

22 July 2015

NOTICE OF ANNUAL MEETING

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

Date of meeting:

Wednesday, 22 July 2015

Time:

Commencing at 11.00 am

Venue:

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

Last day for receipt of proxy forms:

11.00 am (New Zealand time) on Monday 20 July 2015

BUSINESS

At the Annual Meeting there will be presentations detailing the performance of the Company for the year ended 31 March 2015. Shareholders will have an opportunity to question the Board on the Company's performance and to consider any other business that may be properly brought before the meeting. Shareholders will be asked to vote on four resolutions at the Annual Meeting as set out in the agenda.

AGENDA

A. Chairman's address

B. Chief Executive's review

C. Financial statements

To receive and consider the annual report and audited financial statements for the year ended 31 March 2015.

D. Ordinary Resolutions

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

Resolution 1 – Re-appointment of auditor

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

Resolution 2 – Appointment of director

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

Resolution 3 – Appointment of director

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

Resolution 4 – Increase to aggregate Directors' fee pool

That, with effect from the start of the financial year commencing on 1 April 2015 (FY16), the aggregate Directors' fee pool (being a monetary sum per annum limit payable to all directors) for the Company, pursuant to Listing Rule 3.5.1(a) be increased from \$450,000 to \$625,000.

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

E. General business

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

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

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

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

EXPLANATORY NOTES

Resolution 1 – Re-appointment of auditor

PricewaterhouseCoopers is automatically re-appointed as auditor of the Company under section 207T of the Companies Act 1993. Section 207S(a) of the Companies Act 1993 provides that the fees and expenses of the auditor are to be fixed in such a manner as the Company determines at the Annual Meeting. The Board proposes that, consistent with commercial practice, the auditor's fees should be fixed by the directors. This resolution provides authority for the directors to fix the fees and expenses of the auditor.

Resolutions 2 and 3 – Appointment of directors

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

No nominations for persons for appointment to the Board were received by the Company by 25 May 2015, being the closing date for such nominations as advised to the market pursuant to NZX Main Board Listing Rule 3.3.5, and subsequently no other person is eligible to be elected as a director at the Annual Meeting.



Tim Storey

Tim was appointed Chair of DNZ in 2009. He has more than 30 years' business experience across a range of sectors and has practised as a lawyer in Australia and New Zealand, retiring from the Bell Gully partnership in 2006. Tim is a member of the Institute of Directors in New Zealand (Inc) and is a director of Reading Entertainment Inc (US listed), JustKapital Litigation Partners Limited (ASX Listed) and a number of private companies.



John Harvey

John has over 35 years professional experience as a chartered accountant. He was a partner in PricewaterhouseCoopers for 23 years and held a number of management and governance responsibilities. John retired from PricewaterhouseCoopers in June 2009 to pursue a career as a director. He holds a Bachelor of Commerce degree from the University of Canterbury. He is a member of the Institute of Directors in New Zealand (Inc) and is currently a director of Port Otago Limited, Kathmandu Holdings Limited, Heartland Bank Limited, Ballance Agri-Nutrients Limited and New Zealand Opera Limited.

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

Resolution 4 – Increase to aggregate Director's fee pool

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

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

The Board last reviewed the aggregate fee pool in April 2013, with current Directors' fees in place since 1 April 2013 (the details of current Directors' fees arrangements are outlined in our Annual Report). Consequently DNZ engaged EY to provide market fee information for Directors of comparable companies (i.e. Boards of companies of similar size and scope, including two listed property companies).

The review highlighted that:

- The total fees paid to the Board Chair and Non-Executive Directors (NED) of the Company were below market median levels
- This was largely due to the fact that the Company Directors do not receive additional fees for participating on Committees
- Typically in the market, additional Committee fees are provided to reflect the additional time and responsibilities associated with Committee participation
- As the Company does not pay Committee fees, it may want to consider compensating Directors for the additional time commitments by increasing base fees
- If the Company wishes to increase Directors' fees, it will need to increase the approved aggregate Directors' fee pool as the Company currently uses 96% of the approved pool
- Aggregate Directors' fee pools typically consider company size, the number of NEDs on the Board and allow for future headroom / growth (e.g. hiring additional NEDs, introducing new Committees) – companies typically utilise 70% of their pool and allow 30% for growth.

Having considered the findings of EY's review, the Remuneration & Nomination Committee recommended to the Board that the Directors' fees be increased to ensure alignment to market, as outlined in the following table. Ensuring fees are aligned to market is important for DNZ to attract and retain the high calibre of NEDs required to support the Company's strategy and objectives.

PROCEDURAL NOTES

Attendance, voting rights and proxies

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

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

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

or completed online at www.investorvote.co.nz, in each case no later than 48 hours before the time set for the Annual Meeting, being no later than 11.00 am (New Zealand time) on Monday, 20 July 2015.

Eligible Shareholders

For the purposes of the 2015 Annual Meeting, shares will be taken to be held by the persons who are registered as Shareholders at 5.00 pm on Friday, 17 July 2015. Registered Shareholders at that time will be the only persons entitled to vote at the Annual Meeting and only the shares registered in those Shareholders' names may be voted at the Annual Meeting.

Ordinary resolutions

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

Joint holders

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

Registration

Shareholders attending the Annual Meeting are requested to allow sufficient time for registration formalities at entry to permit the meeting to commence promptly at 11.00 am.

	Current Base Remuneration	Proposed Base Remuneration FY16	Amount of increase
Tim Storey (Chair)	\$130,000	\$140,000	\$10,000
Michael Stiasny	\$75,000	\$85,000	\$10,000
John Harvey	\$75,000	\$85,000	\$10,000
David van Schaardenburg	\$75,000	\$85,000	\$10,000
Michelle Tierney	\$75,000	\$85,000	\$10,000
	\$430,000	\$480,000	\$50,000
Amount available for special payments or increases over time	\$20,000	\$145,000	\$125,000
	\$450,000	\$625,000	\$175,000

Consequently, as provided for in Resolution 4 and subject to shareholder approval, the Board seeks authorisation from the Shareholders to increase the aggregate Directors' fee pool (by \$175,000, from \$450,000 to \$625,000), which will allow DNZ to increase the annual base fees paid to each Director (as outlined in the above table).

The Board proposes that the portion of the remuneration pool not paid to Directors as Directors' fees will be available for fee increases in the future subject to Board approval in accordance with section 161(1) of the Companies Act 1993. In this regard, the Board proposes to review Director remuneration and seek the recommendation of the Remuneration & Nomination Committee every two years.

Voting Exclusions

DNZ will disregard any votes cast on Resolution 4 by any director of DNZ.

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

General Business

Shareholders may submit written questions to be considered at the Annual Meeting. Written questions should be sent by post to "AGM Questions", Investor Services, DNZ Property Fund Limited, PO Box 6320, Wellesley Street, Auckland 1141 or by email to investor@dnzproperty.com.

DNZ reserves the right not to consider any written question that, in the Board's opinion, is not reasonable in the context of an annual meeting or any question received fewer than five working days prior to the Annual Meeting (i.e., after 14 July 2015).

Proxies

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

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

By order of the Board of DNZ Property Fund Limited



Tim Storey
Chairman
2 June 2015