bookbuild process under the Entitlement Offer to set the price at which Shares in respect of entitlements not taken up, and entitlements which would otherwise have been available to ineligible Shareholders, are to be sold to persons participating in the Bookbuild, which is to be completed at the close of the Entitlement Offer
Bookbuild Price	The price achieved under the Bookbuild
Capital Raising	The capital raisings that make up part of the Placement and Entitlement Offer Strategies
Capital Raising Strategies	The Placement and Entitlement Offer Strategies
Constitution	The constitution of DNZ
Director	A director from time to time of DNZ
Directors	The directors of DNZ
DNZ or the Company	DNZ Property Fund Limited
DNZ Management or the Manager	DNZ Management Limited
DNZ Property	DNZ Property Group Limited
DPFL	Diversified NZ Property Fund Limited
DPS	Dividend per share
Entitlement Offer	Capital Raising by way of approximately \$100m pro-rata entitlement offer to all shareholders that forms part of the Entitlement Offer Strategy
Entitlement Offer Price	The subscription price for new shares under the Entitlement Offer
Entitlement Offer Strategy	Strategy involving a Capital Raising via an Entitlement Offer, listing on the NZSX and internalisation of the Manager
EPS	Earnings per Share
Group A Shares or A Shares	Fully paid group A ordinary shares in DNZ
Group B Shares or B Shares	Fully paid group B ordinary shares in DNZ
GST	Goods and Services Tax
k	thousand
KIP	Kiwi Income Property Trust
LPV	Listed Property Vehicle
LVR	Loan to Value Ratio
m	million
Management Agreement	DNZ Management Agreement with DNZ Management Limited
November 2009 Proposal	Capital restructure involving a share consolidation and capital raising, following which it was intended that application would be made for DNZ shares to be listed on the NZSX, in November 2009
NTA	Net Tangible Assets
NZ IFRS	New Zealand equivalents of International Financial Reporting Standards
NZX	NZX Limited
NZSX	New Zealand Stock Exchange, the main board equity security market operated by NZX or any alternative substitute market for the Shares or other arrangement in New Zealand on or through which Shares may be freely traded and which is generally regarded as the principal such market or arrangement for the trading of Shares in New Zealand
Placement Price	The price at which shares will be issued to the Manager and new investor(s) under the Placement Strategy
Placement Strategy	Strategy involving a placement via a private placement and Share Purchase Plan, listing on the NZSX and internalisation of the Manager
Price : NTA or P : NTA	Price to Net Tangible Assets
PV	Present Value
PwC	PricewaterhouseCoopers
The Report	The Independent Report dated 22 April 2010
Shareholders or Investors	Holders of Shares
Shares	Either fully paid ordinary shares in DNZ or Group A Shares that will, upon the adoption of the new Constitution, become fully paid ordinary shares in DNZ
Share Purchase Plan	The share purchase plan under which Shareholders will be given the opportunity to subscribe for shares at a small discount to the Placement Price under the Placement Strategy
VWAP	Volume Weighted Average Price
WALT	Weighted Average Lease Term being the average lease term remaining to expiry across the portfolio weighted by rental income