

**DNZ PROPERTY FUND LIMITED  
SPECIAL MEETING  
12 MAY 2010**

**CHAIRPERSON'S AGENDA AND NOTES**

**A. CHAIRMAN'S WELCOME**

Welcome to the special shareholders' meeting of DNZ Property Fund, and thank you for joining us.

My name is Tim Storey and I am the chairman of DNZ Property Fund Limited.

Before we start the special meeting, I would like to introduce you to the other directors.

Seated from my far left:

- John Harvey
- Paul Duffy
- Michael Stiassny

I would also like to welcome:

- Peter Bruce and Peter Fletcher of the Money Managers Action Group, and David van Schaadenburg of MMG Advisory, each of whom have been nominated as a candidate for election to the Board

Also in attendance we have representatives of:

- the Company's auditors, Staples Rodway;
- Computershare, the Company's share registrar
- Goldman Sachs, who were engaged to assist the Board on options being considered by the Company; and
- the Company's solicitors, Bell Gully.

We also have several members of the executive team here today.

Moving to the formalities of the Meeting, I record that there is a quorum present and I declare the Meeting open.

I confirm that Notice of the Meeting has been duly given and that the Meeting has been properly convened.

The only items of business are to consider the resolutions proposed by various shareholders of the Company and set out in the notice of meeting. I would like to remind you that only shareholders, proxy holders or shareholder company representatives may vote.

**AGENDA**

The order of events for this morning's meeting will be as follows:

- I will make a short address.
- I will then move to the formal resolutions of the Meeting.

After the meeting concludes we invite you to join us for refreshments.

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## **B. CHAIRMAN'S ADDRESS**

As you will be aware we have held a number of shareholder briefings around New Zealand in the past two weeks to:

- Update shareholders on the Fund's business performance over the 2009/10 year
- Look at the issues that DNZ faces, and the options to address those issues
- Discuss the issues and options
- Hear from the 3 A director candidates in the run up to the A director election at this meeting.

Those meetings have been very useful to us as they have given the Board, MMG and the Action Group a better understanding of the issues for shareholders and the right path forward for DNZ.

While much of the comment from shareholders during the briefings focused on the history of DNZ that brought us to our current position, we believe there has also been a growing realisation among shareholders that the Board has to take steps to ensure we do not find ourselves in the same position a year or so down the track.

The primary focus for the Company and its shareholders needs to be the future and the way in which the Company can be best reshaped to improve its position and its share price.

In the Board's view, the Company has a strong property portfolio that is performing well with good property management processes in place. As we have said, the principal issue for the Company has not changed —

What is it that keeps the DNZ traded share price so low?

The current Board's view is that DNZ must address five significant issues:

- Dividends.
- Governance.
- Debt Level.
- Share Price.
- Trading Volumes.

The shareholder feedback from our recent meetings supports the view that, the path forward for DNZ is clear – DNZ must be listed on the NZSX. To achieve this, DNZ must rid itself of its current governance structure.

The investor briefings have also provided further impetus to our ongoing discussions with MMG and the Action Group. Since we completed those meetings, the various parties have continued to discuss matters, based on the feedback we have received.

As a result of those discussions, a proposal has been discussed and agreed by the Manager and MMG to internalise the Manager, adopt the new constitution, remove the A and B share structure, list on the NZSX and undertake a minimal capital raising. This proposal has been discussed with the Action Group which has indicated its broad support.

The proposal will be discussed in detail at the next Board meeting (that Board will include the new A shareholder directors) on Monday 17 May and the Board will report to you after that. We will not be discussing the terms of the proposal at this meeting as the terms are yet to be approved by the incoming Board and as such remain confidential, but clearly it deals with the significant outstanding issues around the cost of internalising the manager and the size of any capital raising. I am confident that a proposal can be adopted and implemented promptly which will reshape DNZ so that it is a well regarded listed property company which is attractive to the existing shareholders and to the broader investment community.

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**C. RESOLUTIONS**

We will now consider the formal resolutions for the Meeting.

The resolutions for consideration today may only be voted on by shareholders (either in person or by postal vote), proxy holders, and shareholder company representatives.

Voting on all resolutions will be by poll. On a poll, each person voting at the meeting and each shareholder who has cast a postal vote has one vote for each share held. We will consider each resolution and then ask you to vote on that resolution immediately after discussion has taken place and before moving to the next resolution.

To vote, you should tick the box on your voting papers either FOR or AGAINST in respect of the resolution being voted on. You may abstain from voting by leaving each box blank.

If you did not bring your voting form with you, you should have been given a voting form at the registration desk on arrival. If you have been overlooked, please let one of the Computershare representatives know immediately following the conclusion of the formal part of the meeting and complete your voting form before leaving today.

There will be company representatives in the aisles who will have pens available if you require one to complete your forms. On completion of the voting, your forms will be collected. When all voting forms have been collected, they will be taken to be counted by the share registrar, Computershare.

The resolutions to appoint Directors (that is, Resolutions 4, 5 and 6) will be binding on the Board and Company if passed. The other resolutions (Resolutions 1, 2 and 3) will not be binding on the Board or the Company if passed.

Each of the resolutions is taken as having being moved and no seconder is required.

I will open each resolution for discussion by shareholders. I know a number of you have issues you want to discuss and we want to hear from you. But please try and keep your comments brief and to the point, to allow as many people as possible to have their say.

I would like to remind you that only shareholders, proxy holders or shareholder company representatives have a right to speak.

In addressing the Chair with questions would you please state your name and advise whether you are a shareholder, proxy holder or a shareholder company representative.

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## RESOLUTION 1

It has been moved, as an **ordinary resolution of 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.”*

MMG Advisory has sought this 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.

Is there any discussion?

If that is the end of the discussion we will move to voting on Resolution 1. Please mark your votes on your voting form.

## RESOLUTION 2

It has been moved, as an **ordinary resolution of 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.”*

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.

Is there any discussion?

If that is the end of the discussion we will move to voting on Resolution 2. Please mark your votes on your voting form.

## RESOLUTION 3

It has been moved, as an **ordinary resolution of 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.”*

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.

Is there any discussion?

If that is the end of the discussion we will move to voting on Resolution 3. Please mark your votes on your voting form.

**ELECTION OF DIRECTORS**

We now move to the resolutions for the election of two Group A Directors.

As there are three nominees for election as a Group A Director and only two vacancies, election will be by way of a ballot conducted as a poll. Votes of Group A shares may be cast **IN FAVOUR OF ONE OR TWO** of the three nominees or **AGAINST ANY OR ALL OF THE NOMINEES**. Votes of Group A shares cast on Resolutions 4 to 6 **IN FAVOUR OF MORE THAN TWO NOMINEES WILL BE INVALID**.

**RESOLUTION 4**

It has been moved, 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.”*

I invite Peter Bruce to make a statement supporting his nomination.

Is there any discussion?

If that is the end of the discussion we will move to voting on Resolution 4. Please mark your votes on your voting form.

**RESOLUTION 5**

It has been moved, 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.”*

I invite Peter Fletcher to make a statement supporting his nomination.

Is there any discussion?

If that is the end of the discussion we will move to voting on Resolution 5. Please mark your votes on your voting form.

**RESOLUTION 6**

It has been moved, 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.”*

I invite David van Schaardenburg to make a statement supporting his nomination.

Is there any discussion?

If that is the end of the discussion we will move to voting on Resolution 6. Please mark your votes on your voting form.

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#### **D. CHAIRMAN'S CLOSING**

That completes voting on all resolutions. I will now ask for the voting papers to be collected in the boxes being circulated.

***Note: Pause for voting papers to be collected.***

Due to the number of votes to be counted, the votes collected at this meeting will be added to those received by postal vote and the results will be compiled by the registry, Computershare, and mailed to all shareholders after this meeting. The results will also be published on the Company's website. I apologise in advance to shareholders who may not receive the written results before they read about them in the media but technology has overtaken the post. We expect these results to be available within a day or so.

That completes the formal business of the meeting.

Thank you everyone for your attendance and participation this morning.

I formally declare this meeting closed.

Please join us for refreshments.

**END**