



DNZ PROPERTY FUND LIMITED ANNUAL MEETING

10 AUGUST 2011

DNZ
Property Fund

One entity **One vision** 

GUINEAS ROOM
ELLERSLIE RACECOURSE
80-100 ASCOT AVENUE
GREENLANE, AUCKLAND



INTRODUCTION

TIM STOREY - CHAIRMAN

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Agenda

A. Chairman's Address

Tim Storey
Chairman

B. Chief Executive's Review

Paul Duffy
Chief Executive

C. Financial Statements

Tim Storey
Chairman

D. Ordinary Resolutions

E. General Business

12 Months in Review

- Internalised management
- Best governance practices
- Strong management team
- DNZ's share price has moved from 97 cents at listing to \$1.24 at 31 March 2011
- Sustainable cash dividend of 8 cents per share per annum

Overview *Y/E 31 March 2011*

Financial Performance year ending 31 March 2011

Distributable profit	↗	14%
Net profit before one off items and tax	✓	\$19.7m
Net loss after tax		(\$35.1m)
Total Shareholder return	✓	32%
From listing date to 31 March 2011		

Capital Management *Y/E 31 March 2011*

Portfolio valuation movement ↘ 1.9%

Capital raise ✓ \$45m

Asset sales ✓ \$72.2m

Loan to value ratio (LVR) ↘ 40.4%

Interest rate swaps ✓ \$150m

Renegotiated debt facilities ✓ 30/09/13

Well Within Banking Covenants

Covenant	Covenant	As at 31 March 11
Gearing Ratio (Bank Debt/Property Values) ¹	< 50%	40.4%
Interest Cover Ratio (EBIT/Interest and Financing Costs)	> 1.75 x	2.14x
Fully Leased Unexpired Term ²	> 3.5 years	4.18 years

1 Includes fair value of interest rate hedges

2 The unexpired leased term in a property or portfolio, assuming the property or portfolio is fully leased. This is weighted by the income applicable to each lease and a current market rental with nil term for vacant space.

Distribution Policy

- IRD Binding Tax Ruling
- Amended policy to distribute 75 – 85% of distributable profit
- Board expects to pay a minimum cash dividend of 8 cents per share for FY12

- First quarter cash dividend of 2 cents per share
 - No imputation credits
 - Record date of 25 August 2011
 - Payment made on 8 September 2011

Going Forward

- Review opportunities to enhance DNZ
- Highly regarded and experienced management team
- Around the bottom of the economic cycle

Going Forward

- Quality diversified property portfolio
- Continuous review and improvement of asset quality
- Review expansion options
- Dividend Reinvestment Plan

Argosy Merger Proposal

- Potential benefit to DNZ Shareholders
- Synergies between the two property portfolios
- Significant savings in combining the management of the portfolios
- Merged business will be one of New Zealand's largest listed property entities
- Benefit of DNZ's existing robust governance structure

Argosy Merger Proposal

- Benefit from DNZ's highly skilled and proven management team
- The Board will not proceed with the proposal unless it is clearly in the best interests of DNZ Shareholders
- The Board will continue to monitor the situation

Summary & Outlook

- FY11 significant year for DNZ
- First internal management structure
- Listed on the NZX
 - Improved liquidity & share price
- Strong governance
- Sustainable dividends
- Solid platform from which to grow and continue DNZ's strong performance in FY12

A large, modern industrial building with a white corrugated metal upper section and a grey lower section featuring large glass windows. A prominent yellow horizontal band runs across the upper part of the building, with the red DHL logo on it. Several cars are parked in front of the building, and a black fence with white posts is in the foreground.

OPERATIONAL REVIEW

PAUL DUFFY - CHIEF EXECUTIVE

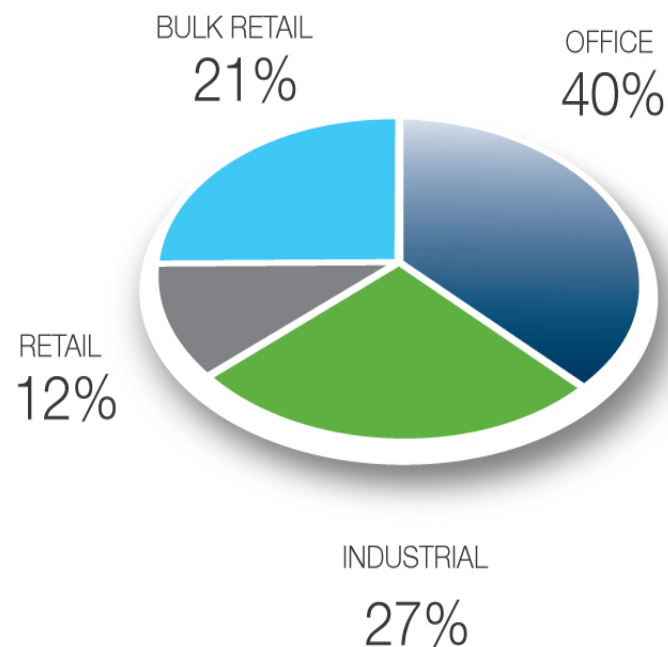
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Portfolio Summary *as at 31 March 2011*

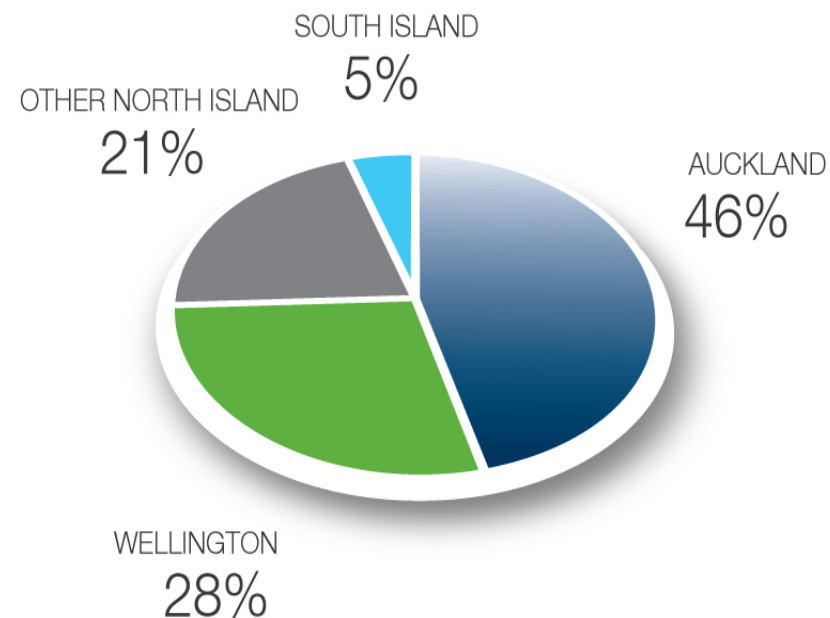
Overview	31 March 2011	PFI 31 May 2010	31 March 2010
Properties	50	55	58
Tenants	283	265	272
Net Lettable Area (m ²)	371,481	379,779	397,696
WALT (years)	4.3	4.5	4.7
Occupancy Rate (by area)	97.9%	95.4%	95.6%
Asset Valuation	\$638m	\$671m	\$700m

Diversified Portfolio *as at 31 March 2011*

Portfolio Value by Sector



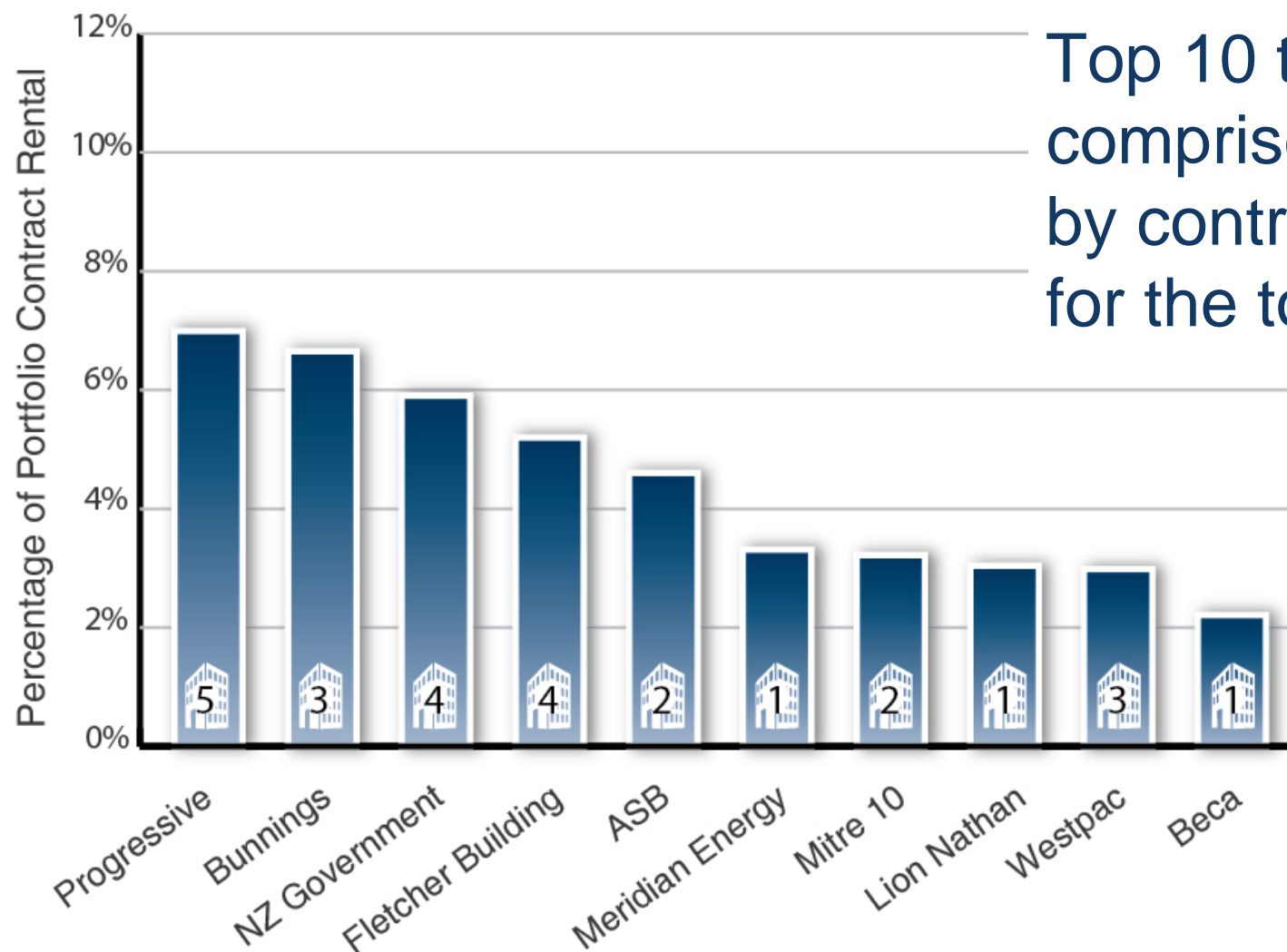
Portfolio Value by Region



Portfolio Overview *Y/E 31 March 2011*

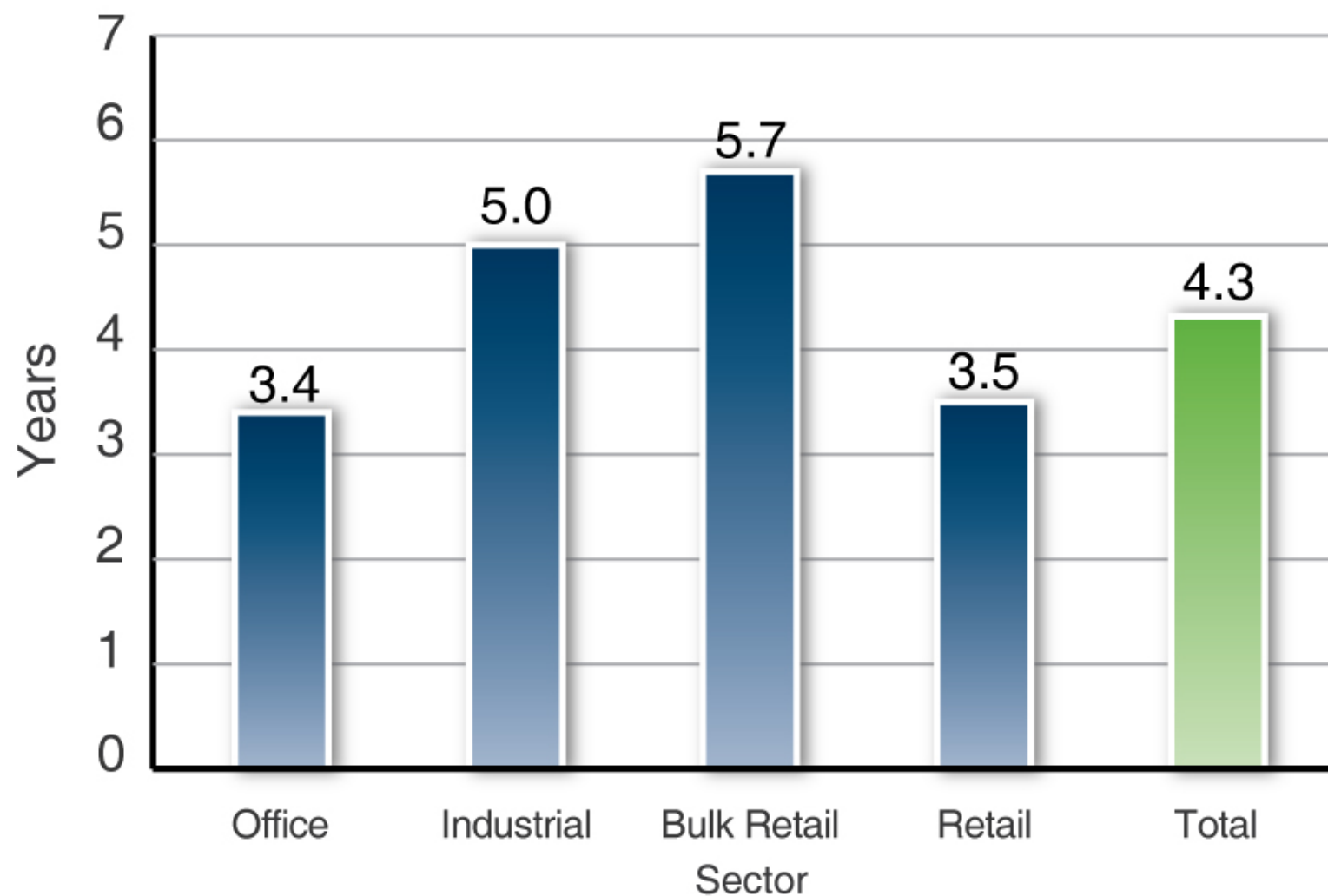
- Occupancy 98%
- WALT 4.3 years
- 188 lease transactions completed over 218,205m²
- Annualised rental growth from rent reviews of 3.8% p.a.
- Fletcher Building Laminex Group design build at O'Rorke Road, Penrose completed

Top 10 Tenants *as at 31 March 2011*

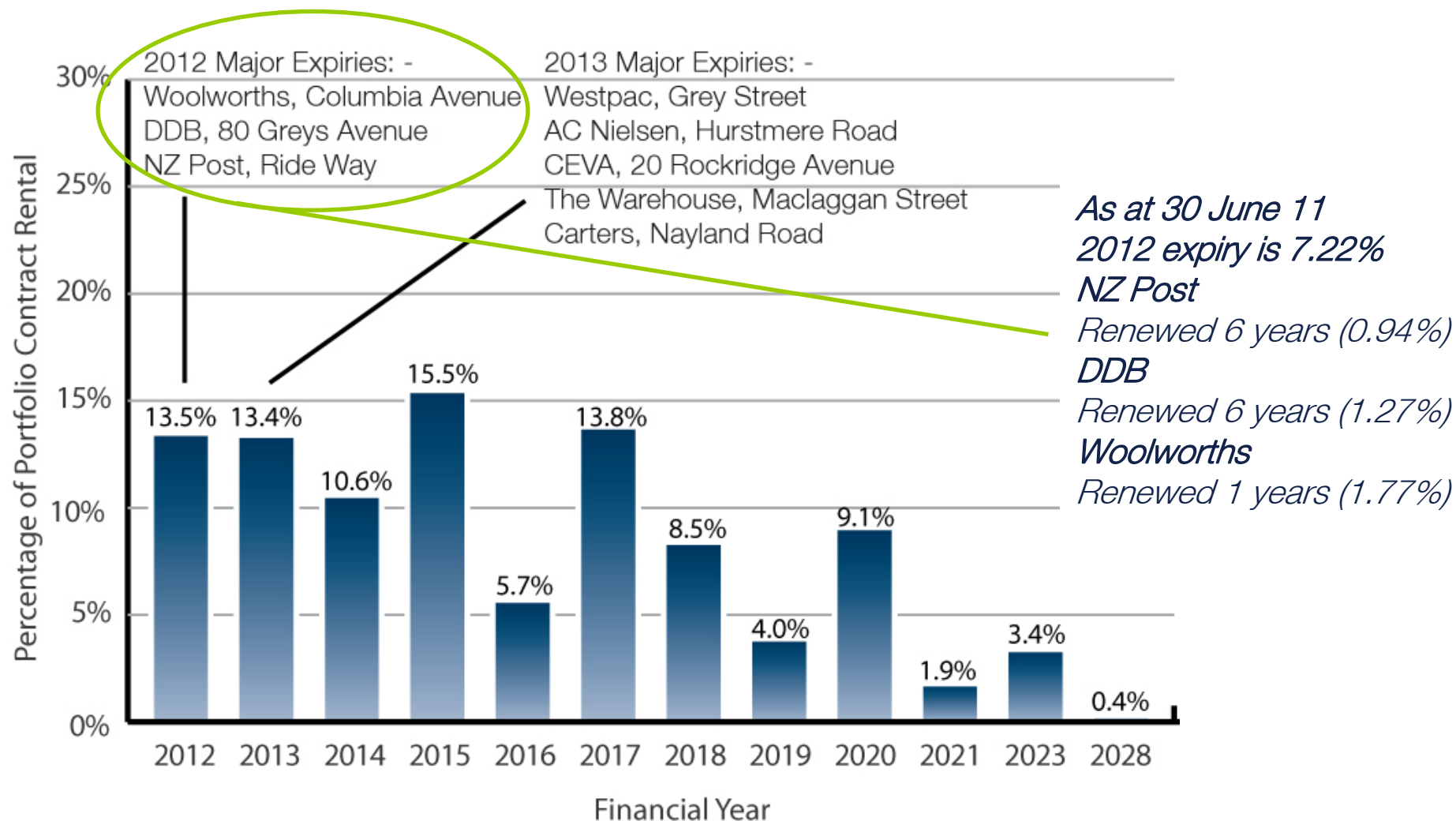


Top 10 tenants
comprise 44%
by contract rental
for the total portfolio

WALT at 4.3 years *as at 31 March 2011*



Lease Expiry Profile *as at 31 March 2011*



Fletcher Building Laminex Group



30 June 2011 Transaction Update

51 lease transactions completed during Q1 FY12

- 23 rent reviews - 54,624m² - total rental of \$7.1m
- 13 lease renewals - 22,056m² - total rental of \$2.7m
- 15 new lettings - 17,092m² - total rental of \$3.0m
- 20 of the 28 lease renewal and new letting transactions were negotiated directly by the management team

30 June 2011 Portfolio Update

Overview	31 March 2011	30 June 2011
Properties	50	50
Tenants	283	285
Net Lettable Area (m ²)	371,481	372,279
WALT (years)	4.3	4.5
Occupancy Rate (by area)	97.9%	98.1%
Asset Valuation	\$638m	\$638m

- The increase in Net Lettable Area is due to the canopy extension at 968 Great South Road, Auckland.

Foodstuffs Portfolio

- 3 Foodstuffs supermarkets \$40.73m
 - PAK'n SAVE New Plymouth
 - New World Napier
 - New World Wellington
- 18 year leases
 - Rent roll of \$3.04m
 - Annual fixed rental increases
 - Market reviews at five yearly intervals
- Settlement 20 September 2011
- WALT would increase to 5.17 years as at 30 June 2011



Property Market Overview

- Office sector remains most challenging
- Despite challenging retail climate proactive leasing strategies are maintaining both income and occupancy levels
- DIY bulk retail and industrial occupancy has been the most robust

Property Market Overview

- Two Christchurch properties relatively undamaged
- Portfolio insured for full replacement and loss of rent
- Greater tenant interest in seismic ratings of buildings
- DNZ is well positioned, being diversified by sector and location, creating a defensive platform to deliver sustainable earnings

- Active portfolio management
- Continuous review of asset mix and portfolio strength
- Prudent capital management
 - Treasury/banking
- Value add opportunities
- Sustainable distribution policy

C. Financial Statements

To receive and consider the annual report and audited financial statements for the year ended 31 March 2011.

Q & A Company Performance

- In addressing the Chair with questions would you please state your name and advise whether you are a Shareholder, a proxy holder or a Shareholder company representative.
- I would like to remind you that only Shareholders, proxy holders or Shareholder company representatives have a right to speak.



RESOLUTIONS

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Resolution 1

Resolution 1

I move, as an ordinary resolution

That the Directors be authorised to fix the fees and expenses of the auditor of the Company.

Is there any discussion?

Thank you, voting on this resolution will be by poll
please tick the relevant box on your voting form in
respect of resolution 1

Resolution 2

Resolution 2 – Appointment of director

I move, as an ordinary resolution

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

Is there any discussion?

Thank you, voting on this resolution will be by poll please tick the relevant box on your voting form in respect of resolution 2

Resolution 3

Resolution 3 – Appointment of director

I move, as an ordinary resolution

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

Is there any discussion?

Thank you, voting on this resolution will be by poll please tick the relevant box on your voting form in respect of resolution 3



MITRE 10

MEGA
Home Improvement Warehouse

LARGEST RANGE. LOWEST PRICES.
END OF STORY!

GENERAL BUSINESS

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THANK YOU



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