



Interim Report

For the six months
ended 30 September 2016

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On behalf of the Board of Directors of NPT Limited ('NPT'), I am pleased to present the 2016 Interim Report.

Our results for the six months ending 30th September 2016 are in line with expectations - including a modest increase in the dividend.

Overall, we have a refreshed Board and Management team, and the Company is well positioned for growth.

Summary of Results

NPT announced a Net Trading Profit of \$3.390m compared with \$3.315m for the six months ending 30th September 2015, an increase of 2.26%.

Net Profit After Tax is \$2.531m, down from \$5.076m in the same period last year. Importantly, no property revaluations were carried out at the half-year as the Board reviewed its previous policy of six-monthly revaluations and the impact of this change is reflected in these numbers.

Net Tangible Asset Backing as at 30th September 2016 was 73.77 cents per share (30th September 2015: 73.68 cents per share).

Dividend Distribution

Shareholders will receive a cash dividend of 0.90 cents per share for the quarter ended 30th September 2016, up from 0.875 for the same period last year, with Imputation Credits of 0.1544 cents per share attached.

Board and Senior Management Appointments

I take this opportunity to welcome Tony Sewell to the NPT Board. Tony joined us in August this year and we are delighted to have the benefit of his unrivalled experience driving growth in the property sector.

Until recently Tony was Chief Executive of Ngai Tahu Property Limited, where he oversaw the growth in that company's property assets from \$10m to \$750m during his 21 year tenure.

In August we also announced the appointment of a new CEO, Tony Osborne. Tony has been Acting CEO since March which has enabled a seamless transition and, like Tony Sewell, he has a depth of property industry experience including senior roles with Port Marlborough, Charta and Ngai Tahu.

Together with Carol Campbell, who joined the Board in May 2015, the outcome is a refreshed Board with a good balance of property industry, governance and company experience.

Looking Ahead

The Board has been focused on positioning the company for growth, and we are well placed to achieve this. At the time of writing, the level of interest in the market in the future of NPT suggests others also see this opportunity.

The move by Augusta Capital to become a substantial shareholder and subsequent proposal to take the company in a different direction has also brought other proposals forward for consideration by the Board, including one from Kiwi Property Group.

Following its own review of the relative merits of each proposal, as well as an independent assessment from specialist advisers, Northington Parters, and consultation with major shareholders, it is the Board's view that the Kiwi Property proposal is likely to deliver the best short and long term benefits to shareholders.

We therefore intend to recommend that shareholders vote in support of the Kiwi Property proposal at a Special Meeting planned for February 2017.

A comprehensive information pack will be distributed with the Notice of Meeting, and we look forward to discussing the options for the future with shareholders when we meet.

A handwritten signature in black ink, appearing to read 'J. A. Anderson'.

Sir John Anderson
Chairman



NPT is at an important point in terms of its future path. The financial results for the half year show steady returns through a period in which we have been positioning the Company for growth.

Our focus has been on optimising the value and mix of a national, diversified property portfolio that is well positioned for capital growth and strong rental returns. We also implemented a strategy to build internal capability to manage our own property assets, which has allowed us to retain significant benefits linked to that.

Having largely completed these work programmes now, including addressing the challenges that stemmed from the Canterbury earthquakes, our attention is turning to actively pursuing growth opportunities through acquisition and investment. Any initiatives for growth will of course be influenced by the outcome of the shareholder meeting that we intend to hold sometime in February 2017.

We are in a good position in that our balance sheet supports our positioning for growth. Alongside our growth plans, we also intend to continue to add value to our existing portfolio.

This includes the ongoing development at Eastgate Shopping Centre in Christchurch and the progressive refurbishment of the AA Centre in Auckland's CBD. We believe the mix of property type and geographic locations is a strength of the current portfolio, and this is something we will look to maintain.

The book value of the property portfolio increased by 3.93% over the period, growing to \$169.854m. This increase is the result of some capital expenditure that has been capitalised into the value of the properties.

It should be noted that the March 2016 valuations were maintained in this period, on the basis that there had been no material changes in value. Full revaluations will be undertaken at the end of the current year, when some capital projects will have concluded and these will be able to be reflected in updated valuations.

Gross rental income to the half year was marginally down at \$8.426m, from \$8.466m, as a consequence of some space becoming vacant in the AA Centre during the refurbishment programme. However, we believe that the refurbishment programme positions us well for higher rental returns moving forward.

Please see some highlights and news from the portfolio below.

Properties

Eastgate

- 'The Loft' opened in July on the first floor of Eastgate, offering an extensive range of social and medical services. We are unaware of any other shopping centre in the country that offers such a comprehensive facility.
- A new KFC outlet opened in May on the Linwood Avenue frontage and is trading extremely well.
- Footcount is substantially up, with an annualised increase of ~18%.
- Opportunities to add further value to this property still exist including new, larger format retail tenancies on a pre-committed basis.



AA Centre

- Auckland Council and central Government have now reached agreement on the funding of the planned City Rail Link (CRL). Although this is a long term project, the benefits to this property will be significant once the CRL is operational. There will be some disruption during construction, which is slowing leasing progress, however we are receiving reasonable levels of leasing enquiry.
- The refurbishment programme for this property commenced with Level 13. The style and quality of the refurbishment has generated positive feedback, such that we will move ahead with the refurbishment of Level 8, now that this has become vacant.
- Other incremental upgrade projects are also planned over the next few years that will help to make revenue flows from this property more sustainable over time.



Heinz Wattie's, National Distribution Centre

- The merger of Heinz-Watties with Kraft Foods to become Kraft Heinz has the capacity to make a significant difference to the Kraft Heinz business in Hawkes Bay, in particular the potential for growth afforded by such a large, global company. NPT has undertaken expansions of the Kraft Heinz National Distribution Centre to support growth in the past to and we see our relationship with our tenant as a key strategic partnership.
- The strength of the locality continues to be enhanced by several new development projects in the immediate vicinity.



22 Stoddard Road

- This property continues to perform well. Our proactive management approach has meant that we have been able to work with some original occupants to assist them in accommodating the changes that their businesses have encountered since the centre opened. Recently, we assisted the conversion of the Yolicious store into a new Cheesecake Factory shop. This is a welcome addition to the Centre and has expanded our food offering.
- Negotiations have been ongoing for sometime as we work to lease the vacant space left by the departure of Postie Plus. This has been particularly challenging as we have sought to maintain a good tenancy mix with complimentary businesses. Going against the trend, we have been able to conclude a lease deal with ASB Bank for part of the vacant space and a new ASB branch will open early 2017.



Print Place

- This is a well located property in the Middleton industrial area of Christchurch with excellent access to the southern motorway system.
- We continue to enjoy stable tenancy and returns from this property.



Tony Osborne
Chief Executive Officer





Sir John Anderson
Chairman, Non-Executive
Independent Director

One of New Zealand's most respected business leaders, Sir John was appointed to the Board as Chairman of NPT Limited on 1 April 2011. His reputation was forged as the Chief Executive of the National Bank, and then ANZ National for two decades.

Sir John is currently Chairman of Steel & Tube Holdings and NZME Limited. He is also Deputy Chair of T & G Global and a Director of the Commonwealth Bank of Australia.

As well as many business awards Sir John also received a 2010 Halberg Award for leadership excellence in sport and in 2005 was the inaugural winner of the Blake Medal.



Jim Sherwin
Non-Executive
Independent Director

Jim Sherwin joined the National Property Trust Board in March 2007 and was Chairman from April 2010 until the Trust was corporatised on 1 April 2011. A Chartered Accountant, Jim is the former Managing Partner of Crowe Horwarth (formerly Sherwin Chan and Walshe and WHK), a Wellington-based accounting firm he established in 1984.

Jim is Chairman of Nees Hardware and Building Supplies Limited (Mega Mitre 10), and Preston Corp Limited. He is also a director of Cuthbert Stewart Limited, Energy Solution Providers Limited and past Chairman of Te Omanga Hospice. He is a member of the Institute of Directors and acts as a strategic adviser to the motor industry and retailing sector.



Carol Campbell
Non-Executive
Independent Director

Carol Campbell joined the Board of NPT in May 2015. Carol is a chartered accountant and a member of the Chartered Accountants Australia and New Zealand. Carol is also a Director of The Business Advisory Group, a chartered accountancy practice, where she advises privately owned businesses.

Prior to that, Carol was a partner at Ernst & Young for over 25 years. Carol has extensive financial experience and a sound understanding of efficient Board governance. Carol holds a number of directorships across a broad spectrum of companies, including T & G Global, Kiwibank and New Zealand Post where she is also Chair of the Audit and Risk Committee. Carol is Chair of Ronald McDonald House Charities in New Zealand.



Tony Sewell
Non-Executive
Independent Director

Tony joined the NPT Board in August this year, following a very significant career driving the growth of Ngai Tahu Property to become a \$750m portfolio in his role as CEO.

Tony is a Chartered Director of the Institute of Directors and hold a number of governance positions as well as providing strategic property advice to private clients.

Current governance positions include Chairman of Business New Zealand, Deputy Chairman of Hamner Hot Pools & Spa, President of Canterbury Employers Chamber of Commerce, Trustee of Christchurch Catholic Cathedral, Director of Tama Asset Holding Company Limited and Director of Shopping Centre Investments Limited.



Tony Osborne
Chief Executive Officer

Tony was appointed as CEO of NPT in August 2016, after a period as acting CEO which commenced in March.

He initially joined NPT as General Manager Property, with over 25 years' experience in Property and Construction across retail, commercial, industrial, medical and education property assets.

Prior to joining NPT Tony held senior roles at Port Marlborough, Charta and Ngai Tahu Property, including creating a commercial property business within the wider Port Marlborough organisation.



Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2016

	Note	Unaudited 6 MONTHS 30 Sep 2016 \$000	Unaudited 6 MONTHS 30 Sep 2015 \$000
Gross Rental Income		8,426	8,466
Direct Property Operating Expenses	4	(2,891)	(2,991)
Net Rental Income		5,535	5,475
Property Management Income		149	-
Interest Income		39	41
Other Income		1	3
Total Operating Income		5,724	5,519
Interest and Finance Charges		(1,332)	(1,242)
Administration Expenses	5	(1,002)	(962)
Total Indirect Operating Expenses		(2,334)	(2,204)
Operating Profit Before Other Gains/(Losses)		3,390	3,315
Net Gain/(Loss) on Sale of Plant and Equipment		(87)	-
Unrealised Gain/(Loss) in Fair Value of Investment Properties	7	-	2,701
Unrealised Gain/(Loss) in Fair Value of Interest Rate Swaps		(420)	(521)
Total Other Gains/(Losses)		(507)	2,180
Net Profit Before Taxation		2,883	5,495
Taxation Expense		352	419
Net Profit After Taxation		2,531	5,076
Other Comprehensive Income		-	-
Total Comprehensive Income		2,531	5,076
Earnings Per Share			
Distributable Profit after Current Tax Per Share (cents)	6	1.87	1.81
Basic and Diluted Earnings Per Share (cents)	8	1.56	3.13

The notes set out on pages 14 to 23 form part of, and should be read in conjunction with the financial statements

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

	Note	Unaudited Contributed Capital \$000	Unaudited Retained Earnings \$000	Unaudited Attributable to owners of the Group \$000
Shareholders' Funds at 1 April 2015		134,089	(16,664)	117,425
Net Profit after Taxation			5,076	5,076
Distributions Paid and Payable to Shareholders	9		(3,198)	(3,198)
Shareholders' Funds at 30 September 2015		134,089	(14,786)	119,303
Shareholders' Funds at 1 April 2016		134,089	(14,297)	119,792
Net Profit after Taxation			2,531	2,531
Distributions Paid and Payable to Shareholders	9		(2,873)	(2,873)
Shareholders' Funds at 30 September 2016		134,089	(14,639)	119,450

The notes set out on pages 14 to 23 form part of, and should be read in conjunction with the financial statements

Condensed Consolidated Statement of Financial Position

As at 30 September 2016

		Unaudited 6 MONTHS 30 Sep 2016 \$000	Audited 12 MONTHS 31 Mar 2016 \$000
Note			
Current Assets			
Cash and Cash Equivalents		3,328	3,101
Accounts Receivable	10	239	342
Prepayments	11	555	779
Total Current Assets		4,122	4,222
Non Current Assets			
Prepayments	11	1,383	1,494
Investment Properties	7	169,854	169,400
Property Work in Progress		5,966	559
Plant & Equipment		839	700
Total Non Current Assets		178,042	172,153
Total Assets		182,164	176,375
Current Liabilities			
Trade and Other Payables	12	2,256	3,754
Tax Payable		170	279
Total Current Liabilities		2,426	4,033
Non Current Liabilities			
Bank Loans (Secured)	13	55,500	48,000
Trade and Other Payables	12	24	5
Deferred Taxation	14	2,693	2,894
Interest Rate Swaps		2,071	1,651
Total Non Current Liabilities		60,288	52,550
Shareholders' Funds			
Contributed Capital	15	134,089	134,089
Reserves		(14,639)	(14,297)
Total Shareholders' Funds		119,450	119,792
Total Shareholders' Funds and Liabilities		182,164	176,375

The Board of NPT Limited approved the financial statements for issue on 22nd November 2016.



Sir John Anderson
Chairman



J W Sherwin
Chairman of the Audit Committee

The notes set out on pages 14 to 23 form part of, and should be read in conjunction with the financial statements

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2016

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Unaudited 6 MONTHS 30 Sep 2015 \$000
Cash Flows from Operating Activities		
Cash was provided from (applied to):		
Gross Rental Income	8,350	8,389
Interest Income	39	41
Taxation Paid	(661)	(283)
Other Income	150	3
Operating Expenses	(3,109)	(3,178)
Interest Expense	(1,299)	(1,113)
Net Cash Inflow from Operating Activities	3,470	3,859
Cash Flows from Investing Activities		
Cash was provided from (applied to):		
Plant & Equipment	(284)	(46)
Capital Expenditure on Investment Properties	(7,586)	(3,111)
Net Cash Outflow from Investing Activities	(7,870)	(3,157)
Cash Flows from Financing Activities		
Cash was provided from (applied to):		
(Repayments)/Drawdown of Bank and Other Loans (Secured)	7,500	3,000
Distributions made to Shareholders	(2,873)	(3,076)
Net Cash Inflow from Financing Activities	4,627	(76)
Net Increase/(Decrease) in Cash and Cash Equivalents	227	626
Cash and Cash Equivalents at the Beginning of Period	3,101	2,549
Cash and Cash Equivalents at the End of the Period	3,328	3,175

Reconciliation of Net Profit to Net Cash Inflow from Operating Activities

Net Profit after Taxation	2,531	5,076
Items Classified as Investing or Financing Activities:		
Unrealised (Gain)/Loss in Fair Value of Investment Properties	-	(2,701)
Loss on Sale of Plant and Equipment	87	-
Unrealised Loss in Fair Value of Interest Rate Swaps	420	521
Movement in Deferred Taxation	(201)	(211)
Movements in Working Capital Items:		
Accounts Receivable/Prepayments	327	48
Trade and Other Payables	357	733
Taxation Receivable	(109)	347
Non Cash Item		
Depreciation	58	46
Net Cash Inflow from Operating Activities	3,470	3,859

The notes set out on pages 14 to 23 form part of, and should be read in conjunction with the financial statements

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

01. Reporting Entity

The reporting entity is the consolidated group comprising NPT Limited ("the Company") and its New Zealand subsidiaries together referred to as ("the Group"). NPT Limited is a limited liability company incorporated and domiciled in New Zealand. NPT Limited is registered under the Companies Act 1993, is listed on the New Zealand Stock Exchange (NZX) and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The principal activity of the Company is the investment in industrial, retail and commercial property in New Zealand. The condensed consolidated interim financial statements presented are those of the Company and its subsidiaries ('the Group').

02. Statement of Compliance and Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP') and the requirements of the Financial Reporting Act 2013 and the Main Board Listing Rules of the NZX. The condensed consolidated interim financial statements comply with the New Zealand Equivalent to International Account Standard NZ IAS 34 and IAS 34 "Interim Financial Reporting".

Basis of Measurement

The condensed consolidated interim financial statements have been prepared on the basis of historical cost, except for the revaluation of investment properties and certain financial instruments. Cost is based on the fair value of the consideration given in exchange for assets.

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated interim financial statements as were applied in the preparation of the Group's audited financial statements for the year ended 31 March 2015. The financial statements are presented in New Zealand Dollars ('NZD'), which is the Group's functional currency, rounded to the nearest thousand dollars (\$000).

Critical Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

In the application of NZ GAAP, Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- (i) Investment Properties — Note 7
- (ii) Deferred Tax — Note 14

03. Significant Accounting Policies

Please refer to the Group's 31 March 2016 annual report for a full list of significant accounting policies.

Comparative amounts are from the audited and unaudited financial statements for the prior periods. Certain amounts in the comparative information have been reclassified to ensure consistency with the current year's presentation. Where appropriate, further information has been included within the relevant note disclosures.

Subsidiaries

The condensed consolidated interim financial statements are prepared by consolidating the financial statements of all the entities that comprise the Group, being the Company and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the condensed consolidated interim financial statements.

Accounting policies of subsidiaries are consistent with the policies of the Company. All material intra-group transactions, balances, income and expenses are eliminated on consolidation.

Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially brought to account at cost plus related costs of acquisition. After initial recognition, investment properties are stated at fair value as determined by an independent registered valuer. For this 6 months ending 30 September 2016, the Board assessed each property on an individual basis and determined that there was no material value change with respect to the prior independent valuation performed at 31 March 2016.

Fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of an active market, alternative valuation techniques are utilised which may include discounted cash flow projections, capitalisation of income or sales comparison approach as appropriate to the property being valued. The valuations are prepared by considering the aggregate of the estimated cash flows expected from rental income, the occupancy rates, average lease terms and capitalisation rates which reflect the current market conditions. The estimate of fair value is a judgement which has been made, based on the market conditions which apply at reporting date.

Any gains or losses arising from changes in the fair value of investment properties are included in the Profit or Loss within the Statement of Comprehensive Income in the period in which they arise.

Subsequent expenditure is charged to the asset carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The net gain or loss on disposal of Investment Properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in the Profit or Loss within the Statement of Comprehensive Income in the period in which the disposal occurred.

04. Direct Property Operating Expenses

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Unaudited 6 MONTHS 30 Sep 2015 \$000
Tenant Operating Expenses	(2,023)	(2,160)
Owner Operating Expenses	(743)	(777)
Bad Debts	(14)	(7)
Movement in allowance for Doubtful Debts	(111)	(47)
Total Direct Property Operating Expenses	(2,891)	(2,991)

05. Administration Expenses

During the period, the Company internalised the management of some properties. This resulted in an increase in employee costs of \$54,000 which was offset by \$149,000 of Management fees received.

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Unaudited 6 MONTHS 30 Sep 2015 \$000
Fees paid to Auditor	(33)	(36)
Directors Fees	(77)	(103)
Employee costs	(641)	(584)
Rent	4	(78)
Professional Fees	(122)	(93)
Registry and Stock Exchange Fees	(51)	(41)
Shareholder Communications	(44)	(26)
Other Operating Expenses	(38)	(1)
Total Administration Expenses	(1,002)	(962)

06. Distributable Profit

Distributable profit is the net profit before income tax adjusted for non-cash items and/or non-recurring items

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Unaudited 6 MONTHS 30 Sep 2015 \$000
Net Profit Before Income Tax	2,883	5,495
NZ IFRS and other non-recurring and non-cash adjustments		
Net change in fair value investment properties	-	(2,701)
Net change in fair value interest rate swaps	420	521
Net change in fair value of other assets	58	46
Net lease incentives	(39)	47
Net lease contributions	142	145
Loss/(gain) on disposal fixed assets	87	-
Distributable Profit Before Taxation	3,551	3,552
Current tax expense	(524)	(630)
Distributable Profit after Current Tax	3,027	2,922
Weighted Average Number of shares for the purpose of Basic Distributable Profit (000's)	161,920	161,920
Weighted Basic Distributable Profit after Current Tax per Share (cents)	1.87	1.81
Weighted Average Number of shares for the purpose of Diluted Distributable Profit (000's)	161,920	161,920
Weighted Diluted Distributable Profit after Current Tax per Share (cents)	1.87	1.81

07. Investment Properties

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Audited 12 MONTHS 31 Mar 2016 \$000
Reconciliation of Carrying Amount		
Balance at the Beginning of the Period	169,400	158,225
Capitalised Costs	454	8,015
Revaluation of Investment Properties	-	3,160
Balance at the End of the Period	169,854	169,400

The Board reviewed each property for the period ending 30 September 2016 and determined that there has been no material value change from the 31 March 2016 independent valuations. Valuations will be completed at 31 March 2017, the next reporting period. There are a number of developments underway at Eastgate Shopping Centre and 99 Albert Street that will be completed and affect the property values at 31 March 2017.

08. Earnings per Share

Earnings per share is calculated by dividing the profit/(loss) attributable to shareholders (excluding distributions) of the Company by the weighted average number of ordinary shares on issue during the period.

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Unaudited 6 MONTHS 30 Sep 2015 \$000
Profit/(Loss) attributable to Shareholders of the Company	2,531	5,076
Number of Shares on Issue	161,920,433	161,920,433
Basic and Diluted Earnings per Share (cents)	1.56	3.13

Number of Ordinary Shares

Issued Shares at the Beginning of the Period	161,920,433	161,920,433
Issued Shares at the End of the Period	161,920,433	161,920,433
Number of Ordinary Shares for Basic and Diluted Earnings per Share	161,920,433	161,920,433

09. Distributions Paid and Payable

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Unaudited 6 MONTHS 30 Sep 2015 \$000
The following distribution was paid in respect of previous year	Nil cents (2015:0.80cents)	-
The following distribution was declared and paid in respect of previous year	0.875cents (2015:1.10cents)	1,416
The following distributions were declared and paid during the period	0.900cents (2015: Nil cents)	1,457
Total Distributions Paid	2,873	3,076
The following distribution was declared but unpaid at Reporting Date	Nil cents (2015:0.875cents)	-
Less: distributions paid in respect of previous year	Nil cents (2015:0.80cents)	-
Total Distributions Paid and Payable to Shareholders	2,873	3,198

10. Accounts Receivable

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Audited 12 MONTHS 31 Mar 2016 \$000
Accounts Receivable	326	322
Allowance for Doubtful Debts	(111)	(13)
Total Accounts Receivable	215	309
Other Loans and Receivables	24	33
Total Other Loans and Receivables	239	342

11. Prepayments

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Audited 12 MONTHS 31 Mar 2016 \$000
Prepayments - less than 1 year	555	779
Total Prepayments - Current	555	779
Prepayments - greater than 1 year and less than 5 years	783	854
Prepayments - greater than 5 years	600	640
Total Prepayments - Non Current	1,383	1,494

12. Trade and Other Payables

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Audited 12 MONTHS 31 Mar 2016 \$000
Accrued Interest and Fees paid to Bank	355	323
GST Payable	130	-
Rent in Advance	211	294
Other Creditors and Accruals	1,560	3,137
Total Trade and Other Payables - Current	2,256	3,754
Other Creditors and Accruals	24	5
Total Trade and Other Payables - Non Current	24	5

13. Bank and Other Loans

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Audited 12 MONTHS 31 Mar 2016 \$000
Bank of New Zealand (Secured)	55,500	48,000
Total Bank Loans - Non Current	55,500	48,000

On the 16th July 2015 the Company entered into a new bank facility agreement of \$70million with the Bank of New Zealand. The facility is secured by way of General Security Agreements granted by NPT Limited and each subsidiary of the Company. In addition, the facility is secured by registered first mortgages over all of the real property assets and the cross guarantee of each of the Group's subsidiary companies. The facility is for 60 consecutive months and is due to expire on 22 July 2020.

The weighted average cost of funds for bank debt under the facility, including margin and line fee, at Reporting Date was 5.32% (31 March 2016: 5.60%).

13. Bank and Other Loans (continued)

The Group recognises the risk of the fluctuating economic value of financial instruments because of changes in interest rates in its attempt to manage its cash flow interest rate risk. The Group manages this risk by using floating-to-fixed Interest Rate Swaps.

Generally, the Group raises borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the Interest Rate Swaps, the Group agrees with other parties to exchange the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Changes in the fair value of Interest Rate Swaps are recognised in the Profit or Loss within the Statement of Comprehensive Income.

14. Deferred Taxation

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Audited 12 MONTHS 31 Mar 2016 \$000
Investment Properties Depreciation Recovery	3,350	3,350
Interest Rate Swaps	(580)	(462)
Other	(77)	6
Balance at the End of the Period	2,693	2,894

15. Contributed Capital

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Audited 12 MONTHS 31 Mar 2016 \$000
Fully Paid Shares on Issue	161,920,433	161,920,433
Shares Subscribed (\$000)	134,089	134,089

All shares have equal voting rights and share equally in distributions and any surplus on winding up.

16. Segment Information

The principal business activity of the Group is to invest in New Zealand properties. The Group's Investment Properties are divided into three business sectors: Industrial, Commercial and Retail. The group also represents the Group's Investment Properties results by Geographic Region.

The Segment result is the measure of operating profit reported to the Board and reflects the total profit or loss for the period including non-cash and non-recurring items. The Board assesses the segment performance and decides on the resource allocation.

The evaluation of group assets and liabilities is assessed at a consolidated level by the Board at each internal reporting period end and therefore not reported here.

16. Segment Information (continued)

The segment results by Industry for the six months ended 30 September 2016 were as follows:

	Industrial \$000	Commercial \$000	Retail \$000	Unallocated \$000	Total \$000
Segment Revenue	1,955	1,845	4,626	-	8,426
Net Segment Revenue	1,622	1,177	2,736	-	5,535
Net Profit/(Loss) before Taxation	1,622	1,177	2,727	(2,644)	2,883
Change in Fair Value of Investment Properties	-	-	-	-	-

The segment results by Industry for the six months ended 30 September 2015 were as follows:

	Industrial \$000	Commercial \$000	Retail \$000	Unallocated \$000	Total \$000
Segment Revenue	1,981	2,062	4,423	-	8,466
Net Segment Revenue	1,684	1,414	2,377	-	5,475
Net Profit/(Loss) before Taxation	1,579	1,915	4,687	(2,686)	5,495
Change in Fair Value of Investment Properties	(105)	500	2,306	-	2,701

The segment results by Geographic Region for the six months ended 30 September 2016 were as follows:

	Auckland \$000	Hawkes Bay \$000	Christchurch \$000	Unallocated \$000	Total \$000
Segment Revenue	3,203	1,147	4,076	-	8,426
Net Segment Revenue	2,242	1,050	2,243	-	5,535
Net Profit/(Loss) before Taxation	2,242	1,050	2,235	(2,644)	2,883
Change in Fair Value of Investment Properties	-	-	-	-	-

The segment results by Geographic Region for the six months ended 30 September 2015 were as follows:

	Auckland \$000	Hawkes Bay \$000	Christchurch \$000	Unallocated \$000	Total \$000
Segment Revenue	3,393	1,157	3,916	-	8,466
Net Segment Revenue	2,444	1,018	2,013	-	5,475
Net Profit/(Loss) before Taxation	3,090	913	4,178	(2,686)	5,495
Change in Fair Value of Investment Properties	645	(105)	2,161	-	2,701

17. Related Party Transactions

Key Management Personnel

The Group has a related party relationship with its key personnel. Key management personnel are the Directors and Employees.

	Unaudited 6 MONTHS 30 Sep 2016 \$000	Unaudited 6 MONTHS 30 Sep 2015 \$000
Salaries and other short term employee benefits	641	584
Directors fees	77	103
Total payments to key management personnel	718	687

The table above includes remuneration of the former Managing Director and other employees of the Group. Consulting fees related to meetings and reviewing the annual financial statements totalling \$4,950 were paid to Jim Sherwin (Director) for the six months to 30 September 2016 (30 September 2015: \$3,375)

Basis of Transactions

Transactions with related parties have been entered into in the ordinary course of business and are undertaken on normal commercial terms.

18. Contingent Liabilities

There were no material contingent liabilities as at 30 September 2016 (31 March 2016: nil).

19. Financial Instruments

Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at reporting date. The net fair value of Financial Assets and Liabilities is not materially different from the net carrying amounts disclosed in the condensed consolidated interim financial statements. The methods used for determining the fair values of financial instruments are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 March 2016.

	Designated at Fair Value \$000	Loans and Receivables \$000	Financial Liabilities at Amortised Cost \$000	Total Carrying Amount \$000	Fair Value \$000
As at 30 September 2016					
Financial Assets					
Cash and Cash Equivalents	-	3,328	-	3,328	3,328
Accounts Receivable	-	239	-	239	239
Total Financial Assets	-	3,567	-	3,567	3,567
Financial Liabilities					
Bank and Other Loans	-	-	55,500	55,500	55,500
Trade and Other Payables	-	-	2,280	2,280	2,280
Interest Rate Swaps	2,071	-	-	2,071	2,071
Total Financial Liabilities	2,071	-	57,780	59,851	59,851

19. Financial Instruments (continued)

	Designated at Fair Value \$000	Loans and Receivables \$000	Financial Liabilities at Amortised Cost \$000	Total Carrying Amount \$000	Fair Value \$000
As at 31 March 2016					
Financial Assets					
Cash and Cash Equivalents	-	3,101	-	3,101	3,101
Accounts Receivable	-	342	-	342	342
Total Financial Assets	-	3,443	-	3,443	3,443
Financial Liabilities					
Bank and Other Loans	-	-	48,000	48,000	48,000
Trade and Other Payables	-	-	3,759	3,759	3,759
Interest Rate Swaps	1,651	-	-	1,651	1,651
Total Financial Liabilities	1,651	-	51,759	53,410	53,410

Fair value of financial instruments that are not traded in an active market, such as derivative financial instruments, is determined using a valuation technique such as discounted cash flows. The carrying value less impairment provision of other financial assets and liabilities is not expected to be materially different to their fair values.

The only financial instruments measured at fair value in the Statement of Financial Position are derivatives (Interest Rate Swaps). The fair value of Interest Rate Swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. As this valuation technique maximises the use of observable market data as an input, the instrument is classified as Level 2 under NZ IFRS 7 Financial Instruments Disclosure.

20. Subsequent Events

On 24th November 2015, the Board of NPT Limited declared a payment from the Company of a second quarter distribution of 0.875 cents per share, the record date being 2 December 2016 and payment date 16 December 2016.

On 28th October 2016 the Directors acknowledged receipt of a request to hold a special meeting of Shareholders under Section 121 of the Companies Act 1993. The request proposes removing three of the current NPT Limited Directors and replacing them with three alternate Directors mentioned in the notice.

The Directors are considering the information contained in that request and will advise all shareholders on the offer and the Groups course of action as soon as possible.



Independent Review Report

Grant Thornton New Zealand Audit Partnership

L4, Grant Thornton House
152 Fanshawe Street
P O Box 1961
Auckland 1140
P +64 (0)9 308 2570
F +64 (0)9 309 4892
www.grantthornton.co.nz

To the Shareholders of NPT Limited

We have reviewed the accompanying condensed consolidated interim financial statements on pages 3 to 14 of NPT Limited and the entities it controlled ("the Group") at 30 September 2016 and for the six month period then ended, which comprise the condensed consolidated statement of financial position as at 30 September 2016, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the 30 September 2016 condensed consolidated interim financial statements

The Directors of NPT Limited are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. As the auditor of NPT Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.



A review of the condensed consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performed procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these financial statements.

Other than in our capacity as assurance practitioners, we have no relationship with or interests in the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2016 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Restriction on Distribution or Use

This report is made solely to NPT Limited's shareholders, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than NPT Limited and NPT Limited's shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

Grant Thornton

Grant Thornton New Zealand Audit Partnership
Auckland, New Zealand
22 November 2016

Company

NPT Limited
 PO Box 105 090
 Auckland City Post
 Auckland 1143
 Phone: 09 375 9081
 Fax: 09 302 4589
 www.npt.co.nz

Bankers

Bank of New Zealand
 Level 6
 Deloitte Centre
 80 Queen Street
 Auckland

Auditors

Grant Thornton New Zealand Audit Partnership
 Level 4
 Grant Thornton House
 152 Fanshawe Street
 PO Box 1961
 Auckland 1140

Registrar

Link Market Services Limited
 Level 11
 Deloitte Centre
 80 Queen Street
 Auckland 1010
 PO Box 91976
 Auckland 1142
 Phone: 09 375 5998
 Fax: 09 375 5990

Legal Advisor

David Stock
 Barrister and Solicitor
 Level 3
 22 Moorhouse Avenue
 Christchurch
 Phone: 03 353 1036





NPT Limited

PO Box 105 090

Auckland City Post

Auckland 1143

P 09 375 9081

F 09 302 4589

www.npt.co.nz